WEST SHORE BANK

WEEKLY RECAP - August 24, 2026

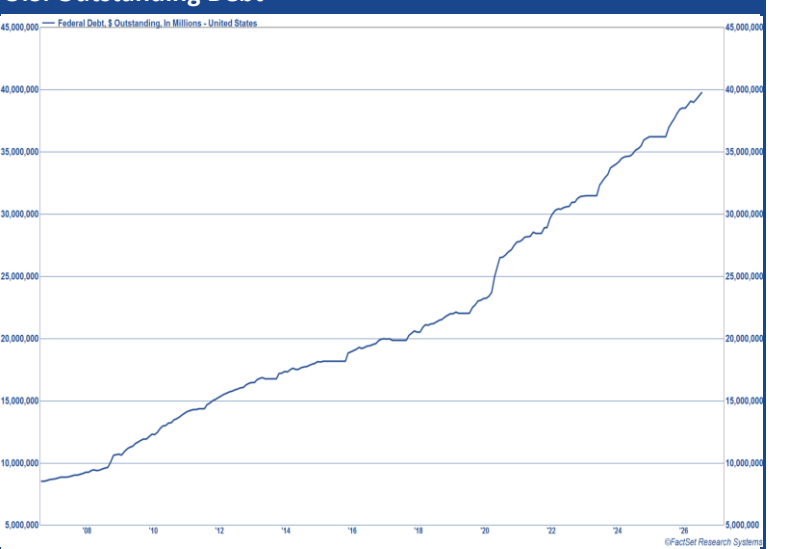
Economic & Market Commentary

Stocks declined last week, snapping a three-week winning streak as investors grew increasingly concerned about rising interest rates, weakening consumer trends, and mounting fiscal pressures. Higher Treasury yields were the primary headwind, weighing on both equity and fixed income markets. Concerns surrounding elevated oil prices, a deteriorating inflation outlook, and growing government borrowing needs contributed to the move higher in yields. Notably, U.S. outstanding federal debt surpassed $40 trillion, further intensifying investor focus on the long-term fiscal trajectory and the potential implications for Treasury supply and financing costs. Midweek, the Treasury Department announced an expansion of its long-term debt buyback program in an effort to alleviate upward pressure on yields. While the announcement initially provided relief and briefly stabilized markets, the effect proved short-lived as yields quickly resumed their advance. Investors appeared unconvinced that buybacks alone would be sufficient to offset the underlying forces driving rates higher, including persistent fiscal deficits, increased debt issuance, and inflation concerns tied to higher energy prices. Adding to the cautious tone were signs of a slowing consumer. Several retail earnings reports and forward guidance updates reinforced these concerns, suggesting that consumer demand may be losing momentum. Consumer confidence also deteriorated, reflecting growing anxiety over inflation, energy costs, and overall purchasing power. The combination of higher interest rates, softer consumer data, and renewed questions surrounding economic growth shifted investor sentiment decidedly toward risk aversion. While broader economic and corporate fundamentals remain relatively resilient, markets increasingly appear focused on whether those strengths can continue to offset the pressures associated with higher borrowing costs, weakening consumer confidence, and an expanding federal debt burden.

Index Total Returns - August 21, 2026

	1-Wk	YTD	1-Yr
MSCI-Emerging	1.24	24.22	38.90
Russell 2000	-1.60	22.48	34.34
S&P 400	-2.43	16.83	22.53
MSCI-Developed	-0.54	14.14	21.72
NASDAQ	-2.02	13.07	24.82
S&P 500	-1.39	12.95	21.90
Dow Jones	-0.78	11.96	20.95
Barclay's U.S. Bond Index			
High Yield	-0.15	2.44	5.50
5-year Muni	-0.15	0.79	2.00
Municipal	-0.58	0.65	5.00
Int. Gov. Credit	-0.12	0.26	2.51
Aggregate	-0.10	-0.34	2.48

U.S. Outstanding Debt



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.01	3.97	3.95
U.S. 2-Yr	4.23	4.17	3.79
U.S. 3-Yr	4.31	4.25	3.74
U.S. 5-Yr	4.42	4.36	3.85
U.S. 10-Yr	4.73	4.69	4.33
U.S. 30-Yr	5.27	5.26	4.92

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.79	3.69	3.76
U.S. AA	3.79	3.69	3.79
U.S. A	4.12	4.03	4.17
U.S. Baa	4.65	4.58	4.82
U.S. Municipal	3.90	3.81	3.93
Michigan	4.02	3.95	4.06

S&P 500 Sector Total Returns - August 21, 2026

Sector	1-Wk	YTD	1-Yr
Energy	2.94	44.05	52.18
Info Tech	-3.18	20.35	32.55
Materials	2.34	18.10	19.01
Industrials	-3.37	16.86	21.21
Real Estate	-0.44	14.51	13.46
Health Care	4.33	13.83	29.76
Consumer Staples	-0.94	10.46	6.55
Financials	-1.17	5.93	10.85
Utilities	-3.49	1.55	2.77
Con. Discretion	-0.22	0.66	7.40
Comm. Services	-1.45	0.23	16.47

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	19.89	19.47	1.02
S&P 400 - Mid Cap	16.09	16.66	1.17
S&P 600 - Small Cap	15.16	16.50	1.42

Sources: FactSet