Osaic Research

Market View: Week of Aug. 21, 2026

20 HOURS AGO

ECONOMIC REVIEW[1]

The Treasury Department announced last week that they would be open to purchasing some Treasury bonds with longer maturities in an effort to lower interest rates.

- This initially caused interest rates to fall, but later in the week rates rose above where they began the week.

The Federal Reserve's (Fed) Open Market Committee (FOMC) – the group that determines the path of interest rates – released their meeting minutes from their most recent meeting.

- In the last meeting there were three dissenting votes who wanted to raise interest rates in lieu of keeping them where they were.
    - The meeting indicated wider sentiment in favor of hiking interest rates than previously voiced by the three dissents.

The Leading Economic Index (LEI), which is a conglomerate of different economic data points that tend to be forward looking indicators of where the economy is headed, rose 0.2% month-over-month (MoM).

- This index is biased towards manufacturing growth, and this reading was the first time the 6-month growth rate was positive in the last four years, indicating that the manufacturing sector at the least may have some signs of revival.
    - The index also contains financial indicators that point towards viable financial conditions for economic growth.

How does the most recent economic data impact you?

Market participants are beginning to view the size of the U.S. debt with more scrutiny, as interest rates remain higher for longer, making it more expensive to finance debt.

- This led to markets not reacting in a meaningful way when the Treasury announced to buy bonds, as they remain more concerned about the long-term financial situation of the United States government.

The FOMC minutes showed that the Fed remains poised to get inflation back down to the 2% target, and if inflation does not come down naturally they are willing to raise interest rates if needed.

The increase in LEI is an important step for a resurgence in manufacturing. However, in order for the trend to be durable, we will need to see more jobs come back to the manufacturing sector, something we have not yet seen this year.

A LOOK FORWARD[1]

Investors will remain attentive to Gross Domestic Product (GDP), and the Personal Consumption Expenditures Price Index (PCE), which are both released this week.

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

GDP should give investors a good sense of growth for the previous quarter. This is the first of two revisions, which comes off of a weaker initial estimate for growth, raising concerns that there may be some weakness in the economy.

PCE is a gauge of inflation, and the Fed will be watching closely to determine the path of interest rates.

MARKET UPDATE[2]

Market Index Returns as of 3/13/26	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-1.56	-2.86	-2.86	19.1	20.83	12.59
NASDAQ	-1.23	-4.77	-4.77	25.29	25.48	11.48
Dow Jones Industrial Average	-1.91	-2.75	-2.75	14.15	15.25	9.34
Russell Mid-Cap	-2.21	0.85	0.85	16.07	14.37	6.98
Russell 2000 (Small Cap)	-1.75	0.14	0.14	22.93	13.34	2.44
MSCI EAFE (International)	-2.02	0.61	0.61	20.67	15.74	8.27
MSCI Emerging Markets	-1.96	4.84	4.84	34.06	18.64	4.24
Bloomberg US Agg Bond	-0.92	-0.16	-0.16	4.94	4.06	0.28
Bloomberg High Yield Corp.	-0.77	-0.51	-0.51	6.91	9.2	4.3
Bloomberg Global Agg	-1.23	-0.96	-0.96	4.69	3.11	-1.58

OBSERVATIONS

Stocks sold off over the course of the week, with the tech-heavy NASDAQ index leading the way down (-2.02%), in spite of strong earnings for this quarter.

- The S&P 500 also fell (-1.39%), and the Dow Jones fell, but did protect the best on the week (-0.78%), as value stocks outperformed growth.

Mid and small-cap stocks also sold off and underperformed large-caps broadly, with mid-caps declining -1.23%, and small-cap stocks falling -1.60%.

Developed and emerging market equities performed well, with developed international equities falling less than domestic equities (-0.54%), while emerging market stocks were the lone bright spot for markets, rising +1.24%.

Domestic fixed income suffered on the week (-0.10%) as rates rose higher despite news that the Treasury would be buying bonds – a move meant to push interest rates down. High yield bonds also declined on the week (-0.15%).

- International bonds performed better and ended slightly positive, up +0.18%.

BY THE NUMBERS

Trade War Between The U.S. And Canada Escalates: The U.S. imposed 50% tariffs on $20 billion worth of Canadian products early Saturday after last-ditch negotiations failed to resolve the latest strain in already tense relations between the historic allies. Canada's leader said it will retaliate beginning Sept. 8. In a call with reporters late Friday, U.S. Trade Representative Jamieson Greer said Canada had declined to finalize the trade deal under the terms that had been agreed to earlier this week. He told Fox News on Saturday that there are "no new planned talks with the Canadians." Canadian Prime Minister Mark Carney said Saturday that "in the coming days, we will release the details of these new tariff measures, which will come into force the Tuesday after Labor Day." The dollar-for-dollar retaliation would target steel, dairy, appliances, agricultural equipment, pulp and paper and electronics.[3]

Fast-Moving Wildfire Forces Thousands of Evacuations Near Reno, Nevada: A fast-moving, "human-caused" wildfire near Reno, Nevada, has forced thousands to evacuate and injured six, with strong, unpredictable winds complicating firefighting efforts. The Hawk Fire was first reported Saturday morning and quickly was fueled by red-flag wind conditions, Chief Richard Edwards, of Truckee Meadows Fire Protection District, said in a news conference Sunday. As of Sunday evening, the fire had spread to 15,000 acres, with zero containment, and state and county disasters had been declared. At least six people — three civilians and three first responders — were injured, he said. Nearly 90,000 people live in evacuation order or evacuation warning zones in the Washoe County area, along Nevada's border with California.[4]

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1 Data obtained from Bloomberg as of 8/21/26.

2 Data obtained from Morningstar as of 8/21/26.

3 U.S. set to impose 50% tariffs on Canada after failed talks; Canada to match them "dollar for dollar" - CBS News

4 Fast-moving wildfire forces thousands of evacuations near Reno, Nevada

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