NovaPoint

Weekly Market Commentary

August 17, 2026

Price Check

Reports showing moderating inflation kept equity markets near their highs last week. For the week, the S&P 500 Index was +0.4%, the Dow Jones Industrials -0.5%, and the NASDAQ +1.1%. The Energy, Utility, and Consumer Staples sectors led the S&P 500 Index for the week, while the Consumer Discretionary, Communications Services, and Materials sectors lagged. The 10-year U.S. Treasury note yield was 4.688% at Friday's close versus 4.641% the previous week.

July inflation reports showed inflation at or slightly less inflationary than expectations. The July Consumer Price Index (CPI) was +0.1% month-over-month and core CPI, which excludes changes in food and energy prices, was +0.2% month-over-month, both in-line with expectations. On a year-over-year comparison, CPI was +3.4% and core CPI was +2.5%. The July Producer Price Index (PPI) was flat month-over-month and core PPI, which excludes changes in food, energy, and trade, was +0.4%. This was slightly less inflationary than expected. The year-over-year change in PPI was +4.7% and core PPI was also +4.7%. CME Fed funds futures now show a single 0.25% increase at the December Federal Open Market Committee meeting versus a projected change at the October meeting.

Several major retailers are scheduled to report earnings this week. Overall, twelve companies in the S&P 500 Index are scheduled to report. With over 90% of companies already reported, 85% of those companies have exceeded consensus estimates, which is above the 76% historical average. Second quarter earnings are expected to grow by 50.4% and quarterly revenue growth is expected at 15.0%. Full-year 2026 earnings are expected to grow by 30.0% with revenue growth of 11.5%.

In our Dissecting Headlines section, we look at inflation, deflation, and disinflation.

Financial Market Update

	Weekly Return	YTD Return		Weekly Return	YTD Return
S&P 500 Index	0.4%	14.5%	Aggregate Bond Index	-0.1%	0.1%
Dow Jones Industrial Average	-0.5%	12.8%	U.S. Dollar Index	0.1%	1.4%
NASDAQ 100	1.1%	19.4%	WTI Crude Oil	5.4%	43.5%
Russell 2000 (Small Cap Index)	1.1%	24.5%	Gold	0.8%	1.4%
International Stocks (MSCI ex-US)	1.3%	17.7%	Real Estate (US REIT Index)	0.1%	19.8%

Sources: S&P Global, FactSet

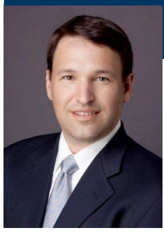
Dissecting Headlines: Inflation, Deflation, and Disinflation

At the June Federal Open Market Committee meeting, the last sentence of the official statement read, "The Committee will deliver price stability." An acceptable level of price stability is a 2% annual rate of inflation across an economic cycle. The extreme levels of inflation seen during 2022 were disruptive to price stability, so the Fed enacted a more restrictive monetary policy by raising short-term interest rates. The objective was to slow the rate of inflation by reducing demand for goods and services by making the cost of borrowing money more expensive. The Fed then gradually lowered interest rates as inflation abated.

By slowing the rate of inflation, the Fed was striving for disinflation. A disinflationary economy can still experience growth, but in an environment of better price stability. The economy, in aggregate, typically exhibits disinflation rather than deflation. Deflation is a drop in the price of goods and services. Widespread deflation would likely indicate an economy in a severe contraction. More often, individual products and services experience deflation in prices rather than the economy as a whole. We often see this in volatile commodities, such as food and energy prices. This is why price changes in those categories are often separated from the rate of core inflation. We also see deflation in products or service experiencing substitution or obsolescence. Prices can also fall for a product as it reaches greater consumer penetration and mass production has allowed it to be produced cheaper.

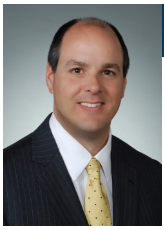
The Fed is trying to create a disinflationary environment, rather than deflationary, to get to its 2% goal. This allows for economic growth, job creation, and an acceptable level of price stability.

The NovaPoint Team



Joseph Sroka, CFA, CMT / Chief Investment Officer / jsroka@novapointgroup.com

Joe has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a portfolio manager at Spectrum Advisory Services and GMT Capital in Atlanta, and Epoch Investment Partners in New York. He has also worked as an equity research analyst at Merrill Lynch and ABN Amro. Before beginning his investment career, Joe was an Infantry officer in the U.S. Army. Joe holds a BS from the U.S. Military Academy at West Point and an MBA from the University of Chicago. He is both a Chartered Financial Analyst (CFA) and a Chartered Market Technician (CMT).



Alan J. Conner / President and Chief Compliance Officer / aconner@novapointgroup.com

Alan has over 20 years of experience in the investment management industry. Prior to founding NovaPoint, he was a fixed income manager at both Spectrum Advisory Services and a private family office. Alan was also with the Bank Group division of Countrywide Capital Markets where he developed balance sheet strategies for depository institutions. He holds a BS in Banking and an MBA in Finance from Nova Southeastern University. Alan is an endurance athlete and three-time IRONMAN finisher.

Frederick Wright, CFA / Managing Director & Portfolio Manager / fwright@novapointgroup.com

Frederick has over 30 years of experience in the investment management industry. Prior to joining NovaPoint, Frederick was a Partner and Investment Advisor at Brightworth where he advised high net worth investors. Frederick began his investment career in 1991 at Balentine & Co where he rose to Partner. He also co-founded and served as Chief Investment Officer at Wright Investment Management and at Smith & Howard Wealth Management . Prior to beginning his investment career, Frederick served as an Engineer officer in the U.S. Army. He holds a BS from the U.S. Military Academy at West Point and an MBA from Emory University. Frederick is a Chartered Financial Analyst (CFA).

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Larry leads NovaPoint's accounting, tax and outsourced CFO business. He built his previous company, Atlas Solutions, as a solo entrepreneur before merging into NovaPoint CFO. Larry began his career as a Field Artillery officer in the United States Army. Larry earned his Bachelor of Science degree from the U.S. Military Academy at West Point, where he was a four-year letterman on the football team. Larry is a certified Enrolled Agent, recognized by the U.S. Department of the Treasury to represent taxpayers before the Internal Revenue Service.

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Meghan is an Investment Associate focusing on financial planning. Prior to joining NovaPoint, Meghan spent 18 years in government service as an Operations Officer in military intelligence. She holds two Bachelor of Science degrees from the University of Maryland and a Master of Science from the Joint Military Intelligence College. Meghan has additional education specializing in financial planning and currently holds the Federal Retirement Consultant designation.