MONTHLY
MARKET INSIGHTS

THE MONTH'S BIG THEMES

ECONOMY:

- **Context – Global economic growth remained robust,** supported by improving services and solid industrial activity**.** Nevertheless, **renewed hostilities between the US and Iran have once again disrupted global energy markets.** Supply-chain issues and AI-related «techflation» are increasing inflationary risks, while developments in the Middle East have added uncertainty to the global economic outlook., Central banks remain on alert, increasing the risk of further tightening.
- **US – Inflation surprised to the downside:** The Federal Reserve kept rate on hold at 3.50%–3.75% for a fifth consecutive meeting in July, in line with expectations, but three members dissented in favor of a rate hike as inflation remains elevated. However, the inflation rate fell unexpectedly to 3.5% YoY in June, the first decline in five months, from 4.2% in May, as the ceasefire between the US and Iran eased inflationary pressures from energy. The economy grew at an annualised 1,5% in Q2, compared with 2,1% in Q1. The unemployment rate fell to 4,2% in June, from 4,3% the previous month, as more people left the workforce.
- **Eurozone – Resilient growth momentum:** The European Central Bank left its key interest rates unchanged at 2,25%, but rising inflation and resilient economic growth increased expectactions of a September hike. Annual inflation accelerated to 2.9% in July, up from 2.8% in June. The economy prooved fairly resilient to higher energy prices, with activity expanding by 0,4% QoQ in Q2, after flat growth in Q1. The unemployment rate came in at 6.3% for the fourth straight month.
- **UK – Still cooling inflation:** The Bank of England left its main rate unchanged at 3,75%. Annual inflation eased to 2,6% in June from 2,8% the previous month. The economy expanded by 0.6% QoQ in Q1, accelerating from a revised 0.1% growth in Q4. This marked the strongest quarterly expansion since Q1 2025. The unemployment rate was unchanged at 4.9% in the three months to May. A. Burnham replaced K. Starmer as Prime Minister, and his program points to higher spendings to support UK growth.
- **China – Soft economic backdrop:** The People's Bank of China kept its key lending rates unchanged for a 14th straight month, while Q2 GDP eased to 0,9% QoQ (4,3% YoY) from a 1,3% gain in Q1, the lowest level since Q4 2022, as soft domestic demand and the energy shock offset resilient exports**.** Annual inflation remained soft at 1%, compared with 1,2% in May. The unemployment rate edged down to 5% in June. The Politburo signalled a more supportive stance for consumption and faster fiscal deployment rather than fresh stimulus.
- **Japan – Solid economic momentum**: After a hike in June, the Bank of Japan kept its policy rate unchanged at 1%, while sounded more hawkish. Annual inflation rate accelarated to 1,7% in June from 1,5% in May, marking the highest reading since December

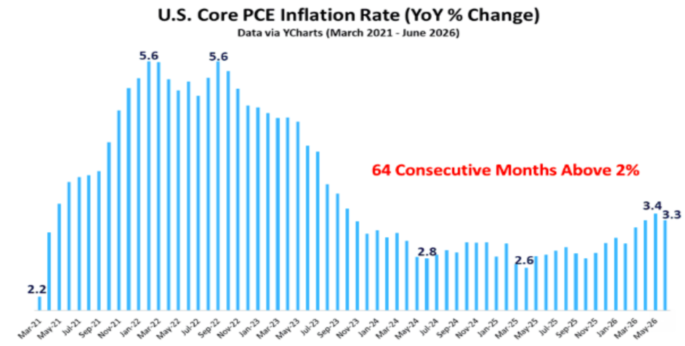
GEOPOLITICAL TENSION:

- The **US-Iran memorendum of understanding, signed in mid-June at Islamabad, collapsed after only one month**, amid the closure of the Strait of Hormuz and Houthi attacks in the Red Sea. Gulf producers are seeking alternative export routes, but at higher transport costs.
- **The Russia-Ukraine conflict remained an attritional stalemate,** with Russia sustaining heavy missile and drone attacks while Ukraine continued to strike Russian enetgy amd military infrastructure.

EARNINGS:

- **Results have generally surprised to the upside**. Earnings strength remained concentrated in a few mega caps and AI-linked sectors

CHARTS OF THE MONTH



Source: C. Billelo

Source: Baloise AM

Source: Zurich

July 2026

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MARKET'S REACTION

EQUITY

- **Markets were dominated by the collapse of the Middle East ceasefire and a sharp unwind of the AI trades.** Global equities ended the month flat, outperforming the MSCI Emerging Markets (-6,1%), which were more exposed to the semiconductor manufacturing supply chain. Rotation away from some semiconductors companies toward value-oriented sectors dominated the month.
- **US equities posted mixed returns.** The S&P 500 ended broadly flat, while the equal-weighted index reached a new record high at the end of July. Q2 earnings came in above expectations, especially in US banks and communication services, but investors re-evaluated some of the market's highest valued companies and became more selective about AI related opportunities after a prolonged rally. The Nasdaq declined by 6,6% and the small caps index by 3,1%. Energy and Financial outperformed.
- **European equities outperformed their US peers,** with the Stoxx 600 gaining 1,2%. The UK Footsie outperformed (+3,5%), benefiting from its lower exposure to technology. The German Dax gained 1,5% and its French peer 1,3%. Exposure to industrials and financials helped offset weakness in tech, utilities and health care comapnies**.**
- **Asian markets were mixed in a context of high volatility: i/ Japanese equities posted negative return**, with the technology-heavy Nikkei down 8,1%, as semiconductor companies came under pressure, ii/ **Chinese equities posted mixed returns**, with the mainland index declining 9% while the Hong Kong index gained 13,1%, iii/ **Korea and Taiwan led emerging markets lower**. **India benefited from rotation out of the AI names,** although elevated oil prices and a weak currency continued to weigh on the market.
- **Brazil gained 3,5%,** owing to firmer commodity perices and a positive downside surprise on inflation.

FIXED INCOME

- **Sovereign bond markets posted negative returns.** Yields drifted higher across the board, largely driven by higher inflation expectations. Although major central banks left policy rates unchanged, a broadly hawkish tone weighed on the market. The Fed's reluctance to communicate added another layer of uncertainty. The US 30-year yield spiked to a 19-year high at 5,26%, while the 10-year yield reached 4,74% by month-end.
- **Credit markets also declined**. Although high yield spreads widened by more than investment grade spreads, investment grade underperformed high yield due to its longer duration exposure. Large debt issuance from the US hyperscalers pushed technology spreads wider and weighed on the US investment grade index. Hard currency emerging debt suffered, underperforming local currency debt.

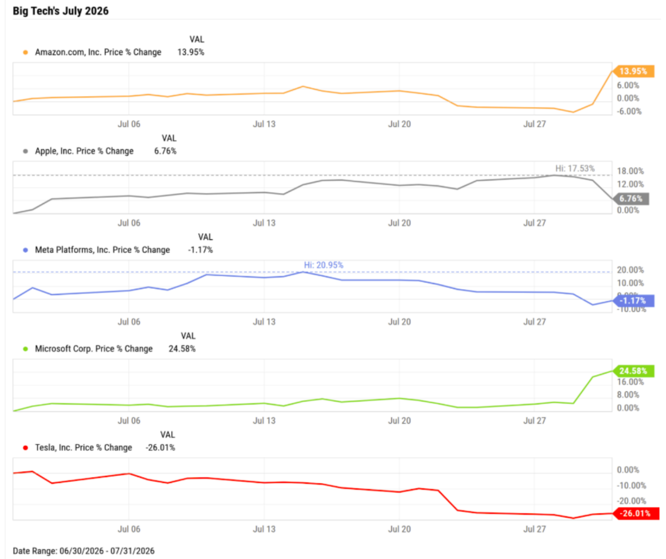
COMMODITIES

- **Oil prices rebounded sharply,** with WTI and Brent ending the month up 21,8% and 23,6%, respectively, as investors priced in the risk of disruption in the Strait of Hormuz and the wider region.
- **Precious metals were mixed,** with gold up 0,7% and silver down 3,2%, amid a marked shift in US rate expectations.

CURRENCIES & CRYPTO

- The **US Dollar underperformed its currencies basket,** declining 1,4% in July, after the Fed opted to hold rates steady. The japanese yen dropped to a multi decade low, prompting intervention by the authorities, coordinated with the US.
- **Cryptocurrencies ended in positive territory, supported by improving ETF inflows in July:** Bitcoin gained 7,3%, Ethereum 18,5%, and the Ripple 2,1%. Regulatory progress continued, with the release of the updated Clarity Act text on 22 July.

CHARTS OF THE MONTH



Source: get.ycharts.com

Source: Cl. Billelo

MONTHLY MARKET INSIGHTS

July 2026

MONTHLY MARKETS REVIEW (As of July 2026, 31th)

EQUITY MARKETS

	MTD	YTD
MSCI World (USD)	+0.0%	+9.0%
MSCI Emerging (USD)	-6.1%	+17.4%
S&P 500 (USD)	-0.1%	+9.4%
NASDAQ 100 (USD)	-6.6%	+12.0%
RUSSELL 2000 (USD)	-3.1%	+18.1%
STOXX 600 (EUR)	+1.2%	+9.5%
DAX (EUR)	+2.5%	+4.7%
CAC 40 (EUR)	+1.3%	+4.4%
FTSE 100 (GBP)	+3.5%	+9.4%
NIKKEI (JPY)	-8.1%	+27.9%
CSI 300 (CNY)	-9.0%	-2.2%
BOVESPA (BRL)	+3.5%	+10.5%
HANG SENG (HKD)	+13.1%	+1.0%

FIXED INCOME MARKETS

	MTD	YTD
Global Aggregate USD (Hedged)	-1.0%	-0.2%
Global Aggregate EUR (Hedged)	-1.3%	-1.2%
US Investment Grade	-2.2%	-1.4%
US High Yield	-0.2%	+1.5%
EU Investment Grade	-1.1%	+0.3%
EU High Yield	-0.5%	+1.2%
EM Local Ccy. Gov (Unhedged)	+0.0%	+1.1%
EM Hard Ccy. Aggregate (Unhedged)	-1.7%	+0.4%

CRYPTO CURRENCY MARKETS

	MTD	YTD
Bitcoin	+7.3%	-28.2%
Ethereum	+18.5%	-37.3%
Ripple	+2.1%	-42.4%

COMMODITY MARKETS

	MTD	YTD
Gold	+0.7%	-6.4%
WTI Crude	+21.8%	+47.5%
Brent Crude	+23.6%	+48.1%
Silver	-3.2%	-17.9%
Natural Gas	-16.1%	-25.5%
Copper	+3.9%	+14.3%

CURRENCY MARKETS

	MTD	YTD
US Dollar Index (DXY)	-1.4%	+1.5%
EURUSD	+0.9%	-1.9%
GBPUSD	+1.6%	-0.0%
AUDUSD	+2.1%	+4.9%
USDCHF	-0.2%	+1.8%
USDJPY	-1.1%	+2.4%

Source: Yahoofinance.com

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