REGIONS ASSET MANAGEMENT

Weekly Market Commentary

AUGUST 17, 2026

MARKET UPDATES

August 14, 2026:
Recorded Leadership Discussion Featuring: Regions Chief Investment Officer, Chief Economist, and Director of Equity Portfolio Management.

August 21, 2026:
For access to this call please contact your Regions Wealth Advisor or Portfolio Manager.

WHAT WE'RE WATCHING

The U.S. Department of Housing and Urban Development (HUD) releases U.S. Housing Starts data that is expected to fall by 6% month over month, after rising 19% in the month prior.

The Federal Reserve is set to release the minutes from the July FOMC meeting on Wednesday, allowing market participants to see perspective on monetary policy.

S&P Global publishes its preliminary Purchasing Manager Index (PMI) data for August on Friday, with consensus expecting a reading of 53.7, down from last month's print of 54.5.

KEY OBSERVATIONS

Cooler Producer Price Inflation (PPI) eased near-term rate concerns, sending the S&P 500 to new highs, but weaker retail sales and consumer sentiment renewed uncertainty around the state of the consumer into the weekend.

High beta stocks and emerging market equities extended recent gains, as both segments appear to be entering a melt up phase with investors chasing reversion trades higher.

The treasury yield curve steepened as inflation gauges moderated, allowing short-term yields to drift lower while longer-term yields rose with buyers assigning a higher premium to fiscal and supply-related uncertainty.

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	Price/Yield	Total Return (%)					
	8/14/2026	1 Week Ago	1 Month Ago	Year to Date	1 Year	3 Years	5 Years
S&P 500	7,785.76	0.39	2.89	14.54	21.81	22.22	13.36
NASDAQ 100	30,046.14	1.11	1.87	19.44	26.89	26.89	15.59
S&P Mid Cap 400	3,926.98	1.10	4.02	19.74	24.77	16.04	9.20
S&P Small Cap 600	1,828.28	0.97	2.96	25.72	32.35	16.34	8.05
MSCI World ex US	486.33	1.32	3.01	17.30	27.73	20.45	9.43
MSCI EM	1,701.17	2.66	0.95	22.70	36.15	22.75	8.43
Bloomberg U.S. Aggregate	4.92	-0.14	-0.39	-0.24	2.39	4.47	-0.25
Bloomberg Corporate	5.42	-0.29	-0.58	-0.47	2.05	5.43	-0.10
Bloomberg U.S.High Yield	7.20	0.15	0.43	2.59	5.55	8.75	4.29
Bloomberg EM USD Aggregate	6.13	0.03	-0.05	1.52	5.22	8.57	1.83
Bloomberg Global Agg ex-USD	3.36	-0.44	-0.44	-0.48	0.05	2.74	-0.66
Bloomberg Municipal Bond	3.81	0.12	-0.57	1.23	5.37	3.58	0.73

Source: Bloomberg (3- and 5-Year Returns Annualized)

	Price/Yield						
	8/14/2026	1 Week Ago	1 Month Ago	12/31/2025	1 Year Ago	3 Years Ago	5 Years Ago
SOFR (yield)	3.62	3.62	3.63	4.49	4.34	5.30	0.05
30 Year Mortgage (average rate)	6.74	6.78	6.59	7.28	6.69	7.51	3.05
2 Year Treasury (yield)	4.17	4.20	4.19	4.24	3.73	4.97	0.21
10 Year Treasury (yield)	4.69	4.65	4.59	4.57	4.28	4.19	1.28
30 Year Treasury (yield)	5.26	5.20	5.10	4.78	4.87	4.29	1.93
WTI Crude (closing price)	82.40	78.18	79.34	71.72	63.96	82.51	68.44
Gold (NYM $/oz)	4,380.40	4,340.70	4,069.70	2,641.00	3,335.20	1,910.60	1,775.20

Source: Bloomberg (3- and 5-Year Returns Annualized)

WHAT HAPPENED LAST WEEK?

Stocks

Positive Surprise On Inflation Sends S&P 500 To New High, While High Beta Stocks Setup For Melt Up And Emerging Market Equities Seek New Momentum.

- **Softer Inflation Data Sends U.S. Stocks To New High.** The S&P 500 traded flat to slightly lower early in the week as the widely anticipated Wednesday CPI release turned out to be a non-event, with inflation right on the consensus estimate at 3.4% year over year. The market-moving inflation data materialized later in the week as Producer Price Inflation (PPI), the slated ‘second act’, stole the show with PPI Demand falling to 4.7% from 5.5% in the month prior. That meaningful sign of reprieve from inflation renewed market confidence, and dispelled concerns around future liquidity conditions from higher rates, pushing stocks to fresh highs with the S&P 500 making a new all-time high at $7,798 on Thursday. Macro tailwinds faded into the weekend as both retail sales and University of Michigan Consumer Sentiment missed expectations by a considerable margin on Friday, and now that earnings season largely behind us, we wouldn’t be surprised to see markets batted around by economic headlines in the near-term.

- **Momentum And Beta Stocks Seeing Late Summer Melt Up.** Since late July, rekindled risk appetite has pushed investors back into high-beta and momentum stocks, with market participants chasing recent reversion stories higher. The MSCI Momentum index and S&P 500 High Beta Index were both higher by 2.5% last week, even as high-flying domestic semiconductor stocks were relatively flat, with energy the top contributing sector putting up a 7.3% weekly gain. That rotation theme telegraphs that what we’re seeing is likely early stage risk-on behavior rather than something more ominous, as the rally is being driven by more than one stock or even sector. The consolidation in semiconductors last week was constructive at the margin as fundamentals appeared steady with both CoreWeave and Applied Materials beating earnings estimates, with the former delivering 113% year-on-year revenue growth, lifting the stock by 16.1% on the week. Applied materials didn’t see the same reaction, closing the week lower by 5.9% as investors took profits after a solid run in the sector since the July lows.

- **Emerging Markets Capitalize On Comeback In Chipmakers.** Not all semiconductor stocks carried the same appeal last week, as the now tech-hardware heavy MSCI EM index advanced by a respectable 2.7%, its third consecutive weekly gain. That positive price action allowed the index to break above its 50-day moving average, setting up a new potential support level for quantitative traders and trend followers. The leadership profile mirrored some of what we witnessed on the domestic front, as names linked to the AI-theme that mostly fall into the ‘picks and shovels’ category fared best. Asian markets specifically found favor last week, as the MSCI South Korea index generated a 13.3% weekly gain while the MSCI Taiwan index rallied higher by 3.3%. Price action aside, the internals are also encouraging with KOSPI stocks seeing a breadth thrust rivaling the April breakout, as 86% of index constituents were trading above their 20-day moving average. Our view has been that it may take time to rebuild momentum after deleveraging reverberated through emerging markets last month, but elevated volume and breadth is broadly constructive for the comeback story.

Bonds

Positive Inflation Surprise Sent Short Rates Lower, While Longer Term Treasuries Sold For Their Highest Yield Since 2001 And Credit Benefited From A Steeper Curve.

• **Short End Yields Drop Off As Producer Price Inflation Cools.** Two-year treasury yields were already leaking lower midweek when CPI came in at the consensus estimate 3.4%, but Thursday's cooler Producer Price Inflation (PPI) print added fuel to the fire, prompting the two-year yield to tumble 3bps on the week. The PPI data is widely considered the 'pipeline' of inflation as producers are some of the first to incur cost increases. With producer price inflation falling, there is less of a need to pass that along to consumers—eventually resulting in lower consumer price inflation. Producer price inflation is also an input in PCE, the FOMC's preferred inflation gauge, so taking the cooler print alongside softer payrolls in the week prior pulled odds of a rate hike lower. Over the course of the week, odds of a September hike were nearly reduced by half, with fed funds futures starting Monday pricing a 50% chance of a hike falling to 30% by the weekend. That downshift in short-term yields wasn't reciprocated in the belly and long end of the curve, as both subsets saw an uptick in rates as investors sought higher premiums given longer-term inflation and fiscal concerns.

• **Treasury Tasked With Refinancing Floats 30Y Debt At Multi-Decade Highs.** For the first time in a quarter century, the U.S. government issued 30-year bonds at a yield of 5.22% after a run-up in long-term yields in recent weeks. The U.S. Treasury floated roughly $25B in long bonds on Thursday, with the expectation that bond buyers would take down the higher yielding debt in short order. Demand turned out to be lighter than expected, with the auction tailing slightly as the curve steepened with 10-year and 30-year rates rising by 4-6bps on the week. All told the auction went relatively well, but the Treasury is going to be grappling with bond buyers as it manages higher financing costs amidst a growing government debt burden.

• **Steeper Yield Curve Having Minimal Impact On High Yield Bonds.** Falling rates at the front of the curve blended with higher long-term rates are a generally bullish backdrop for risk assets, as this scenario typically indicates lower inflation and higher growth. That playbook held true for high yield corporates last week with the Bloomberg U.S. High Yield Corporate index churning out a 0.2% gain, even as valuations widened at the margin. High yield credit continues to be a bright spot relative to core fixed income, with investment grade corporates finishing the week lower by 0.3%.