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# ECONOMIC INSIGHTS

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JUNE 19, 2026

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**Dr. Marci Rossell**  
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*Leading Real Estate  
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## MARCI'S TOP FIVE ECONOMIC INSIGHTS FOR THE MONTH

### 1. Then vs. Now: How the Economy Has Changed Since 2020

The U.S. economy has made a strong recovery since the pandemic, Dr. Rossell said. Unemployment has fallen from 13% in 2020 to 4.3% today, and GDP has rebounded to more than \$24 trillion. Inflation, however, remains elevated—rising from near zero, peaking around 10% in 2022, and settling at 4.2%, still above the U.S. Federal Reserve's 2% target. Interest rates have risen alongside efforts to control inflation, with the federal funds rate at 3.5%–3.75%. Housing activity has stabilized near 4 million existing home sales, constrained by higher mortgage rates and limited inventory.

### 2. The Fed Navigates a Strong but Uneven Economy

At his first meeting, Federal Reserve Chairman Kevin Warsh held rates steady as inflation remains near 4%, partly driven by gas prices. This puts the Fed in a difficult position, Dr. Rossell said. High interest rates are stifling housing market activity and other rate-sensitive sectors like agriculture and manufacturing, while the broader economy remains strong, with the stock market at record highs and growth driven by AI.

As a result, the economy has effectively split into two sectors: an AI-driven segment that continues to boom, and another more exposed to borrowing costs, creating a complex policy environment.

*This webinar was recorded on June 19, 2026. Please note that economic conditions and related information may have changed since the date of recording.*

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### 3. Fed Policy Balances Sticky Inflation and Market Stability

Inflation has declined but remains above the Fed's 2% target. While that target is somewhat arbitrary, Dr. Rossell said changing it now would risk damaging the Fed's credibility, an essential factor in keeping inflation expectations under control. To reduce inflation, the Fed will likely maintain tighter policy, including higher rates if needed.

At the same time, the Fed's large bond holdings add complexity. Past attempts to reduce them have led to market volatility and spikes in interest rates. For now, maintaining holdings supports stability, but reducing them will require a gradual approach to avoid pushing long-term rates higher.

### 4. Energy Shocks Drive Diverging Global Economic Outcomes

Dr. Rossell said most major economies have followed a similar trajectory: a pandemic downturn followed by inflation from supply disruptions. More recently, global conflicts—including Ukraine and the Middle East—have created energy shocks affecting countries differently. Europe and China, which rely heavily on imported energy, have experienced higher costs and weaker growth, while the U.S., now a net energy exporter, has been less directly impacted. China is also managing a housing downturn that has largely remained contained within its own economy. These differences have driven varying policy responses, with Europe keeping lower interest rates than the U.S., contributing to a stronger U.S. dollar and weaker foreign currencies.

### 5. AI's Next Phase: High Expectations, Uncertain Timing

Financial markets reflect strong optimism about AI. While adoption and productivity gains are real, much of the anticipated value may already be priced in, particularly as private equity captures early growth before companies go public, Dr. Rossell said.

The key issue is timing, Dr. Rossell said. If AI's benefits take longer to materialize than markets expect, a correction could occur, similar to the early 2000s internet cycle. Despite this, AI remains transformative, likely dividing those who effectively use it from those who don't. Dr. Rossell noted a critical window to shape AI regulation to maximize benefits while minimizing risks.

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