What's on Our Minds

August 17, 2026

MARKET HIGHLIGHTS

- **As the stalemate in the Middle East deepens, investor attention turned toward the slowly receding inflationary environment** and a US consumer that may be showing the initial signs of slowing after a strong first half of the year. A steepening yield curve may begin to provide the financial tightening the Federal Reserve is hesitant to implement.
- **There was little movement in the US–Iran impasse.** Iran struck a shipping-lane agreement with Oman but ties any full reopening of the Strait of Hormuz to compensation payments, troop withdrawals, unfrozen assets, and sanctions relief.
- **Inflation drew the most attention as disinflation grinds toward target.** July headline Consumer Price Index was up just 0.1% (3.4% year over year) with core up 0.2% (2.5% year over year); producer prices were flat on the month. Markets read both reports as incrementally dovish: September rate-hike odds fell to 30% from roughly 50%.
- **July retail sales fell 0.6% against a +0.1% estimate,** with the control group -0.4% versus +0.4% expected, though sales are still up 5.0% year over year. Lower gas prices and a Prime Day hangover explain much of the miss.

MARKET PERFORMANCE

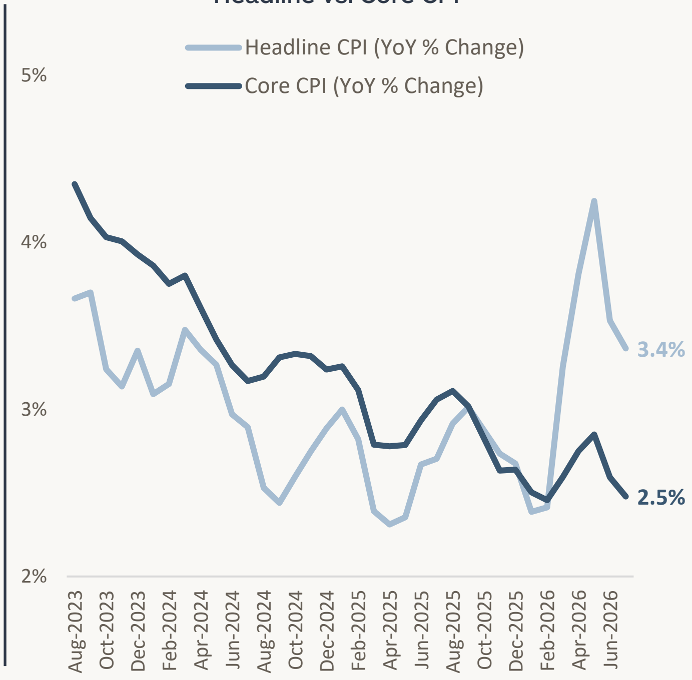
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.14%	-0.24%
Municipal Bonds 1-10Y	0.17%	0.73%
U.S. High Yield	0.15%	2.52%
S&P 500	0.39%	14.54%
Russell 2500 (SMID cap)	0.96%	25.18%
MSCI EAFE (International)	0.58%	14.76%
MSCI Emerging Markets	2.66%	22.70%
MSCI ACWI (Global)	0.72%	15.36%
Crude Oil (NYMEX WTI)	-1.62%	43.90%
Gold LBMA PM	1.53%	0.52%
60/40 ACWI/Agg Portfolio	0.37%	9.12%

WHAT CAUGHT OUR EYES THIS WEEK

Encouraging Trends in Inflation

If the Federal Reserve was looking for some breathing room to avoid hiking rates in September, it likely got it in the inflation data last week. Headline consumer prices were up just 0.1% in July, while the core Consumer Price Index (CPI), which ignores the recent volatility in energy prices, was also up an acceptable 0.2%. Outside of the unknown near-term future for oil markets, the outlook for inflation elsewhere (e.g., core goods and shelter) looks encouraging. Accordingly, investors are continuing to unwind bets for near-term rate hikes. In federal funds futures markets, odds for another pause in the September Federal Open Market Committee meeting have reached 70%, up from 44% just a week ago. Though with roughly one rate hike still priced in by the end of the year and the two-year Treasury yield well above the current policy rate at 4.17%, markets are clearly braced for tighter policy in the intermediate future. The wide range of outcomes in the Middle East rules out any certainty about the path for headline inflation, but if we can find a way out of the ongoing energy supply disruption, underlying inflation trends look promising.

Headline vs. Core CPI



Please see important disclosures and other key information on page 4.

What's on Our Minds

August 17, 2026

OUR KEY THEMES FOR 2026 (updated as of July)

1) Monetary policy moves to neutral or slightly restrictive and fiscal policy moves to neutral or slightly positive while the AI infrastructure build-out remains a key structural tailwind.
2) One Big Beautiful Bill Act corporate tax changes are spurring a reacceleration in non-AI business investment.
3) Global growth on net remains positive as trend-or-better US growth offsets supply shocks overseas.
4) Broader economic activity lifts employment, while labor force growth remains sluggish.
5) Inflation remains above target, but progress should resume when the current supply shock fades.
6) The jury is still out on new Fed Chair Warsh's direction regarding interest rates, the Fed balance sheet, and the inflationary versus productivity-enhancing impacts of the AI build-out.
7) We see stability or slight upward pressure for long-term rates, based on strong economic activity.
8) It's hard to fight strong fundamentals for equity markets, with double-digit profit growth balancing high earnings multiples.
9) Better earnings breadth was delayed, not canceled.
10) International stocks still offer diversification benefits and an impressive fundamental outlook considering geopolitical headwinds.

IN CASE YOU MISSED IT

INSIGHTS

The Outsourcing Landscape: A Field Guide to OCIO Services

How Should Corporations Get Paid For Helping Startups?

California's 2026 Billionaire Tax: What Ultra-High-Net-Worth Families Need to Know

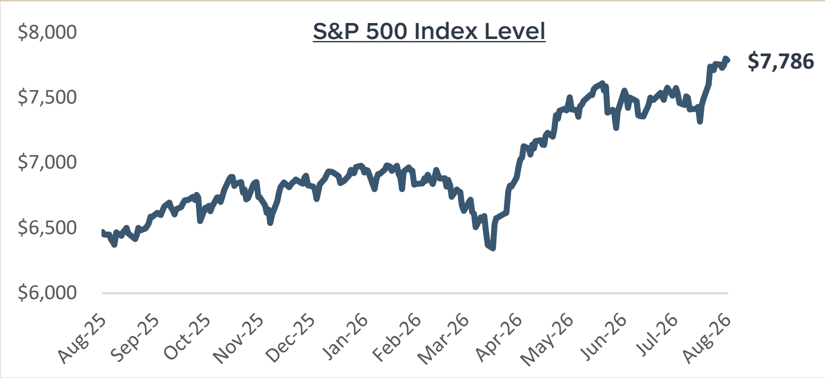
ARCHIVE

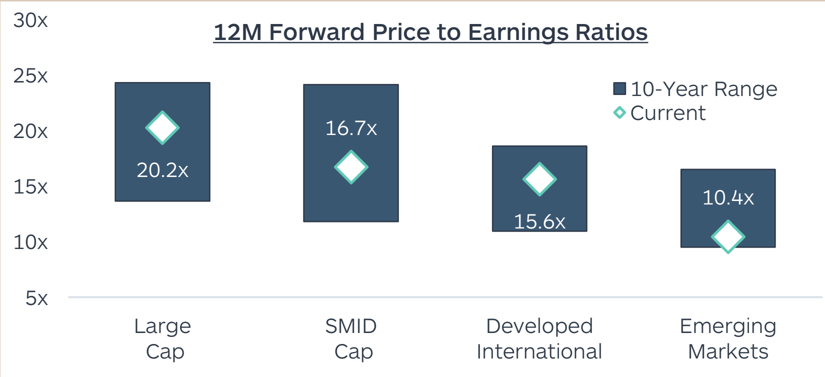
Historical Economic and Market Outlooks Insights

WEBINARS

Recording: Q3 2026 Market & Economic Outlook

EQUITIES





S&P 500 SECTOR	1-WEEK	YTD
Energy	7.3%	39.9%
Utilities	1.6%	5.2%
Consumer Staples	1.0%	11.5%
Health Care	1.0%	9.1%
Financials	0.9%	7.2%
Industrials	0.7%	20.9%
Real Estate	0.7%	15.0%
Information Technology	0.2%	24.3%
Materials	-0.8%	15.4%
Comm. Services	-1.0%	1.7%
Consumer Discretionary	-1.9%	0.9%

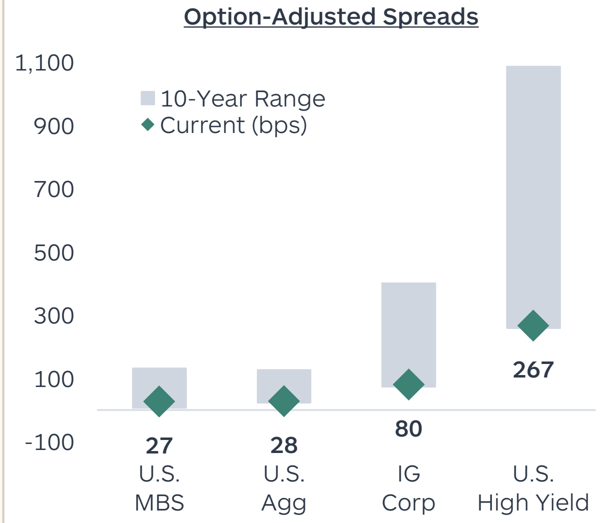
Please see important disclosures and other key information on page 4.

What's on Our Minds

August 17, 2026

FIXED INCOME

KEY INTEREST RATES	8/14/2026	Δ YTD
Municipal Bonds 1-10Y	3.27%	0.30%
Effective Federal Funds Rate	3.63%	-0.01%
3M T-Bill	3.79%	0.16%
10Y Treasury Yield	4.69%	0.52%
U.S. Aggregate	4.92%	0.60%
30Y Mortgage Rate	6.76%	0.51%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.44%	0.37%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	8/14/2026
Crude Oil	$82.40
Gold	$4,390.70
U.S. Dollar Index	$99.67
Bitcoin	$62,975.00

From headlines to horizon, discover how smart insights can shape your financial future. Visit the Cerity Partners website for more information.

THE WEEK AHEAD

Aug. 17 (Mon.)
Aug. NAHB Housing Market Index

Aug. 18 (Tue.)
Jul. Import & Export Prices

Jul. Industrial Production

Aug. 19 (Wed.)
FOMC Minutes

Aug. 20 (Thu.)
Weekly Initial Claims

Aug. 21 (Fri.)
Aug. S&P Global PMI

Coming Up
Jul. Personal Income & Spending (8/26)

Aug. Employment Report (9/4)

Please see important disclosures and other key information on page 4.

What's on Our Minds

August 17, 2026

ABBREVIATIONS: Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

CHART OF THE WEEK: Cerity Partners, FRED

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 8/14/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

EQUITIES: Top Left-hand Chart. S&P 500 Index Level as of 8/14/26 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 8/14/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 8/14/26.

FIXED INCOME: Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 8/14/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

COMMODITIES, CURRENCIES, CRYPTO: WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

GENERAL DISCLOSURES

This material discusses general market activity, industry or sector trends, or other broad-based economic, market, or political conditions and should not be construed as research or investment advice. It is provided for informational and educational purposes only and does not constitute personalized investment, tax, or legal advice. The views and opinions expressed are those of Cerity Partners LLC ("Cerity Partners") as of the date indicated and are subject to change without notice.

This material is not financial research and was not prepared in accordance with legal requirements designed to promote the independence of financial analysis. The views expressed may differ from those of other professionals at Cerity Partners. Investors should consult with their financial advisors before making any investment decisions.

This content may contain forward-looking statements or forecasts that reflect assumptions and expectations as of the date indicated. These statements are inherently subject to change and involve uncertainties that may cause actual results to differ materially. These forecasts do not consider the specific investment objectives, financial situation, or particular needs of any specific person or organization and should not be relied upon as a guarantee of future performance.

Past performance is not indicative of future results. All investments involve risk, including the potential loss of principal. The value of investments and the income derived from them may fluctuate over time.

Index performance is shown for illustrative purposes only. Investors cannot invest directly in an index. Case studies and examples, if any, are for illustrative purposes only and do not guarantee future outcomes.

Any links to third-party websites are provided for convenience and informational purposes only. Cerity Partners does not endorse or guarantee the accuracy or completeness of any information provided by these third parties.

Cerity Partners LLC is an SEC-registered investment adviser with offices located throughout the United States. Registration does not imply a certain level of skill or training. For additional information about Cerity Partners, including our services and conflicts of interest, please refer to our Form CRS and ADV Part 2, available at www.adviserinfo.sec.gov.