CORBETT ROAD
WEALTH MANAGEMENT

MARKET MUSINGS

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CHARTING THE COURSE 2026

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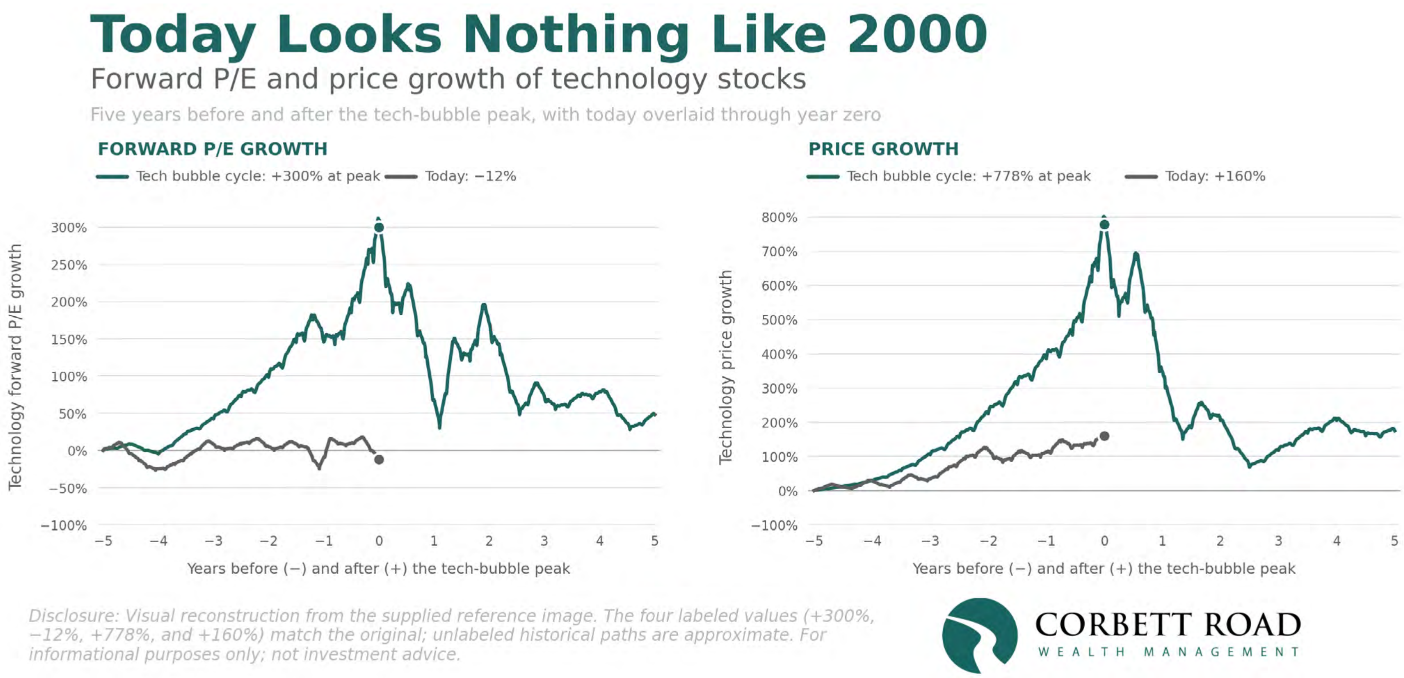
SUMMARY

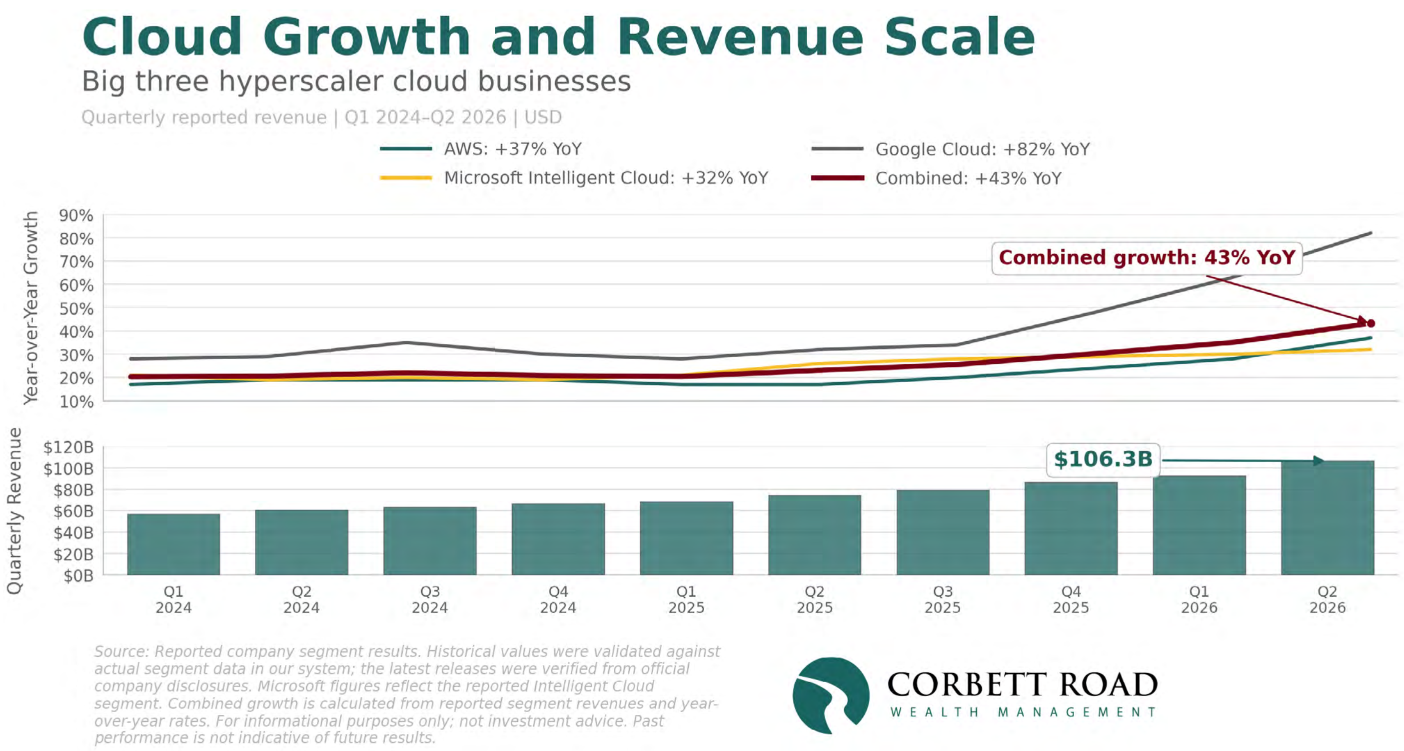
- Every August, we "Chart the Course" with a series of charts highlighting key current and historic trends in the economy and markets. We hope you find them both insightful and useful. Our regular commentary will resume in September.
- Our **micro**cast™ signal remains at a neutral allocation. Taken together, our tactical risk models continue to indicate a constructive backdrop for equities.

CHARTING THE COURSE:
ARTIFICIAL INTELLIGENCE

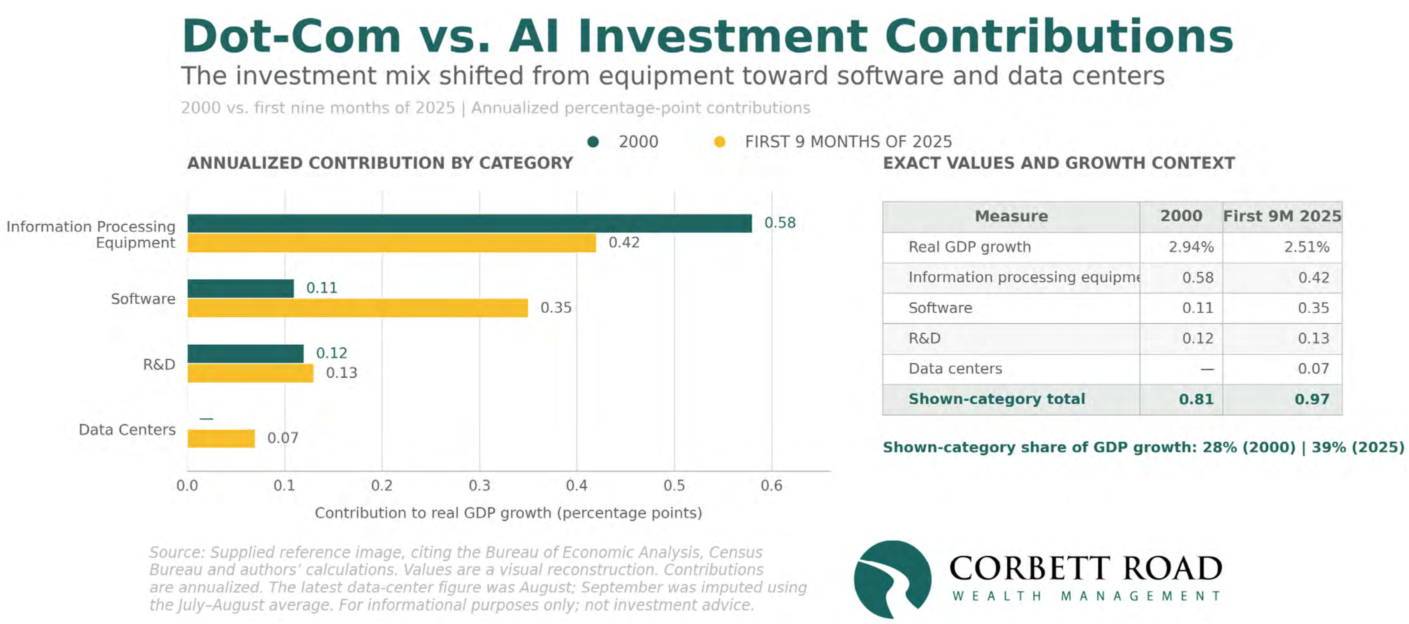
Whatever the risks around AI, today's stock market is not a replay of 2000: technology stocks have risen far less, while forward valuations have contracted rather than tripled. That does not mean the market cannot decline or the AI theme cannot falter, but it argues strongly against treating the current setup as a repeat of the dot-com bubble (chart from The Compound Media):



The case for the AI buildout is getting stronger: big-three cloud revenue growth has accelerated to 43% year over year, providing increasingly tangible evidence that demand is catching up with AI capex. As long as these companies continue to see a payoff on their investments, they are likely to keep spending money (chart on next page from 3Fourteen):



The AI buildout is already having a greater impact on the economy than the dot-com boom, with related investment accounting for nearly 40% of U.S. GDP growth in 2025 versus 28% in 2000. Part of that difference reflects slower real GDP growth today, but it also highlights the broader scope of the AI buildout, which extends beyond technology spending to data-center land, power, water, and other infrastructure (data from St. Louis Fed):



Measure	2000	First 9M 2025
Real GDP growth	2.94%	2.51%
Information processing equipme	0.58	0.42
Software	0.11	0.35
R&D	0.12	0.13
Data centers	—	0.07
Shown-category total	**0.81**	**0.97**

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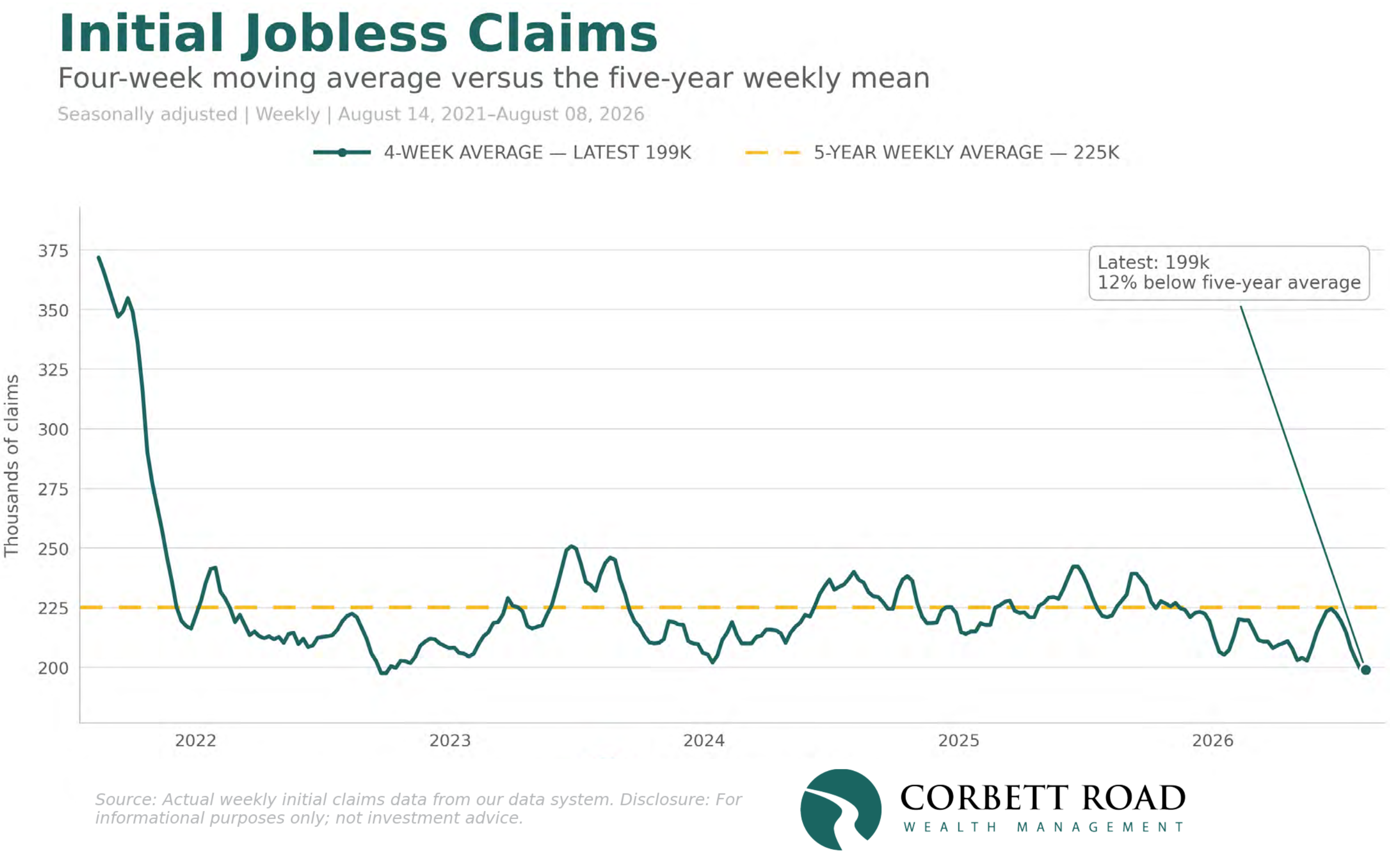
CHARTING THE COURSE:
THE ECONOMY

The persistence of sub-200k jobless claims argues strongly against a meaningful deterioration in labor demand, even as hiring has slowed. Claims remain roughly 10% below their five-year average and continue to hover near multi-decade lows (data from 3Fourteen):

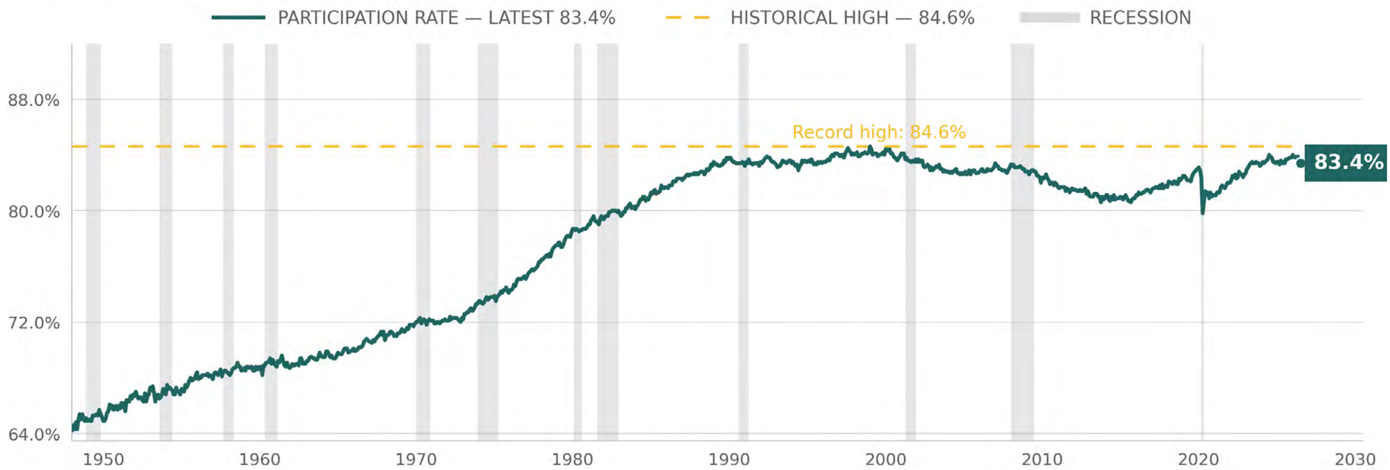


Last week's negative jobs print and drop in overall labor-force participation overstated the weakness. Prime-age participation remains near a record high, suggesting the labor market is cooling through weaker hiring and not workers leaving the labor force (chart on next page from Ben Carlson):

U.S. Prime-Age Labor Force Participation

Seasonally adjusted monthly rate for ages 25–54

January 1948–July 2026 | Recession periods shaded



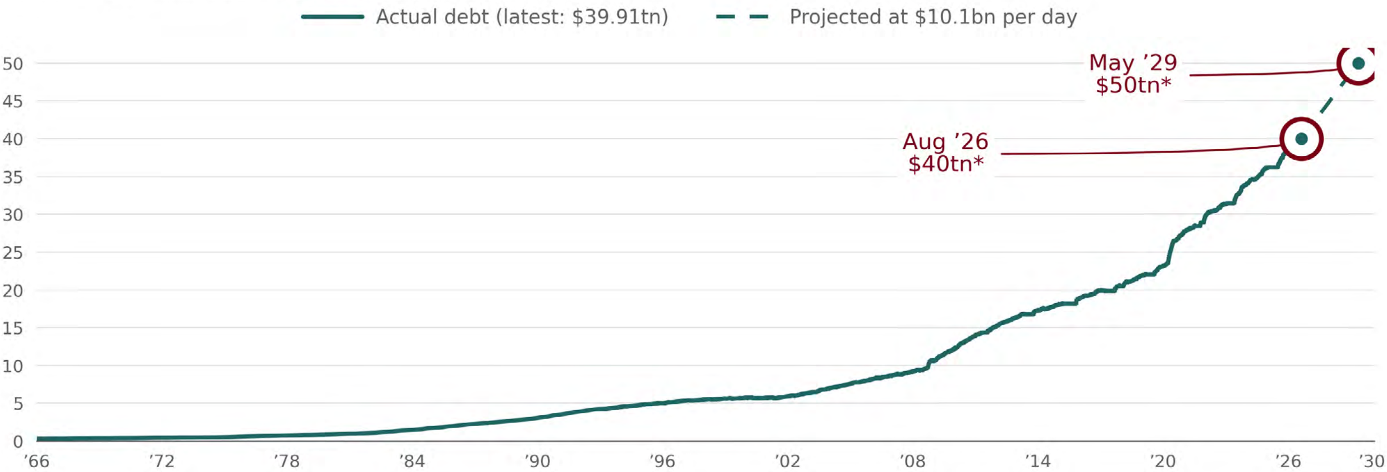
Source: Actual monthly U.S. labor-market and recession data from our data system.
Disclosure: For informational purposes only; not investment advice.

The federal government continues to borrow at a rapid pace. Public debt is about to cross $40 trillion and is projected to reach $50 trillion before mid-2029. The rapid rise in federal debt is not an immediate crisis, but it raises interest costs, increases sensitivity to higher bond yields, and leaves policymakers with less fiscal room to respond to the next downturn (chart from Bank of America):

U.S. National Debt Approaches $40 Trillion

Total public debt outstanding and trailing 100-day projection ($tn)

1966–2029 | Latest actual: Aug 12, 2026 | Nominal dollars



*Disclosure: *Milestones extrapolate the average daily increase over the 100 calendar days ending August 12, 2026. Actual outcomes will vary with fiscal policy, cash management and debt-limit dynamics.*
Sources: Official daily public debt data and historical macro data from our data system. Illustrative analysis; not investment advice.

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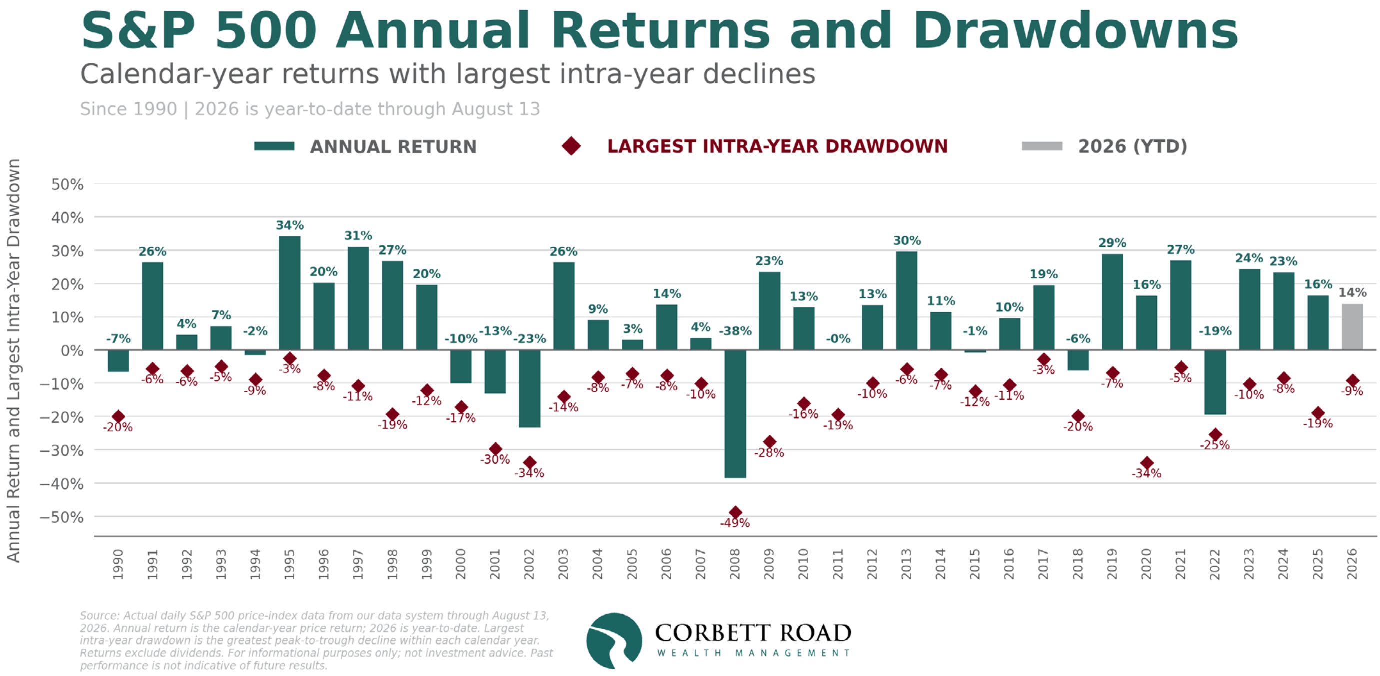
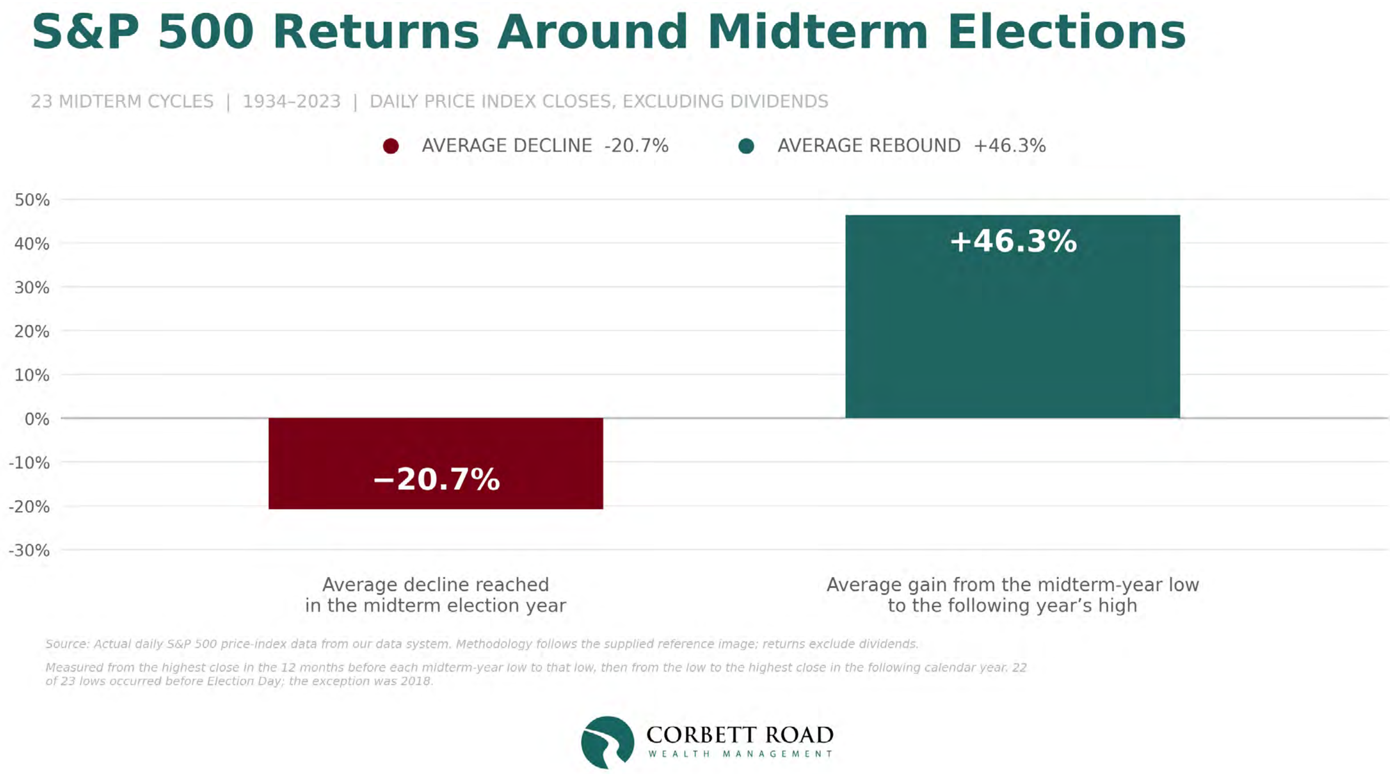
CHARTING THE COURSE:
MARKET HISTORY

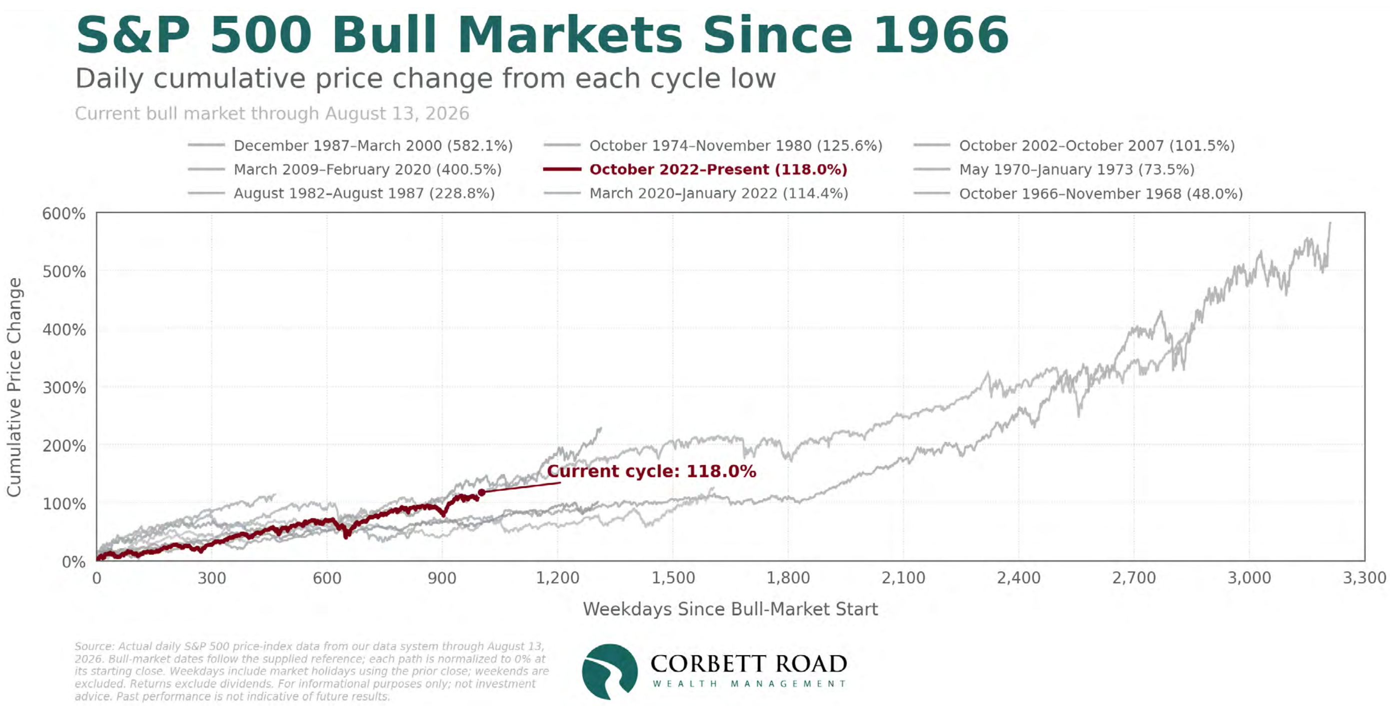
Large intra-year drawdowns are normal even in strong years, so volatility alone is a poor signal that the bull market is ending. Since 1990, the stock market has experienced a drawdown of at least 5% in every year except 1995 and 2017. Volatility is the norm, not the exception (data from S&P):



Midterm-year selloffs have historically been buying opportunities rather than cycle-ending events. Dip buyers have typically been rewarded, with average gains of nearly 50% from midterm-election-year lows to the following year's highs. The current year's low occurred on March 30th, and the market has risen roughly 22% since then (data for chart on next page from RBC Wealth Management):



Gains alone don't make this bull market an outlier. At 118%, the current advance ranks middle-of-the pack when compared to past market cycles, trailing the great bull markets of the 1980s and 1990s, as well as the rallies that followed the Global Financial Crisis and the OPEC Crisis (data from Yardeni Research):



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