Market Down & Dirty

August 24, 2026

The Data

- Equities broadly declined for the first time in several weeks.
    - S&P 500 -1.37% Dow -0.85% Russell 2000 -1.68%, Nasdaq -2.05%[1]
        - The All-Country World Index declined -0.91%.[1]
    - S&P 500 sub-sectors were mostly lower for the week.
        - Energy, Healthcare, & Materials were the lone positive sectors.[1]
        - Industrials, Tech, & Utilities led to the downside with losses over 3%.[1]
    - The CBOE Volatility Index (VIX) rose 6% but remains depressed at 15.13.[1]

- US Treasury bond yields were slightly higher.
    - US 2yr +0.06% at 4.23%, 10yr +0.04% to 4.73%, 30yr +0.01% to 5.27%.[1]
    - Long duration yields rose despite the US Treasury's attempt to intervene.

- Commodities as an aggregate asset class were higher last week.
    - WTI Crude rose +5.66%.[1]
    - Gold gained +5.19%.[1]
    - The US Dollar index sank -0.80%.[1]

- In our opinion, U.S. economic data was mixed last week.
    - The NAHB Home Builders Index ticked higher but remains severely depressed.[1]
    - Pending Home Sales & New Home Starts both declined deeply last month.[1]
    - The Conference Board's Leading Economic Index ticked higher by +0.2% following a decline last month.[1]

- An index of equities outside the US (FTSE All-World ex-US) outperformed as it closed flat.[1]

[1] Source: Bloomberg – 8/21/2026

Conclusion

- US stocks moved lower last week as rising bond yields became the main focus of investors.
    - All major indices moved lower last week with the S&P 500 snapping a several week run of higher weekly closes.
        - The Nasdaq led major benchmarks lower with a loss just over 2%.
    - Despite the weekly loss, the S&P 500 remains only 1.6% off of its all-time highs achieved the previous week and the Nasdaq is 3.4% away from its June record level.
- Driving price action last week was the US Treasury's buyback announcement, meant to rein in long-term yields.
    - While stocks and bonds initially got a lift from the Wednesday announcement of expanded buybacks, the gains soon fizzled, with markets ending lower on Thursday even after Treasury Secretary Scott Bessent said he might further expand the efforts.
    - Gold & Bitcoin got a major lift last week as the so called US Dollar debasement trade re-emerged from the historic action of the Treasury.
    - This is being driven not only by the Treasury's actions but also inflation, swelling US deficits and concerns over the direction of US economic policy.
        - Additionally, the US government is running a deficit of nearly $2 trillion with higher oil prices adding to inflation risks and governments globally borrowing more for defense, energy and social spending.
        - Companies, meanwhile, are raising growing sums for AI, data centers, chips and power creating new competition for investment in bonds.
    - This creates a tricky spot for the Federal Reserve & the US Treasury with their respective leaders appearing to be at odds on how to handle the situation.
        - We'll hear from Fed Chair Warsh on Friday at the annual Jackson Hole economic symposium which just became "must watch" TV for global investors.
- US Treasury yields ended the week slightly higher despite the large intervention by the Treasury as the U.S. government's gross debt total climbed above the $40 trillion threshold for the first time.
    - With yields rising, the net interest expense of the US has reached levels last seen in the 90's.
- S&P 500 sub-sectors were mostly lower.
    - Energy continued to gain on the back of oil prices while Healthcare rose 4% as some defensive rotation took place and a medical breakthrough from Moderna/Merck happened.[1]
    - Tech, Utilities, & Industrials all led to the downside for vastly different reasons which shows the unique dynamics facing investors right now.
- Non-US equities outperformed on the back of the US Dollar's large move lower.
    - Options sentiment is the most bearish on the dollar since February, even as it retreats, suggesting that traders are positioning for more losses ahead.
- On top of the Fed Chair's speech on Friday, Nvidia earnings on Wednesday is the other big catalyst this week.
    - Looking at VIX volatility index positioning, investors slightly increased their demand for downside protection last week but there remains a lot of upside potential in VIX in the event of unforeseen events.

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