

Market Brief

- U.S. equities finished modestly higher, supported by Nvidia's results and continued optimism surrounding artificial-intelligence investment, although hawkish remarks from Federal Reserve Chair Kevin Warsh limited Friday's gains. The S&P 500 gained 0.49%, the Nasdaq rose 0.85%, and the Dow advanced 0.53%, while the Russell 2000 declined 1.51%.
- European equities finished mixed, as technology strength and improving German sentiment were offset by elevated bond yields and French fiscal concerns. The Euro STOXX 50 gained approximately 0.36% and the DAX advanced 1.66%, while the CAC 40 declined 0.98% and the FTSE 100 rose just 0.07%.
- Treasury yields diverged after Warsh's Jackson Hole remarks reinforced expectations that interest rates could rise again if inflation remains elevated. The 10-year yield finished around 4.72%, down approximately 2 basis points, while the 2-year yield ended near 4.35%, rising roughly 11 basis points.
- WTI crude finished around \$83.40 per barrel, while gold futures settled near \$4,455/oz and silver ended around \$66/oz. WTI declined more than 4% as hopes for improved shipping through the Strait of Hormuz eased supply concerns, while gold fell 3.21% and silver declined 3.79% as rate-hike expectations strengthened the U.S. dollar.
- Volatility declined despite uncertainty surrounding Treasury yields, oil prices, Federal Reserve policy, and geopolitical developments. The VIX finished at 14.43, down from 15.13 a week earlier, after briefly trading above 16 on Monday before easing as technology earnings and equity-market resilience reduced demand for protection.
- Global equity funds recorded \$5.87 billion in net outflows, ending a 13-week inflow streak. U.S. equity funds recorded \$22.33 billion in outflows, while European and Asian funds attracted \$7.92 billion and \$4.80 billion, respectively. Global bond funds received \$10.25 billion, while money-market funds recorded \$19.74 billion in outflows.

Market Data Snapshot

Index	Value	WTD	1-Month	YTD
DOW JONES INDUS.	53,559.99	0.53%	1.54%	11.44%
S&P 500 INDEX	7,711.76	0.49%	3.81%	12.65%
NASDAQ COMPOSITE	26,402.42	0.85%	6.13%	13.60%
RUSSELL 2000 INDEX	2,972.37	-1.51%	0.63%	19.76%
S&P 500/TSX COMPOSITE INDEX	36,553.92	-0.18%	2.25%	15.27%
EURO STOXX 50 PR	6,485.67	0.36%	3.12%	11.99%
FTSE 100 INDEX	10,824.26	0.07%	-0.43%	8.89%
DAX INDEX	26,569.99	1.66%	4.34%	8.49%
CAC 40 INDEX	8,401.18	-0.98%	-0.68%	3.09%
NIKKEI 225	66,405.56	0.59%	6.48%	31.92%

Commodities	Value (\$)	WTD	1-Month	YTD
Crude Oil (WTI)	83.40	-4.20%	5.22%	45.25%
Gold	4,455.11	-3.21%	10.56%	3.14%
Silver	66.3815	-3.79%	16.14%	-7.37%
Natural Gas	2.888	4.15%	8.49%	-21.65%

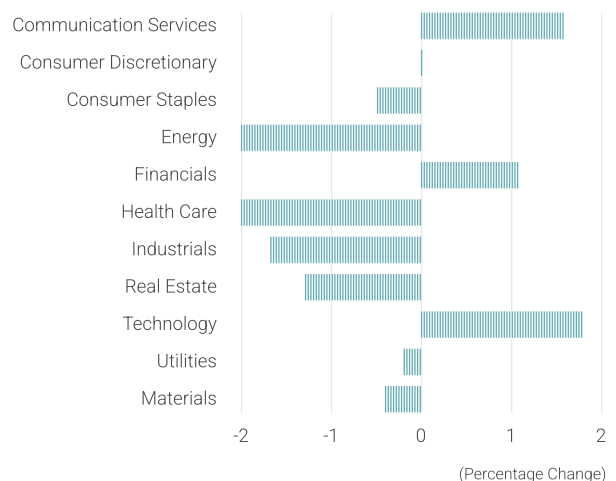
Fixed Income	Yield	WTD	1-Month	YTD
U.S. 2 Year Treasury	4.352%	11.20	4.80	86.90
U.S. 10 Year Treasury	4.717%	-1.90	-2.30	54.50
Germany 2 Year Bund	2.905%	4.82	7.35	77.17
Germany 10 Year Bund	3.296%	1.99	6.63	43.57

(Basis Point Change)

Currency	Value	WTD	1-Month	YTD
U.S. Dollar Index (DXY)	99.70	0.91%	-1.69%	1.40%
EUR/USD	1.1585	-0.80%	1.74%	-1.37%
USD/JPY	160.09	0.72%	-2.29%	2.16%
GBP/USD	1.3538	-0.78%	1.87%	0.47%
USD/CAD	1.3905	1.05%	-1.43%	1.32%
USD/CHF	0.8091	0.99%	-1.22%	2.08%
EUR/JPY	185.48	-0.10%	-0.59%	0.80%
EUR/CHF	0.9371	0.20%	0.47%	0.68%

Risk Free Rates	1M	3M	6M	12M
CHF (SARON)	-0.06%	-0.05%	-0.05%	-0.05%
EUR (EURIBOR)	2.29%	2.57%	2.76%	2.98%
USD (SOFR)	3.68%	3.76%	3.87%	4.03%
GBP (SONIA)	3.74%	3.75%	3.76%	3.88%
JPY (TORF)	1.01%	1.15%	1.27%	-

S&P 500 Weekly Sector Performance



Market Drivers

U.S. Markets

Wall Street finished modestly higher as strong artificial-intelligence demand and lower long-term Treasury yields outweighed persistent inflation concerns and expectations for a September Federal Reserve rate increase. The S&P 500 gained approximately 0.49%, the Nasdaq advanced 0.85%, and the Dow rose 0.53%, while the Russell 2000 declined 1.51% as elevated borrowing costs pressured smaller companies. Nvidia's revenue more than doubled and its strong outlook reinforced confidence in AI investment, although supply constraints and margin pressures remained concerns. Second-quarter GDP growth was confirmed at an annualized 1.5%, while July PCE inflation held at 3.7%, above expectations. Fed Chair Kevin Warsh reinforced the central bank's commitment to controlling inflation during his Jackson Hole address, increasing expectations for a September rate increase and pressuring equities on Friday. The 10-year Treasury yield finished around 4.72%, approximately two basis points lower for the week, while WTI crude declined to \$83.40 per barrel as immediate supply concerns eased. U.S. equity funds recorded approximately \$22.33 billion of outflows in the week through August 26, while global technology funds attracted \$3.20 billion. Overall, resilient earnings and AI demand remain supportive, but sticky inflation, elevated valuations, and tighter monetary-policy expectations continue to create near-term risks.

European Markets

European markets finished modestly higher as lower oil prices, improving German economic indicators, and strength in automobiles and financial shares offset inflation and monetary-policy concerns. The STOXX Europe 600 gained approximately 0.15%, while the Euro STOXX 50 advanced 0.36%. Germany's DAX rose approximately 1.66%, supported by stronger economic growth and improving business confidence, while France's CAC 40 declined 0.98% amid fiscal concerns and signs that the economy stagnated during the second quarter. The FTSE 100 finished nearly unchanged with a gain of approximately 0.07%, as strength in miners and industrial companies offset weakness elsewhere. European equities recovered on Friday as French banks, luxury companies, and automakers rebounded, although Warsh's Jackson Hole remarks reinforced expectations that global interest rates could remain restrictive. European equity funds attracted approximately \$7.92 billion in the week through August 26, maintaining positive regional demand despite broader global outflows. Overall, improving economic activity, resilient earnings, and continued fund inflows remain supportive, although inflation, French fiscal uncertainty, and tighter monetary policy could limit broader gains.

Asia-Pacific Markets

Asia-Pacific markets finished mixed, with gains in Japan and Taiwan contrasting with weakness in South Korea, mainland China, and Hong Kong. From Monday's open through Friday's close, Japan's Nikkei 225 gained approximately 0.65% and the TOPIX advanced 1.76%, supported by improving corporate earnings and renewed optimism surrounding global AI investment. Taiwan's TAIEX rose approximately 2.41% as semiconductor companies benefited from Nvidia's strong results and outlook. South Korea's KOSPI declined around 1.34% as volatility in Samsung Electronics and SK Hynix, together with the Bank of Korea's second consecutive rate increase, weighed on sentiment. Mainland China's CSI 300 slipped approximately 0.25%, while Hong Kong's Hang Seng declined around 0.76% amid weakness in technology and internet shares. Asian equity funds attracted approximately \$4.80 billion in the week through August 26. Overall, semiconductor demand and positive fund flows remain supportive, but technology concentration, tighter regional monetary policy, and uncertainty surrounding China's economic outlook leave markets vulnerable to further volatility.

Emerging Markets

Emerging markets finished broadly unchanged as strength in Brazil and Taiwan was offset by weakness in South Korea, Hong Kong, mainland China, and India. The MSCI Emerging Markets Index was approximately flat for the week, recovering from an early decline as Nvidia's strong results supported semiconductor companies and lower oil prices provided relief to energy-importing economies. India recorded a third consecutive weekly decline, with the Nifty 50 falling approximately 0.31% and the Sensex losing 0.36% amid uncertainty surrounding Federal Reserve policy and financial-sector weakness. Latin American markets were mixed, with Brazil's Bovespa gaining approximately 2.71% as financial, real-estate, utility, and consumer shares advanced, while Mexico's IPC declined around 0.37% as higher U.S. rate expectations, peso weakness, and losses among transportation companies weighed on sentiment. Lower energy prices eased some inflation and external-balance pressures across oil-importing countries, although elevated U.S. short-term yields continued to compete for global capital. Emerging-market equity funds attracted approximately \$709 million in the week through August 26, while bond funds received around \$956 million. Overall, positive fund flows and selective strength in technology and Latin America remain supportive, although tighter global monetary policy and uneven country-level fundamentals could keep performance highly differentiated.

Technical Update

The S&P 500 closed the week at 7,711.76, gaining approximately 0.49% as strong Nvidia earnings and renewed optimism surrounding artificial-intelligence demand offset persistent inflation and interest-rate concerns. Monday opened at 7,663.38 but fell to the week's intraday low of 7,638.17 before closing at 7,652.86, as technology shares weakened ahead of Nvidia's results and investors assessed additional U.S. pressure on Iran. Tuesday recovered to 7,677.28 as Treasury yields and oil prices eased, while Wednesday finished nearly unchanged at 7,675.70 following stronger-than-expected inflation data. Thursday produced the week's strongest advance, with the index rising 0.72% to 7,730.99 after Nvidia's outlook reinforced confidence in continued AI-related spending. Friday briefly extended the rally to an intraday high of 7,771.48 before reversing to close at 7,711.76, as Federal Reserve Chair Kevin Warsh's hawkish Jackson Hole remarks lifted Treasury yields and strengthened expectations for a September rate increase. The weekly close left the index almost directly on its 20-day moving average near 7,713, while remaining comfortably above the rising 50-day moving average near 7,564 and well above the 200-day moving average near 7,117. The broader trend therefore remains constructive, although the failure to hold Friday's move above 7,750 suggests that short-term momentum remains uneven. The 14-day RSI finished near 56, indicating neutral-to-moderately positive momentum without showing overbought conditions. Market breadth was also mixed, with approximately 54% of S&P 500 companies trading above their 50-day moving averages, down from roughly 70% in mid-August, while just over 70% remained above their 200-day averages, indicating that the longer-term advance remains broadly intact despite narrowing short-term participation. The 7,700 to 7,713 area now represents the first important support zone, incorporating Friday's low, the weekly closing level, and the 20-day moving average. A sustained break below 7,700 would weaken the immediate setup and shift attention toward 7,675 to 7,690, covering Wednesday's close and Thursday's intraday low. Below there, the 7,638 to 7,655 area provides stronger support, incorporating Monday's low and Tuesday's low. A decisive break beneath 7,638 would increase the risk of a deeper pullback toward 7,560 to 7,580 near the rising 50-day moving average, while a close below that zone would represent a more meaningful deterioration in the intermediate-term trend.

On the upside, initial resistance sits around 7,740 to 7,771, covering Thursday's high and Friday's intraday peak. A sustained move above that area would improve momentum and shift attention toward 7,785 to 7,800, followed by the record intraday high near 7,817. The psychological 7,800 level therefore remains the principal barrier separating the current consolidation from a renewed breakout into record territory. Overall, the longer-term technical structure remains constructive while the index holds above its rising 50-day moving average, but narrowing short-term breadth, resistance near 7,800, and continued sensitivity to inflation and Federal Reserve policy warrant caution. A decisive close above 7,800 could suggest renewed upside momentum, while a break below 7,638 would suggest that the consolidation may be developing into a broader correction. Taking into account macroeconomic factors and news, investors should move with caution in the near term.

S&P 500: 50 & 200 Day Moving Average

Source: WSJ



The Week in Focus

The coming week brings into focus labor-market activity and several important corporate earnings releases, with investors focused primarily on manufacturing and services activity, job openings, private payrolls, and Friday's August employment report. Monday begins quietly, before Tuesday brings final manufacturing PMI data, the ISM Manufacturing PMI, July job openings, and construction spending. Wednesday features the ADP National Employment Report, factory orders, and the Federal Reserve's Beige Book, while Thursday brings weekly jobless claims, revised second-quarter productivity, the July trade balance, and services-sector surveys. Friday's employment report will represent the week's most important release as investors assess whether labor-market conditions support the increased possibility of a September Federal Reserve rate increase.

Monday, August 31 begins with no major U.S. economic reports scheduled, leaving markets focused on Treasury yields, oil prices, geopolitical developments, and the implications of Federal Reserve Chair Kevin Warsh's Jackson Hole remarks. Science Applications International Corporation reports before the market opens, providing an update on federal technology spending, defense demand, contract awards, and the broader information-technology services environment.

Tuesday, September 1 brings the final August S&P Global Manufacturing PMI at 9:45 a.m. ET, followed by the ISM Manufacturing PMI, July Job Openings and Labor Turnover Survey, and July construction spending at 10 a.m. Medtronic, MiniMed, and Nio report before the market opens, while Dell Technologies, Palo Alto Networks, MongoDB, GitLab, and Credo Technology report after the close. Dell and Credo should provide further indications of AI infrastructure and data-center demand, while Palo Alto Networks will offer insight into cybersecurity spending and corporate technology budgets.

Wednesday, September 2 brings the August ADP National Employment Report at 8:15 a.m. ET, followed by July factory orders at 10 a.m. and the Federal Reserve's Beige Book at 2 p.m. Brown-Forman, Ollie's Bargain Outlet, G-III Apparel, and Sprinklr report before the market opens, while Broadcom headlines the after-close schedule alongside Snowflake, Hewlett Packard Enterprise, NetApp, C3.ai, Five Below, and PVH. Broadcom's results and guidance should be particularly important for expectations surrounding AI networking, custom accelerators, semiconductor demand, and whether elevated technology valuations remain supported by earnings.

Thursday, September 3 brings weekly initial jobless claims, the July trade balance, and revised second-quarter productivity and unit-labor-cost data at 8:30 a.m. ET, followed by the final August S&P Global Services PMI at 9:45 a.m. and the ISM Services PMI at 10 a.m. Ciena, Campbell's, Toro, Victoria's Secret, and Brady report before the opening bell, while Lululemon Athletica, DocuSign, Zscaler, Samsara, UiPath, Asana, Guidewire Software, Ambarella, and Planet Labs report after the close. Lululemon's results should offer an important indication of discretionary spending and apparel demand, while the technology reports will provide further evidence on enterprise software, cybersecurity, automation, and cloud investment.

Friday, September 4 closes the week with the August employment report at 8:30 a.m. ET, including nonfarm payrolls, the unemployment rate, average hourly earnings, and labor-force participation. The report will be closely watched following July's unexpected employment decline and downward revisions to earlier months, with investors seeking evidence on whether labor-market weakness is broadening or largely reflects temporary factors. Korn Ferry and RH are currently expected to report, although their earnings dates remain subject to confirmation.

For U.S. markets, attention will be focused primarily on whether Friday's employment report reinforces or challenges the more hawkish policy expectations that followed Chair Warsh's Jackson Hole remarks. Resilient payroll growth, firm wage increases, and continued expansion in the ISM surveys could strengthen expectations for a September rate increase and place further upward pressure on Treasury yields. Conversely, another weak employment report could reduce tightening expectations and support equities and bonds, although it could also increase concerns surrounding economic growth. Overall, the combination of labor-market data, business-activity surveys, the Beige Book, and major corporate earnings should provide investors with a clearer assessment of whether economic and earnings growth remain strong enough to offset persistent inflation, higher bond yields, and demanding equity valuations.