Markets Update - 7/27/26

A look at what happened today impacting US equity, Treasury, and selected commodity markets, and what to watch for tomorrow

NEIL SETHI

JUL 27, 2026 • PAID

Quick Summary:

- **US equity indices opened firmly higher Monday, encouraged by the continued pause in strikes between the US and Iran as the latter held talks with Oman over the Strait of Hormuz which was sent oil prices sharply lower and bond yields also easing as covered in the morning update.**
- **However, the early strength faded quickly as another bout of weakness in semiconductor and AI infrastructure names weighed on the market-cap-weighted indices dragging them into negative territory. They would battle back to finish little changed with the S&P 500 flat on the day, while the Nasdaq Composite slipped -0.2%. The PHLX Semiconductor Index fell -2.2%, now on track for its worst month since 2008, dragging the Information Technology sector lower despite strength in software and another all-time high for Apple.**
- **In contrast the less Tech heavy equal-weighted S&P 500 Index finished +0.7%, the Dow Jones Industrial Average +0.5%, and the Russell 2000 +0.7%, as under the surface, participation was stronger than the headline indices suggested. Communication Services, Consumer Staples, and Financials were among the leaders.**
- **WTI crude would see its largest decline since early April as US-Iran tensions eased with President Trump saying there was a "good chance" of reaching a deal with Iran. That said, Trump warned fighting could resume if negotiations do not produce a deal.**
- **Separately, Iran and Oman are trying to reach an agreement to restart**

shipping through the Strait of Hormuz, according to people familiar with the matter.

US equity indices started solidly higher, but that marked the highs, with a pullback until mid-morning taking the Nasdaq & SPX into negative territory. They would rally off the lows but still end -0.2% and flat respectively.

DJIA & RUT stayed in the green +0.5% & +0.6%.

Some market commentary:

> - "Today's move in oil is supportive for both equities and bonds, but the impact is likely to be short-lived. Particularly given it's difficult to make a sustained case for lower oil prices with no sign of transit through the Strait of Hormuz resuming." — Skylar Montgomery Koning, BBG macro strategist.
> - "In yet another example of where stocks are headed once the Iran conflict is over, a suspension of attacks over the weekend has pushed crude oil prices lower, and interest rates are following," said veteran strategist Louis Navellier. "That implies further equity upside when the conflict is fully over."
> - "I expect a volatile week with the Fed, tech results, and a bunch of European inflation data coming out," said Andrea Gabellone at KBC Securities. "Moreover, the Iran situation is still very fragile. For now, the

President said that 'all options are still open,' so it will be difficult to put risk back on the table."

- "This is a week with more than its fair share of potential surprises, good and bad," said Chris Larkin at E*Trade from Morgan Stanley. "Geopolitics and oil prices may be the biggest wild cards, but a bullish response to strong Magnificent Seven earnings isn't a given, especially if AI spending levels continue to raise eyebrows."
- "There is a complex relationship between earnings releases and markets," said Daniel Murray, deputy chief investment officer at EFG Asset Management. "If results are good but the response is anemic, that will be informative in terms of the underlying market tone and investor sentiment."
- "We know that Warsh does not want to provide the market with forward guidance, which is fine," said Mark Cabana, head of US rates strategy at Bank of America. "But then the market has greater ability to price the outcome that it thinks the Fed should do, or price an outcome that perhaps will force the Fed to consider hiking."
- "We're in a period where people are inclined to sell off on capex, and Microsoft and Meta and Amazon are all holding hands with Alphabet and jumping in to spend," said Willy Lee, principal at venture firm Neostellar Capital. "We're going to see scrutiny on all parts of their businesses as they keep spending."
- "There's just a lot of uncertainty about what is happening with Chinese companies," Thomas Martin, senior portfolio manager and partner at Globalt Investments, told CNBC. "You have a lot of competition and technological advancement ... in product markets that are very tight." Additionally, traders are reshuffling their investments amid signs of "air being let out" of the artificial intelligence bubble, particularly as stocks remain off their record highs hit in late June, according to Martin. "There's just this tremendous uncertainty in technology land," Martin added. "There's a lot of uncertainty among investors as to where this shakes out and whether they want to reposition some of their money."
- "I would classify a rotation as fundamentally driven — there's a

> fundamental reason for people to sell one cohort of stocks and buy another — as opposed to a positioning unwind," Jonathan Krinsky, chief market technician at BTIG LLC, said by phone. The drifting market action in recent weeks is "more of an unwind than a rotation."

In today's Markets Update:

- **A deeper look at Monday's stock and sector breakdown, including renewed semiconductor weakness but strength in other areas with broad participation beneath the surface.**
- **A closer look at key company movers and corporate developments.**
- **Updated technical charts across the SPX, Nasdaq, Russell 2000, and equal-weighted SPX.**
- **A review of market breadth and participation, including large individual winners and losers, NYSE positive volume, EPFR flows, and the split between market-cap-weighted weakness and equal-weighted strength.**
- **A look at the rates and Fed backdrop, including Treasury yields, the 2-year yield's break above its downtrend line, the setup into Wednesday's Fed decision, and BoA's Hartnett on the need for a Fed hike.**
- **A look at volatility and market structure, including VIX, VVIX, 1-day VIX, and Tier1Alpha on systematic positioning.**
- **A review of cross-asset trends, including WTI crude, the dollar, gold, copper, natural gas, and bitcoin.**
- **MarketWatch on the SOX drawdown, Bloomberg on capex pressure and sector divergence, Goldman's Callahan on AT&T, a look at SpaceX weakness, Sevens Report on sector dispersion, Goldman on hyperscaler correlations, Deutsche Bank and Goldman on positioning, BoA on EPFR flows, a look at Nvidia/SK/OpenAI developments, John Kemp and JPM's Natasha Kaneva on oil positioning, Deutsche Bank on oil valuation and oil/rates volatility, CNBC/Goldman on gold sentiment, Yardeni on Dow Theory, BoA/Hartnett on blue-collar semis and MAGS, BoA's trading desk on momentum, RenMac on core durable goods shipments, the updated Atlanta Fed GDPNow, Goldman on core PCE inflation breadth, Atlanta**

Fed on business inflation expectations, AAII on inflation expectations, SocGen's Albert Edwards on ISM/EPS risk, BloombergNEF on data-center electricity demand, BoA/Hartnett on Treasury supply, and Mark Hulbert on active management.

- **A wrap-up on AI weakness, broader market resilience, the rates and oil backdrop, the Iran conflict, and the near-term market setup.**
- **A look ahead to Tuesday's calendar, including US economic data, the Fed blackout, Treasury auctions, SPX earnings, and ex-US highlights.**

Stock and sector breakdown (in part from Briefing.com):

While the SPX struggled to a flat finish, we still had 7 of 11 sectors in the green with 3 up 1% or more. However Tech -1% was too much of a drag to overcome. Two other sectors finished down at least 1%.

Semiconductor stocks remained under pressure throughout the session despite improved sentiment surrounding Asian technology stocks overnight. The information technology sector fell 1.0%, while the PHLX Semiconductor Index lost 2.2% as weakness across memory and AI infrastructure names continued. NVIDIA (NVDA 196.53, -10.31, -4.98%) finished as the worst-performing "Magnificent Seven" stock, reinforcing the group's outsized influence on the broader indices. Separately The Information reported, citing sources familiar with the matter, that China had begun developing deep ultraviolet lithography machines, which are used to build semiconductors, driving down stocks even further. U.S.-listed shares of ASML, the dominant player in the space, fell almost 6% on the back of the report.

The weakness in semiconductors contrasted with strength elsewhere in technology. Apple (AAPL 336.91, +3.89, +1.17%) climbed to another all-time high, while software stocks significantly outperformed. The iShares Expanded Tech-Software Sector ETF (IGV) gained 3.3%, with many of the day's best-performing S&P 500 components coming from the software industry.

The communication services sector rose 1.5% as Alphabet (GOOG 326.57, +7.48, +2.34%) rebounded from last week's post-earnings selloff.

The consumer staples (+1.6%) and financials (+1.0%) sectors also finished among the market leaders.

Tesla (TSLA 309.22, -3.81, -1.22%), however, remained under pressure following last week's earnings report, limiting gains in the consumer discretionary sector (+0.8%) despite a strong showing from its oil- and rate-sensitive components.

Energy was the weakest-performing sector, falling 2.0% as crude oil prices tumbled. Baker Hughes (BKR 60.59, +3.34, +5.83%), however, bucked the broader sector weakness following a better-than-expected earnings report.

Consumer Staples	+1.58%
Communication Services	+1.46%
Financials	+1.00%
Consumer Discretionary	+0.77%
Health Care	+0.52%
Industrials	+0.32%
Materials	+0.26%
Real Estate	-0.49%
Information Technology	-0.97%
Utilities	-1.33%
Energy	-2.01%

-3% 0% 3%

Sectors are represented by CME Cash Indices

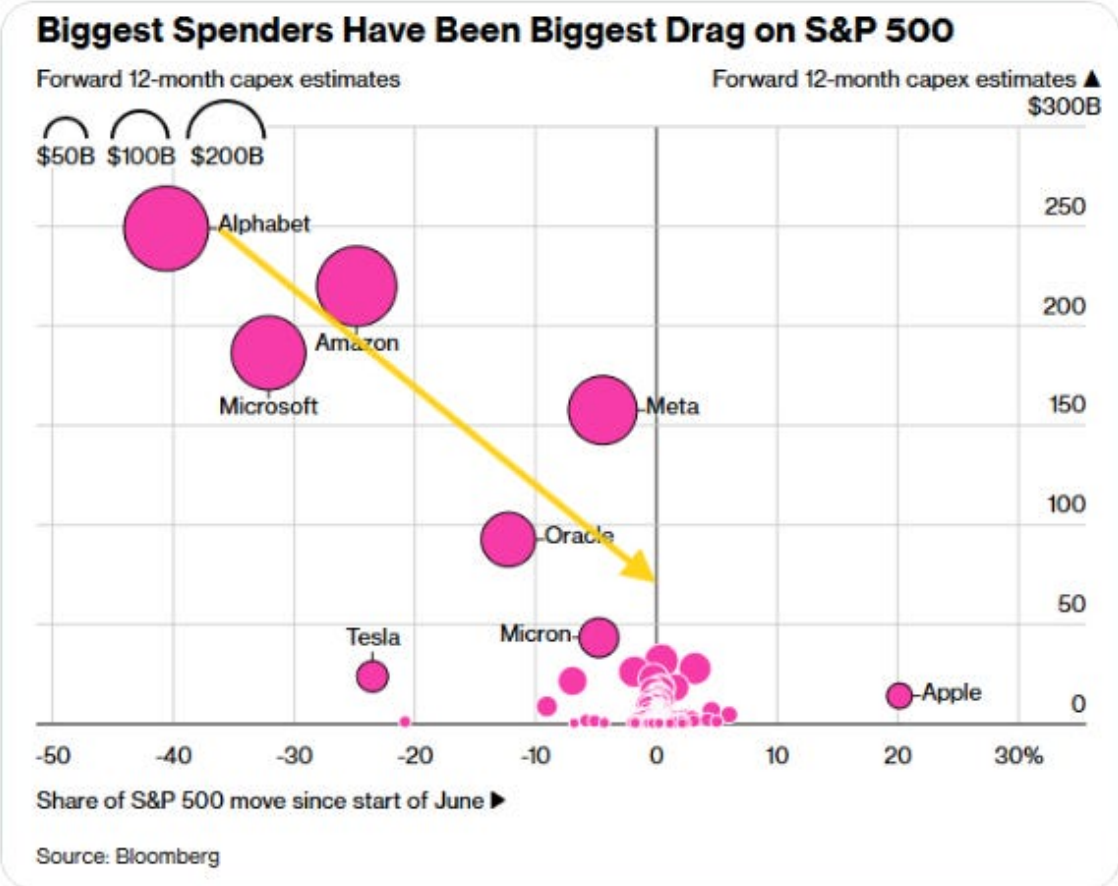
as of 4:17 PM ET, 07/27/2026

MarketWatch: $SOX the PHLX Semiconductor Index is down 1.9%. **It has now dropped 18.7% in July — putting it on track for its biggest one-month loss since it tumbled 22% in October 2008**, during the global financial crisis.

Adding to the negativity, **all 30 SOX components were trading below their 50-day moving averages**, which many use to track the short-term trend. If it closes that way, **it would be the first time since April 23, 2025**, according to Dow Jones Market Data.

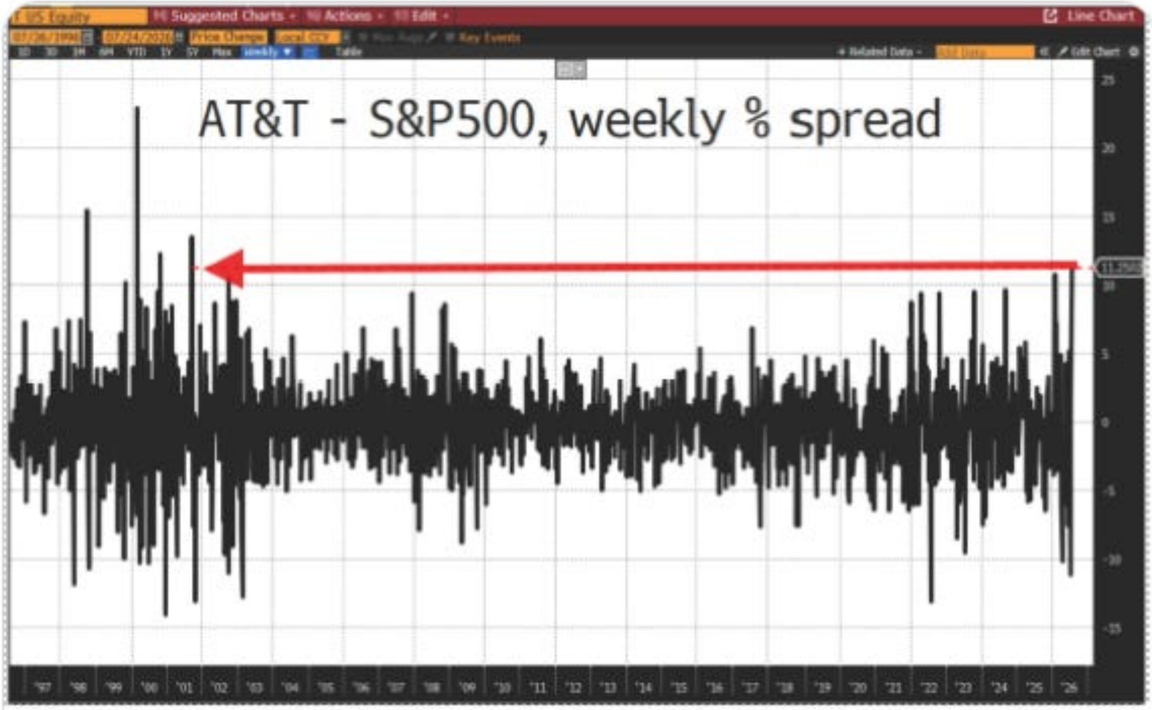
Currently, the SOX is about 11% below its 50-DMA.

BBG: There's a clear negative correlation in July between equity returns and gross 12-month forward capex estimates.



Goldman (Callahan):

Telling of the times we are in ... AT&T just turned in its biggest week of outperformance vs the S&P500 since 2001 (outperforming by~ 11.25% on the week).



Source: Goldman Sachs FICC & Equities, Bloomberg, as of July 2026. Past performance is not indicative of future results.

$SPCX SpaceX has only had two positive sessions since July 9th. It's now down ~25% from the opening print at $150.

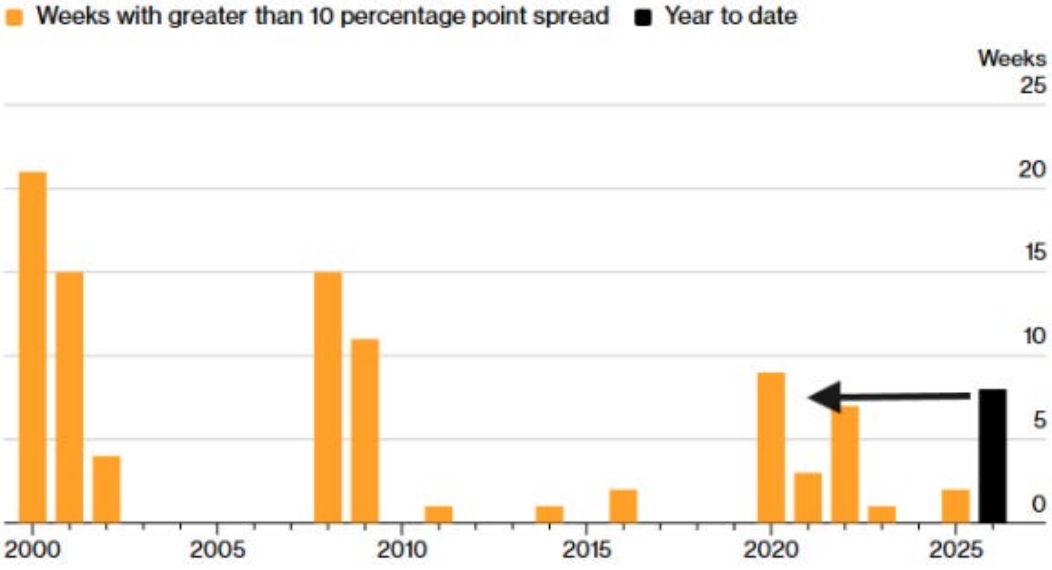
BBG: **So far in 2026, there have been eight cases when the weekly gap between the S&P 500's best- and worst-performing sectors reached double-digit percentages. The three other instances this century when that happened by this point in the year were in 2000, 2001 and 2009** — all ignominious periods for the market, data compiled by Sevens Report show.

"**Such broad weekly sector performance divergences should be viewed as a measurable market warning signal,**" said Tyler Richey, with the Sevens Report Technicals. Prior instances are "all associated with periods of elevated broad market volatility, lasting market tops beginning to be established."

Four of the eight cases have happened since late May.

Sectors Seeing Wider Divergences

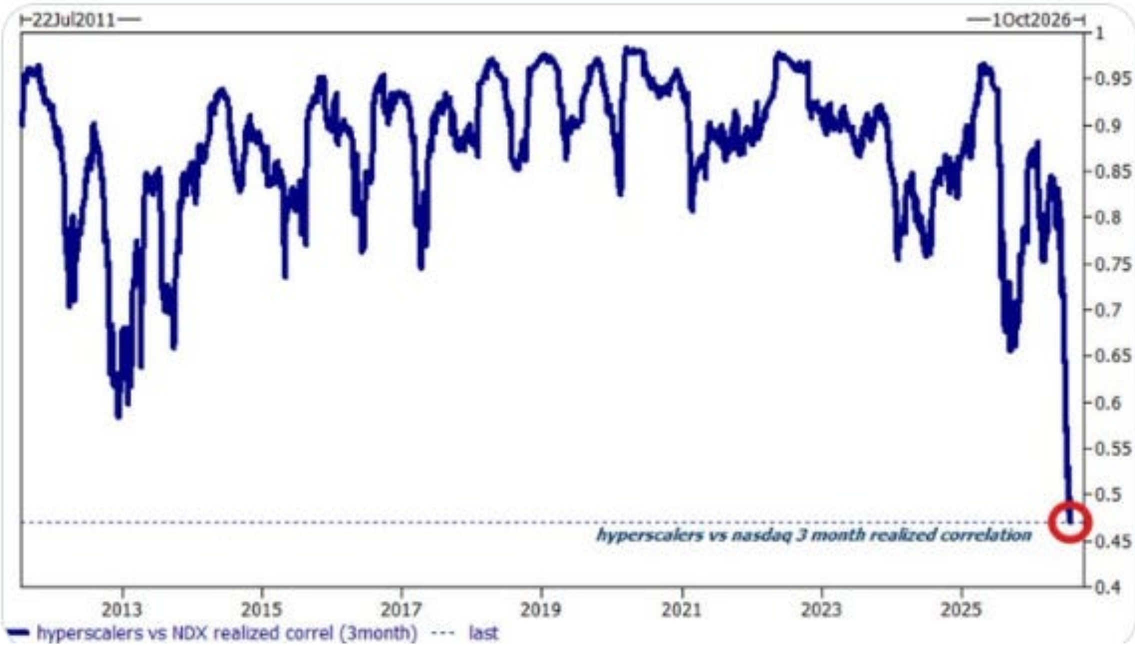
Greater than 10 percentage point spreads between S&P 500 sectors adding up



Note: 2026 data through July 17, 2026
Source: Sevens Report Technicals

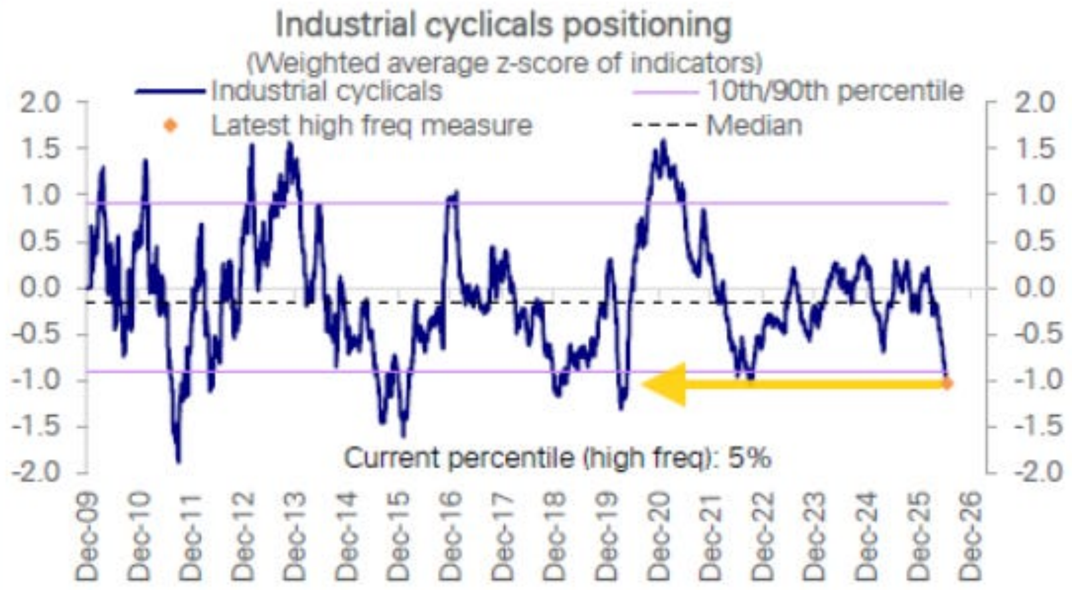
Goldman: An interesting dynamic we have been following... hyperscalers have never been this non-correlated to NDX.

This comes at a time where both S&P implied and realized correlation remain at the lows.



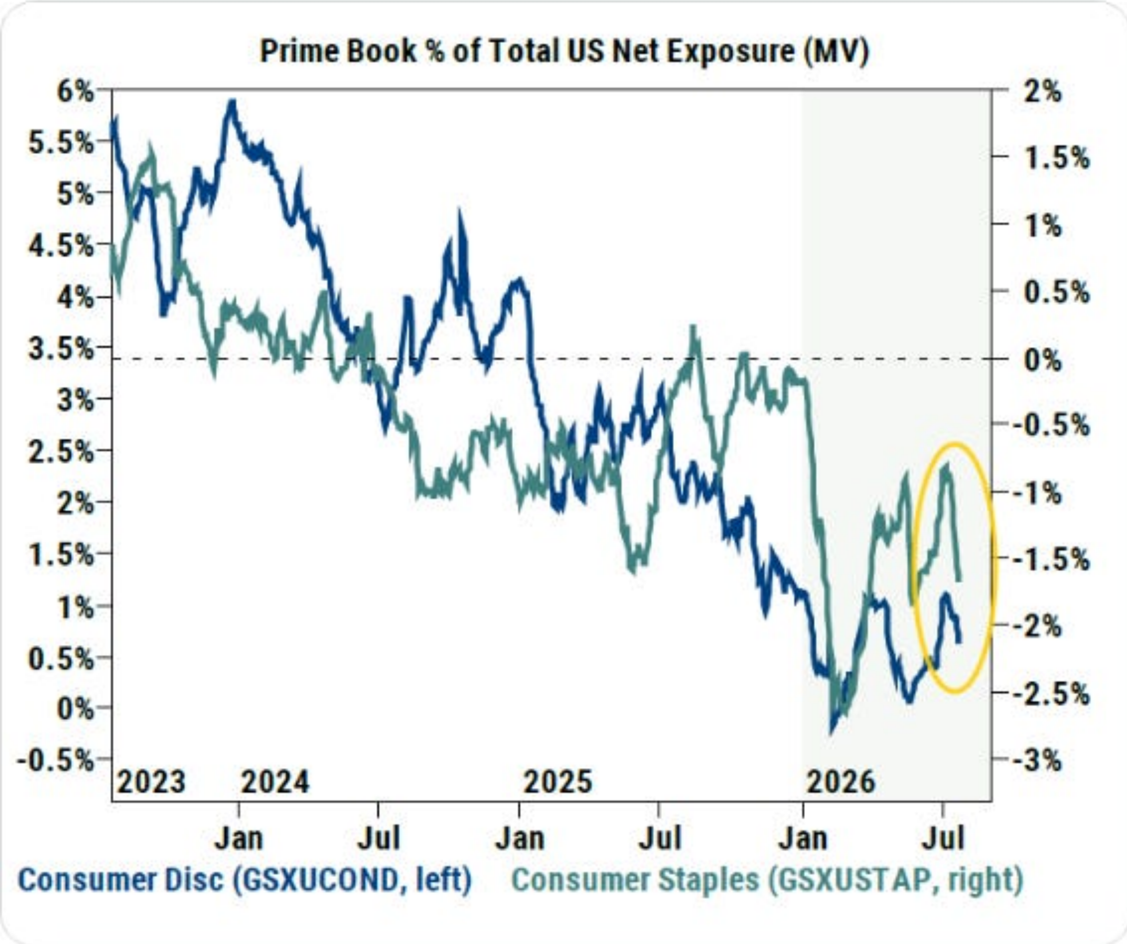
DB: Industrials positioning continues to fall, now just the 5th percentile to 2009, the post-pandemic lows.

Figure 30: Industrial cyclicals positioning



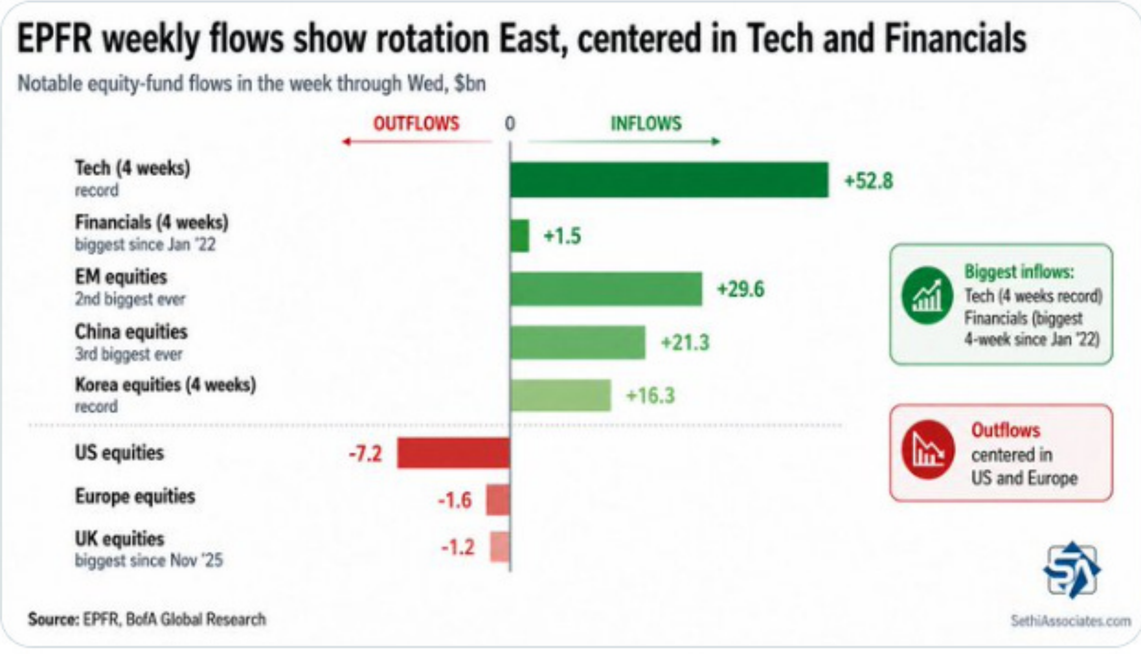
Source : Deutsche Bank Asset Allocation

Goldman: Net allocations (as % of total US net exposure) in Consumer Discretionary and Staples stocks are currently in the 11th and 6th percentiles vs. the past three years, respectively.



Despite the volatility, B**ofA says EPFR equity flows in the week through Wednesday indicate a rotation** out of US and Europe (led by UK with largest outflow since November) and into China (3rd largest weekly inflow on record) Korea (largest 4-week inflow on record), and overall EM (2nd largest weekly inflow on record).

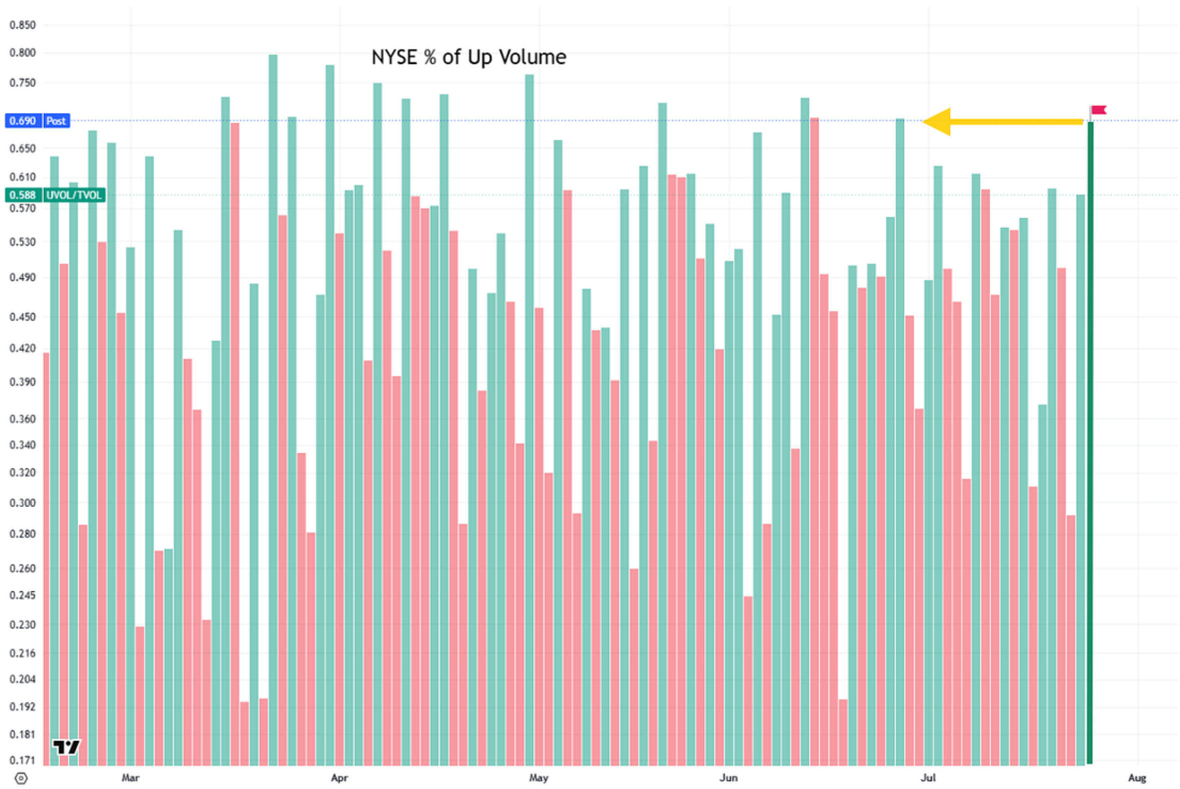
Tech led (now a record 4-week inflow) and Financials saw the largest 4-week inflow since June 2022.



The number of large SPX winners (>3%) came in at ~85 components, while **large losers just ~35**.

[chart from finviz.com]

And positive volume (intensity of buying in stocks positive on the day) was very strong at 69.0% for the modest +0.45% index gain, the best reading in July.



Some other corporate news from BBG:

- Nvidia Corp.'s partnership with SK Group unveiled late Friday means the companies will be doing more than $500 billion in business with each other, it said. The firm is also in talks to backstop as much as $250 billion to help OpenAI lease computing power from a US data center project.
    - Nvidia has committed to invest $5 billion in Ilya Sutskever's Safe Superintelligence Inc., according to people familiar with the matter.
- Paramount Skydance Corp. Chief Executive Officer David Ellison said he's "highly confident" in a planned $110 billion takeover of Warner Bros. Discovery Inc. despite legal challenges.
- Jersey Mike's Subs Inc.'s initial public offering has attracted investor demand for more than 10 times the available shares ahead of pricing on Wednesday, according to people familiar with the matter.
- Sarepta Therapeutics Inc. appointed former AbbVie Inc. executive Michael Severino its new chief executive officer, tapping the long-time pharmaceutical executive to lead the company as it seeks to recover from a period of clashes with US regulators.
- CXMT Corp. surged 466% in its Shanghai trading debut to become China's largest onshore-listed company, as investors piled into one of the country's biggest AI champions.

> Note on all charts the colored lines are moving averages (the average price over the lookback period (days on the daily charts, weeks on the weekly charts)):
> 20 = green
> 50 = purple
> 100 = blue
> 200 = brown
>
> Exception is monthly charts where blue is 10-month moving average and brown is 20-month moving average.
>
> MACD = Moving average convergence/divergence line, a measure of momentum that compares longer term and shorter term momentum to gauge if a move is strengthening or weakening. This is probably my favorite individual indicator

> (it’s also the favorite of Katie Stockton, a very fine technician).
>
> RSI = Relative Strength Index (basically what it sounds like) = measures the strength of the move comparing gains to losses over the given lookback window (I use the standard 14 periods).

Turning to the charts, **the SPX tried to rally but failed at its 50-DMA**. Daily MACD remains negative, and the RSI under 50. I said a week ago, “all not great.”

Nasdaq made it all the way down to its 100-DMA, the lowest close since April. Its daily MACD and RSI are even weaker (with the MACD giving a “go short” signal). A hold at the 100-DMA would be nice, but I’m not counting on it.

The Russell 2000 (RUT) continues to hold its 50-DMA, although also can't get back over its 20-DMA. The daily MACD remains in a "sell longs" reading, while its RSI remains around 50**.**

The equal-weighted SPX in contrast edged to a new all-time closing high. The daily MACD remains negative but is trying to turn higher, but RSI is now over 60.

Yields eased marginally across the curve for a second day. Two-year Treasury yields edged back to 4.32%, down three basis points from Thursday's close, the highest since February of last year and remaining over the nearly three year downtrend line. The Fed Wednesday will have a lot to say about whether it stays above.

They are ~69 basis points above the Effective Fed Funds rate (red line), continuing to call loudly for rate hikes. See the rates section in the Week Ahead for my thoughts on these levels.

10-year yields eased back to 4.65%, down five basis points from Thursday's close, the highest since January 2025.

30-year yields down to 5.13% after having not breached the May highs (which were the highest since 2007).

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TradingView

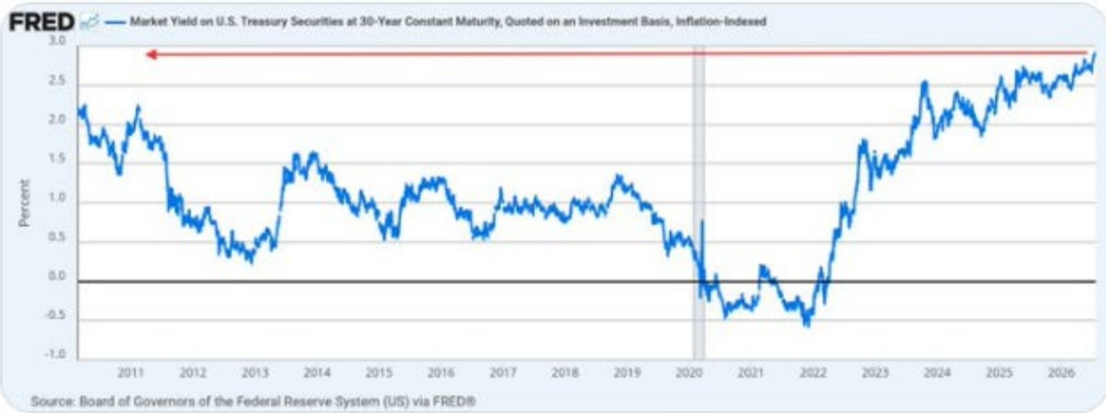
BofA (Hartnett) says financial conditions will keeping tightening risking broader asset deleveraging until the Fed hikes which should be good for the dollar:

"highest 30-year yield (5.2%) since Jun'07, 30-year real yield (3%) since Nov'08 (chart), US tech bond prices at 2-year lows;

"tighter financial conditions (FCI) surprising more than profits (EPS)...ends only once Fed hikes to calm long-end;

"watch 'up in bond yields, up in bank stocks' bull combo flipping to 'higher yields = lower banks'...trigger for risk asset deleveraging;

long US dollar best hedge for hawkish Fed.

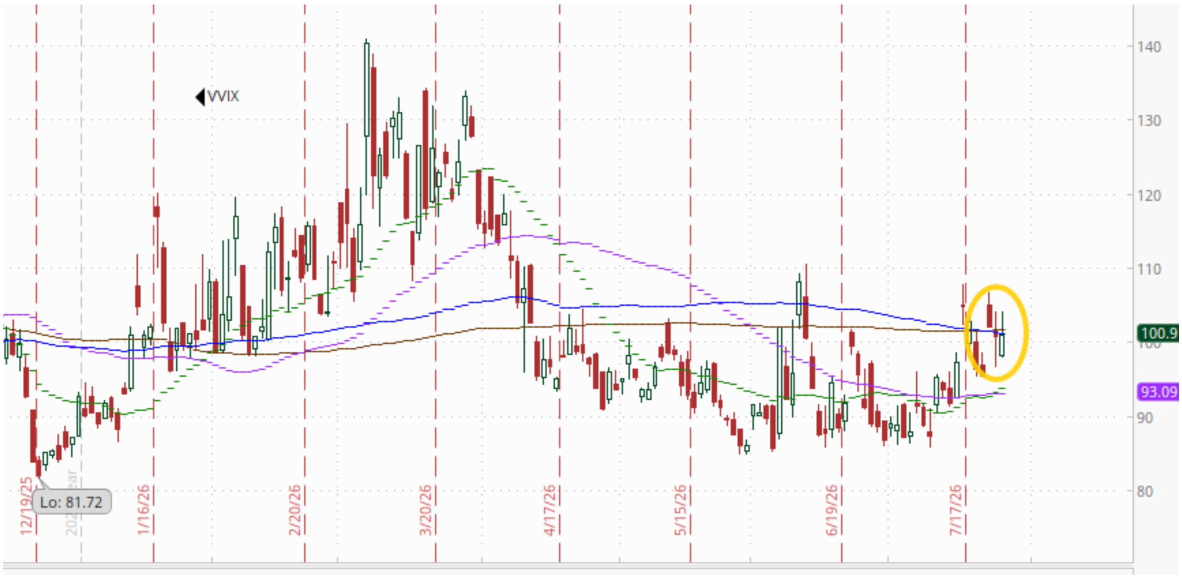


7:56 AM · Jul 24, 2026 · **8,021** Views

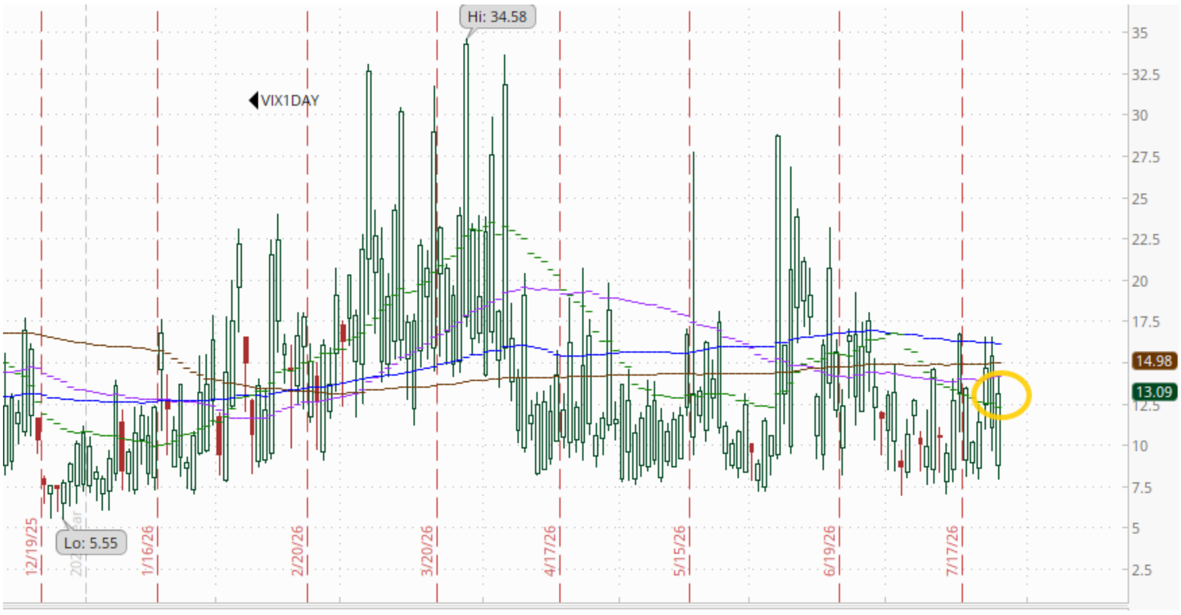
The VIX little changed at 18.7, in the middle of its "normal" range post-GFC, consistent w/~1.17% average daily moves in the SPX over the next 30 days.

The VVIX (VIX of the VIX) also little changed at 100.9.

The current level is **consistent with "moderately elevated" daily moves in the VIX** over the next 30 days (historically, normal is 80-100, but we've been above 90 most of the time since July '24). Above 100 is the level flagged by Charlie McElligott as indicating higher stress.



1-day VIX also eased back but remained elevated ahead of a day with no major catalysts at 13.1. The reading is consistent with a move of 0.82% in the SPX next session.



WTI down -7.7%, its worst day since early April, now down -9% from Thursday's close.

John Kemp notes that the **short covering in Brent continued last week with another 26 million barrels of shorts purchased (cutting short positioning by ~14%)** offset by 4 million barrels of long sales.

That brought the long-short positioning in barrels to the 47th percentile from the 3rd percentile three weeks ago, but still plenty of room to move higher.

As a side note, though, **the positioning in WTI remains very bearish with net length at just the 9th percentile** despite the physical story for WTI being quite strong (near-record US exports, high refinery usage, etc.).

CFTC and ICE commitments of traders for petroleum

Week ending: 21 July 2026

	Total Long Positions	Total Short Positions	Net Position (Long-Short)		Δ Long Positions	Δ Short Positions	Δ Net position	Long/Short Positions Ratio	
	million bbl	million bbl	million bbl	percentile	million bbl	million bbl	million bbl	ratio	percentile
Total petroleum positions	761	340	421	0.31	+23	-24	+48	2.24	0.22
Crude oil	554	284	270	0.20	+8	-23	+30	1.95	0.09
All products	207	57	151	0.72	+16	-1	+17	3.66	0.72
Middle distillates	118	42	77	0.66	+10	-2	+12	2.84	0.51
WTI (NYMEX + ICE)	200	122	78	0.09	+11	+3	+8	1.64	0.11
Brent	354	162	192	0.47	-4	-26	+22	2.19	0.14
U.S. gasoline	89	15	74	0.80	+6	+1	+5	6.00	0.59
U.S. diesel	37	23	14	0.47	+0	-2	+3	1.59	0.45
European gas oil	81	19	63	0.76	+9	-0	+9	4.40	0.51

Percentiles are for all weeks since 2011

Sources: CFTC and ICE Futures Europe
@JKempEnergy

Drilling down on the gasoline part of the TACO index (which was far and away the most viewed post I've had on the new account (there's other good stuff people!)), **JPM's head of Global Commodities Research and Strategy, Natasha Kaneva, models Brent at $94 a barrel if the conflict in its current state lasts another month, with each additional month adding around $7 to $8.** A 1mb/d recovery in Chinese imports adds $3.

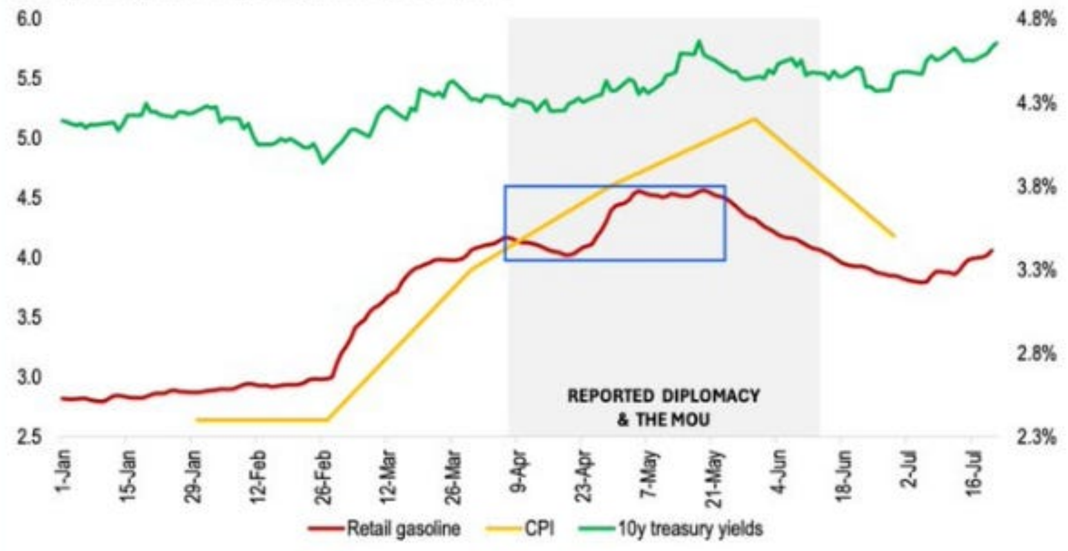
Her base case is that there is a near-term resolution restoring flows with leading to an average price of $86 in Q3 and $80 in Q4, allowing gas prices to fall from just under $4 in August to about $3.30 by year-end.

However, **she models another month of disruptions pushing prices toward $4.20, with a second month sending them above $4.50.**

"In the previous round of escalations, negotiations were initiated once US gasoline prices reached $4.20 and became materially more urgent as prices neared $4.50 (Figure 10). Oil may be a global commodity, but political tolerance for high energy prices remains overwhelmingly domestic."

Figure 10: US retail gasoline prices, CPI and 10-yr Treasury yields

LHS: retail gasoline, $/gallon, RHS: 10y Treasury yields and headline CPI, percent



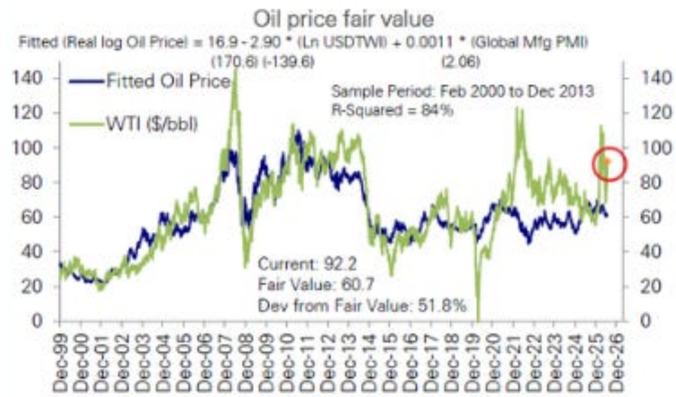
Source: Bloomberg Finance L.P., AAA, J.P. Morgan Commodities Research

DB: The renewed escalation in the Middle East has seen oil prices rise about 40% so far.

Oil prices are now more than 50% above our estimate of medium-term fair value based on global growth and the US dollar, well beyond the typical band of +/- 30% on either side.

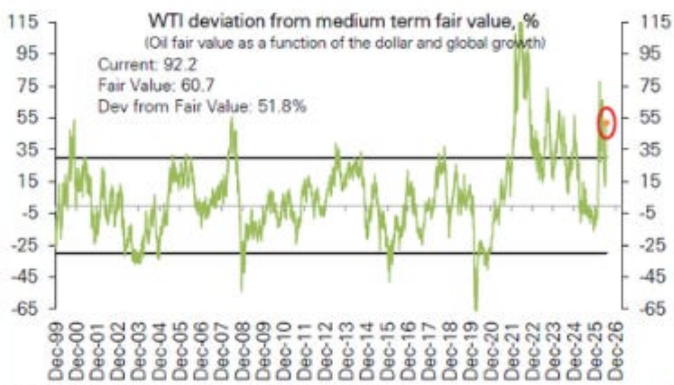
At the peak in March, they were 75% above.

Figure 12: Oil prices have risen sharply this month and are more than 50% above our estimate of medium-term fair value, ...



Source: FRB, S&P Global, BLS, Bloomberg Finance LP, Deutsche Bank Asset Allocation

Figure 13: ... well above the +/- 30% seen historically, but below the March highs



Source: FRB, S&P Global, BLS, Bloomberg Finance LP, Deutsche Bank Asset Allocation

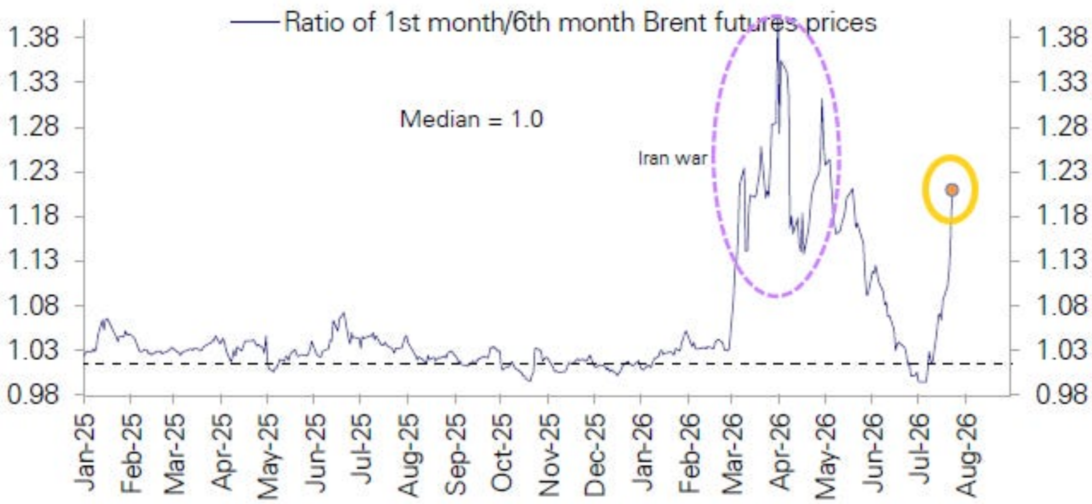
8:40 AM · Jul 26, 2026 · **8,750** Views

DB: Similarly, **the premium in the front month contract relative to that 6 months out has shot up, as has oil price volatility but both are still below March peaks**.

The rise in oil prices has seen expectations for Fed cuts to turn hikes and since the start of the Iran war in late February 10y real rates are now more than 70bps higher, and 2y real rates about 170bps higher.

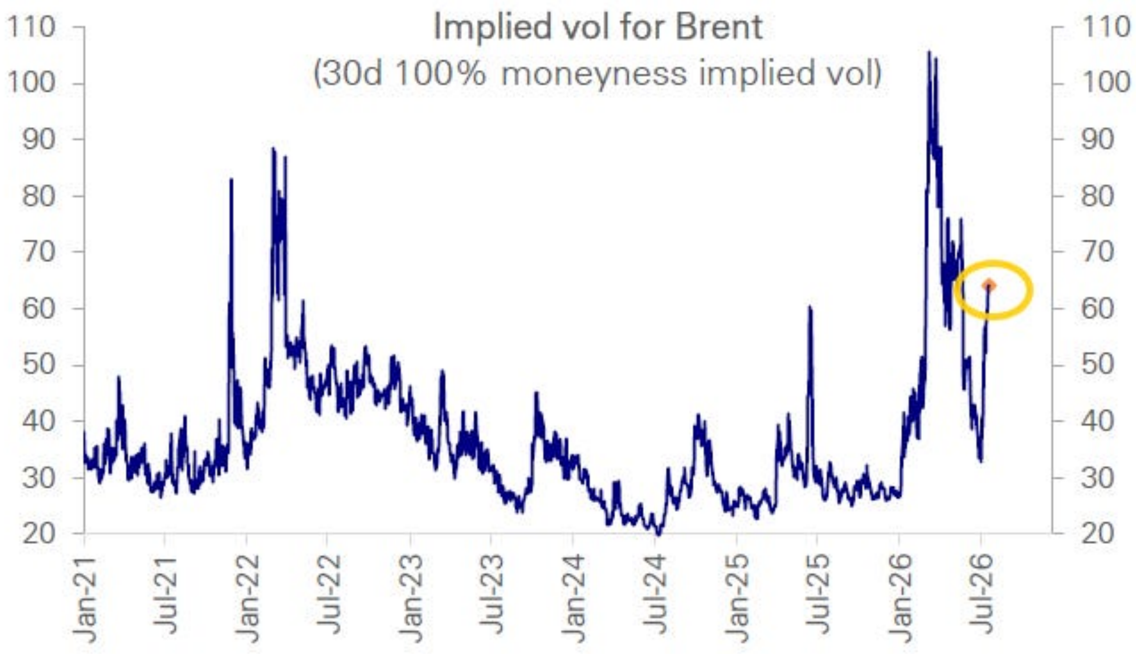
Rates volatility in turn has also risen, which as we have pointed out in the past, is usually a temporary drag on equities.

Figure 14: The premium in the front month contract relative to that 6 months out has jumped but remains below the March peaks ...



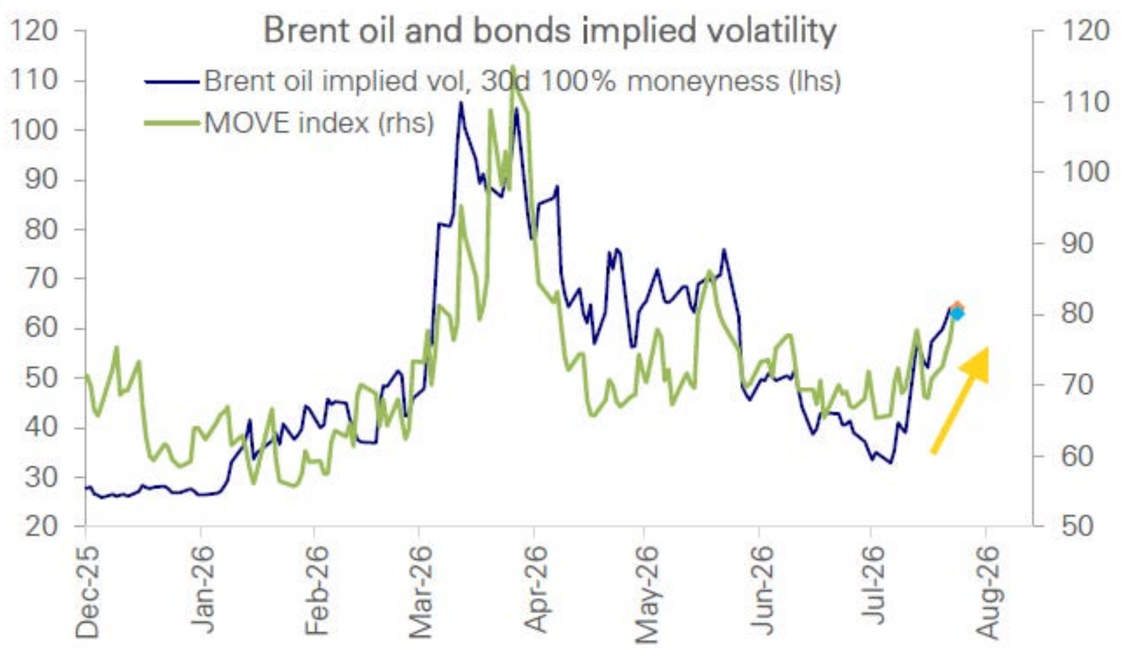
Source : Bloomberg Finance LP, Deutsche BankAsset Allocation

Figure 15: … as has the volatility in oil prices.



Source : Bloomberg Finance LP, Deutsche BankAsset Allocation

Figure 16: The increase in oil vol is also raising rates vol, which is usually a temporary drag on equities



Source : BofA Merrill Lynch, Bloomberg Finance LP, Deutsche BankAsset Allocation

The DXY dollar index (which is fixed weighted with a heavy (57%) vs the euro) up for the 7th session in 8 to just below the highs of the year.

The daily MACD has crossed to "go long" positioning but is improving and the RSI is over 60, "so the momentum is building" as I noted a week ago.

Gold futures (/GC) continue to struggle to cross the downtrend line from the March highs. As I've mentioned for two weeks "the technicals remain much better than the price action."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Gold Futures · 1D · COMEX O4,097.5 H4,119.3 L4,067.1 C4,077.0 +6.2 (+0.15%) +6.2 (+0.15%)
Daily Lines 4,076.4 4,257.2 4,511.3 4,495.8
MACD (close, 12, 26, 9) 16.4 −50.6 −67.0
RSI (14; close) 45.90
Mar
Apr
May
Jun
Jul
TradingView

CNBC: **Goldman Sachs' Marquee QuickPoll**, surveys an average of 600 to 900 primarily institutional clients, **has showed a remarkably consistent optimism toward gold over the past decade** -- a view that also proved to be their most accurate market call.

Looking back at the last 10 years of survey data through June 2026, **Goldman found that, excluding neutral and no-conviction responses, 75.5% of investors with a view on gold were bullish, the highest bullish share among the major asset classes tracked.**

Those views also proved the most prescient, **correctly predicting the metal's month-ahead direction nearly 69% of the time,** well above the hit rates for credit, foreign exchange, equities, commodities and rates.

Gold Drew the Strongest Bullish Conviction Among Goldman Sachs Clients

Over the past decade

Tag	Accuracy (%)	Bullish (%)
GOLD	69.0%	75.5%
CREDIT	55.8%	72.1%
FX	55.1%	36.5%
SPX	53.2%	55.8%
COMMODITY	51.1%	50.0%
RATES	51.1%	42.1%

Source: Goldman's Marquee QuickPoll as of June 2026. CNBC

US copper futures (/HG) up for a second session as they look to recover from

Thursday's big drop. They remain above all the major moving averages and the technicals are supportive, but taking a step back they haven't gone anywhere since mid-May.

US natural gas futures (/NG) I had noted last week were trying to "carve out a bottom" trading sideways for ten sessions, but that ended Monday as they fell out of that pattern to the lowest close since early May. As mentioned previously, no real support anywhere until way down at the $2.50 level. The daily MACD and RSI continue to say the trend is lower.

TradingView

Bitcoin futures continue to do a lot of nothing, ending at the same levels they were at in early June. As I mentioned two weeks ago, “the daily technicals continue to look better than the price action, so maybe there’s a chance?” “So far that hasn’t translated into more than a modest move higher.

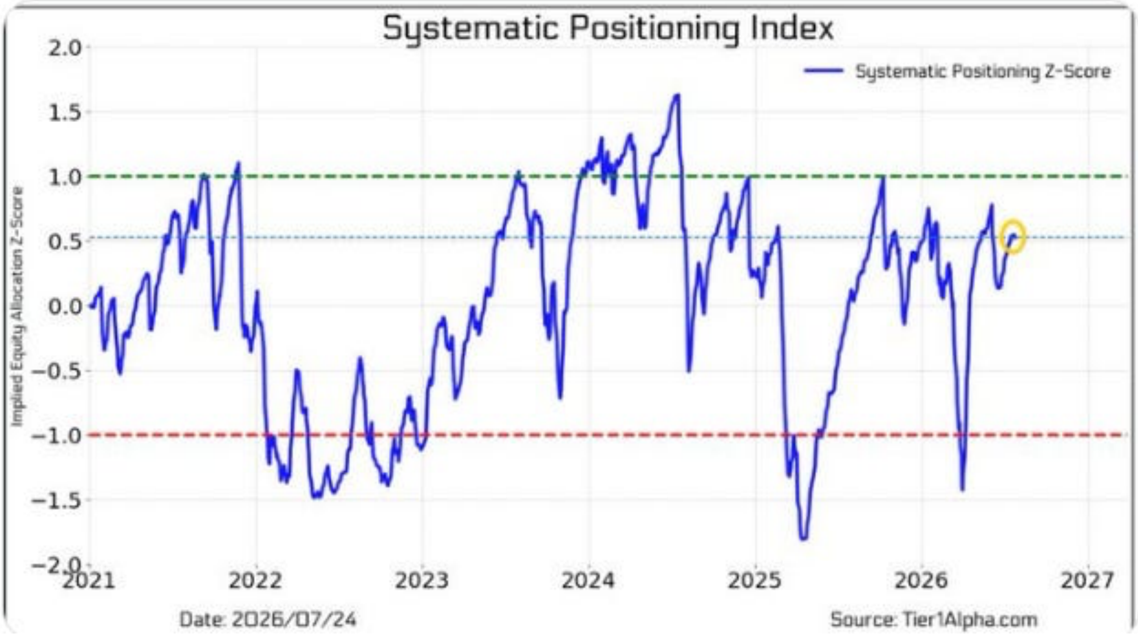

neilksethi created with TradingView.com, Jul 27, 2026 17:19 UTC-4
Bitcoin CME Futures · 1D · CME O63,875 H66,075 L63,875 C64,965 +750 (+1.17%) +750 (+1.17%)
Daily Lines 63,581 66,512 70,142 80,206
BTCN2026
MACD (close, 12, 26, 9) 417 -35 -453
RSI (14; close) 51.02 50.04
Mar
Apr
May
Jun
Jul
TradingView

Other stuff:

Tier1Alpha agrees on the systematic setup for this week:

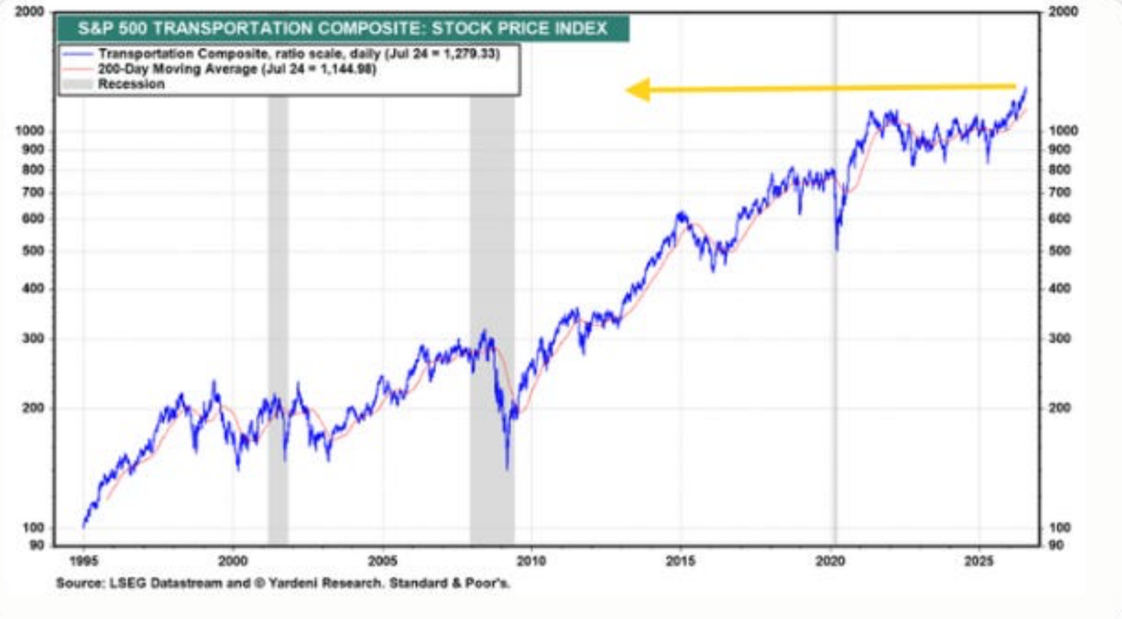
"Structural flows remain light, with limited rebalancing expected from vol control funds, CTAs, or risk parity strategies. Although these funds are currently providing little in terms of support, they still represent a meaningful source of latent structural risk.

"There is considerable potential selling capacity if volatility rises or momentum deteriorates materially from here. In any case, these strategies are unlikely to provide meaningful support going forward."



Yardeni: Dow Theory remains bullish. **The Dow Jones Industrials Average and the Dow Jones Transportation Average remain in record-high territory.**

The S&P 500 Industrials sector (which includes the Transportation industries) is up 17.3% ytd, second only to S&P 500 Energy among all sectors. The Transportation composite is at a record high despite high fuel prices (chart).



BofA (Hartnett): **Lead indicator for industrial cycle "blue collar semis" down ~20% from June peak [**chart uses ESOX - Philadelphia Semiconductor Equal Weight Index, Hartnett used TXN, ADI, NXP, MCHP, ON, STM, INFN, MPWR], ...

hyperscaling MAGS [fell under] 200dma ($65); challenges "boom" consensus (Jul'26 BofA Global FMS);

we say long defensives, dividends, duration, short banks (seeing large inflows), brokers, tech, industrials (investors most overweight since Jul'21) best trades for reversal in "boom" expectations.


neilksethi created with TradingView.com, Jul 23, 2026 23:02 UTC-4
point
PHLX Semiconductor Equal Weighted Index · 1D · NASDAQ O2,182.42 H2,229.63 L2,170.31 C2,200.38 −19.12 (−0.86%) −19.12 (−0.86%)
2,200.38 ESOX
−534.32 (−19.53%) −53,432
Aug Sep Oct Nov Dec 2026 Feb Mar Apr May Jun Jul Aug
TradingView


neilksethi created with TradingView.com, Jul 23, 2026 23:07 UTC-4
USD
Roundhill Magnificent Seven ETF · 1D · CBOE O64.20 H64.24 L62.78 C63.23 −3.07 (−4.63%) −3.07 (−4.63%)
200 Day 65.06
MAGS
65.06
63.23 MAGS
63.18 Overnight
Aug Sep Oct Nov Dec 2026 Feb Mar Apr May Jun Jul Aug
TradingView

You can **add BofA to the list of trading desks saying clients should take a look at reentering US momentum stocks** after the bank's basket ended last week down more than 10% from its June 25 peak.

When the gauge dropped that much in the past, **it has proceeded to gain 5%, on average, in the next month**, according to BofA.

Seasonal trends may present an additional tailwind. **August has been the best-performing month for the basket in the past 10 years.**

"Looking through the historical lens — seasonality, the shape of past unwinds, and the asymmetry that follows sharp drawdowns — the weight of evidence leans toward a prolonged profit-taking episode rather than a structural change, with a possible turn approaching," BofA's traders wrote. **"Statistically, the current weakness seems to point towards a good near-term entry point."**

Previous third-quarter drawdowns have tended to bottom around late July, with **the rebound often coinciding with the peak of earnings season**, they said.

"If history rhymes, **the bulk of the re-rating typically arrives around month-end,**" the desk wrote.

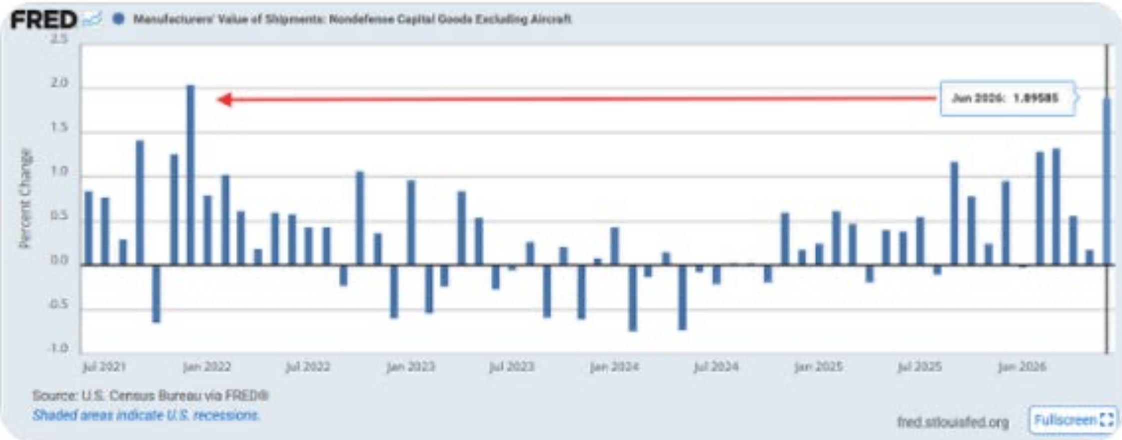
The basket currently holds names such as Sandisk Corp., Micron Technology Inc., Danaher Corp., Coinbase Global Inc. and Advanced Micro Devices Inc.

Bloomberg @business · Jul 22

Bank of America's trading desk is urging clients to buy US momentum stocks, betting the group has reached an attractive price level after a bout of profit taking bloomberg.com/news/articles/...

Core (ex-aircraft & defense) durable goods shipments +1.90% m/m in June, the best since Dec 2021.

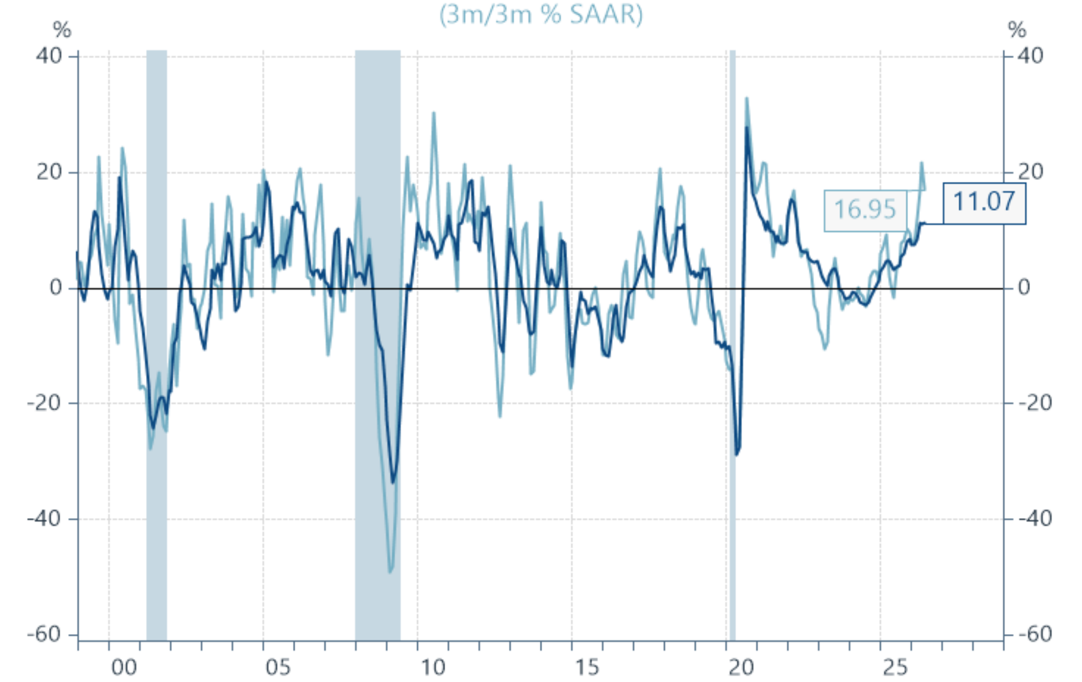
This will boost Q2 GDP estimates - they feed into GDP as manufacturers' shipments, which flow into final spending and inventory investment.



RenMac: Renaissance Macro Research
@RenMacLLC

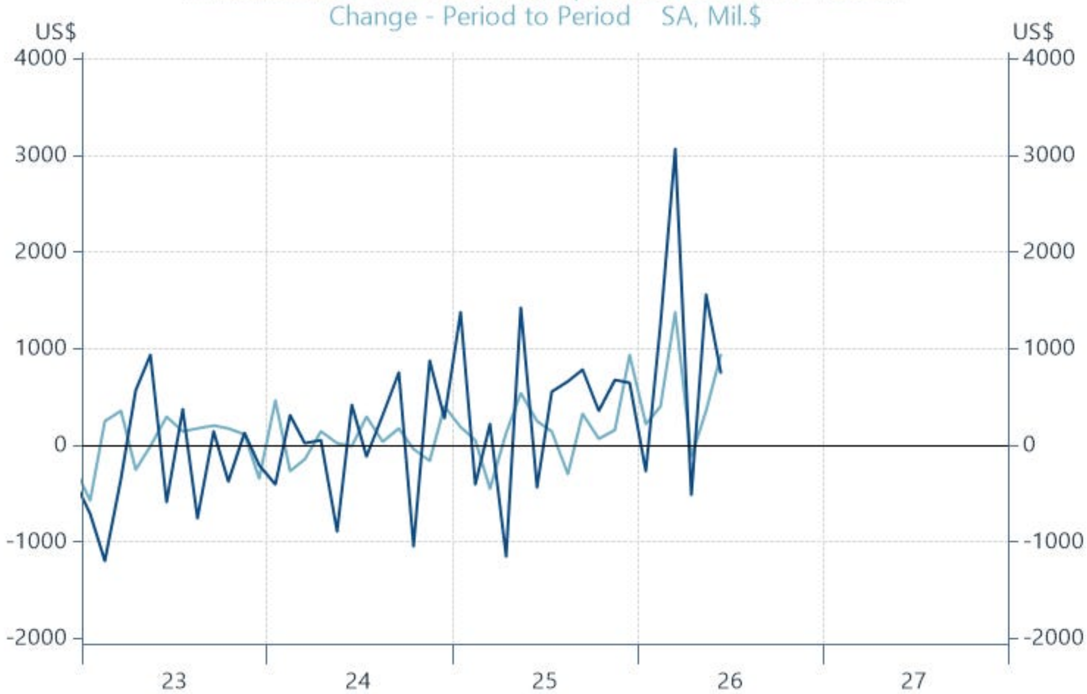
AI demand? Check. Core durable goods shipments have advanced 11 percent annualized so far this year. Momentum behind orders remains strong though all of the growth in core orders last month was due to computers & electronic products.

Mfrs' Shipments: Nondefense Capital Goods ex Aircraft
(3m/3m % SAAR)
Mfrs' New Orders: Nondefense Capital Goods ex Aircraft
(3m/3m % SAAR)



Source: Census Bureau/Haver Analytics

Mfrs' New Orders: Nondefense Capital Goods ex Aircraft
Change - Period to Period SA, Mil.$
Manufacturers' New Orders: Computers & Electronic Products
Change - Period to Period SA, Mil.$



Source: Census Bureau/Haver Analytics

The Q2 real GDP tracker from the Atlanta Fed slipped -0.10% to +1.58% as of July 27th, with the decline driven by a pullback in the contribution from inventories (-0.28% from -0.15%).

The reading **remains well below the blue chip consensus* of ~+2.05%.**

Here's the breakdown of the components as of July 27th and changes from my last update July 17th:

Consumption = +1.67% (0.00%)

Nonresidential fixed investment (biz spending) = +1.16% (+0.03%)

Gov't = +0.31% (0.00%)

Residential investment = +0.07% (0.00%)

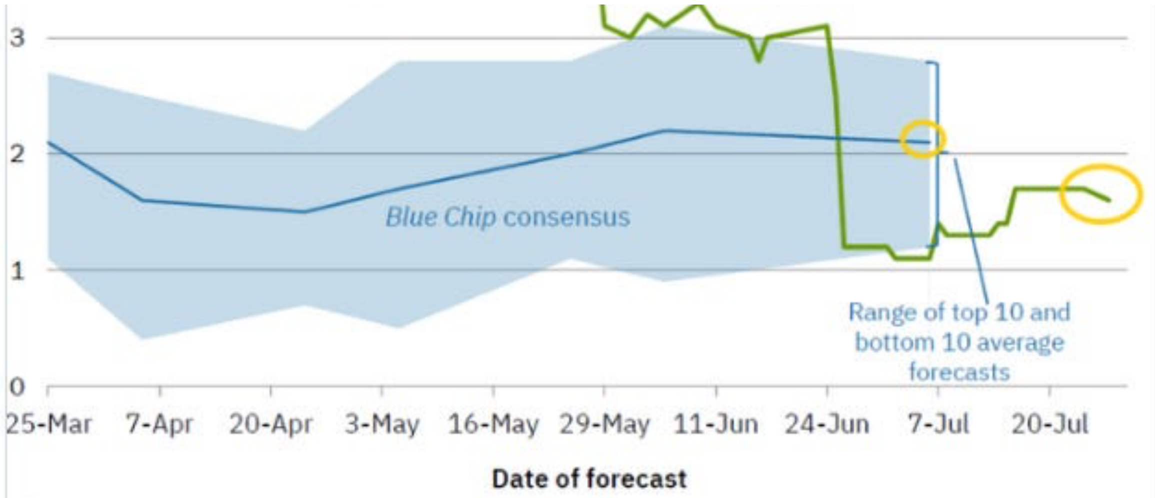
Inventories = -0.28% (-0.13%)

Net exports = -1.35% (0.00%)

GDPNow Forecast: +1.58% (-0.10%)

**The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.*

***(as a reminder their Q1 estimate came in -0.75% too low vs the first estimate after their Q4 estimate came in +1.5% too high (both due mostly to not adjusting federal spending appropriately for the shutdown), while Q3 was eight tenths low, but was along with Goldman's the closest of the trackers for that quarter. Q2 came in just a tenth low (and right in line in Q3 & Q4 '24, and a tenth off for Q2 '24), but was -1.2% too low for Q1 '25)*



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

Goldman: **Based on our forecast of June core PCE inflation, we estimate that on a weighted basis, 58% of categories are currently above 3% (vs. 37% on average over 1990-2019)**, of which 28% are in the 3-4% range (vs. 17%), 13% are in the 4-6% range (vs. 12%), and 18% are running above 6% (vs. 8%).

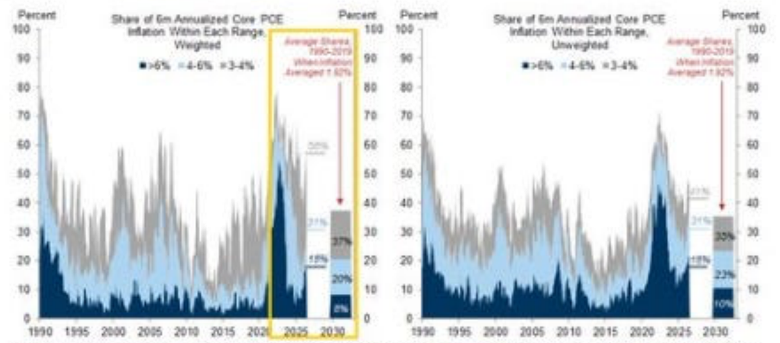
As exhibit 1 shows, **our measure of the breadth of high inflation remains above the average over 1990-2019, when core inflation averaged roughly 2%,** especially on a weighted basis, but well below the pandemic peak.

We draw similar conclusions when looking at inflation on 3-month annualized and year-over-year bases, though the 3-month unweighted shares are in line with the 1990-2019 averages.

To be more precise, on a scale of 0-10 where 0 is the 1990-2019 average and 10 is the 2022 average during the pandemic inflation surge, the share of categories above 3% today is 6 on a weighted and 2 on an unweighted basis, and the share above 4% is 2 on both a weighted and unweighted basis.

By Q4, the weighted measures should fall sharply as the large rent and owners' equivalent rent categories continue to catch down to leading indicators of rent growth and dip below 3%.

Exhibit 1: Our Measure of the Breadth of High Inflation Remains Above the Average Over 1990-2019, When Inflation Averaged Roughly 2%, Especially on a Weighted Basis, but Well Below the Pandemic Peak

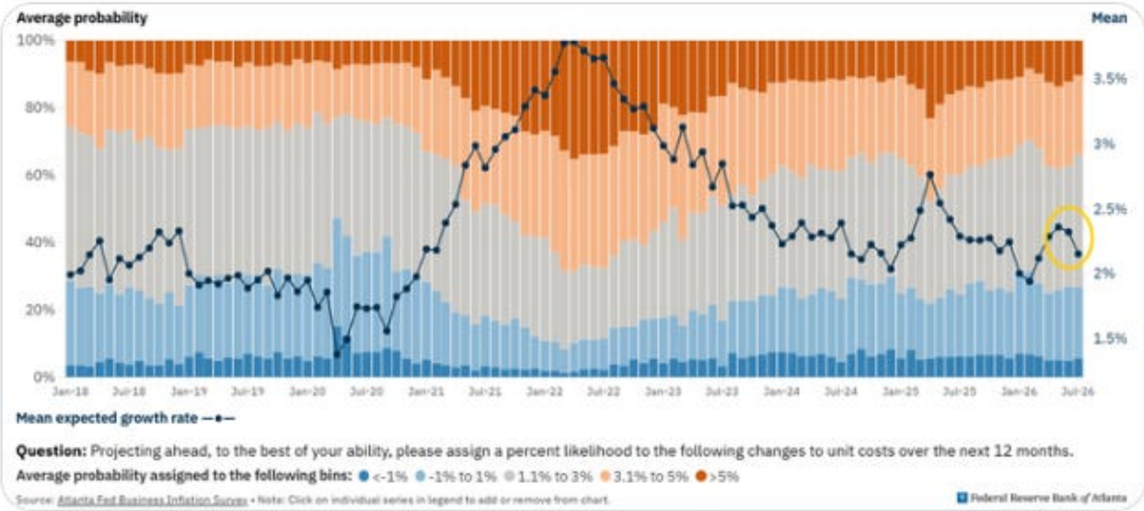


Note: We exclude our estimates of the effect of tariffs on each core PCE category and adjust the shelter components for the impact of the missed month of collection due to the government shutdown. Latest readings reflect our forecast of June PCE inflation based on CPI, PPI, and import prices source data.

Source: Goldman Sachs Global Investment Research

One thing that continues to allow the Fed to hold steady if they so choose are inflation expectations.

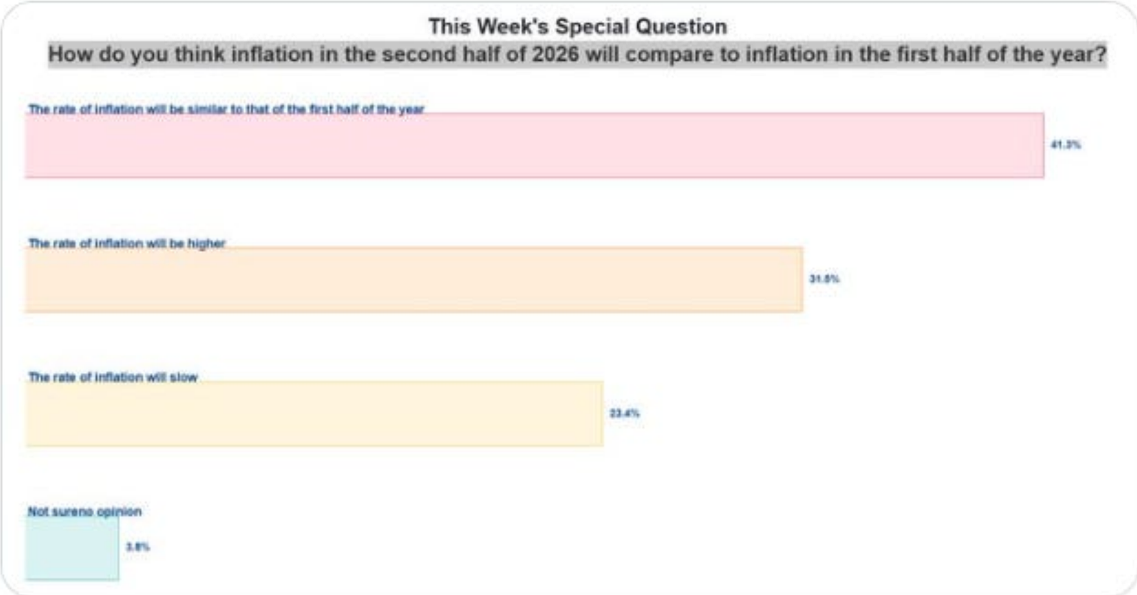
Firms in the Sixth District (Atlanta) saw their year ahead price expectations fall for a second month in July to 2.15% from 2.32% in June and 2.36% in May (which was the highest since June 2025 but well below the 2025 peak of 2.76%).



In the special question this week AAII asked **“How do you think inflation in the second half of 2026 will compare to inflation in the first half of the year**?”

Just 23.4% thought inflation will slow in the second half.

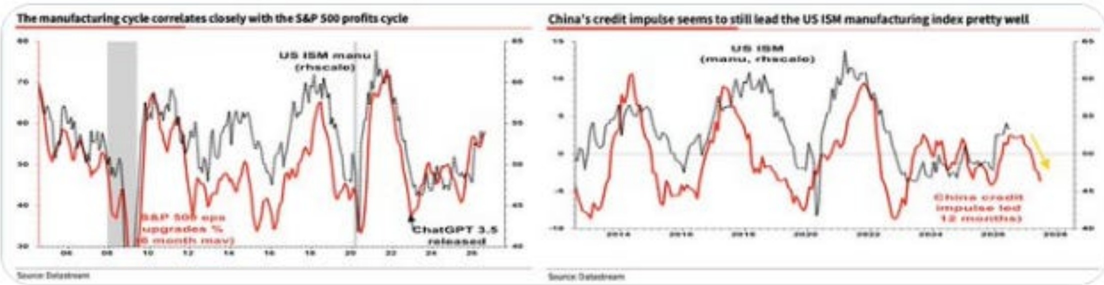
41.3% said it will be “similar” to the first while **31.5% see it accelerating.**



SocGen's Albert Edwards argues that next year's "big surprise" may "be rate cuts, not hikes," although he requires a couple of steps to get there.

Edwards points to the close correlation of the ISM manufacturing PMI and S&P 500 EPS upgrades. He then notes the not as close but still highly correlated ISM with China's credit impulse (12 months lagged).

"The ebbs and flows of the ISM manufacturing index ... correlate extraordinarily well with analysts' EPS optimism [and] the credit impulse in a faraway economy still seems to be a remarkably reliable leading indicator for US manufacturing activity." In the event those relationships hold and EPS optimism rolls over, "the US equity market could face a severe test," he said.



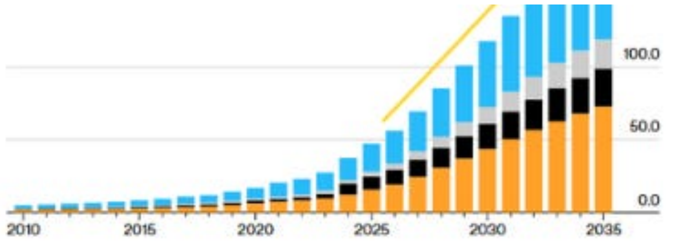
1:00 PM · Jul 25, 2026 · **10.3K** Views

Data centers in the US will account for about 20% of the nation's electricity consumption in 2035 (194 gigawatts), up from 5.9% today and 12% in 2030, according to BloombergNEF.

In states such as Virginia and Texas where data centers are concentrated, their share of electricity use will be even higher.

That estimate for 2035 is up 83% since its December forecast.

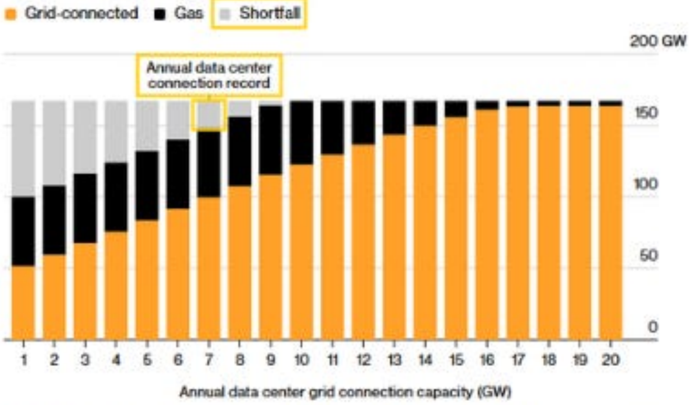
The problem is that will still leave a 19 gigawatt (~10%) shortfall under the base-case scenario using the to-date record of 7.1 gigawatts of connection in a given year.



Note: PJM is PJM Interconnection LLC, Ercot is Electric Reliability Council of Texas, Inc, MISO is Midcontinent Independent System Operator Inc.
Source: BloombergNEF

Gas Plus Grid Power Is Likely Not Enough to Meet Demand

Breakdown of energy source for US data centers in 2033



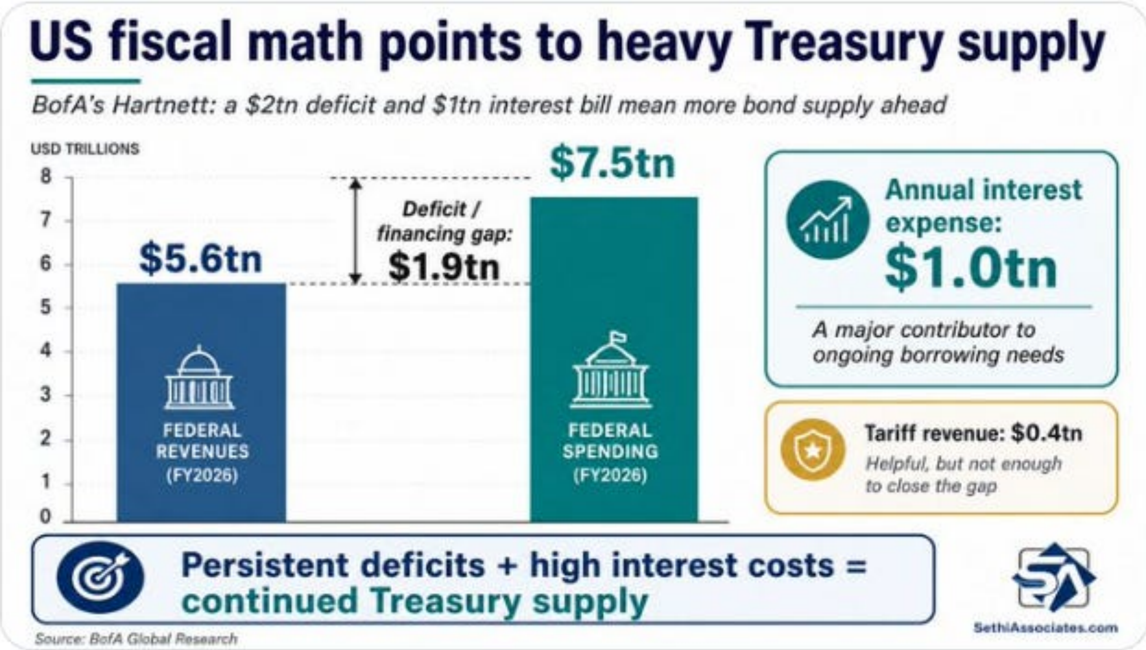
Note: The annual data center connection record is 7.1 gigawatts. Figures for BNEF's base-case scenario.
Source: BloombergNEF

Bloomberg @business · Jul 21

Data centers in the US will account for about 20% of the nation's electricity consumption in 2035, up from 5.9% today, according to BloombergNEF bloomberg.com/news/articles/...

12:00 PM · Jul 26, 2026 · **8,028** Views

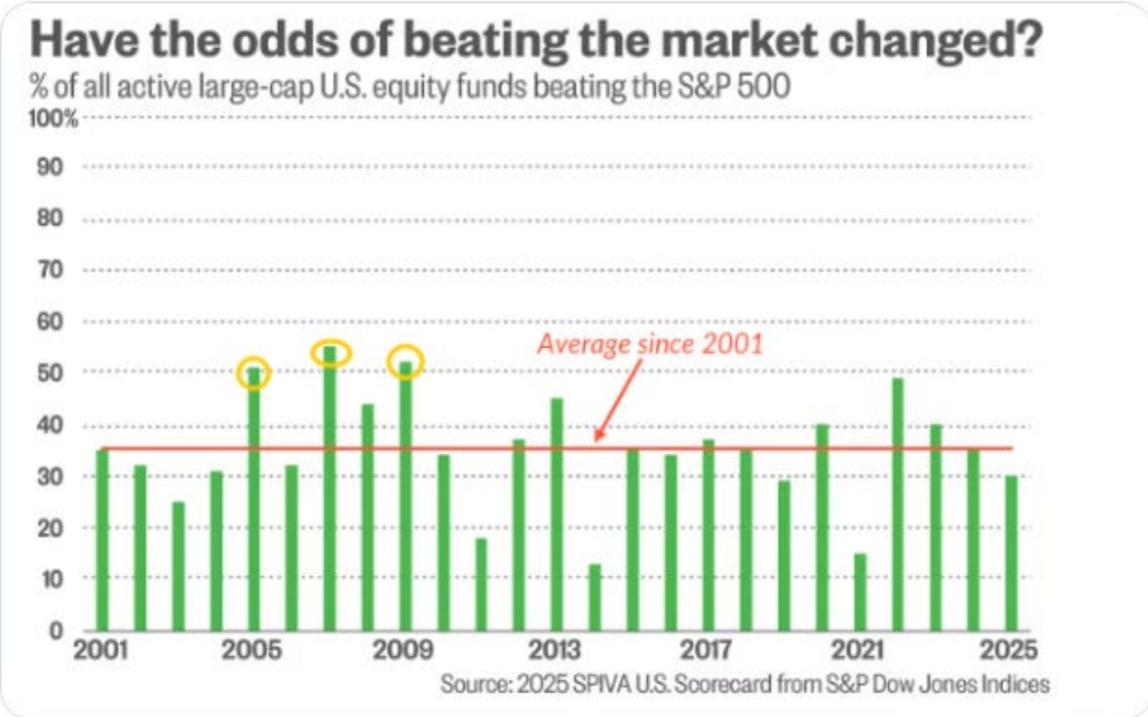
BoA (Hartnett): coming bond supply (US government still running $2T deficit, paying $1T in interest per annum despite $250B of tariff revenue past 12 months) and equity supply (free cash flow negative corps = less stock buybacks) explain why "gold & bitcoin basing in '26, and Main St plays (BKX) outperform Wall St plays (XBD & PSP) in H2'2020s."



How hard is it to beat the market? Very difficult as MarketWatch's Mark Hulbert notes.

Only three times this century (in 2005, 2007, and 2009) have more than half of large-cap, actively managed U.S. stock funds beat the S&P 500 in a calendar year, and never did it reach 60%. The average over that time is under 40%.

Hulbert: We know this because of the findings of William Sharpe, the 1990 Nobel laureate in economics. In an article published nearly four decades ago, Sharpe proved that **active managers, on average, will consistently lag broad market indexes — and that this conclusion depends "only on the laws of addition, subtraction, multiplication and division**. Nothing else is required." That's because **the market is a zero-sum game before transaction costs, and a negative-sum game after transaction costs.**



Link to X posts - Neil Sethi (@neilsethinew) / X for full posts/access to charts.

Wrap-up

As noted in this week's Week Ahead, **we continue to see the "on again, off again" nature of the AI-trade, which recently has been mostly "off again" with some new spending concern (today the Nvidia/OpenAI data center financing) and competitive concern (today China's forays into memory chips and ultraviolet lithography machines) seeming to pop up daily.** That said we also continue to see strength elsewhere offsetting that as also mentioned.

That balance is important to keep us above the key support trigger levels covered in the Week Ahead, and a flat day is a definite positive in terms of volatility lookbacks.

We get another day with no traditional market moving events on the calendar before things dial up considerably Wednesday and Thursday. So I wouldn't be surprised to see a continuation of today's action. Nor would I be surprised to see the dip buyers jump back in to the AI trade, but that seems less likely with four hyperscalers due to report later this week.

And for now the Iran conflict seems to remain contained, but as I mentioned last week, the US force buildup that is occurring means this could very well be the calm before the storm.

So, as I said Sunday:

> **overall, I remain broadly constructive on markets, but cautious in the near term.** Corrections happen, and there are a lot of reasons one could happen now: investor caution over heavy capex spend and competitive concerns leading to AI/Tech weakness which has outsized market impact given the heavy leverage, thinner gamma support, less helpful systematic, corporate, and retail flows, a more hawkish Fed and rising oil prices pushing rates to new highs, and still-unsettled Middle East risk. At the same time, earnings continue to beat a very high bar, and the story outside of Tech has been very favorable. As I said last week, "it seems odd if earnings continue to beat that it would happen now, but as I often say, you never know with these things." That remains the case.

The Day Ahead

In US economic data, Tuesday brings us **June trade balance and inventories, May repeat home buyer indices, July consumer confidence from the Conference Board, and the ADP weekly report.**

We remain in the blackout period for the July meeting which starts Tuesday.

Treasury auctions will finish up their compressed schedule with 7-year notes.

Second quarter earnings continue apace with **44 SPX components reporting Tuesday, including seven >$100bn in market cap** (V, KO, KLAC, STX, BA, SPGI, GLW in order of earnings weight).

Ex-US a light day with highlights UK shop inflation and a policy decision from Chile.

	Speakers	(none)	Economic data
	CBs		Meetings

Date	LDN	NY	HK	Country	Event	For	BofAe	Cons.†	Previous	Expectations
28-Jul	4:05	23:05	11:05	Australia	RBA's Bullock-Speech	--				
	13:30	8:30	20:30	US	Advance Goods Trade Balance	--	-$90.0b	-$97.8b	-$105.8b	--

	Speakers	(none)	Economic data
	CBs		Meetings

Date	London	NY	Hong Kong	Country	Event	Expectations
28-Jul	10:30	6:30	18:30	India	Industrial Production YoY	--
	11:30	7:30	19:30	Brazil	Current Account Balance	We expect the current account to post a US$2.5bn deficit in June, compared to -5.2bn in Jun-25. The reduction of the deficit will be mainly due to a stronger trade balance yoy, despite a wider services deficit.
	11:30	7:30	19:30	Brazil	Foreign Direct Investment	We expect a US$5.0bn inflow of foreign direct investment (FDI) in June, compared to a US$3.1bn inflow in Jun-25
	12:00	8:00	20:00	Brazil	IBGE Inflation IPCA-15 MoM	We expect mid-July inflation to decelerate to 0.20% mom (from 0.41%) in Mid-June. This reflects strong deflation in food prices, concentrated in a payback in potatoes and tomatoes. As a counterweight, adjustment in electricity prices in São Paulo and airfares will exert upward pressure on the print. In yoy terms, we see inflation at 4.66% yoy, from 4.63% in June.
	22:00	18:00	6:00	Chile	Overnight Rate Target	We expect the BCCH to remain on hold for the rest of the year.

Tuesday, July 28

08:30 AM Advance goods trade balance, June (GS -$95.0bn, consensus -$100.3bn, last -$105.9bn)

08:30 AM Wholesale inventories, June preliminary (last +0.1%)

09:00 AM FHFA house price index, May (last -0.1%)

09:00 AM S&P Case-Shiller home price index, May (GS +0.1%, consensus flat, last flat)

10:00 AM Conference Board consumer confidence, July (GS 92.0, consensus 92.4, last 91.2)

Tuesday July 28

Data: US June advance goods trade balance, wholesale inventories, July Conference Board consumer confidence index, Richmond Fed manufacturing index, business conditions, Dallas Fed services activity, May FHFA house price index, France July consumer confidence, Q2 total jobseekers
Earnings: Visa, Coca-Cola, KLA, Seagate Technology, Boeing, Rio Tinto, Safran, Unilever, Corning, Air Liquide, S&P Global, GSK, UPS, Barclays, EssilorLuxottica, Sherwin-Williams, Mondelez, American Tower, Royal Caribbean Cruises, Ecolab, Hilton, NXP Semiconductors, Teradyne, Ford, Orange, Mercedes-Benz, Kering, Centene, Sika
Auctions: US 7-yr Notes ($44bn)

Ticker	Name	Next Earnings Date	↓ Market Cap
V	Visa Inc.	Jul 28, 2026	689.44B
KO	The Coca-Cola Company	Jul 28, 2026	361.71B
KLAC	KLA Corporation	Jul 28, 2026	265.64B
STX	Seagate Technology Holdings plc	Jul 28, 2026	183.19B
BA	The Boeing Company	Jul 28, 2026	166.73B
SPGI	S&P Global Inc.	Jul 28, 2026	130.19B
GLW	Corning Incorporated	Jul 28, 2026	123.38B
UPS	United Parcel Service, Inc.	Jul 28, 2026	96.01B
WM	Waste Management, Inc.	Jul 28, 2026	95.53B
ITW	Illinois Tool Works Inc.	Jul 28, 2026	81.94B
RCL	Royal Caribbean Cruises Ltd.	Jul 28, 2026	81.81B
SHW	The Sherwin-Williams Company	Jul 28, 2026	80.72B
MDLZ	Mondelez International, Inc.	Jul 28, 2026	77.88B
AMT	American Tower Corporation	Jul 28, 2026	77.68B
ECL	Ecolab Inc.	Jul 28, 2026	76.38B
HLT	Hilton Worldwide Holdings Inc.	Jul 28, 2026	75.32B
PCAR	PACCAR Inc	Jul 28, 2026	70.23B
NXPI	NXP Semiconductors N.V.	Jul 28, 2026	67.58B
F	Ford Motor Company	Jul 28, 2026	58.50B
CARR	Carrier Global Corporation	Jul 28, 2026	57.58B
EA	Electronic Arts Inc.	Jul 28, 2026	52.42B
TER	Teradyne, Inc.	Jul 28, 2026	52.41B
PYPL	PayPal Holdings, Inc.	Jul 28, 2026	49.46B
ACGL	Arch Capital Group Ltd.	Jul 28, 2026	36.29B
IQV	IQVIA Holdings Inc.	Jul 28, 2026	35.59B
EXR	Extra Space Storage Inc.	Jul 28, 2026	32.73B
CNC	Centene Corporation	Jul 28, 2026	31.64B
DTE	DTE Energy Company	Jul 28, 2026	30.63B
CNP	CenterPoint Energy, Inc.	Jul 28, 2026	28.79B
XYL	Xylem Inc.	Jul 28, 2026	28.56B
FE	FirstEnergy Corp.	Jul 28, 2026	28.53B
PPG	PPG Industries, Inc.	Jul 28, 2026	26.41B
HUBB	Hubbell Incorporated	Jul 28, 2026	26.31B
INCY	Incyte Corporation	Jul 28, 2026	23.75B
OMC	Omnicom Group Inc.	Jul 28, 2026	23.49B
VLTO	Veralto Corporation	Jul 28, 2026	23.16B
CMS	CMS Energy Corporation	Jul 28, 2026	22.94B
EXE	Expand Energy Corporation	Jul 28, 2026	21.65B
TXT	Textron Inc.	Jul 28, 2026	16.72B
IVZ	Invesco Ltd.	Jul 28, 2026	13.35B
BXP	BXP, Inc.	Jul 28, 2026	12.34B
CSGP	CoStar Group, Inc.	Jul 28, 2026	11.91B
PNR	Pentair plc	Jul 28, 2026	10.21B
SWKS	Skyworks Solutions, Inc.	Jul 28, 2026	9.54B

Link to X posts - Neil Sethi (@neilsethinew) / X for full posts/access to charts.

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