

1. Weekly Market Performance

The US market ended the week mixed, with the **S&P 500 closing at 7,489.72**, the **Nasdaq at 25,373.85**, and the **Dow Jones at 52,485.03**. Weekly performance was uneven across indices, reflecting a rotation beneath the surface and a modest softening in breadth as mega-cap earnings dominated sentiment.

2. Technical Structure & Market Leadership

Leadership remained **highly concentrated** in AI-linked mega caps, with cloud, software, and select consumer tech driving index resilience despite broader sector fatigue. Breadth weakened modestly as cyclicals lagged and defensives held steady. The Nasdaq's relative underperformance versus the S&P 500 highlighted divergence between AI beneficiaries and segments facing guidance downgrades. The near-term technical catalyst is the cluster of mega-cap earnings revisions, which will determine whether leadership broadens or remains narrow into August.

3. Macro & Monetary Policy Context

The macro backdrop was shaped by the **July 2026 Federal Reserve meeting**, where the Fed held rates at **3.50%–3.75%** for a fifth consecutive meeting. The three dissenting votes in favour of a hike kept September tightening risks alive. Labour markets remain firm, productivity strong, and inflation sticky — particularly in energy-linked categories — sustaining elevated yields across the curve. The dollar strengthened modestly as geopolitical tensions eased. Key catalysts for the coming week include ISM services, JOLTS, and updated Fed speak that may clarify the September bias.

4. Fiscal or Domestic Economic Factors

Fiscal developments were limited, though ongoing federal infrastructure outlays and defence appropriations continued to support industrial demand. Consumer sentiment softened slightly as higher energy costs earlier in July filtered into expectations surveys.

5. Notable Stock-Specific Movements

- **Amazon (AMZN)** surged **8–9% after hours** to **\$256–\$257**, following a blowout quarter driven by **37% YoY AWS growth** — its fastest in 18 quarters. The multiyear **\$220B AI and infrastructure investment program** was embraced by markets. This move is **structural**, reflecting durable AI-cloud monetization.
- **Apple (AAPL)** fell **6.3% after hours** to **~\$312.33** after a mixed fiscal Q3 and softer Q4 guidance (9–11% revenue growth). Currency pressures, memory supply constraints, and uneven segment performance weighed on sentiment. This move is **cyclical**, tied to near-term guidance and regional softness.

- **Meta (META)** dropped **7–11% after hours** on a Q2 earnings miss (EPS \$6.18 vs \$7.10–\$7.40 expected), weaker Q3 guidance, and higher AI capex (\$130B–\$145B). Profitability was pressured by legal and severance costs. This move is **cyclical**, driven by margin compression and spending.
- **Microsoft (MSFT)** jumped **~8% after hours** to **~\$425** after a strong fiscal Q4 beat, with Azure surpassing **\$100B annual revenue** and accelerating to its fastest growth since 2022. FY27 guidance supports sustained double-digit growth. This move is **structural**, reflecting long-duration AI cloud adoption.

6. Structural vs Cyclical Drivers of Market Performance

Structural strength came from AI infrastructure, cloud hyperscalers, and enterprise software, which continued to attract capital amid robust earnings. Cyclical weakness appeared in consumer hardware, discretionary retail, and segments exposed to currency volatility. Energy's earlier July spike fed into inflation expectations, while industrials were mixed on geopolitical uncertainty and fiscal tailwinds.

7. Geopolitical Risk Assessment

Structural risk remains tied to Middle East energy supply disruption, while cyclical risk stems from short-term oil volatility. Brent crude slid **4% to ~\$84** after President Trump restarted peace negotiations with Iran, unwinding part of July's ~25% rally. The key catalyst is **duration and stability of negotiations**, which will determine whether supply normalizes.

Specific geopolitical event: Peace talks between the US and Iran resumed after a paused military strike, easing immediate energy-market stress.

8. Investor Positioning Rationale

Investors maintained a **selective risk-on stance**, rotating into AI-linked mega caps while trimming exposure to cyclicals and hardware. Flows into long-duration tech persisted, while defensives saw steady accumulation. Bond demand was stable as yields held elevated, and commodity positioning moderated following the oil pullback.

9. Market Outlook

The balance of risks tilts toward **earnings-driven dispersion**, with macro catalysts (ISM, labour data), oil volatility, and geopolitical developments shaping sentiment. AI-linked structural leaders remain the anchor, while cyclicals face guidance-related headwinds. **The expected tone for the week ahead is cautiously constructive.**