WEST SHORE BANK

WEEKLY RECAP - July 20, 2026

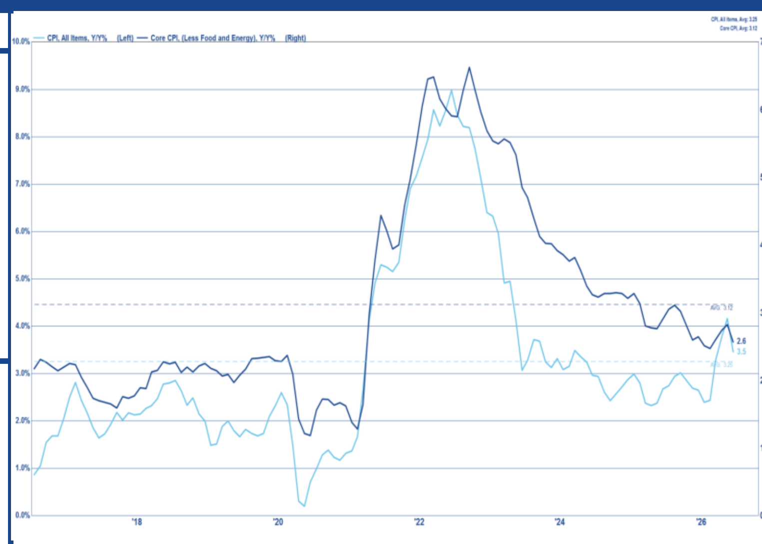
Economic & Market Commentary

Stocks finished lower last week as sellers ultimately gained the upper hand in what proved to be another volatile trading period. While several economic reports came in better than expected, rising geopolitical tensions and a continued rotation away from market leadership themes weighed on investor sentiment. A notable development was the loss of momentum within the AI trade, which has been a dominant driver of market performance over the past year. Investors continued to rotate capital away from large-cap technology and growth-oriented sectors and into more cyclical areas of the market. As a result, semiconductor and AI-related names came under pressure, contributing to broader market weakness. Geopolitical developments also weighed on markets. The Iran conflict took a turn for the worse, with tensions escalating as military actions intensified. Although markets have generally viewed the likelihood of a prolonged regional conflict as limited, the increase in tensions renewed concerns surrounding global energy supply and added another layer of uncertainty to the economic outlook. From an economic standpoint, the news was generally favorable. June retail sales exceeded expectations, suggesting that consumer spending remains resilient despite ongoing concerns about inflation and higher borrowing costs. Inflation data also provided some encouragement, with June consumer prices coming in softer than expected. Under normal circumstances, both developments would have been supportive for risk assets. However, market behavior increasingly reflects a greater sensitivity to broader policy and geopolitical risks. Investors appear willing to look beyond individual economic reports as they assess the potential implications of higher energy prices, elevated uncertainty, and evolving monetary policy expectations. Even though the economy continues to demonstrate resilience, and inflation trends have shown signs of improvement, market leadership is shifting and geopolitical developments remain a key source of uncertainty. As second quarter earnings season accelerates, investors will be looking for confirmation that earnings remain strong enough to offset the growing list of macroeconomic and geopolitical headwinds.

Index Total Returns - July 17, 2026

	1-Wk	YTD	1-Yr
Russell 2000	-0.51	20.09	33.07
MSCI-Emerging	-4.10	16.71	32.95
S&P 400	-0.12	15.02	20.61
NASDAQ	-2.90	10.15	22.93
S&P 500	-1.55	9.64	19.85
Dow Jones	-0.93	9.43	19.18
MSCI-Developed	-0.81	8.89	20.75
Barclay's U.S. Bond Index			
High Yield	0.03	2.11	6.04
Municipal	-0.40	1.50	7.14
5-year Muni	-0.19	0.80	3.05
Int. Gov. Credit	0.15	0.32	3.56
Aggregate	0.13	0.16	4.31

Consumer Price Index - CPI



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.99	4.05	4.09
U.S. 2-Yr	4.18	4.21	3.91
U.S. 3-Yr	4.21	4.24	3.88
U.S. 5-Yr	4.28	4.30	4.00
U.S. 10-Yr	4.55	4.56	4.46
U.S. 30-Yr	5.07	5.06	5.01

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.58	3.50	3.87
U.S. AA	3.61	3.54	3.92
U.S. A	3.96	3.89	4.32
U.S. Baa	4.50	4.44	4.90
U.S. Municipal	3.73	3.65	4.05
Michigan	3.85	3.77	4.20

S&P 500 Sector Total Returns - July 17, 2026

Sector	1-Wk	YTD	1-Yr
Energy	4.99	30.07	37.16
Industrials	-1.36	16.35	19.86
Real Estate	2.28	15.34	14.25
Info Tech	-3.78	15.29	27.43
Materials	-1.34	10.67	13.46
Consumer Staples	1.40	10.43	8.35
Utilities	-0.52	7.25	12.82
Health Care	0.15	5.02	23.68
Financials	0.97	3.64	8.87
Comm. Services	-2.38	2.52	24.75
Con. Discretion	-1.28	-1.64	7.01

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	20.22	19.44	1.04
S&P 400 - Mid Cap	16.25	16.58	1.18
S&P 600 - Small Cap	15.65	16.44	1.43

Sources: FactSet