REGIONS ASSET MANAGEMENT

Weekly Market Commentary

AUGUST 31, 2026

MARKET UPDATES

August 28, 2026:
Recorded Leadership Discussion Featuring: Regions Chief Economist, Chief Investment Officer, and Chief Market Strategist.

September 11, 2026:
For access to this call please contact your Regions Wealth Advisor or Portfolio Manager.

WHAT WE'RE WATCHING

The Institute for Supply Management (ISM) releases its Manufacturing index for August on Tuesday. The reading is expected to fall modestly to 55.2 from 55.6 in July. August would be the 8th consecutive month with a reading above 50, the level viewed as the break point between expansion and contraction. The ISM Services index will be released on Thursday and is expected to be unchanged month over month at 54.1.

The August Nonfarm Payrolls report will be released on Friday, with the consensus estimate expecting 55k jobs to have been created during the month, which would compare to a loss of 23k jobs last month. Average hourly earnings are expected to have risen 0.3% month over month and 3% year over year, and the unemployment rate is expected to remain at 4.1% as it was last month. We will be focused on the absolute level of jobs growth during the month and on revisions to payrolls growth in the prior two months as well.

KEY OBSERVATIONS

U.S. equity indices marked time in the lead-up to the release of Nvidia's earnings mid-week, but the S&P 500 ultimately posted a positive week. Nvidia issued much stronger revenue guidance than expected, pointing to continued tailwinds for AI-related beneficiaries. Notably, software outperformed hardware on the week, with cybersecurity names big winners, which contributed to a 1.2% weekly gain out of the information technology sector. However, market leadership was narrow with tech's gains coming at the expense of every other sector as the $440-plus billion that Nvidia tacked on to its market capitalization following its earnings release had to be sourced from somewhere.

Taiwan was a notable bright spot abroad as Nvidia's earnings announcement created some positive 'pin action' for semiconductor and memory names listed outside of the U.S. After providing a ballast for the MSCI EM index in July and the first half of August as Korea and Taiwan experienced bouts of unsettling volatility, Chinese stocks appeared to be sources of funds with the MSCI China index falling 1% on the week.

Bonds rallied early in the week as the U.S. Treasury floated the idea of using its General Account to potentially fund larger monthly buybacks of off-the-run longer dated Treasuries should rates move uncomfortably higher. But the rally stalled as July inflation data proved 'sticky' and 'hawkish' comments out of FOMC Chair Kevin Warsh on Friday put upward pressure on yields across the curve. The 2-year yield jumped 12 basis points on Friday and finished the week higher by 10 basis points at 4.34% as the likelihood of a mid-September rate hike out of the FOMC jumped from around 35% mid-week to 57% on Friday on the heels of the FOMC Chair's remarks.

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	Price/Yield	Total Return (%)					
	8/28/2026	1 Week Ago	1 Month Ago	Year to Date	1 Year	3 Years	5 Years
S&P 500	7,711.76	0.50	5.51	13.51	20.01	21.28	12.93
NASDAQ 100	29,433.43	0.43	8.30	17.05	24.97	25.08	14.67
S&P Mid Cap 400	3,779.47	-1.32	1.32	15.29	17.11	14.43	8.09
S&P Small Cap 600	1,767.57	-1.20	0.82	21.62	24.43	15.04	6.94
MSCI World ex US	486.53	0.01	6.52	17.41	27.54	20.43	9.66
MSCI EM	1,722.14	0.05	10.60	24.28	39.16	23.00	8.83
Bloomberg U.S. Aggregate	4.99	0.13	0.26	-0.21	1.86	4.15	-0.27
Bloomberg Corporate	5.48	0.32	0.46	-0.30	1.78	5.09	-0.10
Bloomberg U.S.High Yield	7.27	0.27	1.17	2.72	4.91	8.64	4.19
Bloomberg EM USD Aggregate	6.17	0.28	0.67	1.55	5.11	8.37	1.73
Bloomberg Global Agg ex-USD	3.44	-0.04	-0.55	-0.77	0.06	2.39	-0.67
Bloomberg Municipal Bond	3.93	-0.16	-0.32	0.49	4.44	3.58	0.60

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

	Price/Yield						
	8/28/2026	1 Week Ago	1 Month Ago	12/31/2025	1 Year Ago	3 Years Ago	5 Years Ago
SOFR (yield)	3.64	3.65	3.65	4.49	4.34	5.30	0.05
30 Year Mortgage (average rate)	6.71	6.72	6.70	7.28	6.62	7.54	3.08
2 Year Treasury (yield)	4.34	4.24	4.29	4.24	3.63	5.05	0.22
10 Year Treasury (yield)	4.72	4.73	4.61	4.57	4.20	4.20	1.31
30 Year Treasury (yield)	5.21	5.27	5.09	4.78	4.88	4.28	1.92
WTI Crude (closing price)	83.40	87.06	79.26	71.72	64.60	80.10	68.74
Gold (NYM $/oz)	4,494.70	4,624.10	4,038.70	2,641.00	3,445.80	1,917.90	1,816.60

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

Stocks

Earnings Out Of Nvidia, Cybersecurity Bellwethers Buoy The Tech Sector At The Expense Of Everything Else; Currency, Semiconductor Strength Provide Tailwinds For Emerging Market Indices.

• **Nvidia Guidance Spurs Rally Stateside With Technology Stocks Gaining At The Expense Of Most Everything Else.** U.S. equity indices ran in place in the lead-up to Nvidia's earnings release after the market close on Wednesday but after posting gains on Thursday and Friday the S&P 500 eked out a 0.5% return on the week. Nvidia's earnings release and guidance buoyed the semiconductor industry group as the company guided fiscal year 2028 revenue growth to 70%, well above the 44% consensus estimate, and noted that outlook takes into account that supply of various components was still capacity constrained, which led analysts to view even this upside surprise as potentially conservative. While Nvidia garnered the headlines, it was software stocks that staged a more impressive rally behind strength out of software as a service (SaaS) behemoth Salesforce.com (CRM) and a broad swath of cybersecurity names on the heels of well received earnings releases out of CrowdStrike (CRWD) and Okta (OKTA) after the close on Wednesday. The former rose 20.5% and the latter 28.6% on Thursday alone as both companies pointed toward increased demand for their products, driven by the broader adoption of AI which is making cyberattacks more sophisticated.

What stood out to us most was the narrowing of market leadership following Nvidia's earnings report as gains for information technology stocks came at the expense of literally every other sector, with IT the only sector in the S&P 500 to finish Thursday in the green. While breadth left something to be desired last week, the S&P 500 managed to finish the week less than 2% below its mid-August all-time high. The rotational nature of the market's movements in recent months has certainly been frustrating, but the resiliency on display at the headline index level leaves us constructive on the outlook for U.S. stocks, broadly speaking. We acknowledge that we are now in a historically challenging seasonal stretch into mid-October, but we would look at any material weakness in the lead-up to midterm elections in early November as a potential opportunity to tactically adjust positioning.

• **Currency Strength, Earnings Growth Projections Provide Tailwinds For Emerging Market Stocks.** Positive momentum within emerging markets last week was more than just a reaction to Nvidia's positive guidance, but the results lend credence to the earnings revision narrative that has been instrumental in driving gains for investors in AI-centric developing markets. The MSCI EM index finished the week unchanged, but some constituents tied to the AI-ecosystem saw more substantial advances with the MSCI Taiwan Index higher by 2.9% in U.S. dollar terms. Signs of rotation were evident as Taiwan's gains came at the expense of South Korea which fell 3.3% on the week, a notable divergence as these two countries have risen and fallen in lockstep with one another for much of this year. Also of note, Brazil finished higher by 1% while Mexico fell 1%, another sign of potential rotation between countries that often move together, directionally speaking.

The clearest signal of currency inflows is evidenced by the MSCI EM Currency index, which rose 0.4% on the week and has now made a new high in nine consecutive weeks. Taiwan and Korea, specifically, have strengthened meaningfully over that stretch as market participants are looking to tap into potential economic upside radiating from the largest companies listed there. Policymakers are aligned with those views as the Bank of Korea decided last week to raise its 2026 economic growth forecast from 2.6% to 3.3%, citing stronger semiconductor exports as rationale. From a technical perspective, some of the strongest short-term momentum exists in emerging markets, with 52% of MSCI EM index constituents trading above their 20-day moving average, which is notable given the index has yet to retake its June high.

Bonds

Treasury Rally Stalls As Sticky Inflation Offsets Prospect Of Larger Monthly Buybacks; Corporate Issuance Set To Ramp Up Next Month, Likely Keeping Spreads And Yields Higher In The Near-Term; FOMC Chair Warsh Talks Tough On Inflation In Jackson Hole, Pushing Yields Across The Curve Higher.

• **Treasuries Rally Amid Specter Of Larger Monthly Buybacks, But July Inflation Data, 'Hawkish' Warsh Comments Limit Downside For Yields.** Treasury Secretary Scott Bessent floated the idea of tapping the Treasury General Account (TGA) to fund increased buybacks early last week, which put downward pressure on yields as market participants began to price in the prospect that monthly buybacks could potentially exceed the $4B figure discussed the prior week. The TGA is around $950B at present, providing him with ample firepower to increase buybacks should yields again rise to uncomfortable levels.

The rally in long-dated Treasuries stalled midweek as a closely watched inflation reading from July pointed toward inflation remaining sticky. Personal Consumption Expenditure (PCE) rose 0.2% month over month and 3.7% year over year, with both readings coming in 0.1% ahead of the consensus estimate, while Core PCE, which is more closely monitored by the FOMC, rose 0.2% month over month and 3.3% year over year, with both of those measures falling in-line with the consensus estimate. These readings continue to point to inflation remaining sticky, with little progress made on getting inflation any closer to the FOMC's 2% target in recent months.

The July PCE reading could embolden the hawks on the Committee to push for a hike to the Fed funds rate when the Committee meets in mid-September, but the futures market placed just a 35% likelihood on that occurring as of last Thursday, down from 40% at the close of the prior week. The likelihood of a September hike jumped to 57% on Friday following FOMC Chair Kevin Warsh's remarks in a speech he made in Jackson Hole, but with energy prices falling in recent weeks, if that downtrend is sustained into the lead-up of the FOMC meeting next month we would expect the Committee to stand pat on as the Committee awaits actionable guidance from task forces formed in mid-June.

• **Light Week For Investment Grade Credit Issuance Sets Tone For Tighter Spreads.** Bond sales surpassed dealer estimates last week, but a $5B threshold was a low bar to chin as roughly $5.9B in new paper came to market on Monday and Tuesday with virtually no issuance after. That limited supply and a slowdown in the number of issues being financed can be attributed to some seller exhaustion as we've seen heavy issuance both month and year to date. The pause in new deals last week provided room for spreads to drift lower to 78-bps from 80-bps the week prior, but at present that print looks like a higher low that could be a stopping off point should issuance ramp up in September.

Higher prices last week can be partially traced back to the technology sector as Nvidia's earnings announcement took some of the strain off of credit default swaps (CDS) tied to hyperscaler and related bonds, but investment grade technology spreads are still well off their August lows. Those higher lows have diverged from high yield bond spreads which are retesting multi-month lows—leading us ask is the risk of wider spreads more prevalent in high-grade or low-quality credits at present? All told, the Bloomberg Investment Grade Bond Index closed the week higher by a respectable 0.3% but if issuance rises in the coming weeks, we wouldn't be surprised if valuations get cheaper as appetite for tech-related issues wanes.

• **Treasury Yields Push Higher Into The Weekend As FOMC Chair Warsh Returns To His June Roots, Talks Tough On Inflation In His Jackson Hole Remarks.** The Kansas City Fed's annual Jackson Hole Economic Policy Symposium took place last week with the headliner of the event, FOMC Chair Kevin Warsh, speaking early Friday morning. As we have grown accustomed to in his now three-month tenure, the new Chair talked tough on inflation, noting the "Fed's 2% PCE objective is a firm, fixed target," although he continued to provide scant details to market participants surrounding what data points would spur the Committee to action. The yield on the 2-year U.S. Treasury, which is more impacted by the outlook for monetary policy, rose 10-basis points on the day to close out the week at 4.34%, but yields on longer dated bonds, which are more closely linked to inflation expectations, also rose, albeit more modestly following Warsh's remarks, with the 10-year Treasury yield making a 4-basis point upward move on Friday to close the week at 4.72%, just 1-bp below the prior Friday's close.