

Multi-Asset Solutions Weekly Commentary

Key Observations

U.S. equity indices surged to all-time highs, building on positive momentum stemming from earnings out of Amazon and Microsoft in the week prior. It was again the information technology sector and semiconductor industry group, which each rallied 7% or more on the week, that garnered headlines but software stocks joined the party as well. Interestingly, while the S&P 500, S&P Midcap 400, and S&P Small Cap 600 indices made new all-time highs during the week, the tech-heavy Nasdaq Composite can't yet make the same claim.

Abroad, it was a particularly good week for developed markets, with France's CAC 40, Germany's DAX, Spain's FTSE MIB, and Italy's IBEX 35 each making a new all-time high. Japan's Nikkei 225 rallied over 3% on the week as the U.S. and Japan announced a coordinated effort to support the yen, halting the currency's slide, but more intervention may be required in the next month in the lead-up to the Bank of Japan's September meeting, which could lead to elevated volatility in that market.

Treasury yields fell across the curve during the week as falling energy prices, U.S./Japan coordination in defending the yen, and a softer than expected July nonfarm payrolls report led market participants to price-out expected rate hikes. Following the payrolls report release on Friday, the odds of a rate hike at the FOMC's September meeting fell to 42% from around 67% the prior week, which contributed to a sharp 9-basis point drop in the 2-year Treasury yield on the week.

What We're Watching This Week

The National Federation of Independent Business (NFIB) releases its Small Business Optimism survey for July on Tuesday, with the reading expected to improve modestly to 97.7 from 97.4 the prior month.

U.S. Consumer Price Index (CPI) for July is released Wednesday. Headline CPI is expected to rise 0.1% month over month and 3.4% year over year, while Core CPI, which is more closely watched by policymakers, is expected to rise 0.2% month over month and 2.5% year over year.

The University of Michigan releases its preliminary consumer sentiment survey for August on Friday. The consensus estimate calls for the reading to weaken to 54.5 from 55.2 the prior month. We will be most interested in the inflation expectations component survey of the release as the 1-year inflation expectation is expected to be unchanged month over month at 4.2%, and any material shift in the 5- to 10-year inflation outlook could move Treasury yields.



	Price/Yield			Total Return (%)			
	8/07/2026	1 Week Ago	1 Month Ago	Year to Date	1 Year	3 Years	5 Years
S&P 500	7,757.64	3.59	3.73	14.09	23.83	21.52	13.44
NASDAQ 100	29,722.30	5.12	1.62	18.14	27.91	25.79	15.38
S&P Mid Cap 400	3,885.57	3.40	4.07	18.43	26.08	14.91	9.08
S&P Small Cap 600	1,811.16	2.44	3.67	24.51	36.50	14.88	7.75
MSCI World ex US	480.30	1.49	3.15	15.77	28.06	19.39	9.32
MSCI EM	1,657.82	-0.43	-1.00	19.52	33.93	20.82	7.68
Bloomberg U.S. Aggregate	4.90	0.60	-0.10	-0.09	2.46	4.11	-0.20
Bloomberg Corporate	5.38	0.66	-0.31	-0.18	2.39	5.12	0.00
Bloomberg U.S.High Yield	7.18	0.73	0.44	2.44	5.65	8.66	4.23
Bloomberg EM USD Aggregate	6.15	0.79	-0.02	1.49	5.81	8.14	1.86
Bloomberg Global Aggregate ex-USD (\$Hedged)	3.30	0.42	0.48	-0.04	0.14	2.60	-0.56
Bloomberg Municipal Bond	3.83	0.68	-0.77	1.11	5.25	3.53	0.67

	Price/Yield						
	8/07/2026	1 Week Ago	1 Month Ago	12/31/2025	1 Year Ago	3 Years Ago	5 Years Ago
SOFR (yield)	3.65	3.66	3.62	4.49	4.35	5.30	0.05
30 Year Mortgage (average rate)	6.78	6.73	6.55	7.28	6.74	7.42	3.03
2 Year Treasury (yield)	4.20	4.29	4.18	4.24	3.73	4.76	0.21
10 Year Treasury (yield)	4.65	4.73	4.55	4.57	4.25	4.09	1.30
30 Year Treasury (yield)	5.20	5.27	5.06	4.78	4.83	4.27	1.95
WTI Crude (closing price)	78.18	84.67	70.44	71.72	63.88	81.94	68.28
Gold (NYM \$/oz)	4,340.70	4,049.10	4,157.40	2,641.00	3,400.30	1,933.50	1,760.00

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

Index returns are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

Stocks

The S&P 500 Surges To An All-Time High Following Two-Months Of Consolidation; A Strong Week For Technology Stocks, But The Tech-Heavy Nasdaq Hasn't Yet Made A New High; Europe, Japan Propel The MSCI EAFE To An All-Time High.

S&P 500 Surges To An All-Time High Following Two Months Of Consolidation. U.S. equity indices surged to start the week, with the S&P 500 rising 3.2% on Monday and Tuesday as stocks built on positive momentum from the prior week, but price action was more subdued into the weekend as market participants digested earnings out of some high-profile names in the semiconductor and memory areas. The S&P 500 closed out the week with a gain of 3.5% after making a new all-time intra-day high on Monday, Tuesday, and again on Friday with participation at the sector level fairly broad-based, evidenced by the equal-weighted S&P 500 turning out a 2.4% gain on the week.

All told, we continue to be encouraged by what we are seeing out of earnings season. With almost 90% of the S&P 500 having now reported quarterly results, year-over-year earnings growth is tracking at a awe inspiring 50%, which has pushed the consensus estimate for S&P 500 earnings per share this quarter to above \$100, which compares to \$82 at the end of June. Outside of a positive fundamental backdrop, from a technical perspective, the S&P 500 making a new all-time high following two months of consolidation or sideways prices is also a positive. The index had been trading in a tight trading range and has now broken out to the upside, and if Treasury yields cooperate and stabilize or move modestly lower that could provide fuel for additional upside. However, after

gapping higher as the index has done in the past week and a half, it is normal for a 'gap fill' to occur, and the index could be set to re-test prior resistance in the 7,575 to 7,600 zone at some point. A successful retest and bounce from around those levels would be a positive development.

Tech Participating But Doesn't Look Like Leadership At The Moment. The S&P 500 information technology sector jumped 6.5% on Monday and Tuesday, with both hardware (semiconductor, memory) and software stocks rising in tandem- a welcome change given we've grown accustomed to relentless rotation between these two industries in recent months as opposed to both areas rising in unison. But the rotation trade returned late in the week with software benefitting at the expense of hardware and the information technology sector finished the week with a more than respectable 7.2% gain. It's notable that while the S&P 500, S&P Midcap 400, and S&P Small Cap 600 indices made new all-time highs during the week, the tech-heavy Nasdaq Composite failed to get back to its all-time high made in early June. This is an interesting development as it appears as though other sectors may be positioned to provide market leadership (financials, health care, industrials, among others), but given the outsized weight the information technology sector carries within the S&P 500, it's imperative that the sector at least holds steady, otherwise the headline index could encounter tougher sledding ahead.

Developed Market Stocks Abroad Notch New Highs Behind Strength Out Of Europe, Japan. Foreign equities were supported by the macro environment last week as sentiment surrounding risk assets improved with Brent crude trending lower for the second consecutive week. That setup allowed the MSCI EAFE index to register a respectable 2.2% weekly rise to close at a new all-time high decisively above its February peak, albeit on declining volume. That lack of volume behind the move prompts us to pause ahead of calling this a



true breakout, even though breadth has improved in recent weeks. The renewed interest in semiconductor stocks proved most influential for countries with a substantial technology hardware sector such as Japan as the MSCI Japan index posted a 3% gain on the week. The Japanese yen rallied after the U.S. Treasury intervened to keep the currency from weakening further, and some currency stability would be most welcome for investors in Japanese stocks. All told, the weekly performance out of developed markets is encouraging but this cohort may be little more than a cyclical value play that likely has less upside than does higher growth pockets of the investment landscape such as U.S. large and small cap stocks.

Bonds

Treasuries Rally Behind Powerful Tailwinds, But Downside For Yields Remains Limited; Corporate Bond Issuance Remains Robust, As Does Demand, Supporting Credit Spreads; Surprisingly Weak July Payrolls Growth Leads Market Participants To Ratchet Lower Rate Hike Expectations For September.

Treasuries Rally As U.S./Japan Coordination, Lower Energy Prices, Soft Payrolls Spur Buying. After Treasury yields reached year-to-date highs the prior week, Treasuries across the curve saw buyers' step in last week, with the largest moves lower in yields occurring on shorter-dated bonds. The drivers of the Treasury rally were three-fold, in our view: falling energy prices, U.S./Japan coordination to support the yen, and softer than expected July jobs growth. Cooling Middle East tensions forced crude oil prices sharply lower, with West Texas Intermediate (WTI) and Brent crude oil seeing the lowest prices seen in at least three weeks. The former finished the week at \$78 per barrel, down from over \$84 at the end of the prior week, and the latter at \$83 per barrel, compared to \$90 the prior Friday.

On Monday, the U.S. and Japan announced a coordinated effort to prop-up the Japanese yen, which allowed the currency to strengthen materially relative to the U.S. dollar. This coordinated intervention is important as it eases fears that Japan would potentially need to sell some of its sizable holdings of U.S. Treasuries in support of the yen in the near-term. There has been speculation that Japan was selling long-dated Treasuries in recent weeks, which contributed to a sharp rise in the 30-year Treasury yield which hit 5.27% at the end of July – the highest close since June of 2007. The absence of one large seller (Japan) is an incremental positive, but with additional intervention potentially required to prevent further weakening of the yen, if Japan steps back from buying Treasuries then that demand will need to be replaced. Fiscal and monetary policy changes will need to be made in Japan to prevent further weakening of the yen, and a rate hike out of the Bank of Japan (BoJ) is likely in the cards in short order, which could keep upward pressure on U.S. Treasury yields.

The timing of the U.S./Japan announcement preceded the U.S. Treasury's quarterly refunding announcement by a few days and was likely intended to quell fears of Japan selling U.S. government bonds and forcing yields higher in advance of sizable 10- and 30-year auctions later this week. We remain of the view that this is a clip your coupon environment for higher quality bonds, with

little downside for yields or tightening of credit spreads in the cards over the near-term. Diversification remains imperative as we expect volatility in the rates market to remain elevated, creating dislocations and opportunities to tactically adjust portfolios in the months/quarters to come.

Wave Of New Investment Grade Issuance Met With Unrelenting Demand.

High grade issuance easily outpaced dealer estimates of roughly \$50B last week as over \$80B in new paper came to market – the third largest week of the year for investment grade bond deals. That uptick in supply was headlined by a \$25B Alphabet offering that ended up pricing with a 13- to 15-bp concession below the company's existing bonds but still saw robust demand as orders amounted to roughly \$115B. That level of demand has the potential to entice other large issuers to put forward their own debt deals as investors appear interested in capitalizing on the recent run-up in yields. At present, high-quality issuers like Alphabet, which carries a AA+ rating from S&P, are seen as broadly more attractive for bond investors while lower-rated technology companies are subject to wider concessions and spreads. The Bloomberg Investment Grade Corporate Index returned 0.6% on the week and carried a yield just a few basis points shy of 5.4% into the weekend.

Treasury Yields Fall As A Surprisingly Soft July Nonfarm Payrolls Report Leads Market Participants To Price Out Rate Hikes.

The July employment report came in surprisingly weak, with nonfarm payrolls contracting by 23k during the month, well short of the consensus estimate which called for growth of 80k, and the prior two months were revised lower by a combined 103k. Average hourly earnings rose just 0.1% month over month and 3.2% year over year, below estimates of 0.3% and 3.5%, respectively, and the unemployment rate fell to 4.1% from 4.2% the prior month. On balance, the July payrolls release supports the FOMC's decision to stand pat on rates at last month's meeting, and the 'doves' on the Committee have a feather in their cap to argue for doing the same next month. Fed funds futures now put the odds of a rate hike in mid-September at just 43%, down from 67% at the end of the prior week, a recalibration that served to pull the 2-year Treasury yield lower by 5-basis points last Friday.

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