WEEKLY MARKET COMMENTS – AUGUST 31, 2026 – EXTERNAL

The two items that I had mentioned in last week's comments certainly both played their role in what happened in the week just ended.

And they were the following – the earnings announcement and market reaction to NVDA, the most valued company in existence, and the interpretation of the Jackson Hole comments from Fed Chair Kevin Warsh. And both of the reactions to what was said in both cases did little in the way of positive interpretation for the time being.

The major indices did end the week higher, although not by much, with the Dow up by 0.5%, same for the S&P and the Nasdaq ahead by 0.9% to the following numbers – 53,560, 7711 and 26,402

Some stocks that did well were the following technology leaders such as MSFT, AAPL, META after it made a settlement in its court case, AMZN, GOOG, SPCX, PLTR, MSTR and LITE, while others such as MU, SNDK, TSLA, AMD, MRVL and AMAT went the other way, namely lower, in addition to retailers DKS and NKE.

This week sees the end of second-quarter earnings with: Tuesday – DELL, Medtronic and PANW; Wednesday – BRCM, HPE and Snowflake.

The main economic report will be Friday's job report for August, with expectations of a 58,000 increase after the 23,000 decline in July, with the unemployment rate unchanged at 4.1%. Job growth has come in at 60,000 monthly as compared to 10,000 per month last year.

As of last night, the various stock index futures are indicating a lower opening for today, but the S&P has gained 12.5% so far in 2026. It is below its all-time high of 7799 achieved on July 13th and there is an awful lot of bullishness around this one as one organization seems to be following the aspect of higher prices being predicted, as high as the 8400 range.

NVDA grew its sales by 106% this year and held its gross margin at 75%. The company said that it is forecasting a 70% rise in the fiscal year in 2027. The reason that the stock fell back giving up half its gain on Friday is the argument that it will be difficult to keep up this strong earnings and margins, and the price action in the two days since earnings has to be a huge disappointment in terms of bullish call option activity.

I had mentioned two weeks ago that the sale of 235 and higher strike prices for last Friday and the stock ended around 217, which meant that hundreds of thousands of calls at these prices and higher went out with no value, which just proves the old theory that option buying in most cases ends up to be a failed item, especially when there is a huge earnings event ahead of this event, which is exactly what took place last week.

Mr. Warsh's comments did not help the market either on Friday, as when he started talking, the S&P was up by around 25 points and it did decline to a loss of around 20.

His main theme was that the central bank is ready to intervene to lower inflation but the markets saw the speech that the Fed may have to increase rates in September in order to curb price growth. The chances of a hike at that time are now 58%, up from 35% the day before.

He affirmed the Fed's commitment to achieving 2% inflation, counting on the PCE index, noting a one-year change of 3.7% but he said at the same time that the U.S. economy is strong based on labor, investment and further strong earnings growth. He believes that investors should await July and August numbers to make a final decision, but did point out that 58% of goods and services above 3% in the past year and called inflation "still quite elevated."

The next important issues in this regard are the August CPI reading and the August jobs report, where he is trying to please his boss, namely the U.S. President who has been urging lower interest rates for political reasons ahead of the mid-term elections in November.

WEEKLY MARKET COMMENTS – AUGUST 31, 2026 – EXTERNAL – DONALD M. SELKIN – CHIEF MARKET STRATEGIST