CBC Weekly Economic Update for the Week Ending July 3rd

Monday Loan & Deposit Pipeline Meeting

July 6, 2026

Presented By: Mark Yoon CFA CPA
EVP & CFO
Commercial Bank of California (CBC)

Discussion Topics

- Stock & Oil Markets
- Job Openings & Labor Turnover Survey (JOLTS) for May
- Job Creation & Employment for June
- Weekly Initial Jobless & Continuing Claims
- Treasury Yields, Treasury Forward Rates & Rate Expectations
- Key Takeaways

Stock & Oil Markets

Equity Markets

Stocks Rally as Softer Jobs Report Eases Fed Concerns

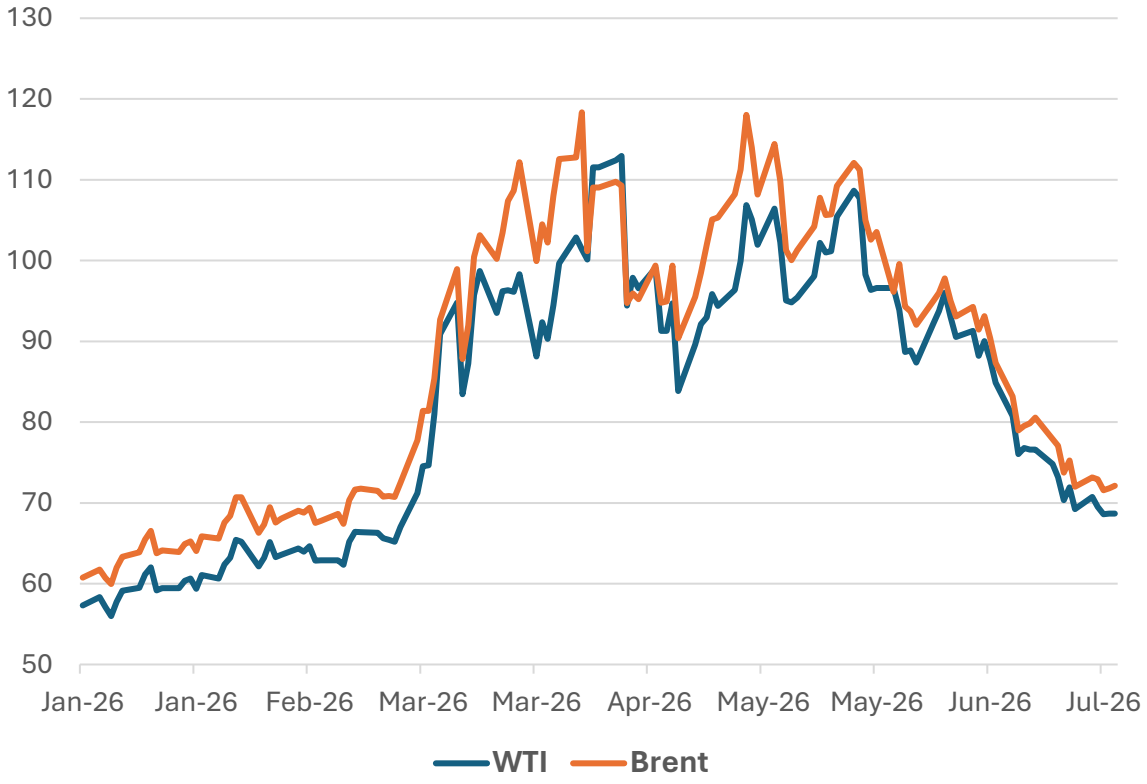
- Nasdaq +2.1%, S&P 500 +1.8%, Dow +2.0% as weaker payroll growth reduced rate hike fears.
- Investor rotation favored healthcare and consumer staples, while year-to-date gains remained strong across major indexes.

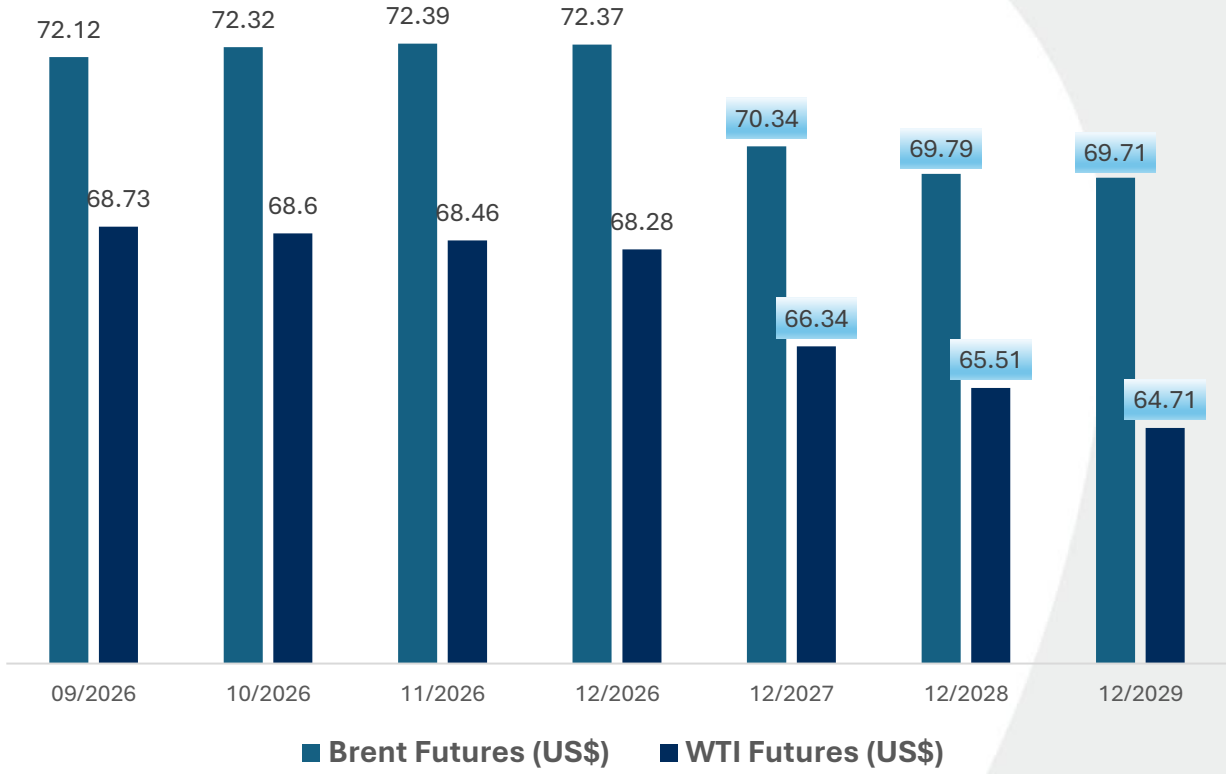
Source: Bloomberg

Brent & WTI Crude Oil Prices & Futures Contracts

Oil Prices Stabilize as Middle East Risks Ease

- Brent held near $72 and WTI near $69 as shipping through the Strait of Hormuz continued to recover.
- Oil futures moved modestly higher, signaling prices may remain elevated above pre-conflict levels.



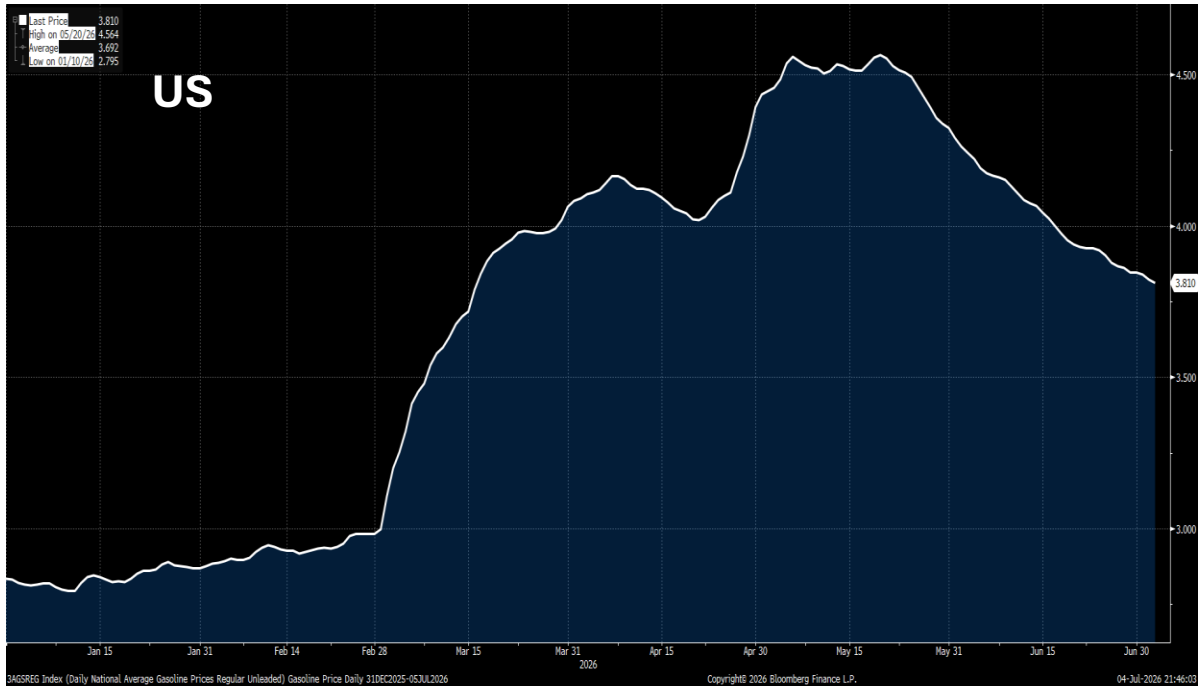


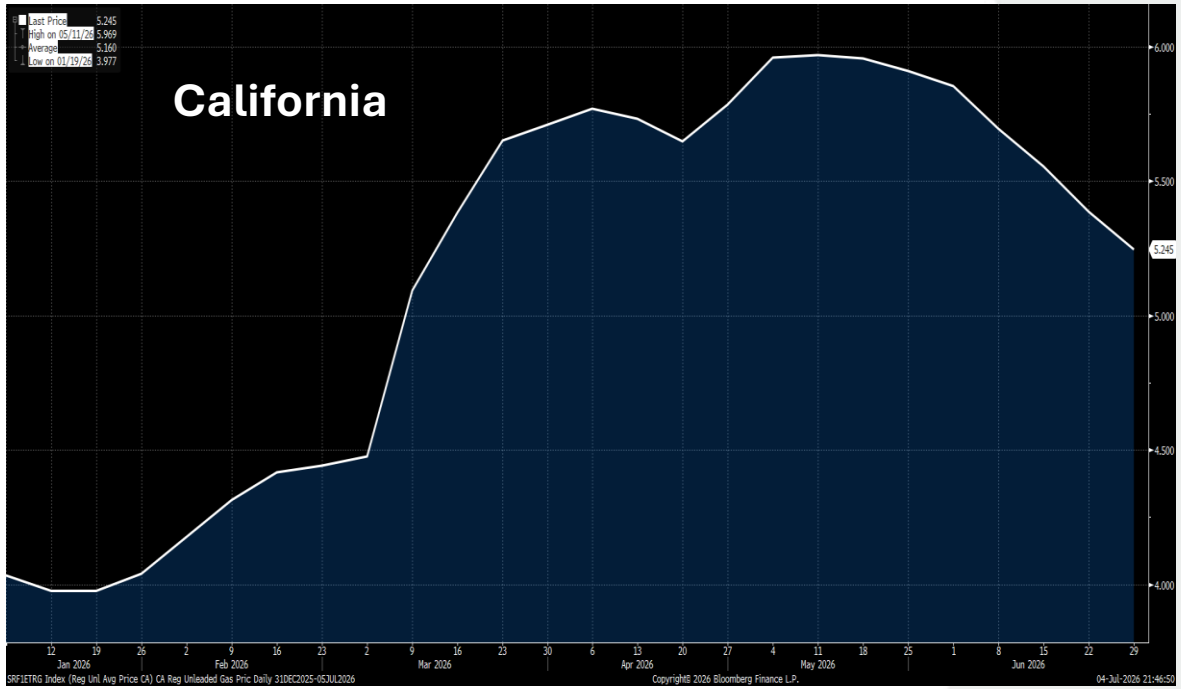
Source: Bloomberg

U.S. & California Gasoline Price

Gas Prices Ease, But Remain Elevated

- National gas prices fell to $3.81 per gallon, while California prices declined to $5.25.
- Despite recent relief, prices remain well above pre-conflict levels nationally (+28%) and in California (+17%).





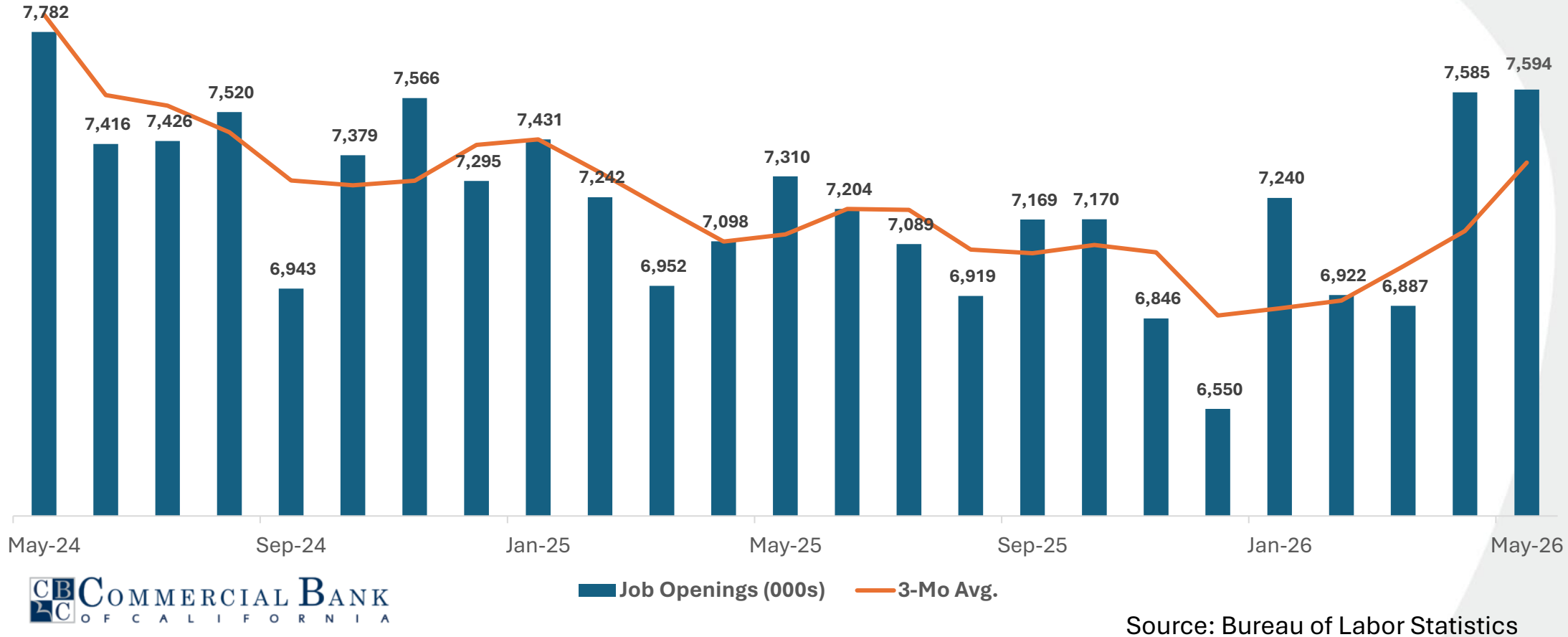
Source: Bloomberg

Employment – Job Openings & Labor Turnover Survey (JOLTS)

JOLTS - May

Job Openings Climb to One-Year High, Signaling Steady Labor Demand

- Job openings rose to 7.59 million, exceeding expectations and reaching the highest level since May 2024.
- Labor demand continues to improve, with the job openings rate holding at 4.6% and the three-month trend moving higher since December.

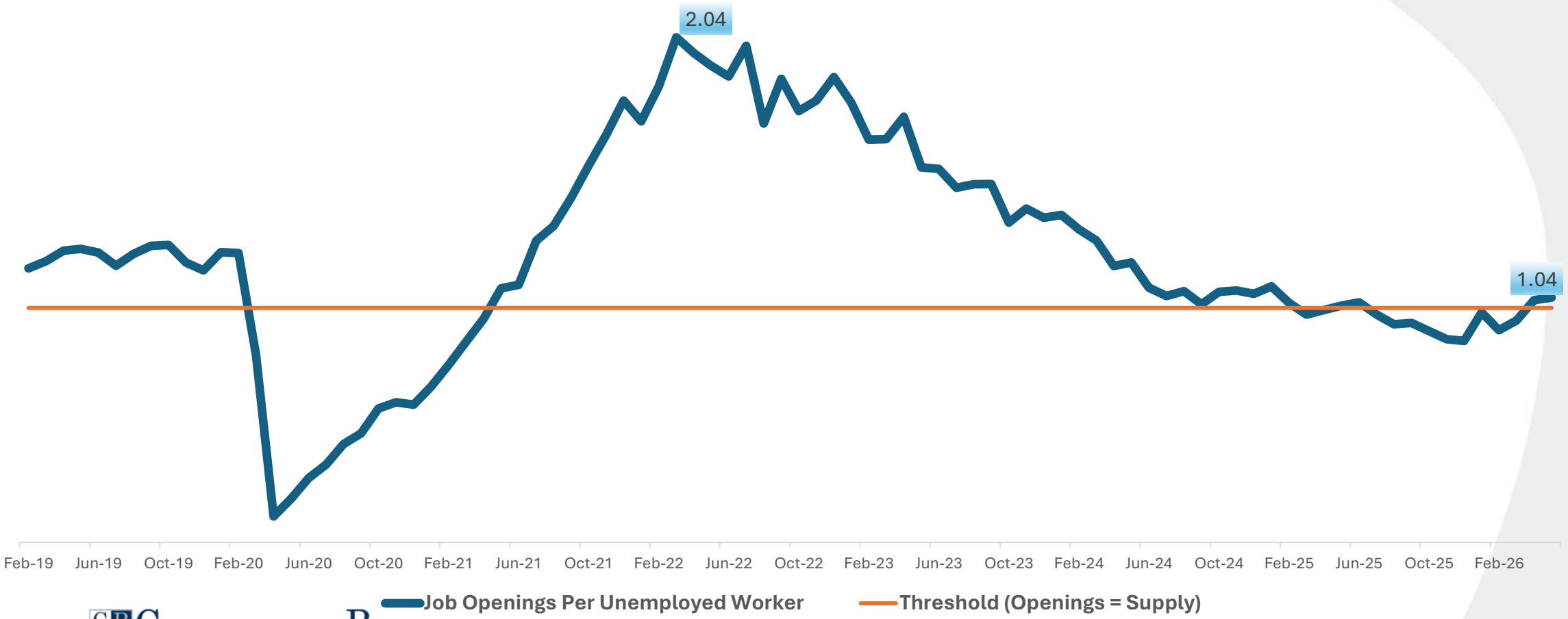


Source: Bureau of Labor Statistics

JOLTS – Job Openings/Unemployed Worker - May

Labor Market Remains in Balance

- The Fed closely watches the job openings-to-unemployed ratio, which rose to 1.04-to-1 as unemployment declined, signaling that labor demand and labor supply remain largely in balance.



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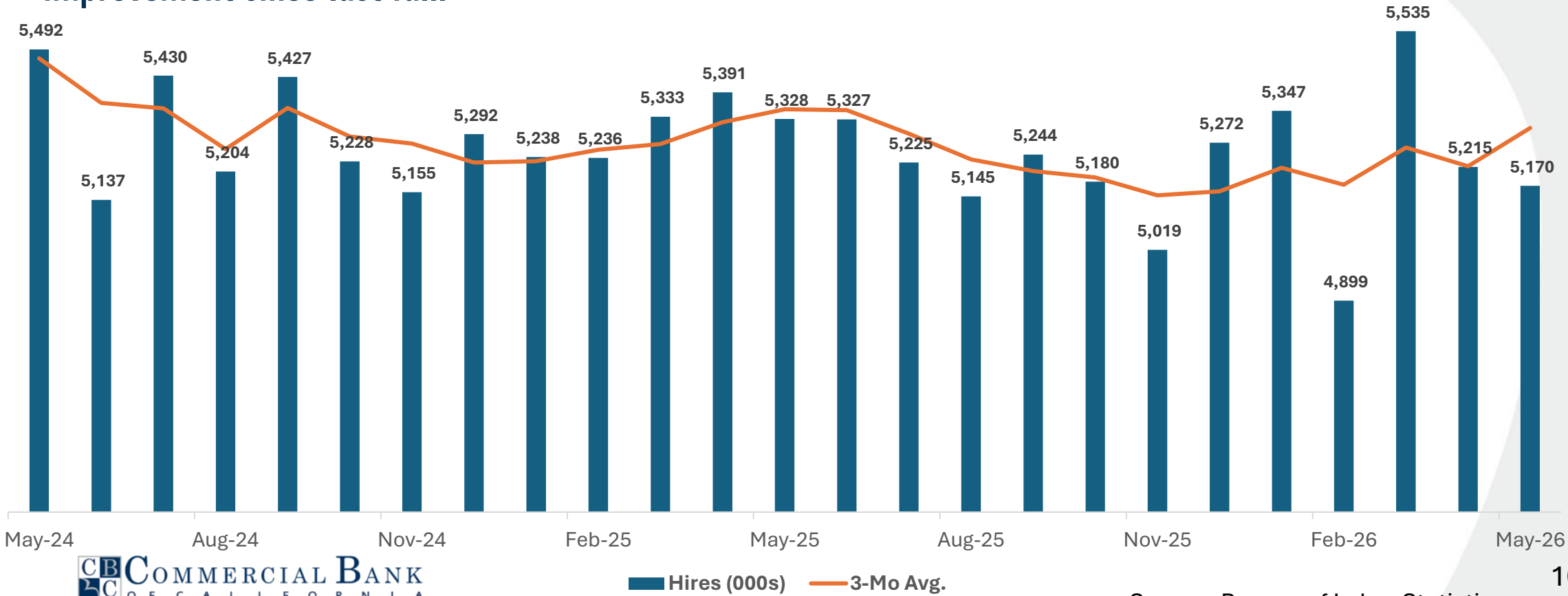
Source: Bureau of Labor Statistics

JOLTS – Hires - May

Hiring Remains Steady Despite Monthly Dip

- Hiring slipped to 5.17 million in May, with weakness concentrated in transportation, wholesale trade, and construction.
- The hiring rate held at 3.3%, while the three-month average continued to trend higher, signaling gradual improvement since last fall.

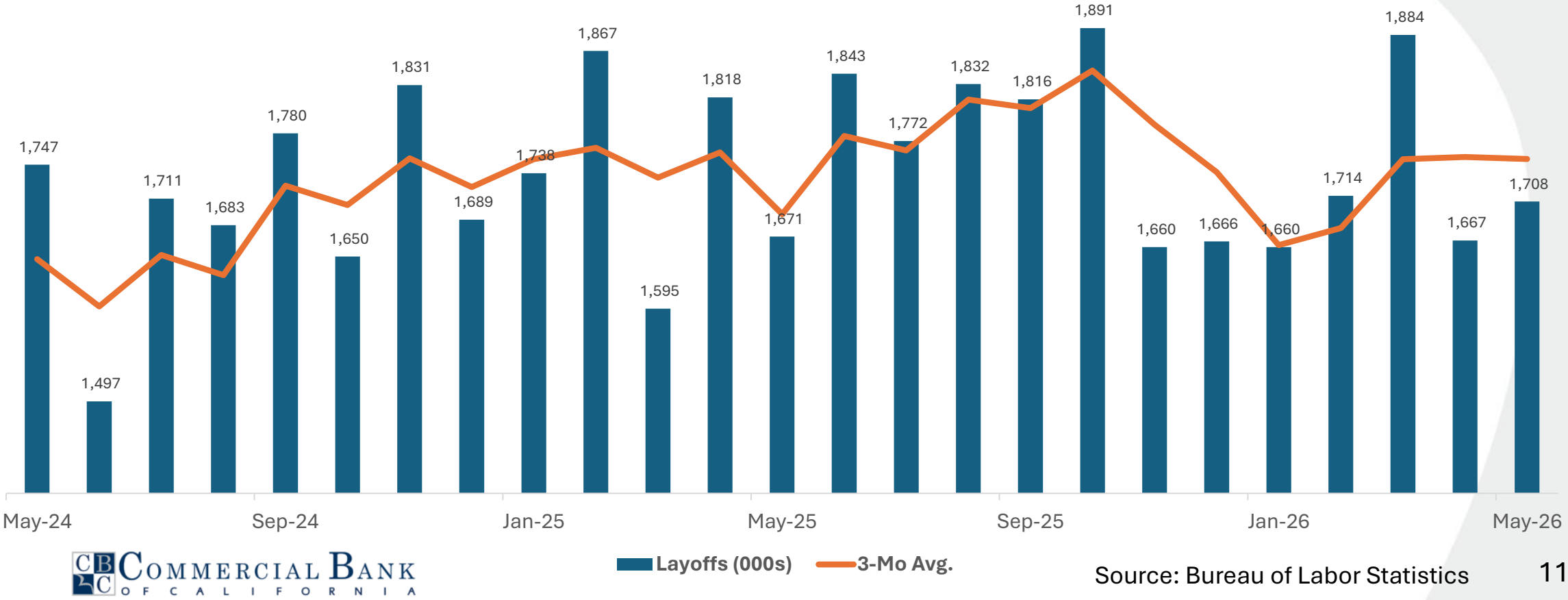


Source: Bureau of Labor Statistics

JOLTS – Layoffs - May

Layoffs Tick Higher, but Labor Market Remains Stable

- Layoffs rose to 1.71 million in May, led by health care, construction, and retail trade.
- Despite the increase, the layoff rate remained low at 1.1%, and the three-month average was essentially unchanged, signaling limited signs of labor market deterioration.

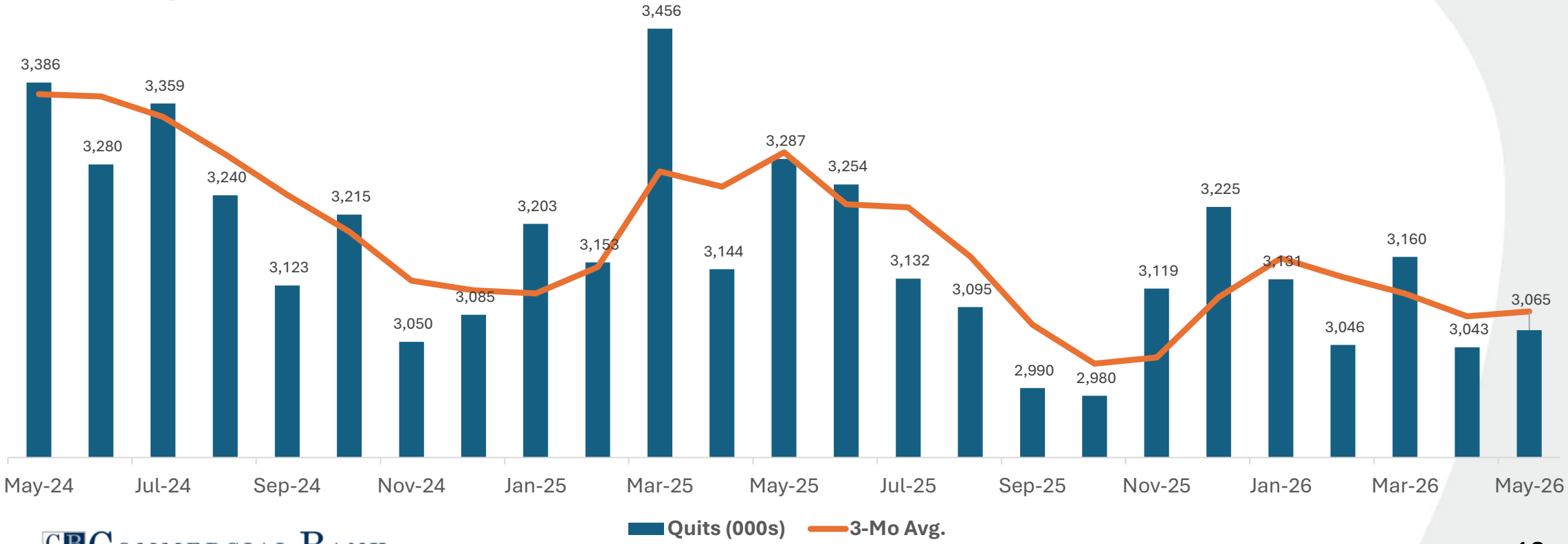


Source: Bureau of Labor Statistics

JOLTS –Quits - May

Workers Remain Cautious as Labor Market Stays Balanced

- Voluntary quits rose to 3.07 million, but the quits rate held steady at 1.9%, signaling continued caution among workers.
- The labor market remains balanced, with healthy job openings, low layoffs, and a continued "low-hire, low-fire" dynamic.



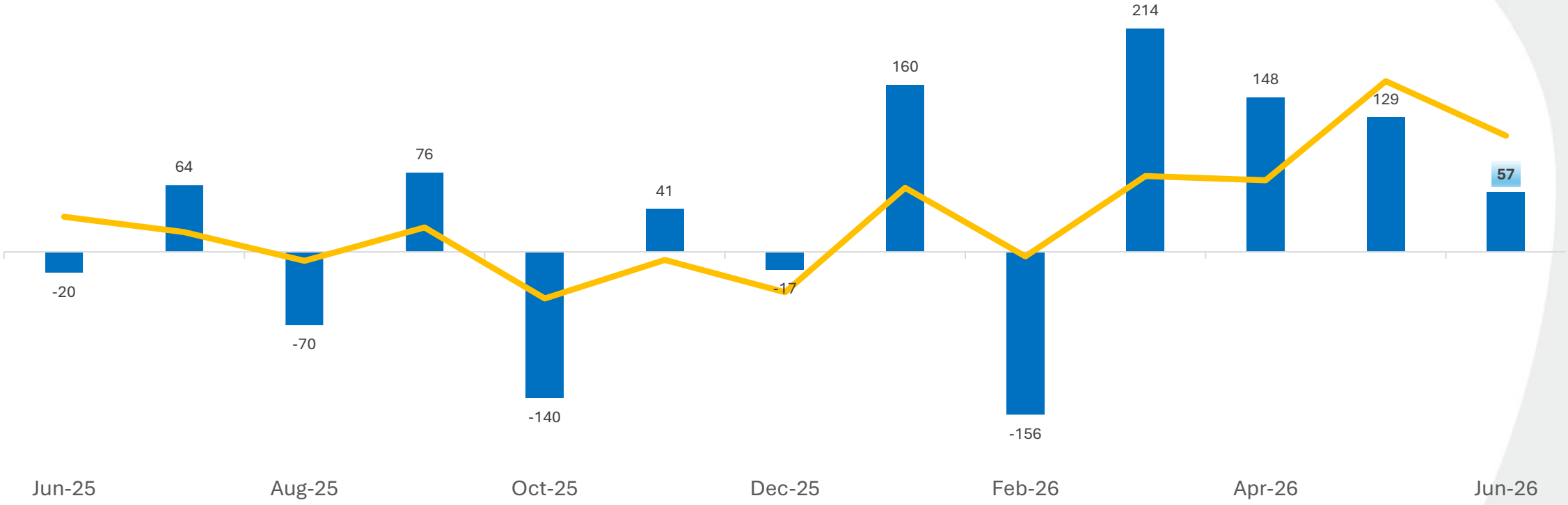
Source: Bureau of Labor Statistics

Employment – Job Creation & Employment Situation

New Jobs - June

Job Growth Slows, but Labor Market Remains Stable

- June payrolls increased by 57,000, marking a fourth straight month of job gains, but hiring came in well below expectations and prior months were revised lower.
- Despite moderating job growth, payroll gains remain above the 30,000–50,000 breakeven pace, supporting a stable labor market and keeping inflation as the Fed's primary focus.

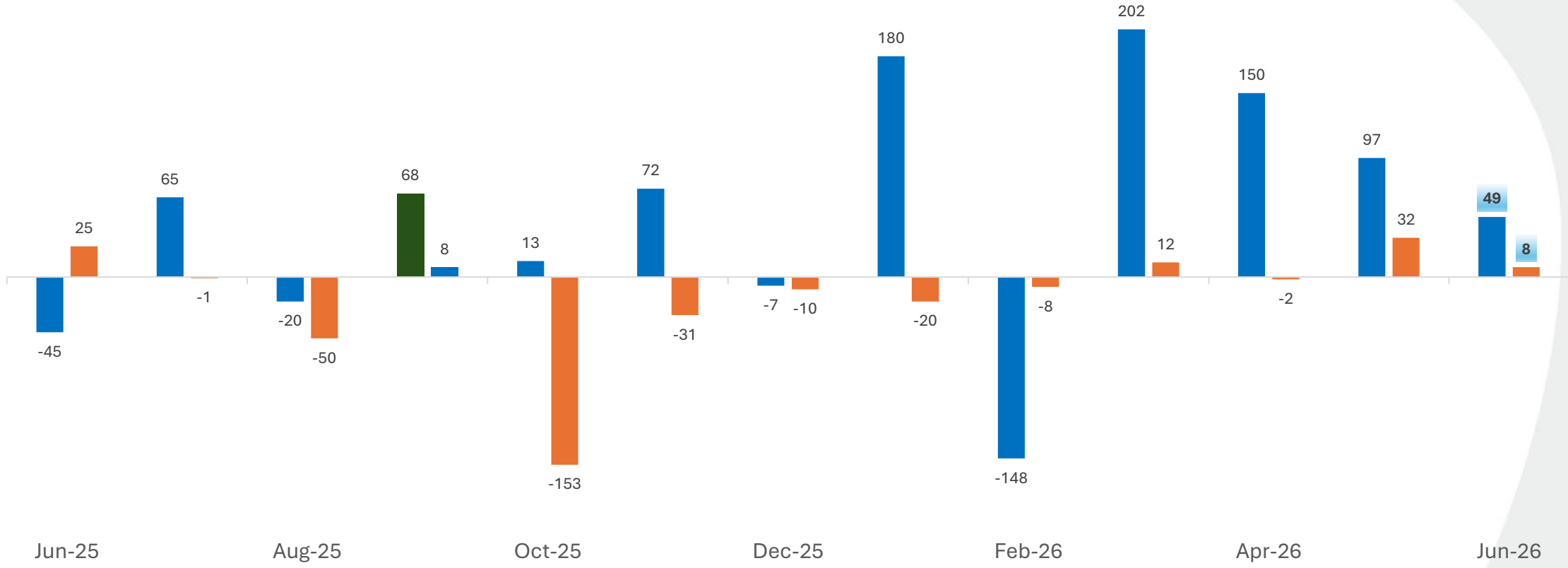


Source: Bureau of Labor Statistics

Private Sector & Government Job Creation - June

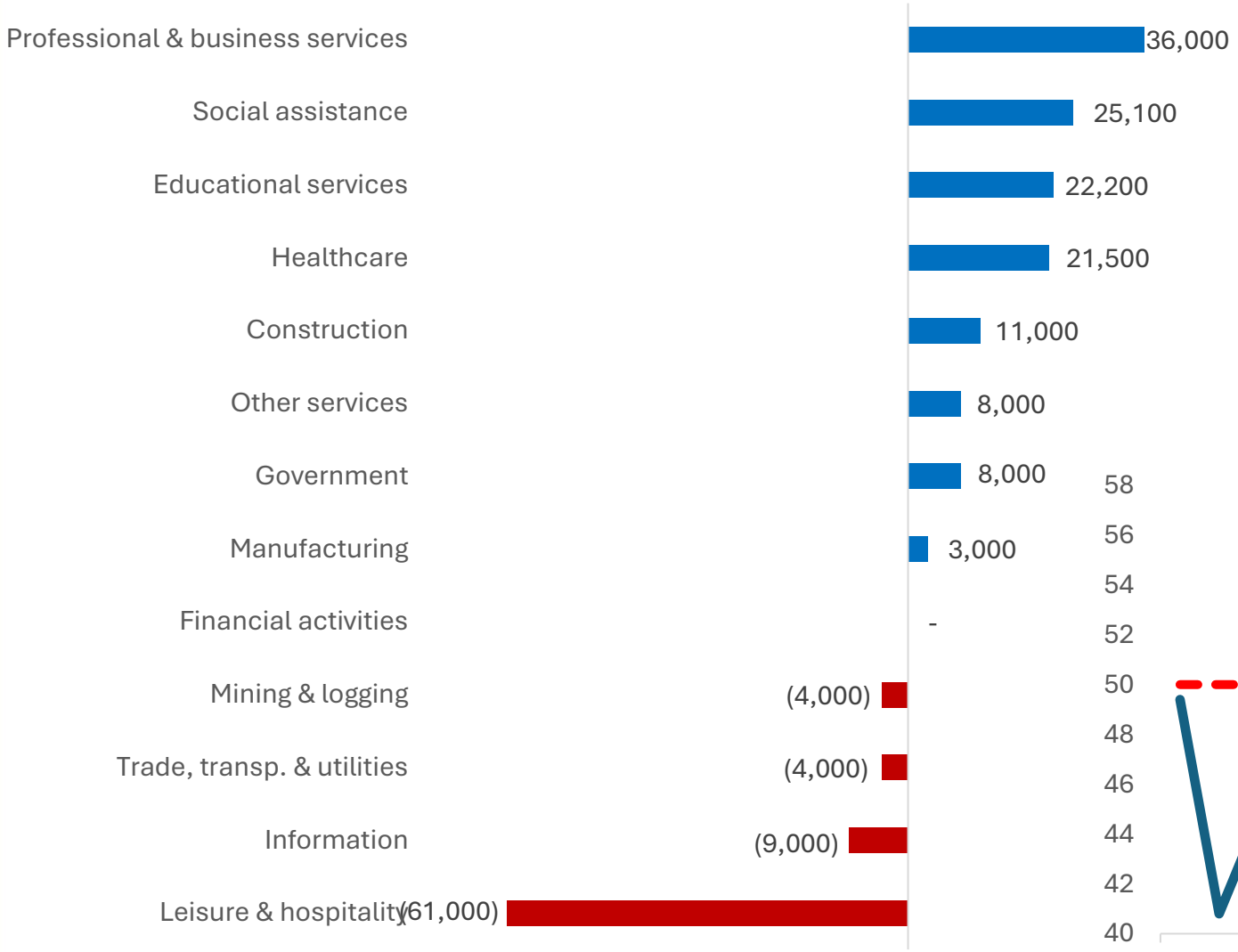
Private Hiring Cools but Remains Positive

- Private-sector hiring increased by 49,000, missing expectations as service-sector job growth slowed.
- Government hiring also eased, reinforcing a trend of gradually moderating—but still positive—job growth.



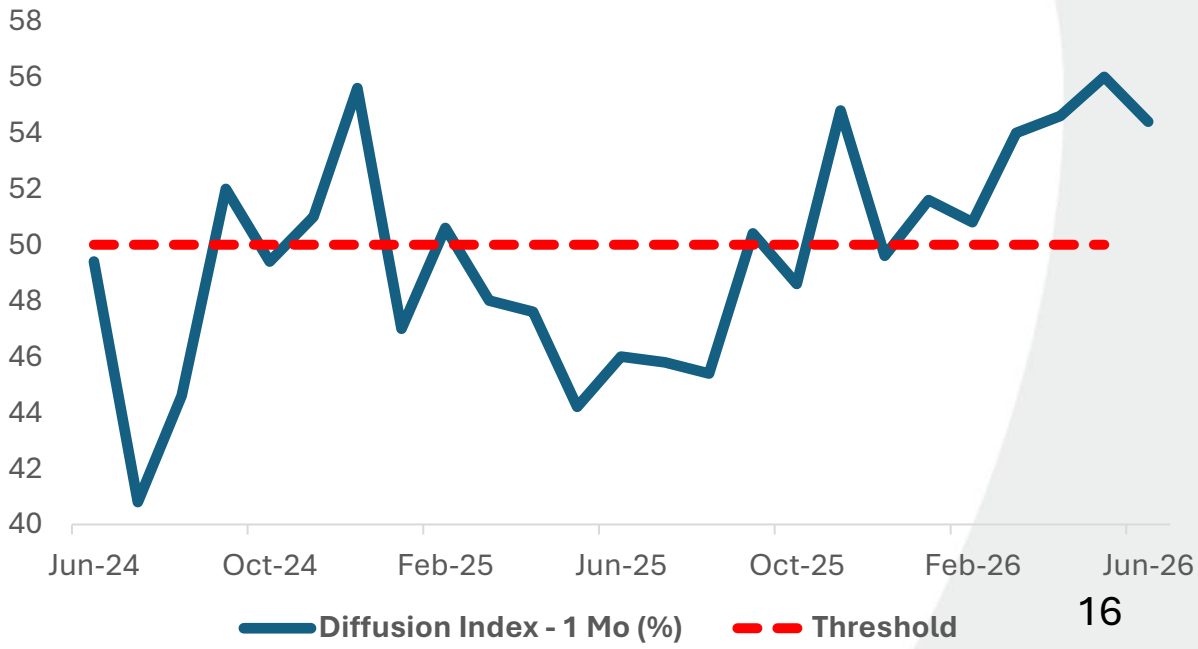
Source: Bureau of Labor Statistics

Industry Gains & Losses - June



Hiring Narrows as Job Growth Becomes More Selective

- Professional services, healthcare, and education led job gains, while construction and manufacturing posted modest growth.
- Leisure and hospitality shed 61,000 jobs, the largest decline since 2020, signaling softer hiring in consumer-facing industries.

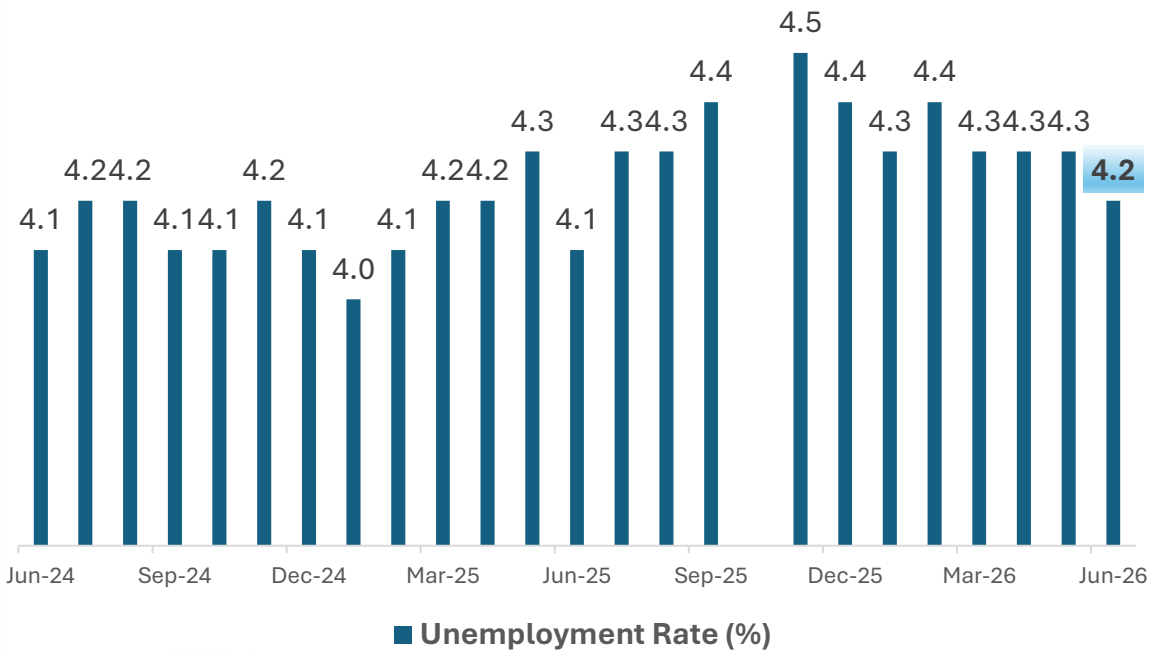


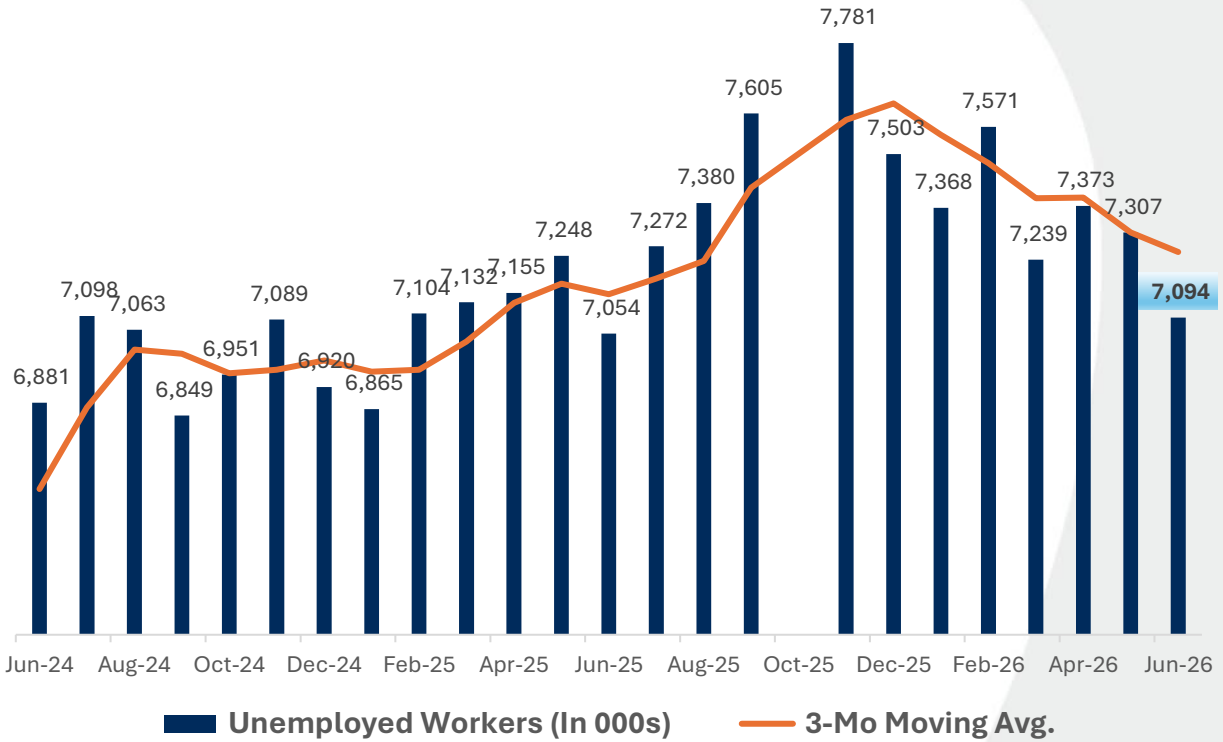
Source: Bureau of Labor Statistics

Unemployment - June

Unemployment Rate Improves, but Labor Force Shrinks

- The unemployment rate declined to 4.2%, as the number of unemployed workers (numerator) fell more than the labor force (denominator), contributing to the improvement.
- The labor force shrank by 720,000, indicating that part of the decline in unemployment reflected fewer people participating in the labor market.





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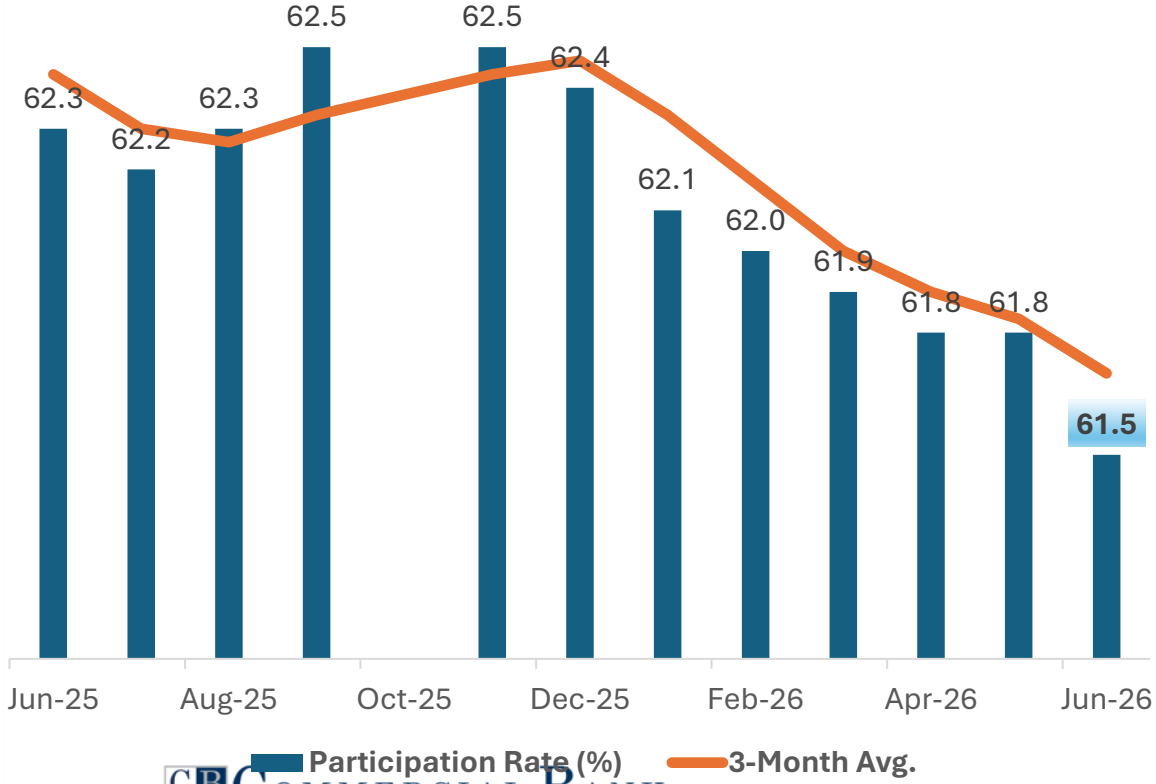
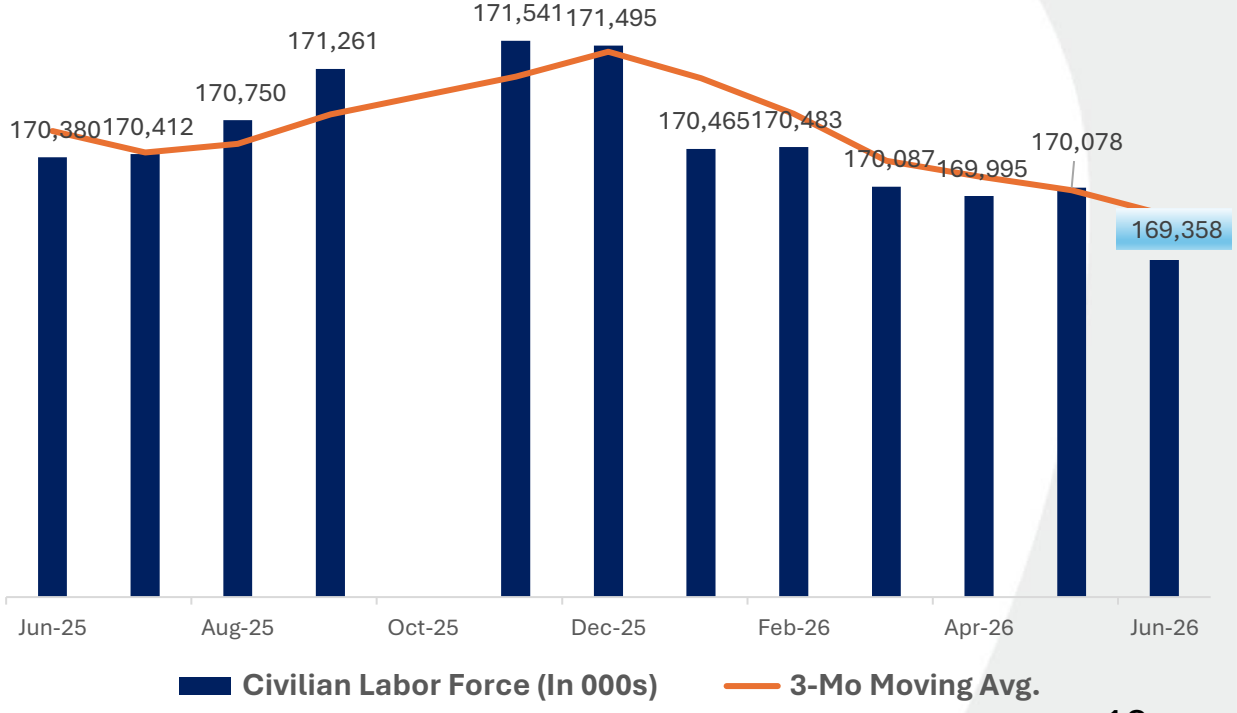
Source: Bureau of Labor Statistics

Labor Force Participation - June

Labor Force Participation Falls to Four-Year Low

- The labor force participation rate declined to 61.5%, its lowest level since March 2021, driven by a drop in prime-age worker participation.
- The employment-to-population ratio edged lower, signaling softer labor market activity, although survey data may have been affected by a statistical quirk.



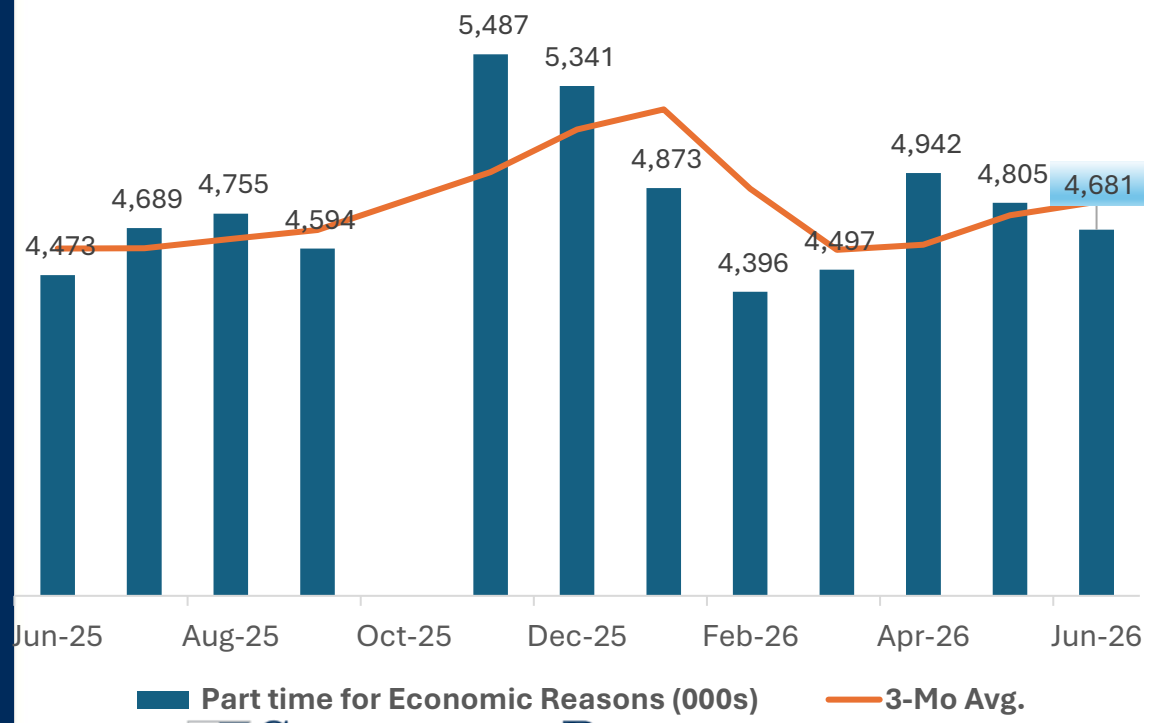


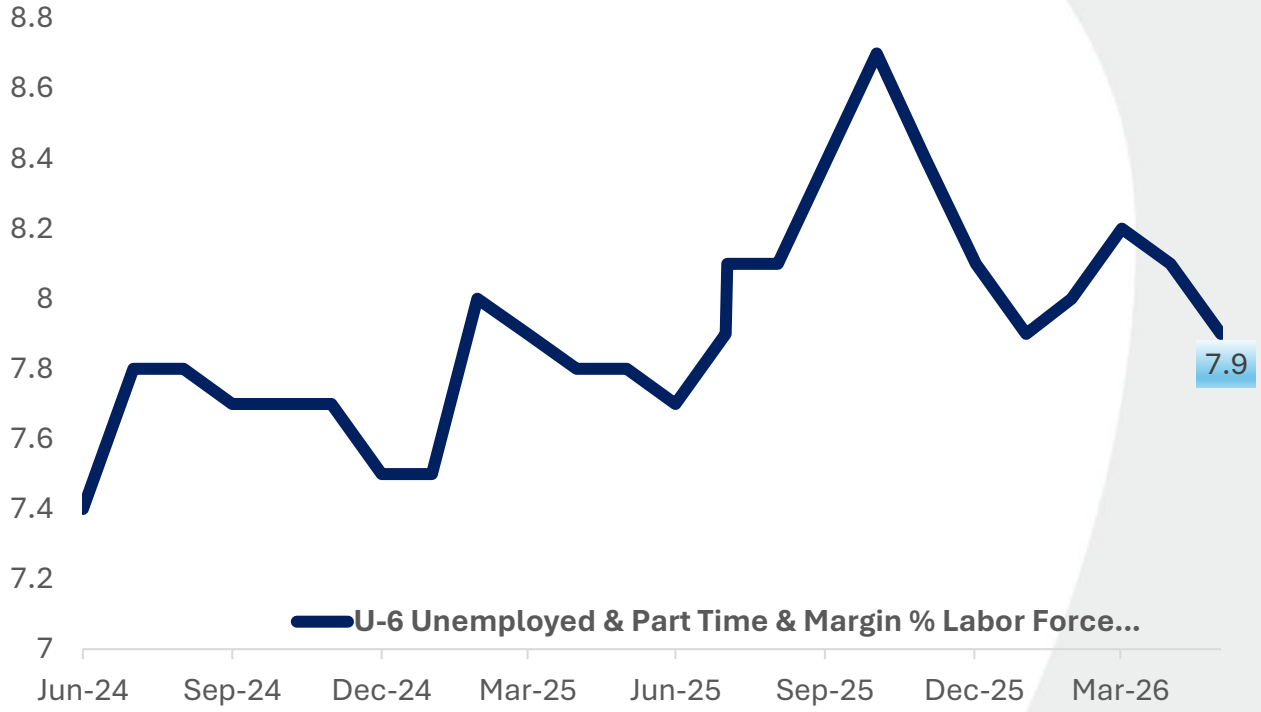
Source: Bureau of Labor Statistics

Underemployment – June

Underemployment Improves as Broader Jobless Rate Declines

- Workers employed part time for economic reasons fell by 124,000, signaling less underemployment.
- The Fed's preferred broader measure of labor market slack, the U-6 unemployment rate, declined to 7.9% from 8.1%, indicating modest labor market improvement.





Source: Bureau of Labor Statistics

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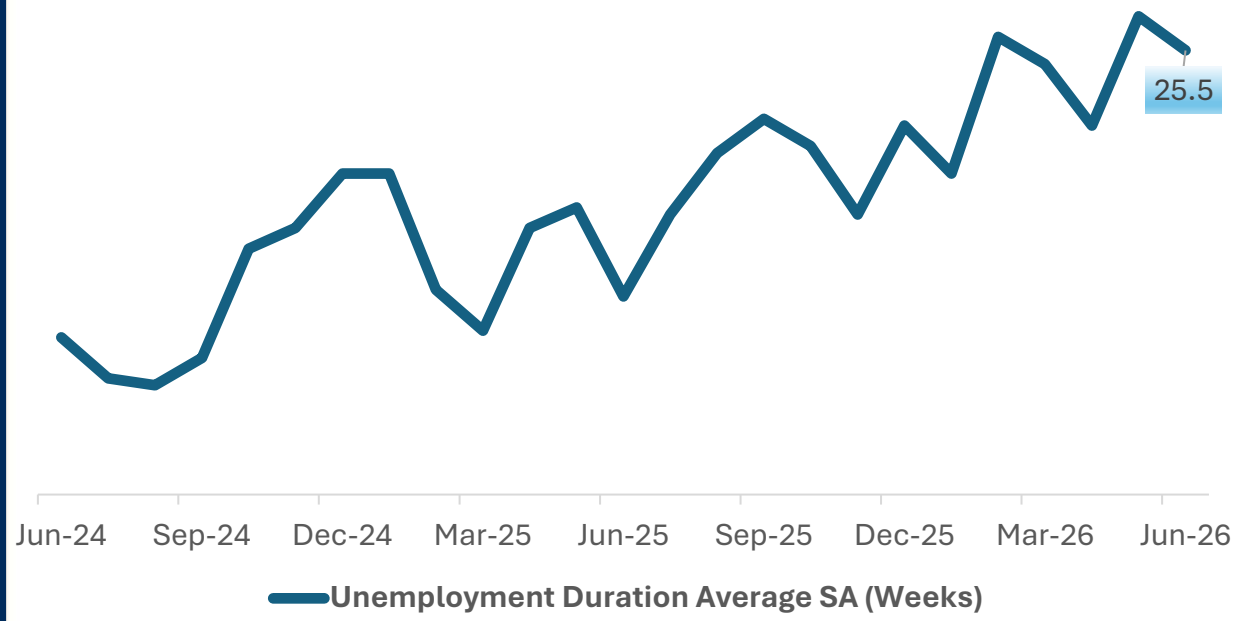
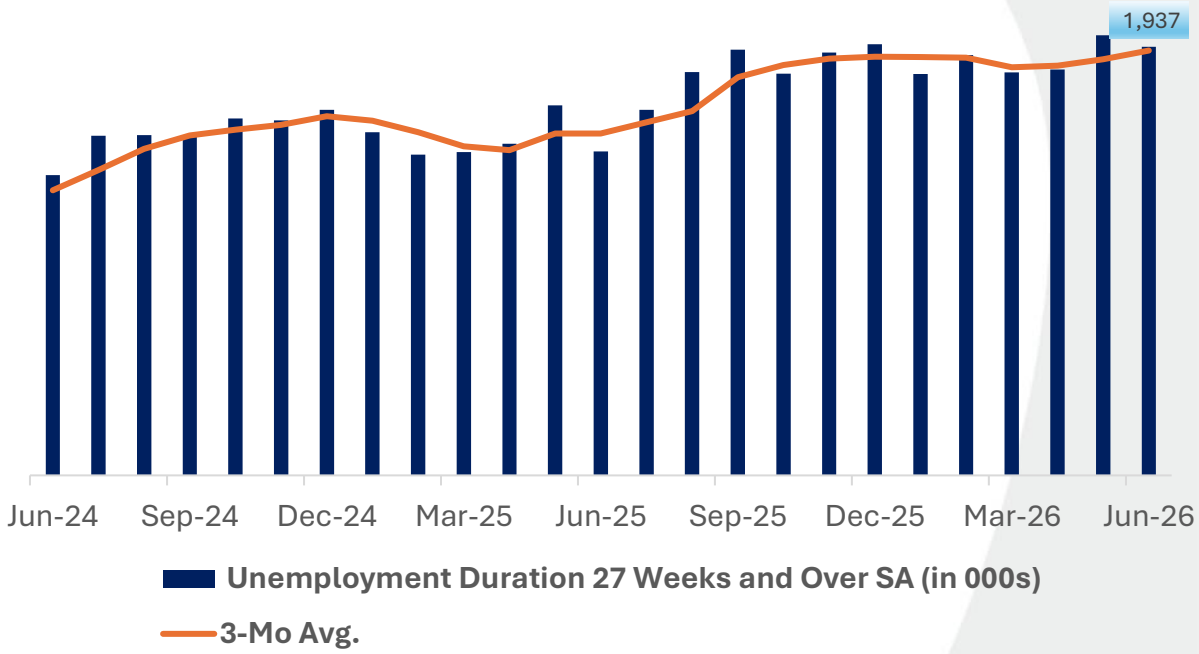
Unemployment Duration - June

Long-Term Unemployment Continues to Improve

- Long-term unemployment fell by 51,000, while the average duration of unemployment declined to 25.5 weeks.
- Short-term unemployment remained stable, suggesting continued resilience in job-finding opportunities.





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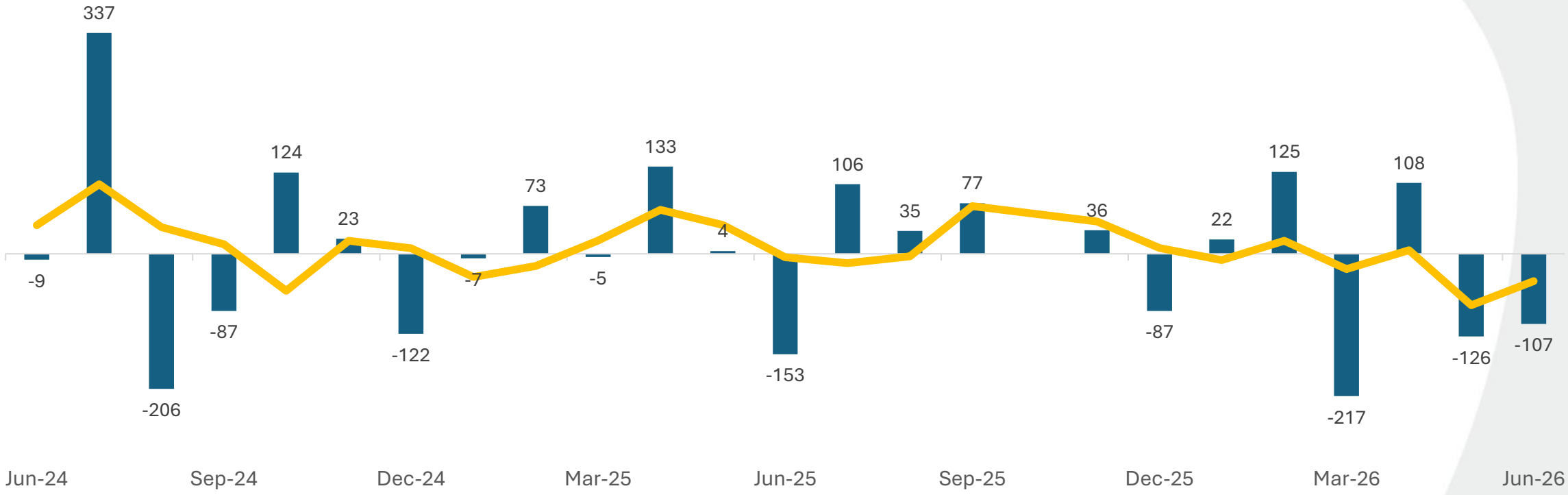
Source: Bureau of Labor Statistics

Layoffs & Job Indicators - June

Layoff Pressures Ease as Employers Remain Cautiously Optimistic

- Permanent job losers declined by 107,000, signaling limited layoff activity and continued labor market stability.
- Temporary help employment (leading indicator) increased modestly, suggesting employers remain cautiously optimistic while staying selective on full-time hiring.

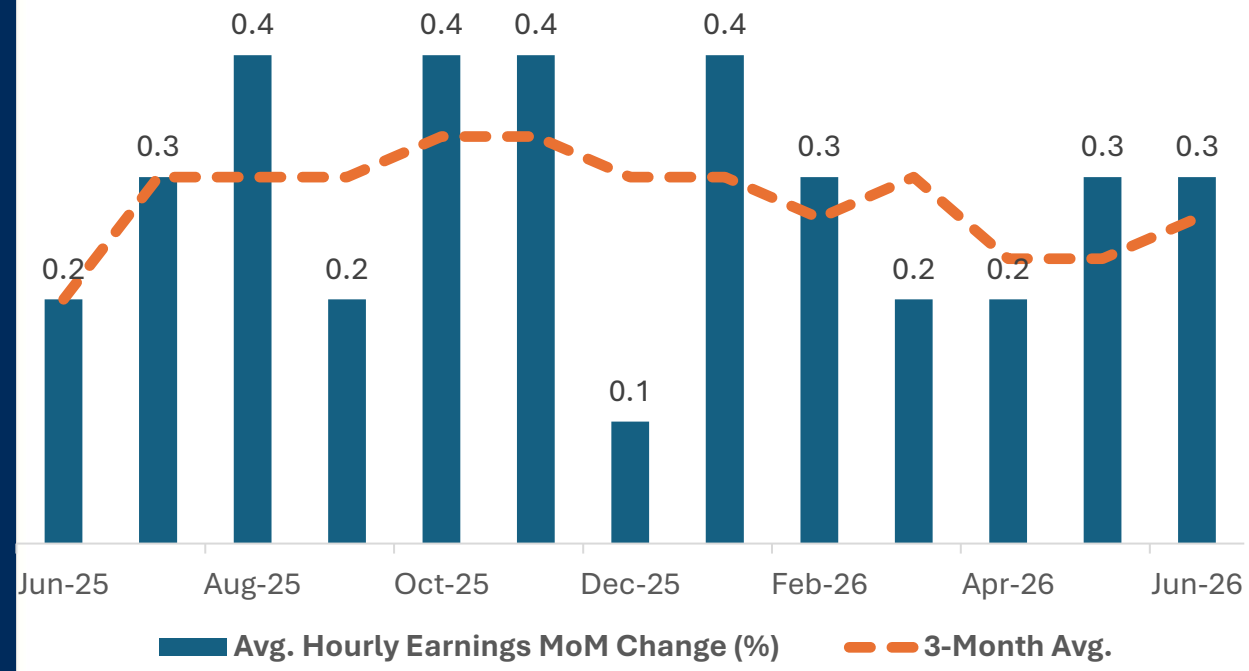


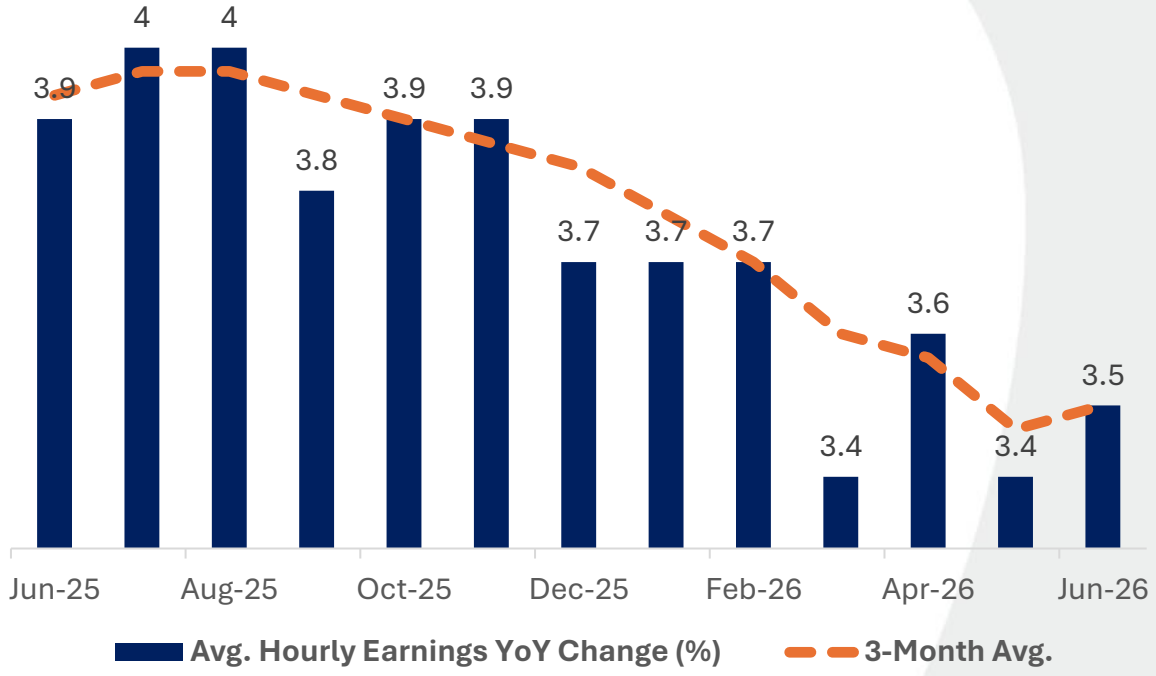
Source: Bureau of Labor Statistics

Wage Growth - June

Wage Growth Remains Stable

- Average hourly earnings rose 0.3% in June, with annual wage growth edging up to 3.5%, signaling steady—but not accelerating—wage pressures.



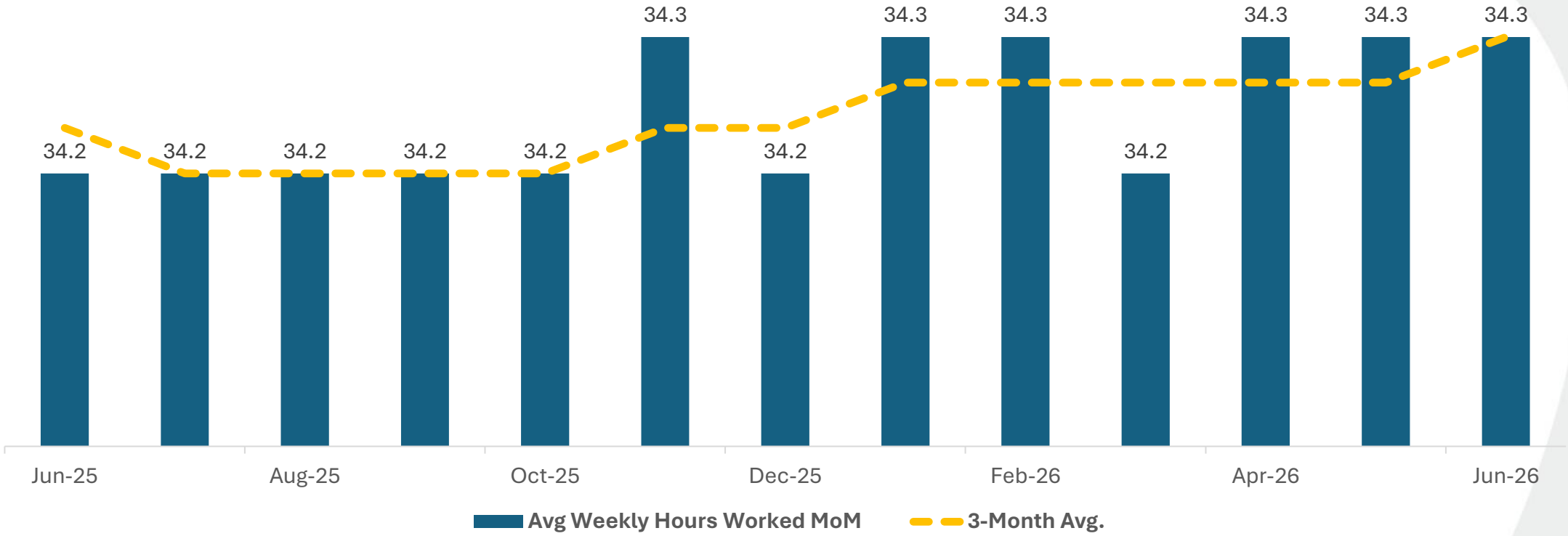


Source: Bureau of Labor Statistics

Weekly Hours Worked - June

Steady Work Hours and Wage Growth Support Consumers

- The average workweek held steady at 34.3 hours, signaling stable labor demand.
- Wage growth remains moderate, supporting consumer spending while aligning with a gradually cooling labor market.



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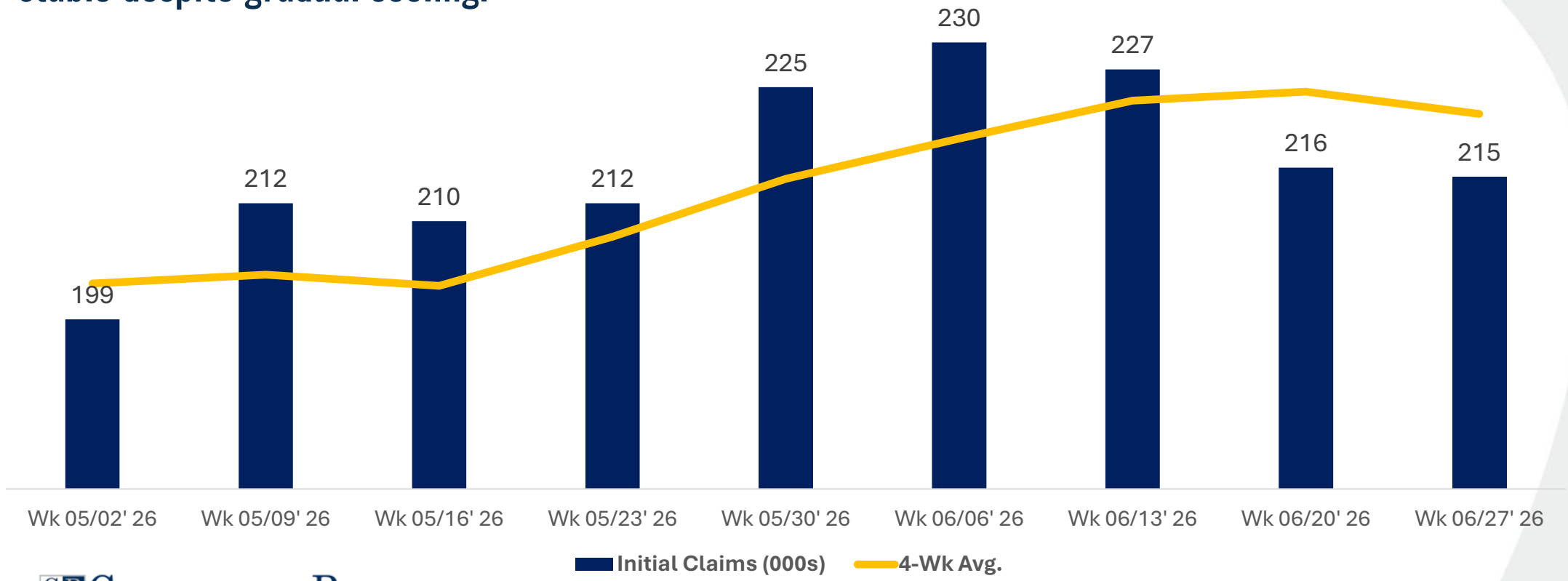
Source: Bureau of Labor Statistics

Employment - Weekly

Weekly Initial Jobless Claims – Week Ending 6/27/26

Weekly Jobless Claims Signal Continued Labor Market Resilience

- The most timely measure of labor market conditions, initial jobless claims fell to 215,000, coming in below expectations and remaining below year-ago levels for a twentieth straight week.
- The four-week average edged lower, pointing to limited layoff activity and a labor market that remains stable despite gradual cooling.

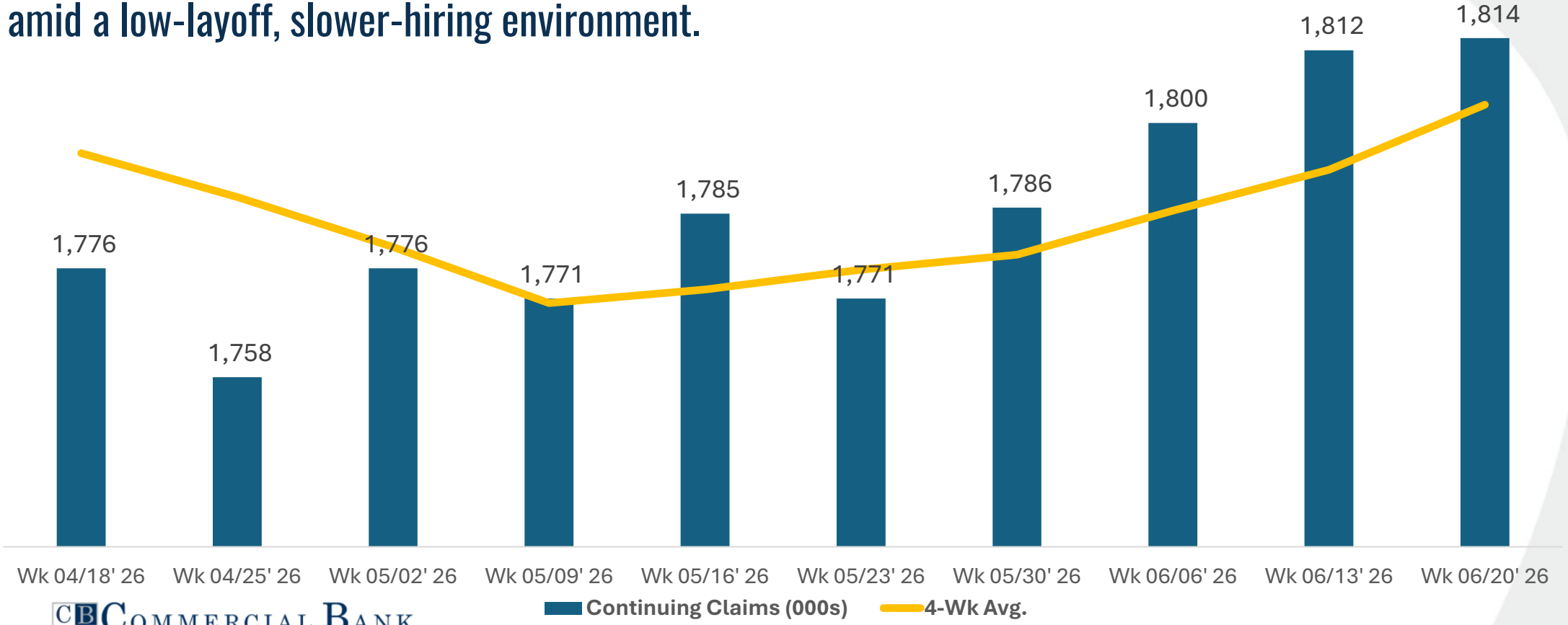


Source: Labor Department, Bloomberg

Weekly Continuing Jobless Claims – Week Ending 6/20/26

Continuing Claims Edge Higher as Hiring Remains Gradual

- Continuing claims rose modestly to 1.81 million, but remained well below year-ago levels, signaling limited labor market stress.
- The four-week average moved higher, suggesting unemployed workers may be taking longer to find jobs amid a low-layoff, slower-hiring environment.



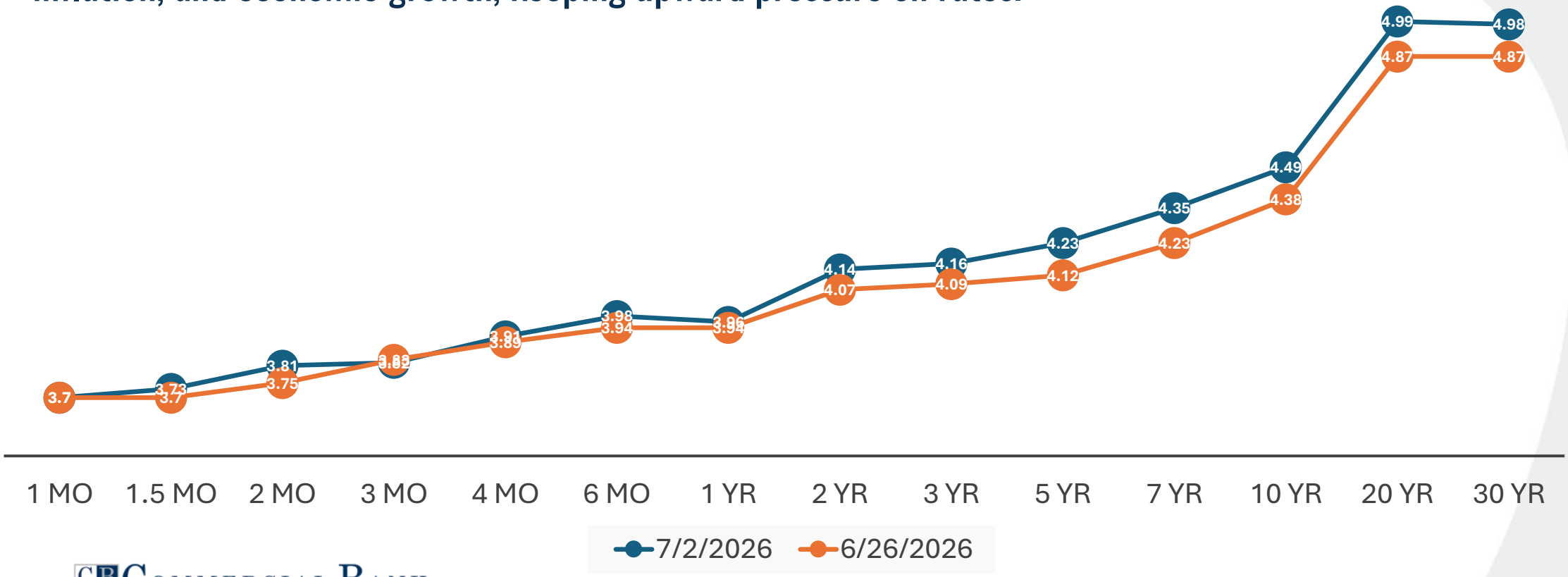
Source: Labor Department, Bloomberg

Treasury Yields, Treasury Forward Rates & Rate Expectations

Treasury Market – Week Ending 7/3/2026

Treasury Yields Rise Despite Softer Job Growth

- The 10-year Treasury yield climbed to 4.49%, with yields rising across the curve during the holiday-shortened week.
- Despite weaker-than-expected payroll growth, investors continued to reassess the outlook for Fed policy, inflation, and economic growth, keeping upward pressure on rates.

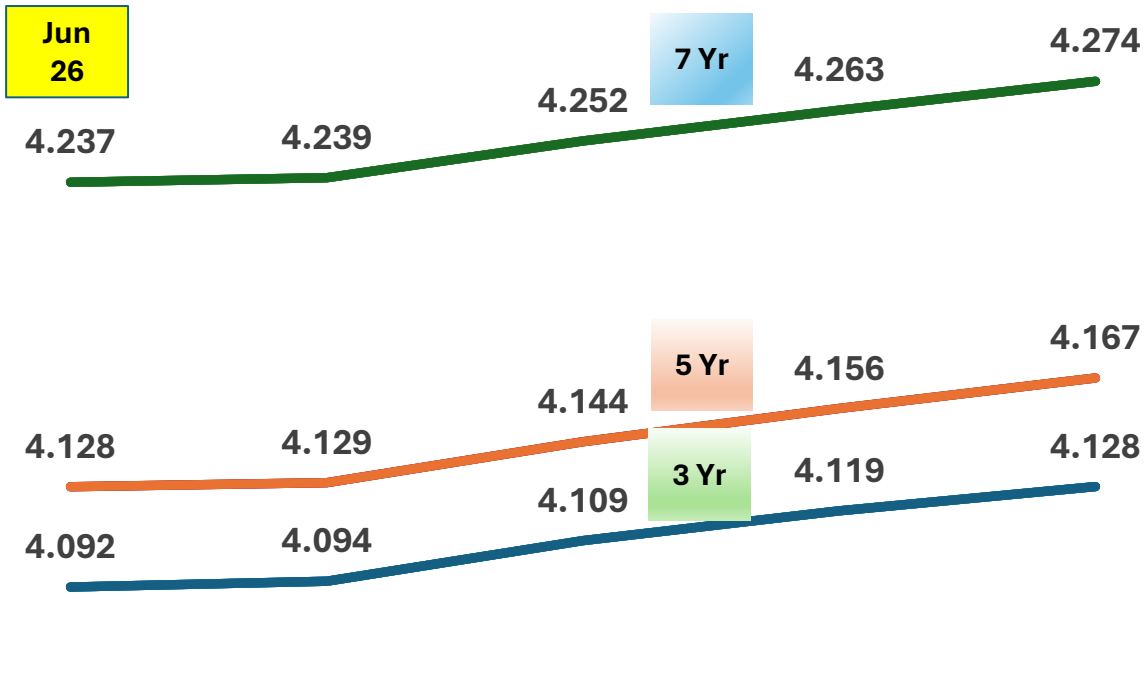


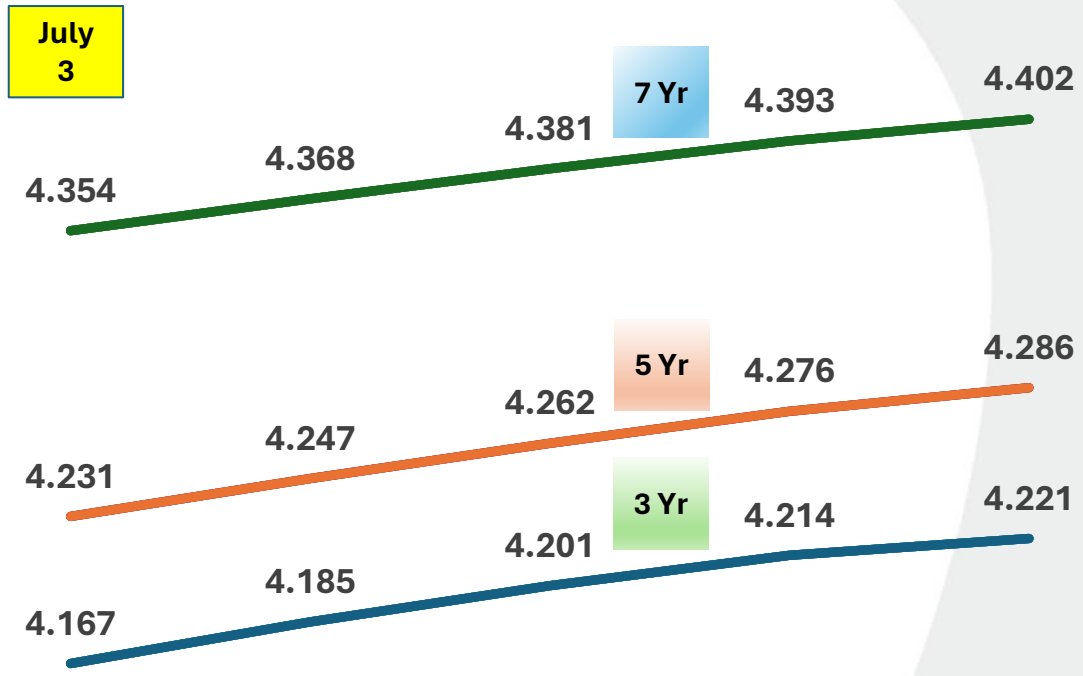
Source: Department of Treasury

Treasury Forward Rates - 7/3/2026

Treasury Forward Rates Move Higher Across the Curve

- Forward rates increased across the 3-, 5-, and 7-year tenors, signaling expectations for a higher path of interest rates.
- Despite softer labor market data, markets continue to price in elevated rates and a slower pace of Fed easing over the coming months.



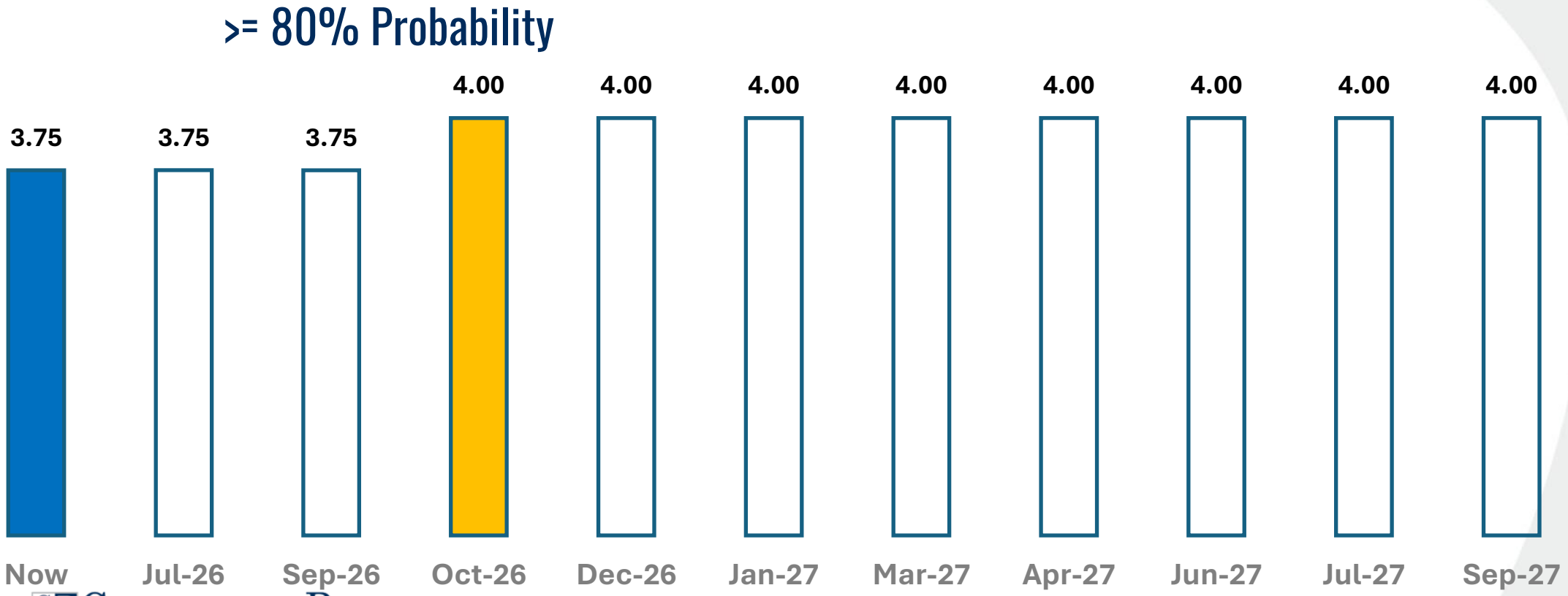


Source: Bloomberg

Interest Rate Expectations – 7/3/2026

Markets Still Expect One Rate Hike, but Further Tightening Looks Less Likely

- Markets continue to price in a 25-basis-point rate hike as early as October, with no additional hikes fully expected thereafter.
- The probability of a second hike declined modestly, signaling a slightly lower risk of further Fed tightening.



Source: Bloomberg

Key Takeaways

Economic Snapshot			
Indicator	**Period**	**Status**	**Outlook**
Labor Demand	May	Solid	Stable
Job Creation	June	Cooling	Stable
Unemployment	June	Improved	Stable
Wage Growth	June	Improved	Stable
Labor Market	Weekly	Stable	Stable

Questions?