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US Market Wrap - 20th July 2026

Oil gains as US/Iran strikes continue, supporting yields

- **SNAPSHOT**: Equities mixed, Treasuries down, Crude up, Dollar up
- **REAR VIEW**: Trump vows harsh response to any US servicemembers killed by Iran; US & Iran trade strikes over the weekend, with Iranian attack on Jordan killing two US service members; US targets Iranian nuclear power plant under construction; Houthis announce a ban on maritime navigation for Saudi-linked vessels; Mediators have reportedly proposed a 10-day cessation of strikes to find ways to revive the Iran-US interim deal; Iran's Foreign Ministry said will not abandon talks with the US; US/Iran talks are ongoing; Andy Burnham becomes UK PM, names Healey as Chancellor; Softer-than-expected Canada CPI; GOOGL is reportedly developing a new server chip.
- **COMING UP**: **Data:** UK Jobs Report (May), PSNB (Jun), German/EU ZEW Economic Sentiment Index (Jul), US ADP Employment Change Weekly. **Events:** NBH Policy Announcement (Jul). **Supply:** UK, Germany. **Earnings:** General Motors, 3M, Novartis.
- **WEEK IN FOCUS:** Highlights include Japanese, UK and NZ inflation reports, ECB, Global Flash PMIs, Aussie and UK jobs. Click here for the full report.
- **WEEKLY US EARNINGS ESTIMATES:** Earnings season gets into full swing with GOOGL and TSLA the highlights. Click here for the full report.

MARKET WRAP

US equities ended the session mixed, with the tech-heavy Nasdaq 100 the only major index to finish marginally higher. Technology and Communication Services were the only sectors to outperform, alongside Energy, with the former supported ahead of Alphabet's earnings on Wednesday after reports the company is developing a new server chip. Health Care and Materials lagged. There was little in the way of macro catalysts, with no US economic data and Fed officials in their blackout period ahead of next week's FOMC meeting.

The crude complex was volatile but ultimately settled higher following another barrage of geopolitical headlines. Overnight, the US and Iran exchanged strikes for a ninth consecutive night, while reports throughout the session suggested the conflict is more likely to escalate than de-escalate, despite officials indicating diplomatic channels remain open and talks continue.

Treasury yields rose across the curve as higher oil prices and the escalating geopolitical backdrop lifted inflation concerns. Reports that Iran threatened the Bab el-Mandeb shipping route added to the risk premium, weighing on Treasuries.

In FX, the Dollar was mixed against its peers. The Australian Dollar outperformed, supported by broad strength in Chinese assets, while Sterling and the Canadian Dollar were little changed despite UK political developments and softer-than-expected Canadian inflation data, respectively. The UK confirmed Andy Burnham as its new Prime Minister, although the appointment of Healey as Chancellor came as more of a surprise.

Precious metals were mixed, with spot gold edging slightly lower while silver outperformed.

FIXED INCOME

T-NOTE FUTURES (U6) SETTLED 13 TICKS LOWER AT 108-27+

Treasury yields rose across the curve on Monday as oil prices climbed further amid escalating tensions in the Middle East. At settlement: 2-year +3.0bps at 4.213%, 3-year +3.6bps at 4.254%, 5-

year +4.7bps at 4.325%, 7-year +4.5bps at 4.453%, 10-year +4.5bps at 4.594%, 20-year +4.2bps at 5.118%, 30-year +4.0bps at 5.112%.

THE DAY: Treasuries sold off across the curve as escalating geopolitical tensions pushed oil prices higher in an otherwise quiet week for US data. The US and Iran continued exchanging strikes over the weekend, with President Trump saying the US had hit Iran "very hard" in honour of the three American service members who were killed.

Oil prices were volatile throughout the session. Crude initially gapped higher before paring gains after Iran's Foreign Ministry said negotiations could still be pursued if they served national interests, adding that intermediaries had exchanged messages with Tehran in recent days and that Iran would not abandon talks with the US. Prices came under further pressure after Reuters reported that mediators had proposed a 10-day cessation of strikes in an effort to revive the US-Iran interim deal. However, crude later reversed higher after the Houthis announced a ban on maritime navigation for Saudi-linked vessels, while President Trump warned that any future killing of an American soldier by Iran would be met with overwhelming retaliation. Additional support came late in the session after reports that the US was preparing further military action against Iran in the coming days, alongside reports of fresh explosions in Jordan following another Iranian attack.

With little in the way of US economic data and the Fed now in its blackout period ahead of the July 29th FOMC meeting, geopolitics remained the dominant driver of market price action. Looking ahead, WSJ's Nick Timiraos noted that headline PCE is expected to decline 0.07% M/M in June, lowering the annual rate to 3.7%, citing economists who mapped the recent CPI and PPI reports into the PCE report.

Overall, the renewed rise in oil prices reinforced inflation concerns and prompted markets to increase expectations for further Fed tightening. Money markets now fully price a 25bp rate hike by year-end, with October almost fully priced.

SUPPLY

Notes

- US to sell USD 13bln of 20yr bonds on July 22nd, to settle on July 24th; to sell USD 21bln of 10-year tips on July 23rd; to settle on July 31st

Bills

- US sold 3mth bills at high-rate 3.730%, B/C 3.00x; sold 6mth bills at high-rate 3.835%, B/C 2.94x
- US to sell USD 95bln of 6-week bills on July 21st, to settle on July 23rd.

STIRS / OPERATIONS

- Fed Pricing: Dec 27.7bps (prev. 22.7bps)
- EFFR at 3.63% (prev. 3.63%), volumes at USD 111bln (prev. USD 113bln) on July 17th
- SOFR at 3.59% (prev. 3.62%), volumes at USD 3.03tln (prev. USD 3.038tln) on July 17th
- NY Fed RRP op demand at 0.03bln (prev. 0.10bln) across 6 counterparties (prev. 1) on July 20th
- NY Fed T-Bill Purchases (1-4 month): Accepts USD 5.18bln of USD 32.48bln offered; Offer-to-cover 6.27x

CRUDE

WTI (Q6) SETTLED USD 0.70 HIGHER AT 82.48/BBL; BRENT (U6) SETTLED USD 1.12 HIGHER AT 89.22/BBL

The crude complex was choppy to start the week, but ultimately settled firmer and was reactive to plenty of geopolitical headlines through the day. WTI and Brent gapped higher at the open to hit peaks of USD 84.60/bbl and USD 91.42/bbl, respectively, as US/Iran traded fire for the 9th consecutive night. Through the European morning, benchmarks saw pressure, and fell to lows, on numerous Middle East headlines: 1) Iranian Foreign Ministry spokesperson said negotiations with the US could be pursued based on national interests, and intermediaries have shared messages with Tehran in recent days; 2) Iranian Foreign Ministry said will not abandon talks with the US; 3) Senior Iranian source said mediators have proposed a 10-day cessation of strikes to find ways to revive the Iran-US interim deal. However, benchmarks soon pared all weakness seen, to end up with gains, amid more punchy rhetoric from all sides. Yemeni Houthi spokesperson announced a ban on maritime navigation for Saudi-linked vessels, while Trump said every time Iran kills an American soldier, they will pay for that killing many times over, and reports suggested US is preparing next phase of military campaign against Iran in coming days. Meanwhile, more explosions were heard in Jordan, Kuwait, Bahrain, Israel and Iraq. As such, participants await any further updates overnight.

EQUITIES

CLOSES: SPX -0.19% at 7,443, NDX +0.04% at 28,604, DJI -0.59% at 51,844, RUT -0.67% at 2,942

SECTORS: Communication Services +0.74%, Energy +0.55%, Technology +0.10%, Consumer Discretionary -0.39%, Financials -0.39%, Real Estate -0.45%, Utilities -0.53%, Consumer Staples -0.54%, Industrials -0.77%, Materials -0.94%, Health -1.15%

EUROPEAN CLOSES: Euro Stoxx 50 -0.10% at 6,225, Dax 40 +0.12% at 24,862, FTSE 100 -0.71% at 10,525, CAC 40 +0.02% at 8,340, FTSE MIB -0.04% at 51,863, IBEX 35 -0.05% at 19,207, PSI +0.09% at 9,071, SMI -0.71% at 14,241, AEX -0.13% at 1,091

STOCK SPECIFICS

- **Advanced Micro Devices (AMD):** Said Microsoft's Azure (MSFT) is to add two new VMs powered by 6th-gen AMD EPYC 'Venice' processors.
- **Google (GOOGL)** is developing a new server chip, internally dubbed "Frozen v2," designed to integrate the architecture of its Gemini AI model directly into silicon to improve inference efficiency, reports The Information.
- **Boeing (BA):** Maintained 20-year forecast.
- **Domino's Pizza (DPZ):** Revenue beat.
- **IREN (IREN):** Signed USD 2.8bln in new contracts and lifted end-FY26 AI Cloud ARR target to over USD 4bln (prev. USD 3.7bln).
- **Urban Outfitters (URBN):** Upgraded at Goldman Sachs to 'Buy' from 'Neutral'.
- **USA Rare Earth (USAR):** Announced CEO Barbara Humpton will retire, with Serra Verde CEO Thras Moraitis set to succeed her.
- **LXP Industrial Trust (LXP):** Brookfield to acquire LXP Industrial Trust for USD 5.2bln in an all-cash deal.
- **AMC Entertainment (AMC):** EPS and revenue beat.
- **Tempus AI (TEM):** To acquire Personalis in a deal valuing the company at an enterprise value of approximately USD 1.5bln.
- **BlackRock (BLK)** is leading a debt sale targeting at least USD 12bln for its new El Paso data-centre project backed by Meta (META), reports WSJ citing sources.

FX

The Dollar broadly gained vs. G10 peers on Monday, although the Antipodeans saw strength, with the Aussie particularly outperforming. The AUD was supported amid a broad bid in Chinese assets during APAC, where China is expected to decide on additional stimulus measures at the Politburo meeting this month. Back to the Greenback, there was no data or Fed speak, given the latter are on blackout, with a pretty quiet week in terms of scheduled risk events (ex-earnings), ahead of FOMC and PCE next week.

CHF, CAD, EUR, GBP, and JPY all saw losses to differing degrees, as the former two lagged, albeit on no headline driven newsflow, while the Pound watchers awaited Burnham being sworn in as PM. Since then, he has confirmed his Cabinet, with Healey appointed Chancellor in a surprising move. Elsewhere, cooler-than-expected Canadian inflation metrics saw marginal selling in the Loonie.

All in all, currency-specific newsflow was light to start the week, as participants await continued updates between Iran and US, as the Middle Eastern war seems to be ever-escalating further. In the week ahead, highlights include UK jobs (Tues), UK inflation (Wed), Aussie jobs, ECB (Thurs), Japanese inflation and Global PMIs (Fri).

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