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WEEKLY ECONOMIC UPDATE AUG. 10, 2026

Stocks bolted ahead last week as investors cheered the last big week of Q2 corporate reports and a Friday jobs update that put the spotlight on the Fed's next move with short-term rates.

The Standard & Poor's 500 Index advanced 3.57 percent, while the Nasdaq Composite Index gained 5.19 percent. The Dow Jones Industrial Average rose 2.96 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, added 2.32 percent.[1,2]

Best Week in Nearly 4 Months

Stocks opened the week strong as oil prices slid on news of diplomatic efforts in the Middle East. Big Tech led, which helped push the Dow Industrials to a record close.[3]

Investor optimism continued to build on Tuesday as stocks opened higher and climbed throughout the day. Strong Q2 corporate reports added fuel to the rally, lifting all three averages into a second day of robust gains.[4]

Markets opened higher on Wednesday but lost momentum as the day progressed. On Thursday, oil prices crept higher, and stocks went sideways as investors awaited updates on the Middle East and digested the final big trove of Q2 corporate results.[5,6]

Then, on Friday, an unexpected contraction in the labor market boosted stocks as investors hoped the jobs data might influence the Fed's outlook for short-term rates.

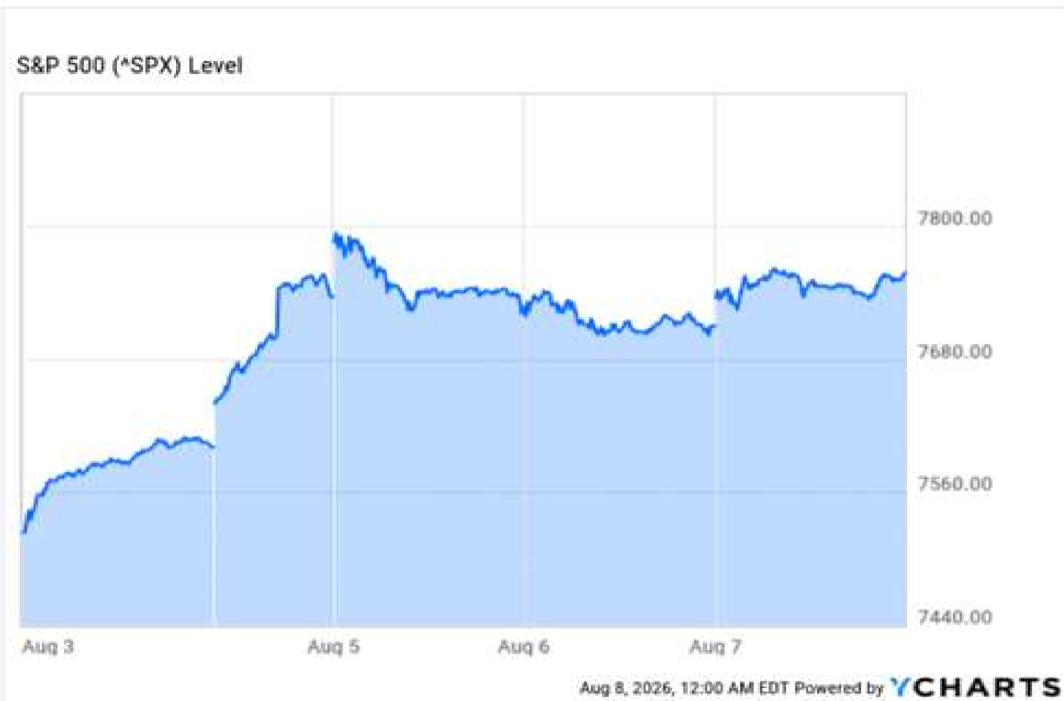
Each major average logged its best weekly gain since mid-April.[7]

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
S&P 500	2.34%	13.38%	22.97%	86.71%
MSCI EAFE	2.27%	13.91%	25.65%	61.09%
Dow Jones Industrial Average	1.59%	13.11%	23.96%	68.32%
Nasdaq Composite	0.88%	13.74%	25.22%	84.19%

S&P 500 Daily Close



10-Year Note Review

Indicator Name Date	Latest Value	1M Ago 3M Ago 1Y Ago	1M Change 3M Change 1Y Change
10 Year Treasury Rate 08/07/26	4.65%	4.55% 4.41% 4.23%	2.20% ▲ 5.44% ▲ 9.93% ▲

Labor Market Update

The economy unexpectedly shed 23,000 jobs in July, based on the Labor Department's report released Friday. Economists expected 83,000 jobs to be created. July's decline was the first monthly contraction in the labor market since February.[8]

Additionally, the number of jobs added in May and June was revised down by 103,000, reinforcing evidence of a cooling job market. Meanwhile, unemployment edged down to 4.1 percent as fewer people looked for work.[8]

This Week: Key Economic Data

Tuesday: NFIB Small Business Optimism Index. Existing Home Sales. New York Fed Q2 Household Debt & Credit Report.

Wednesday: Consumer Price Index (CPI). Monthly Treasury Balance.

Thursday: Fed Speeches: Beth Hammack (Cleveland) and Thomas Barkin (Richmond). Weekly Jobless Claims. Producer Price Index (PPI).

Friday: Retail Sales. Manufacturing & Trade: Inventories. University of Michigan Consumer Survey.

Quote of the Week

"Skewed priorities can be traced to the framing of AI development as a geopolitical race. But technological leadership means little if it comes at the expense of workers’

health, social resilience, and people's ability to lead meaningful lives. A country that develops the world's most capable AI models while leaving its workforce deskilled and its public discourse polluted by misinformation has not won anything worth winning."

– Gabrielle Ramos and Emilija Roh

Of Note

The good news in the 2018 report of the Trustees of the Social Security Trust Fund, released in early June, was that the program is expected to have enough money to pay for scheduled retirement benefits for the next decade and a half. There are concerns, however, about the longer-run financing of the program. Because of population aging, the program is projected to exhaust its ability to fund full retirement benefits in 2034; after that time, the Trust Fund will be depleted and incoming revenues will only be sufficient to pay 77 percent of scheduled retirement benefits. Population aging is straining the program. The earlier this is addressed, the more time Americans will have to adjust and compensate for changes.

Social Security provides retirement benefits to more than 40 million people each year, as well as to millions more spouses, dependents, and survivors of deceased workers. The benefits provided by Social Security represent 90 percent or more of income for close to one-quarter of elderly married couples and more than 40 percent of elderly unmarried people, according to the Social Security Administration.

Americans currently nearing retirement age are less likely to have income from private defined-benefit pension plans to supplement their Social Security income than earlier cohorts. Calculations based on Survey of Consumer Finances (SCF) indicate that 37 percent of families with heads between ages 55 and 64 are covered by such plans, down from 53 percent in 1989. Moreover, Americans nearing retirement age have done less of their own saving to finance their retirement compared with those of a similar age in the past.

While research suggests that one way to encourage working-age people to do their own saving for retirement is to provide them with access to workplace retirement savings plans, many Americans are not using such plans. Calculations based on the SCF suggest that the share of families nearing retirement with a 401(k)-type account was 36 percent in 2016, having shown no net increase since 2004. Some families may have rolled over their 401(k)s from earlier jobs into individual retirement accounts (IRAs); the share of families with any type of retirement account was considerably higher in 2016, at 56 percent, but has shown no net increase in more than 20 years.

The program has "pay-as-you-go" financing, meaning that the Social Security benefits paid at any given time are funded by the Social Security taxes that are being collected from workers at that time. Until this decade, the ratio of the working population to the retired population was large enough such that tax revenues exceeded the benefits paid, with the surplus used to buy assets for the Social Security Trust Fund. But that ratio has been falling as the baby boomers have moved into retirement — with retirement benefits paid beginning to exceed the relevant tax revenues in 2010. The shortfall between the income and expenses of the Social Security retirement program has been funded — and can continue to be funded for a number of years

— through the return on the assets in the trust fund and (eventually) by redeeming those assets.

According to the Congressional Budget Office, the number of Americans who are 65 or older will increase by 34 percent over the next 10 years, while the number between ages 20 and 64 will increase by just 2 percent. As a result, the trust fund reserves available to finance Social Security retirement benefits are projected to be depleted by 2034. At that point, revenues taken in by the program will be only sufficient to pay 77 percent of scheduled retirement benefits. The law governing the Social Security program will thus need to be changed to make the program financially sound for future cohorts of retirees. The finances can be fixed by cutting benefits (including by raising the retirement age), raising taxes, or some combination of the two options.

To address an expected shortage of funds in the early 1980s, the Social Security law was changed to raise the age at which full retirement benefits can be claimed by two years, with the implementation of this change occurring over more than 40 years. To follow this strategy now, policymakers will need to act sooner rather than later given projections that the program will face a shortage of funds in roughly 15 years.

Although the Social Security program has ample funding to pay retirement benefits for a number of years to come, we have long known that the program will eventually run short of the money it needs to fully finance scheduled retirement benefits. With families that are nearing retirement age today tending to have less of their own savings and being less likely to have private defined-benefit pensions, it is more important than ever to address the longer-term financial challenges faced by the Social Security program. Changing the law now to phase in changes that shore up the finances of the program would have the advantage of allowing Americans to make gradual adjustments to their work and saving behavior to compensate for these changes.[10]

Footnotes And Sources

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