

Access Insights: Q2 2026 Review & Q3 2026 Outlook



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WEALTH GROUP

Executive Summary

Q2 2026 presented a complex yet ultimately resilient picture for global markets. Following a challenging Q1 — marked by the outbreak of the U.S.-Iran conflict, surging oil prices, and a broad equity drawdown, the second quarter delivered a **historic reversal**.

Executive Summary - Continued

The S&P 500 rallied 15%, its largest quarterly gain since the post-pandemic rebound of 2020, while the Philadelphia Semiconductor Index (SOX) surged an unprecedented 88%, recording its best quarter in history. The catalyst was a combination of a ceasefire agreement that partially reopened the Strait of Hormuz, a powerful earnings season driven by artificial intelligence (AI) infrastructure spending, and improving consumer confidence as energy prices retreated from their April peaks.

Executive Summary - Continued

Our strategically conservative allocation — including 10% in gold ETFs and 15% in energy infrastructure MLP ETFs — provided robust protection against market volatility in Q1, allowing our portfolios to significantly outperform broader market indices during that period. However, as anticipated, this defensive positioning led to a temporary underperformance in Q2 as the market rallied sharply on risk-on sentiment. **We view this as a short-term and expected phenomenon:** the underlying geopolitical uncertainties and elevated valuation risks that justified our cautious stance have not disappeared.

Executive Summary - Continued

Indeed, the early days of Q3 have already seen a re-escalation of the U.S.-Iran conflict, with fresh U.S. military strikes starting on July 8, 2026, driving oil prices sharply higher once again. This development underscores the continued importance of a balanced and vigilant investment approach.

Looking ahead to Q3, our base case remains one of cautious optimism. Corporate earnings are strong, the labor market is healthy, and AI-driven capital expenditure continues to provide a powerful structural tailwind. However, the Federal Reserve's hawkish pivot under new Chair Kevin Warsh, persistently elevated inflation, and renewed geopolitical tensions introduce meaningful headwinds that demand active portfolio management.

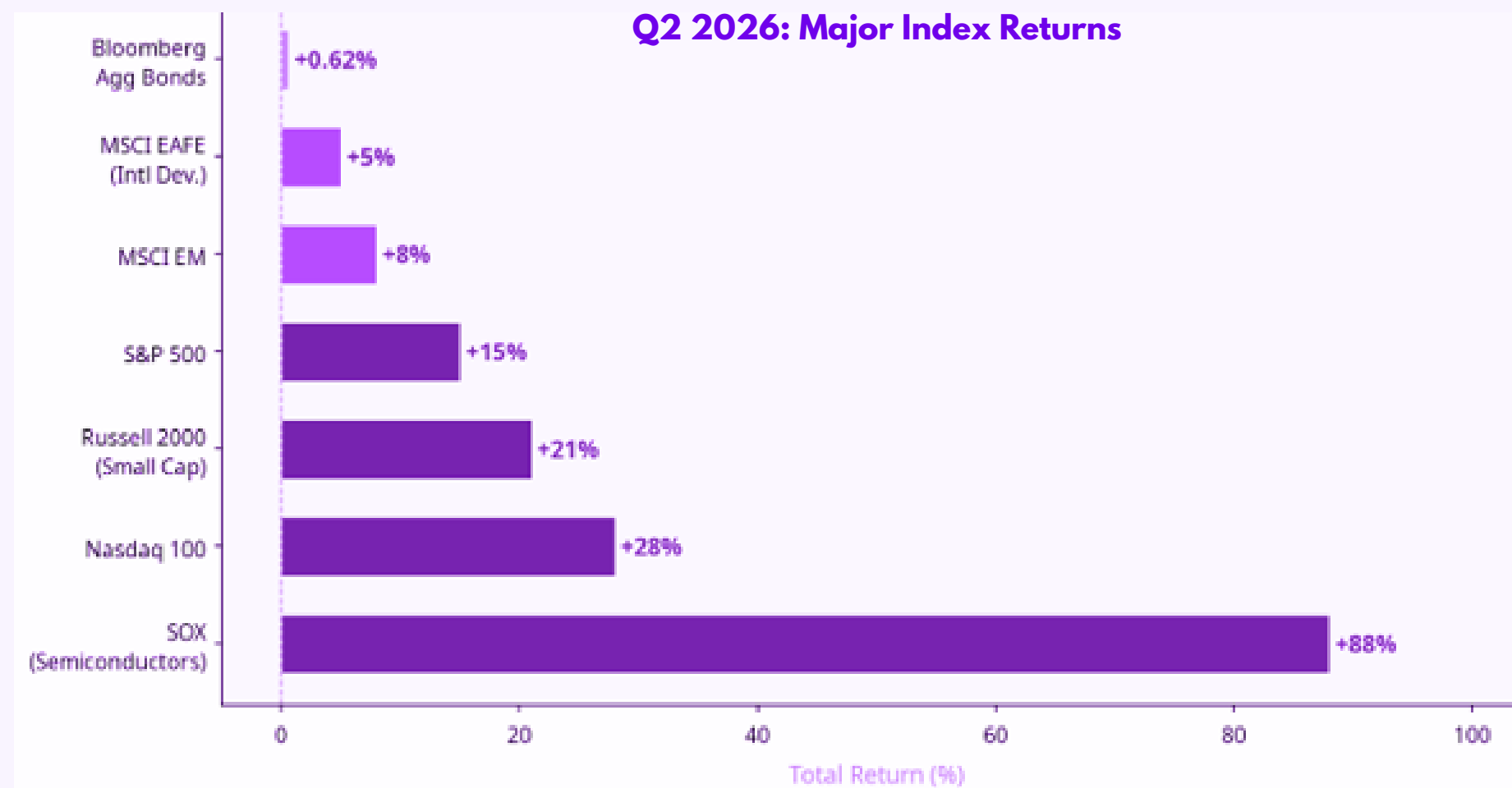
Q2 2026 Review:

Resilience Amidst Shifting Tides

Despite a confluence of challenges,

including ongoing geopolitical conflicts, tariff disputes, inflationary pressures, tighter monetary policies, and global fragmentation — the world economy and financial markets demonstrated remarkable

resilience throughout Q2 2026. **The quarter was defined by a powerful reversal from Q1's losses**, with the inflection point arriving on March 31 when initial signals of a U.S.-Iran de-escalation prompted a broad market rally.



Source: Bloomberg, FactSet, Business Insider (July 2026)

Q2 2026 Review - Continued

Economic Resilience

The global economy, particularly the United States, continued to exhibit underlying strength throughout Q2. This resilience was supported by robust consumer spending, a labor market that found its footing, and sustained fiscal support from the 2025 "One Big Beautiful Bill" Act. **The U.S. GDP is projected to grow approximately 2.5% for the full year 2026, with the Philadelphia Fed's Survey of Professional Forecasters projecting a 2.1% annualized rate for Q2 specifically** — indicating a steady, if not spectacular, economic expansion. Unemployment held at 4.3% through May before dipping to 4.2% in June, reflecting continued labor market resilience.

The following table summarizes the key U.S. macroeconomic indicators for Q2 2026:

Indicator	Q1 2026	Q2 2026 (Latest)	Target / Benchmark
GDP Growth (Annualized)	1.8%	~2.1% (est.)	~2.5% full-year
Unemployment Rate	4.4%	4.2% (June)	4.3% FOMC median
Headline PCE Inflation	3.9%	4.1% (May)	2.0% Fed target
Core PCE Inflation	3.1%	3.4% (May)	2.0% Fed target
10-Year Treasury Yield	~4.2%	~4.6%	—
Fed Funds Rate	3.50–3.75%	3.50–3.75% (held)	—

Source: BEA, BLS, Federal Reserve, Philadelphia Fed SPF (June 2026)

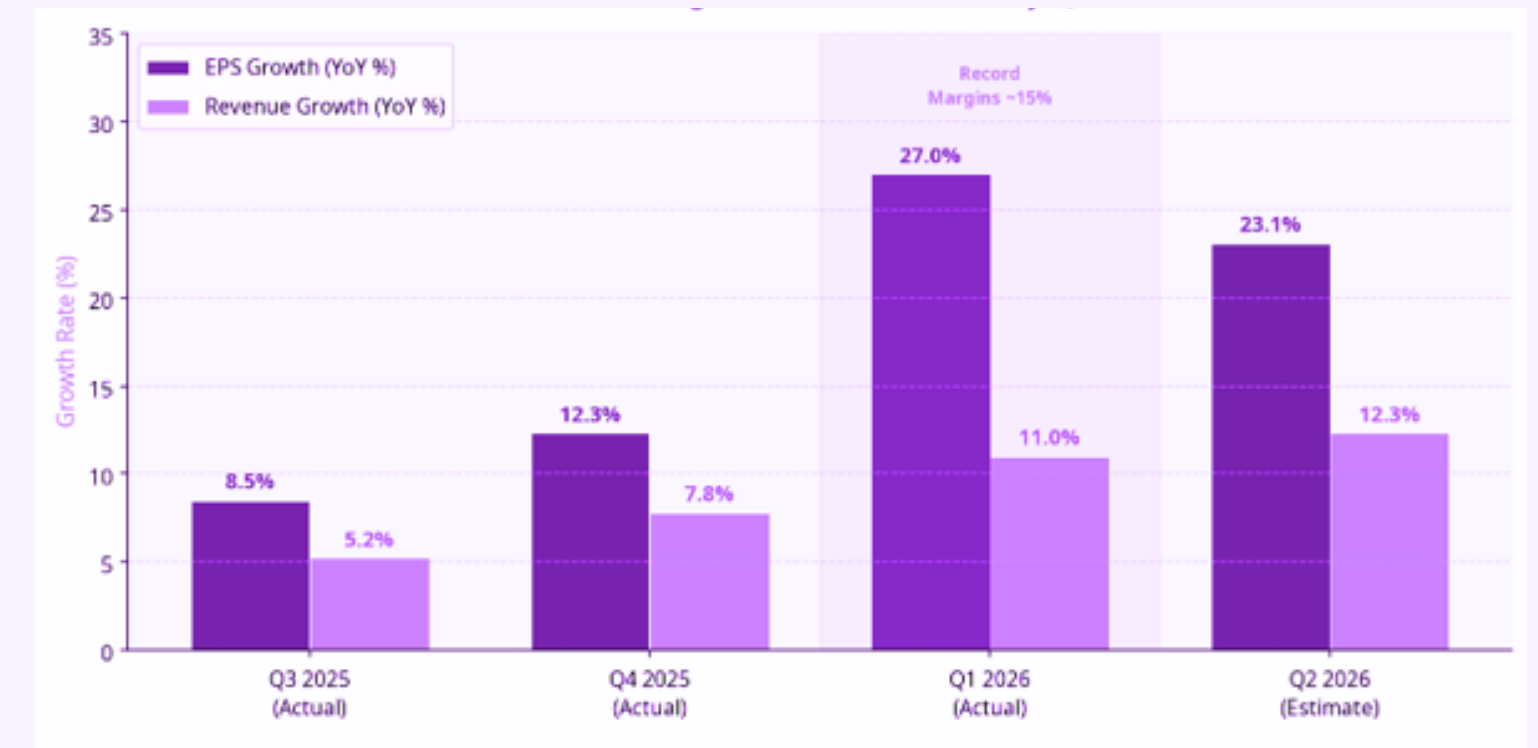
Figure 1: Q2 2026 major index returns.

Q2 2026 Review - Continued

Corporate Earnings and Profit Margin Resilience

Corporate America delivered exceptional results during Q2, as companies reported their Q1 2026 earnings. S&P 500 companies collectively reported EPS growth of approximately 27% year-over-year, with revenues rising more than 10% — the highest revenue growth rate since Q2 2022. **Critically, this earnings strength was driven by genuine operating leverage rather than financial engineering:** profit margins reached a record high of approximately 15%, and the S&P 500's forward price-to-earnings multiple actually compressed from roughly 22x at the start of the year to below 20x, even as stock prices moved higher. Companies, in effect, "grew into" their valuations.

S&P 500 Earnings & Revenue Growth By Quarter



Source: FactSet, Oak Associates, Nasdaq (July 2026)

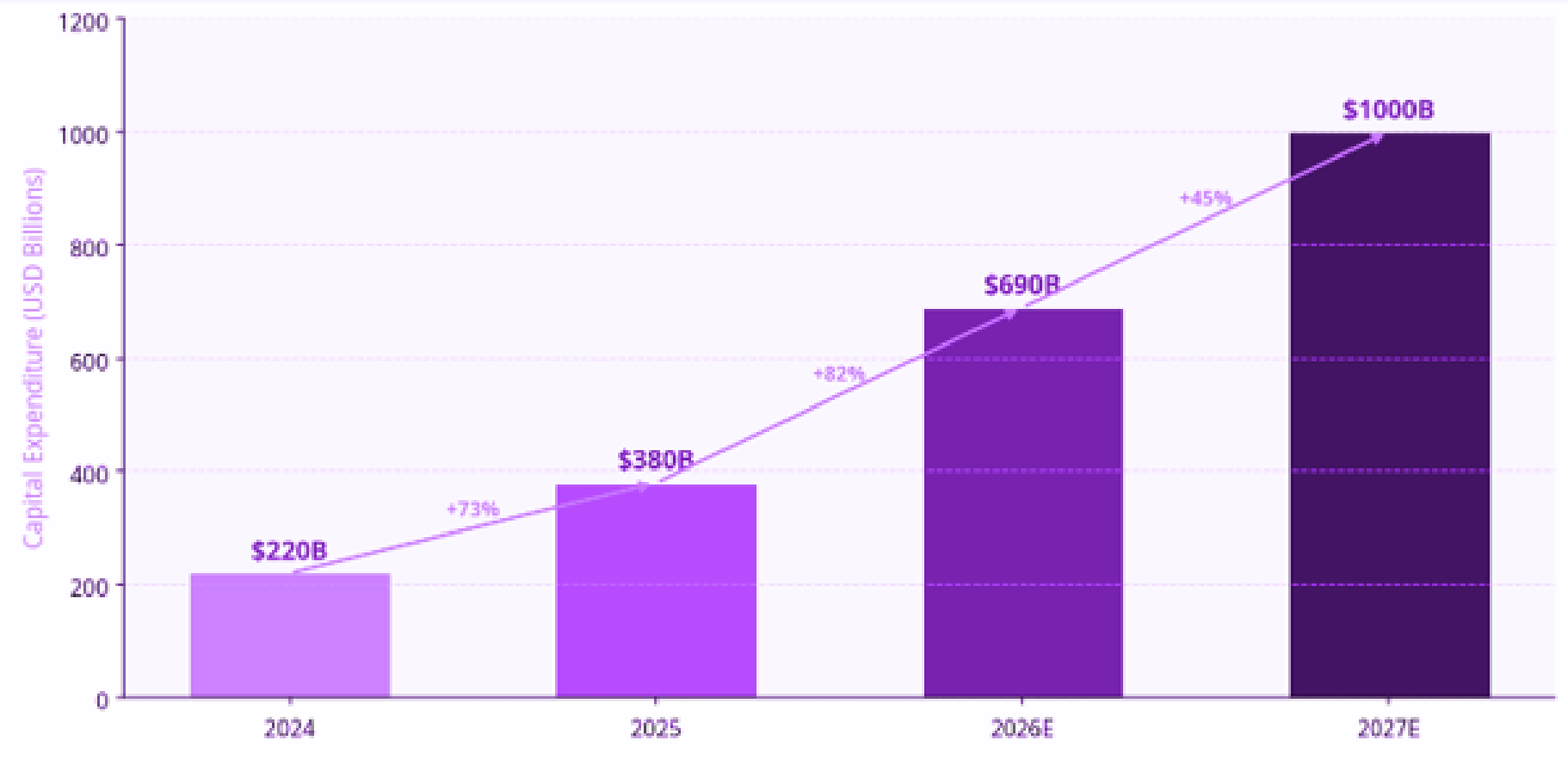
Figure 2: S&P 500 earnings and revenue growth by quarter. Q1 2026 actual results showed 27% EPS growth and 11% revenue growth, with Q2 2026 estimates pointing to continued double-digit expansion

The AI Infrastructure Supercycle

The demand for artificial intelligence infrastructure remained the single most powerful catalyst of Q2, driving significant investment and contributing substantially to corporate earnings growth.

The five largest U.S. technology companies are now expected to spend approximately \$800 billion on capital expenditures in 2026 alone — a figure that has been revised sharply upward from an initial estimate of \$450 billion made just one year ago. This spending is projected to rise further to \$1.16 trillion in 2027, representing one of the largest coordinated capital investment cycles in modern economic history.

Global AI Infrastructure Capital Expenditures



Source: Goldman Sachs, Morgan Stanley, Futurum Group (2026) - E = Estimate

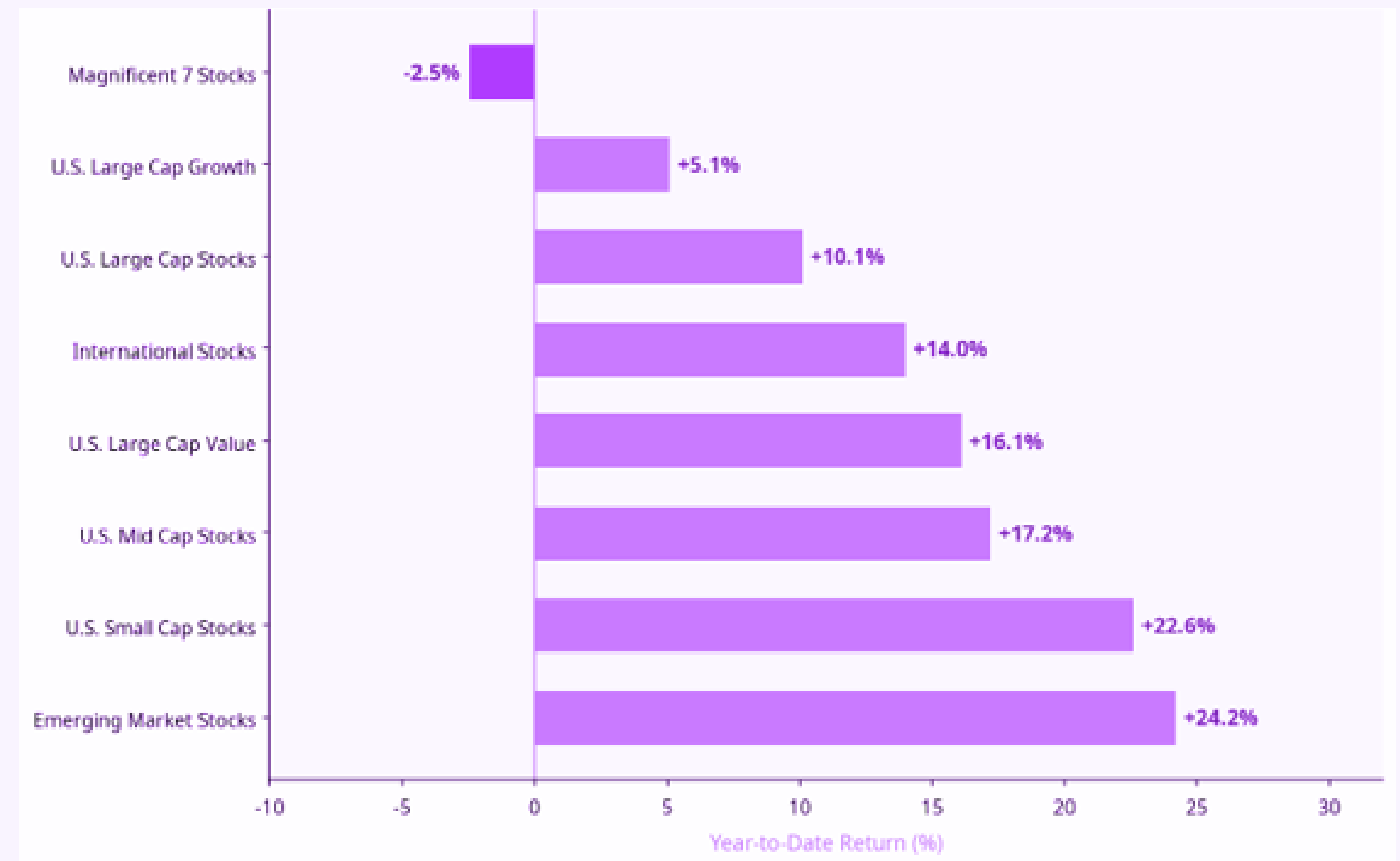
Figure 3: Global AI infrastructure capital expenditure, 2024–2027E. Annual spending is expected to nearly triple from \$220 billion in 2024 to an estimated \$690 billion in 2026, with projections approaching \$1 trillion by 2027.

Q2 2026 Review - Continued

Equity Market Broadening: A Healthy Sign

One of the most encouraging developments of Q2 was the broadening of market participation beyond the narrow leadership of mega-cap technology stocks.

YTD 2026 Returns By Asset Class (as of 06/31/2026)



Source: Bloomberg, Goldman Sachs Asset Management, Creative Planning (July 2026)

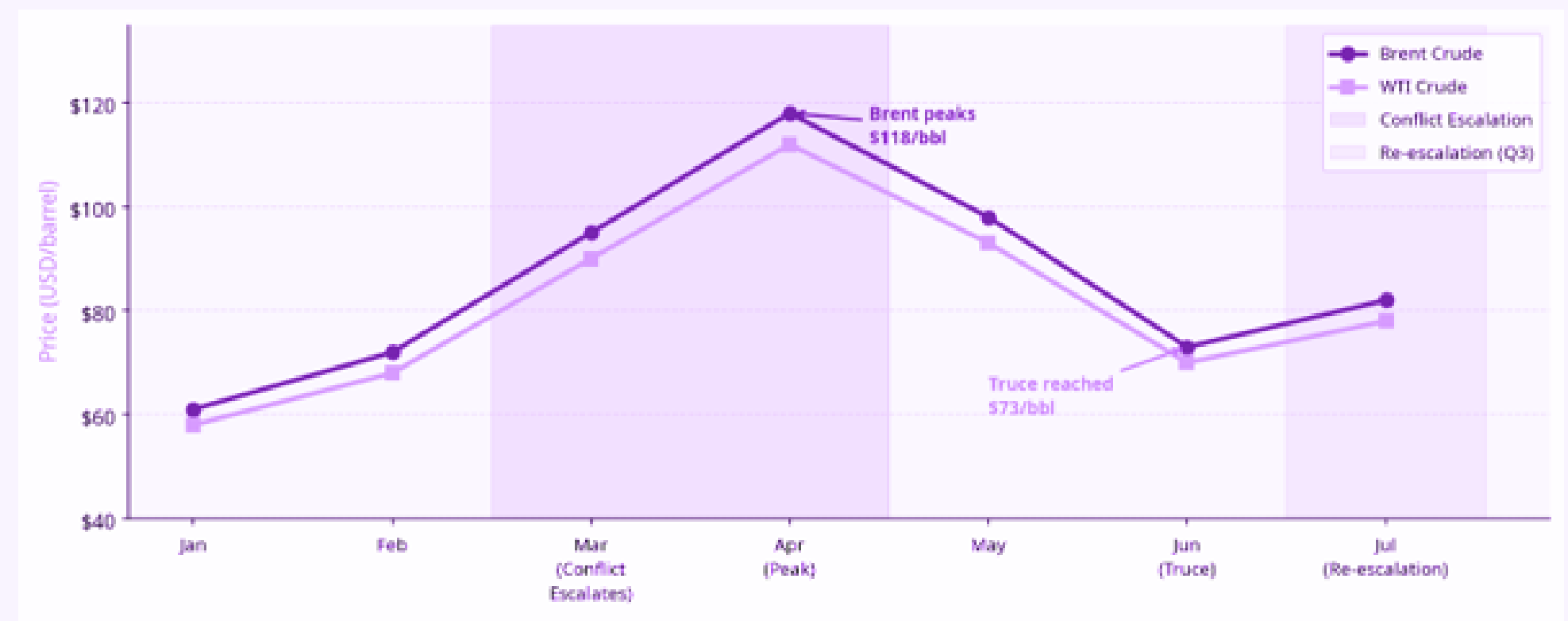
Figure 4: Year-to-date 2026 returns by asset class as of June 30, 2026. Emerging markets, small caps, and value stocks led the way, while the Magnificent 7 lagged the broader market.

War, Peace, and Fluctuating Oil Prices

The U.S.-Iran conflict played a pivotal and multifaceted role throughout Q2. The conflict, which began in late February 2026, drove Brent crude oil prices from approximately \$61 per barrel at the start of the year to a peak of \$118 per barrel at the end of March — a near-doubling in price that sent energy stocks soaring and reignited inflation concerns.

The subsequent ceasefire agreement and partial reopening of the Strait of Hormuz brought significant relief: by the end of June, Brent had retreated to approximately \$73 per barrel, a decline of roughly 38% from its April peak. The decline in oil prices was a critical enabler of the Q2 equity rally.

Brent & WTI World Crude Oil Prices: 2026 Trajectory



Source: Reuters, Aj Jezeera, ETA Short-term Energy Outlook (July 2026) - Approx Montly Data

Figure 5: Brent and WTI crude oil price trajectory through 2026. The conflict-driven spike to \$118/bbl in April was followed by a sharp retreat as the ceasefire took hold, before fresh escalation in early July reversed some of those gains.

Q2 2026 Review - Continued

Steady Consumer Spending and Labor Market

Consumer sentiment improved meaningfully as Q2 progressed. June's employment releases showed strengthened job numbers, with the unemployment rate dipping to 4.2% — below both the prior month's reading of 4.3% and market expectations. Payroll growth gained momentum over the final three months of the quarter, and wage gains continued to support household purchasing power. This robust consumer activity, coupled with a healthy labor market and the fiscal stimulus embedded in the One Big Beautiful Bill Act, provided a strong foundation for economic stability even as energy prices remained elevated relative to pre-conflict levels.

Q3 2026 Outlook

Resilience Remains the Guiding Theme

As we move into Q3, resilience continues to be the overarching theme, though tempered by a vigilant awareness of meaningful headwinds.

Our outlook is shaped by the interplay between powerful structural tailwinds — AI-driven earnings growth, a broadening labor market, and fiscal stimulus — and a set of risks that have intensified since the start of the year, most notably the renewed U.S.-Iran conflict and the Federal Reserve's increasingly hawkish posture under Chair Warsh.

Continued Economic Growth

The U.S. GDP is anticipated to maintain its growth trajectory, supported by ongoing fiscal tailwinds from the One Big Beautiful Bill Act, strategic tax incentives, and sustained investment in AI and data centers. S&P Global Ratings projects the U.S. economy to remain resilient to layered supply shocks, with unemployment steady near 4.2–4.3% and payroll growth maintaining momentum. This foundational economic strength is expected to underpin overall market performance. This constructive view is echoed by Bank of America's Chief Investment Office, which identifies three "Rs" that continue to support markets: **Robust corporate earnings, Rotation across equities, and Resilient consumers.**

Sustained Corporate Earnings Momentum

Corporate earnings are projected to continue their positive momentum into Q3, largely due to the unabated spending on AI infrastructure. The Q2 2026 earnings season, which begins in mid-July, is expected to show EPS growth of approximately 23.1% year-over-year, with revenue growth of 12.3% — the highest revenue growth rate since Q2 2022. The technology sector, particularly semiconductors and AI infrastructure providers, is expected to continue leading earnings growth.

Beyond tech, the broadening of earnings growth is an encouraging sign. Industrials, financials, and materials companies are increasingly benefiting from the AI infrastructure build-out, driven by demand for power generation equipment, data center construction, and advanced materials, creating a more diversified earnings base than in prior years.

Equities and Sector Rotation

Equities are likely to demonstrate continued resilience in Q3, albeit with heightened volatility and the potential for meaningful sector rotation. The impact of President Trump's tariff announcements — which saw global tariffs increase to 15% in February 2026, and the subsequent trade countermeasures from major partners including China and the EU will be a critical factor influencing sector performance. **These trade policies introduce an additional layer of complexity, potentially favoring domestic industries and those less exposed to international trade disputes**, while posing challenges for export-oriented sectors and companies with global supply chains.

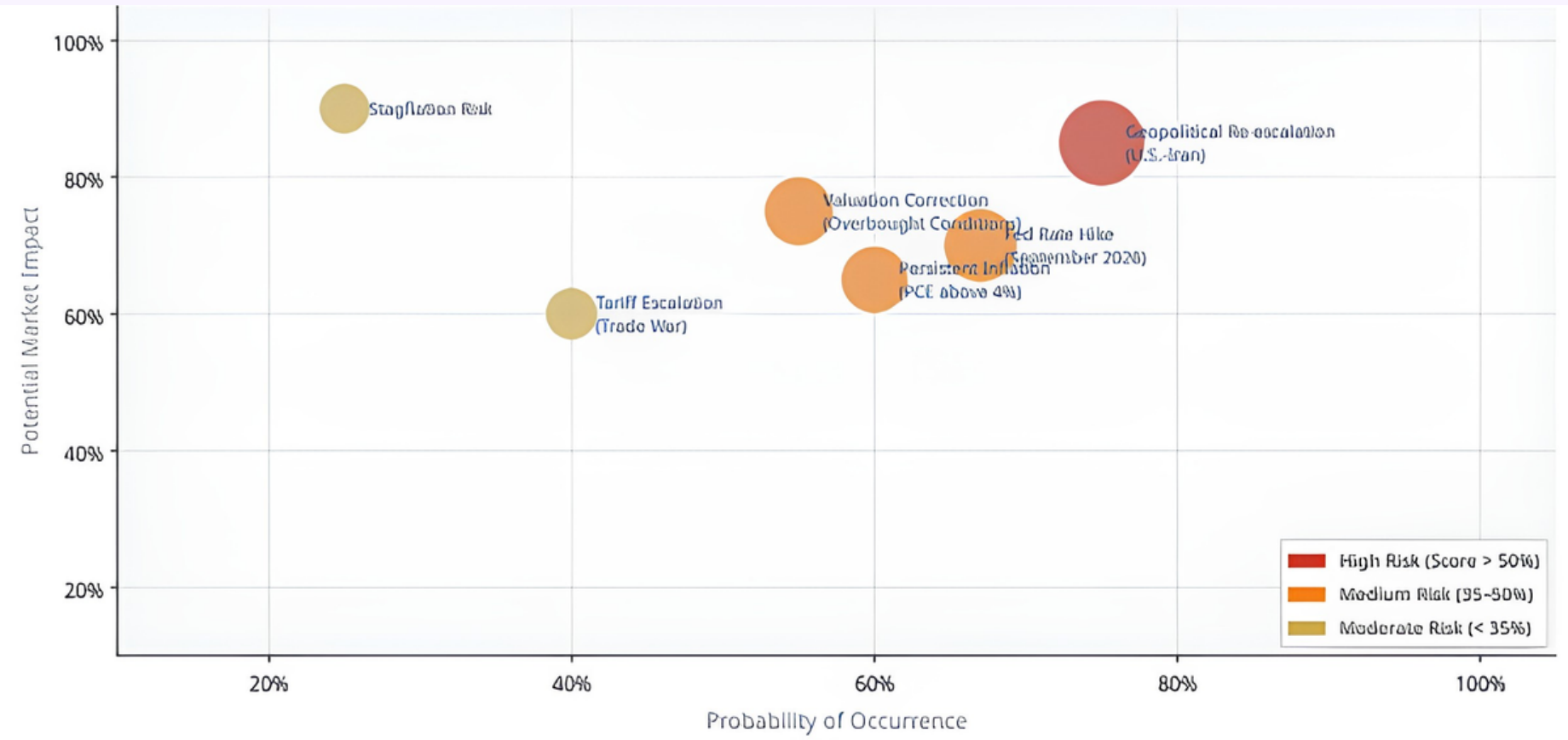
The Midterm Election Factor

The November 2026 midterm elections represent an additional source of market volatility that investors should be aware of. Historically, equity market volatility tends to rise during the summer months preceding midterm elections as campaigning intensifies, and policy uncertainty increases. **However, the historical record is reassuring: since 1938, the S&P 500 has never declined in the 12 months following a midterm election.** Any short-term dips related to the approaching election could therefore represent potential buying opportunities for long-term investors, consistent with our disciplined approach to portfolio management.

Risk Factors: A Comprehensive Assessment

While resilience is a dominant theme, several risk factors warrant close attention in Q3. We present below a comprehensive assessment of the key risks, their probability of occurrence, and their potential market impact.

Q3 2026 Risk Assessment Matrix



Source: Access Wealth Group Analysis, CME FedWatch, BofA Research (July 2026) - Bubble Size Reflects Composite Risk Score.

Figure 6: Q3 2026 risk assessment matrix. Geopolitical re-escalation represents the highest composite risk, combining a high probability of occurrence (75%) with significant potential market impact (85%).

Risk 1: Geopolitical Re-escalation (U.S.-Iran)

The renewed escalation of the U.S.-Iran conflict in early July 2026 — with fresh U.S. military strikes on July 8 through June 13 — is already manifesting as the most **immediate risk to Q3 market performance**. Any sustained disruption to energy flows through the Strait of Hormuz, through which approximately 20% of global oil supply transits, could drive energy prices sharply higher, reignite inflation expectations, and weigh on real household incomes and corporate margins. The Dallas Fed has modeled scenarios in which a full Strait of Hormuz closure lasting two quarters could push WTI prices to \$132 per barrel — a level that would almost certainly force the Federal Reserve to act aggressively. We assign a high probability (approximately 75%) to continued geopolitical volatility in Q3, and a high potential market impact (approximately 85%).

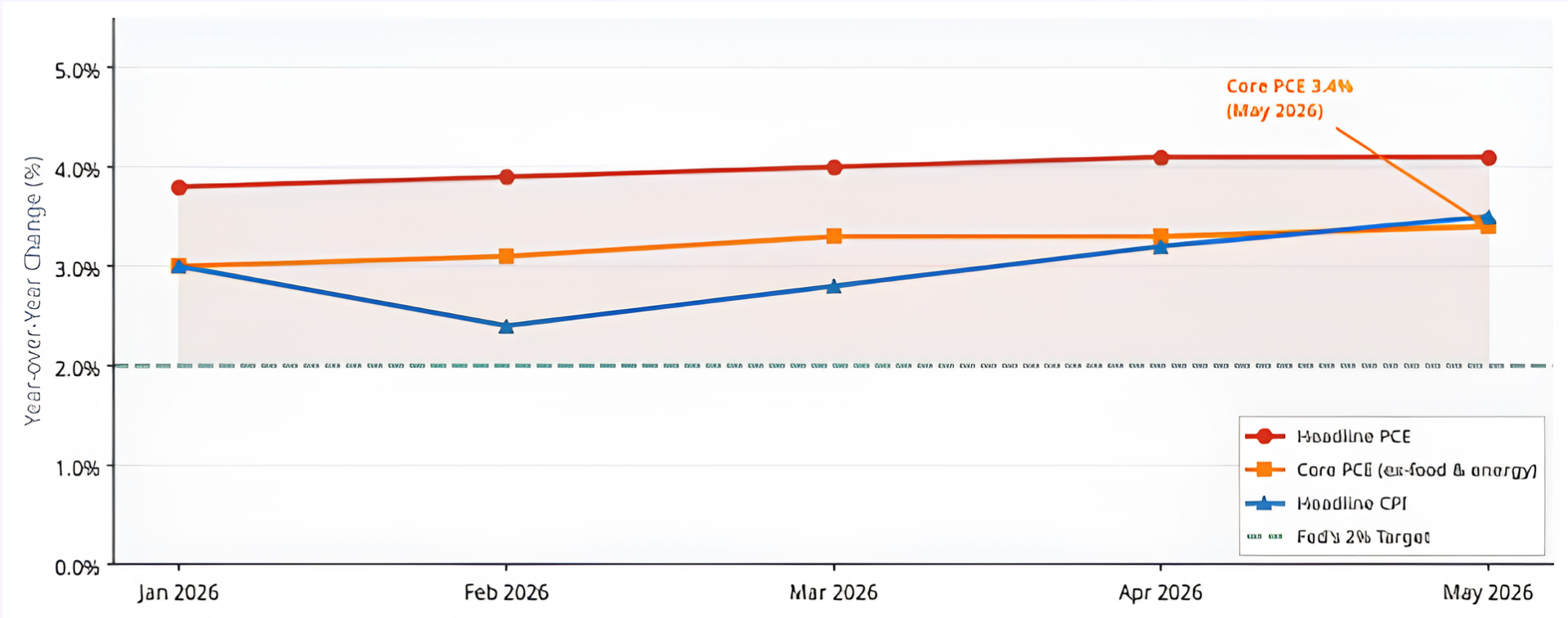
Risk 2: Elevated and Persistent Inflation

The Personal Consumption Expenditures (PCE) inflation rate stood at 4.1% as of May 2026 — more than double the Federal Reserve's 2% target. Core PCE, which excludes volatile food and energy components and is the Fed's preferred inflation gauge, rose to 3.4% year-over-year in May, the highest reading since October of the prior year. While underlying inflation outside of energy has shown some improvement, with wage pressures moderating and shelter inflation showing signs of easing, the re-escalation of the Iran conflict threatens to reignite energy-driven inflation in Q3. **If inflation expectations become unanchored, the Fed could be forced into a more aggressive tightening cycle than currently priced by markets.**

Risk 3: Federal Reserve Rate Hike

Perhaps the most significant development for Q3 and beyond is the change in **Federal Reserve leadership**. Kevin Warsh, who took office as Fed Chair in May 2026, has signaled a clear shift toward prioritizing the 2% inflation mandate — and has been explicit in his view that the Fed must take accountability for missing the inflation threat in recent years. The prospect of one or more Federal Reserve rate hikes before year-end represents a significant and increasingly probable headwind for risk assets. As noted above, CME FedWatch data as of June 30 showed approximately a 67% probability of a rate hike at the September meeting.

US Inflation Metrics vs. Federal Reserve Target (2026)



Source: BEA, Federal Reserve, Philadelphia Fed SPF (June 2026)

Figure 7: U.S. inflation metrics versus the Federal Reserve’s 2% target. Core PCE reached 3.4% in May 2026 — 170 basis points above target — while headline PCE stood at 4.1%, maintaining pressure on the Fed to act.

Risk 4: Valuation Concerns

Following the robust 15% surge in the S&P 500 during Q2, many stocks are considered **technically "overbought" on a short-term basis**. While the forward P/E multiple has compressed from approximately 22x to below 20x as earnings grew into valuations, the absolute level remains elevated relative to historical averages, particularly in the context of rising interest rates.

U.S. household stock holdings have reached a record 45.8% of total financial assets, a level last seen near the peak of the dot-com bubble in 2000 — suggesting that retail investor sentiment is at an extreme that has historically preceded periods of elevated volatility. If Q2 earnings results disappoint relative to the elevated expectations now embedded in prices, market valuations could face meaningful downward pressure.

Risk 5: Tariff Escalation and Trade War

The 15% global tariff regime implemented in February 2026 has already imposed an **estimated average tax increase of approximately \$700 per U.S. household**. While markets have largely absorbed this impact, the risk of further escalation — particularly in response to Chinese and EU countermeasures — remains elevated. J.P. Morgan's Global Research team continues to monitor the situation closely, noting that ongoing trade tensions introduce complexity that could favor domestic industries while posing challenges for globally integrated supply chains.

A significant escalation in trade tensions could disrupt corporate earnings expectations, particularly for companies with significant international revenue exposure.

Portfolio Strategy: Vigilance and Opportunity

As we navigate the second half of the year, we remain cautiously optimistic, while maintaining a keen focus on both risk factors and emerging opportunities.

The inherent nature of market cycles dictates that they are rarely linear, often noisy, and prone to short-term twists that do not necessarily alter the broader outcome, especially when fundamental economic drivers and the corporate earnings picture remain robust.

Q3 2026 Access Wealth Portfolio Strategy

We recognize that temporary market shocks may present strategic opportunities to adjust our current allocations. These adjustments will be carefully considered and executed to align with our established investment models, ensuring that we capitalize on favorable conditions while mitigating potential downsides.

Our commitment remains to disciplined, long-term wealth management, adapting to market dynamics with prudence and foresight.





To learn more, contact us

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