LIFETIME
RETIREMENT PARTNERS

MARKET & ECONOMIC FRAMEWORK

JULY 2026 (PUBLISHED AUGUST 2026)

KEY FIGURES

Real Gross Domestic Product (GDP)
1.5%

PCE Core Inflation
3.3%

Unemployment (U3)
4.2%

Initial Jobless Claims
203,000

Growth in Bank Lending (YoY)
6.04%

Federal Funds Effective Rate
3.625%

Real Wage Growth
0.56%

Values sourced from Federal Reserve Economic Database (FRED)

JULY INDEX PERFORMANCE

S&P 500	Dow 30	NASDAQ	Russell 2000	Gold Comex	Crude Oil
-0.13%	0.32%	-3.20%	-3.08%	0.65%	21.83%

Price Return (PR) values. Source: Yahoo Finance

OVERVIEW

July was a mixed month in the markets, with selling seen predominantly in "risk" assets such as small-cap stocks and overextended semiconductor companies (as represented most directly in the NASDAQ). Those categories had been among the biggest winners of the year.

Oil surged during the month as hostilities resumed with Iran. The climb in oil nearly mirrored the drop of the previous month. The VIX, an S&P volatility measurement based on futures, climbed significantly for most of July as well.

We suggested in our June framework that, "a period of consolidation should not be surprising" but that we expected corporate earnings to continue to be strong, and that eventually "… stocks are likely to re-anchor to positive earnings announcements". Those announcements, especially earnings per share, have been fantastic in July.

In the final days of July, that expectation of earnings moving stocks seemed to arrive. After Microsoft (on the 29th) and Amazon (30th) announced late in the month, tech stocks rallied and the VIX dropped meaningfully. The S&P, looking like it was due for a larger pullback in July, rallied in the final days.

LIFETIME MOMENTUM & VOLATILITY INDEX

CURRENT	PRIOR FOUR WEEKS			
+2	+2	+3	+3	+2

We maintain an index designed to measure short-term stock market momentum and volatility. The Lifetime Momentum & Volatility Index (LMVI) provides guidance on when to adopt a more conservative or aggressive posture within portfolios. The idea is not to "time the market", but to identify periods of elevated risk or improving conditions.

The LMVI turned negative (risk-off) in February. However, since April 3rd it has returned a consistently positive value. The current reading of +2 (on a scale of -4 to +4) reflects that volatility has declined, though market momentum has been a struggle through July. The positive score encourages a fuller expression of risk within portfolios.

Download the most recent LMVI Report HERE

LIFETIME EARLY WARNING SYSTEM (LEWS)

Lifetime Retirement Partners maintains an index which measures economic fragility. The Early Warning System is not intended to be a recession predictor, per se, but is calibrated to score eight market and economic indicators which tend to be leading indicators of structural weakness.

CURRENT	PRIOR FOUR WEEKS			
2.3	2.3	1.3	2.3	2.3

While the score ticked up slightly at the onset of the Iran conflict (and subsequent market sell-off), it finished July where it has sat for most of 2026: a "benign" score of 2.3 (out of 10). This indicates very little fragility in the economy. This isn't predictive that investments will appreciate, but it does indicate a clear economic runway with a lack of fundamental stress.

Download the most recent LEWS Report HERE

MACROECONOMIC INDICATORS

SCORE:
+2
(SCALE -2 TO +2)
POSITIVE

View our most recent Macroeconomic slide deck HERE.

Our proprietary economic database evaluates Macroeconomic Indicators across two separate categories: Real Consumer Demand and Economic Growth and Activity. The score remains positive, where it has resided for over a year, reflecting a stable economic backdrop.

REAL CONSUMER DEMAND: Inflation remains a key pressure point for both the economy and the consumer. The latest Personal Consumption Expenditures (PCE) inflation reading is *higher* than a year ago and pricing pressures have reasserted themselves.

ECONOMIC GROWTH & ACTIVITY: GDP data has been weak in the prior several quarters, partly influenced by tariffs and a government shutdown. Real GDP has also been reduced recently by offsetting inflation. However, broader measures such as Gross Output, along with continued expansion across services and manufacturing sectors, suggest that underlying economic activity remains intact. Additional production indicators, including truck tonnage shipped, have improved year-over-year, reinforcing the view of continued expansion.

MONETARY INDICATORS

SCORE:
+1
(SCALE -2 TO +2)
POSITIVE

View our most recent Monetary slide deck HERE.

Our proprietary economic database evaluates Monetary Indicators across two separate categories: Federal Policy & Lending & Liquidity. The score reduced from +2 to +1 in July, representing the declining prospect of rate cuts and an increase in dollars in circulation (M2). Private liquidity remains excellent.

FEDERAL POLICY: With inflation reasserting, odds of Federal rate hikes have increased (though we currently believe projections of a September hike may be overstated). We are concerned that Money Supply (M2), now growing at a year-over-year rate of 5.1%, will make inflation hard to contain.

LENDING & LIQUIDITY: Bank lending has steadily increased over the past year, supporting economic activity. While business loan delinquencies have climbed fractionally over the last year, they remain contained and do not currently signal meaningful stress in credit conditions.

CONSUMER STRENGTH INDICATORS

SCORE:
+2
(SCALE -2 TO +2)
POSITIVE

View our most recent Consumer slide deck HERE.

Our proprietary economic database evaluates consumer strength across two primary areas: Employment and Consumer Health. The current overall score is +2 (positive), reflecting a stabilization from earlier weakness (the score was negative to start the year).

EMPLOYMENT: Where we previously characterized the labor market as a "low hire, low fire" environment, improvements over the year indicate not just a stable labor environment but a strengthening one. Initial jobless claims remain low, unemployment has not climbed significantly year-over-year, and the number of available jobs has *increased* during 2026.

CONSUMER HEALTH: While concerns around a stretched consumer persist, the data remains more balanced than media narratives suggest. Household debt has increased year-over-year but at a moderate historical pace. Consumer delinquency rates have not climbed over the last year. At the same time, real wages have outpaced inflation for twelve consecutive quarters, providing continued support for consumption.

MARKET FUNDAMENTALS

CURRENT ASSESSMENT:
POSITIVE

View our most recent Market Fundamentals slide deck HERE.

While our framework does not assign a formal score to stock market fundamentals, the current assessment remains positive, reflecting a broadly supportive backdrop for equities.

On a forward price-to-earnings basis, the S&P 500 (currently 21.01) and NASDAQ (24.79) are roughly as cheap as they were in April, the point at which the market started a significant rebound. This is thanks to a pullback in equities during June and July, combined with solid recent earnings and increased expectations.

While we hesitate to make any binary call that things are about to go "up" or "down" in the near-term, the runway has improved thanks to a repricing of risk assets. We have upgraded our Market Fundamentals score from Moderately Positive to Positive. Though all major indexes are within a few percent of their all-time highs, they may end up with "permission to run" based on ongoing corporate earnings beats which continue to be priced into the market.

CONCLUSION

The "period of consolidation" that we wrote about last month has come to pass. Stocks at the riskier end of the growth spectrum have been repriced and the major indexes have reset. As of this writing, 27% of companies have reported earnings for the second quarter and the vast majority have overperformed. That should continue into August.

There are headwinds. August is historically one of the worst months of the year in equities and the period leading up to a mid-term election also tends to be choppy. There is no reason to expect that "this time is different".

With the ideas combined—reasonably priced stocks, conditions that typically indicate volatility, and an economy which continues to improve—we expect a volatile-but-positive fall in which indexes may return to new all-time highs.

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MARKET & ECONOMIC
FRAMEWORK

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