

The Data

- Major equity indices were mostly higher last week.
 - S&P 500 +0.47% Dow +0.53% Russell 2000 -1.40%, Nasdaq +0.85%¹
 - The All-Country World Index rose +0.15%.¹
 - S&P 500 sub-sectors were mixed for the week.
 - Tech & Financials led to the upside.¹
 - Energy & Real Estate led to the downside.¹
 - The CBOE Volatility Index (VIX) declined -4.82% to close at 14.40.¹
- US Treasury bond yields were mixed.
 - US 2yr +0.12% at 4.35%, 10yr +0.00% to 4.73%, 30yr -0.05% to 5.25%.¹
 - The short-end shot higher on the back of hawkish comments from Fed Chair Warsh.
- Commodities as an aggregate asset class were lower last week.
 - WTI Crude declined -4.20%.¹
 - Gold sank -3.25%.¹
 - The US Dollar index rose +0.89%.¹
- In our opinion, U.S. economic data was mixed last week.
 - New Home Sales sank -10.5% in July as the housing market continues to be soft.¹
 - The PCE Price Index came in at +3.7% this month as inflation continues to stick around.¹
 - Consumer Confidence & Sentiment both ticked lower last month.¹
- An index of equities outside the US (FTSE All-World ex-US) declined -0.33%.¹

¹ Source: Bloomberg – 8/28/2026

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Conclusion

- US stocks mostly posted gains last week as major US indices continue to trade in a tight range.
 - The S&P 500, Dow, & Nasdaq all saw gains on the week of under 1%.¹
 - The small-cap tracking Russell 2000 was the lone major index to see a decline.
 - Small-cap weakness most likely was a result of the higher interest rate environment we've seen for several weeks.
 - Smaller companies rely on financing much more than larger companies and as such, are more negatively impacted if the current interest rate regime is here to stay.
 - Throughout the month of August, major indices have traded in narrow ranges.
 - The S&P 500 has closed in a narrow 2.6% band, for instance. (SPX 7,600 - 7,800).
- The biggest market event last week was the widely anticipated speech by Fed Chair Kevin Warsh on Friday at the Jackson Hole Economic Symposium.
 - His speech was largely viewed as hawkish as he vowed to bring inflation down to the Federal Reserve's target level of 2%.
 - Following Warsh's remarks, markets projected a more than 50% chance of a hike at the Fed's Sept. 16 meeting.¹
 - At least one such move by the end of the year is seen as virtually assured.
 - Also, 2-year Treasury yields shot up by 0.12% to 4.35% after his comments, the biggest jump since he struck a similarly hardline posture toward inflation in his first post-meeting press conference in June.¹
 - Additionally, the US Dollar rallied and gold sold off on Friday, all following the price action of a market that's anticipating a hiking Fed.
 - Supporting all of this was the PCE Price Index which rose in June by 0.2% to bring the annual increase to +3.7%.¹
 - This shows that inflation continues to stick around and further reinforces the Fed's possible rate hiking path at their next meeting.
- S&P 500 sectors were mixed last week.
 - Tech led to the upside as Nvidia earnings blew past estimates, helping the entire sector.
 - Despite NVDA's earnings, semiconductors and memory stocks are set to close flat for the month and down substantially from their June highs.
 - Energy led to the downside as it followed crude oil lower.
 - Weakness was also seen in Real Estate as interest rates weigh on activity.
- From a near-term risk management perspective, here are some of the things we're watching:
 - Seasonality...we're entering a few week period that historically is challenging for equities.
 - Key levels we're watching are prior highs on the S&P 500, recent lows on TLT (long US Treasuries) and last week's lows on semiconductors.
 - Strong relative performance between mega caps and small caps this week could be the start of a new relative trading regime.
 - This week will also be important to see if gold stabilizes and/or resume its uptrend...or did a bubble pop?

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