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Weekly Market Report Week 3

July 13 - 17, 2026



Cooling U.S. inflation, resilient economic data and continued investment in artificial intelligence supported market confidence, while investors remained focused on corporate earnings and geopolitical risks.

1) U.S. inflation reinforced expectations for a patient Fed

June inflation data came in below expectations, with headline CPI slowing to 3.5% year over year from 4.2%, while prices declined 0.4% month over month, the largest monthly decrease since 2020.

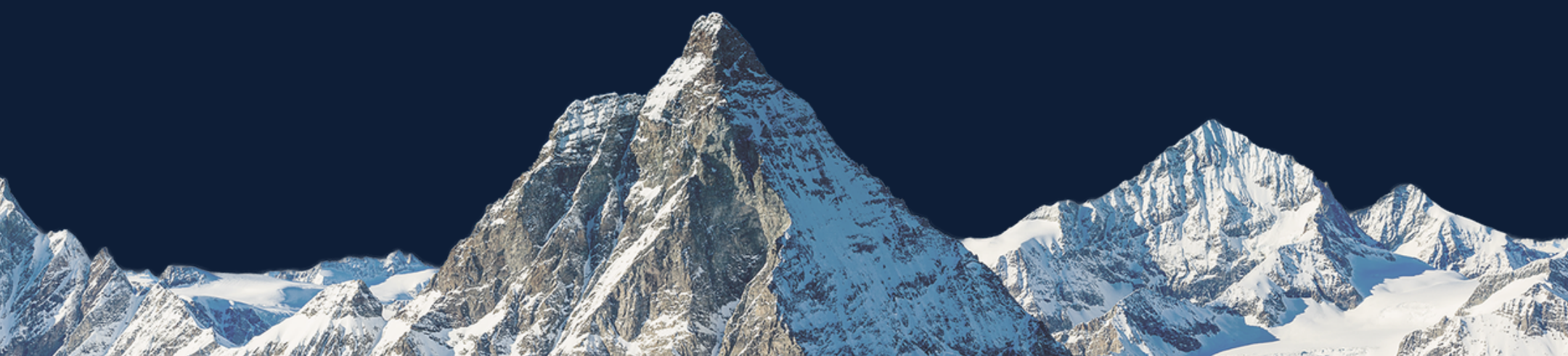
The softer inflation reading strengthened expectations that the Federal Reserve may keep interest rates unchanged in the near term, reducing concerns about additional monetary tightening and supporting investor confidence across financial markets.

Although inflation continues to move toward the Fed's long-term target, policymakers are expected to remain cautious as they seek further evidence that price pressures are easing on a sustainable basis. The latest figures suggest that disinflation is progressing without materially weakening economic activity.

For investors, the report reinforced expectations that monetary policy is entering a more stable phase, allowing investors to shift greater attention toward corporate earnings, economic fundamentals and long-term growth opportunities.

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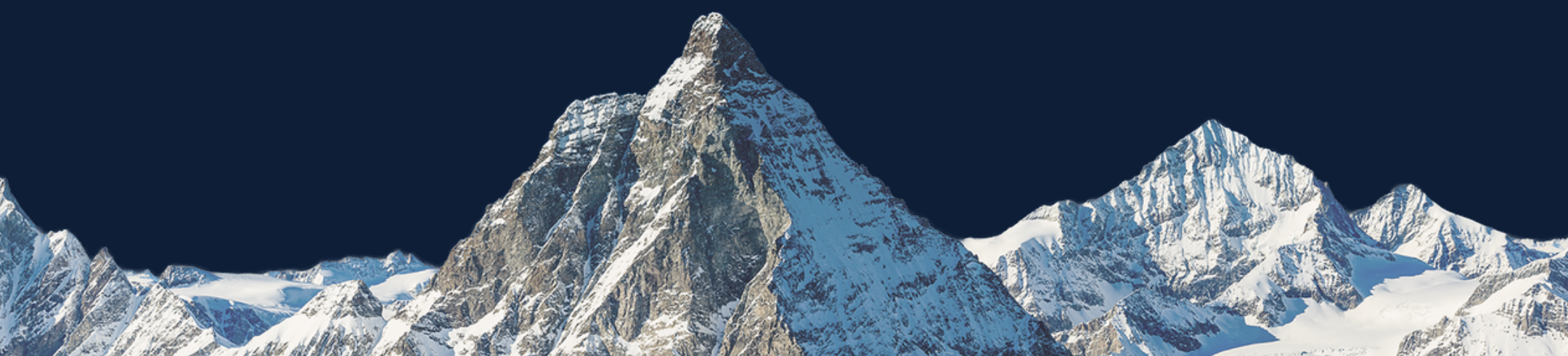
2) The U.S. labor market remained resilient

The U.S. labor market continued to demonstrate resilience, with initial jobless claims falling to 208,000, the lowest level in ten weeks.

The data indicated that employment conditions remain healthy despite moderating inflation, reinforcing confidence that the economy continues to expand on a solid foundation. A resilient labor market remains one of the most important pillars supporting household consumption and broader economic activity.

While investors continue monitoring for signs of a gradual slowdown, current employment levels suggest that businesses remain confident enough to maintain hiring and avoid significant layoffs. This combination of easing inflation and stable employment continues to support expectations of a soft economic landing.

Overall, recent labor-market data reinforced confidence that the U.S. economy remains fundamentally resilient despite a more restrictive monetary environment.



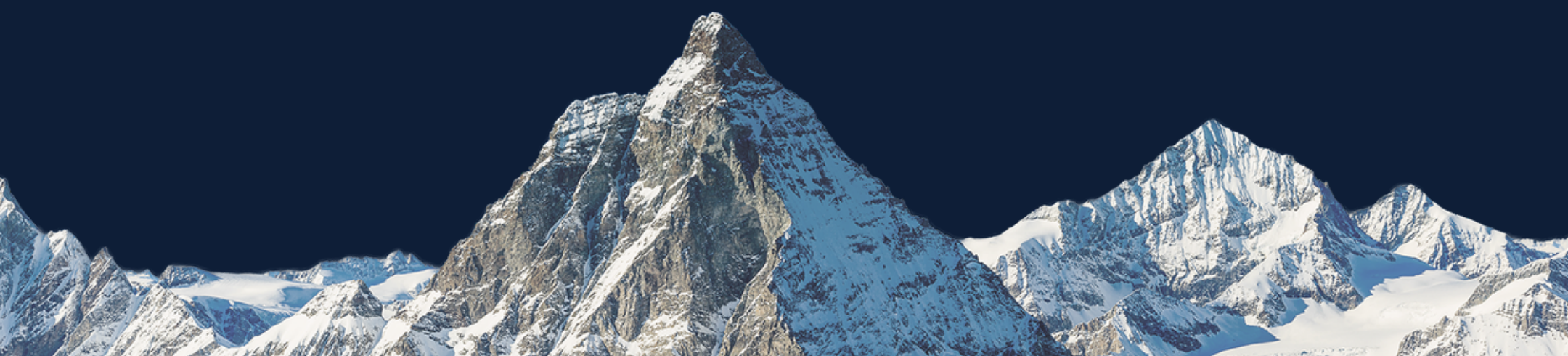
3) Strong earnings were not enough to impress investors

The second-quarter earnings season began with better-than-expected results from major U.S. banks, yet share prices reacted only modestly as investors focused more on forward guidance than on reported earnings.

Following the strong market rally seen in recent months, expectations have become increasingly demanding, requiring companies to demonstrate not only solid financial performance but also confidence in future revenue growth and profitability.

The market's reaction highlighted a more selective investment environment, in which outperforming consensus estimates alone is no longer sufficient to drive meaningful share-price appreciation. Investors are increasingly rewarding companies that combine strong execution with a credible long-term outlook.

This shift suggests that earnings quality and management guidance may become more influential than headline results throughout the remainder of the reporting season.



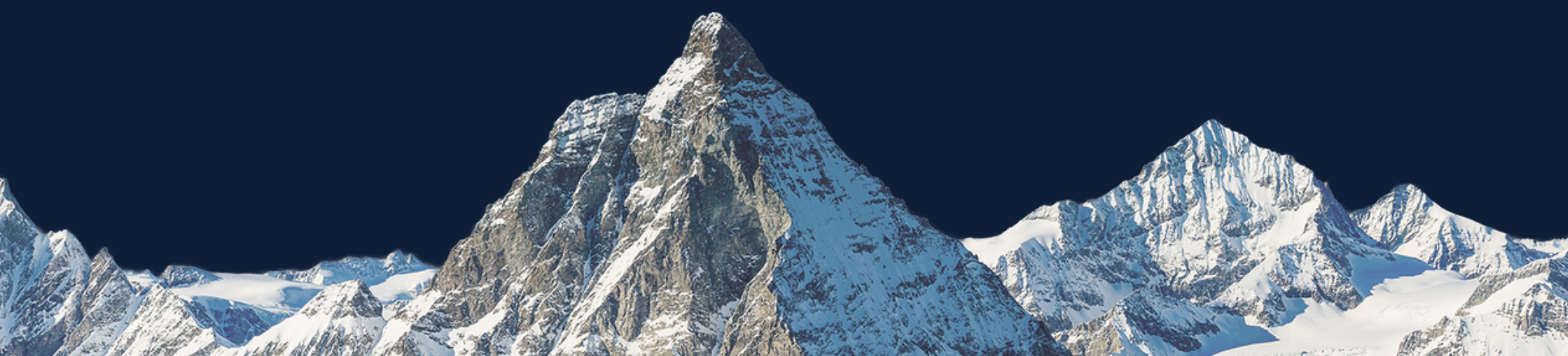
4) AI investment continued to strengthen long-term growth expectations

Artificial intelligence remained one of the market's most important long-term investment themes during the week.

TSMC announced an additional USD 100 billion investment in advanced semiconductor manufacturing, reinforcing confidence in the continued expansion of AI infrastructure and next-generation computing capacity.

The announcement reflects the industry's confidence that demand for advanced chips will continue growing as artificial intelligence becomes increasingly integrated across enterprise, cloud and consumer applications. Companies throughout the semiconductor supply chain continue expanding capacity to meet these structural trends.

For long-term investors, sustained capital expenditure by leading technology companies remains one of the strongest indicators that the AI investment cycle continues to evolve rather than slow.



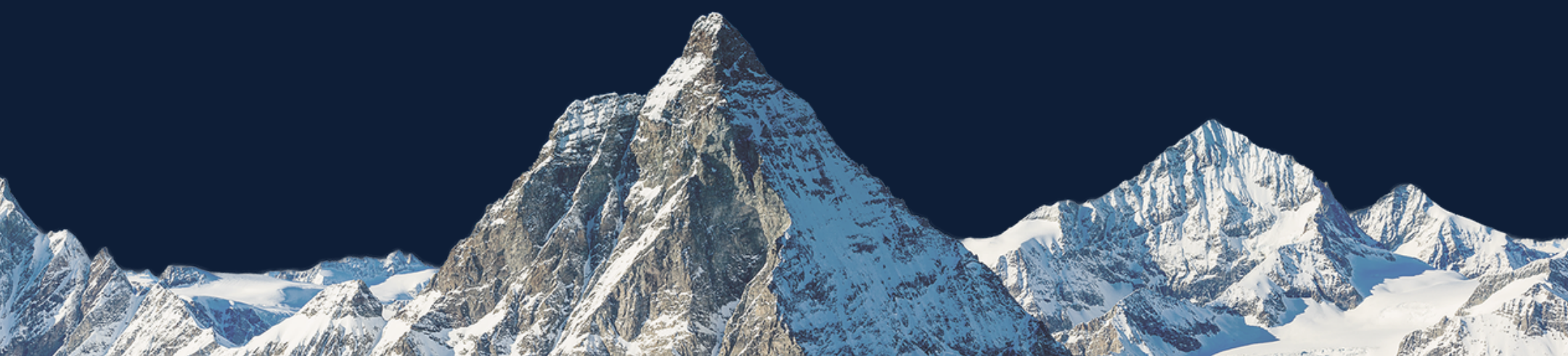
5) Energy markets remained sensitive to geopolitical developments

Geopolitical risks continued to influence investor sentiment after President Trump proposed a 20% "protection fee" for countries using the Strait of Hormuz, renewing attention on global energy security.

Although broader financial markets remained resilient, investors continued monitoring developments in the Middle East as a potential source of inflationary pressure and market volatility. Energy prices remain particularly sensitive to any disruption involving one of the world's most important oil shipping routes.

These developments reinforced the view that geopolitical events remain an important variable shaping energy prices, inflation expectations and overall market sentiment. As a result, investors are likely to keep a close watch on developments in the region over the coming months.

For diversified portfolios, these events reinforce the importance of balancing exposure between cyclical opportunities and assets that may provide resilience during periods of heightened geopolitical uncertainty.



Weekly Performance | Major Indices

Sources: XP Research, Bloomberg, Reuters, WSJ, Julius Baer, Investing.com

Index	Weekly Change	Observation
S&P 500	-0.77%	U.S. equities edged lower as investors balanced encouraging inflation data against a more cautious outlook for corporate earnings and global geopolitical developments.
Nasdaq 100	-2.29%	Technology shares came under pressure as investors reassessed valuations across AI-related companies despite continued confidence in long-term fundamentals.
Euro Stoxx 600	+0.08%	European equities ended the week little changed as easing inflation expectations offset concerns surrounding geopolitical risks and global growth.
Nikkei 225	-4.61%	Japanese equities posted the week's sharpest decline, reflecting weakness across technology exporters and increased global risk aversion.

