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Market Month: August 2026

The Markets (as of market close August 31, 2026)

Wall Street enjoyed a solid month in August, despite periodic volatility. Stocks overcame inflation concerns, a receding labor market, rising Treasury yields, monetary policy uncertainty, and ongoing geopolitical tensions in the Middle East to post end-of-the-month gains. The markets focused on strong corporate earnings, softening inflation data, and investor optimism surrounding AI. The S&P 500 reached an all-time high in early August, only to slide marginally lower later in the month, but still ahead of its July closing value. The Nasdaq led the indexes as tech shares resumed their dominance. Among the market sectors, financials, information technology, health care, materials, communication services, and consumer discretionary gained ground in August, while utilities, industrials, real estate, and consumer staples declined.

Stock Market Indexes

Market/Index	2025 Close	Prior Month	As of 8/31	Monthly Change	YTD Change
DJIA	48,063.29	52,485.03	53,185.90	1.34%	10.66%
NASDAQ	23,241.99	25,373.85	26,370.89	3.93%	13.46%
S&P 500	6,845.50	7,489.72	7,686.14	2.62%	12.28%
Russell 2000	2,481.91	2,931.34	2,956.45	0.86%	19.12%
Global Dow	6,169.34	6,956.10	7,066.16	1.58%	14.54%
fed. funds target rate	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	0 bps	0 bps
10-year Treasuries	4.16%	4.74%	4.75%	1 bps	59 bps
US Dollar-DXY	98.26	99.82	99.44	-0.38%	1.20%
Crude Oil-CL=F	$57.46	$84.48	$86.18	2.01%	49.98%
Gold-GC=F	$4,323.90	$4,104.30	$4,496.70	9.56%	4.00%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark the performance of specific investments.

Key Dates/Data Releases

9/1: S&P Global Manufacturing PMI, JOLTS

9/3: International trade in goods and services, S&P Global Services PMI

9/4: Employment Situation

9/10: Existing home sales, Producer Price Index

9/11: Consumer Price Index, Treasury statement

9/16: Retail sales, import and export prices, FOMC meeting statement

9/17: Housing starts

9/18: Industrial production,

9/24: New home sales

9/25: Durable goods orders

9/29: JOLTS

9/30: International trade in goods, GDP, Personal Income and Outlays

August 2026 was a challenging month for the U.S. bond market, defined by rising yields across the curve, pressure on long-term Treasuries, and modestly negative total returns in most fixed income sectors. Bonds mostly reacted to the Federal Reserve rate hold, cooling inflation that remained above the Fed's target, geopolitical hostilities that influenced oil prices, and the recent trade fallout between the U.S. and Canada.

Inflation in August was middling as headline measures had clearly cooled from the post-pandemic peaks, but the core inflation remained above the Federal Reserve's 2.0% target. August price trends neither vaulted higher nor plummeted lower. Instead, inflation remained persistent, showing progress toward the Fed's target but not enough to prompt a reduction in interest rates.

The U.S. economy in August may best be described as resilient, with moderate growth and solid private demand, yet somewhat stymied by a retreat in hiring. Confidence softened and inflation stayed above target, which kept monetary policy tight. GDP grew at an annualized 1.5% in Q2, down from 2.1% in Q1, confirming a slower but still expanding economy. Consumer spending accelerated from the first quarter, an indication that consumers were still spending despite higher interest rates and lingering inflation.

Recent data indicated employment neither expanded nor collapsed. Employment declined, although layoffs and quits were stable and the unemployment rate ticked down 0.1 percentage point to 4.1% — conditions that indicated a "frozen" labor market. Wages rose 3.2% over the last 12 months, while real earnings ticked down as the Consumer Price Index (CPI) over the same period rose 3.4%, indicating inflation cut into purchasing power.

According to FactSet, with 97% of S&P 500 companies reporting, 86% beat earnings per share (EPS) estimates, while 77% reported positive revenue above expectations. Through the second quarter, the earnings growth rate for the S&P 500 was 52.0%, which is the highest earnings growth rate reported by the index since the second quarter of 2021. Within the S&P 500, all 11 sectors reported positive revenue growth with energy, information technology, and communication services delivering double-digit revenue growth.

August 2026 was a tight, high-priced month for crude oil. Prices per barrel held in the mid $80s to low $90s, while U.S. retail gasoline prices pushed above $4.00 per gallon nationally late in the month. Reduced crude shipments through the Strait of Hormuz, high summer driving demand, and tight domestic fuel inventories supported higher prices. The retail price of regular gasoline was $4.085 per gallon on August 24, $0.011 lower than the price a month earlier but $0.938 higher than the price a year ago. The dollar showed resilience in August, closing the month marginally lower, despite a myriad of domestic economic factors, including a slowing labor market and persistent inflationary pressures. After reaching an all-time high of $5,595 per ounce in January, gold prices spiraled downward, trading between $3,970-$4,500 per ounce, as renewed Middle East tensions fueled inflation concerns, while hawkish comments from Federal Reserve Chair Kevin Warsh strengthened expectations for a September rate hike.

Latest Economic Reports

The following section contains a review of the latest economic data available as of July 31, 2026.

- **Employment:** July saw a drop in employment indicating a weakening in the labor market. Employment declined by 23,000 last month after increasing 20,000 (revised) in June. The change in employment for May was revised down by 66,000, from 129,000 to 63,000, and the change for June was revised down by 37,000, from 57,000 to 20,000. With these revisions, employment in May and June combined was 103,000 lower than previously reported. The unemployment rate ticked down 0.1 percentage point in July to 4.1% but was 0.2 percentage point higher than the rate in July 2025. The number of unemployed persons in July was 6.9 million, 178,000 lower than the total from the previous month and 356,000 under the July 2025 figure. The number of long-term unemployed (those jobless for 27 weeks or more), was 1.8 million in July, 166,000 fewer than the estimate in June. Long-term unemployed accounted for 25.5% of all unemployed people in July. Both the labor force participation rate, at 61.4% and the employment-population ratio, at 58.9%, ticked down 0.1 percentage point from June. In July, average hourly earnings, at $37.62, rose $0.02 from the previous month. Over the year, average hourly earnings have increased by 3.2%. The average workweek was unchanged at 34.3 hours last month.
- There were 203,000 initial claims for unemployment insurance for the week ended August 22, 2026. During the same period, the total number of workers receiving unemployment insurance was 1,778,000. The insured unemployment rate was 1.2%, 0.1 percentage point below the rate a year earlier. A year ago, there were 229,000 initial claims, while the total number of workers receiving unemployment insurance was 1,942,000.
- **FOMC/interest rates:** The Federal Open Market Committee (FOMC) did not meet in August.
- **GDP/budget:** The rate of economic expansion slowed somewhat in the second quarter of 2026, with gross domestic product (GDP) rising 1.5%, according to the Bureau of Economic Analysis. In the first quarter, GDP rose 2.1%. Compared to the first quarter, the decrease in GDP in the second quarter reflected decelerations in private investment (7.9% to 2.7%), exports (10.9% to 4.5%), and government

spending (+4.4% to -1.0%). Consumer spending accelerated from 0.5% in the first quarter to 3.4% in the second quarter. Imports, which are a negative in the calculation of GDP, ticked up 0.7 percentage point to 12.5%.

- July 2026 saw the federal budget register a deficit of $432 billion following June's $120 billion shortfall. A year earlier, the deficit was $291 billion. In July, receipts totaled $334 billion, while expenditures were $766 billion. Over the 10 months of the current fiscal year, the government deficit sits at $1,799 billion, $170 billion under the cumulative deficit over the same period of the previous fiscal year. Over the same 10 months, individual income taxes, at $2,369 billion, accounted for more than half of the total receipts of $4,485 billion. Total expenditures for this fiscal year equal $6,284 billion, of which Social Security ($1,384 billion) was the largest outlay.
- **Inflation/consumer spending:** According to the latest Personal Income and Outlays report, personal income rose 0.4% in July, while disposable (after-tax) personal income increased 0.5%. Personal consumption expenditures (PCE) increased 0.2%. Consumer prices, as measured by the PCE price index, increased 0.2% in July. Excluding food and energy, the PCE price index also ticked up 0.2% last month. From July 2025, the PCE price index rose 3.7%, the same advance as for the 12 months ended in June. Excluding food and energy, the PCE price index increased 3.3% from July 2025 (3.5% for the year ended in June).
- The Consumer Price Index inched up 0.1% in July and advanced 3.4% over the last 12 months, 0.1 percentage point lower than for the 12 months ended in June. Shelter prices, which accounted for roughly two-thirds of the overall monthly increase, inched up 0.1% in July and 3.2% since July 2025. Food prices rose 0.2% in June and 3.0% over the last 12 months. Prices less food and energy rose 0.2% in July after being flat in June but rose 2.5% since July 2025. Over the last 12 months, food prices increased 3.0% and energy prices rose 14.7%.
- The latest data reveals that the Producer Price Index was unchanged in July after falling 0.1% in June. Producer prices climbed 4.7% over the last 12 months. Prices for services ticked up 0.2% in July. Prices for goods fell 0.7% from the previous month. Excluding foods and energy, prices increased 0.2% in July and 4.2% over the year. Prices less foods, energy, and trade services rose 0.4% in July after inching up 0.1% in June. For the 12 months ended in July, producer prices less foods, energy, and trade services advanced 4.7%.
- **Housing:** Existing home sales decreased 1.7% in July but were up 2.4% from a year ago. Inventory of existing homes for sale in July, at a 4.6-month supply, was unchanged from the prior month's estimate. The median sales price in July was $434,100, down from the June estimate of $442,800 but greater than the July 2025 price of $425,700. Sales of existing single-family homes declined 1.9% in July but rose 0.8% from July 2025. The median sales price for existing single-family homes in July was $440,300, lower than the previous month's price of $448,800 but higher than the July 2025 price of $432,000.
- The most recent data shows sales of new single-family houses in July 2026 were 10.5% below the June rate and 6.3% under the July 2025 estimate. Inventory of new single-family homes for sale in July represented a supply of 9.6 months at the current sales rate, higher than the June estimate of 8.5 months and marginally above the July 2025 estimate of 9.2 months. The median sales price of new houses sold in July was $393,800. This was 2.3% below the June price of $403,100 and 0.9% under the July 2025 price of $397,300. The average sales price of new houses sold in July was $508,800. This was 4.1% above the June price of $488,900 and 5.4% above the July 2025 price of $482,800.
- **Manufacturing:** Industrial production (IP) ticked up 0.2% in July after increasing 0.3% in June. IP was 1.1% above its year-earlier level. Manufacturing output rose 0.2% last month and increased 1.2% from a year earlier. In July, mining advanced 0.2%, while utilities grew 0.5%. Mining was up 1.0% from July 2025, while utilities rose 0.7% from last year.
- According to the latest report from the Census Bureau, new orders for durable goods increased $3.6 billion, or 1.1%, in July following a 0.5% June advance. Excluding transportation, new orders increased 0.4%. Excluding defense, new orders increased 1.3%. Over the last 12 months ended in July, durable goods orders have risen 7.6%.
- **Imports and exports:** U.S. import prices decreased 0.4% in July following a 0.3% fall in June, according to the latest report from the Bureau of Labor Statistics. The July decrease in import prices was the largest monthly decline since import prices fell 0.5% in May 2025. Despite the monthly decline, prices for imports increased 5.9% from July 2025. Prices for exports decreased 1.3% in July after falling 0.7% the previous month. Over the 12 months ended in July, export prices increased 8.2%.
- The international trade in goods deficit was $118.8 billion in July, up $17.4 billion, or 17.2%, from June. Exports of goods for July were $199.4 billion, $6.0 billion, or 2.9%, less than June exports. Imports of goods for July were $318.2 billion, $11.4 billion, or 3.7%, more than June imports. Since July 2025, exports are up 11.7%, while imports have risen 13.7%.

- The latest information on international trade in goods and services, released August 4, 2026, was for June and revealed that the goods and services trade deficit was $73.3 billion, a decrease of $4.4 billion, or 5.6%, from the May deficit. June exports were $314.7 billion, $2.9 billion, or 0.9%, less than May exports. June imports were $388.0 billion, $7.3 billion, or 1.8%, less than May imports. Year to date, the goods and services deficit decreased $189.3 billion, or 33.8%, from the same period in 2025. Exports increased $198.3 billion, or 11.7%. Imports increased $9.0 billion, or 0.4%.
- **International markets:** European equity markets ended August 2026 showing moderate strength, although with mixed results. Markets were buoyed by strong corporate earnings and resilient economic growth. Asian markets experienced a more volatile August but ended the month mostly higher. Asian stocks were primarily impacted by artificial intelligence shares, shifting central bank expectations, and geopolitical developments affecting energy markets and investor risk appetite. By the end of August, the STOXX Europe 600 Index ticked up 0.2% for the month; the United Kingdom's FTSE fell 0.4%; Japan's Nikkei 225 Index gained 4.0%; and China's Shanghai Composite Index rose 4.6%.
- **Consumer confidence:** The Consumer Confidence Index fell 0.8 points in August to 89.4 from 90.2 in July. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, increased by 6.8 points to 121.2 following three consecutive months of decline. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, fell by 5.8 points to 68.2.

Eye on the Month Ahead

Heading into the autumn season, the U.S. economy experienced moderate growth over the summer. Investors will look to see how the labor market and inflation influence the Federal Reserve's monetary policy moving forward.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The Nasdaq Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.
