Your Weekly Investment
Insights
August 31, 2026

VERDENCE / RIA+

Key **Takeaways:**

- Global equities debunk historical seasonal trend.
- Fed Chairman warns that inflation is not meaningfully improving.
- Investors pile back into anything AI related.
- Bonds rally despite a hawkish Fed.
- Commodities gain as yields drop and weather impacts grains.

August Market Recap – August Rewrites the Seasonal Script

August is on pace to break from its historical pattern of weak seasonal returns and delivered a strong month for equity investors. The rally has been broad based with the MSCI AC World Index making its 35th record high for the year and all the major global equity indices that we monitor in positive territory thus far. Equities have benefitted from the best U.S. earnings season since 2Q21, no major upside surprises in inflation, strong manufacturing and the ongoing excitement about AI spending. In this weekly insights we offer an early review from an economic and asset class perspective.

- **Warsh leans hawkish:** At the annual Jackson Hole Symosium, Fed Chairman Kevin Warsh, took a hawkish tone. He reiterated the Fed's predominant focus is on prices and underlying trends are not improving enough.
- **Labor market:** The U.S. economy lost jobs (-23K) for the first time in five months. However, the unemployment rate dipped lower (to 4.1%) as the labor force declined. In addition, wage growth moderated (+3.2% vs. +3.4% YoY).
- **Inflation not good enough:** The drop in energy prices helped tame the growth in headline prices for the month. However, the Fed's preferred inflation gauge (PCE Core YoY) is growing 3.3% (YoY).
- **Consumer pulls back:** Retail sales declined for the month despite relief in gasoline prices. The sharp decline in internet sales may be due to Amazon Prime Day a month earlier this year than last year.

Global Equities: Broadened Rally. As of today, the MSCI AC World Index has rallied with all the major regions posting positive performance. A rotation to the AI trade boosted select emerging markets and U.S. tech the most.

- **Emerging markets tied to AI outperform:** The MSCI EM Index has been driven higher by Korea and Taiwan as investors move back into semiconductor names.
- **U.S. growth over value:** The resumption of the AI trade has helped growth stocks outperform value at all three market cap levels. The NASDAQ is on pace for its best performance in three months.
- **EAFE lagging**: The MSCI EAFE Index is positive but is lagging its international counterparts due to its lack of AI exposure.

Fixed income: Despite hawkish Fed bonds rally. The Bloomberg Aggregate Index is on pace to rally in August after a disappointing July.

- **Credit benefits from risk on sentiment**: High yield and emerging market bonds are leading the gains in fixed income.
- **Long bonds like muted inflation**: The 30YR Treasury bond is rebounding after its worst one month decline in 19 months in July.

Commodities: Lower yields and weather impact commodities. The Bloomberg Commodity Index is on pace to rally for the second month.

- **Precious metals lead**: Gold is on pace to post its best monthly gain since January as yields dropped and the dollar rose.
- **Grains rally**: Grains are higher due to adverse weather conditions and ongoing shipping disruptions which are pushing wheat and corn higher.

Peter McGratty | Director
pmcgratty@ria.plus
Past performance is not indicative of future returns.

Weekly Economic Recap –
Inflation Better but not Good Enough

Home prices as measured by the S&P Cotality CS Index rose slightly more than expected (+0.24% MoM vs 0.10% MoM) in June. The largest increase was seen in New York, Cleveland and Chicago. The cities that saw price declines were Las Vegas, San Francisco, Phoenix, San Diego and Seattle.

New home sales fell much more than expected in July (-10.5% MoM vs. -1.4% MoM) to a six month low. The biggest drop was seen in the midwest, which fell to the lowest level since 2012. The northeast saw the largest increase for the month (+30% MoM). The months' supply of homes rose to the highest level seen since January.

Consumer confidence as measured by the Conference Board declined in August but it was led by confidence in the future. The current expectations component fell to a seven month low. While consumers view jobs as plentiful at this time, they remain concerned about inflation in the future.

The second reading on 2Q26 GDP showed economic growth remained at 1.5% (QoQ). However, there was a modest uptick to personal consumption with a decline in private investment in real estate.

The Fed's preferred inflation indicator (PCE Core YoY) rose 3.3%, well above the 2% target in July. The supercore component which includes services but excludes energy and housing is rising ~4.0% on a year over year basis.

Key Takeaways:

- Home prices are on the rise.
- Consumer confidence slips on inflation fears.
- Fed's preferred inflation gauge, not good enough.
- Global equities higher led by U.S. tech.
- Bond yields decline as Fed assures, they will control inflation.
- Commodities drop as gold falls on hawkish Fed.

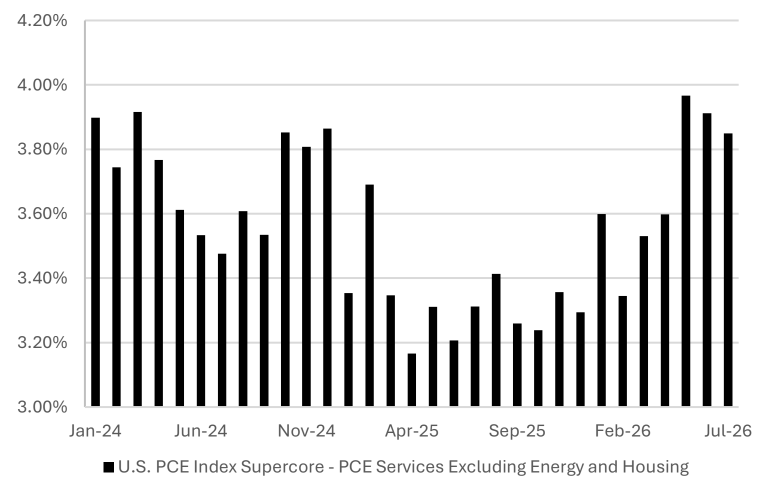
Weekly Market Recap –
Global Equities Higher Despite Hawkish Fed.

Equities: The MSCI AC World Index was higher for the fourth time in the past five weeks despite Fed Chairman Kevin Warsh not ruling out rate hikes in September. The U.S. led the global returns. Within the U.S. the gains were led by large cap, specifically tech stocks. Small and midcap stocks declined as the chance of a September rate hike increased.

Fixed Income: The Bloomberg Aggregate Index was modestly higher last week as long term yields fell after Kevin Warsh reiterated that controlling inflation is a priority. Investment grade, high yield and EM bonds led.

Commodities/FX: The Bloomberg Commodity Index fell for the first time in three weeks. The decline was due to a sharp drop in gold prices and Warsh did not rule out higher rates in September. Grains continued to rally on drought conditions in the Plains.

Supercore Inflation Better but Not Good Enough



Footnotes: Data is as of July 2026.
Data Source: Bloomberg Finance LP, Verdence Capital Advisors.

Global Equities Rally Despite Hawkish Fed Tone

U.S. Equities

	Current	1WK	1MO	3MO	1YR	YTD
Dow Jones Industrial Average	53,560	0.6%	1.7%	6.1%	19.3%	12.6%
S&P 500	7,712	0.5%	3.9%	2.2%	20.0%	13.5%
Russell 1000 Growth	4,942	0.3%	5.4%	-3.3%	9.5%	4.1%
Russell 1000 Value	2,536	0.4%	2.5%	8.9%	30.4%	23.8%
Russell 2500	5,225	-1.4%	0.7%	2.4%	25.6%	21.5%
Russell 2000	2,972	-1.5%	0.8%	1.6%	26.7%	20.8%
Nasdaq	26,402	0.9%	6.2%	-1.8%	22.4%	14.0%

International Equities

	Current	1WK	1MO	3MO	1YR	YTD
MSCI AC World (USD)	1,153	0.3%	4.6%	2.8%	22.2%	14.7%
MSCI EAFE (USD)	3,246	0.1%	4.5%	5.3%	21.7%	14.3%
MSCI Europe ex UK (USD)	3,574	-0.3%	4.0%	5.0%	20.5%	11.6%
MSCI Japan (USD)	5,728	1.3%	7.7%	5.4%	26.9%	20.5%
MSCI UK (USD)	1,743	-0.4%	2.1%	5.6%	21.9%	12.8%
MSCI EM (USD)	1,722	0.0%	9.0%	0.5%	39.2%	24.3%
MSCI Asia ex Japan (USD)	1,139	-0.1%	9.3%	0.6%	40.4%	26.2%

Fixed Income

	Current Yield	1WK	1MO	3MO	1YR	YTD
U.S. Aggregate	5.0%	0.1%	-0.1%	-0.5%	1.9%	-0.2%
U.S. Govt/Credit	4.9%	0.1%	-0.1%	-0.5%	1.4%	-0.4%
U.S. 10 Year Treasury	4.7%	0.1%	-0.5%	-1.0%	0.4%	-1.6%
U.S. TIPS (1-10YR)	4.6%	-0.3%	0.1%	-0.6%	1.4%	1.1%
U.S. High Yield	7.3%	0.3%	1.0%	1.1%	4.9%	2.7%
EM Bonds (USD)	6.2%	0.3%	0.5%	0.3%	5.1%	1.5%
Municipal Bonds	3.9%	-0.2%	-0.3%	-0.6%	4.4%	0.5%

Commodities

	Current	1WK	1MO	3MO	1YR	YTD
Bloomberg Commodity Index	362	-0.1%	7.8%	3.9%	42.7%	30.9%
Crude Oil (USD/bbl)	$88.1	-5.4%	0.9%	-1.1%	22.9%	30.1%
Gold ($/oz)	$4,455.1	-4.4%	9.9%	-0.9%	27.9%	2.9%
Copper	$14,294.0	0.6%	4.5%	4.3%	45.6%	15.1%
Wheat	$251.0	2.5%	7.5%	13.4%	13.2%	22.2%
U.S. Dollar	100	0.6%	-0.4%	0.6%	1.8%	1.3%
VIX Index	14.4	-4.6%	-20.8%	-8.3%	0.0%	-3.5%

Footnotes: Data is as of August 28, 2026.
Source: Bloomberg Finance LP, Verdence Capital Advisors.

Peter McGratty | Director
pmcgratty@ria.plus

Disclaimer:

 The indexes presented are unmanaged portfolios of specified securities and do not reflect any initial or ongoing expenses nor can it be invested in directly. An investment's portfolio may differ significantly from the securities in the index.

Verdence relies heavily on unaudited third-party data. Data sources include public data, such as mutual fund data, and non-public data, such as information provided by other investment advisors and managers of limited partnership pooled accounts. Data and/or statistics included on this Portal, including references to performance, opinions, ratings, rankings, manager statistics and demographic information, product or strategy descriptions, either quantitative or qualitative, are based upon information reasonably available to us as of the applicable date(s) then-published. Information has been obtained from sources that we believe to be reliable, but these sources cannot be guaranteed as to their accuracy or completeness. All data and information produced by a third party has the potential to be incorrect, incomplete or otherwise misleading. No implication shall be created that the information contained on the Site is correct, including as of any time subsequent to the publish date, and Verdence does not undertake an obligation to update such information at any time after such date. Verdence makes not warranty or representation of the veracity of the data and information and its use of the information should not be implied as an endorsement of any material or statements made. Data, particularly non-public data, is subject to error and where the information is not audited, the potential for error is greater. Where shown, performance information presented is that which has been calculated and presented by an unaffiliated third-party manager. We have no insight into the performance of the advisor/product/account or fund shown and do not attempt to determine whether the performance presented is accurate. Therefore, the performance could be incorrect, overstated or not reflective of actual trading of client funds. There is the potential that the performance shown is a back test and not the result of real investment advice and trading. As such, it could not be relied upon as indicative of future returns of a particular strategy. Where performance shown is that of a pooled account, limited partnership or private equity fund, you should be aware that there is a significant lack of transparency into the operations and investment process and investment vehicles invested in. As a result pricing and valuation of the underlying holdings which produced the stated performance could be incorrect, stale, or overstated and therefore the performance figures presented cannot be relied upon. Before investing, we encourage you to request additional information, particularly performance information, of any product that you are considering for your client. You should read, as applicable, the Prospectus, SAI, Composite Disclosure and/or performance disclosure associated with any product that you are considering for investment for your or your client's. Certain products shown may have account minimums or minimum investment sizes that are unattainable for your clients and therefore they may not be eligible to invest in these products. Reference to registration with the Securities and Exchange Commission ("SEC") does not imply that the SEC has endorsed or approved the qualifications of Verdence or its respective representatives to provide any advisory services described on the Site.

Peter McGratty | Director
pmcgratty@ria.plus