AUGUST 7, 2026

WEEKLY UPDATE

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MUSINGS

"Dost thou love life? Then do not squander time, for that is the stuff life is made of."

BENJAMIN FRANKLIN

LAST WEEK IN THE MARKETS

Name	Closing Level		Weekly Change		YTD Change	
S&P 500	**7,757**	▲	**3.57%**	▲	**13.32%**	▲
Nasdaq Composite	**26,690**	▲	**5.19%**	▲	**14.84%**	▲
10Y UST Yield	**4.649**	▼	-1.46%	▼	**11.67%**	▲
Crude oil	**77.07**	▼	**-11.20%**	▼	**34.27%**	▲
Gold	**4,342**	▲	**7.34%**	▲	**0.56%**	▲
DXY	99.604	▼	-0.20%	▼	1.35%	▲
USD/INR	**95.198**	▼	-0.19%	▼	**5.97%**	▲
Bitcoin	**64,878**	▲	**3.08%**	▲	**-25.85%**	▼
Euro STOXX 50	**6,539**	▲	**2.69%**	▲	**12.49%**	▲
India (Nifty)	**24,570**	▲	0.76%	▲	**-5.97%**	▼
Japan (Nikkei)	**65,606**	▲	1.93%	▲	**30.33%**	▲
China (CSI 300)	**4,694**	▲	**2.31%**	▲	0.66%	▲
Saudi (TASI)	**10,811**	▲	**2.09%**	▲	3.05%	▲
Abu Dhabi (ADX)	10,094	▲	1.81%	▲	1.01%	▲
Dubai (DFM)	**5,944**	▲	**2.55%**	▲	-1.70%	▼

NEWS FROM THE MARKETS

Soft Jobs Data and Earnings Strength Lift Risk Assets as Rate-Hike Odds Ease

Macro & Central Banks

July nonfarm payrolls unexpectedly fell 23,000, well below the roughly 80,000 - 83,000 consensus, with prior months revised lower. The unemployment rate edged down to around 4.1% amid a shrinking labor force, while average hourly earnings moderated. Markets interpreted the report as evidence the labor market is cooling faster than previously assumed, reducing urgency for Federal Reserve tightening under Chair Kevin Warsh.

Probability of a September rate hike dropped to roughly 44% from near 57% before the data, with odds of a hold rising above 56%. Inflation remains the key swing factor; softer energy prices after geopolitical de-escalation may help, but sticky services and wage data keep the Fed data-dependent. Growth implications lean mildly softer near-term without signaling recession, supporting risk assets while leaving open the possibility of later hikes if CPI surprises higher. **Portfolio implications favor a modest tilt toward duration and rate-sensitive equities pending the inflation prints.**

US Equities

The S&P 500 rose 3.58% to a record 7,757.64, the Nasdaq Composite gained 5.19% to 26,690.62, and the Dow climbed 2.96% to 54,036.93 - the strongest week for the majors since April. Semiconductors led, with the SOXX ETF up more than 7%, as AI-related spending concerns eased on robust earnings and guidance from several names. Mega-cap technology and consumer discretionary outperformed; financials and energy lagged relatively.

Atlassian surged over 35% on strong revenue forecasts, Microchip Technology jumped nearly 14%, and **SpaceX rose sharply after lock-up expiry. Markets appear to be pricing durable AI capex and earnings power rather than a temporary rebound, while the softer jobs data reduced rate-pressure headwinds for growth stocks.** Valuation remains elevated, but the breadth of the advance and record closes suggest positioning is still constructive. **Implications favor selective exposure to AI/semiconductor leaders and quality growth over pure defensives, while monitoring concentration risk.**

International Equities

European equities advanced solidly, with the STOXX Europe 600 up about 1.7% and major indexes such as the DAX and CAC 40 gaining 2 - 3% in local terms, supported by resilient earnings and the global risk-on tone. Japan's Nikkei 225 rose 1.93% despite earlier yen volatility and semiconductor swings. China's CSI 300 gained 2.32% while the Hang Seng slipped roughly 0.9%, reflecting mixed property and growth signals alongside export resilience.

Relative to the US, international markets participated in the rally but trailed the Nasdaq-led advance. Currency moves (stronger yen earlier, mixed dollar) and central-bank divergences matter more than pure equity beta. Attractiveness versus US equities improves modestly where valuations are lower and earnings momentum is intact, particularly in Europe, though US AI leadership continues to dominate global portfolios. **Implications point to selective regional diversification rather than a broad rotation.**

US Fixed Income & Credit

The 10-year Treasury yield fell to approximately 4.64 - 4.66% (down roughly 8 - 9 bp on the week from near 4.74%), while the 2-year declined to around 4.20%. The 2s10s curve remained modestly positive near 46 bp. Drivers included the weak jobs print, lower oil prices, and reduced September hike odds, outweighing any residual inflation or supply concerns.

Investment-grade and high-yield spreads stayed tight (HY OAS near 270 bp), signaling continued risk appetite and limited default fears. Yields still offer attractive carry versus cash, and the curve shape does not scream recession. Implications support modest duration extension and selective credit exposure; fixed income has become relatively more competitive with equities after the yield drop, though further tightening of spreads leaves little cushion.

Gold

Gold posted its strongest weekly advance since January, rising more than 5% to the mid-$4,200s - $4,300s range (spot near $4,260–$4,340 depending on the print). Lower real yields, a softer dollar tone after the jobs data, and reduced oil-driven inflation fears provided the main support; safe-haven demand was secondary once Middle East tensions eased.

The move extends the broader uptrend rather than marking a regime shift. Central-bank buying remains a structural backdrop. Implications reinforce gold's role as a portfolio diversifier and inflation/ rate hedge; strength is durable while real yields stay contained, but **further gains depend on the Fed path and geopolitical calm.**

Oil

Brent and WTI fell sharply early in the week after President Trump indicated a pause on potential Iran-related actions and progress toward reopening the Strait of Hormuz, then partially recovered. Brent ended near $83 and WTI around $77, with the weekly decline still substantial from prior highs near $88 -$90. OPEC+ output adjustments and inventory data played secondary roles to geopolitics.

Lower prices ease near-term inflation pressure and support consumer/energy-importing economies while pressuring energy equities and fiscal revenues in producers. Implications are modestly positive for global growth and rate-sensitive assets, negative for pure energy exposure, and neutral-to-positive for emerging markets that are net importers.

The Week Ahead

Wednesday's July CPI is the pivotal event: a softer print would reinforce the dovish jobs signal and further reduce hike odds, supporting equities, duration, and gold; a hot reading would re-ignite rate fears and reverse recent gains. PPI follows Thursday, with retail sales and Michigan sentiment later in the week. Fed speakers and any Middle East developments remain secondary catalysts. Asset classes most sensitive are Treasuries, rate-sensitive equities, the dollar, and gold.

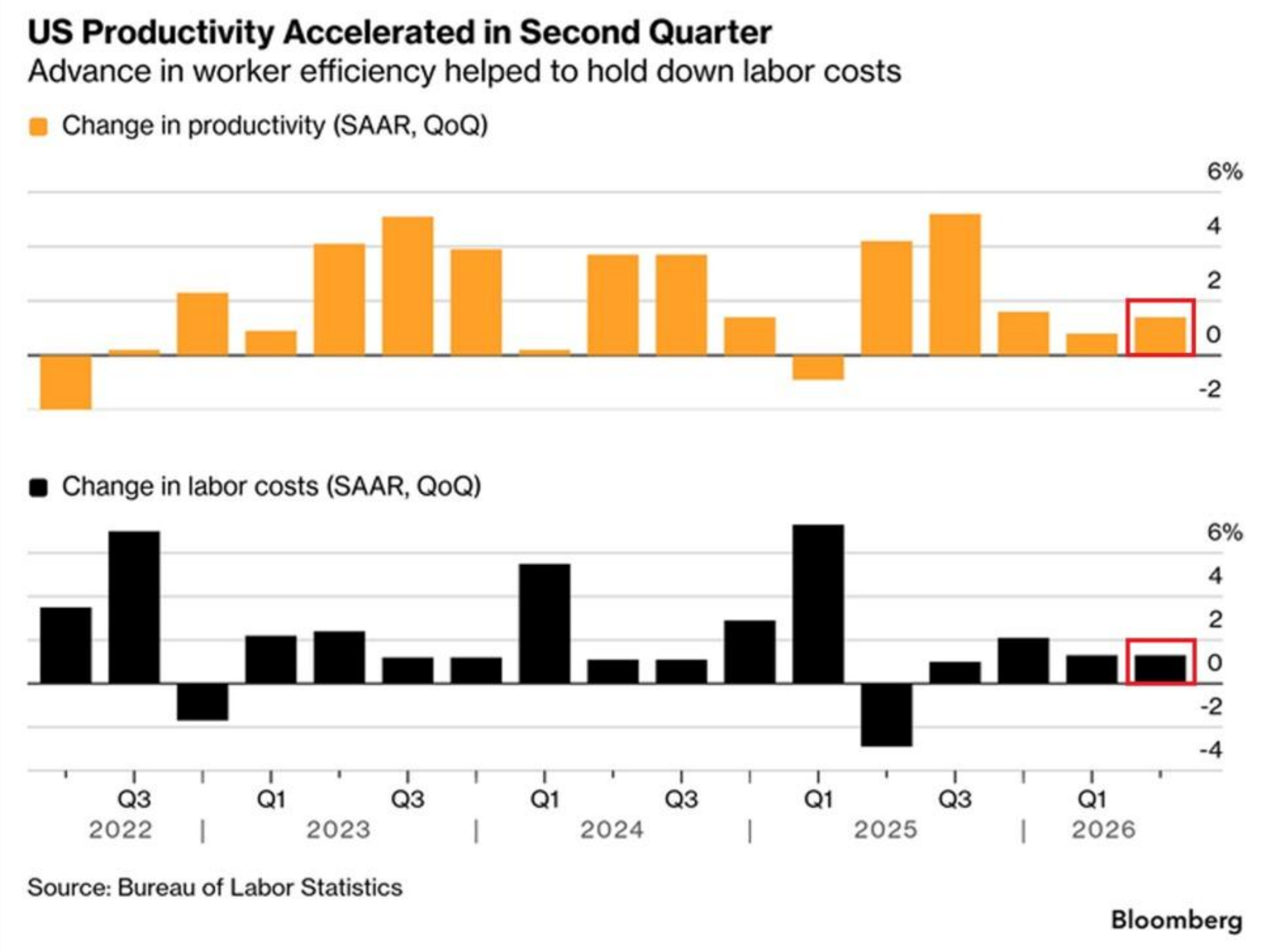
Overall, markets are increasingly pricing a softer landing with delayed tightening, underpinned by earnings resilience. **The main risks to this view are sticky inflation or renewed geopolitical disruption.**

COMING THIS WEEK

Key Economic Events

August 10th	• Berkshire Hathaway, Rocket Lab earnings
August 11th	• US Existing Home Sales • CoreWeave earnings
August 12th	• US CPI Data (July) • Tencent Holdings, Nebius, Coherent, Cerebras earnings
August 13th	• UK GDP Data (Q2) • US PPI Data (July) • Applied Materials, JD.com earnings
August 14th	–

CHART OF THE WEEK



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