MARKET & ECONOMIC FRAMEWORK

LIFETIME RETIREMENT PARTNERS

AUGUST 2026 (PUBLISHED SEPTEMBER 2026)

KEY FIGURES

Real Gross Domestic Product (GDP)
1.5%

PCE Core Inflation
3.3%

Unemployment (U3)
4.1%

Initial Jobless Claims
206,000

Growth in Bank Lending (YoY)
6.30%

Federal Funds Effective Rate
3.625%

Real Wage Growth
-0.2%

Values sourced from Federal Reserve Economic Database (FRED)

INDEX PERFORMANCE					
S&P 500	Russell 2000	Developed International	Aggregate Bonds	Gold	Crude Oil
2.68%	0.32%	3.26%	0.04%	9.93%	3.51%

Benchmark performance derived from relevant ETF equivalents. Stated returns reflect Price Return (PR) based on closing values and do not include dividends or other distributions. ETF expenses and tracking differences may cause results to vary from the performance of the underlying index or benchmark.

OVERVIEW

August saw the S&P 500 briefly return to all-time high levels before pulling back later in the month (finishing down about 1.4% from the all-time high). The market hesitancy was triggered by related climbs in inflation data, oil prices, and rising yields in long-term government debt.

Oil finished the month up modestly after surging over twenty percent in July. Gold rebounded in August after a significant selloff in the second quarter. While the Russell 2000, representing small company stocks, lagged the broader market in August (as it also did in July), it has still overperformed the S&P 500 year-to-date in 2026.

With stable employment, climbing inflation, and recent "hawkish" statements from the Federal Reserve chair, we agree that the odds have increased of the Fed returning to a cycle of rate hikes. Federal Funds Rate increases are often negative for stocks, especially those perceived to be at the riskier end of the equity spectrum.

LIFETIME MOMENTUM & VOLATILITY INDEX

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.

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

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 recently. The positive score encourages a fuller expression of risk within portfolios.

Download the most recent LMVI Report HERE

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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			
1.3	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 1.3 (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 and has stayed at this level in August. This represents 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 still 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. Business loan delinquencies have declined fractionally over the last year. There seems to be little underlying stress in the financial sector.

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. While wages climbed slower than rebounding inflation last quarter, they had climbed faster than inflation for the twelve prior quarters.

MARKET FUNDAMENTALS

CURRENT ASSESSMENT:

MODERATELY 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.

Stocks in the S&P 500 delivered extremely strong second-quarter earnings. Through August 28, 86% of companies exceeded earnings estimates. Even after excluding large investment gains reported by Amazon and Alphabet, the aggregate earnings surprise was 10.8%, well above historical averages.

On a forward price-to-earnings basis, the S&P 500 (currently 20.36) and NASDAQ 100 (24.17) are roughly as cheap as they were in April, the point at which the market started a significant rebound. While the S&P 500 is up for the year, on both a “current” and “forward” basis stocks are cheaper than they were at the beginning of 2026. The market has remained restrained. While stock levels have climbed in 2026, the climb has correlated with earnings growth and not multiple expansion.

For August, we have reduced our market score from “Positive” to “Moderately Positive” due to the overhang of potential Federal Reserve rate hikes as it attempts to curb inflation. While stocks remain attractively priced relative to earnings, any rate hike cycle will be a short-term burden on the market (at least up until the point where inflation recedes).

CONCLUSION

The overall condition of the stock market and economy remains positive with only a few glaring concerns; the biggest of which is inflation. While it may or may not come in September, the Fed seems poised to act.

While stocks are not “expensive” and many on the high-growth end of the market have been attractively repriced, the combination of potential rate hikes and the upcoming mid-term election gives us pause in predicting a near-term rally. We remain expectant that stocks will climb to correlate with continued strength in corporate earnings over the next six-to-twelve months, but that does not mean that it will happen immediately or that it will be a smooth ride.

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