

WEEKLY MARKET OUTLOOK



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EXECUTIVE
SUMMARY

Markets came into the week focused on two events and got both by Friday. Nvidia delivered an earnings beat on Wednesday evening and climbed 8.7% the next day, adding \$442bn in market value, though most of that move was gone by the end of the week.

On Friday, Kevin Warsh used his first Jackson Hole speech as chair to caution that financial conditions may not be restrictive enough if inflation fails to return to 2%, a message markets took as hawkish. September hike expectations moved sharply higher, the dollar reached its strongest level since 19 August, and semiconductors still ended the week down 2.31% despite Nvidia's results.

Wednesday's core PCE print matched expectations at 0.2% on the month and 3.3% on the year, remaining well above target and providing the context for Warsh's remarks.

Much of what the Treasury buyback lifted a week earlier went into reverse: the dollar gained 0.91%, gold fell 3.16%, silver 3.56% and Brent 5.38%. Gains at the index level remained concentrated, with Microsoft up 6.27% and Meta 5.11% while the Russell 2000 fell 1.51%. The curve flattened 11 basis points, the only move of the week that exceeded two standard deviations.

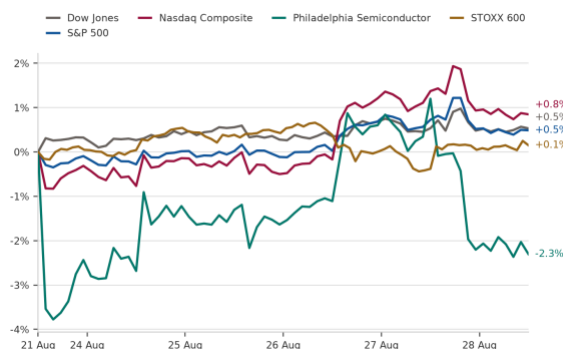
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WEEK IN
REVIEW

In the U.S., headline index performance masked how concentrated the week really was. The Nasdaq Composite gained 0.85% and the S&P 500 rose 0.49%, but the Russell 2000 fell 1.51% and semiconductors dropped 2.31%. Most of the leadership came from a small group of mega-cap names:

Microsoft gained 6.27%, Meta 5.11%, Apple 3.35% and Amazon 3.02%, while Tesla declined 3.89%. Nvidia reported after Wednesday's close, beat expectations and jumped 8.7% on Thursday, adding \$442bn in market value, yet still ended the week up only 1.32% after Friday's reversal.

Europe produced a mixed picture, with the DAX up 1.66% and the CAC 40 down 0.98%, leaving the STOXX 600 broadly unchanged. In Asia, the KOSDAQ gained 4.55% and Taiwan rose 2.45%, while Hong Kong fell 1.63%.



Semiconductors were the weakest line all week before Nvidia's results lifted the whole chart on Thursday, briefly carrying them positive. Friday reversed it, and they finished below where they started while the Nasdaq held its gain. The STOXX 600 tracked flat throughout.

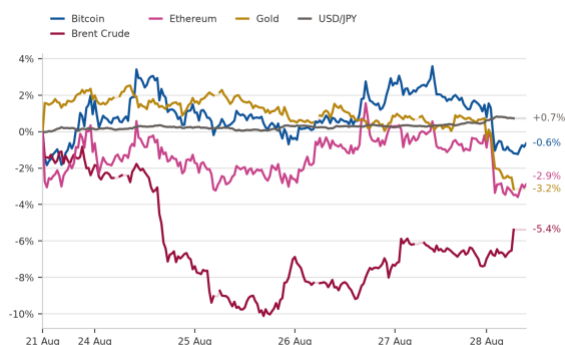
Wednesday's core PCE report arrived in line with expectations at 0.2% on the month and 3.3% on the year, still more than a point above target. Friday then became the key session of the week. Warsh offered no direct policy guidance but warned that financial conditions may not be restrictive enough if inflation progress stalls, which markets took as a sign that September remains in play. Short-dated yields moved higher, and the dollar reached its strongest level since 19 August.

Across the week, yields still moved lower overall, though not evenly. The 30-year fell 8 basis points and the 10-year 7, compared with 4 for the 2-year, flattening 2s10s by 11 basis points. The

long end rallied on the inflation outlook while Friday's repricing pushed the front end back up.

Most of the assets that benefited from the Treasury buyback a week earlier moved in the opposite direction. The dollar index rose 0.91%, gold fell 3.16% and silver 3.56%, giving back roughly half of the prior week's gains. Brent declined 5.38% and WTI 4.20%, bringing a three-week run to an end. Bitcoin and Ether slipped 0.64% and 2.89%

respectively, while retaining most of the previous week's advance.



Brent fell steeply through Monday and Tuesday to the week's low before recovering about half the move. Gold and the yen held a narrow range until Friday, when Warsh's remarks lifted the dollar and gold dropped sharply into the close. Ether spent the whole week below its starting level.

Two weeks ago, the Treasury stepped in to bring long yields lower. This week the Fed chair suggested financial conditions may not yet be tight enough. Those messages pull in opposite directions, and the 11 basis point flattening suggests the market is still trying to reconcile them.

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MACRO OUTLOOK

Macro Outlook			August 2026 – Calendar Week 36		
	Monday	Tuesday	Wednesday	Thursday	Friday
Eurozone/UK	Germany Inflation Rate (Aug, Prel)	Eurozone Inflation Rate (Aug, Flash); Italy Inflation Rate (Aug, Prel)	-	-	-
US/Canada	-	ISM Manufacturing PMI (Aug); JOLTS Job Openings (July)	Bank of Canada Rate Decision	ISM Services PMI (Aug)	US Employment Situation (Aug); Canada Unemployment Rate (Aug); Canada Ivey PMI (Aug)
Asia	China NBS Manufacturing PMI (Aug); Japan Consumer Confidence (Aug); India GDP (Q2)	China RatingDog Manufacturing PMI (Aug)	Australia GDP (Q2)	Australia Balance of Trade (July)	-

What we're watching & why

Friday's jobs report is the key event on the calendar this week. Consensus stands at 45,000 following July's contraction of 23,000, with unemployment expected to edge up to 4.2% from 4.1%. It is the final employment report before the 16 September decision and arrives just a week after the chair told Jackson Hole that financial conditions may not be restrictive enough. A solid number keeps September firmly in play. A second negative print would leave the Fed weighing a potential hike against a labour market that continues to contract.

Tuesday's eurozone flash inflation reading is expected to rise to 3.2% from 2.9%, potentially complicating the ECB's position in the same week that markets are interpreting the Fed's stance as increasingly hawkish. Germany and Italy report on either side of the release.

Tuesday also brings ISM Manufacturing and JOLTS, offering an early look at whether labour demand is continuing to cool ahead of Friday's jobs report. The Bank of Canada is expected to leave rates unchanged at 2.25% on Wednesday.

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Sector COMMENTARY

Financials	+1.1%	Firmed as September hike expectations rose, though regional banks fell 0.75% with the curve flattening 11 basis points and offering no support to margins.
Industrials	-1.7%	Second weakest, giving back part of the prior week's decline with no catalyst of its own as crude retreated and the cyclical bid stayed thin.
Health Care	-2.0%	The weakest sector, unwinding the previous week's 4.33% gain as the defensive rotation reversed and money returned to large-cap technology.
Information Technology	+1.3%	Higher at the sector level but split beneath it. Microsoft rose 6.27% and Apple 3.35% while semiconductors fell 2.31%, with Nvidia's beat undone by Friday's repricing.
Energy	-1.5%	Fell as Brent dropped 5.38% and WTI 4.20%, with lighter than expected Iran sanctions and an Iran-Oman revenue framework easing the supply premium. Natural gas rose 4.15%
Materials	+0.7%	Lower as the precious metals bid reversed, gold down 3.16% and silver 3.56% against a dollar up 0.91%.
Communication Services	+1.4%	The strongest sector, carried by Meta's 5.11% gain with Alphabet contributing little.

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MARKET SOLUTIONS

Short-to-Medium Term Tactical Solutions			
		Base Case	Key Risks
Investment Backdrop	Macro	Warsh told Jackson Hole that financial conditions may not be restrictive enough. Core PCE at 3.3% is still more than a point above target.	Friday's jobs report is the last before 16 September. Consensus is 45,000 after a contraction of 23,000, so both outcomes remain live.
	Fixed Income	The curve flattened 11 basis points. The long end rallied on the inflation path while the front end priced a September hike back in.	A weak jobs print reverses the front-end move quickly. The Treasury buyback supports the long end only until early November.
	Equities	Stay selective. Index gains were narrow, with Microsoft and Meta carrying the week while small caps and semiconductors fell.	Nvidia beat and still finished up only 1.32%. When good results cannot hold a gain, the marginal buyer is missing.
	Alternatives	Oil is no longer a supply-shock trade. Gulf exports have recovered to 15-16 million barrels a day from a March low near 5-6 million.	Exports remain well below the 22-24 million normal and Tehran has not agreed to reopen the strait. The premium can rebuild.
	FX	Hold dollar exposure. The index rose 0.91% to its highest since 19 August as September hike expectations firmed.	A soft payrolls print removes the rate support that Friday's speech restored.

CONTRIBUTORS

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DISCLAIMER

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REFERENCES AND SOURCES

CNBC, Reuters and Bloomberg market wraps and Treasury buyback coverage; Axios and Walmart Investor Relations for Q2 results; CoinDesk crypto coverage; the Federal Reserve for the July FOMC minutes; the U.S. Treasury for buyback operation detail; the Bureau of Labor Statistics for payrolls and CPI; Trading Economics economic calendar; Finviz sector and industry performance; TradingView S&P sector performance data; yfinance, the FRED API and Python for the graphs.

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