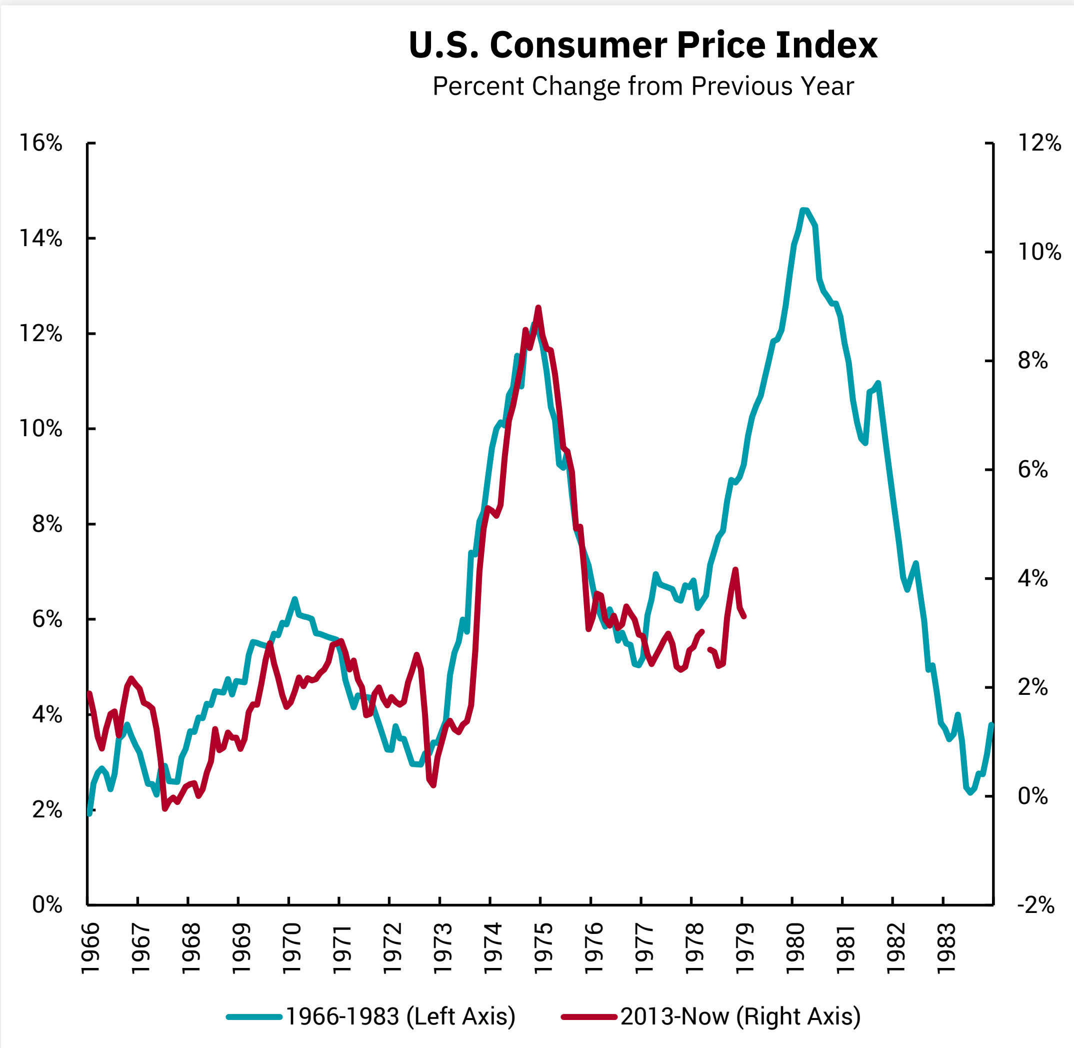
INVESTMENT MANAGEMENT

By the numbers

Chart of the week (Aug. 28, 2026)



As I write this, Fed Chair Kevin Warsh has just completed his speech at the annual Jackson Hole Economic Symposium, his first as the chair of the Federal Open Market Committee (FOMC). His comments are being taken by the capital markets as somewhat "hawkish" as the odds of a rate increase at the September FOMC meeting have moved up from around 30% to a 50/50 chance the Fed acts.

A key focus for Chair Warsh going forward is for the Fed to talk less, as he believes that the concept of "forward guidance" has outlived its usefulness. When the Fed uses its language to telegraph its future actions, the markets will "front-run" the action and price that outcome in today. In the recent past, forward guidance was generally towards lower rates, which meant the bond market would price in future rate cuts resulting in lower current rates. That is okay if the future turns out the way the Fed sees it, justifying their future actions. Unfortunately, as Chair Warsh pointed out in his speech today, the Fed has made some material mistakes in their forecasting. Anyone remember the Fed's statements that the inflation surge of 2022 was "transitory," which was why they kept rates at 0% for too long? For all their brainpower, complex econometric models and PhDs, the Fed's forecasting ability is far from perfect.

The result of forward guidance is that risks are priced out of the market. Importantly however, the risk does not disappear; investors are just no longer compensated for taking the risk. Hence as an investor, the environment Chair Warsh is describing is better. Getting compensated for risk means an investor can earn a higher rate of return whehn investing in, and holding, an asset. In the bond market, that means higher interest rates.

On the flipside, borrowers want lower rates. Forward guidance has been beneficial for them and a shift in policy may very well mean higher borrowing costs for consumers, businesses and public entities. So, isn't the idea of a new higher rate regime bad? A higher cost of borrowing could reduce the attractiveness of some projects, contribute to making home affordability more difficult and increase the interest cost burden of the federal government. However, the era of interest-rate repression led to suboptimal capital allocation decisions and the ability of some to borrow money with little or no cost. In the case of the latter, I am looking squarely at the federal government.

With all this in mind, our chart this week highlights another risk the Fed is taking if they misjudge the current environment and fail to act on increasing inflationary pressures. Historically, inflation has tended to come in waves. The chart overlays the inflationary period of 1966-1983 with the period from 2013 to today. You do not have to be a statistician to see a tight fit to today's environment nor an economist to say that we do not want the chart that will represent the current period to resemble the previous period. The medicine for inflation may not taste good, but we may need it.

Chart data source: U.S. Bureau of Labor Statistics via FRED®.

INVESTMENT MANAGEMENT

By the numbers

Commentary (Aug. 28, 2026)

Domestic equities

- U.S. stocks were mixed during the week driven by mega-cap tech earnings and anticipation surrounding monetary policy. The tech-heavy Nasdaq Composite Index outperformed for the week, while rate-sensitive small caps declined.
- The AI rally received a major boost with Nvidia reporting exceptionally strong second quarter earnings and an outlook for a massive 70% revenue increase for the next fiscal year. Software and cybersecurity also received a boost with positive earnings reports from Salesforce and CrowdStrike.
- Federal Reserve Chair Kevin Warsh indicated that the central bank may not be done fighting inflation, raising the odds of a rate increase this year. His speech at the Jackson Hole convention was more hawkish than expected, and he noted a series of healthy indicators for the economy like high profits and steady consumer spending indicating that financial conditions are not restrictive.
- Crude oil prices fell roughly 5% for the week following news of a potential transit management deal in the Strait of Hormuz.

Bonds

- U.S. Treasury yields were mostly higher for the week with the yield curve flattening, driven largely by rising short-term rates. The jump in yields at the front-end was sparked by Kevin Warsh's comments at the Jason Hole symposium during which the Fed Chair indicated that inflation is not meaningfully improving and that the Fed's 2% inflation goal is a firm and fixed target. These comments and lack of further guidance were taken as hawkish by the market, sending rate-hike expectations higher. In particular, the fed fund futures are now pricing in a 58% probability of 0.25% hike at the September FOMC meeting.
- The broad investment-grade market, as measured by the Bloomberg US Aggregate Bond Index, was marginally lower, with higher short-to-intermediate term rates weighing most heavily on returns.
- Credit risk premiums were marginally higher for the week, with the Market CDX North America High Yield Index rising above 3.00%.
- In international markets, the central banks of South Korea and the Philippines hiked policy rates by 0.25% this week, but Thailand left rates unchanged.

International equities

- Foreign stock investors remain cautious and seek greater clarity on whether the negotiations between Iran and Qatar could reopen the Strait of Hormuz and likely reduce the oil supply disruptions caused by the Middle East war.
- Most European markets struggled, while Pacific Rim markets showed more strength, leading to mixed performance results for foreign developed-market stocks. The U.S. and Canada are engaged in a trade dispute, as the U.S. administration imposed 50% tariffs on $20 billion of goods. In response, Canada announced retaliatory tariffs against the U.S., ranging from 5% to 50% and targeting a wide array of imports from the U.S.
- Performance across emerging markets was also mixed, with stocks in the financials and industrials sectors exhibiting some strength for the week. In central bank news, South Korea and the Philippines raised their policy rates by 0.25% to prevent inflationary pressures from broadening. Core inflation in South Korea climbed to 2.6% in July, while the headline inflation rate moderated slightly to 2.8%, after rising for four straight months since the Iran war started in February.

Economics

- On Wednesday, the Personal Consumption Expenditures Index (PCE) increased by 3.7% year-over-year, coming in slightly ahead of the 3.6% forecast. Core PCE, which excludes volatile food and energy costs, rose 3.3% year-over-year, driven largely by notable gains in services and housing. As one of the Fed's preferred measures of inflation, the index remains stubbornly above the central bank's 2.0% target.
- Also on Wednesday, data from the Energy Information Administration (EIA) showed that crude oil inventories increased by 0.1 million barrels week-over-week. Inventory levels were boosted by releases from the Strategic Petroleum Reserve (SPR), even as both imports and exports declined.
- On Thursday, weekly initial jobless claims came in at 203,000. This reading was slightly lower than the previous week's revised figure of 207,000 and beat the consensus estimate of 208,000. The low volume of claims continues to signal a highly stable labor market with no signs of broad layoffs.

BOK FINANCIAL

Weekly Market Update

For Week Ending August 28, 2026

Markets

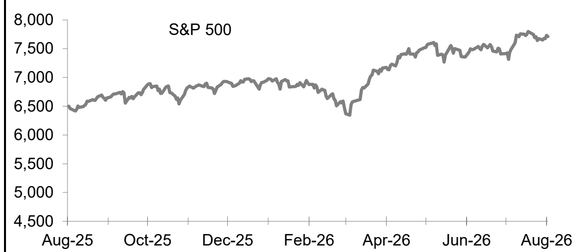
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	53,559.99	0.6%	12.6%	19.3%
S&P 500 Index	7,711.76	0.5%	13.5%	20.0%
NASDAQ Composite	26,402.42	0.9%	14.0%	22.4%
S&P 400 Midcap Index	3,779.47	-1.3%	15.3%	17.1%
S&P 600 Smallcap Index	1,767.57	-1.2%	21.6%	24.4%
MSCI EAFE	12,117.74	0.1%	14.3%	21.7%
MSCI Emerging Markets	952.65	0.1%	24.3%	39.2%
Bloomberg US Agg	2,343.86	0.1%	-0.2%	1.9%
Bloomberg Municipal 5 Yr	523.69	0.0%	0.8%	1.8%
Bloomberg US Corporate	3,534.41	0.3%	-0.3%	1.8%
Bloomberg Glb Agg ex US Hdg	613.90	0.0%	0.7%	1.7%
Bloomberg High Yield	2,993.74	0.3%	2.7%	4.9%
MSCI US REIT Index	2,742.90	-1.4%	16.8%	16.2%
Bloomberg Commodity Index	361.68	-0.1%	30.9%	42.7%

	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	3.80%	3.79%	3.63%	4.17%
1-Year Treasury	4.13%	4.01%	3.47%	3.85%
2-Year Treasury	4.34%	4.24%	3.47%	3.63%
5-Year Treasury	4.48%	4.42%	3.73%	3.69%
7-Year Treasury	4.59%	4.57%	3.94%	3.91%
10-Year Treasury	4.72%	4.73%	4.17%	4.20%
30-Year Treasury	5.21%	5.27%	4.84%	4.88%
Consumer Rates				
30-Year Mortgage	6.73%	6.72%	6.25%	5.83%
BOKF National Prime Rate	7.50%	7.50%	7.50%	8.25%
SOFR	3.65%	3.65%	3.71%	4.34%
Commodities				
Gold (spot)	4,455.11	4,603.07	4,319.37	3,417.08
Crude Oil WTI	83.40	87.06	57.42	64.60
Gasoline	4.08	4.10	2.83	3.20
Natural Gas	2.89	2.77	3.69	2.94
Copper	6.56	6.59	5.68	4.46

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.47	19.84	5.92	1.43
S&P 500	19.56	23.51	5.64	1.11
S&P 500 Value	18.40	20.01	3.92	1.75
S&P 500 Growth	20.74	27.70	8.95	0.55
NASDAQ	23.82	35.68	7.90	0.58
S&P Midcap 400	16.38	17.88	2.86	1.52
S&P Smallcap 600	15.41	17.04	2.18	2.09
MSCI EAFE	15.72	17.62	2.43	2.82
MSCI Emerging Markets	9.99	15.16	2.43	2.50

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	1.32	3.91	6.20
Mid	-1.57	-0.38	0.76
Small	0.15	-0.55	-1.27

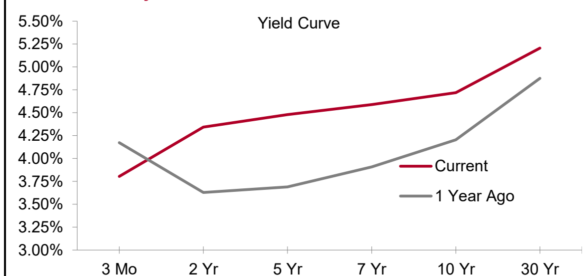
> 10% / 0% - 10% / <0%

*S&P Indices

Year to Date*

	Value	Core	Growth
Large	12.91	13.49	13.98
Mid	12.90	15.29	17.63
Small	21.60	21.62	21.63

Fixed Income Style



1 Month*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.24	0.01	-0.96
Corp	0.34	0.12	-0.18
HY	0.79	1.03	1.85

> 10% / 0% - 10% / <0%

Year to Date*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.99	0.06	-2.44
Corp	1.59	0.41	-1.84
HY	2.83	2.70	3.15

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.4%	2.7%
CPI Core Inflation	2.5%	3.1%
Personal Consumption Exp (PCE) Core	3.3%	2.9%
Jobs		
Unemployment Rate (U3)	4.1%	4.3%
Broader Unemployment Rate (U6)	7.9%	7.9%
JOLT Survey (in millions)	7.36	7.20
Jobless Claims (000's)	203	229
Change in Non-Farm Payroll (000's)	-23	64
Average Hourly Earnings (Y/Y % Change)	3.2%	4.0%
Consumer & Spending		
Consumer Confidence (Conf Board)	89.4	97.8
Consumer Spending ($ Bil)	22,250	21,007
Consumer Credit ($ Bil)	5,167	5,044
Retail Sales ($ Bil)	764	727
Housing		
Housing Starts (000's)	1,239	1,432
Case-Shiller Home Price Index	336.66	331.61
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	24,270	23,771
Quarter over Quarter Change	1.5%	3.8%
Year Over Year Change	2.1%	2.1%
ISM Manufacturing	55.60	48.40
Capacity Utilization	76.29	76.40
Markit US Composite PMI	56.00	54.60
U.S. General		
Leading Economic Indicators	99.5	100.6
Trade Weighted Dollar Index	118.1	121.1
EUR / USD	1.16	1.17
JPY / USD	160.09	146.93
CAD / USD	0.72	0.73
AUD / USD	0.72	0.65

S&P 500 Sector Returns

	1 Month	YTD
Energy	8.31%	41.23%
Information Technology	8.11%	22.52%
Materials	3.03%	17.66%
Industrials	-2.92%	14.85%
Real Estate	-3.17%	13.04%
Health Care	2.40%	11.61%
Consumer Staples	-2.69%	9.91%
Financials	0.93%	7.07%
Communication Services	2.59%	1.80%
Utilities	-6.10%	1.47%
Consumer Discretionary	7.20%	0.72%

Disclosures

BOK FINANCIAL

The information provided herein was prepared by the Investment Management team of BOKF, NA. BOKF, NA is the bank subsidiary of BOK Financial Corporation (BOKF), a financial services holding company (NASDAQ:BOKF). BOKF offers trust and wealth management services through its subsidiaries including BOKF, NA (and its banking divisions Bank of Oklahoma, Bank of Texas, Bank of Albuquerque, and BOK Financial) and investment advisory services through its non-bank subsidiaries, Cavanal Hill Investment Management, Inc., and BOK Financial Private Wealth, Inc., each an SEC registered investment adviser, and BOK Financial Securities, Inc., also an SEC registered investment adviser and registered broker/dealer, member FINRA/SIPC (each an “Investment Affiliate”) (collectively, “BOKF”). Distribution of this document is intended for informational purposes. Information contained herein has been obtained from sources believed to be reliable, but not guaranteed. The opinions expressed herein reflect the judgment of the author(s) as of the date prepared and are subject to change without notice and are not a complete analysis of any sector, industry, or security regardless of the date on which the reader may receive or access the information. The information provided is intended to be educational in nature and not advice relative to any investment or portfolio offered through an Investment Affiliate, and does not constitute any form of regulated financial, legal, or tax advice, or other regulated financial service. The content provided herein is not a solicitation for the investment management services of any Investment Affiliate, nor is it intended to constitute a recommendation for, or advice to, any specific person on behalf of any Investment Affiliate, as it does not take into account the financial objectives, situation, or needs of any specific person. This information is provided on the understanding that the recipient has sufficient knowledge and experience to be able to understand and make their own evaluation of said content, any risks associated therewith, and any related legal, tax, accounting, or other material considerations. Recipients should not solely rely on this material in making any future investment decision. To the extent that the recipient has any questions regarding the applicability of any specific issue discussed above to their specific portfolio or situation, they are encouraged to consult with a qualified lawyer, accountant, or financial professional.

This document may contain forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates, and projections, the securities and credit markets and the economy in general. Words such as "anticipates," "believes," "estimates," "expects," "forecasts," "plans," "projects," variations of such words and similar expressions are intended to identify such forward-looking statements. Management judgments relating to and discussion of the value and potential future value or performance of any security, group of securities, type of security or market segment involve judgments as to expected events and are inherently forward-looking statements. These statements are not guarantees of future performance. Likewise, past performance is not a guarantee of future results. This content is prepared for the use of the Investment Affiliates and their clients and prospective clients, and may not be reproduced, redistributed, retransmitted or disclosed, or referred to in any publication, in whole or in part, or in any form or manner, without the express written consent of BOKF or BOKF, NA. Any unauthorized use or disclosure is prohibited. Receipt and review of this document constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein. This report should not be distributed without the attached disclosures, and is considered incomplete if the disclosures are not attached.

*This chart is for illustrative purposes only and not indicative of any actual investment.
Asset allocation, diversification, and rebalancing do not ensure a profit or protect against loss in declining markets. Investing involves risks, including possible loss of principal, and there is no guarantee that investment objectives will be achieved.

INVESTMENT AND INSURANCE PRODUCTS ARE: NOT FDIC INSURED | NOT GUARANTEED BY THE BANK OR ITS AFFILIATES | NOT DEPOSITS | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY | MAY LOSE VALUE