

New record highs reached, but little change for the week

The market spent the week toggling between fresh highs and a late-week bout of risk aversion.



After a soft Monday marked by profit-taking from the prior Friday's records, momentum rebuilt Tuesday through Thursday, pushing the S&P 500 to back-to-back record intraday and closing highs. Friday reversed that tone: into a holiday-thinned tape, sellers leaned on mega-caps, semis, and select cyclicals, leaving all size cohorts softer and the week's final session downbeat.

Leadership narrowed as the week progressed. Mega-cap tech and communication names did most of the lifting on the up days, evident in the market-weighted S&P 500 outperforming the equal-weight index on Thursday.

Semiconductors chopped around during the week, reacting to NVIDIA's mixed print that featured headline beats but guidance that was merely in line and a sequential H20 downtick that was tied to export limits and no China

sales. The group fell by the wayside on Friday, however, following a disappointing earnings report from Marvell. The Philadelphia Semiconductor Index declined 1.5% for the week after a 3.2% decline in Friday's session.

Retail was bifurcated: Kohl's surged on an EPS beat, while Best Buy, Dick's, Dollar General, and Five Below traded unevenly post-earnings. Energy quietly helped at the margin as crude held near \$64-\$65. Defensive sectors lagged early, then showed pockets of support into Friday's consolidation.

Macro and policy inputs were steady enough to keep rate-cut odds anchored. The data mix skewed "not too hot": Q2 GDP was revised up to 3.3% with a sizable net-exports contribution; durable orders and core capital goods firmed; jobless claims stayed historically low. Offsets arrived from housing sluggishness (new and pending sales) and a slump in Chicago PMI to 41.5. The Fed's preferred inflation gauge was sticky but not worse than feared—headline PCE ran 2.6% year over year and core 2.9%, both in line—so futures kept the probability of a 25 bp September move broadly in the 87-89% range.

Fed speak leaned cautiously dovish: New York Fed President John Williams reiterated a data-dependent path that could justify gradual cuts and attributed 40–50 bps of PCE to tariffs; Richmond’s Tom Barkin signaled a “modest adjustment”; and Fed Governor Christopher Waller explicitly backed a 25 bp cut in September with an expectation that there will be more cuts over the next three to six months.

Rates churned rather than trended. Early-week selling gave way to a midweek bull-steepening impulse (short yields falling faster than long), then a mild retrace into Friday. The 2-yr traded roughly 3.62–3.73% across the week, the 10-yr 4.21–4.28%, and the long bond hovered near 4.89–4.91%.

Company-specific headlines added texture. Keurig Dr Pepper slid after unveiling a €15.7 bln cash deal for JDE Peet’s and a plan to separate into a North American beverage company and a stand-alone coffee business. Caterpillar fell on Friday after flagging tariff-driven margin pressure. Dell and Marvell’s post-earnings drops compounded semis’ weak finish. Alphabet and Meta underpinned communication services on up days, and Tesla extended gains early in the week. The institutional backdrop remained noisy—President Trump’s move to remove Fed Governor Lisa Cook triggered legal pushback and an initial hearing without a ruling, with chatter about fast-tracking nominee Stephen Miran—but none of it materially shifted the September cut odds. Markets are closed Monday for Labor Day.

- Russell 2000: +0.2% for the week / +6.1% YTD
- S&P 500: -0.1% for the week / +9.8% YTD
- S&P 400: -0.1% for the week / +4.3% YTD
- Nasdaq: -0.2% for the week / +11.1% YTD
- DJIA: -0.2% for the week / +7.1% YTD

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