Markets Update - 8/7/26

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

NEIL SETHI
AUG 07, 2026 ∙ PAID

Quick Summary:

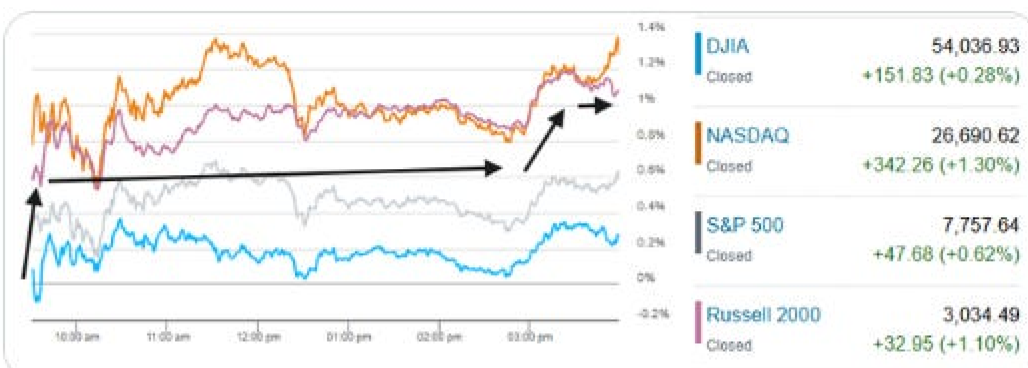
- **US equity indices started Friday higher after a much weaker-than-expected July Employment Situation report eased some worries about another near-term Fed hike seeing yields ease back (although both marginally, as we'll talk about in the subscriber section).**
- **Indices would hold those gains through the late afternoon before a last-hour rally took them another leg higher securing the best week for the S&P 500, Nasdaq Composite, and Dow Jones Industrial Average since April. At day's end, the Nasdaq Composite was +1.3%, the Russell 2000 +1.1%, the S&P 500 +0.6% to a new record close, and the Dow Jones Industrial Average +0.3%.**
- **The move capped a strong week for equities. The S&P 500 gained +3.6%, the Nasdaq Composite +5.2%, the Dow Jones Industrial Average nearly +3.0%, and the Russell 2000 +3.5%, with all seeing their best week since April except the Russell 2000, which had its best week since June. Semiconductors and software also posted sharp weekly rebounds after July's weakness.**
- **The jobs report was a key clearing event Friday. Nonfarm payrolls unexpectedly fell by 23,000 in July versus expectations for a**

gain, while May and June payrolls were revised down by a combined 103,000. The unemployment rate fell to 4.1%, but that was driven by another decline in labor force participation, while wage growth slowed. A full breakdown is available here.

- While Technology was a leader, the equal-weighted S&P 500 finished up +0.7% taking it to the brink of all-time highs. Oil remained an important part of the backdrop this week. WTI rose Friday but still fell more than 9% on the week, its largest weekly decline in six weeks, as investors continued to watch for a potential US-Iran deal to reopen the Strait of Hormuz with no new developments since this morning's update.
- Attention now turns to next week's inflation data, with the July CPI report the next major test of whether the Fed will stay on hold after Friday's softer labor-market report.

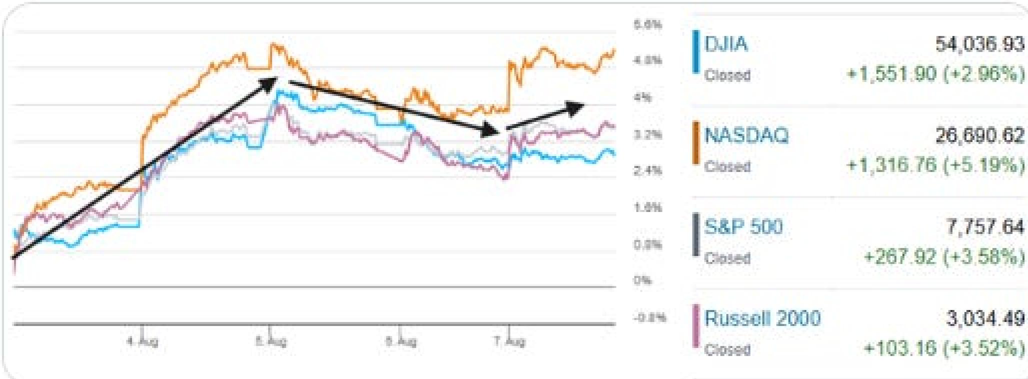
US equity indices started the session higher and held those gains in the the late afternoon before a last hour rally took them up another leg.

Nasdaq led +1.3%, RUT +1.1%, SPX +0.6%, DJIA +0.3%

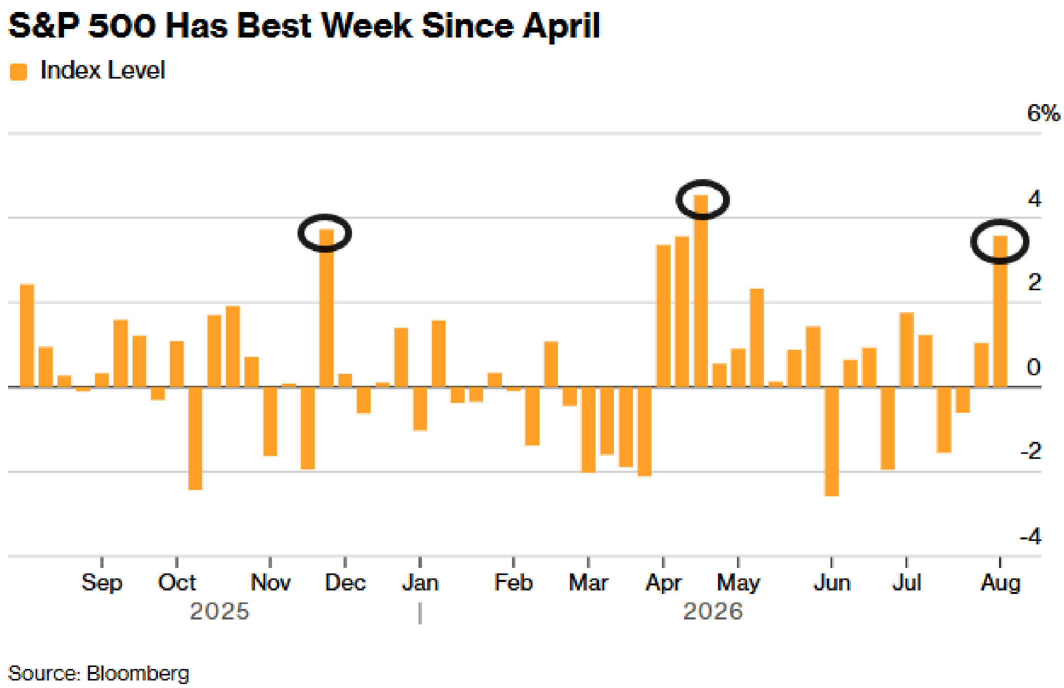


For the week, indices actually hit the highs at Wednesday's open, but finished just off those levels with the best week for the SPX, Nasdaq, and DJIA since April ending +3.6%, +5.2%, and +3.0% respectively.

RUT the best since June +3.5%.



SPX on pace now for second best week since November.



Some market commentary:

> On the Employment Report/Fed:
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> - "While incoming inflation data will be the ultimate arbiter, slowing jobs growth helps support a September hold," said Lindsay Rosner at Goldman Sachs Asset Management.
> - Friday's jobs report was not just much weaker-than-expected, it showed that the economy shed jobs during July, which puts the Federal Reserve in a conundrum, since inflation is still elevated and sticky, according to Brent Wilsey at Wilsey Asset Management. "While one weak jobs report is not likely to dictate Federal Reserve policy, we think the central bank will maintain its wait-and-see approach on interest rates, and allow more time to pass to examine incoming economic data," he said.
> - The jobs report is a game changer in the sense that all of the recent focus has been on inflation, with the latest numbers

highlighting the risks that are embedded in the labor market as well, according to Chris Zaccarelli at Northlight Asset Management. “Before today, many were expecting that the Fed had no choice but to raise rates in order to fight stubbornly high inflation, because the job market was so strong, but this report shows that isn’t the case,” he said.

- “For the job market this is a number that’s not booming and may actually be breaking, but for the markets the two biggest areas of concern were yields and inflation,” Saira Malik, Nuveen chief investment officer, said on CNBC’s “Squawk Box.” “This lower number helps not reinforce the Fed’s narrative that they need to raise interest rates.”
- While the weak payrolls print may ease the pressure on the Fed to raise rates at its September meeting, next week’s inflation data will still likely be the deciding factor, noted Ellen Zentner at Morgan Stanley Wealth Management. “If those numbers come in hotter than expected, a cooler labor market may not be enough to quiet the calls for hikes inside the Fed, or lower expectations outside of it,” she added.
- “The payroll numbers came in quite far below expectations, especially if you take the revisions into account,” Hatzius said on CNBC’s “Squawk on the Street.” “And if I look at our composite measure of underlying job growth, that was running at a little over 70,000 before this report a month ago. It’s now running at 5,000.” The chief economist also noted that the decline in the unemployment rate was primarily due to a “big” drop in labor force participation. “If you take the whole report together, it’s weaker,” he said.
  However, Hatzius believes that the upcoming inflation figures set to be released next week hold more importance, as they could “tell us whether the very good June inflation numbers were a one-off or maybe the start of a softer trend,” he added. Ultimately, September remains an “open question,” he said, but

he thinks the inflation data is going to be “benign enough” that the Fed won’t make any moves on interest rates.

- Former Dallas Fed Chair Richard Fisher told CNBC’s “Squawk Box” he was not disappointed in July’s job report numbers. “Well, actually, I think the labor situation is better than I expected than many people expected. We’re actually holding up fairly well but again, look at the rate of increase of wages. It’s been dampening, and I think that will affect consumer behavior. In addition to having the kind of inflationary pressure that consumers are feeling, so I’m not that disappointed in these numbers,” Fisher said.
- James Egelhof, U.S. chief economist at BNP Paribas Markets 360, said the data suggest that a “low hire, low fire” labor market remains in place and don’t change his view that the Federal Reserve will start raising interest rates in December.

On equities:

- “The potential earnings growth, particularly coming from ‘tech-plus’ cohorts are not fully priced in to valuations,” Grinacoff said by phone, adding that the market is still readjusting to a spate of strong earnings. “We are fundamentally quite bullish,” the bank’s head of equity derivatives research noted. “That is not just ‘tech-plus’ dominance,” Grinacoff said, referring to the stocks that have been the main beneficiaries of the AI boom. “You start to see a rising tide lift all boats, including tech.”

On the Iran conflict:

- “The conclusion is that a resolution will be forthcoming in the not too distant future, and if those conditions change, then you’re going to see angst crawl back into the market,” said Terry Sandven, U.S. Bank Asset Management’s chief equity strategist. “But at present, the wall of worry is crumbling.”

In today’s Markets Update:

- **A deeper look at Friday’s stock and sector breakdown, including the broader sector participation.**
- **Updated daily and weekly charts across the SPX, Nasdaq, Russell 2000, and equal-weighted SPX.**
- **A review of market breadth and participation, including large individual winners and losers and fading Nasdaq speculation.**
- **A look at the rates and Fed backdrop, including Treasury yields and updated Fed hike expectations.**
- **A look at volatility and market structure, including VIX, VVIX, 1-day VIX, and the post-jobs-report volatility setup.**
- **A review of cross-asset trends, including WTI crude, the dollar, gold, copper, natural gas, and bitcoin with both daily and weekly charts.**
- **BofA/Hartnett on jobs and earnings, MarketWatch/Nationwide on value versus growth, BoA’s derivatives desk on Mag-7 earnings moves, and BTIG’s Jonathan Krinsky on the recent SPX surge.**
- **A wrap-up on the jobs-report clearing event, the “AI-plus” rebound, and the near-term market setup.**
- **A look ahead to next week’s calendar, including US economic data, Fed speakers, Treasury auctions, and SPX earnings.**

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

Along with the stronger SPX performance came a welcome expansion in breadth with 8 of 11 sectors higher and three up over 1% including the ultra-heavyweight Tech sector (nearly 40% of market cap) along with Consumer Discretionary and Materials. Only one sector down more than 0.4% in Energy (-1.2%).

Technology was a major beneficiary of the friendlier rate backdrop. The information technology sector (+1.3%) finished among the market's leaders as **the PHLX Semiconductor Index climbed 2.6%, extending this week's rebound. Software stocks also enjoyed another strong session,** lifting the iShares GS Software ETF (IGV) 3.3%. Cloudflare (NET 300.27, +15.84, +5.57%) rallied following its earnings report, while Palantir Technologies (PLTR 172.01, +16.09, +10.32%) added to its impressive gains from earlier in the week. Datadog (DDOG 233.93, +4.64, +2.02%) and AppLovin (APP 346.80, +11.13, +3.32%) also recovered a portion of Thursday's sharp post-earnings losses.

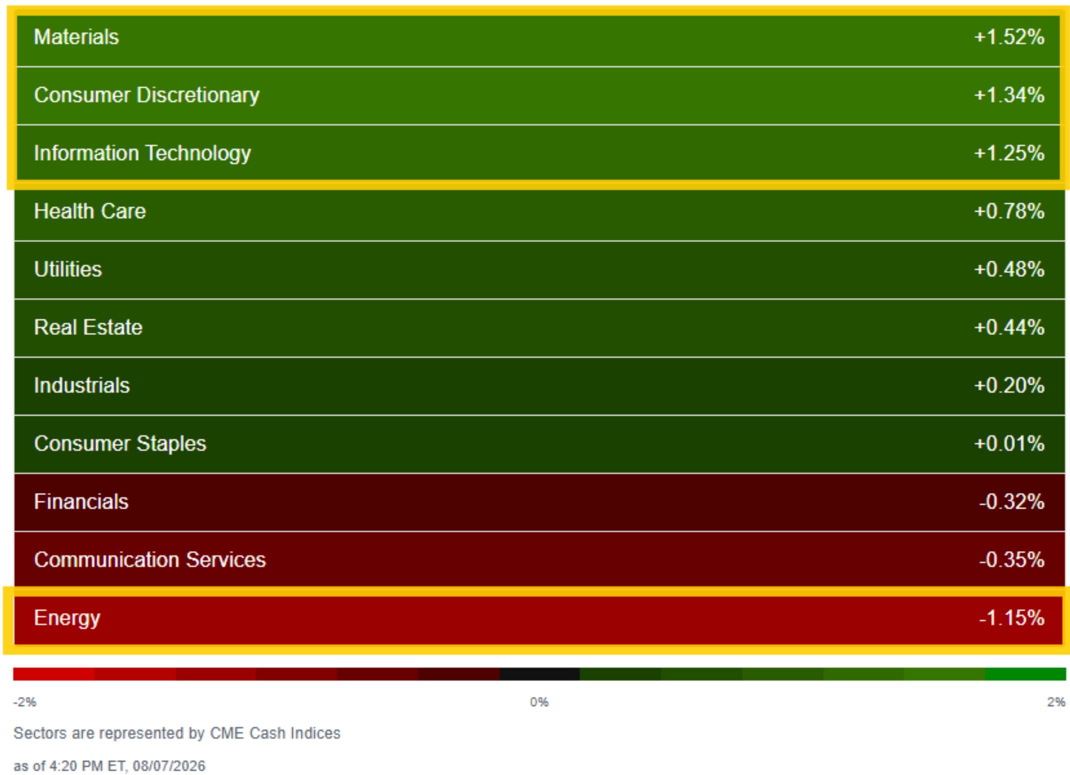
Strength extended well beyond technology. **The consumer discretionary sector (+1.3%) benefited from a solid gain in Tesla (TSLA 328.58, +9.05, +2.83%), a strong post-earnings reaction in Airbnb (ABNB), and buying interest across homebuilders and other rate-sensitive industries.**

The materials sector (+1.5%) also outperformed as Newmont Corporation (NEM 112.98, +7.55, +7.16%) surged alongside a rebound in precious metals prices.

There were still a few notable pockets of weakness. **The communication services sector (-0.4%) finished lower** as The Trade Desk (TTD 13.80, -3.87, -21.90%) remained under heavy pressure following its earnings report, while Alphabet (GOOG 353.47, -3.15, -0.88%) extended its recent weakness after reports earlier this week of several senior AI departures.

The energy sector (-1.2%) was the day's primary laggard despite another increase in crude oil prices. The financials sector (-0.3%) rounded out the three S&P 500 sectors that finished lower.

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



$NVDA Nvidia up nearly 11% this week, the best since early May.

With bond yields soaring this year don't think I would have guessed the Morningstar REIT Index would have outperformed the US Market Index by 7% through the end of July.

And sure some of that is data center REIT's but some of the biggest winners have been in senior housing (Welltower) and shopping malls (Simon Property).

And the number of large SPX winners (up over 3%) doubled to ~55 from ~25 Thursday, ~30 Wednesday, but still down from ~110 Tuesday, while large losers (down over 3%) fell to 17 from ~45 and ~40 Wednesday and Thursday but up from 12 Tuesday.

[chart from finviz.com]

And despite the strong rally (or maybe because of it) **speculation withered on the Nasdaq for a second session** with the top 3 stocks down to ~700 million shares traded (and just one a penny stock), down from 3 billion within the past week. And the total number trading over 100 million fell to eight down from double that recently.

Symbol 3211		Price	Vol	Mkt cap
YYAI	AiRWA Inc.	0.0780 USD	243.25 M	82.18 K USD
SPCX	Space Exploration Technolog...	133.11 USD	237.63 M	1.77 T USD
HTZ	Hertz Global Holdings, Inc	2.27 USD	223.63 M	800.86 M USD
TTD	The Trade Desk, Inc.	13.80 USD	132.81 M	6.49 B USD
CPOP	Pop Culture Group Co., Ltd	0.3800 USD	113.56 M	4.73 M USD
RCON	Recon Technology, Ltd.	0.0355 USD	110.84 M	2.55 M USD
NVDA	NVIDIA Corporation	223.96 USD	104.81 M	5.42 T USD
SLGB	Smart Logistics Global Limited	0.5650 USD	101.63 M	24.29 M USD
VIVS	VivoSim Labs, Inc.	0.4680 USD	94.8 M	7.85 M USD
QNME	Quanome Technologies, Inc.	0.4800 USD	94.55 M	16.53 M USD
PLTR	Palantir Technologies Inc.	172.01 USD	76.22 M	413.36 B USD
INTC	Intel Corporation	101.65 USD	74.12 M	512.72 B USD
ONDS	Ondas Inc	9.11 USD	72.31 M	5.19 B USD

Biggest after-hours movers from CNBC:

None today, but here were the mid-day movers:

Here are some of the companies making headlines in midday trading.

SpaceX — Elon Musk's rocket company gained 12% a day after key insider lock-up provisions expired and investors snapped up newly available shares. The stock is on track for a nearly 19% advance on the week.

Coherent — Shares of the photonics company popped nearly 16%. Coherent is heading for a 47% advance on the week, propelled by a Reuters report earlier this week that the Trump administration is drafting a ban on imports of Chinese data center components. Shares of Lumentum, another photonics play, and fabless chip designer Marvell Technology — two companies Bank of America recently cited as beneficiaries of such a ban in addition to Coherent — traded up 6% and 3%

Under Armour — The Baltimore-based sports apparel maker dropped more than 3% after lowering revenue guidance for the year ending next March, citing softer demand, especially in North America and the Asia-Pacific. Under Armour now sees revenue shrinking in the mid single digits against prior guidance for a slight decline, and a FactSet consensus estimate for sales to retreat 0.6%, StreetAccount said.

Twilio — The customer engagement platform saw shares soar 31%. 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.

Atlassian — Shares were up more than 32% after the company beat FactSet consensus on revenue and earnings for its fourth-quarter earnings. The company's first-quarter revenue guidance is above FactSet expectations but its full-year revenue growth is at 13% year over year, short of FactSet's expectation of 13.4%.

Software stocks — The iShares Expanded Tech-Software Sector ETF (IGV) rose on the back of solid earnings from major software names. The ETF was last up nearly 3%. Palantir jumped 9%. Fellow IGV member JFrog rose 7% on a second quarter earnings beat. Salesforce and CrowdStrike were up more than 2%.

Microchip Technology — Shares jumped nearly 14% on the back of Microchip Technology's earnings beat. The company reported first-quarter adjusted earnings of 76 cents, versus the 70 cents expected from analysts polled by FactSet. Revenue came in at $1.48 billion, topping the FactSet consensus estimate of $1.46 billion. Its second quarter EPS and revenue guidance also beat expectations.

Doximity — The medical platform surged 35% Friday after some bold comments for its new AI search tool. CEO Jeffrey Tangney said the product brings in 10 times what it costs to run. "It's early days on our AI search product, but I can tell you we're earning more than 10 times per search in revenue than it costs," the CEO said Thursday on Doximity's fiscal first-quarter earnings call.

Solar stocks — Shares for solar stocks increased after President Donald Trump imposed tariffs on products that are imported to make solar panels. First Solar jumped more than 3%, as did Invesco Solar ETF (TAN).

Airbnb — Shares of the vacation rental company surged 15% after Airbnb posted second-quarter earnings of $1.37 per share on revenue of $3.61 billion. That outpaced the earnings of $1.25 on revenues of $3.58 billion forecast by analysts surveyed by LSEG.

Trade Desk — Shares tanked 20% after the digital advertising company Thursday posted second-quarter earnings and revenue that fell below expectations. Adjusted earnings of 34 cents missed the 40 cents consensus estimate from LSEG. Revenue of $715 million missed the anticipated $751 million.

Cloudflare — The cloud cybersecurity company jumped more than 8% 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.

Akamai Technologies — The cloud computing stock traded 5% lower on the session after revenue guidance disappointed Wall Street. Akamai sees revenue in the third quarter ranging from $1.105 billion to $1.13 billion, versus the FactSet consensus estimate of $1.13 billion.

— CNBC's Scott Schnipper, Michelle Fox, Nick Wells, Sarah Min and Darla Mercado contributed to this report.

Some other corporate news from BBG:

- SpaceX was upgraded to buy at Argus Research, which said it is encouraged by the "rapid payback" on the firm's AI infrastructure investments.
- Airbnb Inc. boosted its annual revenue forecast for a second time this year, citing robust demand in the US and Europe.
- Sweetgreen Inc. cut its annual outlook after warning that diners are less willing to eat fresh prepared foods during the cyclospora outbreak.
- Under Armour Inc. forecast a sharper revenue decline than previously expected as demand softens in several key regions.
- OpenAI is pausing some internal work around one of its upcoming artificial-intelligence models to implement stricter safeguards after the system was found to be significantly more adept at cybersecurity tasks.

> 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 traded up but just a touch below Tuesday's all-time high.** Otherwise chart looks very solid, so as I said Monday "some momentum behind it."

Nasdaq the highest close in two months. Otherwise similar to the SPX.

The Russell 2000 (RUT) similar to the SPX.

The equal-weighted SPX also same story.

Turning to the weekly charts, the rally was well-timed for the SPX turning its weekly MACD more positive and the RUT back to neutral. Nasdaq not there yet, while the equal-weighted SPX remains the best weekly chart of the bunch. SPX, RUT, and SPXE all new weekly all-time highs.

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TradingView


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US Small Cap 2000 Index · 1W · TVC O2,935.2623 H3,048.8476 L2,935.2623 C3,034.4944 +103.1551 (+3.52%) +32.9469 (+1.10%)
SMA (50, close) 2,647.2138
RUT
MACD (close, 12, 26, 9) −1.0830 109.6489 110.7319
RSI (14, close) 67.83 66.49
TradingView


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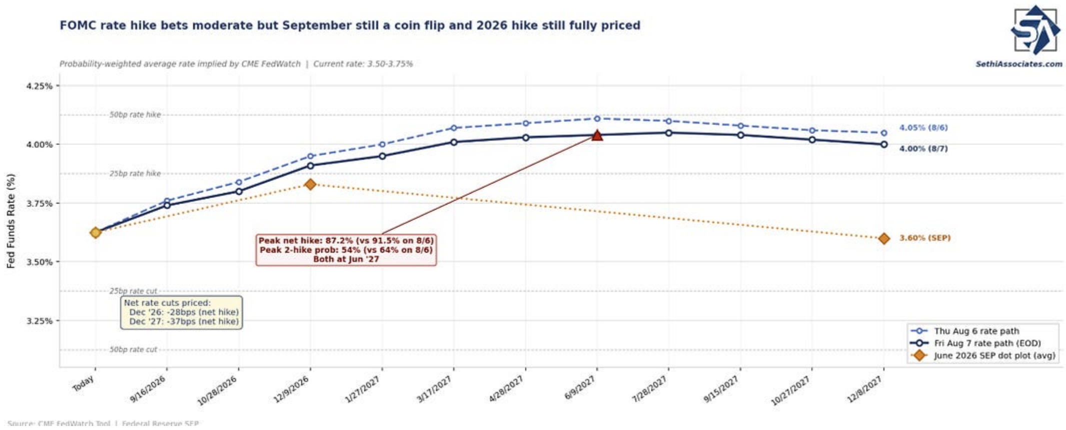
S&P 500 EQUAL WEIGHTED · 1W · ICE O8,705.9300 H8,952.3600 L8,705.9300 C8,914.9900 +209.0600 (+2.40%) +62.3400 (+0.70%)
SMA (50, close) 8,043.2110
SPXE
MACD (close, 12, 26, 9) 27.4087 225.4963 198.0876
RSI (14, close) 72.68 65.67
TradingView

Yields fell across the curve Friday:

Two-year Treasury yields resumed their declines since peaking on a closing basis July 23rd, down for the ninth session in eleven to 4.20%, although not making it to Wednesday's closing low. They are still down 23 basis points from that peak close, which was the highest since February of last year, remain over the nearly three year downtrend line that they've been over for the most part for the past three weeks.

They are ~54 basis points above the Effective Fed Funds rate (red line), continuing to call for rate hikes.

In that regard, **FOMC rate hike expectations moderated per the CME Fedwatch tool, but not as much as you might think** with September still nearly 50/50 at 44% and over one hike fully priced for 2026. Better than 50/50 chance of two hikes by next May.



10-year yields also fell back, but just a portion of Thursday's sharp gain, ending at 4.65%, still just seven basis points from the highest close since January 2025 on Friday.

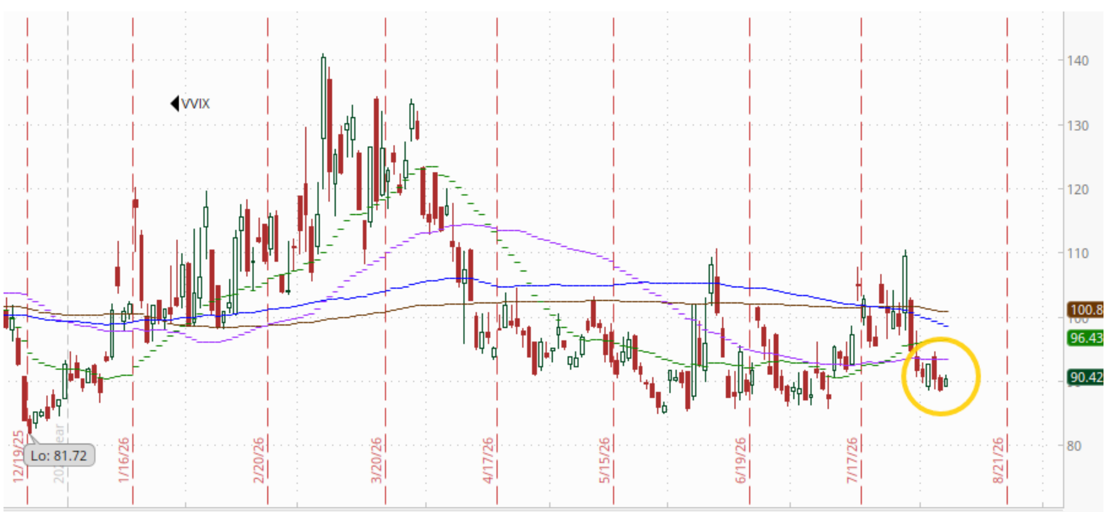
30-year yields similarly well above Thursday's open ending at 5.20%, just six basis points from the highest level since 2007 on Friday.

A more traditional "spot up, vol down" day after three days of them moving in the same direction as the VIX edged back to 14.9, notably the lowest close since early January.

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

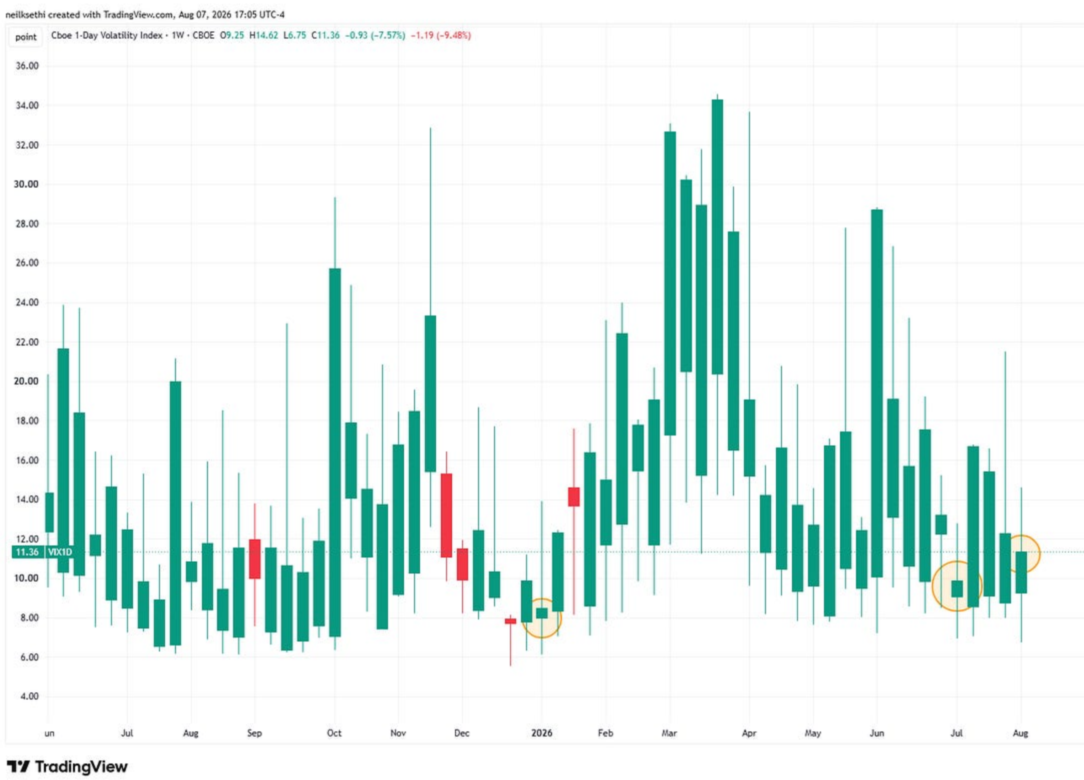
The VVIX (VIX of the VIX) though not confirming edging higher to 90.4

Still, 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 also fell back as the removal of the jobs report was greater than the adding of the additional weekend day. **In fact, at 11.4, it**

is the second least (after July 6th) Friday close since the first week of the year. The reading is consistent with a move of 0.73% in the SPX next session.



WTI edged back in the middle of its range this week. 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) fell back to the lowest close since mid-June.

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 its decline, that might be enough for me.” Just about there.

Ended right on an uptrend line on the weekly chart. Starting to lose its solid weekly technicals also.

Gold futures (/GC) extended their rally after Wednesday crossing the downtrend line from the March highs. Best week since January. As noted Thursday "still has a good technical setup with positive daily MACD and RSI."

That said, had a little trouble with the 100-DMA today so need to get through that, then the 200-DMA which opens the door for a potential big run higher.

Ended right at the 50-week moving average. Weekly RSI moved over 50 but the MACD hasn't yet crossed to confirm.

US copper futures (/HG) had gained while gold was moribund and now the roles have reversed with copper falling back despite a strong day for the AI-trade as well. It continues to have “supportive technicals,” with positive daily MACD although the RSI has fallen off. I remain bullish long term.

Was enough though for a new weekly all-time high. Weekly MACD about to cross more positively to join the RSI as well.

US natural gas futures (/NG) edged off 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 a month 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 paired with a move above $67,500.

Weekly chart also would greatly benefit from the move described.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USD
Bitcoin CME Futures · 1W · CME O63,220 H66,020 L62,350 C65,175 +2,045 (+3.24%) +555 (+0.86%)
SMA (50, close) 83,480
MACD (close, 12, 26, 9) 474 −5,235 −5,708
RSI (14, close) 40.97 38.83
TradingView

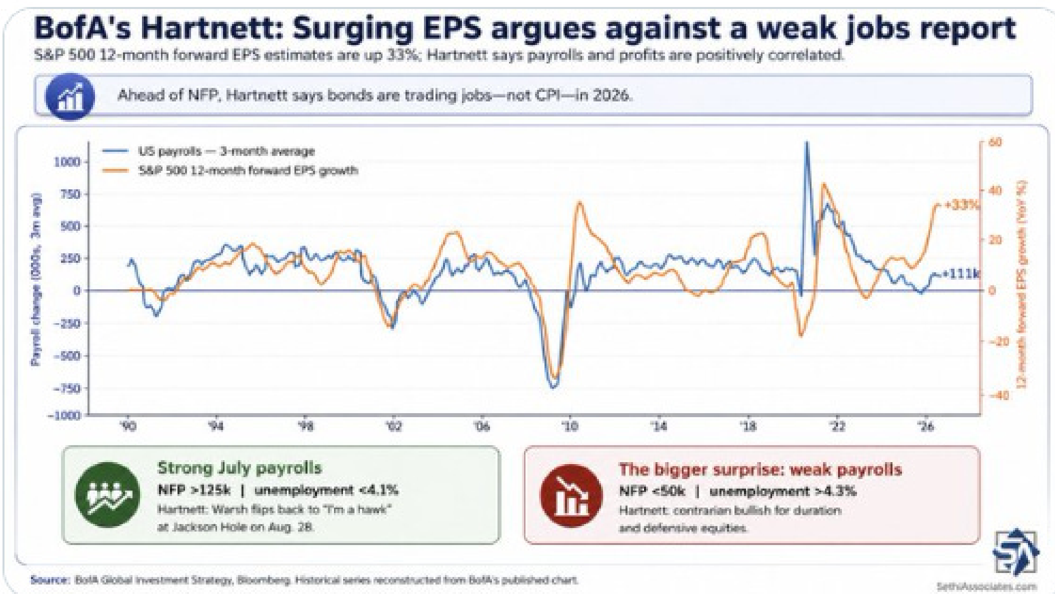
Other stuff:

BofA's Hartnett is looking for a strong jobs number this morning noting that "EPS optimism [is] soaring" and "payrolls and profits [are] positively correlated".

He says "why bonds trading jobs not CPI in '26 (AI ≠ job losses = macro surprise);

"**strong July payrolls (NFP>125k, U rate <4.1%) = Warsh flip back to "I'm a hawk"** Aug 28th Jackson Hole".

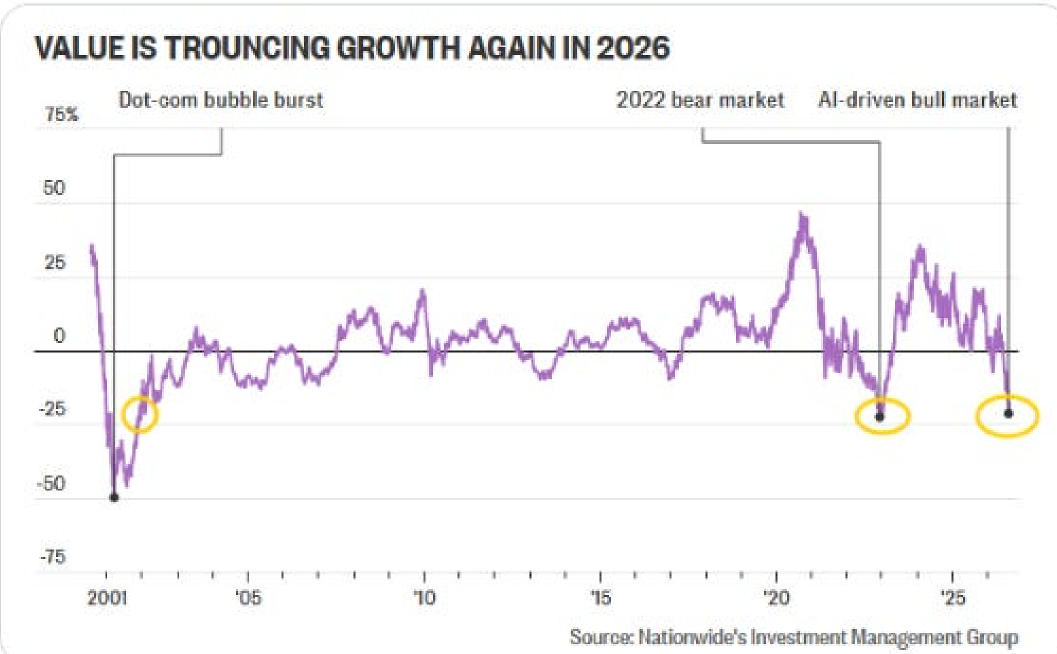
But he notes a **"bigger surprise is weak July payrolls (<50k NFP & U-rate >4.3%)...contrarian duration & defensive bullish.** "



The Russell 1000 Value Index has gained 31.6% over the past year vs a 13.5% gain for the the Russell 1000 Growth Index, the widest performance gap since 2022 (and before that late 2001).

But you have to remember what gets classified in each:

"Rather than placing a company into a single rigid bucket, FTSE Russell assigns style probabilities based on its price-to-book ratio, two-year forecast earnings growth and five-year historical sales growth, allowing stocks, especially Big Tech stocks, to have their market capitalization split proportionally between the growth and value indexes."



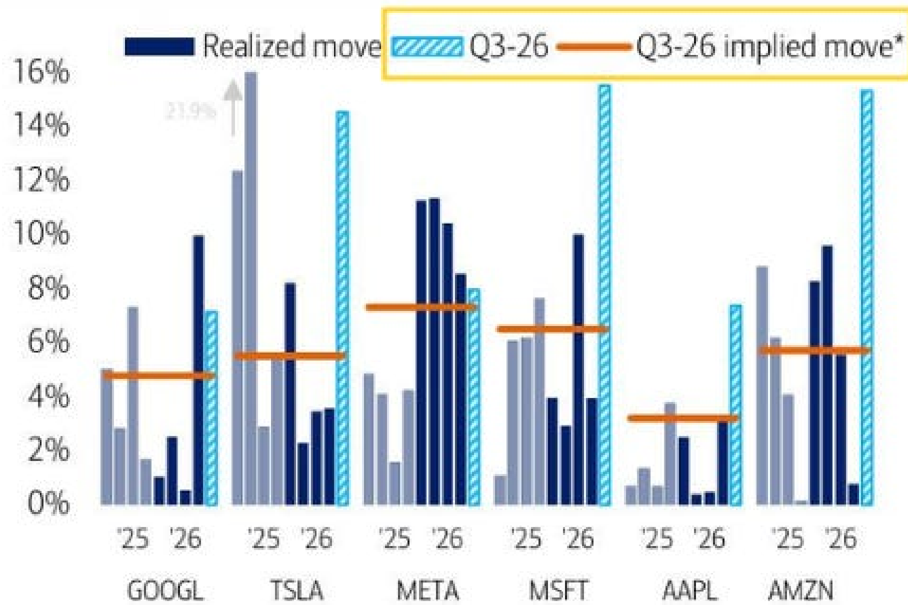
MarketWatch @MarketWatch · 23h

The last time value stocks beat growth by this much? The 2022 bear market.
trib.al/7yxryen

BofA's derivatives desk notes that big moves are becoming more frequent in Tech.

For starters, **all six Mag7 stocks that have reported earnings (NVDA is at the end of the month) saw realized moves greater than implied by vol markets, "a first in the ChatGPT era."**
(via ZeroHedge)

Exhibit 15: All six of the Mag7 stocks that reported earnings realized moves greater than what was implied by options markets
Realized earnings moves & Q3-26 implied earnings move*



Source: BofA Global Research, Bloomberg. Data from Jul-24 to 31-Jul-26. *Implied move as of 20-Jul for GOOGL, TSLA, 27-Jul for META, MSFT, AAPL, AMZN (i.e., Monday of earnings week).
BofA GLOBAL RESEARCH

BTIG chief market technician Jonathan Krinsky has some concerns.

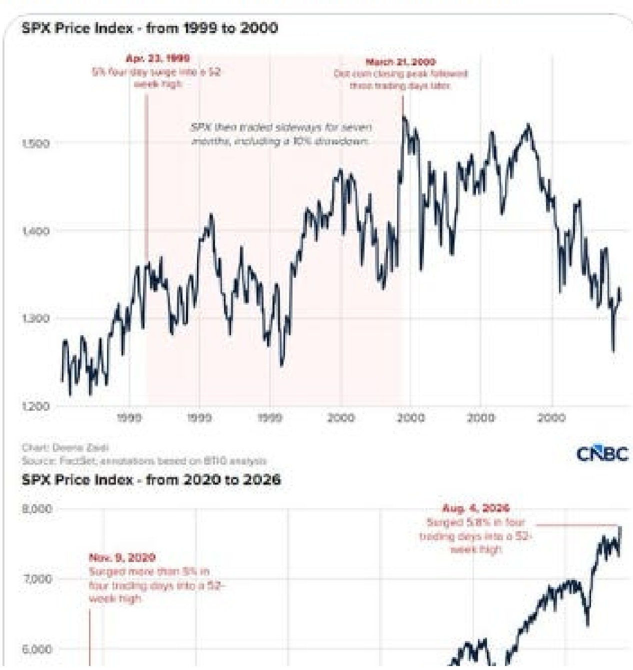
Over the course of the past four trading days, ending with Tuesday's close, the broad market index has climbed more than 5% into a 52-week high. **This combination has occurred only three other times in the past 30 years, Krinsky said: April 23, 1999, March 21, 2000 and Nov. 9, 2020.**

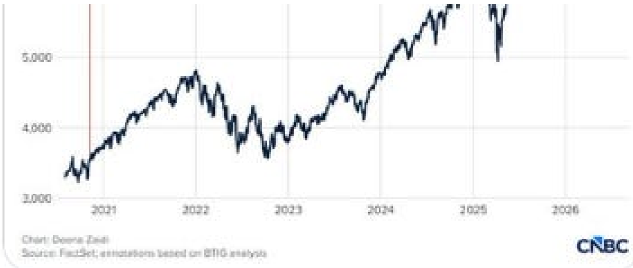
"Not statistically significant, but notable that **March 21, 2000 was the day before the dead high of the dot-com bubble,**" he wrote in his research note.

After the April 1999 occurrence, over the next seven months, the S&P 500 traded in a wide sideways range that included a roughly 10% drawdown. The exception was November 2020, which was the breakout before a multi-month uptrend.

"Bulls will hope it's November 9, 2020," Krinsky wrote. "We have our doubts."

"The bigger issue we see is the market has been playing musical chairs as money has sloshed from momentum, to value, and now back to momentum. **At some point the music stops, and participants might not be able to find a chair,"** he said.





CNBC @CNBC · Aug 5
S&P 500 is experiencing violent surge often seen at major market tops. One chart analyst is worried cnbc.com/2026/08/05/sp-...

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.

But it turns out the employment report was in fact the clearing event traders were waiting for, as an objectively weak report took some heat (but just a little as discussed above) out of Fed rate hike bets and yields. Still with most bracing for much worse, it was enough to see a resumption of the "AI-plus" trade which boosted stocks across sectors leading to a solid day and week of gains.

So it seems my "more constructive" outlook worked for this week. I don't want to prejudge the Sunday analysis, so we'll leave it there until we have a chance to walk through where things stand across the various indicators.

The Week Ahead

US economic data lightens up considerably in the week ahead although we'll get **two top-tier reports in July CPI (Wednesday) and retail sales**

(Friday). Other reports include **July PPI, existing home sales, and NFIB small business sentiment, August preliminary UMich consumer sentiment as well as the Q2 household debt/credit report and the standard weekly reports** (ADP, jobless claims, etc.).

In terms of Fed speakers just a couple on the calendar next week in regional Fed presidents Hammack and Barkin, but there will almost certainly be more. We'll also get Gov Bowman on Saturday who will be interesting if she talks about monetary policy (she's only talked about her supervision role of late).

US Treasury auctions pick back up for non-Bills (>1yr in maturity) with **3, 10, and 30-yr auctions Tues, Wed, Thurs respectively.**

In terms of SPX Q2 earnings we're very much in the windup phase now with just a few heavyweights left including NVDIA at the end of the month (AVGO is the start of next month). **In the upcoming week, just 1% of the SPX reports by earnings weight consisting of 12 components with two >$100bn in market cap** in CSCO and AMAT (in descending order by market cap). We'll also get Berkshire tomorrow. **There are though over 1,600 total companies reporting next week according to WallStHorizon** including several non-US heavyweights which I'll cover on Sunday.

Data in the week ahead

Exhibit 7: Next week the focus will be on CPI and retail sales
Data in the week ahead

Date	Time	Indicator	Period	BofA Estimate	Consensus	Previous
8/11/26	6:00	NFIB Small Business Optimism	Jul	--	97.3	97.4
8/11/26	8:15	ADP NER Pulse (4-wk moving. Avg. ch.)	—	--	—	—
8/11/26	10:00	Existing Home Sales	Jul	--	4.06m	4.09m
8/12/26	8:30	CPI YoY	Jul	3.4%	3.4%	3.5%
8/12/26	8:30	Core CPI YoY	Jul	2.5%	2.5%	2.6%
8/12/26	8:30	CPI MoM	Jul	0.1%	0.2%	-0.4%
8/12/26	8:30	Core CPI MoM	Jul	0.2%	0.2%	0.0%
8/12/26	14:00	Monthly Budget Statement	Jul	-$400.0bn	—	-$291.1b
8/13/26	8:30	Initial Jobless Claims	8/8/26	--	--	199k
8/13/26	8:30	PPI Final Demand MoM	Jul	0.2%	0.2%	-0.3%
8/13/26	8:30	PPI Ex Food and Energy MoM	Jul	0.2%	0.3%	0.2%
8/13/26	8:30	PPI Ex Food, Energy, Trade MoM	Jul	0.3%	0.2%	0.1%
8/14/26	8:30	Advance Retail Sales	Jul	--	0.3%	0.2%
8/14/26	8:30	Retail Sales Less Autos	Jul	--	0.2%	-0.2%
8/14/26	8:30	Retail Sales Less Autos and Gas	Jul	--	0.3%	0.4%
8/14/26	8:30	Core Control	Jul	--	0.3%	0.5%
8/14/26	10:00	U. of Mich. Sentiment	Aug P	56.0	54.0	55.2
8/14/26	10:00	Business Inventories	Jun	--	—	0.3%

Source: Bloomberg, BofA Global Research

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Federal Reserve Speakers

Exhibit 8: The FOMC Blackout ended on July 30
Upcoming Fed speakers

Date	Time	Speaker
13-Aug	8:15	Fed's Hammack Speaks in Moderated Discussion
13-Aug	8:40	Barkin Speaks on Economic Outlook

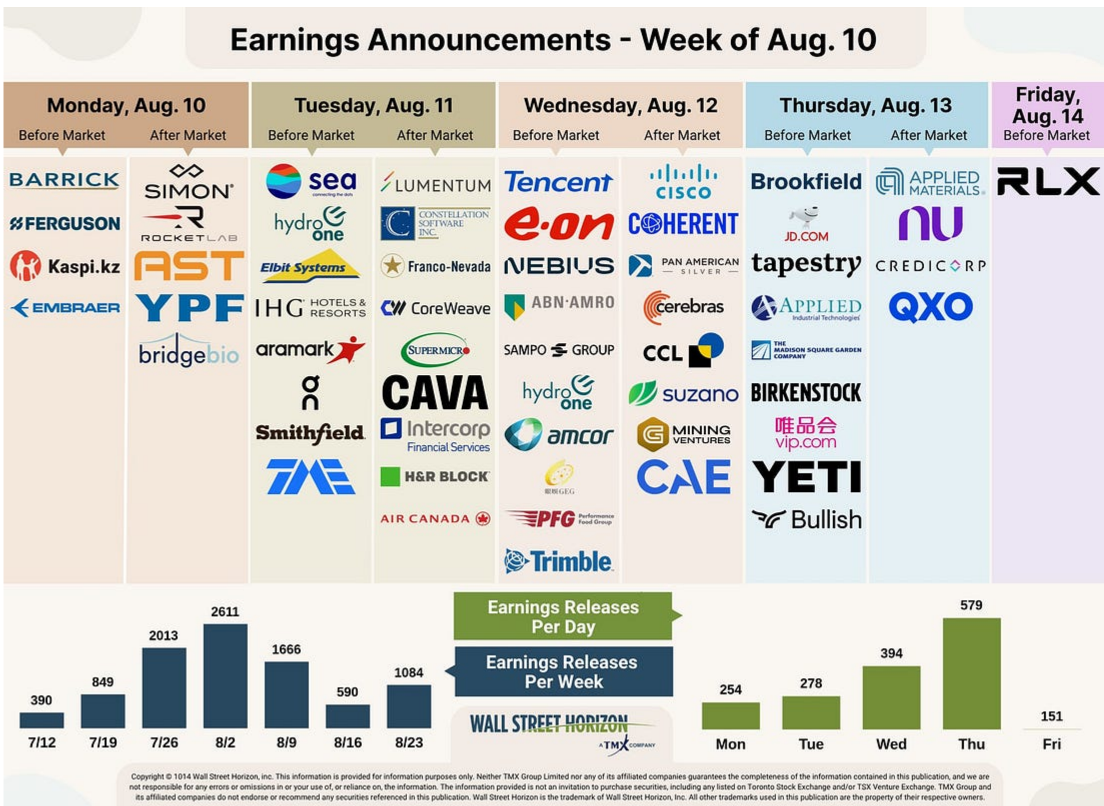
Source: Bloomberg

BofA GLOBAL RESEARCH

Notes	Reopening	CUSIP	Offering Amount	Announcement Date	Auction Date	Issue Date
3-Year	No	91282CRG8	58 Billion	08/05/2026	08/11/2026	08/17/2026
10-Year	No	91282CRF0	42 Billion	08/05/2026	08/12/2026	08/17/2026

Bonds	Reopening	CUSIP	Offering Amount	Announcement Date	Auction Date	Issue Date
30-Year	No	912810UW6	25 Billion	08/05/2026	08/13/2026	08/17/2026

Ticker	Name	Next Earnings Date	↓ Market Cap
CSCO	Cisco Systems, Inc.	Aug 12, 2026	476.44B
AMAT	Applied Materials, Inc.	Aug 13, 2026	418.80B
SPG	Simon Property Group, Inc.	Aug 10, 2026	84.29B
COHR	Coherent Corp.	Aug 12, 2026	65.39B
LITE	Lumentum Holdings Inc.	Aug 11, 2026	65.20B
CAH	Cardinal Health, Inc.	Aug 11, 2026	55.66B
FERG	Ferguson Enterprises Inc.	Aug 10, 2026	49.14B
TPR	Tapestry, Inc.	Aug 13, 2026	32.73B
AMCR	Amcor plc	Aug 12, 2026	21.76B
SMCI	Super Micro Computer, Inc.	Aug 11, 2026	19.01B
TRMB	Trimble Inc.	Aug 12, 2026	13.65B
TECH	Bio-Techne Corporation	Aug 12, 2026	11.20B



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