VIEWS | AUGUST 7, 2026

Weekly market update: Stocks gyrate but end in a solid state.

The market and economy

- U.S. equities posted gains for the week ending August 7 despite a bout of volatility. Stocks rallied earlier in the week in response to signs of easing geopolitical tensions in the Middle East, as well as relatively strong corporate earnings. These positive contributors offset a downturn on Thursday due to reignited concerns about the U.S.-Israel-Iran war and relatively disappointing results from several artificial intelligence (AI)-related companies. The market recovered on Friday amid investors' hopes that a weak employment report would reduce the likelihood of a Federal Reserve interest-rate hike at the central bank's September meeting. The Dow Jones Industrial Average established new record-high closes for the first three days of the week.
- In the Middle East, the focus of U.S.-Iran diplomacy shifted this week from sanctions and military pressure toward a potential agreement to reopen the Strait of Hormuz. Reports indicated that Iran and Oman were finalizing a draft arrangement that would establish designated shipping lanes through the waterway and could pave the way for broader negotiations involving sanctions relief and Iran's nuclear program. However, U.S. officials have continued to oppose any arrangement that would grant Tehran control over maritime traffic, while Gulf nations have expressed concerns that even a temporary agreement could increase Iran's leverage over a global energy corridor.
- Energy markets remained focused on developments in the Strait, although improving prospects for a shipping agreement helped ease fears of a prolonged oil supply disruption. The prices for both Brent crude and West Texas Intermediate (WTI) crude oil moved sharply lower during the week.
- There was notable economic news during the week. The Department of Labor announced that U.S. nonfarm payrolls contracted by 23,000 jobs in July—well below expectations and a substantial decrease from the 20,000 positions added in June, which represented a downward adjustment of 37,000 from the government's initial tally of an increase of 57,000 jobs. The unemployment rate edged down 0.1 percentage point to 4.1%. The local government education, retail trade, and financial activities sectors registered job losses of 50,000, 19,000, and 14,000, respectively, in July, while payrolls in the healthcare sector rose by 22,000. Average hourly earnings ticked up 0.1% in July and 3.2% year-over-year, down from corresponding increases of 0.3% and 3.5% in June.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), open positions in the U.S. decreased by 178,000 (-2.4%) month-over-month in June (the most recent reporting period) to 7,359,000, slightly below expectations. Job openings rose by 155,000 (+2.2%) from the 7,204,000 open positions a year earlier. There were sizable month-over-month downturns in open positions in healthcare and social assistance, wholesale trade, and nondurable goods manufacturing. In contrast, there was a substantial increase in job openings in the transportation, warehousing, and utilities sector. The number of hires rose by 96,000 (+1.8%) month-over-month to 5,348,000.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) advanced 2.3 percentage points in July to 55.6%—the highest reading since May 2022, and indicating expansion in the U.S. manufacturing sector for the seventh straight month. (A PMI reading above 50% denotes an increase in manufacturing activity.) The Employment Index was up 3.1 percentage points to 52.8%, moving into expansion territory for the first time in 33 months. The New Orders Index increased 0.7 percentage point to 56.7% in July and registered its seventh consecutive month of expansion. The ISM Services PMI edged up 0.1 percentage point to 54.1% in July, indicating expansion in the U.S. services sector for the 25th month in a row. (A PMI reading above 50% denotes expansion in services-sector activity.) The Business Activity Index rose 3.7 percentage points to 59.1% in July, while the Employment Index declined 3.8 percentage points to 47.4%, returning to contraction territory after expanding in June.

Stocks

- Global equities recorded positive returns for the week. Developed markets outperformed emerging markets.
- U.S. stocks saw a significant upturn. Information technology and materials were the top-performing sectors, while energy and utilities were the primary market laggards.
- Growth stocks outperformed value stocks, while large caps surpassed small caps.

Bonds

- The 10-year U.S. Treasury note yield fell to 4.64% during the week.
- The U.S. bond market gained ground for the week.
- High-yield bonds led the market, followed by corporate bonds and government bonds.

As of August 7, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	2.3%	12.9%	22.5%	1145.7
MSCI EAFE ($)	1.7%	11.6%	21.1%	3228.6
MSCI Emerging Mkts ($)	-0.4%	18.1%	31.6%	1658.5
US & Canadian Equities				
Dow Jones Industrials ($)	3.0%	12.4%	22.9%	54036.5
S&P 500 ($)	3.5%	13.2%	22.3%	7751.3
NASDAQ ($)	5.2%	14.8%	25.6%	26690.6
S&P/ TSX Composite (C$)	3.2%	14.6%	30.9%	36348.3
UK & European Equities				
FTSE All-Share (£)	0.7%	9.8%	18.9%	5876.5
MSCI Europe ex UK (€)	1.9%	11.2%	20.3%	2284.0
Asian Equities				
Topix (¥)	1.8%	19.5%	36.4%	4074.9
Hong Kong Hang Seng ($)	-0.8%	0.1%	2.3%	25668.0
MSCI Asia Pac. Ex-Japan ($)	-0.4%	19.2%	30.1%	860.5
Latin American Equities				
MSCI EMF Latin America ($)	-0.8%	13.1%	32.4%	3065.0
Mexican Bolsa (peso)	0.1%	4.2%	15.0%	66999.1
Brazilian Bovespa (real)	-3.1%	7.0%	26.3%	172466.4
Commodities ($)				
West Texas Intermediate Spot	-8.7%	34.6%	21.0%	77.3
Gold Spot Price	7.1%	0.2%	27.7%	4329.3
Bond Indices ($)				
Bloomberg U.S. Aggregate	0.4%	-0.3%	2.3%	2342.2
Bloomberg Global Aggregate	0.5%	-0.2%	0.9%	500.1
JPMorgan Emerging Mkt Bond	0.9%	2.1%	7.8%	1039.6
10-Year Yield Change (basis points*)				
US Treasury	-10	47	39	4.64%
UK Gilt	-13	44	37	4.92%
German Bund	-7	28	50	3.13%
Japan Govt Bond	0	74	132	2.81%
Canada Govt Bond	-2	21	25	3.64%
Currency Returns**				
US$ per euro	0.3%	-1.6%	-0.9%	1.156
Yen per US$	0.1%	0.5%	7.1%	157.56
US$ per £	0.1%	0.2%	0.4%	1.350
C$ per US$	-0.6%	1.6%	1.4%	1.394

Source: Bloomberg. Equity-index returns are price only; others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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