

## Markets Remain Upbeat Despite Softer Data

Bond yields edged slightly higher on Friday, ending an eight-day rally. Meanwhile, both the S&P 500 and Nasdaq reached new *intraday* record highs, defying a series of economic reports released earlier in the day that pointed to slowing growth and a longer pause in Fed policy.

*Greg Warner*

Personal income declined by -0.4% in May, a surprising drop largely attributed to reduced government benefits and potential distortions from seasonal adjustments. However, underlying wage and salary growth remained solid, rising +0.4%. In contrast, personal spending fell by -0.1%, driven primarily by a decline in auto sales, though the weakness was broad-based. After adjusting for inflation, real consumer spending dropped -0.3%. Given that consumer spending is the primary driver of U.S. GDP growth, this apparent weakness raises concerns about economic momentum in the coming months.

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