Merrimack Wealth Management

AUGUST 2026

MONTHLY VIEWPOINT

Our current view on investments and the economy

BIG THOUGHT

At any given time, there are many factors impacting markets. Typically, each is viewed as being entirely negative or positive. We prefer a somewhat alternative view of these factors — call it looking for the silver linings. In recent weeks the extreme momentum of AI-related stocks has ended, and those stocks have been hit hard. That has been painful for investors in those names and a headwind for the broader market-cap-weighted stock indices. However, it has also pushed investors into other areas offering attractive value. That rotation has pushed the equal-weight S&P 500 to a recent high. The sharp rise in interest rates has also been a negative for stocks: higher rates mean greater competition for each new dollar invested and make borrowing money more expensive. However, higher rates also mean bond yields have become much more attractive for those nearing retirement or simply wanting a larger portion of their assets invested in something less volatile. TIPS in particular now offer inflation-protected yields better than in years. It's easy to see the positives when stocks are going straight up, as they have for much of the time. But when volatility occurs, it can help to consider the silver linings it provides.

DASHBOARD · WHAT WE MONITOR

POSITIVE · NEUTRAL · NEGATIVE

TREND	VALUATION	SENTIMENT	ECONOMY	CREDIT
POSITIVE	NEUTRAL	NEUTRAL	NEUTRAL	POSITIVE

▲ BULLISH

- ✓ Consumers continue to spend
- ✓ Broadening of stock market
- ✓ Double digit earnings growth expected in 2026
- ✓ Corporate profit margins are strong
- ✓ Higher rates attractive to some investors

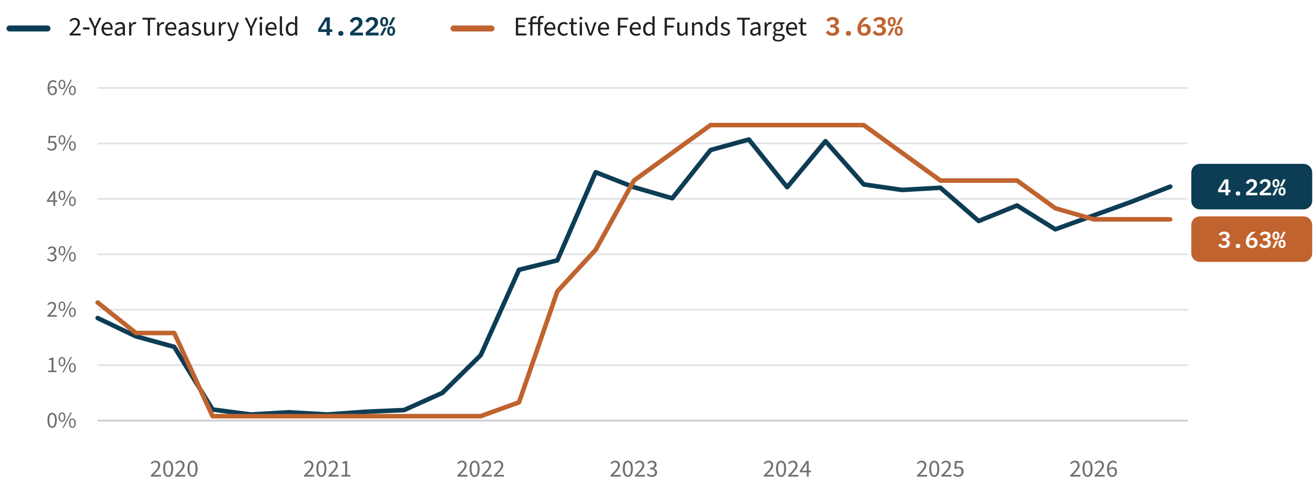
▼ BEARISH

- ✕ Middle East conflict lingering
- ✕ Rising interest rates, a headwind
- ✕ China relations and risk of attack on Taiwan
- ✕ AI momentum fading
- ✕ Fed messaging unclear

CHART OF THE MONTH

AS OF JULY 29, 2026

Many consider the 2-year U.S. Treasury yield to be a good indicator of where the Fed funds rate is headed, or at least where it should be headed. In 2021, the Fed was slow to react to inflation and ultimately had to chase yields higher. The risk of this happening again is increasing as yields from 2 to 30 years move notably higher while the Fed stays put. New Chairman Warsh has said he wants to provide less guidance, but in a short time he's confused investors about whether he thinks rates should be lower or higher. The market will likely give him the answer — the question is how long until he admits it.



SOURCE: LSEG DATASTREAM AND © YARDENI RESEARCH, FEDERAL RESERVE

THE TEAM

Greg Towner, CFA, CMT

Chief Investment Officer

Mr. Towner has worked in the investment industry since 1999 and received his MBA from the University of Central Florida and BA from the University of Mount Union. At Parallel he oversees the implementation of the firm's overall investment philosophy and is the Senior Portfolio Manager for several strategies. Prior to his current role Mr. Towner was comanager of large cap core and equity income portfolios totaling approximately $1 billion at Sterling Capital Management. He holds the designations of Chartered Financial Analyst and a Chartered Market Technician.

Brian Boughner, CFA, CMT

Principal

Mr. Boughner has worked in the investment industry since 2000 and holds a BS from Florida State University. He is a cofounder of Parallel, a Senior Portfolio Manager for several strategies and has developed the firm's quantitative tools. Prior to Parallel he had extensive experience with U.S. Trust, BB&T Wealth, Royal Bank of Canada (RBC Centura), Amsouth Bank, and Charles Schwab Co. Mr. Boughner holds the designations of Chartered Financial Analyst and Chartered Market Technician.