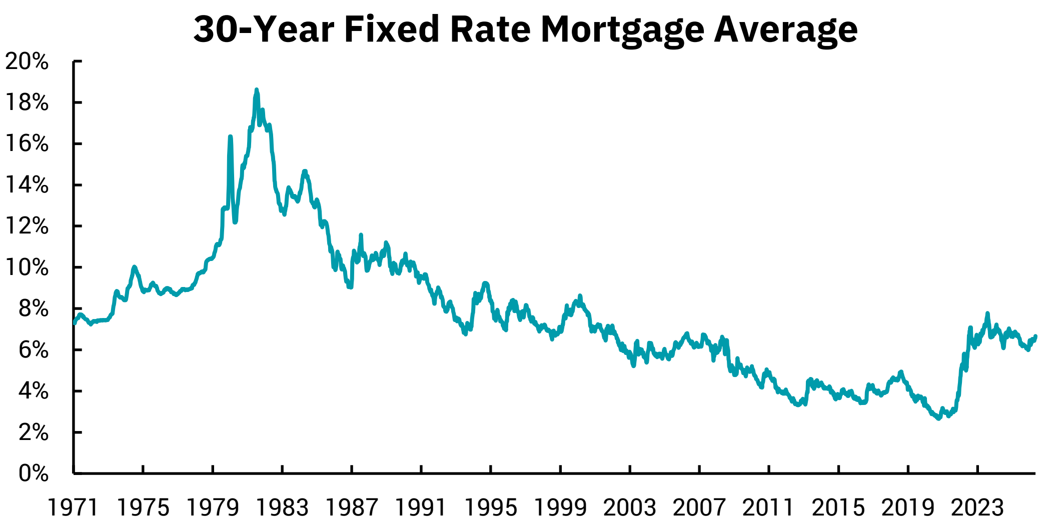
INVESTMENT MANAGEMENT

By the numbers

Chart of the week (Jul. 31, 2026)



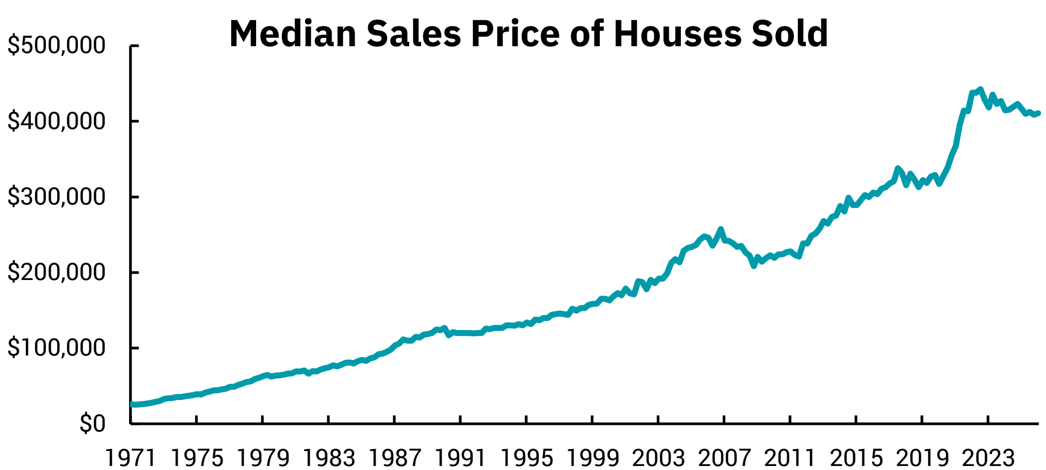


Chart data source: Freddie Mac via FRED®, U.S. Census Bureau; U.S. Department of Housing and Urban Development via FRED®.

Part of the interest in the decisions that the Federal Open Market Committee (FOMC) makes on monetary policy is the impact, tangential as it might be, on home mortgage rates. We say “tangential” as the rate decisions have the most direct impact on the short end of the Treasury curve, two-year notes and shorter. Meanwhile, the longer end of the Treasury curve is influenced by several factors—Fed decisions, yes, but more importantly, the expectations for inflation going forward. Longer-term bond investors are the most sensitive to Fed decisions, as changes in inflation are the key risk to the value of these investments.

We saw this dynamic at play after the most recent meeting of the Fed, the second meeting with Kevin Warsh as the new chairman. Their decision to keep rates the same resulted in shorter-term Treasury yields declining as the markets priced out the possibility of a rate increase, although the possibility of a rate increase in September is still there. The longer end of the Treasury curve, however, saw prices fall and yields rise as the market perceived an increasing risk of inflation moving higher as the Fed hesitates. Since long rates moved higher, so did 30-year home mortgage rates.

With this in mind, our charts this week focus on two of the main drivers of home affordability: rates and prices. Of course, personal incomes also play a role in the affordability equation particularly in terms of the rate of home price increases, as compared to personal incomes. In this regard, longer-term data shows home price “inflation” has exceeded wage gains over a similar period. However, here we are focusing on rates and prices because these factors reveal a major cause of the more recent affordability crisis.

The rate chart indicates that while mortgage rates are certainly higher than during the pandemic, they are not egregiously high compared to past periods. The most recent reading from Freddie Mac shows a rate of 6.73% nationally. The average rate over the period of the chart is 7.67%. I bought my first house in 1983 and felt fortunate to get a rate of 13.875%. However, prices were much lower in 1983, meaning that the mortgage payment I had, even at that rate, was more affordable. We can see the impact of higher rates towards the end of the price chart as home price appreciation has slowed considerably.

All this is to say that the solution to the affordability issue is complex. Lower prices would help affordability, but existing homeowners might be less than enthusiastic for the change. Lower rates could help affordability too, but only if supply were to increase enough to handle the additional demand. Without greater supply, prices would increase. The income part of the equation will just take time. If incomes were to rise rapidly, it would spur inflationary pressures and lead to even higher rates. Hence the answer is probably time to allow all the factors to move in a direction which helps but does not overly disrupt the current market.

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By the numbers

BOK FINANCIAL

Commentary (Jul. 31, 2026)

Domestic equities

- U.S. equity markets closed the month of July with losses: big tech and small caps gave up the most. The S&P 500 Index fell close to 1.5% before recovering some losses in the final few days of the month.
- Q2 earnings reports have heavily tested the market's appetite for massive artificial intelligence (AI) expenditures. Despite earnings coming in ahead of expectations in the tech sector, stocks sold off on rising spending expectations. The Nasdaq-100 Index fell briefly into correction territory down -10% for the month before recovering in the last couple of days.
- The Federal Reserve, led by new Chair Kevin Warsh, opted to leave interest rates unchanged at its July meeting. This caused sharp mid-week volatility late in the month as core inflation ticked up to around 3.3% year-over-year, sparking concerns that the central bank might be forced to hike interest rates in September. This weighed on small caps, which fell over 3% for the month.
- Continued hostilities and military strikes between the U.S. and Iran pushed oil prices up over $90 a barrel mid-month. Energy was the best performing sector in July.

Bonds

- The U.S. Treasury curve aggressively steepened during the week, largely due to the FOMC's announcement on Wednesday that they were leaving rates unchanged, in 9-3 decision. In the post-meeting press conference, Chair Warsh hinted that the Fed may shift its approach to assessing inflation but reiterated, "We're going to deliver 2% inflation and not a whisper more."
- The U.S. municipal bond market had its worst July since 2003 due to rising U.S. Treasury yields and a flood of new issue supply.
- ExxonMobil and Chevron plowed windfall profits this quarter into paying down debt rather than stock buyback increases, indicating concerns over how long higher oil prices will last.
- In international markets, the Bank of Japan (BoJ) and Bank of England (BoE) both left policy rates unchanged during the week. Following the move in U.S. long-term rates coupled with stronger than expected Eurozone GDP and CPI data, long-term sovereign yields across Europe were broadly higher. This also caused investors to increase bets that the European Central Bank (ECB) will be forced to hike rates again this year.

International equities

- Foreign equity investors remain focused on tensions in the Middle East while also closely monitoring a new round of economic and corporate earnings data for clues about the trajectory of future global economic growth.
- Foreign developed markets advanced during the week as broad gains across European markets bolstered returns. The Bank of England kept its policy rate at 3.75% after a larger-than-expected drop in inflation last month. Eurozone inflation rose to 2.9% year over year, driven by higher energy costs and reinforcing expectations that the European Central Bank may need to raise rates in September.
- Volatility within emerging markets continued, particularly in the semiconductor and hardware industries, especially within Taiwan and South Korea. Earlier in the week, emerging markets dropped by 5% due to concerns over AI-hardware stock valuations and signs of intensifying competition from Chinese memory chip makers, triggering a sell-off. However, strong earnings results from Amazon and Microsoft sparked renewed optimism about AI spending, leading to a sharp rally to end the week on a more positive note.

Economics

- On Wednesday, the EIA Weekly Petroleum Status Report showed a 7.2 mm barrel week-over-week decline in crude inventories, which was deeper than the 600,000-barrel drop expected. Stockpiles at the Cushing Hub in Cushing, Okla., fell to their lowest levels since 2014. Ongoing Strategic Petroleum Reserve (SPR) releases have helped stabilize the market during the conflict with Iran.
- On Thursday, the Bureau of Economic Analysis reported that the U.S. economy grew at an annualized rate of 1.5% during the second quarter of 2026. This figure fell below the estimate of 2.3% and the previous quarter's growth rate of 2.1%. Slower growth in government spending, exports and business investments dragged on the headline number, though consumer spending remained a bright spot despite elevated energy prices.
- Also on Thursday, initial jobless claims came in at 197,000, remaining low and close to the previous week's revised figure of 188,000. While this week marked a nominal shift in the recent downward trajectory, the sub-200,000 print highlights the continued tightness and stability of the labor market.

Weekly Market Update

For Week Ending July 31, 2026

Markets

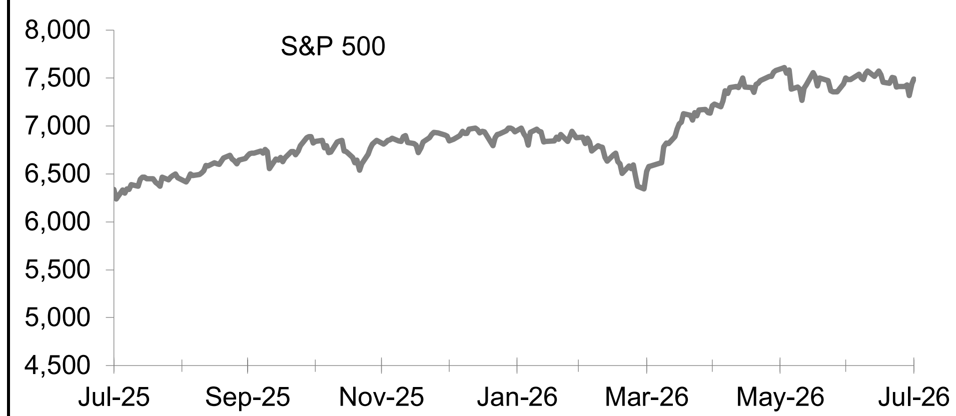
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	52,485.03	1.0%	10.2%	20.9%
S&P 500 Index	7,489.72	1.1%	10.1%	19.5%
NASDAQ Composite	25,373.85	1.6%	9.5%	20.9%
S&P 400 Midcap Index	3,758.64	-0.7%	14.5%	20.9%
S&P 600 Smallcap Index	1,768.56	0.4%	21.5%	33.6%
MSCI EAFE	11,833.50	2.0%	11.6%	24.3%
MSCI Emerging Markets	920.12	2.4%	20.0%	36.4%
Bloomberg US Agg	2,332.59	-0.1%	-0.7%	2.7%
Bloomberg Municipal 5 Yr	520.36	0.1%	0.2%	2.0%
Bloomberg US Corporate	3,515.69	-0.1%	-0.8%	2.5%
Bloomberg Glb Agg ex US Hdg	614.12	0.1%	0.8%	1.8%
Bloomberg High Yield	2,964.19	0.2%	1.7%	5.2%
MSCI US REIT Index	2,807.77	-3.0%	19.5%	23.4%
Bloomberg Commodity Index	339.73	-2.1%	23.0%	35.5%

	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	3.75%	3.90%	3.63%	4.34%
1-Year Treasury	4.03%	4.11%	3.47%	4.09%
2-Year Treasury	4.29%	4.33%	3.47%	3.96%
5-Year Treasury	4.45%	4.43%	3.73%	3.97%
7-Year Treasury	4.59%	4.55%	3.94%	4.16%
10-Year Treasury	4.73%	4.68%	4.17%	4.37%
30-Year Treasury	5.27%	5.16%	4.84%	4.90%
Consumer Rates				
30-Year Mortgage	6.76%	6.66%	6.25%	5.83%
BOKF National Prime Rate	7.50%	7.50%	7.50%	8.25%
SOFR	3.66%	3.64%	3.71%	4.39%
Commodities				
Gold (spot)	4,046.15	4,052.79	4,319.37	3,289.93
Crude Oil WTI	84.67	89.31	57.42	69.26
Gasoline	4.10	4.11	2.83	3.15
Natural Gas	2.75	2.87	3.69	3.11
Copper	6.47	6.32	5.68	4.35

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.47	22.50	6.08	1.46
S&P 500	19.53	25.46	5.69	1.14
S&P 500 Value	18.30	20.98	3.90	1.79
S&P 500 Growth	20.44	30.79	9.28	0.58
NASDAQ	23.44	34.08	7.59	0.61
S&P Midcap 400	16.55	18.66	2.94	1.53
S&P Smallcap 600	15.63	17.95	2.22	2.12
MSCI EAFE	15.71	18.15	2.34	2.95
MSCI Emerging Markets	9.59	16.53	2.30	2.66

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	2.01	-0.06	-1.75
Mid	0.24	-2.38	-4.78
Small	-0.55	-1.90	-3.27

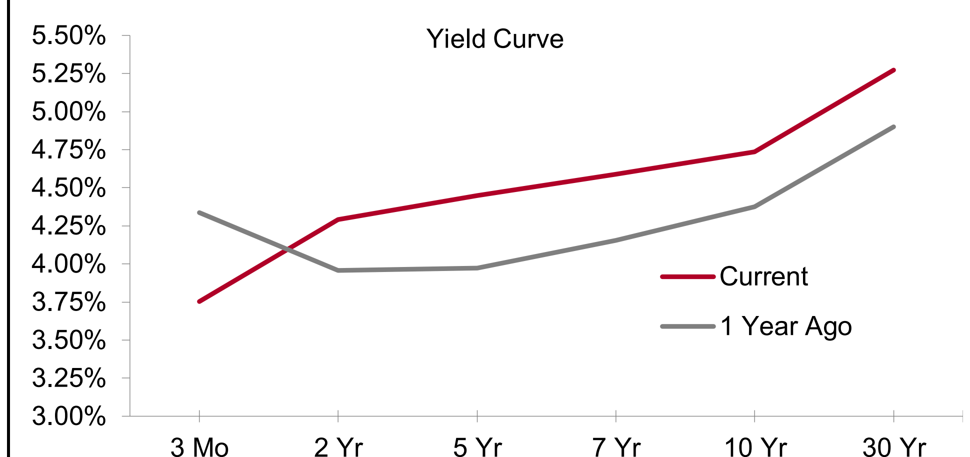
> 10% · 0% - 10% · <0%

*S&P Indices

Year to Date*

	Value	Core	Growth
Large	10.20	10.12	10.05
Mid	13.27	14.54	15.76
Small	20.27	21.55	22.89

Fixed Income Style



1 Month*

	Short	Interm.	Long
Govt	0.15	-0.33	-4.00
Corp	0.14	-0.62	-3.93
HY	0.09	-0.21	-2.39
	1-3 Yrs	1-10 Yrs	+10 Yrs

> 10% · 0% - 10% · <0%

Year to Date*

	Short	Interm.	Long
Govt	0.79	-0.10	-3.57
Corp	1.31	0.13	-2.89
HY	2.12	1.71	0.93
	1-3 Yrs	1-10 Yrs	+10 Yrs

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	3.3%	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)	197	219
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)	90.8	98.7
Consumer Spending ($ Bil)	22,184	20,868
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	335.10	331.41
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	24,271	23,771
Quarter over Quarter Change	1.5%	3.8%
Year Over Year Change	2.1%	2.1%
ISM Manufacturing	53.30	49.00
Capacity Utilization	76.09	76.18
Markit US Composite PMI	53.60	55.10
U.S. General		
Leading Economic Indicators	99.1	100.5
Trade Weighted Dollar Index	120.7	119.6
EUR / USD	1.15	1.14
JPY / USD	157.40	150.75
CAD / USD	0.71	0.72
AUD / USD	0.70	0.64

S&P 500 Sector Returns

	1 Month	YTD
Energy	12.60%	34.74%
Industrials	-3.01%	16.54%
Information Technology	-3.43%	15.65%
Real Estate	2.52%	14.33%
Consumer Staples	2.11%	10.31%
Materials	-1.65%	10.12%
Financials	6.16%	6.00%
Health Care	2.40%	5.96%
Utilities	-2.23%	5.29%
Communication Services	0.58%	1.39%
Consumer Discretionary	0.82%	0.04%

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