Osaic Research

Market View: Week of Aug. 07, 2029

11 MINUTES AGO

ECONOMIC REVIEW[1]

The ISM Manufacturing Index expanded for the seventh straight month, rising to 55.6 in July, well above market expectations of 53.9. Readings above 50 signal the sector is expanding, and below 50 suggest contraction.

- The employment index climbed to 52.8, marking its first expansionary reading in nearly three years.

Similarly, the ISM Non-Manufacturing (Services) remained in expansion, though at a slower pace of 54.1 in July, slightly below expectations of 54.5.

- The employment index slipped back into contraction after one month of expansion, while the prices paid index moved higher.

Job openings in the U.S. fell by 178,000 to 7.359M in June, led by a decrease within the healthcare sector.

- The percent of people who quit their job held steady at 2.0% for the second consecutive month, while both hiring and layoffs were largely unchanged.

The number of U.S. payrolls fell by an unexpected -23,000 in July, missing expectations for an 80,000 gain, while May and June payrolls were revised lower by a combined -103,000 jobs.

The unemployment rate fell to 4.1% with the decline primarily being driven by a shrinking labor force rather than stronger employment.

Initial jobless claims, which measure the number of people filing for unemployment benefits for the first time, increased slightly to 199,000 from 198,000 the previous week.

Continuing jobless claims rose by 24,000 to 1.801 million, indicating a modest increase in the number of individuals receiving unemployment benefits.

How does the most recent economic data impact you?

This week's economic data suggests the labor market may be starting to show signs of softening, which could influence the Federal Reserve's (Fed's) outlook and reduce the likelihood of additional rate hikes in the current environment.

- Futures markets reduced the expected likelihood of a September rate hike to about 40%, compared with nearly 60% prior to the jobs release.[2]

The U.S. manufacturing sector continues to show resilience in 2026, supported by ongoing AI-related investment, increased nearshoring activity, and the benefits of the One Big Beautiful Bill Act (OBBBA).

A LOOK FORWARD[1]

This week, investors will receive an update on the state of U.S. inflation with the release of both the Consumer Price Index (CPI) and Producer Price Index (PPI).

Retail sales data will also provide insight into the health of the consumer and the strength of overall spending.

How does this week's slate of economic data impact you?

The resurgence of the conflict in the Middle East at the start of July pushed energy prices higher, putting this week's inflation data in sharp focus. Investors will be looking for clues on the Fed's policy path, while retail sales will offer a timely read on consumer resilience in a higher inflation environment.

MARKET UPDATE[3]

Market Index Returns as of 8/7/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	3.59%	3.52%	14.09%	22.86%	21.52%	13.44%
NASDAQ	5.19%	1.84%	15.22%	25.18%	25.24%	13.29%
Dow Jones Industrial Average	2.96%	3.35%	13.43%	24.33%	17.33%	11.04%
Russell Mid-Cap	3.19%	2.55%	18.24%	23.56%	16.94%	8.71%
Russell 2000 (Small Cap)	3.54%	0.40%	23.06%	38.47%	17.52%	7.65%
MSCI EAFE (International)	2.25%	4.25%	14.10%	24.06%	18.09%	9.57%
MSCI Emerging Markets	-0.43%	-3.49%	19.53%	34.63%	20.81%	7.68%
Bloomberg US Agg Bond	0.60%	-0.71%	-0.09%	2.68%	4.11%	-0.20%
Bloomberg High Yield Corp.	0.73%	0.48%	2.44%	5.67%	8.65%	4.23%

Market Index Returns as of 8/7/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
Bloomberg Global Agg	0.67%	0.13%	-0.08%	1.15%	3.50%	-1.69%

OBSERVATIONS

Equity markets continued to rebound after July's pullback, led by the technology sector, with the NASDAQ gaining +5.19%.

- The S&P 500 and Dow Jones Industrial Average also posted strong weekly returns of +3.59% and +2.96%, respectively.

Mid- and small-cap stocks also participated in the rally, advancing +3.19% and +3.54%, reflecting broad-based strength across the equity market.

International markets delivered mixed results. Developed international equities extended their recent momentum with a +2.96% gain, while emerging markets gave back some previous gains, declining -0.43%.

Fixed income markets also moved higher as Treasury yields remained relatively stable throughout the week.

- U.S. high-yield bonds led the way with a +0.73% return, followed by the Bloomberg Global Aggregate Bond Index (+0.67%) and the Bloomberg U.S. Aggregate Bond Index (+0.60%).

BY THE NUMBERS

China opens Arctic 'Ice Silk Road' as Strait of Hormuz Crisis Deepens: China is accelerating development of its "Ice Silk Road" through the Arctic as geopolitical tensions and disruptions around the Strait of Hormuz and other key maritime chokepoints threaten global trade. By utilizing Russia's Northern Sea Route, Chinese shipping companies aim to reduce transit times between Asia and Europe while decreasing reliance on traditional routes through the Middle East and the Suez Canal. Although the Arctic passage offers strategic and economic advantages, it remains seasonal and presents operational, environmental, and geopolitical challenges, including dependence on Russian infrastructure and increasingly accessible waters due to Arctic ice melt. Overall, the move reflects China's broader effort to diversify its trade routes and strengthen supply chain resilience amid rising global uncertainty.[4]

The Rise of the Unstoppable American Tourist: A strong U.S. economy, rising household wealth, and a growing preference for spending on experiences have fueled a surge in international travel, with Americans taking record numbers 24 million trips abroad in 2025. In 1990, fewer than 5% of Americans held a passport, compared with more than 50% today, highlighting just how dramatically international travel has expanded. Europe has been one of the largest beneficiaries, as U.S. travelers continue to spend heavily on vacations and luxury experiences. While the tourism

boom has provided a meaningful boost to local economies, it has also contributed to overtourism, higher housing costs, and pressure on local infrastructure, prompting some destinations to introduce measures aimed at managing visitor volumes.[5]

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1 Data obtained from Bloomberg as of 8/7/26.

2 FedWatch - CME Group

3 Data obtained from Morningstar as of 8/7/26.

4 China opens Arctic 'Ice Silk Road' as Strait of Hormuz crisis deepens

5 The rise of the unstoppable American tourist

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