WEEKLY INVESTMENT REPORT

Q2 2026 U.S. Results: A Strong, Historic Quarter

August 17, 2026

SUMMARY OF LAST WEEK

U.S. equity markets posted a decidedly mixed week, as softer macroeconomic data eased inflation concerns and lowered expectations for further Federal Reserve tightening; however, weak consumer spending raised fresh doubts about the sustainability of growth after an eight-week winning streak. The S&P 500 rose +0.4% for the week, the Dow Jones fell -0.6%, and the Nasdaq was roughly flat at +0.1%, while the Russell 2000 hit new all-time highs and gained +1.12%, as diminishing concerns over rate hikes benefited small-cap stocks despite the broader deterioration in sentiment.

Mid-week inflation data offered equity investors some relief, as the producer price index held flat in July, below in July, below the consensus forecast of 0.2%; core PPI rose just 0.2% versus an expected 0.3%, while headline while headline PPI moderated to 4.7% year over year from 5.5% in June, pointing to easing inflationary pressure inflationary pressure in the supply chain. Consumer activity data, however, sent disappointing signals, as retail signals, as retail sales fell 0.6% in July — the sharpest drop since May 2025 — an unexpected reversal from reversal from June's 0.2% gain. Consumer confidence plunged roughly 8% in early August to a preliminary preliminary reading of 51; the University of Michigan survey found Americans expressing frustration with frustration with household finances and economic conditions, a worrying disconnect between weak economic weak economic data and deteriorating consumer sentiment.

Despite the softer economic data, Treasury yields stayed elevated near 4.70%, while oil prices rose, reflecting persistent inflation concerns despite easing price pressures, leaving markets grappling with the contradiction between moderating producer prices and deteriorating consumer confidence. Geopolitical tensions remained elevated, as Iran reiterated on Sunday that it was not holding direct talks with the United States and would not resume diplomatic negotiations until Washington accepted certain conditions and stopped violating the terms of the Islamabad Memorandum, while President Trump called Iranian leaders “incredibly hypocritical” on Truth Social, insisting talks were ongoing despite Tehran's public denials.

AI infrastructure investment dominated corporate headlines, as Anthropic investors anticipated an October IPO October IPO valuing the company above $2 trillion — potentially the largest IPO in history — with annualized annualized revenue projected between $100 billion and $120 billion by year-end, while Nvidia signed a signed a preliminary $500 billion AI-infrastructure financing agreement with Apollo, BlackRock, Blackstone, Blackstone, Brookfield, Goldman Sachs, and KKR. Reddit surged 15% after news that the platform would join the would join the S&P 500 next week, though single-stock volatility could not offset the market's broader caution. broader caution.

Source: Sentosa & Co.

FLUCTUATIONS AND MACROECONOMIC DATA

KEY DATES FROM LAST WEEK

Aug 11 — Existing Home Sales: actual 4.06M vs. forecast 4.05M

Aug 12 — CPI m/m: actual 0.1% (est. 0.1%); **CPI y/y:** actual 3.4% (est. 3.4%)

Aug 13 — PPI Final Demand m/m: actual 0.0% (est. 0.2%); **y/y:** actual 4.7% (est. 4.9%)

Aug 14 — Retail Sales m/m: actual -0.6% (est. 0.1%); **U. Michigan Sentiment:** actual 51.8 (est. 54.6)

KEY DATES FOR THE WEEK

Aug 18 — Housing Starts: est. 1,350,000; **Industrial Production:** est. 0.3%

Aug 21 — US Mfg PMI (S&P Global): est. 53.9; **Services PMI (S&P Global):** est. 54.0

GLOBAL EQUITY INDICES	Last	5D	1M	YTD
MSCI WORLD	5,029.48	0.43%	4.61%	13.52%
MSCI EM	1,701.17	2.61%	4.97%	21.13%
MSCI EM LATIN AMERICA	2,945.21	-3.17%	-1.44%	8.71%
MSCI AC ASIA x JAPAN	1,128.80	3.26%	5.27%	23.58%
USA				
S&P 500 INDEX	7,785.76	0.36%	4.40%	13.74%
NASDAQ COMPOSITE	26,729.16	0.14%	4.74%	15.00%
DOW JONES INDUS. AVG	53,732.41	-0.56%	3.04%	11.80%
RUSSELL 2000 INDEX	3,068.42	1.12%	3.59%	23.63%
EUROPE				
STXE 600 (EUR) Pr	657.86	-0.36%	2.55%	11.09%
Euro Stoxx 50 Pr	6,539.59	0.24%	4.95%	12.92%
DAX INDEX	26,440.31	0.46%	6.48%	7.96%
CAC 40 INDEX	8,636.80	-0.90%	3.57%	5.98%
FTSE MIB INDEX	53,583.61	-0.25%	3.28%	19.22%
IBEX 35 INDEX	20,156.60	-0.10%	4.89%	16.46%
SWISS MARKET INDEX	14,390.67	-1.06%	0.33%	8.47%
FTSE 100 INDEX	10,750.11	-1.38%	1.41%	8.24%
ASIA				
NIKKEI 225	68,713.80	4.61%	7.13%	36.50%
HANG SENG INDEX	25,116.85	-2.15%	2.26%	-2.00%
CSI 300 INDEX	4,665.88	-0.61%	3.02%	0.78%
SENSEX	78,009.25	-0.62%	-0.18%	-8.46%
LATAM				
S&P/BMV IPC	64,397.45	-3.80%	-3.36%	0.14%
BRAZIL IBOVESPA INDEX	166,934.20	-3.23%	-3.90%	3.61%
MSCI COLCAP INDEX	2,452.46	4.34%	6.71%	18.59%
S&P/CLX IPSA (CLP) TR	11,042.69	-1.90%	1.42%	5.36%

EQUITIES SECTORS	Last	5D	1M	YTD
MSCI WORLD/ENERGY	359.62	2.45%	6.01%	34.54%
MSCI WORLD BANK INDEX	226.41	1.30%	5.48%	20.69%
MSCI WORLD/INDUSTRL	587.35	0.95%	5.88%	17.58%
MSCI WORLD/FINANCEVAL	211.70	0.87%	4.36%	14.03%
MSCI WORLD/INF TECH	1,220.92	0.61%	8.10%	25.40%
MSCI WORLD/UTILITY	209.79	0.49%	-2.29%	5.27%
MSCI WORLD/REAL EST	1,141.88	0.33%	-0.16%	8.35%
MSCI WORLD/HLTH CARE	417.50	0.07%	2.74%	4.52%
MSCI WORLD/CON STPL	318.87	0.05%	0.15%	7.27%
MSCI WRLD/COMM SVC	168.11	-0.53%	0.16%	0.87%
MSCI WORLD/MATERIAL	451.12	-1.16%	7.10%	13.79%
MSCI WORLD/CONS DIS	499.22	-1.55%	2.88%	-0.72%
PHILA GOLD & SILVER INDX	370.47	0.52%	25.24%	8.23%

US RATES	Last	5D Close	12M Close
2Y	4.17	4.20 (-0.03)	3.73 (+0.44)
5Y	4.36	4.35 (+0.01)	3.81 (+0.55)
10Y	4.69	4.65 (+0.05)	4.28 (+0.41)

BONDS CREDIT SPREAD	Last	5D Close	12M Close
EM Bonds Spread	218.06	219.5 (-1.4)	261.67 (-43.6)
HY Bonds Spread	251.00	253.0 (-2.0)	268.00 (-17.0)
BBB 10yr Spread	160.78	165.5 (-4.7)	168.06 (-7.3)

FIXED INCOME	Last	5D	1M	YTD
US High Yield	2,990.07	0.14%	0.48%	2.59%
EM Bonds USD	1,407.94	0.03%	0.02%	1.52%
EM Local Currency	155.53	-0.06%	1.87%	1.61%
CoCos USD	152.41	0.01%	0.59%	0.76%
IG BBB 3-5yr USD	393.51	-0.22%	-0.46%	-1.92%
IG AA Corp USD	280.40	-0.33%	-1.09%	0.03%

COMMODITIES	Last	5D	1M	YTD
CRB INDEX	391.41	2.78%	2.47%	31.00%
WTI	82.40	5.40%	3.86%	43.50%
Brent	92.05	3.34%	11.39%	47.40%
US Natural Gas	2.73	2.67%	-5.89%	-25.85%
S&P GSCI Precious Metal	5,887.19	1.13%	9.67%	1.17%
Gold	4,376.40	0.80%	7.98%	1.32%
Silver	64.68	1.77%	10.19%	-9.74%
Platinum	1,749.22	-0.06%	7.20%	-15.11%
Palladium	1,318.15	-4.51%	0.93%	-18.63%
S&P GSCI Ind Metal Index	613.14	0.01%	3.86%	11.00%
Aluminum	3,252.00	-0.85%	2.36%	8.56%
Copper	14,576.29	2.72%	7.21%	17.05%
Nickel	16,617.29	-1.11%	0.33%	0.71%
S&P GSCI Agriculture	405.60	3.93%	4.07%	15.10%

CURRENCIES	Last	5D	1M	YTD
CHF vs. USD	0.8133	-0.66%	-0.52%	-2.55%
JPY vs. USD	159.3200	-0.98%	1.84%	-1.64%
CAD vs. USD	1.3875	0.46%	1.33%	-1.09%
EUR vs. USD	1.1570	0.10%	1.31%	-1.50%
GBP vs. USD	1.3538	0.35%	1.11%	0.47%
AUD vs. USD	0.7084	0.24%	1.56%	6.16%
BRL vs. USD	5.2228	-2.72%	-2.88%	4.83%
MXN vs. USD	17.0241	0.65%	2.36%	5.78%
COP vs. USD	3,135.40	0.55%	3.69%	20.48%
CNY vs. USD	6.7425	0.04%	0.43%	3.64%
EUR vs. CHF	0.9408	-0.77%	-1.80%	-1.07%
DOLLAR INDEX	99.6670	0.13%	-1.24%	1.37%
BITCOIN	63,006.95	-1.72%	-2.97%	-28.11%

Source: Sentosa & Co.

IN ON CAPITAL ASSET VIEW

The Federal Reserve kept interest rates at 3.5%–3.75% following a 9-to-3 vote, with three hawkish members dissenting in favor of a hike, while Fed Chair Warsh declined to offer any guidance on future monetary policy — a stance that left markets uneasy and put moderate pressure on Treasury bond prices.

The surprisingly weak July nonfarm payrolls data, with a loss of 23,000 jobs, is clearly shifting market perception of the Fed's intentions. A slower economy would reduce the risk of a rate hike, paving the way for rate cuts and exerting indirect pressure on the yield curve and the dollar. The main beneficiaries of this shift are commodities, precious metals, and metals producers, which are now returning to a favorable environment after four difficult months. We continue to believe current inflation stems from a supply-shock situation and should ease again as the disruption fades.

Asset Class	U	N	O
Renta Fija		X	
Renta Variable		X	
Alternativos		X	

Regions (Equity)	U	N	O
North America			X
Europe		X	
Emerging Markets		X	
Japan	X		

Equity Sectors	U	N	O
Consumer Staples		X	
Health Care			X
Telcom Services		X	
Utilities		X	
Consumer Disc.	X		
Energy		X	
Financials		X	
Industrials		X	
Technology			X
Real Estate		X	
Materials		X	

THIS WEEK'S THEME

Q2 2026 U.S. Results: A Strong, Historic Quarter

The Q2 2026 earnings season is wrapping up as one of the strongest in U.S. corporate history, and unusually, the overall growth rate is not the only thing worth highlighting. With the vast majority of S&P 500 companies having reported, combined year-over-year EPS growth stands between 32% and 34% (Chart 1), the fastest pace in more than three decades excluding the post-financial-crisis and post-pandemic rebounds. The beat rate stands between 86% and 87%, well above both the four-year post-pandemic average of 78% and the long-term average of 74% (Chart 2), while the average earnings surprise, at roughly 31%, far outstrips the historical trend of around 5%. Revenue growth has accelerated to between 11% and 14%, a pace not seen since 1999–2000, with sales set to accelerate from 10.4% in Q1 to 13.9% in Q2. Eight of the eleven GICS sectors are on track for double-digit earnings growth, and operating margins have set a new record. On virtually every dimension by which a quarter can be assessed — growth, breadth, margins, and guidance — this one has delivered in full. The logical question for clients is not whether the quarter was good, but which aspects of it are repeatable. For us, the defining feature of this cycle is its breadth rather than its magnitude. Excluding the “Magnificent Seven,” aggregate earnings growth still sits around 27%; stripping out the energy sector entirely, it remains near 25% (Chart 1).

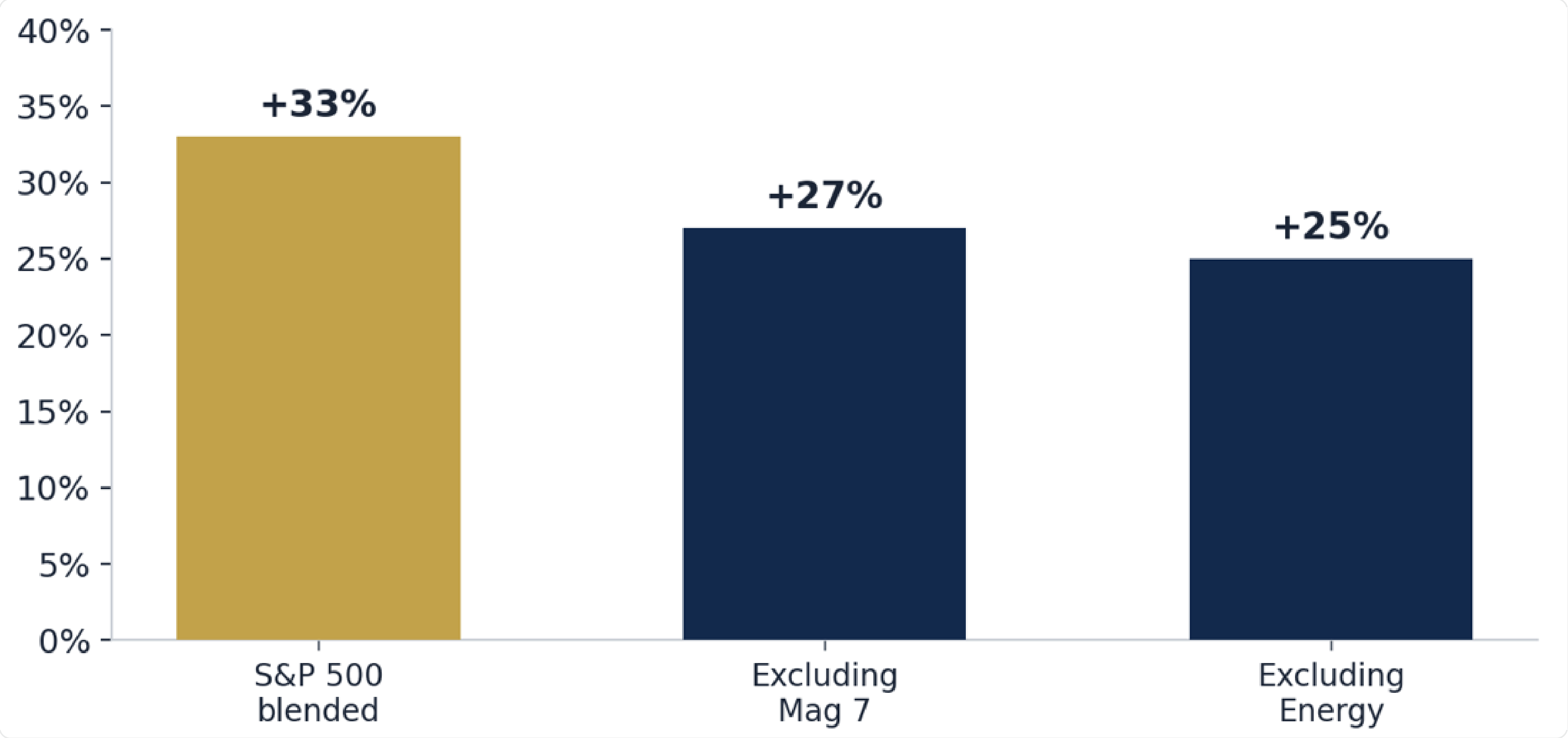

Chart 1: Combined year-over-year earnings-per-share (EPS) growth

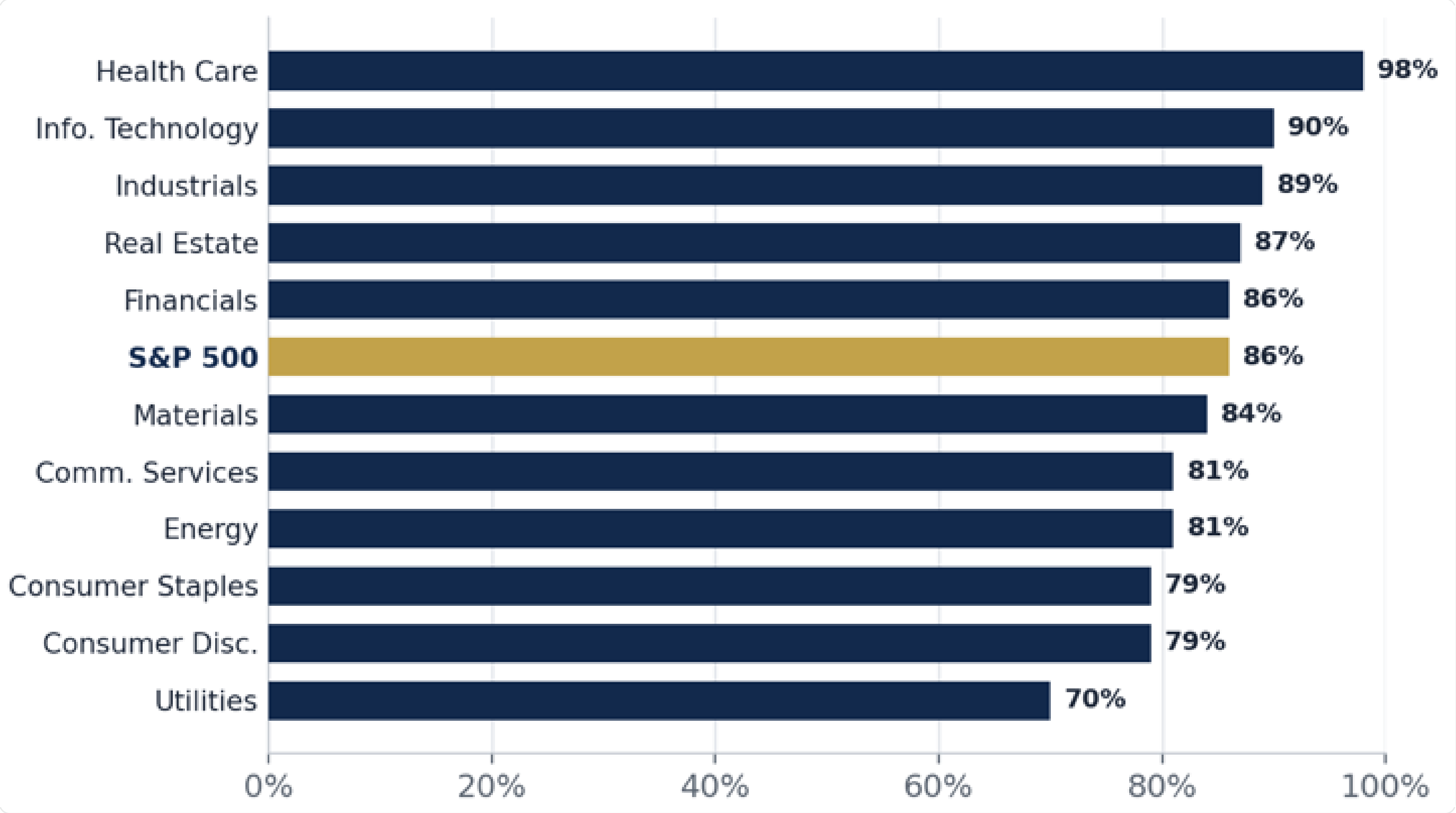

Chart 2: Share of companies beating EPS consensus

THIS WEEK'S THEME

Energy and Health Care at Opposite Extremes

If there is one sector that has embodied this quarter's capacity to surprise, it is energy. With 81% of its constituents beating consensus estimates, the energy sector posted the index's highest growth rate, averaging almost 150% year over year — a dramatic reversal from 2025's negative-growth environment and the fastest of any sector in the index (Chart 3). The immediate cause is a sharp rebound in oil and natural gas prices following the geopolitical escalation in the Middle East, and the majors capitalized on it: both Exxon Mobil and Chevron beat expectations, as the commodity-price rally more than offset production disruptions tied to the conflict with Iran. Energy is now the clearest beneficiary of the current pricing environment, and its shift from laggard to leader explains much of why the index's aggregate numbers look so strong.

Health care sits at the opposite end of the ranking and is the only sector with negative growth, at -6.7%. Even so, it posts the highest beat rate of any sector, with 98% of companies topping expectations (Chart 2). Looking specifically at subsectors, the negative growth is concentrated in particular areas, while others are in fact growing strongly (Chart 4). The main explanation for the negative growth is that managed health care, pharmaceuticals, and health care distributors — which together carry the sector's largest weighting — are all posting negative EPS growth. Health care equipment & supplies and health care services, meanwhile, are growing, but not enough to offset the drag from the dominant subsectors. The takeaway for the sector is that Q2 2026 remains challenging in absolute terms, but expectations appear to have been overly pessimistic relative to reality.

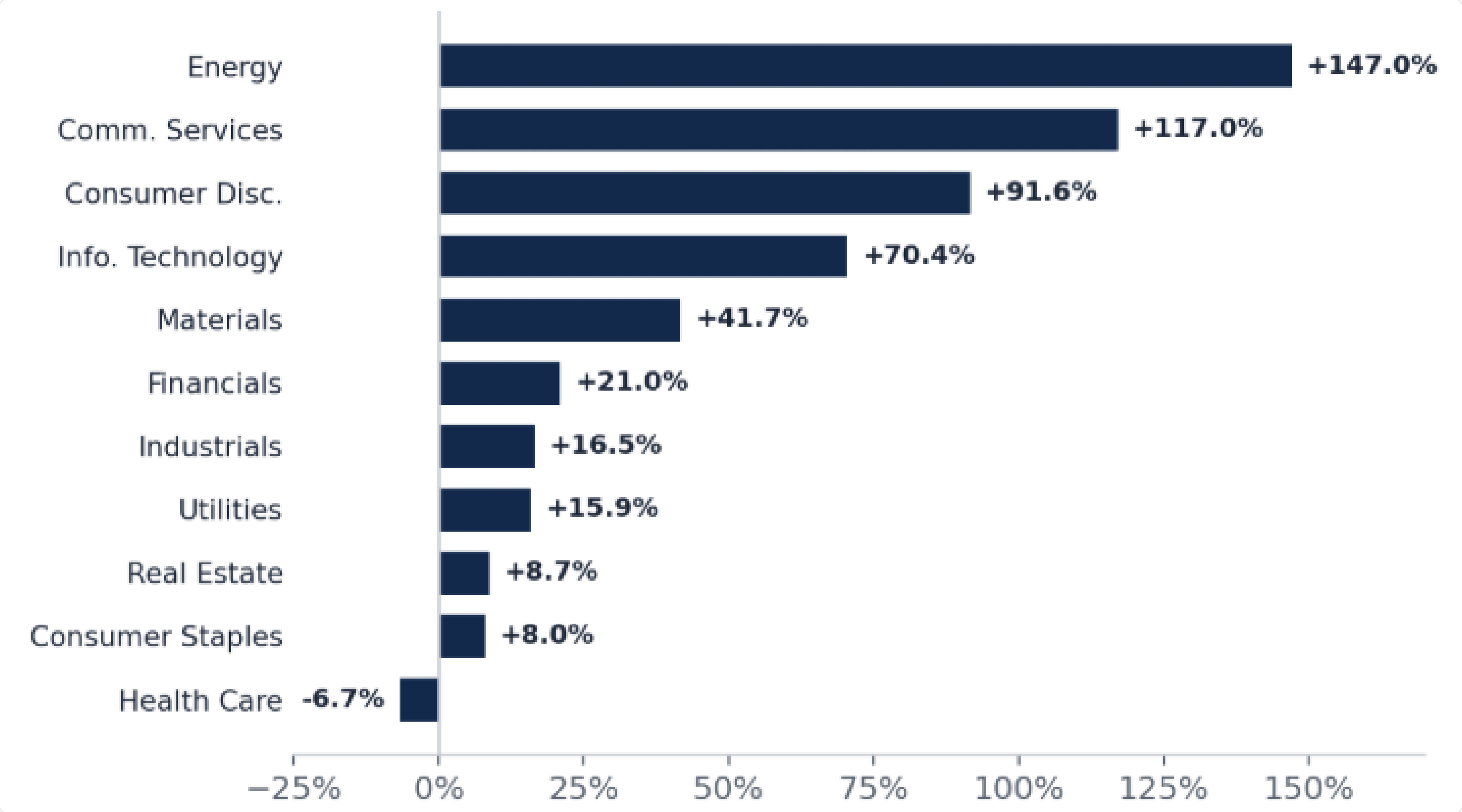

Chart 3: Combined year-over-year EPS growth by sector

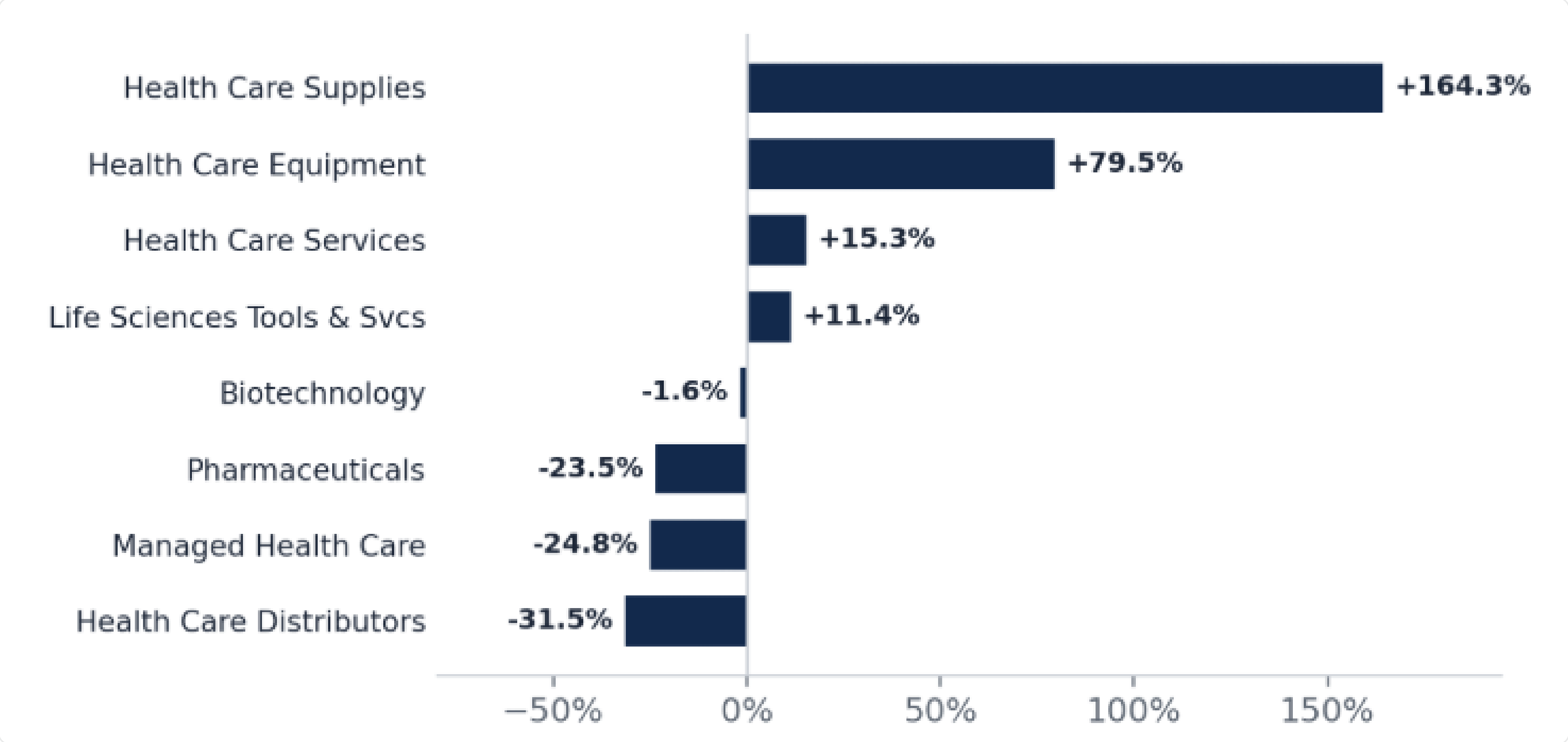

Chart 4: Health care subsector EPS growth

THIS WEEK'S THEME

Information Technology Remains the Structural Engine Engine

Technology remains at the forefront, posting the second-highest beat rate of any sector at 90% and a growth rate of +70%. Semiconductors have been the sector's primary earnings driver, with average EPS growth of +57.4%, and analysts' upward earnings revisions have surged by 2,447 basis points heading into Q2 — the largest upward revision of any subsector in the index. Cloud infrastructure is the second major pillar, with aggregate cloud-services revenue from the leading U.S. providers reaching $106.3 billion in Q2. Industrials delivered some of the season's standout individual results, led by Caterpillar's record quarterly sales of $20.5 billion and 3M's raised guidance. At the other end, consumer staples clearly lagged, with growth of just 8%, weighed down by headwinds tied to the Iran conflict and other margin pressures. Communication services posted one of the season's strongest results, with average EPS growth of +117%, though the headline figures are heavily skewed by Alphabet's extraordinary $98 billion gain from mark-to-market valuation of its equity investments.

Margins have also reached record levels.

Perhaps the most underappreciated data point of the quarter is margin performance. S&P 500 operating margins posted their largest increase since the post-pandemic recovery, rising a full percentage point to a record 18.3% — four points above the long-term average (Chart 5). The breadth of this figure mirrors the earnings picture: 80% of companies beat margin expectations, above the historical norm of 74%, and the average beat of 54 basis points comfortably exceeded the usual 35. Relief from tariff-related costs should support margins through the second half of the year, and it is encouraging that management teams are prioritizing gross-margin protection over aggressive traffic acquisition.

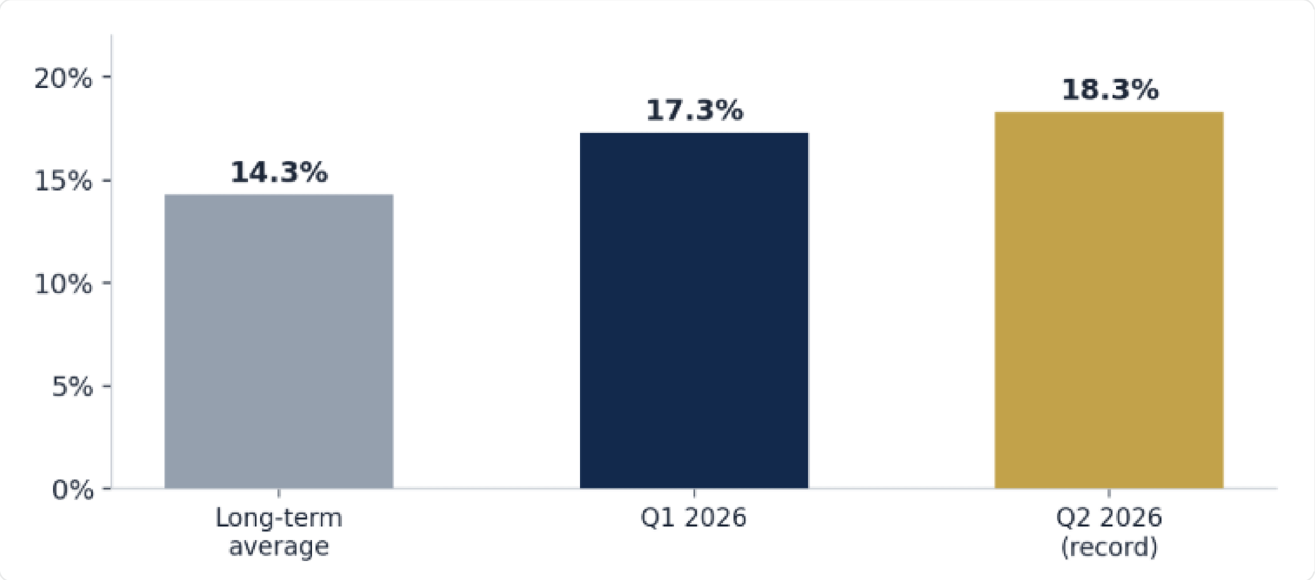

Chart 5: S&P 500 operating margin

THIS WEEK'S THEME

Estimates Keep Rising

The inevitable question is what happens next. Encouragingly, the trend in 2026 estimates has been upward — the opposite of what usually happens, since analysts typically trim forecasts as the year progresses. Since late June, the bottom-up consensus for full-year S&P 500 earnings growth has been revised up, from roughly 24% to 30% (Chart 6). The largest upward revisions have come from outside large-cap tech: communication services has nearly doubled (from 28% to 54%), consumer discretionary has more than doubled (from 14% to 32%), and energy, financials, and industrials have also been revised higher. Only a handful of sectors — materials, utilities, and health care — have seen their 2026 estimates revised slightly lower. The fact that analysts are raising numbers for cyclical, value-oriented sectors, not just AI beneficiaries, tells us the improvement in the earnings outlook is genuinely broadening.

This is consistent with what we view as the most important feature of the Q2 earnings season itself: its breadth. A year ago, artificial intelligence and its direct beneficiaries accounted for roughly 90% of S&P 500 earnings growth; in Q2, that share fell to around 57%, leaving the rest of the index to contribute nearly half of the expansion (Chart 7). Excluding the Magnificent Seven, aggregate growth still stood at around 27%, and eight of eleven sectors posted double-digit gains. An earnings recovery built on a broad base of companies is, by nature, more durable — and less vulnerable to disappointment — than one propped up by a small group of richly valued AI names. It reduces concentration risk, broadens market leadership, and gives the rally a sturdier, more sustainable foundation heading into 2027.

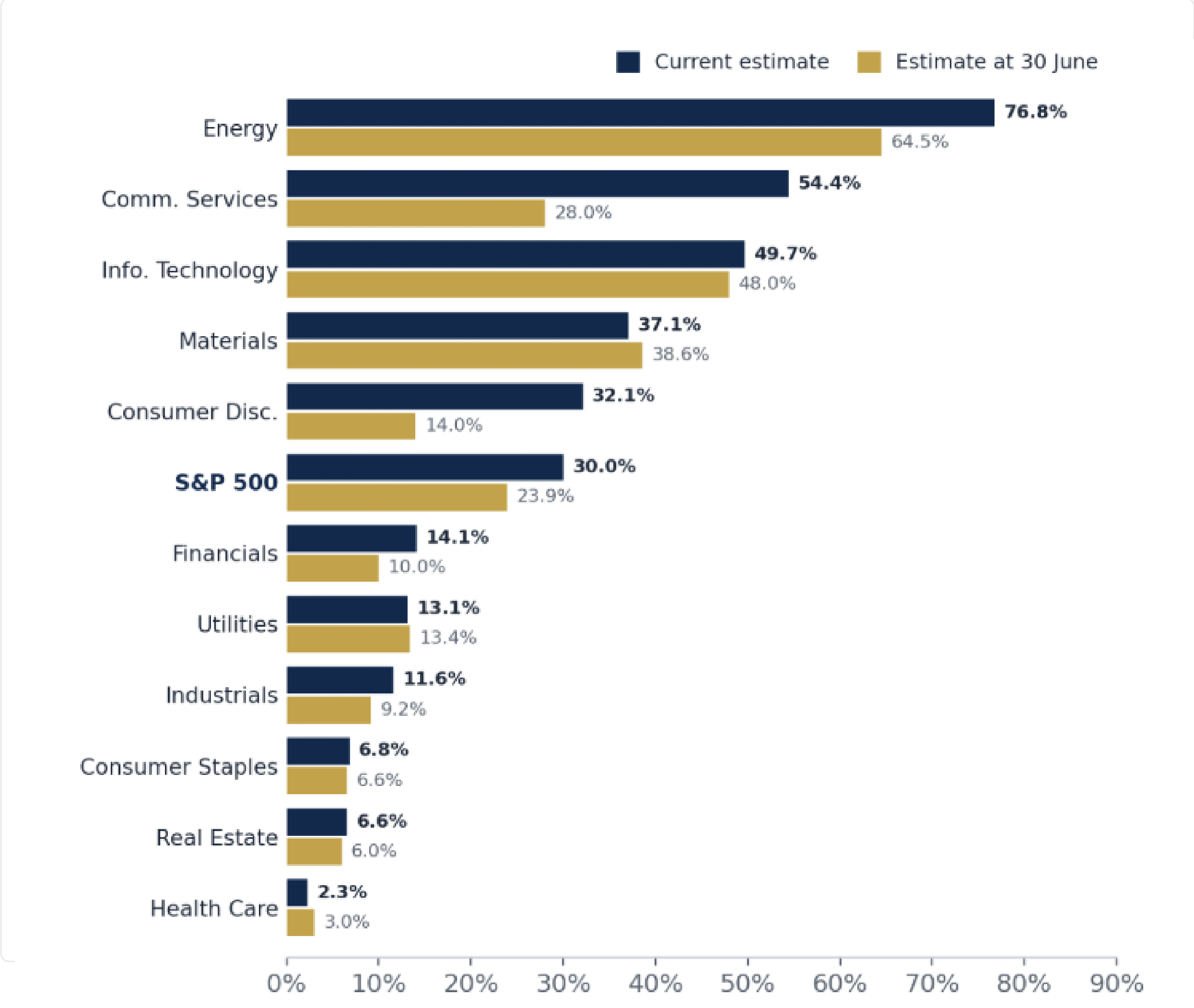

Chart 6: 2026 EPS growth estimates by sector — current vs. June 30, 2026

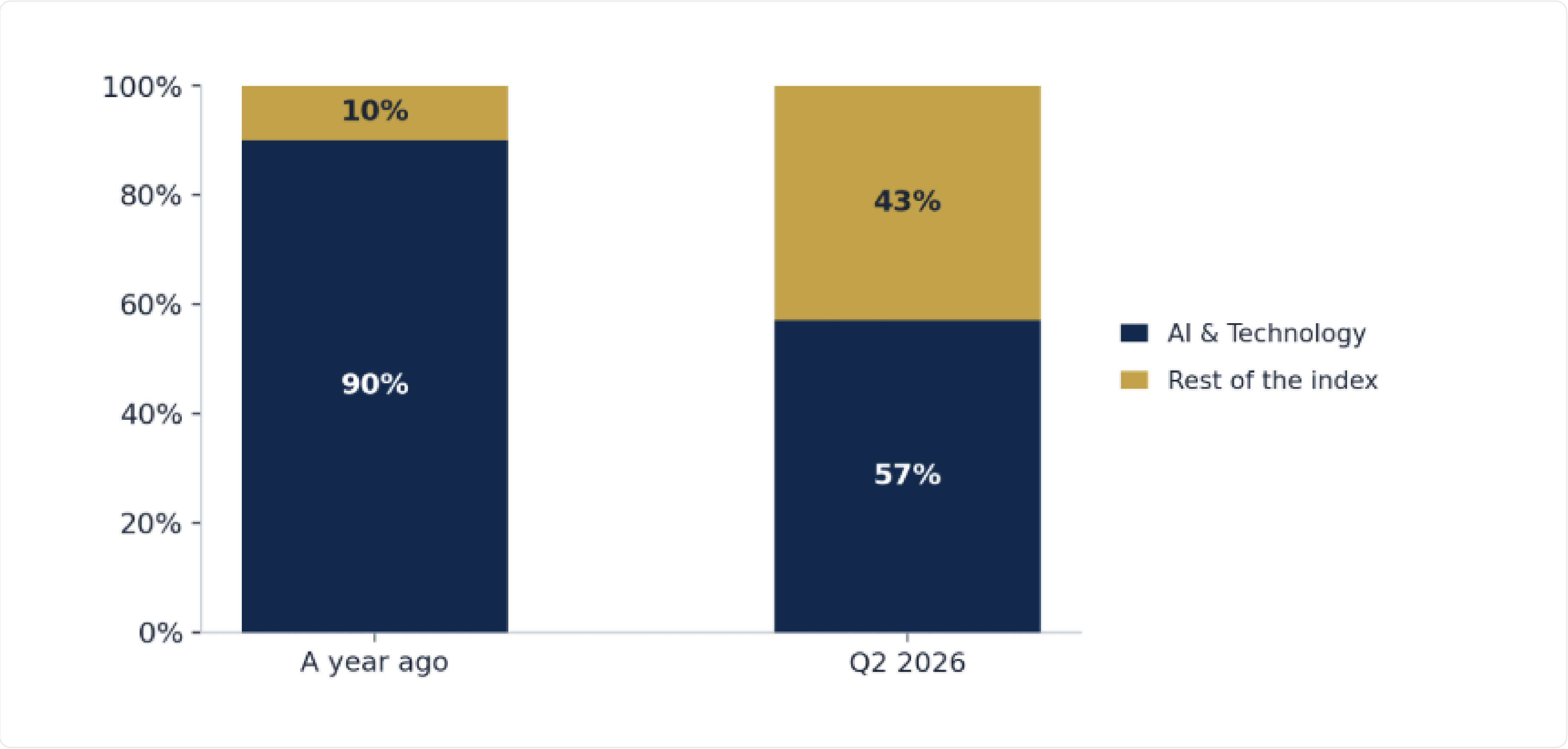

Chart 7: AI-sector stock contribution to S&P 500 EPS growth

THIS WEEK'S THEME

Conclusion

Q2 2026 was not just a strong quarter, but an even stronger one than expected. The extraordinarily high growth rate will slow next year as comparisons get tougher, but the most important features should hold: **profit margins have hit an all-time high and continue to rise, and growth is now coming from a much broader group of companies** , rather than a handful of large AI names. Analysts are also revising estimates upward rather than cutting them, unusual for this time of year and a good sign. Risks remain growth will be harder to beat next year, lower-income consumers are feeling the pressure, and it is still unclear when all the money being poured into AI will pay off. **But when more companies benefit from growth, bull markets tend to last longer.**

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