Cetera® Investment Management

July 2026 Recap

Monthly Recap

At-A-Glance

The S&P 500 finished nearly flat in July, ending the month 1.58% below its June 2 most recent all-time high.

The Dow Industrials marginally outperformed last month, gaining 165-points (+0.38%), but enough to push year-to-date gain into double-digits, up 10.17%. The Dow-30 posted its fourth straight monthly gain.

Driven by concerns over Big Tech's monumental AI capex spending, the Nasdaq Composite fell 3.19% in July, trimming its YTD gain to 9.53%.

Bloomberg's Commodities Index surged 7.54% in July, boosting its YTD advance to 22.98%.

Gold futures rose 1.70% last month, ending at $4,107.00 per troy ounce. Gold prices are now down 5.39% YTD.

U.S. West Texas Intermediate (WTI) crude oil futures surged 21.83% in July, finishing at $84.67 per barrel. Driven by renewal of the U.S.-Iran war footing, U.S. oil is up 47.46% YTD.

Higher oil pushed up gasoline pump prices to a national average of $4.11 per gallon. That's up from $3.85 a month ago, according to AAA.

Market Indices[1]	July	Year-to-Date
S&P 500	-0.06%	10.14%
Russell 3000	-0.47%	10.35%
Russell 2000	-3.03%	18.85%
MSCI EAFE	1.96%	11.59%
MSCI Emerging Markets	-3.07%	20.04%
Bloomberg U.S. Aggregate Bond	-1.30%	-0.69%
Bloomberg U.S. Municipal Bond	-1.85%	0.43%
Bloomberg U.S. Corporate High Yield	-0.25%	1.71%

[1]FactSet (all equity performance is total return, which includes dividends).

Broad market stocks finished a volatile month little changed with the S&P 500 capping its first winning week of the month, ending July just 0.06% in the red. Reflecting a deep pullback in Big Tech stocks however, the Nasdaq 100 Index tumbled 6.59% in July, its worst month since March 2025 as investors questioned whether the AI-investment boom will translate into reciprocal profits. Combined, the four-largest Big Tech firms have announced over $2.4 Trillion in future AI capex spending plans.

The month was also marked by heightened inflation fears after July crude oil jumped nearly 22%, the most since March, amidst Iranian-backed oil shipping attacks beyond the Persian Gulf. Those fears in turn sparked Treasury selling, sending the benchmark 10-year Treasury yield above 4.7%, its highest since January 2025. Moreover, the yield on 30-year Treasurys topped 5.25%, its highest since 2007.

Economic growth and corporate profits remain risk-supportive for stocks, helped by healthy consumer spending that was revealed in the Q2 preliminary GDP report. Overall annualized U.S. GDP growth slowed to +1.5% from +2.1% in the first quarter as government spending slowed. However, final sales to private domestic purchasers (known as "core GDP") rose 3.9% annualized, the strongest pace since Q1 2023.

Through month-end, the Q2 earnings season is 61% complete with 85% of reporting companies beating analysts' expectations, according to S&P Capital IQ. In aggregate, S&P 500 companies are projected to show a 44.7% Y/Y increase in Q2 EPS, up from an initial estimate for 21.0% EPS growth. Three sectors dominate EPS growth expectations, including Energy (+135.9%), Communication Services (+106.9%), and Technology (+67.0%).

Apart from services sector activity, the ISM Manufacturing activity index climbed to 55.6 in July from 53.3 in June, reaching the highest level since May 2022. The July increase was its seventh consecutive month that the reading stayed in expansionary territory (above 50).

In style performance, Value is now dominating over Growth both for the month and year-to-date. Large Cap Value performed best in July (+3.82%), while Small Cap Value gained the most so far this year (+23.0%).

July Returns

	Value	Blend	Growth
Large Cap	3.82%	-0.35%	-4.76%
Mid Cap	1.47%	-0.62%	-6.46%
Small Cap	0.01%	-3.03%	-5.86%

Year-to-Date Returns

	Value	Blend	Growth
Large Cap	20.67%	9.93%	0.32%
Mid Cap	19.32%	14.59%	0.35%
Small Cap	23.00%	18.85%	15.02%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 7/31/2026.

Among S&P 500 sectors, Technology led to the downside (-3.43%) in July amid further rotational changes in market leadership with Energy swinging to top performer (+12.60%) from second worst-performer in June (-5.06%). Financials were July's second-best performers, displaying solid earnings-inspired gains with four of the top six major large cap banks recording new all-time high stock prices.

Top Sector Performers – July[1]	Bottom Sector Performers – July[1]
Energy (+12.60%)	Utilities (-2.23%)
Financials (+6.16%)	Industrials (-3.01%)
Real Estate (+2.52%)	Technology (-3.43%)
Top Sector Performers – YTD[1]	**Bottom Sector Performers – YTD[1]**
Energy (+34.74%)	Financials (+4.91%)
Industrials (+16.54%)	Communication Services (+1.39%)
Technology (+15.65%)	Consumer Discretionary (+0.04%)

[1] FactSet (all S&P 500 sector performance percentages are total return based, which include dividends).

In foreign markets, global developed nations stocks, as measured by the MSCI EAFE Index (+1.96%), broadly outperformed both the U.S. and foreign emerging markets (-3.07%) in July. Notably, U.S. small cap stock losses, as measured by the Russell 2000 Index, nearly matched emerging market losses (-3.03%). Britain's FTSE 100 rose over 3.5% in July, its best monthly performance since February. MSCI emerging market indices for China (+9.0%) and Korea (-17.11%) showed widely diverging July returns. Their YTD returns also widely diverged in opposite fashion, with China down 7.32% and Korea up 81.21%.

Turning to fixed-income markets, the Bloomberg U.S. Government Index fell 1.10% in July while the longer-duration Bloomberg U.S. Government Long-term Bonds Index slumped 4.00%. On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, fell 1.30% last month, while Bloomberg's U.S. Corporate High Yield Bond Index, representing holdings of below investment-grade (junk-rated) bonds, declined by a lesser 0.25%. Bloomberg's U.S. Municipal Bond Index suffered the largest fixed-income losses, down 1.85% in July.

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Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government–related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index®** (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.