WEEKLY MARKET OUTLOOK

July 13, 2026 | D+A STRATEGIES | Research Team

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EXECUTIVE SUMMARY

Markets closed the week in better shape than the headlines suggested, with the gains carried almost entirely by artificial intelligence. Renewed fighting between the United States and Iran pushed oil back toward its recent highs and reopened questions about Strait of Hormuz shipping, yet equities shrugged off the escalation as a marquee foreign listing reaffirmed investor appetite for anything tied to the AI infrastructure trade. Treasuries sold off modestly as yields drifted to their highest levels in weeks, and gold gave back ground even as the energy shock reasserted itself, a divergence that points to markets discounting the geopolitical premium as noise rather than signal. Europe closed little changed and split by country, with strength in a handful of bourses offset by weakness elsewhere, while the dollar firmed broadly and the yen found a rare bid. The week closed on an uneasy note, with the AI trade carrying the market while energy risk is rebuilding beneath it, and with earnings season now the next test, the gap between narrow leadership and broader macro fragility has not been resolved, only postponed.

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WEEK IN REVIEW

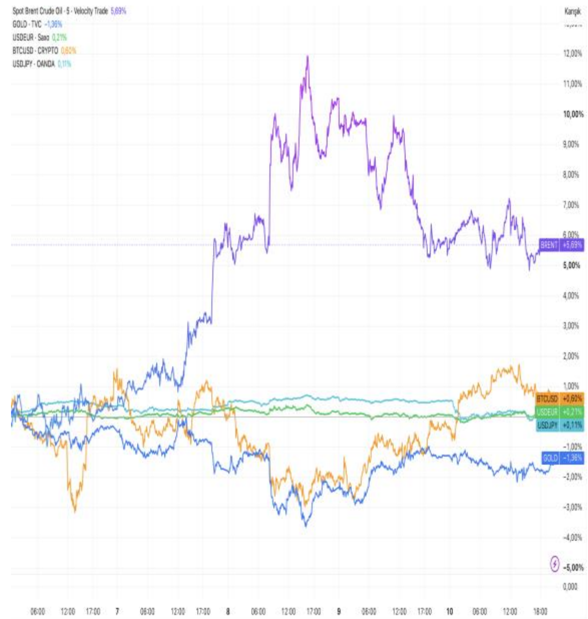
In the U.S., stocks closed higher for the fourth time in five weeks, though the gains stayed concentrated. The S&P 500 and Nasdaq advanced, led again by chips and AI infrastructure. Defensives lagged after a strong prior run, and the VIX fell to its lowest level in more than six months as investors treated the renewed Iran conflict as noise rather than a reason to de-risk.

Europe closed mixed, tracking oil more than any domestic catalyst. The FTSE 100 and CAC 40 firmed, the FTSE MIB gained, and the DAX lagged. Trading stayed thin, largely reactive to the U.S. session.

Asia and emerging markets split along the same lines. Names tied to the semiconductor supply chain firmed on the SK Hynix listing, while broader sentiment stayed capped by renewed disruption around the Strait of Hormuz. Regional currencies stayed on the defensive as the dollar firmed.

Equities finished the week split cleanly by geography, with the S&P 500 and Nasdaq closing at the top of the pack while the Nikkei saw some fluctuation. The Dow and Russell 2000 held a narrow middle ground, drifting modestly negative throughout, while the FTSE lagged the field.

Rates, currencies, and commodities reflected the energy premium snapping back. Brent posted a strong weekly gain as fresh U.S.-Iran strikes disrupted Hormuz tanker traffic again. Treasury yields rose with it, the 10-year climbing toward its highest level since May, as the inflation read outweighed any safety bid. Gold fell, unable to hold a premium against a firmer dollar and a less dovish Fed. The dollar strengthened broadly, while the yen found rare support on signals Japan wants to keep capital onshore.



Brent surged sharply midweek, while Gold drifted lower throughout, unable to find a safe-haven bid despite the escalation. The dollar held broadly stable against both the euro and the yen, edging only marginally higher on the week, while Bitcoin swung wildly in tandem with gold before recovering into the close to finish little changed.

The week closed on the same tension that has defined the last month: an equity market pricing a durable AI supercycle against a macro backdrop that keeps reintroducing the energy shock it thought it had shed. The difference this time is that bonds and gold sold off alongside risk assets rather than cushioning them, a detail worth carrying into earnings season.

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MACRO OUTLOOK

Macro Outlook					July 2026 – Calendar Week 29
	Monday	Tuesday	Wednesday	Thursday	Friday
Eurozone/UK	-	-	Eurozone Industrial Production (May)	UK GDP (May)	-
US/Canada	Federal Budget (June)	U.S. CPI & Core CPI (June); Bank of Canada rate decision preview	U.S. PPI & Core PPI (June); Bank of Canada Rate Decision	U.S. Retail Sales (June); Initial Jobless Claims; Philly Fed Manufacturing (July)	U.S. Housing Starts; Industrial Production; Michigan Consumer Sentiment (Prelim, July)
Asia	-	China Q2 GDP; Retail Sales & Industrial Production (June)	Bank of Korea Rate Decision	-	-

What we're watching & why

Tuesday's CPI is the event of the week. A soft print will read as disinflation the Warsh Fed is unlikely to buy. Nine of eighteen officials penciled in a hike at June's meeting, and that committee is watching core, not headline. If core holds near 2.9% while gasoline drags the topline lower, the hike case survives the print.

PPI on Wednesday confirms the same energy reversal further up the pipeline. The Bank of Canada meets the same day, expected to hold at 2.25% for a sixth straight meeting, while Warsh's two-day Hill testimony, House Tuesday, Senate Wednesday, gives the market its first extended read on the new chair in his own words.

Thursday's retail sales test whether the consumer is pulling back or just paying less at the pump. China's Q2 data lands overnight Tuesday, and a growth miss would pressure the same cyclical and EM trades riding the AI rally. Q2 bank earnings open Tuesday with JPMorgan, Bank of America, Citigroup, Goldman Sachs, and Wells Fargo, the first real test of whether priced-in growth shows up in the numbers.

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SECTOR COMMENTARY

Financials	+0.3%	Modestly higher. Banks firmed into next week's earnings season as the labor market held up, though gains lagged the broader tape.
Industrials	+0.5%	Firmed in line with the market. The sector found support from the same reflation trade lifting materials and energy, without standing out on its own.
Health Care	-0.8%	The weakest sector. Large-cap pharma, biotech, and managed care pulled back in a bout of profit-taking after hitting all-time highs earlier in the week.
Information Technology	+0.6%	Volatile but higher. Chip stocks whipsawed through the week before continued strength in Nvidia carried the sector into the close.
Energy	+0.6%	Rose as Brent posted its strongest weekly gain since February, with renewed U.S.-Iran strikes disrupting Strait of Hormuz shipping and reviving the conflict premium.
Materials	+1.1%	The strongest sector on the week. Commodity-linked names caught a bid alongside the broader energy rally, even as gold itself sold off.
Communication Services	+0.9%	Led by platform names. Meta jumped on a positive read on its AI compute business, its best weekly performance since early 2024.

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MARKET SOLUTIONS

Investment Backdrop	Short-to-Medium Term Tactical Solutions: Base Case	Key Risks
Macro	▪ The Hormuz premium is back and the Fed has less room to look through it. Markets now price a hike by fall, with CPI and bank earnings as the next test.	▪ A hot CPI print forces the hike case forward faster than equities can absorb, especially with core still sticky.
Fixed Income	▪ Keep duration light. Yields climbed for eight of the last nine sessions as the energy shock reasserts itself in the inflation outlook.	▪ A strong CPI or PPI print pushes yields through recent highs, pressuring both bonds and rate-sensitive equities at once. ▪
Equities	▪ Stay with the rally but keep it narrow. Tech and energy led; healthcare and consumer discretionary lagged, and the market has shown little appetite to broaden out.	▪ A disappointing CPI or a weak start to bank earnings tests the AI-led leadership that has carried the index all year.
Alternatives	▪ Oil is the trade. The safe-haven bid keeps failing to show up even as the conflict escalates, leaving energy exposure the cleaner way to play the risk.	▪ A durable ceasefire reverses the oil move quickly, and a positioning unwind could be sharp given how fast the premium rebuilt.
FX	▪ Hold dollar exposure. Firmer yields and a hawkish Fed continue to support the greenback, though the yen has found rare support on intervention signals.	▪ A soft CPI reopens the cut debate and weakens the dollar quickly, particularly against the yen if Japan follows through.

CONTRIBUTORS

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DISCLAIMER

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REFERENCES AND SOURCES

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