US Market Wrap - 22nd July 2026

Stocks meander with tech sold ahead of key earnings

- **SNAPSHOT**: Equities flat/down, Treasuries down, Crude up, Dollar flat, Gold up
- **REAR VIEW**: Trump says will hit Iranian bridges/power if Iran shoots at a ship in Hormuz; Iran threatens attacks on energy infrastructure if its bridges/power is hit; BoJ is said to be open to a hike faster than every six months; EIA crude stocks show surprise build, however, SPR draws continue; Mixed UK inflation; GEV earnings miss; AMD and Anthropic sign chip deal; OpenAI reportedly raises projected cloud spend; Qatar Energy reportedly preparing to extend LNG force majeure into October; Weak US 20yr bond auction; Trump admin weighing military action in Mali.
- **COMING UP**: **Data:** South Korean GDP (Q2), Australian Jobs Report (Jun), Canadian Retail Sales (May), US Initial Jobless Claims (Jul/18), Chicago Fed National Activity Index (Jun), EU Consumer Confidence Flash (Jul). **Events:** CBRT Policy Announcement (Jul), ECB Policy Announcement (Jul), SARB Policy Announcement (Jul). **Speakers:** ECB President Lagarde. **Supply:** UK, US. **Earnings:** Intel, Blackstone, Lockheed Martin, RTX, TotalEnergies, BNP Paribas, STMicroelectronics, Thales, SAP, Roche, Nokia, Repsol

MARKET WRAP

Stocks were little changed to lower on Wednesday, with the Russell 2000 leading the losses while the Nasdaq also underperformed ahead of big tech earnings after the close. Equities largely traded sideways throughout the session as investors awaited earnings results from Google (GOOGL), IBM (IBM) and Tesla (TSLA). Sector performance was mixed, with Utilities, Energy and Materials outperforming, while Consumer Discretionary, Communication Services and Health Care lagged.

Crude prices settled higher as the US-Iran conflict continued to escalate. Both sides dismissed reports that negotiations were underway, while President Trump warned that if Iran fired at another vessel in the Strait of Hormuz, the US would destroy a bridge or power plant in Iran. Tehran responded by threatening energy and power infrastructure across the region should its own key infrastructure come under attack.

Treasuries came under pressure as higher oil prices lifted inflation expectations. The Treasury curve bear flattened as money markets continued to increase expectations for further Fed tightening, with around 35bps of hikes now priced by year-end.

In FX, firmer crude prices supported the Canadian Dollar, while the Dollar Index was little changed overall. The Yen briefly strengthened after reports suggested the BoJ would be willing to tighten policy more frequently than once every six months, although those gains ultimately faded.

Precious metals were firmer despite rising Treasury yields and inflation expectations, likely reflecting continued haven demand amid elevated geopolitical uncertainty. There were also reports that the Trump administration is considering military options in Mali, whose largest export is gold.

FIXED INCOME

T-NOTE FUTURES (U6) SETTLED 7 TICKS LOWER AT 108-13+

The Treasury curve continued to bear flatten on Wednesday as escalating geopolitical tensions pushed oil prices higher, reinforcing expectations for further Fed tightening. At settlement, 2-year +4.1bps at 4.302%, 3-year +4.1bps at 4.342%, 5-year +3.9bps at 4.407%, 7-year +3.4bps at 4.528%, 10-year +3.3bps at 4.659%, 20-year +2.7bps at 5.171%, 30-year +1.8bps at 5.149%.

THE DAY: It was more of the same on Wednesday during an otherwise quiet week for US data, with markets remaining firmly focused on developments in the Middle East. The conflict between the US and Iran continued to escalate, with both sides dismissing reports that negotiations were ongoing.

President Trump warned that if Iran were to fire at a vessel in the Strait of Hormuz, the US would respond by bombing and destroying a bridge or power plant. Iran responded by threatening energy infrastructure across the region, keeping geopolitical tensions elevated.

The increasingly escalatory rhetoric pushed crude prices higher, with WTI climbing back above USD 86/bbl and Brent above USD 93/bbl. Similar to Tuesday, the rise in oil prices fuelled inflation concerns and prompted money markets to increase expectations for further Fed tightening. Around 8.5bps of tightening are now priced for next week's FOMC meeting, implying roughly a 34% probability of a 25bp hike. By year-end, markets price around 35bps of cumulative tightening, fully pricing one rate hike with around a 40% probability of a second.

Elsewhere, the USD 13bln 20-year Treasury auction was soft, with the issue tailing by 0.5bps and dealers left with a larger-than-average allocation. The results suggest the renewed geopolitical tensions may have tempered investor appetite for duration despite the 20-year yield trading at its highest level since May.

SUPPLY

Notes

- US sold 13bln of 20yr bonds; Tail 0.5bps.
- US to sell USD 21bln of 10-year tips on July 23rd; to settle on July 31st

Bills

- US sold 17-week bills at a high rate of 3.845%, B/C 2.76x
- US to sell USD 110bln in 4-week bills and USD 100bln of 8-week bills on July 23rd; to settle July 28th

STIRS / OPERATIONS

- **Fed Pricing: 35.6bps (prev. Dec 31.9bps)**
- EFFR at 3.63% (prev. 3.63%), volumes at USD 106bln (prev. USD 106bln) on July 21st
- SOFR at 3.61% (prev. 3.57%), volumes at USD 2.975tln (prev. USD 3.012tln) on July 21st
- NY Fed RRP op demand at 0.38bln (prev. 0.28bln) across 2 counterparties (prev. 1) on July 22nd
- NY Fed T-Bill Purchases (4-12 month): Accepts USD 3.45bln of USD 44.15bln offered; Offer-to-cover 12.79x

CRUDE

WTI (U6) SETTLED USD 2.49 HIGHER AT USD 86.83/BBL; BRENT (U6) SETTLED USD 3.06 HIGHER AT USD 94.07/BBL

The crude complex was firmer again on Wednesday as US/Iran tensions show no sign of de-escalation, after an 11th consecutive night of attacks. Highlighting this, Trump once again gave punchy rhetoric, which pushed benchmarks higher, as he said, "From this point forward, any time Iran shoots at a ship in the Strait of Hormuz... US will bomb and destroy ONE BRIDGE OR POWER PLANT". In response to this, an Iranian military source stated, "if any bridge or power plant is targeted... we will hit several infrastructures and energy facilities in the region". In addition, disruptions around Bab el-Mandeb and rising shipping costs also underpin oil prices. The top negotiator Ghalifbaf put it more bluntly, "In a region where we do not sell oil, no one will sell oil." Later in the session, Bloomberg reported that QatarEnergy is preparing to extend its LNG force majeure through mid-October, according to people with knowledge of the matter; several buyers in Europe and Asia said separately they are expecting a formal notification in the coming weeks, the report added.

In the weekly EIA metrics, crude saw a surprise build, as did gasoline, while distillates saw a larger-than-expected build. Overall, crude production was -63k W/W to 13.798mln. Ahead, Alphabet and Tesla earnings are the next macro catalyst, as well as, of course, any Middle East updates.

EQUITIES

CLOSES: SPX -0.14% at 7,499, NDX -0.54% at 28,998, DJI -0.01% at 52,224, RUT -0.92% at 2,960

SECTORS: Communication Services -1.29%, Consumer Discretionary -0.84%, Health -0.56%, Real Estate -0.49%, Financials -0.13%, Technology +0.01%, Industrials +0.07%, Consumer Staples +0.38%, Energy +1.19%, Materials +1.45%, Utilities +2.29%.

EUROPEAN CLOSES: Euro Stoxx 50 +0.57% at 6,322, Dax 40 +0.65% at 25,174, FTSE 100 +1.24% at 10,717, CAC 40 +0.89% at 8,438, FTSE MIB +0.97% at 52,792, IBEX 35 +0.99% at 19,571, PSI +1.16% at 9,278, SMI +0.12% at 14,316, AEX +0.37% at 1,101.

STOCK SPECIFICS:

- **Anthropic** will purchase up to 2GW of **AMD's (AMD)** latest-generation chips, Instinct MI450, AMD will invest up to USD 5bln in Anthropic as certain deployment milestones are met. AMD is also in talks to provide a financial backstop for Anthropic's future data-centre leases as well, according to a person with direct knowledge of the talks.
- **Super Micro Computer (SMCI):** Stellar Q4 prelim GM figure
- **Chubb (CB):** Net premiums written missed.
- **Equinor (EQNR)**: Q2 EBT rose, supported by higher oil & gas prices linked to Middle East supply disruptions
- **TE Connectivity (TEL):** Strong Q metrics & said it will power purchase Astrodyne TDI for $1.4bln
- **GE Vernova (GEV):** Profit light; Lifted FY26 rev. guidance, but left EBITDA unch.
- **AT&T (T):** Postpaid phone net adds. topped exp.
- **PulteGroup (PHM):** Top & bottom line surpassed Wall St. exp.
- **Phillip Morris (PM):** FY EPS view light
- **Oklo (OKLO)** and **X-Energy (XE)** joining an effort by Trump's admin to speed up nuclear power plant development for AI data centers.
- Reddit (RDDT) has discussed shutting off Google's access to its content for AI use, according to WSJ citing sources.
- **Apple (AAPL)** is reportedly planning an overhaul of Macbooks and iMac, as it pushes to meet AI demand.
- **Amazon (AMZN)** is reportedly cutting jobs in its artificial general intelligence group.
- **Pharma** - US President Trump posted "Effective August 1st, 2026, all Generic Drugs being brought into the United States will continue to have a TARIFF of ZERO PERCENT for a two year period of time, after which the TARIFF will be raised to 100% for a one year period".
- European Commission approves **Paramount (PSKY) & Warner Bros (WBD)** merger.
- FDA reports a new outbreak of Cyclospora linked to a not yet identified product - Sweetgreen (SG), McDonalds (MCD), Chipotle (CMG) and Yum! Brands (YUM) saw downside.

FX

DXY was little changed as markets proved choppy through further geopolitical escalations, higher energy prices, and ahead of GOOGL earnings. US data and Fedspeak again took the backseat given the lack of data and the Fed being on blackout, keeping the Middle East conflict as the main focus. Oil prices settled higher on continued strikes between the US and Iran, and more threats from both sides on hitting key infrastructure. The key headline to watch now is any further attacks from Iran on ships in the Strait of Hormuz, given Trump is now saying if that happens he will hit Iran's bridges/power. In return, Iran has said they'll hit energy facilities in the region. On the flip side, Trump's threats in the past on Iranian infrastructure have led to a U-turn, resulting in a diplomatic approach, and as such, markets will be aware of that USD downside risk.

CAD and **EUR** outperformed, with higher oil prices providing an economic growth offset for the former, while hawkish repricing for the ECB has continued to help the Euro. Meanwhile, CHF continued to lag against the dollar. ING notes that USD/CHF rather than USD/JPY could become an increasingly popular vehicle for these summer months, and if energy prices have another leg higher, "USD/CHF could deliver some powerful follow-through on a break of 0.8150/70 resistance". USD/CHF now sits around highs of 0.8148

JPY saw a bout of strength in response to reports that the BoJ is said to be open to a hike faster than every six months, a more hawkish view than the general analyst consensus that the BoJ would stick with its usual six-month hiking pace. Bloomberg added that some members are seeing evidence that companies are passing higher costs to customers faster than in the past. USD/JPY hit lows of 162.66 before paring the entire downside.

GBP was little moved by the mixed UK inflation report, which ultimately suggests the BoE keep rates unchanged through year-end. Headline Y/Y cooled at a faster rate than expected, now 0.5% below BoE’s April forecast; Services cooled in line with BoE's forecast due to volatile airfares, while core metric stood at 2.6%, in line with BoE forecast.

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