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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

July 27, 2026

"We do not inherit the earth from our ancestors, we borrow it from our children." Antoine de Saint-Exupéry

MARKETS

Macro Recap: Trade policy and housing costs dominated headlines last week. On Friday, the Trump administration rolled out new tariffs on dozens of major U.S. trading partners, including the European Union, with duties ranging from 10.0% to 12.5%. The new levies took effect as a prior 10.0% global tariff, implemented by the administration in February 2026 after the U.S. Supreme Court struck down an earlier tariff regime, expired.

Elsewhere, rising yields kept working their way into the housing market: the average 30-year fixed mortgage rate climbed to 6.58%, according to Freddie Mac, its highest level in nearly a year. That marks a striking reversal from February, when rates had briefly slipped below 6.00% and stoked hopes of a housing rebound that has yet to materialize. Meanwhile, escalating tensions in the Middle East, compounded by fresh shipping disruptions in the Persian Gulf and Red Sea, kept oil markets on edge, adding yet another layer of inflation risk for policymakers to navigate.

Equity Market Recap: U.S. equities closed out a choppy week on a mixed note. The S&P 500 and the Dow each finished fractionally lower, while Nasdaq gave back more than 2%. Markets swung between gains and losses all week, continuing a pattern that has held since early June, when both the S&P 500 and Nasdaq were setting record highs.

The earnings picture, meanwhile, brightened considerably. A better-than-expected report from a mega-cap tech company helped drive a sharp upward revision in second-quarter forecasts: as of Friday, analysts projected S&P 500 earnings growth of 37.9%, up markedly from 24.8% just a week prior, according to FactSet. That revised estimate is based on results from roughly one-quarter of S&P 500 companies that had reported by week's end.

Fixed Income and Rates Recap: U.S. government bond prices fell for a second consecutive week, sending yields higher as investors positioned ahead of the Federal Reserve's meeting. The 10-year Treasury yield touched 4.70% on Thursday, its highest mark in over a year and a half, before settling slightly lower at 4.68% to close the week. Yields rose across the curve as well, with the 2-year climbing to 4.33% and the 30-year reaching 5.17% on Friday.

The pressure wasn't limited to U.S. markets. Yields climbed across major developed economies too: UK gilts pushed past 5.00%, German 10-year yields hit levels not seen since 2011, and Japanese yields edged toward territory last visited in the 1990s. That upward pull is already rippling into the real economy, most notably in mortgage rates, which have risen to their highest point in nearly a year.

Week Ahead: This week brings a FOMC policy meeting, wrapping up Wednesday, alongside a continued wave of quarterly earnings. Thursday follows with the first look at second-quarter GDP growth and June's inflation reading via the PCE Price Index.

INDICES

	July 20 Close	July 24 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	52,146	51,947	-0.4%	48,063	8.1%
S&P 500	7,458	7,412	-0.6%	6,846	8.3%
NASDAQ	25,520	24,976	-2.1%	23,242	7.5%
Russell 2000	2,962	2,930	-1.1%	2,482	18.0%
KBW Bank Indx	188.9	188.3	-0.3%	164.0	14.8%
Bitcoin	$64,611	$64,972	0.6%	$87,648	-25.9%
Oil (WTI)	$82.44	$84.23	2.2%	$57.42	46.7%
Gold	$4,015	$4,082	1.7%	$4,319	-5.5%
Prime	6.75	6.75	0.00	6.75	0.00
Effective Fed Funds	3.63	3.63	0.00	3.64	-0.01
3m Tbill	3.79	3.90	0.11	3.63	0.27
2yr UST	4.19	4.32	0.13	3.47	0.84
10yr UST	4.56	4.64	0.09	4.17	0.48
2-10yr UST Spread	37	33	-5	69	-36
2y AAA Muni/10y UST	58.1%	60.0%	1.9%	70.3%	-10.2%
10y AAA Muni/10y UST	67.8%	70.8%	3.1%	65.4%	5.4%
5yr Inflation Forecast	2.28	2.22	-0.06	2.27	-0.05

Week Ahead

- **Monday:** Durable goods
- **Tuesday:** S&P Case-Shiller Home Price Index, Consumer Confidence
- **Wednesday:** FOMC concludes two-day policy meeting
- **Thursday:** Second-quarter GDP (1st estimate), PCE
- **Friday:** U of M Index of Consumer Sentiment

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