

Weekly Market Report

Aug 3, 2026 to Aug 7, 2026

For educational and informational purposes only. Not financial advice.

OVERVIEW

Risk appetite has been uneven, with investors rotating across regions and factors rather than chasing a single beta. Data dependent policy, sticky inflation, and geopolitics/energy remain the narrative; cross asset dispersion is high (see performance table).

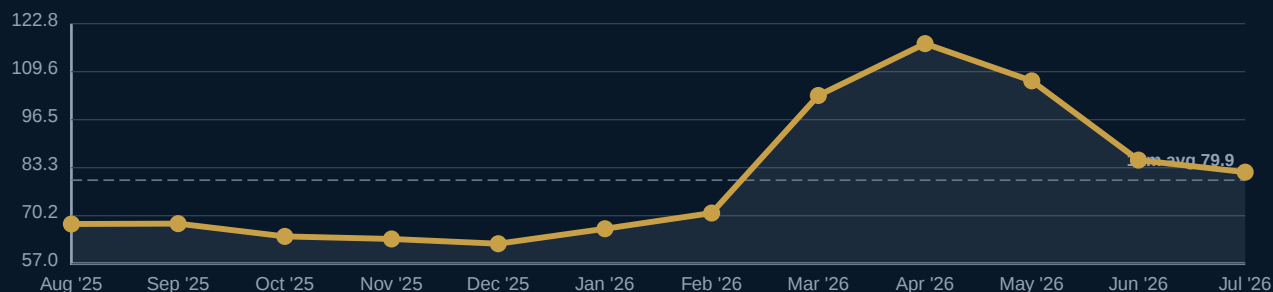
PERFORMANCE TABLE

Instrument	1M	6M	1Y	1Y %ile	5Y %ile
Hang Seng Index (Hong Kong)	+9.6%	-1.3%	+11.5%	70	91
STOXX Europe 50	+2.8%	+4.5%	+20.6%	99	100
Gold (USD/oz)	+0.3%	-16.5%	+22.6%	29	79
S&P 500	+0.2%	+8.0%	+18.2%	91	97
Nikkei 225 (Japan)	-0.7%	+7.8%	+25.5%	85	95
Bitcoin (BTC-USD)	-0.7%	-14.2%	-45.2%	4	56
iShares IG Corp Bond (LQD)	-2.0%	-3.9%	-2.6%	1	15
Nasdaq 100	-5.1%	+10.6%	+21.8%	78	94
CSI 300 (China)	-5.9%	+2.3%	+20.5%	71	91

Note: Rows ranked by one-month return (highest first); the 1M column is highlighted as the sort key. Same proxy ETFs, figures, and percentile methodology as the Research page performance table (1M/6M/1Y vs ~30/180/365 calendar days). Percentile ranking shows where current price level stands relative to historical price levels. ETF proxy closes in this batch: Jul 31, 2026 to Aug 3, 2026 (proxies may refresh on different sessions).

CHARTS OF THE WEEK

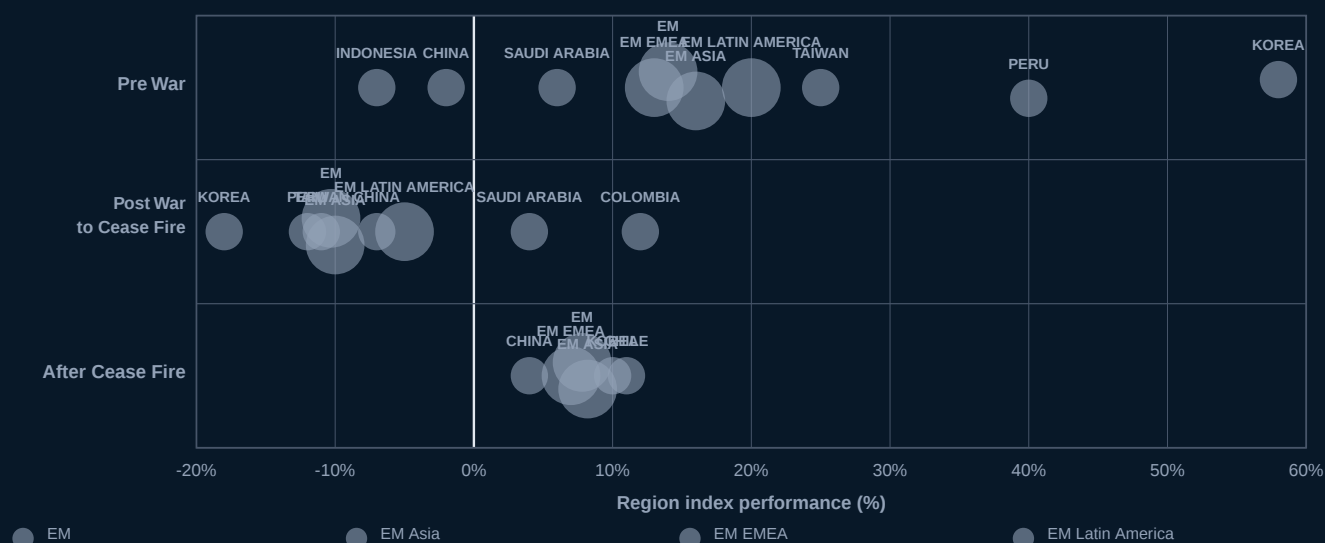
Brent crude (USD/bbl): trailing 12 months, monthly average spot (geopolitical risk channel)



Source: FRED API, series DCOILBRETEU (U.S. EIA via Federal Reserve Bank of St. Louis); daily spot, averaged by calendar month. Last daily spot observation: Jul 27, 2026.

Monthly average Brent from FRED (EIA spot, DCOILBRETEU) was range-bound in the mid-\$60s through early 2026, then jumped in March to April as Gulf supply risk returned; the dashed line is the trailing 12-month mean (\$79.9/bbl) and spot is near \$92 on the latest FRED daily print. Energy and shipping equities tend to reprice first; duration and growth sleeves stay sensitive if the move feeds headline CPI.

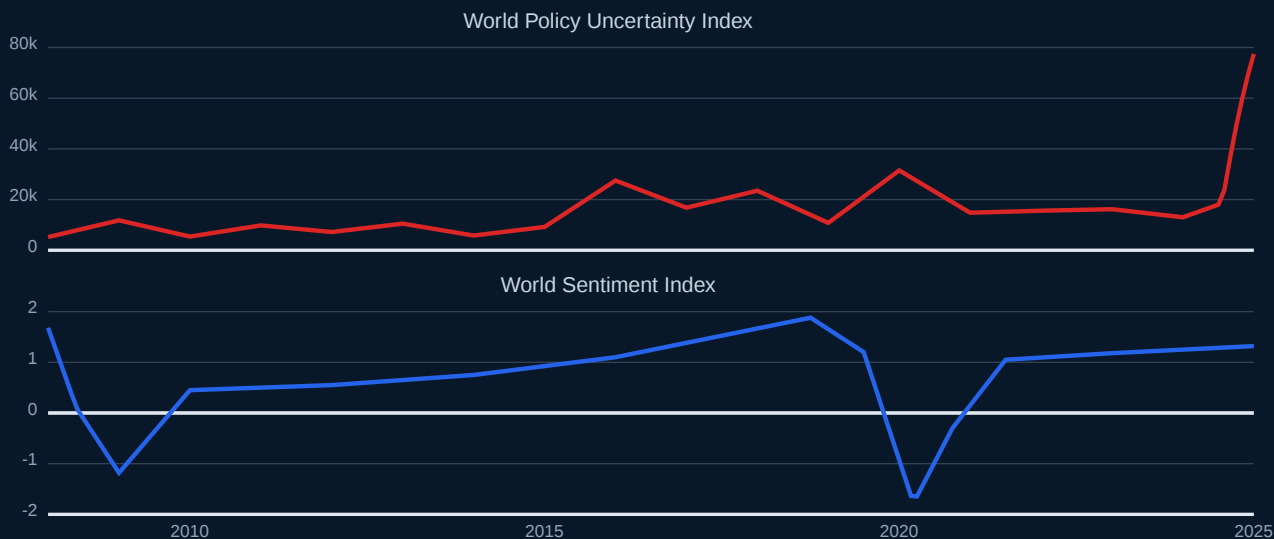
Emerging Markets Through the Middle East Conflict: Uneven Impact of the Energy Shock



Source: <https://www.msci.com/indexes/markets-in-motion/visualizations/emerging-markets-through-the-middle-east-conflict-uneven-impact-of-the-energy-shock>

MSCI EM indexes show wide pre-war dispersion, acute Asia-led weakness when crude and LNG routes were in focus, then a tighter positive band after the ceasefire. Country and terms-of-trade exposure dominated simple regional beta.

Despite record-high policy uncertainty, global sentiment remains relatively positive



Source: <https://www.imf.org/en/blogs/articles/2025/11/10/even-as-global-uncertainty-surges-economic-sentiment-remains-positive>

IMF text-based gauges show policy uncertainty spiking while sentiment stayed positive, matching staff messaging of a resilient but slowing global expansion. Elevated uncertainty argues for quality and careful cyclical timing rather than maximum risk.

Commentary: AVANTAS Research

TOP CATALYSTS

1. Editor's pick: Soft landing vs stagflation-lite, and Europe's growth split

After the late-July FOMC window, the U.S. master debate is soft landing (~50%) versus stagflation-lite (~30%): sticky services CPI and oil keep the Fed's patient hold from being a cut pivot. Europe remains a stock-picker's market after the 23 Jul ECB pause (deposit 2.25%). Hang Seng (+9.6% 1M) and STOXX (+2.8% 1M) lead our 31 Jul table while Nasdaq is " 5.1% 1M.

Market Impact:

Keep U.S. quality and selective Europe/Asia (banks, energy, Hang Seng); size gold as a stagflation hedge. Soft duration (TLT " 3.8% 1M, LQD " 2.0% 1M) argues for front-end over long bonds until inflation cooperates.

Further Reading:

- [Avantas Research — US soft landing vs stagflation](#)
- [Avantas Research — Europe growth split](#)

2. Middle East tensions & oil as the macro transmission channel

Late Q1 2026 commentary treats energy as the first order shock absorber for Middle East risk: crude and energy equities have repriced a geopolitical premium, while analysts debate persistence against spare capacity, inventories, and diplomacy (see also Amundi Global Investment Views, Mar 2026).

Market Impact:

Energy, shipping, and defense factors can outperform on risk; duration and long duration growth remain sensitive if oil feeds headline inflation expectations.

Further Reading:

- [Reuters: Middle East & oil markets](#)
- [IEA: oil market reports](#)

3. Fed patience: sticky inflation vs limited easing room

Disinflation is ongoing but inflation remains above target in many models, so policymakers emphasize data dependence. Institutional base cases often embed only a couple of Fed cuts later in 2026 unless labour markets deteriorate, keeping the front end of the curve reactive to CPI, payrolls, and guidance.

Market Impact:

Misalignment between dovish pricing and central bank caution whipsaws yields and style leadership (growth vs value, quality vs junk).

Further Reading:

- [Federal Reserve: monetary policy](#)
- [CME FedWatch](#)

4. AI capex wave vs software & multiple compression

Hyperscaler and enterprise spend on accelerators, power, and datacentres remains a dominant capex story, while application software faces tougher growth per dollar hurdles. Rotation toward AI infrastructure, semis, and “real economy” quality is a recurring theme in strategy notes.

Market Impact:

Hardware and industrial beneficiaries can decouple from long duration SaaS; crowding and concentration in U.S. megacaps keep tail risk in factor unwinds.

Further Reading:

- [Semiconductor industry context \(SIA\)](#)

MARKET THEMES

BY REGION

US economy & markets

United States: The Fed's reaction function is still the master variable for dollar assets; until core inflation cooperates, easing expectations will stay vulnerable to repricing.

Europe & Asia

Europe: Banks and insurers sit at the intersection of rates and credit spreads. Japan: repatriation flows can move the yen quickly. Asia: India and parts of ASEAN offer a different demand story than China exports alone.

Commodities & credit

Commodities: Agricultural and energy shocks feed headline CPI faster than core; central banks treat them as volatile but politically salient.

Cross asset read

Cross asset: when rates and commodities move together, balanced funds need explicit risk budgets; static policy weights mislead.

MARKET OUTLOOK

Near term outlook (3 to 6 months):

Risk appetite is tentative as investors weigh central bank guidance and incoming macro data. Equity leadership is narrow, with semiconductors and AI infrastructure outperforming while long duration software underperforms; cross asset signals remain mixed.

Medium term outlook (6 to 12 months):

The path for rates depends on whether inflation stays sticky while labour markets cool without a sharp slowdown. If policy stays restrictive, quality cyclicals and pricing power franchises should fare better than fragile growth; clearer disinflation would broaden equity leadership.

Long term outlook (12+ months):

AI adoption and supply chain rewiring remain durable multi year themes, but winners and laggards will be repriced unevenly. A balanced posture that favours AI infrastructure, quality balance sheets, and selective international exposure should help navigate regime volatility.

Asset Class Views

 Underweight

 Neutral

 Overweight

Asset	View	Commentary
US Equities	 Overweight	Overweight. We stay selectively constructive on U.S. equities with policy clarity and resilient growth, favoring pricing power over passive cap-weight beta.
International Equities	 Overweight	Overweight. We overweight selective international sleeves where valuations and local catalysts outperform the U.S. correlation cluster.
Fixed Income	 Underweight	Underweight. We underweight long duration while yields rise on inflation concerns; front-end and floating-rate sleeves offer better risk-adjusted carry.
Commodities	 Neutral	Neutral. We hold a neutral commodity stance with tactical tilts in gold and energy rather than broad passive commodity beta.
Cryptocurrency	 Neutral	Neutral. We stay neutral on crypto with small tactical sizing: adoption trends help, but correlation to equities keeps it a satellite allocation.

Source: AVANTAS Research Analysis

LATEST AVANTAS RESEARCH ARTICLES

1. AI Capex Hangover: Hyperscaler Spending, Margins, and the Next Leg of the Rally

Hyperscalers are still spending aggressively on AI infrastructure, but markets are scrutinizing free cash flow and payback timelines. We map capex intensity, margin trends, and sector winners as the Mag 7 narrative shifts from growth-at-any-cost toward ROI discipline.

Read article: <https://www.avantasresearch.com/research-article.html?article=ai-capex-hangover-2026>

2. Stagflation Stress Test: Oil, Services CPI, and the Cross asset Playbook

Headline CPI is getting a geopolitical boost from oil while services inflation stays sticky and growth cools at the margin. We map three macro scenarios and the Cross asset playbook for a stagflation-lite environment into the June FOMC.

Read article: <https://www.avantasresearch.com/research-article.html?article=stagflation-stress-test-2026>

3. May to June FOMC Data Watch: Prints, Scenarios, and Positioning

After the March hold, April and May inflation and labor data will set the table for the May and June meetings. We map key releases, cut vs hold scenarios, and implications for duration and equities.

Read article: <https://www.avantasresearch.com/research-article.html?article=may-june-fomc-data-watch>

ECONOMIC CALENDAR

Stay informed of key upcoming economic events and data releases that may impact global markets.

Date	Time (GMT+8)	Event	Country	Forecast	Previous	Impact
Mon 3rd	22:00	ISM Manufacturing PMI (Jul)	US	52.0	52.4	High
Tue 4th	22:00	Factory Orders (MoM) (Jun)	US	1.2%	-4.5%	High
Tue 4th	22:00	JOLTS Job Openings (Jun)	US	7.100M	7.395M	High
Wed 5th	20:15	ADP Nonfarm Employment Change (Jul)	US	60K	55K	High
Wed 5th	21:45	S&P Global Services PMI (Jul)	US	52.9	52.9	High
Wed 5th	22:00	ISM Services PMI (Jul)	US	51.5	50.8	High

Date	Time (GMT+8)	Event	Country	Forecast	Previous	Impact
Wed 5th	22:30	Crude Oil Inventories	US	-	2.010M	High
Thu 6th	20:30	Initial Jobless Claims	US	215K	206K	High
Thu 6th	20:30	Trade Balance (Jun)	US	-65.0B	-71.5B	High
Fri 7th	22:00	Consumer Credit (Jun)	US	10.0B	5.1B	Medium

NEXT WEEK EXPECTATIONS

Focus: Fed Chair Powell (Mon 30th), China manufacturing PMI and euro area CPI (Tue 31st), U.S. consumer confidence and JOLTS (Tue 31st), ADP and retail sales through ISM and oil inventories (Wed 1st Apr), jobless claims (Thu 2nd), then Good Friday and U.S. employment (Fri 3rd). All times GMT+8; consensus and prior figures are indicative.

RISK WATCHLIST

- Labor market inflection: payrolls, earnings, and jobless claims could shift rate expectations.
- Inflation persistence: CPI prints remain the key hurdle for a sustained risk on move.
- Crypto volatility: liquidation driven selloffs can spill into broader risk sentiment.
- Commodities whipsaw: gold profit taking and oil headlines keep hedges in focus.

SECTOR PERFORMANCE

United States (S&P 500 sector proxies, SPDR Sector ETFs)

Rows are ranked by one month total return (highest first). Energy leads on firm crude and geopolitical risk premium; utilities and staples draw defensive flows while policy rates stay volatile. Technology, communication services, and broad growth trade weak on duration and earnings expectations, and financials reflect tighter credit and spread noise.

Sector	Ticker	1-Month	6-Month	1-Year
Energy	XLE	+1.7%	+18.4%	+28.0%
Cons. Staples	XLP	+0.8%	+1.1%	+4.2%
Utilities	XLU	+0.6%	+8.9%	+5.2%
Real Estate	XLRE	-0.2%	-1.4%	+0.4%
Materials	XLB	-0.8%	+3.2%	+8.4%
Industrials	XLI	-1.3%	+4.2%	+12.3%
Health Care	XLV	-1.7%	-2.1%	+2.5%
Communication	XLC	-1.9%	+12.3%	+23.1%
Financials	XLF	-2.5%	+5.2%	+3.3%
Cons. Discretionary	XLV	-2.9%	-3.1%	+10.5%
Technology	XLK	-3.6%	-6.4%	+23.8%

Source: SPDR ETF fact sheets / last closes; returns are indicative. Not all sectors listed.

Europe (STOXX Europe 600 sectors)

Ranked by one month return (highest first). Energy and banks outperform on commodity income and yield support; materials lag on industrial and China linked demand worries. Defensives such as utilities and staples help anchor the tape while technology and cyclicals show wide cross country dispersion.

Sector	1-Month	6-Month*	1-Year
Energy	+2.4%	+4.1%	+1.1%
Utilities	+1.2%	+5.4%	+2.8%
Cons. Staples	-0.1%	+1.8%	+3.1%
Healthcare	-1.9%	+2.3%	+6.4%
Industrials	-2.1%	+3.5%	+8.9%
Banks	-6.8%	+11.4%	+18.2%
Technology	-7.6%	-1.2%	+5.6%
Materials	-12.9%	-8.2%	-4.3%

Source: STOXX Europe 600 sector indices (indicative). *6-Month column per provider convention.

Asia Pacific (MSCI AC Asia Pacific sectors)

Ranked by one month return (highest first). Energy and export oriented industrials benefit from commodity moves and regional manufacturing; information technology and communication services remain structural outperformers over longer horizons but face intermittent profit taking. Financials track credit and policy, while real estate and materials stay sensitive to property and China activity headlines.

Sector	1-Month	6-Month*	1-Year
Energy	+1.9%	+12.6%	+10.8%
Industrials	-0.9%	+7.4%	+16.2%
Financials	-1.1%	+8.9%	+14.6%
Real Estate	-1.5%	-3.2%	-0.8%
Materials	-2.3%	-1.4%	+5.7%
Communication Services	-2.4%	+10.2%	+25.3%
Consumer Discretionary	-3.8%	+4.3%	+21.1%
Information Tech	-4.2%	+15.3%	+38.4%

Source: MSCI AC Asia Pacific sector indices (indicative). *6-Month column per provider convention.

Sources: Reuters; Montanaro Asset Management; AVANTAS Research.
For informational purposes only. Not investment advice.