Weekly Market & Strategy Update

Week Ending August 28, 2026

"Chop, Chop, Chop Goes the Market: Nvidia boost but the Fed Chair Panders to the Rate-Hawks"

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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 28, 2026, along with thoughts on strategy positioning and the outlook ahead.

I pulled up a chart of the S&P500 and observed that the index hit an interim peak of 7620.90 on June 2, 2026. It closed at 7711.76 this week for a gain of +1.2% since then. In the interim it has been as low as 7237.85 (-5.0%) and hit an interim peak of 7816.70 (+2.5%). The Nasdaq peaked at 27190.21 on June 1, 2026. It closed at 36402.42 this past week for a return of -2.9% since then. The 50dma on the Nasdaq is virtually flat since July 2 and has increased by roughly 2.2% on the S&P500. For the S&P500 there have been three flat weeks (up or down by less than 1%), four weeks of more than +1% gains and two down weeks over the same time frame. Choppy market indeed.

Last week was no different as both the S&P500 and Infrastructure PLUS alternated up days and down days. The performance by both the market averages as well as Infrastructure reflected the conflicting data points in the market last week. Nvidia (NVDA) reported earnings that handily beat estimates, as did the guide for the next quarter. But what really surprised was Nvidia shared revenue expectations for FY2028 (Jan) for +70% growth which blew away estimates of +45% growth. CEO Jensen Huang explained that if not for supply constraints revenue for FY2028 more likely would double. Nvidia stock soared nearly +9% the next day and dragged much of the AI-related names higher. But on Friday, the much-anticipated speech from Fed Chair, Kevin Warsh was given at the annual Jackson Hole Economic Symposium. Chairman Warsh chose to throw meat to the inflation hawks with a far more hawkish tone, calling the 2% PCE inflation a "firm, fixed target." This comment surprised because Warsh has expressed a preference for the Dallas Fed trimmed-mean PCE in the past which happens to be +2.3% and is much closer to the core CPI currently at +2.5% that consumers experience. Both stocks and bonds immediately turned south, and the odds of a September rate hike increased from +35% to +60% FedWatch - CME Group. As such the power trend remains on (but barely) and the rally is still going but just barely as well. Meanwhile, US-Canada trade talks have devolved into a tit for tat fight where both sides lose. Then over the weekend, President announced a new US-Venezuela oil arrangement for more than 65billion barrels of proven reserves which amounts to about 20% of Venezuela's total. Details are scarce but apparently the target output is 1.5mm bpd vs the total current Venezuela annual production of 1.25mm bpd. Private investment is expected to top $100b but its not clear who the private investors will be and US oil firms have maintained in the past that insufficient legal and contractual protections existed before they could make commitments. Chevron (CVX) has been involved in Venezuela a very long time but most of its assets were nationalized by past Venezuela governments.

However, Sunday night futures are modestly lower with the S&P500 down -0.3%, Nasdaq futures down -0.5%, and DJIA futures down -0.2% as trade wars, data center politics, and US-Iran conflicts weigh.

Looking ahead, investors the likely focus will be on earnings reports. On the docket for this week are earnings from Broadcom (AVGO), Credo Technology (CRDO), Dell Technologies (DELL), Hewlett Packard Enterprises (HPE), NetApp (NTAP), and Snowflake (SNOW) among others.

Index Performance

- S&P 500: +0.49% | Rally hanging on but still less than -2% from ATH.

- S&P 500 Equal Weight: –0.44% | Power trend remains intact

- Nasdaq Composite: +0.85% | Rally hanging on but just barely but still just 4% below ATH.

- Dow Jones Industrial Average: +0.53% | still just -2.2% from ATH

- Russell 2000: –1.40% | -3.0% from ATH.

Mixed performance. Nvidia ended the week with +1.3% advance after giving up back over half of the 9% jump on Thursday. Infrastructure software stock rallied such as Service Now (NOW, +12.6%), Salesforce (CRM, +22.4%), Microsoft (MSFT, +6.3%), CrowdStrike (CRWD, +13.8%), Fortinet (FTNT, +8.1%). Data-transfer and photonics play, Lumentum (LITE, +3.3%) gained and refiners such as Marathon petroleum (MPC, +2.25%) advanced. E&C firms came under pressure as datacenters coming under greater political pressure: Mastec (MTZ, -9.5%), Sterling Infrastructure (STRL, -8.96%), Quanta Services (PWR, -5.7%), Dycom (DY, -25%).

Market Technicals

The major averages remain in a broader rally structure, but the power trend, while still ongoing, is on shaky legs 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 boosts as well as hits this week. Nvidia results delivered a decisive boost that the AI trade is not only alive and well but much better than forecast as they guided to a +70% revenue boost for FY2028 (Jan) compared to analyst estimates of +45%. But Fed Chair Warsh threw bones to the inflation hawks in his Jackson Hole speech in that he abandoned his preference for the trimmed mean PCE which stands at only +2.3% vs the main PCE which stands at +3.3%. The FOMC meeting will give us more info on his inclinations for the future. Political backlash against datacenters rising as the majority of Americans are opposed to datacenters. From what we have seen, most of the opposition is based on misinformation across social media. Nonetheless, technology companies and developers still have work to do communicating the community benefits—tax revenues, jobs, parks, recreation facilities, and school upgrades. Mauldin Economics has taken a good stab at explaining the facts: AI in Your Backyard: The Water and the Wires. However, other hits include a new trade spat with Canada and the ongoing conflict with the US and Iran. But we may receive another boost from earnings this week that include prominent AI semi-infrastructure players **Broadcom (AVGO) and Credo Technology (CRDO)** that are both expected to post strong earnings growth numbers.

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: Broadcom (AVGO), Credo Technology (CRDO), Dell Technologies (DELL), Hewlett Packard Enterprises (HPE)** and others report this week.
- **Economic data:** ISM Manufacturing for Aug (55.8 expected), ISM Services PMI for Aug (54.4 expected), JOLTS Job Openings for July (7350k expected), Factory orders for July (+0.70% m/m expected). Initial jobless claims for the week ended August 29 (207.5k expected vs 203k the prior week). Q2 SAAR productivity final (+1.4% expected). .

Although some headwinds are now appearing, 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,

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