WEST SHORE BANK

WEEKLY RECAP - July 27, 2026

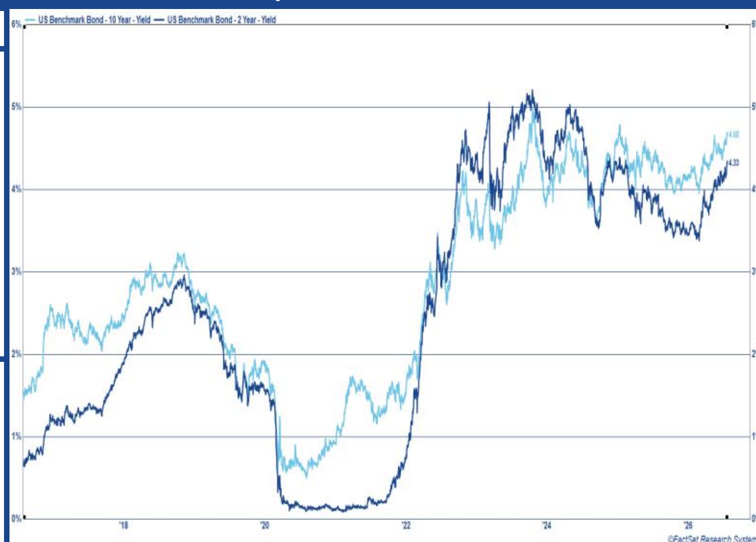
Economic & Market Commentary

Stocks finished mostly lower last week as rising uncertainty surrounding the Iran conflict weighed on investor sentiment and tempered risk appetite. While economic and corporate fundamentals remain generally constructive, markets increasingly focused on the potential consequences of a prolonged geopolitical confrontation. The result was a defensive tone across financial markets, with investors reassessing the balance between resilient underlying fundamentals and the growing risks associated with an extended period of instability in the Middle East. Bond prices also declined as yields moved higher. Rising oil prices, coupled with concerns that an expanded conflict could disrupt energy supplies and rekindle inflationary pressures, prompted investors to demand higher yields. Since the start of the war, the 2-year and 10-year Treasury have risen 0.94% and 0.72%, respectively. Notably, despite volatility and a steady stream of headlines, the S&P 500 has been essentially flat the past two months. The lack of progress in either direction highlights the market's current tug-of-war. On one side are supportive fundamentals, including strong corporate earnings trends, a healthy labor market, and an economy that continues to demonstrate resilience. On the other is the slow but persistent erosion of confidence that can accompany a sustained military conflict, particularly one that threatens to widen geographically or disrupt global energy markets. As a result, investors appear engaged in a battle of attrition: can solid economic and corporate fundamentals continue to support asset prices, or will the cumulative effects of a prolonged conflict eventually outweigh those advantages? For now, market consensus still favors some form of diplomatic resolution. However, escalating tensions and the possibility of a broader regional conflict are increasingly testing that assumption—and with it, the market's resolve. While fundamentals remain intact, geopolitical developments are likely to remain the dominant influence on market direction until greater clarity emerges.

Index Total Returns - July 24, 2026

	1-Wk	YTD	1-Yr
Russell 2000	-1.08	18.79	31.71
MSCI-Emerging	0.48	17.27	30.82
S&P 400	0.24	15.29	20.28
MSCI-Developed	0.45	9.38	17.47
Dow Jones	-0.35	9.05	18.16
S&P 500	-0.60	8.98	17.88
NASDAQ	-2.13	7.80	19.33
Barclay's U.S. Bond Index			
High Yield	-0.57	1.52	4.95
Municipal	-1.19	0.30	5.65
5-year Muni	-0.70	0.10	2.10
Int. Gov. Credit	-0.47	-0.15	2.86
Aggregate	-0.74	-0.57	3.18

2-Yr and 10-Yr Treasury Yields



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	4.12	3.99	4.10
U.S. 2-Yr	4.33	4.18	3.92
U.S. 3-Yr	4.37	4.21	3.87
U.S. 5-Yr	4.43	4.28	3.97
U.S. 10-Yr	4.68	4.55	4.41
U.S. 30-Yr	5.17	5.07	4.96

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.79	3.58	3.85
U.S. AA	3.83	3.61	3.90
U.S. A	4.16	3.96	4.29
U.S. Baa	4.67	4.50	4.87
U.S. Municipal	3.94	3.73	4.03
Michigan	4.06	3.85	4.19

S&P 500 Sector Total Returns - July 24, 2026

Sector	1-Wk	YTD	1-Yr
Energy	3.76	34.95	41.13
Industrials	1.77	18.41	20.64
Real Estate	1.35	16.90	12.87
Info Tech	0.43	15.79	27.53
Materials	1.24	12.04	13.15
Utilities	2.48	9.91	12.95
Consumer Staples	-1.25	9.05	7.43
Health Care	0.90	5.96	21.98
Financials	0.14	3.79	7.92
Comm. Services	-6.15	-3.78	14.59
Con. Discretion	-6.09	-7.63	-0.94

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	19.74	19.45	1.05
S&P 400 - Mid Cap	16.28	16.62	1.18
S&P 600 - Small Cap	15.36	16.44	1.45

Sources: FactSet