Investment Strategy

Weekly Macro & Markets

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Key Takeaways

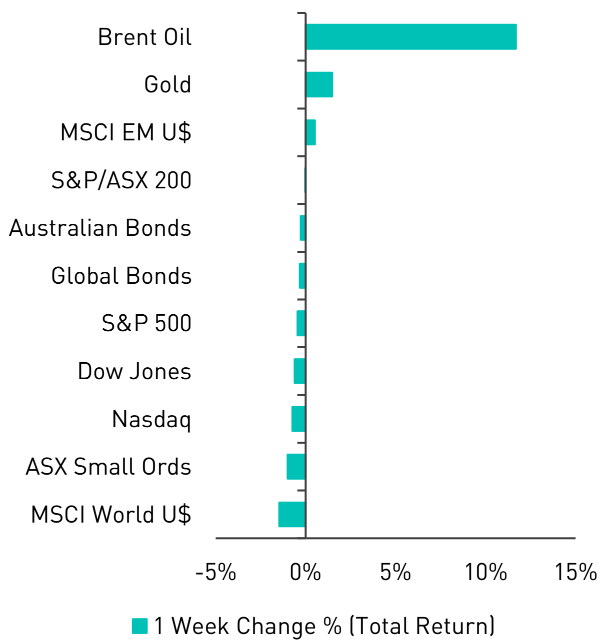
- **Taking Stock:** Global equities came off as the Iran–US conflict re-escalated — Brent pushed through US$100/bbl intraweek and bond yields hit fresh year highs. Wall Street sold off Thursday on AI capex concerns (Alphabet –7%, Tesla –14%). The ASX 200 finished flat, with Energy leading and healthcare and tech the drag.
- **Week Ahead:** Peak US reporting week — Microsoft and Meta (29 July), Apple and Amazon (30 July) — with AI capex monetisation and cloud growth the focal points. Macro calendar: Aus Q2 CPI (29 July), FOMC (30 July), US Core PCE and BoJ (31 July).
- **Positioning:**

  OW US equities – No change. Earnings the key support; Core PCE the next checkpoint on the Fed outlook.

  OW Emerging Markets – Trimming. Strong earnings momentum and undemanding valuations (~11x PE); concentration in AI hardware is now a two-way risk if capex slows.

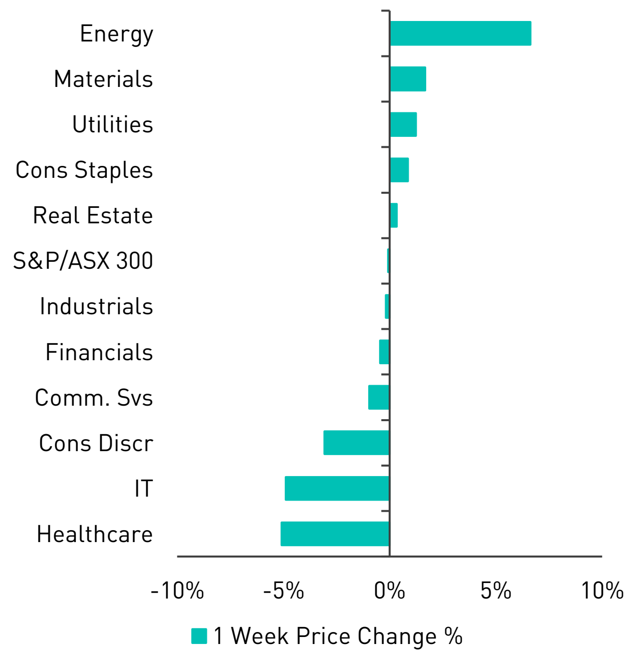
  UW Australian equities – No change. Sticky CPI, an RBA not finished hiking, and fundamentals inferior to other regions.

Figure 1: Asset Class Returns



Source: LSEG DataStream As at 23/07/2026

Figure 2: ASX 300 Sector Performance



Source: LSEG Refinitiv As at 23/07/2026

Figure 3: ASX 100 – Top 5 Weekly Movers

Ticker	Company Name	5D % Change
S32	South32	15.3%
AMP	AMP	12.1%
PDN	Paladin Energy	11.0%
WDS	Woodside Energy	7.8%
RMS	Ramelius Resources	5.7%

Source: LSEG Refinitiv As at 23/07/2026

Figure 4: ASX 100 – Bottom 5 Weekly Movers

Ticker	Company Name	5D % Change
PME	Pro Medicus	-16.3%
WTC	Wisetech Global	-10.0%
COH	Cochlear	-9.1%
360	Life360 Inc	-9.0%
LTR	Liontown	-8.2%

Source: LSEG Refinitiv As at 23/07/2026

Taking stock

Global equities came off this week as the Iran–US conflict intensified; Brent punched through US$100/bbl intraweek and bond yields backed up to fresh year highs.

Global Equities. Wall Street bore the brunt on Thursday, with the S&P 500 –1.2% (its biggest one-day drop in a month) and Nasdaq –2.2% — mega-cap tech had its worst session since the April 2025 tariff rout. Alphabet fell ~7% after raising AI capex guidance and Tesla dropped 14% on weaker profit. On the week the S&P 500 finished –0.5%, Nasdaq –0.7% and Dow –0.6%. Europe softened (Stoxx Europe 600 –0.7%) though FTSE 100 held up at +0.7% on defence exposure following the UK leadership change. Japan slipped –0.6%; MSCI EM bucked the trend at +0.5%. Over 12 months the Nikkei remains the leader at +64%, ahead of EM (+35%), Nasdaq (+23%) and the S&P 500 (+19%).

At home, the ASX 200 finished flat (0.0%). Energy led on the oil move, with WDS (+7.8%) and PDN (+11.0%) among the top ASX 100 movers. Healthcare and tech were the drag — PME (–16.3%), WTC (–10.0%), COH (–9.1%) and Life360 (–9.0%) rounded out the bottom five.

Iran Re-escalating

Iran has re-escalated. The earlier truce has broken, and overnight Brent jumped over 7% to around $101, the highest since May, on Red Sea tanker attacks and threats to Saudi and Kazakh supply.

Higher oil feeds straight into headline inflation and, if it lingers, into inflation expectations and wages. That could squeeze central banks further. A prolonged conflict will keep the Fed hawkish, with hike-by-September odds near 70%. At home, a sustained shock also keeps the risk skewed to more RBA hikes.

US Earnings: Capex concern

Q2 US reporting season is in full swing, and technology earnings are keeping markets on edge. Tesla missed materially on earnings despite a revenue beat, with free cash flow turning negative as the company absorbed higher capital expenditure, lower average selling prices, higher operating expenses and warranty charges. Operating margin narrowed sharply from a year earlier, and capex stepped up substantially as Tesla poured spending into AI and its infrastructure build-out. TSLA fell 14.5% overnight.

Alphabet declined overnight (-7%) despite beating expectations and nearly doubling cloud revenue, as scrutiny of its AI investment intensified. It raised its 2026 capex guidance again, with second-quarter spending roughly doubling year on year. This was the first quarter of cash flow burn since the stocks IPO.

Domestic Labour Market

At home, the labour market delivered another upside surprise. The economy added 76k jobs in June, up from 40k in May, with the jobless rate holding steady at 4.4%. The AUD firmed marginally on the release. Markets narrowed to a 33% chance of a fourth rate rise in August and all but cemented a hike by year end at 97%, up from 78% previously. The concern is that labour market tightness feeds into higher wages, fuelling price pressure in an economy already under inflationary duress. The data contests the softer growth narrative of recent months, giving the RBA justification to stay hawkish while inflation remains sticky.

US reporting season

Next week is the peak of reporting season, with four more of the Magnificent 7 due. We expect the earnings results to be strong, but AI capex and cash flow are also key to the market's reaction. Microsoft and Meta report on 29 July, Apple and Amazon on 30 July. Investors want proof that AI capex is being monetised but may see little evidence in this results season. Azure (MSFT) and AWS (AMZN) cloud growth, Meta's spending discipline and Apple's services will be watched closely.

Key macro driver: Inflation

Inflation dominates next week's calendar. Australia Q2 CPI on Wednesday 29 July is the domestic focal point; headline prior 4.1% YoY (1.4% QQ) and RBA trimmed mean 3.5% YoY (0.8% QQ). Layered on the June jobs strength, an in-line or hotter print opens the door to near-term RBA hikes and lifts front-end yields and the A$.

Offshore, the FOMC decision lands 30 July (Fed Funds prior 3.50–3.75%), followed by US Core PCE (consensus 3.2% YoY vs 3.4% prior). Market is expecting the Fed to stay on hold so Warsh's speech/tone key. A softer US Core PCE keeps the Fed on hold in the near term.

Our positioning – Global > Domestic

OW US equities – No change to our view. Earnings are the key support. US profit growth remains very strong and AI-driven, a structural tailwind we don't see fading any time soon. Q2 earnings season will be a key test to our thesis. Core PCE is the next checkpoint for the market around the Feds outlook.

OW Emerging Markets – Trimming. Strong earnings outlook but concentrated on a few names. Remain overweight as earnings momentum strong and valuations cheap (~11x PE). AI hardware remains a key support for the region but is also a risk if AI capex slows.

UW Australian equities – No change. Macro is tough with CPI sticky, and an RBA that isn't finished hiking. Fundamentals remain inferior vs other regions.

Figure 5: Index Moves (1W / 1M / 3M / 1Y total return; yields are ppt change)

Asset	Price Level	1W %	1M %	3M %	1Y %
Australian Equities					
S&P/ASX 200	8839.00	0.0%	0.7%	1.4%	4.4%
S&P/ASX Small Ordinaries	3348.10	-1.0%	-3.6%	-3.9%	1.5%
US Equities					
S&P 500	7408.3	-0.5%	1.9%	4.8%	19.3%
Nasdaq Composite	25690.9	-0.7%	0.4%	3.4%	23.0%
Dow Jones Industrial Average	51711.65	-0.6%	1.1%	6.6%	17.9%
Global / DM Equities					
Stoxx Europe 600	639.274	-0.7%	0.9%	6.2%	19.8%
Nikkei 225	66422.6	-0.6%	-4.7%	9.8%	64.1%
FTSE 100	10639.17	0.7%	2.1%	3.8%	21.2%
Emerging Markets					
MSCI Emerging Markets	1671.85	0.5%	-3.3%	3.3%	35.2%
Commodities					
Brent Crude (US$/bbl)	94.14	11.7%	22.0%	-13.1%	38.1%
Gold (US$/oz)	4051.92	1.5%	-1.8%	-13.3%	18.7%
Iron Ore 62% (US$/t)	97.40	-2.8%	0.0%	-8.9%	-4.5%
Copper (US$/t)	13812.7	1.9%	3.8%	5.1%	39.8%
FX & Rates (abs. change for yields, ppt)					
AUD/USD	0.697	-0.5%	0.6%	-3.1%	5.9%
AU 3-Year Yield (%)	4.62%	0.14	0.20	-0.05	1.24
AU 10-Year Yield (%)	5.01%	0.12	0.22	0.03	0.72
US 2-Year Yield (%)	4.35%	0.19	0.15	0.55	0.46
US 10-Year Yield (%)	4.70%	0.14	0.21	0.36	0.31

Source: LSEG DataStream
As of Thursday 23/07/2026 close

Figure 6: Index Fundamentals

Region	Price/Earnings (12M Fwd)	ROE (12M Fwd)	EPG Growth (12M Fwd)	EPS Growth CAGR (FY1-FY3)	12M Fwd EPS Rev. (3M Change %)
ASX 200	17.4x	13.0%	10.2%	9.0%	-2.1%
S&P 500	20.2x	23.3%	21.8%	17.1%	6.9%
MSCI Europe	14.9x	15.4%	13.2%	10.6%	1.2%
FTSE 100	12.5x	17.0%	11.5%	8.2%	1.1%
MSCI Japan	16.6x	11.2%	13.9%	12.1%	6.6%
MSCI Emerging Markets	10.5x	19.2%	36.2%	17.4%	15.5%

Source: LSEG DataStream
As of Thursday 23/07/2026 close

Figure 7: Macro & Data: Week Gone

Local Date	Region	Event / Release	Period	Consensus	Actual	Prior	Revised
17-Jul-26	Euro Zone	HICP Final MM	Jun	-0.1%	-0.1%	0.1%	
17-Jul-26	Euro Zone	HICP Final YY	Jun	2.8%	2.8%	2.8%	
17-Jul-26	United States	Housing Starts Number	Jun	1.310M	1.427M	1.177M	1.199M
18-Jul-26	United States	U Mich Sentiment Prelim	Jul	51.0	54.4	49.5	
23-Jul-26	Australia	Employment	Jun	15.3k	76.3k	40.3k	44.0k
23-Jul-26	Australia	Participation Rate	Jun	66.7%	67.0%	66.7%	
23-Jul-26	Australia	Unemployment Rate	Jun	4.4%	4.4%	4.4%	
23-Jul-26	Euro Zone	ECB Deposit Rate	Jul	2.25%	2.25%	2.25%	
23-Jul-26	United States	Initial Jobless Clm	18 Jul, w/e	212k	187k	208k	209k
24-Jul-26	Euro Zone	Consumer Confid. Flash	Jul	-17.0	-15.9	-17.7	-17.6
24-Jul-26	Australia	S&P Global Mfg PMI Flash	Jul		51.7	51.5	
24-Jul-26	Australia	S&P Global Svs PMI Flash	Jul		53.0	50.5	
24-Jul-26	Australia	S&P Global Comp PMI Flash	Jul		52.6	50.4	

Source: LSEG

Figure 8: Macro & Data: Week Ahead

Local Date	Region	Event / Release	Period	Consensus	Prior	Importance
24-Jul-26	United States	S&P Global Mfg PMI Flash	Jul	54.3	53.9	H
24-Jul-26	United States	S&P Global Svcs PMI Flash	Jul	51.5	51.2	H
24-Jul-26	United States	S&P Global Comp PMI Flash	Jul		51.9	H
29-Jul-26	United States	Consumer Confidence	Jul	91.9	91.2	H
29-Jul-26	Australia	CPI QQ	Q2		1.4%	H
29-Jul-26	Australia	CPI YY	Q2		4.1%	H
29-Jul-26	Australia	RBA Trimmed Mean CPI QQ	Q2		0.8%	H
29-Jul-26	Australia	RBA Trimmed Mean CPI YY	Q2		3.5%	H
30-Jul-26	United States	Fed Funds Tgt Rate	29 Jul	3.5-3.75	3.5-3.75	H
30-Jul-26	Euro Zone	Unemployment Rate	Jun		6.2%	M
30-Jul-26	United States	Core PCE Price Index MM	Jun	0.1%	0.3%	H
30-Jul-26	United States	Core PCE Price Index YY	Jun	3.2%	3.4%	H
30-Jul-26	United States	Initial Jobless Clm	20 Jul, w/e		187k	H
31-Jul-26	Australia	PPI QQ	Q2		0.4%	M
31-Jul-26	Australia	PPI YY	Q2		3.0%	M
31-Jul-26	Euro Zone	HICP Flash YY	Jul	2.7%	2.8%	M
31-Jul-26	Japan	JP BOJ Rate Decision	31 Jul		1.00%	H

Source: LSEG

(H = market-moving, M = notable, L = context)

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