HB Wealth | Market Sense: Weekly Market Recap

For the Week Ending: August 14th, 2026

Week in Review

Inflation Mitigates Rate Hike Bets… For Now. Inflation highlighted the week – both core and headline CPI were spot on forecasts (but still north of 3%) while PPI results were mixed but well above 4%. Both measures remain a bit higher than the Fed's desired level, and the market reaction to the release was to push expectations for a rate hike back to the December meeting. However, sour news on the consumer dampened the mood - jobless claims were slightly higher than forecast while retail sales sunk.

Rising Tide Lifted Almost All Stocks this Week. Stocks celebrated inflation prints and the reduced chance of a September Fed hike while earnings across captializations continued to climb. All major US equity indices rose this week, led by small caps. Growth stocks led across capitalizations but both styles posted robust weekly gains. Energy, financials and health care led for the week while discretionary, materials and tech were the only groups that fell. Emerging markets likewise beat developed peers this week.

A Costly Long-Bond Auction Emphasized the Supply Story. The $25B 30-year Treasury sale cleared at 5.216%, the highest 30-year new issue since 2001, just after the 10-year Treasury auction cleared yields near 2007 levels. Demand slightly lagged expectations, but supply was effectively absorbed within a rounding error of the pre-auction level. The auction results point to factors mentioned in our note from earlier this week - fading Fed faith, a growing deficit, and corporate borrowing competing for capital.

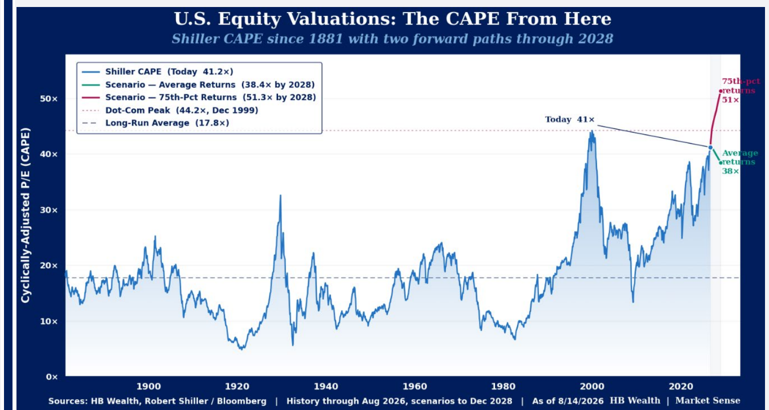
Oil Direction Still Reliant on Hormuz Headlines. West Texas Intermediate (WTI) remains near $82/bbl, more than 49% above the December low and in the 78th percentile of observations back to 1995. The direction of oil prices will remain heavily reliant on headlines around the Strait of Hormuz going forward.

The Week Ahead

FOMC Meeting Minutes, Manufacturing Data Headline Economic Week Ahead. Next week will kick off with Empire Manufacturing on Monday. Tuesday will be a heavy day of releases with import and export prices, housing starts, building permits, industrial and manufacturing production, capacity utilization and pending home sales. The FOMC meeting minutes will be the highlight of the week, providing key insight into the central bank's decision to keep rates on hold despite stubbornly above target inflation. Thursday will bring the typical initial jobless claims report as well as the Conference Board leading index, while Friday will feature S&P's suite of PMIs.

Light Week of Earnings to be Headlined by Retailers. Investors will get a key read on the US consumer from earnings. Just 12 S&P 500 companies (3.1% of market cap) are expected to report, headlined by Walmart, Home Depot and Analog Devices. Likewise, there will be just 43 Russell 2000 companies reporting in the coming week (1.7% of index market cap) with staples, materials and discretionary the most featured.

Chart of the Week & Commentary



Robert Shiller's Cyclically Adjusted P/E (CAPE) may be hitting its peak as stocks grow more slowly than earnings. The ratio, now near its dot-com highs, is undoubtedly elevated but may be hard pressed to continue its climb. The gauge uses the index's real price – calculated from the S&P 500's close and adjusted for CPI – and divides by trailing 10-year real earnings to remove any economic cyclicality from the typical price/earnings ratio (which is usually based on either trailing 12-month or forward 12-month earnings). Currently, CAPE sits at 41.2x, just below the 44.2x it hit when it peaked in the dot-com era.

However, market gains would need to roughly double historical norms through 2028 to keep the measure moving higher. Using today's consensus earnings growth and inflation forecasts (EPS should average 15.4% from 2027-28) and assuming that the S&P 500 posted its average rolling 12-month gain back to 1929 (8.2%), CAPE would steadily fall to 38.4x by the end of 2028. Instead, if consensus proves correct, the S&P 500 would have to run at a 14.9% annualized clip from today for 2028 CAPE to hit the 2000 zenith – a 64th percentile return for the index back to 1929.

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Equities

	Level	1 Wk %	QTD %	YTD %	1 Yr %	3-Yr Cum
S&P 500	7,786	0.4%	3.9%	14.5%	21.8%	80.4%
NASDAQ	26,729	0.2%	2.0%	15.4%	23.9%	98.0%
Dow Jones 30	53,732	-0.5%	2.8%	12.8%	21.6%	60.6%
Russell 3000	4,434	0.5%	3.7%	15.0%	22.1%	78.8%
Russell 1000	4,246	0.4%	3.8%	14.5%	21.5%	79.5%
Russ. 1000 Growth	5,044	0.5%	0.9%	6.2%	11.9%	85.0%
Russ. 1000 Value	2,540	0.4%	6.7%	23.9%	32.5%	70.9%
S&P 400	3,927	1.1%	2.0%	19.7%	24.8%	54.1%
S&P 600	1,820	0.5%	1.0%	25.2%	31.8%	54.8%
Russell 2000	3,068	1.1%	1.6%	24.6%	35.3%	66.5%
Russ. 2000 Growth	2,020	1.4%	0.4%	22.7%	32.4%	67.7%
Russ. 2000 Value	3,399	0.9%	2.9%	26.7%	38.4%	65.4%
MSCI ACWI Ex US	485	1.1%	3.0%	17.4%	28.1%	76.5%
MSCI Developed Ex US	3,340	0.5%	5.1%	15.2%	24.6%	72.2%
MSCI EM	1,695	2.3%	-1.2%	22.5%	36.3%	86.1%

Index Characteristics

	NTM P/E	P/B	Div. Yld.	Mkt Cap (B)
S&P 500	20.1	5.9	1.0	69600
NASDAQ	24.9	8.0	0.5	49567
Dow Jones 30	20.7	6.3	1.5	26693
Russell 3000	20.4	5.3	1.1	80686
Russell 1000	20.2	5.6	1.0	76957
Russ. 1000 Growth	23.0	13.3	0.4	51620
Russ. 1000 Value	18.1	3.5	1.6	50033
S&P 400	17.1	3.0	1.2	3937
S&P 600	15.9	2.2	1.5	2010
Russell 2000	30.0	2.7	1.3	3730
Russ. 2000 Growth	44.7	5.1	0.5	2496
Russ. 2000 Value	18.7	1.2	2.2	2271
MSCI ACWI Ex US	13.6	2.5	2.4	61223
MSCI Developed Ex US	16.2	2.5	2.5	31727
MSCI EM	10.1	2.1	2.0	29496

Fixed Income

	Yield	Spread	1 Wk %	QTD %	YTD %	1 Yr %	3-Yr Cum
U.S. Aggregate	4.88	--	0.1%	-0.6%	0.0%	2.7%	14.1%
U.S. Municipal	3.81	--	0.1%	-1.0%	1.3%	5.4%	11.0%
U.S. Agency MBS	5.15	24	0.2%	-0.4%	0.6%	4.3%	16.1%
U.S. IG Corporates	5.38	78	0.0%	-1.0%	-0.1%	2.4%	17.2%
U.S. High Yield	7.17	266	0.2%	0.7%	2.6%	5.6%	28.4%
EM $ Corporates	6.34	206	0.2%	0.1%	1.8%	3.8%	23.0%

Factor Returns - US (Russell 3000)

Factor	1 Wk %	QTD %	YTD %	1 Yr %
Multi Factor	0.8%	4.7%	20.3%	25.1%
Size	2.2%	2.5%	20.9%	26.7%
Value	1.1%	6.4%	24.7%	30.3%
Quality	1.3%	5.9%	18.4%	21.8%
Dividend Yield	1.4%	6.7%	24.9%	28.3%
Momentum	1.4%	-4.8%	22.5%	36.7%
Low Volatility	0.6%	4.7%	14.3%	16.0%

Key Rates

Rate	Yield	Prior Wk	Qtr-End	Yr-End	1 Yr Ago	Expectations
SOFR	3.62	3.62	3.68	3.87	4.34	3.51
2-yr U.S. Treasury	4.17	4.20	4.17	3.47	3.73	3.79
5-yr U.S. Treasury	4.36	4.35	4.23	3.73	3.81	3.95
10-yr U.S. Treasury	4.69	4.65	4.47	4.17	4.28	4.33
30-yr U.S. Treasury	5.26	5.20	4.95	4.84	4.87	4.86
10-yr German Bund	3.20	3.13	2.86	2.85	2.71	
10-yr UK Gilts	5.04	4.92	4.76	4.48	4.64	
30-yr Fixed Mortgage	6.77	6.78	6.55	6.25	6.69	
1-yr Breakeven	1.67	1.69	1.42	2.29	2.69	
5-yr Breakeven	2.25	2.23	2.27	2.27	2.46	

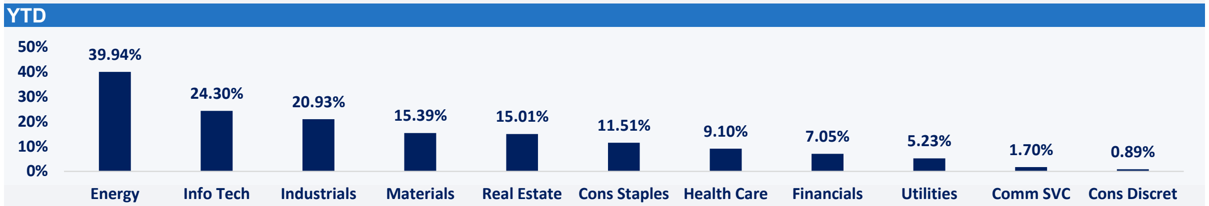
Currencies & Commodities

	Current	Prior Wk	Yr-End	1 Yr
$ per € (EUR/USD)	1.16	1.16	1.17	1.16
$ per £ (GBP/USD)	1.35	1.35	1.35	1.35
¥ per $ (USD/JPY)	159.32	157.76	156.71	147.76
Dollar Index	99.64	99.54	98.32	98.25
Gold ($/oz)	4376.40	4341.56	4319.37	3335.39
Silver ($/oz)	64.68	63.56	71.66	38.01
Copper	661.30	659.10	568.20	447.95
WTI Oil ($/bbl)	82.40	78.18	57.42	63.96
Brent Oil ($/bbl)	88.89	83.55	60.85	66.84

S&P 500 Sector Returns

WTD

YTD



Style Returns

YTD

	Value	Blend	Growth
Large	23.9%	14.5%	6.2%
Mid	23.9%	20.0%	7.9%
Small	26.7%	24.6%	22.7%

WTD

	Value	Blend	Growth
Large	0.4%	0.4%	0.5%
Mid	1.2%	1.5%	2.2%
Small	0.9%	1.1%	1.4%

Disclosure:

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