Main Management Market Note

August 7, 2026

Our Offerings

MAIN MANAGEMENT, LLC

OUR STRATEGIES

Active	Thematic	International	BuyWrite
Sector Rotation	*Innovation*	*Rotation*	*Hedged Equity*
SECT	**TMAT**	**INTL**	**BUYW**
US CORE EQUITY	GLOBAL MID-CAP GROWTH	NON-US CORE EQUITY	ALTERNATIVE INCOME

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CUSTOM MODEL PARTNERSHIP

For over 20 years, we've led the way in diversified, top-down portfolio construction — now built to be customizable for each advisor and their clients.

Investment Committee Leadership

Kim Arthur
CEO / CIO

Dick Fredericks
Founding Partner

Alex Varner
Managing Director, Research

Jim Concidine
Founding Partner

Darol Ryan
Managing Partner

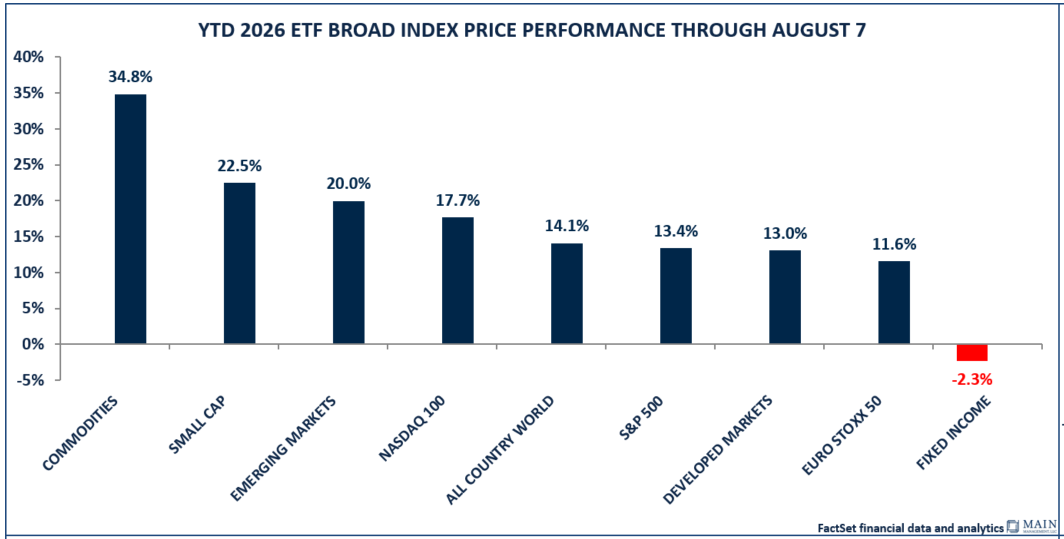
Research backed portfolios

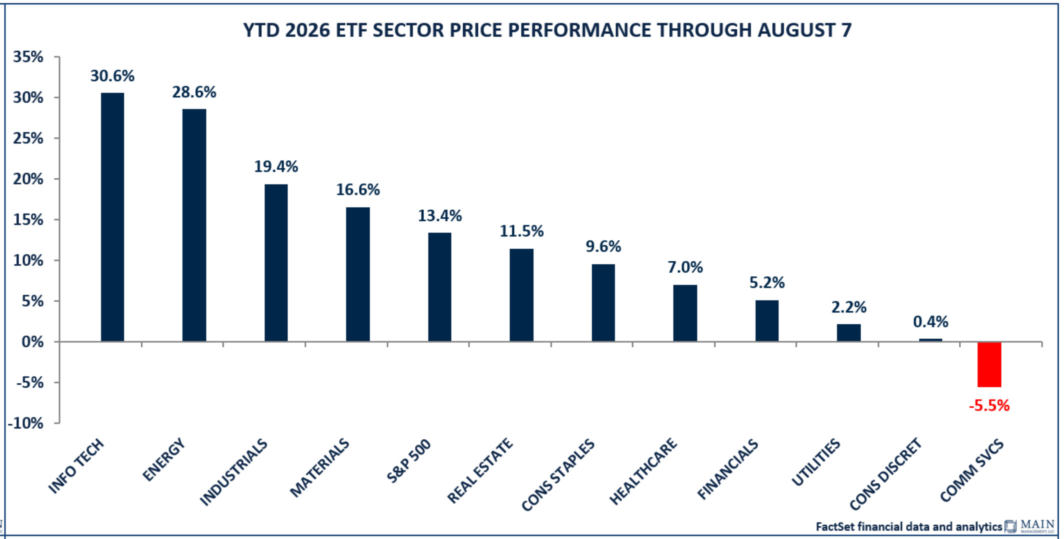
James Maxwell
Director, Research

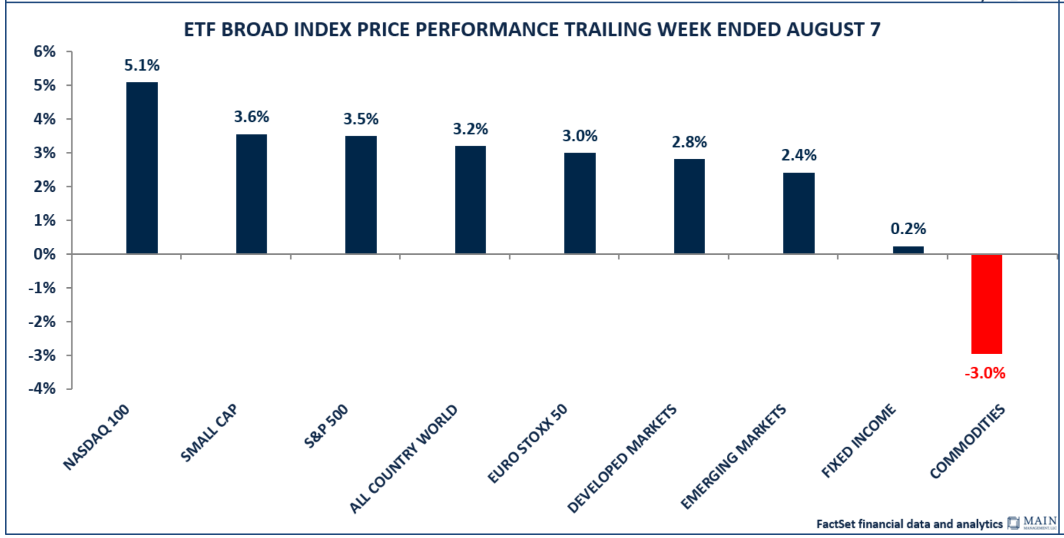
Alex Dippery
Research Analyst

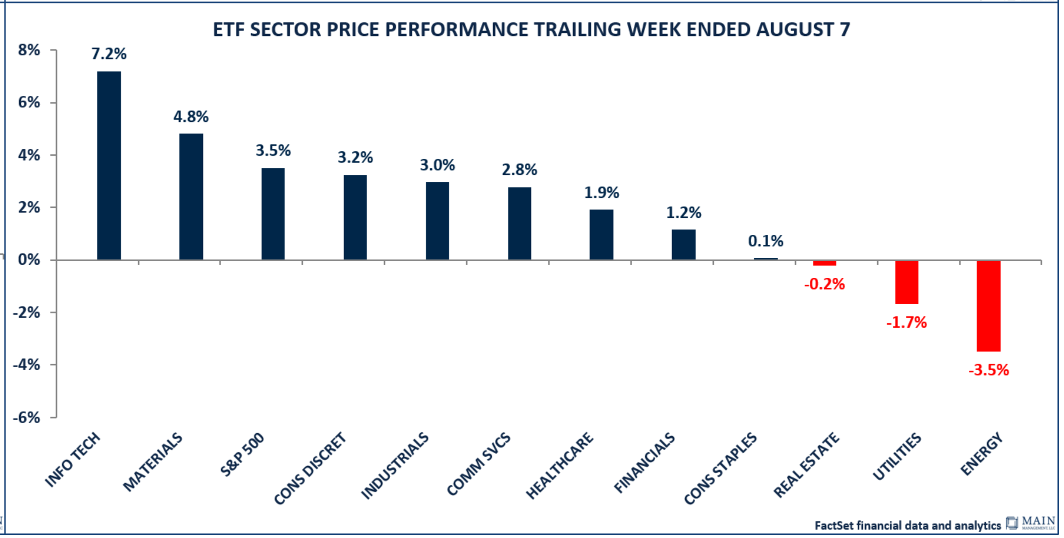
Advisors benefit from our comprehensive due diligence on other asset managers, insightful market commentary, and strategic asset class views.

Performance









Recession Dashboard

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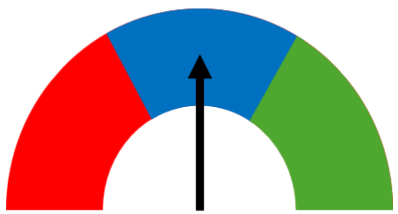
RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOY-MENT	PMI	RETAIL SALES
NOV 1973	Negative	—	—	Negative	—	—	Negative	Negative	—
JAN 1980	Negative	Negative	Negative	Negative	Neutral	Negative	Negative	Negative	—
JUL 1981	Negative	Negative	Negative	Negative	Neutral	Negative	Negative	Negative	—
JUL 1990	Negative	Negative	Negative	Negative	Neutral	Negative	Negative	Neutral	—
MAR 2001	Neutral	Negative	Negative	Neutral	Neutral	Neutral	Negative	Negative	Neutral
DEC 2007	Negative	Negative	Negative	Negative	Neutral	Negative	Negative	Negative	Negative
DEC 2019	Positive	Positive	Neutral	Neutral	Positive	Neutral	Positive	Neutral	Neutral
AUG 2026	Negative	Neutral	Positive *	Neutral	Neutral	Neutral	Neutral	Positive	Positive
LAST CHANGE	BLUE MAY '26	GREEN APR '25	BLUE JAN '26	GREEN DEC '24	GREEN APR '25	RED JAN '25	RED JUL '25	BLUE JUL '25	BLUE DEC '24

Positive Neutral Negative

Overall:



Inflation: *Headline CPI. Source: St. Louis Fed.* **Consumer**: *Conference Board Consumer Confidence. Source: The Conference Board.* **Yield Curve**: *10 year – 3 month Treasury spread. Source: FactSet financial data and analytics.* **Housing**: *Housing Starts & Existing Home Sales. Source: St. Louis Fed.* **Sentiment**:. *Conference Board Consumer Confidence, UMich Consumer Sentiment, State Street Investor Confidence, CEO Confidence, VIX, AAII* **Autos**: *Auto Sales. Source: St. Louis Fed.* **Employment**: *Initial Weekly Unemployment Claims & Nonfarm Payrolls. Source: St. Louis Fed.* **PMI**: *Markit US Manufacturing PMI & US ISM Manufacturing PMI & Chicago PMI. Source: Markit, ISM.* **Retail Sales**: *Advance Retail Sales. Source: St. Louis Fed. * 10 year – 3 month Treasury spread inverted on 11/2/22.*

Nonfarm Payrolls

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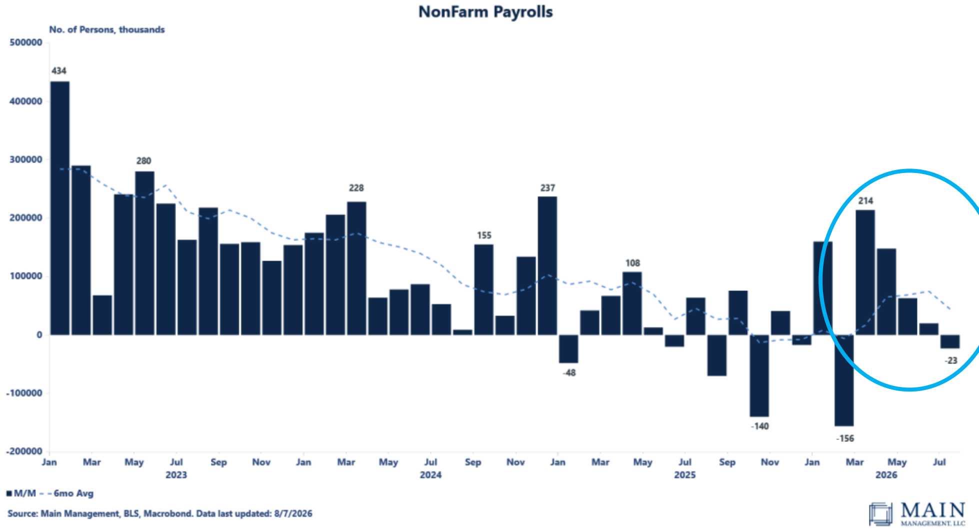
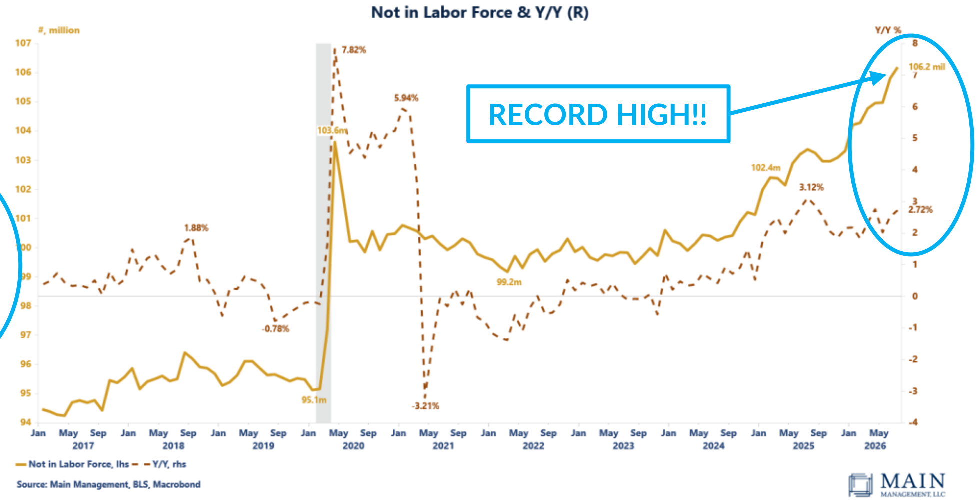
- July Nonfarm Payrolls (left) unexpectedly lost -23k jobs, far below expectations for +80k. While the headline Unemployment Rate declined to 4.1%, the underlying figures showed that the main reason for the decline is people are leaving the labor force, which has shrunk by roughly 2.4 million people over the last 8 months to 169.1mil!
- Those not in the labor force (right) hit another record high at 106.2mil persons, up +2.7% YoY. That figure has risen by 3.2mil in the last 9 months alone without one dip in that time.
- Part of this is due to boomers, who are retiring in record numbers, but it’s still a worrisome trend as boomers don’t account for all of the departures. The Government sector was the primary reason for the drop in the headline figure, losing -53k jobs, while the private sector added +20k, led by Healthcare & Social Assistance. Prior months were revised down by around -130k as well. The odds of a Fed rate hike dropped in the wake of this weaker-than-expected report, indicating that perhaps they don’t have as much breathing room on the labor front as people thought.





NEGATIVE

Wages & Participation

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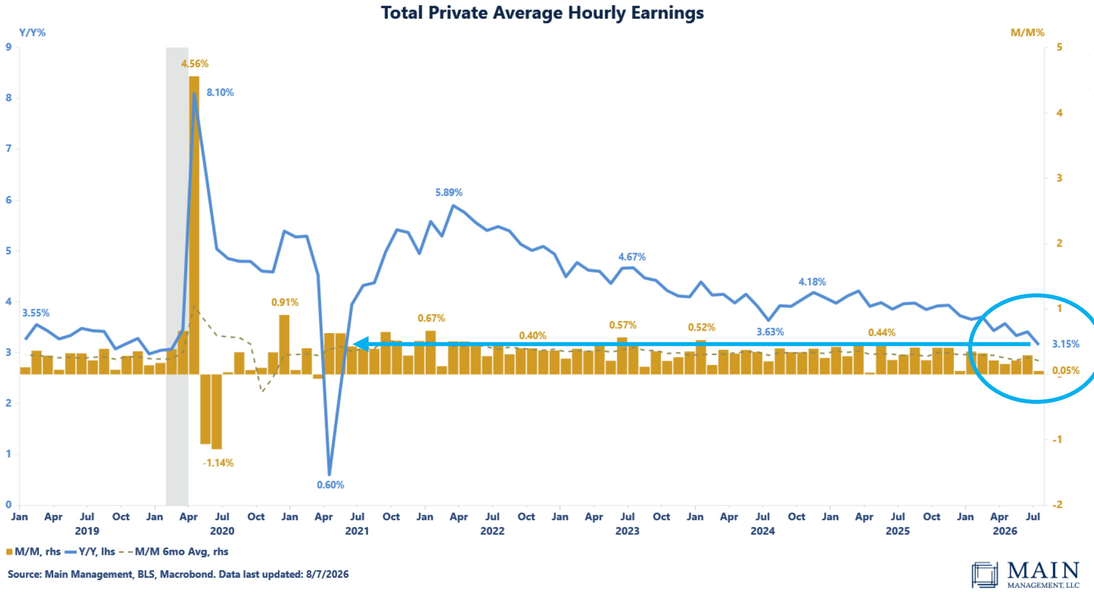
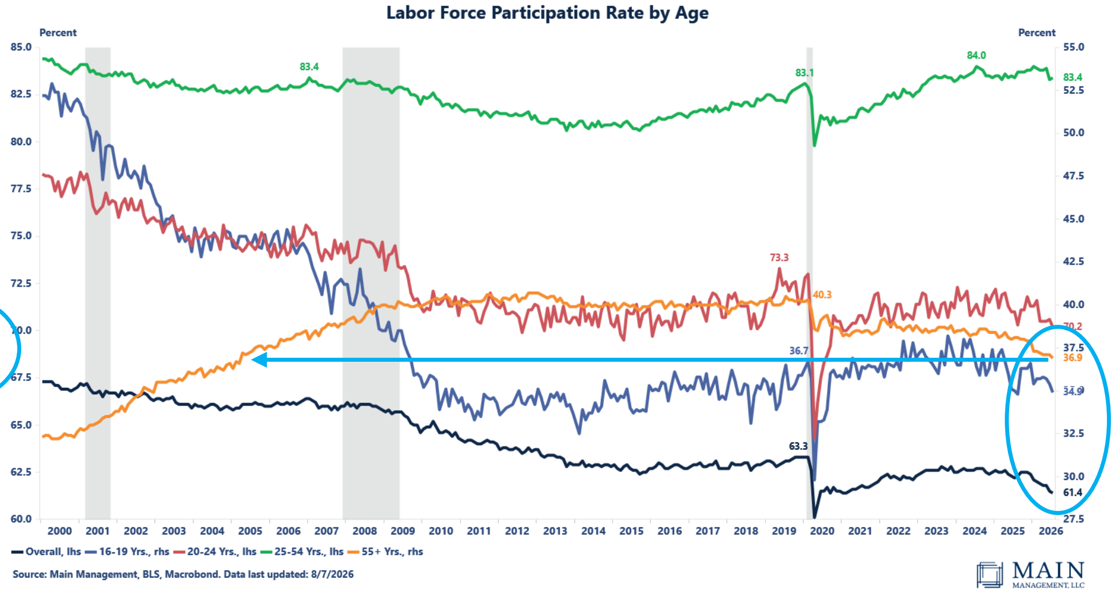
- Wages (left) were also markedly weaker than anticipated, rising just +0.05% MoM, far below expectations for a +0.3% increase. The YoY figure has decelerated to just +3.15%, the lowest since May 2021! This slowdown is concerning as inflation is expected to pick back up again when we get the July readings next week and could cause consumers to pull back on spending.
- The Overall Participation Rate (right, black) fell to just 61.4%, the lowest since Feb. 2021, as it continues to be weighed on by the 55+ cohort (orange), which is at a multi-decade low of just 36.9%!! Still, the rate for the 25-54yo cohort (green) ticked back up to 83.4% from 83.3% last month, hopefully the start of a move back higher.

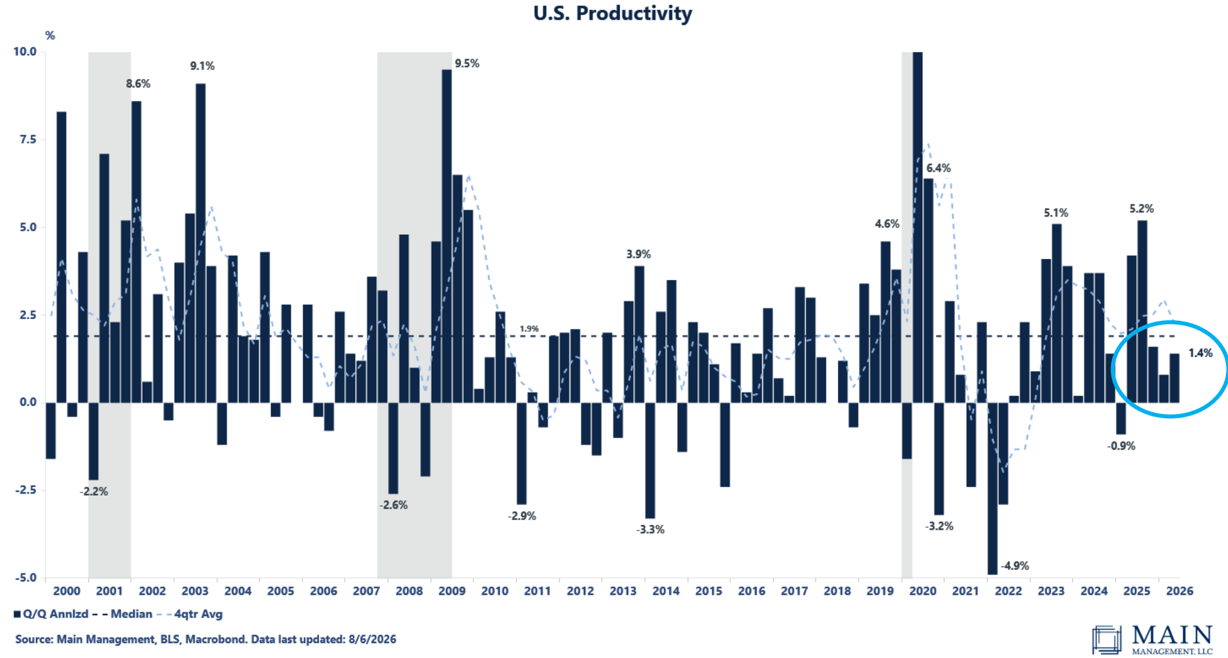


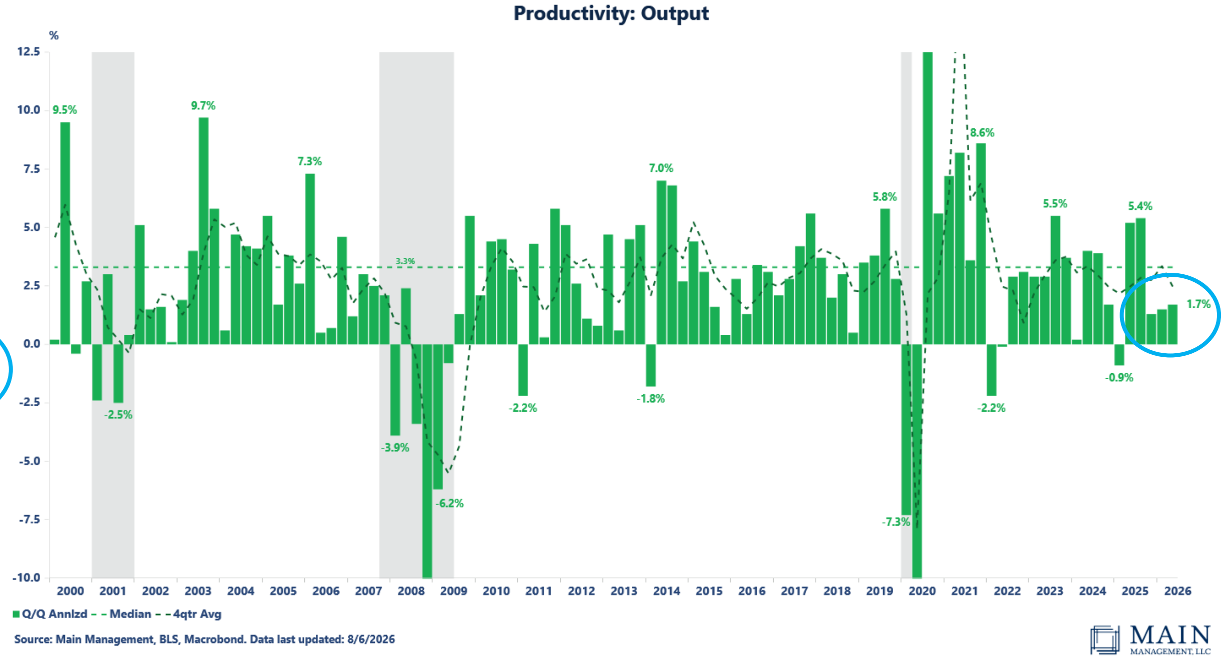


NEGATIVE

Q2 2026 Productivity

- Q2 U.S. Productivity (left) came in at +1.4% QoQ, solidly above forecasts for a +0.6% increase.
- Output (right) accelerated to +1.7% QoQ, the highest figure since Q3 2025. That outpaced Hours Worked (not pictured), which were up just +0.3%, resulting in the headline productivity increase.

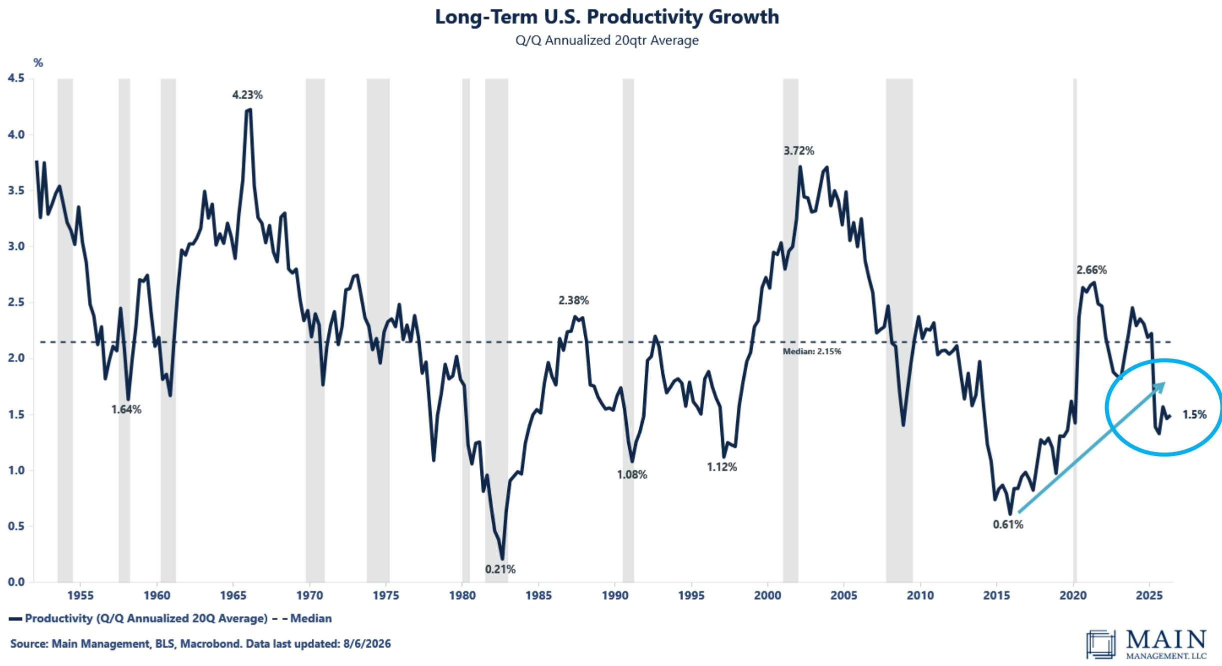


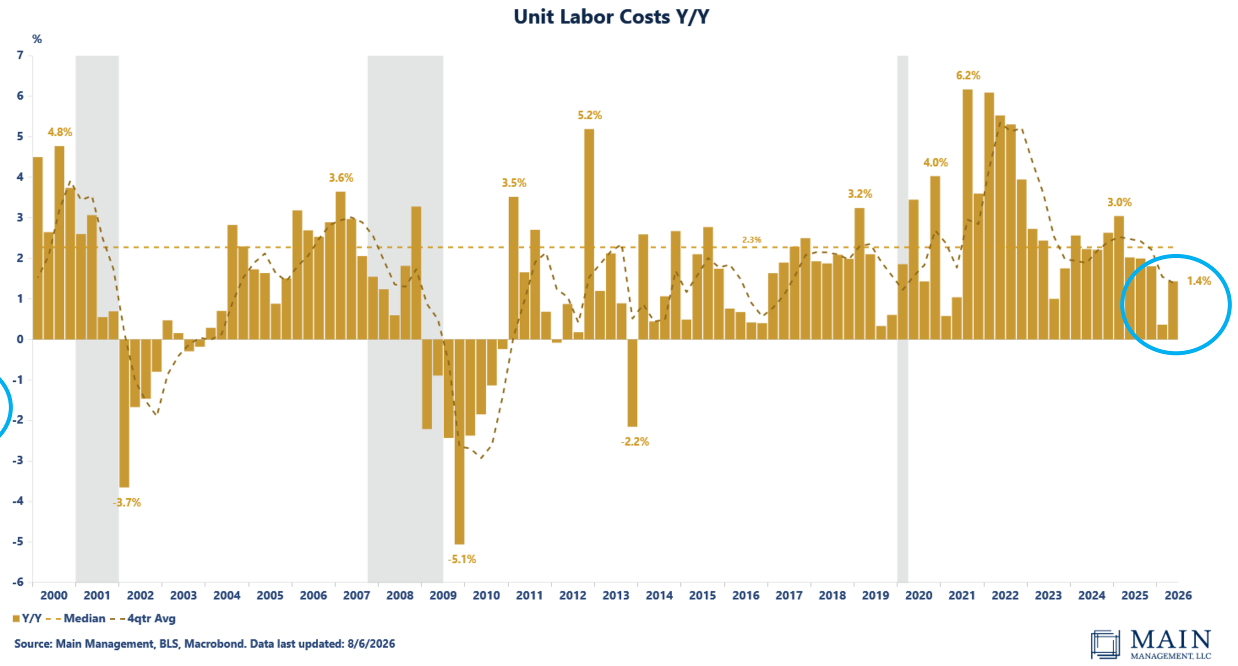


POSITIVE

Long-term Productivity & ULCs

- The 20qtr average for Productivity did pull back markedly following the post-pandemic surge but we think it is still in the uptrend that began back in 2015. Artificial Intelligence should continue to boost productivity but measuring it can prove to be challenging…
- Unit Labor Costs (right) rebounded to +1.4% QoQ but were below forecasts for a +2.1% figure. No big signs of inflation in the ULCs for the time being as the 4qtr average remains in a downtrend.





POSITIVE

Job Cuts

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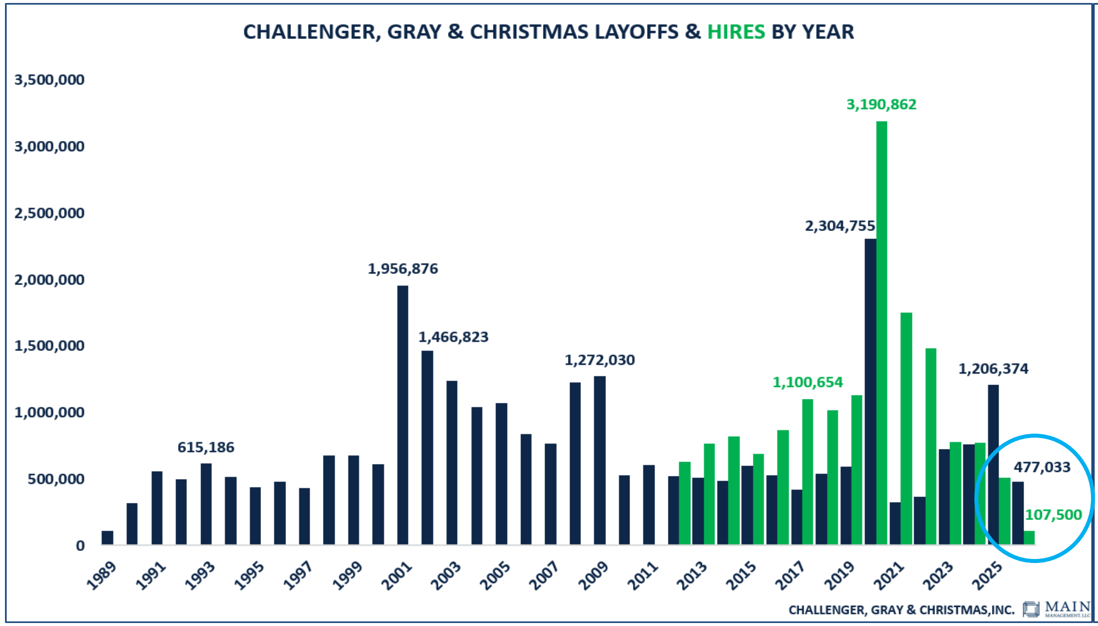
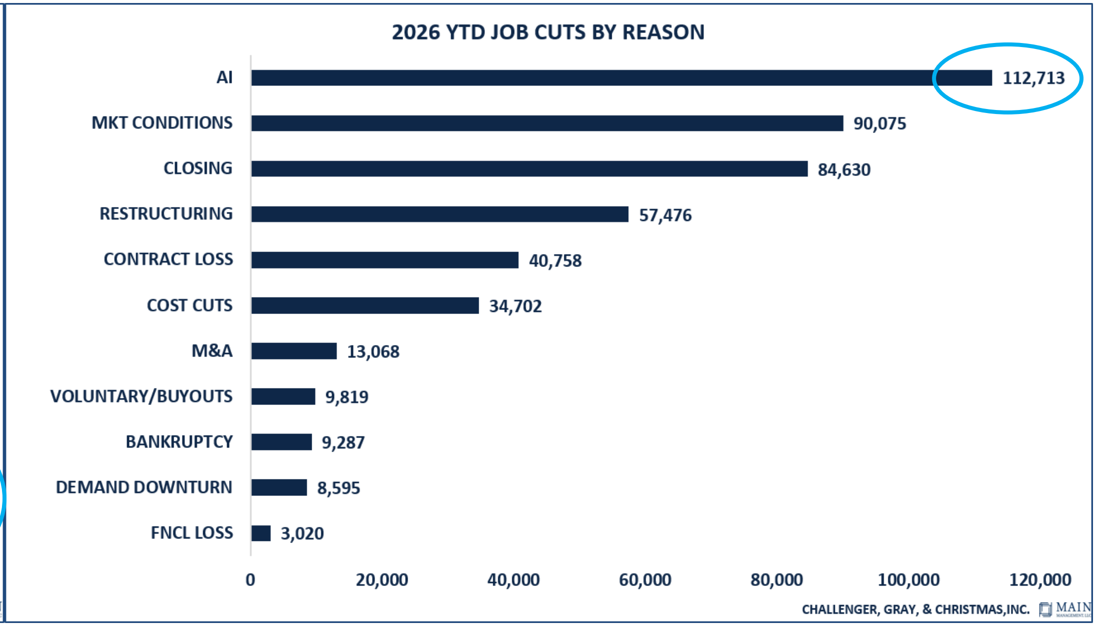
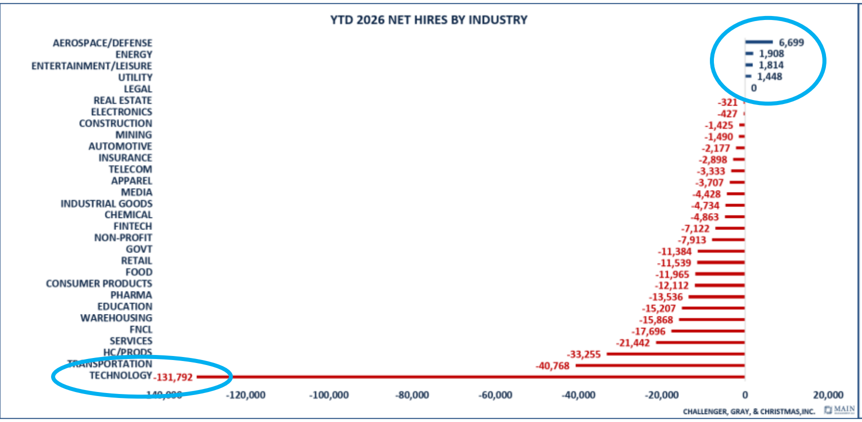
- July Challenger Job Cut Announcements slowed to 33,429, the lowest month so far in 2026. Hires remain anemic at just 16,095. On a YTD basis (left), we've had 477,033 cuts versus just 107,500 hires.
- Artificial Intelligence has been cited as the biggest reason for job cuts for the last 5 straight months (right). AI is responsible for 112,713 cuts so far this year, ahead of Market Conditions at 90,075. That's 24% of the total cuts so far in 2026!

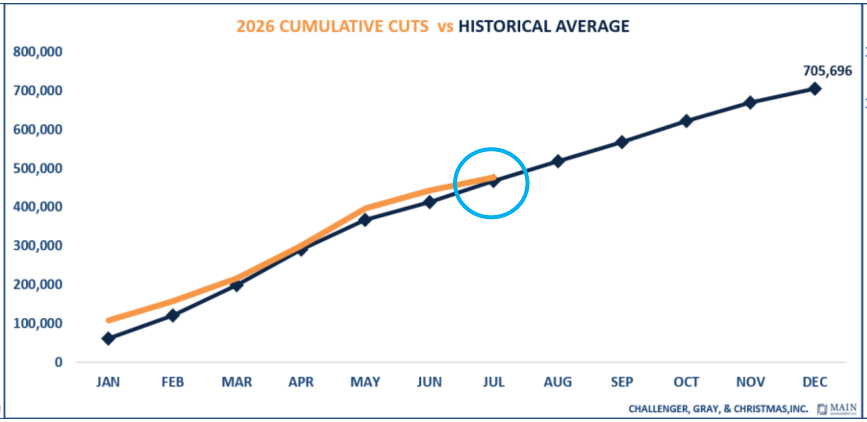


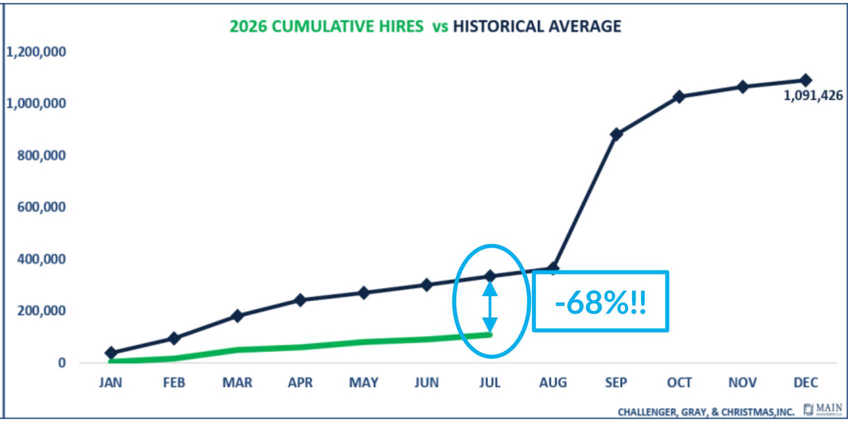


Cuts by Industry

- On an industry basis (left), only 4 industries have more hires than cuts YTD. Aerospace & Defense leads the way with 6,699 more hires than cuts. Tech is the massive laggard, with 131,792 more cuts than hires!
- In the center, we show 2026 cumulative cuts versus the historical average (since 2012). As you can see, we're largely tracking, only +1.9% above with 477,033 cuts so far in 2026 versus 468,239 cuts historically thru July.
- Hires (right) are an entirely different story. They've been markedly weak this year with only 107,500 hires versus 334,465 hires through July historically. That's a -68% delta!
- We are nearing the September seasonal hiring bump, so we shall see if that rights the ship in any meaningful way… As it stands, we are heading towards the 2nd consecutive year with more cuts than hires.



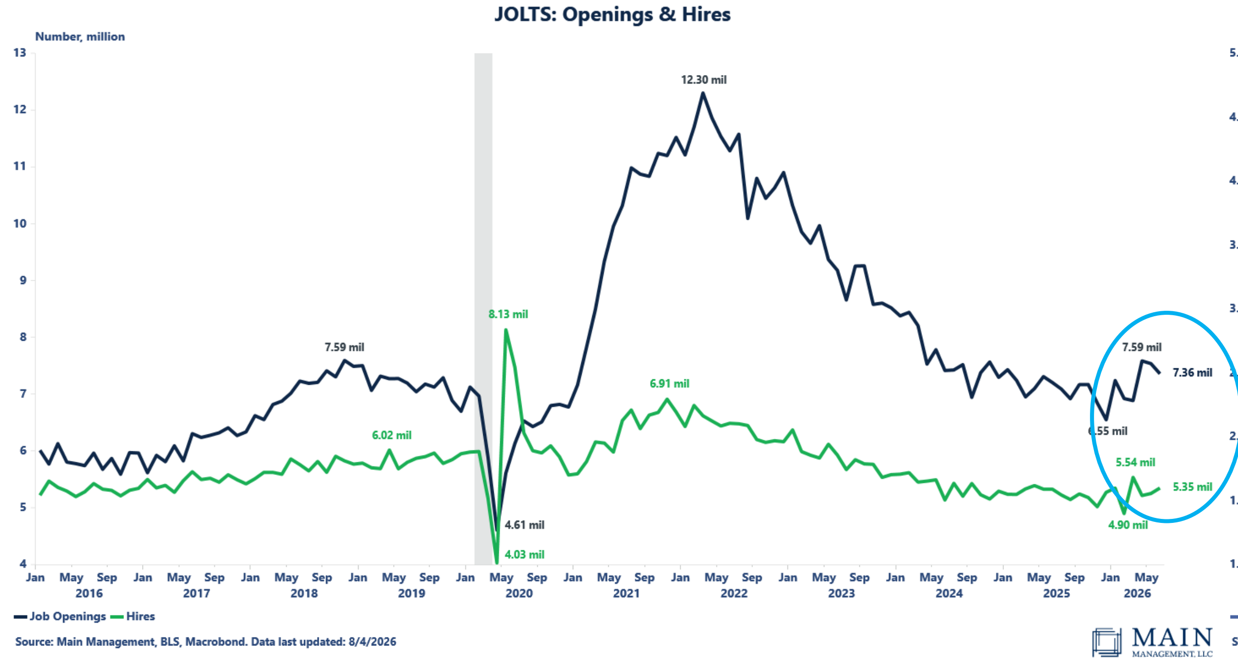


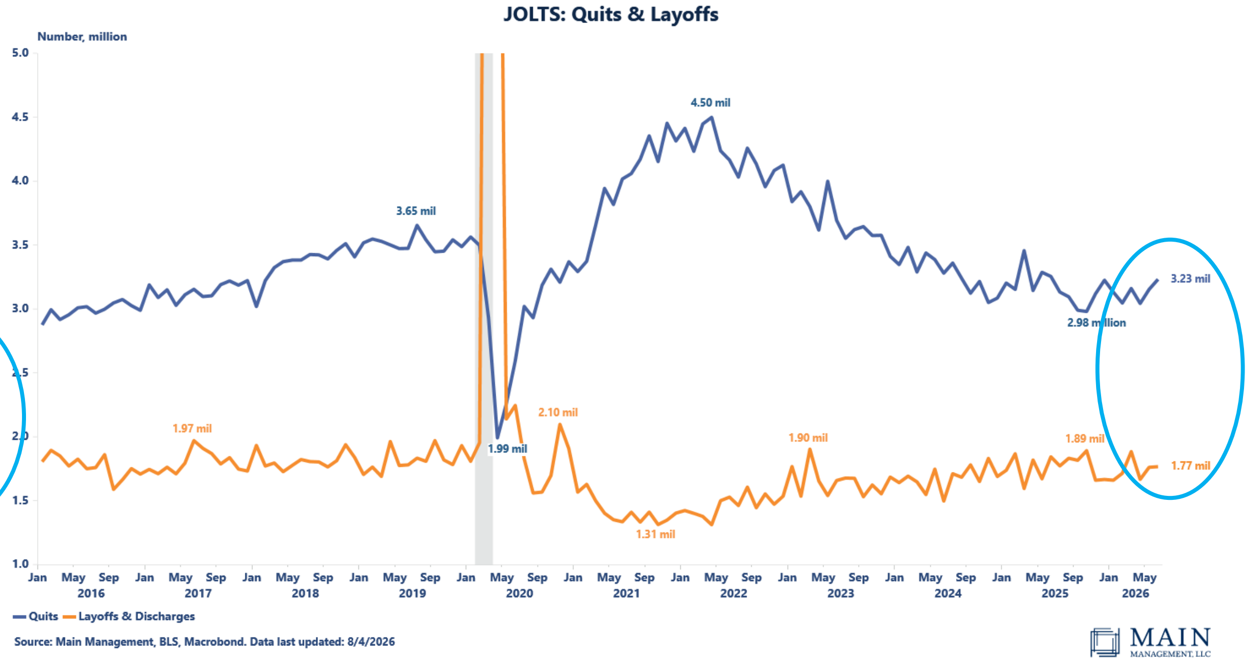


NEGATIVE

JOLTS

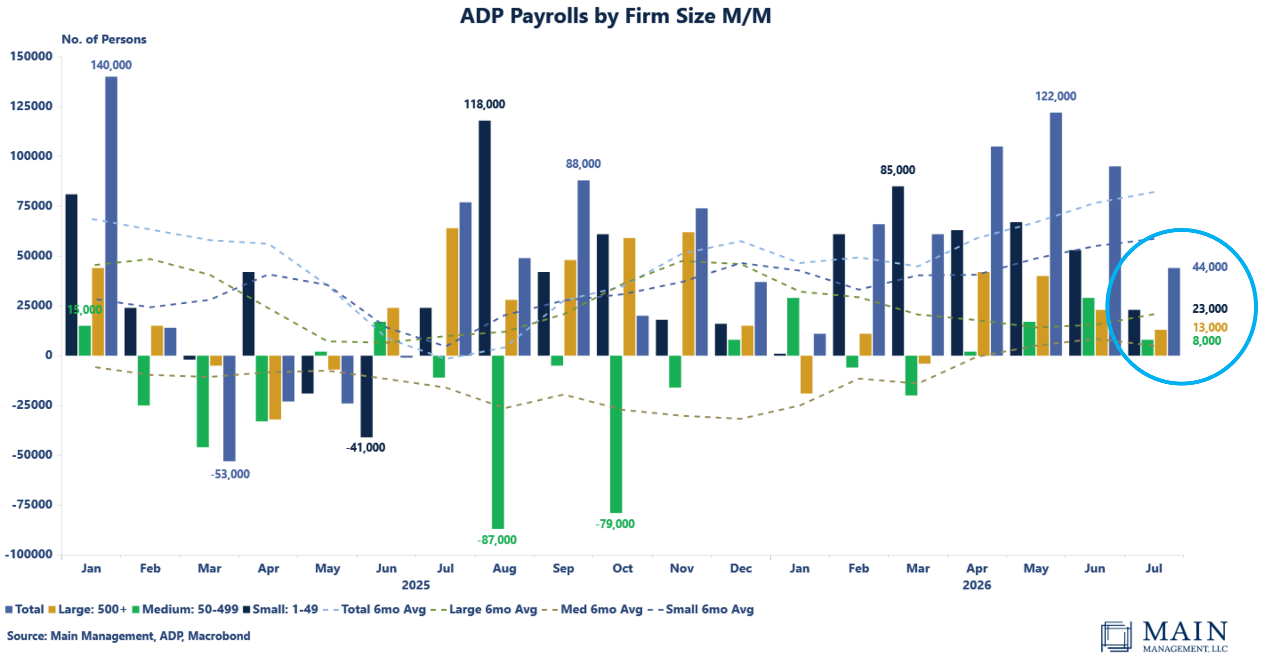
- As usual, JOLTS are a month behind NFPs, but the June figures were mostly little changed from the May release. Openings (left, black) ticked down to 7.36mil, slightly below forecasts for 7.40mil. Hires (left, green) inched up to 5.35mil.
- Quits (right, blue) moved up to 3.23mil, the highest since June 2025. Rising quits are an indicator of improving worker confidence in their ability to find another job. Layoffs were basically unchanged at 1.77mil.

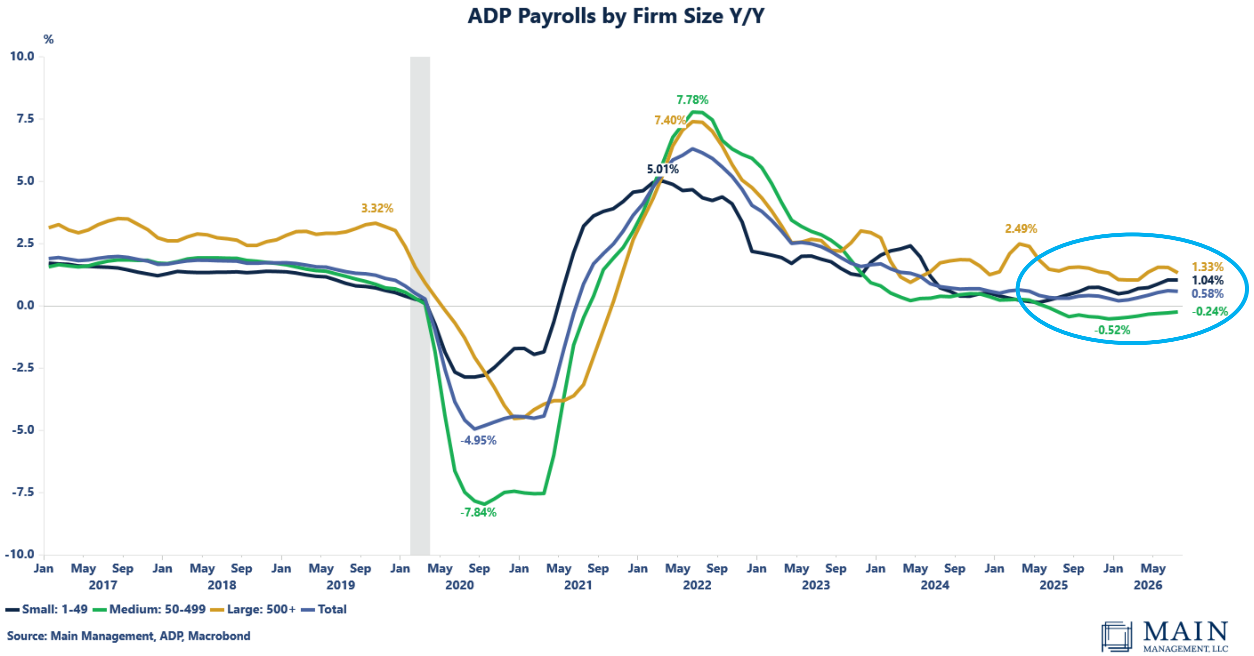




ADP Payrolls

- Total ADP Payrolls (left, blue) came in at +44k, solidly below forecasts for a 70k figure. Small firms (black) once again were the main driver, adding +23k jobs. Large firms added +13k and Medium lagged with +8k.
- On the right, we show the YoY figures – trending sideways to a little higher. Total Payrolls are up +0.58%, Large firms are still up the most at +1.33%, and then Small firms at +1.04%. Medium firms are the only group down on a YoY basis at -0.24%, but that's the least negative figure since June 2025.

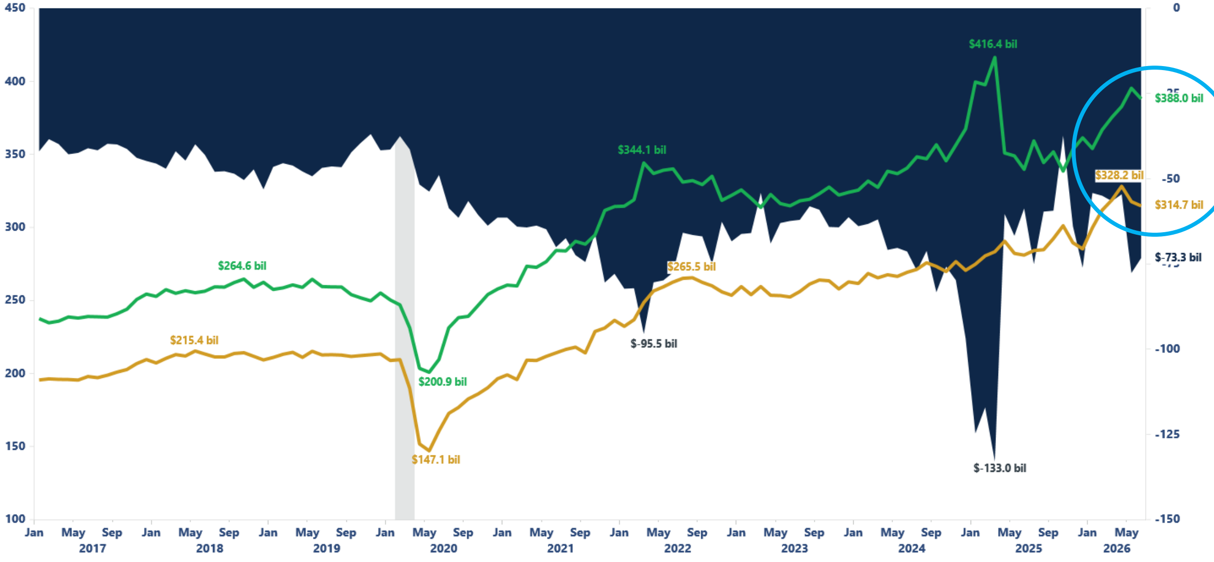




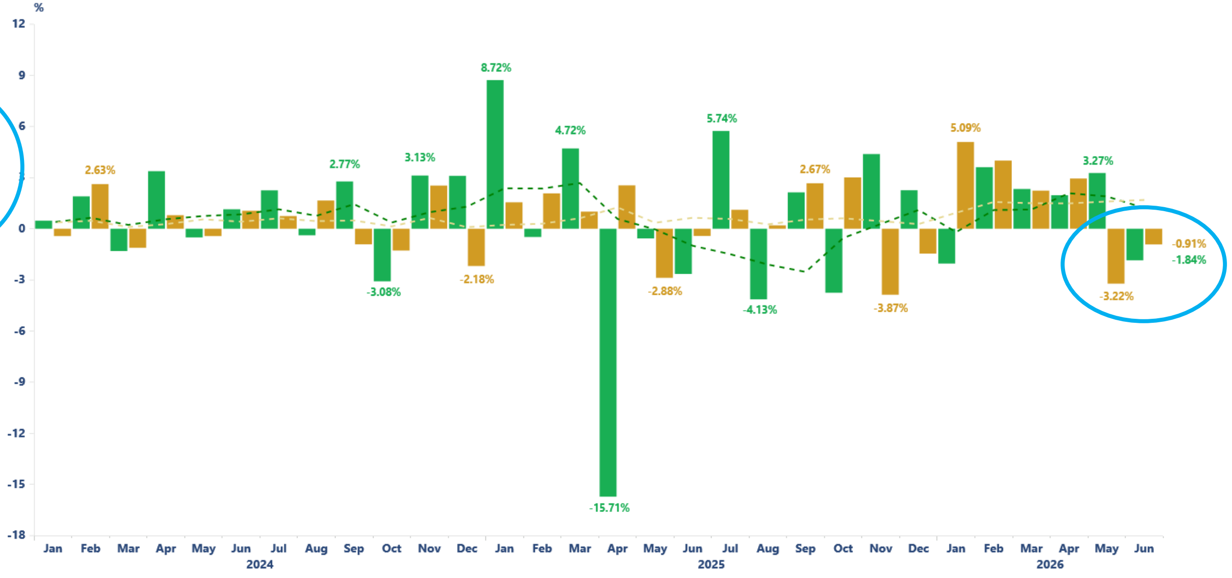
NEUTRAL

Trade Balance

- The Trade Deficit (left) narrowed a bit to -$73.3bil in June, basically in line with expectations, as both Exports (gold) and Imports (green) declined. Lower purchases of Capital Goods and Consumer Goods resulted in Imports declining while Exports saw weaker shipments of Industrial Supplies.
- On a MoM basis (right), Imports were down -1.84%, the most since January 2026, while Exports were down for the 2nd month in a row at -0.91%. Prior to May/June, both had posted multiple consecutive up months.



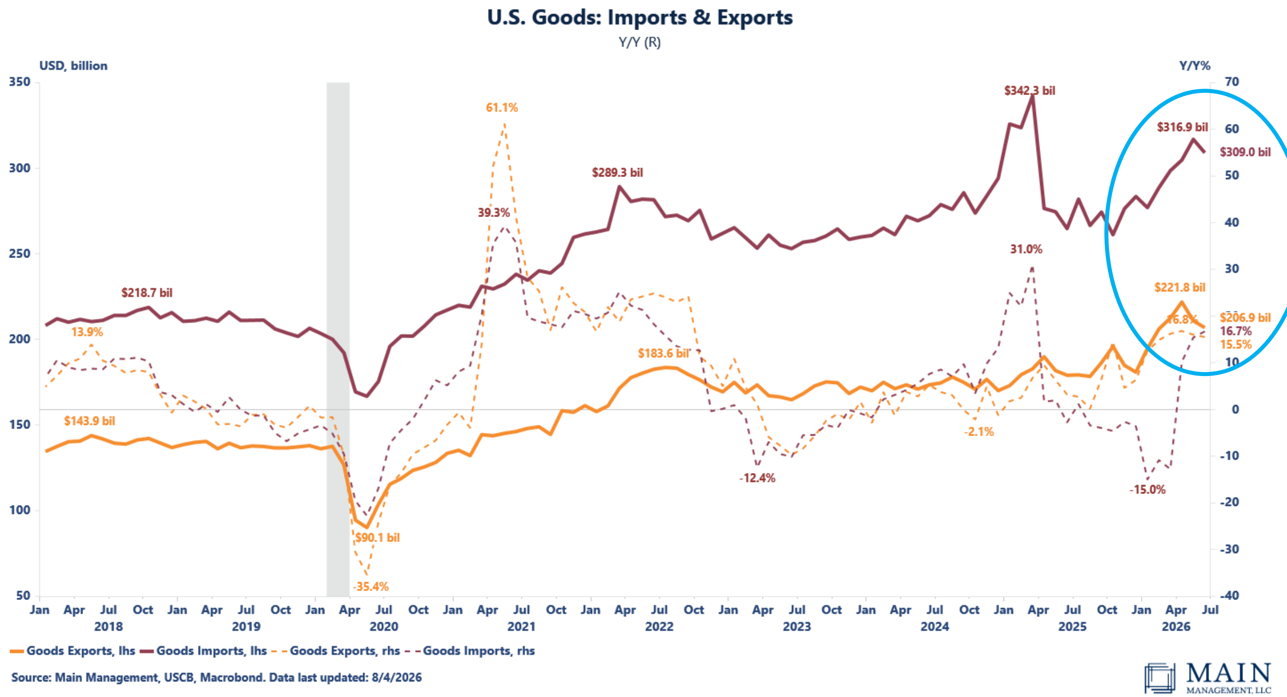
Source: Main Management, USCB, Macrobond. Data last updated: 8/4/2026

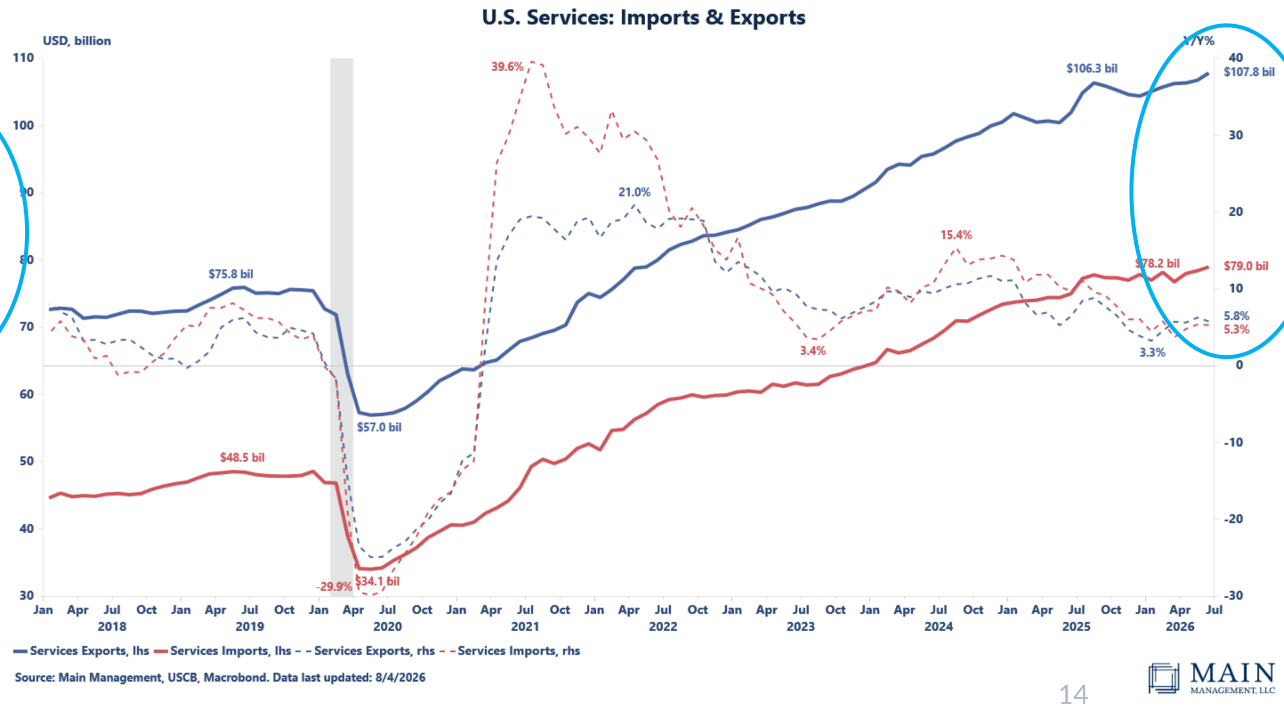


Source: Main Management, USCB, Macrobond. Data last updated: 8/4/2026

Goods & Services

- On the Goods side of the equation (left), both Imports and Exports pulled back but remain up solidly on a YoY basis. Goods Imports (left, dotted maroon) are up +16.7%, the highest since March 2025! Goods Exports (dotted orange) are also up a robust +15.5% YoY.
- Service Imports (right, red) and Exports (right, blue) both moved up, hitting new all-time highs on a $$ basis. Service Imports are up +5.3% YoY and Exports are up +5.8% YoY, both solid figures.

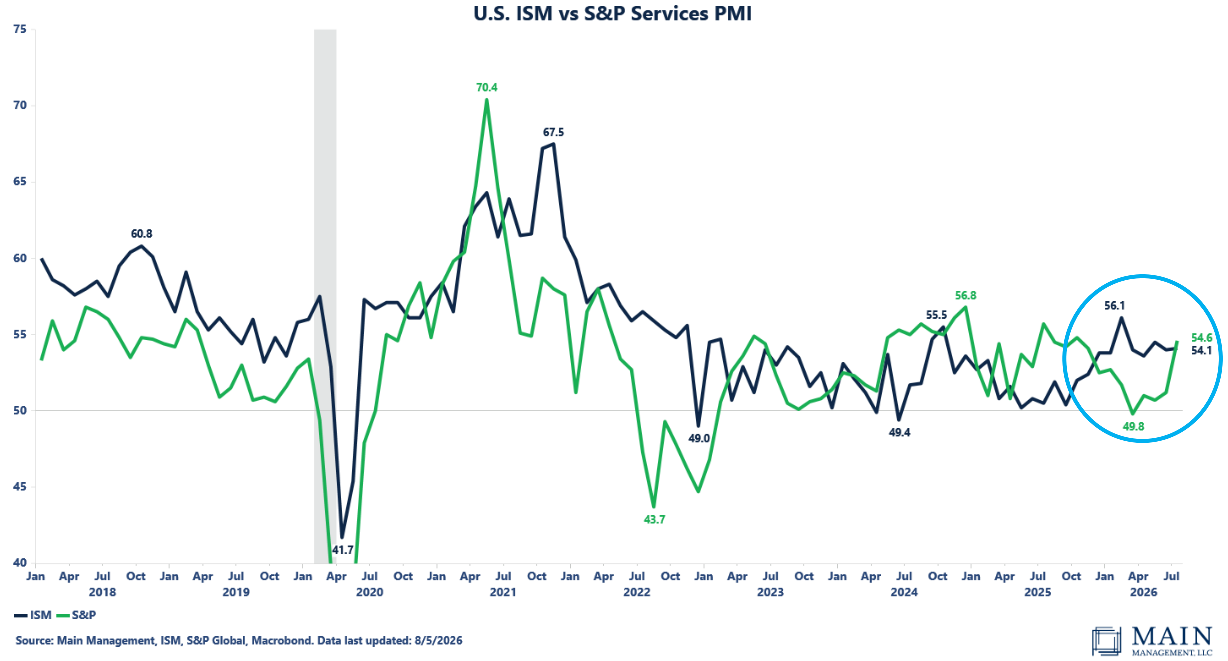


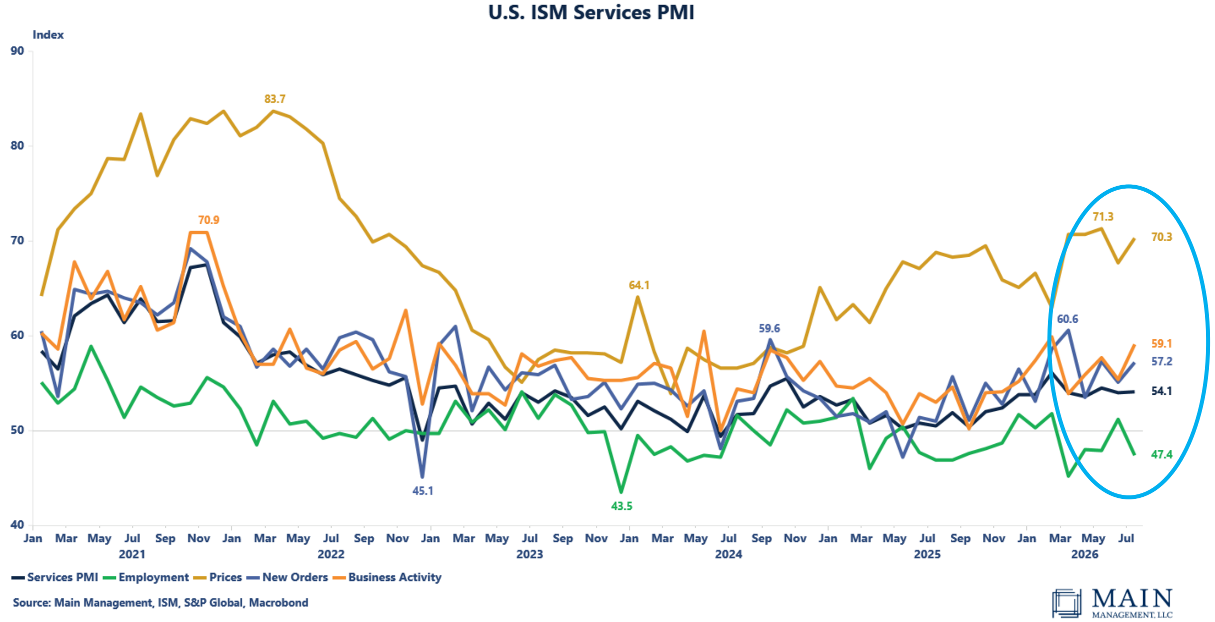


NEUTRAL

Service PMIs

- Both the S&P and ISM U.S. Service PMIs improved in July. The S&P figure (left, green) saw a stronger move, hitting 54.6, upwardly revised from the flash reading of 53.6 and the highest since October 2025. The ISM figure (left, black) inched up to 54.1 from 54.0, below forecasts for a 54.5 figure. Both indices point to solid expansion.
- Within the ISM figure (right), Employment (green) moved back down into contraction at 47.4. Both the New Orders and Business Activity components improved to 57.2 and 59.1, respectively. Prices Paid moved back up to 70.3, consistent with ongoing cost pressures that extend beyond energy prices.





POSITIVE

Summary

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- July NFPs had a big miss, shedding -23k jobs unexpectedly. The Unemployment Rate declined to 4.1%, though, as people are leaving the labor force. The Participation Rate is down to 61.4%, a 5+ year low!
- Q2 Productivity came in at +1.4% QoQ, solidly above forecasts for a +0.6% figure. ULCs were up +1.4% QoQ.
- Job Cut Announcements slowed in July and are now largely back in line with historical levels. However, they continue to outpace hires quite handily and are once again on track to do so for the full year.
- Both ADP and JOLTS were less negative than the NFPs, indicating an unexciting but steady labor market.
- The Trade Deficit narrowed as both imports and exports declined.
- U.S. Service PMIs improved in July, indicating ongoing expansion in the sector.

- Upcoming data:
  - Household Debt and Existing Home Sales (Tues)
  - Headline & Core CPI (Weds)
  - Headline & Core PPI (Thurs)
  - Retail Sales and UMich prelim Consumer Sentiment (Fri)

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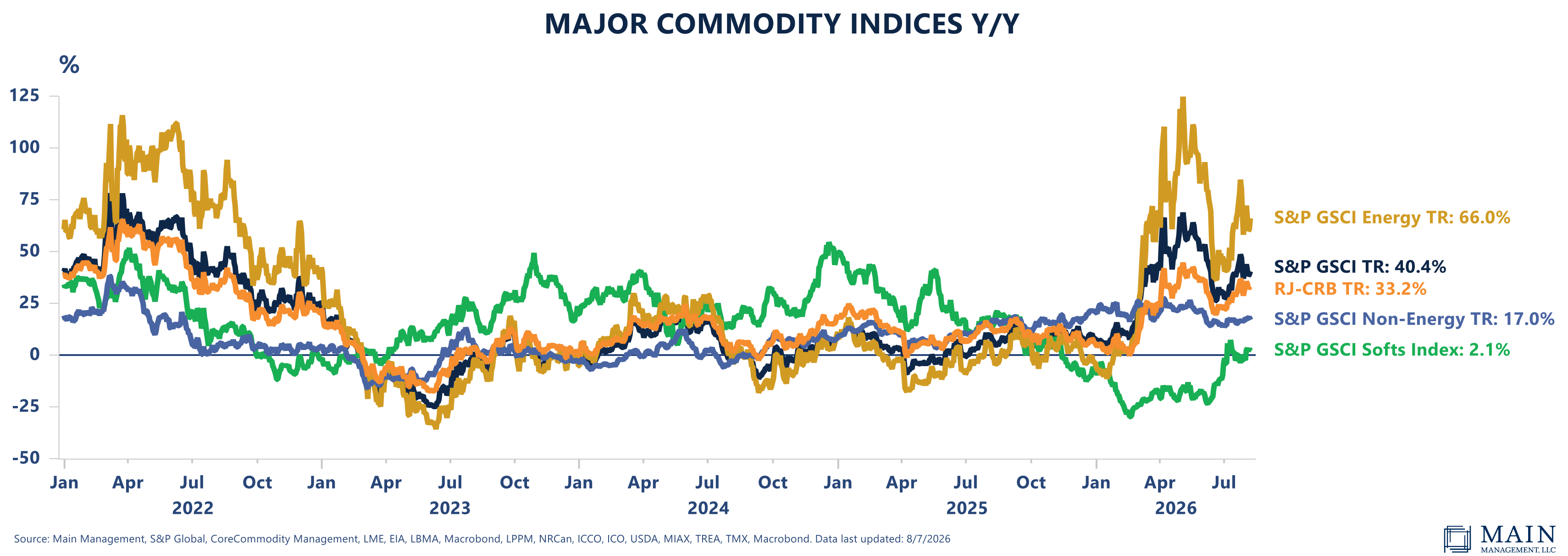
Appendix

Inflation Watch



Commodity	1 Month	3 Months	YTD ↓	1 Year
Gasoline	0.7	-18.8	72.3	40.5
S&P GSCI	9.1	-9.1	34.9	40.4
Crude Oil	12.0	-24.0	34.5	19.3
Cotton	12.9	-0.6	27.5	25.0
BBG Commodity Index	5.8	-7.7	18.8	29.9
Copper	6.9	8.7	14.0	48.2
Soybeans	2.3	-3.2	12.3	19.4
Lumber	-7.3	0.2	7.3	-15.5
US Dollar (DXY)	-0.9	1.5	1.6	1.2
Corn	3.3	-5.7	-0.3	15.1
Gold	2.8	-6.9	-2.0	25.4
Coffee	1.9	5.2	-7.8	7.7
Silver	1.3	-16.0	-12.4	63.0
Bitcoin	4.5%	-20.6%	-26.6%	-43.7%
Natural Gas	-17.4	-5.3	-28.4	-12.3

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 8/7/2026

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Disclosures

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