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Weekly Market Report

Week 3

August 17 - 21, 2026



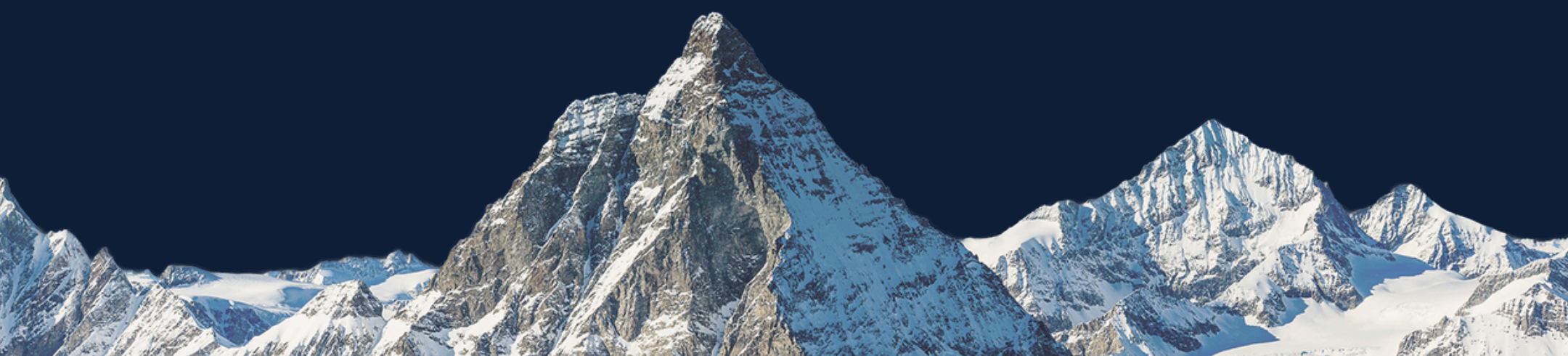
Rising long-term Treasury yields, higher energy prices and signs of greater caution among U.S. consumers shaped market sentiment as investors reassessed inflation risks, fiscal conditions and the outlook for interest rates.

1) Rising Treasury yields brought fiscal concerns back into focus

Long-term U.S. Treasury yields moved sharply higher during the week, with the 30-year yield reaching 5.33%, its highest level since 2007, as investors remained concerned about rising government debt and persistent fiscal deficits.

Treasury Secretary Scott Bessent unexpectedly doubled long-term bond buybacks to at least USD 4 billion per operation. While the announcement temporarily eased pressure on yields, it also raised questions about the Treasury's growing role in supporting market liquidity and its potential implications for fiscal credibility.

The move highlighted how fiscal dynamics are becoming increasingly important for financial markets. Higher long-term yields can tighten financial conditions, raise borrowing costs and influence valuations across a broad range of asset classes.

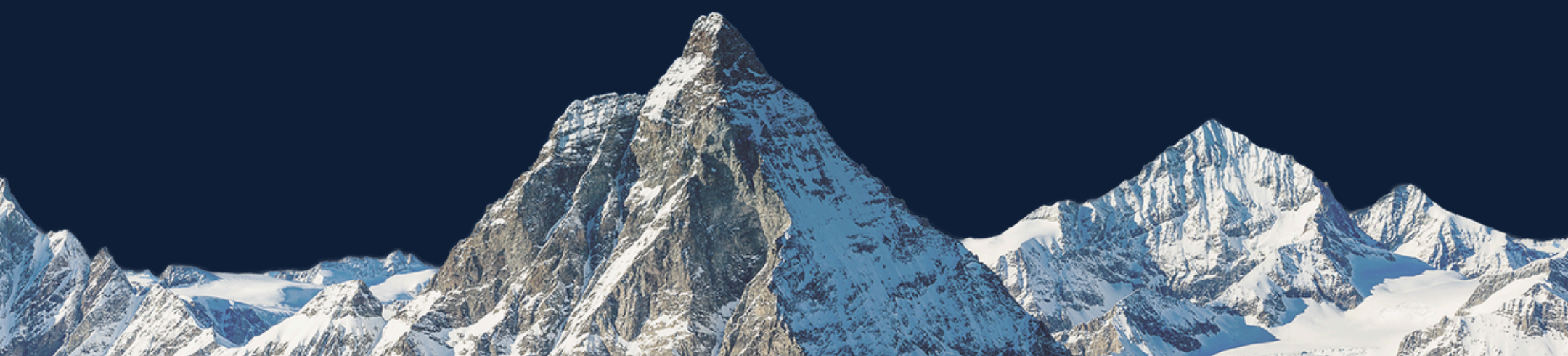


2) Higher oil prices renewed inflation concerns

Energy markets remained under pressure as continued disruption around the Strait of Hormuz renewed concerns about global oil supplies. WTI crude rose 5.2% during the week to USD 86.64 per barrel, while the S&P 500 Energy sector gained 2.5%.

The increase in oil prices brought inflation risks back into focus at a time when investors are closely assessing the outlook for monetary policy. Sustained energy-price pressures could complicate the disinflation process and influence expectations for the path of interest rates.

For markets, the combination of higher energy prices and elevated bond yields created a more challenging backdrop for risk assets during the week.

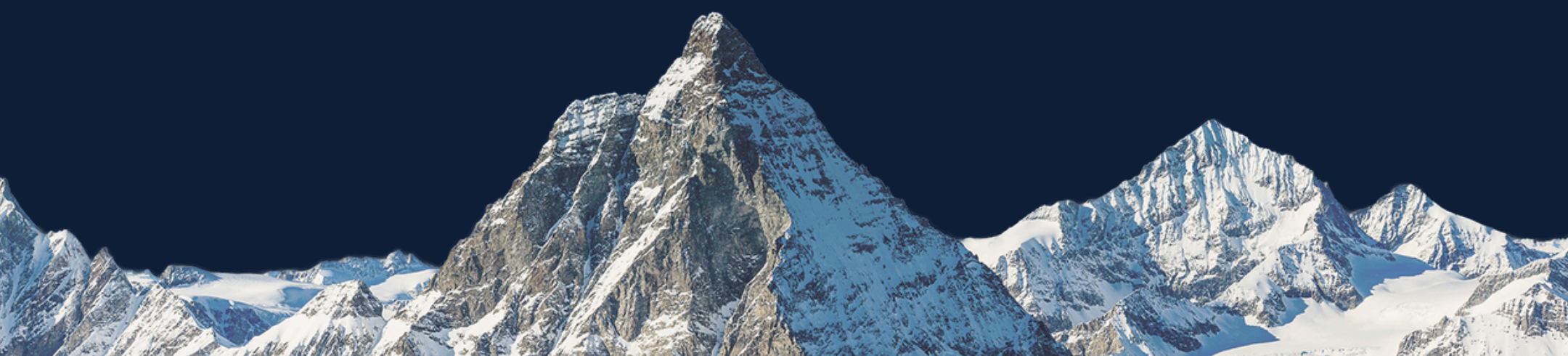


3) Retail earnings raised questions about U.S. consumer resilience

Retail earnings provided new signs that U.S. consumers may be becoming more selective as elevated costs continue to pressure household budgets.

Walmart's U.S. comparable sales increased 2.6%, below expectations of 3.7% and representing the slowest pace of growth in six years. The company's shares fell nearly 10% following the results as investors reassessed the outlook for consumer spending.

The figures raised broader questions about the resilience of household demand. With consumption playing a central role in U.S. economic growth, investors will continue to monitor whether weaker retail trends remain company-specific or develop into a broader slowdown in consumer activity.

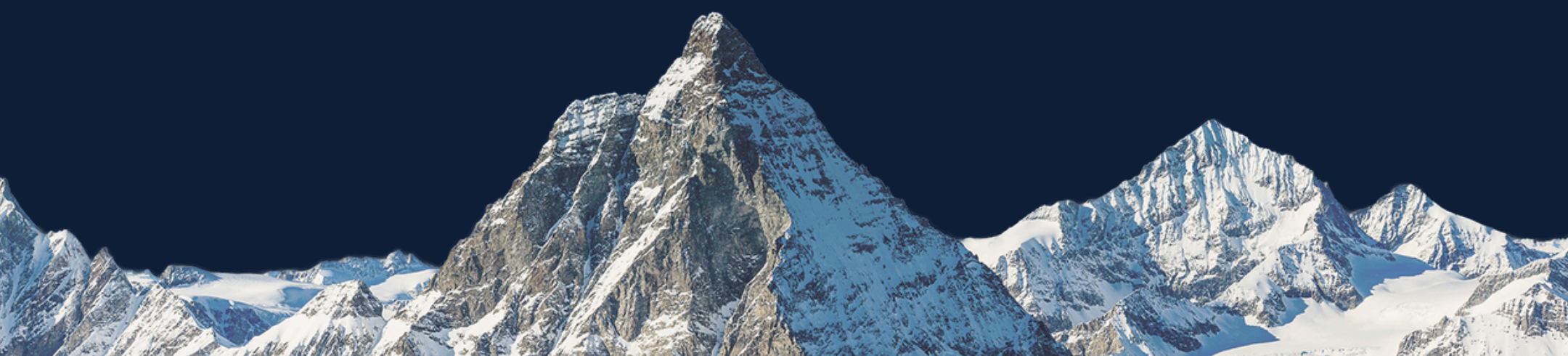


4) Higher yields increased pressure on equity valuations

U.S. equities ended the week modestly lower as rising long-term interest rates and concerns about consumer spending weighed on investor sentiment.

Technology shares experienced greater pressure, reflecting their higher sensitivity to changes in long-term yields. Higher discount rates can weigh more heavily on the valuations of growth companies whose expected earnings and cash flows are concentrated further into the future.

The divergence between the broader market and technology shares highlighted how changes in the interest-rate environment can affect sectors differently, particularly after the strong performance of growth-oriented companies in recent months.

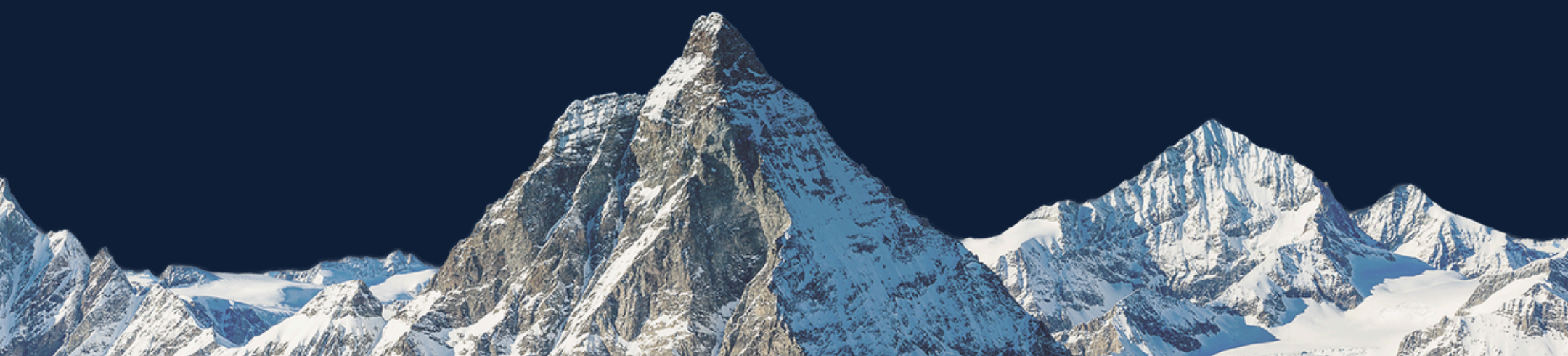


5) Investors faced a more complex macroeconomic environment

The combination of rising Treasury yields, higher energy prices and signs of greater caution among U.S. consumers created a more complex backdrop for investors during the week.

Markets continued to balance resilient economic conditions against renewed inflation risks, fiscal concerns and higher financing costs. Despite these pressures, the relatively contained moves across major equity indices suggested that investors remained selective rather than broadly risk-averse.

Looking ahead, the interaction between inflation, fiscal policy and long-term interest rates is likely to remain an important driver of market expectations and asset valuations.



Weekly Performance | Major Indices

Sources: XP Research, Bloomberg, Reuters, WSJ, Julius Baer, Investing.com

Index	Weekly Change	Observation
S&P 500	-0.24%	U.S. equities ended slightly lower as rising long-term yields and renewed concerns about consumer spending offset broader economic resilience.
Nasdaq 100	-0.97%	Technology shares led the decline as higher long-term yields increased pressure on growth-stock valuations and investor risk appetite.
Euro Stoxx 600	+0.01%	European equities finished virtually unchanged as investors balanced higher energy prices against relatively resilient market conditions.
Nikkei 225	-0.74%	Japanese equities moved lower amid weaker global risk sentiment and renewed pressure on technology-oriented markets.

