

Monthly Market Commentary

Benchmark Returns AS OF JULY 31, 2026

	MONTH	YTD
S&P 500	-0.06%	10.14%
Dow Jones Industrial Average	0.38%	10.17%
Nasdaq	-3.19%	9.53%

	MONTH	YTD
Bloomberg Agg Bond Index	-1.30%	-0.69%
Developed International	1.97%	12.00%
Emerging Markets	-3.03%	20.27%



The Bull Market Meets the Bond Market

In July 2026, investors balanced resilient corporate earnings against a more uncertain interest-rate outlook. Treasury yields rose and geopolitical risks gyrated, while second-quarter earnings exceeded expectations and the economy continued to expand. The Federal Reserve's latest meeting underscored that inflation remains an unresolved challenge.

The bond market may have delivered July's most important message. Yields on both the 10-year and 30-year Treasury securities moved substantially higher, with the 30-year yield reaching levels not seen since 2007. Given the inverse relationship between yields and prices, fixed income investors incurred losses in their portfolios. Further, lenders base their rates on Treasury yields, leading to higher borrowing costs for both corporations and consumers. While stronger economic growth can offset some of these headwinds, the bond market is cautioning that the cost of capital has fundamentally changed.

Periods of escalating military tension in the ongoing Iranian conflict pushed crude oil prices higher amid fears of supply disruptions in the Persian Gulf, while reports of temporary de-escalation produced equally sharp pullbacks. This volatility created uncertainty surrounding inflation expectations and complicated the Federal Reserve's policy outlook. Although energy prices finished well below their wartime peaks from earlier in the year, geopolitical risk remained an important market variable.

Corporate America continued to deliver impressive earnings results. At month-end, 61% of companies in the S&P 500 had reported actual results for the second quarter of 2026. Blending these results with estimates for companies that have yet to report shows an impressive earnings growth rate of 47.4%. Ten of the eleven S&P 500 industry sectors are reporting year-over-year growth, reflecting the broadening market leadership that has characterized much of 2026. Overall, earnings growth remained one of the strongest pillars supporting equity valuations despite higher interest rates.

Economic data released during the month painted a picture of an economy that continues to grow at a moderate pace.

- Employment data showed that payroll growth moderated from the exceptionally rapid pace seen earlier in the year, but unemployment remained historically low and weekly jobless claims stayed near multi-decade lows.
- Inflation reports offered some encouragement but fell short of delivering a decisive victory. Headline inflation benefited from lower energy prices during portions of the month, while core inflation continued to ease only gradually and remained well above the Federal Reserve's long-run target.
- The advance estimate of second-quarter GDP showed annualized growth of 1.5%, slower than the first quarter but still indicative of ongoing expansion.
- Consumer spending remained the primary engine of growth, advancing at a healthy pace as households continued to benefit from the resilient labor market.

The outcome of the Federal Reserve's July 28 - 29 policy meeting and Chairman Kevin Warsh's press conference was a focus throughout the month. As widely, though not uniformly, expected, the FOMC left the federal funds rate unchanged. Investors reacted negatively to this "hawkish hold" and to Warsh's emphasis on restoring the Fed's inflation-fighting credibility while providing little forward guidance on future policy actions. Rather than reassuring markets, his comments fueled uncertainty over the path of interest rates and contributed to the climb in long-term Treasury yields.

There is no FOMC meeting in August, but there will be much anticipation of Chair Warsh's speech at the annual economic policy symposium in Jackson Hole on Friday, August 28th. Until then, the remainder of second-quarter earnings season will reveal whether profit growth remains broad-based, while inflation and employment reports will test the market's expectation that the economy can continue expanding while containing price pressures. August promises to be a month in which fundamentals will be weighed against the headwinds of higher interest rates.

YOUR CALDWELL TRUST INVESTMENT TEAM



Scott Antritt
Director of Investments
941-202-6507



Gail Neujahr, CFA
Senior Portfolio Manager
941-202-6507



Kendall Peacock, CFA, CAIA
Senior Portfolio Manager
941-202-6507



Tyler Mahon
Associate Portfolio Manager
941-202-6507