# Markets Update - 8/19/26

A look at what happened today impacting US equity, Treasury, and selected commodity markets, and what to watch for tomorrow.

NEIL SETHI
AUG 19, 2026 ∙ PAID

### Quick Summary:

- **US equity indices started Wednesday higher after the Treasury Department announced plans to at least double the size of longer-dated bond buybacks as discussed in the morning update, helping pull long-end yields sharply lower after their recent surge.**
- **The 30-year yield fell roughly 10 basis points to around 5.18% after hitting a fresh 19-year high Tuesday, while the 10-year yield dropped five basis points to around 4.64%. It remains to be seen though to what extent the announcement will ease some of the recent pressure from rising long-end yields, as several strategists noted that it does not change the underlying fiscal, inflation, and debt-supply issues.**
- **While the rally faded as the session progressed, indices still finished modestly higher. The rate sensitive Russell 2000 led with a +0.5% gain, while the S&P 500, Nasdaq Composite, and Dow Jones Industrial Average all finished higher by roughly +0.2%, ending the S&P 500's three-day losing streak.**
- **Beneath the surface, the market was stronger than the headline indices suggested. The equal-weighted S&P 500 gained +1.0%, and SPX sector breadth improved further with 7 of 11 sectors higher.**

- **Health Care led with a +3.5% gain after Moderna and Merck reported positive late-stage trial results for their experimental skin-cancer vaccine. Combined with Tuesday's gain, Health Care posted its second-best two-day advance since November 2020. Rate-sensitive areas also benefited from the drop in yields, with homebuilders and consumer names benefiting. Materials also outperformed as precious metals and mining stocks rallied as gold crossed a key technical threshold (discussed in the subscriber section).**
- **The main offset remained the AI trade. The PHLX Semiconductor Index fell another 2.1%, extending Tuesday's decline to over 7% from Monday's close and keeping the headline averages from showing more of the broader-market strength. That said, Marvell rallied on a Google TPU agreement, but it was offset by weakness in Google suppliers Broadcom and AMD. AI-related industrials were weak after OpenAI disclosed second-quarter results that disappointed investors.**
- **While seeing little reaction on the long end, hawkish Fed minutes in the afternoon saw the rally in shorter-maturity Treasuries fizzle, with several officials favoring a hike at the last meeting and many indicating further tightening may be needed if inflation does not decline.**
- **With little on the calendar the rest of the week, expect volumes to thin even further as traders increasingly make their way out of town as is typical in late August**.

After languishing most of this year, Bitcoin futures are seeing their biggest jump since March +6.2% to the highest levels since early June now testing the 100-DMA.

Underlying technicals are supportive.


## Some market commentary:

> US equities:
>
> - "The question is no longer whether higher yields matter, they clearly do, but whether the strength of earnings and capital expenditure implies that the economy can absorb them," said Florian Ielpo at Lombard Odier Investment Managers.
> - "AI stocks are increasingly in competition with their own bonds," he said. "Yields close to multiyear highs in combination with a higher visibility of expected cash flows are making a compelling case for many investors."

- “The global economy has been resilient to higher rates and earnings remain strong. But the equation is becoming less favorable: higher yields driven by better growth are manageable; higher discount rates without higher expected earnings are a much wobblier backdrop for equities.”
  — Skylar Montgomery Koning, macro strategist.
- “I think the earnings and cash flows from these big companies are strong enough that they’ll power through any kind of scare that happens around this,” Adam Parker, founder and CEO at Trivariate Research, told CNBC’s “Closing Bell” on Tuesday.
- “Markets have been able to overlook the increase in yields so far…because we’ve had this earnings boom,” said Keith Lerner, chief investment officer at Truist Advisory Services. “But I think as we move past the earnings season, there’ll be more focus on yields.”
- “Value names, for example, are doing really well today, and that tells you that the economy and the corporate earnings cycle are still very strong,” said Massimo Santicchia, head of U.S. equities at Procyon. That said, there’s “a tension now in the market,” he added, noting that there are solid fundamentals on one hand and a higher cost of capital induced by higher yields on the other.
  Overall, it’s still a “very, very good environment for stocks” because of the solid earnings outlook, Santicchia said.

Bonds before the increased buyback announcement:

- “Basically, this is a normalization,” said Robert Tipp, chief investment strategist and head of global bonds at PGIM Credit.

- “The fact that action by the Treasury Secretary up to this point has maybe not been as effective as he might have liked is another reason to think that this move higher could be sustained,” said Zach Griffiths, head of investment-grade and macro strategy at the research firm CreditSights.
- “The issue is not so much the rising interest rates,” said Michael Strain, director of economic policy studies at the conservative-leaning American Enterprise Institute. “The issue is the deficit. If we can only be concerned about one thing, that one thing should be the 10-year deficit outlook.”

after:

- “The intervention can help crowd in potential buyers tempted by the prior run-up in yields and force some near-term short-covering, while discouraging investors from going max short in the future for fear of being ambushed again,” said Krishna Guha at Evercore.
- “The Treasury’s move to double long-end buybacks from $2 billion to $4 billion was purely a liquidity-management adjustment for outstanding 30-year bonds. Yet, markets treated it as a broader easing signal, with yields falling 10 basis points and semis/tech rallying sharply,” said Ben Emons, founder of FedWatch Advisors.
- “This is more of a band-aid than a panacea,” said Lawrence Gillum at LPL Financial. “But it is a reminder that the Treasury Department is paying attention and will do whatever it can to keep yields from getting too high too quickly.”

Oil:

> - “The next leg in oil may be driven less by another dramatic headline and more by the market’s fear of being on the wrong side of the physical trade,” said Priyanka Sachdeva, head of market insights at Phillip Nova Pte Ltd.

### In today’s Markets Update:

- **A deeper look at Wednesday’s stock and sector breakdown, including the broader rebound beneath the headline indices but continued weakness in semiconductors and AI-linked names.**
- **A closer look at the Health Care rally, including Moderna and Merck’s mRNA cancer-vaccine news, Moderna’s record one-day gain, and the sector’s strongest two-day move since the Covid-vaccine period.**
- **A review of market breadth and participation, including the jump in large SPX winners and decline in large losers.**
- **A look at selected Bloomberg and CNBC corporate headlines, including Moderna/Merck, Marvell/Google, Target, and Estée Lauder.**
- **A technical update across the SPX, Nasdaq, Russell 2000, and equal-weighted SPX.**
- **A look at the rates and Fed backdrop, including the long-end-led drop in Treasury yields.**
- **A look at volatility and market structure, including VIX, VVIX, 1-day VIX, BTIG’s Jonathan Krinsky on complacency and downside-volume risk, and the high-gamma backdrop.**
- **A review of cross-asset trends, including WTI crude, EIA crude, gasoline and distillate inventories, the SPR, diesel prices, the dollar, gold’s breakout, copper, natural gas, and bitcoin’s breakout.**

- **A look at BoA client flows into Tech and out of Industrials, hedge-fund and institutional buying, BoA's Global Fund Manager Survey on "no landing" and earnings optimism, Goldman's buyback-desk update, BoA's FMS read on Fed expectations, and Evercore/MarketWatch on negative-beta stocks.**
- **A wrap-up on the Treasury-yield relief rally, AI-stock weakness, Health Care strength, high gamma, thin late-August trading, and the setup into the rest of the week.**
- **A look ahead to Thursday's calendar, including US economic data, Treasury auctions, SPX earnings, and ex-US highlights.**



**Stock and sector breakdown (in part from Briefing.com):**

**Along with the better index performance SPX sector breadth improved further Wednesday with 7 of 11 sectors higher** although Energy was not one of them after leading Monday and Tuesday. But **Health Care remained at the top jumping +3.5%** on the back of the apparent mRNA breakthrough by Moderna and Merck which succeeded in preventing cancer from coming back or spreading in a study of high-risk melanoma patients. **Added to the 1.6% advance Tuesday it was the second best two-day advance since November 2020 (Covid vaccines).**

**Consumer Discretionary and Materials also up over 1%. No sector down that much, but industrials continued recent weakness -0.9%.**

**Homebuilders were among the biggest beneficiaries**, with the iShares U.S. Home Construction ETF jumping 3.1%. **Strength across retailers and mega-cap names provided additional support to the consumer discretionary sector** (+2.1%), with Target (TGT 159.03, +6.56, +4.30%) and Lowe's (LOW 220.71, +5.07, +2.35%) advancing following their earnings reports while Amazon (AMZN 265.84, +6.39, +2.46%) and Tesla (TSLA 351.12, +14.25, +4.23%) rebounded from recent weakness.

**The health care sector (+3.5%) was the clear sector leade**r following positive results for an experimental cancer vaccine from Moderna (MRNA 174.38, +111.42, +176.97%) and Merck (MRK 152.22, +17.05, +12.61%). Moderna more than doubled in value and Merck posted a double-digit gain, helping send the iShares Biotechnology ETF up 6.6%.

**The materials sector (+1.7%) was another standou**t as higher precious metals prices supported Newmont Corporation (NEM 125.08, +9.10, +7.85%) and other mining stocks.

The PHLX Semiconductor Index though fell 2.1%, extending yesterday's steep decline and weighing heavily on the information technology sector (-0.7%). Semiconductor-related electrical equipment names also remained under pressure, contributing to the industrials sector's (-0.9%) underperformance

*[Note: % changes above may differ from chart as chart uses futures.]*

| | |
|---|---|
| Health Care | +3.52% |
| Consumer Discretionary | +2.14% |
| Materials | +1.67% |
| Consumer Staples | +0.79% |
| Real Estate | +0.74% |
| Communication Services | +0.52% |
| Utilities | 0.00% |
| Energy | -0.31% |
| Financials | -0.62% |
| Information Technology | -0.73% |
| Industrials | -0.89% |

-4% 0% 4%

Sectors are represented by CME Cash Indices

as of 4:14 PM ET, 08/19/2026

The SPX Health Care sector rallied 5.2% Tues/Wed, the second best two-day rally since Nov 2020 (Covid vaccines) after October 2025 (Pfizer–White House agreement).

$MRNA Moderna ended up 177%. Despite its leading role in the Covid crisis the previous best day was 22%.


**And along with the better sector breadth, the number of large SPX winners (up over 3%) jumped to ~90 from just 16, while large losers (down over 3%) edged down to ~50 from ~60.**

[chart from finviz.com]


**Biggest after-hours movers from CNBC (links are to CNBC tickers):**

None today, here were the mid-day movers:

- Pilgrim's Pride — Shares rallied 15% after JBS, which owns more than 80% of the chicken producer, made a bid to acquire the remaining stock in the company. Pilgrim's Pride was on pace for its best day since Aug. 13, 2021, when it jumped 21%.
- Gold miners — The group surged after an announcement by the Treasury Department to sharply increase government debt repurchases sent yields lower — giving gold a boost. The VanEck Gold Miners ETF (GDX) jumped 9%, putting it on track for its best day since Nov. 4, 2022, when it advanced 10%. Coeur and Hecla led the way higher with gains of more than 13% each.
- Real estate, homebuilders — The Treasury's announcement also gave a boost to real estate names and homebuilders. CoStar and Alexandria Real Estate Equities were both up more than 6%. Toll Brothers gained 7.1%, and D.R. Horton climbed 5.4%.

- Marvell Technology — The chipmaker was up more than 7% after it announced that it was giving Google permission to buy a $12 billion stake in the company as part of a deal to develop custom chips for the Alphabet subsidiary.
- Coinbase — Shares of the crypto trading platform surged 11% as bitcoin prices popped more than 5% to about $68,000. Robinhood advanced more than 6%, while bitcoin miners Riot Platforms and Mara Holdings gained 3% and 7%, respectively.
- Lowe's — Shares were up more than 3% as Treasury yields fell. They were initially lower in early trading after the home improvement retailer after it updated its full-year sales and earnings outlook to the bottom end of its prior guidance. Revenue for the second quarter also missed expectations, and the company reported it saw pressure in home improvement spending.
- Target — The retailer gained 5% after reporting better-than-expected revenues in its second-quarter financial report and hiking its full-year guidance. Results were boosted by a $752 million boost to net earnings, or $1.65 per share, from tariff refunds.
- La-Z-Boy — The manufacturer of recliners tanked 16%. Fiscal first-quarter earnings came in at 43 cents per share on an adjusted basis, down 9% from the year-ago period. Adjusted operating income dropped 20% from a year earlier, landing at $18.7 million. La-Z-Boy said current quarter revenue would range from $500 million to $520 million, missing the FactSet consensus of $536.8 million.
- Mercury Systems — The maker of defense and aerospace electronics slid more than 6%. Mercury Systems said that revenue for the fiscal year ending June 2027 would approach about $1.1 billion, versus the FactSet consensus estimate of $1.05 billion. Adjusted earnings of 37 cents in the fourth quarter missed the FactSet consensus call by one cent.

- Estee Lauder — The beauty care manufacturer and marketer rose more than 16% after it reported adjusted earnings and revenue for its fiscal fourth quarter that beat consensus estimates, according to analysts polled by FactSet. The company also reported that it expects earnings of between $3.10 to $3.35 per share in fiscal year 2027, about in-line with FactSet estimates for between $2.95 to $3.42.

**Some other corporate news from BBG:**

- A personalized vaccine developed by Moderna Inc. and Merck & Co. reduced the recurrence of melanoma in a large, late-stage trial, raising expectations for treating the deadliest form of skin cancer and showing the promise of the embattled mRNA technology.
    - Moderna shares spiked by a record 177%, though the stock remains well short of its Covid-era highs. Merck climbed 13%.
- Marvell Technology Inc. has agreed to give Alphabet Inc.'s Google rights to buy as much as $12.2 billion of its shares in exchange for purchasing chips.
- Target Corp. lifted its full-year guidance after results outpaced estimates in the latest quarter, suggesting the big-box retailer may be moving past a lengthy sales slump.
- Estée Lauder Cos.'s results beat estimates and ended a run of three straight declines in annual revenue, a sign the beauty conglomerate's turnaround efforts are gaining momentum.

> Note on all charts the colored lines are moving averages (the average price over the lookback period (days on the daily charts, weeks on the weekly charts)):
> 20 = green
> 50 = purple
> 100 = blue
> 200 = brown

> Exception is monthly charts where blue is 10-month moving average and brown is 20-month moving average.
>
> MACD = Moving average convergence/divergence line, a measure of momentum that compares longer term and shorter term momentum to gauge if a move is strengthening or weakening. This is probably my favorite individual indicator (it's also the favorite of Katie Stockton, a very fine technician).
>
> RSI = Relative Strength Index (basically what it sounds like) = measures the strength of the move comparing gains to losses over the given lookback window (I use the standard 14 periods).

Turning to the charts, **the SPX got a small bump from the drop in yields remaining all its support levels.**

As noted Tuesday, though, all four indices are seeing their technicals rolling over but none have yet crossed more negative.

**Nasdaq** similar to the SPX except hasn't yet gotten to its all-time high (I still think a test seems likely, although perhaps now after touching some support).


**The Russell 2000 (RUT).**


**The equal-weighted SPX the largest gain actually touching all-time high territory before closing just under.**


**Treasury yields fell across the curve again Wednesday but as noted led by the long end:**

**Two-year Treasury yields were little changed at 4.17%.** They remain 26 basis points below the peak close July 23rd, which was the highest since February of last year.

They are ~51 basis points above the Effective Fed Funds rate (red line), continuing to call for rate hikes.


**10-year yields though down five basis points to 4.65% remaining in its range over the past three weeks, but a two-week closing low.**


**30-year yields down ten basis points, one of the largest drops over the past 14 months, to 5.19% also a two-week closing low**.


**VIX fell back towards the lows of the year at 14.9**.

The indicator remains at the bottom of its "normal" range post-GFC, consistent with ~0.93% average daily moves in the SPX over the next 30 days.

BTIG's Jonathan Krinsky says **the low for the year in the VIX, hit Friday, points to too much complacency** heading into the mid-August to mid-October period.

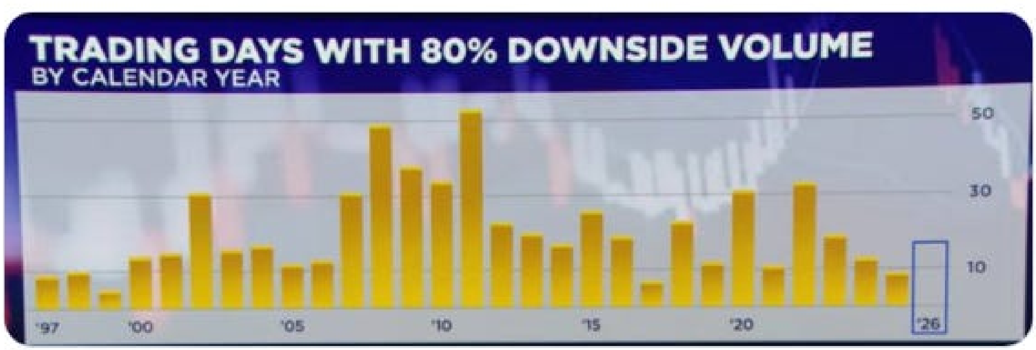
"We are in a window that historically sees downside volatility, and we are entering it with the market at all-time highs and VIX at YTD lows," Krinsky said in a note Sunday. "Unfortunately, **history says don't get too comfortable as we enter the worst part of the calendar during mid-term election years."**

He noted that in **every mid-term election year since 1990, the equal-weight S&P has registered a pull-back of at least 7% from its Aug. 18 average peak through mid-October.**

Krinsky said 2026 has proved an "anomaly" for stock markets, with **no 80% downside volume day since last October; typically the average year sees 21 such days, and there has never been a year with fewer than five.**

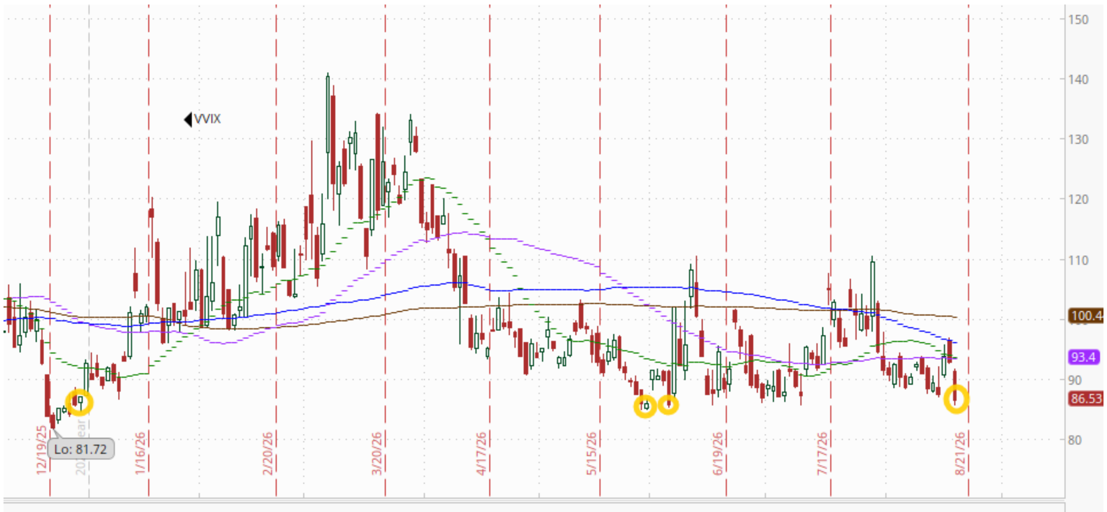
"We think this a very attractive time to pare down risk, or look at hedging broad-based equity exposure as we enter a very difficult part of the calendar, historically speaking," he added.

[chart via @MikeZaccardi]

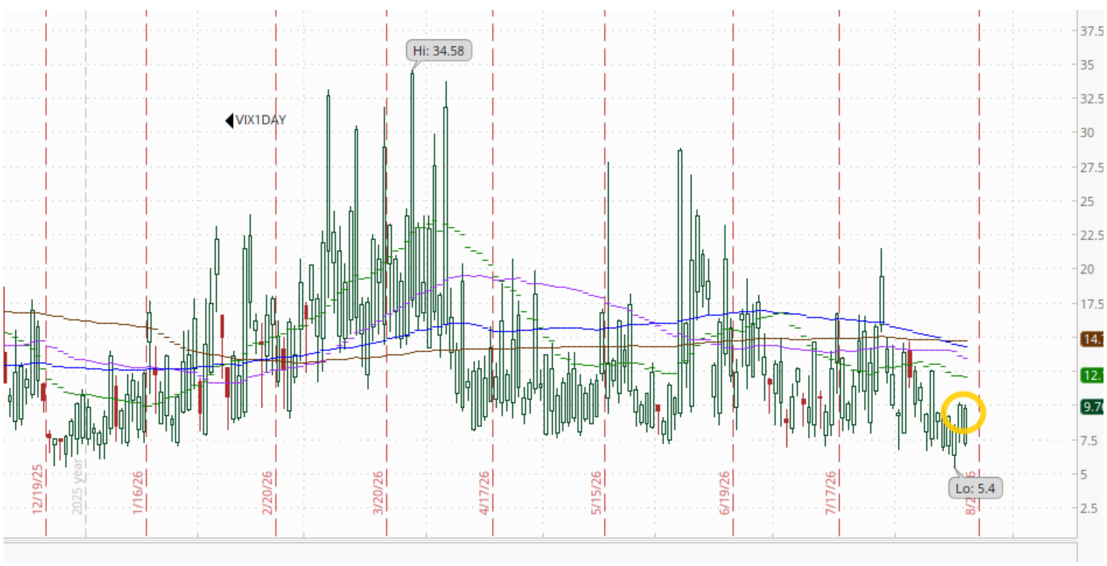



**The VVIX (VIX of the VIX) saw a larger drop to 86.5, the third lowest close of the year.**

The current level is **consistent with "moderate" daily moves in the VIX** over the next 30 days (historically, normal is 80-100, but we've been above 90 most of the time since July ‘24). Above 100 is the level flagged by Charlie McElligott as indicating higher stress.




**But the 1-day VIX edged back to 9.8,** consistent with a move of just 0.74% in the SPX next session.




**WTI little changed at $85.27**.

neilksethi created with TradingView.com, Aug 19, 2026 17:06 UTC-4


TradingView

With the SPR now falling to 293.4 million barrels last week, according to the Department of Energy, the reserve, created in 1975, is at its lowest level since December 1982.

The SPR stood at around 415 million barrels on Feb. 28th but will fall to around 243 million barrels when the current release President Trump ordered earlier this year is completed.

While the Department of Energy note that just 70 million barrels are needed to keep the extraction pipes safely submerged in oil rather than water, **more analysts are voicing concerns that we're already into territory that endangers the long-term viability of the reserves.**

**“The practical operational floor for the crude inventory is between 250 million and 300 million barrels,”** Siddharth Misra, a petroleum engineering professor at Texas A&M University said in an email to CNBC. At current inventory levels, “cavern integrity and overall operational capability are at an elevated risk,” he said.

**“Don’t believe the people out of the government that are saying the SPR can go to 70 million barrels. It’s nonsense,”** Amos Hochstein, a senior energy advisor to President Joe Biden, told CNBC’s “Squawk Box” Thursday. At that level, the reserve would be depleted to “the point of never resurrecting it,” he said.

“I don’t know anyone who believes we can go [significantly] below 300,” Hochstein told CNBC’s Brian Sullivan at an Atlantic Council event. " [P]hysically you will damage the caverns where the oil is stored.”

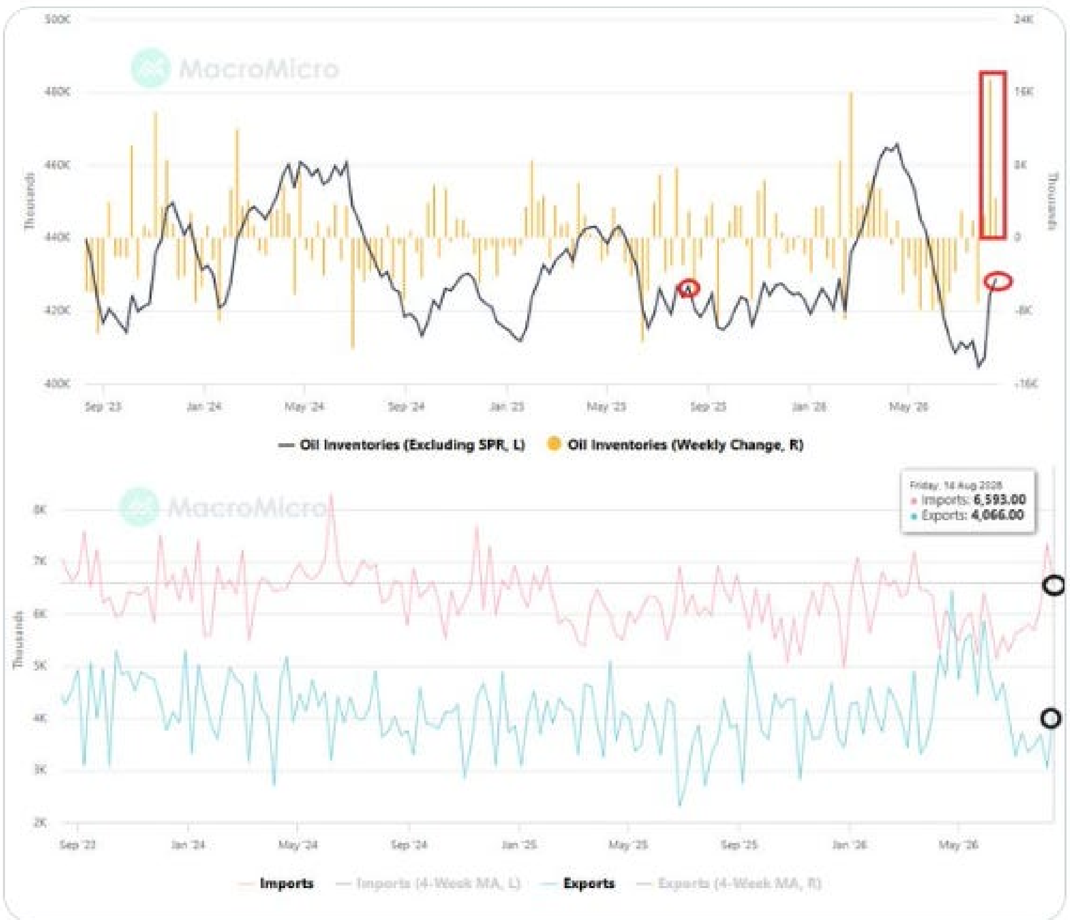

**CNBC** @CNBC · Aug 15

Depleted strategic oil reserve nears level that raises concerns about damage to caverns, operations cnbc.com/2026/08/15/str...

After jumping 17.4mb in the prior week, the third most in the past decade, EIA reports **US commercial crude inventories the week through August 14th decelerated but still built for a third week +4.4mb** vs expectations for +0.2mb.

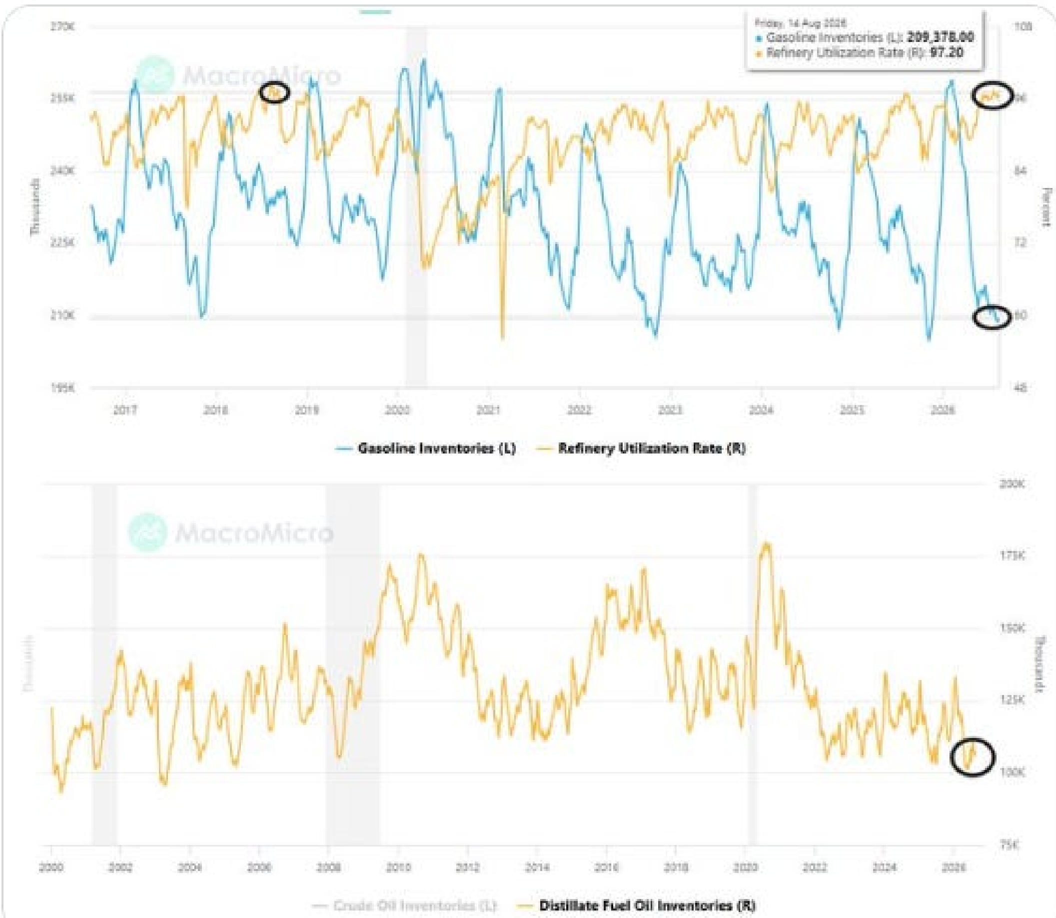
That leaves them now **1.9% *above* the prior year and at the 5-year average.**

The increase came despite a near reversal of the prior week's 1.77mb/day jump in net imports with **exports +1mb/d to 4.06mb/d, bouncing off the lowest levels since last November,** and **refinery utilization pushing to the joint highest since 2018.**



Helping to explain elevated gas prices though, **gasoline inventories remained just off the least since November, 6.3% below year ago levels even as refineries run at the highest rates since 2018.** Gasoline inventories are ~5% below the 5-year average for this time of year.

**Similarly, distillate inventories, while above the July low are down 9.0% from this week in 2025** and are 13% below the 5-year average for this week.

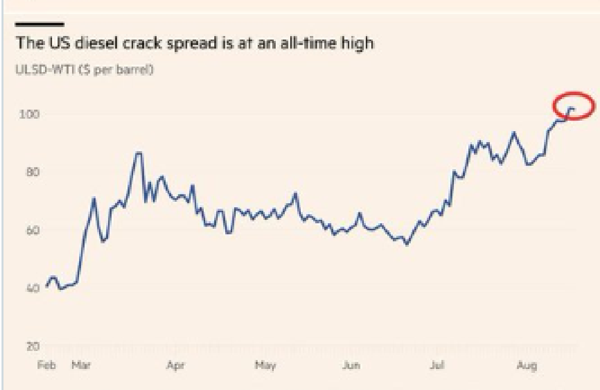


From @C_Barraud's Wednesday Brief were **a couple of posts on diesel prices (click through for those and the other great content), which are up 8% over the past month and moving back towards the highs from earlier this year** which were only exceeded in 2022 following Russia's invasion of Ukraine.

**The jump in diesel prices comes even as "the refining system is running flat out"** to capture a record crack spread (differential between diesel (output) and crude (input) prices) said Kevin Book at ClearView Energy Partners as we enter hurricane season.

**"It only takes one threat from a storm, and things could get pretty ugly," Kloza added. "There's potential for what we would call stupid numbers — five, six and seven dollars a gallon."**

**The rise will also put pressure on inflation metrics**. A large decline in transportation and warehousing services in the July PPI (-1.81%, the largest decline since April 2023), along with lower diesel prices (-6.7%), were boosts which presumably will be reversed to headwinds in August.

**The DXY dollar index (which is fixed weighted with a heavy (57%) weighting vs the euro) fell sharply -0.85%, the largest drop since April, smashing through the 200-DMA and setting up a potential retest of the 2026 lows.**

The daily MACD as noted three weeks ago flipped to quite negative while the RSI was under 40 (and is again, actually now under 30, the most oversold since January). As I said then, “clearly consolidating, but too early to call it a downtrend. But if it resumes its decline, that might be enough for me.” And that is indeed enough for me with the path lower now much easier than the path higher.


**Gold futures (/GC) again tested the key 200-DMA and per my message yesterday that “**seems one of these times it’s going to get through?” it did just that although very moderately, so we’ll want to see it hold above tomorrow. As noted two weeks ago “still has a good technical setup with positive daily MACD and RSI.” I will add to my gold position if it holds above into tomorrow’s session.


**US copper futures (/HG) did better than AI names Wednesday finishing flat although remaining near two-week lows above the 50-DMA**. As noted Tuesday, the “supportive technicals” I’ve been harping on for the last month have now flipped negative. If we fall under that uptrend line, I’ll likely exit my copper position.


**US natural gas futures (/NG)** gave up over half their gains but still the highest close in three weeks. The daily MACD as noted a week ago has flipped to more bullish and the RSI close to pushing above 50. That said, as I have noted for the past month it has layers and layers of resistance above.


**Bitcoin futures shot higher apparently on the back of President Trump pressing Congress to pass a key crypto bill as the White House hosted industry executives. Whatever the reason, it was enough to drive them right through their range over the past two months to the 100-DMA.** Daily technicals moved strongly positive, and per my note that "I would still be a buyer if they saw a strong move above $67,500," I added some today.


# Misc:

BofA says their **clients were piling into tech last week but selling industrials both at the fastest paces on record:**

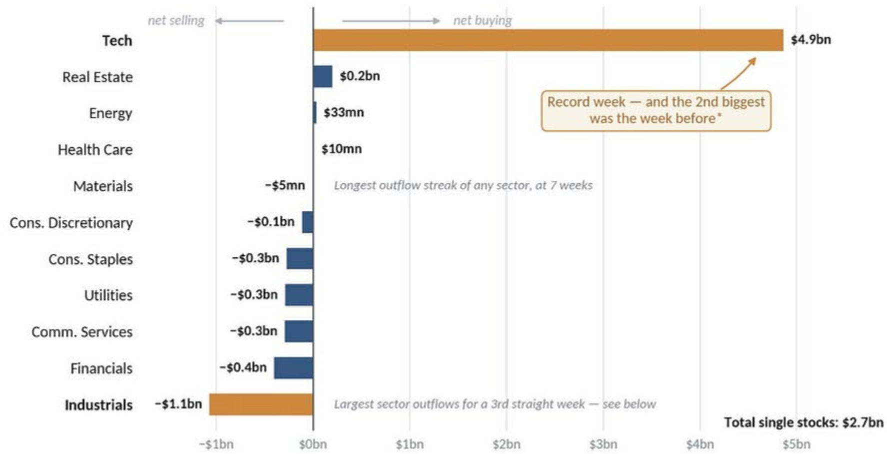
"**Single stock inflows were driven by Tech, which saw record inflows in our data history since '08** (17th biggest/98th percentile week when normalized by S&P 500 Tech mkt. cap). Clients were also small net buyers of Energy, Health Care and Real Estate stocks.

"Clients sold stocks in 7 sectors, **led by Industrials for the 3rd consecutive week (worst 3-week stretch in our data history** or worst since Dec '23 when normalized by mkt. cap), despite continued improvement in the manufacturing backdrop – note that Industrials is among the most crowded and expensive sectors in our work. Materials has the longest outflow streak at 7 weeks."

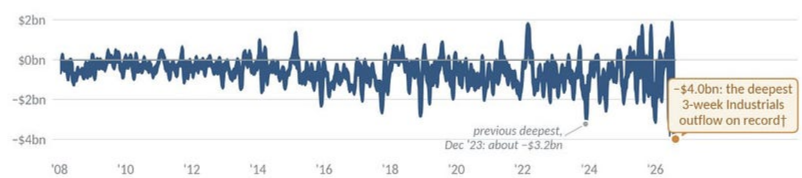
## BofA clients pile into Tech for a 2nd week while selling Industrials

$8.6bn into Tech single stocks over two weeks — a record — against $4.0bn out of Industrials over three, also a record

**Net buying / (selling) of US single stocks by GICS sector, week of 10–14 Aug 2026**




**Rolling 3-week sum of Industrials single-stock net flows, 2008–present**




BofA client net buying / (selling) of US single stocks · $bn · last week = 10–14 Aug 2026

*BofA identifies the last two weeks as the largest and 2nd largest Tech single-stock inflow weeks in its history since '08; because they fall back to back, their $8.6bn sum is necessarily a two-week record. BofA ranks last week the 17th biggest / 98th percentile when normalized by S&P 500 Tech market cap. Single stocks only — sector ETF flows are excluded, and clients sold $499mn of Tech ETFs last week. †The three-week Industrials total is the sum of BofA's weekly figures to 14 Aug; the Dec '23 comparison was read from BofA's Exhibit 3, which BofA plots as a line — the shaded band here reflects the thickness of that line at weekly resolution. Both Industrials records are in dollar terms; BofA notes that normalized by market cap the three-week stretch is the worst since Dec '23 rather than an outright record.

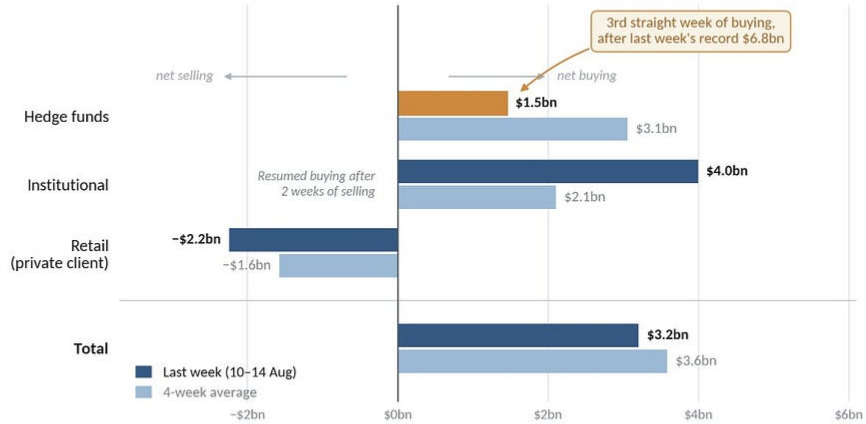
SethiAssociates.com

**Source: BofA Global Research**

Like Goldman, BofA says hedge funds continued their buying last week after a record week the week before and institutions re-engaged but retail remained a seller for a third week.

**Hedge funds kept buying after their record week, and institutions came back**

BofA clients bought US equities for a 7th straight week — $3.2bn — with retail the lone net seller




BofA client net buying / (selling) of US stocks + equity ETFs by client type · $bn · last week = 10–14 Aug 2026

Retail clients have now sold for 3 straight weeks. The Total 4-week average shown is the sum of the three client groups and matches the +$3.6bn BofA cites in its Exhibit 4; the corresponding cell in BofA's Exhibit 13 prints +$4,304mn, which does not reconcile with its own components.

SethiAssociates.com

**Source: BofA Global Research**

BofA GMFS:

"consensus conviction is no macro landing... , record 56% predict “no landing” for economic growth; highest number of investors forecasting “boom” (43%) since Feb'22, double digit EPS growth (37%) since Aug’21."

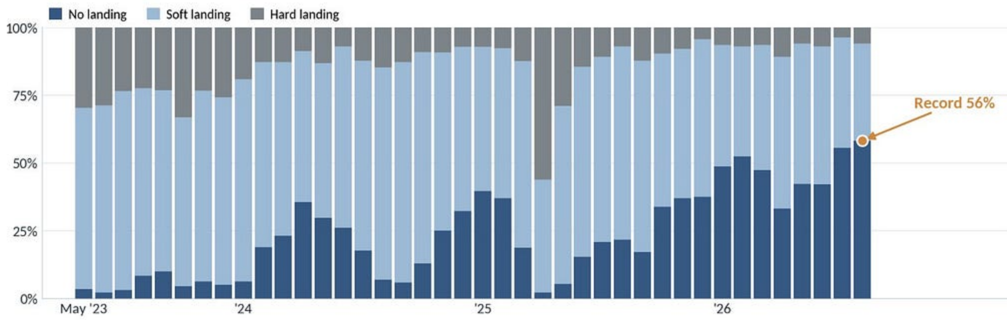
## 'No landing' hits a record 56% as 'boom' and earnings optimism hit multi-year highs

BofA August Global Fund Manager Survey

SethiAssociates.com

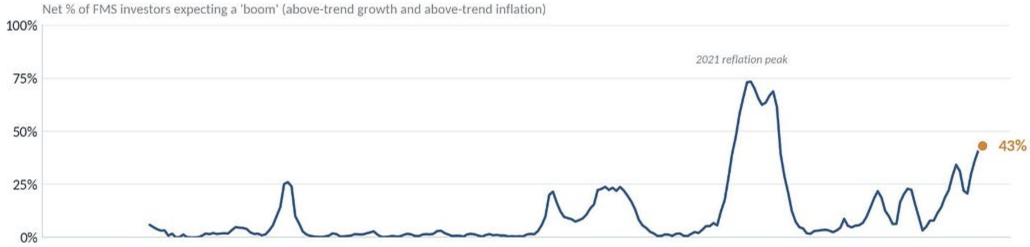
### 'No landing' consensus climbs to a record 56%

How FMS investors expect the global economy to land over the next 12 months



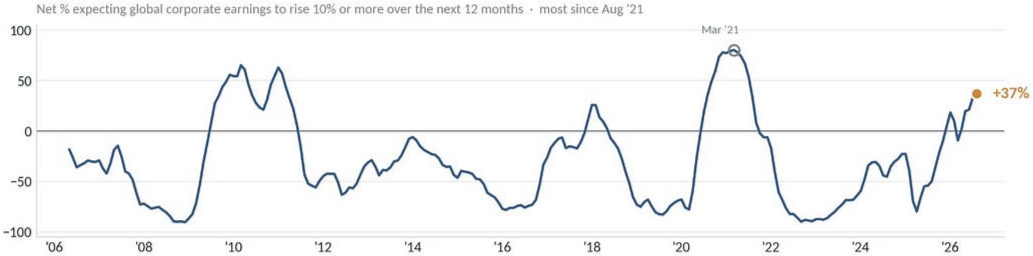

### 'Boom' expectations climb to 43% — the most since Feb '22

Net % of FMS investors expecting a 'boom' (above-trend growth and above-trend inflation)




### Double-digit earnings optimism at a five-year high — net 37%

Net % expecting global corporate earnings to rise 10% or more over the next 12 months · most since Aug '21



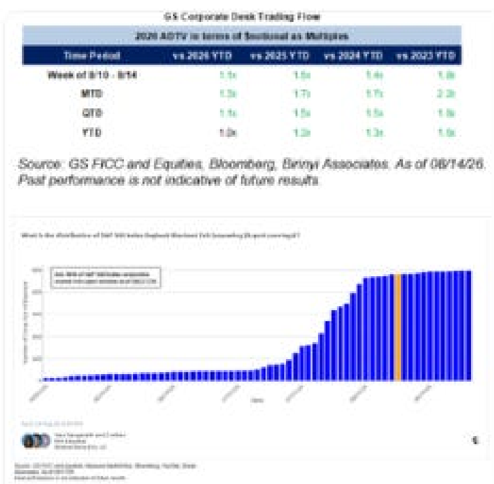

**Source: BofA Global Research**

'No landing' = above-trend growth. Bars show the share expecting each outcome; endpoint figures are BofA's published August readings.

In line with the expanding buyback window (which they see actually at 96%), **Goldman says their buyback "desk saw robust and steady volumes last week,** driven by the ongoing corporate open window. While the broader market typically experiences a summer slowdown in August, this month historically represents a highly active period for our desk given the concentrated buyback window.

**"Last week's flows finished at 1.5x versus 2025 YTD** ADTV and 1.4x versus 2024 YTD ADTV, skewed toward the Tech, Financials, and Health Care sectors. **Open-market flow on the desk increased week over week, with discretionary buyback orders accounting for 37% of total desk flow,** up from 31% last week.

"**This uptick in discretionary demand aligns with the quickly expanding corporate bid.** We currently estimate 96% of the S&P 500 are in an open-window period. **With over $1T in buyback authorizations announced, corporate demand is estimated to remain over the summer**, potentially helping absorb supply in an otherwise thin summer-liquidity environment.



GS Corporate Desk Trading Flow

| 2026 ADTV in terms of Notional as Multiples | | | | |
|---|---|---|---|---|
| Time Period | vs 2026 YTD | vs 2025 YTD | vs 2024 YTD | vs 2023 YTD |
| Week of 8/10 - 8/14 | 1.1x | 1.5x | 1.4x | 1.8x |
| MTD | 1.3x | 1.7x | 1.7x | 2.3x |
| QTD | 1.1x | 1.5x | 1.5x | 1.8x |
| YTD | 1.0x | 1.2x | 1.3x | 1.5x |

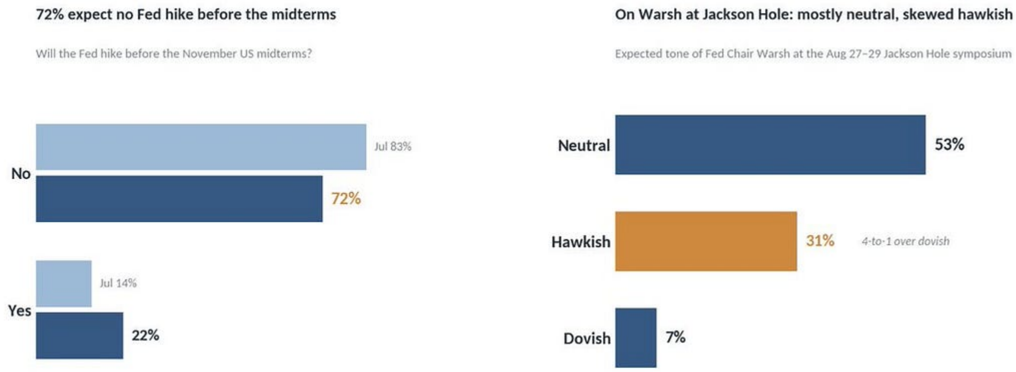
Source: GS FICC and Equities, Bloomberg, Birinyi Associates. As of 08/14/26. Past performance is not indicative of future results.


BofA fund manager survey on the Fed:

"72% say no Fed hike before US midterms, Warsh at Jackson Hole to be hawkish 31%, dovish 7%, neutral 53%."

## FMS on the Fed: no hike before the midterms, and a hawkish lean into Jackson Hole

BofA August Global Fund Manager Survey




**Source: BofA Global Research**

August readings labelled by BofA; July figures estimated from the chart for comparison. Shares need not sum to 100% — remainder is 'don't know'.

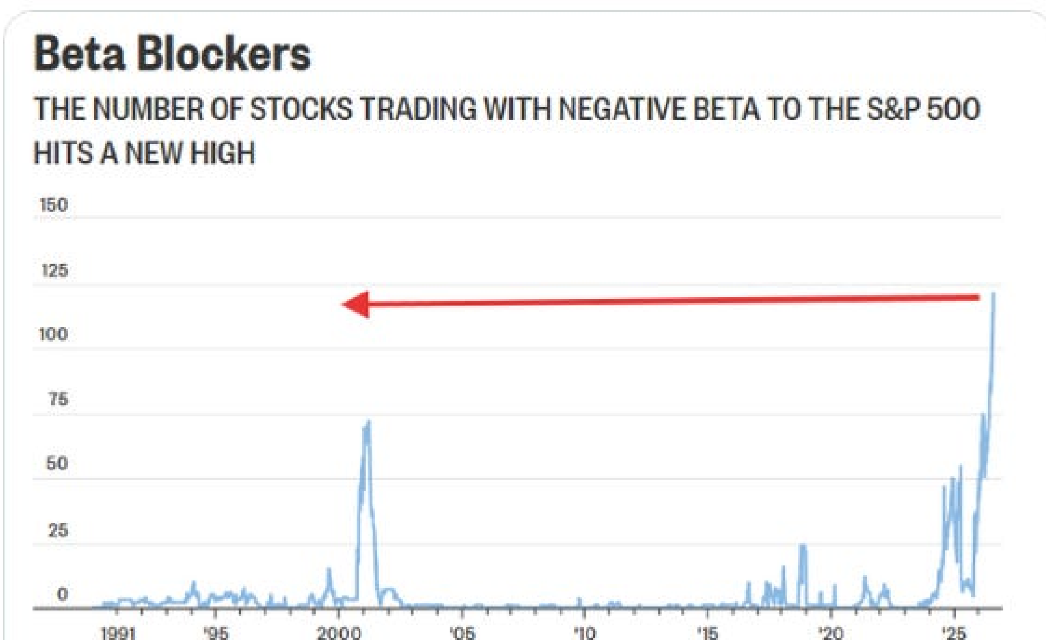
By the end of July **the number of stocks trading with a negative beta (meaning inverse correlation) with the S&P 500 on a six-month average basis hit 121 according to Evercore ISI's Julian Emanuel. The previous record since 1990 was 70 in February of 2001.**

While perhaps not a shock with near record-high dispersion, Emanual says this has been seized on by many who are bearish. "**The people who are bearish want to look at it and see that it says that we're about to have a bubble pop.**"

Emanuel acknowledged that this reaction isn't totally unreasonable, given the history. But **he sees instead that there is still plenty of diversification to be had within the S&P 500.** In a sense, it is a sign that investors have learned an important lesson since the dot-com collapse: Don't put all of your eggs in one basket, or theme.

"In a world where every other asset has become correlated to AI in ways that investors may not fully appreciate, it is harder to diversify," Emanuel said. "But **there's also this other universe of stocks that, day in and day out, provide an element of portfolio diversification because they move inversely to the index.**"

The 10 largest are WMT, XOM, JNJ, ABBV, COST, CVX, KO, PM, VZ, and TMUS.



Source: Evercore ISI Research, FactSet

MarketWatch @MarketWatch · Aug 17
The number of 'negative-beta' stocks in the S&P 500 just hit a new record high. What that means for investors. trib.al/5XJ0adj

Link to X posts - Neil Sethi (@neilsethinew) / X for full posts/access to charts.

## Wrap-up

After our "low volume drift lower" Monday, then sharper decline Tuesday, Wednesday brought us some morning volatility as a thinner market digested a bond-positive message from the Treasury (something out of the BoJ playbook) turning stocks higher. Some positive headlines in the healthcare sector also helped to offset declines in AI-related names giving us a mildly positive day.

Remains to be seen if the decline in yields can continue or if, like we see in Japan, the markets will be right back testing the prior highs which will put more pressure on stocks.

Also remains to be seen how long this most recent pullback in AI stocks will last.

Gamma remains quite high which will continue to dampen moves through the end of the week, and volumes will turn to a trickle as we approach the weekend, so absent some new unexpected headlines I'm not looking for big moves one way or the other into the weekend.

## The Day Ahead

As noted in the Week Ahead, it's a relatively light week for US economic data, and **Thursday we just get weekly unemployment claims** (plus a regional Fed survey which I don't pay much attention to individually and the Conference Board leading index which I also don’t pay much attention to (although the coincident indicators are a decent nowcast of the economy so I might post on those)).

**In terms of Fed speakers,** as also noted in the Week Ahead, none on the schedule for this week.

**We’ll also get a US Treasury auction** in a **30-year TIPs reopening** (nobody ever seems to pay any attention to the TIPS auctions though).

In terms of SPX Q2 earnings we’re very much in the windup phase (at least until the end of the month with Nvidia) and just **three SPX components reporting Thursday but two are >$100B reporting highlighted by WMT along with DE. BABA also reports.**

**Ex-US highlights** include a policy decision from Sweden (Riksbank), Australia employment, and Japan trade balance.

## The Day Ahead

Thu · Aug 20, 2026

**A light day, with Walmart earnings and weekly jobless claims**

*Walmart reports pre-market and jobless claims land at 8:30; the Philadelphia Fed index — seen falling sharply from 41.4, forecasts spanning 20–30 — and a 30-year TIPS auction round out the day · August 20, 2026*

*Key:* UST Treasury auction EARN earnings

| Time (ET) | Event | | Prev | Cons. | BofA | JPM | GS |
|---|---|---|---|---|---|---|---|
| 7:00a | Walmart (WMT) — Q2 earnings | EARN | — | — | — | — | — |
| 8:30a | Philadelphia Fed Manufacturing *Aug* | | 41.4 | 24.8 | 20.0 | 25.0 | 30.0 |
| 8:30a | Initial Jobless Claims *w/e 8/15* | | 209k | 211k | 215k | 215k | 210k |
| 1:00p | 30-Year TIPS auction (reopen) · $8bn | UST | — | — | — | — | — |

Source: BofA Global Research; J.P. Morgan; Goldman Sachs; consensus per Bloomberg Finance L.P.

Cons. = Bloomberg median (via J.P. Morgan); houses cite marginally different consensus snapshots.

BofA, J.P. Morgan and Goldman Sachs figures are house forecasts; times Eastern. A dash (—) = no published estimate.

Walmart reports pre-market; the 30-year TIPS is an $8bn reopening.

SethiAssociates.com

Thursday August 20

**Data**: US August Philadelphia Fed business outlook, July leading index, initial jobless claims, China 1-yr and 5-yr loan prime rates, Japan July trade balance, Germany July PPI, Eurozone June construction output, Canada July industrial product price index, raw materials price index, Australia July labour force survey, Denmark Q2 GDP
**Central banks:** Riksbank decision, ECB's Sleijpen speaks
**Earnings:** Walmart, Deere, Alibaba
**Auctions:** US 30-yr TIPS (reopening, $8bn)

From Christophe Barraud:

# Thursday

🇦🇺 Australia July employment data ⚠

🇯🇵 Japan July trade data

🇹🇼 Taiwan July export orders

🇨🇳 China LPR ⚠

🇪🇺 ECB Governing Council member Olaf Sleijpen gives speech on The Importance of Independent Central Banks in an Unstable World in Paramaribo, Surimane – Bloomberg

🇸🇪 Sweden rate decision

🇺🇸 U.S. weekly jobless claims

🇺🇸 U.S. August Philadelphia Fed business outlook ⚠

🇺🇸 U.S. July Conference Board leading index

🇨🇳 🇺🇸 Alibaba Group Holding, Walmart earnings ⚠

| Ticker | Name | Next Earnings Date | ↓ Market Cap |
|---|---|---|---|
| WMT | Walmart Inc. | Aug 20, 2026 | 909.61B |
| DE | Deere & Company | Aug 20, 2026 | 156.73B |
| ROST | Ross Stores, Inc. | Aug 20, 2026 | 75.28B |


Link to X posts - Neil Sethi (@neilsethinew) / X for full posts/access to charts.

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