Capital Markets Snapshot

Courtesy of The Davis Financial Group

Week ending August 7, 2026

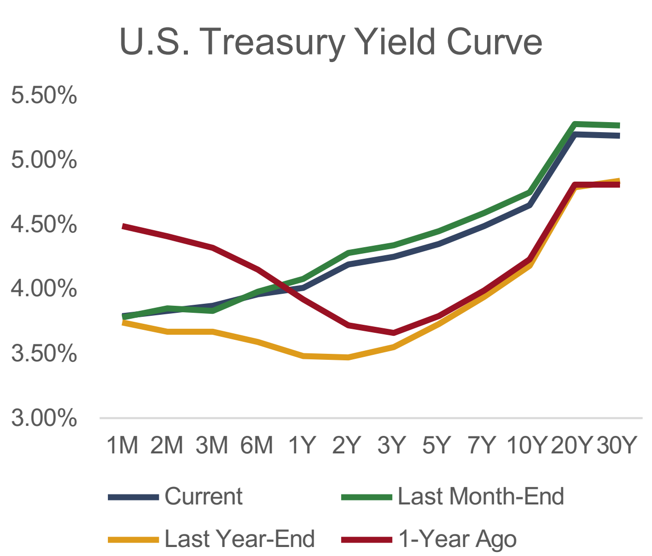
US markets posted strong gains for the week, driven primarily by a weaker-than-expected July jobs report that reduced expectations for further Federal Reserve rate hikes, while optimism around a potential deal to reopen the Strait of Hormuz provided an additional tailwind for equities. The S&P 500 rose 3.6% for the week, reaching a record high on Friday, as technology mega-cap earnings results reinforced confidence in the AI investment cycle. Treasury yields declined across the curve as the soft payrolls data tempered concerns about the pace of economic growth and the likelihood of near-term Fed action. WTI crude oil fell approximately 7.7% on expectations that a potential Strait of Hormuz deal could restore meaningful oil supply to global markets. The July Nonfarm Payrolls report showed an unexpected decline of 23,000 jobs — the first monthly drop since February — and an unemployment rate that fell to 4.1% as labor force participation continued to slide, raising questions about the underlying strength of the labor market.

Fixed Income Markets Overview

- US Treasury yields declined broadly over the week as softer-than-expected labor market data reduced expectations for additional Federal Reserve rate hikes.
- The 2-year Treasury yield declined 9 basis points (from 4.28% to 4.19%), the 10-year yield declined 10 basis points (from 4.75% to 4.65%), and the 30-year yield declined 8 basis points (from 5.27% to 5.19%).
- The primary driver of the yield move was the July Nonfarm Payrolls report which showed an unexpected contraction in employment, signaling a potential softening in economic growth that could reduce upward pressure on prices.
- Market-implied odds of a near-term Federal Reserve rate hike declined over the week following the soft jobs data, with markets currently pricing approximately a 43% probability of a hike at the September FOMC meeting.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.2%	1.2%	4.6%	2.2%
Core Plus	Intermediate Govt/Credit	0.4%	0.4%	4.6%	1.1%
	Global Aggregate	0.7%	-0.1%	3.5%	-1.7%
	US Aggregate	0.6%	-0.1%	4.2%	-0.2%
	US Treasury	0.5%	-0.4%	3.3%	-0.7%
	US TIPS	0.2%	0.7%	3.9%	0.5%
	US Corporate	0.7%	-0.2%	5.2%	0.0%
	US Corporate High Yield	0.7%	2.4%	8.7%	4.2%
Other	Emerging Markets Aggregate	0.8%	1.5%	8.2%	1.9%
Muni	US Municipals	0.7%	1.1%	3.6%	0.7%
	US Municipals High Yield	0.8%	3.3%	5.9%	1.4%

Source: Bloomberg as of August 7, 2026



Source: Bloomberg and U.S Treasury as of August 7, 2026

Interest Rates (%)

Date	8/7/2026	7/31/2026	12/31/2025	8/7/2025
1 Month Treasury	3.79%	3.78%	3.74%	4.49%
3 Month Treasury	3.87%	3.83%	3.67%	4.32%
6 Month Treasury	3.96%	3.98%	3.59%	4.15%
2 Year Treasury	4.19%	4.28%	3.47%	3.72%
5 Year Treasury	4.35%	4.45%	3.73%	3.79%
10 Year Treasury	4.65%	4.75%	4.18%	4.23%
30 Year Treasury	5.19%	5.27%	4.84%	4.81%
US Aggregate	4.90%	4.98%	4.32%	4.49%
US Corporate	5.38%	5.46%	4.81%	4.94%
US Corporate High Yield	7.18%	7.41%	6.53%	6.98%
US Municipal	3.83%	3.93%	3.60%	3.89%
US Municipal High Yield	5.58%	5.65%	5.59%	5.87%

Spreads Over 10-Year US Treasuries

Date	8/7/2026	7/31/2026	12/31/2025	8/7/2025
30 Year Treasury	0.54%	0.52%	0.66%	0.58%
US Aggregate	0.25%	0.23%	0.14%	0.26%
US Corporate	0.73%	0.71%	0.63%	0.71%
US Corporate High Yield	2.53%	2.66%	2.35%	2.75%
US Municipal	-0.82%	-0.82%	-0.58%	-0.34%
US Municipal High Yield	0.93%	0.90%	1.41%	1.64%

Source: Bloomberg and U.S. Treasury as of August 7, 2026

Equity Markets Overview

- US equity markets posted broad gains for the week as softer jobs data reduced fears of additional Fed tightening and strong corporate earnings results provided fundamental support.
- The S&P 500 returned 3.6%, the Nasdaq Composite returned 5.2%, and the Dow Jones Industrial Average returned 3.0% for the week.
- Information Technology (+7.2%) and Materials (+5.6%) were the top-performing sectors for the week, with Technology benefiting from renewed AI optimism, while Materials was supported by surging copper and gold prices.
- On the downside, Energy (-3.3%) and Utilities (-1.7%) were the weakest sectors, with Energy pressured by the sharp decline in crude oil prices amid Strait of Hormuz deal expectations.
- The current S&P 500 earnings season has been strong, with the aggregate earnings surprise running at approximately 30% and profits tracking higher on a year-over-year basis.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	3.6%	14.6%	20.8%	13.1%
Large-Cap	S&P 500	3.6%	14.1%	21.4%	13.4%
	S&P 500 Growth	5.1%	15.7%	26.9%	14.2%
	S&P 500 Value	1.8%	12.2%	14.8%	11.8%
Mid-Cap	S&P Midcap 400	3.4%	18.4%	14.6%	9.1%
	S&P Midcap 400 Growth	5.0%	21.5%	16.1%	8.6%
	S&P Midcap 400 Value	1.8%	15.3%	13.0%	9.4%
Small-Cap	S&P Smallcap 600	2.4%	24.5%	14.6%	7.7%
	S&P Smallcap 600 Growth	2.5%	26.0%	15.4%	6.9%
	S&P Smallcap 600 Value	2.4%	23.1%	13.8%	8.4%
Int'l.	MSCI ACWI ex-USA	1.5%	15.8%	19.1%	9.3%
	MSCI EM	-0.4%	19.5%	20.3%	7.7%

Source: Bloomberg as of August 7, 2026

Alternative Markets Overview

- Commodity markets were mixed for the week, with precious metals surging while energy prices fell sharply amid evolving geopolitical dynamics in the Middle East.
- WTI crude oil declined approximately 7.7% for the week, closing at $78.18 per barrel, as growing expectations of a deal between Iran and Oman to reopen the Strait of Hormuz raised the prospect of restored Middle Eastern oil supply.
- Gold rose 7.1% to approximately $4,300 per ounce, supported by safe-haven demand amid Middle East geopolitical uncertainty and increased ETF inflows.
- Bitcoin rose approximately 3.2% for the week, closing near $65,000.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-2.3%	36.5%	14.6%	16.0%
Gold	7.1%	1.3%	30.7%	20.1%
FTSE All Equity NAREIT	-0.6%	17.0%	10.5%	3.1%
Bitcoin	3.2%	-25.8%	30.7%	8.1%
Ethereum	2.7%	-35.4%	1.7%	-8.1%

Source: Bloomberg as of August 7, 2026

Upcoming Week

- Notable earnings reports are expected from Applied Materials, CoreWeave, and Cisco Systems.
- On the economic front, investors will be focused on key inflation and consumer data, including the Consumer Price Index (CPI), Producer Price Index (PPI), and Retail Sales report.

Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

CBOE Volatility Index (VIX) is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. Derived from the price inputs of S&P 500 index options, it provides a measure of market risk and investor sentiment.

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