Markets Update - 7/30/26

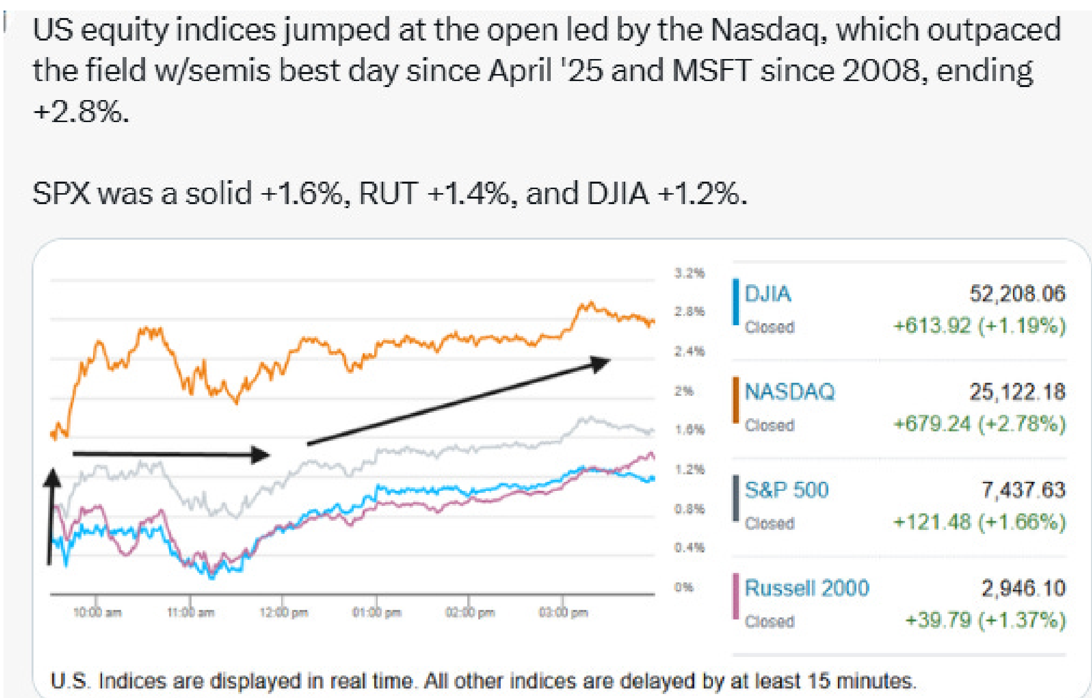
A look at what happened today impacting US equity, Treasury, and selected commodity markets, and what to watch for tomorrow

NEIL SETHI
JUL 30, 2026 ∙ PAID

Quick Summary:

- **As discussed in the morning update, US equity indices jumped at the open Thursday,following the largest decline for the S&P 500 in six weeks Wednesday as discussed in last night's update.**
- **Indices were led by a rebound in Tech after Microsoft's stronger-than-expected results helped drive its best day since 2008, while semiconductors surged for their best session since April 2025, both pushing the Technology sector to its strongest day since April of last year as well.**
- **With Tech in the driver's seat, the Nasdaq Composite led the advance, gaining +2.8% and snapping a six-day losing streak, while the S&P 500 rose +1.6%, the Russell 2000 gained +1.4%, and the Dow Jones Industrial Average added +1.2%.**
- **That said, the advance was clearly led by a bounceback in the AI-trade with Consumer Discretionary and Industrials shares also seeing strong gains. But four sectors were down more than 1%, led by Communication Services which was dragged lower by Meta Technologies which finished down nearly 8% after its disappointing forecast and raise to capex, underscoring the market's continued focus on whether AI spending is translating into earnings and cash flow.**

- **[Q2 GDP increased a weaker-than-expected +1.5%](), but the result was due to net trade and inventories with personal spending and business investment pointing to underlying resilience [Note: GDP report now updated with charts and Goldman analysis]. [Weekly jobless claims remained low](), reinforcing the view that the labor market is still not showing much stress.**
- **Calmer Treasury yields after Wednesday's post-Fed selloff also aided risk sentiment, while oil prices pulled back some after the prior day's sharp jump as discussed in the subscriber section.**
- **After the close, Apple shares fell sharply after earnings, down roughly 8%, while Amazon surged nearly +10% after results, leaving the market with another split read on megacap tech with a lighter day on tap for economic data and earnings Friday (more details in the subscriber section).**



Some market commentary:

- “The Fed remains patient [and in] a wait-and-see mode, and will continue to monitor how the economy evolves in the upcoming months,” said Sameer Samana, head of global equities and real assets at Wells Fargo Investment Institute. “This leaves the September meeting ‘live’ as an opportunity for the Fed to act if supported by the incoming data to appease rising inflation pressures.”
- Money markets are fully pricing in a Fed rate hike only by December. Katharine Neiss, chief European economist at PGIM, warned officials may be left with little choice but to begin raising rates earlier. “That hawkish tilt is going to come in September, with three sequential hikes,” Neiss told Bloomberg TV. “Clearly there is a big risk here, because it’s got a whiff of discretionary monetary policy which we know doesn’t work. The markets could bully him into perhaps even a 50 basis-point hike.”
- “The earnings season is broadly good for US tech, but there’s clearly a rotation ongoing from chips to hyperscalers,” said Claudia Panseri, chief investment officer at UBS Wealth Management in France. “Semiconductor stocks, even if they beat expectations, rarely manage to rise.”
- “We’ve seen the hyperscalers that have been wanting to spend more, without backing up with profits, getting penalized,” said Rory McPherson at Magnus Financial Discretionary Management. “But then you have Microsoft, which isn’t spending any more than it forecast and is growing its cloud business. That’ll remain key, particularly for Amazon.”
- “Investors want to hear that there’s some money left over in cash” after companies’ massive spending on artificial intelligence, said Ken Mahoney, president and chief executive officer of Mahoney Asset Management, in an interview. Investors were rewarding Microsoft’s “balanced approach,” he said.

> - “We remain constructive on the AI growth story, but believe investors should manage concentration risk by broadening their exposure to defensive tech stocks,” said Ulrike Hoffmann-Burchardi at UBS Chief Investment Office.
> - The recent equity weakness appears more consistent with a reset in a market that had become overheated than a breakdown in the primary trend, according to Keith Lerner at Truist Advisory Services Inc. “The bull market remains intact,” he said.
> - “Despite near-term volatility, the outlook for US equities remains constructive, supported by strong corporate earnings, ongoing AI adoption, a resilient economy, and favorable financial conditions,” said Sameer Samana at Wells Fargo Investment Institute.

In today’s Markets Update:

- **A deeper look at Thursday’s stock and sector breakdown, including the Tech-led rebound, the return of the AI trade, semiconductor strength, and Microsoft’s surge.**
- **A closer look at key company movers and corporate developments, including Apple and Amazon after the close, Microsoft, Lam Research, Meta Platforms, Qualcomm, Norwegian Cruise Line, Sandisk, Situational Awareness, Qualcomm, Arm, Mastercard, Yum! Brands, Starbucks, Chipotle, and Carvana.**
- **Updated technical charts across the SPX, Nasdaq, Russell 2000, and equal-weighted SPX.**
- **A review of market breadth and participation, including weak large individual winners and losers and Nasdaq 52-week highs versus lows, and Nasdaq speculative trading activity.**
- **A look at the rates and Fed backdrop, including the continued twist in Treasury yields, Goldman on the Fed’s no-hike/no-**

guidance decision, Yardeni on Fed credibility and bond vigilantes, John Authers on the Treasury-market reaction, Ed Harrison on rate cuts and long-end yields, Goldman on inflation effects from tariffs, the war, and AI measurement, and JPMorgan's Market Intelligence desk on rates and equities.**

- **A look at volatility and market structure, including VIX, VVIX, and 1-day VIX.**
- **A review of cross-asset trends, including WTI crude, the dollar, gold, copper, natural gas, and bitcoin.**
- **HSBC's Max Kettner on "Max bullish", Vanda Research on retail investor flows, the tick-up in New York Fed's Corporate Bond Market Distress Index, the Atlanta Fed GDPNow tracker, Goldman on Q2 GDP and consumer spending.**
- **A wrap-up on the AI rebound, Tech concentration, breadth beneath the surface, the rates backdrop, volatility, and the near-term market setup.**
- **A look ahead to Friday's calendar, including US economic data, Fed speakers, SPX earnings, and ex-US highlights.**

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

While just 6 of 11 sectors were in the green at the top of that list was ultra-heavyweight Tech at +5.2% (recovering the -4.7% loss the prior

three sessions), along with a +1.6% gain in Discretionary and +1% gain in Industrials (both also large sectors) lifting the SPX to its gains. That more than offset four sectors down over 1%, with two (Staples and Comm Services) over 2%.

The impetus for the return to Technology was rooted in earnings results and guidance from Microsoft (MSFT 451.10, +60.56, +15.51%) and Lam Research (LRCX 297.72, +45.37, +17.98%), which won out over all other corporate news. A CNBC report that hedge fund Situational Awareness had finished liquidating its substantial book of public investments heavily concentrated in the AI-trade also acted as a catalyst for the rebound, as this news was viewed by some to be a "clearing event."

Microsoft's move was far-reaching, impacting the Dow Jones Industrial Average, Nasdaq 100, and S&P 500 information technology sector (+5.2%) in a favorable light and providing a welcome distraction from the disappointments out of Meta Platforms (META 539.03, -46.58, -7.95%), Qualcomm (QCOM 151.54, -4.14, -2.66%), and Norwegian Cruise Line (NCLH 18.72, -2.04, -9.81%), to name a few, and the ongoing clash between the U.S. and Iran. The Philadelphia Semiconductor Index soared 8.2%.

Buying efforts began to broaden out in the afternoon trade, sending the major indices to new session highs. The added lift was fueled by resurgences for the industrials (+1.0%), financial (+0.6%), and energy (+0.6%) sectors, all of which had been in negative territory earlier in the day. The consumer discretionary sector (+1.6%) was the next best-performing sector after information technology.

Conversely, the main pockets of weakness today were seen in the communication services (-2.5%), consumer staples (-2.2%), health care (-1.7%), and real estate (-1.2%) sectors.

Information Technology	+5.24%
Consumer Discretionary	+1.57%
Industrials	+1.00%
Financials	+0.59%
Energy	+0.52%
Materials	+0.21%
Utilities	-0.53%
Real Estate	-1.23%
Health Care	-1.65%
Consumer Staples	-2.24%
Communication Services	-2.52%

-6% 0% 6%

Sectors are represented by CME Cash Indices

as of 4:44 PM ET, 07/30/2026

$AAPL **Apple shares fluctuating but down nearly 4% despite stronger-than-expected earnings and revenue for the fiscal third quarter, driven by a 22% increase in iPhone sales** despite an expected refresh in September. Cook said the strength was tied to the iPhone 17, calling the sales figure an "incredible blowout.

Net income climbed to $29.79 billion, or $2.02 per share, from $24.43 billion, or $1.57 per share, a year ago. Apple said earnings included 11 cents per share from tariff rebates.

Apple's services division, which delivers hefty margins, continued its steady growth, posting a revenue increase of 12% during the quarter to over $30 billion, although it missed analyst estimates. Apple said the services performance was hurt by foreign exchange headwinds.

Mac sales jumped nearly 29% to $10.35 billion, which Cook attributed to strong performance for the MacBook Neo, the low-cost laptop based around an iPhone chip that was introduced in March.

iPhone revenue: $54.25 billion vs. $53.86 billion est.
Mac revenue: $10.35 billion vs. $8.74 billion est.
iPad revenue: $6.19 billion vs. $6.92 billion est.
Wearables revenue: $7.88 billion vs. $7.82 billion est.
Services revenue: $30.74 billion vs. $31.22 billion est.
Gross margin: 50.1%. That's not comparable to analyst estimates of 47.9% due to tariff rebates.
Cash: $146.52 billion

CNBC @CNBC · 1h

Apple earnings live updates: Revenue tops estimates as iPhone sales jump 22% cnbc.com/2026/07/30/app...

$AMZN **Amazon stock up nearly 9% after posting better-than-expected revenue and the strongest cloud growth in 18 years.**

Revenue in Amazon's **cloud segment expanded 37% year over year during the quarter**, accelerating for a fifth straight quarter and surpassing Wall Street's expectations for 31% growth. **That marked the unit's fastest growth in 18 quarters,** Amazon CEO Andy Jassy said in the earnings release.

Jassy said AWS is "booming," and pointed to the growth of its artificial intelligence and homegrown chips units, which both exceeded a $25 billion annual revenue run rate.

Overall revenue was $200.61 billion vs. $196.47 billion estimated. Amazon reported spending more than $53 billion on property and equipment outlays, including proceeds from some sales, in the period ended June 30.

EPS came in at $5.75 per share boosted by big gains in its investments.

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$AMZN | Amazon Q2 26 Earnings:

- Net Sales: $200.6B (est $197.01B)
- Operating Income: $27.46B (est $23.61B)
- Operating Margin: 13.7% (est 12.0%)...

That 2% initial pop is now a nearly 17% gain for $MSFT Microsoft, its best day since October 13, 2008.

That's pushing the S&P 500 Tech sector up 5% today, on track for its best day since April 9th of last year (you remember).

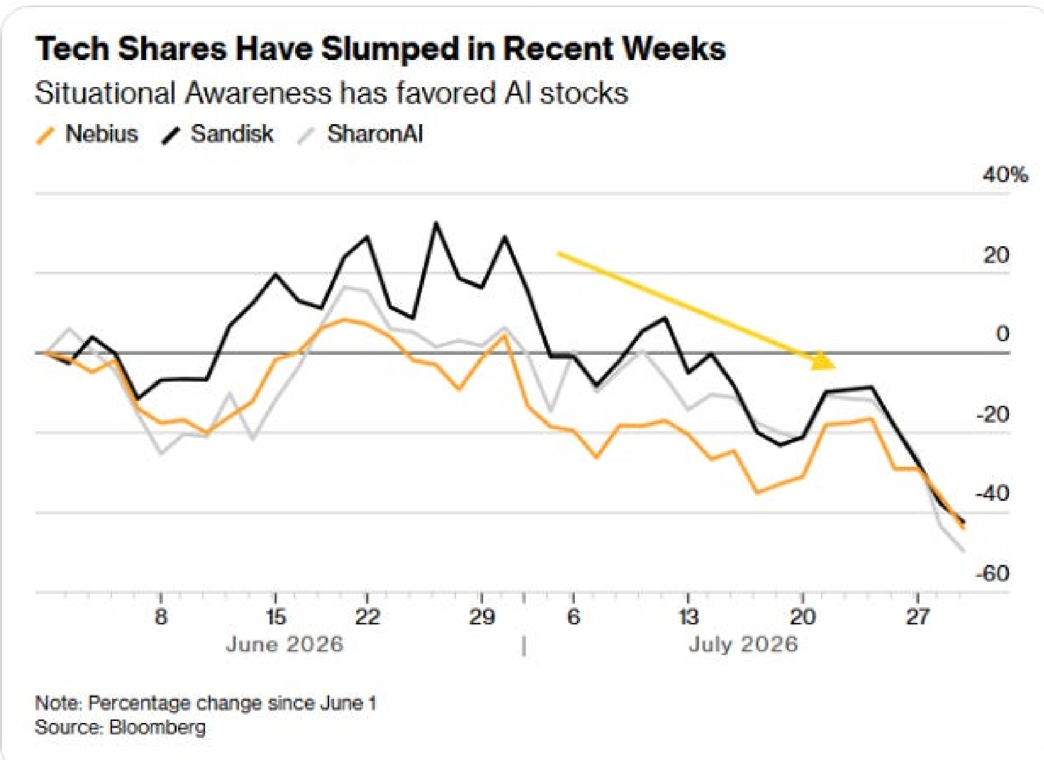
$SNDK Sandisk up 24.6%, on track for its best day since January. It's still down 44% this month.

CNBC and BBG report **Situational Awareness, a hedge fund founded by former OpenAI researcher Leopold Aschenbrenner which made big bets on artificial intelligence stocks and against software stocks is unwinding to meet margin requirements.**

The fund grew to as big as $45 billion at the start of July according to CNBC.

The FT reports that "Ken Griffin's Citadel has swooped in to buy a large portion of hedge fund Situational Awareness' $16B public equity holdings."

The fund's largest holdings at the end of the first quarter included Nebius Group, Sandisk, Micron and CoreWeave, according to filings. All four of those stocks are down more than 35% this month.



Joe Weisenthal @TheStalwart · 7h

Truly an incredible turn of events for Situational Awareness and @leopoldasch.
cnbc.com/2026/07/30/leo...

The battered $24 billion hedge fund founded by former OpenAI researcher

Leopold Aschenbrenner is unwinding many of its trades after big losses on artificial intelligence stocks and a bad bet against software stocks left it scrambling to raise cash, according to people familiar with the matter.

The prime brokers for the fund, Situational Awareness, have been rushing to raise cash to meet margin requirements, the people said. A large investment firm has apparently reached a deal to buy the fund's publicly traded assets, people familiar with the deal said. The buyer of the assets couldn't be determined.

Situational Awareness has sustained significant losses in recent weeks as its portfolio of AI infrastructure investments such as SK Hynix declined while short positions in software companies such as Adobe moved sharply against it, the people said.

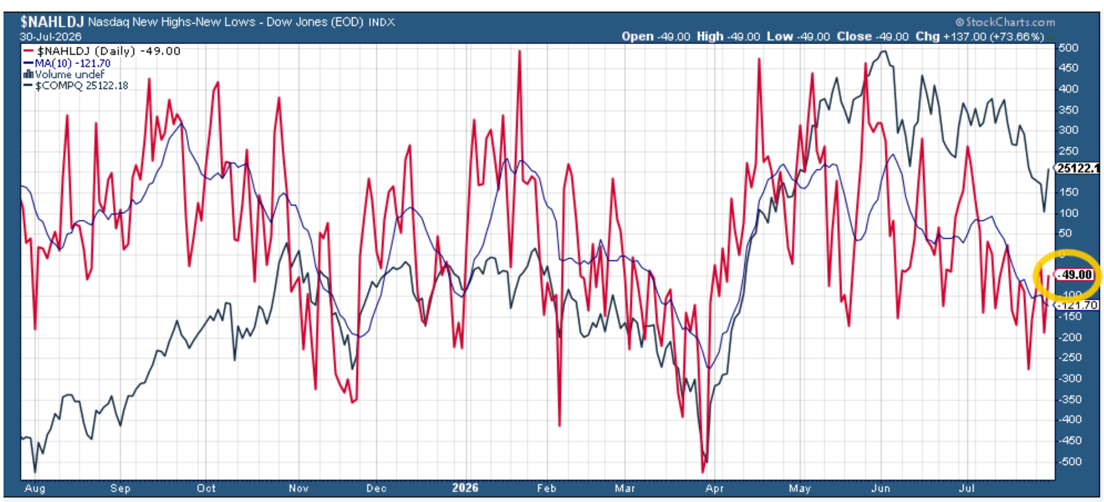
In that regard, the number of large SPX winners (up over 3%) jumped but not as much as you might expect to ~70 components from ~40 Wednesday, well under the ~120 Tuesday **and were fewer than large losers (down over 3%) at ~95,** down just marginally from the ~100 Wednesday and up from ~50 Tuesday.

Of that ~70 up 3% though 19 were up over 10% (the most we've seen this year).

Symbol 498		Chg %	Mkt cap
SNDK	Sandisk Corporation	+25.99%	189.55 B USD
EME	EMCOR Group, Inc.	+19.32%	35.66 B USD
MU	Micron Technology, Inc.	+18.36%	987.83 B USD
LRCX	Lam Research Corporation	+17.98%	372.32 B USD
PWR	Quanta Services, Inc.	+17.26%	98.74 B USD
MSFT	Microsoft Corporation	+15.51%	3.35 T USD
WDC	Western Digital Corporation	+15.37%	183.73 B USD
LITE	Lumentum Holdings Inc.	+15.09%	53.93 B USD
AMAT	Applied Materials, Inc.	+14.97%	398.39 B USD
TER	Teradyne, Inc.	+14.43%	57.21 B USD
HII	Huntington Ingalls Industries, Inc.	+14.09%	12.61 B USD
AMD	Advanced Micro Devices, Inc.	+13.00%	791.48 B USD
CIEN	Ciena Corporation	+12.62%	52.67 B USD
CMG	Chipotle Mexican Grill, Inc.	+12.50%	49.41 B USD
MRVL	Marvell Technology, Inc.	+12.18%	160.53 B USD
COHR	Coherent Corp.	+12.16%	48.73 B USD
FIX	Comfort Systems USA, Inc.	+11.70%	59.75 B USD
STX	Seagate Technology Holdings PLC	+11.41%	190.97 B USD
INTC	Intel Corporation	+11.30%	459.66 B USD

[chart from finviz.com]

And despite the big gain in the Nasdaq, there were still 52 more 52-week lows than highs Thursday.



And as you might imagine **speculation picked up on the Nasdaq** with the top three stocks by volume (all penny stocks) trading ~1.5B shares, the most we've seen in weeks. Eight were over 100M.

Symbol 3201		Price	↓ Vol	Mkt cap
CYCU	Cycurion, Inc.	1.6100 USD	614.89 M	3.1 M USD
SXTC	China SXT Pharmaceuticals, I...	0.0731 USD	528.66 M	2.36 M USD
GCTK	GlucoTrack, Inc.	0.7800 USD	353.91 M	2.2 M USD
INTC	Intel Corporation	91.13 USD	136.54 M	459.66 B USD
NVDA	NVIDIA Corporation	195.04 USD	127.69 M	4.72 T USD
VSEE	VSee Health, Inc.	0.0720 USD	120.48 M	4.01 M USD
NUWE	Nuwellis, Inc.	4.45 USD	116.57 M	688.52 K USD
MSFT	Microsoft Corporation	451.10 USD	109.65 M	3.35 T USD
AMZN	Amazon.com, Inc.	235.50 USD	94.81 M	2.53 T USD
LBGJ	Li Bang International Corpor...	0.0180 USD	86.21 M	60.45 K USD
SOFI	SoFi Technologies, Inc.	16.47 USD	82.11 M	21.13 B USD
CISS	C3is Inc.	0.1360 USD	80.44 M	73.59 K USD
IREN	IREN Limited	38.26 USD	72.24 M	13.65 B USD
KEEL	Keel Infrastructure Corp.	4.05 USD	65.43 M	2.45 B USD
AAPL	Apple Inc.	333.43 USD	65.19 M	4.9 T USD

Some other corporate news from BBG:

- Qualcomm Inc. Chief Executive Officer Cristiano Amon said demand for smartphones remains strong, but the growing costs of making the devices are keeping the market down.
- Arm Holdings Plc showed signs of fast growth in its data-center business, signaling its push into the hot segment is bearing fruit.
- Mastercard Inc. reported a 21% profit surge as the company benefited from its expansion beyond traditional payment-network

services.

- Yum! Brands Inc. said its Taco Bell business is starting to recover from the cyclospora parasite outbreak linked to tainted lettuce that crimped its sales.
- Starbucks Corp. and Chipotle Mexican Grill Inc. raised their guidance after stronger-than-expected quarters.
- Carvana Co. said full-year earnings may fall short of expectations as the used-car retailer's growth slowed and per-car profit slipped in the most recent quarter.

> 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 bounced from the lowest close since June 10th but just to the underside of the 50-DMA**. Needs to get over that before we can at all get comfortable. Daily MACD remains negative, and the RSI under 50.

Nasdaq got back over its 100-DMA from the lowest close since April 21st. Its daily MACD and RSI are also negative. Has a bit more room before we start hitting resistance.

The Russell 2000 (RUT) edged over its 50-DMA but needs to clear its 20-DMA and downtrend line from the highs. The daily MACD remains in a “sell longs” reading, and its RSI under 50, so another bad chart now**.**

The equal-weighted SPX which has been the star of the bunch for most of July eased back another 0.2% although it was down much more intra-session. The daily MACD remains more positive and the RSI over 50 for now.

Yields "twisted" again but just at the very long end with all but the 30-year yield falling.

Two-year Treasury yields fell back for a fifth session to 4.25%, now down ten basis points from Thursday's close, the highest since February of last year, but still over the nearly three year downtrend line.

They are ~56 basis points above the Effective Fed Funds rate (red line), continuing to call for rate hikes.

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Goldman: No Hike and No Guidance

We had expected that most FOMC voters would not want to hike today because the June inflation data showed substantial improvement relative to prior months... While Warsh downplayed the role of the June CPI report in today's decision, we suspect that was the thought process for most of the other eight voters who preferred to leave the funds rate unchanged today.

Warsh made several comments during his press conference that we interpreted as dovish, consistent with his vote to leave the funds rate unchanged:

- **he appeared to downplay AI-related price pressures**, though somewhat subtly;
- when asked if the rise in real interest rates was a signal that the market thought the Fed should hike, **he connected it instead to the recent strength of the economy**;
- Warsh hinted a couple of times that **the rise in market interest rates could substitute for a rate hike**, though without ever saying it explicitly; and
- asked if the Fed needed to raise interest rates to lower inflation by reducing demand, he acknowledged that "interest rates could be part of that solution," but then suggested that **more credibly committing to the inflation target could help to lower inflation by lowering inflation expectations.**

We continue to expect that softer core inflation in coming months will keep the Fed on hold for the remainder of 2026.

- The run-up to today's July FOMC meeting was unusually dramatic, with markets pricing the most uncertainty about whether or not the FOMC would hike in three decades. But the meeting ended with no change to the funds rate, no substantive changes to the statement, and no policy guidance or explanation of the FOMC's interpretation of the inflation situation during the press conference. Presidents Hammack, Kashkari, and Logan dissented in favor of a rate hike.
- Chairman Warsh made several dovish comments during his press conference. First, he appeared to downplay AI-related price pressures. Second, asked if the recent rise in interest rates was a signal that the market thought the Fed should hike, he connected it instead to the recent strength of the economy. Third, he hinted that the rise in market interest rates could substitute for a rate hike, though without saying so explicitly. Fourth, asked if the Fed needed to raise interest rates to lower inflation by reducing demand, he suggested that more credibly committing to the inflation target could help to lower inflation by lowering inflation expectations.

inflation expectations.

- The bond market also took today's meeting as dovish. Near-term interest rates were lower on the day despite an increase in energy prices, while long-term interest rates rose during the meeting, led by a rise in breakeven inflation compensation. The bond market is now pricing a 60% chance of a rate hike at the next FOMC meeting in September. We continue to expect that softer core inflation in coming months will keep the Fed on hold for the remainder of 2026.

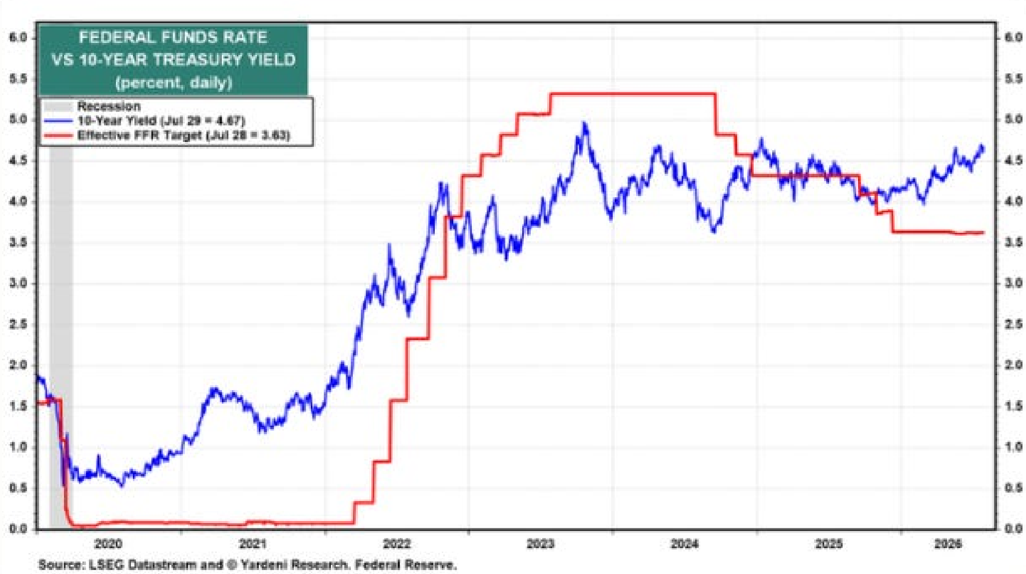
Yardeni: **Fed officials just won't listen to us!** We warned them that the economy didn't need the four cuts in the federal funds rate (FFR) at the end of 2024. The Bond Vigilantes agreed with us and pushed the 10-year Treasury bond yield up by 100bps at the time (chart). The same happened late last year. The Fed lowered the FFR three times. The bond yield drifted higher and continued to do so this year.

We correctly anticipated that the FOMC would pivot from its dovish stance in April to a hawkish stance in June. Then we predicted that the committee would follow up with a rate hike in July. They didn't listen to us. Once again, the Bond Vigilantes are pushing bond yields higher. In effect, they are saying that if the Fed won't be vigilant about inflation, then they will have to maintain law and order in the economy.

Under the circumstances, we conclude that the Fed has to raise short-term rates to lower long-term rates. Talking hawkish but not acting so reduces the Fed's credibility.

...

Arguably, Warsh failed his first credibility test. Warsh's own hawkish words set the standard against which he is judged.



As similar message from BBG's John Authers:

The fall in the two-year yield suggests that traders think [Warsh] revealed himself as a dove. The rise in the 30-year yield, which touched its highest since 2007, shows traders think this will prove to be a mistake, bringing higher inflation and forcing the Fed to hike more in the longer term.

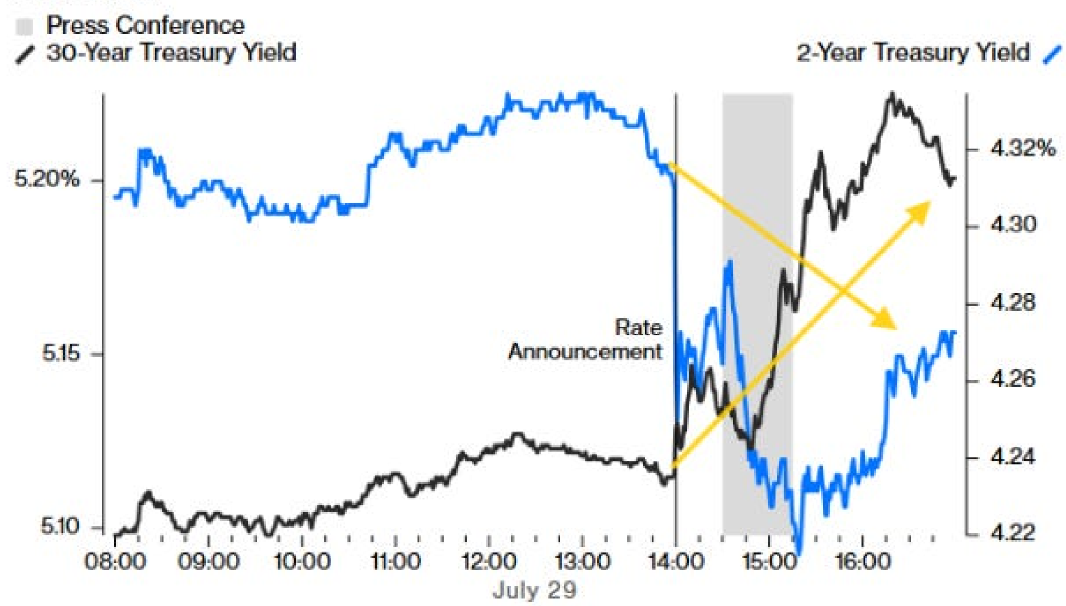
That's quite a vote of no-confidence. The predominant emotion was confusion, plain and simple, as both ends of the yield curve retraced a lot of their moves after the conference ended.

What went wrong? Those dissents can best be interpreted as the governors registering their belief that rates were going to go up at this meeting, in line with the hawkish stance Warsh had outlined in June.

If you're going to be a hawk, at some point you need to bare your talons and pounce. The dissenters — in line, apparently, with the market — didn't find complete inactivity this month to be credible.

Bonds Bewitched, Bothered and Bewildered

Treasuries swung violently during the Warsh press conference, then reshuffled



Source: Bloomberg

BBG's Ed Harrison: Rate cuts into a spending boom boosted borrowing costs with 10-year yields up 100 basis points despite a 200 basis point drop in Fed Funds.

"Fed Chairman Kevin Warsh could cushion the blow with an Operation Twist move, where higher rates help lower long-end yields. That would allow a more graceful decline in growth rates without an outright bust."

Goldman: Despite the rebound in oil prices**, we continue to expect the combined impact of tariffs, the war, and AI mismeasurement on monthly inflation to diminish in the months ahead** (Exhibit 3).

That said, both the effects of the war and the month-to-month impact of the software & accessories category are uncertain. **FOMC participants have appeared to take the effects of AI demand on the inflation statistics at face value—in contrast to our view,** which is shared by some Fed staff economists and the BEA—and the FOMC's June minutes suggested that **any source of further firmness in inflation, including these three factors that a central bank might normally look through, could count as an argument for rate hikes.**

Exhibit 3: Despite the Rebound in Oil Prices, We Still Think That the Combined Impact of Tariffs, the War, and AI Mismeasurement on Monthly Inflation Should Diminish in the Coming Months

Source: Goldman Sachs Global Investment Research

10-year yields eased to 4.67%, still just four basis points from Thursday's close, the highest since January 2025.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US Government Bonds 10 YR Yield · 1D · TVC O4.671% H4.712% L4.651% C4.673% −0.014 (−0.30%) −0.014 (−0.30%)
EFFR · Federal Reserve Bank of New York 3.63 0 (0.00%) 0 (0.00%)
US10Y
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Feb
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TradingView

BBG earlier this week had this note from JPMorgan's Market Intelligence desk: "**For equities, the pace of the move in rates matters more than the absolute level...If upcoming data or Fed rhetoric supports a further move higher in [10-year] yields above 4.8%, we should start to see more pressure on rate-sensitive stocks.**"

30-year yields though edged up slightly to 5.22% the highest level since 2007.

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TradingView

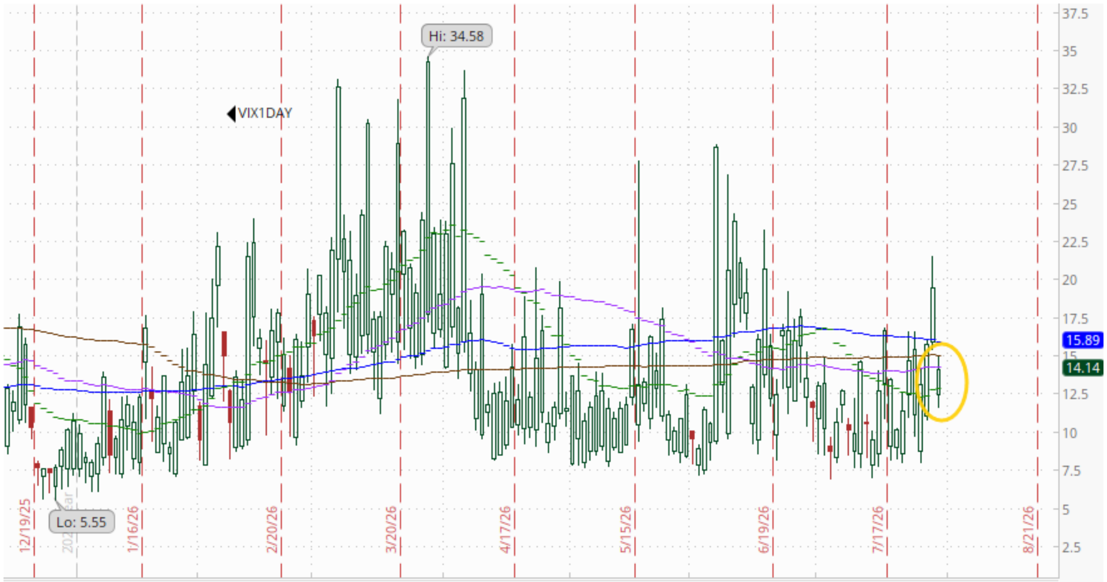
The 30yr-2yr spread widened Wednesday by the most since August of last year (when July payrolls came in far below expectations and the 2-yr yield plunged more than 25 basis points).

The VIX fell sharply back down to 17.1, the lowest in a week from the highest since June 10th Wednesday, in its “normal” range post-GFC, consistent w/~1.07% average daily moves in the SPX over the next 30 days.

The VVIX (VIX of the VIX) similarly dropped to 94.7, in its case from the highest close since April 8th.

The current level is **consistent with "moderate" 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.

Even with Apple and Amazon earnings after the close, the 1-day VIX fell back sharply as well to 14.1. The reading is still though consistent with a move of 0.88% in the SPX next session.



WTI eased back less than a percent.

The DXY dollar index (which is fixed weighted with a heavy (57%) vs the euro) fell sharply for a second day (the largest two-day decline since January when the Justice Department opened a criminal probe into the Fed) almost down to the 100-DMA and trendline from the January lows.

The daily MACD as noted Wednesday has flipped to negative while the RSI is now under 40. I said Wednesday “still too early to call an end to the uptrend,” but a break of those levels would make that call much closer.

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."

US copper futures (/HG) continue to move in step with the AI trade pushing higher with "relatively supportive technicals", but overall in the middle of their range since May.

US natural gas futures (/NG) looked to stabilize for a second session after falling out of their two-week range on Monday**.** The daily MACD and RSI continue to say the trend is lower for now.

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, and the technicals are now starting to roll over.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Bitcoin CME Futures · 1D · CME O65,080 H65,080 L65,040 C65,040 −45 (−0.07%) −45 (−0.07%)
Daily Lines 64,404 65,376 69,927 79,155
MACD (close, 12, 26, 9) 206 −22 −229
RSI (14; close) 51.64
BTCQ2026
Apr
May
Jun
Jul
Aug
TradingView

Other stuff:

HSBC strategists led by Max Kettner say that the recent pullback has been enough to erase a sell signal which was driven by sentiment and positioning, according to the team, **keeping them "maximum overweight" on equities.**

Over the past year, earnings estimates have risen twice as fast as the benchmark. Consequently, **the S&P 500 12-month forward price-to-earnings ratio peaked at roughly 23 in October, and has now fallen to about to 19.5.**

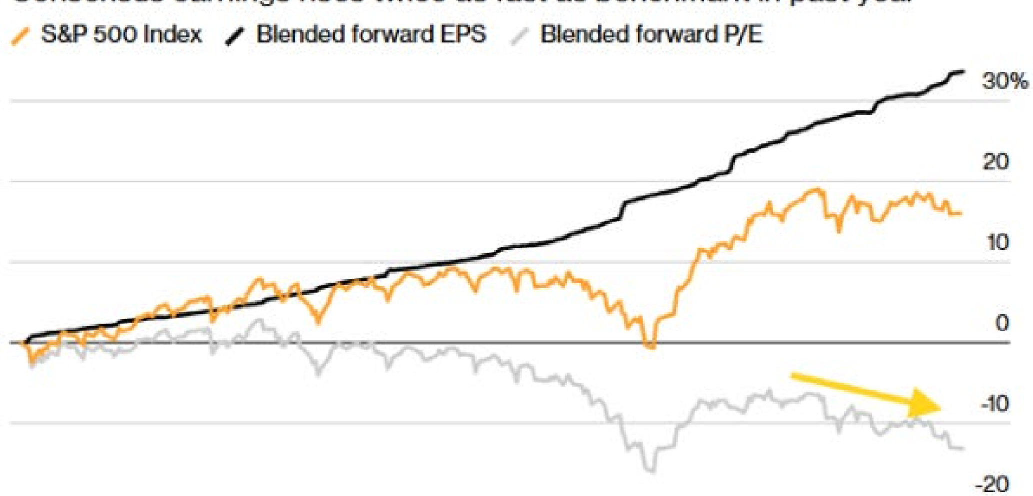
"**Investors have once again been too bearish on earnings,**" Kettner said, noting forward earnings-per-share estimates for the S&P 500 continue to be revised higher, while the current reporting season is delivering "another quarter of broad-based strength."

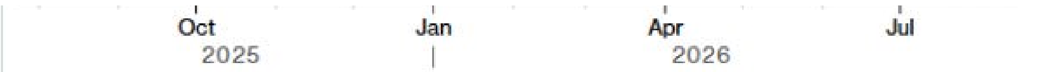
Meanwhile, **the team said bond yields are not a major concern, as equity investors have largely adjusted to a higher-yield environment** and credit spreads have stayed in check.

"Long-end US real rates have already risen to multi-decade highs," they said. "This is why equities haven't really reacted to the spike in oil prices, in our view." **Lower yields could therefore become a tailwind for stocks, they added, particularly if their expectation of an unwind in US exceptionalism comes to pass.**

S&P 500 Sees De-Rating as Earnings Estimates Soar

Consensus earnings rises twice as fast as benchmark in past year





Note: Normalized as of July 28, 2025
Source: Bloomberg

Bloomberg @business · Jul 28

"There is good reason for the strength in risk assets," wrote HSBC strategists led by Max Kettner bloomberg.com/news/articles/...

According to data from Vanda Research, **retail investors Tuesday sold a net $243 million of single stocks — marking the biggest one-day outflow since March 2020.**

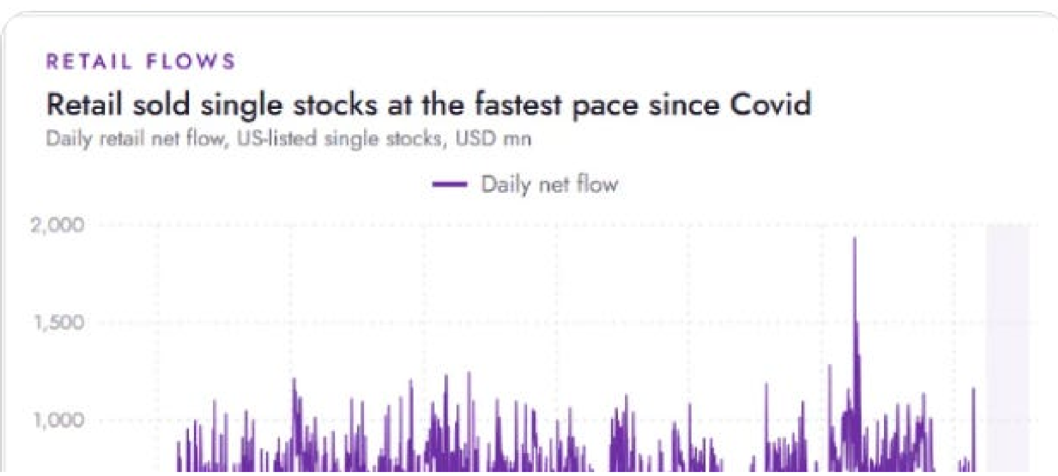
Investors logged nine net-selling days for single stocks in 2026, which began March 23. **Prior to this year, the last time retail investors sold single stocks was almost three years ago.**

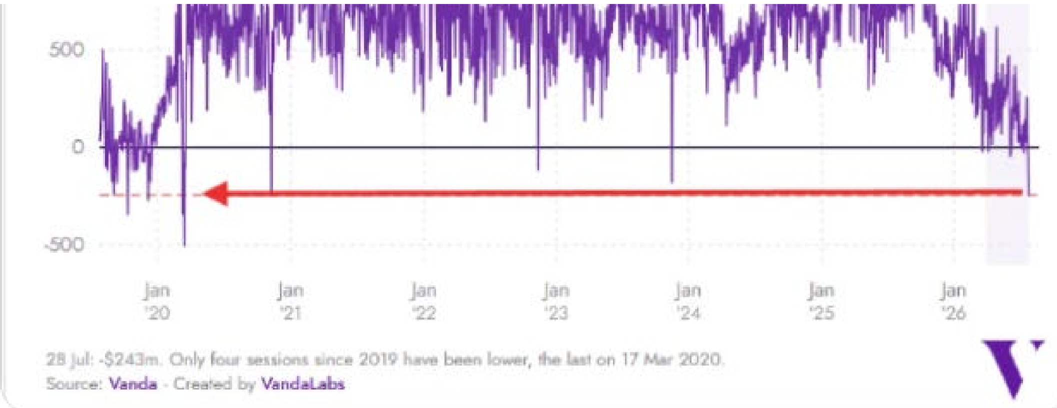
But Viraj Patel, global macro strategist at Vanda Research notes **the "record selling was concentrated in a handful of individual stocks rather than a wholesale exit from equities,"** with the outflows focused on memory stocks. However they were net buyers of the $DRAM Roundill Memory ETF.

"This is a classic defensive move," Patel said, adding that retail traders are increasingly making use of exchange-traded funds as a defensive alternative. "In other words, this is turning into a common theme: sell individual names, buy broad index ETFs."

Meanwhile, dip-buying activity in $NVDA Nvidia Corp. continued to be "unusually weak," as retail just bought $108 million following the chipmaker's selloff on Monday. All three of the weakest dip-buying sessions for the company have taken place in 2026, Vanda data showed.

Overall, retail investor activity remains "extremely high," said Patel. "Retail aren't leaving the market. They're turning far more discerning."





Bloomberg @business · Jul 29

Retail investors are becoming more selective, offloading the most individual stocks on Tuesday since the pandemic, according to data compiled by Vanda Research bloomberg.com/news/articles/...

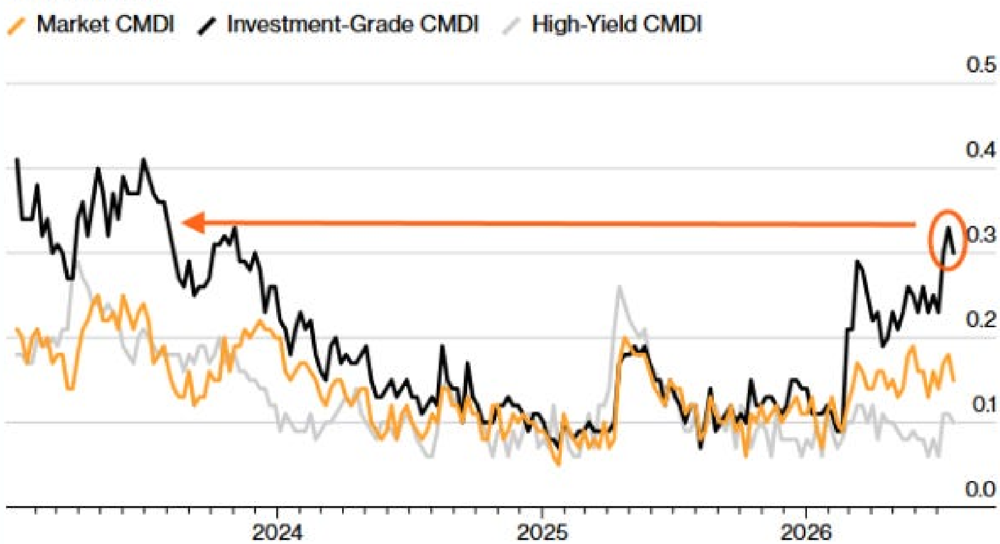
The Corporate Bond Market Distress Index, which the New York Fed launched in 2022 to assess risks brewing in credit markets, showed the highest level of disfunction in the investment-grade bond market since November 2023 on the back of the wave of about $132 billion of high-grade issuance in July, a record for the month, fueled in part by Big Tech companies.

While not extreme, at the 68th percentile, it showed conditions were "more stressed than usual."

The index measures the functioning of the corporate bond market by aggregating changes across several indicators, including the pricing of newly issued debt and measures of secondary-market liquidity. It's designed to give a snapshot of market conditions relative to historical periods of dislocation.

NY Fed Index Shows Stress Rising in High-Grade Bonds

Dislocations in US high-grade credit reached a nearly three-year high in July, according to a New York Fed index tracking corporate bond market functioning



Note: Input data for the index includes issuance volumes, pricing, trading, liquidity, spreads, and other measures.
Source: Federal Reserve Bank of New York

Bloomberg @business · Jul 29

The US high-grade corporate bond market saw the highest level of dysfunction in nearly three years this month, according to a New York Fed index
bloomberg.com/news/articles/

bloomberg.com/news/articles/ ...

The Atlanta Fed initiated their Q3 real GDP tracker today (July 30th) at +4.95%, well above the blue chip consensus* of ~+1.95%.

For reference, **Q2 GDP came in at +1.5% in the advance estimate, right in line with the final GDPNow tracker of +1.58%.**

Also, as a reminder, **both Q1 and Q2 started very strong before falling sharply in the last month** before those initial reads.

Here's the breakdown of the components as of July 30th:

Consumption = +2.29%

Inventories = +1.84%

Nonresidential fixed investment (biz spending) = +0.85%

Gov't = +0.16%

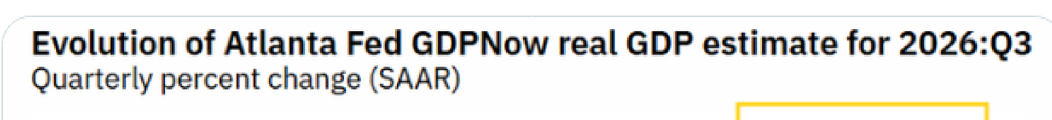
Residential investment = 0.00%

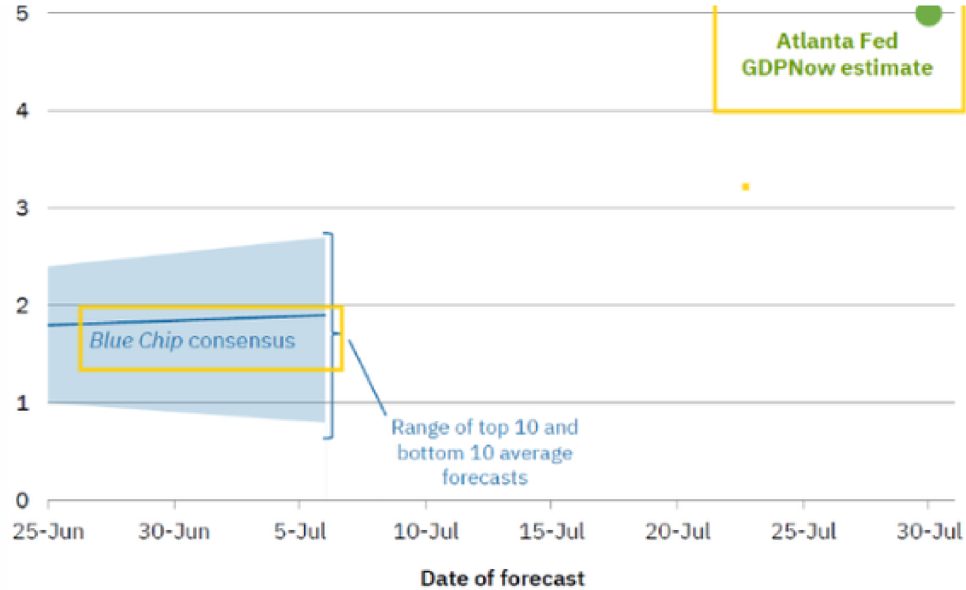
Net exports = -0.19%

GDPNow Forecast: +4.95%

*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)





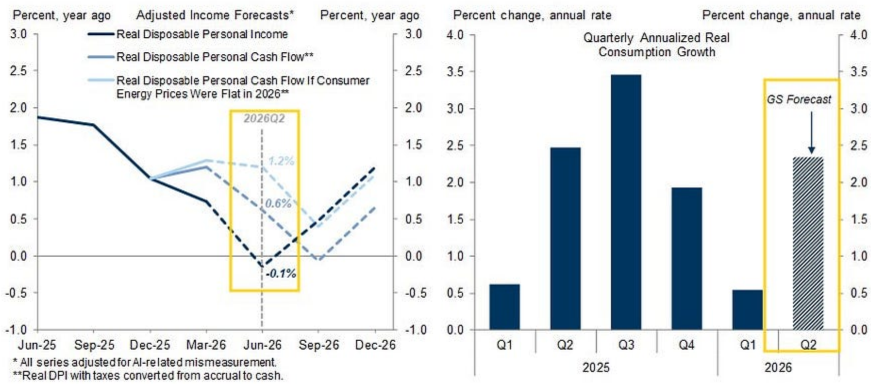
Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

Ahead of the official read this morning **Goldman drops their Q2 GDP estimate a healthy 0.8pp to 1.8% on Tuesday's trade and inventories data and the drawdown in the US Strategic Petroleum Reserve** "which are subtracted from GDP growth via lower federal government nondefense spending," and they note account for much of the increase in crude exports since the start of the drawdown.

"Despite a 0.6pp headwind to year-over-year real income growth from the sharp increase in energy prices (Exhibit 3, left), **we estimate that consumer spending grew a solid 2.3% annualized in Q2** (Exhibit 3, right). We attribute much of the recent resilience in spending to a **0.7pp boost to year-over-year consumer cashflow growth from larger-than-usual tax refunds as a result of last year's fiscal package as well as a roughly 0.2pp boost from midterm election-related spending by nonprofits** (which is counted in the official PCE spending data; nonprofit spending has outpaced other categories over the last year)."

"We see the risks to our 1.8% GDP forecast as to the downside."

Exhibit 3: We Expect Healthy Consumption Growth Despite the Drag from the Increase in Gasoline Prices Following the Start of the War in Iran



Source: Goldman Sachs Global Investment Research, Department of Commerce

Exhibit 1: We Expect GDP Growth of +1.8% for Q2, 0.2pp Below Consensus but 0.3pp Above GDPNow

			2026Q2 GDP Forecasts, QoQ AR			
	Weights	2026Q1	GS	Atlanta Fed *GDPNow*	Consensus	GS Forecast, 2026 Q4/Q4
Real GDP	***100.0***	**2.1**	**1.8**	**1.5**	**2.0**	**2.2**
Consumer Expenditure	*67.8*	0.5	2.3	2.5	2.3	1.5
Business Fixed Investment	*14.3*	10.6	9.2	8.3		8.6
Equipment	*5.8*	15.8	18.2	16.6		13.6
Structures	*2.7*	-4.7	0.7	-3.4		-1.3
Intellectual Property	*5.7*	13.8	5.0	6.3		8.6
Residential Investment	*3.6*	-7.8	-2.5	1.9		-2.6
Government Spending	*16.9*	4.4	0.2	1.8		1.3
Federal	*6.2*	9.4	-3.5	2.0		1.9
State and Local	*10.7*	1.6	0.8	1.8		1.0
Contribution from:						
Net Exports		*-0.4*	*-1.4*	*-1.2*		*-0.6*
Inventories		*0.2*	*0.3*	*-0.5*		*0.4*
Domestic Final Sales		*2.2*	*2.6*	*3.1*		*2.2*

Source: Goldman Sachs Global Investment Research, Federal Reserve, Bloomberg

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

Wrap-up

As I wrote Monday:

> 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"….** 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.

Today while we continued to see the "off again" AI-trade (in a big way) we didn't get the "strength elsewhere" leading to our worst session in six weeks. That takes us closer (and the Nasdaq further over) systematic sell thresholds. In addition the higher volatility will see some selling from volatility targeters.

And until longer duration yields stabilize, it will keep pressure on the "elsewhere" stocks while we wait for the selling in AI names to run its course which has now taken the Nasdaq-100 into correction territory.

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

US economic data Friday gives us the Q2 Employment Cost Index, the Fed's preferred wage index, along with the **final July UMich consumer**

sentiment read.

The Fed policy speaking blackout is over at midnight, so we may hear from some Fed members, particularly the three dissenters. If not expect something from them by Monday**.**

Second quarter earnings will ease back (and we're on the downslope now for the quarter as a whole) with **15 SPX components reporting Friday, including five >$100bn in market cap** (XOM, ABBV, CVX, LIN, ETN in order of earnings weight).

Ex-US highlights are the policy decision from the BoJ (Japan), Japan (Tokyo) CPI, industrial production, and retail sales, EU CPI (and constituents), Germany unemployment, Canada GDP, China official PMIs.

	Speakers	(none)	Economic data
	CBs		Meetings

Date	LDN	NY	HK	Country	Event	For	BofAe	Cons.†	Previous	Expectations
31-Jul	0:30	19:30	7:30	Japan	Tokyo CPI Ex-Fresh Food YoY	Jul	1.70%	--	1.60%	In the July Tokyo CPI, we expect Japan-style core CPI (ex fresh food) to edge higher to +1.7% yoy, due to higher energy prices. However, we expect ex-energy BoJ-style core CPI (ex fresh food and energy) to remain unchanged at +1.9% yoy. While travel-related spending is likely to increase in July amid the summer holiday season, and non-perishable food prices may post a modest month-over-month gain, these effects should be offset by continued unfavorable base effects in food prices. Outside of these components, monthly price developments are likely to remain broadly subdued.
	6:15	1:15	13:15	Switzerland	SNB Publishes 1H Results	--				
	9:55	4:55	16:55	Germany	Unemployment Change (000's)	Jul	5k	--	-1.0k	--
	9:55	4:55	16:55	Germany	Unemployment Claims Rate (sa)	Jul	6.3%	--	6.3%	--
	11:00	6:00	18:00	Euro area	CPI (yoy, P)	Jul	2.9%	--	2.8%	--
	11:00	6:00	18:00	Euro area	CPI (mom, P)	Jul	0.1%	--	-0.1%	--
	11:00	6:00	18:00	Euro area	CPI Core (yoy, P)	Jul	2.4%	--	2.4%	--
	12:15	7:15	19:15	United Kingdom	BOE Chief Economist Pill Speaks at MPC Briefing	--				
	13:30	8:30	20:30	Canada	GDP MoM	May	0.2%	--	0.5%	We expect monthly GDP to grow 0.20% mom in May. Year over year, we expect GDP to increase by 1.41%. The Canadian economy is likely to show signs of recovery as it continued to adjust to trade dynamics and benefited from the rise in oil prices.
	15:00	10:00	22:00	US	U. of Mich. Sentiment	--	52.0	--	54.4	--
	-	--	-	Japan	BOJ Target Rate	31-Jul	1.00%	--	1.00%	We expect the BoJ to vote unanimously to keep the policy rate unchanged at 1.00%, in line with market expectations. Having just hiked in June, the BoJ needs to pause to assess the impact of that hike on financial conditions. In the Outlook Report, we expect the BoJ to upgrade its near-term real GDP forecasts and revise down CPI slightly, reflecting the latest data flow. With USDJPY at fresh highs of 163, we think the BoJ's objective going into this meeting is to firm up market pricing of further near-term hikes. Key to watch will be the BoJ's characterization of underlying inflation, in both the Outlook Report and the governor's press conference. In the April Outlook Report, the BoJ said underlying CPI inflation was "approaching 2%," and that this made it important for the Bank to "examine whether underlying CPI inflation becomes anchored" at the target. An upgrade of this language, in the text or the governor's press conference, will shorten the runway to the next hike. Watch also the governor's language on FX, and whether it is moving from being merely a cost story to one with potential spillovers to inflation expectations. Overall, we expect the messaging from the governor to come across as hawkish.

	Speakers	(none)	Economic data
	CBs		Meetings

Date	London	NY	Hong Kong	Country	Event	Expectations
31-Jul	7:00	3:00	15:00	Türkiye	Trade balance (USDbn)	--
	7:30	3:30	15:30	Poland	CPI (yoy)	--
	8:00	4:00	16:00	Taiwan	GDP YoY	Taiwan's 2Q GDP growth likely moderated to a still-elevated 10% y/y, down from 14.6% in 1Q. Export momentum remained solid, but stronger imports likely reduced the net-export impulse. Domestic demand should have stayed resilient, with both private consumption and government spending providing modest support.
	11:30	7:30	19:30	Brazil	Primary Budget Balance	We expect the public sector to post a R$49.8bn deficit in June, compared to -R$56.1bn in Jun-25. Large deficit in the Central Government, small deficit of local governments and small surplus from SOEs.
	12:00	8:00	20:00	South Africa	Trade balance (ZARbn)	--
	18:00	14:00	2:00	Colombia	Overnight Lending Rate	We expect the central bank BANREP to remain on hold at 12.00% on July 31.
	0:00	20:00	8:00	South Korea	Exports YoY	We expect exports to grow by 50.4% yoy in July on one less working day compared with last July but a robust semi exports.
	-	--	-	Dominican Republic	Overnight Rate	We expect the central bank BCRD to remain on hold at 5.25% on July 31.

Friday, July 31

08:30 AM Employment cost index, Q2 (GS +0.8%, consensus +0.8%, last +0.9%)

We estimate the employment cost index rose by 0.8% in Q2 (quarter-over-quarter, seasonally adjusted). Our forecast would result in a 0.2pp decline in the year-on-year rate to 3.2% (year-over-year, not seasonally adjusted), which would mark the slowest pace of yearly wage growth since 2021Q2. Our forecast reflects slower ECI benefit growth after start-of-the-year benefit resets likely boosted growth in Q1 and a 0.8% quarterly pace of wage and salary growth—reflecting the signals from the Atlanta Fed's wage tracker and average hourly earnings.

10:00 AM University of Michigan consumer sentiment, July final (GS 54.0, consensus 54.0, last 54.4)

University of Michigan 5-10-year inflation expectations, July final (GS 3.3%, last 3.3%)

Friday July 31

Data: US Q2 employment cost index, July MNI Chicago PMI, China July official PMIs, UK July Lloyds Business Barometer, Japan July Tokyo CPI, June jobless rate, job-to-applicant ratio, retail sales, industrial production, housing starts, Germany July unemployment claims rate, France July CPI, June PPI, Italy July CPI, consumer confidence index, economic sentiment, manufacturing confidence, Eurozone July CPI, Canada May GDP
Central banks: BoJ's decision
Earnings: ExxonMobil, AbbVie, Chevron, Linde, Eaton, Sony, AXA, Engie, NatWest, Credit Agricole, Holcim, Siemens Healthineers, FANUC, Ares

Ticker	Name	Next Earnings Date	↓ Market Cap
XOM	ExxonMobil Holdings Corporation	Jul 31, 2026	650.63B
ABBV	AbbVie Inc.	Jul 31, 2026	454.79B
CVX	Chevron Corporation	Jul 31, 2026	383.00B
LIN	Linde plc	Jul 31, 2026	235.17B
ETN	Eaton Corporation plc	Jul 31, 2026	150.23B
CL	Colgate-Palmolive Company	Jul 31, 2026	73.30B
D	Dominion Energy, Inc.	Jul 31, 2026	61.33B
ARES	Ares Management Corporation	Jul 31, 2026	40.94B
CBOE	Cboe Global Markets, Inc.	Jul 31, 2026	31.03B
TROW	T. Rowe Price Group, Inc.	Jul 31, 2026	25.56B
CHD	Church & Dwight Co., Inc.	Jul 31, 2026	23.14B
MRNA	Moderna, Inc.	Jul 31, 2026	22.98B
LYB	LyondellBasell Industries N.V.	Jul 31, 2026	19.51B
BEN	Franklin Resources, Inc.	Jul 31, 2026	17.24B
FRT	Federal Realty Investment Trust	Jul 31, 2026	10.79B

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

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