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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

August 17, 2026

"The stock market is a device for transferring money from the impatient to the patient." Warren Buffett

MARKETS

Macro Recap: Inflation data released last week suggested price pressures, while still running hot, are cooling somewhat at both the retail and wholesale levels. Annual CPI growth came in at 3.4% for July, edging down from 3.5% in June, and a producer price report that followed showed little movement in wholesale costs month over month. Retailers also hit a rough patch: July sales fell 0.6%, the sector's first monthly decline in nine months, reversing a 0.2% increase in June. A Friday survey added to the softer tone, showing consumers growing less upbeat even as their inflation expectations stayed steady.

Energy markets moved higher, with crude prices climbing for the week on renewed unease over the Middle East and shipping traffic through the Strait of Hormuz. U.S. crude changed hands above $82 a barrel by Friday afternoon, up from about $78 the week before, but still comfortably under the roughly $92 high set on July 23.

Equity Market Recap: Major U.S. benchmarks mostly paused for breath after the prior week's rally pushed the S&P 500 and the Dow to record territory. The S&P 500 and the Nasdaq squeezed out small gains for the week, while the Dow slipped by a similarly narrow margin, as investors weighed a mixed set of inflation and consumer readings.

Corporate results have impressed on more than one front this earnings season. FactSet's August 10 update showed the top line keeping pace with profits: S&P 500 sales are tracking toward roughly 15% year-over-year growth, a level not seen since late 2021. Bottom-line results have climbed even further, with earnings on pace to expand more than 50% for the quarter, which would be the best showing in nearly four years.

Fixed Income and Rates Recap: Renewed worry over sticky, longer-run inflation pushed the 30-year Treasury yield back up to a level it had already touched two weeks prior, matching its highest mark since 2007. That yield settled near 5.26% by Friday afternoon, while the 10-year stayed elevated at 4.69%. The 2-year note moved against the grain, easing slightly over the week to 4.17%.

Traders continued to pare back the odds of a Fed rate hike at the mid-September meeting. CME FedWatch data on Friday showed futures markets pricing in about a 67% chance the Fed leaves rates unchanged, against a 33% chance of a quarter-point increase. That's a sizable swing from two weeks earlier, when the market-implied odds of a September hike were themselves at 67%.

INDICES

	Aug 10 Close	Aug 14 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	54,037	53,732	-0.6%	48,063	11.8%
S&P 500	7,758	7,786	0.4%	6,846	13.7%
NASDAQ	26,691	26,729	0.1%	23,242	15.0%
Russell 2000	3,034	3,068	1.1%	2,482	23.6%
KBW Bank Indx	190.0	193.9	2.1%	164.0	18.2%
Bitcoin	$65,166	$63,519	-2.5%	$87,648	-27.5%
Oil (WTI)	$78.18	$82.99	6.2%	$57.42	44.5%
Gold	$4,342	$4,385	1.0%	$4,319	1.5%
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	3.79	-0.01	3.63	0.16
2yr UST	4.20	4.18	-0.02	3.47	0.70
10yr UST	4.65	4.71	0.07	4.17	0.55
2-10yr UST Spread	45	53	8	69	-16
2y AAA Muni/10y UST	59.8%	59.8%	0.1%	70.3%	-10.5%
10y AAA Muni/10y UST	69.1%	68.2%	-0.8%	65.4%	2.8%
5yr Inflation Forecast	2.23	2.27	0.04	2.27	0.00

Week Ahead

- **Monday:** Housing Market Index
- **Tuesday:** Pending home sales, Housing starts, Industrial prod. & capacity
- **Wednesday:** Release of FOMC minutes from the July 28–29 meeting
- **Thursday:** Conference Board Leading Economic Index for the U.S.
- **Friday:** No major U.S. reports scheduled

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✉ Forward

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