The Week Ahead - 7/26/26

A look at the upcoming week for the US economy and equities — covering key drivers including earnings, positioning, breadth, valuations, sentiment, seasonality, and the Fed.

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JUL 26, 2026 · PAID

The Week Ahead

After a relatively light week, things pick up considerably in the upcoming week headlined by the most up-in-the-air Fed meeting in years (along with decisions from England and Japan), some key US economic data, and the biggest week of earnings reports of this season with 34% of the S&P 500 reporting by earnings weight.

In terms of US economic data, the headline will be the dual releases Thursday of second quarter GDP which will incorporate the June personal income and spending data which will be separately released. Both include readings on PCE prices, the Fed's traditional preferred inflation metric (but looks to be de-emphasized under the Warsh Fed). Another traditional Fed favorite report comes Friday in the Employment Cost Index, the Fed's preferred wage index.

Other reports include **June durable goods orders and goods trade balance, July Conference Board and UMich final consumer confidence reports, May repeat home sale price indices.**

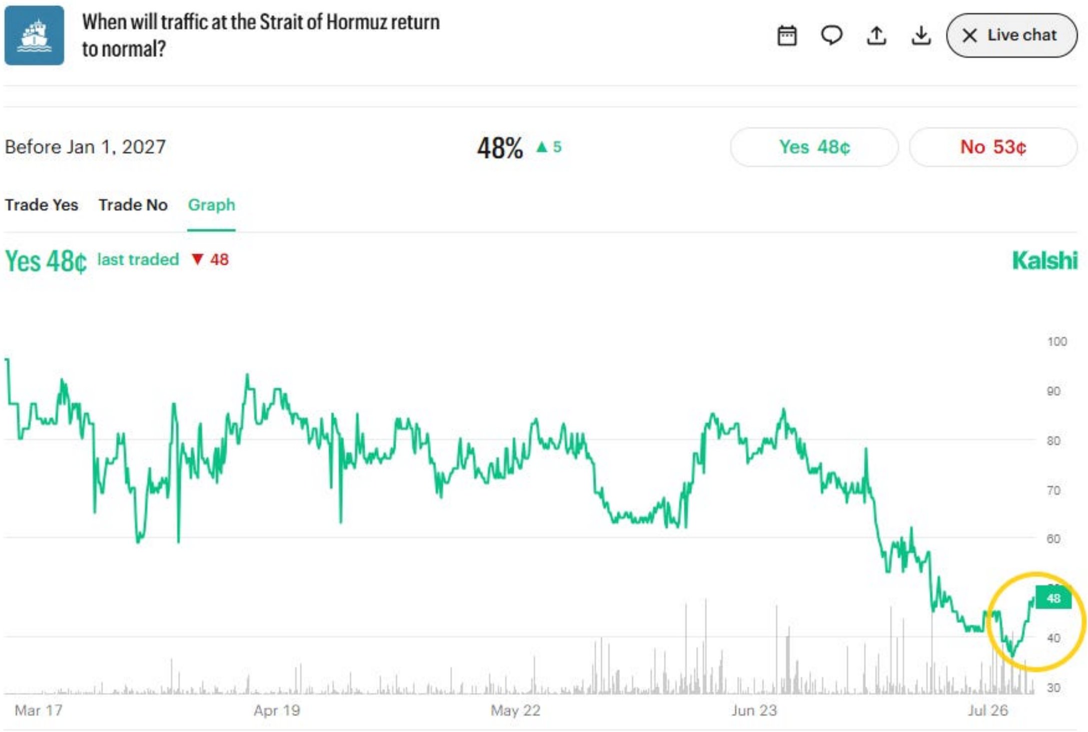
In terms of the Fed, as mentioned markets are the most uncertain about the outcome since the meeting a year ago when there was a similar split between a cut and a hold. Much more on this in the Fed section, but what the uncertainty means is whatever the decision, it will most likely be market moving.

Treasury auctions also pick up, **with 2, 5, and 7-year sales on a compressed time-table** due to needing to avoid the Fed meeting as well as the end of the month. That puts the first two on Monday, the last on Tuesday.

Which brings us to corporate earnings where we'll have 34% of the SPX reporting by earnings weight, consisting of ~175 SPX components including four Mag-7 names (AAPL, MSFT, AMZN, META) and 29 others >$100bn in market cap (BRK (Sat), V, XOM, MA, ABBV, LRCX, CVX, KO, PG, KLAC, LIN, STX, APH, QCOM, WELL, BA, ETN, GLW, BMY, APD, SYK, MO, SBUX, VRT, FTNT, SO, TT, GD, EQIX in order of earnings weight). **We'll also hear from a number of ex-US heavyweights** including ARM, Samsung Electronics and SK Hynix.

In terms of Iran, **things remain very fluid. After two weeks of escalation, things seem to have de-escalated over the weekend**. I don't see any good near-term options for President Trump, so it makes it very difficult to know which way things will go. The Iranians know he needs to bring this to a close, but they also know that their hand gets weaker after the midterms. How far they want to push things, I'm not sure. In addition, as I mentioned Tuesday, there is a US force buildup that is occurring, and that has usually meant something big is coming.

So as I said six weeks ago "we'll just have to see how things progress". **While odds on Kalshi that traffic through the Strait would normalize by Sept 1st had risen as high as 69% June 25th, that dropped to 7% last week and remains at 9% today with just a 48% chance of normalization by the end of the year (but that is up from 41% a week ago).**


When will traffic at the Strait of Hormuz return to normal?
Live chat
Before Jan 1, 2027
48% ▲ 5
Yes 48¢
No 53¢
Trade Yes
Trade No
Graph
Yes 48¢ last traded ▼ 48
Kalshi
100
90
80
70
60
48
40
30
Mar 17
Apr 19
May 22
Jun 23
Jul 26

J.P. Morgan Research versus the consensus

Release date/ Indicator	J.P. Morgan forecast	Consensus median	Consensus range
Mon, Jul 27			
Durable goods (Jun)	1.8%	1.8%	-0.7% to 5.7%
Ex transportation	0.4%	0.8%	-0.5% to 1.2%
Tue, Jul 28			
Advance economic indicators (Jun)			
Trade balance	-$98.5bn	-$100.3bn	-$110.0bn to -$90.0bn
Consumer confidence (Jul)	90.5	92.4	90.5 to 95.0
Thu, Jul 30			
Initial claims (w/e Jul 25)	200k	205k	195k to 215k
Real GDP (2Q adv)	2.0%	2.1%	1.3% to 2.9%
Personal income (Jun)	0.0%	0.3%	0.0% to 0.4%
Consumption	0.4%	0.4%	0.1% to 0.6%
Core PCE deflator	0.22%	0.2%	0.0% to 0.2%
Fri, Jul 31			
Employment cost index (2Q)	0.8%	0.8%	0.7% to 0.9%
Consumer sentiment (Jul final)	53.0	54.0	52.0 to 55.0

Source: J.P. Morgan, consensus forecasts reported by Bloomberg Finance L.P.

Data in the week ahead

Exhibit 7: Next week the focus will be on July FOMC meeting, 2Q GDP and June PCE
Data in the week ahead

Date	Time	Indicator	Period	BofA Estimate	Consensus	Previous
7/27/26	8:30	Durable Goods Orders	Jun P	2.50%	1.50%	-4.50%
7/27/26	8:30	Durables Ex Transportation	Jun P	1.00%	0.90%	1.40%
7/27/26	8:30	Cap Goods Orders Nondef Ex Air	Jun P	0.60%	0.90%	1.40%
7/27/26	8:30	Cap Goods Ship Nondef Ex Air	Jun P	0.60%	--	0.10%
7/28/26	8:30	Advance Goods Trade Balance	Jun	-$90.0bn	-$97.8b	-$105.9b
7/28/26	9:00	S&P Cotality CS US HPI YoY NSA	May	0.70%	--	0.85%
7/28/26	10:00	Conf. Board Consumer Confidence	Jul	91.0	92.0	91.2
7/29/26	14:00	FOMC Rate Decision (Midpoint)	Jul	3.63%	3.63%	3.63%
7/30/26	8:30	Personal Saving Rate	Jun	2.90%		3.00%
7/30/26	8:30	Personal Income	Jun	0.40%	0.30%	0.70%
7/30/26	8:30	Personal Spending	Jun	0.40%	0.40%	0.70%
7/30/26	8:30	Real Personal Spending	Jun	0.40%	0.20%	0.30%
7/30/26	8:30	PCE Price Index MoM	Jun	-0.05%	-0.10%	0.40%
7/30/26	8:30	PCE Price Index YoY	Jun	3.70%	3.60%	4.10%
7/30/26	8:30	Core PCE Price Index MoM	Jun	0.16%	0.10%	0.30%
7/30/26	8:30	Core PCE Price Index YoY	Jun	3.30%	3.30%	3.40%
7/30/26	8:30	Initial Jobless Claims	Jul 25		--	--
7/30/26	8:30	GDP Annualized QoQ	2Q A	1.70%	2.30%	2.10%
7/30/26	8:30	Personal Consumption	2Q A	2.50%	2.30%	0.50%
7/30/26	8:30	GDP Price Index	2Q A	4.70%	3.70%	3.60%
7/30/26	8:30	Core PCE Price Index QoQ	2Q A	3.40%	--	4.40%
7/31/26	8:30	Employment Cost Index	2Q	0.80%	0.80%	0.90%
7/31/26	9:45	MNI Chicago PMI	Jul	53.00	--	56.7
7/31/26	10:00	U. of Mich. Sentiment	Jul F	52.00	--	54.4

Source: Bloomberg, BofA Global Research

Monday	Tuesday	Wednesday	Thursday	Friday
27 Jul **Durable goods prelim**(8:30am) Jun 1.8% Ex. transportation 0.4% **Dallas Fed manufacturing**(10:30am) Jul Auction 2-year note $69bn Auction 5-year note $70bn	**28 Jul** **Advance economic indicators**(8:30am) Jun -$98.5bn **FHFA HPI**(9:00am) May **S&P/Case-Shiller HPI**(9:00am) May **Housing vacancies**(10:00am) 2Q **Consumer confidence**(10:00am) Jul 90.5 **Richmond Fed survey**(10:00am) Jul Auction 7-year note $44bn	**29 Jul** **FOMC meeting**(2:00pm) Jul Auction 2-year FRN $30bn	**30 Jul** **Real GDP**(8:30am) 2Q advance 2.0% **Initial claims**(8:30am) w/e Jul 25 200,000 **Personal income**(8:30am) Jun 0.0% Real consumption 0.4% Core PCE deflator 0.22% (3.4%)	**31 Jul** **Employment cost index**(8:30am) 2Q 0.8% **Consumer sentiment**(10:00am) Jul final 53.0
3 Aug **Manufacturing PMI**(9:45am) Jul final **ISM manufacturing**(10:00am) Jul **Construction spending**(10:00am) Jun **Senior loan officer survey**(2:00pm) 3Q **Light vehicle sales** Jul	**4 Aug** **International trade**(8:30am) Jun **Durable goods**(10:00am) Jun **JOLTS**(10:00am) Jun **Factory orders**(10:00am) Jun	**5 Aug** **ADP employment**(8:15am) Jul **Services PMI**(9:45am) Jul final **ISM services**(10:00am) Jul Announce 30-year bond $25bn Announce 3-year note $58bn Announce 10-year note $42bn	**6 Aug** **Productivity and costs prelim**(8:30am) 2Q **Initial claims**(8:30am) w/e Aug 1 **Wholesale trade**(10:00am) Jun	**7 Aug** **Employment**(8:30am) Jul **Consumer credit**(3:00pm) Jun Richmond Fed President Barkin speaks(10:00am)
10 Aug	**11 Aug** **NFIB survey**(6:00am) Jul **Existing home sales**(10:00am) Jul Auction 3-year note $58bn	**12 Aug** **CPI**(8:30am) Jul **Federal budget**(2:00pm) Jul Auction 10-year note $42bn	**13 Aug** **PPI**(8:30am) Jul **Initial claims**(8:30am) w/e Aug 8 Auction 30-year bond $25bn Announce 30-year TIPS (r) $8bn Announce 20-year bond $16bn Richmond Fed President Barkin speaks(8:40am)	**14 Aug** **Retail sales**(8:30am) Jul **Business inventories**(10:00am) Jun **Consumer sentiment**(10:00am) Aug preliminary
17 Aug **Empire State survey**(8:30am) Aug **NAHB survey**(10:00am) Aug **TIC data**(4:00pm) Jun	**18 Aug** **Housing starts**(8:30am) Jul **Import prices**(8:30am) Jul **Business leaders survey**(8:30am) Aug **Industrial production**(9:15am) Jul **Pending home sales**(10:00am) Jul	**19 Aug** **FOMC minutes**(2:00pm) Auction 20-year bond $16bn	**20 Aug** **Initial claims**(8:30am) w/e Aug 15 **Philadelphia Fed manufacturing**(8:30am) Aug **QSS**(10:00am) 2Q adv **Leading indicators**(10:00am) Jul Auction 30-year TIPS (r) $8bn	**21 Aug** **Services PMI**(9:45am) Aug flash

Source: Private and public agencies and J.P. Morgan. Further details available upon request.

Rolling calendar of business indicators

Next week the focus will be July FOMC meeting, 2Q GDP and June PCE
Key economic data over the next three weeks

July 27 8:30 am: Durable Goods Orders – Jun (P)	**July 28** 8:30 am: Advance Goods Trade Balance – Jun 9:00 am: S&P CoreLogic CS HPI – May 10:00 am: Conference Board Confidence – Jul	**July 29** 7:00am: MBA Mortgage- week ending 07/24/2026 **2:00 pm: FOMC Rates Decision**	**July 30** 8:30 am: GDP - 2Q (A) 8:30 am: Personal Income & Outlays – Jun 8:30am : Initial Jobless Claims – week ending 07/25/2026	**July 31** 8:30 am: Employment Cost Index - 2Q 9:45 am: Chicago PMI – Jul 10:00 am: U of Mich Sentiment– Jul (F)
August 3 9:45 am: S&P Global US Manufacturing PMI – Jul (F) 10:00 am: ISM Manufacturing– Jul 10:00am: Construction Spending—Jul All Day: Vehicle Sales – July	August 4 8:30 am: Trade Balance – Jun 10:00am Durable Goods Orders –Jun (F)	August 5 7:00am: MBA Mortgage- week ending 07/31/2026 8:15am: ADP Employment—Jul 9:45 am: S&P Global US Services PMI – Jul (F) 10:00 am: ISM services– Jul	August 6 8:30 am: Productivity & Costs - 2Q (P) 8:30am : Initial Jobless Claims – week ending 08/01/2026 10:0am: Wholesale Inventories—Jun (F)	August 7 8:30 am: Employment Report – Jul **3:00pm: Consumer Credit – Jun**
August 10	August 11 6:00 am: NFIB Small Bus. Optimism – Jul 10:00 am: Existing Home Sales – Jul	August 12 7:00am: MBA Mortgage- week ending 08/07/2026 8:30 am: Consumer Price Index – Jul 2:00 pm: Monthly Budget Statement - Jul	August 13 8:30 am: Producer Price Index – Jul 8:30am : Initial Jobless Claims – week ending 08/01/2026	August 14 8:30 am: Advance Retail Sales – Jul 8:30 am: Business Inventories – Jun 10:00 am: Factory Orders – Jun 10:00 am: U of Mich Sentiment– Aug (P)

*Projections- subject to revision as additional data become available. P - preliminary reading, S - second reading, T - third reading, F - final reading

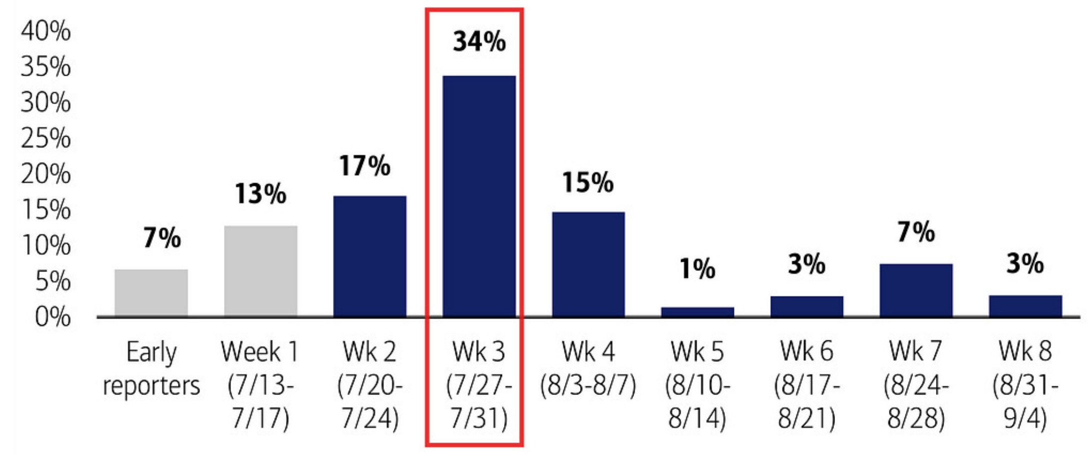
Source: Bloomberg

BofA GLOBAL RESEARCH

Notes	Reopening	CUSIP	Offering Amount	Announcement Date	Auction Date	Issue Date
2-Year	No	91282CRB9	69 Billion	07/23/2026	07/27/2026	07/31/2026
5-Year	No	91282CRA1	70 Billion	07/23/2026	07/27/2026	07/31/2026
7-Year	No	91282CRC7	44 Billion	07/23/2026	07/28/2026	07/31/2026

2Q26 Reporting by Week

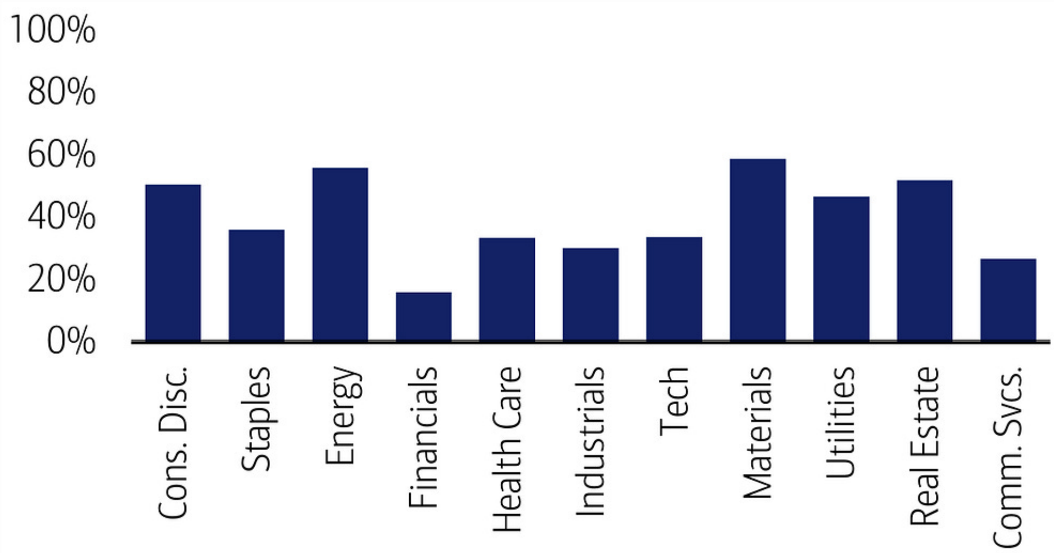
Exhibit 44: S&P 500 2Q26 earnings reporting by week
% of earnings by week



Source: Bloomberg, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 47: Week 3: % 2Q earnings reporting by sector
% of earnings by sector



Source: Bloomberg, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

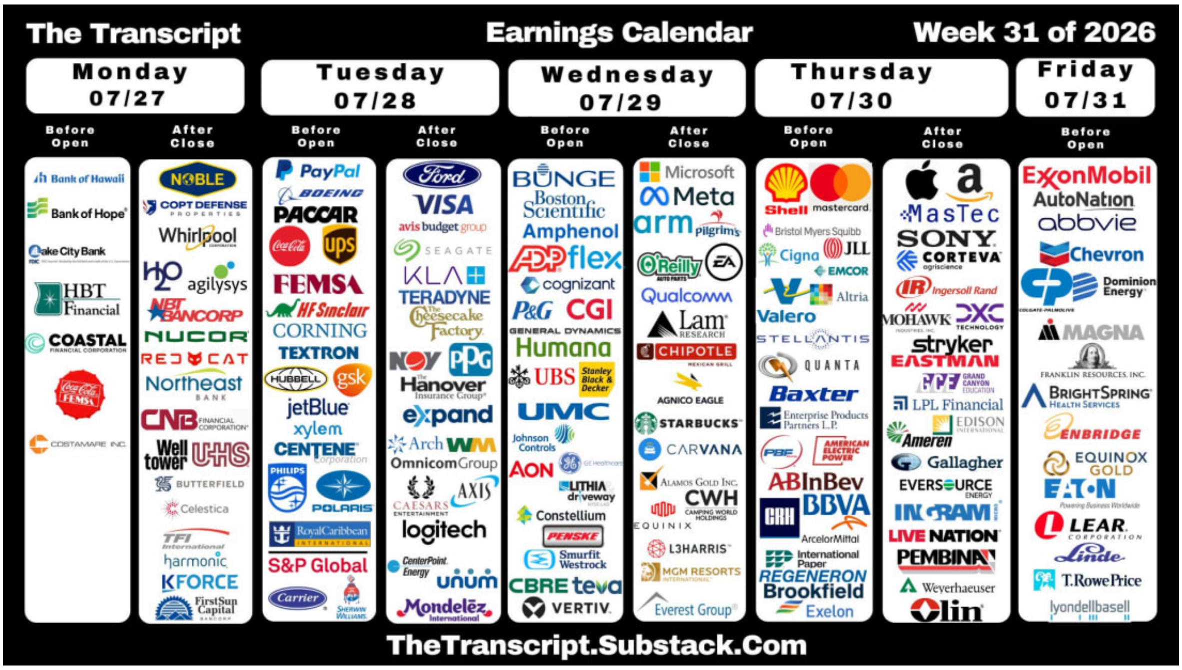
Ticker	Name	↑ Next Earnings Date	Market Cap
CDNS	Cadence Design Systems, Inc.	Jul 27, 2026	91.15B
FFIV	F5, Inc.	Jul 27, 2026	21.90B
NUE	Nucor Corporation	Jul 27, 2026	54.92B
UHS	Universal Health Services, Inc.	Jul 27, 2026	9.16B
CINF	Cincinnati Financial Corporation	Jul 27, 2026	27.75B
WELL	Welltower Inc.	Jul 27, 2026	174.40B
BRO	Brown & Brown, Inc.	Jul 27, 2026	22.28B
UDR	UDR, Inc.	Jul 27, 2026	14.63B
PFG	Principal Financial Group, Inc.	Jul 27, 2026	23.18B
PPG	PPG Industries, Inc.	Jul 28, 2026	25.35B
SPGI	S&P Global Inc.	Jul 28, 2026	124.32B
PCAR	PACCAR Inc	Jul 28, 2026	68.81B
VLTO	Veralto Corporation	Jul 28, 2026	22.47B
IQV	IQVIA Holdings Inc.	Jul 28, 2026	34.60B
PNR	Pentair plc	Jul 28, 2026	10.03B
PYPL	PayPal Holdings, Inc.	Jul 28, 2026	49.40B
CNP	CenterPoint Energy, Inc.	Jul 28, 2026	28.93B
CNC	Centene Corporation	Jul 28, 2026	31.47B
GLW	Corning Incorporated	Jul 28, 2026	134.31B
ACGL	Arch Capital Group Ltd.	Jul 28, 2026	34.97B
IVZ	Invesco Ltd.	Jul 28, 2026	13.21B
UPS	United Parcel Service, Inc.	Jul 28, 2026	96.99B

CARR	Carrier Global Corporation	Jul 28, 2026	57.43B
INCY	Incyte Corporation	Jul 28, 2026	23.31B
FE	FirstEnergy Corp.	Jul 28, 2026	28.63B
AMT	American Tower Corporation	Jul 28, 2026	76.71B
ITW	Illinois Tool Works Inc.	Jul 28, 2026	79.67B
EA	Electronic Arts Inc.	Jul 28, 2026	52.41B
XYL	Xylem Inc.	Jul 28, 2026	27.78B
DTE	DTE Energy Company	Jul 28, 2026	30.82B
HUBB	Hubbell Incorporated	Jul 28, 2026	25.69B
BXP	BXP, Inc.	Jul 28, 2026	12.10B
F	Ford Motor Company	Jul 28, 2026	56.38B
NXPI	NXP Semiconductors N.V.	Jul 28, 2026	70.01B
EXR	Extra Space Storage Inc.	Jul 28, 2026	32.09B
CSGP	CoStar Group, Inc.	Jul 28, 2026	11.08B
SWKS	Skyworks Solutions, Inc.	Jul 28, 2026	9.10B
MDLZ	Mondelez International, Inc.	Jul 28, 2026	77.08B
V	Visa Inc.	Jul 28, 2026	668.65B
ECL	Ecolab Inc.	Jul 28, 2026	74.06B
KO	The Coca-Cola Company	Jul 28, 2026	349.23B
CMS	CMS Energy Corporation	Jul 28, 2026	22.91B
OMC	Omnicom Group Inc.	Jul 28, 2026	22.20B
BA	The Boeing Company	Jul 28, 2026	164.94B
TER	Teradyne, Inc.	Jul 28, 2026	58.51B
TXT	Textron Inc.	Jul 28, 2026	16.20B
SHW	The Sherwin-Williams Company	Jul 28, 2026	76.59B
EXE	Expand Energy Corporation	Jul 28, 2026	21.94B
KLAC	KLA Corporation	Jul 28, 2026	285.72B
WM	Waste Management, Inc.	Jul 28, 2026	95.28B
STX	Seagate Technology Holdings plc	Jul 28, 2026	204.80B
HLT	Hilton Worldwide Holdings Inc.	Jul 28, 2026	72.89B
RCL	Royal Caribbean Cruises Ltd.	Jul 28, 2026	76.01B
PSA	Public Storage	Jul 29, 2026	58.83B
ESS	Essex Property Trust, Inc.	Jul 29, 2026	20.21B
CHRW	C.H. Robinson Worldwide, Inc.	Jul 29, 2026	24.22B
BSX	Boston Scientific Corporation	Jul 29, 2026	64.78B
SWK	Stanley Black & Decker, Inc.	Jul 29, 2026	13.59B
HUM	Humana Inc.	Jul 29, 2026	47.36B
BIIB	Biogen Inc.	Jul 29, 2026	29.62B
ODFL	Old Dominion Freight Line, Inc.	Jul 29, 2026	47.98B
EQIX	Equinix, Inc.	Jul 29, 2026	101.93B
EG	Everest Group, Ltd.	Jul 29, 2026	14.86B
REG	Regency Centers Corporation	Jul 29, 2026	15.18B
BG	Bunge Global SA	Jul 29, 2026	23.73B
AON	Aon plc	Jul 29, 2026	75.99B
MAA	Mid-America Apartment Commun...	Jul 29, 2026	15.84B
PG	The Procter & Gamble Company	Jul 29, 2026	342.23B
GEHC	GE HealthCare Technologies Inc.	Jul 29, 2026	28.20B
META	Meta Platforms, Inc.	Jul 29, 2026	1,538.54B

MAS	Masco Corporation	Jul 29, 2026	15.60B
AWK	American Water Works Company, ...	Jul 29, 2026	26.25B
GD	General Dynamics Corporation	Jul 29, 2026	103.25B
TYL	Tyler Technologies, Inc.	Jul 29, 2026	11.86B
FTV	Fortive Corporation	Jul 29, 2026	18.48B
MSFT	Microsoft Corporation	Jul 29, 2026	2,834.54B
HOOD	Robinhood Markets, Inc.	Jul 29, 2026	91.47B
JCI	Johnson Controls International plc	Jul 29, 2026	87.42B
FTNT	Fortinet, Inc.	Jul 29, 2026	111.03B
CTSH	Cognizant Technology Solutions C...	Jul 29, 2026	20.34B
GRMN	Garmin Ltd.	Jul 29, 2026	46.30B
FLEX	Flex Ltd.	Jul 29, 2026	46.88B
QCOM	QUALCOMM Incorporated	Jul 29, 2026	180.35B
WEC	WEC Energy Group, Inc.	Jul 29, 2026	37.37B
ADP	Automatic Data Processing, Inc.	Jul 29, 2026	97.09B
CMG	Chipotle Mexican Grill, Inc.	Jul 29, 2026	41.06B
ALGN	Align Technology, Inc.	Jul 29, 2026	12.05B
GNRC	Generac Holdings Inc.	Jul 29, 2026	12.39B
VMC	Vulcan Materials Company	Jul 29, 2026	35.67B
LRCX	Lam Research Corporation	Jul 29, 2026	399.91B
APH	Amphenol Corporation	Jul 29, 2026	193.68B
SBUX	Starbucks Corporation	Jul 29, 2026	117.63B
INVH	Invitation Homes Inc.	Jul 29, 2026	17.49B
MGM	MGM Resorts International	Jul 29, 2026	11.51B
VICI	VICI Properties Inc.	Jul 29, 2026	28.98B
CBRE	CBRE Group, Inc.	Jul 29, 2026	39.69B
CVNA	Carvana Co.	Jul 29, 2026	66.02B
SW	Smurfit Westrock Plc	Jul 29, 2026	22.92B
VRT	Vertiv Holdings Co	Jul 29, 2026	116.78B
FICO	Fair Isaac Corporation	Jul 29, 2026	27.97B
VTR	Ventas, Inc.	Jul 29, 2026	47.61B
VRSK	Verisk Analytics, Inc.	Jul 29, 2026	25.31B
ORLY	O'Reilly Automotive, Inc.	Jul 29, 2026	71.36B
LHX	L3Harris Technologies, Inc.	Jul 29, 2026	55.83B
PTC	PTC Inc.	Jul 29, 2026	13.06B
IEX	IDEX Corporation	Jul 29, 2026	16.45B
LII	Lennox International Inc.	Jul 29, 2026	18.72B
ETR	Entergy Corporation	Jul 29, 2026	54.03B
ES	Eversource Energy	Jul 30, 2026	28.06B
COIN	Coinbase Global, Inc.	Jul 30, 2026	42.46B
CI	The Cigna Group	Jul 30, 2026	75.73B
WTW	Willis Towers Watson Public Limite...	Jul 30, 2026	27.24B
MPWR	Monolithic Power Systems, Inc.	Jul 30, 2026	68.64B
SYK	Stryker Corporation	Jul 30, 2026	122.28B
BMY	Bristol-Myers Squibb Company	Jul 30, 2026	125.61B
SO	The Southern Company	Jul 30, 2026	108.90B

AEP	American Electric Power Company...	Jul 30, 2026	73.41B
GDDY	GoDaddy Inc.	Jul 30, 2026	11.60B
MTD	Mettler-Toledo International Inc.	Jul 30, 2026	26.91B
MLM	Martin Marietta Materials, Inc.	Jul 30, 2026	32.84B
CRH	CRH plc	Jul 30, 2026	65.50B
LYV	Live Nation Entertainment, Inc.	Jul 30, 2026	40.97B
CTVA	Corteva, Inc.	Jul 30, 2026	59.38B
MO	Altria Group, Inc.	Jul 30, 2026	120.37B
YUM	Yum! Brands, Inc.	Jul 30, 2026	40.62B
WY	Weyerhaeuser Company	Jul 30, 2026	17.05B
FSLR	First Solar, Inc.	Jul 30, 2026	22.13B
IP	International Paper Company	Jul 30, 2026	20.07B
MA	Mastercard Incorporated	Jul 30, 2026	468.56B
LNT	Alliant Energy Corporation	Jul 30, 2026	19.22B
CPT	Camden Property Trust	Jul 30, 2026	11.18B
EXC	Exelon Corporation	Jul 30, 2026	48.38B
VLO	Valero Energy Corporation	Jul 30, 2026	90.64B
ICE	Intercontinental Exchange, Inc.	Jul 30, 2026	80.99B
AAPL	Apple Inc.	Jul 30, 2026	4,724.33B
ERIE	Erie Indemnity Company	Jul 30, 2026	11.22B
LH	Labcorp Holdings Inc.	Jul 30, 2026	23.86B
BLDR	Builders FirstSource, Inc.	Jul 30, 2026	7.59B
EME	EMCOR Group, Inc.	Jul 30, 2026	34.25B
REGN	Regeneron Pharmaceuticals, Inc.	Jul 30, 2026	68.35B
IR	Ingersoll Rand Inc.	Jul 30, 2026	32.99B
BAX	Baxter International Inc.	Jul 30, 2026	11.19B
EIX	Edison International	Jul 30, 2026	30.64B
ECHO	EchoStar Corporation	Jul 30, 2026	26.52B
HII	Huntington Ingalls Industries, Inc.	Jul 30, 2026	11.31B
KKR	KKR & Co. Inc.	Jul 30, 2026	89.49B
PWR	Quanta Services, Inc.	Jul 30, 2026	98.11B
AVY	Avery Dennison Corporation	Jul 30, 2026	11.87B
DXCM	DexCom, Inc.	Jul 30, 2026	27.20B
HSY	The Hershey Company	Jul 30, 2026	34.92B
XEL	Xcel Energy Inc.	Jul 30, 2026	50.42B
NCLH	Norwegian Cruise Line Holdings L...	Jul 30, 2026	8.59B
APD	Air Products and Chemicals, Inc.	Jul 30, 2026	65.53B
AOS	A. O. Smith Corporation	Jul 30, 2026	8.20B
TT	Trane Technologies plc	Jul 30, 2026	106.04B
AJG	Arthur J. Gallagher & Co.	Jul 30, 2026	62.23B
AES	The AES Corporation	Jul 30, 2026	10.58B
AEE	Ameren Corporation	Jul 30, 2026	31.35B
AMZN	Amazon.com, Inc.	Jul 30, 2026	2,513.51B
LIN	Linde plc	Jul 31, 2026	234.10B
CBOE	Cboe Global Markets, Inc.	Jul 31, 2026	29.81B
CL	Colgate-Palmolive Company	Jul 31, 2026	72.08B
ABBV	AbbVie Inc.	Jul 31, 2026	453.92B
CVX	Chevron Corporation	Jul 31, 2026	387.21B

TROW	T. Rowe Price Group, Inc.	Jul 31, 2026	24.63B
D	Dominion Energy, Inc.	Jul 31, 2026	62.85B
LYB	LyondellBasell Industries N.V.	Jul 31, 2026	19.92B
MRNA	Moderna, Inc.	Jul 31, 2026	22.62B
ARES	Ares Management Corporation	Jul 31, 2026	40.00B
XOM	ExxonMobil Holdings Corporation	Jul 31, 2026	650.30B
ETN	Eaton Corporation plc	Jul 31, 2026	161.19B
CHD	Church & Dwight Co., Inc.	Jul 31, 2026	22.79B
BEN	Franklin Resources, Inc.	Jul 31, 2026	16.78B
FRT	Federal Realty Investment Trust	Jul 31, 2026	10.85B
BRK.B	Berkshire Hathaway Inc.	Aug 1, 2026	1,058.69B



Ex-US highlights from DB:

> **Moving on to Europe, in the UK, there will be the BoE's decision on Thursday** and our UK economist expects the MPC to keep Bank Rate unchanged at 3.75% with a 7-2 vote tally.
>
> In economic indicators, the focus will be on the flash July CPIs in the Eurozone, with prints for Germany and Spain due Thursday and those for the Eurozone, Italy and France on Friday. Our European economists expect headline HICP for the Eurozone to pick up again to 3.0% in July (2.8%), with core HICP drifting slightly higher also to 2.52% (2.36%). Their country-level forecasts are 2.72% for Germany, 2.24% for France and 3.07% for Italy. Other notable releases include

> Q2 GDP reports for a few Eurozone economies and the bloc itself on Thursday, as well as the German Ifo survey on Monday.
>
> **Over in Asia, the spotlight will be on the BoJ's decision on Friday.** Our Chief Japan economist expects the central bank to maintain its present monetary policy stance. Japan will also release the July Tokyo CPI that day, alongside June retail sales, industrial production, labour market data and housing starts.
>
> In China, June industrial profits are due Monday and the official July PMIs on Friday. Elsewhere in the region, Australia's June CPI is due Wednesday.

Here's their one-pager:

Monday July 27

Data: US June durable goods orders, July Dallas Fed manufacturing activity, Japan June PPI services, China June industrial profits, Germany July Ifo survey, Eurozone June M3
Earnings: LVMH, AstraZeneca, Welltower, Cadence Design Systems, Celestica
Auctions: US 2-yr Notes ($69bn), 5-yr Notes ($70bn)

Tuesday July 28

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

Wednesday July 29

Data: UK June net consumer credit, M4, Germany June import price index, Italy May industrial sales, Australia June CPI, Sweden Q2 GDP indicator
Central banks: Fed's decision, BoC summary of deliberations
Earnings: Microsoft, Meta, SK hynix, Lam Research, Procter & Gamble, ARM, L'Oreal, Hermes, Amphenol, Airbus, Qualcomm, UBS, Hitachi, Advantest, Intesa Sanpaolo, Starbucks, Vertiv, Fortinet, CaixaBank, Equinix, Vinci, Eni, Aon, Standard Chartered, Public Storage, Danone, BASF, Porsche, Humana, GE HealthCare Technologies, Telecom Italia
Auctions: US 2-yr FRN ($30bn)

Thursday July 30

Data: US June PCE, personal income, spending, Q2 GDP, initial jobless claims, Japan July consumer confidence index, Germany Q2 GDP, July CPI, France Q2 GDP, private sector payrolls, June consumer spending, Italy Q2 GDP, June unemployment rate, PPI, Eurozone July economic, industrial, services confidence, Q2 GDP, June unemployment rate
Central banks: BoE's decision
Earnings: Apple, Amazon, Samsung Electronics, Mastercard, Shell, Tokyo Electron, Schneider Electric, AB InBev, Rolls-Royce, BBVA, British American Tobacco, Bristol-Myers Squibb, Altria, Stryker, Enel, Sanofi, ING Groep, Lloyds Banking, KKR, BAE, Cigna, Monolithic Power Systems, Regeneron, CRH, Societe Generale, Ferrari, Vale, LSEG, Anglo American, adidas, Leonardo, Reddit, DSM-Firmenich, MTU Aero Engines, Capgemini, Stellantis

Friday July 31

Data: US Q2 employment cost index, July MNI Chicago PMI, China July official PMIs, UK July Lloyds Business Barometer, Japan July Tokyo CPI, June jobless rate, job-to-applicant ratio, retail sales, industrial production, housing starts, Germany July unemployment claims rate, France July CPI, June PPI, Italy July CPI, consumer confidence index, economic sentiment, manufacturing confidence, Eurozone July CPI, Canada May GDP

BoA’s cheat sheets:

Global Macro Watch

Known Unknowns July 27 – 31

US: July hold remains the base case

Our base case is that the Fed will stay on hold in July. But the spike in oil prices has made it a close call. With markets now pricing nearly 10bp of hikes in July, Chair Warsh faces a difficult choice. We expect June core PCE inflation to come in at 0.16% m/m. This should lower the y/y rate by a tenth to 3.3%. We expect 2Q GDP to come in at a below-consensus 1.7% qoq saar, though the softness is largely due to a decline in net exports. Domestic demand should remain healthy with consumer spending rising 2.5%.

Euro area: Renewed inflation but upside risks to growth

Euro area July inflation and 2Q26 GDP take center stage: the renewed surge in energy prices means Euro area inflation has not yet peaked. We expect the Euro area print at 2.9% in July with core at 2.4% (Fri). We expect Euro area GDP at 0.2% qoq, with upside risks and room for large surprises if Ireland unwinds some of the drop in 1Q.

UK: BoE on hold, on watch

We expect BoE on hold (7-2, high risks of 6-3). Balanced tone with door open to a hike, but not a strong signal on an imminent hike. Risks are titled to a hawkish tone given recent escalation. We expect the BoE on hold this year, but the risk of a hike is rising.

Japan: BoJ on hold but near-term hikes should follow

We expect the BoJ to keep the policy rate unchanged at 1.00%, in line with market expectations. Having just hiked in June, the BoJ needs to pause to assess the impact of that hike on financial conditions. With USDJPY at fresh highs of 163, we think the BoJ's objective going into this meeting is to firm up market pricing of further near-term hikes.

The week ahead in Emerging Markets

There are monetary policy meetings in Colombia, Chile, Pakistan, Georgia and DomRep. CPI and CA data in Brazil. Employment data in Türkiye and Brazil.

US: FOMC meeting, Spending report, PCE inflation, 2Q GDP, Michigan sentiment.

Euro area: 2Q GDP, CPI, economic confidence, u-rate. Germany IFO.

UK: BoE rate decision, BoE speak, mortgage approvals.

Japan: Tokyo CPI, BoJ rate decision.

Canada: Monthly GDP. BoC minutes.

Australia: CPI, RBA speakers.

Scandies: Sweden GDP indicator.

Known Unknowns

Exhibit 1: Global weekly calendar

US FOMC Rate Decision. BoJ and BoE meeting. US GDP, PCE, consumer spending. Euro area GDP, CPI. Japan, Australia CPI. Canada, Sweden monthly GDP.

Speakers	(none)	Economic data
CBs		Meetings

Date	LDN	NY	HK	Country	Event	For	BofAe	Cons.†	Previous	Expectations
27-Jul	10:00	5:00	17:00	Germany	IFO Business Climate	Jul	86.4	--	85.6	--
	10:00	5:00	17:00	Euro area	M3 Money Supply (yoy)	Jun	3.0%	--	3.2%	--
	13:30	8:30	20:30	US	Durable Goods Orders	--	2.5%	1.3%	-4.5%	--
	13:30	8:30	20:30	US	Durables Ex Transportation	--	1.0%	1.0%	1.4%	--
	13:30	8:30	20:30	US	Cap Goods Orders Nondef Ex Air	--	0.6%	1.0%	1.4%	--
	13:30	8:30	20:30	US	Cap Goods Ship Nondef Ex Air	--	0.6%	--	0.1%	--
28-Jul	4:05	23:05	11:05	Australia	RBA's Bullock-Speech	--				
	13:30	8:30	20:30	US	Advance Goods Trade Balance	--	-$90.0b	-$97.8b	-$105.8b	--
29-Jul	2:30	21:30	9:30	Australia	CPI MoM	Jun	0.1%	--	-0.7%	--
	2:30	21:30	9:30	Australia	CPI YoY	Jun	3.9%	--	4.0%	--
	8:00	3:00	15:00	Sweden	GDP Indicator (sa, qoq)	2Q	0.70%	--	-0.2%	We expect GDP to rebound by 0.7% qoq in Q2, consistent with activity indicators recovering after the weak start of the year. We expect growth a bit milder than Riksbank forecasts (at 0.9% qoq).
	10:30	5:30	17:30	UK	Mortgage Approvals	Jun	55k	--	56.2k	--
	18:30	13:30	1:30	Canada	Bank of Canada Summary of Deliberations	--				
	19:00	14:00	2:00	US	FOMC Rate Decision (Midpoint)	--	3.63%	3.63%	3.63%	--
	23:40	18:40	6:40	Australia	RBA's Hunter-Fireside Chat	--				
30-Jul	10:00	5:00	17:00	Germany	GDP (sa, qoq, P)	2Q	0.1%	--	0.3%	--
	11:00	6:00	18:00	Euro area	Economic Confidence	Jul	95.4	--	95.0	--
	11:00	6:00	18:00	Euro area	GDP (sa, qoq)	2Q	0.2%	--	-0.2%	Risks biased towards a stronger print
	11:00	6:00	18:00	Euro area	Unemployment Rate	Jun	6.3%	--	6.2%	--
	13:00	8:00	20:00	UK	Bank of England Bank Rate	30-Jul	3.75%	--	3.75%	We expect a 7-2 vote with Pill and Greene voting for a hike, with a high risk of a 6-3
	13:30	8:30	20:30	US	Personal Income	--	0.40	0.30%	0.70%	--
	13:30	8:30	20:30	US	Personal Spending	--	0.40	0.30%	0.70%	--
	13:30	8:30	20:30	US	Real Personal Spending	--	0.40	0.20%	0.30%	--
	13:30	8:30	20:30	US	PCE Price Index MoM	--	0.00%	-0.10%	0.40%	--
	13:30	8:30	20:30	US	PCE Price Index YoY	--	3.70%	3.70%	4.10%	--
	13:30	8:30	20:30	US	Core PCE Price Index MoM	--	0.16%	0.10%	0.30%	--
	13:30	8:30	20:30	US	Core PCE Price Index YoY	--	3.30%	3.30%	3.40%	--
	13:30	8:30	20:30	US	GDP Annualized QoQ	--	1.7%	2.30%	2.10%	--
	13:30	8:30	20:30	US	GDP Price Index	--	4.7%	3.70%	3.60%	--
	13:30	8:30	20:30	US	Core PCE Price Index QoQ	--	3.4%	--	4.40%	--
	14:00	9:00	21:00	Germany	CPI (mom, P)	Jul	0.7%	--	-0.3%	--
	14:00	9:00	21:00	Germany	CPI EU Harmonized (mom, P)	Jul	0.9%	--	-0.2%	--
31-Jul	0:30	19:30	7:30	Japan	Tokyo CPI Ex-Fresh Food YoY	Jul	1.70%	--	1.60%	In the July Tokyo CPI, we expect Japan-style core CPI (ex fresh food) to edge higher to +1.7% yoy, due to higher energy prices. However, we expect ex-energy BoJ-style core CPI (ex fresh food and energy) to remain unchanged at +1.9% yoy. While travel-related spending is likely to increase in July amid the summer holiday season, and non-perishable food prices may post a modest month-over-month gain, these effects should be offset by continued unfavorable base effects in food prices. Outside of these components, monthly price developments are likely to remain broadly subdued.
	6:15	1:15	13:15	Switzerland	SNB Publishes 1H Results	--				
	9:55	4:55	16:55	Germany	Unemployment Change (000's)	Jul	5k	--	-1.0k	--
	9:55	4:55	16:55	Germany	Unemployment Claims Rate (sa)	Jul	6.3%	--	6.3%	--
	11:00	6:00	18:00	Euro area	CPI (yoy, P)	Jul	2.9%	--	2.8%	--
	11:00	6:00	18:00	Euro area	CPI (mom, P)	Jul	0.1%	--	-0.1%	--
	11:00	6:00	18:00	Euro area	CPI Core (yoy, P)	Jul	2.4%	--	2.4%	--
	12:15	7:15	19:15	United Kingdom	BOE Chief Economist Pill Speaks at MPC Briefing	--				

	13:30	8:30	20:30	Canada	GDP MoM	May	0.2%	--	0.5%	We expect monthly GDP to grow 0.20% mom in May. Year over year, we expect GDP to increase by 1.41%. The Canadian economy is likely to show signs of recovery as it continued to adjust to trade dynamics and benefited from the rise in oil prices.
	15:00	10:00	22:00	US	U. of Mich. Sentiment	--	52.0	--	54.4	--
	-	--	-	Japan	BOJ Target Rate	31-Jul	1.00%	--	1.00%	We expect the BoJ to vote unanimously to keep the policy rate unchanged at 1.00%, in line with market expectations. Having just hiked in June, the BoJ needs to pause to assess the impact of that hike on financial conditions. In the Outlook Report, we expect the BoJ to upgrade its near-term real GDP forecasts and revise down CPI slightly, reflecting the latest data flow. With USDJPY at fresh highs of 163, we think the BoJ's objective going into this meeting is to firm up market pricing of further near-term hikes. Key to watch will be the BoJ's characterization of underlying inflation, in both the Outlook Report and the governor's press conference. In the April Outlook Report, the BoJ said underlying CPI inflation was "approaching 2%," and that this made it important for the Bank to "examine whether underlying CPI inflation becomes anchored" at the target. An upgrade of this language, in the text or the governor's press conference, will shorten the runway to the next hike. Watch also the governor's language on FX, and whether it is moving from being merely a cost story to one with potential spillovers to inflation expectations. Overall, we expect the messaging from the governor to come across as hawkish.
727	-	--	-	US	Fed's Blackout Period	--				
7/30	-	-	-	Germany	Retail Sales (mom)	Jun	-0.50%	--	1.1%	--

Source: BofA Global Research, Bloomberg

Known Unknowns (EM)

Exhibit 2: The week ahead in Emerging Markets

There are monetary policy meetings in Colombia, Chile, Pakistan, Georgia and DomRep. CPI and CA data in Brazil. Employment data in Turkiye and Brazil.

	Speakers	(none)	Economic data
	CBs		Meetings

Date	London	NY	Hong Kong	Country	Event	Expectations
27-Jul	5:00	1:00	13:00	Singapore	Industrial Production YoY	--
	12:00	8:00	20:00	Mexico	Trade Balance	We expect the trade balance to post a slight deficit in June. Imports likely increased due to the start of the FIFA World Cup. This effect should be partially offset by weaker industrial production and lower oil prices following the memorundum of understanding between the US and Iran. Moreover, subdued economic activity and a strong MXN are expected to weigh on exports.
	-	-	-	Pakistan	SBP Rate Decision	Strong PKR as well as peaked CPI shock will likely reduce the need for any further tightening allowing the SBP to keep rates on hold
28-Jul	10:30	6:30	18:30	India	Industrial Production YoY	--
	11:30	7:30	19:30	Brazil	Current Account Balance	We expect the current account to post a US$2.5bn deficit in June, compared to -5.2bn in Jun-25. The reduction of the deficit will be mainly due to a stronger trade balance yoy, despite a wider services deficit.
	11:30	7:30	19:30	Brazil	Foreign Direct Investment	We expect a US$5.0bn inflow of foreign direct investment (FDI) in June, compared to a US$3.1bn inflow in Jun-25
	12:00	8:00	20:00	Brazil	IBGE Inflation IPCA-15 MoM	We expect mid-July inflation to decelerate to 0.20% mom (from 0.41%) in Mid-June. This reflects strong deflation in food prices, concentrated in a payback in potatoes and tomatoes. As a counterweight, adjustment in electricity prices in São Paulo and airfares will exert upward pressure on the print. In yoy terms, we see inflation at 4.66% yoy, from 4.63% in June.
	22:00	18:00	6:00	Chile	Overnight Rate Target	We expect the BCCH to remain on hold for the rest of the year.
29-Jul	8:00	4:00	16:00	Georgia	Refinancing Rate	Slowing inflation removes the need for any further tightening
30-Jul	7:00	3:00	15:00	Türkiye	Unemployment rate	--
	9:30	5:30	17:30	South Africa	PPI (yoy)	--
	11:00	7:00	19:00	Ukraine	NBU rates decision	--
	11:00	7:00	19:00	Brazil	FGV Inflation IGPM MoM	We expect July IGP-M to decrease 1.07% mom, from -0.50% in June. The deflation will be based on lower prices for oil and oil products, as well as agricultural wholesale items (corn and cattle). In yoy terms, we see the IGP-M at 2.85% yoy
	11:00	7:00	19:00	Brazil	FGV Inflation IGPM YoY	--
	12:00	8:00	20:00	Brazil	National Unemployment Rate	We expect the unemployment rate to decrease to 5.5% in May, from 5.6% in April. We expect the labor market to cool down in 2026.
	12:00	8:00	20:00	Mexico	GDP NSA YoY	In annual terms, we expect GDP to increase 1.51% yoy nsa.
	12:00	8:00	20:00	Mexico	GDP SA QoQ	We expect GDP to increase 1.20% qoq sa in 2Q26 due some improvement in industrial activity during the quarter, as well as some tailwinds from the FIFA World Cup.
	23:00	19:00	7:00	South Korea	Industrial Production YoY	--
	1:30	21:30	9:30	China	Manufacturing PMI	We expect China PMI at 50.1 in July on the back of moderated production activities.
	-	--	-	Brazil	Formal Job Creation Total	In June, net formal job creation should be below the level observed on Jun-25 (162K). We expect the labor market to cool down in 2026.
	-	--	-	Brazil	Central Govt Budget Balance	We expect the Central Government to deliver a R$49.0bn deficit in June, compared to -R$46.3bn in Jun-25. Net revenues grew (9.4% yoy), while expenses grew 8.6% yoy. Discretionary expenses and mandatory expenses subject to financial programming are pressuring the balance, while revenues not collected by the Brazil Federal Revenue service (oil) help to narrow the deficit. All values were expressed in June 26' BRL
31-Jul	7:00	3:00	15:00	Türkiye	Trade balance (USDbn)	--
	7:30	3:30	15:30	Poland	CPI (yoy)	--
	8:00	4:00	16:00	Taiwan	GDP YoY	Taiwan's 2Q GDP growth likely moderated to a still-elevated 10% y/y, down from 14.6% in 1Q. Export momentum remained solid, but stronger imports likely reduced the net-export impulse. Domestic demand should have stayed resilient, with both private consumption and government spending providing modest support.
	11:30	7:30	19:30	Brazil	Primary Budget Balance	We expect the public sector to post a R$49.8bn deficit in June, compared to -R$56.1bn in Jun-25. Large deficit in the Central Government, small deficit of local governments and small surplus from SOEs.
	12:00	8:00	20:00	South Africa	Trade balance (ZARbn)	--
	18:00	14:00	2:00	Colombia	Overnight Lending Rate	We expect the central bank BANREP to remain on hold at 12.00% on July 31.
	0:00	20:00	8:00	South Korea	Exports YoY	We expect exports to grow by 50.4% yoy in July on one less working day compared with last July but a robust semi exports.
	-	--	-	Dominican Republic	Overnight Rate	We expect the central bank BCRD to remain on hold at 5.25% on July 31.

Source: BofA Global Research, Bloomberg

In this week's Week Ahead:

- **An update on the economy,** including the latest GDP trackers, JPM's Mike Feroli on Q2 GDP, the 2H growth outlook, and the PMI message, the Dallas Fed Weekly Economic Index, Goldman's Current Activity Indicator, BoA's Truckload Demand Indicator, and lower-income spending.
- **A closer look at consumer and small business trends,** including BoA card-spending details, Yardeni on Redbook sales and World Cup spending, BofA Institute on small business tariff refunds, and BoA on the labor market heading

into the July FOMC meeting.

- **A look at the 2H growth setup,** including JPM's Mike Feroli on moderating upside risk to GDP and Goldman's view on slower growth.
- **An extensive Q2 earnings season update**, including early beat rates, the magnitude of earnings and revenue surprises, sector-level expectations, margins, FactSet's work on beats and misses, and BoA's thoughts on headline earnings growth versus underlying earnings quality.
- **A closer look at the earnings setup beyond Q2,** including 2026 and 2027 earnings expectations, forward revisions, guidance trends, analyst price targets, Mag-7/Tech reactions, and thoughts from Deutsche Bank on the earnings boom and Tech underperformance.
- **An update on valuations,** including how rising earnings expectations and softer stock prices have affected forward P/Es for the Mag-7, large caps, mid caps, and small caps.
- **A breadth update,** including the McClellan Summation Index, stocks above 20- and 200-DMAs, new highs minus new lows, equal-weight vs. cap-weight, small caps vs. large caps, and growth vs. value.
- **A detailed positioning and flows section**, including Deutsche Bank's composite positioning work, discretionary vs. systematic positioning, large-cap Tech positioning, Mag-7/Tech rotation, BoA's systematic flow estimates, CTAs, vol-control funds, risk parity, and buybacks.
- **An update on leveraged ETF positioning,** including the latest moves in SPX, Nasdaq-100, and single-stock leveraged ETF AUM, with a focus on Tesla, memory stocks, and the largest single-stock leveraged ETFs.
- **A look at retail positioning and options activity,** including BoA private client allocations, put/call ratios, Goldman's retail-favorites basket, Vanda retail flow data, JPM's view on retail engagement, and Barclays' reminder on seasonal retail flow patterns.
- **An update on gamma** from BofA and Tier1Alpha, including the decline in dealer-gamma support, negative-gamma conditions, and potential volatility implications if the market weakens further.

- **A sentiment check**, including AAII, NAAIM, Goldman's sentiment indicator, CNN Fear & Greed, BoA's Bull & Bear Indicator, Citi's Panic/Euphoria model, and Helene Meisler's weekend poll.
- **An update on interest rates and Fed expectations**, including the rise in real yields, rate-hike pricing, BoA's thoughts on Chair Warsh and the July Fed decision, the Bloomberg economist survey, JPM's Mike Feroli and Morgan Stanley's Michael Gapen on the case for a hold, Goldman on rate hikes and supply-driven inflation, Janet Yellen on looking through supply shocks, BMO's Ian Lyngen on longer-run inflation expectations, and the Fed-favored 5-year, 5-year forward inflation rate.
- **A wrap-up** with some thoughts on the AI trade, earnings season, systematic positioning, gamma, Iran, the Fed, and whether the bull case remains intact.

Note: While I cannot post BoA charts on X, I include many in the Week Ahead.

A continued thank you to the many who have contributed to the charity fund. I appreciate very much each paid membership, and I have tried to respond to all messages from paid members. If you have sent me a message, and I have not responded, please don't hesitate to send a new message, as it likely was just buried in my email inbox.

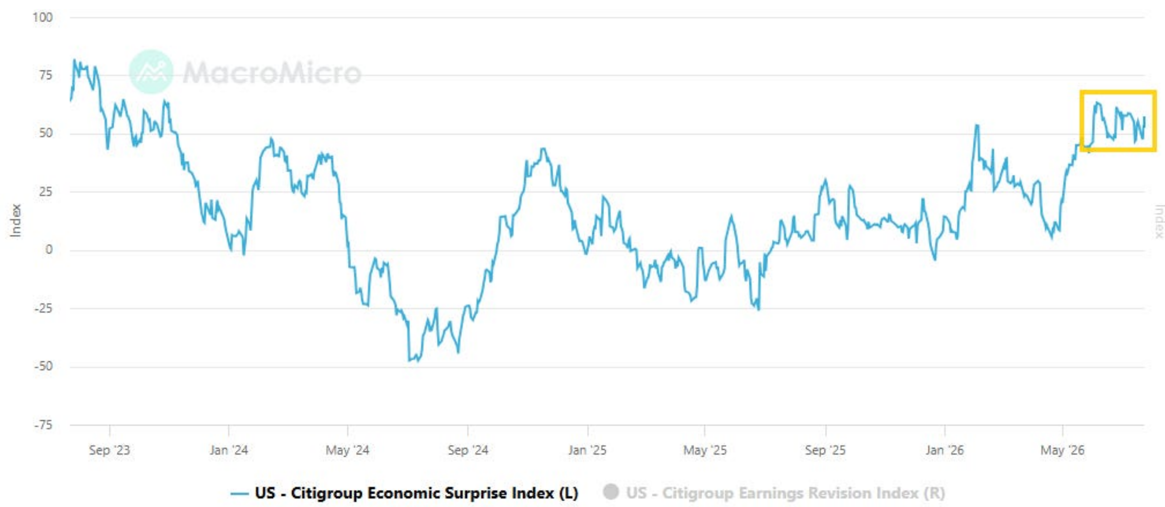
Please note that I do sometimes add to or tweak items after first publishing, so it's usually safest to read it from the website where it will have any updates.

Economy

Looking first at the economy, my intro has remained the same since the start of the Iran conflict: "we continue to see it weathering the various storms remarkably well due in large part to continued resilient consumption (fueled by huge increases in wealth over the past few years despite slowing incomes) and AI-spending… with data of late showing a stable (and perhaps accelerating) economy, but one that is also boosting inflation."

While in June that parenthetical (a perhaps accelerating economy) had been doing a lot of work, things tailed off to start July. We got a lot of data last week, and things remain mixed. While the consumer remains resilient, manufacturing has softened after rocketing higher the last couple of months, and the green shoots in housing to start the year have also reversed.

While reports were very light last week, the **Citi economic surprise index edged up to 57.1**, remaining not far from the 63.20 June 5th, the highest reading since October 2023 and the highest sustained 7-week period since then.



Meanwhile GDP estimates are for now consistent with a solid economy (again though remembering GDP going into recessions generally doesn't look like one is coming (it was up around 2% in Q2 & Q3 2008 well after the recession had started)).

With little economic data, the major GDP trackers for Q2 were mostly unchanged (Morgan Stanley continues to be delayed):

BoA (who has been the most accurate over the past year) remained at 1.7%.

Goldman +2.6% (from +2.5% the prior week)

JPM +2.0% (+2.0%)

Morgan Stanley +1.5% (+1.5%)

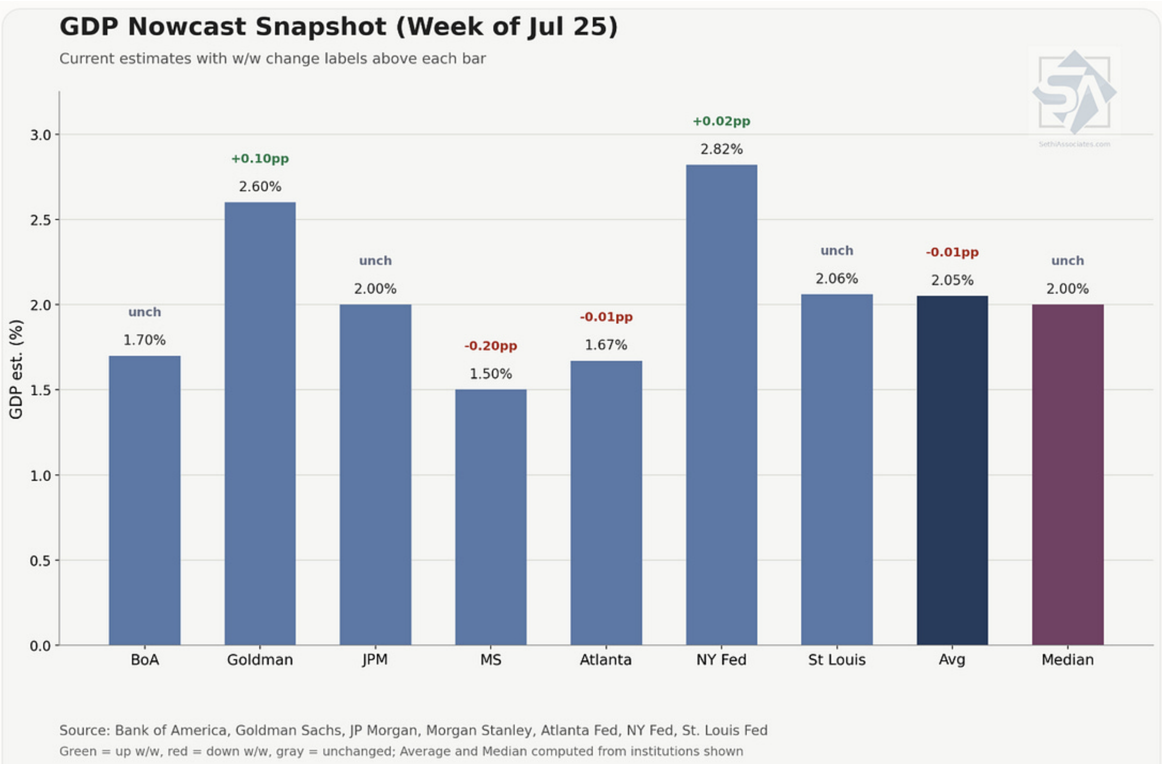
Atlanta Fed +1.67% (+1.67%)

NY Fed +2.82% (the best since April from +2.80%)

St Louis Fed +2.06% (+2.06%).

Avg = +2.05% (from +2.03%)

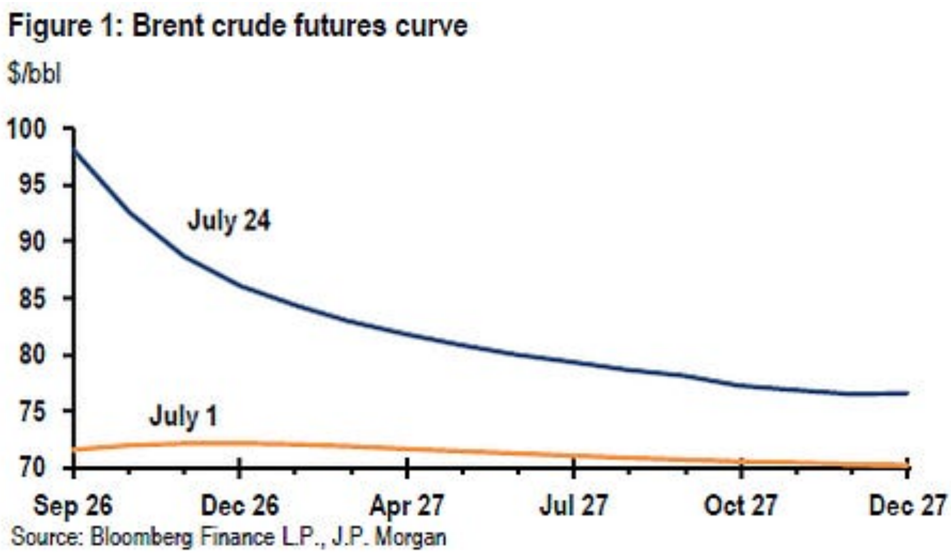
Median = +2.00% (+2.00%)



JPM's Feroli notes though that with the rise in oil prices, the potential upside to second-half GDP has moderated:

> Developments this week were centered on the geopolitical front, coupled with some positive news from the latest business surveys. An intensification of the Middle East conflict pushed up oil prices further, and the anticipated tailwind from lower costs looks to have largely disappeared for now. Front-month Brent futures rose as high as $101/bbl this week, up from a low of $72 at the start of the month, before settling at $97 on Friday, with year-end futures prices rising to $86

> (Figure1). Retail gas prices had never fallen as much as crude, but are now back to $4.10/gal from the recent low of $3.79.
>
> **As oil prices were declining, we had noted growing upside risks to our second-half GDP forecast. With energy prices now higher again, we are starting to see risks as more balanced, assuming that prices remain elevated for a time.**



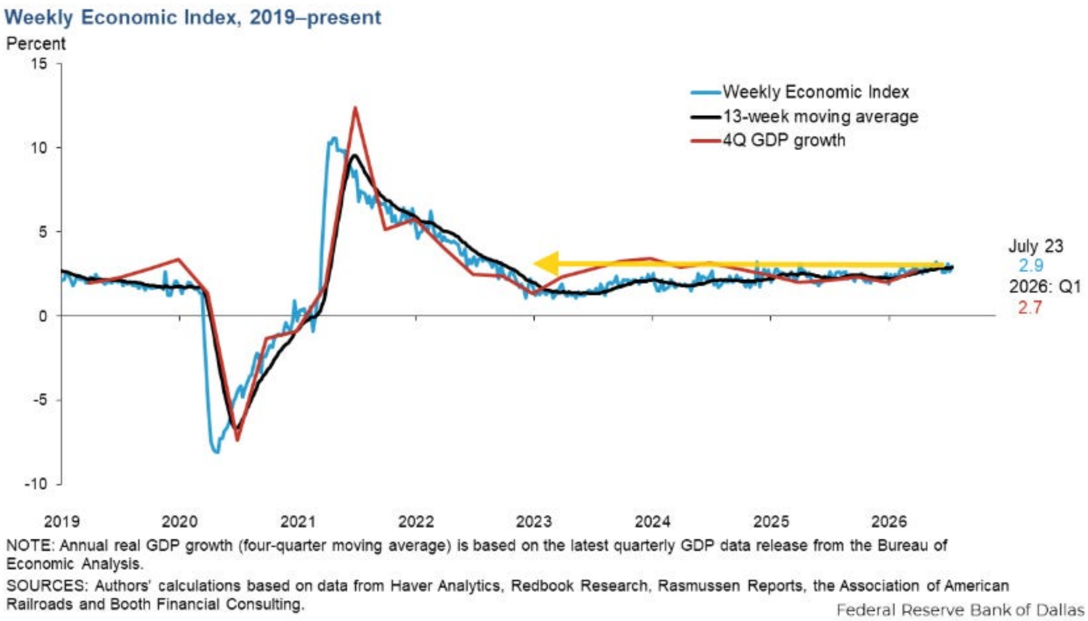
And as you know if you're a regular reader, one of **my favorite GDP trackers is the Weekly Economic Index from the Dallas Fed.***

In the week through July 18th it remained volatile for a fifth week back up to +2.93% from +2.60% the prior week (after +3.12%, +2.55%, and +3.06% the three weeks prior to that (that +3.12% reading the third highest since 2022 (after May 30th and November 23rd, 2024)) **now the fifth week since May 23rd above the 1.1 - 2.9% range it has occupied almost every week since 2022,** the first such cluster of readings above that range since then.

More importantly, the 13-wk avg improved to 2.87% the best since 2022, continuing to evidence economic momentum that is above trend.

The WEI is scaled as a y/y rise for real GDP *(so different than most GDP trackers which are Q/Q SAAR) and uses 10 daily and weekly economic series but runs a week* *behind other GDP trackers.*

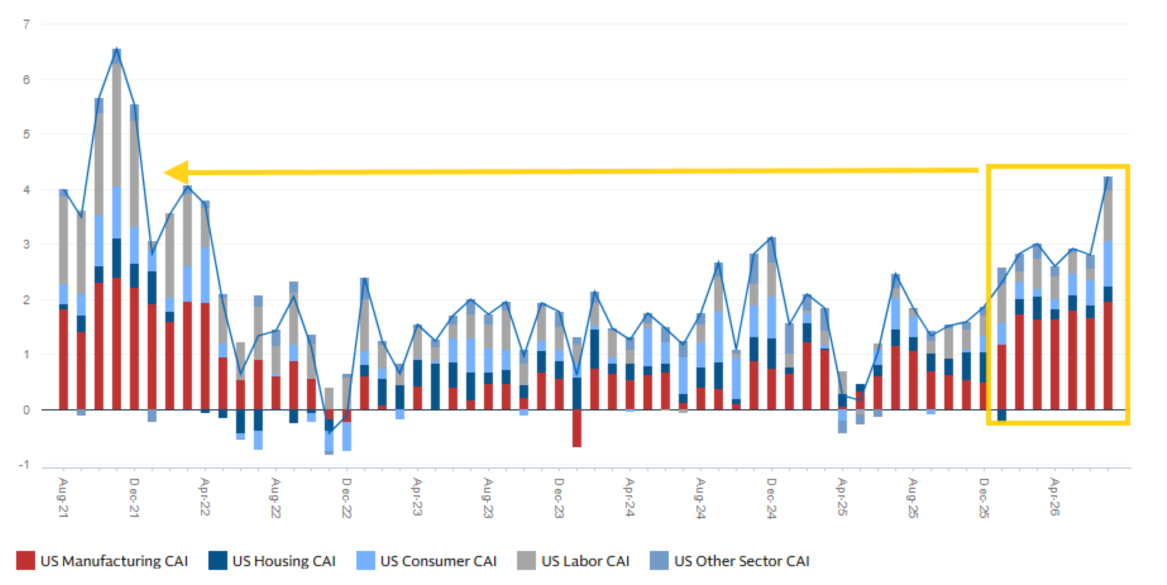
It has over time had one of the highest correlations with actual GDP of any tracker *(see chart (the Q1 GDP report for example showed y/y GDP at 2.66%, a touch above what this index predicted (2.62%)) and has consistently indicated no recession and relatively healthy growth since the pandemic (which is what we've experienced).*



And **Goldman's July US Current Activity Indicator* rose to 4.2%, which if maintained would be the best since November 2021(!).** That comes after the strongest six-month period since 2022, as the manufacturing component is getting more help from other sectors.

**The CAI is their "real-time measure of inflation-adjusted economic momentum using 37 inputs."*

US: CAI SECTOR BREAKDOWN



BofA card spending though slowed for a third straight week in the week ending July 18th, with spending on BofA cards (credit+debit):

- **+3.5% y/y** (+5.0% four-week moving average)
- **Ex-gasoline spending up +2.9%** (+4.5% four-week moving average), while
- **Ex-autos and gasoline eased to +2.7%** (+4.6% four-week moving average).

Gasoline itself held around +14.2% y/y, essentially matching the prior week's +14.5% and still running comfortably above its +13.2% four-week average.

BofA again attributed the slowdown to unfavorable base effects rather than deteriorating demand, with last year's Prime Day and related online promotions falling in July versus late June this year, compounded now by fading World Cup spending.

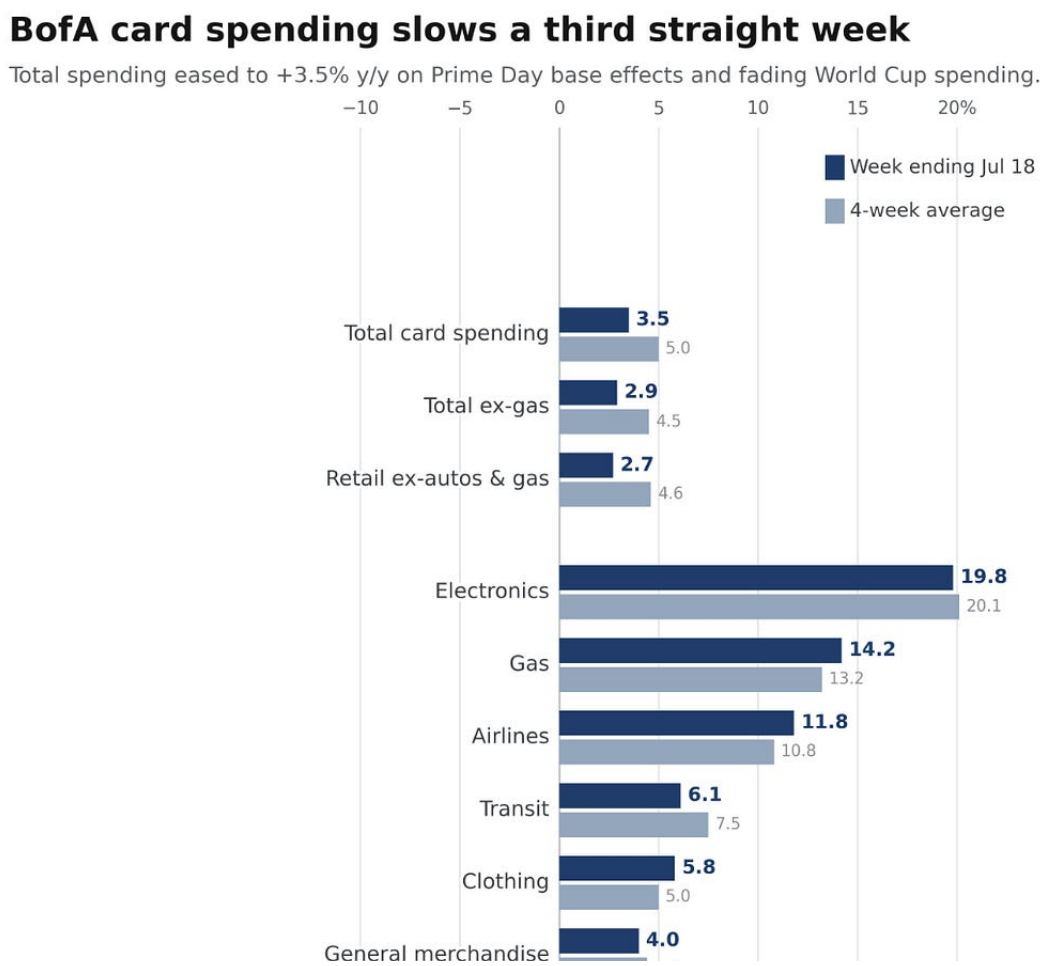
Gains were led by electronics, which rebounded sharply to +19.8% from +14.0% and is now running in line with its +20.1% four-week average — suggesting the Prime Day distortion has largely worked through that category. **Airlines** firmed to +11.8% from +10.7%, **clothing** extended its recovery to +5.8% from +4.3%, and **lodging** ticked up to +3.8% from +2.6% despite the end of the World Cup. **Online**

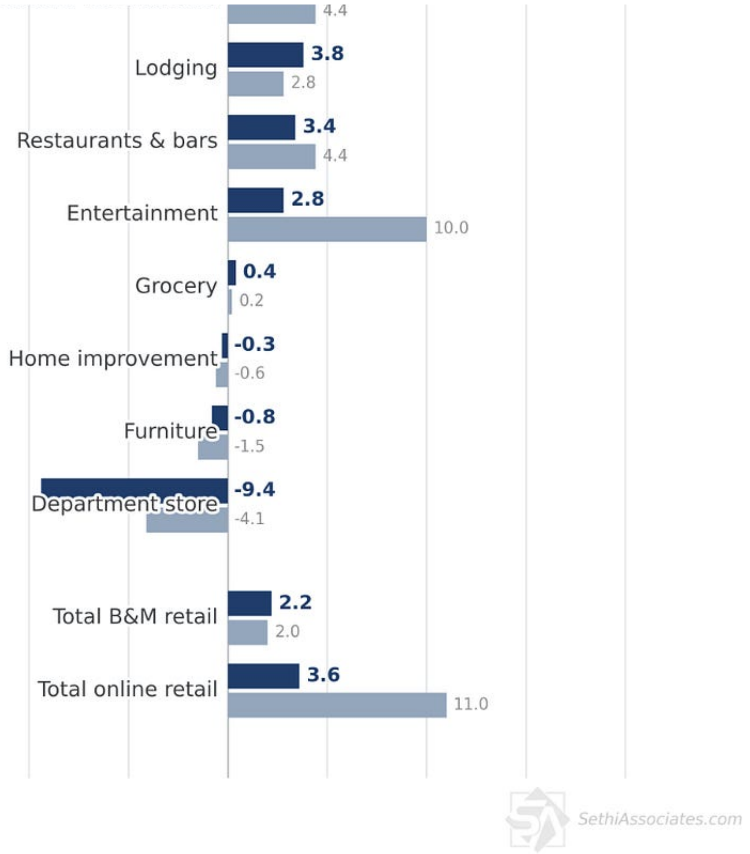
retail stabilized at +3.6% after +3.5%, though still far below its +11.0% four-week average.

More areas through softened. Entertainment fell again to +2.8% from +5.5% — the widest gap below its own four-week average (+10.0%) of any category — as the World Cup boost continued to fade. **Restaurants & bars** similarly eased to +3.4% from +4.9% and **transit** slipped to +6.1% from +7.2%. **General merchandise** slowed to +4.0% from +5.0%, and **grocery** to +0.4% from +1.9%.

Three categories were negative y/y: department stores deepened sharply to -9.4% from -3.7%, while **furniture** (-0.8% from -3.8%) and **home improvement** (-0.3% from +1.4%) were both only modestly in the red.

BofA also flagged a notable rotation underneath: **year-over-year lower-income spending growth has outpaced higher-income growth for two consecutive weeks, after lagging for more than a year.**



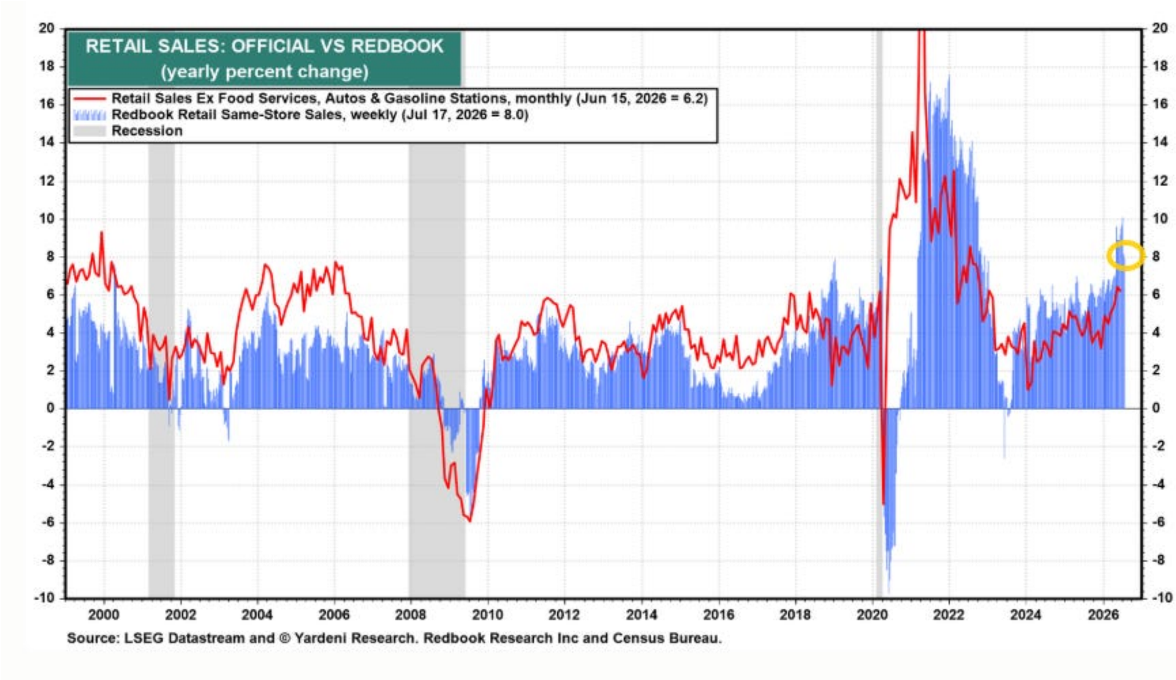


Source: BofA Global Research / BAC internal aggregated card data. 7-day moving average, y/y % change in spending per household.

And we see similar pullback to still solid numbers from Redbook sales in the week of July 17th as Ed Yardeni notes:

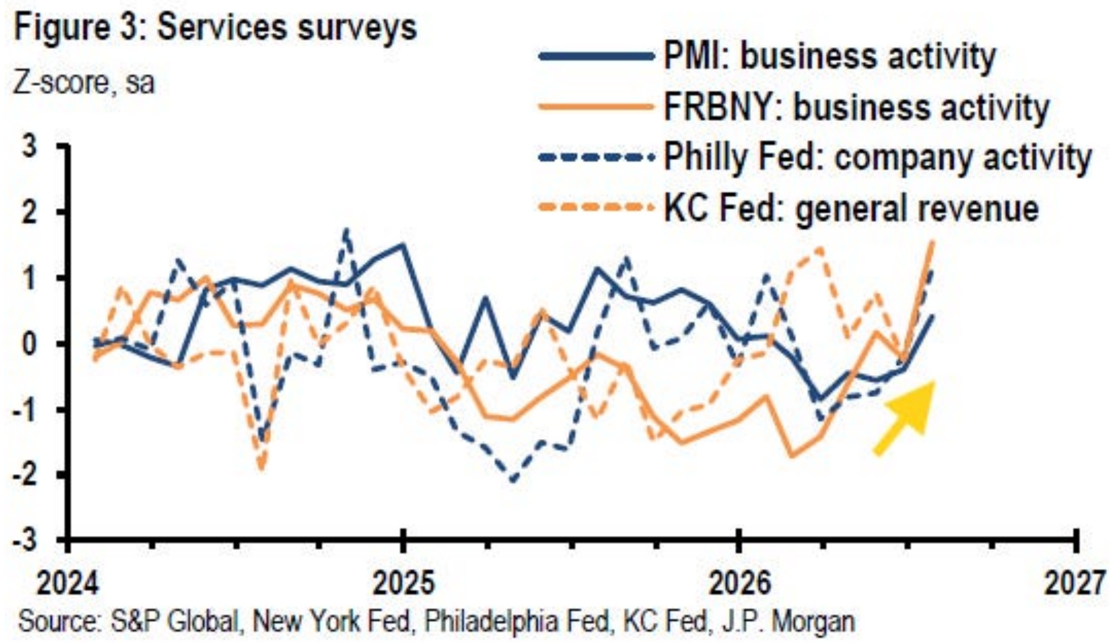
> The games are over. The fans are heading home, and an important economic tailwind is beginning to fade. According to Bank of America, the FIFA World Cup generated roughly $20 billion in economic activity across the United States...
>
> The stimulus from tax refunds is also fading. Thanks to the One Big Beautiful Bill Act, the total amount refunded to households rose 18.1% y/y to $324.8 billion, putting nearly $50 billion of additional cash into consumers' pockets...
>
> We aren't concerned. Seven years into our Roaring 2020s scenario, the underlying pulse of the US economy and American consumer remains strong...
>
> Redbook same-store retail sales growth cooled to 8.0% y/y in the week ending

> July 17, extending a pullback from exceptionally strong gains during the World Cup (chart). Sales growth remains robust by historical standards.



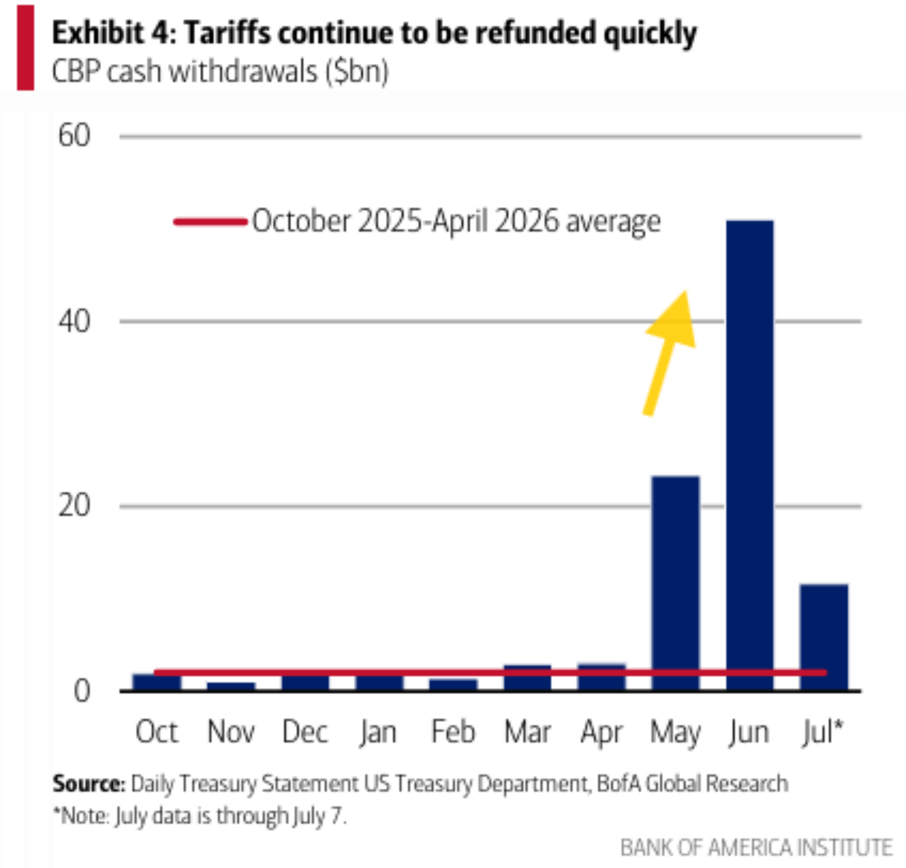
And JPM's Feroli notes the positive message from the PMIs:

> Recent business surveys had generally been solid, with the notable exception of the PMI services, but that changed in July as the business activity index rose from 51.2 to 53.6, the highest since last November (Figure 3).
>
> Manufacturing edged down but remains at a good level for this cycle. All-industry employment and future business expectations also climbed.
>
> **The PMIs re-affirm the message from the regional Fed surveys that have already been released this month, which have been robust on both the manufacturing and services side.**



And BofA Institute says small businesses will continue to get a boost from tariff refunds in the second half:

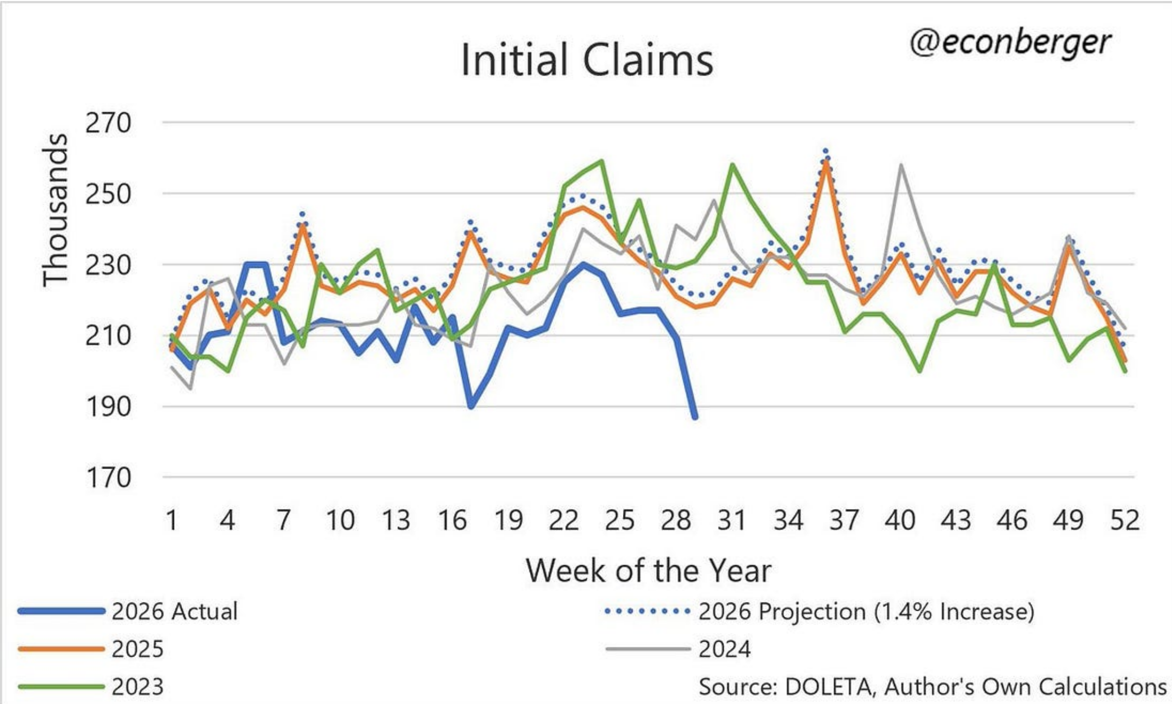
> Bank of America small business account data shows that of those firms that have made tariff payments directly to US Customs and Border Protection (CBP), an estimated 23.4% of them have been returned as of June. This was up from 6.7% in May, and additional tariff relief is likely on the way as cash withdrawals from CBP continued into early July (Exhibit 4).
>
> "Still, it is unlikely that refunds meaningfully stimulate hiring or investment due to their one-off nature, according to BofA Global Research. The refunds are more likely to be used to pay down debt or save cash, especially for small businesses that already operate on thin margins."



And BofA notes the labor market is in good shape:

> With much of the focus recently on inflation data, **it is worth taking a step back and assessing how the labor market has evolved since the June FOMC meeting ahead of next week's July meeting**.
>
> June payroll growth came in softer than expected, but **the three month average of job gains remains comfortably above the breakeven rate.** More importantly, **the unemployment rate has remained range bound at 4.2%**.
>
> **More recent data paint a similarly reassuring picture. ADP average weekly job growth has moderated in recent weeks. But that likely reflects payback from the unusually strong gains seen earlier this year,** which may have been boosted by residual seasonality or temporary hiring.
>
> Meanwhile, even setting aside this week's (survey week of Jul jobs) unusually low initial claims reading, **the four-week averages of both initial and**

> **continuing claims remain in benign territory.**
>
> Bottom line: **the labor market appears healthy heading into the July FOMC meeting, leaving the focus squarely on inflation risks.**



And BofA's Trucking indicator continues to point to solid demand:

> Our proprietary bi-weekly BofA Truckload Demand Indicator for shippers' 0- to 3-month freight demand outlook [dropped] a few ticks to 63.3 (still the third highest level since April '22), from 64.0 last survey.
>
> The Demand Indicator has now held above a 60-level for 9 consecutive issues (4.5 months) and 11 of the past 13 issues.
>
> **The sustained strength (16-week avg is 63.1) provides increasing confidence that some underlying growth catalysts are driving shipper views, aside from the sizable supply-side capacity cuts.** The Demand Indicator is up 16% y-y.

Truck shipper demand holds at four-year highs

BofA Truckload Demand Indicator eased 0.7 pt to 63.3 — a ninth straight issue above 60, and up 16% year-over-year

Bi-weekly shipper survey: 0–3 month freight demand outlook. 2022–2026 readings are BofA's stated values (Table 1). Pre-2022 history is a pixel-based reconstruction of BofA's Chart 3 — approximate (±~2 pts); the three extremes BofA documents (4/3/14, 4/23/20, 5/20–6/3/21) are set to measured levels.

This year's demand curve is running above the last three

Since late January, every 2026 reading has topped the comparable 2023, 2024 and 2025 prints

BofA Truckload Demand Indicator, bi-weekly readings plotted by calendar date. Year values as stated in BofA Table 1; historical max/min levels derived from BofA's Chart 4 reference lines (approximate). Historical max set 4/3/14 and 5/20–6/3/21; historical min 4/23/20.

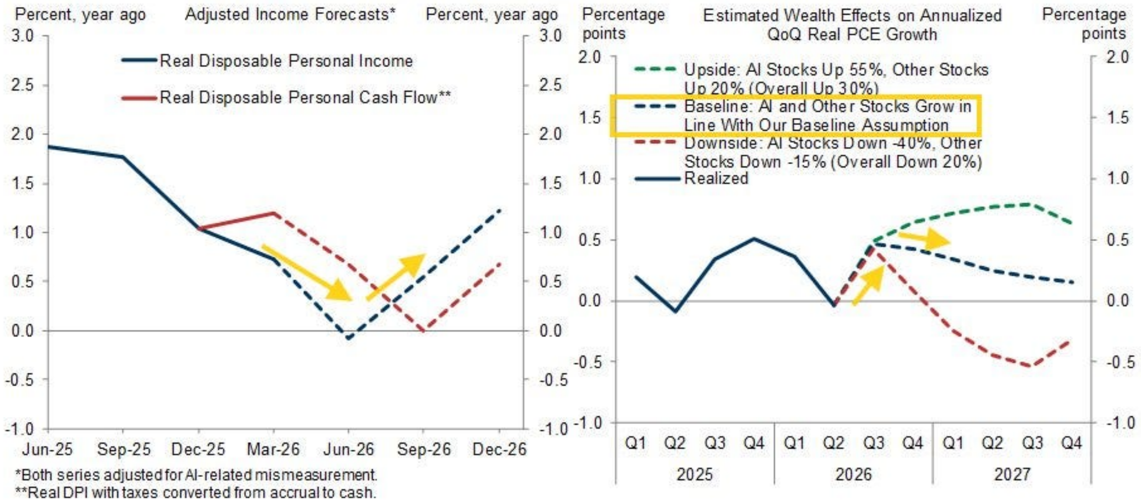
Source: Sethi Associates; BofA Global Research

Although Goldman expects slowing in the second half.

> **We estimate that the US economy has grown at a trend-like 2¼% pace in H1,** as lower taxes on households and businesses have offset the impact of higher gas prices on the consumer.
>
> **However, H2 is likely to look softer** because we still expect a slowdown in real

> disposable cash flow to weigh on consumer spending, especially if gas prices stay high.
>
> **One additional downside risk is a slowdown in the AI boom,** not so much because of the direct effects on US GDP growth (which are relatively small) but because of the nearly ½pp contribution from the equity wealth effect to consumer spending growth.

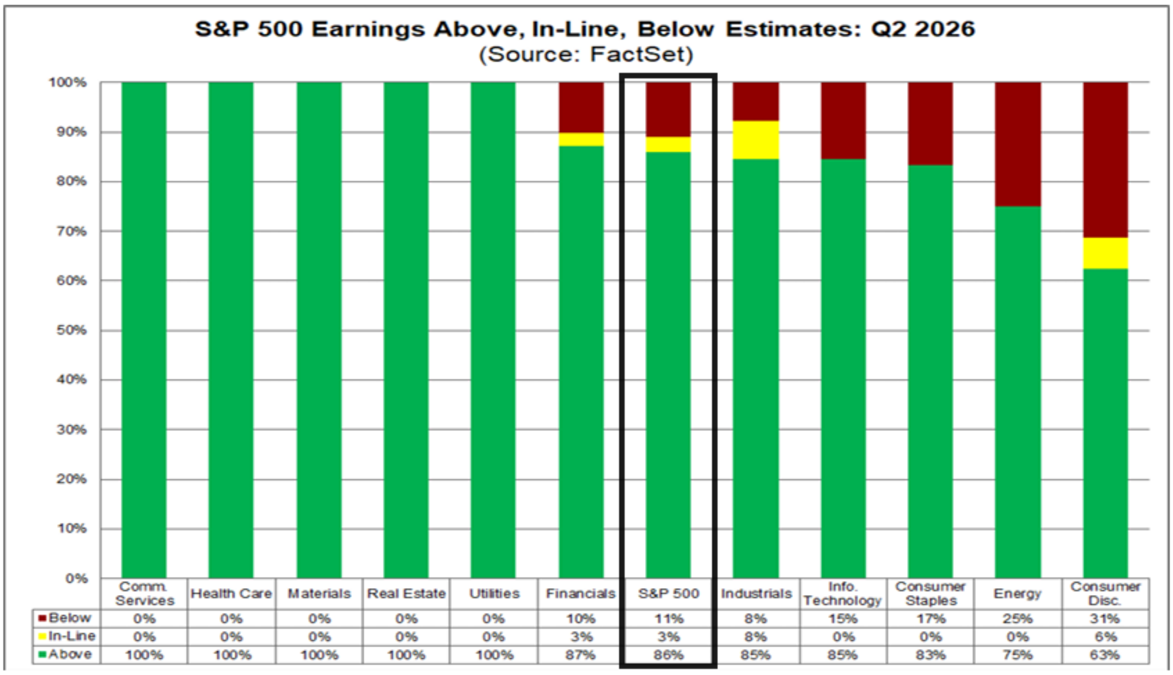
Exhibit 2: We Still Expect US Consumer Spending to Slow in H2



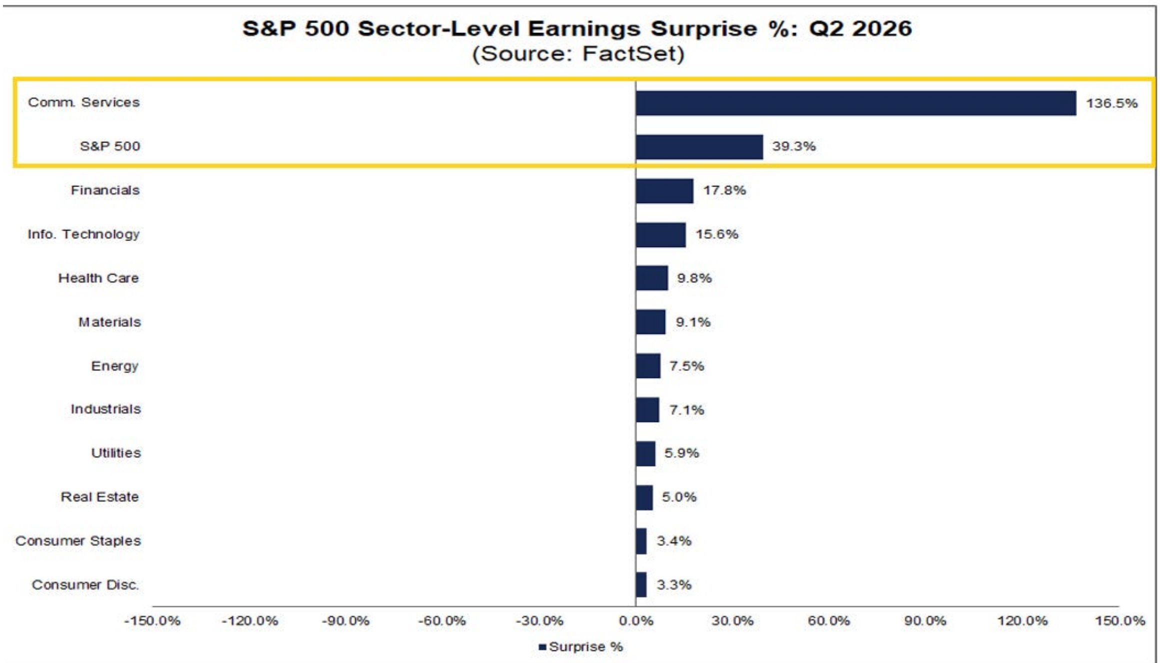
Source: Goldman Sachs Global Investment Research

Earnings

Through Thursday, we've had **27% of SPX components report by earnings weight and while we came into the earnings season with a high bar the results have cleared it with 86% beating** slightly above the 84% beat rate in Q1 (which was the best since Q2 '21) and vs the 5yr average of 78% and the 10yr average of 76%.



And despite the high bar the magnitude of the beats has been a jaw-dropping +39.3%, more than double Q1's +16.6%, and several times the +6.5% in Q4 and +6.6% in Q3., and vs the 10yr average of 7.4% and the 5yr average of 7.0%, led by Comm Services (+136.5%) boosted by Alphabet's massive beat ($9.11 vs. $2.88 expected) on the back of a $98 billion gain tied to its investments. Factset notes **excluding Alphabet, the surprise percentage for the S&P 500 for Q2 2026 would fall to 12.6%.**

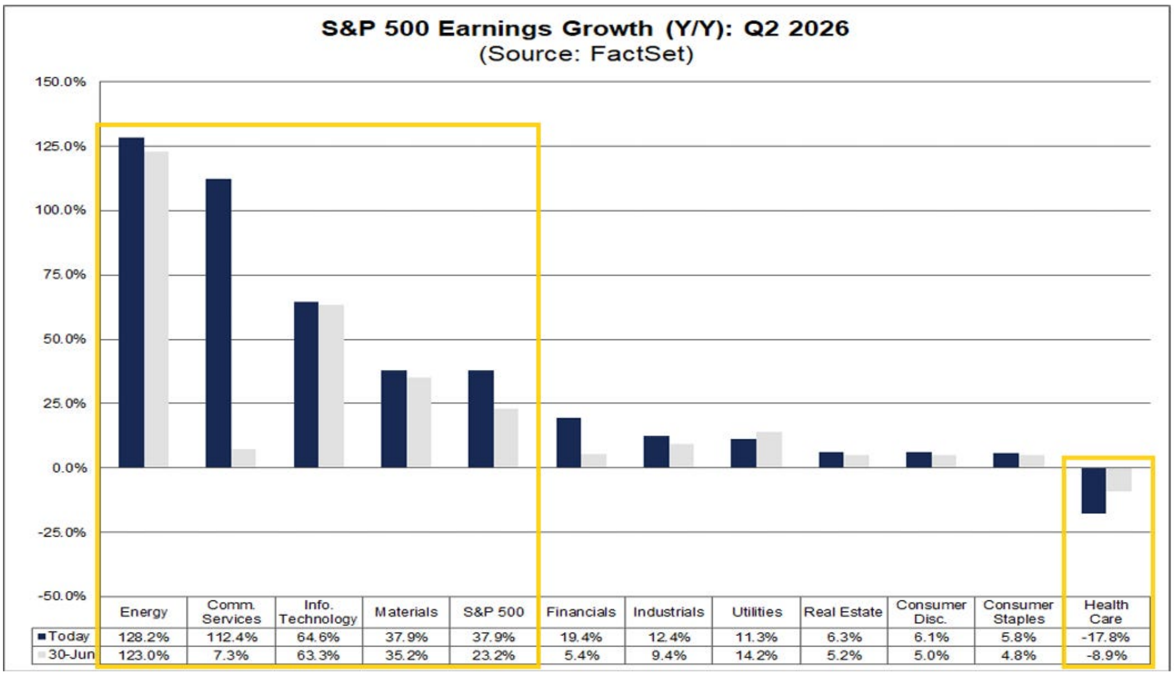


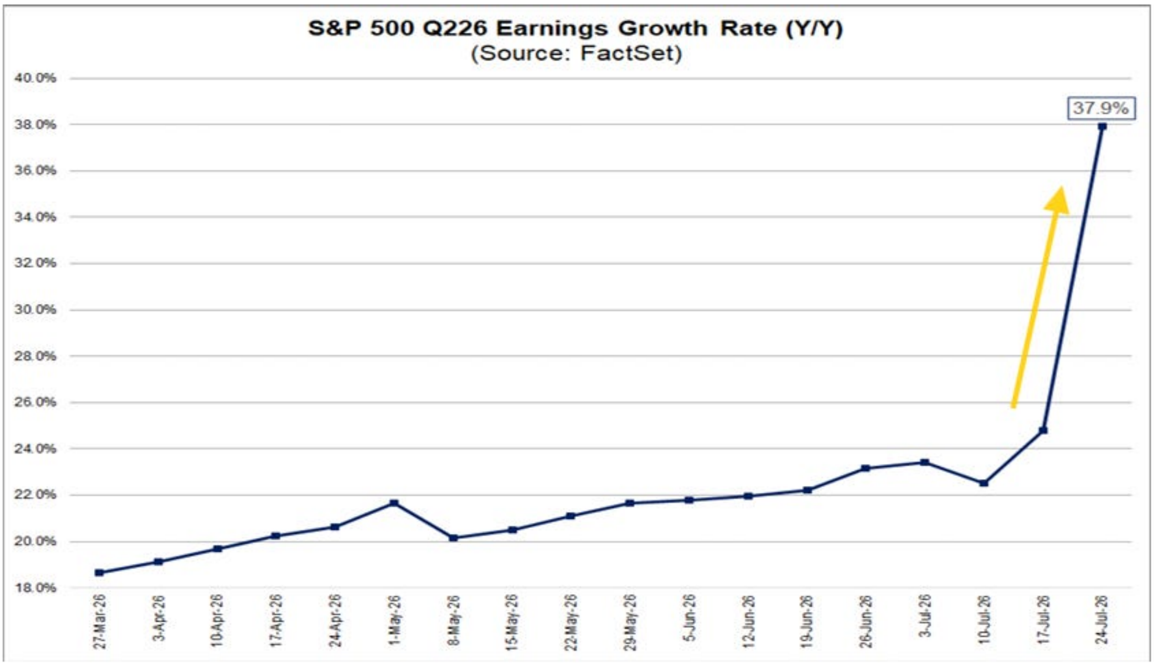
The beats have boosted Q2 earnings expectations to a jaw-dropping 37.9% up from 18.8% at the start of the quarter (April 1st). That would be the seventh consecutive quarter of double-digit earnings growth (and second above 20%) and the strongest since Q3 2021 (40.3%). Factset notes **"if Alphabet were excluded, the blended earnings growth rate for the S&P 500 for Q2 2026 would fall to 25.9%** from 37.9%."

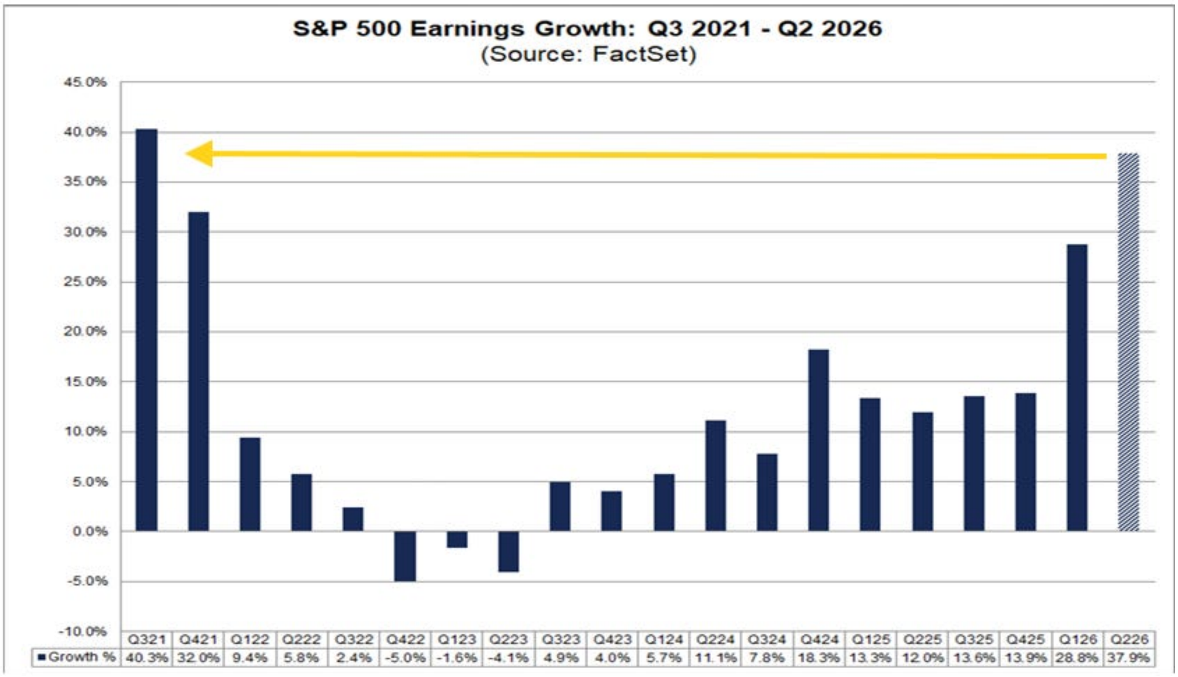
Energy continues to lead on a percentage growth basis (although less so on an earnings weighted basis) +128.2%, but following Alphabet's massive beat, Comm Services is right behind (+112.4%). Tech is +64.6%.

As with Q1 **Health Care is expected to be the only sector with negative growth** -17.8% (down from +6.7% on March 31st).

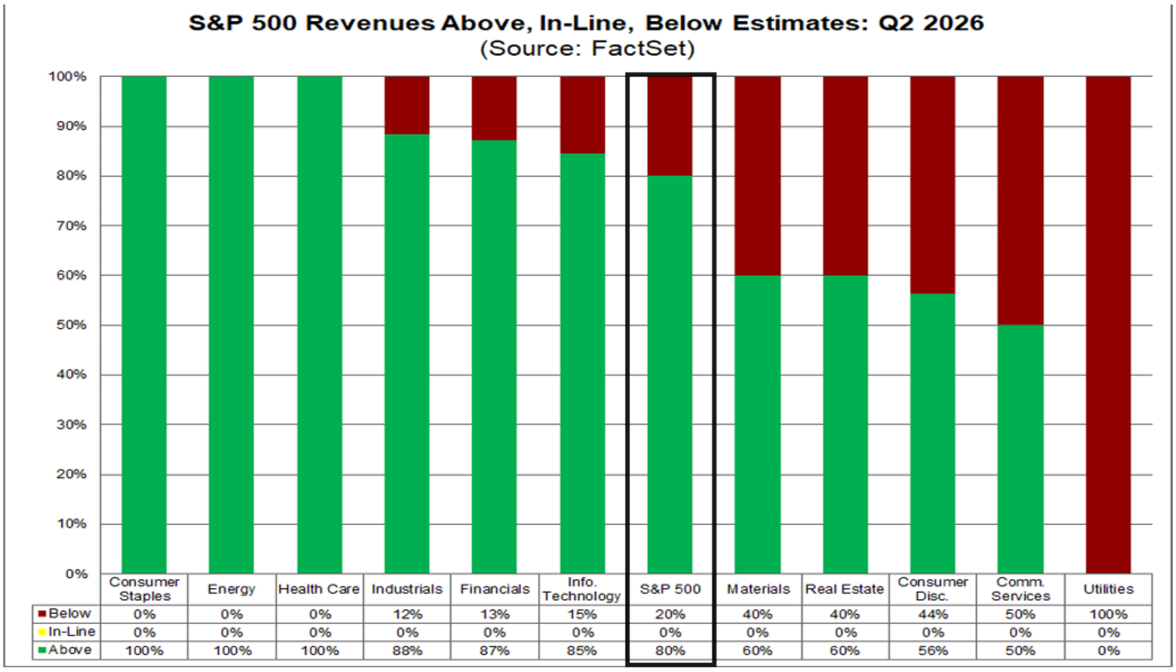
Note in the coming week we'll get earnings from Amazon.com and Meta Platforms both of which, like Alphabet, saw large equity gains boost their Q1 earnings.



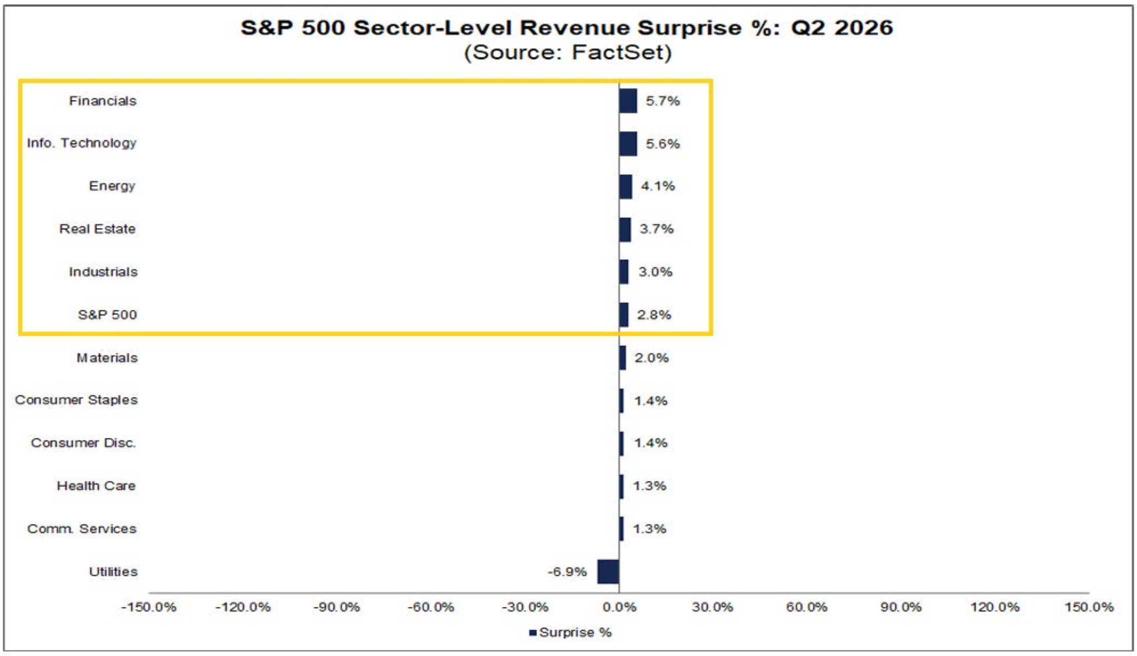




In terms of Q2 revenues, 80% of SPX components have beat (vs the 10-year average of 68% and 5-year average of 70%). The beats are 2.8% above estimates, above the 5-year average of 1.9% and the 10-year average of 1.6%.

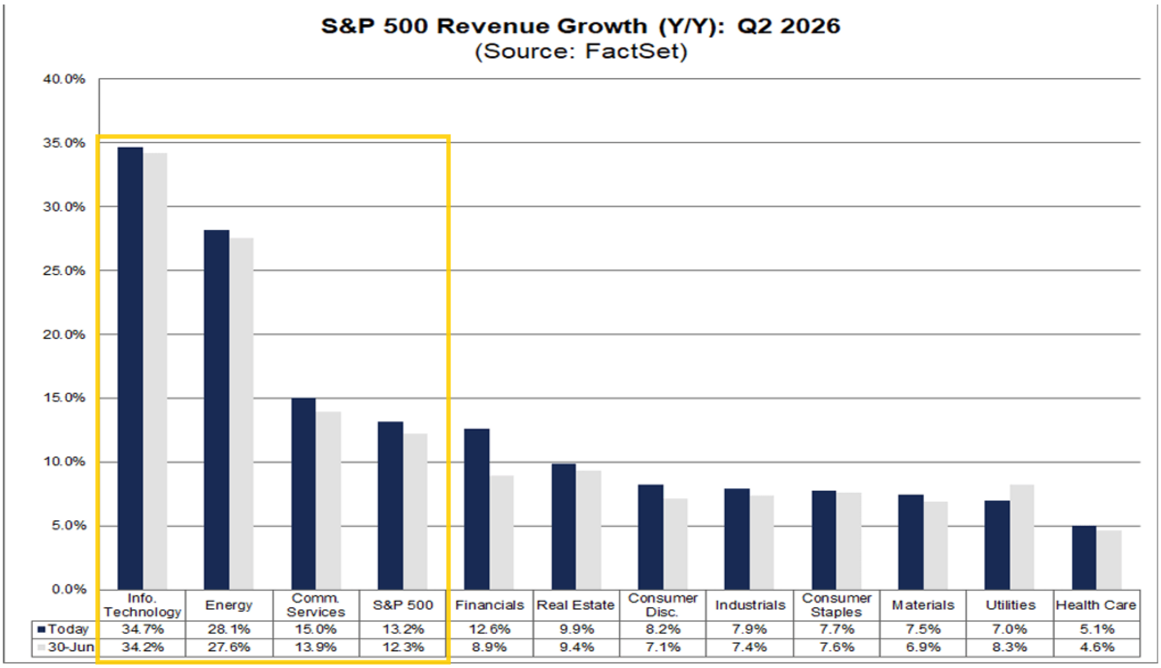


	Consumer Staples	Energy	Health Care	Industrials	Financials	Info. Technology	S&P 500	Materials	Real Estate	Consumer Disc.	Comm. Services	Utilities
Below	0%	0%	0%	12%	13%	15%	20%	40%	40%	44%	50%	100%
In-Line	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Above	100%	100%	100%	88%	87%	85%	80%	60%	60%	56%	50%	0%

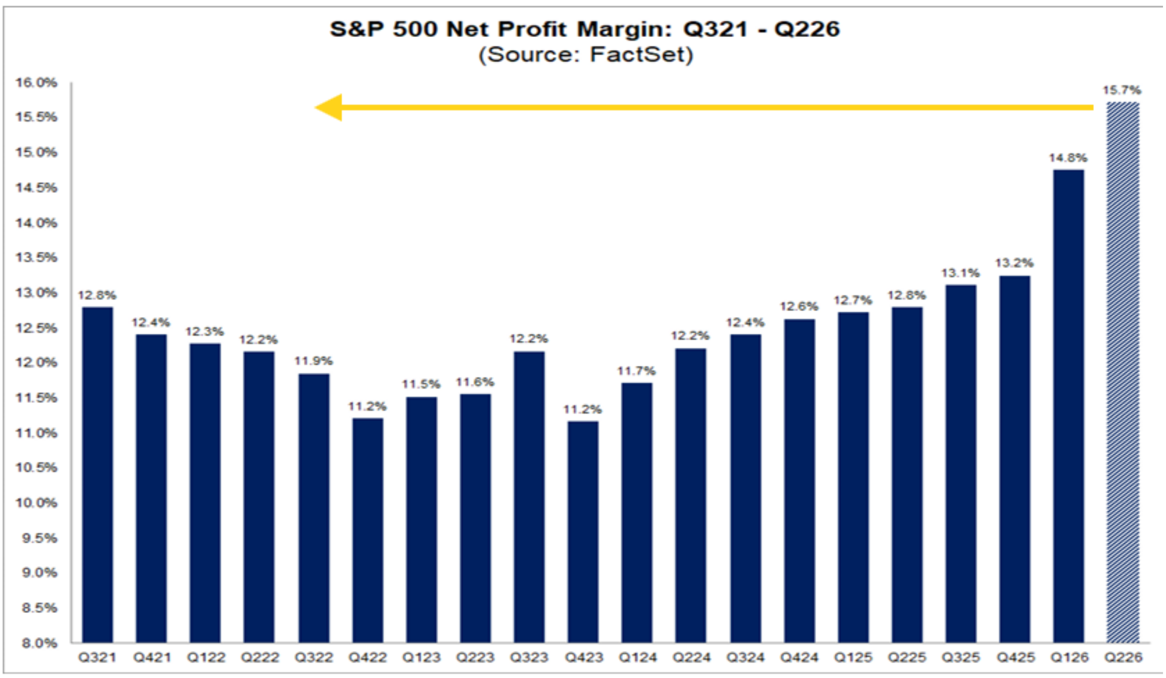


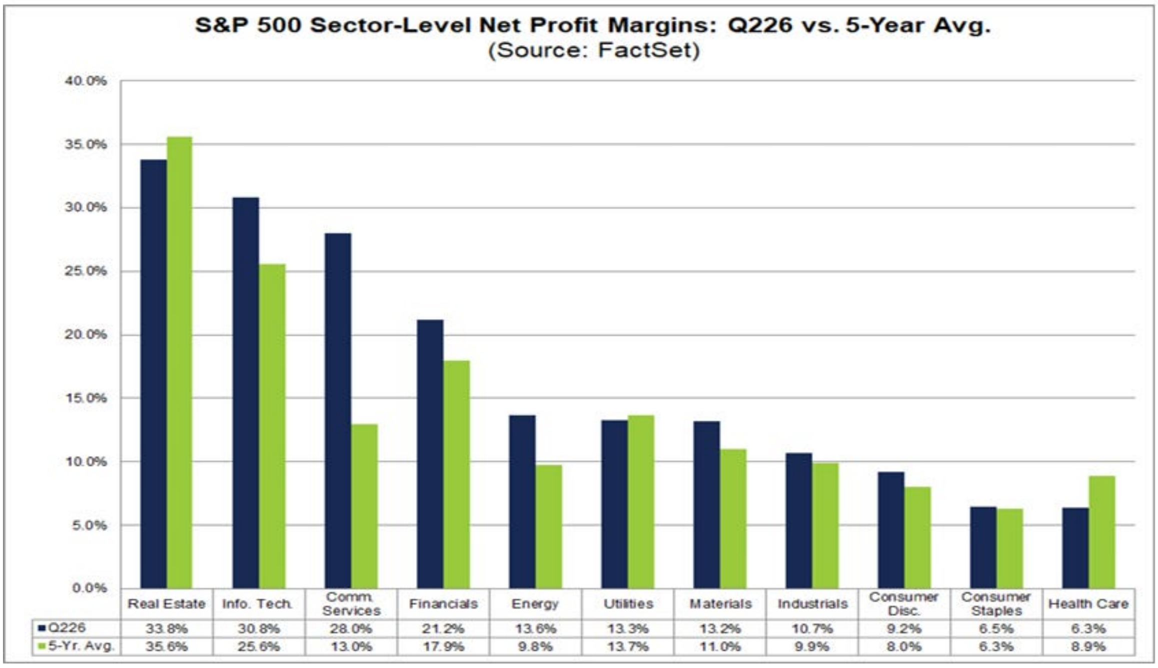
That has boosted Q2 revenue expectations to +13.2% (up from 9.5% at the start of the quarter (Apr 1st)) led by Tech (+34.7%), Energy (+28.1%) and Comm Services (+15.0%). No sector is expected to see a revenue decline y/y. Health Care is expected to see the least growth at +5.1%.

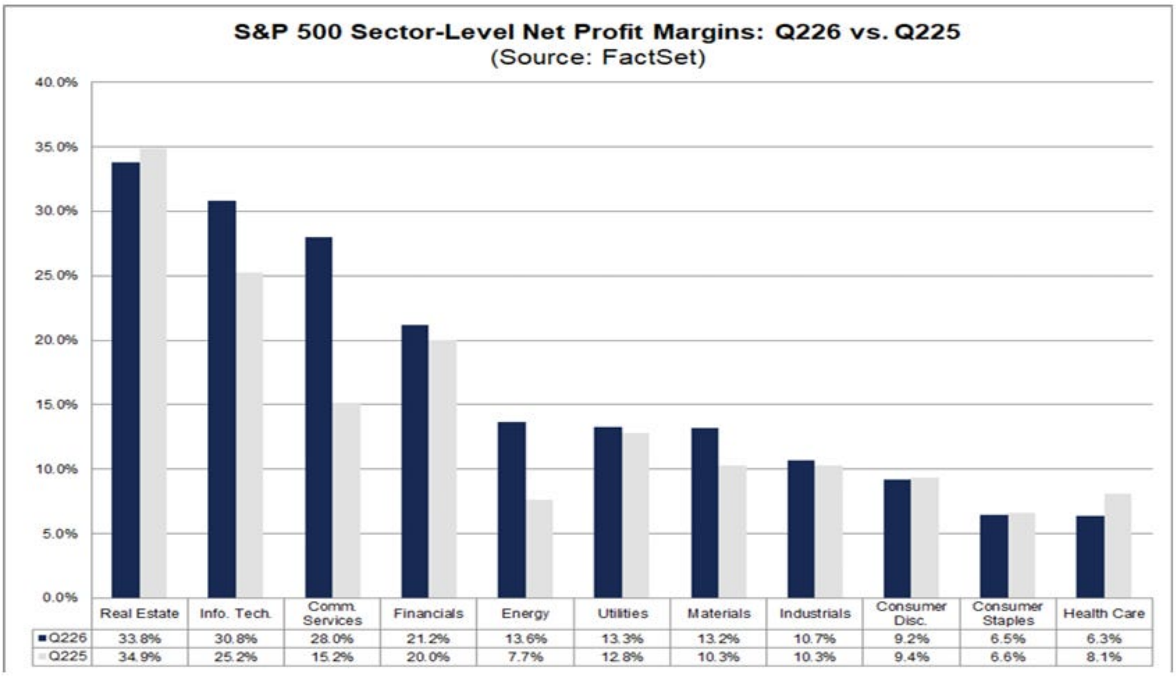
If 13.2% is the actual revenue growth rate for the quarter, it will mark the highest revenue growth rate reported by the index since Q2 2022 (13.9%). It will also mark the second consecutive quarter of double-digit revenue growth for the index.



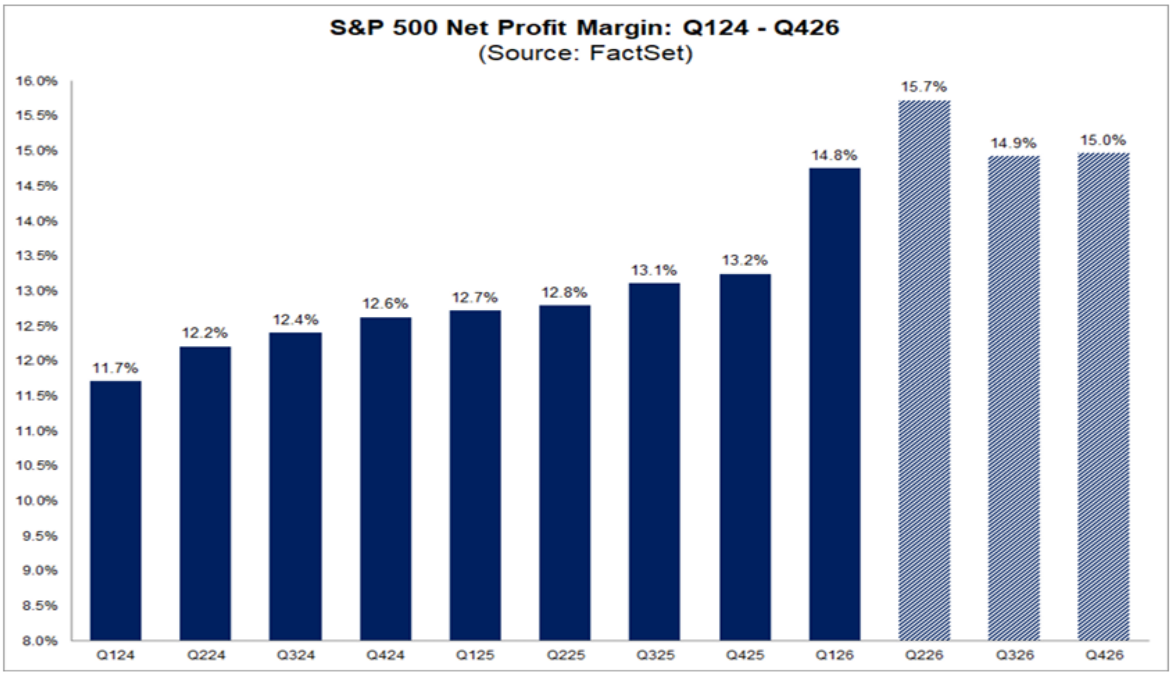
Profit margins were also boosted by Alphabet's income gains and are now forecast at 15.7%, easily a new record (beating the 14.8% in Q1). They are also well above the prior year's 12.9% and the 5-year average of 12.3%.







Profit margins are expected to stay elevated through the end of the year.



And BofA published their update mid-day Sunday with similar findings:

> Results from 134 S&P 500 companies (37% of index earnings) are now in. 8**0% beat EPS expectations – similar to 3Q25, the strongest post-week 2 beat rate since 2021. 2Q S&P 500 EPS growth jumped to 36% YoY, driven primarily by investment mark-ups at Google. Excluding this one-time gain, growth is tracking 24% YoY, up 2ppt since July 1st.**
>
> We continue to expect underlying growth to move up to our +28% YoY forecast as more companies report. Note: While Google and Amazon's investment revaluations (Anthropic, SpaceX) boosted S&P 500 EPS in recent quarters (see report: Preview), they could also hurt if valuations reverse (e.g., SpaceX -33% since 6/30). Bottom-line: Investment marks may create noise in headline S&P 500 EPS, but underlying earnings growth remains strong.

Exhibit 3: Consensus expects 26% net income growth* in 2Q based on current constituents

S&P 500 consensus expectations for 2Q26 based on current constituents & diluted shares

	Earnings		Sales	
Sector	**YoY%**	**QoQ%**	**YoY%**	**QoQ%**
Consumer Disc.	5.9%	(9.0%)	8.2%	10.1%
Consumer Staples	5.9%	9.1%	7.7%	3.0%
Energy	124.9%	115.3%	28.1%	21.6%
Financials	19.4%	6.9%	11.7%	3.5%
Health Care	(18.0%)	(16.9%)	5.1%	3.4%
Industrials	14.2%	14.3%	8.9%	6.9%
Technology	65.6%	13.1%	34.7%	8.4%
Materials	32.3%	39.6%	7.5%	11.9%
Real Estate	6.5%	1.1%	9.9%	2.6%
Communication Services	9.8%	(27.4%)	12.6%	4.0%
Utilities	12.3%	(26.6%)	7.0%	(17.4%)
S&P 500	**25.9%**	**3.4%**	**12.9%**	**6.1%**
ex. Financials	**27.4%**	**2.6%**	**13.1%**	**6.4%**
ex. Energy	**21.9%**	**(0.5%)**	**11.8%**	**4.9%**
ex. Fins & Energy	**22.5%**	**(2.1%)**	**11.8%**	**5.1%**

Source: FactSet, BofA US Equity & Quant Strategy

*Excludes GOOGL's one-time benefit from investment mark-ups

BofA GLOBAL RESEARCH

Exhibit 4: 80% beat EPS expectations, 76% beat sales expectations and 65% beat both (vs. 65%/60%/46% historical average)

% of S&P 500 companies beating consensus on EPS and sales

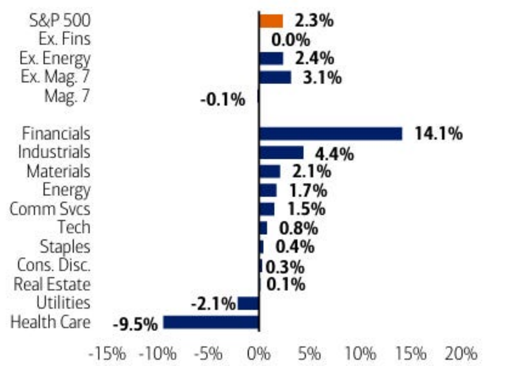
Sector	Total companies	Number Reported	% with EPS beat	% with Sales beat	% EPS & Sales beat
Cons. Disc.	47	16	63%	56%	44%
Cons. Staples	34	6	67%	100%	67%
Energy	21	4	50%	75%	50%
Financials	76	39	92%	82%	77%
Health Care	59	11	100%	100%	100%
Industrials	81	26	77%	85%	65%
Tech	74	13	85%	77%	77%
Materials	26	5	40%	80%	40%
Real Estate	31	5	80%	60%	60%
Comm. Svcs.	20	7	71%	29%	14%
Utilities	31	2	100%	0%	0%
S&P 500	**500**	**134**	**80%**	**76%**	**65%**

Source: FactSet, BofA US Equity & US Quant Strategy; long-term average since 2012

BofA GLOBAL RESEARCH

Exhibit 5: 2Q consensus earnings +2% since July 1 (flat ex. Fins)

Revision to consensus 2Q26 earnings since start of July*



Source: FactSet, BofA US Equity & Quant Strategy

*Excludes GOOGL's one-time benefit from investment mark-ups

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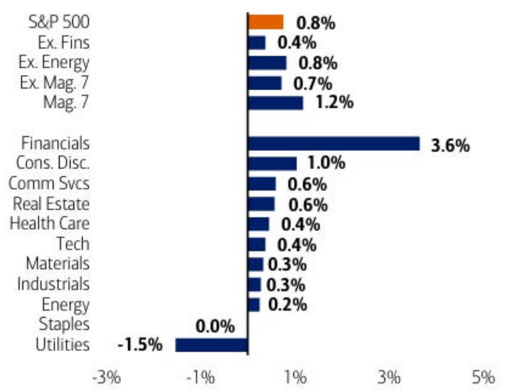
Exhibit 6: 2Q sales expectations +0.4% ex. Fins since July 1

Revision to consensus 2Q26 sales since start of July



Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 7: Consensus is modeling in 30bp of net margin expansion ex. Tech and Magnificent 7 in 2Q

S&P 500 net margins by quarter (current constituents); 2Q26E is consensus

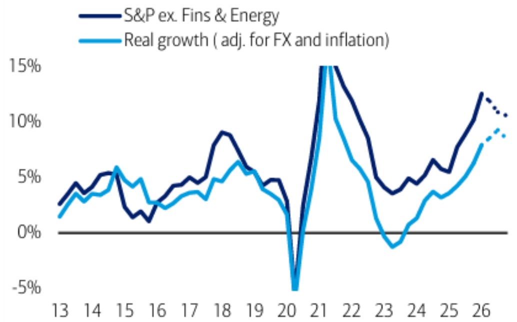
Sector	2Q25	3Q25	4Q25	1Q26	2Q26E	YoY
Consumer Disc.	9.6%	10.5%	8.9%	11.3%	9.4%	-21bp
Consumer Staples	6.7%	6.6%	6.3%	6.2%	6.6%	-11bp
Energy	7.7%	8.2%	7.9%	7.6%	13.5%	581bp
Health Care	8.1%	7.9%	7.1%	7.9%	6.4%	-179bp
Industrials	10.4%	10.6%	11.7%	10.1%	10.8%	45bp
Technology	25.7%	28.0%	29.6%	30.2%	31.6%	589bp
Materials	10.8%	10.4%	9.7%	10.6%	13.2%	249bp
Real Estate	34.5%	34.7%	32.8%	33.5%	33.4%	-106bp
Communication Services	21.1%	13.4%	19.7%	29.6%	40.1%	1,899bp
Utilities	12.8%	17.0%	11.9%	15.1%	13.5%	64bp
S&P 500 ex. Financials	12.5%	12.4%	13.0%	14.6%	15.8%	334bp
ex. Fins, Tech & Mag 7	9.3%	9.0%	8.7%	9.0%	9.6%	31bp

Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 8: Sales growth adjusted for inflation and FX is on pace to rise 8.4% YoY in 2Q, the highest level since 2021

S&P 500 quarterly sales growth YoY ex. Financials and Energy (2013-4Q26E)



Source: FactSet, Haver, Bloomberg, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

Exhibit 9: Median EPS growth is tracking 9% YoY in 2Q

S&P 500 quarterly EPS growth YoY and median stock growth (2013-2Q26E), dots are consensus

Source: FactSet, BofA US Equity & Quant Strategy

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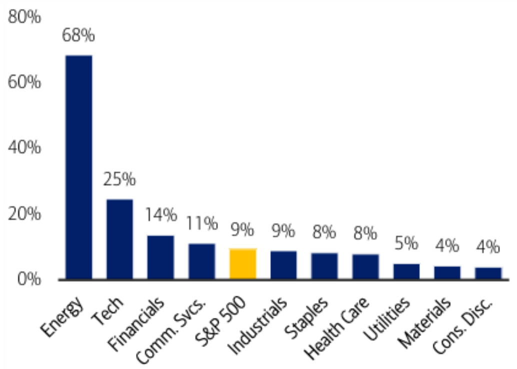
Exhibit 10: Median 2Q EPS growth is forecast to be strongest within Energy, weakest within Consumer Discretionary

Median 2Q26 EPS growth by sector (blend of consensus and actuals)

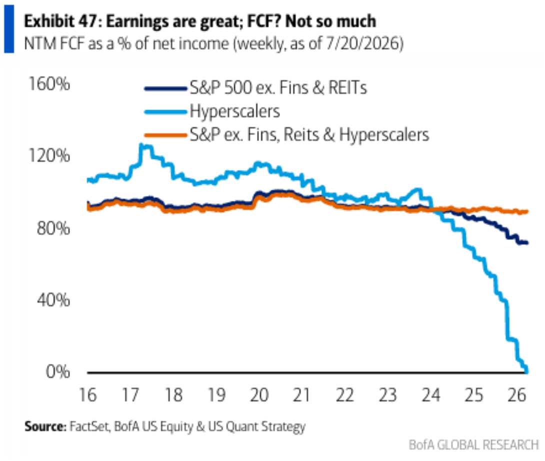


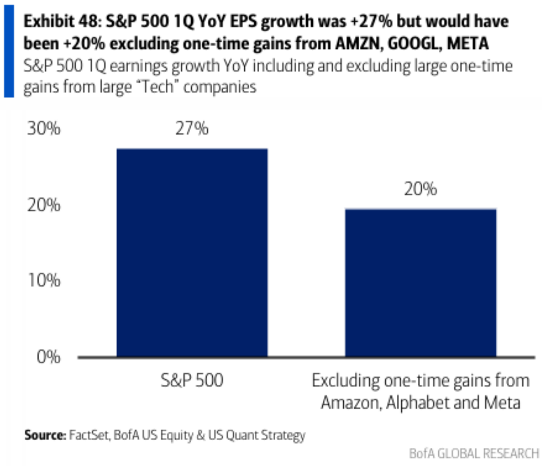
Source: FactSet, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

But BofA notes that "earnings quality" has deteriorated.

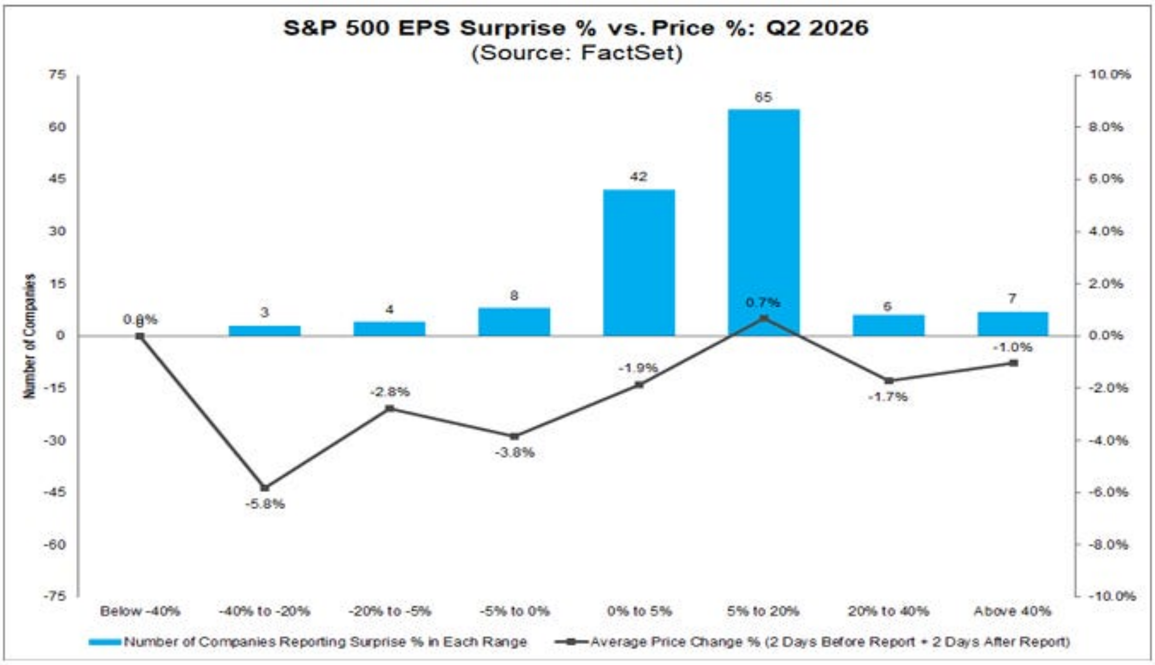
> **S&P 500 companies are generating less free cash flow relative to net income than historically, driven by a big drop in hyperscalers' free cash flow from increased capex spending**. Earnings quality for a few large TMT stocks has also been lower: one-time gains at Amazon and Alphabet (private investment mark-ups), plus Meta (tax benefit) added an extra 7ppt to S&P 500 1Q earnings growth (+27% or +20% ex these gains). In 2Q, Google similarly recognized a large one-time gain from investment mark-ups, adding 12ppt to estimated S&P 500 EPS growth (+36% vs. +24%).
>
> While investment revaluations (mainly Anthropic and SpaceX) have boosted S&P 500 EPS in recent quarters, they could also hurt if valuations reverse (e.g., SpaceX -33% since 6/30).

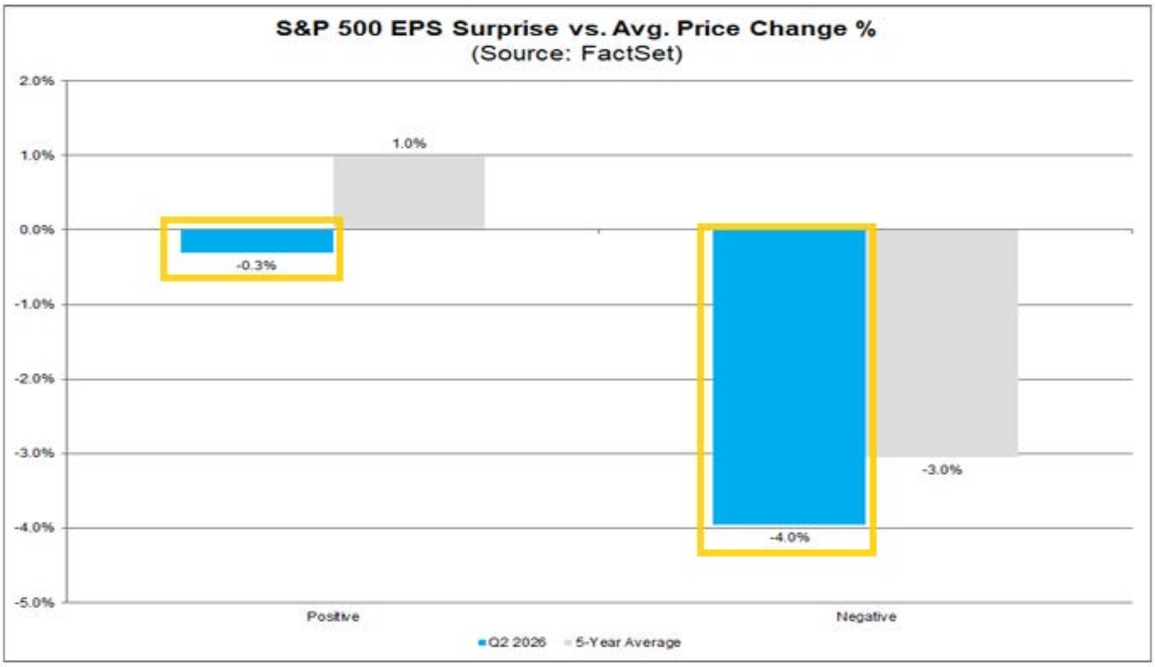




In looking at how markets are rewarding beats and punishing misses, according to Factset **(who looks from the two days before to two days after a report) in line with the high bar coming into earnings beats are being rewarded well under the typical amount, in fact seeing a negative reaction at -0.3% (as compared to the 5-yr average of +1.0%**, down from +1.2% in 1Q and 4Q '25 and +0.4% in 3Q and 2Q '25).

Misses are also **being punished more than average at -4.0% (in line with my comment last week that we would definitely improve from the -9.0% we saw that week). That -4.0% is vs the 5-yr avg of -3.0%** but slightly better than the -4.3% in 1Q. Previous to that we saw -1.4% in 4Q, -5.0% in 3Q, and -5.5% in 2Q (the last of which BoA said was the worst negative reaction since 2000).





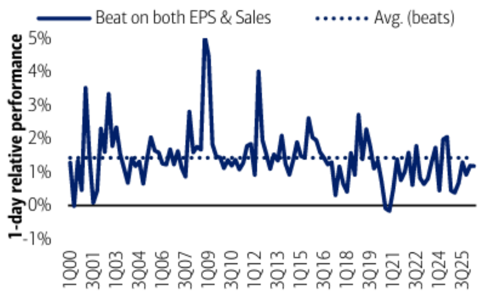
BofA though looking at double beats sees a positive return, although also under the average since 2000:

> **Beating EPS expectations alone has not been enough to drive strong outperformance this quarter (+0.5ppt the next day** vs. +1.0ppt historical avg.).
>
> **Companies that beat both EPS and Revenue earned a healthier reward of 1.2ppt, still slightly below the historical avg. of 1.4ppt**. **Excluding Tech, the**

reward rises to 1.5ppt.

Meanwhile, Tech stocks that beat only EPS expectations lagged by 2.6ppt the next day, while EPS & Revenue beats still underperformed by 1.0ppt (see Exhibit 22). Following several years of strong earnings growth and upward revisions, good results have not been enough to move the needle in Tech so far this quarter.

Exhibit 21: Companies that beat EPS & Sales expectations outperformed by 1.2ppt the next day, slightly below the historical avg. (1.4ppt)
Rel. 1-day post-reporting performance (vs. S&P 500) for companies that beat on EPS & sales (1Q00-2Q26, as of 7/24/2026)



Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 22: Despite strong results, Tech has seen the most negative responses to earnings so far
Rel. 1-day post-reporting performance (vs. S&P 500) for companies that beat by sector, as of 7/24/2026

Sector	Beat on EPS	Beat on both EPS & Revenue
Communication Services	-1.7%	-5.6%
Consumer Discretionary	0.0%	1.9%
Consumer Staples	3.1%	3.1%
Energy	6.5%	6.5%
Financials	0.0%	0.5%
Health Care	-0.4%	-0.4%
Industrials	2.6%	3.4%
Information Technology	-2.6%	-1.0%
Materials	-0.5%	-0.5%
Real Estate	3.8%	4.5%
Utilities	-1.0%	NA
S&P 500	0.5%	1.2%
S&P 500 ex. Tech	0.8%	1.5%

Source: FactSet, BofA US Equity & Quant Strategy

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Exhibit 23: 2Q26 earnings reactions based on surprise
Relative performance (in ppt) of reported companies vs. S&P 500

	1 day	5 day	Start of reporting season to 1 day after reporting	Start of reporting season to 5 days after reporting
EPS Beat	0.5%	-0.6%	1.7%	0.5%
EPS Miss	-3.0%	-15.9%	-4.5%	-15.2%
EPS In-Line	-1.7%	-4.6%	-0.1%	-3.8%
Sales Beat	0.7%	0.1%	1.3%	0.4%
Sales Miss	-2.9%	-10.8%	-1.4%	-13.4%
Sales In-Line	7.0%	NA	10.4%	NA
Both Beat	**1.2%**	**0.6%**	**1.9%**	**0.8%**
Both Miss	**-3.0%**	**-25.7%**	**-5.4%**	**-25.1%**

Source: FactSet, BofA US Equity & Quant Strategy

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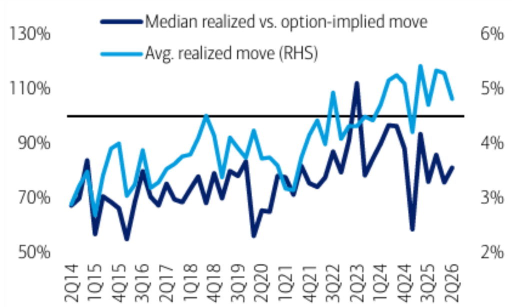
Exhibit 24: The average 1-day earnings reaction is lower than last quarter but still elevated vs. history (4.8%)
Avg. realized earnings reaction for the S&P 500 and median ratio of realized vs. option-implied move (2Q14-2Q26 as of 7/24/26)



Source: FactSet, Bloomberg, BofA US Equity & Quant Strategy

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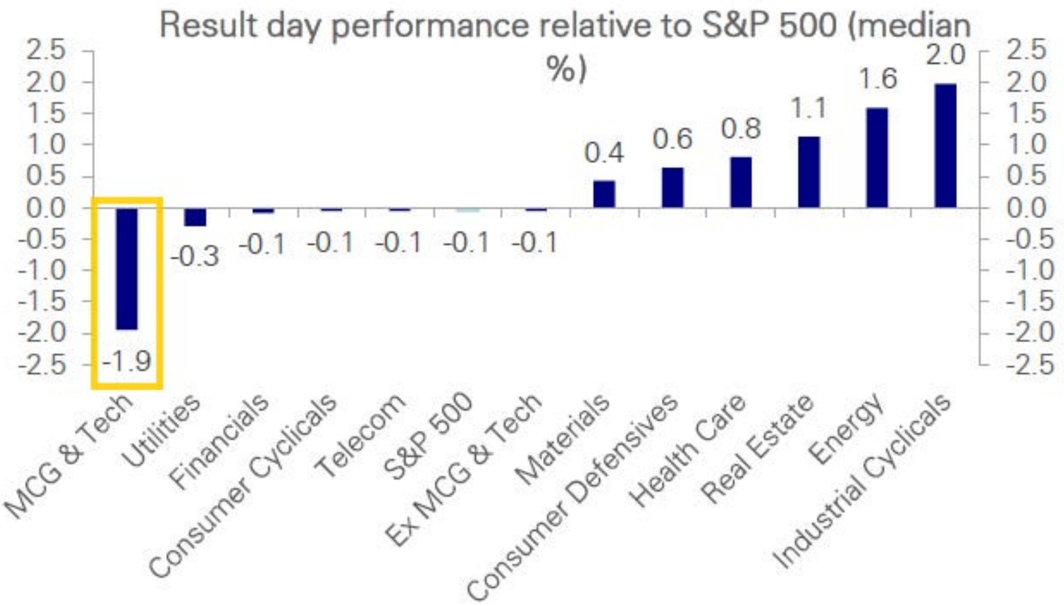
And DB sees a similar phenomenon of Tech dragging down the aggregate numbers:

> It is notable that after reporting results, Tech companies have so far sold off on the day (-1.9pp median) while the rest have on average been flat.

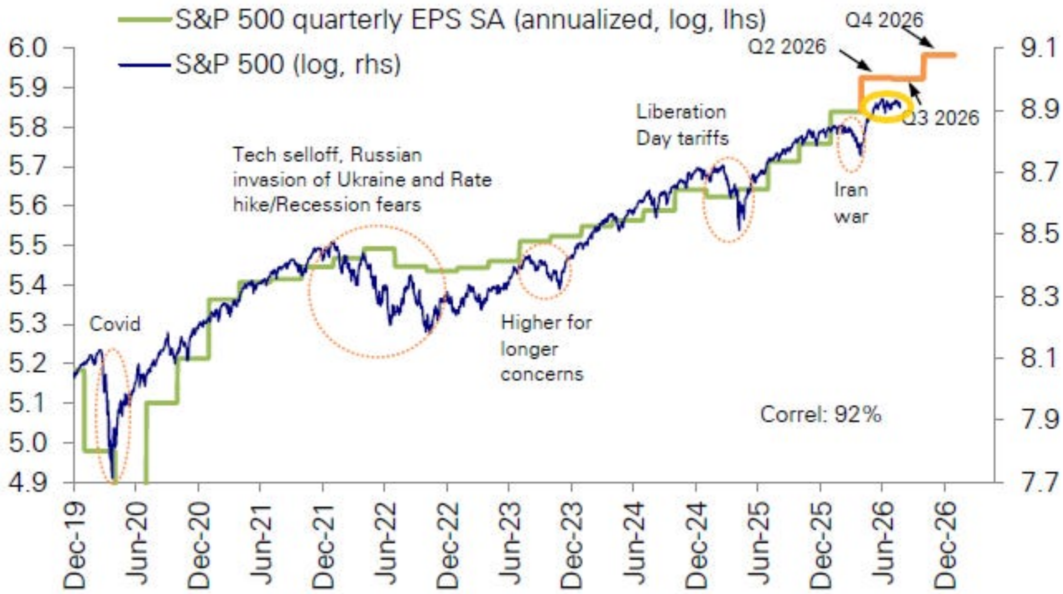
Figure 11: MCG & Tech companies have notably underperformed on the day of reporting on average, while the others have performed in line



Source : Bloomberg Finance LP, Deutsche BankAsset Allocation

Meaning that **while "the Q2 earnings reporting season so far confirms the boom that began in Q1 is accelerating, it has been overshadowed** by the gloom around surging Tech capex, escalating geopolitical risks, climbing oil prices and rising rates."

Figure 4: Equities have gone sideways despite Q2 delivering a sharp increase in earnings



Source : Bloomberg Finance LP, Deutsche Bank Asset Allocation

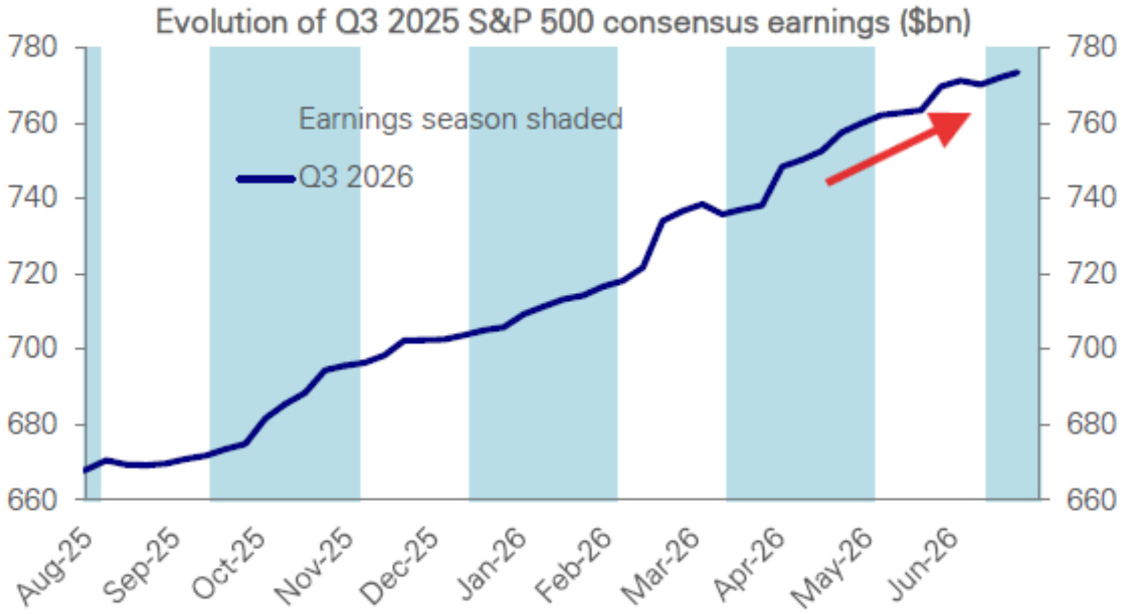
Figure 9: Large cap equity positioning is well below levels implied by earnings growth ...

Source : Bloomberg Finance LP, Deutsche BankAsset Allocation

And DB also notes that “**consensus numbers for Q3 and Q4 as well as 2027 have**

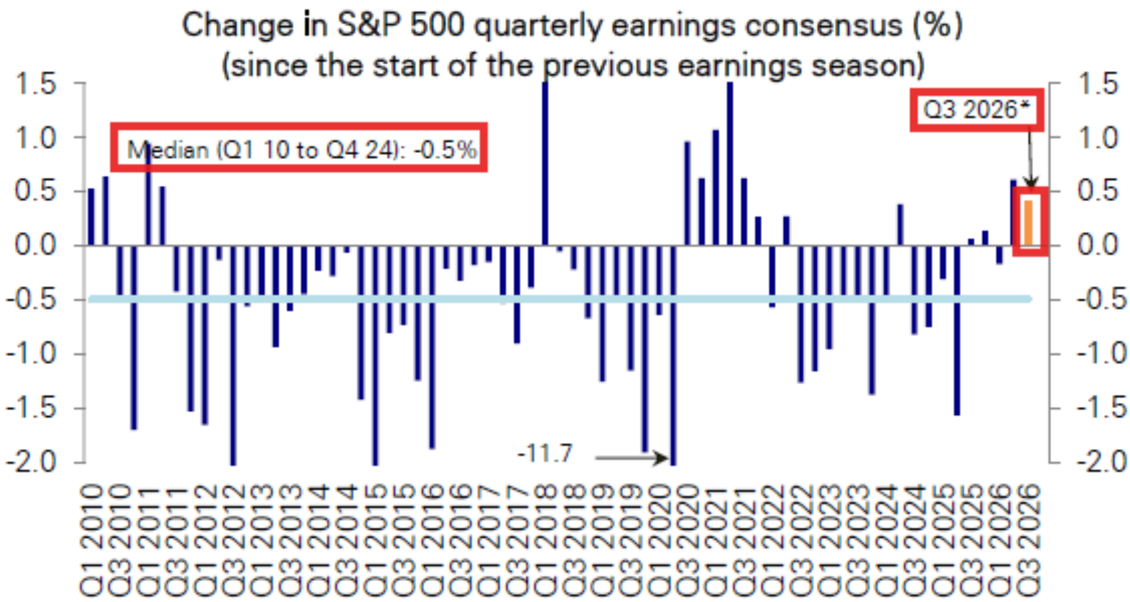
continued to rise, which contrasts with the typical pattern of forward estimates falling through the season.”

Figure 5: Consensus estimates for Q3 (as well as for Q4 and 2027) have continued to rise in the earnings season so far …



Source : Bloomberg Finance LP, Deutsche BankAsset Allocation

Figure 6: … in contrast to the typical pattern of cuts to forward estimates during the season



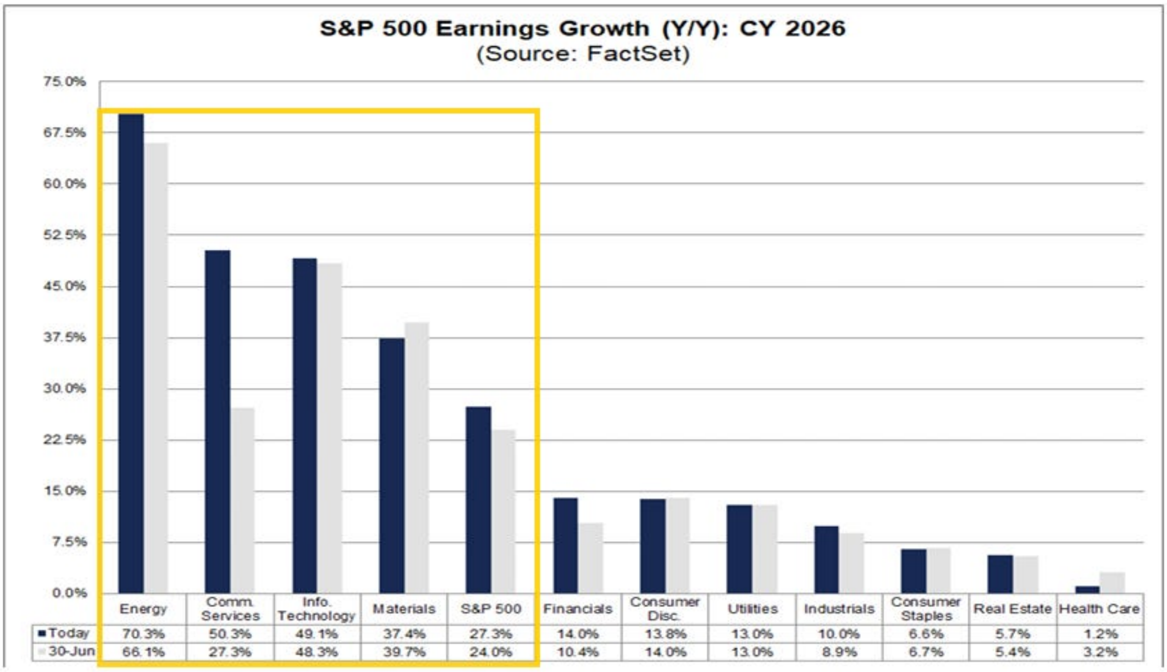
*Q3 earnings estimate change from Jul 10 to date, and comparable periods for prior quarters

Source : Bloomberg Finance LP, Deutsche BankAsset Allocation

Which has seen 2026 SPX earnings growth expectations also continue to ratchet higher now at +27.3%, up from +17.1% March 31st and from +14.8% at the start of the year**.**

As in 2025, Tech is a leader with y/y earnings growth of +49.1% (up from +28.6% at the start of the year) but Energy will exceed that (on a percentage basis) at +70.3% (up from +6.4% at the start of the year) and now so will Comm Services +50.3% (up from +27.3% the prior week) on the back of Alphabet's huge earnings beat, along with materials (+37.4%) representing the four sectors expected to come in above the SPX average.

Even Health Care is expected to eventually get to earnings growth although that's been cut back to +1.2% from the start of Q2 when it was 6.6%.

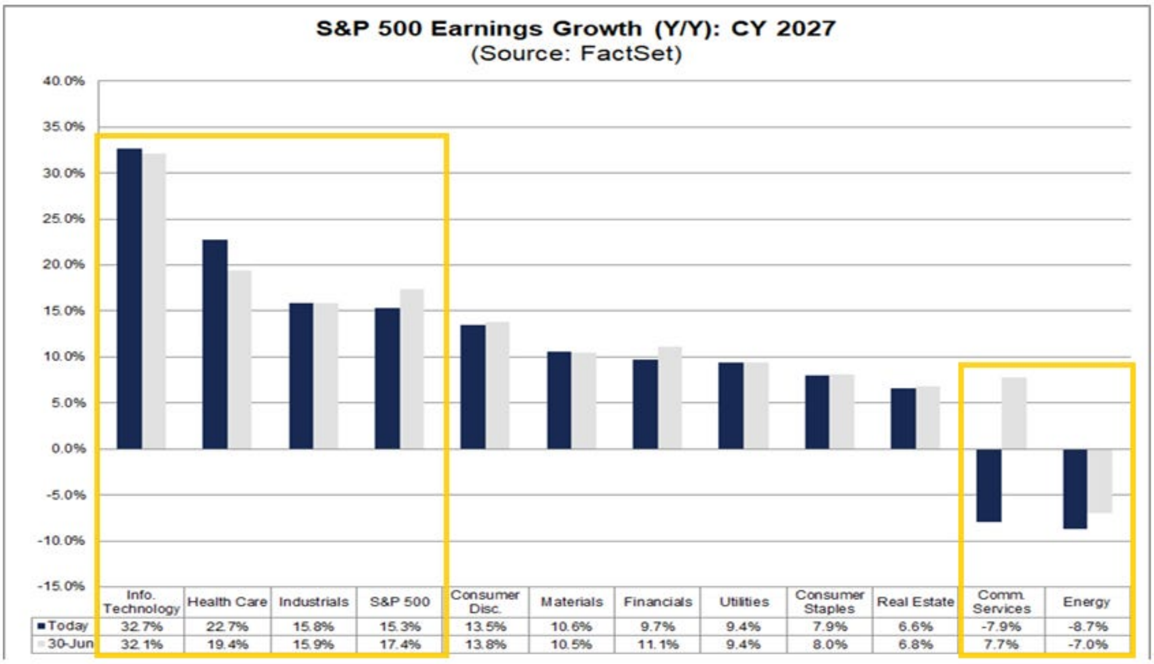


And 2027 earnings are expected to be up another +15.3%, which is down though from +17.5% the prior week as analysts are no longer seeing some of the boosts in 2026 (namely the investment gains in some hyperscalers) carrying over to next year. That's also down from +16.5% at the start of the second quarter (Apr 1st). **Still it's a double digit advance on top of a nearly 30% gain in 2026.**

2027 is expected to be led again by Tech (+32.7%, up from 24.6% at the start of the second quarter despite the huge increase in 2026 estimates) followed by Health Care (+22.7%) which is expected to see a big turnaround after lagging in 2026.

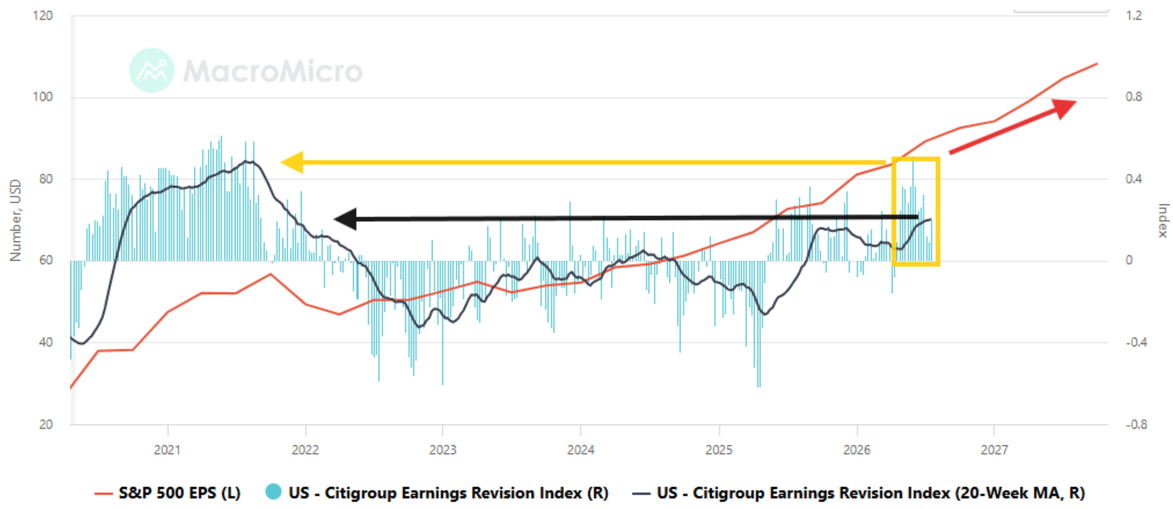
That would represent a fourth straight year of double-digit earnings growth for the S&P 500, fairly unprecedented.

In terms of the note at the start, though, on investment gains not continuing, **Comm Services (-7.9%) has joined Energy (-8.7%) as the sectors expected to see negative growth next year**.



And earnings expectations continue to be supported by very strong earnings revisions which inflected higher in the week of July 17th after cooling off for two weeks following ten straight weeks of well above average revisions. Overall it **marks the best 14 weeks since 2021.**

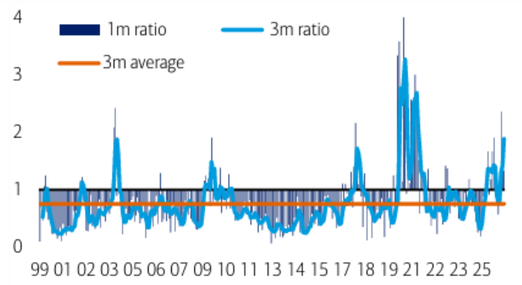
As a result, **the 20-week moving average has lifted to the best since 2021 as well**, as **12-month out EPS estimates continue to rise to new highs,** as they've done each week since the turn of the year.



BofA with a similar take:

> While it's still early in reporting season, guidance trends have held up well so far. There have been 1.3x as many above-consensus EPS guides as below-consensus EPS guides MTD, above the historical average of 1.0x in July. **The 3-month guidance ratio is now tracking the highest level since 2021 (1.9x)**. By sector, Tech continues to see the strongest guidance trends.

Exhibit 11: July's guidance ratio is tracking 1.3x, bringing the 3-month guidance ratio up to 1.9x, the best level since 2021
S&P 500 guidance ratio (# above vs. below consensus) – 1999-7/23/26



Source: BofA US Equity & Quant Strategy, FactSet, Bloomberg

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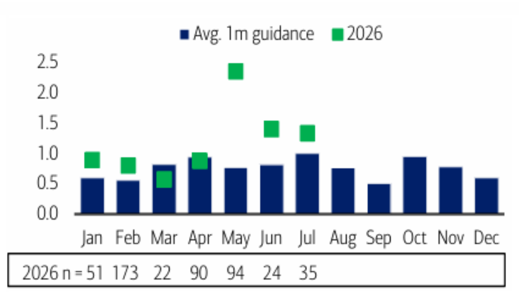
Exhibit 12: July's MTD guidance ratio of 1.3x is above the seasonal average
Avg. 1m S&P 500 EPS guidance ratio by month (since 1999); # of guidance instances in each month of 2026 at bottom of chart, as of 7/23/2026



Source: BofA US Equity & Quant Strategy, FactSet, Bloomberg

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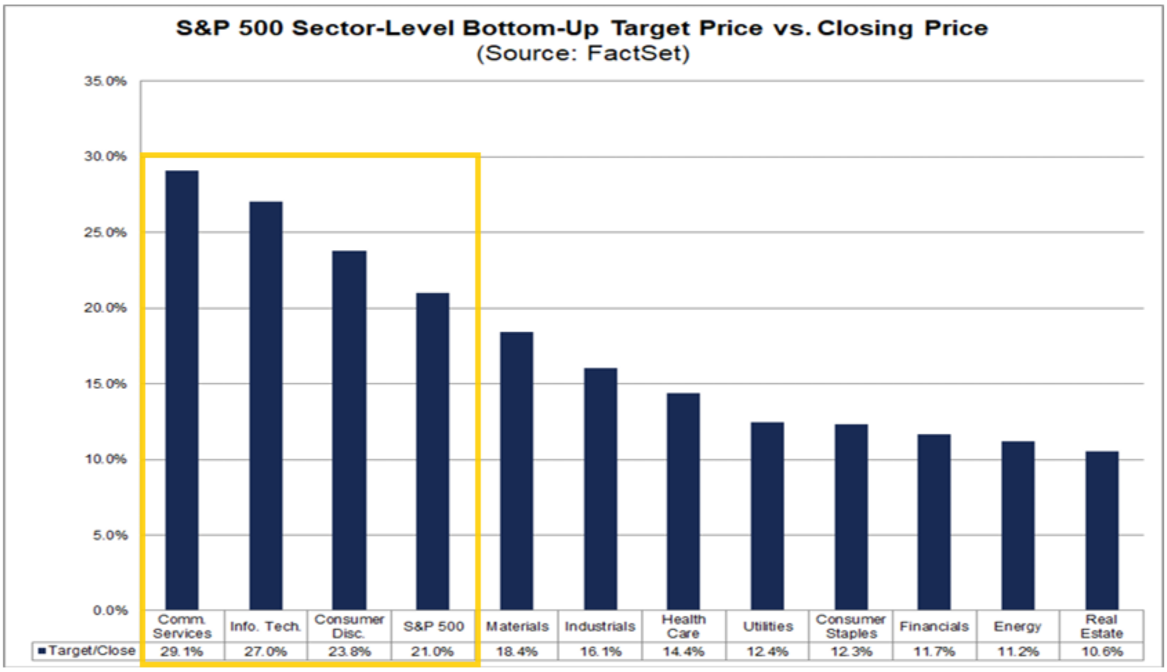
Analysts also collectively continue to think that the S&P 500 has a lot of upside, with FactSet's compilation of analyst bottom-up SPX price targets continuing to move higher, although at just +6 points this week, it was the least since May, to 9,071 (+6pts w/w, ~+1,945 pts since Thanksgiving, ~+2,895 pts since July 1st, and **~770 just since March 31st**). That would be +21.0% from Thursday's close.

Comm Services (+29.1% from +25.1%) overtook **Tech (+27.0% from +28.6%) as the sector seen with the biggest upside,** followed by Cons Discretionary (+23.8% from +20.4%). On the other side **Real Estate (+10.6% from +8.8%) remains the sector with the least upside.**

As FactSet reminded us in December, the last 20 yrs (through 2024) analysts have been on avg +5.9% too high from where they start the year (which was 8,000 for 2026) but note they underestimated it five of the past six years (including 2025 when they saw 6,755 at the start of the year (we ended at 6,845)).

Over the previous 20 years (2005 – 2024), the average difference between the bottom-up target price estimate at the beginning of the year (December 31) and the final price for the index for that same year has been 5.9%. In other words, industry analysts on average have overestimated the final price of the index by about 5.9% one year in advance during the previous 20 years. Analysts overestimated the final value (the final value finished below the estimate) in 11 of the 20 years and underestimated the final value (the final value finished above the estimate) in the other 9 years. It is interesting to note that analysts have underestimated the final value in five of the past six years (2019 – 2024).

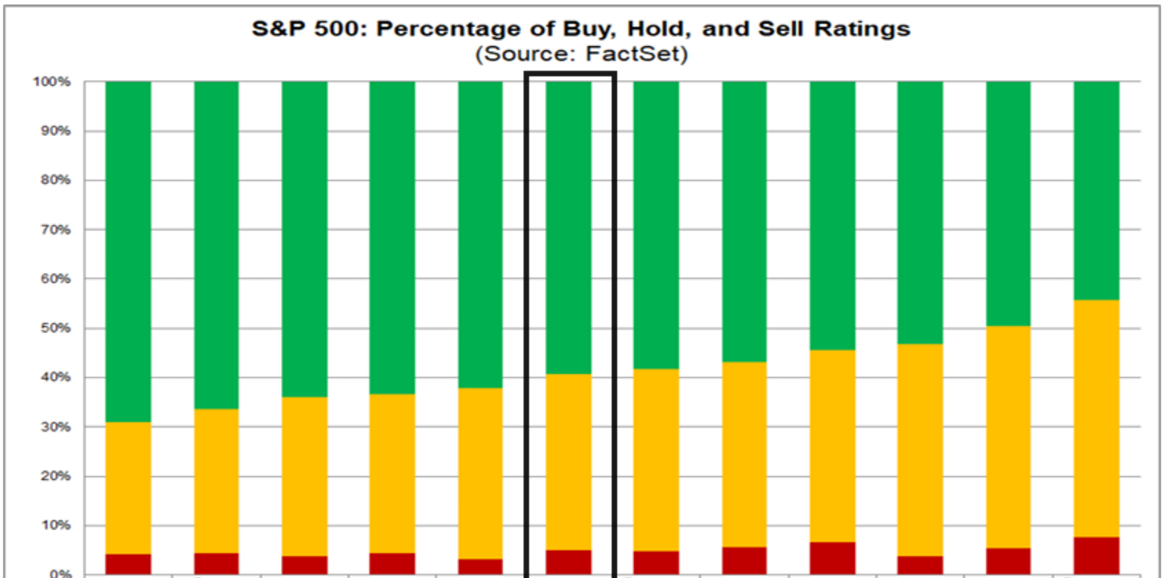


In terms of analyst ratings, buy and hold ratings continue to dominate with buy ratings at 59.3% six tenths below the record high of 59.9% the last week of April. The 5-year month-end average though is 55.8% according to FactSet, so we're well above that.

Hold ratings are at 35.8%, off the 35.4% record low (to 2009), but well below the

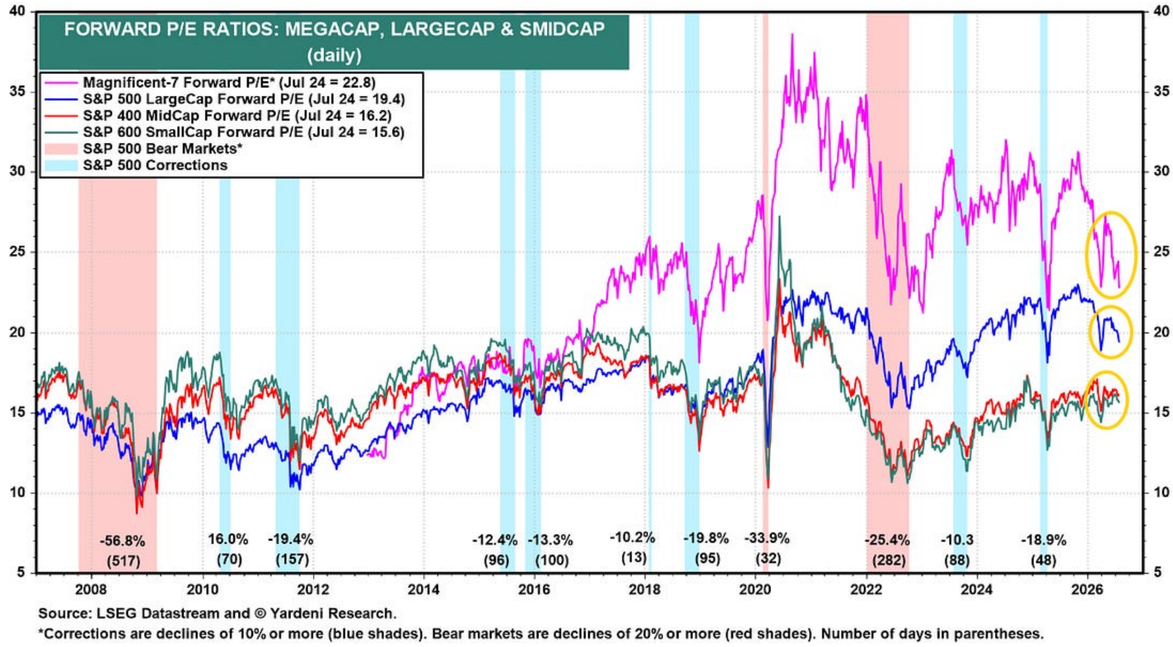
5-year month-end average of 38.7%, **with sell ratings at 5.0%**, remaining in their narrow range since 2009 but below the 5-year month end average of 5.6%.

Tech leads in buy ratings (69%) while Staples leads in sell ratings (8%).



	Info. Tech.	Comm. Services	Materials	Energy	Health Care	S&P 500	Consumer Disc.	Industrials	Financials	Real Estate	Utilities	Consumer Staples
Buy	69%	66%	64%	63%	62%	59%	58%	57%	54%	53%	50%	44%
Hold	27%	29%	32%	32%	35%	36%	37%	38%	39%	43%	45%	48%
Sell	4%	4%	4%	4%	3%	5%	5%	6%	7%	4%	5%	8%

The increases in earnings with stock prices easing have seen valuations (price to next-twelve-month (NTM) earnings) fall to at (Mag-7) or near (SPX) the April 2025 lows for the large cap indices, while small and mid-caps remain further off those levels.

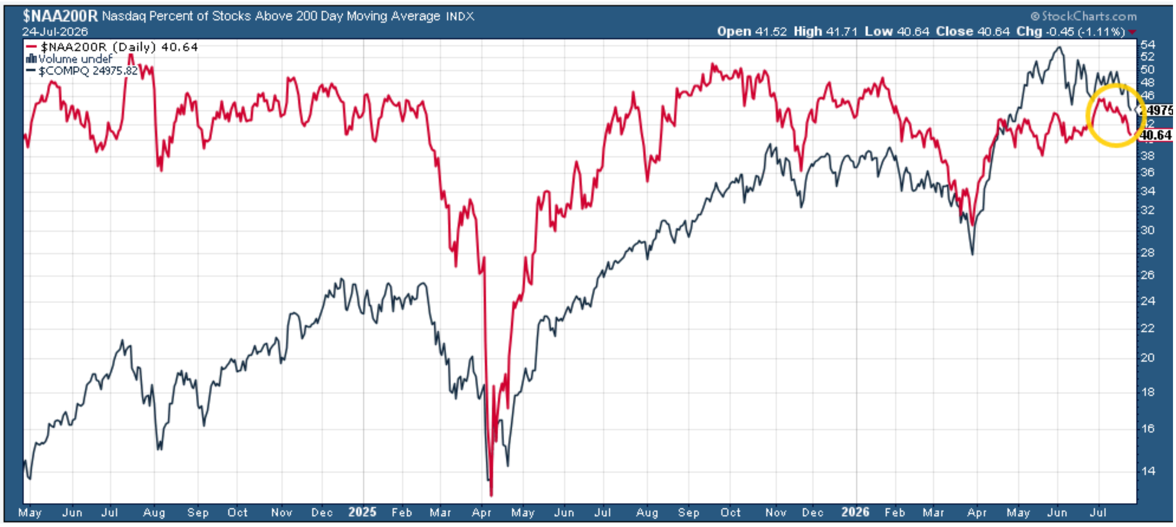


Breadth

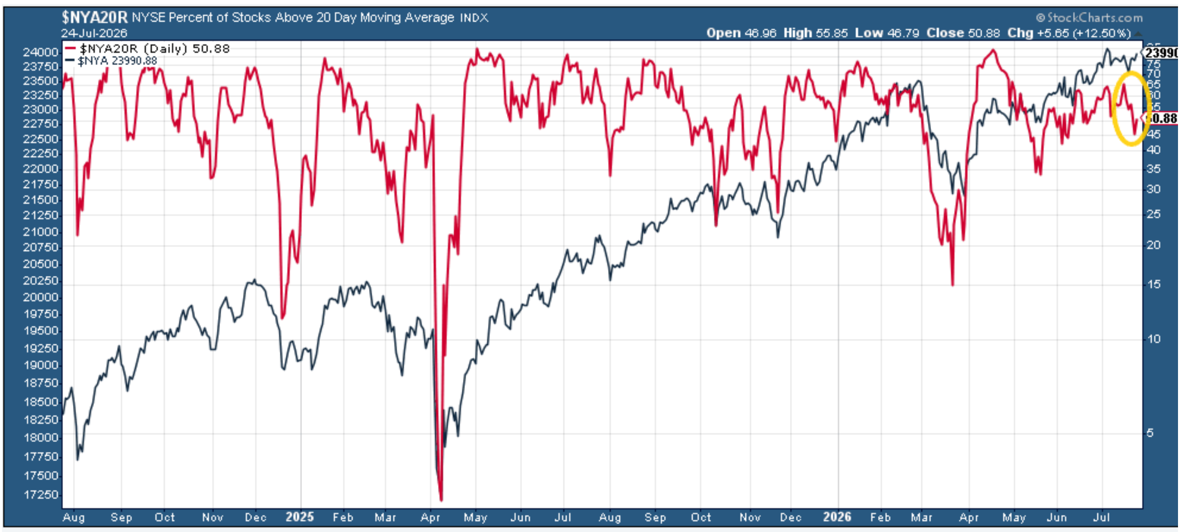
Breadth, which had shown improvement on balance over the past month, softened last week.

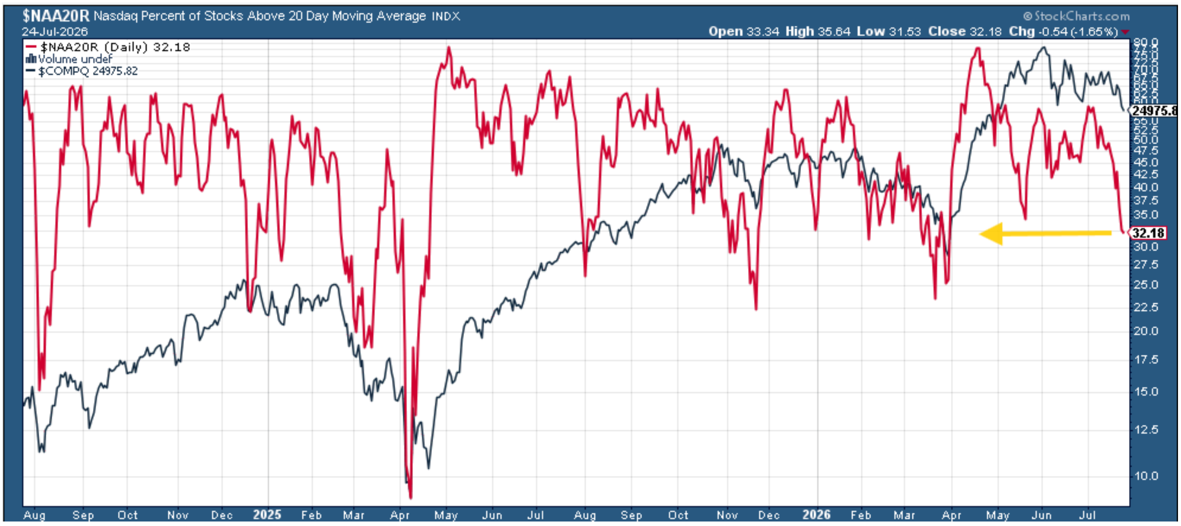
The McClellan Summation Index ("what the average stock is doing") turned back down.

And % of stocks over 200-DMAs (red lines) have softened particularly on the Nasdaq.

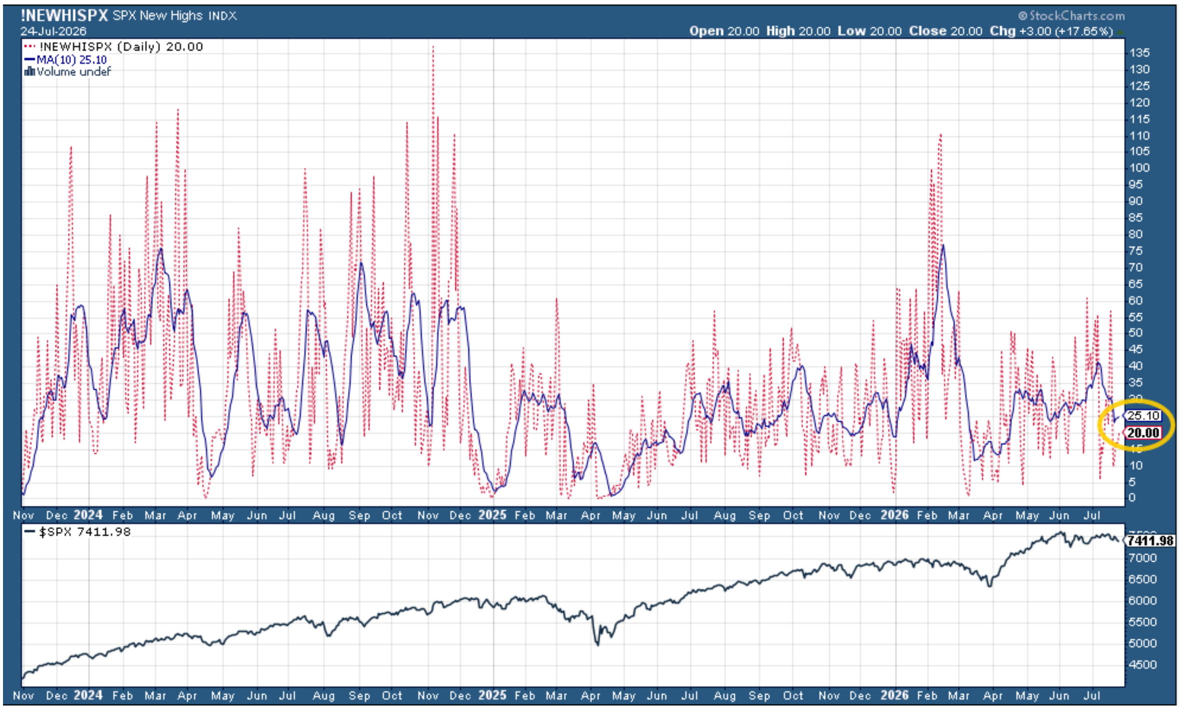


Which has extended to the shorter-term 20-DMAs.





NYSE new 52-week highs minus new lows remained weak.



But the **ratio of the equal-weight SPX to the cap-weighted has held in better continuing its rebound from the lows of the month two weeks ago**.

But **small caps to large caps (Russell 2000 to SPX) less rebound** after falling back from the highest since July 2024.

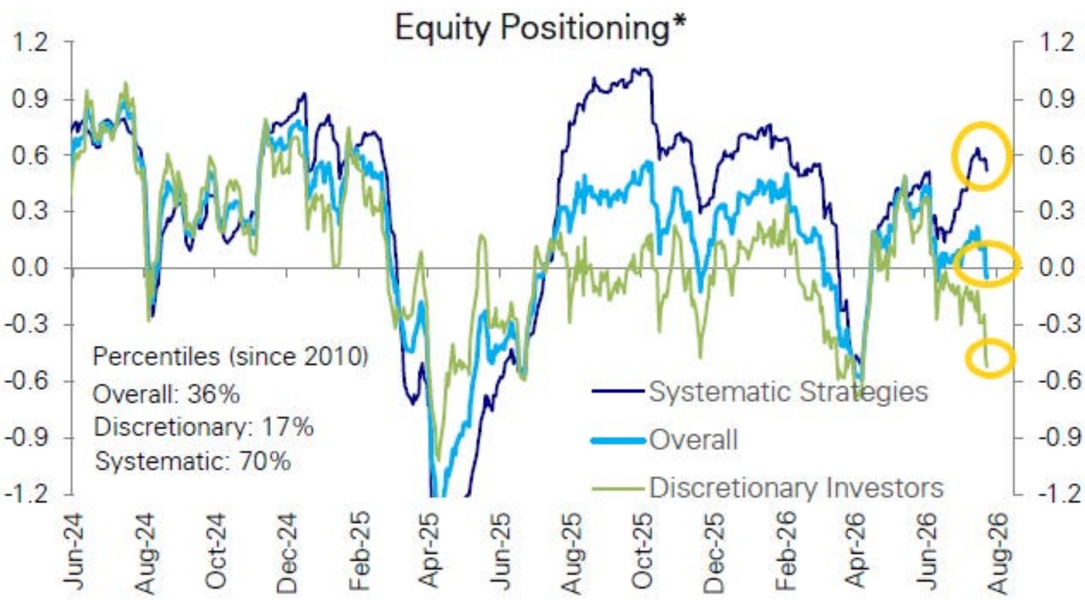
While S&P 500 growth/value continues to ease back now to 2.35, the least since early May, from 2.46 two weeks ago and its all-time high of 2.52 hit at the end of May.

Even as the ratio of forward earnings for growth/value remains at all-time highs, now over 2x at 2.03.

Positioning/Flows

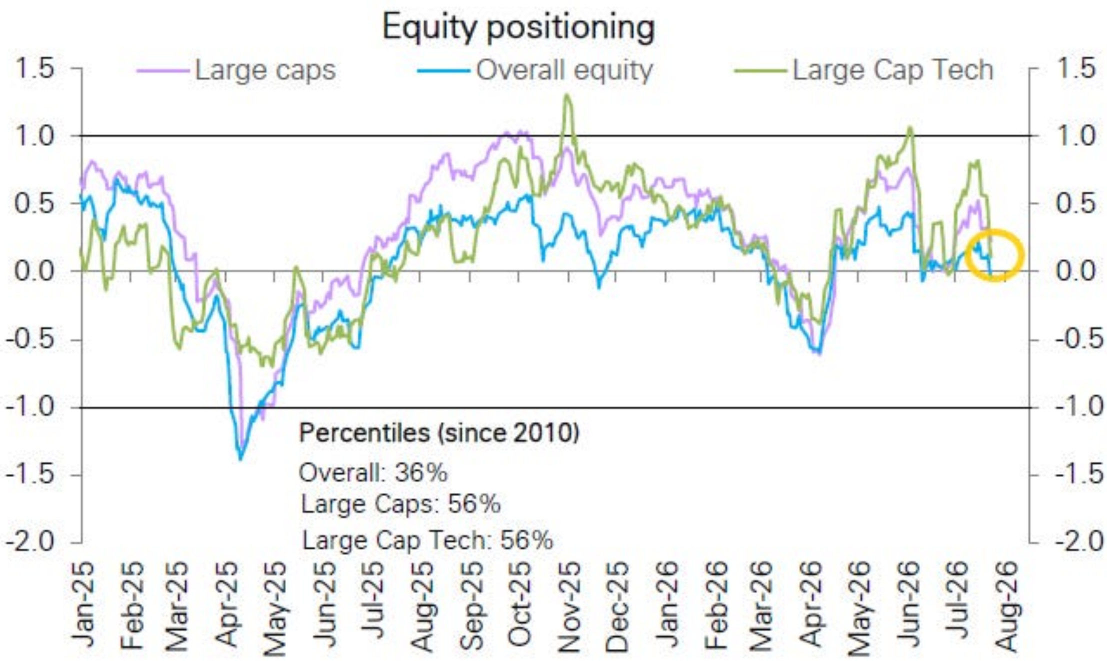
Turning to equity market positioning, it has fallen back despite the strong earnings, although systematic positioning remains "elevated and vulnerable" (DB).

Deutsche Bank:

> The equity market has once again been in a tight range, in place for 2 months now, accompanied by notable rotations, echoing the period from November to February. This week it fell to near the bottom of the range as **positioning slipped to neutral (36th percentile to 2010).**
>
> **Discretionary investors (17th percentile) have cut exposure back to early-April lows**. **Their positioning is well below levels implied by earnings as well as macro growth.**
>
> **Systematic strategy positioning (70th percentile) meanwhile is still relatively elevated and vulnerable** if volatility picks up or if equities break out of the range to the downside.
>
> Figure 7: Aggregate equity positioning has fallen to neutral on the back of sharp cuts in exposure by discretionary investors to their lowest level since early April, while the positioning of systematic strategies remains relatively high
>
> 
>
>
> *Wtd average of Z-scores for positioning indicators, weights based on explanatory power in regression of equity performance on indicators
>
> Source : Deutsche Bank Asset Allocation
>
> As we noted over the last 2 weeks, large-cap Tech positioning had bounced to elevated levels coming into this earnings season. Even with extremely strong Q2

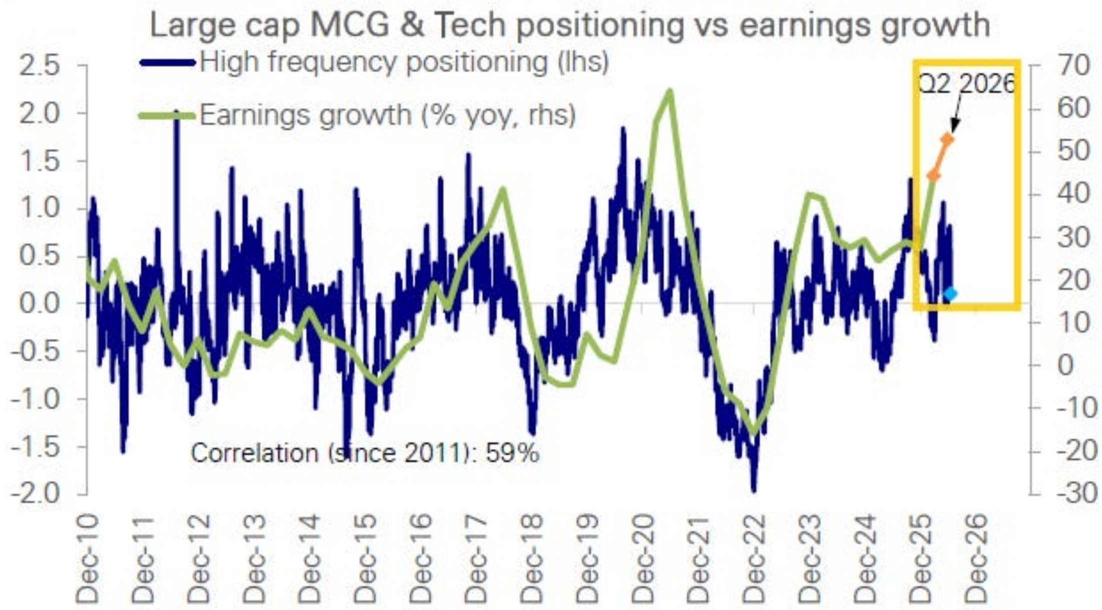
results, positioning has fallen sharply to nearly neutral (56th percentile) on concerns around runaway capex and the sustainability of off-the-charts growth.

Figure 8: Positioning in large-cap Tech has been cut sharply from elevated levels to near neutral



Source : Deutsche BankAsset Allocation

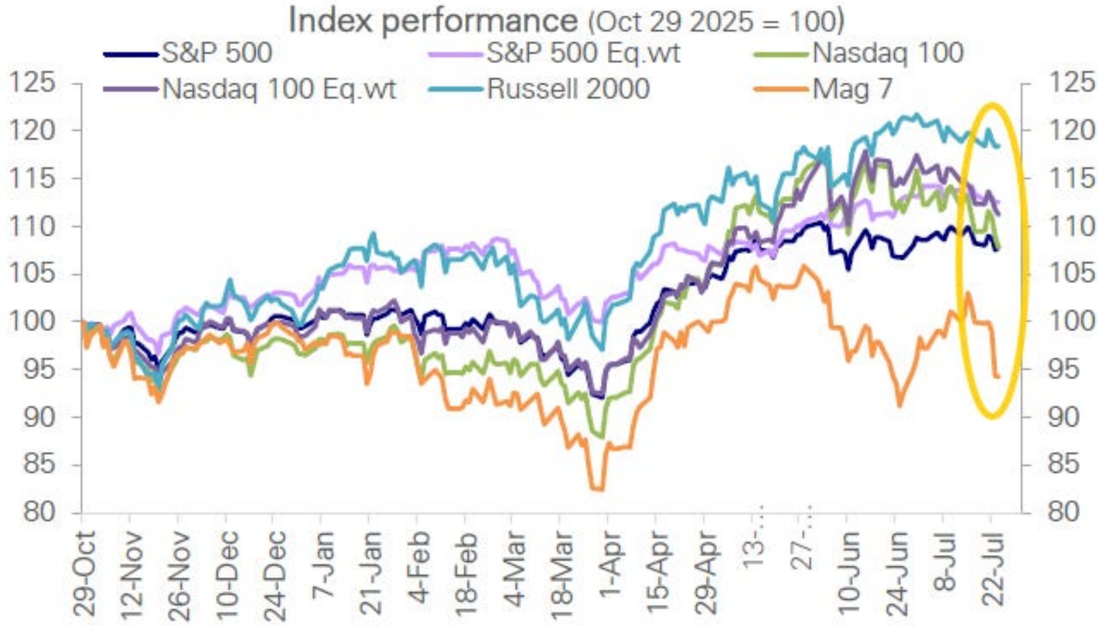
Figure 10: … as is positioning in large-cap Tech as investors remain focused instead on surging capex and the sustainability of growth



Source : Bloomberg Finance LP, Deutsche BankAsset Allocation

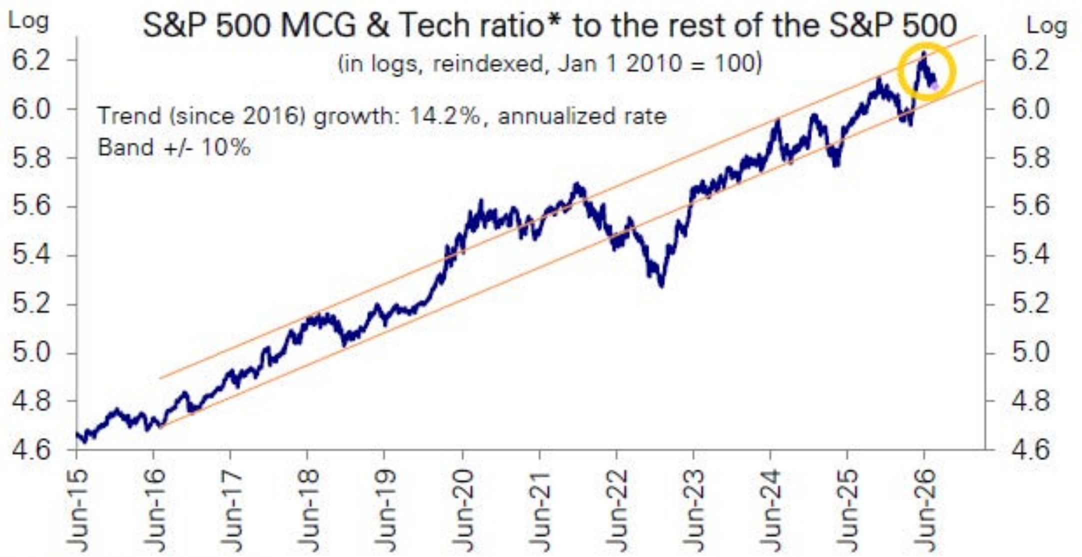
The rotation out of MCG & Tech which began on cue in early June has seen them underperform the rest of the S&P 500 by almost 15pp, about three-fourths of the way down from the top of the long-run relative performance channel (14% annualized, 20% top to bottom).

Figure 2: ... accompanied by rotations



Source : Bloomberg Finance LP, Deutsche Bank Asset Allocation

Figure 3: The rotation out of MCG & Tech is about three-fourths of the way through in our reading



*natural log of the ratio

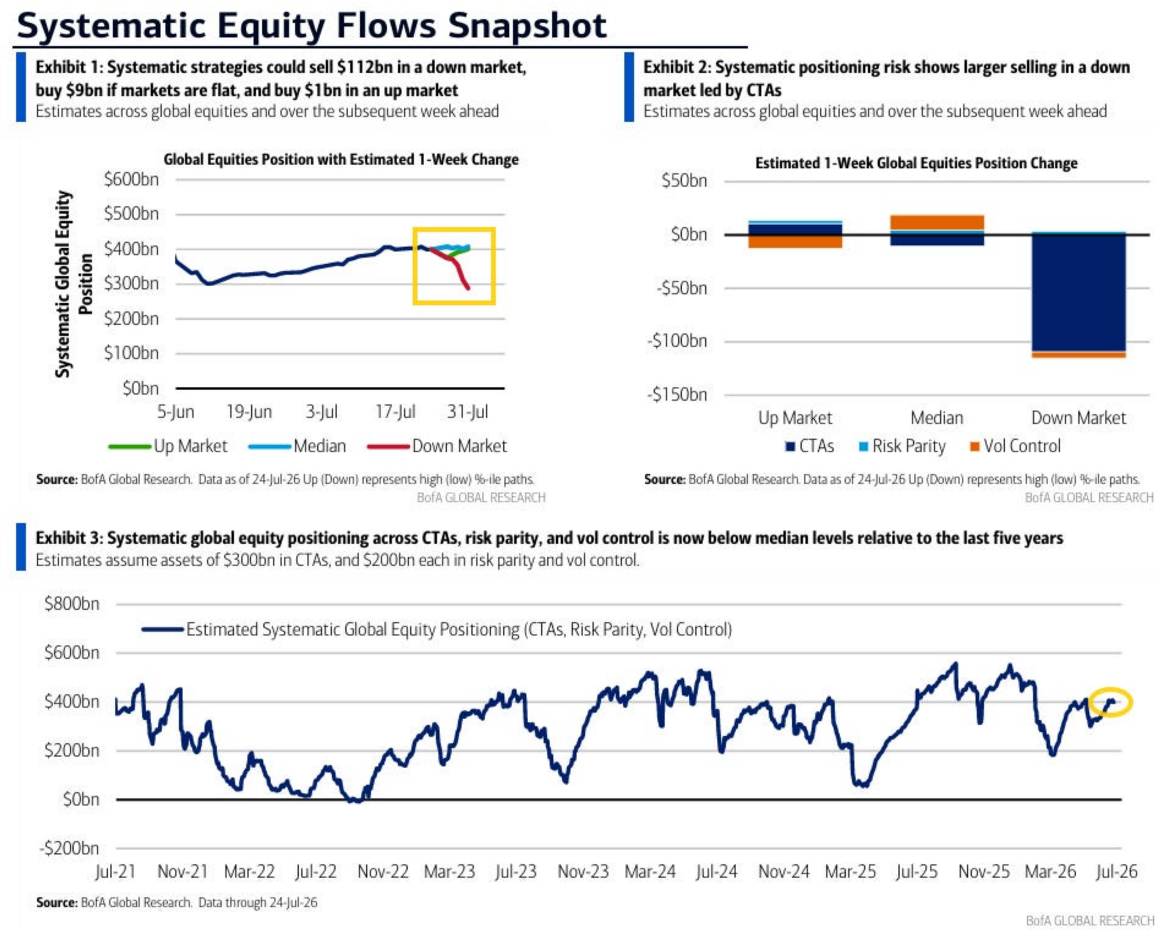
Source : Bloomberg Finance LP, Deutsche BankAsset Allocation

BoA sees overall systematic positioning as having paused its rebuild over the

past several weeks on the back of falling realized volatility, remaining at the post-conflict selloff highs, but still off the highs of the year hit in February. **Potential price paths saw an upgrade but remain very one-sided** with not much buying in any scenario but big selling in a down scenario.

Specifically they see:

- **+$9bn of buying in a flat market** (from -$15bn of selling the prior week);
- **+$1bn of buying in an “up” market** (from -$33bn of selling; ”up market” defined as 97.5th percentile price path or ~+3.5% similar to Goldman); and
- **-$112bn of selling in a “down” market** (from -$212bn; “down market” defined as the 2.5th percentile price path or ~-2.9% (different than Goldman who uses -4.5%)).



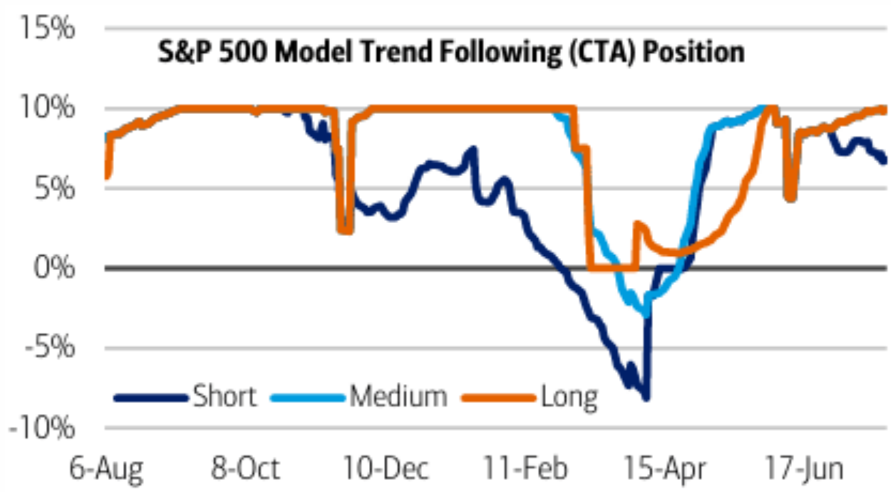
Specifically on CTAs, BoA says the declines last week have taken equity indices

closer to sell thresholds and over them for the quickest models on the Nasdaq:

> Entering the week, CTA equity longs were holding on but close to stop-loss levels, and **Nasdaq's Thursday/Friday decline appears to have pushed the first wave of models into unwind territory**. Our models suggest trend followers with the most aggressive stop-loss triggers may have already unwound, while faster-moving models likely de-risked as short-term price trends deteriorated.
>
> **However, slower models and those with broader stop-loss thresholds could remain long, and positioning outside Nasdaq still appears largely intact**, particularly across the S&P 500, Russell 2000, and EURO STOXX 50.
>
> Asian equities are more closely following Nasdaq, with faster models likely already reducing exposure. **The key risk next week is that continued Nasdaq pressure spills into broader equities, triggering CTA unwinds across other major indices.**

Equities

Exhibit 14: BofA Model Trend Following (CTA) S&P 500 Position
Model weights using short-, medium-, and long-term trends



Source: BofA Global Research. Data as of 24-Jul-2026.

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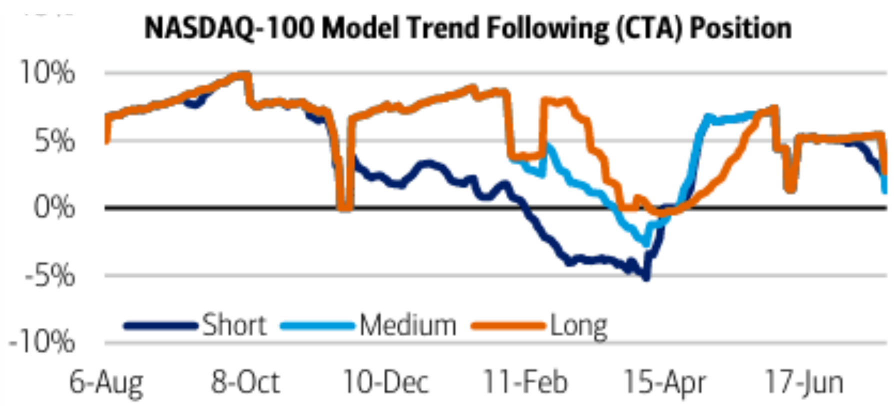
Exhibit 16: BofA Model Trend Following (CTA) NASDAQ-100 Position
Model weights using short-, medium-, and long-term trends



Source: BofA Global Research. Data as of 24-Jul-2026.

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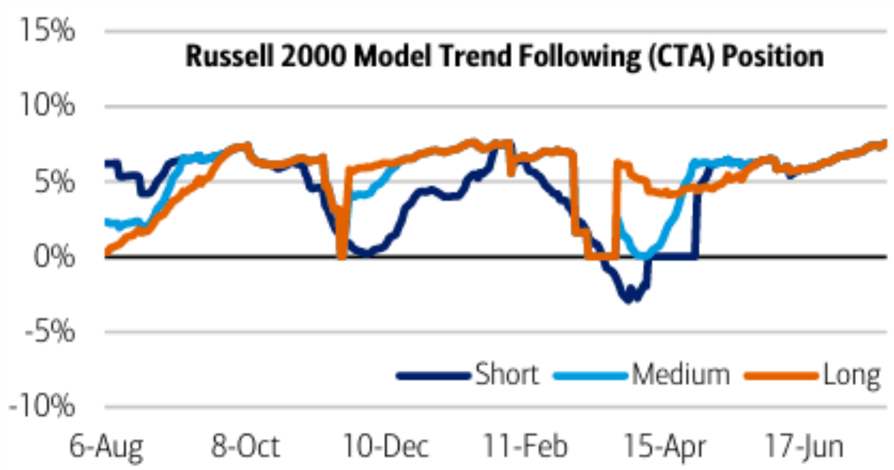
Exhibit 18: BofA Model Trend Following (CTA) Russell 2000 Position

Model weights using short-, medium-, and long-term trends



Source: BofA Global Research. Data as of 24-Jul-2026.

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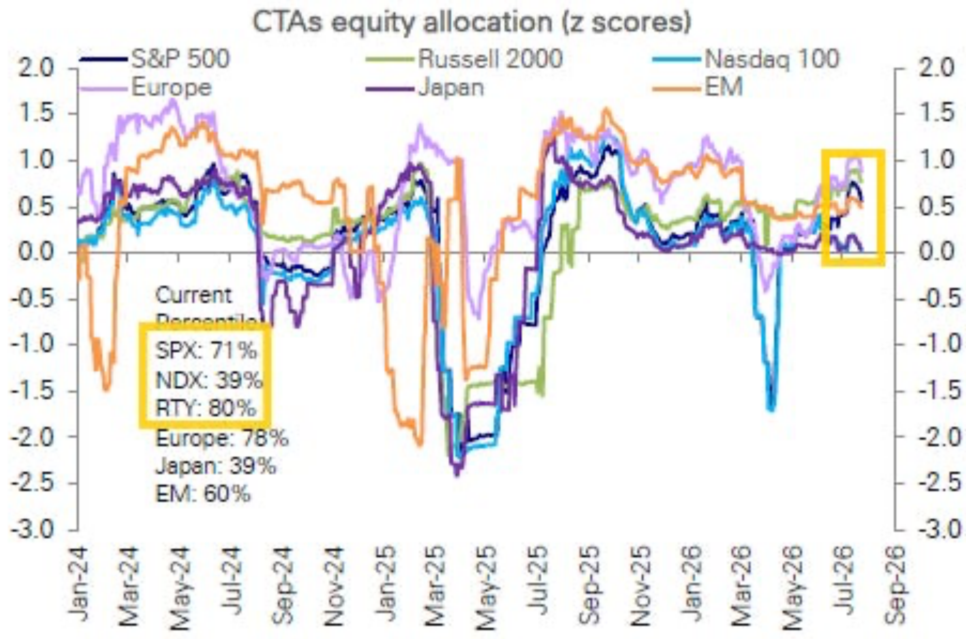
DB in turn finds CTAs in the US falling to the 67th percentile to 2009 from the 74th, but Nasdaq-100 just at the 39th while SPX and RUT are at the 71st and 80th respectively.

Figure 48: CTAs exposure to equity categories (z scores)

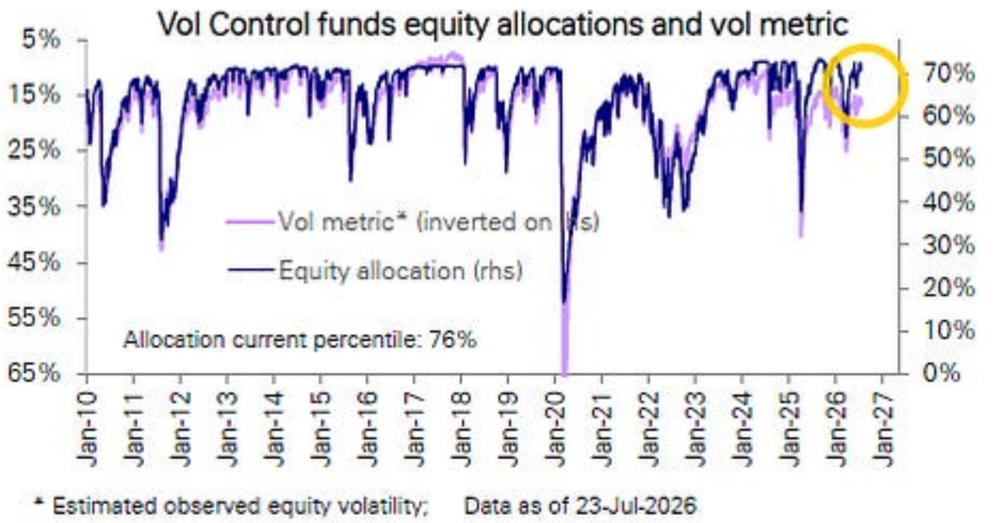


Source : Bloomberg Finance LP, Deutsche Bank Asset Allocation

In terms of vol control positioning DB saw a notable drop from the 96th percentile the prior week:

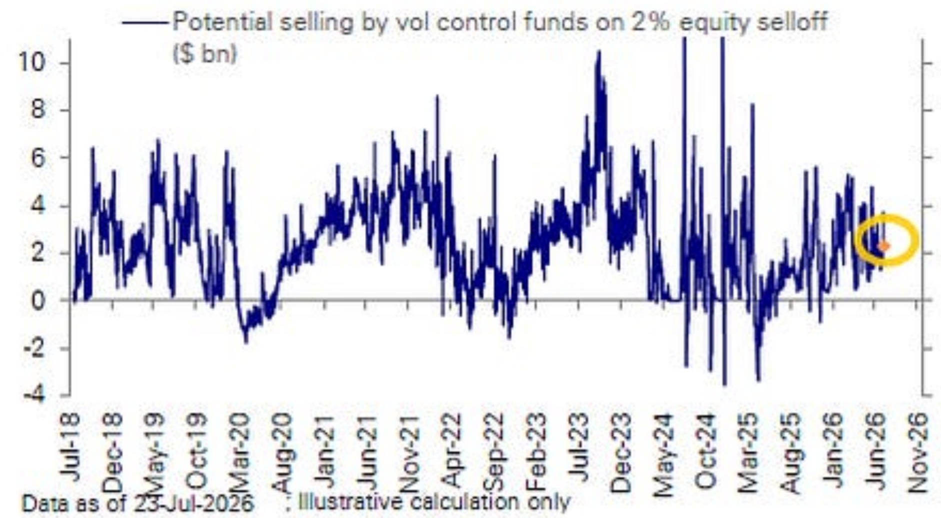
> **Vol control funds' equity allocation declined this week but remained elevated (76th percentile). Their sensitivity to market selloffs increased, making them more likely to de-risk on downside moves than in recent weeks.**
>
> While positioning is no longer near its recent extremes, they remain meaningfully invested in equities, with a higher sensitivity to volatility suggesting a less supportive backdrop in market drawdowns.

Figure 44: Vol-Control funds equity allocation and estimated observed equity volatility



Source : SEC filings, Bloomberg Finance LP, Deutsche Bank Asset Allocation

Figure 46: Vol-Control funds sensitivity to a 2% market sell-off

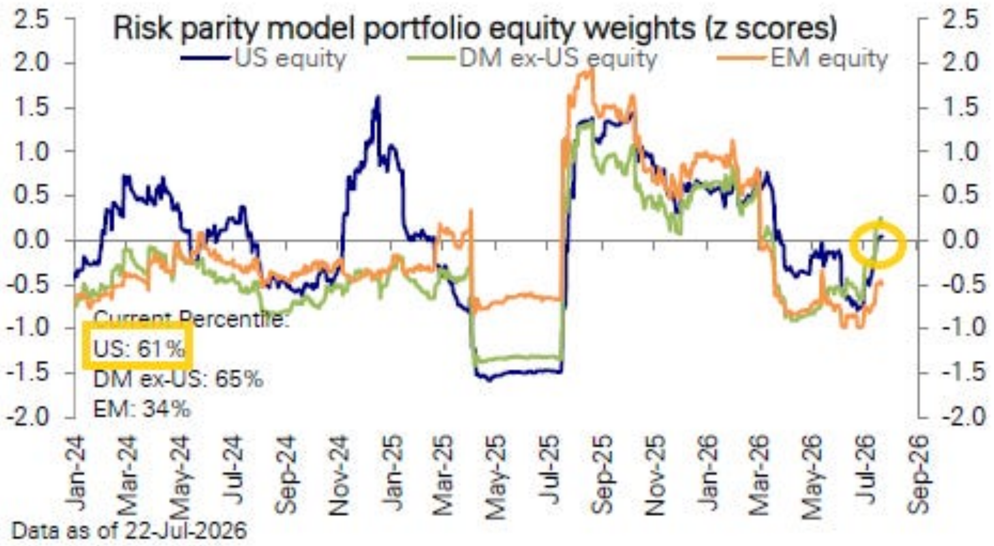


Source : SEC filings, Bloomberg Finance LP, Deutsche Bank Asset Allocation

While for risk parity they see equity positioning as having edged higher after having jumped the prior week now at the 61st percentile from the 37th just two weeks ago. **That takes it from historically underweight to average weight.** Bond exposure is at the 45th percentile (unchanged, from the 65th two weeks ago) but commodities remain elevated at the 96th.

“Overall, the funds continued to shift toward equities while maintaining meaningful exposure to inflation-linked securities and commodities.”

Figure 56: Risk-Parity portfolio weight in equity regions (z scores)



Source : Bloomberg Finance LP, Deutsche Bank Asset Allocation

Despite the uptick in volatility, **1-month realized volatility remains under 3-month** making 3-month the dominant trigger.

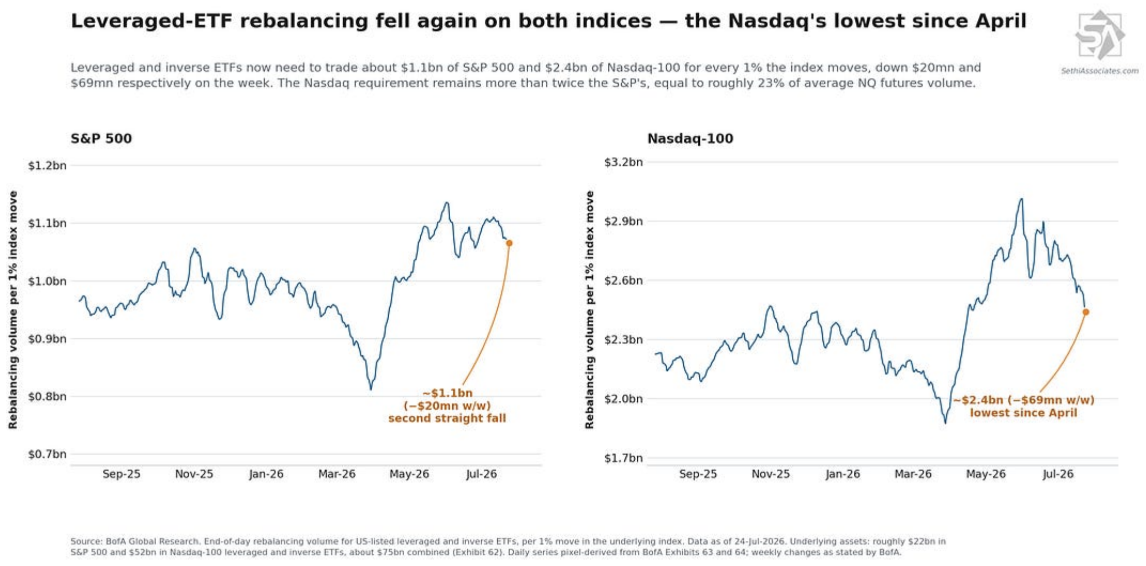
And we’re not going to get much help from the lookbacks. **While there are one 1%+ days from the 1-month and 3-month lookbacks, there are also three days on each with 0.3% or less, making the outlook for vol control buying/selling unfavorable this week.**

SPX Realized Vol Data In Sample for 2026-07-17

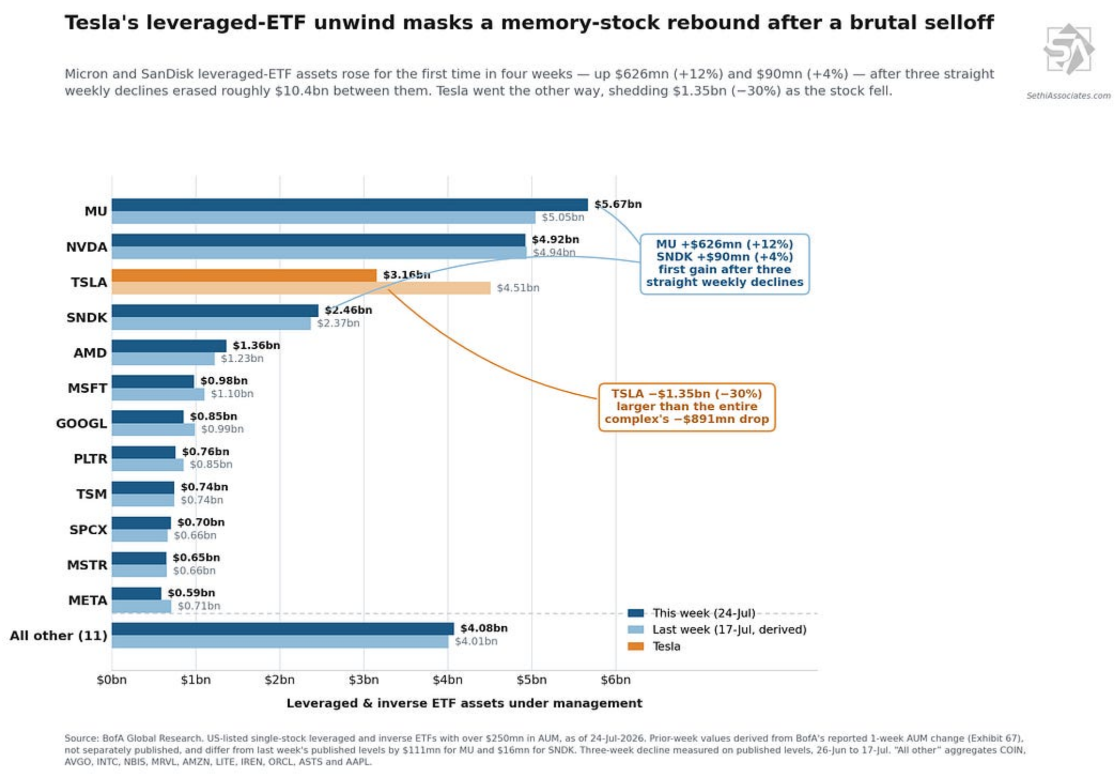
Dropoff	1m Dates	1m Drop %	3m Dates	3m Drop %
T+1	2026-06-17	-1.2%	2026-04-17	1.2%
T+2	2026-06-18	1.1%	2026-04-20	-0.2%
T+3	2026-06-22	-0.4%	2026-04-21	-0.6%
T+4	2026-06-23	-1.4%	2026-04-22	1.0%
T+5	2026-06-24	-0.1%	2026-04-23	-0.4%
T+6	2026-06-25	-0.0%	2026-04-24	0.8%
T+7	2026-06-26	-0.0%	2026-04-27	0.1%
T+8	2026-06-29	1.2%	2026-04-28	-0.5%
T+9	2026-06-30	0.8%	2026-04-29	-0.0%
T+10	2026-07-01	-0.2%	2026-04-30	1.0%

Like call buying (which also creates additional upward pressure on equities particularly in a rising market as dealers have to "chase" price rises), **leveraged positioning acts as a "negative gamma source"** as Charlie McElligott has put it (meaning that **there is added buying/selling pressure from them in the direction of daily flows as they rebalance each day).**

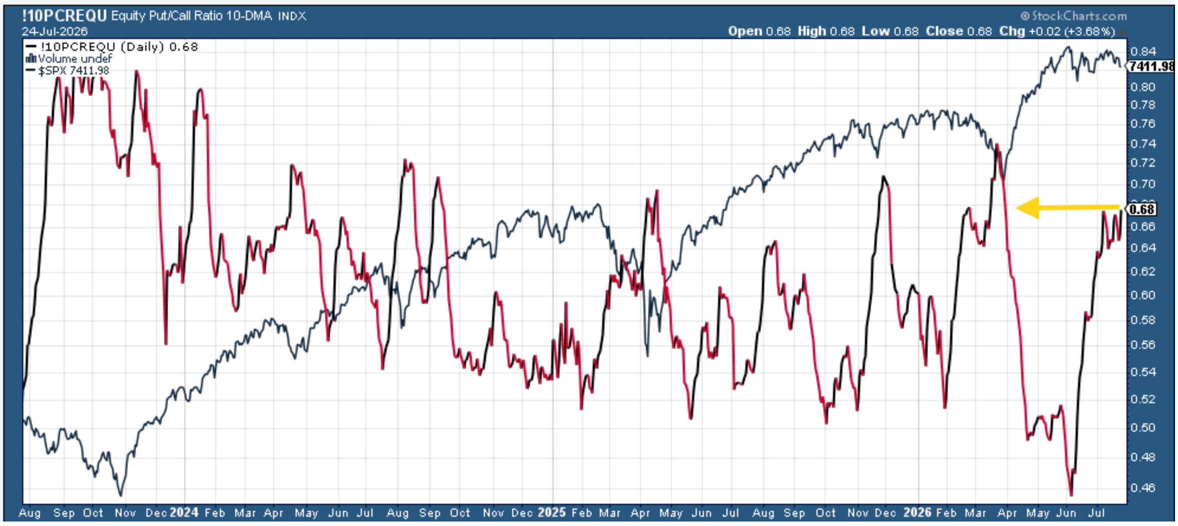
That exacerbated declines again last week particularly on the Nasdaq-100 (NDX) where leveraged ETF AUM fell to the least since April. SPX AUM saw a smaller drawdown again last week.



And in that respect **we again saw a pullback in single-stock leveraged ETF AUM** but unlike last week when we saw broad selling in all of the seven largest losing AUM continuing to be led by the two memory names, **this week the selling was concentrated in Tesla leveraged ETFs with net buying elsewhere including Micron and SanDisk after they had combined lost ~$10.7 billion the prior three weeks.**

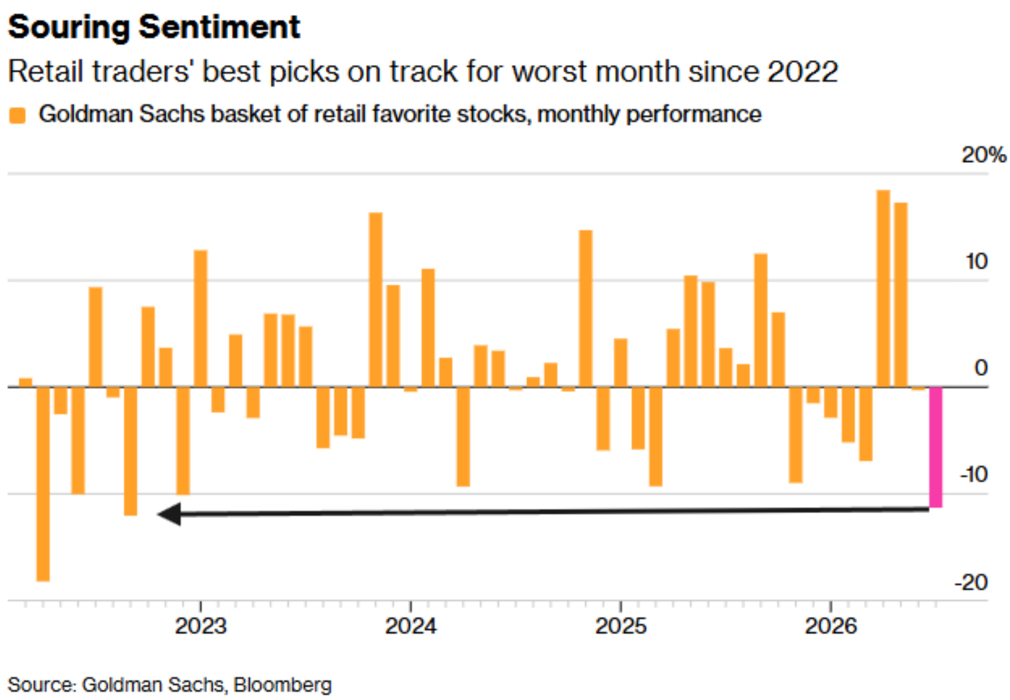


While put buying (which adds incremental downside pressure) remains elevated, with the 10-DMA of the put/call ratio edging to the highest since April.



And retail positioning also appears to be softening:

> Goldman's basket of 50 stocks favored by retail investors has plunged 11.3% so far in July and is on track for the worst month since 2022.



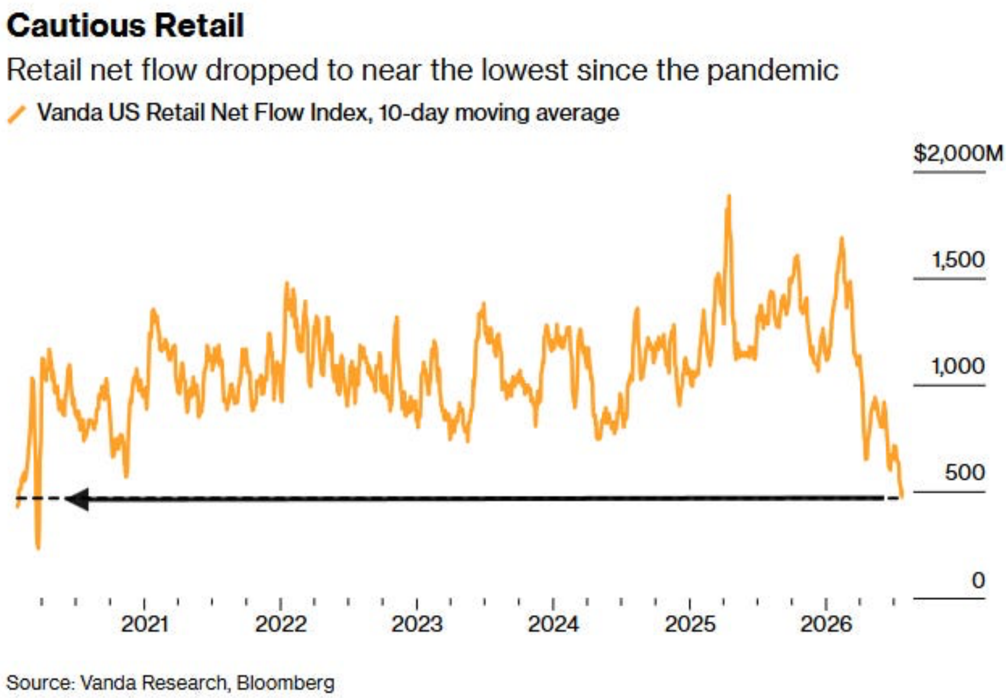
The poor performance from retail favorites has impacted flows according to Vanda Research and JPM.

Weekly rolling net buying of individual stocks has fallen to the lowest level since the Covid-19 pandemic, according to Vanda Research. JPMorgan Securities data show retail flows totaled $5.7 billion in the week through Wednesday, below the 12-month weekly average of $6.8 billion.

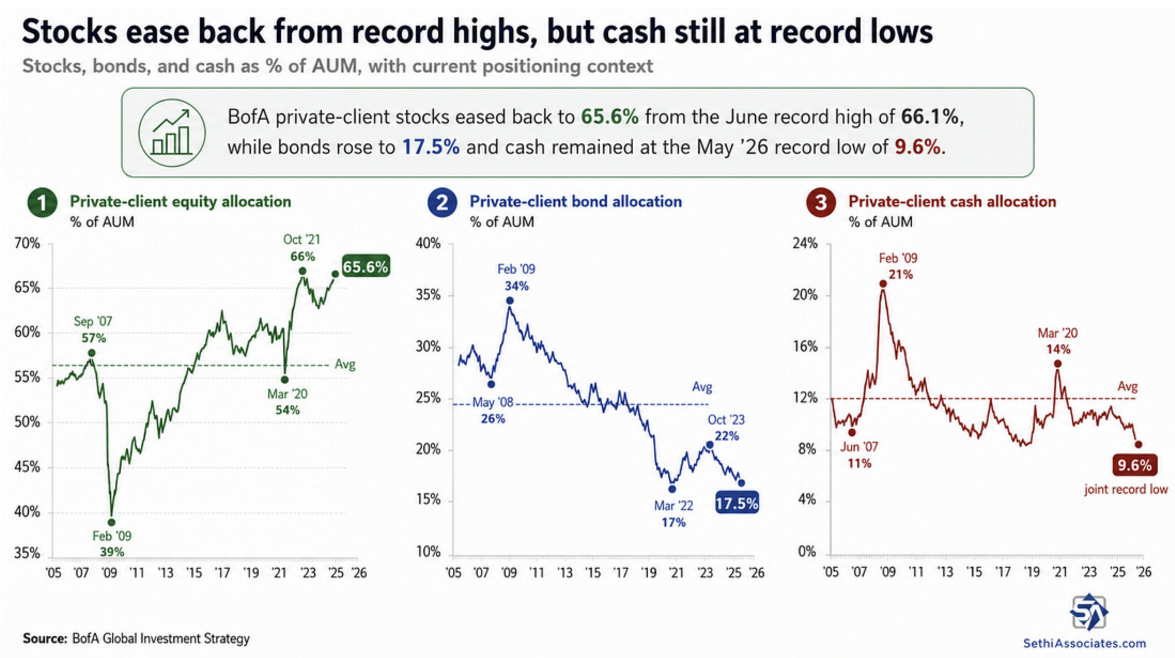
On a sector level, technology exchange-traded funds had broad-based outflows, with funds like the Direxion Daily Semiconductor Bull 3X Shares, known by its ticker SOXL, and the VanEck Semiconductor ETF, or SMH, among those with the biggest withdrawals. Selling pressure in both was 1.6 standard deviations above the mean.

"This slowdown in retail engagement aligns with the recent market nervousness around the Momentum drawdown," JPMorgan's Arun Jain wrote. "Retail flows are becoming very dispersed," Viraj Patel, global macro strategist at Vanda Research said. **"Unlike last year when it was 'buy everything AI,' retail are very selective."**

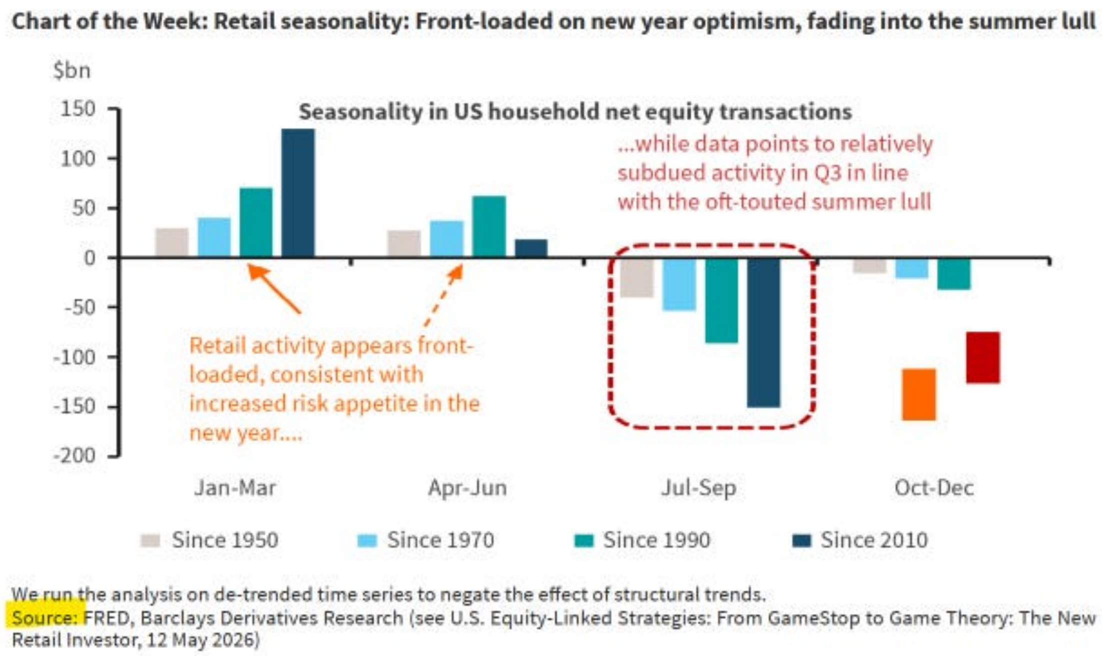
"It's been a rollercoaster ride for momentum, and therefore for retail," Patel said. "But **once selling pressure eases and the buyers' strike lifts, the setup for a meaningful rebound becomes increasingly compelling."**



BoA client retail equity positioning also reflected a pullback to 65.6% in stocks (down -0.2% w/w, record was 66.1% June 5th), 17.5% in bonds (+0.2% w/w, 17.2% June 5th was lowest since Mar '22), while cash remained at 9.6% joint record low (four times this year).



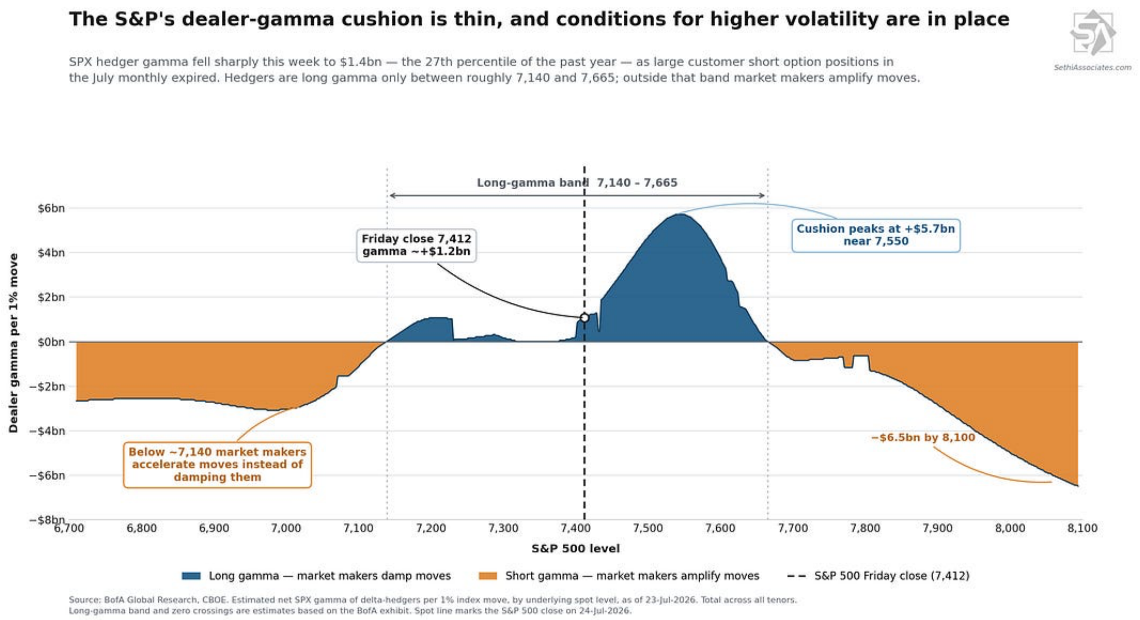
And as a reminder Barclays had said to prepare for retail flows to cool off this month:



Turning to gamma:

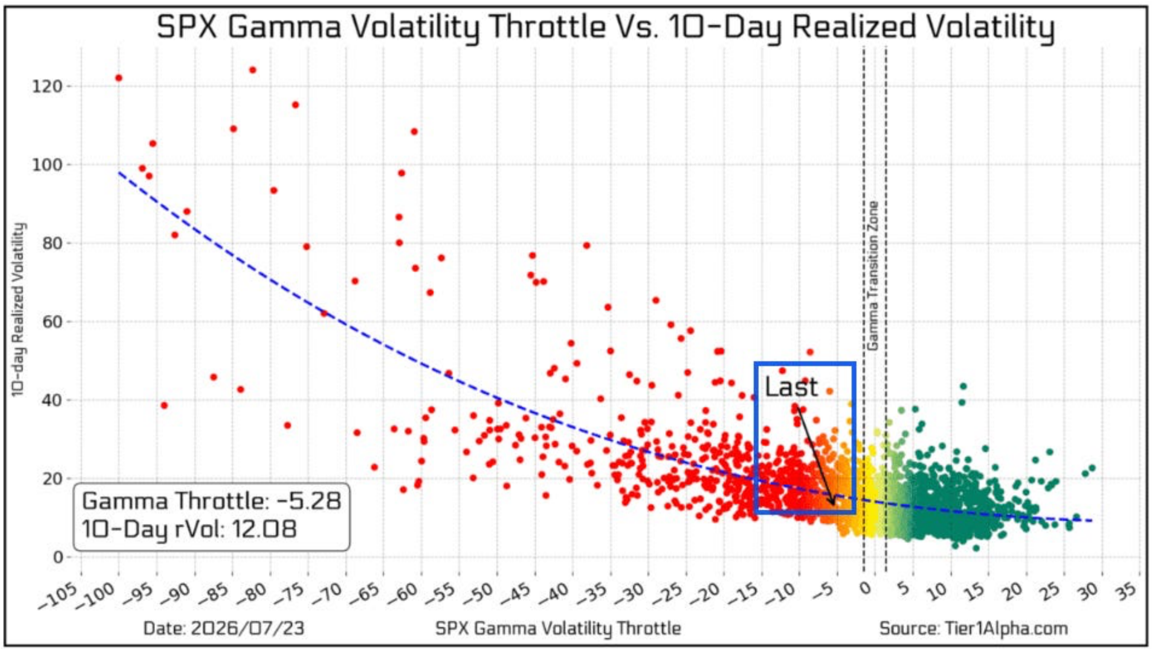
BoA saw gamma as of Thursday's close "down sharply" to the 27th percentile over the past year, and they model it as not changing much on the downside until it flips negative around 7100 but building on rallies until around the 7575 level, meaning we start the week with more potential volatility:

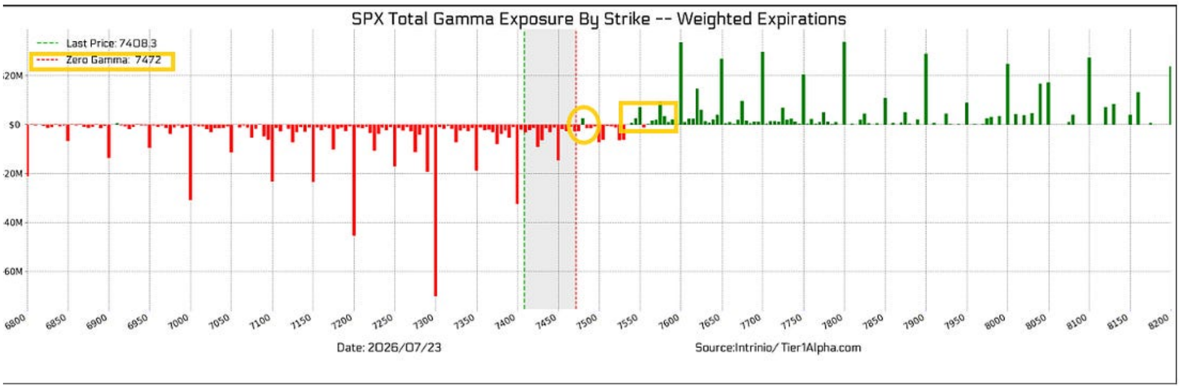
> SPX hedger gamma fell sharply this week, ending 23-Jul at $1.4bn (27th %ile in last year) as large customer short option positions in the July monthly expired. Next week, hedger positioning is negative in the 27-Jul expiry, where customers are long ~6,500 contracts near spot.
>
> The August monthly (21-Aug) is also a notable negative contributor, with hedgers net short ~21,000 downside contracts below 7300. As the monthly expiry approaches, **continued demand for downside amid macro volatility could expand this position, potentially exacerbating instability on larger downside moves.**



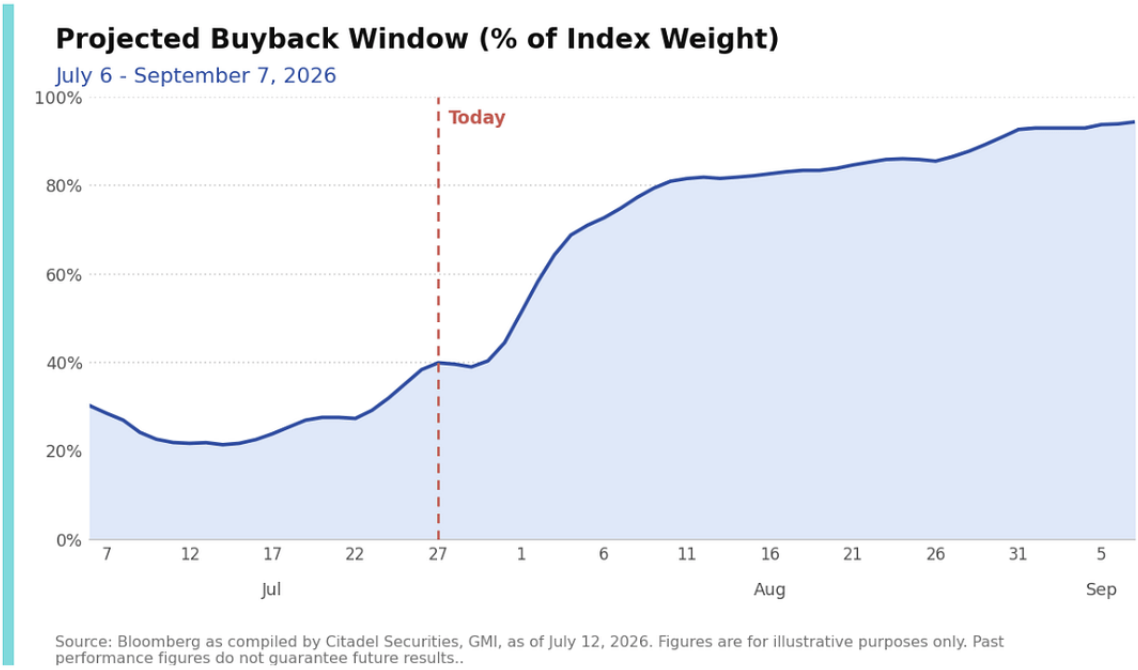
Tier1Alpha's update was also as of Thursday night and they continued to see gamma in negative territory, and they don't see it moving sustainably positive until around 7,550.

> **SPX positioning is skewed toward negative gamma, indicating that the conditions for higher volatility are in play.** When market makers are hedging short gamma exposure, they are forced to sell futures as the market falls and buy futures as it rises, creating a non-discretionary flow that can amplify the underlying move and push realized volatility higher.





Turning to **buybacks, we are slowly moving off the max blackout window but still just around 40% of discretionary buybacks by index weight (~30% of all buybacks) for S&P 500 companies will be active** this week according to Citadel's Rubner. That starts to lift materially next week though.

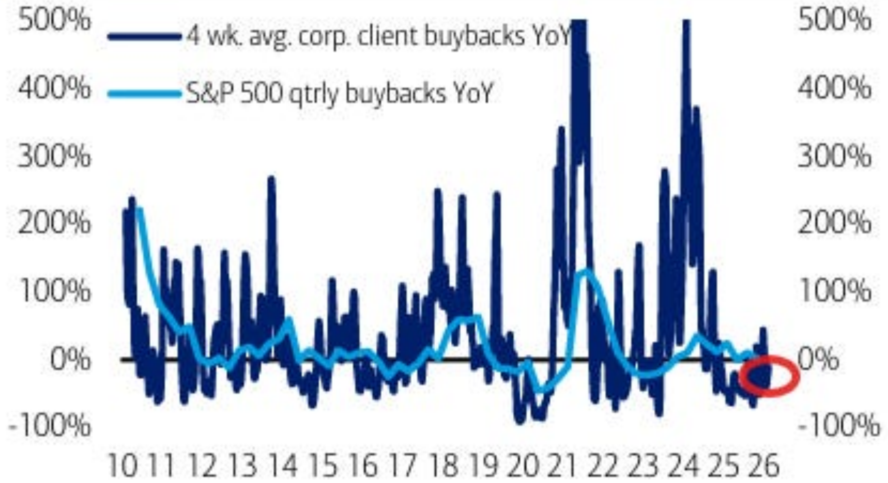


While BofA says buybacks improved for the first time in 8 weeks although "were below the historical avg for Week 1 of earnings season when normalized by mkt cap." They are -11% y/y on a 4-week average basis.

YTD they say annualized buybacks are "slightly below full-year '25 levels and below '24 records, but above 2016-23 levels," and **as a % of market cap are the least since late 2023 (on a rolling 52-week basis)**.

Exhibit 19: Corp. client buybacks trends have been correlated with aggregate S&P 500 buybacks and are -11% YoY

BofA corporate clients' 4-week avg. buybacks (YoY % chg) vs. S&P 500 total quarterly buybacks (YoY % chg), since 2010

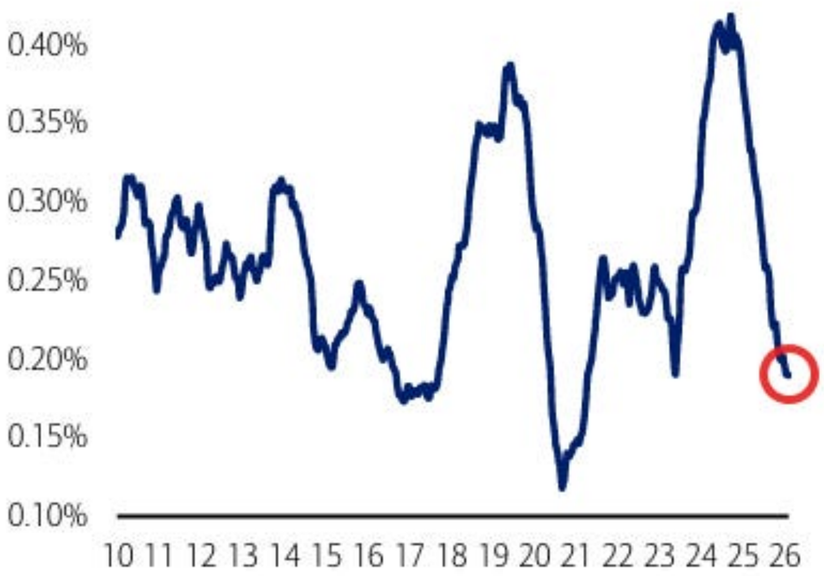


Source: S&P, BofA Securities

BofA GLOBAL RESEARCH

Exhibit 21: Corp. client buybacks (normalized by S&P 500 market cap) peaked at the end of Feb. at 0.42% and have been declining ever since, currently 0.19%

Rolling 52-week corporate client buybacks as a % of S&P 500 market cap



Source: BofA Securities

BofA GLOBAL RESEARCH

Sentiment

Sentiment dropped back this week for the most part (BofA's Bull & Bear a notable exception):

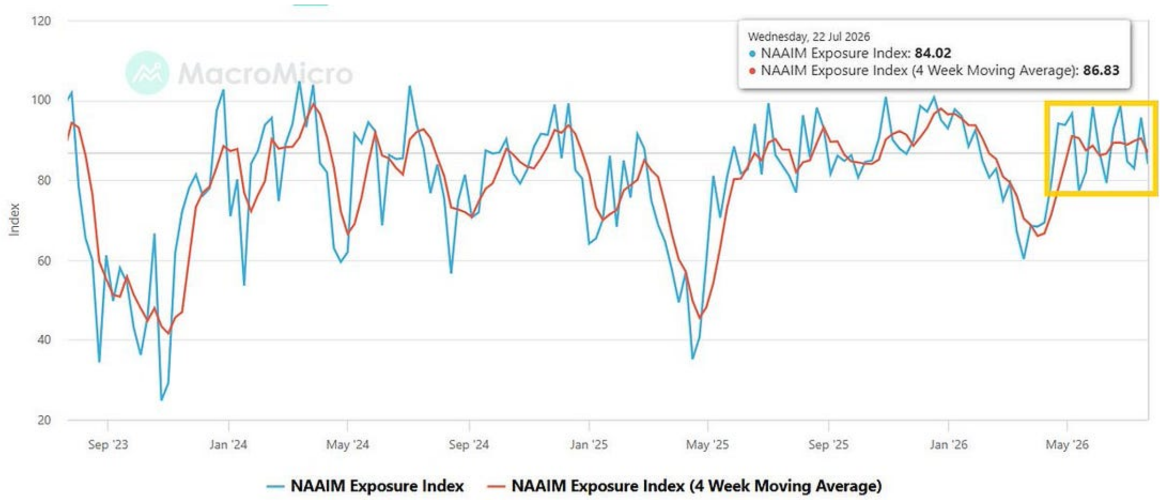
American Association of Individual Investors (AAII) sees bulls drop sharply to the least since September back below the bears:

> **AAII** bulls (those who see higher stock prices in 6 mths, blue line) dropped to 29.6%, the least since September, from 44.9% the prior week, back below the long-term historic average of 37.5%.
>
> Bulls also fell back under the level of the bears (who see lower stock prices in 6 mths, red line) for the 16th week in the last 21 as the bears rose to 42.3% from 32.9% which was the least since February 5th. Bears still remain above the long-term average of 31.0% for a 23rd straight week (they've only been below it 9 weeks since Dec 12, 2024).
>
> The Neutral camp (yellow line) rose to 28.1% a three-month high. It remains under the long-run average of 31.5% and has been over that only twice since July 2024.

Like AAII, the NAAIM (investment managers) exposure index* (blue line) moved less bullish this week, but not quite as extreme a move, falling to 84.0% from 95.6% still up from 82.95% three weeks ago, overall remaining in its range since mid-April.

The 4-wk avg (reddish line) edged down to 86.8% from 90.5% the prior week which was the highest since May 13th.

**The index "represents the average exposure to US Equity markets reported by our members" and which ranges from -200% (2x short) to +200% (2x long).*

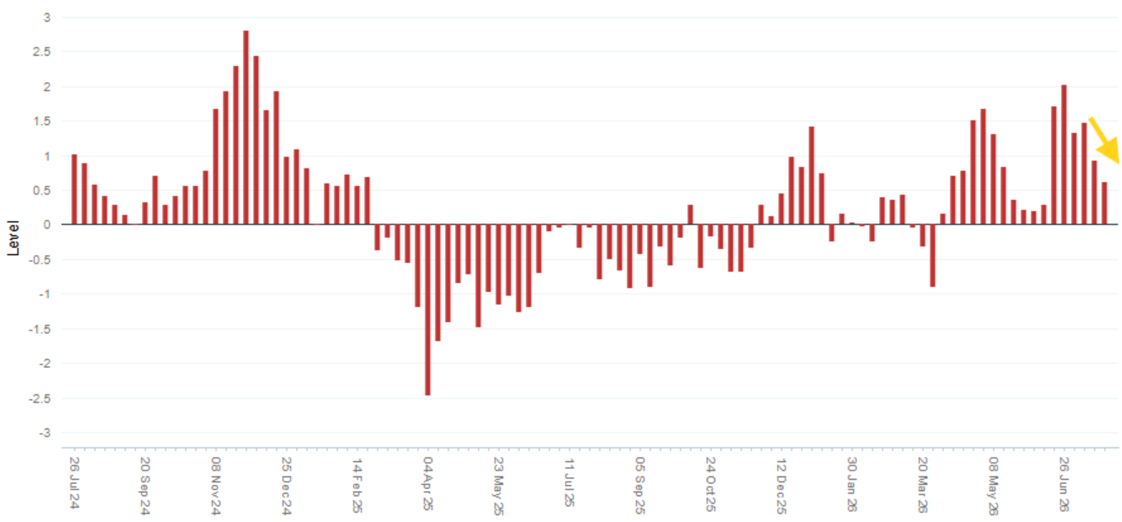


And Goldman's **US Equity Sentiment Indicator*,** which hit 2.0 June 26th, the highest since December 2024, **eased off for a third week in four, falling further under "stretched" (1.0) at 0.60 (from 0.91 the prior week)**.

While the **1-month average return since 2009 is pretty good at ~1%, the hit rate is the only bucket under 50%.**

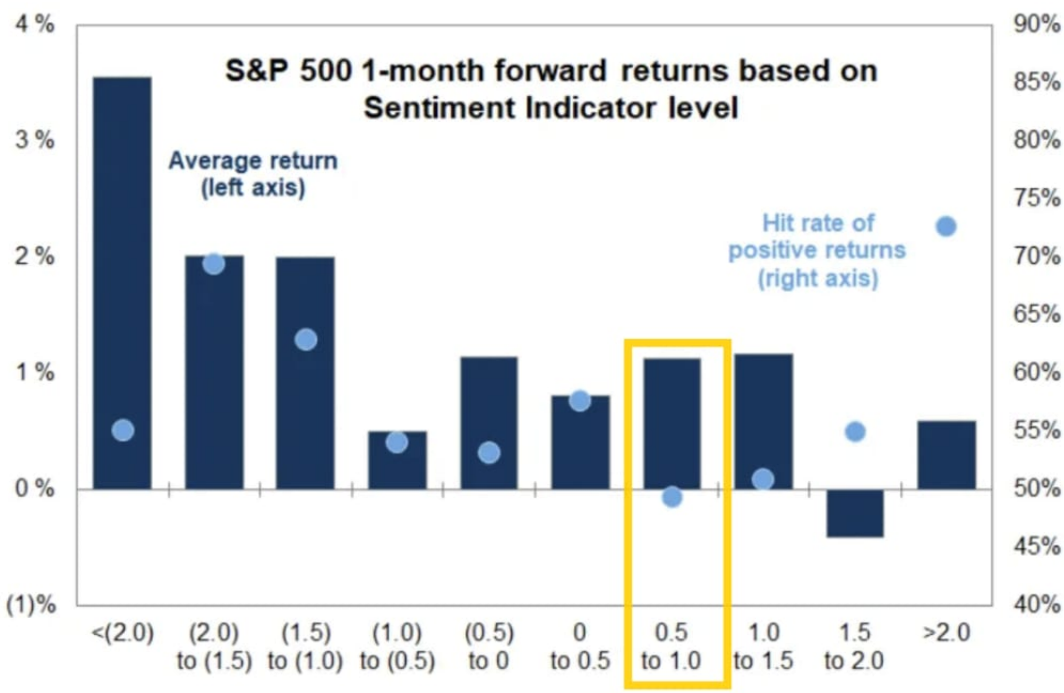
**The indicator combines "six weekly and three monthly indicators that span [across the more than 80% of the US equity market that is owned by institutional, retail and foreign investors]. Readings of +1.0 or higher have historically signaled stretched equity positioning. Readings of -1.0 or lower have signaled very light positioning and have historically been a statistically significant signal for subsequent S&P 500 performance".*

SENTIMENT INDICATOR



Source: Goldman Sachs Research

data since 2009



Source: Goldman Sachs Global Investment Research

While the CNN Fear & Greed Index (blue line) edged up to 39.4 from 37.1 the prior week, still down from 47.9 the week before that, which was the highest

since June 4th, but remaining well above the recent low of 24.7 June 26th (which was the least since early April). The indicator remains **in** “Fear” where it’s been for the most part the past eight weeks.

But we did get one indicator above neutral, only the second time in six weeks:

Extreme Greed = None

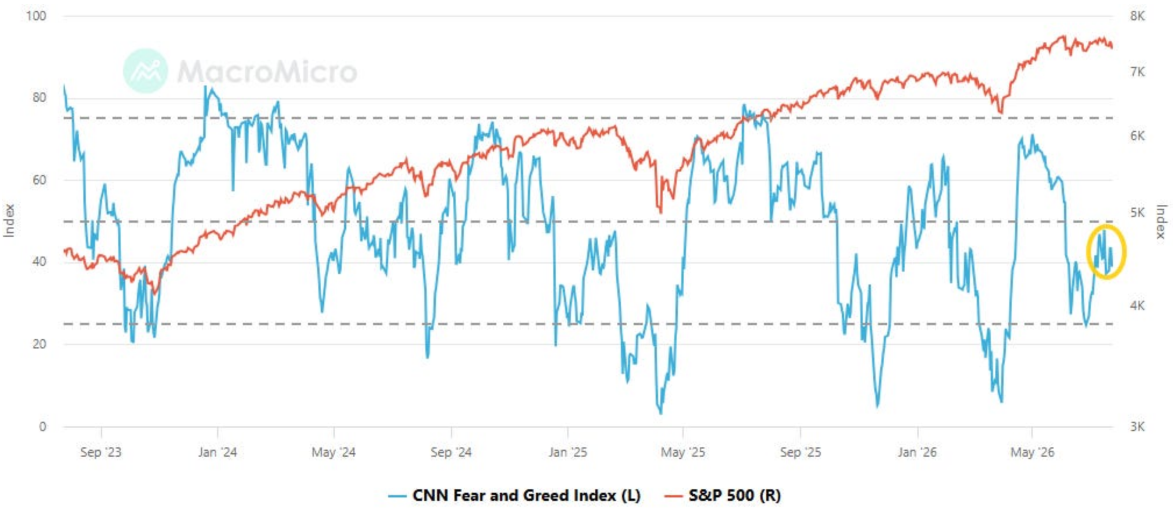
Greed = safe haven demand (20-day difference in stock/bond returns) *(from Fear)*

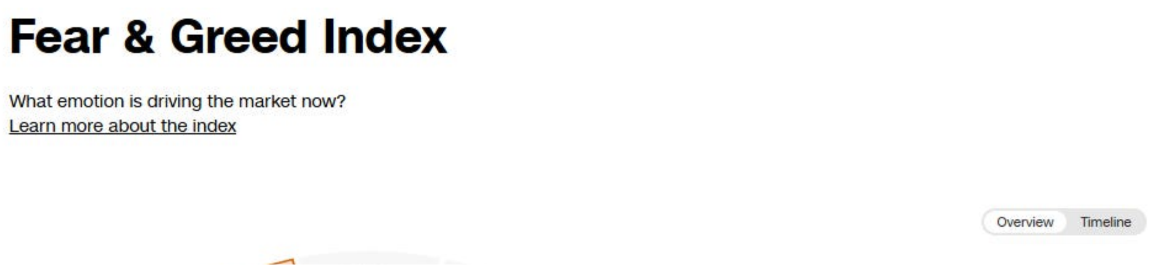
Neutral = market volatility (VIX & its 50-DMA); junk bond demand (vs investment grade) *(from Fear)*

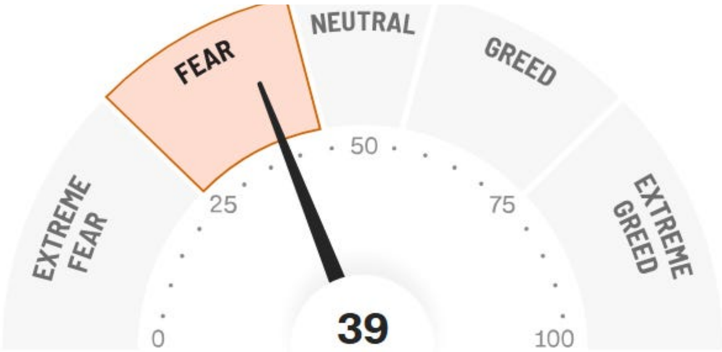
Fear = market momentum (SPX vs 125-DMA); stock price strength (net new 52-week highs); put/call options (5-day put/call ratio)

Extreme Fear = stock price breadth (McClellan Volume Summation Index)

https://www.cnn.com/markets/fear-and-greed







Last updated Jul 24 at 7:59:54 PM ET

Previous close
Fear 39

1 week ago
Fear 37

1 month ago
Fear 26

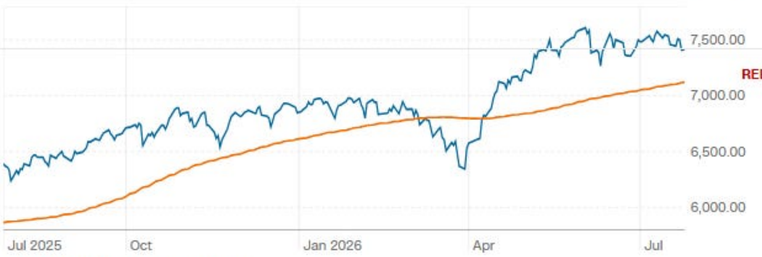
1 year ago
Extreme Greed 75

7 FEAR & GREED INDICATORS

MARKET MOMENTUM

S&P 500 and its 125-day moving average

FEAR



Last updated Jul 24 at 5:26:35 PM EDT

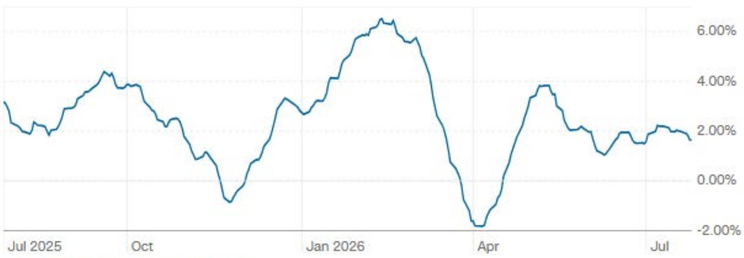
RELATED

It's useful to look at stock market levels compared to where they've been over the past few months. When the S&P 500 is above its moving or rolling average of the prior 125 trading days, that's a sign of positive momentum. But if the index is below this average, it shows investors are getting skittish. The Fear & Greed Index uses slowing momentum as a signal for Fear and a growing momentum for Greed.

STOCK PRICE STRENGTH

FEAR

Net new 52-week highs and lows on the NYSE



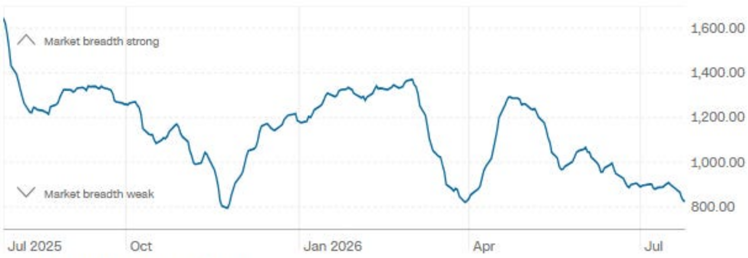
Last updated Jul 24 at 7:59:54 PM EDT

A few big stocks can skew returns for the market. It's important to also know how many stocks are doing well versus those that are struggling. This shows the number of stocks on the NYSE at 52-week highs compared to those at 52-week lows. When there are many more highs than lows, that's a bullish sign and signals Greed.

STOCK PRICE BREADTH

EXTREME FEAR

McClellan Volume Summation Index



Last updated Jul 24 at 7:59:54 PM EDT

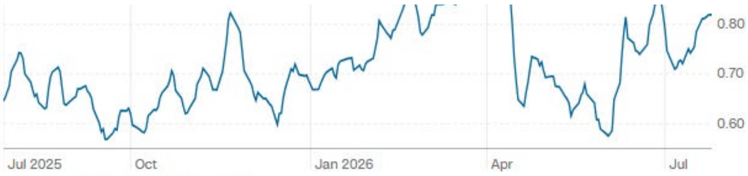
The market is made up of thousands of stocks. And on any given day, investors are actively buying and selling them. This measure looks at the amount, or volume, of shares on the NYSE that are rising compared to the number of shares that are falling. A low (or even negative) number is a bearish sign. The Fear & Greed Index uses decreasing trading volume as a signal for Fear.

PUT AND CALL OPTIONS

FEAR

5-day average put/call ratio

Options are contracts that give investors the right to buy or sell stocks, indexes or other financial securities at an agreed upon price and date. Puts are the option to sell while calls are the option to buy. When the ratio of



Last updated Jul 24 at 4:38:48 PM EDT

puts to calls is rising, it is usually a sign investors are growing more nervous. A ratio above 1 is considered bearish. The Fear & Greed Index uses a bearish options ratio as a signal for Fear.

MARKET VOLATILITY

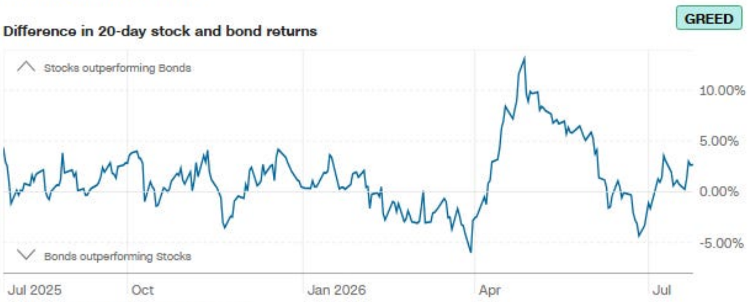
VIX and its 50-day moving average

Last updated Jul 24 at 4:15:01 PM EDT

The most well-known measure of market sentiment is the CBOE Volatility Index, or VIX. The VIX measures expected price fluctuations or volatility in the S&P 500 Index options over the next 30 days. The VIX often drops on days when the broader market rallies and soars when stocks plunge. But the key is to look at the VIX over time. It tends to be lower in bull markets and higher when the bears are in control. The Fear & Greed Index uses increasing market volatility as a signal for Fear.

SAFE HAVEN DEMAND

Difference in 20-day stock and bond returns

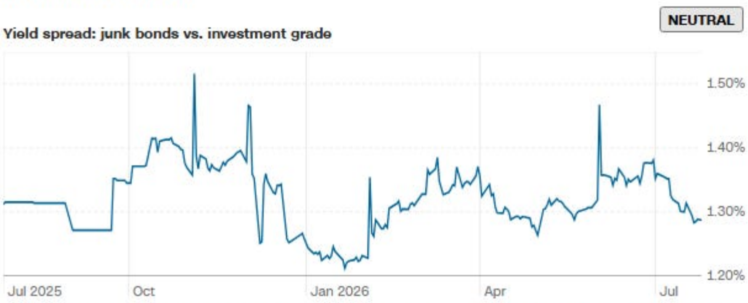


Last updated Jul 24 at 3:59:59 PM EDT

Stocks are riskier than bonds. But the reward for investing in stocks over the long haul is greater. Still, bonds can outperform stocks over short periods. Safe Haven Demand shows the difference between Treasury bond and stock returns over the past 20 trading days. Bonds do better when investors are scared. The Fear & Greed Index uses increasing safe haven demand as a signal for Fear.

JUNK BOND DEMAND

Yield spread: junk bonds vs. investment grade



Note: The frequent drops of the yield spread on the Junk Bond Demand chart usually appear on the ex-dividend date. The spread typically bounces back after the dividend is paid and normalizes over time.

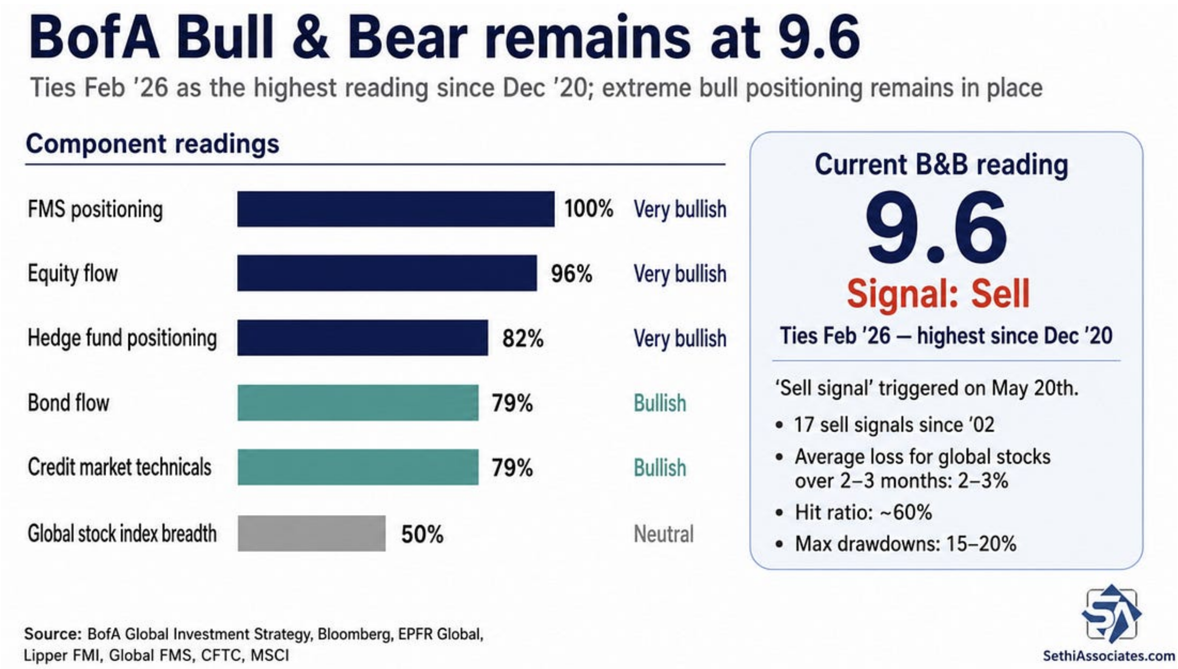
Last updated Jul 24 at 6:30:00 PM EDT

Junk bonds carry a higher risk of default compared to other bonds. Bond yields – or the return you get on investing in a bond - dip when prices go up. If investors crave junk bonds, the yields drop. Likewise, yields rise when people are selling. So a smaller difference (or spread) between yields for junk bonds and safer government bonds is a sign investors are taking on more risk. A wider spread shows more caution. The Fear & Greed Index uses junk bond demand as a signal for Greed.

But BoA’s **Bull & Bear Indicator remained at 9.6, the joint highest (with February) since December 2020, and remaining above its sell signal which it crossed back above May 20th**:

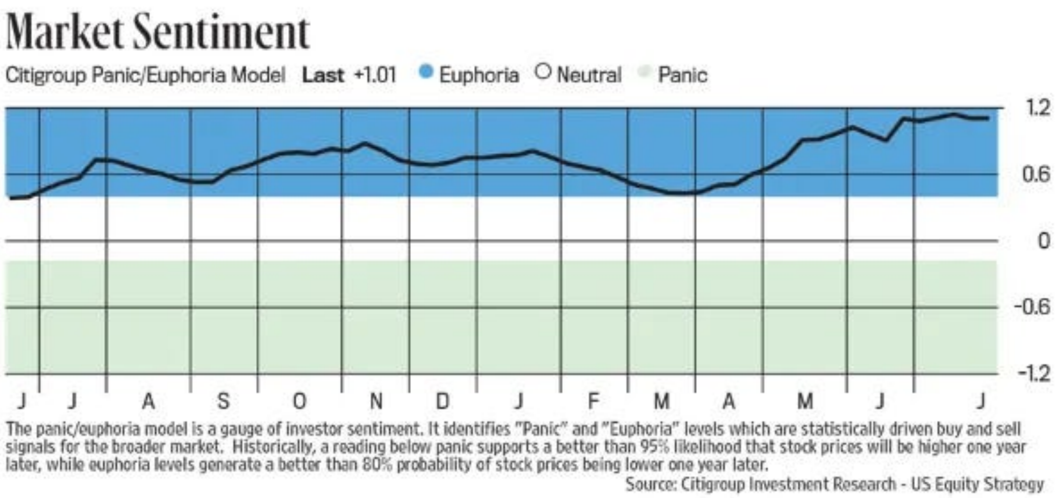
> on strong tech inflows, partially offset by more bearish hedge fund positioning in

> oil, 2-year USTs, VIX, and slowing EM debt inflows;
>
> [From last week]:
>
> BofA Bull & Bear "sell signal" remains in place, **extreme bull positioning says markets "toppy", reduce equity exposure, retreat or rotate much smarter summer tactic for risk assets than reload.**
>
> **17 "sell signals" since '02, average loss for global stocks over 2-3 months is 2-3% (hit ratio of ~60%), with max drawdowns of 15-20%** (caveats always "tops are a process, lows are a moment", i.e. greed harder to reverse than fear).

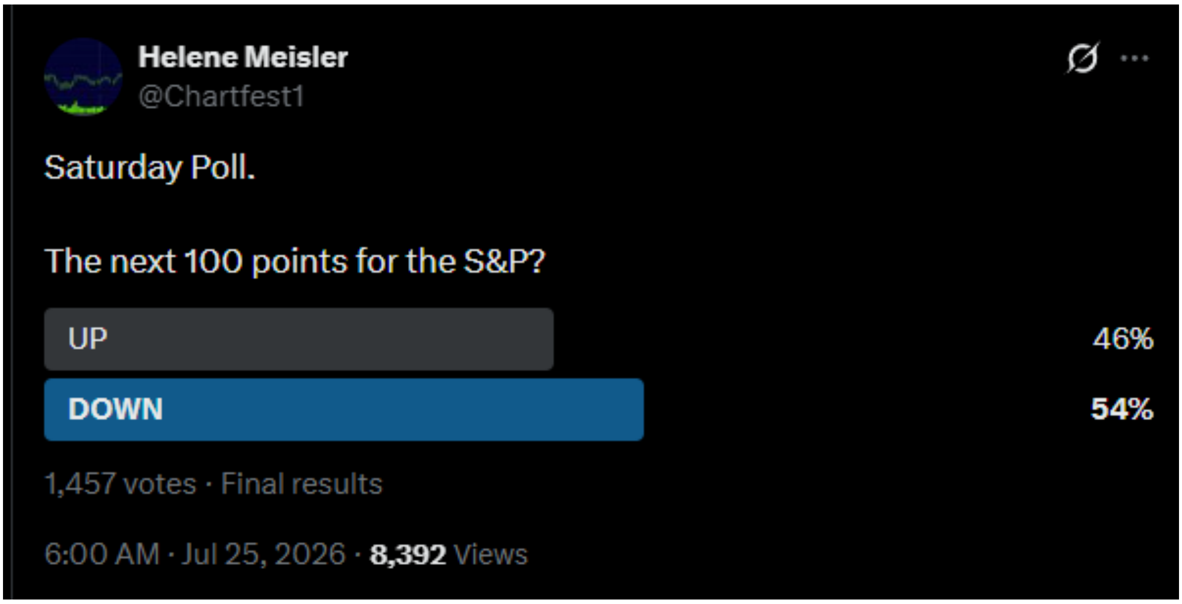


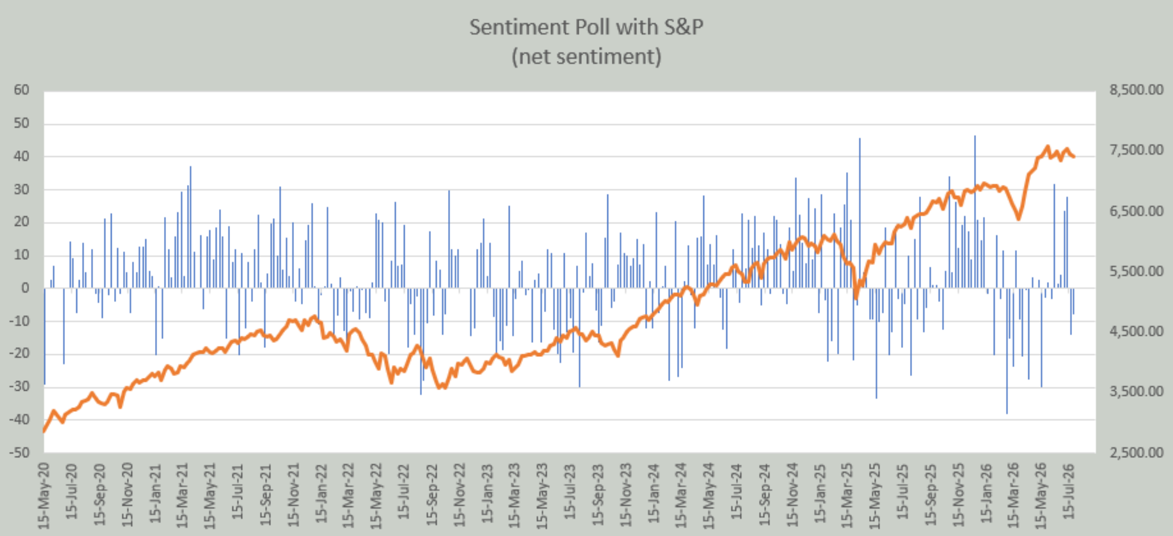
As a side note, if you're wondering since May 20th the SPX is -0.3%.

While the Citi panic/euphoria indicator continues to press up against 52-week highs.



But Helene Meisler's followers bearish for a second week, although a little less so.





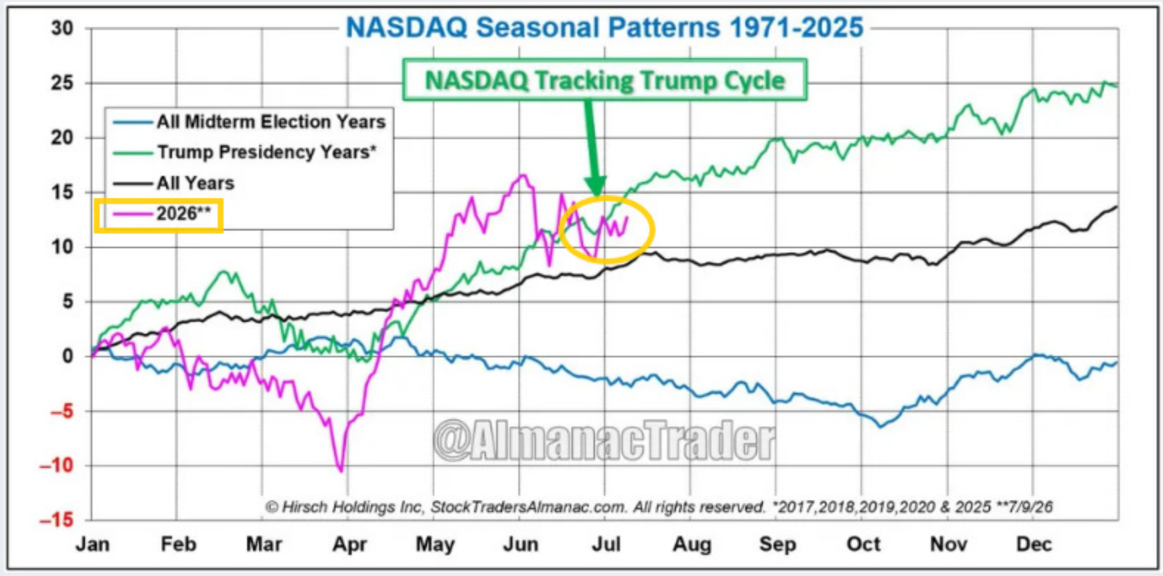
Seasonality

Nothing new on seasonality this week. There will be a lot next week.

Kept in a couple of notes from prior weeks.

And Jeff Hirsch editor of the Stock Trader's Almanac notes that instead of all year or mid-term seasonality, ***we've been more closely tracking the Trump Presidency Seasonal Cycle****:*

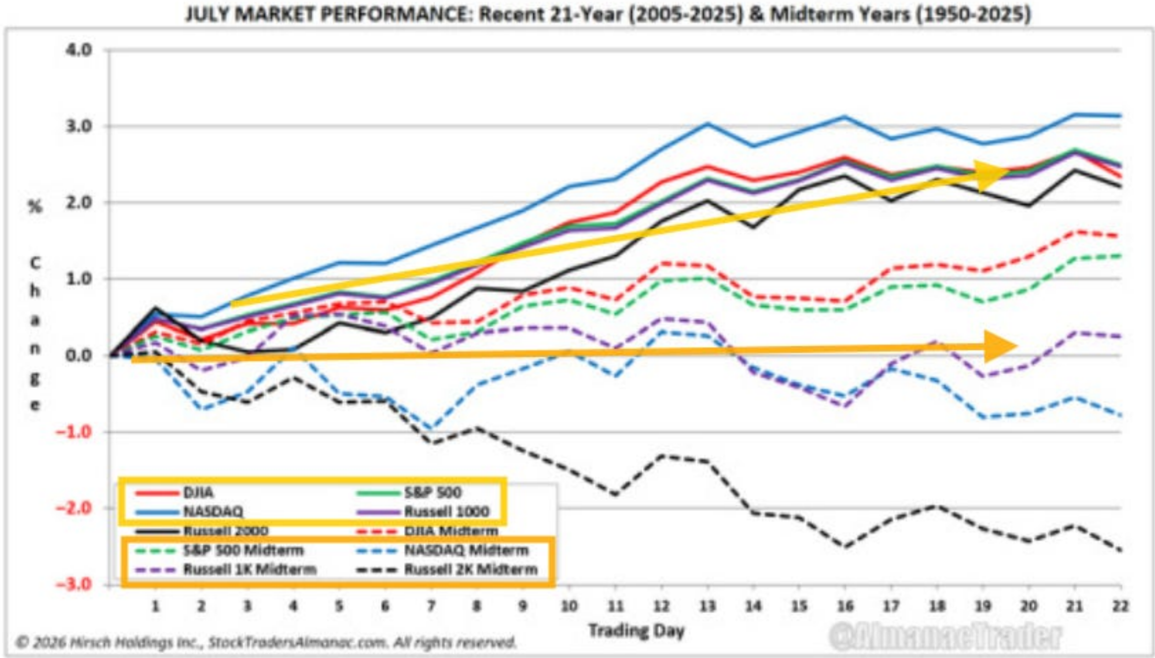
> *"Back in March we identified the Trump Presidency Seasonal Cycle, and 2026 continues to track the pattern closely:* ***rough Q1, targets get slashed, the Street***

> ***panics, Trump reverses course and big rally ensues over for the rest of the year**.*
>
> *"**We're seeing it with NASDAQ as well.** June's selloff and the 'Christmas in July' Midyear Rally has brought 2026 back in line with the Trump Presidency Cycle."*
>
> 
>

I'll leave up the seasonal chart for July through the end of the month:

"Seasonal trends suggest July could continue to provide support for equities, but the midterm-year backdrop serves as a reminder that volatility can emerge quickly and unexpectedly."

https://jeffhirsch.tumblr.com/post/820420237768916992/strong-july-trends-could-face-a-midterm-year-test



I'll also leave up the Fed seasonality information. We are starting to get into the "rockier 2-3 month stretch".

> *And I noted two weeks ago the tendency for equities to be down for the first meeting of a new Fed chair, bounce back over the next couple of weeks, but see a much rockier 2-3 month stretch. Jeff also looks further out (from the start of a new Fed chair which would have been May 22nd for Warsh) and if you exclude Greenspan since 1933 the 6-month and 12-month returns have been pretty good. I'm going to leave this in to see how we track as time goes on.*

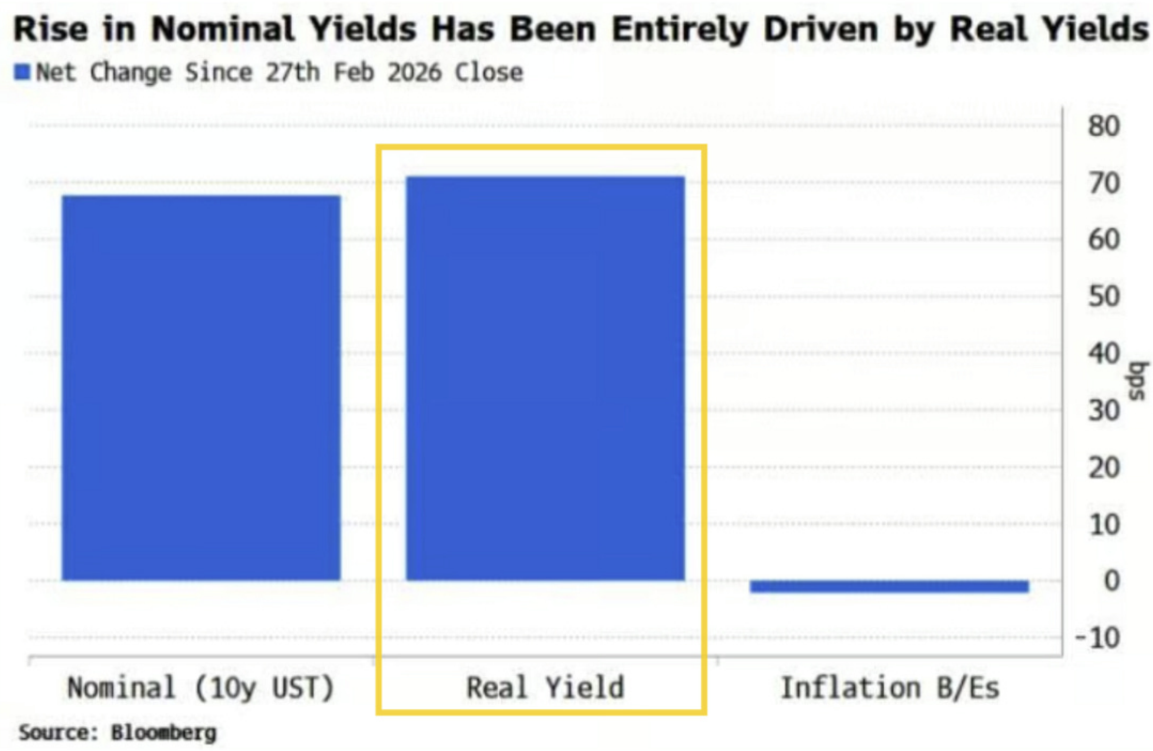
S&P 500 Performance After New Federal Reserve Chair

New Chair	Date Start	Prior Day Cls	1 week % Chg	2 weeks % Chg	1 month % Chg	2 months % Chg	3 months % Chg	6 months % Chg	12 months % Chg
Eugene Meyer	9/16/1930	21.19	–4.81	–10.90	–14.11	–19.54	–25.93	–17.46	–40.56
Eugene R. Black	5/19/1933	8.89	2.14	9.56	12.04	37.23	16.52	11.81	8.48
Marriner S. Eccles	11/15/1934	9.20	–1.09	3.70	–0.98	–0.33	–0.99	6.63	45.05
Thomas B. McCabe	4/15/1948	15.28	1.70	1.90	7.26	11.06	8.11	5.63	–3.54
Wm. McC. Martin, Jr	4/2/1951	21.40	1.31	3.74	5.28	0.37	–3.32	9.67	11.53
Arthur F. Burns	2/1/1970	85.02	1.54	1.79	5.27	5.42	–5.57	–8.20	11.06
G. William Miller	3/8/1978	87.36	2.28	2.78	3.22	10.50	12.05	20.67	10.17
Paul A. Volcker	8/6/1979	104.04	2.27	4.09	2.27	6.95	–4.30	10.21	13.48
Alan Greenspan	8/11/1987	328.00	1.86	1.63	–3.31	–5.16	–28.47	–21.75	–21.61
Ben S. Bernanke	2/1/2006	1280.08	–1.98	–0.36	0.05	1.15	4.45	–0.27	14.62
Janet L. Yellen	2/3/2014	1782.59	0.81	3.14	4.31	6.08	4.68	8.00	12.46
Jerome H. Powell	2/5/2018	2762.13	–5.16	–1.08	–2.57	–4.25	1.67	2.83	4.02
*Kevin M. Warsh**	*5/22/2026*	*7445.72*	*1.80*	*–0.83*	—	—	—	—	—
		Average:	**0.07**	**1.67**	**1.56**	**4.12**	**–1.76**	**2.31**	**5.43**
		Median:	**1.42**	**2.34**	**2.74**	**3.29**	**0.34**	**6.13**	**10.62**
** Not included in stats*		**% Higher:**	**66.67**	**75.00**	**66.67**	**66.67**	**50.00**	**66.67**	**75.00**
Exclude Meyer (Great Depression) & Greenspan (1987 Crash)									
		Average:	**0.38**	**2.93**	**3.61**	**7.42**	**3.33**	**6.70**	**12.73**
		Median:	**1.42**	**2.96**	**3.76**	**5.75**	**3.06**	**7.31**	**11.30**
		% Higher:	**70.00**	**80.00**	**80.00**	**80.00**	**60.00**	**80.00**	**90.00**

Rates/Fed

Turning to interest rates, I noted a few weeks ago that I thought rate pricing and probably the move in rates along with the expectations for Fed rate hikes had gone too far, and now we're right back to those levels. And while I again think we're pushing too far, I have a less optimistic view on rates than I did then (particularly the long end), as I am becoming increasingly convinced that a hike is a real possibility this year, something I thought was unlikely absent a continued push higher in inflation.

In that regard, the rise in rates (2-year yield the highest since February 2025, 10-year the highest since January 2025, and 30-year pushing against the highest since 2007) has been solely a function of higher real yields (i.e., inflation adjusted) as inflation expectations have surprisingly not moved since the start of the Iran conflict.



This means most of the move is a function of 1) a higher expected fed funds rate and 2) higher term premium (the "risk compensation" for holding longer durations), primarily the first. Because I had thought it unlikely the Fed would be raising rates, I thought the rise in rates would reverse, but I have become increasingly convinced that the Fed will hike. Below are some useful thoughts from BofA on that point:

> At the time of this writing, markets are pricing nearly 10bp of hikes at the July meeting.... So markets are truly flying blind....
>
> Arguably [the] setup is exactly what Warsh wants: markets are responding to data and geopolitical developments without any guidance from the Fed. Yet he's left with a difficult choice.
>
> **If the Fed stays on hold, Warsh risks sending a signal that nothing has really changed at the Fed because it still only surprises markets in the dovish direction. Is that what he wants to convey, after touting a "sea change" under his leadership**?
>
> Moreover, if the Fed doesn't raise rates, **markets will probably take hikes out**

> **from the entire path (they're currently pricing 60bp of hikes by next June). Does the Fed really want to ease meaningfully relative to what's priced?**
>
> Warsh puts a lot of emphasis on credibility. At Sintra, he noted that inflation expectations were contained. **With expectations now moving up, what would it say about Fed credibility if he delivers a dovish surprise?**
>
> Some other reasons to hike:
>
> - **Firms that pass through cost increases when oil surges might be less willing to lower their prices when oil declines**, due to concerns that there will be another upside shock in short order.
>
> - **$80-100 is likely the most hawkish outcome for crude (chart).** It's a large enough shock to create upside risks to core, but not so large that the Fed would worry about major downside risks to the labor market.
>
> - **There is a narrow window (say, a few months) in which [Warsh] can absolve himself of any blame for the inflation overshoot**. Hiking in that period would differentiate him from Powell and allow him to claim credit for any disinflation down the line, even if it's mechanical.
>
> - **While we are sticking with our call for a hold, further increases in oil prices and July hike pricing could tip the scales in favor of a 25bp hike**. There's also a risk of de-escalation in the Middle East by next Wednesday. In that case, it should be an easier decision to stay on hold.

And as Heisenberg Report notes (and Neil Dutta of RenMac has made a similar argument), it may be **better for Warsh if he thinks he may be forced to hike by September to get it over with now** than risk having to execute a "forced" hike which may damage his image and could mean a "back-against-the-wall *50*bps hike just ahead of the mid-terms."

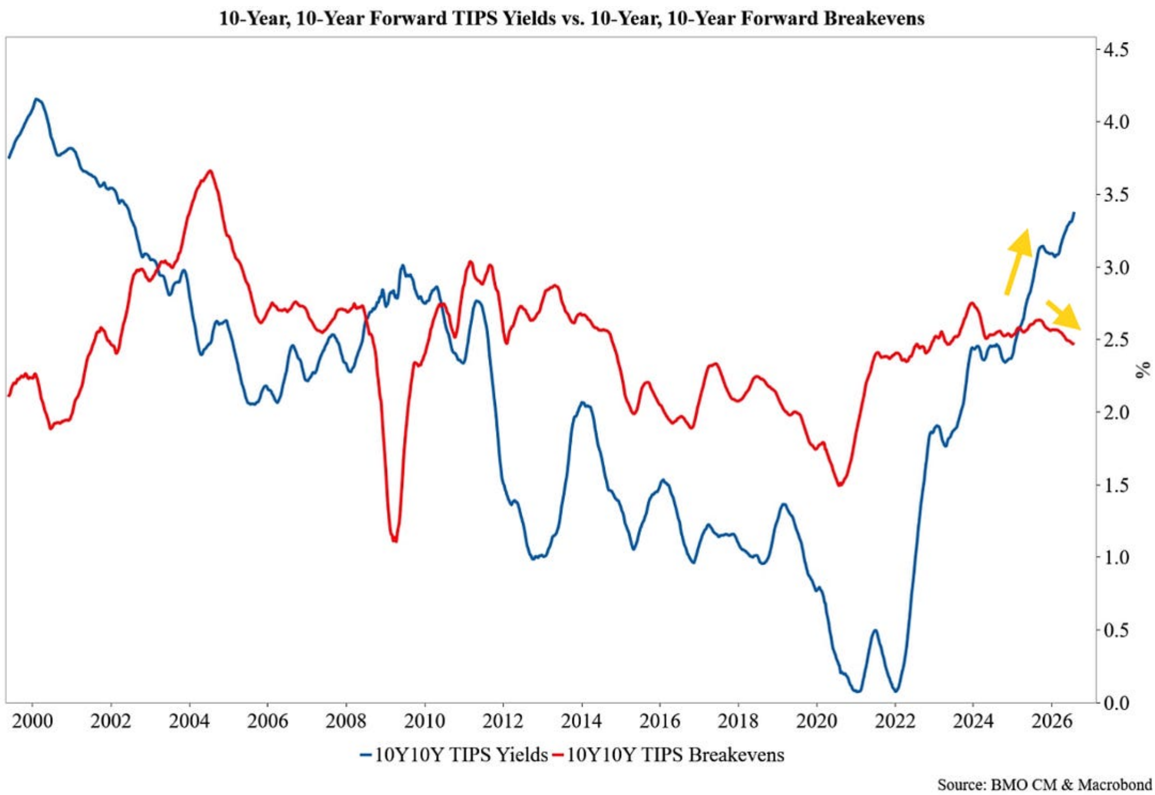
And taking it back to the inflation expectations channel, a failure to hike may jeopardize that hard-fought position. As White noted **"the implicit belief being that**

the Fed will always do enough to ensure CPI will tend back to the target." But White posits "if the Fed does not follow through with a hike in the near future...the market's endorsement of the Warsh Fed's inflation-fighting credentials may well be withdrawn."

Similarly, BMO's exceptional rates strategist Ian Lyngen noted this week that **long term* real yields (expressed via TIPS) have been remarkably stable even as inflation expectations have risen**. "While [the r-star proxy] has risen by hundreds of basis points over the past few years, long-run inflation expectations have remained well anchored," Lyngen wrote, adding that expectations "have been trending below 2.50% for the past few weeks, and the 100-day moving average is currently at its lowest since 2022."

This means Lyngen says that "**the market remains confident in the Fed's ability and willingness to control inflation," something Warsh likely does not want to jeopardize.**

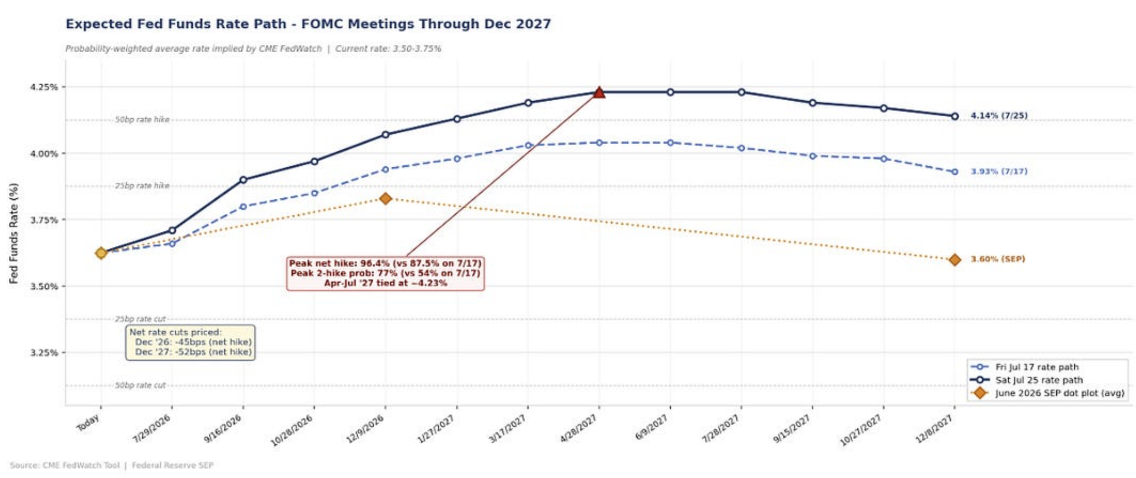
**Lyngen used 10-year, 10-year (so the following 10 years starting in 10 years) rates for his analysis.*



Thus, **even if my thinking was correct and the Fed doesn't raise rates, while it will likely mean a softening of shorter term rates (which in fairness is where my focus was for the most part), it very likely doesn't mean the long end will soften** as resurgent inflation expectations will offset any softening in fed funds expectations. In fact, it may very well steepen rates, and then those rising inflation expectations may lead to just that forced Fed hike to calm them.

Either way, I have to raise my expectations for the range of longer term yields which have spent most of the post-February period at or above the top of my prior range. I still think that 5% on the 10-year and 5.75% on the 30-year represent areas where we will see very strong buying, and I'm not sure we'll test those levels, but if the Fed does decide to hike next week and/or we return to hot inflation prints, I think it is not unlikely. On the 2-year I think a lot depends on whether the Fed hikes. If they do there's potentially another ~25 basis points to the upside. If they don't, I think we're going lower from here

In terms of where Fed Futures markets stand currently, **according to CME's Fedwatch tool, there's that 34% chance of a hike this week, 82% by September, 93% by the end of the year with 61% chance of two hikes (and 8% chance of three).**



And I should add that while there are reasons for a hike, most don't expect one:

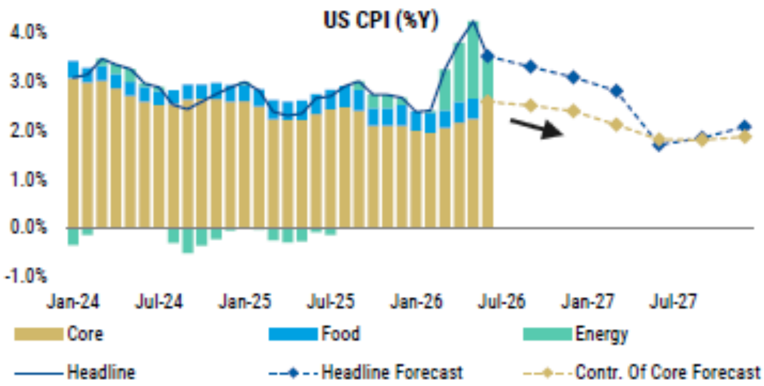
> A Bloomberg survey of 80 economists conducted July 17-22 collectively still view the next move by the Fed as a cut, albeit not until the third quarter of next year (pushed back from the second quarter in the last survey).
>
> The personal consumption expenditures price index excluding food and energy is now seen rising 3.4% in the second quarter from a year earlier, up from a 3.3% estimate last month, according to the survey. Even so, respondents see headline inflation decelerating faster in the second half of the year than previously projected.
>
> "The US economy is shifting from a higher-for-longer interest-rate story to a higher-for-longer uncertainty story — and that may prove the more consequential headwind for the Fed and markets alike," said Dennis Shen, a lecturer in finance at the International School of Management in Berlin.

> JPM's Feroli is one of those expecting a hold this week with two dissents:
>
> **The FOMC voted unanimously to hold rates steady at its June meeting, and since then the one CPI report has surprised to the downside, so a near-term hike would indeed be surprising**. The committee's June statement also emphasized elevated inflation and "price stability," but it did so **without signaling an immediate hiking cycle.**
>
> The most relevant public signals so far are that **Hammack and Logan have already dissented in favor of a tighter stance, while Kashkari has been mentioned as a possible additional dissenter; the key distinction for markets is whether any Board member joins them,** since that would read as a stronger institutional shift toward hikes raising the risk of a September move.
>
> The statement wording itself is already in a hawkish posture — "The Committee will deliver price stability" — so **without hotter inflation prints, the odds still seem skewed toward a hold unless dissents broaden materially or the next two reports reaccelerate.**

Morgan Stanley's Gapen is another:

> Payroll growth slowed to 57k in June, easing concerns that an accelerating labor market would drive wage-led inflation pressures.
>
> AI and residual oil-linked inflation are the remaining upward forces without a firmer labor market. We expect tariff disinflation to more than offset those pressures, pushing inflation lower by year-end.
>
> We see no FOMC rate hikes in 2026, followed by two 25bp cuts in 2027. We expect core PCE inflation running closer to 2.0% on an annualized basis in the second half of the year will keep the Fed on hold.

Exhibit 8: US Inflation



Source: BEA, BLS, Morgan Stanley Research forecasts.

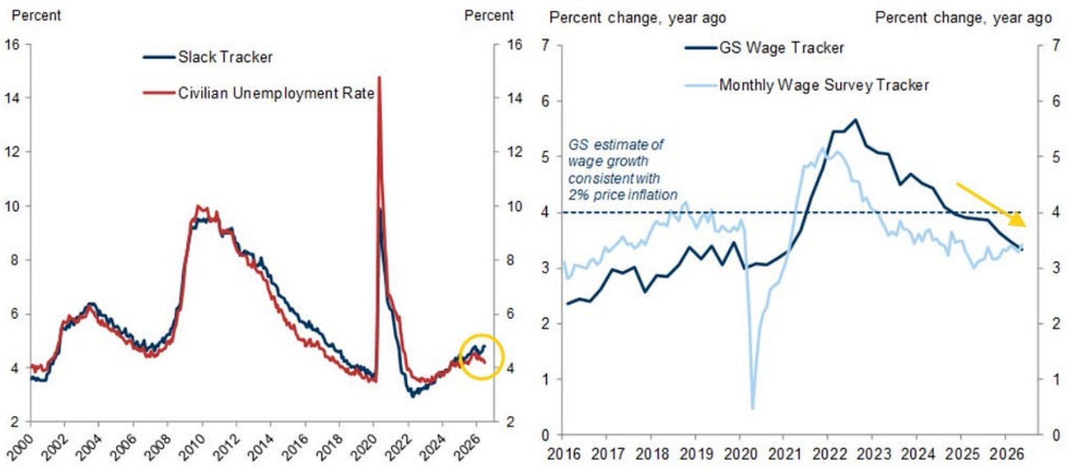
And Goldman argues that there's not much rate hikes can do to reduce inflation absent really hitting the labor market:

> An important question that arose during Chairman Warsh's testimony before Congress is **whether interest rate hikes would help to address high inflation caused by supply shocks**...
>
> **Raising interest rates could still offset the inflationary impact of supply shocks through the textbook channel of reducing resource utilization**, even from a starting point where the economy is not overheated. But a lesson of recent years is that **the effects of supply shocks on inflation are often large, while the**

effects of changes in resource utilization are moderate. This implies that it would usually take a large increase in unemployment to fully offset the impact of a supply shock.

What about a potential alternative rationale for modest rate hikes, that **they might influence inflation expectations** and ultimately price and wage setting by signaling the Fed’s commitment to its inflation target? **Evidence from economic research provides little support for this channel,** mainly because businesses and consumers—unlike financial market participants—pay little attention to central banks.

Exhibit 1: The Economy Is Not Experiencing Macroeconomic Overheating, the Strongest Rationale for Raising Interest Rates



Source: Goldman Sachs Global Investment Research

Raising interest rates could still offset the inflationary impact of supply shocks through the textbook channel of reducing resource utilization, even from a starting point where the economy is not overheated. But a key lesson of recent years is that the effects of supply shocks on inflation are often large, while the effects of changes in resource utilization are moderate.

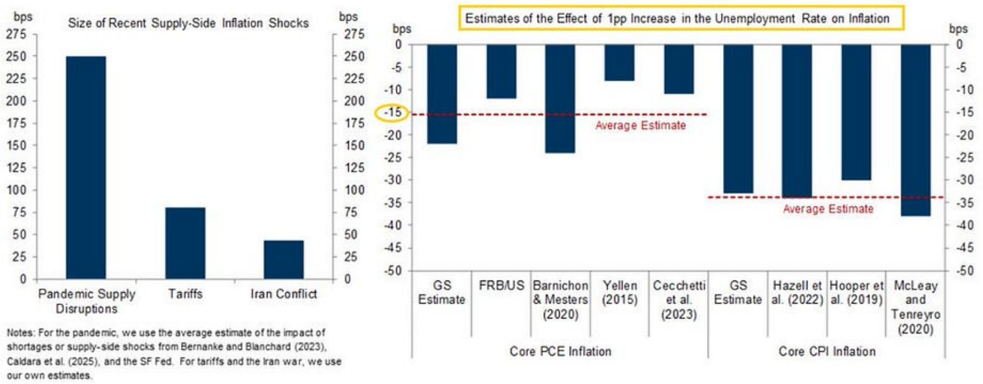
The left side of exhibit 2 provides a few examples. The right side of exhibit 2 shows, that estimates of the slope of the Phillips curve—the impact of a 1pp increase in the unemployment rate on inflation—average roughly -15-20bp in PCE terms and -30-35bp in CPI terms. Today the effect should be about average because the labor market is in a fairly normal balance, though it would grow if the labor market tightened meaningfully.

Taken together, this implies that it would usually take a large increase in unemployment to fully offset the impact of a supply shock.

For example, these estimates imply that it would have taken several percentage points of additional unemployment to fully offset the effects of tariffs.

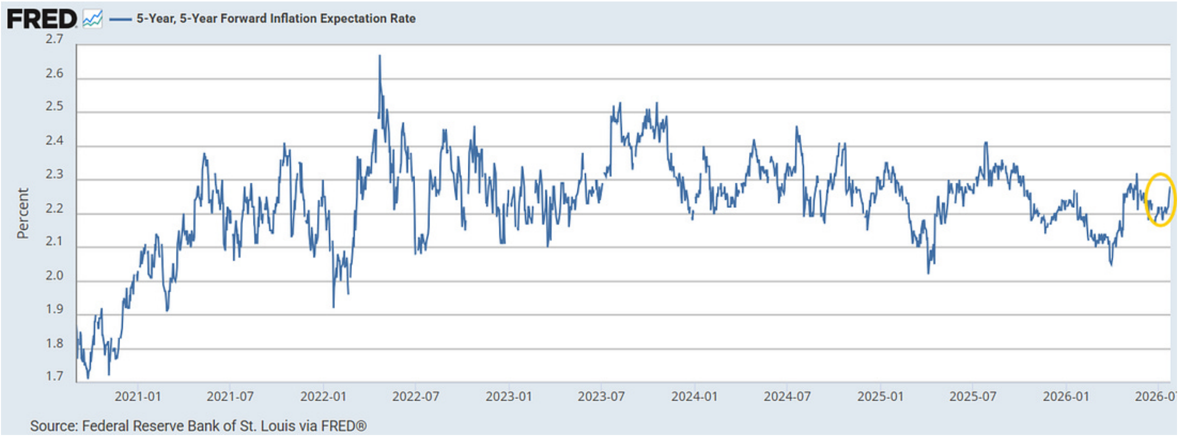
Former Fed Chair Janet Yellen recently highlighted this as one of the key lessons of recent years: "Monetary policy cannot tame supply-driven inflation without exacting unacceptable unemployment costs." Those steep costs, she added, lie behind the standard central bank wisdom that "Looking through supply shocks should remain the default strategy unless inflation expectations are at genuine risk of becoming unanchored."

Exhibit 2: The Effects of Supply Shocks on Inflation Can Be Large, While the Effects of Changes in Resource Utilization Are Moderate, Meaning It Takes a Lot of Unemployment to Offset the Impact of Supply Shocks



Source: Goldman Sachs Global Investment Research

But we did see the **Fed favorite 5-year, 5-year forward rate (expected inflation for the 5 years starting 5 years from now), pop a little last week +0.07% to +2.28%**, towards the middle of the range over the past five years.



Wrap-Up

This is mostly a rehash of last week but I plan a rewrite next week once we get through this week of earnings and the Fed meeting:

Two weeks ago, I identified the push-pull that would frame markets the last couple of weeks beyond the on-again, off-again trader infatuation with the AI-trade:

> ***The broader setup remains constructive, and the positives have grown.*** *Earnings expectations continue to move higher, even as there is some concern about the sustainability of the most extreme expectations. Revisions remain very strong, the equal-weight S&P 500 made a new high, breadth improved, retail activity remains extremely active, the outlook for systematic flows has improved, gamma has moved positive, July seasonality is better than June, and the economy continues to look resilient, even if perhaps not quite as strong as a month ago.*
>
> ***Offsetting that in the short term****, buyback support will be at its minimum over the next few weeks, leveraged ETF exposure remains very large, leaving markets exposed to heightened volatility risk, and the situations with Iran and the Fed remain far from settled.*

And we have certainly seen that push-pull continue with the AI-trade continuing to vacillate since then, with the leverage employed in that trade pressuring indices, particularly the Nasdaq which again finds itself in even more precarious technical territory. As I said the past few weeks, “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."

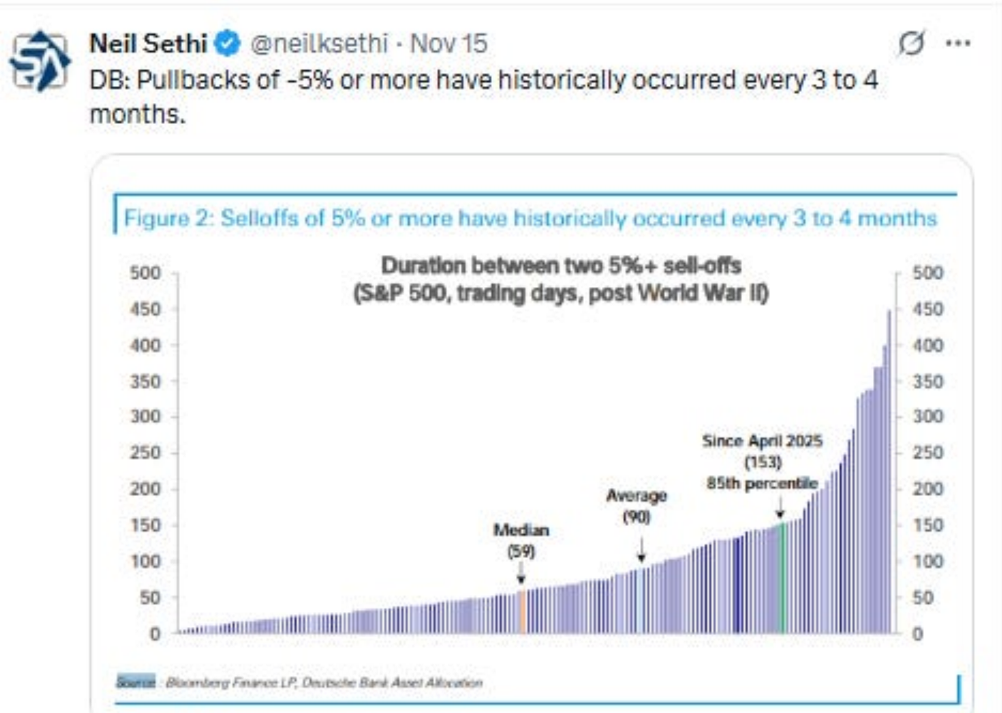
It's still too early to say whether we are in fact seeing a change in character, but the Nasdaq is now down -7.5% from the highs, and it's hard to ignore the message the markets sent following Alphabet and Tesla earnings. Despite very strong operating results, both (but particularly Alphabet) were sold on higher capex. That adds to a number of other reasons (how far the rally went, historic patterns, etc.) that the tech weakness may arguably continue further. But, as we know, it can also bounce back viciously at any time, particularly given we're about to get quite a few tech heavyweights reporting this week. We'll see if we continue to see a similar reaction from traders.

But those very strong earnings are supporting other areas of the market (even as we saw breadth weaken last week). **The median stock has so far beaten the extremely high bar**. And while Tech shares are seeing weak reactions even to "double beats" the story outside of Tech has been more favorable.

Another thing to watch in the upcoming week will be systematic positioning. While not quite as hostile a setup as we had coming into last week, things remain tilted much more towards continued deleveraging than the opposite, and the low gamma we start the week with will not help dampen volatility, all of which means any notable declines could gather steam quickly.

The Mid-East conflict remains a constant source of headline risk, but it does appear the sides have resumed interest in de-escalation. We'll have to see if that continues.

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



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