JULY 24, 2026

WEEKLY UPDATE

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MUSINGS

“Either you run the day, or the day runs you.”

JIM ROHN

LAST WEEK IN THE MARKETS

Name	Closing Level	Weekly Change	YTD Change
S&P 500	**7,412** ▼	-0.60% ▼	**8.28%** ▲
Nasdaq Composite	**24,976** ▼	**-2.13%** ▼	**7.46%** ▲
10Y UST Yield	**4.681** ▲	**2.90%** ▲	**12.44%** ▲
Crude oil	**90.46** ▲	**10.61%** ▲	**57.60%** ▲
Gold	**4,053** ▲	0.89% ▲	**-6.14%** ▼
DXY	101.465 ▲	0.71% ▲	3.24% ▲
USD/INR	**96.552** ▲	0.29% ▲	**7.48%** ▲
Bitcoin	**64,087** ▲	0.31% ▲	**-26.75%** ▼
Euro STOXX 50	**6,270** ▲	0.56% ▲	**7.86%** ▲
India (Nifty)	**23,767** ▼	**-2.33%** ▼	**-9.04%** ▼
Japan (Nikkei)	**64,611** ▲	0.73% ▲	**28.35%** ▲
China (CSI 300)	**4,649** ▲	**2.65%** ▲	0.66% ▲
Saudi (TASI)	**10,804** ▲	0.78% ▲	**2.99%** ▲
Abu Dhabi (ADX)	9,828 ▲	0.48% ▲	-1.65% ▼
Dubai (DFM)	5,787 ▼	-0.46% ▼	-4.30% ▼

NEWS FROM THE MARKETS

It was a week where geopolitics, earnings, and interest rates all pulled in the same uncomfortable direction, leaving the S&P 500 down roughly 0.6% and the Nasdaq off close to 2%.

Oil: Middle East Tensions Keep Barrel Prices Elevated
Brent crude spent the week climbing toward the $100 mark, gaining roughly 12–14% over five sessions before easing back to around $98 by Friday. The driver was a sharp escalation in the Middle East: the US carried out a 13th consecutive night of strikes on Iran. Some Asian buyers have already begun discussing rerouting Saudi crude via the Suez Canal and around Africa. Kazakhstan lost roughly 80% of its export capacity after the Caspian Pipeline Consortium suspended loadings at its Black Sea terminal following separate tanker attacks. President Trump has warned of a "massive" military response against Iran if further attacks on shipping continue, which markets are treating as a live risk rather than rhetoric.

Over the weekend, however, the picture shifted. The US paused its nightly strikes on Iran for the first time in two weeks, and Tehran halted retaliatory strikes in response. By Sunday, the pause had held for a second day, with Omani-mediated talks advancing on the Strait of Hormuz and safe shipping. US Ambassador to the UN Mike Waltz said the president was "giving some talks some space" and that diplomatic efforts had ramped up "particularly in the past few days," while Trump himself said Iran was getting "more serious" about negotiations. Oil markets reacted sharply: Brent crude futures fell to around $90–92 a barrel in early Monday trading, down roughly 5–8% from Friday's close.

At the same time, the conflict opened a new front. On Saturday, Houthi forces launched missile and drone strikes directly on Saudi Aramco facilities in Jizan and Yanbu — the first such attacks on Saudi oil infrastructure in four years, and a significant escalation beyond the earlier tanker attacks. A fire broke out at the Jizan refinery, confirmed by NASA satellite imagery. Saudi air defences intercepted missiles targeting Yanbu, which now handles approximately 92% of the kingdom's seaborne crude exports after the Strait of Hormuz was effectively closed earlier this year. Saudi Arabia had struck Houthi targets in Hodeidah the previous evening, and the Houthi attacks were framed as retaliation. **For now, oil is behaving as a geopolitical risk gauge as much as a supply-demand story** — and the risk is now two-sided, with a diplomatic off-ramp competing against the threat of a sustained dual-chokepoint disruption.

Macro: Inflation Risk Creeps Back In, Fed Decision Now Front and Centre

The macro backdrop this week was really about oil feeding into rate expectations. Rising energy prices revived fears of stickier inflation, and markets responded by pushing up the odds of a Fed rate hike at next week's meeting to around 34%, with September hike odds climbing above 80%. Flash PMI data showed US services activity strengthening in July, while manufacturing growth slowed and price pressures intensified — a combination that gives the Fed little excuse to sound dovish. **Fresh US tariffs of 10–12.5% on imports from major trading partners added another layer of uncertainty.** The consensus view is still that the Fed holds rates steady at the July 28–29 meeting, but the fact that a hike is even being priced in tells you how nervous the inflation conversation has become. The 10-year Treasury yield rose to its highest level since January 2025 before easing slightly to close near 4.67–4.69% on Friday.

US Equities: A Rough Week for Mega-Cap Tech, With IBM the Notable Exception

US equities had a genuinely two-speed week. The S&P 500 ended down about 0.6%, its second straight weekly decline and now roughly 2.6% below its early-June record close, while the Nasdaq underperformed on the back of heavy selling in AI-related names. The proximate trigger was Wednesday's earnings from Alphabet (GOOGL) and Tesla (TSLA), both released after the bell, which together wiped hundreds of billions of dollars off market value the following day.

Alphabet actually beat on both revenue and earnings — Google Cloud revenue jumped 82% year-on-year to $24.8 billion, with cloud operating margin more than doubling to 35.6% from 20.7% a year ago. **The problem was capex: management raised its 2026 spending guidance to $195–205 billion**, up from $180–190 billion previously, and flagged even higher spending in 2027. Alphabet **also reported negative free cash flow for the first time in decades.** The stock fell roughly 7–8% on the news.

Tesla fared worse. Shares fell close to 14–15% to around $319–322, their sharpest one-day drop since March 2025 and taking the year-to-date decline to roughly 27%. Automotive revenue was actually up 23% year-on-year to $20.5 billion, but **capex surged 142% to $5.8 billion for the quarter, with full-year spend now projected above $25 billion, largely tied to Optimus robots, robotaxis, and data centres. Free cash flow turned negative by just over $1 billion.** Elon Musk told investors this was a "massive capex year" and that returns on the spending would be "maybe the best... we've ever seen", a claim markets were clearly not ready to take on faith.

The AI-capex jitters spilled over broadly: Amazon fell 4.6%, Meta dropped 3.5%, and Texas Instruments lost 4% in sympathy, while defence names like Lockheed Martin (+11%) and RTX (+7.5%) picked up some of the slack on Middle East escalation.

IBM was the standout story in the other direction. The stock had already been under pressure after a preliminary revenue warning on 14 July triggered a sharp sell-off (shares were down roughly 30% year-to-date at one point), and an SEC-adjacent inquiry into whether management had misrepresented deal pipeline strength ahead of that warning added to the overhang. Wednesday's Q2 results were mixed — EPS of $2.93 (adjusted) came in just under the $2.97 consensus, revenue of $17.16 billion was roughly in line, and full-year guidance was trimmed — yet the stock actually rallied through the back half of the week, up over 9% across five sessions into the print and then gaining a further 3.5–3.6% on Friday alone, helped by renewed analyst support (Wedbush kept a $350 price target) and encouraging commentary on the software and consulting segments. It was a reminder that after a stock has already priced in a lot of bad news, even an unspectacular quarter can be a relief.

Elsewhere, chip and memory names stayed volatile: Intel fell nearly 8% on Friday, while Western Digital and Micron both rebounded sharply on renewed optimism about memory pricing. Apple was a bright spot on Friday, up 3.5%, helping the Dow eke out a 235-point gain even as the broader tech complex struggled.

US Fixed Income and Credit: Yields at Their Highest Since January 2025

Treasury yields rose steadily through the week on the back of the oil-driven inflation scare, with the **10-year note touching its highest level since January 2025** before easing slightly to around 4.67–4.69% by Friday, and the 2-year note at roughly 4.33%. The move was largely a rates story rather than a credit story — investment-grade and high-yield spreads have stayed fairly well behaved so far, even as underlying government yields back up, suggesting **the market still sees this as an inflation and geopolitical risk issue rather than a growth or default concern.** That said, a further leg higher in oil, or a hawkish surprise from the Fed next week, would be the most likely trigger for spreads to start widening from here.

Gold: A Modest Weekly Gain Despite a Late Pullback

Gold had a choppy week, touching two-week highs before slipping back toward $4,050 an ounce on Friday, a roughly 2% pullback from Thursday's level. The paradox of rising oil and softer gold makes sense once you see the mechanism: higher oil prices are strengthening the case for tighter Fed policy, and higher expected rates make non-yielding gold less attractive, even as the same Middle East tensions would normally support the metal as a safe haven. **On net, gold is still on track for a modest weekly gain, but the tug-of-war between safe-haven demand and rate expectations is likely to continue.**

The Week Ahead

Next week is about as loaded as it gets.

The Federal Reserve meets on 28–29 July, with markets pricing a hold as the most likely outcome but assigning a non-trivial ~34% probability to a hike in view of the oil-driven inflation scare — worth watching closely given how sensitive both equities and bonds have become to rate surprises.

On the earnings front, three more of the "Magnificent Seven" report: Meta Platforms and Arm Holdings on 29 July, and Amazon on 30 July — all will be watched closely for any read-through on AI capex plans after the Alphabet and Tesla reaction this week. Microsoft and Apple are also due to report in the days ahead.

On the data side, look out for the Fed's preferred inflation gauge (PCE) and the broader jobs data cycle (JOLTS, ADP, and the monthly employment report), any of which could move the rate conversation quickly in either direction.

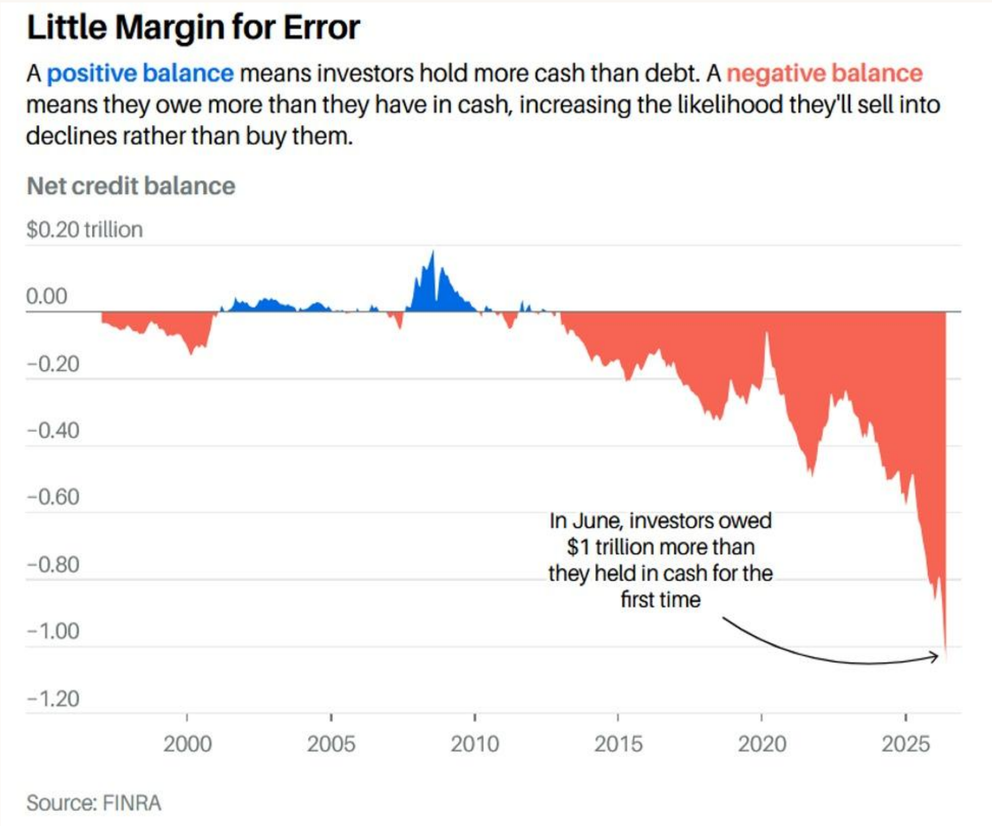
And the Middle East situation has already shifted over the weekend. The US-Iran strike pause and renewed diplomatic activity through Oman have provided some relief — oil prices are down sharply in early Monday trading and equity futures are pointing higher — but the Houthi strikes on Saudi Aramco facilities at Jizan and Yanbu have opened a new and potentially more dangerous front, given Yanbu's critical role as the kingdom's primary remaining crude export terminal. Whether the diplomatic window holds, or whether the Saudi-Houthi escalation draws in further actors, will likely set the tone for oil, yields, and risk assets in the days ahead.

COMING THIS WEEK

Key Economic Events

July 27th	• US Dallas Fed Manufacturing Index (July) • LVMH, AstraZeneca earnings
July 28th	• US House Price Index • Visa, Coca-Cola, Ford Motor, PayPal, Unilever, Boeing, Barclays, Seagate, Bloom Energy earnings
July 29th	• US Fed Interest Rate Decision • Microsoft, Meta, P&G, Airbus, UBS, Hitachi, Qualcomm, Vertiv, Arm Holdings, Robinhood, Boston Scientific earnings
July 30th	• Euro Area GDP Data • US GDP Data • UK BoE Interest Rate Decision • US Core PCE Price Index (Jun) • Apple, Amazon, Samsung Electronics, Mastercard, Schneider Electric, KKR earnings
July 31st	• Japan BoJ Interest Rate Decision • Euro Area Inflation Data (July) • Japan Unemployment Rate • China PMI Data (July) • ExxonMobil, AbbVie, Chevron, State Bank of India, Colgate-Palmolive earnings

CHART OF THE WEEK



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