Markets Update - 8/6/26

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

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AUG 06, 2026 ∙ PAID

Quick Summary:

- **US equity indices started the Thursday session mixed, with the S&P 500 little changed but the tech-heavy Nasdaq-100 index down 0.7%** as a poor reaction to memory makers Sandisk and Western Digital discussed in last night's update weighed on tech shares.
- **Things would reverse after the open** though with tech shares cutting losses and/or moving into the green while other areas deteriorated as renewed Middle East concerns pushed oil prices higher, lifted inflation worries and Treasury yields, and added pressure to the broader market.
- **Local media reports suggested Iran will seek to bar US and Israeli ships from the Strait of Hormuz** and require compensation from hostile countries before they're allowed to use it, while **explosions were reportedly heard near a tanker off Oman.** Fars news agency said Iranian naval forces had struck "hostile targets" at the entrance to the strait. WTI rose nearly 3% and Brent climbed almost 4%, even as Iran and Oman were still said to be moving closer to a temporary agreement to reopen the strait without fees or tolls.
- **At day's end,** the Dow Jones Industrial Average led to the downside at -0.9%, while the S&P 500 slipped -0.2%, the Nasdaq

Composite was nearly flat at -0.1%, and the Russell 2000 also finished lower.

- **The economic data were mixed but generally pointed to continued economic resilience:**
    - Challenger announced job cuts fell to the lowest in two years in July, with year-to-date cuts down 41% year-over-year, while hiring plans jumped 47% to the best July since 2022.
    - Q2 productivity came in above expectations, helping pull unit labor costs lower, although in part at the cost of labor as real compensation fell by the most since 2022 and labor's share of output dropped to a record low.
    - Initial jobless claims were little changed, with the four-week average falling to the lowest since October 2022, while continuing claims edged higher but their four-week average saw the largest year-over-year drop since December 2022.
- **Attention now turns to Friday's jobs report.** With stocks digesting last week's sharp rebound, oil back in focus, and Fed hike concerns still tied closely to inflation risks, markets likely need a payrolls number that is neither too hot nor too cold to keep the rally intact.

US equity indices started w/Tech dragging & DJIA leading but those would reverse from the open. both though would move into the red by noon along w/SPX & RUT, and all would remain there for the most part.

DJIA -0.9%, RUT -0.6%, SPX -0.2%, Nasdaq -0.1%.

Some market commentary:

> - “Until a more positive development in the Middle East is confirmed, and ahead of tomorrow’s important US employment data, markets have taken a wait-and-see stance,” said Karl Steiner, head of analysis at SEB. “This is reflected in the stock market development, a fairly unchanged oil price and small movements in the US 10-year Treasury yield.”
> - “Today still feels like a wait-and-see session from a macro perspective. Tomorrow’s payrolls report feels binary: a second weak print would strengthen the dovish case, while a strong number would point to the June figures as an anomaly and pull forward expectations for the next hike. —Skylar Montgomery Koning, macro strategist.
> - “Friday’s jobs report is of greater importance for markets given how fast this stock market has rallied over the past week, and ultimately we will need to see a number that is not too hot and not too cold in order for the market to keep grinding higher,” said Clark Bellin at Bellwether Wealth. “The labor market is

holding up well in the face of elevated interest rates and AI productivity gains," Bellin noted. "We are still seeing plenty of companies hold onto their labor force even as AI investments take hold."

- "Near-term risks remain, especially if US data stay firm, oil prices keep inflation concerns alive, or markets continue to price in a more hawkish Federal Reserve rate path," said Ulrike Hoffmann-Burchardi at UBS Chief Investment Office.
- "The markets seem to be mostly taking a breather after an active period of trading prompted by earnings results," said JJ Kinahan, Cboe's head of retail expansion and alternative investment products. "Better-than-expected profits and sales don't always pump stocks prices when coupled with soft guidance."
  "Some profit-taking could also be in play," he also said, noting that both Sandisk and Western Digital have skyrocketed in the last year. Over the past 12 months, Sandisk has soared 3,000%, while Western Digital has surged more than 500%.
- "Investors are beginning to be a bit more focused on the underlying rather than headline narrative," said Stephanie Niven, a portfolio manager at Ninety One UK Ltd. "People are beginning to look beyond the narrative of these businesses - the multiple they're willing to pay, the underlying free cash flow dynamics and the predictability of those numbers coming through."
- "Markets have seen plenty of false dawns throughout this conflict, and while the detail is becoming more concrete, attention is now shifting from whether an agreement can be reached to what the final arrangements will look like, including unresolved questions around whether Iran will eventually be permitted to levy tolls on vessels using the Strait," Deutsche Bank strategist Jim Reid wrote.

> - "The market is transitioning from a rapid rebound to a potentially sustainable intermediate-term advance, with financials and cyclicals replacing AI and semiconductors as the primary leaders," wrote Craig Johnson, chief market technician at Piper Sandler.

In today's Markets Update:

- **A deeper look at Thursday's stock and sector breakdown, including Technology's stabilizing role despite memory weakness, and pressure in software, Communication Services, Industrials, Utilities, Real Estate, and Materials.**
- **A look at key earnings and corporate reactions.**
- **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.**
- **A look at the rates and Fed backdrop, including the moves in 2-year, 10-year, and 30-year Treasury yields, the FT on Fed Chair Warsh's plans for his communication approach and speeches from Governor Cook and San Francisco Fed President Daly.**
- **A look at volatility and market structure, including VIX, VVIX, 1-day VIX, Daily Chartbook/ZeroHedge on record SPX call-option buying, and Goldman on low implied correlations.**
- **A review of cross-asset trends, including WTI crude, the dollar, gold, copper, natural gas, and bitcoin.**
- **Tom Lee on the SPX setup, Tier1Alpha on vol-control selling, Freddie Mac on mortgage rates, and the Atlanta Fed's updated GDPNow tracker.**
- **A wrap-up on the AI trade remaining paused, the market's digestion ahead of the jobs report, Iran/oil risk, long-end yields, positioning, and the near-term setup.**

- **A look ahead to Friday's calendar, including US economic data, Fed speakers, light SPX earnings, and ex-US highlights.**
- **A preview of Friday's jobs report, including Bloomberg consensus, JPM's Feroli, Bank of America Institute, and Goldman**

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

Despite being just mildly lower, SPX just 3 of 11 sectors higher, and only one was up more than 0.2% in Energy (+1.6%). Helping was the ultra-heavyweight Tech sector (nearly 40% of market cap) on the green side even if only +0.1%, and no sector down more than -0.9%.

Technology provided a stabilizing influence after opening the session under pressure, even as Sandisk (SNDK 1258.58, -91.92, -6.81%) and Western Digital (WDC 451.52, -67.65, -13.03%) ended lower. Still that was well above their worst levels. Sandisk delivered strong quarterly results, though its guidance disappointed investors, while Western Digital appeared to face some profit-taking after its recent rally as investors looked for a more robust report. **The recovery in both memory names helped spark an early rebound across the broader semiconductor group. The PHLX Semiconductor Index climbed more than 1.0% before surrendering most of that advance to finish just 0.3% higher**. Gains were relatively modest but consistent across much of the group, with Advanced Micro Devices (AMD 489.28, +7.23, +1.50%) reclaiming a portion of its post-earnings decline.

The information technology sector (+0.1%) finished as one of just three S&P 500 sectors in positive territory. Software remained a weak spot within the sector. AppLovin (APP 335.67, -82.13, -19.66%) plunged after reporting in-line earnings and weaker-than-expected revenue, while Datadog (DDOG 229.29, -53.88, -19.03%) sold off as investors focused on a slowdown in sequential growth. Those declines weighed on the iShares GS Software ETF (IGV 99.46, -1.86, -1.83%), though continued strength in Microsoft (MSFT 499.86, +12.40, +2.54%) helped offset some of the weakness.

The early rebound in technology took some momentum away from the broader market, which had initially benefited from strength across more defensive and cyclical areas. The increase in oil prices that pushed Treasury yields higher, contributed to a less supportive backdrop for stocks throughout the remainder of the session.

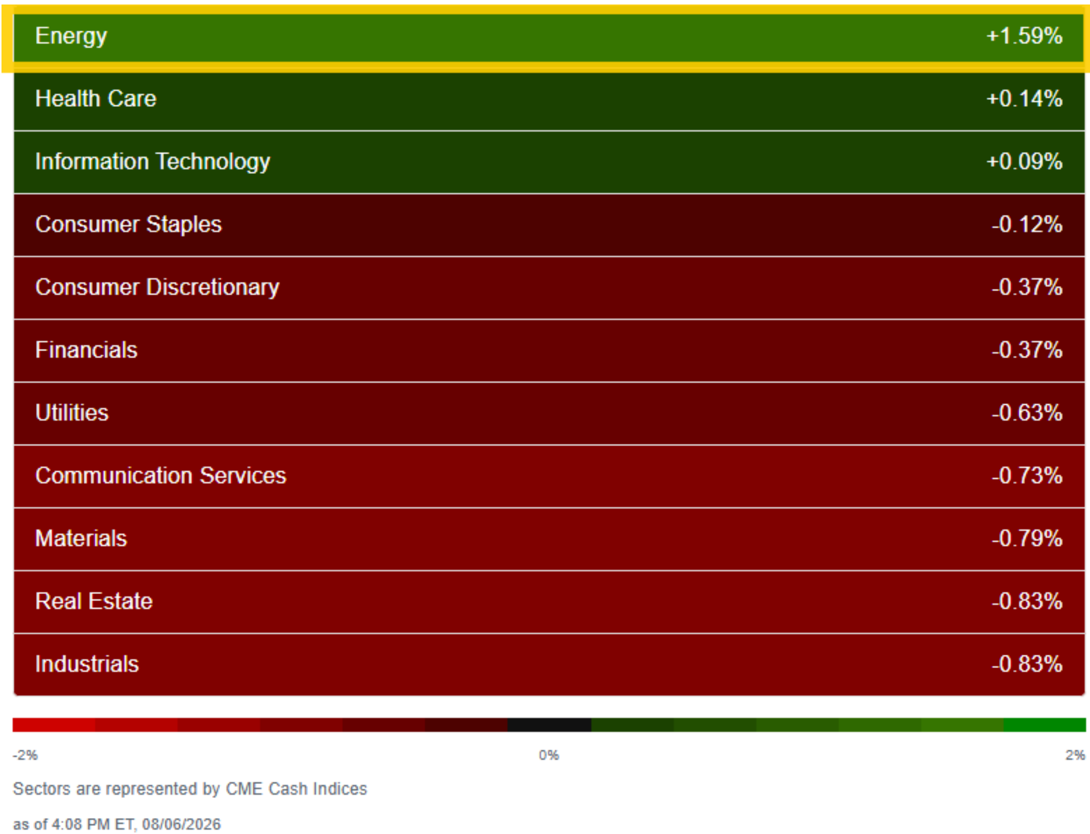
The health care sector (+0.1%) eked out a modest gain shortly before the close, joining energy and information technology as the only sectors to finish higher.

Meanwhile, the communication services sector (-0.7%) ranked among the day's weakest performers. Alphabet (GOOG 356.62, -3.51, -0.97%) remained under pressure following reports yesterday that several high-profile AI leaders are leaving the company. Bloomberg also reported that the company is preparing to raise approximately $25 billion through a bond offering. The Trade Desk (TTD 17.67, -1.29, -6.80%) added to the sector's weakness ahead of its earnings report after the close.

The industrials sector (-0.8%) also lagged as Honeywell (HON 240.74, -7.38, -2.97%) and Axon (AXON 522.46, -87.03, -14.28%) suffered sharp post-earnings declines. The group faced additional pressure from oil-sensitive airline and trucking names as crude prices climbed.

Elsewhere, the materials sector (-0.9%) pulled back following its strong start to the week, while the utilities (-0.9%) and real estate (-1.0%) sectors continued to underperform.

[Note % changes may differ from chart as chart uses futures.}



And the number of large SPX winners (up over 3%) dropped for a second day to ~25 from ~30 Wednesday and ~110 Tuesday, while large losers (down over 3%) edged up to ~45 from ~40 and 12.

[chart from finviz.com]

Biggest after-hours movers from CNBC:

Check out the companies making headlines after hours.

Airbnb — Shares of the vacation rental company surged about 7% after Airbnb posted second quarter earnings of $1.37 per share on revenues of $3.61 billion. That outpaced the earnings of $1.25 on revenues of $3.58 billion forecasted by analysts, according to LSEG.

Lyft — The ride-hailing company was marginally higher after posting second quarter revenues of $1.84 billion, beating the LSEG consensus estimate of $1.81 billion. Earnings of 13 cents per share, however, missed the 14 cents anticipated by analysts.

DraftKings — Shares were down over 1.5% after the company fell short of expectations on revenue. DraftKings posted second quarter revenue of $1.44 billion, missing the $1.51 billion analysts polled by LSEG sought. The company also posted a loss of 14 cents per share, while the Street expected a profit of 2 cents a share. The digital sports entertainment and gaming company did reaffirm its guidance on adjusted EBITDA and revenue for the 2026 fiscal year.

Twilio — The customer engagement platform saw shares surge about 16% on rosy projections for the current quarter. Twilio sees adjusted earnings of $1.42 to $1.47 per share on revenue of $1.51 billion to $1.52 billion. The LSEG consensus estimate sought $1.39 per share and $1.46 billion. The company also boosted its full-year revenue growth call to a range of 18% to 18.5% from 14% to 15%, also beating analysts' forecast of 14.8% growth.

Trade Desk — Shares tanked 22% after the digital advertising company posted second quarter earnings and revenue that fell below expectations. Adjusted earnings of 34 cents missed the 40 cents consensus estimate, according to LSEG. Revenue of $715 million missed the anticipated $751 million.

Sweetgreen — The salad chain plunged 14% after Sweetgreen's second quarter results disappointed analysts. Sweetgreen posted a second quarter loss of 22 cents per share on revenues of $193 million. Analysts surveyed by LSEG had expected a per-share loss of 15 cents on revenues of $195 million.

Akamai Technologies ⊞ — The cloud computing stock rallied 12% after Akamai Technologies beat estimates on the top and bottom lines. Akamai posted second quarter earnings of $1.59 per share, excluding items, more than the LSEG consensus of $1.57 per share. Revenue of $1.10 billion also beat the forecasted $1.09 billion.

Maplebear ⊞ — The grocery delivery company better known as Instacart rallied more than 8% after Instacart posted second quarter revenue of $1.04 billion, more than the LSEG consensus estimate of $1.03 billion. Earnings of 45 cents per share, however, came in below the estimated 54 cents per share.

Cloudflare ⊞ — The cloud cybersecurity company jumped 17% after issuing solid guidance for the full year and current quarter. Cloudflare expects adjusted earnings of 34 cents per share on revenue of $736 million to $737 million in the third quarter. That compares to the LSEG consensus call for 32 cents per share and $722 million in revenue. Second quarter results also surpassed estimates on the top and bottom lines.

Dropbox ⊞ — Shares of the cloud storage company fell almost 6%. Non-GAAP gross margin for the second quarter came in at 81.6%, narrowly missing the StreetAccount consensus estimate of 81.7%. Adjusted profit in the period landed at 75 cents a share, edging ahead of the LSEG consensus estimate of 74 cents per share.

— CNBC's Darla Mercado and Ananya Chetia contributed to this report.

Some other corporate news from BBG:

- Alphabet Inc. is set to raise $25 billion from a bond sale after generous yield payouts helped secure one of the year's largest order books for AI-related debt.
- President Donald Trump has signed an order imposing tariffs on imported polysilicon used in semiconductors and solar panels in a

bid to reduce US reliance on foreign supplies that threatens national security.

- Peloton Interactive Inc. gave a revenue forecast for the fiscal 2027 year that disappointed investors, marking the latest setback for the fitness technology company.
- Sweetgreen Inc. cut its annual outlook after warning that diners are eating less fresh prepared foods following the cyclospora outbreak.
- Airbnb Inc. boosted its annual revenue forecast for a second time this year after it saw robust global travel demand, particularly in the US and Europe.
- Lyft Inc. posted second-quarter bookings that beat expectations, citing growing demand for premium rides and strength in the European business it acquired last year.

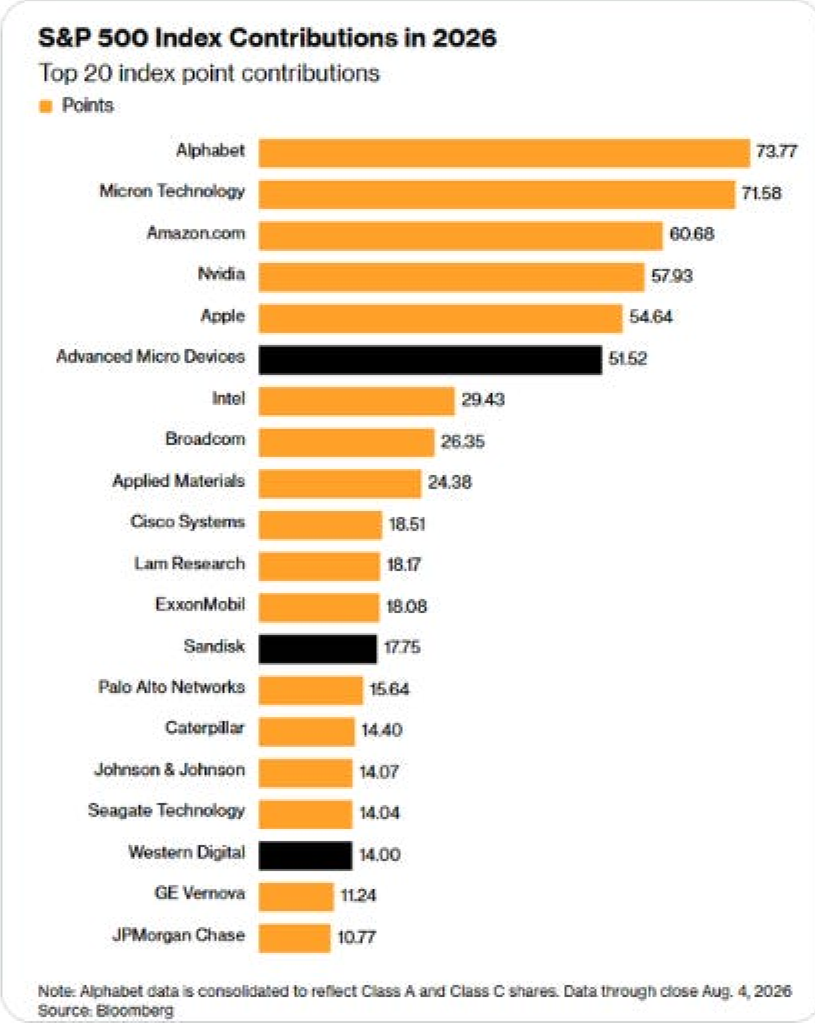
> Note on all charts the colored lines are moving averages (the average price over the lookback period (days on the daily charts, weeks on the weekly charts)):
> 20 = green
> 50 = purple
> 100 = blue
> 200 = brown
>
> Exception is monthly charts where blue is 10-month moving average and brown is 20-month 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 eased back for a second session from all-time highs**. The daily MACD remains very positive, and the RSI is just off a 2-month high, so as I said Monday “some momentum behind it.”

TradingView

BBG: Top contributors to the SPX this year through Wednesday's close. Alphabet leads by a sliver over Micron.



Nasdaq a similar story but hasn't yet gotten to its all-time high.

TradingView

The Russell 2000 (RUT) similar to the SPX.

The equal-weighted SPX same story.

Yields rose across the curve Thursday:

Two-year Treasury yields, which had been down for eight of the prior nine sessions, jumped 6 basis points, the most in nearly a month to 4.25%. They are still down 17 basis points from last Thursday's close, which was the highest since February of last year, but back over the nearly three year downtrend line that they've been over for the most part for nearly three weeks.

They are ~59 basis points above the Effective Fed Funds rate (red line), continuing to call for rate hikes.

neilksethi created with TradingView.com, Aug 06, 2026 16:46 UTC-4

TradingView

"**People close to Warsh said he acknowledged that he had made mistakes in his first 10 weeks** at the helm of the world's most important central bank, including failing to reinforce his key messages on price stability and sowing confusion over whether his longer-term plans to reform the Fed could affect near-term policy decisions. **But they insist those errors do not warrant reversing course on his shake-up of the Fed."**

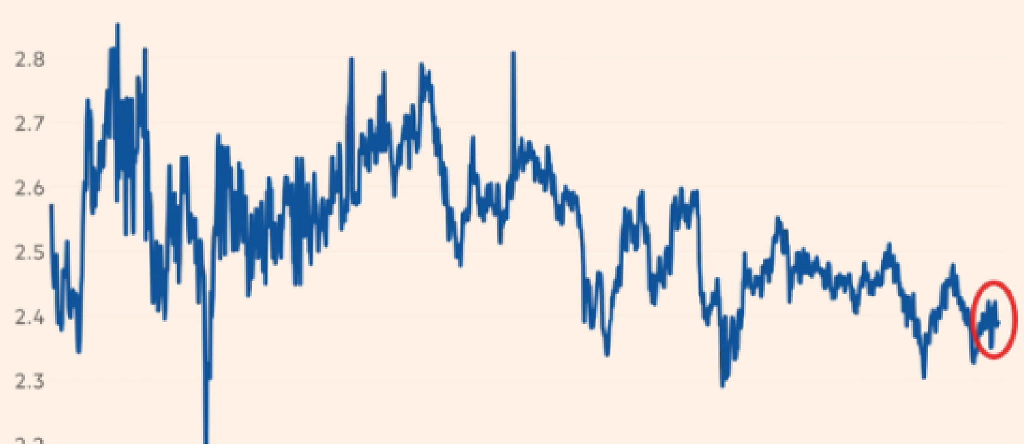
"**market-based measures of inflation expectations remain low and have fallen back in recent days, suggesting investors think the Fed remains committed to hitting its 2 per cent price stability goal...** Warsh has maintained publicly that the 'trigger pullers' in bond markets — meaning fund managers making investment decisions — understand his approach, even as commentators have become more critical."

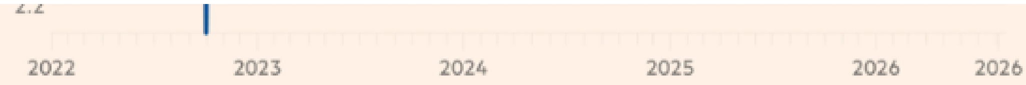
"**Warsh would be prepared to raise interest rates at September's meeting if inflation readings released in coming weeks are hot, and markets ratchet up their expectations for increases in borrowing costs,** the people familiar with his thinking said."

"Warsh is expected to use his first speech at the Kansas City Fed's Jackson Hole symposium this month — a blockbuster event for markets — to explain the intellectual framework behind his quiet revolution, including clarifying areas where he believes his own messaging has fallen short."

US inflation expectations remain subdued

Five-year, five-year inflation swap rate (%)





Source: Bloomberg

LiveSquawk @LiveSquawk · 10h

Kevin Warsh To Stick With Lean Fed Messaging Despite Market Backlash - FT
ft.com/content/debe09...

The center of the Fed appears to be holding for now, but **Gov Cook seems to be joining the rest of the Fed in losing patience with inflation remaining above the 2% target** saying in a speech at the 2026 Economic Luncheon of the Anchorage Economic Development Corporation that **"inflation is too high, and I consider the risks to the inflation side of the dual mandate higher than the risks to the employment side at this point. As such, I am prepared to act by raising rates, if necessary.... I would support an increase, if it becomes necessary to bring inflation down."**

But **unlike the "hike now" camp (which is composed currently of regional Fed presidents) Cook leaves open the possibility that hikes won't be needed**:

"Some disinflationary forces are already in play, which could push inflation toward our target without a rate increase."

Those include tariffs dropping out of the inflation window, potential continued moderation in oil prices, and easing of the AI inflationary pressures.

But she remains more hawkish than most of the centrists saying **"If I do not see signs of continued disinflation soon, I am prepared to act.** With five years of above-target inflation, the risk grows that higher inflation may become entrenched in price- and wage-setting behavior, leading to persistence that would be much harder for us to attack."

Monetary Policy

What does this outlook mean for monetary policy? As I have described, inflation is too high, and I consider the risks to the inflation side of the dual mandate higher than the risks to the employment side at this point. As such, I am prepared to act by raising rates, if necessary. The labor market and output growth are currently stable. I would consider how a rate increase could negatively affect that stability. Still, I would support an increase, if it becomes necessary to bring inflation down. It may not. Some disinflationary forces are already in play, which could push inflation toward our target without a rate increase. Allow me to describe these forces.

First, the effects of tariffs announced last year on the price level are mostly behind us. So even though those tariffs account for a lot of the elevated inflation seen in 12-month changes, they may no longer provide much inflationary push going forward. We should see some disinflation as the early months of tariff pass-through drop out of the inflation window. However, the exact path of tariff policy remains uncertain.

Second, while oil prices continue to be elevated relative to early this year because of the Middle East conflict, many forecasters suggest that they will come down by the end of the year, providing some deflationary relief. However, similar to tariff policy, uncertainty remains high.

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Third, and finally, some of the recent price pressure in goods is due to the relative demand shift from the AI buildout, as demand for chips, especially, has led to stark price increases in high-tech electronics. As supply chains adjust and sector-specific efficiency gains accrue, I believe some of the inflationary pressure coming from the AI buildout will ease.

For these three reasons, I felt it was appropriate not to change rates while we see how these factors evolve. If I do not see signs of continued disinflation soon, I am prepared to act. With five years of above-target inflation, the risk grows that higher inflation may become entrenched in price- and wage-setting behavior, leading to persistence that would be much harder for us to attack. The longer inflation is above target, the more likely this scenario becomes. Thus, while we might be able to afford to wait for longer in a different environment, we do not have that luxury in this one.

Nick Timiraos @NickTimiraos · Aug 5

Fed governor Lisa Cook says she voted to hold rates steady last week because she sees potential for a reduction in price pressures from tariffs, the war, and the AI buildout.

But she suggests the bar to hike could be low with the following phrase: "If I d...

San Francisco Fed President (not a 2026 #FOMC voter), also remains with the center of the Fed in not yet being convinced that rate hikes are necessary.

Daly gave a presentation at the at the Economic and Social Research Institute (ESRI) International Conference in Japan. For some reason there is just video (linked below) and a slide deck but **Daly says she "completely supported" the decision to hold rates as there is "a lot of information we need to collect" to determine whether inflation is being driven by supply shocks that will wane over time as is her base case, or whether a longer-lasting inflation situation is forming.**

In that regard she leaves open the door to hikes: The Fed should be "vigilant to watch the information as it comes in, but **be very prepared to take action" if inflation does not subside as is her base case.**

As Nick notes, "she said scenario one had been and remains her base case, but **scenario two has really been gaining ground and you should 'be thoughtful enough to move it to the front of your desk.'"**

Daly said though there are "good reasons" to believe that the supply-driven shocks that have hit the U.S. economy will not have a lasting impact on inflation including limited pricing power.

frbsf.org/news-and-media...

Two Scenarios for Inflation

Scenario 1: Short-lived inflation

- Shocks follow conventional dynamics
- Inflation temporarily rises and then falls as shocks dissipate
- Current mildly restrictive policy gradually returns inflation to 2% goal

Scenario 2: Lasting inflation

- Overlapping shocks compound, amplifying the effects
- Inflation broadens and becomes more persistent
- Policy must be recalibrated to bring inflation down

10-year yields also up 6 basis points to 4.68%, now just four basis points from the highest close since January 2025 on Friday.

30-year yields also up six basis points to 5.22% also just four basis points from the highest level since 2007 on Friday.

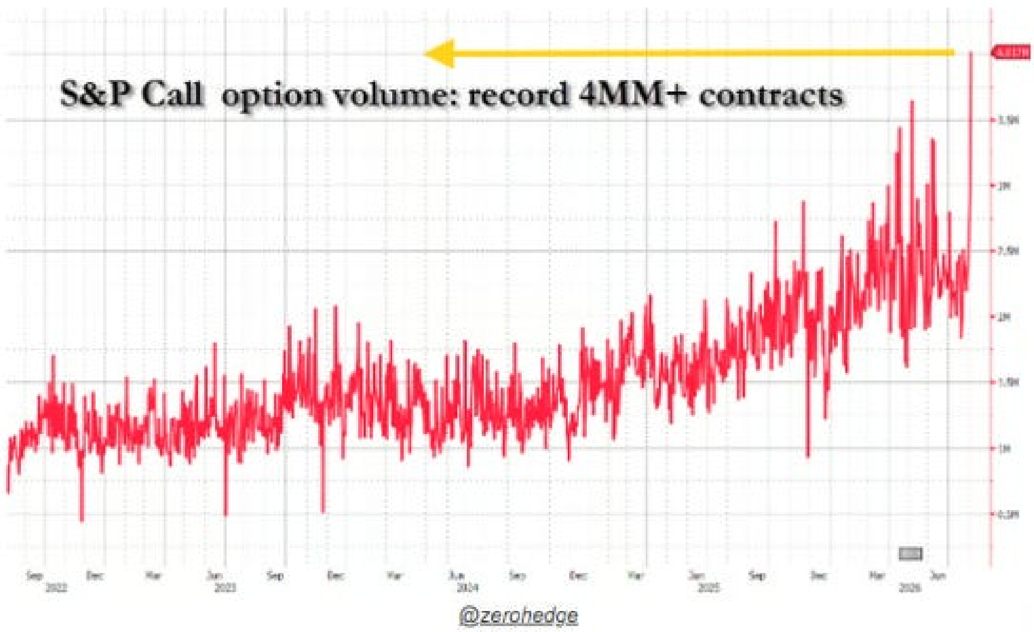
Another "spot down, vol down" day as the VIX edged back to 15.2.

The indicator remains in its "normal" range post-GFC, consistent with ~0.95% average daily moves in the SPX over the next 30 days.

I mentioned the "spot up, vol up" day in the VIX Tuesday, and noted that according to @t1alpha that is not particularly unusual when hitting a new high.

But as @dailychartbook points out in their nightly email, what WAS unusual is **there were 4 million call options bought on the SPX Tuesday, easily an all-time record.**

18. Call option volume. "And there's your epic buying panic blow-off top: yesterday over 4 million S&P call options were bought, the highest level ever recorded".



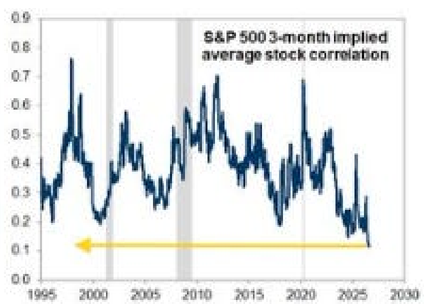
Goldman: **Extremely low implied correlations add to the argument for owning equity index volatility in coming weeks**.

Option-implied correlations across S&P 500 stocks have dropped to the lowest level in recent decades, weighing on index implied volatility despite surging volatility at the stock and factor levels.

While dynamics including the AI trade and popular overwriting strategies are likely to continue to weigh on correlations going forward, **the importance of macro drivers will likely increase as the earnings season concludes and investor attention turns to the midterms and upcoming inflation data.**

Exhibit 4: Implied correlations across S&P 500 stocks are extremely low

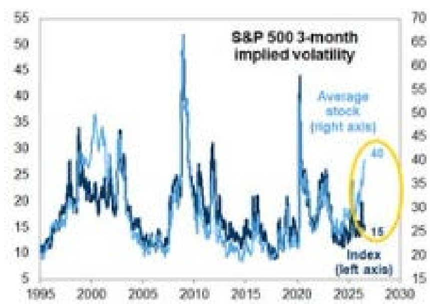
1-month trailing average



Source: Goldman Sachs Global Investment Research

Exhibit 5: Unusually wide gap between S&P 500 average stock and index implied volatility

trailing 1-month averages

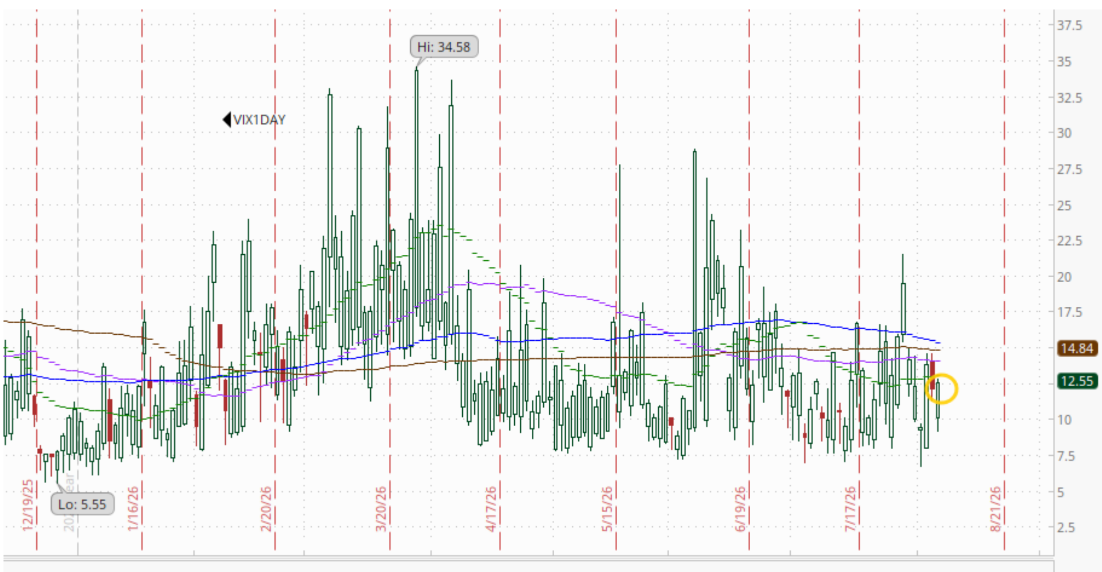


Source: Goldman Sachs Global Investment Research

The VVIX (VIX of the VIX) also eased to 88.7

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.

And the 1-day VIX though moved up to 12.6. The reading is consistent with a move of 0.77% in the SPX next session.



WTI pushed off its 200-DMA. While technicals are secondary here, as I noted Tuesday the daily MACD has crossed over to a “sell longs” reading and the RSI is under 50.

The DXY dollar index (which is fixed weighted with a heavy (57%) weighting vs the euro) moved higher trading sideways for a fourth session around its 100-DMA.

The daily MACD as noted a week ago has flipped to quite negative while the RSI is at 40. As I said then, clearly consolidating, but too early to call it a downtrend. But if it resumes it’s decline, that might be enough for me.

Gold futures (/GC) started higher but gave that up to finish modestly lower, disappointing after it finally extended after Wednesday crossing the downtrend line from the March highs. Still has a good technical setup also with positive daily MACD and RSI.

US copper futures (/HG) like gold started higher and gave that back to finish mildly lower. It continues to have “supportive technicals,” with positive daily MACD and the RSI at a nearly 3-month high.

US natural gas futures (/NG) fell to the lowest close since the bottom in late April. The daily MACD and RSI remain negative.

Bitcoin futures continue to trade in their range over the past month+, also at the same levels they were at in early June. As I mentioned three 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. Clearing that downtrend line would be notable though, and I’d be a buyer if that happens and they move above the recent range.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USD
Bitcoin CME Futures · 1D · CME O64,955 H65,255 L64,315 C64,655 −425 (−0.65%) −425 (−0.65%)
Daily Lines 64,540 64,363 69,622 78,248
100,000
96,000
92,000
88,000
84,000
80,000
78,248
76,000
72,000
69,622
68,000
64,655
BTCQ2026
09:32
64,540
64,363
56,000
MACD (close, 12, 26, 9) 118 −44 −163
2,000
118
−44
−163
−2,000
−4,000
RSI (14; close) 50.54 50.44
60.00
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Other stuff:

Tom Lee says **after "consolidating for the last eight to 10 weeks," the SPX "can get to 7,900 or 8,000" this month** which would mean a gain of around 2.3 to 3.6%.

After the consolidation, "as you know, t**he bigger the base, the bigger the breakout**," Lee said in a video to clients.

"But we do think you want to be diversified. I'm still bullish on semis and DRAM and memory, even though they're correcting. I do think they're going to recover just like in 1997 and in 1998. But the recovery here, **I think, is going to be led by [the Magnificent Seven], software and ethereum,"** he said.

"Earnings [are] indeed accelerating," he added.

CNBC @CNBC · 7h

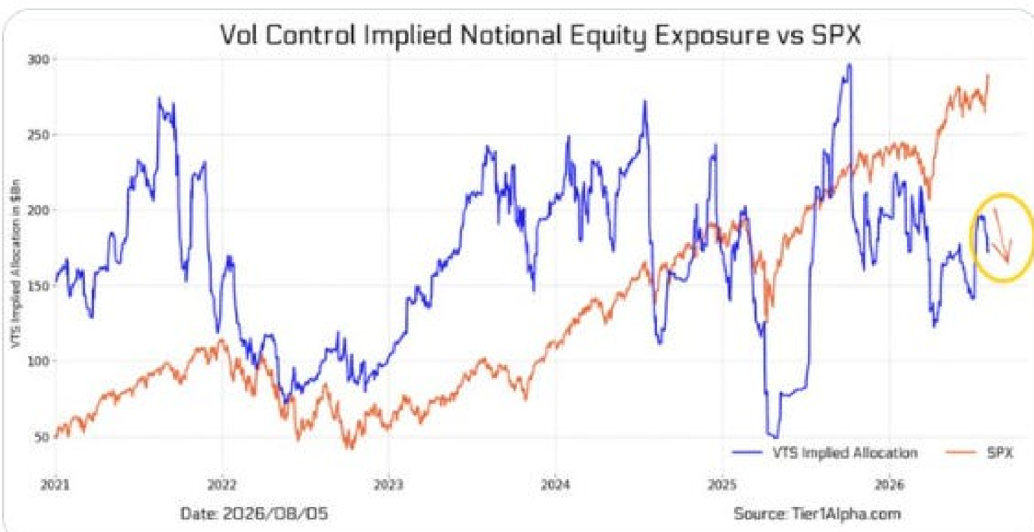
Tom Lee's bold August forecast: S&P 500 going to 8,000
cnbc.com/2026/08/06/tom...

I mentioned in the Markets Updates this week that the increased realized volatility (even if most of it was to the upside) would likely see some selling from vol control funds (the most sensitive to volatility).

Tier1Alpha confirms that and notes that they that sensitivity remaining:

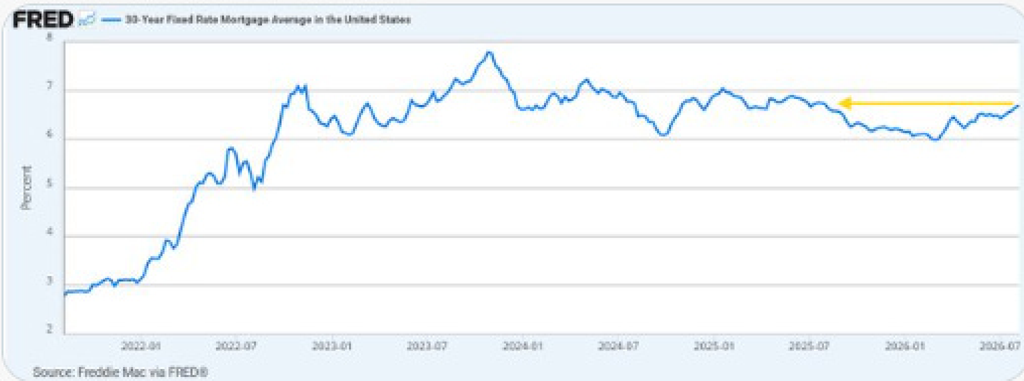
"We're also seeing signs of structural stress in the vol control space now that 1-month realized volatility has officially moved back above 3-month realized volatility. This is a small but important detail for vol control funds that use volatility-scaling strategies to manage risk, which typically use the higher of the two look-back windows to determine their equity allocations.

"Now that the 1-month realized volatility is higher, we'd expect to see more aggressive rebalancing flows from these funds given the shorter lookback window will be more sensitive to daily returns. **So far this week, we estimate that this class of strategies generated around $12B in net selling."**



The average for a 30-year fixed mortgage loan increased to 6.69% from 6.66% a week earlier, Freddie Mac said Thursday.

That’s the highest since July 31, 2025, when the rate was 6.72%.



The Atlanta Fed's Q3 real GDP tracker at +5.83% after the data Wednesday and Thursday, essentially unchanged from its +5.86% reading on August 4th with only minor offsetting moves across the components.

Remember though the caveat that **both Q1 and Q2 started very strong before falling sharply in the last month** before those actual GDP reads.

The reading remains **well above the blue chip consensus* of ~+2.0%.**

Here's the breakdown of the components as of August 6th and changes from my last update August 4th:

Consumption = +2.81% (-0.04%)

Inventories = +1.92% (+0.03%)

Nonresidential fixed investment (biz spending) = +1.04% (-0.02%)

Gov't = +0.18% (-0.01%)

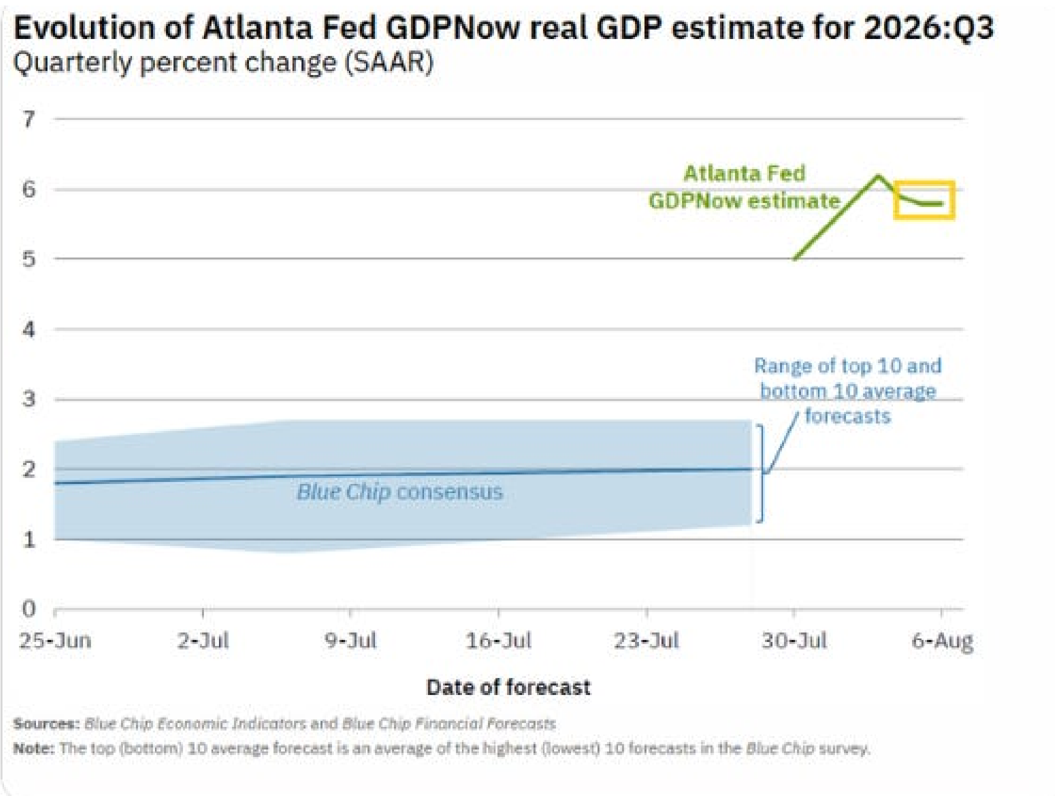
Residential investment = +0.08% (0.00%)

Net exports = -0.20% (0.00%)

GDPNow Forecast: +5.83% (-0.03%)

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

***(as a reminder their Q2 estimate came in very close at less than a tenth off after their Q1 estimate came in -0.75% too low and 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 2025 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)*



LiveSquawk @LiveSquawk · 6h

US Atlanta Fed GDPNow Q3: 5.83% (prev 5.82%)
atlantafed.org/research-and-d...

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

Wrap-up

As I wrote Sunday:

> As mentioned in the Markets Updates this week, **we saw the "on again, off again"** nature of the AI-trade, which spent much of July "off" (leading to the worst month for one broad semiconductor index since 2022 as noted in the Friday Markets Update), **flip back to "on again" Thursday and Friday.**

> I had mentioned all month that "**we have seen pullbacks several times previously in the AI trade over the past year, and they have all resolved relatively quickly to the upside**. It would be a meaningful change in character if that did not happen this time as well," and last week said while we had seen one of the sharpest pullbacks in the trade to date, it certainly wasn't unprecedented (see DB's note in the Flows section), **and the momentum/Tech may be turning back up "on schedule.**"
>
> Given the weight of the components of that trade (semiconductors are 19% of the SPX by market cap, with Tech over a third in total) plus the leverage employed, (as noted by Tier1Alpha also in the Flows section) **it will make a big difference in where the market cap indices go**.
>
> Of course, there are many other ways to play the market beyond buying the SPX and **throughout July we saw broad strength which though seemed to fizzle out the last two days just as AI saw a resurgence.** Hopefully we are not returning to the "either/or" market we saw at times earlier this year, but it all remains to be seen.
>
> As mentioned Friday and in the Flows section, the deleveraging we have seen puts us in a much better position from a positioning standpoint than we were coming into the month, with BofA flipping to a net positive base case for the upcoming week, and DB becoming more constructive as well (in addition to JPM, Goldman, etc., per posts this week and several that will be in the Monday note (be sure to check the "Other Stuff" area tomorrow).
>
> One thing we will need to keep an eye on is long-end yields. As I mentioned Wednesday "until long-end yields stabilize, it will keep pressure on the 'elsewhere' stocks." Hopefully we see buyers come in next week to at least stabilize rates.

And as I said Monday:

> wouldn't you know it, but we ticked just about every box. The AI trade (after some early weakness) continued but we also got many of the "elsewhere" stocks participating as well, helped by yields stabilizing, which pushes us further away from systematic sell levels.
>
> The one quibble is things might have been *too* good as a 1.5% move is not going to help systematics re-engage. That said, as noted in the Week Ahead, our most volatility sensitive systematic, vol-control, already de-risked as DB noted, so that is less concerning that it would be a couple of weeks ago.

But Wednesday I noted:

> **today the AI-trade (and broader growth complex for that matter) turned "off again," and there wasn't enough support elsewhere to keep things going.** The growth rally was quite strong the prior four sessions, so perhaps just a breather before it resumes. Could also require a more prolonged consolidation, but I don't think we've gone far enough to really require that. Things haven't gotten particularly extended (the Nasdaq-100 RSI is just 55 for example), so I'm thinking more a pause that might last through Friday morning with traders not wanting to get ahead of the Employment Situation report. FWIW that's exactly what Fundstrat's Mark Newton was looking for coming into today's session.

And that "pause that might last through Friday morning" continued Thursday, not helped by the unfavorable headlines around Iran which lifted crude prices and Treasury yields along with the poor reaction to guidance from Sandisk and Western Digital.

Tomorrow though we get the monthly jobs report. Let's see how that comes out, and we'll revisit the situation tomorrow night.

But, as I said Sunday:

> I think I'm a little more constructive this week in large part due to the cleaner positioning as well as still robust earnings growth which DB notes is not fully reflected in equity prices. It seems investors are back to being a little more comfortable with AI/Tech cash flows coming around post AI-buildout, and discretionary buybacks are returning, although retail flows remain subdued.
>
> While gamma looks to start the week relatively low, that means there is room for larger moves in both directions, and a deal with Iran as anticipated by President Trump, if it happens, may mean that large move is to the upside.

The Day Ahead

After a packed week, we get to our marquee report of the week with the **July Employment Situation report** (some previews are below). This week, though, it's not alone coming with the **NY Fed's consumer survey and June consumer credit** reports.

In terms of Fed speakers, just Richmond Fed President Barkin (not a 2026 FOMC voter) is on the calendar.

Q2 earnings season continues but a light day with just **3 SPX components reporting with none >$100bn market cap.**

Ex-US highlights are Japan household spending, German industrial production and trade balance, Canada employment, France and China trade balances, and Mexico CPI and PPI.

	Speakers	(none)	Economic data							
	CBs		Meetings							
Date	**LDN**	**NY**	**HK**	**Country**	**Event**	**For**	**BofAe**	**Cons.†**	**Previous**	**Expectations**
7-Aug	8:00	3:00	15:00	Germany	Industrial Production (sa, mom)	Jun	-0.30%	--	0.9%	--
	13:30	8:30	20:30	US	Change in Nonfarm Payrolls	Jul	80	88k	57k	We expect payrolls to rise by a below consensus but still-firm 80k in July (private: 95k), up from 57k in June. Benign claims data and steady labor market indicators point to continued job growth, though we see some downside risks from summer hiring distortions, softer recent ADP readings, and a potential reversal in local gov't hiring. We expect the u-rate to round up to 4.3% as LFPR rebounds, though strong HH employment could keep it at 4.2%. This would reinforce the view that labor market downside risks have largely faded, supporting our call for three hikes in '26.
	13:30	8:30	20:30	US	Private Payrolls	Jul	95	93k	49k	--
	13:30	8:30	20:30	US	Average Weekly Hours	Jul	34.3	34.3	34.3	--
	13:30	8:30	20:30	US	Unemployment Rate	Jul	4.3	4.2%	4.2%	--
	13:30	8:30	20:30	US	Labor Force Participation Rate	Jul	61.7	61.6	61.5	--
	13:30	8:30	20:30	Canada	Net Change in Employment	Jul	20.0k	-	18.2k	We expect employment to grow by 20.0k jobs in July, following a gain of 18.2k in June. The unemployment rate will likely stay at 6.5%.
	13:30	8:30	20:30	Canada	Unemployment Rate	Jul	6.50%	--	6.50%	--
	15:00	10:00	22:00	US	Fed's Barkin Speaks	--	--	--	--	At NABE Event
	20:00	15:00	3:00	US	Consumer Credit	Jun	--	$12.1b	-$0.2b	--

	Speakers	(none)		Economic data		
	CBs			Meetings		
Date	**London**	**NY**	**Hong Kong**	**Country**	**Event**	**Expectations**
7-Aug	8:00	4:00	16:00	Taiwan	Exports YoY	We forecast Taiwan's exports to rise 38% YoY in July, moderating slightly from 40.3% in June. AI servers, advanced chips and higher memory prices likely remained the main growth drivers, supported by exceptionally strong export orders. The moderation largely reflects a tougher base and continued weakness in non-tech exports.
	11:00	7:00	19:00	Brazil	FGV Inflation IGP-DI MoM	We expect July IGP-DI to decline 0.89% mom, from -0.79% mom in June, mainly due to lower oil and gas prices, and broad deflationary pressure. In yoy terms, we see the IGP-DI at 2.72% yoy, from +3.59% in the previous month.
	12:00	8:00	20:00	Mexico	CPI MoM	We expect headline inflation at 0.06% mom in July.

Friday, August 7

08:30 AM Nonfarm payroll employment, July (GS +75k, consensus +85k, last +57k)

Private payroll employment, July (GS +70k, consensus +83k, last +49k)

Average hourly earnings (MoM), July (GS +0.3%, consensus +0.3%, last +0.3%)

Labor force participation rate, July (GS 61.7%, consensus 61.6%, last 61.5%)

Unemployment rate, July (GS 4.3%, consensus 4.2%, last 4.2%)

We estimate nonfarm payrolls increased 75k in July, reflecting a middling signal from alternative data. On the positive side, we expect a small incremental boost from World Cup-related hiring, which did not begin to unwind until shortly after the July reference period. We expect this boost to show up in industries such as leisure and hospitality. Additionally, we expect a modest 5k increase in government payrolls, reflecting the stabilization in government job openings. On the negative side, July payrolls have missed consensus expectations in recent years and have been coupled with large negative revisions to job growth in prior months.

We estimate average hourly earnings rose 0.3% month-over-month in July, reflecting neutral calendar effects.

We estimate that the unemployment rate rebounded 0.1pp to 4.3% in July, reflecting a stabilization in continuing claims but potential upward pressure from the reversal of June's large decline in participation that applied modest downward pressure on the unemployment rate via compositional effects (i.e., the June decline in participation was concentrated on cohorts that have unemployment rates that are slightly higher than the national average).

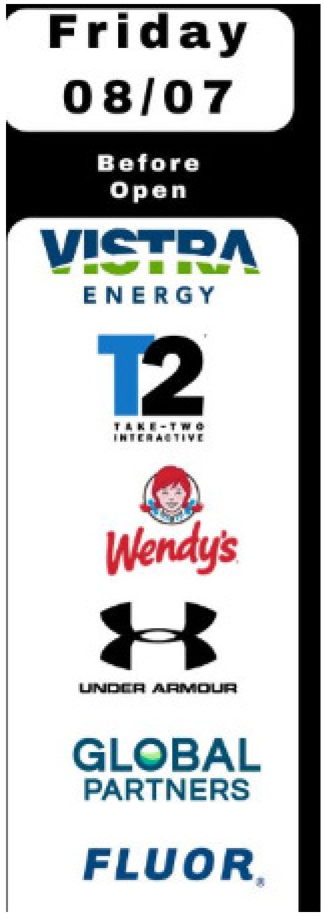
10:00 AM Richmond Fed President Tom Barkin (FOMC non-voter) speaks

Richmond Fed President Tom Barkin will participate in a fireside chat on the economy, leadership, and the evolving role of the Federal Reserve with the National Association for Business Economics. Q&A is expected. On July 31, Barkin said that it was "a close call" on whether interest rates are high enough.

Friday August 7

Data: US July jobs report, NY Fed 1-yr inflation expectations, June consumer credit, Japan June household spending, leading index, coincident index, Germany June trade balance, industrial production, France June current account balance, trade balance, Canada July labour force survey, China July foreign reserves, trade balance
Central banks: Fed's Barkin speaks
Earnings: Allianz, Munich Re, Vistra, Take-Two Interactive Software, Banca Monte dei Paschi di Siena

Ticker	Name	Next Earnings Date	↓ Market Cap
VST	Vistra Corp.	Aug 7, 2026	47.67B
TTWO	Take-Two Interactive Software, Inc.	Aug 7, 2026	43.47B
PPL	PPL Corporation	Aug 7, 2026	26.05B



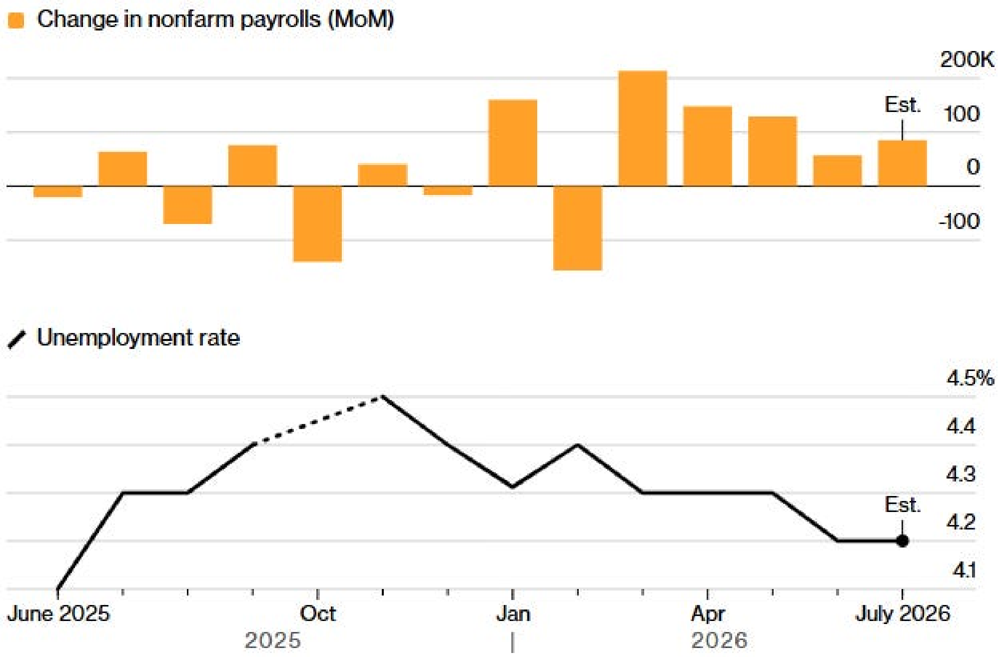
NFP Previews:

Economists estimate the monthly jobs report on Friday will show an 85,000 increase in payrolls after the lower-than-expected 57,000 gain in June, according to the Bloomberg survey median.

The unemployment rate, which is based on a survey of households rather than establishments, is seen holding steady at 4.2%.

US Job Growth Probably Accelerated in July

Monthly jobs report expected to show hiring picked up after June moderation



Note: October unemployment rate not published due to US government shutdown
Source: Bloomberg, Bureau of Labor Statistics

JPM's Feroli on his expectations for the jobs report:

We expect that nonfarm payrolls rose 75k overall (and 75k private) in July and that the unemployment rate increased from 4.2% to 4.3%.

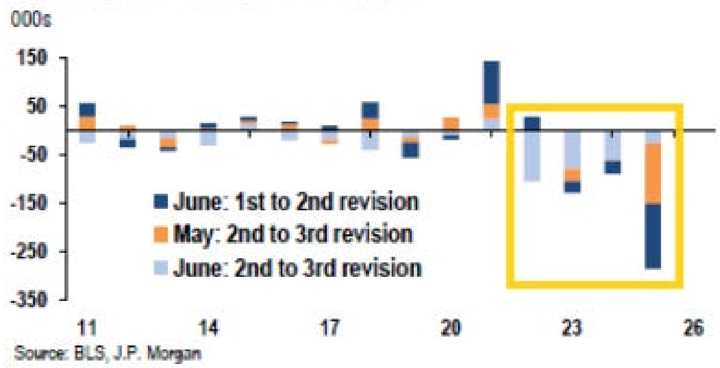
We also expect that the workweek held at 34.3 and that average hourly earnings rose a high-side 0.2%.

Fri Aug 7 8:30am	Labor-market report Sa	Apr	May	Jun	Jul
	Payroll employment				
	(ch, m/m, 000s)	148	129	57	75
	Private payrolls	150	97	49	75
	Goods-producing	6	7	10	10
	Construction	3	6	11	5
	Manufacturing	-1	-2	3	5
	Service-providing	142	122	47	65
	Private service-providing	144	90	39	65
	Wholesale trade	1	4	2	
	Retail trade	24	8	-8	
	Professional services	20	11	36	
	Temporary help	11	-1	9	
	Education/health	67	45	69	
	Leisure and hospitality	-7	40	-61	
	Government	-2	32	8	0
	Average weekly hours	34.3	34.3	34.3	34.3
	Index, hrs worked (%m/m)	0.3	0.1	0.1	0.0
	Hourly earnings (%m/m)	0.2	0.3	0.3	0.2
	(%oya)	3.6	3.4	3.5	3.5
	Unemployment rate (%)	4.3	4.3	4.2	4.3
	Participation rate (%)	61.8	61.8	61.5	61.7

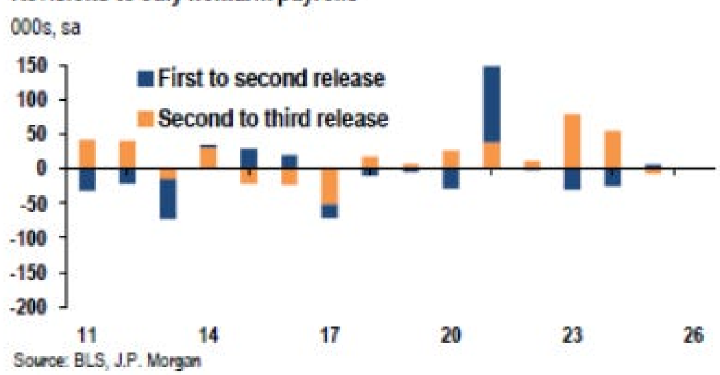
Feroli: "**The revision pattern has recently turned more balanced, so the consistent pattern of downward revisions in earlier years may no longer hold.**

"That being said, May and June have tended to see downward revisions at the time of the July report, whereas July itself doesn't have a clear directional bias to revisions."

Revision pattern for May and June payrolls



Revisions to July nonfarm payrolls



Hours and earnings

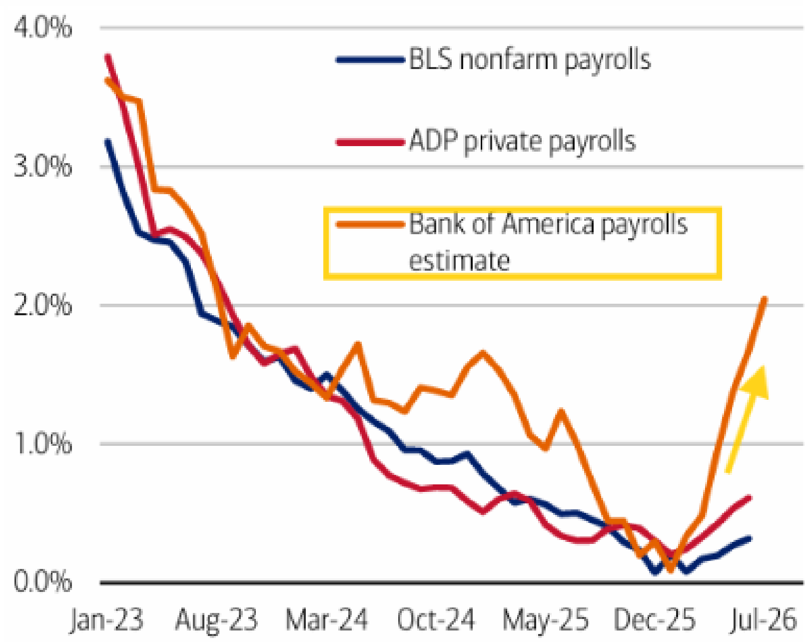
Bank of America Institute:

Our estimate of job growth* showed an acceleration to 2.0% year-over-year (YoY) in July, up from 1.7% in June. The data can be noisy, partly due to seasonal variation and differences in pay-period timing, but in our view, **this suggests the labor market has been faring very well over the summer** (Exhibit 1).

*uses Bank of America deposit data to track changes in the number of customer accounts receiving a paycheck (see Methodology)

Exhibit 1: July payroll growth accelerated further in Bank of America deposit account data

Payroll estimates from Bank of America customer deposit account data (three-month moving average, % YoY), the Bureau of Labor Statistics (BLS) and Automatic Data Processing (ADP) (monthly, YoY)



Source: Bank of America internal data, Haver Analytics

Note: BLS and ADP data are seasonally adjusted, Bank of America data is not seasonally adjusted.

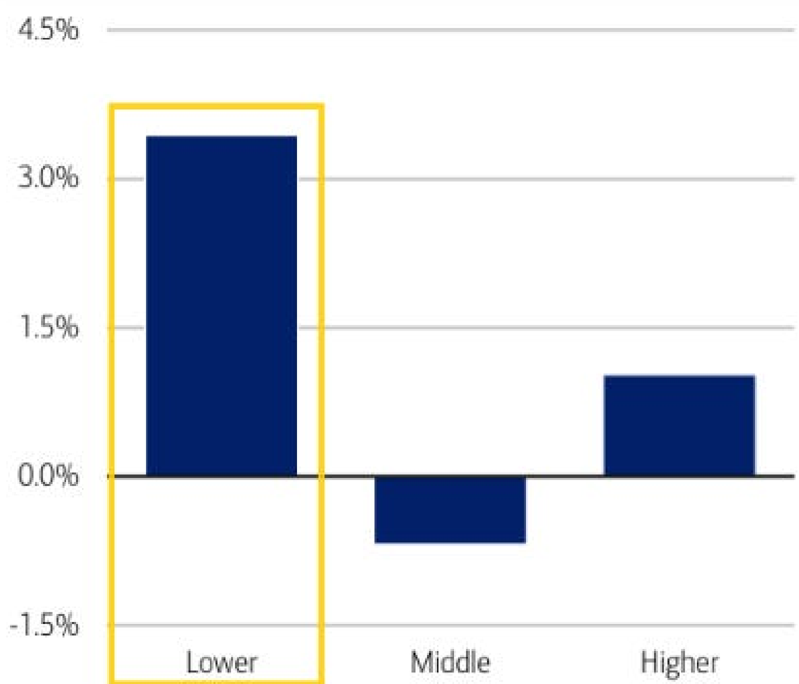
BANK OF AMERICA INSTITUTE

"When we split Bank of America job growth data by household income tercile, we find that **job growth in July was strongest among lower-income households.**

"There was positive, but weaker, growth among higher-income households, but interestingly, **for middle-income households, we actually observed a small decline** in jobs (Exhibit 2)."

Exhibit 2: The strongest job growth appears to be at the lower-income end of the income distribution

Payroll estimates from Bank of America customer deposit account data by household income tercile (July 2026, three-month moving average, % YoY)



Source: Bank of America internal data

BANK OF AMERICA INSTITUTE

Goldman:

> We estimate nonfarm payrolls rose by 75k in July, below consensus of +80k and the three-month average of +111k. We

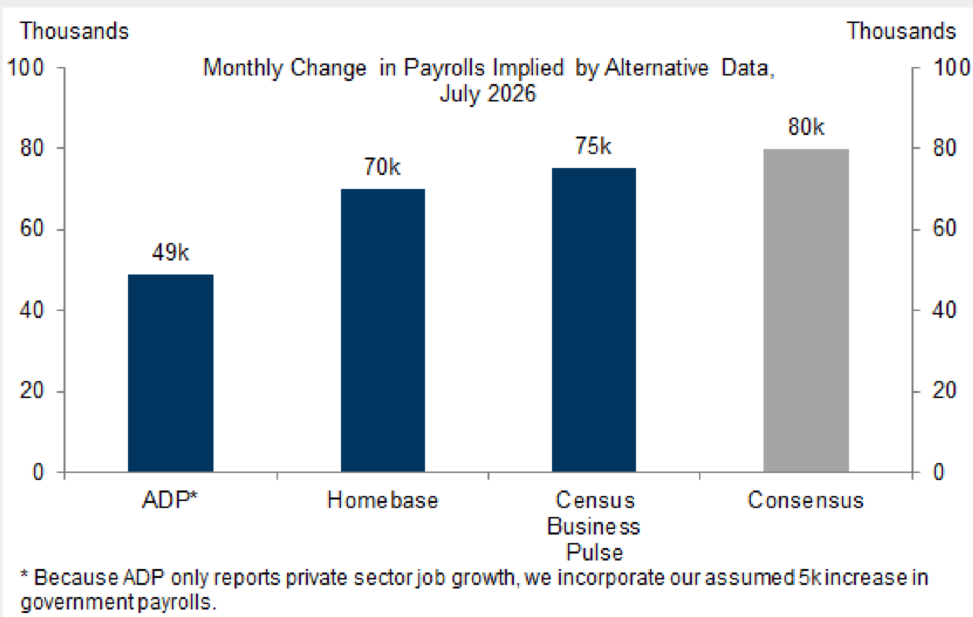
estimate that private payrolls increased by 70k, slightly below consensus of +83k.

We describe the factors we considered in our forecast in greater detail below.

Arguing for a weaker report:

- **Big data.** The alternative measures of employment growth we track slowed modestly from their prior month's pace: the indicators we track averaged +65k, compared to +79k in June.

Exhibit 1: Alternative Measures of Employment Growth Slowed Modestly in July



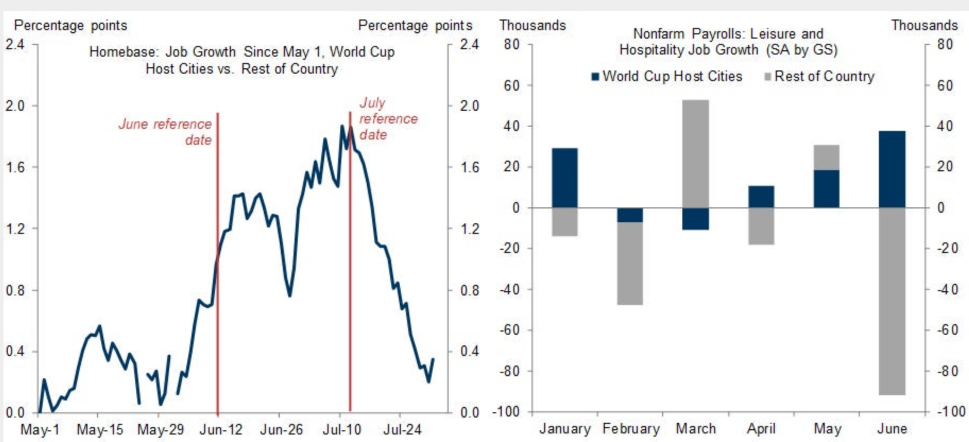
Source: ADP, Homebase, Department of Commerce, Bloomberg, Goldman Sachs Global Investment Research

- **A recent pattern of weak July employment reports.** In each of the last three years, July payroll growth slowed from its previously stated three-month average (by an average of -66k) and missed consensus expectations (by an average of -35k). Those reports have also been paired with negative revisions to job growth for prior months, with job growth for the prior two months being revised down by an average of 112k.

Arguing for a stronger report:

- **World Cup hiring.** Data from Homebase suggests that employment grew more quickly in World Cup host cities between the June and July reference weeks. That same data suggests that the World Cup boost began to unwind shortly after the July reference period. Our historical analysis suggests that the World Cup could boost payroll growth by 10k in July, and that its impact should be concentrated in the leisure and hospitality, professional and business services, and trade and transportation sectors.

Exhibit 2: Data from Homebase Suggests That World Cup Hiring Could Further Boost Payrolls in July

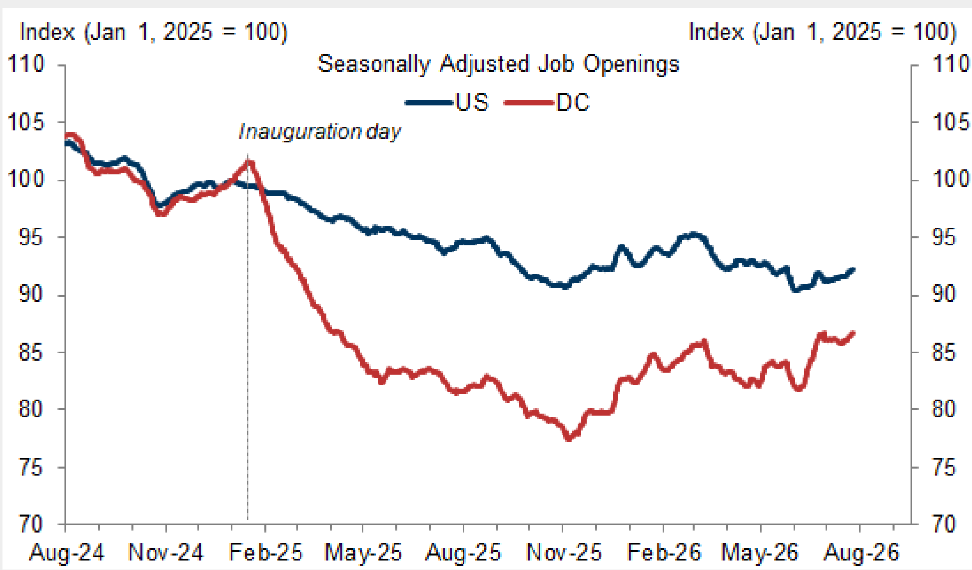


Source: Homebase, Department of Labor, Goldman Sachs Global Investment Research

- **Layoffs.** Initial jobless claims averaged 210k in the July payroll month, down from 224k in June. The JOLTS layoff rate was unchanged at 1.1% in June. Announced layoffs reported by Challenger, Gray & Christmas declined by 12k to 33k in July (NSA), the lowest reading since July 2024.

- **Government hiring.** Our forecast incorporates an assumed 5k increase in government payrolls. After declining for most of the last year and a half, government payrolls have increased by an average of 12.5k/month over the last four months, and government job openings—as measured by both the official data from the JOLTS report and alternative data such as Indeed—have rebounded in recent months.

Exhibit 3: Job Openings in Washington DC Have Rebounded Over the Last Couple of Months

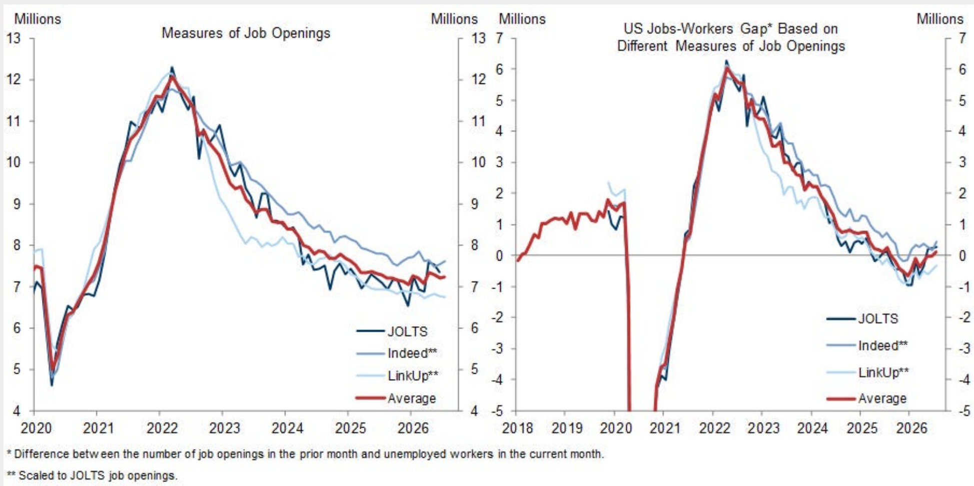


Source: Indeed Hiring Lab

Mixed/neutral factors:

- **Job availability.** Averaging across the measures of job openings from JOLTS, Indeed, and LinkUp, we estimate that job openings were roughly unchanged in June, and the measures from Indeed and LinkUp were stable in July (Exhibit 4). The Conference Board labor differential—the difference between the percentage of respondents saying jobs are plentiful and those saying jobs are hard to get—edged down by 0.7pt to +3.1 in July.

Exhibit 4: Job Openings Have Been Roughly Unchanged in Recent Months



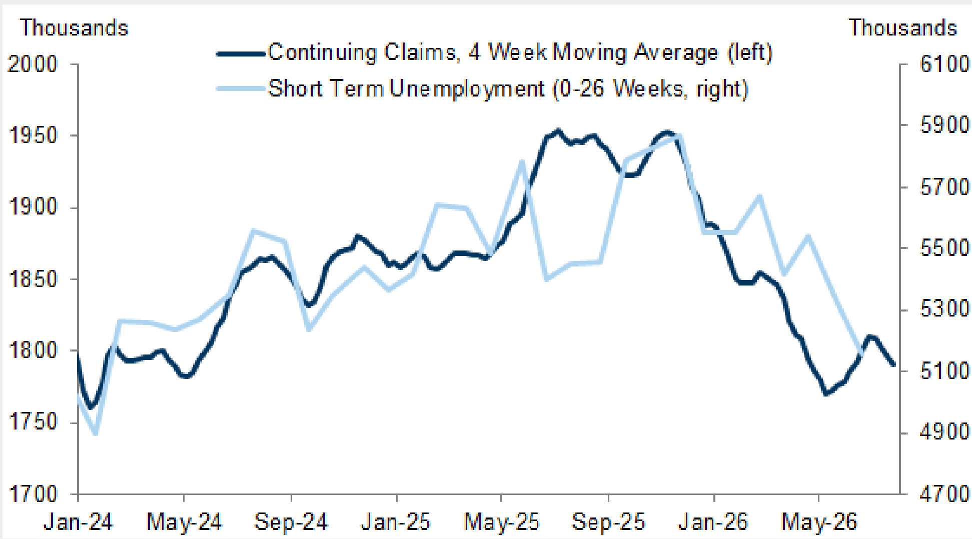
Source: Department of Labor, Indeed Hiring Lab, LinkUp, Goldman Sachs Global Investment Research

- **Employer surveys.** The employment component of our manufacturing survey tracker increased in July (+0.9pt to 51.9) while the employment component of our services tracker declined (-0.7pt to 49.8). However, the signal from survey data has been less useful—and at times misleading—during the post-pandemic period and thus has little bearing on our payrolls forecast.

We estimate average hourly earnings rose 0.3% month-over-month in July, reflecting neutral calendar effects.

We estimate that the unemployment rate rebounded 0.1pp to 4.3% in July, above consensus of 4.2%, reflecting a stabilization in continuing claims but potential upward pressure from residual seasonality—the unrounded unemployment rate has increased by 0.12pp on average in the last two Julys—and the reversal of June's large decline in participation that applied modest downward pressure on the unemployment rate via compositional effects (i.e., the June decline in participation was concentrated on cohorts that have unemployment rates that are slightly higher than the national average).

Exhibit 5: Continuing Claims Have Stopped Falling



Source: Department of Labor, Goldman Sachs Global Investment Research

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

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