Bolton

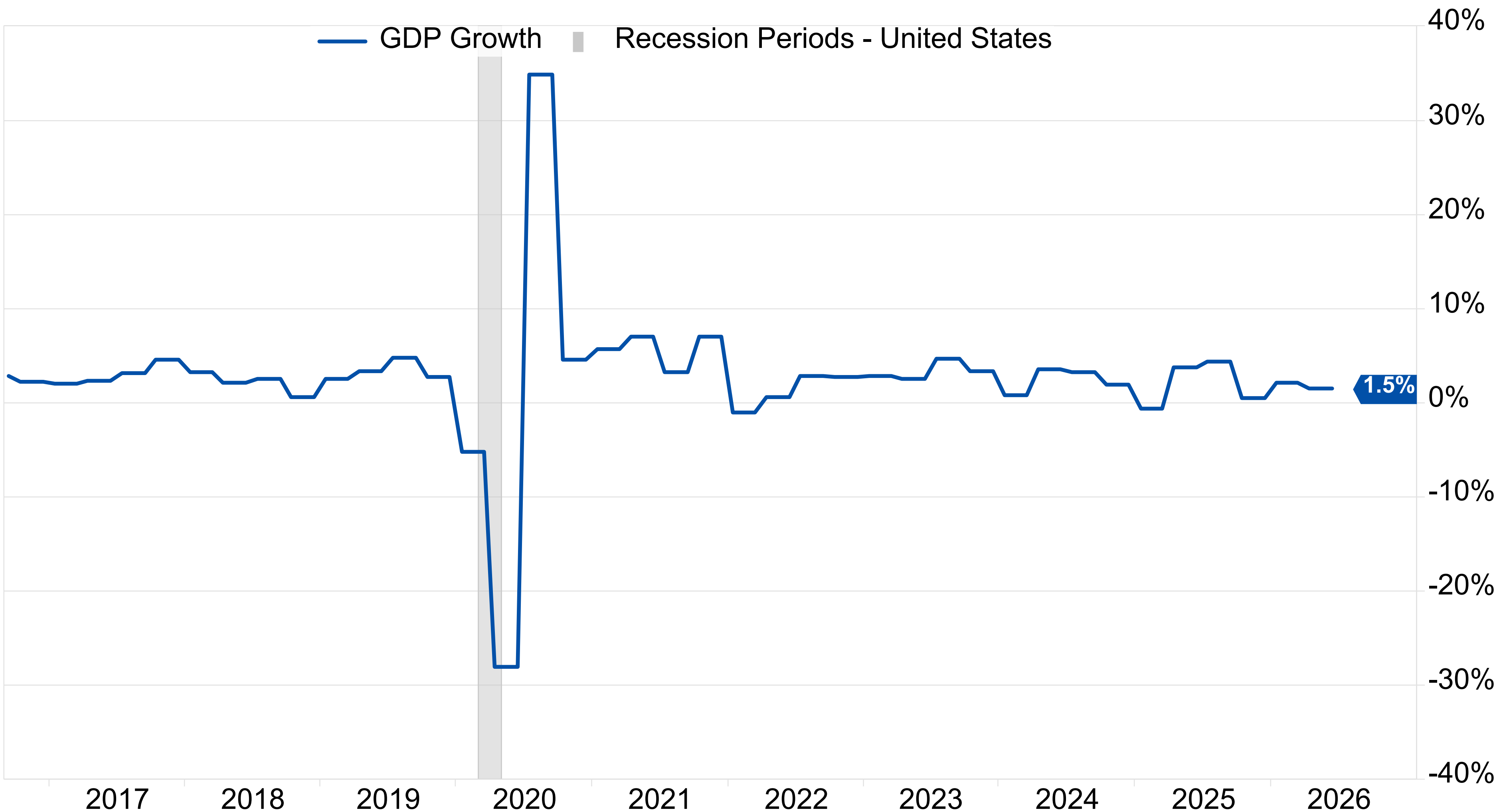
Monthly Economic Update

July 2026

All data as of 8/12/26 unless otherwise noted

Gross Domestic Product (GDP)

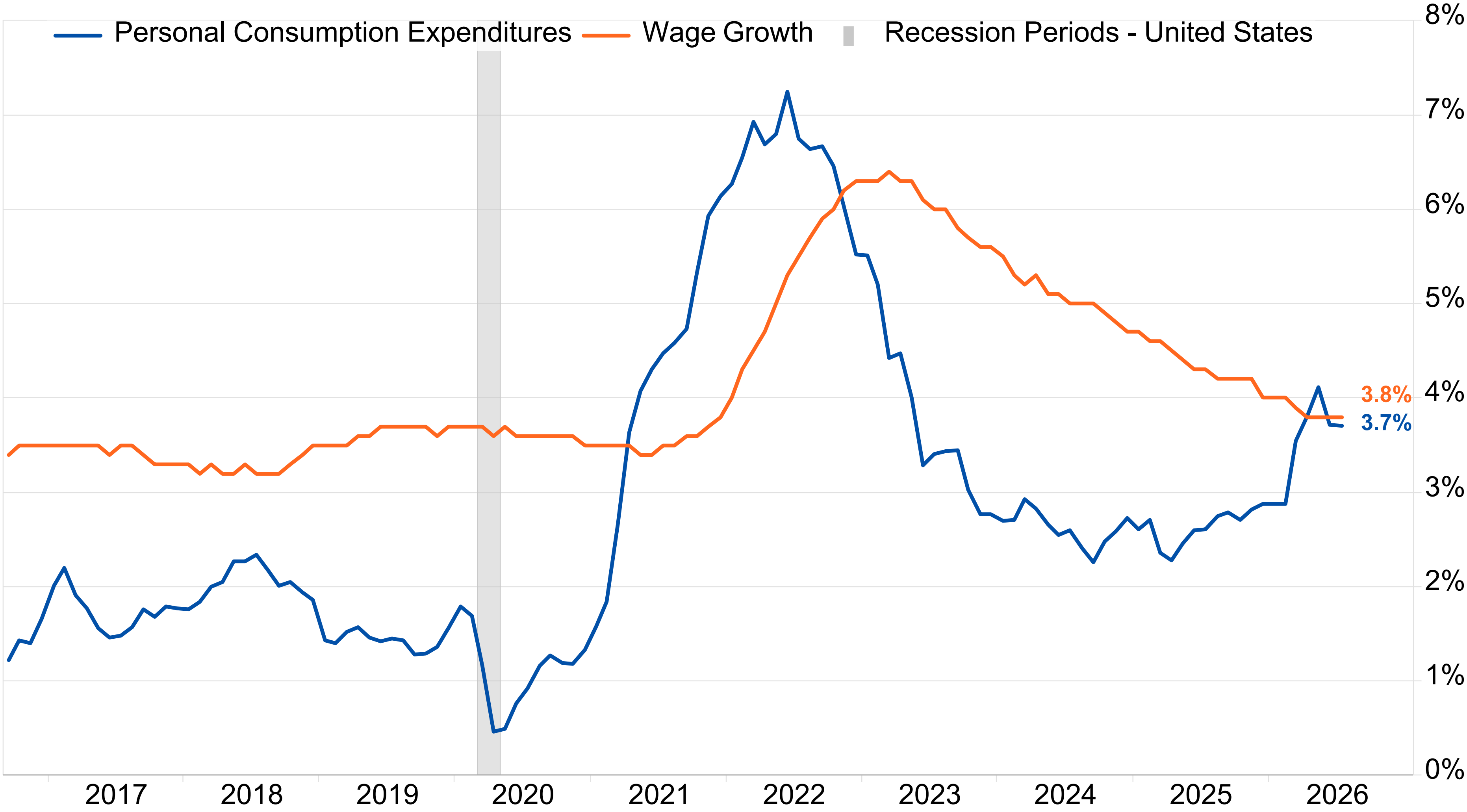
Q2 GDP growth dropped to 1.5%, a marked slowdown from Q1's 2.1%, driven by lower government spending and rising imports.



Sourced from FactSet.

Inflation

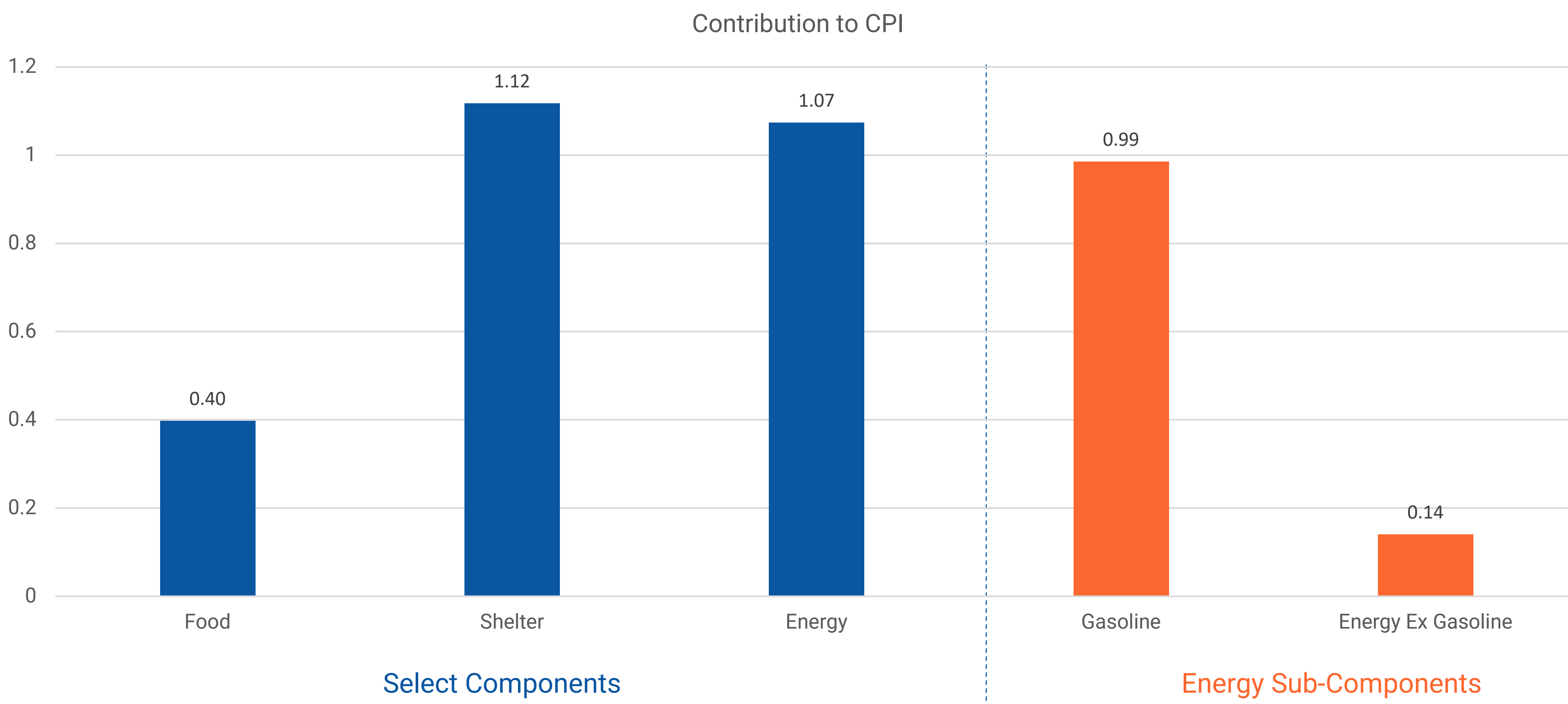
July Personal Consumption Expenditures (PCE) decreased to 3.7%, wage growth continues to hold at 3.8%.



Sourced from FactSet.

Inflation Drivers

The July Consumer Price Index rose 3.3% relative to last year, led by shelter and energy. Gasoline prices continue to be volatile due to the Iran conflict.

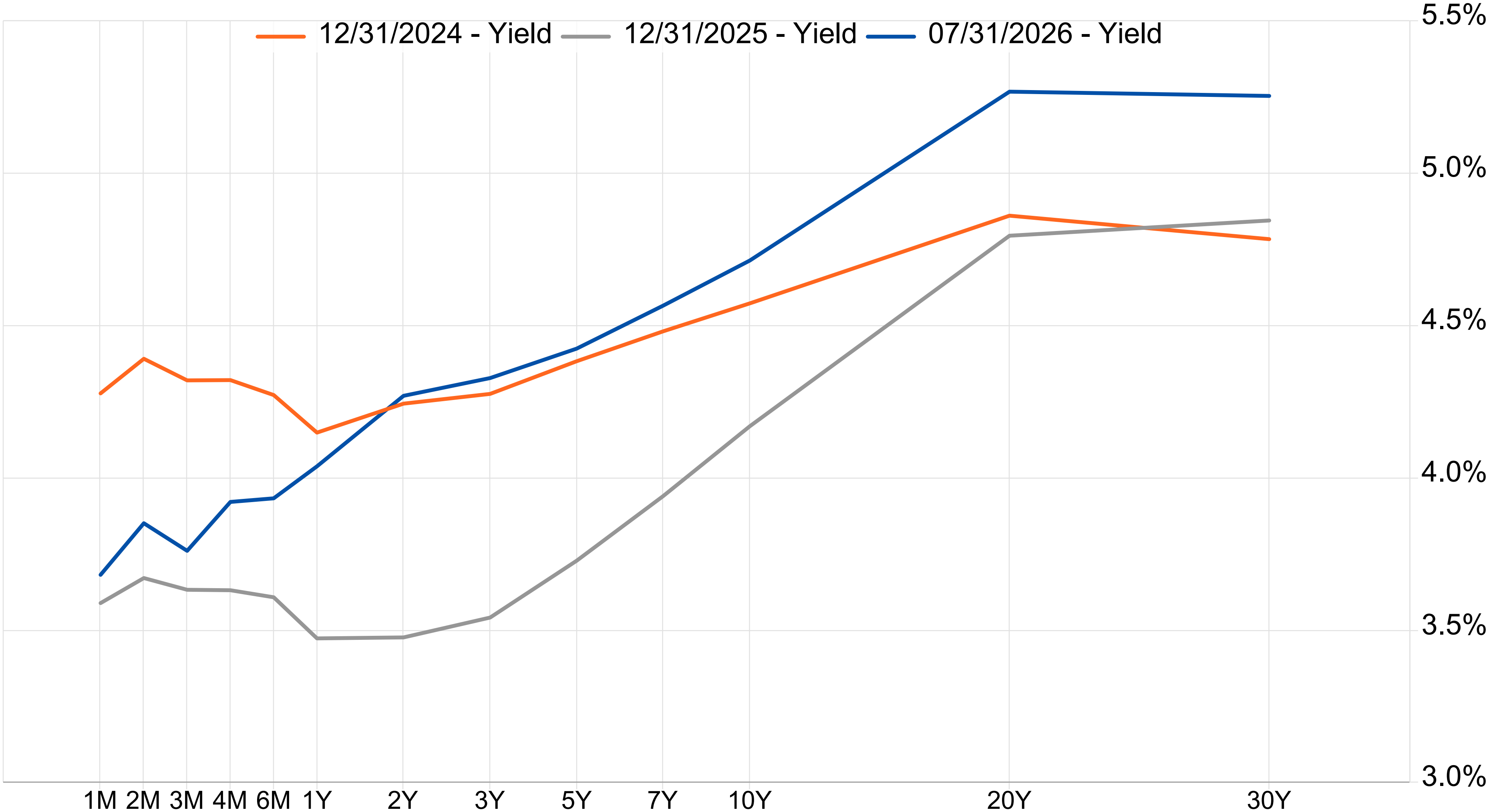


Contribution found by multiplying prior ending weight by inflation rate.
Sourced from FactSet.

Yield Curve

Yields have risen significantly across the curve since year-end 2025, with the sharpest gains from the 2-year point outward, showing investors are demanding more compensation for both short-term and long-duration risk.

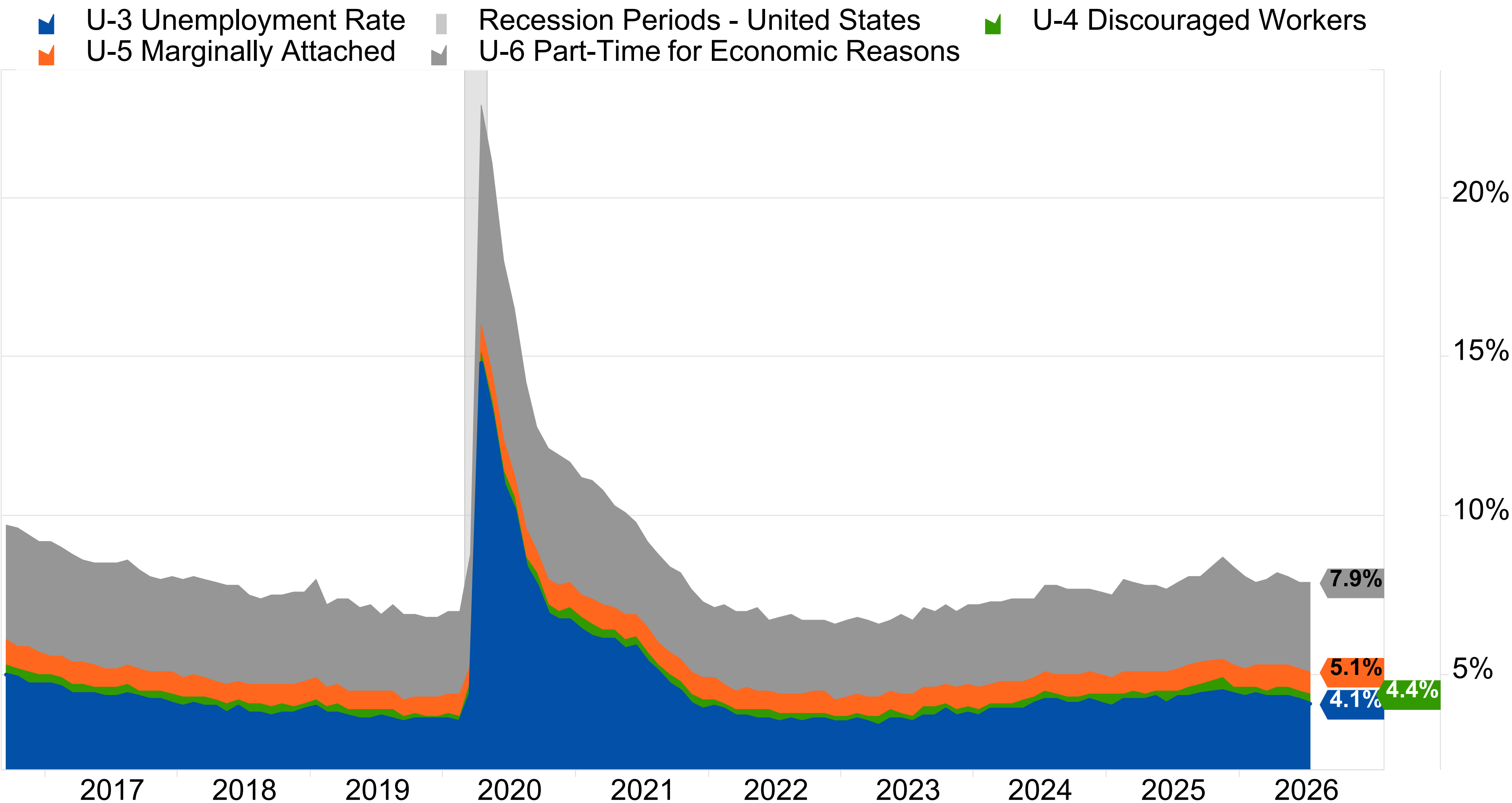
United States Treasury Yield Curve



Sourced from FactSet.

Unemployment

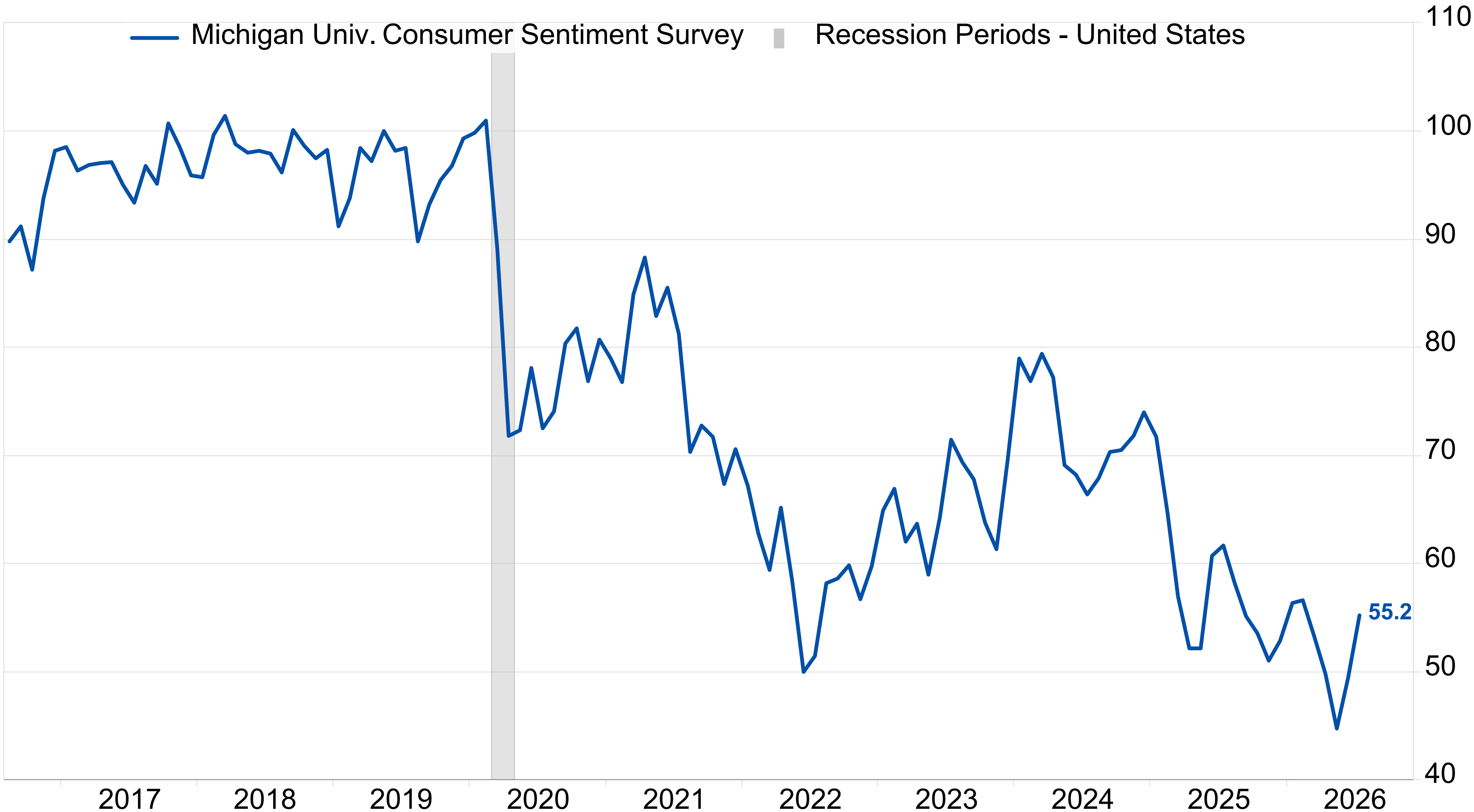
Per the July jobs report, the commonly referenced unemployment rate (U-3) dropped slightly to 4.1%. All other metrics decreased, except U-6 which held steady indicating people are continuing to work part-time to make ends meet.



Sourced from FactSet.

Consumer Sentiment

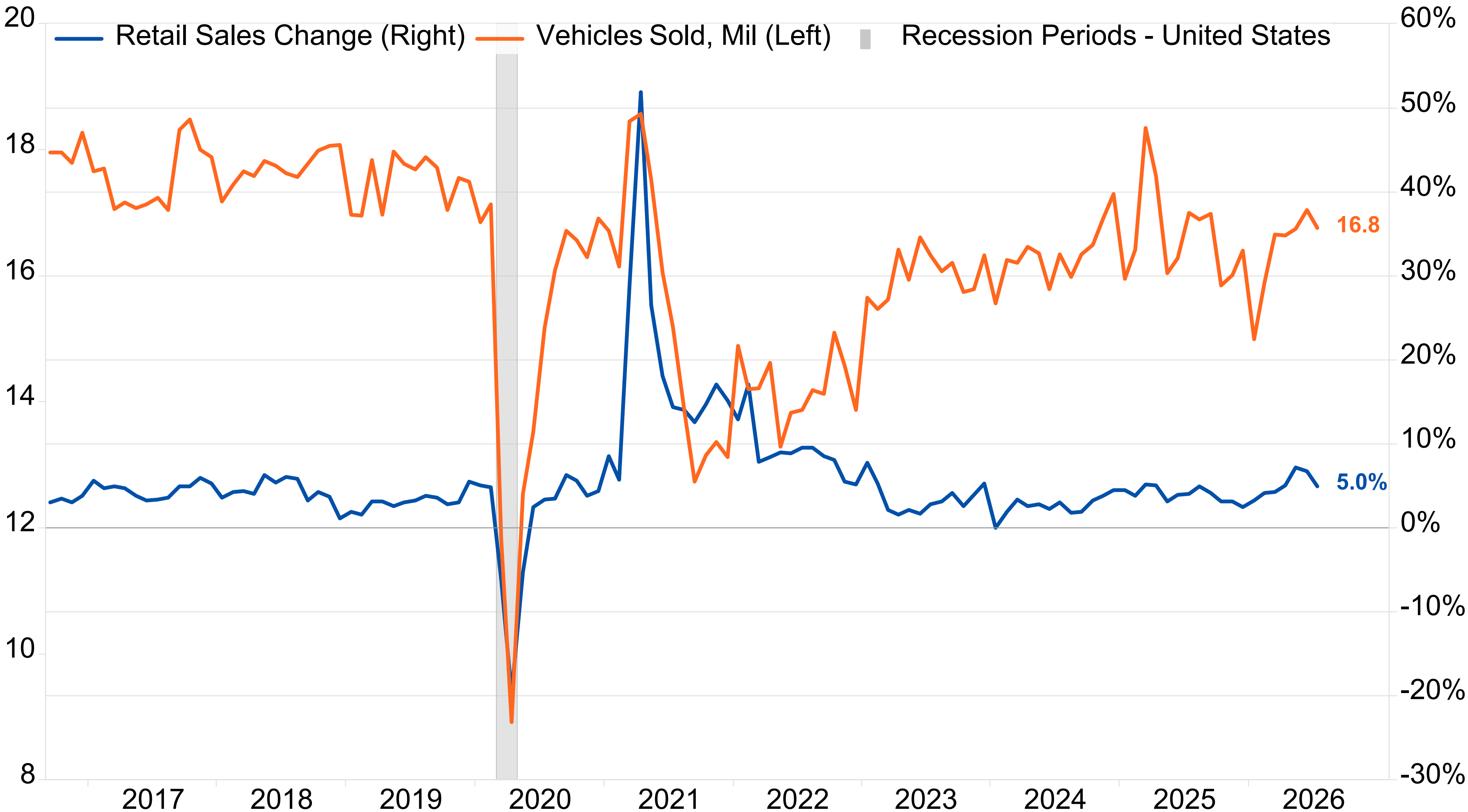
The recovery in consumer sentiment carried into July, but confidence has yet to break out of 2022's range, held back by persistent inflation and geopolitical uncertainty.



Sourced from FactSet.

Consumption

Retail sales in July grew at 5.0% compared to the prior year, a decrease relative to last month. Vehicles sold, a significant weight in retail sales, ticked down as well.

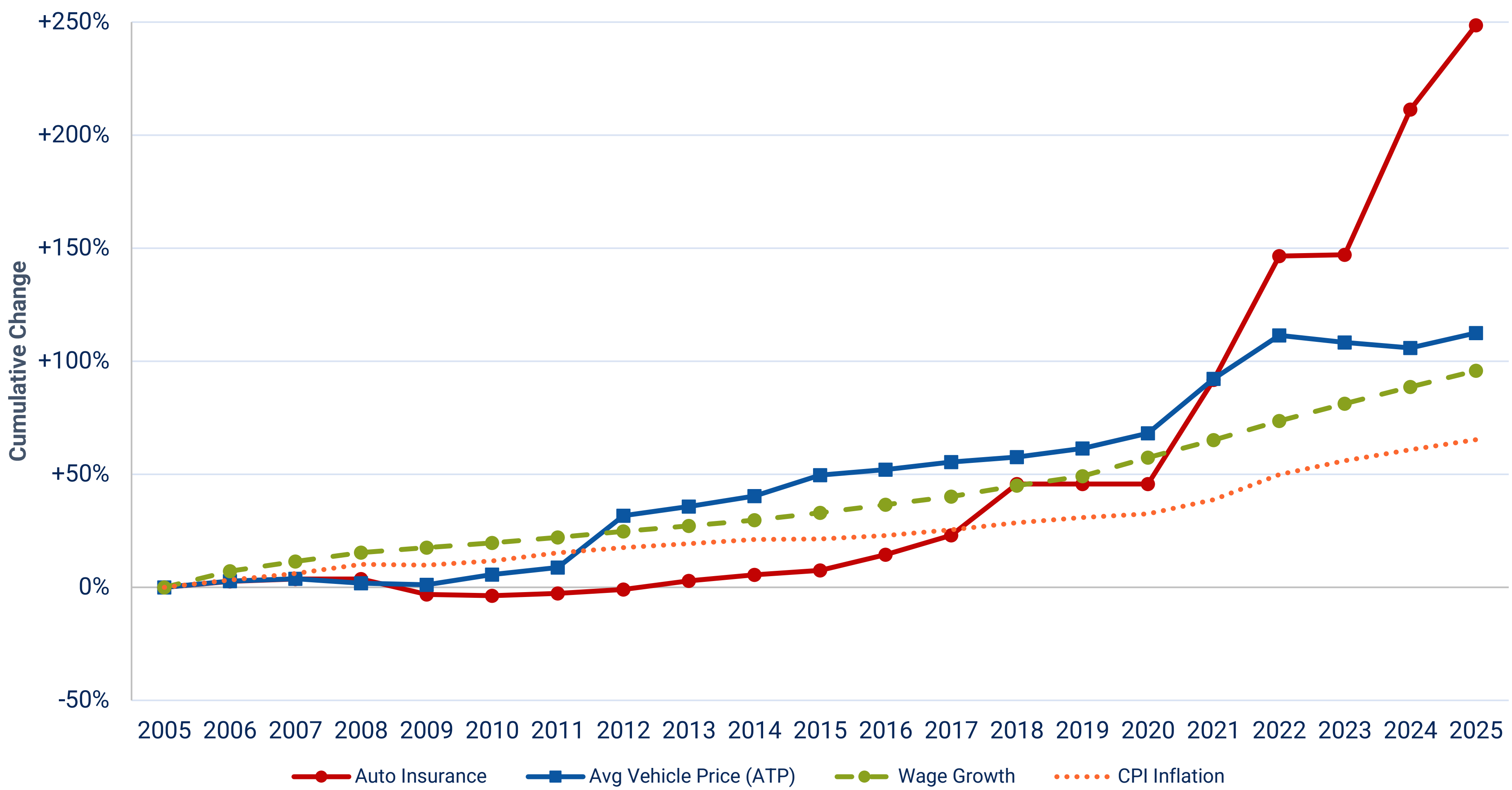


Sourced from FactSet.

Featured Chart

Vehicle Costs

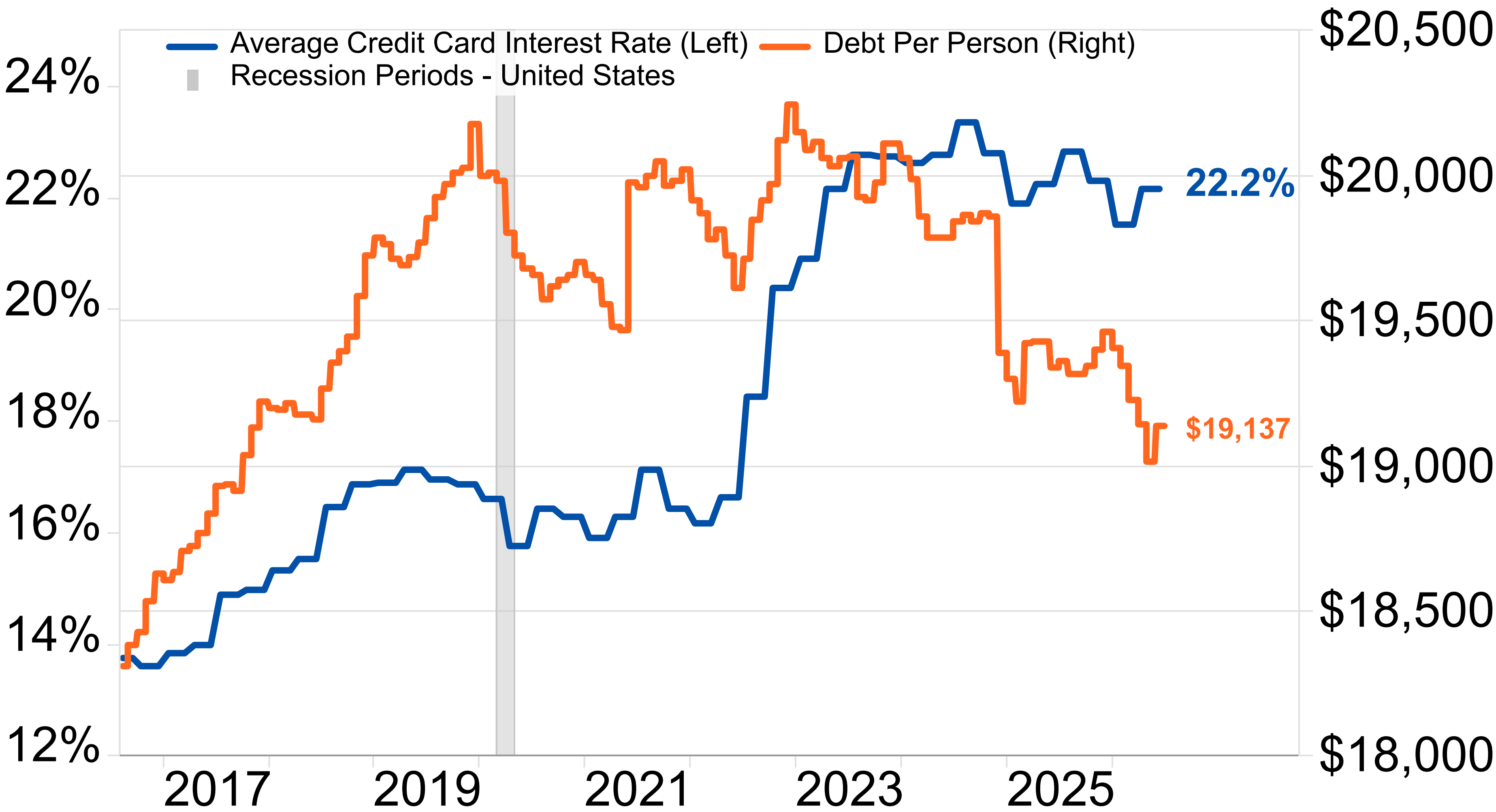
Since 2005, vehicle costs and insurance have outpaced both wages and inflation. Insurance had lagged previously; however, it has since increased dramatically following the COVID lockdowns.



Indexed to 2005=0%. Avg Vehicle Price: BEA/DOE & KBB/Cox Automotive.
Insurance: NAIC (2005–18), Bankrate/Quadrant (2019–25). Wages & CPI: BLS.

Consumer Debt

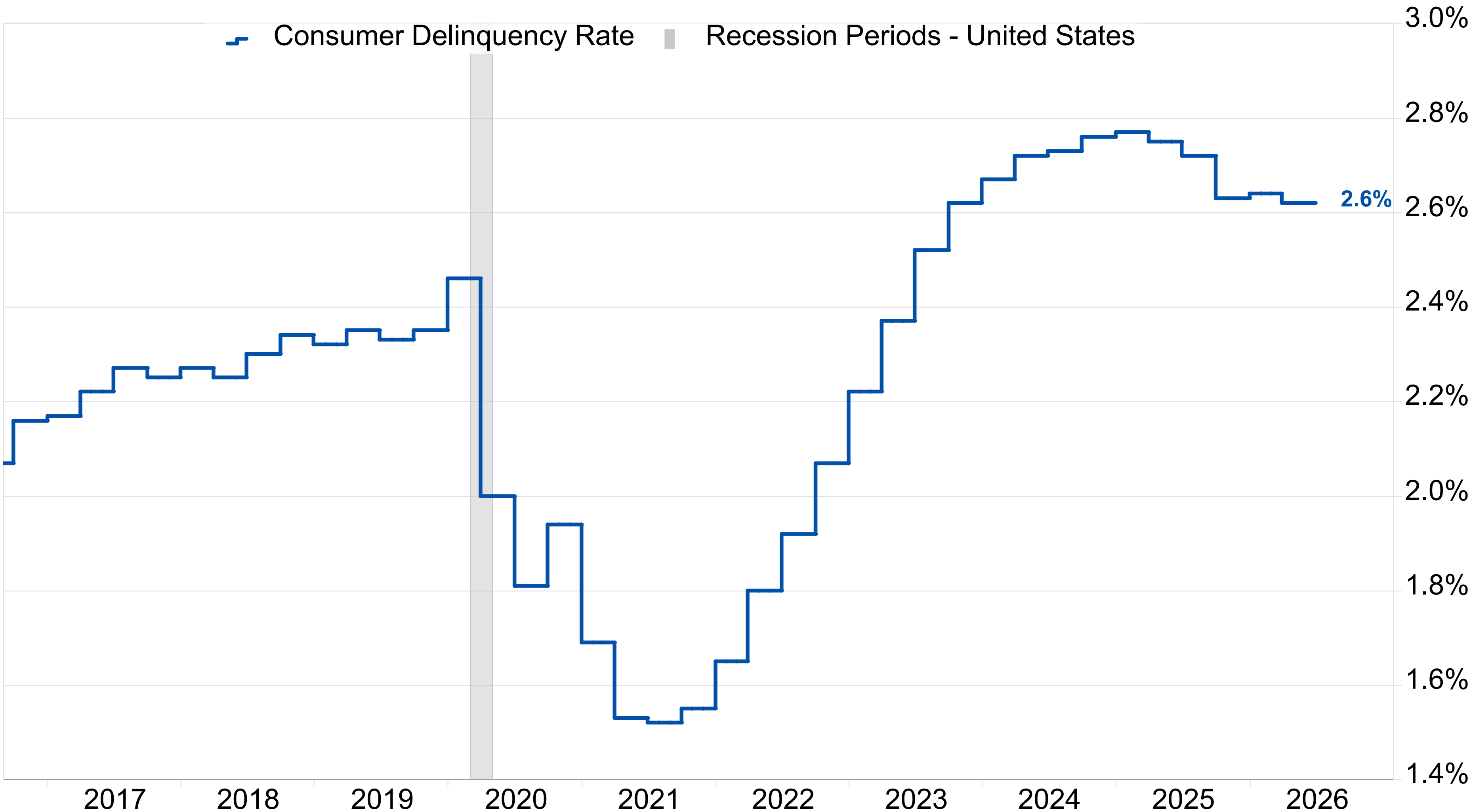
American adults are carrying less overall debt than its peak, however, levels remain elevated compared to a decade ago. Credit card rates are also significantly higher now, leading to higher debt costs.



Sourced from FactSet. Non-mortgage debt shown.

Consumer Delinquency

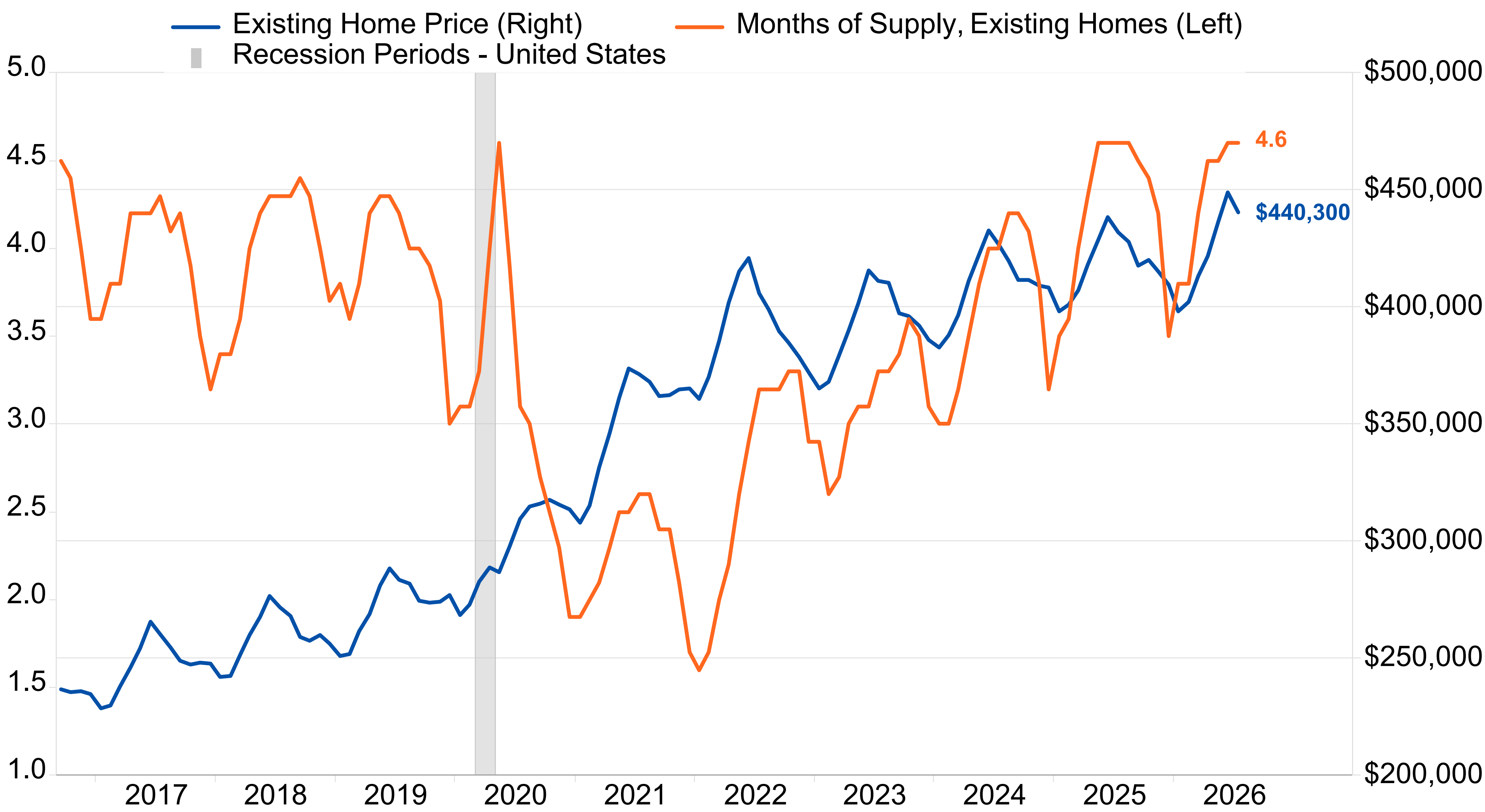
The delinquency rate was steady around 2.6%. It remains elevated compared to levels prior to COVID.



Sourced from FactSet.

Housing

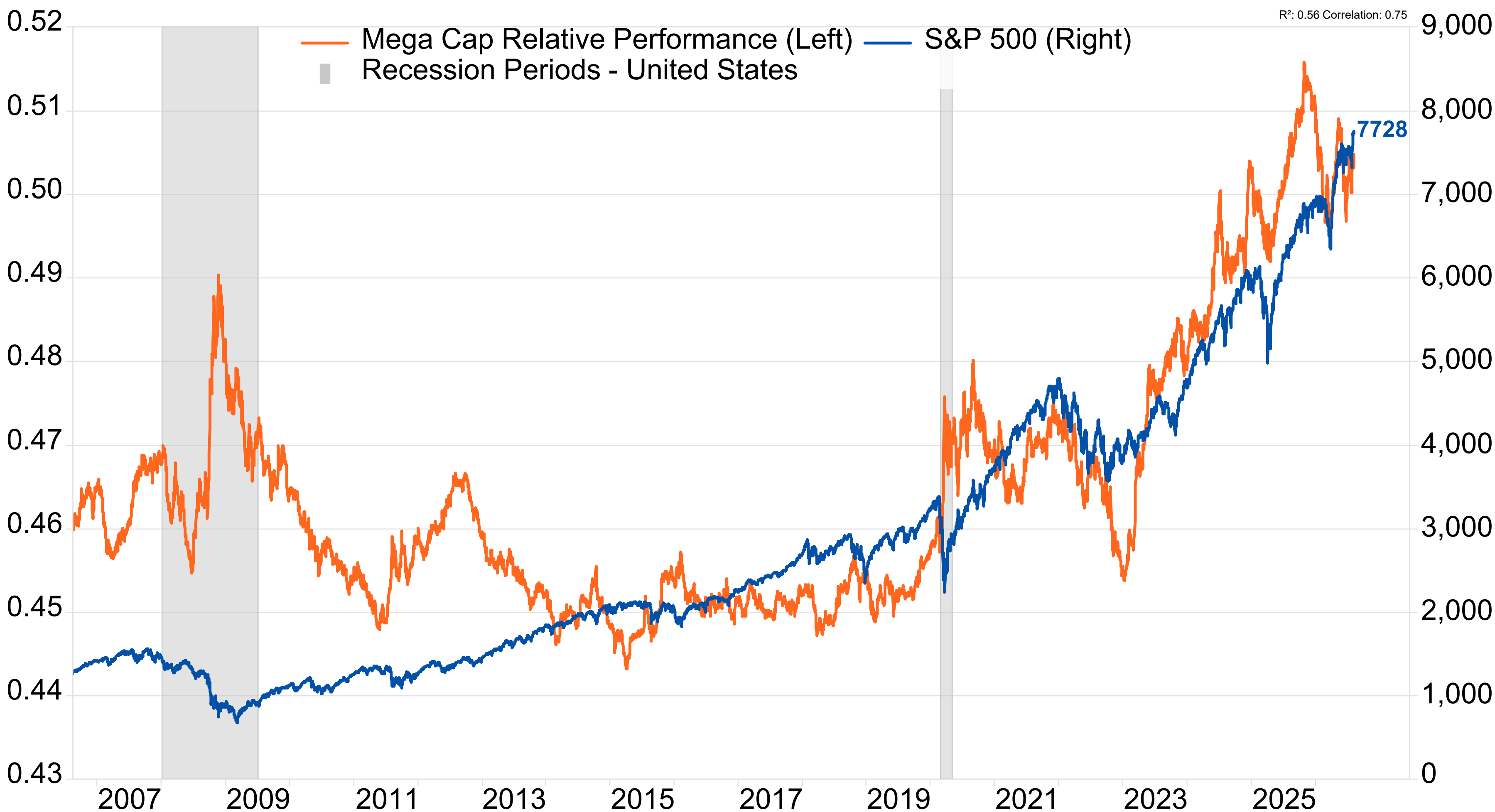
Home prices ticked down slightly in July; supply held steady at 4.6 months worth of homes, maintaining a delicate balance.



Sourced from FactSet.

S&P 500 Index Performance

The S&P index stayed relatively flat during July, as investors questioned AI spending. The market has since moved higher reaching all-time highs as AI stocks recovered.

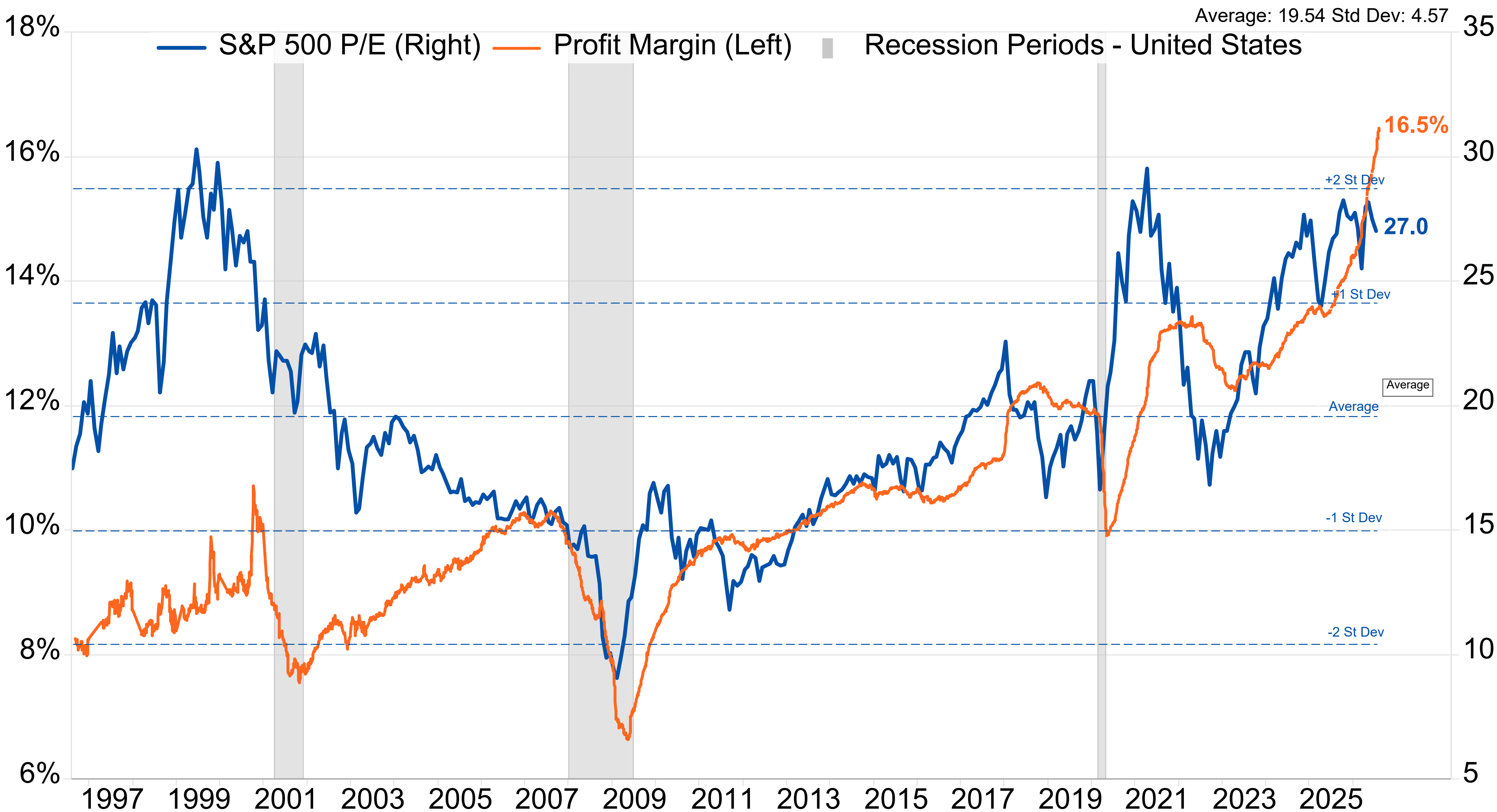


- In 2025, the total return for the S&P 500 Index was **17.88%.** This return follows two consecutive years of strong gains.

Sourced from FactSet.

S&P 500 Price/Earnings

The S&P 500 Index continues to be quite profitable; valuations did contract slightly as the AI trade struggled in July.



Sourced from FactSet.

Glossary

Data point definitions and sources

GDP Growth: Real GDP growth, seasonally adjusted annualized rate (BEA)

Personal Consumption Expenditures: YoY % change in consumer prices, seasonally adjusted (BEA)

Wage Growth: 12-month moving avg % change in median hourly wages, continuously employed workers (Atlanta Fed)

S&P 500 PE: Trailing 12-month Price/Earnings ratio

Mega Cap Relative Performance: S&P 100 / S&P 500 total return; rising = outperformance, falling = underperformance

Profit Margin: Net profit margin of the S&P 500 index

Consumer Sentiment: Consumer Sentiment Index (University of Michigan)

Vehicles Sold: Total US vehicle sales, seasonally adjusted annualized rate, millions (BEA)

Sales Change: YoY % change in Retail & Food Services Sales (US Census Bureau)

Credit Card Rate: Average interest rate on credit card balances, excludes pay-in-full / 0% APR accounts (Federal Reserve)

Debt per person: Total consumer credit outstanding ÷ ~267M US adults (USD/person); includes revolving & fixed debt, excluding mortgages (Federal Reserve)

Delinquency Rate: Delinquency rate on consumer loans (credit cards, auto, personal), seasonally adjusted (Federal Reserve)

Months of Supply, Existing Homes: Months to sell current existing home inventory at prevailing pace, not seasonally adjusted (NAR)

Existing Home Price: Median existing home sale price (NAR)

U-3: Official unemployment rate; actively job-seeking, available to work (BLS)

U-4: U-3 + discouraged workers (stopped searching, believe no suitable jobs available) (BLS)

U-5: U-4 + other marginally attached workers (sought work in past 12 months, not past 4 weeks) (BLS)

U-6: U-5 + part-time workers seeking full-time employment (BLS)