Weekly Market Recap

The week in review

- The second 2Q26 GDP estimate was unchanged at 1.5%
- PCE remained at 3.7% y/y

The week ahead

- PMIs
- Employment report

Thought of the week

Despite bouts of volatility, markets have been supported by solid economic activity and strong earnings growth throughout 2026. As a result, high yield spreads have narrowed to extremely tight levels, now sitting in the 4th percentile versus history. At the same time, the high yield market has seen a recent uptick in the default rate over the last 12 months, currently sitting at 2.0%. While this figure is the highest it's been since January 2024, looking under the hood shows that these defaults are mainly concentrated in the CCC credit bucket.

So far this year, there have been twelve payment defaults, mainly concentrated in the cable, paper and industrial sectors. The chart of the week shows that even despite these major defaults in CCC, the overall HY default rate has only moved modestly. This reflects the fact that the U.S. high yield index now includes a much smaller share of CCC than in past cycles. This composition shift could help keep default rates below historical norms. As defaults tick up, questions have emerged about the broader health of the high yield market, but it's important to note that much of the year-to-date default activity has come from repeat offenders. This points to company specific troubles, rather than issues with the health of the overall high yield market.

Given this, high yield investors should be thoughtful with their manager selection in order to decrease some of their exposure to default risk. High-yield credit conditions remain positive, reflecting a strong corporate earnings season and credit upgrades outpacing downgrades for the fifth month straight. With the index currently yielding around 7.3%, high yield continues to present an attractive income opportunity in portfolios.

Please see important disclosures on next page.

Weekly Data Center

		Index Returns (%)						Index Characteristics			
Equities	Level	1 week	QTD	YTD	1 year	3-yr. Cum.		NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
S&P 500	7712	0.50	3.00	13.51	20.01	80.99		19.53	5.22	1.02	66336
Dow Jones 30	53560	0.55	2.57	12.58	19.28	63.47		19.43	5.53	1.50	22083
Russell 2000	7387	-1.49	-1.57	20.65	26.51	65.65		24.90	2.11	1.15	3057
Russell 1000 Growth	3268	0.31	-1.17	4.10	9.53	82.52		22.37	11.59	0.41	33203
Russell 1000 Value	1566	0.40	6.54	23.84	30.45	74.24		17.70	3.28	1.55	37731
MSCI EAFE	3246	0.11	4.43	14.70	22.32	71.04		15.40	2.29	2.60	22468
MSCI EM	1722	0.05	0.43	24.55	39.58	90.58		10.21	2.29	2.03	12359
NASDAQ	26402	0.85	0.79	14.03	22.37	96.59		22.33	6.86	0.48	46154

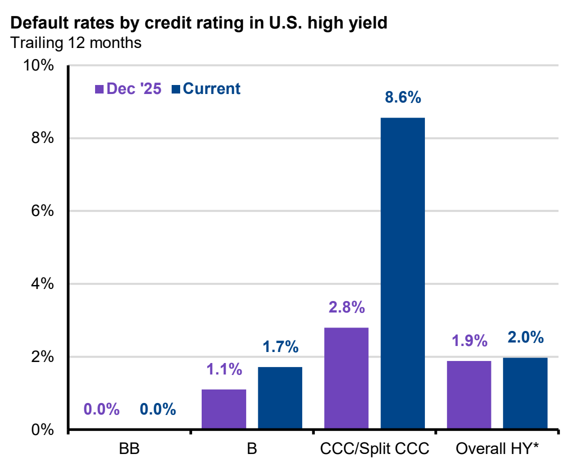
Fixed Income	Yield	1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.99	0.13	-0.83	-0.21	1.86	13.67
U.S. Corporates	5.48	0.32	-1.15	-0.30	1.78	16.77
Municipals (10yr)	3.75	-0.08	-1.43	-0.35	3.43	10.21
High Yield	7.59	0.27	0.75	2.72	4.91	28.70

	Levels		
Currencies	8/28/26	12/31/25	8/28/25
$ per €	1.16	1.17	1.17
$ per £	1.36	1.35	1.35
¥ per $	159.87	156.75	146.99

	Levels (%)					
Key Rates	8/28/26	8/21/26	6/30/26	12/31/25	8/28/25	8/28/23
2-yr U.S. Treasuries	4.34	4.24	4.14	3.47	3.62	4.98
10-yr U.S. Treasuries	4.73	4.74	4.44	4.18	4.22	4.20
30-yr U.S. Treasuries	5.22	5.27	4.91	4.84	4.88	4.29
10-yr German Bund	3.28	3.26	2.86	2.86	2.70	2.58
SOFR	3.64	3.65	3.68	3.87	4.34	5.30
3-mo. EURIBOR	2.57	2.52	2.32	2.03	2.05	3.77
6-mo. CD rate	1.87	1.86	1.83	1.88	1.92	2.16
30-yr fixed mortgage	6.71	6.72	6.55	6.25	6.62	7.54
Prime Rate	6.75	6.75	6.75	6.75	7.50	8.50

	Levels		
Commod.	8/28/26	12/31/25	8/28/25
Oil (WTI)	83.61	57.26	64.96
Gasoline	4.09	2.81	3.15
Natural Gas	2.91	4.00	2.90
Gold	4563	4368	3408
Silver	70.26	71.99	38.94
Copper	14535	12504	9704
Corn	5.18	4.37	3.94
BBG Idx	361.68	276.25	253.42

Chart of the Week



Style Returns

1 Week

	V	B	G
L	0.4	0.5	0.3
M	-0.7	-1.0	-2.0
S	-0.8	-1.5	-2.2

YTD

	V	B	G
L	23.8	13.5	4.1
M	22.0	17.3	3.2
S	24.1	20.6	17.5

S&P 500 Sector Returns

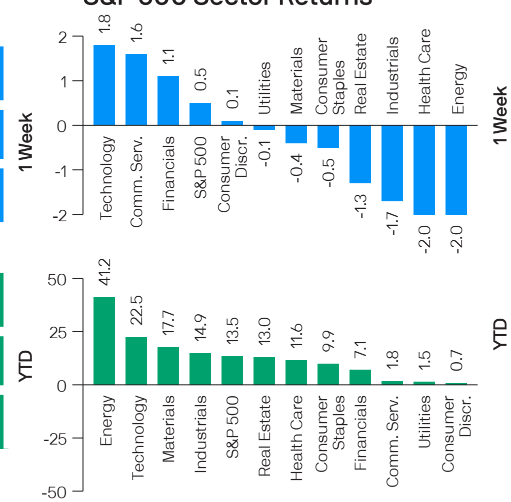


Chart of the Week: Source: J.P. Morgan Research, J.P. Morgan Asset Management. Default rates shown by credit rating do not include distressed exchanges and are grouped by rating 12 months prior to default. Bond ratings include split ratings. *Aggregate high yield default rate data do include distressed exchanges.

Thought of the week: Source: J.P. Morgan Research, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI – EAFE; provided by: MSCI – gross official pricing. Index: MSCI – EM; provided by: MSCI – gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Blomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

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Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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Unless otherwise stated, all data is as of August 31, 2026 or as of most recently available.