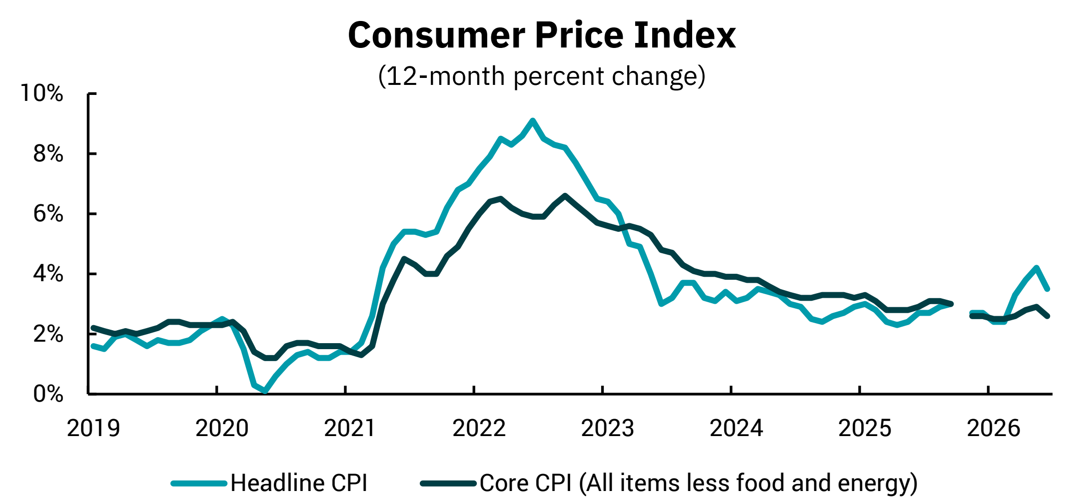
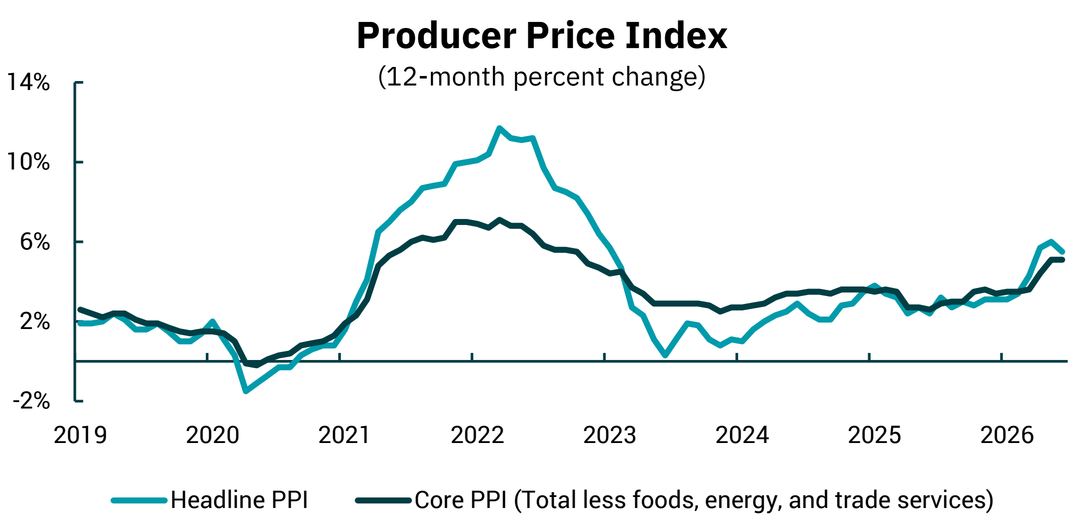
INVESTMENT MANAGEMENT

By the numbers

Chart of the week (Jul. 17, 2026)





President Trump may want lower interest rates and made it central to his choice of a successor to former Federal Reserve chair, Jay Powell, but his pick, Kevin Warsh, is in no position to deliver such an action. The labor market has firmed a bit, and elevated energy prices from the Iran conflict have spurred inflation higher. Instead of asking if the Fed might lower rates at the July meeting, the talk had turned to whether the Fed might raise rates.

The rapid shift in sentiment meant that the inflation reports that came out last week were of particular importance. Encouragingly, both the Consumer Price Index (CPI) and Producer Price Index (PPI) came in cooler than expected, reducing the chances of Fed rate action at their July meeting. Some moderation of inflation was expected as the signing of a Memorandum of Understanding (MOU) between Iran and the U.S. had resulted in oil prices declining appreciably. Gasoline prices, while moving more slowly, were also declining, which also should have helped the headline number.

However, the actual readings at both the headline and the more important core level were even lower than expected. Headline PPI was anticipated to be unchanged, and it came in at -0.3%. At the core level, prices rose 0.2%, which was less than the 0.3% expected. Headline CPI came in at -0.4%, which was cooler than the expected -0.1%. This put the year-over-year inflation rate at 3.5%, a decline from May's 4.2% rate and less than the expected 3.8% rate. At the core level, CPI for June was flat as opposed to an expected increase of 0.2%. This means year-over-year core inflation is running at 2.6% versus an expected 2.8%.

Based on these reports, the chances of a rate increase at the July meeting have all but disappeared. Still, oil prices are again rising as the cease-fire has broken, and core inflation, despite being better than expected, still exceeds the Fed's target, as it has for over five years. At Kevin Warsh's post-meeting press conference after his first meeting as chair, as well as in recent testimony in front of Congress, he focused on price stability and getting inflation back to the Fed's 2% target. Absent a material downshift in the employment market, which can happen but is not our base case, this puts the Fed in a position of, at best, holding rates steady but having a bias towards somewhat higher rates. How this plays out with the presidential administration could be interesting but it is also important from an economic and market standpoint.

Higher rates don't necessarily mean an end to economic growth or result in lower stock prices, but they do represent a headwind that must be overcome. Our sense is the Fed will be able to hold rates steady while acknowledging the increased risk of higher rates going forward.

Chart data source: U.S. Bureau of Labor Statistics.

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By the numbers

Commentary (Jul. 17, 2026)

Domestic equities

- U.S. equities fell during the week led by a chip stock selloff and rising energy prices. The Nasdaq Composite index underperformed other parts of the market falling close to 2%.
- Tensions between the U.S. and Iran continue to pressure energy prices. Brent crude futures climbed above $86 a barrel, its highest level since early June.
- Investors have been taking profits in AI names amid doubts about whether the vast spending on AI buildout will justify lofty valuations. The release of a new model from China's Moonshot AI added to concerns at the end of the week, due to claims that it can outperform some U.S. systems.
- SpaceX's valuation has declined about $1 trillion from its $2.7 trillion peak shortly after its mid-June market debut. The company aborted a crucial test launch of its Starship rocket right as it was supposed to lift off on Thursday.
- Netflix reported strong second-quarter earnings and profits but forecasted slower third-quarter revenue growth. The stock fell after the report and has lost half its value over the past year as investors have become increasingly concerned about weak viewer engagement and slower growth.

Bonds

- The U.S. Treasury yield curve steepened with the short end falling faster than the long end following the release of softer than expected CPI and PPI data. Fed rate hike expectations also moved lower on the positive inflation news but Fed Fund futures continued to price in a full hike through the end of 2026. The strength in the Treasury market was partially offset by escalating tensions in Middle East, with the U.S. launching a fresh round of strikes on Iran's military and energy infrastructure and Iran responding by striking targets in Kuwait and Jordan.
- The average rate on a 30-year fixed rate mortgage rose to 6.55% according to Freddie Mac. This represents the highest mortgage rate since late Aug. 2025.
- The option-adjusted spread on the Bloomberg US BDC Issued Debt Index closed the week below 1.8% for the first time since early February, with the index almost completely retracing the February-March sell-off.
- Fitch and Moody's are in the process of updating their ratings methodologies for Collateralized Loan Obligations, putting hundreds of deals and tens of billions worth of bonds in line for upgrades.

International equities

- Foreign stocks faced challenges during the week as global technology stocks tumbled. Additionally, renewed military strikes in the Middle East weighed on investor risk sentiment, pushing oil prices higher and reigniting concerns about inflation and growth.
- Developed-market stocks delivered mixed results, with value stocks generally outperforming growth stocks primarily due to weakness in the technology sector. The Bank of Canada left its policy rate unchanged at 2.25% for the sixth consecutive decision. The bank expressed a positive outlook for the country's economy, anticipating inflation will remain at reasonable levels.
- Emerging markets fell for the second straight week, with losses seen across key Asian markets. The prominent theme was the sell-off in semiconductor stocks, driven by worries over AI-driven valuations and uncertainty about whether hyperscalers can sustain the current pace of AI infrastructure spending. Korea raised its policy rate by 0.25% to 2.75%. The central bank also signaled that it could tighten rates further in the coming months, citing strong economic growth and potential inflation pressures.

Economics

- Tuesday's CPI came in well below expectations, falling 0.4% month-over-month, the largest one-month decline since April 2020, and easing to 3.5% year-over-year. Gasoline plunged 9.7% and the energy index fell 5.7%. Core CPI was flat, bringing the annual rate to 2.6% versus a 2.9% consensus.
- Wednesday's PPI declined 0.3% month-over-month and rose 5.5% year-over-year against a 6.2% forecast. May's report was revised from +1.1% to +0.6%.
- On Thursday, initial jobless claims fell to 208,000, the lowest in ten weeks and well below the 219,000 consensus.
- The Gulf Coast 3:2:1 crack spread, which measures the theoretical margin from refining three barrels of crude into two barrels of gasoline and one of distillate, hit an all-time high, rising above $62 per barrel. Vessel-tracking data that showed the seven-day moving average of crude oil flows through the Strait of Hormuz had collapsed to roughly 5.5 million barrels per day through Wednesday, down from around 9.4 million the prior week.
- Friday's University of Michigan Consumer Sentiment survey climbed to 54.4, its highest level since February, up 9.9% from June.

BOK FINANCIAL

Weekly Market Update

For Week Ending July 17, 2026

Markets

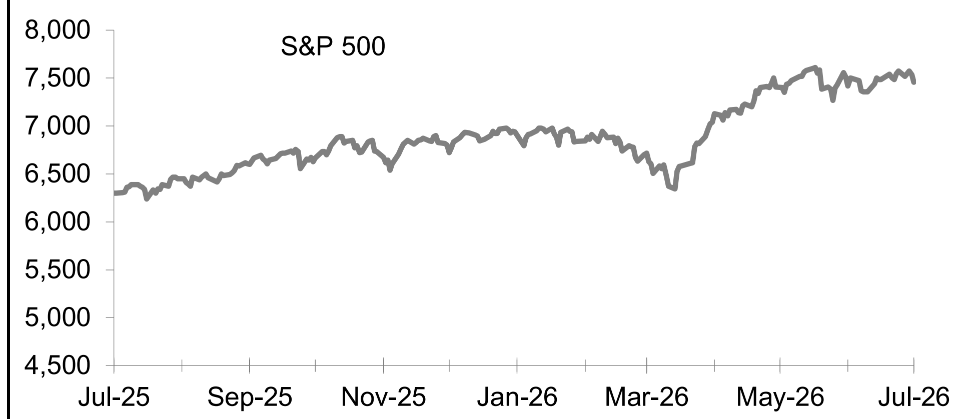
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	52,146.42	-0.9%	9.4%	19.2%
S&P 500 Index	7,457.69	-1.5%	9.6%	19.8%
NASDAQ Composite	25,520.24	-2.9%	10.2%	22.9%
S&P 400 Midcap Index	3,775.17	-0.1%	15.0%	20.6%
S&P 600 Smallcap Index	1,776.30	0.4%	22.1%	31.2%
MSCI EAFE	11,547.21	-0.8%	8.9%	20.8%
MSCI Emerging Markets	894.59	-4.1%	16.7%	33.0%
Bloomberg US Agg	2,352.71	0.1%	0.2%	4.3%
Bloomberg Municipal 5 Yr	523.59	-0.2%	0.8%	3.0%
Bloomberg US Corporate	3,550.55	0.1%	0.2%	4.5%
Bloomberg Glb Agg ex US Hdg	614.93	-0.1%	0.9%	2.2%
Bloomberg High Yield	2,975.87	0.0%	2.1%	6.0%
MSCI US REIT Index	2,849.00	3.1%	21.3%	23.8%
Bloomberg Commodity Index	337.51	3.6%	22.2%	30.7%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	3.75%	3.75%	3.75%	4.50%
3-Month Treasury	3.79%	3.78%	3.63%	4.34%
1-Year Treasury	3.99%	4.05%	3.47%	4.09%
2-Year Treasury	4.18%	4.21%	3.47%	3.90%
5-Year Treasury	4.28%	4.30%	3.73%	3.99%
7-Year Treasury	4.40%	4.42%	3.94%	4.21%
10-Year Treasury	4.55%	4.56%	4.17%	4.45%
30-Year Treasury	5.07%	5.06%	4.84%	5.01%
Consumer Rates				
30-Year Mortgage	6.61%	6.56%	6.25%	5.83%
BOKF National Prime Rate	7.50%	7.50%	7.50%	8.25%
SOFR	3.59%	3.55%	3.71%	4.34%
Commodities				
Gold (spot)	4,017.39	4,119.93	4,319.37	3,338.97
Crude Oil WTI	82.49	71.41	57.42	67.54
Gasoline	3.99	3.88	2.83	3.16
Natural Gas	2.91	2.94	3.69	3.54
Copper	6.22	6.23	5.68	5.49

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.83	22.34	6.04	1.47
S&P 500	19.89	25.27	5.67	1.15
S&P 500 Value	18.52	21.01	3.88	1.80
S&P 500 Growth	21.23	30.82	9.36	0.58
NASDAQ	24.23	34.04	7.64	0.61
S&P Midcap 400	16.75	18.81	2.95	1.53
S&P Smallcap 600	16.03	18.06	2.24	2.14
MSCI EAFE	15.64	17.79	2.30	2.91
MSCI Emerging Markets	10.26	17.16	2.39	2.53

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	2.42	0.57	-0.95
Mid	3.29	0.79	-1.49
Small	4.39	3.82	3.22

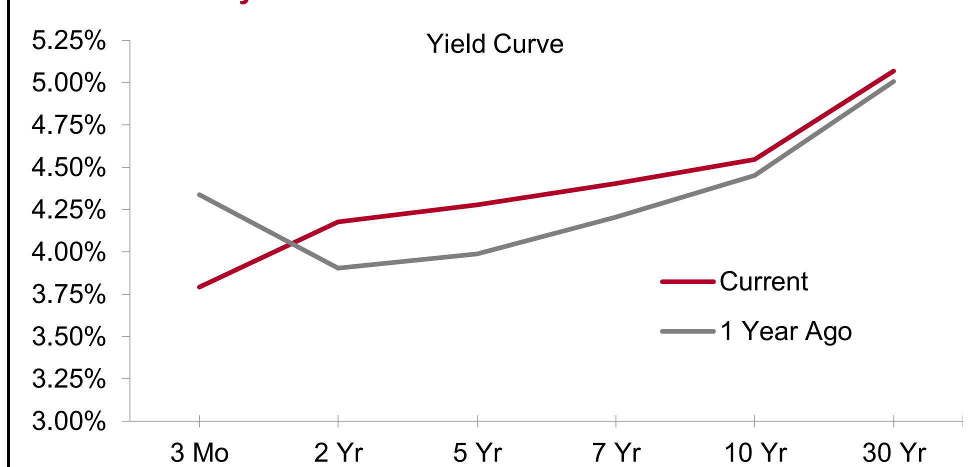
> 10% | 0% - 10% | <0%

*S&P Indices

Year to Date*

	Value	Core	Growth
Large	9.97	9.62	9.32
Mid	13.61	15.02	16.38
Small	21.18	22.05	22.96

Fixed Income Style



1 Month*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.41	0.36	-1.32
Corp	0.41	0.21	-1.71
HY	0.34	0.33	0.48

> 10% | 0% - 10% | <0%

Year to Date*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.79	0.20	-1.16
Corp	1.28	0.56	-0.72
HY	2.25	2.09	2.36

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.5%	2.7%
CPI Core Inflation	2.6%	2.9%
Personal Consumption Exp (PCE) Core	3.4%	2.8%
Jobs		
Unemployment Rate (U3)	4.2%	4.1%
Broader Unemployment Rate (U6)	7.9%	7.7%
JOLT Survey (in millions)	7.59	7.31
Jobless Claims (000's)	208	221
Change in Non-Farm Payroll (000's)	57	-20
Average Hourly Earnings (Y/Y % Change)	3.5%	3.9%
Consumer & Spending		
Consumer Confidence (Conf Board)	91.2	95.2
Consumer Spending ($ Bil)	22,060	20,755
Consumer Credit ($ Bil)	5,155	5,048
Retail Sales ($ Bil)	769	720
Housing		
Housing Starts (000's)	1,427	1,379
Case-Shiller Home Price Index	332.68	329.89
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	24,180	23,548
Quarter over Quarter Change	2.1%	-0.6%
Year Over Year Change	2.7%	2.0%
ISM Manufacturing	53.30	49.00
Capacity Utilization	76.09	76.18
Markit US Composite PMI	51.90	52.90
U.S. General		
Leading Economic Indicators	99.3	100.8
Trade Weighted Dollar Index	120.5	119.8
EUR / USD	1.14	1.16
JPY / USD	162.40	148.58
CAD / USD	0.71	0.73
AUD / USD	0.70	0.65

S&P 500 Sector Returns

	1 Month	YTD
Energy	6.25%	30.07%
Industrials	0.17%	16.35%
Real Estate	4.30%	15.34%
Information Technology	-2.47%	15.29%
Materials	-2.92%	10.67%
Consumer Staples	1.31%	10.43%
Utilities	2.19%	7.25%
Health Care	7.38%	5.02%
Financials	4.42%	3.64%
Communication Services	-0.52%	2.52%
Consumer Discretionary	0.84%	-1.64%

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*This chart is for illustrative purposes only and not indicative of any actual investment.
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