Market Commentary Blog

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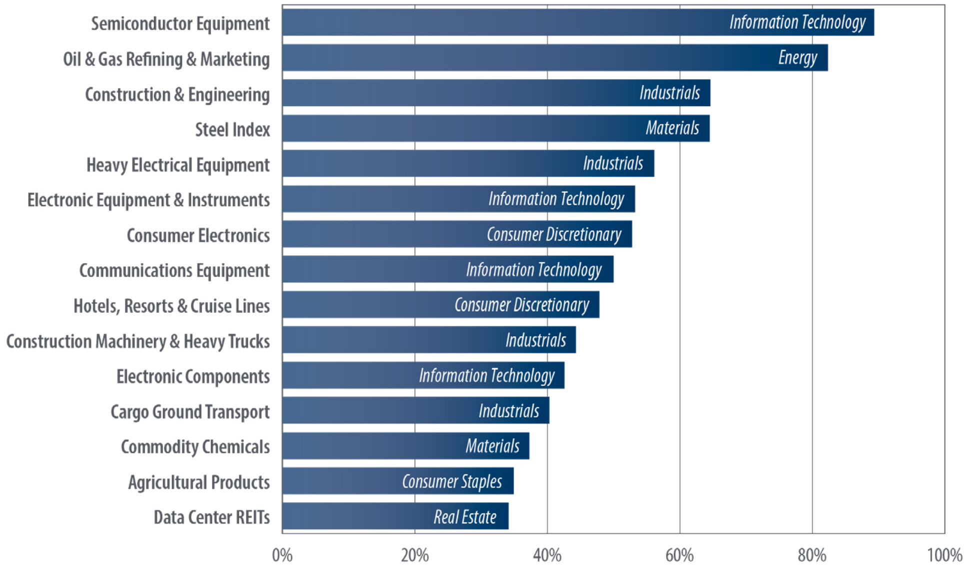
Top-Performing S&P 500 Index Subsectors YTD (thru 8/4)

Top 15 S&P 500 Index Subsector Total Returns 12/31/25 – 8/4/26



Source: Bloomberg. **Past performance is no guarantee of future results.**

View from the Observation Deck

Today's blog post is for those investors who want to drill down below the sector level to see what is performing well in the stock market. The S&P 500 Index ("Index") was composed of 11 sectors and 126 subsectors on July 31, 2026, according to S&P Dow Jones Indices. The 15 top-performing subsectors in today's chart registered total returns ranging from 89.3% (Semiconductor Equipment) to 34.1% (Data Center REITs). Click here to view our last post on this topic.

- As indicated in the chart above, Industrials and Technology were tied for the highest number of top-performing subsectors at four each. Energy only had one subsector represented, down from five the last time this data was reported.
- With respect to the 11 major sectors that comprise the Index, Energy generated the highest total return for the period captured in the chart, increasing by 32.5%. The second- and third-best performers were Information Technology and Industrials, with total returns of 22.3% and 20.8%, respectively. For comparison, the Index's total return was 13.8% over the period.
- As of July 31, 2026, the most heavily weighted sector in the Index was Information Technology at 36.6%, according to S&P Dow Jones Indices. Financials and Communication Services were the next-largest sectors with weightings of 12.5% and 9.9%, respectively.

Takeaway

In our view, economic factors have been key catalysts driving several of the subsector total returns in today's chart. Demand for memory chips has surged amid rapid AI adoption, creating a global shortage of chips required for data storage and processing. How long this shortage will last is up for debate. One major global chip manufacturer reported that it expects diminished supply to last until 2028, while a recent report from Deloitte estimated it could persist into 2029. The resulting price increases have been stunning, with costs for AI server dynamic random-access memory (DRAM) now estimated to increase by nearly 400% year-over-year in 2026. Oil has shown a similar trajectory this year, with prices surging amid supply constraints from the Iranian war. A notable addition to today's chart is the Steel subsector, which has increased by 64.5% year-to-date (YTD). As we see it, the subsector's performance could be the result of increased domestic demand as companies shift sourcing domestically amid rising tariffs. We plan to update this post as developments warrant.