Weekly Market & Strategy Update

Week Ending August 22, 2026

John Edwards, CFA, Portfolio Manager, Infrastructure PLUS Strategy

Dear Valued Clients, Friends, and Acquaintances,

I hope this update finds you well. Below is our recap of market action for the week ended August 22, 2026, along with thoughts on strategy positioning and the outlook ahead.

The market pulled back after three weeks of gains. The power trend broke just a couple of days after confirmation on the S&P 500, and all major indices fell below their 21-day moving averages on Thursday. The Nasdaq broke below its August 4 follow-through day—a bearish signal. Infrastructure PLUS pulled back hard as the U.S.–Iran ceasefire ended, the dollar weakened, gold, copper, and bitcoin soared, interest rates advanced, and former leaders corrected. High-bandwidth memory (HBM) leaders such as **Micron Technology (MU)** mostly held their ground. But the US-Canada appeared to set the stage for another trade war over the weekend U.S., Canada Spiral Toward Trade War - WSJ.

Investors will focus on the annual Jackson Hole Economic Symposium, where Kevin Warsh is expected to deliver his first speech as Fed Chair. Earnings reports are also due from **Nvidia (NVDA), Marvell Technology (MRVL), Broadcom (AVGO), Credo Technology (CRDO), CrowdStrike (CRWD), Palantir (PLTR), and Salesforce (CRM)**, among others. NVDA earnings and guide will be key along with details on a $6B license deal with opensource startup called Poolside, in which it is also investing $1B. Nvidia Is Spending $6 Billion to Build a Powerful U.S. Alternative to Chinese AI - WSJ

Index & Strategy Performance

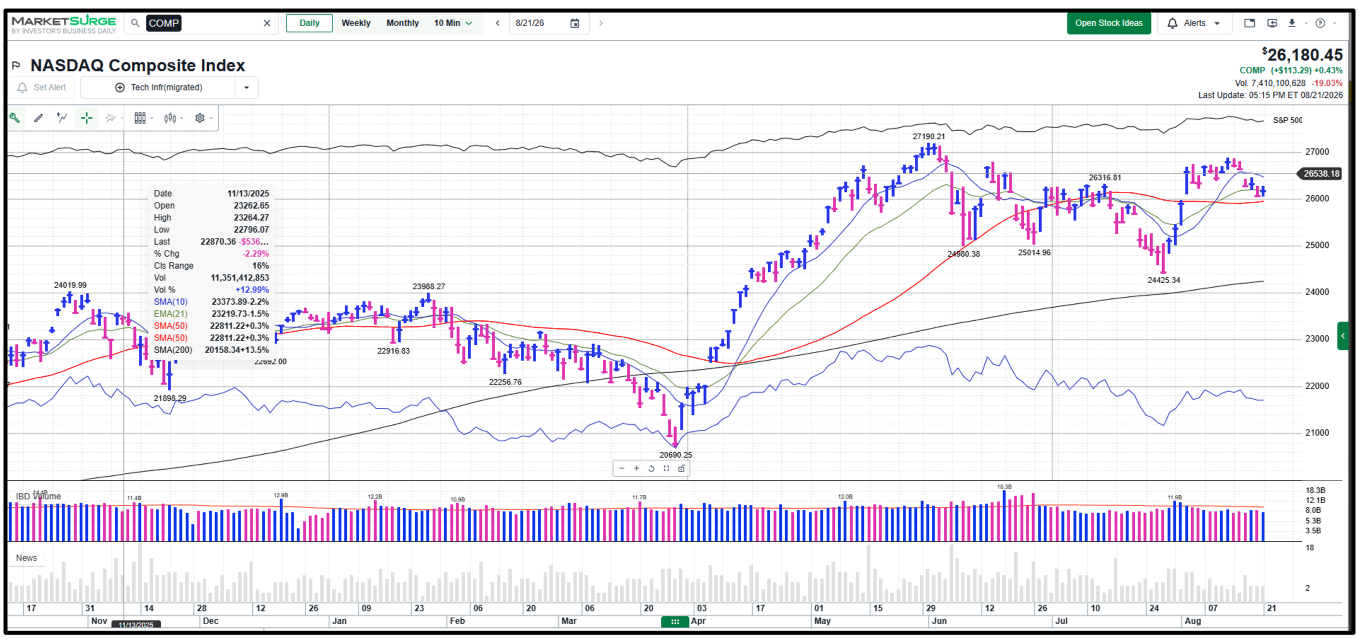
- **S&P 500:** –1.43% | Power trend now off; fell below 21-dma Thursday
- **S&P 500 Equal Weight:** –0.5% | Power trend remains intact
- **Nasdaq Composite:** –2.05% | Power trend off; broke below August 4 follow-through day
- **Dow Jones Industrial Average:** –1.81% | Closed right at the 21-ema Friday
- **Russell 2000:** –1.68% | Closed just above the 21-ema Friday

Technology and AI-infrastructure names were slammed after outsized gains the prior two weeks. Data-transfer and photonics plays bore the brunt of the selling, with **Coherent (COHR, –11.6%), Corning (GLW, –9.7%), and Credo Technology (CRDO, –11.3%)** among the hardest hit. Industrials such as **GE Vernova (GEV, –10.0%) and Vertiv (VRT, –10.9%),** along with engineering & construction names such as **MasTec (MTZ, –10.5%),** were also under pressure.

Bright spots included refiners—**Marathon Petroleum (MPC, +1.5%), Delek (DK, +9.1%), and HF Sinclair (DINO, +3.9%)—**as well as gas processors such as **Targa Resources (TRGP, +8.5%).** High-bandwidth memory names such as **Micron Technology (MU, –0.5%)** held near flat.

Market Technicals

The major averages remain in a broader rally structure, but the power trend was wiped out on both the Nasdaq and S&P 500 even though the moving averages are still stacked in constructive order. The equal-weighted S&P 500 (RSP) continues to look more resilient. Gold, silver, copper, and bitcoin had a strong week. AI-related names sold off just as many were setting up well for potential buys, interrupting the Infrastructure PLUS rally.



Source: MARKETSURGE BY INVESTOR'S BUSINESS DAILY

Strategy Conviction

Conviction in the AI infrastructure theme remains intact, though the group took meaningful hits this week. There is no single clean explanation for the pressure. Commentary has focused on the latest ARR figures from Anthropic and OpenAI, rising political scrutiny of data centers, and higher energy prices as near-term diplomatic offramps for the U.S.–Iran conflict remain limited. The U.S. has indicated it will increase economic pressure on Iran (China purchases roughly 90% of Iran's petroleum exports). Reports also indicate the U.S. Navy has established operations in the southern lane and is facilitating movement of approximately 10 million barrels per day of crude—about half of pre-conflict volumes.

On the economic front, the August flash composite PMI rose to 56.0 (vs. 54.3 expected), a 52-month high. Services came in at 56.8 (vs. 53.0 estimated) and manufacturing at 53.2 (vs. 54.4 expected). Services expanded at the fastest pace since December 2024. Employment rose sharply, with payrolls at their strongest since January 2025. Input-cost inflation slowed to its slowest pace since February, and final selling-price inflation reached its lowest level since November 2025. Fed funds futures currently imply roughly a 40% probability of a rate hike at the September meeting.

On data-center politics, Governor Abbott ordered a comprehensive audit of ongoing projects to ensure the grid can handle the load and that consumer power prices are not adversely affected. Axios reported that GOP strategists are warning that the outcome of an Ohio House race could influence political prospects for data centers nationwide. Misinformation continues to circulate regarding data-center impacts on utility bills, electricity and water use, and jobs. Technology companies and developers still have work to do communicating the community benefits—tax revenues, jobs, parks, recreation facilities, and school upgrades.

AI Infrastructure Capex Update

No material downward revisions to the overall trajectory emerged this week. Hyperscaler guidance from the late-July reporting period (Amazon roughly $220B, Microsoft tracking $175–190B calendar year, Alphabet ~$195–205B, Meta $130–145B range) continues to point to combined big-four spend in the $700–750B+ area for 2026. Broader global AI-related infrastructure estimates (compute + data centers + power), including Oracle and others, remain well above prior base-case ranges. Cloud growth and profitability commentary from the hyperscalers continues to support confidence in returns on invested capital. Our multi-year cumulative framework remains elevated and subject to further upward revision as deployment data and guidance evolve.

Week Ahead

Attention turns to remaining earnings reports and key economic data:

- **Earnings:** Nvidia (NVDA), Marvell Technology (MRVL), CrowdStrike (CRWD), Palantir (PLTR), Salesforce (CRM), Semtech (SMTC), and Zoom Communications (ZM), among others. Broadcom (AVGO) and Credo Technology (CRDO) report the following week.
- **Jackson Hole Economic Symposium:** Kevin Warsh is scheduled to deliver his first speech as Fed Chair.
- **Economic data:** Core PCE for July (+3.2% expected), New Home Sales, Durable Goods Orders, GDP second preliminary SAAR (+1.5% expected), and initial jobless claims for the week ended August 22 (201k expected).

We remain constructive on the AI infrastructure theme and the broader setup for high-quality growth companies positioned to benefit from sustained capital investment. As always, this letter is for informational purposes only and does not constitute investment advice. Please reach out with any questions.

Best regards,

John D. Edwards, CFA

Sr. Portfolio Manager – Infrastructure PLUS Equity Strategy

Appendix: Power Trend Confirmations (IBD / "Webby's Rules")

Positive technical confirmations for a power trend typically include:

1. Follow-through day (FTD)
2. Subsequent FTDs
3. Close above the 21-day exponential moving average (EMA)
4. Low above the 21-EMA
5. Three consecutive days with lows above the 21-EMA
6. Close above the 50-day moving average (DMA)
7. Low above the 50-DMA
8. Three consecutive days with lows above the 50-DMA
9. Close above the 200-DMA
10. Low above the 200-DMA
11. Three consecutive days with lows above the 200-DMA
12. 21-EMA moves above the 50-DMA
13. 21-EMA moves above the 200-DMA
14. 50-DMA moves above the 200-DMA

As of July 10, 2026, a rally confirmation was in place and all power-trend conditions were met for both the Nasdaq and the S&P 500. Those conditions have since been damaged by this week's price action.

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