MTC Market Insights

MEMBERS TRUST COMPANY

Investment perspectives on economic and market developments

August 3, 2026

Resilience Amid Rising Uncertainty

Key Takeaways

- The Fed remained on hold, but dissenting votes highlighted continued uncertainty around the rate outlook.
- Real GDP preliminary estimates show economic growth slowed in July, though we saw a rise in consumer spending.
- Strong earnings and resilient fundamentals helped offset market concerns surrounding geopolitical developments.

Indicator	Impact	Insights
Economic Growth	Positive (green)	Consumer spending remains a key source of economic strength, helping offset slower Real GDP growth.
Inflation	Neutral (yellow)	The recent spike in oil prices demonstrated how quickly geopolitical events can reintroduce inflationary pressures.
Fed Policy	Neutral (yellow)	The Fed left rates unchanged in July, but policymakers offered limited guidance on future moves.
Stock Market	Positive (green)	Despite geopolitical tensions and policy uncertainty, corporate earnings have remained resilient.

= Positive = Neutral = Negative

Economic and Market Review

Geopolitical tensions remained a key market focus in July as hostilities between the U.S. and Iran escalated, with the Memorandum of Understanding effectively abandoned. Concerns intensified as fighting expanded into the Red Sea, raising risks to shipping through the strategic Bab al-Mandeb Strait. Economic data released during the month was generally supportive, with the unemployment rate falling to 4.2% and Core CPI coming in at 0.0% m/m.[2] However, these figures preceded the latest developments in the Middle East, which briefly pushed Brent crude oil above $100 per barrel before prices retreated to the mid-$80 range.[3] The spike in oil prices renewed inflation concerns and increased market expectations for a Federal Reserve rate hike ahead of the July 29th meeting.[3] Although the Fed ultimately left rates unchanged, the decision provided little clarity on the path forward, contributing to renewed market volatility and a negative trading session for major equity indices. Earnings season has continued to be a bright spot for investors, with 61% of S&P 500 companies having reported results and 86% of those companies exceeding earnings expectations. U.S. large-cap equities have returned 10.09% YTD, while emerging market equities have gained 18.3% YTD.[3] Evidence of continued consumer resilience can be seen in the first estimate of second-quarter U.S. real GDP growth, which came in at 1.5%.[2] Although growth slowed from the first quarter, consumer spending accelerated meaningfully, with personal consumption rising 3.2% during the quarter versus 0.5% in the first quarter.[2]

Outlook and Positioning

Markets continue to navigate a complex environment marked by geopolitical uncertainty, evolving monetary policy expectations, and shifting inflation dynamics. We remain committed to a disciplined, long-term investment approach, maintaining diversified portfolios designed to weather short-term volatility while capturing opportunities as they emerge.

National Headquarters: 14055 Riveredge Drive, Suite 525 | Tampa, FL 33637 | (888) 727-9191