TALKING POINTS

Data through July 2026

Climate

Resumed hostilities between the U.S. and Iran caused further energy market destabilization in July, sending the price per barrel of Brent crude oil surging from a low of $71.57 on July 1, 2026 to a high of $100.69 on July 23, 2026. The war's resumption leaves little hope that supply through the Strait of Hormuz will recover in the near term. Data from the U.S. Energy Information Administration revealed that roughly 14.6 million barrels per day of crude oil and petroleum liquids moved through the Strait in Q1'26, down from 20.4 million barrels per day in Q1'25. Notably, this time frame only captures one month of the war's impact. We expect the second quarter's observation will reveal the full weight of the war's disruption once released. The spike in oil prices has pushed global inflation higher. Notably, inflation rates now lie above the central bank target rates in seven of the 11 countries that comprise the so-called "Group of 10". In the U.S., for example, the 12 month rate of change in the Consumer Price Index was 3.5% in June 2026, well above the Federal Reserve's ("Fed") target rate of 2.0% and up from 2.7% at the start of the year. Monetary policy expectations have undergone significant recalibration against the backdrop of higher oil prices, with the federal funds rate futures market forecasting at least one interest rate hike by year end in 2026. For comparison, December 31, 2025 data from the same futures market revealed that investors expected the Fed would enact at least two interest rate cuts in 2026. The Fed held its benchmark rate steady at its most recent meeting on July 29, 2026, but three voters dissented from the consensus, signaling growing pressure to curb inflation's impact.

Stock Market

The S&P 500 Index ("Index") closed at 7,489.72 on July 31, 2026, representing an increase of 18.2% (price return) year-over-year (y-o-y), according to data from Bloomberg. The Index now stands 50.3% above its most recent low of 4,982.77, which occurred on April 8, 2025. The Index posted a total return of -0.1% in July 2026. Seven of the 11 major sectors that comprise the Index registered positive total returns for the month. Energy was the top-performing sector, increasing by 12.6%, while Information Technology had the worst showing, declining by 3.4%. Equity performance was negative across market capitalizations in July. The S&P MidCap 400 and S&P SmallCap 600 Indices declined by 2.4% and 1.9% (total return), respectively, during the month. Despite these losses, the S&P MidCap 400 and S&P SmallCap 600 Indices continue to outperform their larger peers year-to-date (YTD), generating total returns of 21.6% and 14.5%, respectively through July 31, 2026. By contrast, YTD total returns for the S&P 500 and Bloomberg Magnificent 7 Indices were 10.1% and 0.3%, respectively, over the period. Technology stocks have been particularly volatile this year as investors digest the sector's record capital expenditure (capex) and potential interest rate hikes. FactSet reported that aggregate capex is estimated to total $691 billion among the top five U.S. hyperscalers (in their respective 2026 fiscal years), up from $379 billion in fiscal year 2025. The Nasdaq 100 Index generated a total return of -6.6% in July 2026, a stark contrast from gains of 20.3% in the first half of the year.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 4.74% at the close of trading on July 31, 2026, an increase of 36 basis points (bps) from its 4.38% close on July 31, 2025, according to data from Bloomberg. The 4.74% yield stood 190 bps above its 2.84% average for the 10-year period ended July 2026 and just 25 bps below its most recent high of 4.99% set on October 19, 2023. The yield on the 2-year T-note stood at 4.29% at the close of July 2026, up 33 bps from 3.96% on July 31, 2025. Expectations of hawkish monetary policy have driven larger increases in the short end of the yield curve compared to intermediate durations. The sum effect has been a general flattening of the curve. The yield on the 2-year T-note has now surged by 81 bps compared to 57 bps for the 10-year T-note YTD through July 31, 2026. Higher yields appear to have stoked demand for U.S. fixed income securities. SIFMA Research reported that U.S. fixed income outstanding totaled $50.5 trillion in Q1'26, an increase of 1.9% quarter-over-quarter and 6.4% y-o-y. At $30.8 trillion, U.S. Treasuries were the largest asset class by amount outstanding, followed by corporate and municipal bonds, with $11.7 trillion and $4.5 trillion outstanding, respectively, at the end of the first quarter. Demand for money market accounts, by contrast, appears to have plateaued for the time being. Net assets in U.S. money market accounts totaled $7.85 trillion for the week ended July 29, 2026, up just 1.5% from $7.73 trillion at the start of the year.

Takeaway

The Iranian war has disrupted global oil markets for more than six months now, driving inflation higher in many major economic powerhouses and destabilizing expectations surrounding near-term monetary policy. The impact on U.S. fixed income markets has been significant, with the yield on the 2-year and 10-year T-notes increasing by 81 bps and 57 bps, respectively, since the start of the year. Interestingly, gold and silver prices have been declining even as inflation moves higher. Data from Bloomberg shows that the spot prices of one ounce of gold and silver declined by 6.3% and 19.6%, respectively, YTD through July 31, 2026. U.S. equity markets continue to push higher despite the threat of tighter monetary policy. In our view, surging corporate profitability may explain this phenomenon. As revealed in the table to the right, analyst estimates for the Index's calendar year 2026 earnings totaled a record 356.65 on July 31, 2026, up from 311.28 at the start of the year. Should these estimates hold, it would represent an increase of 29.8% y-o-y. Tellingly, earnings for the S&P MidCap 400 and S&P SmallCap 600 Indices are also expected to surge this year, with estimates calling for increases of 23.7% and 20.4% y-o-y, respectively, as of July 31, 2026. Investors have taken notice and are funneling assets into U.S. equities. ETFGI reported that inflows into U.S.-listed ETFs totaled a record $1.03 trillion in the first half of 2026, up from the previous record of $0.55 trillion over the same period last year. Net assets invested in U.S.-listed ETFs totaled a record $15.8 trillion on June 30, 2026. For comparison, the global ETF industry boasted a record $23.09 trillion in assets at the end of June.

Sources: Bloomberg, FactSet, and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index. There can be no assurance past trends will continue or estimates will be realized.

Open-End Net Fund Flows ($)	6/26	5/26	YTD (June)
Equity	-104.9B	-110.4	-483.3B
Taxable Bond	18.8B	36.0B	114.5B
Municipal Bond	4.0B	6.8B	27.6B
Hybrid	-10.2B	-7.1B	-43.1B
Taxable Money Market	60.3B	142.7B	54.6B

Key Interest Rates/Yields	7/31/26	6/30/26	7/31/25
Federal Funds Target Rate	3.75%	3.75%	4.50%
2-Year T-Note	4.29%	4.17%	3.96%
5-Year T-Note	4.45%	4.23%	3.97%
10-Year T-Note	4.73%	4.47%	4.37%
Bond Buyer 40	4.80%	4.55%	5.10%

Commodities/U.S. Dollar	7/26	YTD	12 Mo.
U.S. Dollar Index (DXY)	-1.26%	1.62%	-0.05%
FTSE/CC CRB Excess Ret.	8.91%	28.89%	28.46%
Crude Oil/WTI (per Barrel)	21.83%	47.46%	22.25%
Natural Gas (per million BTUs)	-16.12%	-25.47%	-11.56%
Gold Bullion (Ounce)	0.95%	-6.33%	22.99%

S&P 500 Full-Year Earnings Estimates	2026	2027
7/31/26	356.65	403.73
6/30/26	340.49	398.23
12/31/25	311.28	357.48

Total Return Performance

U.S. Stock Indices	7/26	YTD	12 Mo.
S&P 500	-0.06%	10.12%	19.53%
DJIA	0.38%	10.17%	20.91%
Nasdaq 100	-6.59%	12.38%	22.58%
S&P MidCap 400	-2.38%	14.53%	20.91%
Russell 2000	-3.02%	18.98%	34.32%
Russell 3000	-0.48%	10.33%	19.58%

U.S. Styles/Market Caps	7/26	YTD	12 Mo.
S&P 500 Growth	-0.06%	10.12%	19.53%
S&P 500 Value	0.38%	10.17%	20.91%
S&P MidCap 400 Growth	-6.59%	12.38%	22.58%
S&P MidCap 400 Value	-2.38%	14.53%	20.91%
Russell 2000 Growth	-3.02%	18.98%	34.32%
Russell 2000 Value	-0.48%	10.33%	19.58%

Foreign Stock Indices (USD)	7/26	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	2.06%	11.44%	25.00%
MSCI Emerging Markets NET	-3.07%	20.04%	36.44%
MSCI Europe NET	1.61%	9.54%	22.73%
MSCI BRIC NET	6.32%	-5.49%	0.67%
MSCI EM Latin America NET	4.91%	15.90%	44.59%
Nikkei 225	-6.24%	26.50%	50.74%

Bloomberg Fixed Income Indices	7/26	YTD	12 Mo.
U.S. Treasury: Intermediate	-0.34%	-0.11%	2.59%
GNMA 30 Year	-1.41%	-0.10%	4.09%
Municipal Bond (22+)	-2.48%	1.43%	8.19%
U.S. Aggregate	-1.30%	-0.69%	2.71%
Intermediate Corporate	-0.62%	0.13%	3.35%
U.S. Corporate High Yield	-0.25%	1.71%	5.17%
Global Aggregate	-0.53%	-0.75%	1.60%
EM Hard Currency Aggregate	-1.17%	0.45%	5.33%

HIGH/LOW SNAPSHOT

Data through July 2026

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	7609.78	6/2/2026	2085.18	11/4/2016	7489.72	-1.58%	10.12%	1.09%
S&P 500 Growth	5707.06	6/1/2026	1168.78	11/4/2016	5453.28	-4.45%	10.03%	0.53%
S&P 500 Value	2308.40	7/28/2026	814.98	3/23/2020	2282.36	-1.13%	10.18%	1.74%
S&P MidCap 400	3852.54	6/30/2026	1218.55	3/23/2020	3758.64	-2.44%	14.53%	1.29%
S&P MidCap 400 Growth	1904.20	6/30/2026	610.53	3/23/2020	1812.67	-4.81%	15.76%	0.70%
S&P MidCap 400 Value	1197.51	7/28/2026	373.28	3/23/2020	1182.48	-1.26%	13.26%	1.90%
S&P 100	3782.85	6/1/2026	923.84	11/4/2016	3690.98	-2.43%	8.18%	0.95%
DJIA	53055.91	7/6/2026	17888.28	11/4/2016	52485.03	-1.08%	10.17%	1.50%
Nasdaq 100	30660.60	6/2/2026	4660.46	11/4/2016	28274.20	-7.78%	12.38%	0.58%
Russell 2000	3024.37	6/30/2026	991.16	3/18/2020	2931.34	-3.08%	18.98%	1.36%
Russell 2000 Growth	2013.36	6/30/2026	679.88	3/18/2020	1895.03	-5.88%	15.09%	0.51%
Russell 2000 Value	3351.17	7/16/2026	1067.63	3/23/2020	3308.14	-1.28%	23.20%	2.23%
Russell 3000	4316.23	6/2/2026	1230.73	11/4/2016	4256.18	-1.39%	10.33%	1.10%
MSCI World Net (ex U.S.) (USD)	12106.87	7/31/2026	4246.27	3/23/2020	12106.87	0.00%	11.44%	2.59%
MSCI Emerging Markets Net (USD)	992.73	6/22/2026	359.79	3/23/2020	920.12	-7.31%	20.04%	2.03%
Bovespa/Brazil (USD)	39888.63	4/14/2026	12513.21	3/23/2020	35059.88	-12.11%	19.72%	6.11%
RTS/Russia (USD)	1919.58	10/25/2021	742.91	2/24/2022	N/A	N/A	N/A	N/A
S&P BSE 500/India (USD)	461.76	9/26/2024	129.66	3/23/2020	384.42	-16.75%	-6.83%	1.20%
Shanghai Composite/China (USD)	624.77	5/13/2026	358.39	10/18/2018	567.54	-9.16%	1.44%	2.33%
KOSPI/South Korea (USD)	5.93	6/22/2026	1.16	3/19/2020	4.58	-22.70%	57.77%	1.02%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	3300.74	-22.17%	2.23%	2.90%
MSCI Euro (USD)	2397.96	6/17/2026	865.50	3/18/2020	2366.93	-1.29%	10.05%	2.65%
S&P 500 Consumer Discretionary	2024.18	5/28/2026	608.93	11/4/2016	1922.36	-5.03%	0.04%	0.64%
S&P 500 Consumer Staples	1003.08	2/27/2026	500.59	12/24/2018	940.96	-6.19%	10.31%	2.37%
S&P 500 Energy	962.27	3/27/2026	179.94	3/18/2020	912.61	-5.16%	34.74%	2.62%
S&P 500 Utilities	482.91	2/27/2026	227.75	3/23/2020	450.17	-6.78%	5.29%	2.80%
S&P 500 Financials	957.55	7/28/2026	293.55	3/23/2020	946.79	-1.12%	4.77%	1.49%
S&P 500 Banks	678.23	7/28/2026	192.40	3/23/2020	669.99	-1.21%	10.52%	2.07%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	868.05	-11.43%	17.78%	3.64%
S&P 500 Health Care	1947.96	7/28/2026	763.33	11/3/2016	1893.67	-2.79%	5.96%	1.62%
S&P 500 Pharmaceuticals	1518.48	7/28/2026	551.81	11/3/2016	1461.97	-3.72%	14.29%	1.95%
NYSE Arca Biotechnology	8917.63	7/7/2026	2834.14	11/3/2016	8532.13	-4.32%	19.44%	0.22%
S&P 500 Information Technology	7262.03	6/2/2026	765.42	8/2/2016	6553.95	-9.75%	15.65%	0.47%
Philadelphia Semiconductor	14634.72	6/22/2026	755.73	8/2/2016	11311.08	-22.71%	60.21%	0.54%
S&P 500 Communication Services	508.66	5/13/2026	130.86	12/24/2018	456.61	-10.23%	1.39%	0.70%
S&P 500 Industrials	1570.16	7/6/2026	412.06	3/23/2020	1520.75	-3.15%	16.54%	1.19%
S&P 500 Materials	675.69	2/27/2026	241.67	3/23/2020	627.22	-7.17%	10.12%	1.64%
Philadelphia Gold & Silver	470.37	2/27/2026	61.84	11/13/2018	307.90	-34.54%	-9.43%	1.31%
FTSE/CC CRB Excess Return	406.18	5/19/2026	106.29	4/21/2020	385.10	-5.19%	28.89%	N/A
ICE BofA Perpetual Preferred	345.64	2/19/2026	224.97	3/23/2020	339.99	-1.63%	0.27%	7.09%
ICE BofA U.S. High Yield Constrained	630.50	7/6/2026	369.79	8/2/2016	627.14	-0.53%	1.59%	7.67%

Source: Bloomberg