

Market Brief

- U.S. equities finished mixed, with strength in artificial intelligence and semiconductor shares supporting the technology-heavy indexes. The S&P 500 gained 1.23% and the Nasdaq advanced 1.74%, while the Dow declined 0.50% and the Russell 2000 fell 0.61%, as AI-linked companies contrasted with weaker performance from small-cap and value-oriented shares.
- European equities finished lower, ending a four-week winning streak as renewed U.S.–Iran tensions and selling in technology shares weighed on sentiment. The Euro STOXX 50 declined 2.23%, while the FTSE 100 fell 1.70%. The DAX and CAC 40 also finished lower, declining 2.76% and 1.99%, respectively, with Germany underperforming the broader region.
- Treasury yields moved higher as rising oil prices and renewed geopolitical tensions increased inflation concerns. The 10-year Treasury yield finished around 4.56%, up from approximately 4.49% a week earlier, while the 2- year yield rose to around 4.21% from 4.14%, keeping the broader rate backdrop cautious.
- WTI crude finished around \$71.52 per barrel, while gold traded near \$4,119/oz and silver finished around \$60/oz. Oil gained roughly 4% for the week as renewed U.S.–Iran hostilities and concerns about shipping through the Strait of Hormuz increased supply-risk fears, while gold and silver declined modestly.
- Volatility declined despite a sharp midweek increase following renewed tensions in the Middle East. The VIX finished at 15.03, down from 15.81 a week earlier and still comfortably below the 20 level, as gains in technology shares and improving optimism ahead of earnings season helped contain broader hedging demand.
- Global equity funds recorded \$49.23 billion in net inflows in the week through July 8, the strongest total in three weeks, U.S. equity funds attracted \$24.97 billion, while European funds added \$13.67 billion. Global bond funds drew a record \$31.34 billion, while money-market funds recorded \$83.76 billion of inflows.

Market Data Snapshot

Index	Value	WTD	1-Month	YTD
DOW JONES INDUS.	52,637.01	-0.50%	5.45%	9.52%
S&P 500 INDEX	7,575.39	1.23%	4.24%	10.66%
NASDAQ COMPOSITE	26,281.61	1.74%	4.42%	13.08%
RUSSELL 2000 INDEX	2,977.81	-0.61%	5.02%	19.98%
S&P 500/TSX COMPOSITE INDEX	35,305.31	0.09%	3.38%	11.33%
EURO STOXX 50 PR	6,269.97	-2.23%	4.33%	8.26%
FTSE 100 INDEX	10,497.29	-1.70%	2.36%	5.60%
DAX INDEX	25,067.09	-2.76%	3.60%	2.35%
CAC 40 INDEX	8,338.97	-1.99%	2.17%	2.32%
NIKKEI 225	68,557.73	-1.70%	6.82%	36.19%

Commodities	Value (\$)	WTD	1-Month	YTD
Crude Oil (WTI)	71.52	4.41%	-20.56%	24.51%
Gold	4,119.93	-1.36%	1.17%	-4.62%
Silver	59.8684	-4.08%	-5.51%	-16.46%
Natural Gas	2.94	-8.52%	-7.65%	-20.74%

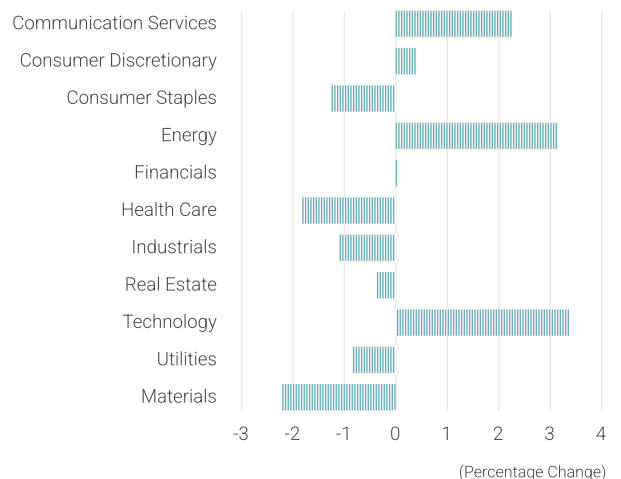
Fixed Income	Yield	WTD	1-Month	YTD
U.S. 2 Year Treasury	4.216%	3.50	12.30	73.30
U.S. 10 Year Treasury	4.562%	8.80	8.10	39.00
Germany 2 Year Bund	2.662%	10.89	2.46	52.93
Germany 10 Year Bund	3.071%	13.08	7.11	21.09

(Basis Point Change)

Currency	Value	WTD	1-Month	YTD
U.S. Dollar Index (DXY)	100.95	0.09%	1.01%	2.67%
EUR/USD	1.1416	-0.18%	-1.03%	-2.81%
USD/JPY	161.68	0.21%	0.70%	3.17%
GBP/USD	1.3404	0.40%	0.27%	-0.53%
USD/CAD	1.4154	-0.32%	1.51%	3.13%
USD/CHF	0.8086	0.66%	1.09%	2.02%
EUR/JPY	184.56	0.01%	-0.34%	-0.84%
EUR/CHF	0.92295	0.44%	0.04%	-0.84%

Risk Free Rates	1M	3M	6M	12M
CHF (SARON)	-0.04%	-0.04%	-0.05%	-0.04%
EUR (EURIBOR)	2.27%	2.41%	2.63%	2.83%
USD (SOFR)	3.66%	3.74%	3.86%	4.02%
GBP (SONIA)	3.74%	3.75%	3.76%	3.94%
JPY (TORF)	0.97%	0.98%	1.07%	–

S&P 500 Weekly Sector Performance



Market Drivers

U.S. Markets

Wall Street ended the week mixed, with renewed strength in large-cap technology and AI-linked shares lifting the S&P 500 and Nasdaq, while the Dow and small caps declined. The S&P 500 gained 1.23% and the Nasdaq advanced 1.74%, while the Dow fell 0.50% and the Russell 2000 slipped 0.61%. The week remained volatile, as renewed hostilities between the United States and Iran pushed oil prices and Treasury yields higher before a late-week recovery in semiconductor shares improved sentiment. Information technology led the major sectors, while energy and communication services also advanced; materials and health care were among the weakest areas. SK Hynix's strong U.S. market debut on Friday provided another boost to AI enthusiasm, although concerns around elevated valuations and narrow market leadership remained. Federal Reserve minutes showed policymakers divided over the interest-rate outlook, with a few officials seeing a case for higher rates and broader concern that inflation pressures were becoming more widespread. The 10-year Treasury yield finished around 4.56%, up from approximately 4.49% the prior week, while U.S. equity funds attracted \$24.97 billion and technology funds drew \$11.49 billion globally in the week through July 8. Overall, the market remains supported by strong earnings expectations and AI investment, but higher yields, geopolitical risks, and stretched technology valuations continue to limit broader participation.

European Markets

European markets finished the week lower, ending a four-week winning streak as renewed U.S.–Iran hostilities, higher oil prices, and another bout of technology weakness weighed on sentiment. The STOXX Europe 600 declined 1.79%, while Germany's DAX fell 2.76%, France's CAC 40 lost 1.99%, Italy's FTSE MIB slipped 0.39%, and the FTSE 100 dropped 1.70%. The pullback reflected concern that disruption to energy supplies could keep inflation elevated and increase the likelihood of tighter monetary policy. Technology shares were particularly volatile as investors reduced exposure to highly valued AI-linked companies, with semiconductor names including ASML and Soitec under pressure. However, the market showed some resilience late in the week, supported by gains in telecommunications, travel and leisure, airlines, and selected European steel shares. German data were relatively constructive, with annual inflation slowing to 2.3% in June and exports unexpectedly increasing by 0.9% in May, although those developments were overshadowed by geopolitical uncertainty. European equity funds attracted \$13.67 billion in the week through July 8. Overall, European equities remain supported by comparatively attractive valuations and improving fund demand, but higher energy prices, technology volatility, and changing ECB expectations could keep the market uneven.

Asia-Pacific Markets

Asia-Pacific markets finished the week mixed but generally weaker, as renewed Middle East tensions, higher energy prices, and semiconductor volatility weighed on sentiment. Japan's Nikkei 225 declined 1.70% and the TOPIX fell 0.70%, while the yen weakened before recovering toward 161 per dollar and the 10-year Japanese government bond yield ended near 2.78%. South Korea was the region's weakest major market, with the KOSPI falling approximately 7.6% as losses in Samsung Electronics and SK Hynix pushed the index briefly more than 20% below its late-June record before a Friday rebound. Chinese markets diverged, with the CSI 300 down 1.27% and the Shanghai Composite lower by 1.17%, while Hong Kong's Hang Seng gained 3.53% on strength in internet, health care, and materials shares. Asian equity funds attracted \$6.95 billion in the week through July 8. Overall, regional conditions remain divided, with Hong Kong outperforming while energy-sensitive and technology-heavy markets remain vulnerable to sharp swings.

Emerging Markets

Emerging markets ended the week mixed and somewhat more fragile, as renewed Middle East tensions, higher oil prices, and periods of dollar strength offset continued demand for selected technology and growth assets. India's Sensex and Nifty 50 each declined approximately 0.3% for the week, ending a four-week winning streak despite a strong Friday rebound led by information technology shares after better-than-expected results from Tata Consultancy Services. Higher crude prices weighed on the oil-importing economy, while the rupee declined around 0.1% as importers increased hedging against further energy-market volatility. The Mexican peso also weakened during periods of broader risk aversion, although June headline inflation slowed to 3.37%, its lowest level since 2020. Fund flows continued to favor emerging-market debt, with equity funds recording approximately \$500 million of outflows in an 11th consecutive week of redemptions, while bond funds attracted \$1.66 billion. Separate monthly data showed foreign investors withdrew \$46.1 billion from emerging-market equities in June, with especially heavy selling in South Korea and Taiwan highlighting the sensitivity of emerging-market benchmarks to changes in global AI and semiconductor sentiment. Overall, emerging-market assets remain supported by improving local fundamentals in selected countries, but a more durable recovery will likely require steadier oil prices, a softer dollar, improved equity flows, and less volatility in global technology markets.

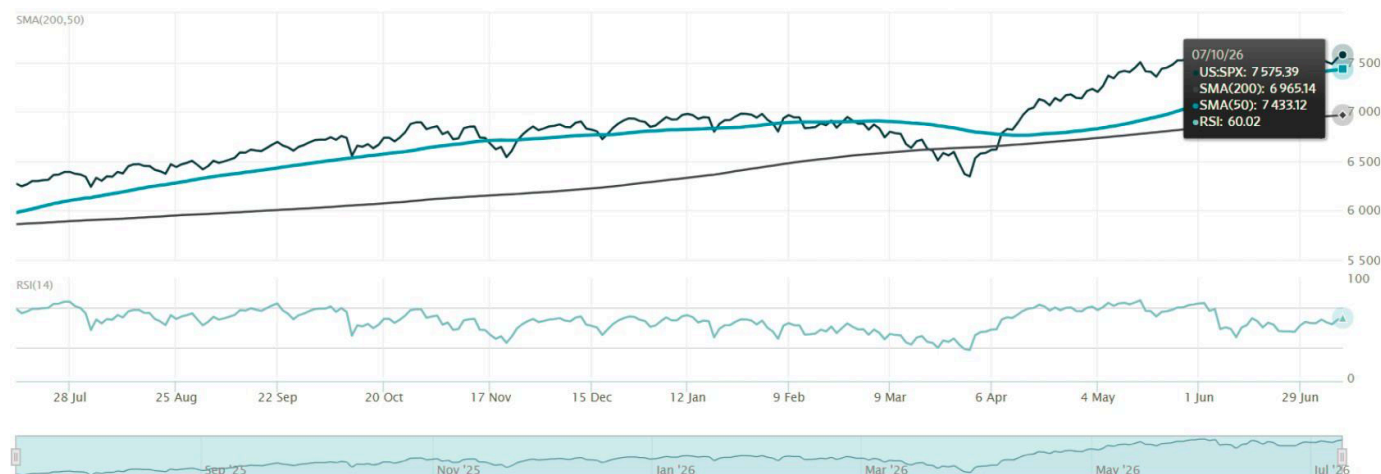
Technical Update

The S&P 500 closed the week at 7,575.39, gaining 1.23% and extending the prior week's recovery into a more constructive test of the recordhigh area. Monday opened at 7,506.96, held above 7,500, and advanced to close at 7,537.43 after reaching 7,551.31, clearing the prior week's 7,500 to 7,545 resistance range. Tuesday was more cautious, with the index reversing from 7,536.06 to close at 7,503.85, while Wednesday produced the week's most important downside test. The S&P briefly fell to 7,421.82 before recovering to 7,482.71, showing that buyers remained active near the rising 50-day moving average and the lower end of the recent trading range. Thursday restored the positive tone with a close at 7,543.64, before Friday extended the rebound to 7,575.39 after reaching 7,579.93. That finish left the index less than 0.5% below its previous record closing high near 7,609.78. The short-term setup is clearly improved, although the index has not yet confirmed a new record breakout. The 7,540 to 7,550 area is the first level to watch, but it is still better viewed as a short-term pivot than firmly established support. More clearly demonstrated support sits around 7,500 to 7,510, reflecting Monday's low, Tuesday's closing area, Friday's intraday low, and the psychological importance of 7,500. A move below that area would shift attention toward 7,475 to 7,485, where the index repeatedly stabilized during the middle of the week. More important support now sits between roughly 7,420 and 7,435, which includes Wednesday's low and the 50-day moving average near 7,433. A sustained break below that cluster would weaken the recovery attempt and place renewed focus on 7,350 to 7,365, followed by the stronger late-June support zone near 7,290 to 7,300. The index remains comfortably above its 200-day moving average near 6,965, keeping the broader uptrend intact. On the upside, immediate resistance sits around 7,575 to 7,580, where Friday's advance stalled. A clean move through that area would place the index within reach of the more important 7,600 to 7,610 zone, which includes the previous record closing high. A decisive close above roughly 7,610 would complete the recovery from the June pullback and confirm a renewed breakout into record territory. Breadth improved, with roughly twothirds of S&P 500 constituents trading above both their 50-day and 200-day moving averages. Friday's broader participation suggested the recovery was becoming less dependent on a narrow group of megacap stocks, although technology and semiconductor leadership remained an important driver. The 14-day RSI finished near 60, leaving momentum moderately positive and comfortably below the traditional overbought threshold of 70.

In all, the market has progressed from a tentative recovery into a constructive retest of the record-high area. The S&P 500 moved through the prior 7,500 to 7,545 resistance band, defended its rising 50-day moving average during Wednesday's pullback, and finished the week near its highs. The 7,500 to 7,510 area is the first clearly established support zone, followed by 7,475 to 7,485 and the more important 7,420 to 7,435 cluster. To the upside, a sustained move through 7,580 would increase the likelihood of a test of 7,600 to 7,610, while a decisive close above roughly 7,610 would return the broader uptrend to clearer control. Until then, the setup should be viewed as constructive and improving, but still facing an important resistance test heading into next week.

S&P 500: 50 & 200 Day Moving Average

Source: WSJ



The Week in Focus

The coming week brings a heavier U.S. macro and earnings calendar, with investors shifting toward June inflation, retail sales, housing, industrial production, consumer sentiment, and the formal start of the second-quarter reporting season. CPI is due Tuesday, PPI Wednesday, retail sales Thursday, and housing and production data Friday, while Federal Reserve Chairman Kevin Warsh's congressional testimony and results from major banks, ASML, Taiwan Semiconductor, GE Aerospace, UnitedHealth, Netflix, and Alcoa will provide important policy and corporate read-throughs. Together, these releases should give investors a clearer view of whether inflation is easing while economic growth and corporate demand remain resilient.

Monday, July 13 starts relatively quietly, with the June federal budget statement due at 2 p.m. ET and Federal Reserve officials Michelle Bowman and Christopher Waller scheduled to speak. With no major earnings releases, markets will likely focus on positioning ahead of Tuesday's CPI report, energy-market developments, Treasury yields, and shifting interest-rate expectations. The quieter session may also leave markets more sensitive to policy headlines or changes in rate-cut and rate-hike expectations.

Tuesday, July 14 is likely to be one of the most important sessions of the week, with June CPI due at 8:30 a.m. ET and Chairman Warsh appearing before the House Financial Services Committee at 10 a.m. ET. Investors will be watching shelter, services, and goods prices closely for signs that underlying inflation is becoming more manageable. Bank of America, Citigroup, Goldman Sachs, JPMorgan Chase, Wells Fargo, and Fastenal report before the open, providing updates on inflation, lending, credit quality, deposit costs, trading, investment banking, industrial demand, and consumer health.

Wednesday, July 15 brings June PPI and the July Empire State manufacturing survey at 8:30 a.m. ET, followed by Warsh's Senate testimony at 10 a.m. ET and the Federal Reserve's Beige Book at 2 p.m. ET. The Beige Book should provide a broader regional view of employment, wages, pricing, consumer demand, manufacturing, and credit conditions. ASML, BlackRock, Johnson & Johnson, Morgan Stanley, PNC Financial, and other companies also report, adding read-throughs on semiconductor equipment, asset flows, health care, banking, credit conditions, and corporate spending.

Thursday, July 16 brings June retail sales, weekly jobless claims, and the July Philadelphia Fed manufacturing survey at 8:30 a.m. ET, followed by pending home sales and business inventories at 10 a.m. ET. Retail sales will be particularly important because they will show whether household spending remained firm despite elevated borrowing costs and signs of slower hiring. Taiwan Semiconductor, GE Aerospace, and UnitedHealth report before the open, while Netflix and Alcoa report after the close, offering updates across AI infrastructure, aerospace, health care, media, commodities, and global industrial demand.

Friday, July 17 closes the week with import and export prices, housing starts, and building permits at 8:30 a.m. ET, industrial production at 9:15 a.m. ET, and consumer sentiment and home-builder confidence at 10 a.m. ET. The combination of housing, production, and sentiment data should help show whether the economy is ending the week with enough momentum to offset any renewed inflation concerns. Fifth Third Bancorp, Regions Financial, Travelers, and Autoliv also report, providing additional information on banking, insurance, credit conditions, automobile demand, and vehicle production.

For U.S. markets, extending recent strength now depends on whether inflation moderates enough to reduce the risk of further Fed tightening without pointing to a sharper slowdown in growth. The major banks will provide the clearest early read on lending, credit quality, trading, and household finances, while the broader earnings calendar will test demand across technology, health care, aerospace, media, and industrial activity. Guidance will matter almost as much as headline results because investors will be looking for evidence that margins and demand can hold up through the second half of the year. A balanced outcome of softer inflation, steady consumer spending, and constructive earnings guidance would likely be the most supportive combination for risk assets. This week therefore represents the first major test of the second-quarter earnings season, with markets needing manageable inflation data and resilient corporate guidance to maintain momentum into the July FOMC meeting.