What's on Our Minds

August 24, 2026

MARKET HIGHLIGHTS

- **In a relatively light week of economic data points and corporate earnings announcements,** rising bond yields and the US government's attempt to stop the rise captured the most investor attention. The primary concern among the investment community is higher yields pressuring stock market valuations.
- **WTI and Brent crude oil prices were up notably again last week** on the apparent lack of an off-ramp for hostilities with Iran. President Donald Trump threatened severe economic sanctions on countries that help Iran in any way, and reports that American naval vessels are guiding tankers through the Strait of Hormuz have likely prevented oil prices from spiking even higher.
- **Minutes from the July Federal Open Market Committee meeting were viewed by investors as less hawkish than feared.** While members think inflation remains elevated even when excluding tariff-related items, most believe it will come down over the rest of 2026 with risks skewed to the upside. They also noted that AI has not led to widespread layoffs, and tightening could be needed if inflation fails to decline.

MARKET PERFORMANCE

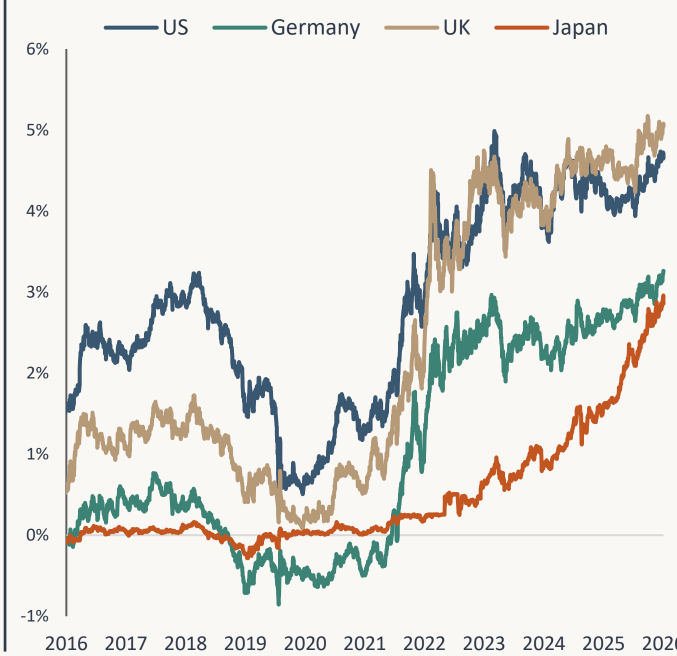
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.10%	-0.34%
Municipal Bonds 1-10Y	-0.23%	0.49%
U.S. High Yield	-0.15%	2.37%
S&P 500	-1.39%	12.95%
Russell 2500 (SMID cap)	-1.55%	23.24%
MSCI EAFE (International)	-0.54%	14.14%
MSCI Emerging Markets	1.24%	24.22%
MSCI ACWI (Global)	-0.88%	14.35%
Crude Oil (NYMEX WTI)	1.20%	52.06%
Gold LBMA PM	4.00%	4.91%
60/40 ACWI/Agg Portfolio	-0.57%	8.47%

WHAT CAUGHT OUR EYES THIS WEEK

Bond Markets are in the News Again

Longer-dated Treasury yields have been on the rise, with the 30-year yield reaching multidecade highs near 5.3%. The sell-off has the attention of the Treasury Department, which announced last week that it will be increasing the size of its buyback operations meant to facilitate liquidity in secondary markets for off-the-run securities. An extra $2 billion of buybacks per operation is a drop in the bucket relative to the overall outstanding stock of $6 trillion in long-dated Treasury bonds, but it does send a strong signal that could preclude a more meaningful move—for example, limiting issuances at the long end. Taking a step back, we don't view the recent rise in yields through the lens of the bond vigilantes, who speak of bond markets (finally) rejecting the federal government's poor fiscal trajectory. Instead, we ascribe the moves to more traditional—albeit less interesting—macro drivers, including economic resilience, a reassessment of near-term expectations for monetary policy, and increasing competition from higher interest rates globally (which have largely matched the increase at home). Taken together, we see more evidence of a normalization to longer-term trends for bond markets in an environment where central banks globally are no longer practicing financial suppression.

Global Sovereign 10-Year Yield



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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

How Executives Can Mitigate Single-Stock Risk With Tax Efficiency

Frequently Asked Questions About California's 2026 Billionaire Tax

The Outsourcing Landscape: A Field Guide to OCIO Services

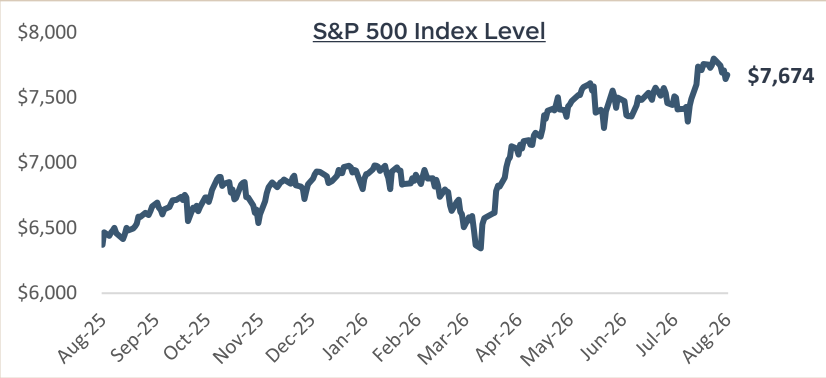
ARCHIVE

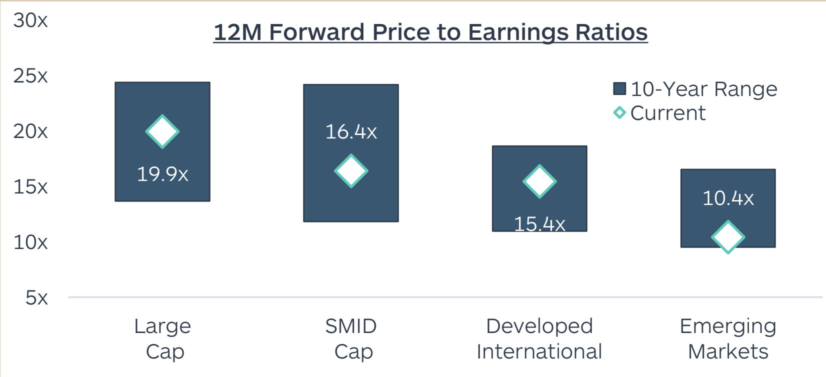
Historical Economic and Market Outlooks Insights

WEBINARS

Recording: Q3 2026 Market & Economic Outlook

EQUITIES





S&P 500 SECTOR	1-WEEK	YTD
Health Care	4.3%	13.8%
Energy	2.9%	44.0%
Materials	2.3%	18.1%
Consumer Discretionary	-0.2%	0.7%
Real Estate	-0.4%	14.5%
Consumer Staples	-0.9%	10.5%
Financials	-1.2%	5.9%
Comm. Services	-1.4%	0.2%
Information Technology	-3.2%	20.4%
Industrials	-3.4%	16.9%
Utilities	-3.5%	1.6%

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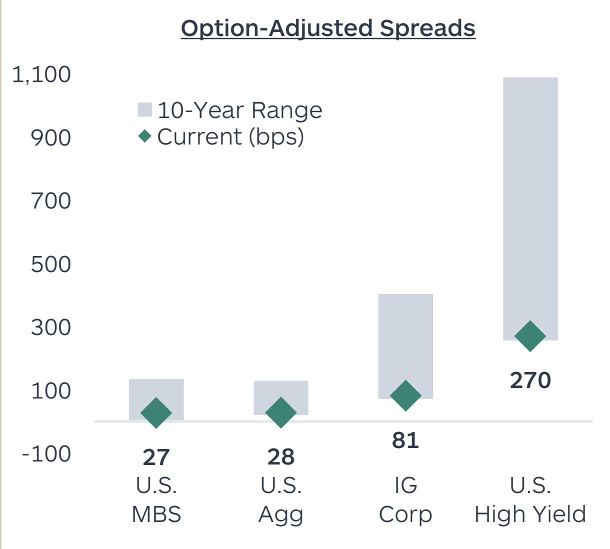
FIXED INCOME

KEY INTEREST RATES	8/21/2026	Δ YTD
Municipal Bonds 1-10Y	3.33%	0.36%
Effective Federal Funds Rate	3.63%	-0.01%
3M T-Bill	3.80%	0.17%
10Y Treasury Yield	4.73%	0.56%
U.S. Aggregate	4.96%	0.64%
30Y Mortgage Rate	6.72%	0.47%
Prime Rate	6.75%	0.00%
U.S. High Yield	7.50%	0.43%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	8/21/2026
Crude Oil	$87.07
Gold	$4,582.10
U.S. Dollar Index	$98.80
Bitcoin	$77,180.00

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THE WEEK AHEAD

Aug. 24 (Mon.)

Aug. 25 (Tue.)
- Aug. Consumer Confidence
- Jul. New Home Sales

Aug. 26 (Wed.)
- Jul. Durable Goods Orders
- Q2 GDP (second estimate)
- Jul. Personal Income & Spending

Aug. 27 (Thu.)
- Weekly Initial Claims

Aug. 28 (Fri.)
- Fed Chair Warsh speaks in Jackson Hole

Coming Up
- Aug. Employment Report (9/4)
- Aug. PPI (9/10)
- Aug. CPI (9/11)

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

CHART OF THE WEEK: Cerity Partners, Bloomberg as of 8/19/2026

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 8/21/26. 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 8/21/26 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 8/21/26. 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 8/21/26.

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 8/21/26. 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.

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