HB Wealth | Market Sense: Weekly Market Recap

For the Week Ending: July 31st, 2026

Week in Review

Fed Holds but Market Says It's Not Enough Given Sticky Prices and Strong Data. Trade dampened 2Q GDP, but economic data, including inflation news, otherwise remains stronger than expected. Nondefense capital goods orders ex-aircraft – a key component of our earnings model – were much stronger than expected, showing business investment is still surging. Personal income and outlays also accelerated a touch with tax refunds and higher prices. All of this resulted in economy-wide prices surging 6.2% (the GDP price index) in 2Q. Despite the continued price pressures, the FOMC held rates steady, and Chairman Warsh continued to jawbone the group's commitment to price stability rather than immediate action. Stocks were focused on earnings and the AI trade, but bond markets responded in frustration, with the 30-year Treasury hitting levels last recorded in 2007. The market now forecasts a roughly 80% chance of a hike in September and two more by mid-2027.

US Stocks Recovered on Strong Earnings, Styles Split Across Capitalizations. For the quarter, the S&P 500 is now on track for 29% EPS growth versus forecasts for 23.2% at the start of the season. Major US indices recovered a bit this week with large-caps leading the charge and small-caps pulling up the rear. Still, small caps and the equal-weighted large cap index are easily lapping the S&P 500. Russell 1000 growth continued to struggle – with some mega-cap volatility around earnings driving a selloff -- while growth stocks surged in small caps.

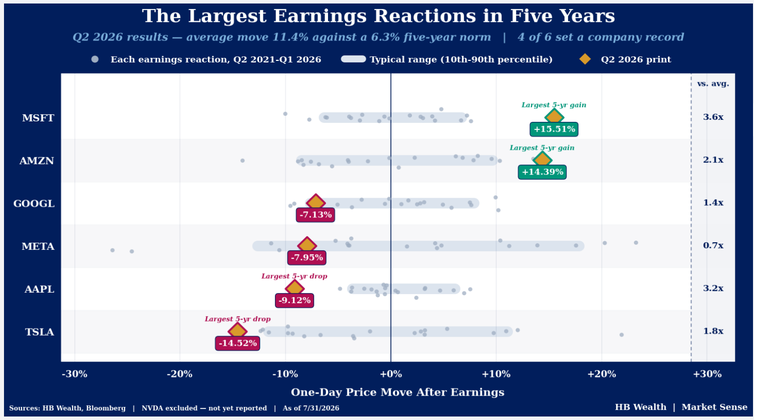
Oil Prices Remain Volatile and Headline Driven. West Texas Intermediate crude had a volatile week, swinging around with headlines around the conflict in Iran. At roughly $84/bbl, its down from its high last week north of $92 but still up nearly 23% from the early-month low and 53% above the December nadir. The current level is in the 80th percentile of readings back to 1995 and could pester earnings going forward.

The Week Ahead

Employment, ISM Manufacturing are Highlights of the Coming Week. Next week will kick off with ISM Manufacturing on Monday. The JOLTS Job report is on Tuesday along with the trade balance and nondefense capital goods orders. Wednesday will bring the ISM Services Index and Thursday will bring the usual Jobless Claims along with Challenger Job Cuts. However, Friday will feature the real star of the show with the employment report.

S&P Earnings Chug Along as Small Cap Season Heats Up. The S&P 500 will have 138 companies (16.2%) of market cap reporting this coming week, headlined by Berkshire Hathaway, Eli Lilly and AMD with health care, utilities and energy making up the bulk of releases. Small caps will hit their largest week of the season with 852 companies reporting (46.9% of market cap) headlined by utilities, health care and real estate.

Chart of the Week & Commentary



The S&P 500's earnings season is in full swing, and though companies are broadly and handily beating expectations, the Magnificent 7 results are stealing the show. So far, the S&P 500 is on track for a 29% earnings advance year-over-year (versus estimates for a 23.2% rise). While the average stock price reaction is in line with historical norms, the season has been extraordinary for the Mag-7. The group is on track to post nearly 40% net income growth year over year, but stocks are posting extreme swings on account of investors' acute sensitivity to capital spending plans, cash flow trends, and returns on AI investments.

On average, Mag-7 stocks have recorded price reactions to earnings results that are nearly double their five-year norm, and four of the six that have reported so far have posted a 5-year record stock price change in the day after results were released. Microsoft and Amazon stocks surged at a record pace in response to strong cloud business results. Microsoft's positive cash flow surprise helped the stock to a 15.5% advance the day after results. Meanwhile, Tesla and Alphabet sunk on poor cash flow results and confirmed high capex plans. Meta's earnings miss paired with higher capex guidance to trouble the stock, while Apple's dampened revenue outlook resulted in a record sell-off after the report.

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Equities

	Level	1 Wk %	QTD %	YTD %	1 Yr %	3-Yr Cum
S&P 500	7,490	1.1%	-0.1%	10.1%	19.5%	69.8%
NASDAQ	25,374	1.6%	-3.2%	9.5%	20.9%	80.7%
Dow Jones 30	52,485	1.0%	0.4%	10.2%	20.9%	55.8%
Russell 3000	4,256	1.0%	-0.5%	10.3%	19.6%	67.4%
Russell 1000	4,076	1.0%	-0.4%	9.9%	18.9%	68.3%
Russ. 1000 Growth	4,765	0.6%	-4.8%	0.3%	8.0%	69.7%
Russ. 1000 Value	2,474	1.4%	3.8%	20.6%	31.1%	63.7%
S&P 400	3,759	-0.7%	-2.4%	14.5%	20.9%	44.0%
S&P 600	1,770	0.5%	-1.8%	21.7%	33.8%	45.3%
Russell 2000	2,931	0.1%	-3.0%	19.0%	34.3%	52.6%
Russ. 2000 Growth	1,895	0.2%	-5.9%	15.1%	28.5%	49.5%
Russ. 2000 Value	3,308	-0.1%	0.0%	23.2%	40.7%	55.8%
MSCI ACWI Ex US	463	2.0%	0.4%	14.5%	29.2%	64.6%
MSCI Developed Ex US	3,242	1.8%	2.1%	11.9%	25.7%	60.9%
MSCI EM	1,563	-4.0%	-9.0%	12.8%	28.6%	61.7%

Index Characteristics

	NTM P/E	P/B	Div. Yld.	Mkt Cap (B)
S&P 500	19.5	5.7	1.1	66391
NASDAQ	23.5	7.5	0.6	46373
Dow Jones 30	20.5	6.1	1.5	25487
Russell 3000	19.8	5.1	1.1	76740
Russell 1000	19.6	5.4	1.1	73154
Russ. 1000 Growth	21.9	12.5	0.5	48452
Russ. 1000 Value	17.9	3.5	1.6	48387
S&P 400	16.6	2.9	1.3	3784
S&P 600	15.6	2.2	1.5	1955
Russell 2000	28.5	2.6	1.4	3586
Russ. 2000 Growth	42.2	5.0	0.5	2373
Russ. 2000 Value	18.2	1.7	2.2	2205
MSCI ACWI Ex US	13.2	2.4	2.5	59081
MSCI Developed Ex US	15.9	2.4	2.6	30970
MSCI EM	9.6	2.3	2.2	28111

Fixed Income

	Yield	Spread	1 Wk %	QTD %	YTD %	1 Yr %	3-Yr Cum
U.S. Aggregate	4.93	--	0.2%	-1.0%	-0.4%	3.0%	11.9%
U.S. Municipal	3.91	--	0.3%	-1.7%	0.6%	5.4%	9.4%
U.S. Agency MBS	5.21	26	0.3%	-0.9%	0.1%	4.7%	13.5%
U.S. IG Corporates	5.43	78	0.1%	-1.5%	-0.6%	2.7%	14.6%
U.S. High Yield	7.41	283	0.2%	-0.2%	1.7%	5.2%	26.9%
EM $ Corporates	6.61	210	0.0%	-0.6%	1.1%	4.0%	20.9%

Factor Returns - US (Russell 3000)

Factor	1 Wk %	QTD %	YTD %	1 Yr %
Multi Factor	1.9%	3.1%	18.6%	28.3%
Size	1.2%	-1.4%	17.3%	31.5%
Value	2.6%	3.3%	21.5%	35.0%
Quality	2.4%	2.0%	13.9%	20.6%
Dividend Yield	2.0%	3.5%	21.2%	29.8%
Momentum	-1.2%	-6.2%	19.7%	38.4%
Low Volatility	2.1%	3.0%	12.4%	17.7%

Key Rates

Rate	Yield	Prior Wk	Qtr-End	Yr-End	1 Yr Ago	Expectations
SOFR	3.65	3.64	3.68	3.87	4.39	3.51
2-yr U.S. Treasury	4.29	4.33	4.17	3.47	3.96	3.81
5-yr U.S. Treasury	4.45	4.43	4.23	3.73	3.97	3.94
10-yr U.S. Treasury	4.73	4.68	4.47	4.17	4.37	4.32
30-yr U.S. Treasury	5.27	5.16	4.95	4.84	4.90	4.83
10-yr German Bund	3.21	3.17	2.86	2.85	2.69	
10-yr UK Gilts	5.05	5.03	4.76	4.48	4.57	
30-yr Fixed Mortgage	6.72	6.66	6.55	6.25	6.78	
1-yr Breakeven	1.71	1.92	1.42	2.29	2.75	
5-yr Breakeven	2.29	2.26	2.27	2.27	2.48	

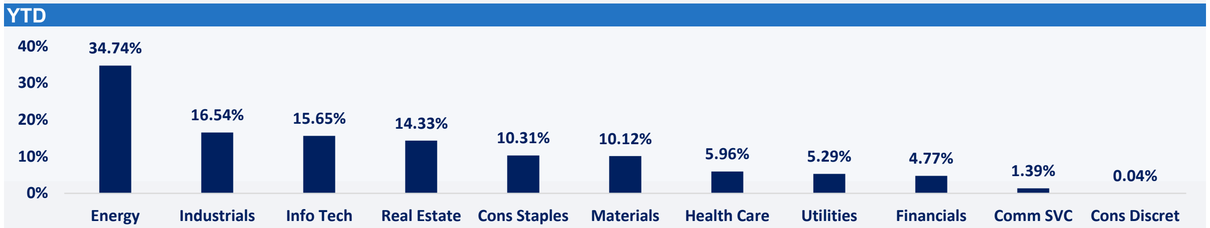
Currencies & Commodities

	Current	Prior Wk	Yr-End	1 Yr
$ per € (EUR/USD)	1.15	1.14	1.17	1.14
$ per £ (GBP/USD)	1.35	1.33	1.35	1.32
¥ per $ (USD/JPY)	157.40	163.83	156.71	150.75
Dollar Index	99.80	101.47	98.32	99.97
Gold ($/oz)	4046.15	4052.79	4319.37	3289.93
Silver ($/oz)	57.60	58.17	71.66	36.71
Copper	646.55	632.00	568.20	435.45
WTI Oil ($/bbl)	84.67	89.31	57.42	69.26
Brent Oil ($/bbl)	90.12	96.78	60.85	72.53

S&P 500 Sector Returns

WTD

YTD



Style Returns

YTD

	Value	Blend	Growth
Large	*20.6%*	*9.9%*	*0.3%*
Mid	19.3%	14.6%	0.3%
Small	23.2%	*19.0%*	15.1%

WTD

	Value	Blend	Growth
Large	*1.4%*	*1.0%*	*0.6%*
Mid	0.4%	0.3%	0.2%
Small	-0.1%	*0.1%*	0.2%

Disclosure:

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