The Weekly Market Update – 8/10/26: Equities Gain Despite Weak Jobs as Tech Surges

Major Indices (Price Returns)	Close	Last Week	Quarter-to-Date	Year-to-Date	Trailing 12-Months	All-Time High	% to High
S&P 500	7,489.72	1.05%	-0.13%	9.41%	18.15%	7,609.78	1.6%
Dow Jones Industrial Average	52,485.03	1.04%	0.32%	9.20%	18.93%	53,055.91	1.1%
NASDAQ Composite	25,373.85	1.59%	-3.20%	9.17%	20.13%	27,093.90	6.8%
Russell 2000	2,931.34	0.05%	-3.08%	18.11%	32.54%	3,024.37	3.2%
MSCI EAFE (USD)	3,176.14	2.01%	1.91%	9.80%	21.40%	3,179.91	0.1%
MSCI Emerging Markets (USD)	1,665.89	2.33%	-3.31%	18.62%	34.00%	1,802.77	8.2%
Bloomberg Commodity Index	132.05	-2.14%	7.21%	20.39%	30.51%	237.95	80.2%
Barclays U.S. Aggregate Bond	91.56	-0.19%	-1.61%	-2.68%	-0.71%	112.07	22.4%

Source: FactSet

The July labor report reflected a surprise jobs decrease from June, but equity investors looked past the weakness as the S&P 500 index closed at an all-time high. According to the Bureau of Labor Statistics (BLS), U.S. nonfarm payrolls (jobs) decreased by -23 thousand (K) in July (compared to June), well-below the final consensus (FactSet) estimate of +95K. In addition, revisions to jobs reports from the prior two months (May and June) were reduced by a total of -103K. The revisions, along with the July jobs decline, took the average monthly jobs increase over the past three months (May, June, and July) to just +20K, the lowest 3-month monthly average since February. This reflected a weaker-than-previously-reported labor market (creating potential economic headwinds), but equities rallied on Friday, extending weekly gains, and the S&P 500 index closed on 8/7/26 at a new all-time high. We attribute the equity gains to two factors: 1) a moderating jobs market can support lower interest rates, including from the Federal Reserve Bank (Fed) and 2) the July jobs data included some positive trends as well. The U.S. 2-year Treasury yield moved down to 4.20% on Friday, from 4.35% as recently as 7/23/26. In our view, the 2-year Treasury moves in anticipation of expected interest rate ranges managed by the Fed, through its fed funds (overnight) interest rate target range. A moderating jobs market is a factor that could cause the Fed to reconsider implementing a fed funds rate hike, and all else being equal, equity investors prefer lower interest rates. Included in recent labor data were seasonal and temporary shifts that could reverse in the months ahead. The July -23K jobs decline included -57K from local government (tied to summer teaching jobs) and -40K from leisure & hospitality (perhaps driven by the end of the World Cup soccer tournament). Over the three months since the end of April, several categories have posted jobs increases, led by healthcare +72K, professional and business services +30K, and construction +29K. In addition, the unemployment rate ticked lower to 4.1% (from 4.2% in June), the lowest level in more than a year. The unemployment rate eased despite the monthly jobs loss due to a reduction in the eligible labor force, which in our view is mostly caused by three factors: retirement, less immigration from foreign-born workers, and discouraged workers. A continued slowdown in jobs growth can create headwinds for consumer spending, but for now consumer trends appear positive.

Technology stocks regained their footing to begin August. For the week ended 8/7/26, the S&P 500 index increased +3.6%, its best week since mid-April. The Technology (Tech) sector rallied a market-leading +7.2% for the week. In addition, within the Tech sector, the Software and Semiconductor sub-industry groups surged +9.3% and +9.1%, respectively. Technology sector returns lagged the broad market in both June and July, ahead of the early August reversal. Strong 2Q26 earnings results support continued positive investor sentiment. S&P 500 Tech earnings have increased +68% year-over-year (Y/Y) as of 8/7/26, with both software and semiconductors exceeding expectations. Expectations for the broader Tech group have increased with consensus estimates for 3Q26 and 4Q26 Y/Y earnings growth at +59% and 49%, respectively.

Inflation data takes center stage this week with the July consumer price index (CPI) report on Wednesday. The CPI (from the BLS) is expected (consensus estimate) to ease to +3.4% Y/Y in July, down from +3.5% in June and +4.2% in May. Month-to-month improvement is expected due to lower gasoline prices, which have vacillated lower since peaking in May. Core CPI, which excludes volatile energy prices (and food), is estimated at +2.5%, also better than June (+2.6%) and May (+2.9%). Lower trends in core CPI can support moderating interest rates, in our view.

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Market Indices: The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. Index performance assumes the reinvestment of all distributions, but does not assume any transaction costs, taxes, management fees, or other expenses. You may not invest directly in an index. Past performance is not an indicator of future results. The S&P 500 Index is a market cap weighted index that is designed to measure the US large-cap equity performance. The index is composed of the 500 leading publicly traded US companies based on size, liquidity, industry, and profitability criteria. The Dow Jones Industrial Average is a price weighted index that tracks 30 large, exchange-traded companies trading on the New York Stock Exchange (NYSE) and the NASDAQ. The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. Today the NASDAQ Composite includes over 3,000 companies. The Russell 2000® Index is a market cap weighted index that measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The S&P 500 Equal Weight Index is compiled by S&P Dow Jones. It is an equal-weight version of the widely used S&P 500. The index includes the same constituents as the capitalization-weighted S&P 500, but each company is allocated a fixed weight, or 0.2%, of the index total at each quarterly rebalance. The S&P 500 closed at 7,757,64 on 8/7/26, an all-time closing price high.

The Russell 1000 index includes the largest 1000 companies (by market capitalization in the Russell 3000 index. The Russell 1000® Growth Index is a market cap weighted index that measures the performance of the large-cap growth segment of the U.S. equity market. It includes those Russell 1000 companies with relatively higher price-to-book ratios and higher expected earnings growth rates. The Russell 1000® Value Index includes those Russell 1000 companies with relatively lower price-to-book ratios and lower expected earnings growth rates.

The Global Industry Classification Standard (GICS) is a four-tiered, hierarchical industry classification system. Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the Sub-Industry level according to its principal business activity. MSCI and S&P Dow Jones Indices use revenues as a key factor in determining a firm's principal business activity. The 11 sectors are: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, and Utilities. Within the Technology sector, the Semiconductor and Semiconductor Equipment group is a sub-industry that includes makers of memory chips and other microprocessors. S&P 500 software providers are presented in the Software sub-industry group. Other Technology sector sub industry groups include Communications Equipment, Electronic Equipment Instruments & Components, IT Services, and Technology Hardware Storage and Peripherals.

S&P 500 earnings growth reflects the year-over-year change in operating earnings on a per share basis. Earnings data are aggregated for all S&P 500 constituents and are measured according to the relative market capitalization weights for each company. Estimated earnings are the combined FactSet estimates of analysts covering each company included in the index. As of 8/7/26, the weighted average 2Q26 earnings growth (year-over-year) estimate for the S&P 500 was up +50%. For S&P 500 estimated earnings growth for 3Q26 and 4Q26, we used the FactSet consensus estimate as of 8/7/26.

FactSet is a data aggregation software utilized by D.A. Davidson's Wealth Management Research. The FactSet consensus refers to the aggregate of all analysts estimates from firms that submit estimates to FactSet for a given financial metric.

Volatility looks at to what degree and how quickly prices move over a given span of time. In the stock market, increased volatility, in the form of rapidly falling prices, is often a sign of rising uncertainty.

Generative Artificial Intelligence (GenAI): We think of artificial intelligence as using advanced computers to process large amounts of data to ultimately approach human problem solving and decision making. While still predictive models, generative AI can give detailed responses, much better than a search engine, which does a good job of telling the user where to go to find additional information. As generative AI systems access more data, they become larger and learn to make better decisions. At each iteration, the system gains knowledge, enhancing its predictive (reliable) capabilities and ability to produce original content. Generative AI systems become more robust as they are used as all new data can be trained into the system, creating new challenges and opportunities. AI infrastructure refers to spending on data centers, graphic processors (GPUs), networking, power, and cloud computing capacity.

On 2/28/26, the U.S. and Israel launched an air attack on Iran designed to eliminate weapons capabilities and critical infrastructure. On 3/1/26, the White House published a release detailing the operation. Iran and the U.S. announced a ceasefire on 4/8/26 and a Memorandum of Understanding (MOU) on 6/17/26. The MOU is presented as a framework of a peace agreement to end the war that will be negotiated over a 60-day period. As of early July, fighting resumes and the ceasefire was effectively ended. Widespread attacks have been minimal since 7/24/26.

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U.S. oil prices are often described using the price per barrel of West Texas Intermediate (WTI). This is a high-quality low density crude oil grade sourced primarily from the Permian basin. Futures contracts and spot prices are traded on the New York Mercantile Exchange (NYMEX). Brent crude reflects pricing for oil from the Atlantic basin. Many believe that Brent crude represents 66% to 80% of the global trade in oil. Brent contracts are trade on the Intercontinental Exchange.

Data on the economics of oil price changes on the retail price of gasoline can be found from the Federal Reserve Bank of St. Louis and the U.S. Energy Information Administration (EIA). The Automobile Club (AAA) monitors daily fuel prices in the U.S., which can be tracked at: gasprices.aaa.com. The U.S. national average for unleaded gasoline per gallon was 4.46 at the end of May 2026, $3.85 at the end of June, $4.10 at the end of July, and $4.01 as of 8/9/26.

The Bureau of Labor Statistics (BLS) compiles U.S. labor statistics from two monthly surveys. The household survey measures labor force status by demographics, while the establishment survey measures nonfarm employment and data by industry. The nonfarm payrolls component of the establishment survey is drawn from private businesses and government entities. The nonfarm payrolls number is among the most widely used data points to assess U.S. employment trends. The unemployment rate is the percentage of the labor force that is jobless and actively willing and available to work.

The Treasury yield curve displays the market interest rate across different contract lengths for U.S. Treasury securities, indicating the relationship between the interest rate and the time ("term") to maturity. The yields of the 2-year and 10-year U.S. Treasury notes are widely followed barometers of the current U.S. interest rate environment. Treasury security data used in calculating interest rate spreads is obtained directly from the U.S. Treasury Department, through FactSet.

The consumer price index (CPI) is a measure of average change, over time, in the prices paid by urban consumers for a market basket of goods and services. It is reported monthly by the U.S. Bureau of Labor Statistics.

The Federal Reserve Bank's Open Market Committee (FOMC) consists of twelve members – the seven members of the Board of Governors of the Federal Reserve System, the president of the Federal Reserve Bank of New York, and four of the remaining eleven Federal Reserve Bank presidents, who serve one-year terms on a rotating basis. The FOMC holds eight regularly scheduled meetings per year. At these meetings, the Committee reviews economic and financial conditions, determines the appropriate stance of monetary policy, and assesses the risks to its long-run goals of price stability and sustainable economic growth.

The term "monetary policy" refers to the actions undertaken by a central bank, such as the Federal Reserve, to influence the availability and cost of money and credit to help promote national economic goals. The Board of Governors of the Federal Reserve System is responsible for the discount rate and reserve requirements, and the Federal Open Market Committee is responsible for open market operations. The Federal Reserve influences the demand for, and supply of, balances that depository institutions hold at Federal Reserve Banks and, in this way, alters the federal funds rate. The federal funds rate is the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight. The Summary of Economic Projections (SEP) represent individual projections from Federal Reserve Board members and Fed bank presidents and rely upon individual assumptions.