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The Week Ahead

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THINGS TO WATCH

July Inflation Report
Data released Wednesday morning are expected to show that further declines in retail gasoline prices helped keep a lid on the consumer price index (CPI) in July, with the consensus Bloomberg forecast calling for a 0.1% gain after a 0.4% decline in June. Year-over-year headline CPI is projected to decelerate to 3.4%, down from 3.5% in June and a three-year peak of 4.2% in May. Meanwhile, annual core CPI, which excludes food and energy costs, has trended lower for nearly four years and could be on the verge of registering a five-year low below 2.5%.

U.S. Treasury Yields
Slowing nonfarm payroll growth and foreign exchange intervention by the Bank of Japan to defend the yen provided some relief to sovereign debt markets last week. The benchmark 10-year U.S. Treasury yield pulled back 8 basis points to 4.65% after closing July at an 18-month high of 4.73%. Despite this reprieve, broader rate dynamics remain elevated due to heavy Treasury issuance schedules and uncertainty surrounding core inflation. A further rise in U.S. Treasury yields in the coming weeks would likely create valuation headwinds for U.S. stocks and pressure gold and Bitcoin. Notably, gold has climbed 8% over the last eight weeks despite the rise in longer-term U.S. Treasury yields.

AI Compute and Space Tech Earnings
The second full week of August features an earnings slate headlined by AI infrastructure and space technology names. Super Micro Computer (SMCI), Nebius (NBIS), Cisco Systems (CSCO), CoreWeave (CRWV), Applied Materials (AMAT), Lumentum (LITE), and Coherent (COHR) are among the key companies providing fresh reads on AI infrastructure, networking, and semiconductor demand. The space and next-generation technology sectors will also be in focus, with Rocket Lab (RKLB), AST SpaceMobile (ASTS), Intuitive Machines (LUNR), and Firefly Aerospace (FLY) set to report results.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
ISM Manufacturing PMI	55.6	52.7	▲
ISM Services PMI	54.1	53.6	▲
JOLTS Job Openings (Millions)	7.36	6.89	▲
Non-Farm Payrolls (Thousands)	-23	148	▼
Unemployment Rate	4.1%	4.3%	▼
Average Hourly Earnings (Y/Y)	3.2%	3.6%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	53983.31	0.91%	13.31%	24.81%
NASDAQ	26675.10	2.39%	15.14%	26.33%
S&P 500	7759.78	3.60%	14.09%	23.82%
MSCI EAFE	3234.14	1.65%	14.61%	24.77%
BB U.S. Aggregate	2342.22	0.41%	-0.02%	2.40%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	3.80%	3.78%	4.24%
10-Year Treasury	4.65%	4.55%	4.25%

REPORTS DUE THIS WEEK	LATEST
Existing Home Sales (Millions Annualized)	4.09
Consumer Price Index (Y/Y)	3.5%
Core Consumer Price Index (Y/Y)	2.6%
Producer Price Index (Y/Y)	5.5%
Retail Sales (M/M)	0.2%

Total returns are as of 8/7/26. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

55.7%

The S&P 500 Index has surged 55.7% from its post-Liberation Day low on April 8, 2025 to last Friday's record close of 7,757.64. Marking the index's strongest 16-month stretch since the initial post-COVID rebound in spring 2020, the rally has been strongly supported by corporate earnings. Over this same period, 12-month forward operating EPS expectations for the S&P 500 jumped 34%, confirming that robust fundamental growth (in addition to valuation expansion) has fueled the powerful rally.

50,000

July's nonfarm payrolls report revealed a net monthly loss of 50,000 local government jobs. Economists largely attributed the decline to summer seasonality in the education sector, a trend that historically reverses each September. Excluding these local government job cuts from July's headline net loss of 23,000, underlying nonfarm payroll growth was +27,000— much closer to July's +44,000 ADP private-sector print.

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