Snapshot

August 23, 2026

Stocks' Grind Higher Interrupted By Bond Yields

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Choppy moves in global government bond yields **dragged down stocks from records this week.**

The S&P 500 slipped 1.4% to 7,674.37 points, **posting its worst week since July 17.** Tech stocks, in particular, were crushed, with the S&P 500's information technology sector down 3.2%, while **the Nasdaq composite declined 2.1%**.

Even though stocks were already down to start the week, the losses accelerated after **the 30-year Treasury yield hit its highest level in almost two decades.** A similar story played out in Japan, Germany, the U.K., and France, where longer-dated bonds surged.

Then on Wednesday, the **Treasury announced it would increase the size of its buyback operation** for Treasury securities maturing in 10 to 20 years and 20 to 30 years, going from $2 billion to "at least" $4 billion. Though the strategy is pretty typical for the Treasury, its timing coinciding with the surge in yields sparked concerns among investors about the **Federal Reserve's independence because Chair Kevin Warsh** wants to let the **market participants independently set the yield without being influenced by the Fed.**

While Treasury Secretary Scott Bessent's strategy worked on the day of the announcement, the decline in yields faded by Thursday, even though that's when he announced the **buybacks could be higher than the $4 billion.**

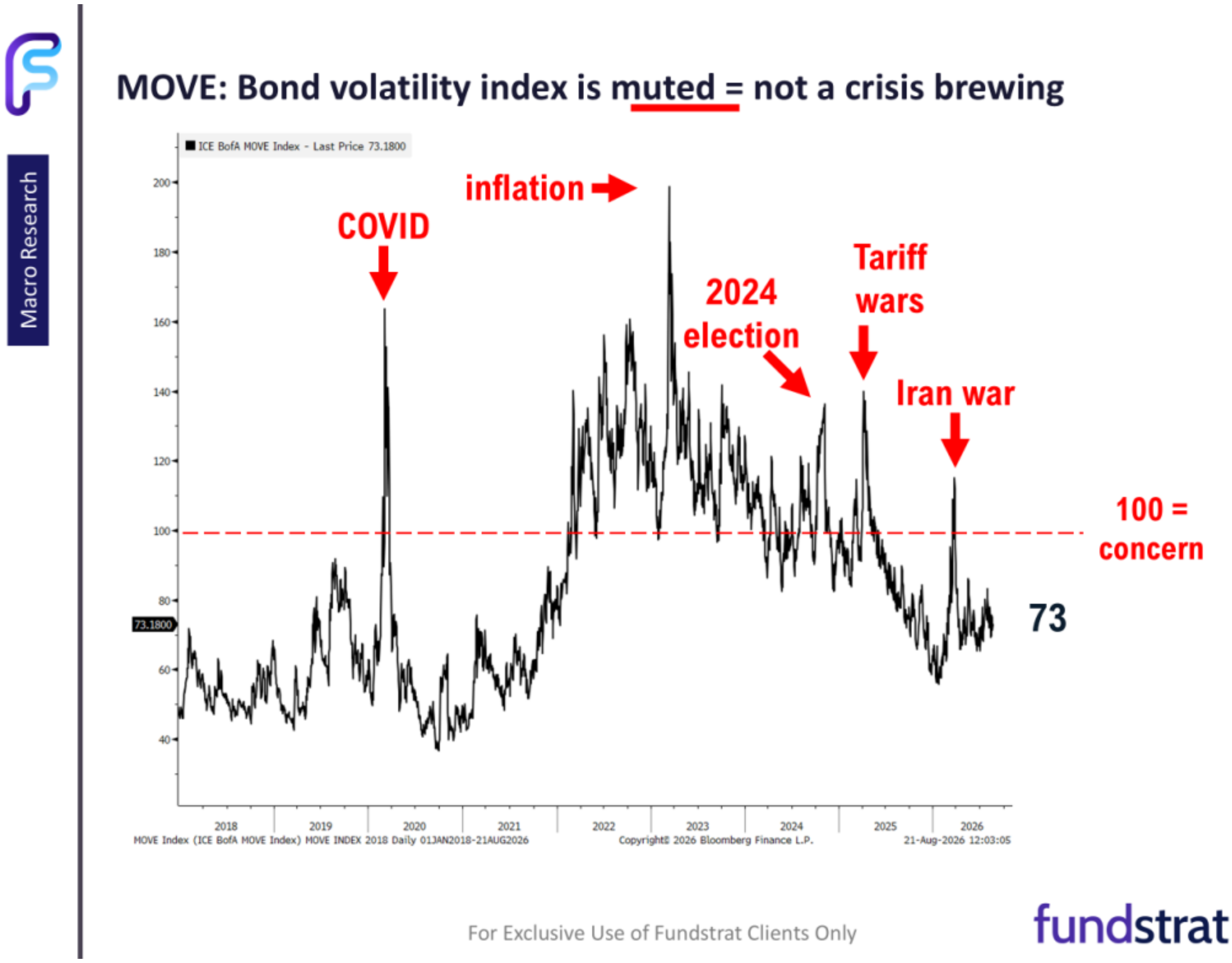
Fundstrat Head of Research Tom Lee says **there's at least three reasons for yields to be surging:** (1) investors remain worried about the growing global deficit, which hit $40 trillion this week in the U.S. (2) oil disruption from Iran (3) hyperscaler capex keeps increasing.

Lee said **stocks still remain in an uptrend,** even if he projects that there will be a bear market later this fall.

"Even if we think there is a speed bump later this year, we have not advised anyone to be selling because **we just don't know what level this correction could come from,"** he said during the Macro Update & Top Ideas webinar. "If the S&P 500 goes to 8,200 between now and mid-September, then a 10% drawdown from 8,200 is different than a 10% drawdown from 7,700."

Head of Technical Strategy Mark Newton has a slightly different take on how far stocks could fall later this year. He **expects there to be a maximum of 5-7% decline** between September and October or the midterms, partially because there's been a big correction in tech already. "I think it's going to be milder," he said. "I'm actually more bullish than Tom **between now and probably the midterms.**"

Chart of the Week



Fundstrat Head of Research Tom Lee isn't too concerned about the recent rise in yields. He recommended those who are worried about a "crisis brewing" to look at Bank of America's bond volatility index ***MOVE-4.88%****. Currently, it's slightly above 70. It was above 100 during Covid-19, inflation, 2024 election, tariff wars, and Iran war. "So I think the move in interest rates is interesting because it's not pointing toward a crisis, but a natural rise in yields," he said. "I don't view this as a concern for stocks just yet until the MOVE index starts to move up."*

Recent ⚡ Flash *Insights*

Mark L. Newton, CMT AC

Head of Technical Strategy

The early am boost for US Equity futures is partially being driven by Iran's president saying it's "better to end the war with dignity" Some might see this as a sign of de-escalation, but Pezeshkian has been notably one of the more vocal proponents of ending the war through diplomacy among Iranian officials. NASDAQ futures jumped up to its one-hour Ichimoku Cloud which often can cause resistance to price gains in the short run, similar what was seen yesterday on the bounce. As shown, despite the apparent minor breakout of this downtrend of the past week for NASDAQ, the Cloud looks to be holding this early bounce and prices are starting to backtrack. Key for NASDAQ futures are 29,202 and below this could lead to a final period of weakness down to 29132 or 28762, the 38.2% and 50% retracements of this push up from late July, but overall, prices are close to support and i do not expect much more weakness before prices start to turn higher. The risk/reward ahead of NVDA earnings next week is growing increasingly more favorable for Bulls

Aug 21 • 12:01 PM

Mark L. Newton, CMT AC
Head of Technical Strategy

In the short run, the "1-2 combo" of Crude pushing up 3% along with US Treasury yields recouping yesterday's drop and rallying is serving as a source of weakness for the US equity market, but for those with short-term views, ^SPX▲0.40% is now approaching a very important area of support near 7625 which marked former peaks in early June and should result in some support for Equity indices on this weakness. Breadth is not overly negative at just under 2/1 negative and this remains a rather lackluster session. Overall, i see a good likelihood of SPX holding 7600-25 and for QQQ to hold 701 on weakness before snapping bac

[Aug 20 • 3:05 PM]

Mark L. Newton, CMT AC

Head of Technical Strategy

Following some consolidation in parts of Technology today which caused QQQ to lag the move in both SPX and DJIA today following the Treasury's doubling of its buyback operations from 2 billion to 4 billion, there now looks to be an intra-day bottoming attempt from QQQ on hourly charts. As one can see, we've seen a minor ABC type formation after the initial lift and any push back above last hours highs of 717.77 would result in some strengthening into the close which likely could follow through tomorrow. Above 717.77 lies 719.70 followed by yesterday's intra-day highs of 722.13. It goes without saying that closing well up off the lows would be technically better for daily technicals and my expectation is that a reversal back higher should help QQQ follow SPX and RSP and DJIA back to new highs into the Jackson Hole meeting on the Treasury's liquidity easing measures.

[Aug 19 • 3:29 PM]

FS Insight Video: Weekly Highlight

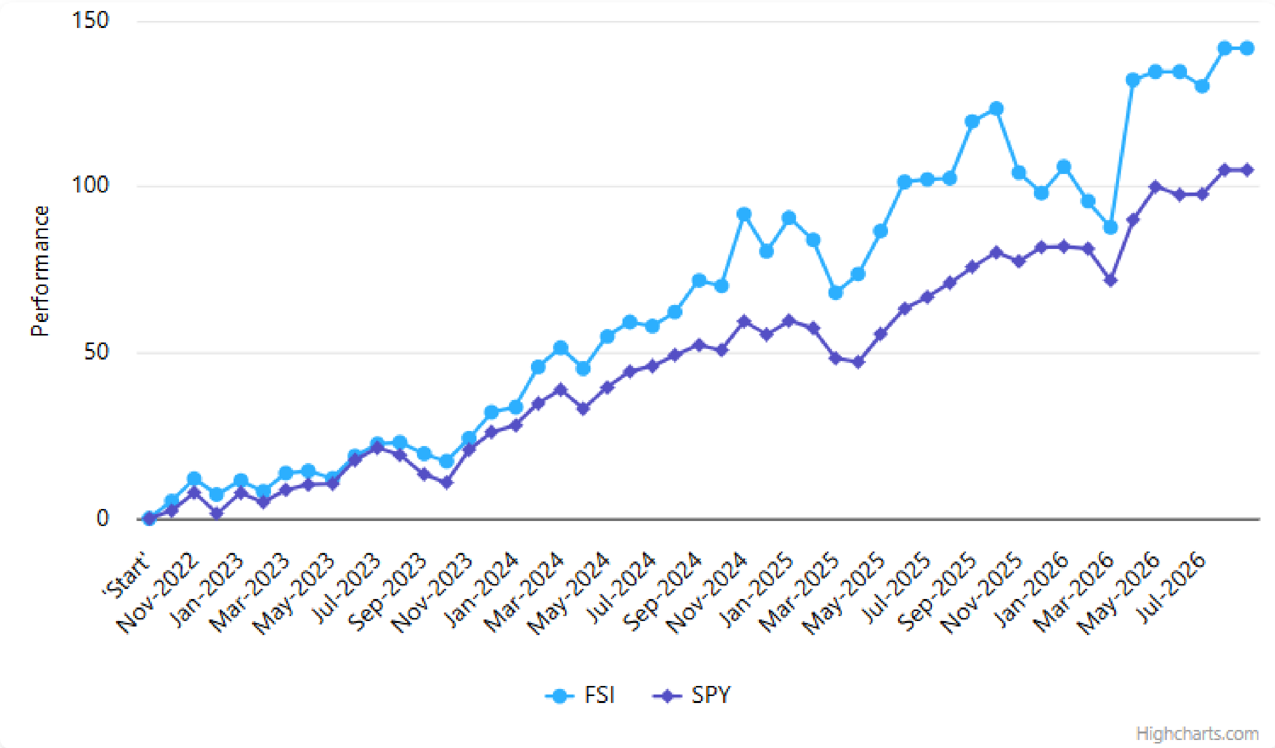
Key incoming data

- ~~8/17 8:30 AM ET: Aug Empire Manufacturing Survey~~ **Tame**
- ~~8/17 10:00 AM ET: Aug NAHB Housing Market Index~~ **Tame**
- ~~8/17 4:00 PM ET: Jun Net TIC Flows~~ **Tame**
- ~~8/19 2:00 PM ET: Jul FOMC Meeting Minutes~~ **Tame**
- ~~8/20 8:30 AM ET: Aug Philly Fed Business Outlook~~ **Mixed**
- ~~8/21 9:45 AM ET: Aug P S&P Global Services PMI~~ **Tame**
- ~~8/21 9:45 AM ET: Aug P S&P Global Manufacturing PMI~~ **Tame**
- 8/24 8:30 AM ET: Jul Chicago Fed Nat Activity Index
- 8/25 9:00 AM ET: Jun S&P Cotality CS 20-City MoM SA
- 8/25 10:00 AM ET: Aug Conference Board Consumer Confidence
- 8/25 10:00 AM ET: Jul New Home Sales

- 8/25 10:00 AM ET: Aug Richmond Fed Manufacturing Survey
- 8/26 8:30 AM ET: Jul P Durable Goods Orders
- 8/26 8:30 AM ET: 2Q S GDP
- 8/26 8:30 AM ET: Jul PCE Deflator
- 8/27 11:00 AM ET: Aug Kansas City Fed Manufacturing Survey
- 8/28 10:00 AM ET: Aug F U. Mich. Sentiment and Inflation Expectation

Stock List Performance

Upticks vs SPY (Inception to Date)



Performance period: October 5, 2022 through August 16, 2026

In the News

Bitcoin is overdue for moves of 30% or more, Fundstrat says

Aug 17, 2026

CNBC

Nvidia's Jensen Huang donates $75M to Vanderbilt's arts school

Jul 22, 2026

Iran Peace Deal, Oil, and the Fed

Jun 15, 2026

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