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osaic

MARKET VIEW WEEKLY

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ECONOMIC REVIEW[1]

- The Consumer Price Index (CPI) for July rose just 0.1% month-over-month (MoM), in line with expectations, and is up 3.4% year-over-year (YoY).
  - Helping curb inflation was lower energy prices, which fell 1.5% during the month. However, higher housing and medical services costs continued to put upward pressure on prices.
  - Core CPI, which removes the volatile energy and food categories, rose 0.2% in July and 2.5% over the last year.
- The Producer Price Index (PPI) for July was flat MoM, compared with expectations of a 0.2% increase. Over the last year, however, the index is still up 4.7%.
  - Similar to the CPI report, energy prices contributed to the lower print, falling by 3.1% in July.
  - Overall goods prices fell 0.7%, while construction costs jumped 2.2%, their largest monthly increase since 2022. Strong construction activity, including continued data center development, is likely behind the higher costs.
- Retail sales for July fell 0.6% MoM missing expectations of a 0.1% increase. Despite the decline, sales are still up 5.0% from a year ago.
  - The largest category decline was online sales, which fell 2.2%, followed by auto sales which dropped 1.8%.
  - A positive sign was spending at restaurants and bars, which increased 0.5%. This suggests consumers are still willing to spend on non-essential activities despite some broader weakness in retail sales.
- The preliminary University of Michigan Consumer Sentiment Index fell from 55.2 to 51.0, indicating consumers have become more cautious about the economy recently. Concerns about future business conditions and inflation increased as renewed hostilities in the Iran conflict added to uncertainty.

How does the most recent economic data impact you?

- Better than expected inflation reports and weaker consumer spending reduce the chances of a Federal Reserve (Fed) interest rate hike in September, though one more round of inflation data remains before the next meeting.
  - Markets still expect one rate hike by year-end, but continued progress on inflation could help push short-term interest rates lower, particularly if the situation in the Middle East stabilizes.
- While the retail sales report looks weaker on the face of it, part of the decline reflects Amazon Prime Day shifting from July to June this year, which pulled some spending forward. Consumer spending may also be normalizing as the boost from larger tax refunds earlier in the year begins to fade.

A LOOK FORWARD[1]

- This week, investors will focus on housing data and the Federal Open Market Committee (FOMC) meeting minutes from July.

How does this week's slate of economic data impact you?

- The FOMC meeting minutes should provide more insight into the committee's views on interest rates. With three Fed members voting in favor of a rate hike last time, the minutes may shed light on what economic data or inflation trends they would need to see to either maintain or change their view.

MARKET UPDATE[2]

Market Index Returns as of 8/14/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.39%	3.93%	14.54%	22.14%	22.21%	13.36%
NASDAQ	0.16%	2.00%	15.40%	24.35%	26.01%	13.34%
Dow Jones Industrial Average	-0.53%	2.80%	12.83%	21.50%	17.51%	10.72%
Russell Mid-Cap	1.50%	4.09%	20.01%	23.64%	18.26%	8.92%
Russell 2000 (Small Cap)	1.15%	1.55%	24.47%	35.82%	19.01%	8.13%
MSCI EAFE (International)	0.58%	4.86%	14.76%	21.89%	18.71%	9.36%
MSCI Emerging Markets	2.66%	-0.92%	22.70%	36.10%	22.74%	8.43%
Bloomberg US Agg Bond	-0.14%	-0.85%	-0.24%	2.56%	4.47%	-0.25%
Bloomberg High Yield Corp.	0.14%	0.62%	2.59%	5.54%	8.75%	4.29%
Bloomberg Global Agg	-0.14%	-0.01%	-0.22%	0.99%	3.87%	-1.75%

OBSERVATIONS

- Major U.S. large-cap equity indices ended the week with mixed performance as markets continued to rebound and the S&P 500 reached a new all-time high.
  - The S&P 500 led the advance for the week (+0.39%), followed by the NASDAQ (+0.16%), while the Dow Jones retreated (-0.53%).
- Mid-cap stocks were the best domestic performer for the week, climbing +1.50%. Small-cap stocks also finished higher for the week, posting a gain of +1.15%.
- Developed international markets led domestic large cap equities and posted higher returns for the week (+0.58%), while emerging markets were the best performer overall (+2.66%).
- Domestic and international fixed income indices fell on the week as interest rates rose. The U.S. Aggregate Bond Index dipped -0.14% as yields rose, while less interest-rate-sensitive high-yield corporate bonds posted small gains (+0.14%).
  - International bonds delivered comparable returns for the week and finished down -0.14%.

BY THE NUMBERS

Los Angeles Lakers to be Sold to Bob Iger, Jared Kusher for $12.5 Billion: For the second time in about a year, the Los Angeles Lakers will be sold to new ownership for a record fee in professional sports. Former Walt Disney Company CEO Bob Iger and Joshua Kushner, the founder of venture capital firm Thrive Capital, have agreed to purchase the iconic NBA franchise for $12.5 billion from Mark Walter, Chief Executive Officer of Guggenheim Partners. The stunning deal, which is valued at 25% more than 14 months after Walter purchased a majority stake in the team for about $10 billion, a then-record fee.[3]

Alpine Resorts' Snowmaking Equipment May Be Put To Work Fighting Summer Forest Fires: Snowfall has become less frequent and reliable over recent decades and that's a big issue for a mid-altitude ski resort like the Adelboden-Lenk area, whose roughly 125 miles of slopes spans an altitude between 3,280 and 7,545 feet. These days, an estimated 70% of the snow on its slopes is made artificially. Snow cannons and lances are only the visible part of the snowmaking network. But much of it is out of sight: dozens of kilometers of underground water pipes that could prove useful beyond the winter months as the risk of wildfires grows even in places such as Switzerland's Adelboden-Lenk ski area. "We can help firefighters with our infrastructure," said Jürg Klopfenstein, who is responsible for the resort's snowmaking operations. "Not primarily with our snow cannons, which can mainly be used to water the fields or aim them at surrounding infrastructure. But firefighters can use our infrastructure, and helicopters can refill their tanks using our water reservoirs."[4]

Economic Definitions

Building Permits: This concept tracks the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Federal Open Market Committee (FOMC): The Federal Open Market Committee is the branch of the Federal Reserve System that sets U.S. monetary policy. It decides interest rates, manages the money supply, and meets eight times a year.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Pending Home Sales: This concept tracks signed real estate contracts for existing single-family homes, condos and co-ops that have not yet closed. As such it is a leading indicator for existing home sales.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

NASDAQ-100: The NASDAQ-100 Index includes 100 of the largest domestic and international non-financial companies listed on The Nasdaq Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg US Agg Bond: The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg High Yield Corp: The Bloomberg US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Bloomberg's EM country definition are excluded.

Bloomberg Global Agg: The Bloomberg Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Municipal Bond Index: The Bloomberg U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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[1] Data obtained from Bloomberg as of 8/14/26.
[2] Data obtained from Morningstar as of 8/14/26.
[3] Los Angeles Lakers to be sold to Bob Iger, Josh Kushner for $12.5 billion
[4] Swiss snowmaking network could help fight forest fires | AP News