July Market Perspectives and Key Themes We're Watching

By Todd Vandam, CFA

Equity markets were mixed for the month with the S&P 500 down 0.1% and the MSCI EAFE Index up 1.9%. The Nasdaq Composite and the MSCI Emerging market index were notable underperformers, down 3.2% and 3.3% returns respectively while the Semiconductor index, which has been a standout performer year to date, was down over 10% in July.

The US government bond market saw yields rise across the yield curve. The US Treasury 2-year bond yield was up 14 basis points to 4.28%, the US Treasury 10-year bond yield was up 31 basis points to 4.75%, and the US Treasury 30-year bond yield was up 36 basis points to 5.27%, the highest level since 2007.

Within the S&P 500, Energy was the leading sector, up 12.5%, followed by Financials up 6.0%, and Real Estate up 2.5%. Sector underperformers were Technology -3.5%, Industrials -3.1%, and Utilities -2.3%.

The US Dollar index fell 1.3% to 99.91 while WTI oil and Brent Crude oil rose sharply, up 21.8% and 23.6% to $84.67 and $90.12 respectively amidst renewed tensions between the US and Iran over the reopening of the Strait of Hormuz.

Global Market Summary

Global stocks, U.S. sectors and interest rates

Global Stock Market Summary

Index	Level	WTD	MTD	QTD	YTD
S&P 500	7489	1.0%	-0.1%	-0.1%	9.4%
Dow Jones Industrials Average	52485	1.0%	0.3%	0.3%	9.2%
NASDAQ Composite	25373	1.6%	-3.2%	-3.2%	9.2%
MSCI Emerging Markets Index	1665	2.3%	-3.3%	-3.3%	18.6%
MSCI EAFE Index	3176	2.0%	1.9%	1.9%	9.8%
MSCI All Country World Index	1120	1.4%	0.0%	0.0%	10.4%
MSCI Europe Index	2842	1.8%	1.5%	1.5%	7.5%

Sector Performance

Index	WTD	MTD	QTD	YTD
Cons. Disc.	8.3%	0.8%	0.8%	-0.3%
Comm.	5.4%	0.5%	0.5%	0.9%
Cons. Stap.	1.1%	1.9%	1.9%	8.8%
S&P 500	1.0%	-0.1%	-0.1%	9.4%
Financials	1.0%	6.0%	6.0%	3.9%
Healthcare	0.0%	2.2%	2.2%	4.9%
Technology	-0.1%	-3.5%	-3.5%	15.3%
Energy	-0.2%	12.5%	12.5%	32.8%
Industrials	-1.6%	-3.1%	-3.1%	15.8%
Materials	-1.7%	-1.7%	-1.7%	9.2%
Real Estate	-2.2%	2.5%	2.5%	12.4%
Utilities	-4.2%	-2.3%	-2.3%	3.8%

Global Rates Summary

	Jul 31, 2026	Jun 30, 2026	Dec 31, 2025
3-Month Treasury Yield	3.83%	3.87%	3.67%
2-Year Treasury Yield	4.28%	4.14%	3.47%
10-Year Treasury Yield	4.75%	4.44%	4.18%
30-Year Treasury Yield	5.27%	4.91%	4.84%
30-Year Fixed Mortgage	6.66%	6.49%	6.15%
German 10-Year Bund Yield	3.21%	2.86%	2.85%

Currencies and Commodities

Index	Level	MTD	QTD	YTD
US Dollar Index	99.91	-1.3%	-1.3%	1.6%
Euro	1.15	0.6%	0.6%	-2.0%
Chinese RMB	6.75	0.6%	0.6%	3.4%
Japanese Yen	159.22	2.0%	2.0%	-1.6%
British Pound	1.35	1.4%	1.4%	0.1%
WTI Oil	84.67	21.8%	21.8%	47.5%
Brent Oil	90.12	23.6%	23.6%	48.1%

Source: Clearonomics, August 3, 2026

Two Themes We're Watching:

1. Higher Bond Yields:

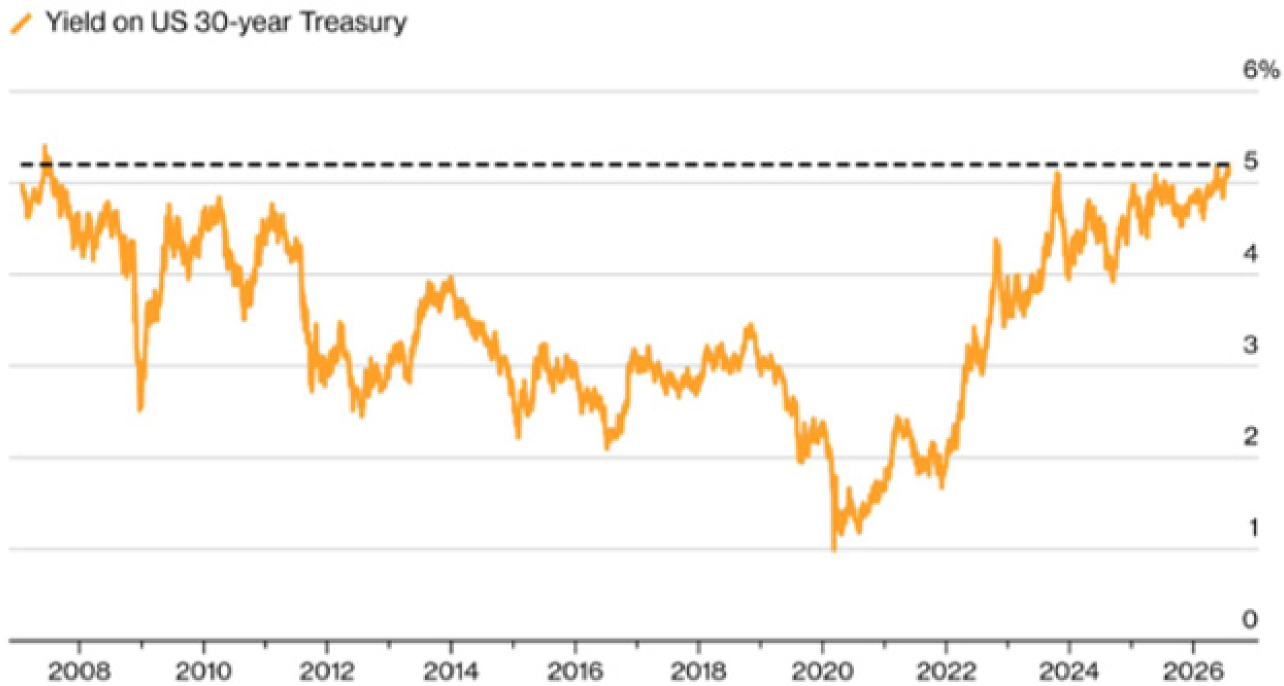
The Federal Reserve bank held the Federal Funds rates steady at its meeting last week and the new Chairman, after his press conference, left the market confused. Confusion over Fed policy and continuing concerns around the Federal Deficit and inflation, have moved US Treasury 30-year yields to the highest level since 2007. We will be watching the follow-on effect of higher yields on financial conditions, borrowing costs, and mortgage rates.

2. Broadening Equity Market and the AI Trade Reverses

The equal weighted version of the S&P 500, a measure of the "average stock" in which each member is weighted 0.2% has rallied to an all-time high while the AI/technology focused NASDAQ 100 was down 10% in July before rebounding at month end.   July saw an unwinding in the positive stock performance of perceived AI capital expenditure winners with concerns about the sustainability of strong fundamentals and overcrowded positioning. We believe these are healthy market transitions that demonstrate the strength of earnings outside of the technology sector and the strength of the economy. We believe portfolios need to be diversified to take advantage of this rotation. We will be watching to see if this represents investors simply taking profits or the beginning of a new trend.

1: US 30-Year Bond Yield Rises to Highest Level Since 2007

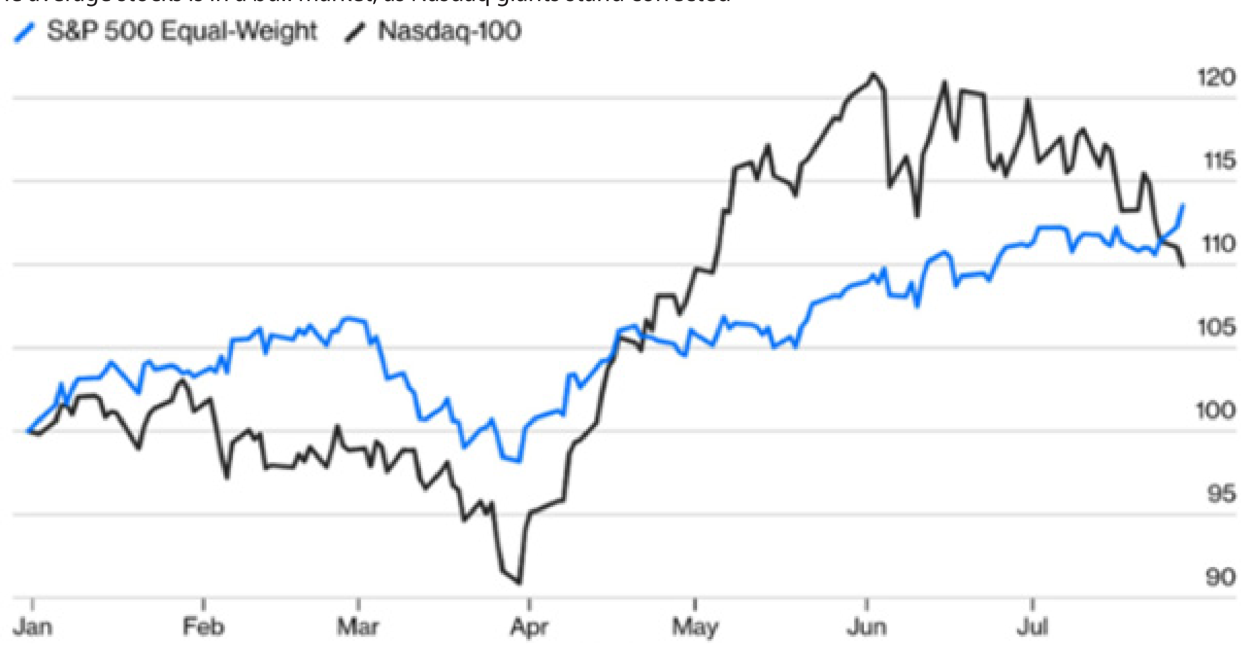
Latest leg of selloff follows Fed decision to hold rate steady



Source: Bloomberg

2: Little Guys Fight Back

The average stocks is in a bull market, as Nasdaq giants stand corrected



Source: Bloomberg