OPPENHEIMER | MONUMENT SQUARE GROUP

Monument Square Group
2700 Kelly Road, Suite 120
Warrington, PA 18976
215-491-7600
215-491-7630
monumentsquaregroup@opco.com
https://www.oppenheimer.com/msg/

Market Month: July 2026

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

The U.S. stock market in July experienced a rotation from mega-tech and AI-driven stocks to a broader market. Coming off a robust second quarter that saw equities touch record territory, July witnessed a shift away from megacap technology toward blue-chip value, small-cap equities, and equal-weighted indices. An end-of-the-month rally helped the markets, which ultimately ended July with mixed results. Despite AI-related profit taking, overall market breadth expanded significantly.

Stock Market Indexes

Market/Index	2025 Close	Prior Month	As of 7/31	Monthly Change	YTD Change
DJIA	48,063.29	52,319.20	52,485.03	0.32%	9.20%
NASDAQ	23,241.99	26,213.72	25,373.85	-3.20%	9.17%
S&P 500	6,845.50	7,499.36	7,489.72	-0.13%	9.41%
Russell 2000	2,481.91	3,024.37	2,931.34	-3.08%	18.11%
Global Dow	6,169.34	6,823.89	6,956.10	1.94%	12.75%
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%	4.41%	4.74%	33 bps	58 bps
US Dollar-DXY	98.26	101.15	99.82	-1.31%	1.59%
Crude Oil-CL=F	$57.46	$70.05	$84.48	20.60%	47.02%
Gold-GC=F	$4,323.90	$4,026.50	$4,104.30	1.93%	-5.08%

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

8/3: S&P Global Manufacturing PMI

8/4: International trade in goods and services, JOLTS

8/5: S&P Global Services PMI

8/7: Employment Situation

8/11: Existing home sales

8/12: Consumer Price Index, Treasury statement

8/13: Producer Price Index

8/14: Retail sales

8/18: Industrial production, housing starts, import and export prices

8/25: New home sales

8/26: Durable goods orders, GDP, Personal Income and Outlays

8/27: International trade in goods

After driving markets through 2025 and early 2026, technology behemoths faced heightened investor scrutiny during Q2 earnings calls. Markets aggressively evaluated whether massive capital expenditures by artificial intelligence companies were yielding near-term revenue expansion. Losses in industrials (-2.7%), utilities (-2.2%), information technology (-2.0%), materials (-1.6%), and communication services (-1.3%) were countered by strong performances from energy (+12.6%), financials (+5.6%), real estate (+2.4%), consumer staples (+2.2%), and health care (+1.7%).

The U.S. bond market was marked by a sharp surge in Treasury yields to new highs for the year, driven by a hawkish Federal Reserve, persistent inflation, labor market strength, and surprisingly resilient economic data. Short-term yields rose in anticipation of a potential Fed rate hike, while long-term yields trended higher.

Price pressures decelerated in June. Both the personal consumption expenditures (PCE) price index (-0.1%) and the Consumer Price Index (-0.4%) declined from May, while 12-month rates remained above the Federal Reserve's 2.0% target. Prices at the wholesale level declined 0.3% in June but increased 3.5% for the 12 months ended in June, well below the 6.0% jump for the 12 months ended in May.

The economy continued to be resilient but showed signs of slowing. Second-quarter gross domestic product advanced 1.5% after rising 2.1% in the first quarter. However, excluding trade, government spending, and inventories, private domestic demand expanded at a notable 3.9% annualized rate, up from 1.7% in the first quarter. Further aiding the acceleration in second-quarter GDP was an increase in consumer spending from 0.5% in the first quarter to 3.2% in the second quarter.

The labor market might best be described as displaying a "low-hire, low-fire" dynamic marked by slowing job growth and waning unemployment claims. Job growth moderated to 57,000 in June, well below the estimates of 113,000. The unemployment rate continued to float between 4.0%-4.3% since the beginning of the year. Wage growth trended lower from the 3.7%-4.0% growth rate earlier in the year.

According to FactSet, with 27% of S&P 500 companies reporting, 86% reported a positive earnings per share (EPS) surprise and 80% reported positive revenue above expectations. Through the second quarter, the earnings growth rate for the S&P 500 was 37.9%, which is the highest earnings growth rate reported by the index since the third quarter of 2021 (40.3%). Within the S&P 500, nine sectors reported higher earnings at the end of July compared to their respective June estimates.

July saw a pivotal transition for crude oil markets, defined by extreme volatility as prices whipsawed between temporary optimism over Middle East diplomacy and the ramping up of hostilities. Following months of wartime premiums and severe supply disruption through the Strait of Hormuz, crude oil prices experienced a sharp multi-week collapse in early July before mounting a mid-month rally that carried through the remainder of the month. The retail price of regular gasoline was $4.096 per gallon on July 27, $0.265 above the price a month earlier and $0.973 higher than the price a year ago. The dollar showed resilience in July, 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 spun downward, trading between $3,970-$4,175 per ounce.

Latest Economic Reports

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

- **Employment:** Job growth slowed somewhat in June as employment rose by 57,000 after increasing 129,000 (revised) in the previous month. The change in employment for April was revised down by 31,000 to 148,000, and the change for May was revised down by 43,000. With these revisions, employment in April and May combined was 74,000 lower than previously reported. The unemployment rate ticked down 0.1 percentage point in June to 4.2% but was 0.1 percentage point higher than the rate in June 2025. The number of unemployed persons in June was 7.1 million, 213,000 lower than the total from the previous month but 40,000 more than the June 2025 figure. The number of long-term unemployed (those jobless for 27 weeks or more), at 1.9 million in June, changed little from the May rate but was 286,000 over the total from a year earlier. Long-term unemployed accounted for 27.3% of all unemployed people in June. The labor force participation rate, at 61.5% in June, was 0.3 percentage point lower than the May rate but 0.8 percentage point above the rate from June 2025. The employment-population ratio ticked down 0.2 percentage point to 59.0% in June from May but was 0.7 percentage point below the June 2025 estimate. In June, average hourly earnings rose by $0.13, or 0.3%, to $37.64. Over the year, average hourly earnings have increased by 3.5%. The average workweek was unchanged at 34.3 hours last month.
- There were 197,000 initial claims for unemployment insurance for the week ended July 25, 2026. During the same period, the total number of workers receiving unemployment insurance was 1,782,000. The insured unemployment rate was 1.2%, 0.1 percentage point below the rate a year earlier. A year ago, there were 219,000 initial claims, while the total number of workers receiving unemployment insurance was 1,936,000.

- **FOMC/interest rates:** Following its July meeting, the Federal Open Market Committee (FOMC) left the federal funds target rate range unchanged at its current 3.50%-3.75%, although the tally was not unanimous as three members voted to raise rates by 0.25%. The Committee viewed economic activity as expanding despite the Middle East conflict, while job gains kept pace with the workforce. However, the FOMC also noted that inflation remained elevated, impacted by fluctuating energy prices.
- **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 3.0%), exports (10.9% to 4.5%), and government spending (+4.4% to -0.8%). Consumer spending accelerated from 0.5% in the first quarter to 3.2% in the second quarter. Imports, which are a negative in the calculation of GDP, ticked down 0.3 percentage point to 11.5%.
- June 2026 saw the federal budget register a deficit of $120 billion following May's $293 billion shortfall. A year earlier, there was a surplus of $27 billion. In June, receipts totaled $496 billion, while expenditures were $616 billion. Over the nine months of the current fiscal year, the government deficit sits at $1,367 billion, little changed from the cumulative deficit over the same period of the previous fiscal year. Over the same nine months, individual income taxes, at $2,196 billion, accounted for more than half of the total receipts of $4,151 billion. Total expenditures for this fiscal year equal $5,518 billion, of which Social Security ($1,244 billion) was the largest outlay.
- **Inflation/consumer spending:** According to the latest Personal Income and Outlays report, both personal income and disposable (after-tax) personal income each rose 0.2% in June from May. Personal consumption expenditures increased 0.3%. Consumer prices, as measured by the PCE price index, decreased 0.1% in June. Excluding food and energy, the PCE price index increased 0.1% in June. From the same month one year ago, the PCE price index increased 3.7% (4.1% for the 12 months ended in May). Excluding food and energy, the PCE price index increased 3.3% from June 2025 (3.4% for the year ended in May).
- The Consumer Price Index (CPI) fell 0.4% in June but advanced 3.5% over the last 12 months, 0.7 percentage point lower than for the 12 months ended in May. The June decline was the largest one-month decrease since April 2020 when it fell 0.8%. Energy prices, which continued to impact the CPI, fell 5.7% in June but increased 15.7% over the last 12 months. Gasoline prices decreased 9.7% in June but were up 26.7% since June 2025. Shelter prices inched up 0.1% last month and 3.3% since June 2025. Food prices rose 0.2% in June and 3.0% over the last 12 months. Prices less food and energy were flat in June but rose 2.6% over the last 12 months.
- The latest data reveals that the Producer Price Index decreased 0.3% in June but was up 5.5% over the last 12 months. Prices for services ticked up 0.2% in June. Prices for goods fell 1.4% from the previous month, the largest decrease since July 2022. Nearly two-thirds of the June decline in prices for goods can be traced to a 12.0% decrease in prices for gasoline. Prices for foods moved down 0.6%. Prices for goods less foods and energy increased 0.2% in June. For the year, producer prices for goods rose 7.9%, while prices for services increased 4.6%. Excluding foods and energy, prices increased 0.2% in June and 4.7% over the year.
- **Housing:** Existing home sales decreased 2.4% in June but were up 2.8% from a year ago. Inventory of existing homes for sale in June, at a 4.6-month supply, was up from the prior month's estimate of 4.5 months. The median sales price in June was $440,600, up from the May estimate of $431,200, and greater than the June 2025 price of $432,700. Sales of existing single-family homes declined 2.4% in June but rose 3.3% from June 2025. The median sales price for existing single-family homes in June was $446,400, up from the previous month's price of $436,400, and higher than the June 2025 price of $438,600.
- The most recent data shows sales of new single-family houses in June 2026 were 1.6% above the May rate but 5.6% under the June 2025 estimate. Inventory of new single-family homes for sale in June represented a supply of 9.3 months at the current sales rate, marginally lower than the May estimate of 9.4 months but higher than the June 2025 estimate of 9.0 months. The median sales price of new houses sold in June was $398,300. This was 3.3% below the May price of $412,000 and 2.7% under the June 2025 price of $409,200. The average sales price of new houses sold in June was $475,400. This was 9.5% below the May price of $525,200 and 6.5% below the June 2025 price of $508,700.
- **Manufacturing:** Industrial production (IP) ticked up 0.1% in June and was 1.1% above its year-earlier level. Manufacturing output was unchanged in June but rose at an annual rate of 1.1% from a year earlier. Both mining and utilities grew 0.4% in June. Mining was up 2.4% from June 2025, while utilities rose 0.3% from last year.
- According to the latest report from the Census Bureau, new orders for durable goods decreased $1.1 billion, or 0.3%, in June following a 4.0% May decrease. Excluding transportation, new orders increased

0.6%. Excluding defense, new orders increased 0.3%. Over the last 12 months ended in June, durable goods orders have risen 6.7%.

- **Imports and exports:** U.S. import prices increased 0.3% in June, according to the latest report from the Bureau of Labor Statistics. Prices for exports decreased 0.6% in June. Over the 12 months ended in June, import prices rose 7.1%, the largest 12-month increase since August 2022. Export prices increased 10.2% since June 2025.
- The international trade in goods deficit was $101.5 billion in June, down $4.4 billion, or 4.2%, from May. Exports of goods for June were $204.7 billion, $3.8 billion, or 1.8%, less than May exports. Imports of goods for June were $306.2 billion, $8.2 billion, or 2.6%, less than May imports.
- The latest information on international trade in goods and services, released July 7, 2026, was for May and revealed that the goods and services trade deficit was $77.6 billion, an increase of $23.0 billion, or 42.4%, from the April deficit. May exports were $317.7 billion, $10.5 billion, or 3.2%, less than April exports. May imports were $395.3 billion, $12.5 billion, or 3.3%, more than April imports.
- **International markets:** European stocks struggled to maintain gains throughout July. Despite stronger-than-expected corporate earnings, a global tech rally, falling crude oil prices, and a steady Eurozone GD, european markets were confronted by stubborn inflation and a tight monetary policy from the European Central Bank. Asian markets, conversely, endured a volatile month marked by a correction in semiconductor and AI equities. By the end of July, the STOXX Europe 600 Index ticked down 0.2% for the month; the United Kingdom's FTSE rose 2.1%; Japan's Nikkei 225 Index fell 7.7%; and China's Shanghai Composite Index declined 5.2%.
- **Consumer confidence:** The Consumer Confidence Index fell 1.4 points in July to 90.8 from 92.2 in June. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, decreased by 3.6 points to 114.9. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, was unchanged at 74.7.

Eye on the Month Ahead

Throughout most of the summer, the economy and the stock market have largely been driven by the ongoing conflict between the U.S. and Iran, sticky inflation, and volatile crude oil prices. These issues are likely to continue to be prevalent during August.

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.

The content herein should not be construed as an offer to sell or the solicitation of an offer to buy any security. The information enclosed herewith has been obtained from outside sources and is not the product of Oppenheimer & Co. Inc. ("Oppenheimer") or its affiliates. Oppenheimer has not verified the information and does not guarantee its accuracy or completeness. Additional information is available upon request. Oppenheimer, nor any of its employees or affiliates, does not provide legal or tax advice. However, your Oppenheimer Financial Advisor will work with clients, their attorneys and their tax professionals to help ensure all of their needs are met and properly executed. Oppenheimer & Co. Inc. Transacts Business on all Principal Exchanges and is a member of SIPC.