

August Markets: The Themes Shaping What's Next

By Todd Vandam, CFA



Equity markets were positive for the month with the S&P 500 up 2.6% and the MSCI EAFE index (international equities) up 1.8%. The Nasdaq Composite and the MSCI Emerging market index were strong performers, up 3.9% and 3.2%. This brings year-to-date performance for the S&P 500 up 12.3%, the MSCI EAFE up 11.8%, the Nasdaq Composite up 13.5% and the MSCI Emerging Markets index up 22.4%

The US government bond market yields were mixed across the yield curve. The US Treasury 2-year bond yield was up 6 basis points to 4.34%, the US Treasury 10-year bond yield was unchanged at 4.75%, and the US Treasury 30-year bond yield was down 2 basis points to 5.25%. Notable topics for the bond market were the US Treasury doubling the size of the long bond buybacks which stabilized the rise in long term bond yields and a “hawkish”, inflation focused, speech at Jackson Hole Economic Symposium by Fed Chairman Warsh which increased the probability of near-term Fed rate hikes.

Within S&P 500, Energy was again the leading sector, up 6.5%, followed by a rebound in Technology, up 6.2%, and Materials up 5.8%. Sector underperformers for the month were Utilities -5.2%, Industrials -2.7%, and Real Estate -2.0%.

The US Dollar index fell 0.5% to 99.43 while WTI oil and Brent Crude oil continued to rise, up 1.3% and 0.4% to \$85.76 and \$90.49 respectively amidst the lack of a clear resolution between the US and Iran for the full reopening of the Strait of Hormuz.

Market and Economic Chartbook | September 1, 2026



Global Market Summary

Global stocks, U.S. sectors and interest rates

Global Stock Market Summary

Index	Level	WTD	MTD	QTD	YTD
S&P 500	7686	-0.3%	2.6%	2.5%	12.3%
Dow Jones Industrials Average	53185	-0.7%	1.3%	1.7%	10.7%
NASDAQ Composite	26370	-0.1%	3.9%	0.6%	13.5%
MSCI Emerging Markets Index	1719	-0.2%	3.2%	-0.2%	22.4%
MSCI EAFE Index	3233	-0.4%	1.8%	3.7%	11.8%
MSCI All Country World Index	1149	-0.3%	2.6%	2.6%	13.3%
MSCI Europe Index	2877	-0.7%	1.2%	2.8%	8.9%

Sector Performance

Index	WTD	MTD	QTD	YTD
Energy	2.1%	6.5%	19.8%	41.4%
Technology	0.3%	6.2%	2.5%	22.4%
Cons. Stap.	-0.3%	-0.8%	1.1%	7.9%
S&P 500	-0.3%	2.6%	2.5%	12.3%
Healthcare	-0.4%	4.8%	7.1%	9.9%
Financials	-0.7%	1.2%	7.3%	5.1%
Cons. Disc.	-0.7%	-0.1%	0.7%	-0.4%
Real Estate	-0.8%	-2.0%	0.4%	10.1%
Materials	-0.8%	5.8%	4.0%	15.5%
Industrials	-1.2%	-2.7%	-5.7%	12.7%
Utilities	-1.2%	-5.2%	-7.3%	-1.6%
Comm.	-1.6%	-1.2%	-0.8%	-0.3%

Global Rates Summary

	Aug 31, 2026	Jul 31, 2026	Jun 30, 2026	Dec 31, 2025
3-Month Treasury Yield	3.91%	3.83%	3.87%	3.67%
2-Year Treasury Yield	4.34%	4.28%	4.14%	3.47%
10-Year Treasury Yield	4.75%	4.75%	4.44%	4.18%
30-Year Treasury Yield	5.25%	5.27%	4.91%	4.84%
30-Year Fixed Mortgage	6.66%	6.66%	6.49%	6.15%
German 10-Year Bund Yield	3.32%	3.21%	2.86%	2.85%

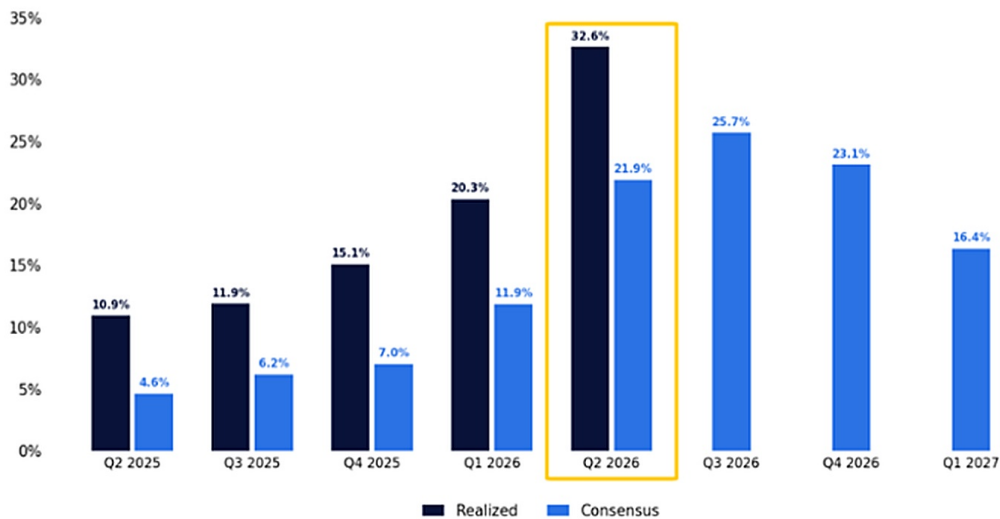
Currencies and Commodities

Index	Level	MTD	QTD	YTD
US Dollar Index	99.43	-0.5%	-1.7%	1.1%
Euro	1.16	1.0%	1.6%	-1.1%
Chinese RMB	6.72	0.4%	1.0%	3.8%
Japanese Yen	159.69	-0.3%	1.7%	-1.9%
British Pound	1.36	0.7%	2.2%	0.8%
WTI Oil	85.76	1.3%	23.4%	49.4%
Brent Oil	90.49	0.4%	24.1%	48.7%

What we are watching:

1) Strong Earnings: Earnings were +32% for Q2 vs +21% expected with 20% “plus” expected earnings growth over the next two quarters and above average +13-15% earnings growth for 2027. Continued above average earnings growth expectations have brought forward S&P 500 P/E valuations more in line with five-year averages and should continue to provide support for our equity investments over the next six months.

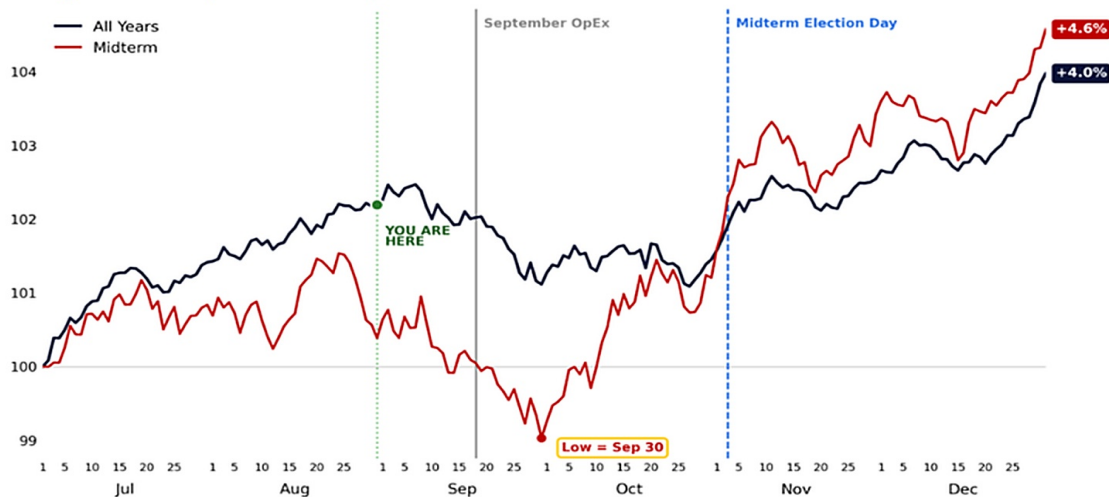
S&P 500 EPS (% YoY) Since Q2 2025



Source: Bloomberg, S&P Global, as compiled by Citadel Securities, Global Market Intelligence, as of August 30, 2026. Figures are for illustrative purposes only. Past performance figures do not guarantee future results.

2. September Historic Performance: Since 1928, September has been the only month in which the S&P 500 has finished lower, more often than higher, with an average monthly return of negative 1.1% and an average selloff of negative 4.7%. Selloffs have been more pronounced ahead of midterm elections. While September has traditionally been a weak period for returns, the markets have typically recovered the losses from the pullback and posted positive returns throughout the remainder of the year (see chart below). We feel confident with our below-market risk portfolio positioning going into the month and look forward to taking advantage of any potential selloffs ahead.

S&P 500 2H Performance – Midterm Years Average 1928-2025, Indexed to July 1



Source: Bloomberg as compiled by Citadel Securities, Global Market Intelligence, as of August 30, 2026. Figures are for illustrative purposes only. Past performance figures do not guarantee future results.

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