

WEEKLY MARKET OUTLOOK



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EXECUTIVE
SUMMARY

Markets fell for the first week since late July, and the move came from the bond market rather than the consumer. On Wednesday the Treasury announced it would at least double its long-dated buyback operations, from \$2bn to \$4bn, running from September to November. The intervention arrived days after the 30-year yield touched a 19-year high. The 10-year fell more than 5 basis points on the announcement and the 30-year 9, and the dollar dropped to a three-month low. Everything priced against the dollar rallied. Gold rose

5.56%, silver 6.89%, and Bitcoin and Ether gained 24.39% and 33.75%. Equities went the other way, led lower by semiconductors ahead of Nvidia's results next week, with the Philadelphia Semiconductor index down 5.45% and AMD, Meta and Broadcom all falling more than 6%. Wednesday's FOMC minutes confirmed the 9 to 3 July vote, with three members favoring a hike. Energy extended its run for a third week, Brent up 6.63%. Retail earnings dominated the headlines but barely moved the consumer sectors.

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WEEK IN
REVIEW

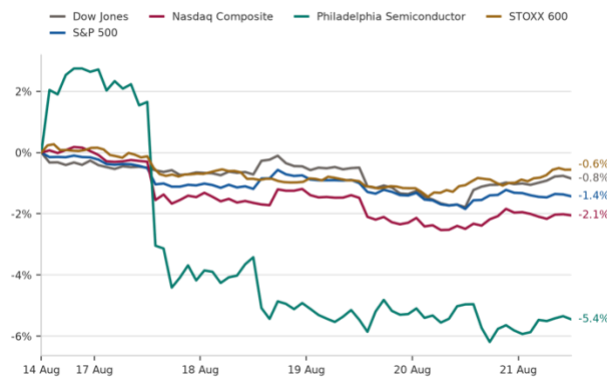
In the U.S., equities fell for the first week since late July and the weakness sat in the AI complex. Semiconductors dropped 5.45%, the Nasdaq 100 2.45% and the Nasdaq Composite 2.05%, against the S&P 500 at 1.43% and the Dow at 0.85%, reversing the ladder that has held all summer. AMD fell 8.00%, Broadcom 6.24% and Nvidia 4.64% as the sector de-risked ahead of Wednesday's results. Retail earnings dominated the headlines without moving the market: Walmart fell 8.9% on its weakest U.S.

comparable sales in six years, yet the consumer sectors finished flat.

Europe fell but for the FTSE 100, up 0.62% on its energy weighting. Asia was weaker still, the KOSDAQ down 7.25% and the Nikkei 3.93%, with Hong Kong the only gainer at 3.55%.

Wednesday carried both policy events. The FOMC minutes confirmed the July hold by 9 votes to 3, all three dissents favoring a hike. Hours earlier the

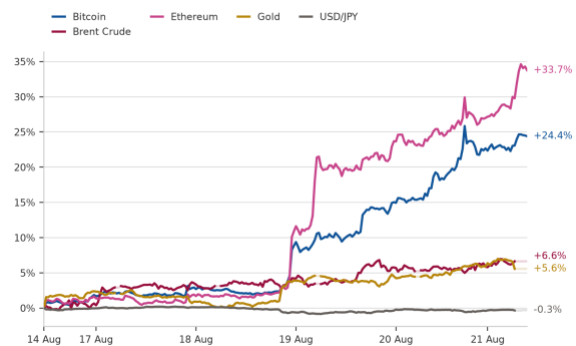
Treasury said it would at least double long-dated buybacks to \$4bn per operation from September, after the 30-year reached a 19-year high. The 10-year fell over 5 basis points on the day and the 30-year 9, leaving the curve barely changed across the week.



Semiconductors opened the week almost 3% higher before reversing on Tuesday and falling more than 8 points from that peak, finishing the weakest line by a wide margin. The other four moved together in a narrow band beneath it, drifting lower into Thursday before a modest Friday recovery. The STOXX 600 lost least.

The dollar took the strain, the index down 0.87% to a three-month low and the euro up 1.24%. Gold rose 5.56% and silver 6.89%, carrying the miners and making materials the week's strongest sector. Crypto ran furthest: Bitcoin gained 24.39% and Ether 33.75%, the largest moves the scan has recorded, beginning on Wednesday's yield drop, extending Thursday on a renewed push for the CLARITY Act, and amplified by more than \$4bn of short liquidations.

Energy rose a third straight week, Brent up 6.63%.



Bitcoin and Ether tracked the rest of the chart until Wednesday, when the Treasury's buyback announcement pulled yields and the dollar lower and both broke away. Ether moved first and furthest, adding more than twenty points in two sessions. Gold turned higher from the same point at a smaller scale, Brent climbed steadily throughout, and the yen finished unchanged.

This is the second time in three weeks the Treasury has intervened where the Fed has not: the yen on 1 August, the long bond on the 19th. Yields ended flat only because an intervention was needed to get them there, and what rallied was everything that is not a dollar. Warsh speaks Friday into exactly that.

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MACRO OUTLOOK

Macro Outlook		August 2026 – Calendar Week 35				
	Monday	Tuesday	Wednesday	Thursday	Friday	
Eurozone/UK	-	Germany Ifo Business Climate (Aug)	-	Germany GfK Consumer Confidence (Sep)	France Inflation Rate (Aug, Prel)	
US/Canada	-	-	Core PCE (July); Personal Income & Spending (July); Durable Goods (July); GDP Growth Rate (Q2, 2nd Est.); Nvidia Earnings	-	Fed Chair Warsh Speech; Nonfarm Payrolls Annual Revision (Prel); Canada GDP (Q2)	
Asia	-	RBA Meeting Minutes	-	-	Japan Consumer Confidence (Aug)	

What we're watching & why

Friday's keynote is the event of the week. It is Warsh's first as chair, lands three weeks before the 16 September decision, and comes from a Fed that no longer gives forward guidance, so a set-piece speech carries information that would normally arrive elsewhere. A Bank of America survey has 69% of managers expecting a neutral tone, which means neutral is priced and the risk sits in both tails.

The preliminary annual revision to nonfarm payrolls lands at the same hour. Last year's took 911,000 jobs out of the record. A second large downward revision would recast a labour market that has already produced a payroll contraction and two months of near-zero growth, and it would land while the chair is speaking.

Wednesday carries the data and the earnings together. Core PCE is seen at 0.2% against 0.1% previously, so the Fed's preferred measure is forecast to accelerate even as CPI cooled, and the second estimate of Q2 GDP is expected to be revised down to 1.5% from 2.1%. Nvidia reports the same day, after a week in which semiconductors fell 5.45% de-risking ahead of it.

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Sector COMMENTARY

Financials	-1.7%	Fell with the broader tape. Regional banks dropped 3.94%, the weakest part of the sector, with the curve flat on the week offering no support to margins.
Industrials	-3.7%	Weakest Sector of the week. Electrical equipment fell 10.58% and engineering and construction 5.55%.
Health Care	+4.3%	Second strongest, as money rotated toward defensives and out of the AI complex.
Information Technology	-3.2%	Second weakest. Semiconductors fell 5.45%, with AMD down 8.00%, Broadcom 6.24% and Nvidia 4.64%, the sector de-risking ahead of Nvidia's results on Wednesday.
Energy	+2.5%	Extended a third consecutive week of gains as Brent rose 6.63% and European gas 7.23%, with the Hormuz premium still unresolved.
Materials	+6.6%	The strongest sector of the week, and the clearest read-through from Wednesday's Treasury announcement. A weaker dollar sent gold up 5.56% and silver 6.89%, carrying the miners with them; copper fell 0.30% and contributed nothing.
Communication Services	-1.2%	Fell with Meta down 6.77% paired with a flat Alphabet.

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MARKET SOLUTIONS

Short-to-Medium Term Tactical Solutions			
		Base Case	Key Risks
Investment Backdrop	Macro	The Treasury doubled long-bond buybacks after the 30-year hit a 19-year high. It is the second intervention in three weeks, and the second by the Treasury rather than the Fed.	Warsh's keynote is unguided and a neutral tone is already the consensus. Core PCE lands Wednesday, three weeks before the September decision.
	Fixed Income	Yields finished flat but only after intervention. The buyback runs September to November, which supports the long end mechanically rather than fundamentally.	The 30-year was at a 19-year high before Wednesday. Deficit and issuance concerns are unresolved, and the buyback does not address them.
	Equities	Stay selective. The first weekly decline since July came from the AI complex, not the consumer, with semiconductors down 5.45% and retail sectors flat.	Nvidia reports Wednesday into a market that has already de-risked. It has carried much of this year's index return, so the reaction cuts both ways.
	Alternatives	Everything priced against the dollar rallied. Gold rose 5.56%, silver 6.89%, and Brent extended a third week of gains as Hormuz stayed unresolved.	Crypto's move included over \$4bn of short liquidations. Gains built on forced buying reverse faster than gains built on flows.
	FX	Reduce dollar length. The index fell 0.87% to a three-month low as the buyback landed, with the euro up 1.24% and sterling 1.13%.	A hawkish Warsh restores rate support quickly. The Treasury has now intervened twice in August, which cuts against a sustained dollar bid.

CONTRIBUTORS

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DISCLAIMER

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REFERENCES AND SOURCES

CNBC, Reuters and Bloomberg market wraps and Treasury buyback coverage; Axios and Walmart Investor Relations for Q2 results; CoinDesk crypto coverage; the Federal Reserve for the July FOMC minutes; the U.S. Treasury for buyback operation detail; the Bureau of Labor Statistics for payrolls and CPI; Trading Economics economic calendar; Finviz sector and industry performance; TradingView S&P sector performance data; yfinance, the FRED API and Python for the graphs.

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