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July 27, 2026

Markets Navigate Oil Spike and Tech Earnings Pressure

Both the equity and fixed income markets were volatile last week due to higher oil prices and concerns over the ongoing large capex spending by some of the mega technology companies.

Oil prices surged last week as the U.S. continued its strikes on Iran — heightening supply fears again — while Iran-backed Houthi rebels claimed attacks on two Saudi oil tankers in the Red Sea. WTI crude oil prices surpassed resistance in the $80–$85 per barrel range, climbing as high as $93. However, with the prospect of renewed negotiations, prices retreated to close just below $90. Earnings also contributed to volatility within the equity market as both Tesla (TSLA) and Alphabet (GOOGL) announced continued heavy spending on capex, which is weighing on quarterly free cash flow. Investors now head into a heavy slate of earnings and central bank decisions with risk levels elevated and volatility likely to remain high as rotation continues across the equity market.

West Texas Intermediate (WTI) Crude Oil With Resistance Levels

Source: Bloomberg, Annotations by Sanctuary Wealth, July 25, 2026

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2-Year Treasury Yield Rises To Test Resistance

With higher oil prices raising concerns over inflation, the market has pushed interest rates higher. The 2-Year Treasury yield has retraced roughly 50% of its previous decline and is now testing resistance at 4.3%. If that level holds, the yield could retreat toward 4.0%. A decisive break above 4.3% would open the door to a move toward 4.8%–5.0%. Such a move would likely rattle the equity markets and extend the current correction.

2-Year Treasury Yield Testing 4.3% Resistance

Source: Bloomberg, Annotations by Sanctuary Wealth, July 25, 2026

10-Year Treasury Yield Also Testing Key Resistance

The 10-Year Treasury yield is testing key resistance near 4.8%–5.0%. We believe that if the strikes on Iran subside and oil prices decline, this test should prove successful. However, if the attacks continue and oil prices push higher, the risk is that yields could move higher.

10-Year Treasury Yield Nearing Key Resistance Levels

Source: Bloomberg, Annotations by Sanctuary Wealth, July 25, 2026

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S&P 500 Approaching Oversold: Needs To Rally

The S&P 500 is approaching oversold levels, but it needs to respond to prevent another down leg. Without a positive response, the Bears are likely to remain in control.

S&P 500 With 14-Day Stochastic Approaching Oversold

Source: Bloomberg, Annotations by Sanctuary Wealth, July 25, 2026

Nasdaq 100 With A Bearish Top

The Nasdaq 100 appears to have formed a top with risk of a deeper correction. The Semiconductors have the same pattern. We did highlight in our Mid-Year Outlook that the Bucking Bull would return. Without a rally soon, the risk is the correction in Technology will continue because the Nasdaq 100 is heavily weighted in Tech.

Nasdaq 100 With Risk Of Another Down Move

Source: Bloomberg, Annotations by Sanctuary Wealth, July 25, 2026

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VanEck Semiconductor ETF (SMH) Also Toppy

Source: Bloomberg, Annotations by Sanctuary Wealth, July 25, 2026

Tech Earnings Spotlight AI Capex Spending and Cash-Flow Concerns

Tesla (TSLA) and Alphabet (GOOGL) both reported second-quarter results that triggered sharp share-price declines despite underlying positive data. Tesla posted strong revenue growth, but adjusted earnings came in below consensus as profit margins declined, and the company generated negative free cash flow. Alphabet delivered solid revenue growth, beat earnings forecasts, led by strong results in Google Cloud, but raised its 2026 capital-expenditure forecast above expectations and also reported negative free cash flow for the first time.

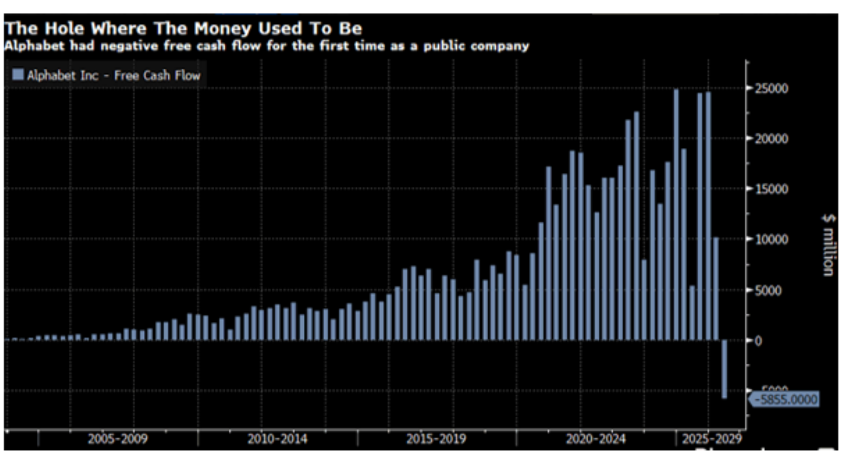
Market reaction showed investors are increasingly focused on the scale spending and concerned about free cash flow. The continued high capex spending shows the deep competition among the big Tech companies. They are operating in an environment where the winner takes all, and all are trying to be number one.

Competition Heats Up

Competition is heating up. Moonshot AI, a Chinese AI company, recently introduced its Kimi K3 large language model, which has drawn substantial attention as a potential challenger to U.S. frontier AI models such as Anthropic's Claude. Reports indicate Kimi used high-end Nvidia chips — despite export restrictions — and relied on distillation (which is a machine learning technique where a large, complex model — the teacher — trains a smaller more efficient model — the student — to mimic its behavior) of existing U.S. models, following a path similar to DeepSeek, 18 months ago. It is also expected that the Kimi K3 model learned and trained using the Claude LLM model without permission.

On a positive note, Intel (INTC) provided optimism last Thursday when it reported earnings that beat estimates on major fundamental metrics. Overall, the week reinforced that volatility remains within the major Technology companies, especially in semiconductors and technology hardware.

Alphabet (GOOGL) Free Cash Flow Goes Negative On AI Investment



Source: Bloomberg, July 23, 2026

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Rails Catch Ride On Consolidation Progress

Union Pacific (UNP), Norfolk Southern (NSC) and CSX (CSX) all advanced sharply last week. The catalyst was an agreement in which Canadian National Railway (CNI) said it would not oppose Union Pacific's proposed acquisition of Norfolk Southern. Norfolk Southern also beat second-quarter profit estimates, while CSX raised its margin outlook and reported strong volumes.

These Rail stocks rose on the news, standing out against a weaker broader market. Their move signals that investors see tangible progress on consolidation and solid underlying demand in the rail sector. Railroads are a cyclical industry, and their strength suggests cyclical sectors remain well supported. It is also a sign that the economy is growing.

We remain positive on the Industrials sector where the Rails are positioned. This offers a reminder that selective industrial strength can appear even when headline indexes are under pressure. Sector rotation is keeping the equity market in a bullish pattern — at least for now.

Union Pacific (UNP) (Top) With Stochastics (Bottom)

Source: Bloomberg, Annotations by Sanctuary Wealth, July 23, 2026

The Great Wealth Transfer: How Big Is It Really?

Estimates of the coming intergenerational wealth transfer vary widely. Cerulli Associates projects that older generations will pass more than $100 trillion to heirs in the decades ahead. A more recent study from Visa puts the figure for Baby Boomer wealth transferred to Gen X and Millennials over the next 20 years at roughly $36 trillion.

The difference is large, yet both numbers point to a substantial shift of assets. For investors, this matters because the recipients are likely to reallocate portfolios, increase demand for advice, and influence long-term flows into equities and other risk assets. While the exact size remains debated, the direction of the transfer is clear and will unfold over many years.


CNBC

How big is the great wealth transfer? It could be over $100 trillion or $36 trillion

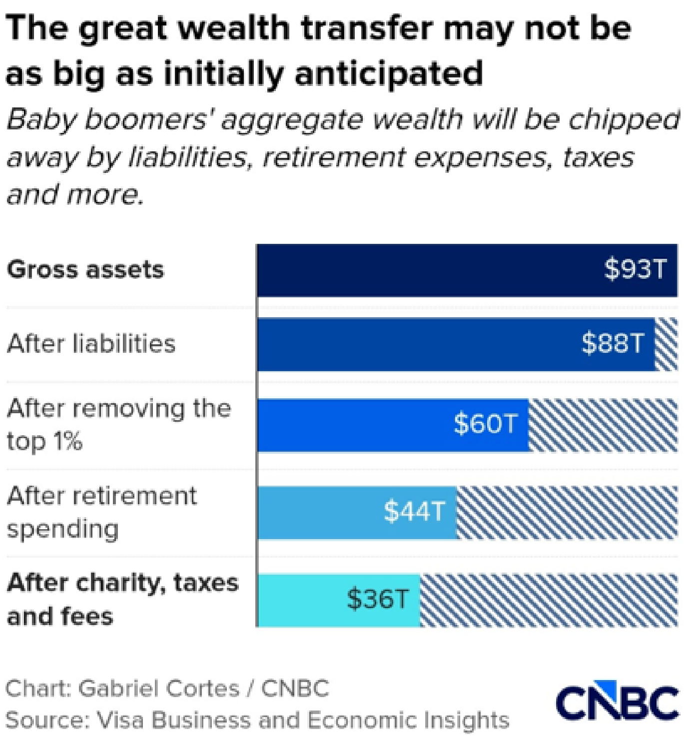
PUBLISHED FRI, JUL 17 2026•8:00 AM EDT
UPDATED FRI, JUL 17 2026•8:06 AM EDT

Robert Frank
@ROBTFRANK

- Cerulli Associates has estimated that older generations will leave over $100 trillion to heirs in the coming decades. A new study from Visa, however, says boomers will only leave $36 trillion.

Source: CNBC, Cerulli Associates, Visa, July 17, 2026

July 27, 2026

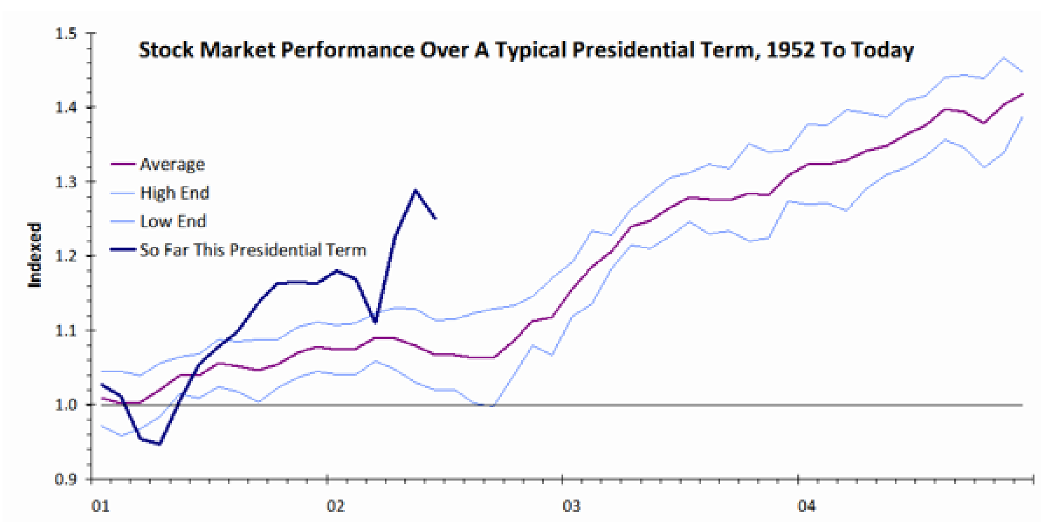


Source: Gabriel Cortes / CNBC, Visa and Economic Insights, July 17, 2026

Presidential Cycle Average Returns

The accompanying chart shows average equity returns across the four-year presidential cycle since 1952, with bands marking one standard deviation above and below the mean (labeled High End and Low End). A separate line tracks performance so far in the current presidential term through the end of June 2026, which is above average performance for the mid-term year.

Stock Market Performance So Far This Mid-Term Election Year Better Than Average



Source: Bloomberg, Sanctuary Wealth, July 1, 2026

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Japan Trade Data Shows Resilient Demand

Japan reported that both exports and imports grew in June at the fastest pace since November 2022, beating estimates. Exports rose sharply, helped by semiconductor shipments tied to artificial intelligence and data center demand. Imports also increased, driven in part by higher energy costs.

The figures point to continued underlying demand for Japanese goods and recovery in its economy. We believe these trends offer a constructive signal for trade and technology-related supply chains, supporting the broader global growth narrative.

CNBC

Japan exports and imports grow at fastest pace in June since November 2022, beating estimates

PUBLISHED TUE, JUL 21 2026•7:56 PM EDT

Lim Hui Jie

@IN/HUI-JIE-LIM-A7371176/

Source: CNBC, July 21, 2026

Japan Nikkei 225 In A New Secular Bull Market

Source: Bloomberg, Annotations by Sanctuary Wealth, July 23, 2026

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Defense Stocks Remain Attractive

European defense stocks continued to draw investor interest last week on the back of ongoing rearmament efforts. Rheinmetall (RHM, Frankfurter Wertpapierbörse) is expanding gunpowder and ammunition capacity as Europe races to replenish stockpiles. The broader sector, including names such as Dassault Systèmes (DSY, Euronext Paris), Thales (HO, Euronext Paris), and Indra Sistemas (IDR, Bolsa de Madrid), has also benefited from the same multi-year spending push.

At the same time, U.S. defense manufacturers have been directed by the Trump Administration to increase production and replenish stockpiles of munitions expended in Ukraine and Iran. The dual pressure of European rearmament and U.S. replenishment creates a supportive backdrop for the sector on both sides of the Atlantic.

For investors, this remains a structural theme rather than a short-term trade. Spending commitments are multi-year, order backlogs are strong, and selective opportunities continue to exist even after the strong gains of recent years.

CNBC

'Project Firepower': Inside Rheinmetall's gunpowder expansion as Europe races to replenish its ammunition

PUBLISHED THU, JUL 23 2026•1:47 AM EDT

Elsa Ohlen

Greg Kennedy

Source: CNBC, July 23, 2026

CNBC

Defense boom lifts European stocks amid strong earnings; Dassault pops 8%

PUBLISHED THU, JUL 23 2026•3:55 AM EDT

Elsa Ohlen

Source: CNBC, July 23, 2026

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S&P 500 Aerospace & Defense Rocketing Higher

Source: Bloomberg, Annotations by Sanctuary Wealth, July 23, 2026

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Sector Readings: Energy In First Place, Information Technology Second, Industrials Third; Consumer Discretionary Still In Last Place, Followed By Communication Services

Energy was strongest last week, followed by Information Technology, then Industrials; this is the same order as the prior week. Technology is weakening, signaling a correction is in place. Consumer Discretionary was in last place, followed by Communication Services, then Consumer Staples.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1 to 11, with 1 being the strongest and 11 the weakest.

Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	Jul 24	Jul 17	Jul 10	Jul 3	Jun 26	Jun 19	Jun 12	Jun 5
Consumer Discretionary	11	11	11	11	11	8	10	9
Consumer Staples	9	8	8	7	8	7	7	8
Energy	1	1	2	5	3	5	2	2
Financials	6	6	9	8	9	9	11	11
Healthcare	4	4	4	3	5	10	8	7
Industrials	3	3	3	2	2	2	3	3
Information Technology	2	2	1	1	1	1	1	1
Materials	7	7	7	4	6	4	4	5
Communication Services	10	9	6	9	10	3	6	4
Utilities	8	10	10	10	7	11	9	10
Real Estate	5	5	5	6	4	6	5	6

Source: Bloomberg, Sanctuary Wealth, July 24, 2026

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OBOS List: Healthcare Overbought, Financials And Industrials Near Overbought. Consumer Discretionary And Communication Services Oversold; Materials And Consumer Staples Near Oversold.

Healthcare was overbought last week, followed by Financials and Industrials as near overbought. Technology is correcting. Consumer Discretionary and Communication Services were oversold, while Materials and Consumer Staples were near oversold. We note that Consumer Discretionary was unusually oversold.

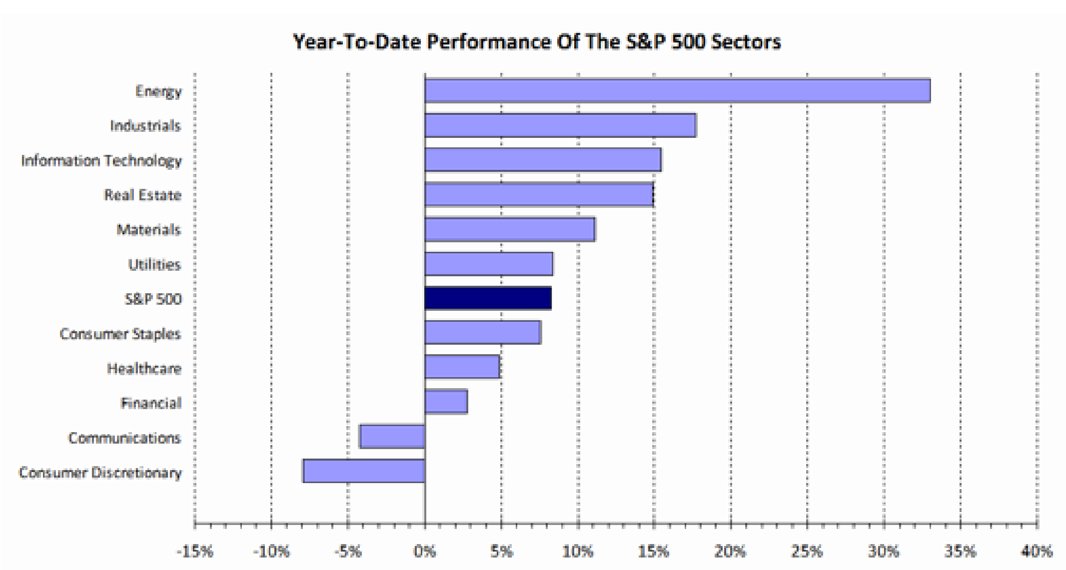
Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this over 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

Sector Overbought / Oversold List as of 24 July 2026

rank	*S&P Sector*	*normalized Oscillator*	
1	Healthcare	1.4363	*Overbought*
2	Financials	0.9724	
3	Industrials	0.6014	*Near Overbought*
4	Information Technology	0.3430	*Neutral*
5	Real Estate	0.3115	
6	Energy	0.1813	
7	Utilities	-0.3420	*Neutral*
8	Consumer Staples	-0.7405	*Near Oversold*
9	Materials	-0.8667	
10	Communication Services	-1.6772	*Oversold*
11	Consumer Discretionary	-2.5622	

Source: Bloomberg, Sanctuary Wealth, July 24, 2026



Source: Bloomberg, Sanctuary Wealth, July 24, 2026

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Market Performance: Energy Best Performing Asset, Bitcoin Still Weakest

	Last 7/24/2026	Month End 6/30/2026	Month to Date	Quarter End 6/30/2026	Quarter to Date	Year End 12/31/2025	Year to Date	Year Ago 7/24/2025	Year To Year
S&P 500	7411.98	7499.36	-1.2%	7499.36	-1.2%	6845.50	8.3%	6363.35	16.5%
NASDAQ Composite	24975.82	26213.72	-4.7%	26213.72	-4.7%	23241.99	7.5%	21057.96	18.6%
NASDAQ 100	684.23	736.40	-7.1%	736.40	-7.1%	614.31	11.4%	565.01	21.1%
Russell 2000	2930.00	3024.37	-3.1%	3024.37	-3.1%	2481.91	18.1%	2252.13	30.1%
S&P Consumer Discretionary Sector	1774.97	1907.12	-6.9%	1907.12	-6.9%	1928.43	-8.0%	1803.66	-1.6%
S&P Consumer Staples Sector	930.30	923.02	0.8%	923.02	0.8%	864.89	7.6%	888.03	4.8%
S&P Energy Sector	914.32	810.95	12.7%	810.95	12.7%	687.34	33.0%	668.65	36.7%
S&P Financial Sector	936.97	892.84	4.9%	892.84	4.9%	911.60	2.8%	882.26	6.2%
S&P Healthcare Sector	1893.80	1852.15	2.2%	1852.15	2.2%	1805.89	4.9%	1580.82	19.8%
S&P Industrials Sector	1545.39	1568.73	-1.5%	1568.73	-1.5%	1313.14	17.7%	1298.31	19.0%
S&P Information Technology Sector	6561.82	6788.21	-3.3%	6788.21	-3.3%	5684.00	15.4%	5173.20	26.8%
S&P Materials Sector	638.19	638.08	0.0%	638.08	0.0%	574.41	11.1%	573.73	11.2%
S&P Real Estate Sector	293.10	279.70	4.8%	279.70	4.8%	255.03	14.9%	268.49	9.2%
S&P Communications Sector	433.35	454.40	-4.6%	454.40	-4.6%	452.39	-4.2%	380.91	13.8%
S&P Utilities Sector	470.08	460.68	2.0%	460.68	2.0%	433.81	8.4%	427.98	9.8%
S&P 500 Total Return	16588.01	16774.07	-1.1%	16774.07	-1.1%	15220.46	9.0%	14071.45	17.9%
3 month Treasury Bill Price	99.02	99.05	0.0%	99.05	0.0%	99.09	-0.1%	98.91	0.1%
3 month Treasury Bill Total Return	273.58	272.87	0.3%	272.87	0.3%	268.01	2.1%	263.19	3.9%
10 Year Treasury Bond Future	108.33	109.89	-1.4%	109.89	-1.4%	112.44	-3.7%	110.83	-2.3%
10 Year Treasury Note Total Return	312.32	316.03	-1.2%	316.03	-1.2%	316.61	-1.4%	306.68	1.8%
iShares 20+ Year Treasury Bond ETF	83.25	86.42	-3.7%	86.42	-3.7%	87.16	-4.5%	85.89	-3.1%
S&P Municipal Bond Total Return	290.87	296.00	-1.7%	296.00	-1.7%	290.00	0.3%	275.80	5.5%
iShares S&P National Municipal Bond NAV	105.33	107.51	-2.0%	107.51	-2.0%	106.85	-1.4%	103.33	1.9%
S&P 500 Investment Grade Corporate Bond Total Return	496.33	504.11	-1.5%	504.11	-1.5%	499.46	-0.6%	482.04	3.0%
S&P Investment Grade Corporate Bond	90.05	91.57	-1.7%	91.57	-1.7%	92.75	-2.9%	91.29	-1.4%
S&P Investment Grade Corporate Bond Total Return	531.17	538.40	-1.3%	538.40	-1.3%	532.99	-0.3%	514.40	3.3%
SPDR Bloomberg High Yield Bond ETF	95.39	96.37	-1.0%	96.37	-1.0%	97.21	-1.9%	96.94	-1.6%
iShares iBoxx High Yield Corporate Bond ETF	79.23	79.97	-0.9%	79.97	-0.9%	80.63	-1.7%	80.44	-1.5%
Gold	4052.79	4008.02	1.1%	4008.02	1.1%	4319.37	-6.2%	3368.68	20.3%
Bitcoin	64113.69	58642.15	9.3%	58642.15	9.3%	87647.54	-26.9%	118780.41	-46.0%
Silver	58.17	58.60	-0.7%	58.60	-0.7%	71.66	-18.8%	39.07	48.9%

Source: Bloomberg, Sanctuary Wealth, July 24, 2026

Earnings, Data, And Rates, Oh My!

This week draws major earnings, key inflation data, and rate decisions from 3 global central banks. Buckle up!

This is the biggest week for second-quarter earnings with a third of the S&P 500 companies reporting. This also brings a dense cluster of policy decisions and data. The Federal Open Market Committee (FOMC) announces its rate decision on Wednesday, followed by the Bank of England on Thursday and the Bank of Japan on Thursday night into Friday. On Thursday, the June Personal Consumption Expenditures (PCE) price index will be released.

Earnings season continues with reports with some big companies scheduled to report, including Microsoft (MSFT), Meta Platforms (META), Amazon (AMZN), Apple (AAPL), ExxonMobil (XOM) and Chevron (CVX).

Expect increased levels of volatility this week as the Bull is expected to Buck. *Remain Fearless.*

Calendar

Mon.	8:30 AM Durable Goods Earnings Universal Health*
Tue.	8:30 AM Advance Economic Indicators Report 8:30 AM Wholesale Inventories 8:30 AM Retail Inventories 9:00 AM S&P Cotality Case-Shiller Home Px Index 10:00 AM Conference Bd - Consumer Confidence Earnings Invesco
Wed.	2:00 PM U.S. interest rate decision Earnings Ares Capital, UBS, Microsoft, Meta Platforms
Thu.	8:30 AM Advance estimate GDP, Weekly Jobless Claims, Personal Incom, Consumer Spending, PCE Price Earnings Apple, Amazon
Fri.	8:30 AM Employment Cost Index 9:45 AM Chicago Business Barometer - ISM-Chicago Business Survey - Chicago PMI 10:00 AM U. Michigan Final Consumer Survey Earnings Chevron

*Earnings reflect highlights/Sources: MarketWatch, Kiplinger's