GLOBAL INSTITUTIONAL ADVISORS

Weekly Market Wrap

Key Market Developments

US equities booked a second consecutive weekly decline (S&P 500 -0.6% to 7,411.98; Nasdaq -1.6% to 24,975.82), while the Dow's marginal Friday gain still left it -0.4% on the week and on a third straight losing streak. Second-quarter earnings highlighted a more selective market. Alphabet's cloud revenue surged 82% YoY, but shares were weighed down by higher 2026 capex guidance of $195–205 billion, reflecting investor concerns over AI spending. Tesla fell 14.5% despite record deliveries and 26% revenue growth, as an EPS miss, margin compression, and negative free cash flow from heavy manufacturing and AI investment overshadowed strong sales. The common theme is a market with less tolerance for rising capital intensity and weaker margins.

Treasury yields extended their climb, with the 10-year touching 4.71% intraweek before easing to 4.68% by Friday, its highest close since January 2025, as a fresh escalation in the Iran conflict, including a thirteenth consecutive night of US strikes and Houthi attacks on Saudi tankers in the Red Sea, pushed Brent toward USD 100/bbl before it settled back near USD 98, still up roughly 10% on the week. The same dynamics echoed globally: the Eurozone flash composite PMI climbed to a five-month high of 51.9, Japan's Nikkei and JGB yields remained volatile on BoJ tightening expectations, and Indian equities slumped, with the Nifty 50 down 2.33% as financials and realty led declines while India VIX jumped nearly 7%.

What Are We Watching – Week Starting 27th July

- **United States – FOMC decision (Tue-Wed):** The Fed meets on 28–29 July against a backdrop of rising oil-driven inflation risks. While rates are widely expected to remain unchanged at 3.50–3.75%, markets will focus on Chair Warsh's press conference for clues on the policy outlook. September is increasingly viewed as the first realistic opportunity for a rate hike under his tenure.
- **Geopolitics – Strait of Hormuz and Red Sea:** US strikes on Iranian targets continue nightly, and Houthi attacks have extended to Saudi-flagged tankers in the Red Sea, raising the risk that a second export corridor comes under pressure alongside Hormuz. Strikes have not yet hit UAE or Saudi soil directly, but the situation is fluid and remains the single largest swing factor for oil this week.
- **Other rate decisions – BoE and BoJ (Thu):** The Bank of England meets on 30 July and is expected to keep rates unchanged at 3.75%, though markets will watch for a hawkish tone as energy-driven inflation risks build. Investors will also be monitoring the new chancellor's fiscal agenda under Prime Minister Andy Burnham. The Bank of Japan concludes its meeting the same day, with markets focused on the pace of further policy normalization following June's rate hike to 1.00%.
- **Eurozone – flash Q2 GDP (Thu):** Germany and the wider Eurozone report preliminary second-quarter growth days after the composite PMI's surprise jump to 51.9, testing whether the rebound is broadening or was flattered by survey timing ahead of the oil shock.
- **Kimi K3 open weights (due 27 Jul):** Moonshot AI's 2.8-trillion-parameter model, unveiled 16 July, triggered a DeepSeek-style selloff in semiconductors the following week, with the Philadelphia Semiconductor Index falling into bear-market territory. Moonshot has committed to publishing the full open weights by 27 July, timing that lands squarely alongside Amazon, Meta and Microsoft's earnings and could reignite scrutiny of hyperscaler AI capex if a Chinese lab can approach frontier performance at a fraction of the cost.
- **US data:** Consumer confidence, durable goods orders, the advance Q2 GDP estimate and the Fed's preferred PCE gauge round out a busy week, with unemployment still near historic lows even as the inflation picture stays muddled despite recent soft prints.

GIA View

Equities:

- We maintain a cautious stance on US equities. Q2 earnings growth is tracking well above trend, FactSet's blended estimate stood at 23% y/y as of 20 July and, with roughly a quarter of S&P 500 companies now reported, that figure has since jumped to nearly 38% on mega-cap. Even so, the Alphabet and Tesla reactions show upside surprises being overshadowed by capital-intensity concerns, and valuations remain a headwind: the S&P 500 traded near 20x forward earnings as of 20 July, above longer-run averages.
- New US tariffs (10-12.5% on a range of trading partners, including the EU) add another layer of trade uncertainty. Specific EM sectors could be disproportionately exposed; Indian generic pharmaceutical exporters look particularly at risk given past litigation patterns around similar measures, though the ultimate impact is difficult to quantify at this stage.

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Rates:

- US Treasury yields resumed their climb, with the 10-year closing at 4.68% (intraweek high 4.71%) and the 30-year near 5.17%, levels last seen in 2007. Fed funds futures now assign close to 100% odds of at least one quarter-point hike by September.
- 30-year TIPS real yields have ground up to roughly 2.7%, the highest since the tenor was reintroduced in 2010, and are edging toward 3% as investors demand more compensation for long-duration exposure amid persistent inflation risk.
- The move is global: German Bund and UK Gilt 10-year yields are at multi-year highs, and India's 10-year G-sec has drifted toward 6.8% as imported inflation risk from oil and a weaker rupee feeds through.

Commodities:

- Oil remains the dominant story. WTI/Brent rallied through the week on a thirteenth consecutive night of US strikes on Iran and widening Houthi attacks on Saudi tankers, briefly pushing Brent toward USD 100/bbl before easing to the high USD 90s. Governments have been running down strategic reserves to cushion consumers, but that cannot continue indefinitely; a prolonged conflict carries a genuinely stagflationary risk for global growth.
- Gold's subdued performance was the more surprising story. Despite heightened geopolitical tensions and a broader equity selloff, it gained just 0.9% WoW and remains down 6.5% YTD, likely as a stronger U.S. dollar and higher real yields reduced its appeal as a safe haven.
- Silver outperformed gold again this week (+4.0% WoW) despite remaining down sharply YTD, continuing to trade more on industrial demand than safe-haven flows.

Chart of the week: Foreign Central Banks Hold More Gold Than Treasuries

Source: Bloomberg

Central banks purchased a net 1,237 tonnes of gold in 2025 and 244 tonnes in Q1 2026, extending a buying wave that began in 2022, led by China, India, Poland, and Turkey. However, rising gold prices have also mechanically increased gold's share of global reserves, while Treasury holdings have not benefited from a similar revaluation. This distinction helps explain why gold rose just 0.9% this week and remains down 6.5% YTD despite escalating geopolitical tensions and weaker equities. In the near term, a stronger U.S. dollar and elevated Treasury yields have outweighed safe-haven demand by raising the opportunity cost of holding non-yielding assets. While central bank buying remains a multi-year structural tailwind, the World Gold Council expects purchases to moderate to 750–850 tonnes in 2026, suggesting the trend remains intact but is unlikely to accelerate further.

Asset Class Performance – Week Ending 24th July 2026

	Week ending >>>				
	17-Jul-26	24-Jul-26	YTD Δ	MTD Δ	Weekly Δ
Equity Indices					
S&P 500 (USD)	7,457.7	7,412.0	8.1%	0.8%	(0.6%)
NASDAQ (USD)	28,592.7	28,128.3	11.6%	(3.4%)	(1.6%)
Dow Jones (USD)	52,146.4	51,947.3	7.4%	0.1%	(0.4%)
MSCI EM Index (USD)	1,620.7	1,628.0	13.9%	(4.6%)	0.5%
SENSEX (INR)	78,151.5	76,059.8	(11.3%)	(1.3%)	(2.7%)
Stoxx 600 (EUR)	641.5	644.5	8.1%	1.4%	0.5%
Nikkei (JPY)	64,141.1	64,611.2	28.4%	(6.8%)	0.7%
Hang Seng (HKD)	24,562.2	24,963.2	(5.2%)	10.1%	1.6%

	17-Jul-26	24-Jul-26	YTD Δ	MTD Δ	Weekly Δ
Commodities					
Gold (USD per troy ounce)	4,017.4	4,052.8	(6.5%)	(0.9%)	0.9%
Silver (USD per troy ounce)	55.9	58.2	(20.1%)	(1.6%)	4.0%
Oil (USD per barrel)	82.5	89.3	55.8%	29.0%	8.3%
Natural Gas (Henry Hub)	2.9	2.9	(20.6%)	(11.1%)	(1.4%)
Currencies					
EUR/USD	1.1439	1.1370	(3.0%)	(0.1%)	(0.6%)
GBP/USD	1.3452	1.3325	(1.0%)	0.9%	(0.9%)
USD/INR	96.2813	96.5700	7.1%	2.3%	0.3%
CHF/USD	1.2387	1.2222	(3.2%)	(1.0%)	(1.3%)
USD/JPY	162.4000	163.8300	4.5%	1.3%	0.9%
Credit Markets					
US Treasury 10Y Yield (%)	4.55	4.68	48.64	30.85	12.97
German Bund 10Y	3.13	3.17	27.20	32.10	4.60
UK Gilt 10Y	4.951	5.032	49.55	30.10	8.10
Japan JGB 10Y	2.719	2.776	71.00	13.90	5.70
India G-Sec 10Y	6.780	6.825	21.88	5.60	4.50
China CGB 10Y	1.734	1.724	(13.10)	(0.20)	(1.00)
S&P BDC Index	47.916	46.586	(15.6%)	(0.7%)	(2.8%)
Policy Rates					
Fed Funds Rate (US)	3.750	3.750	-	-	-
BoE Bank Rate	3.750	3.750	-	-	-
BoJ Policy Rate	1.000	1.000	25.00	-	-
RBI Repo Rate	5.250	5.250	-	-	-

Key Economic Events – Week of 27–31 July

Date	Country/Region	Event	Period	Survey (Median)	Prior
Tue, 28 Jul	US	Conf. Board Consumer Confidence	Jul	92.2	91.2
Thu, 30 Jul	US	GDP Annualized QoQ (Advance)	2Q A	2.1%	2.1%
Thu, 30 Jul	US	Core PCE Price Index YoY	Jun	3.3%	3.4%
Thu, 30 Jul	US	Initial Jobless Claims	w/e 25 Jul	200k	187k
Thu, 30 Jul	Eurozone	Flash Q2 GDP QoQ (Advance)	2Q A	0.20%	(0.20%)
Fri, 31 Jul	US	Univ. of Michigan Consumer Sentiment (Final)	Jul F	54.0	54.4
Fri, 31 Jul	CH	NBS Manufacturing & Non-Manufacturing PMI	Jul	--	--

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