Coffee & Commentary

August 10, 2026

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- The major U.S. stock indexes finished sharply higher for the week, posting their strongest weekly gains since April as investors responded positively to lower oil prices, falling Treasury yields, and renewed strength in technology stocks. The S&P 500 reached a new record close, while the NASDAQ posted its largest weekly gain since April and the Dow finished near record territory. Final results on the week were; S&P 500 +3.6%, NASDAQ +5.2%, and the Dow +3.0%.
- The July jobs report was the most important economic release of the week, showing that the U.S. economy unexpectedly lost 23,000 jobs versus expectations for a gain of roughly 83,000. The unemployment rate ticked lower to 4.1%, but that decline was partly driven by a drop in labor force participation. Markets interpreted the softer hiring data as reducing the likelihood of a near-term Federal Reserve rate hike, helping push Treasury yields lower.
- Earnings remained a major source of support for stocks, with strong reports from several large companies helping restore investor confidence after recent concerns around AI spending and semiconductor volatility. Oil prices also moved sharply lower, with U.S. crude settling near $78 per barrel on Friday and falling more than 11% for the week as optimism improved around a potential U.S.-Iran agreement and possible reopening of the Strait of Hormuz.

2. How are we to prepare and act?

- Markets are entering August with a more complicated but constructive backdrop than they had only a few weeks ago. The immediate catalyst for last week's rally was not a single factor, but the combination of lower oil prices, lower bond yields, and continued earnings strength arriving at the same time. That mix helped ease several of the market's most pressing concerns, particularly around inflation, interest rates, and whether corporate profits could continue supporting elevated valuations. At the same time, the weaker jobs report created a more nuanced signal. Softer hiring reduces pressure on the Federal Reserve to raise rates again, which investors generally welcomed, but it also raises questions about whether the economy is simply cooling or beginning to lose more meaningful momentum.
- The broader story is that investors are trying to balance a strong corporate earnings cycle against a more uncertain macroeconomic cycle. AI and technology remain central to market leadership, but the rally is no longer only about enthusiasm for future innovation. It is increasingly tied to whether earnings, margins, and revenue growth are strong enough to justify current expectations. At the same time, oil prices and labor data are influencing how investors think about inflation and Federal Reserve policy. Lower energy prices can help ease inflation pressure, while softer employment data can shift the conversation away from rate hikes and toward growth durability. This creates a market environment that can remain supportive, but also more sensitive to each new economic report, earnings release, and policy signal.

3. Taking a look at the week ahead.

- Monday — No major reports
- Tuesday — Existing home sales, consumer credit panel
- Wednesday — Consumer Price Index
- Thursday — Producer Price Index, weekly jobless claims
- Friday — Retail sales, business inventories, consumer sentiment

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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