Financial HARTbeat

Markets
July 31st 2026

Good Morning,

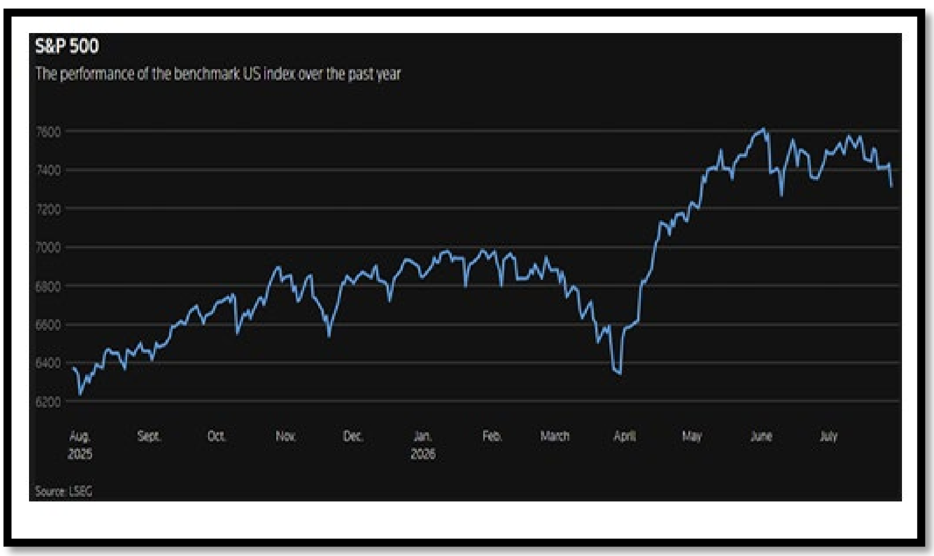
S&P500 now 20% is in Semi Conductors….

Nasdaq also looks very similar 20% in Semi Conductors…

Net buyers of Stocks in the US are being bought by retirement plans…with the majority of those buys in either of these two indices…risk grows slowing and then exponentially faster…

Catch the playback of our Weekly Roundup [Click here]
Also, catch the playback of our Annual Outlook [Click here]

Chart of the Day: Is the S&P500 rolling over?



NBC Capital Markets|Top News

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Top News

U.S. stock futures pointing to higher open led by the Nasdaq, with Amazon surging after the Big Tech company joined some of its peers in delivering strong cloud revenue growth, putting to rest concerns about AI returns. In contrast, Apple sank as the firm's fiscal third-quarter revenue topped expectations, helped by a 22% jump in iPhone sales, though a shortfall in service revenue pushed its stock lower. Amazon reported its biggest revenue growth in over four years for the previous quarter on Thursday, joining similar reports from Microsoft and Alphabet earlier this month, helping trading look past the big drop in cash flows that the companies also logged.

Oil prices rose more than 1% on Friday and remained on track for a monthly rise as reports that some tankers were forced to turn around in the Strait of Hormuz prompted traders to reassess shipping flows through the key waterway. European shares hit a record high on Friday, powered by improving investor appetite for tech shares globally, while corporate earnings buoyed markets through a week of central bank decisions and Middle East hostilities.

Euro zone inflation ticked up in July, adding to an already strong case for another European Central Bank interest rate hike, especially as high oil prices foreshadow a further broadening of price pressures. Inflation in the 21 nations sharing the euro currency picked up to 2.9% in July from 2.8% a month earlier, in line expectations for 2.9%, with an Iran war-induced oil price surge driving the increase, Eurostat data showed on Friday. London's FTSE 100 hit an intraday record high for the third session in a row on Friday, and was set to register weekly and monthly gains, as robust earnings buoyed markets through a week of central bank decisions.

Japan's Nikkei share average jumped 4% on Friday, buoyed by an overnight rally on Wall Street after Microsoft issued forecasts that eased fears about the tech industry's massive AI infrastructure spending. The Bank of Japan left interest rates unchanged in a widely expected decision, while signalling that it would continue with its tightening campaign and flagging the risk of an inflation overshoot. However, the announcement had little lasting impact on the stock market.

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Chinese tech shares rallied on Friday, tracking gains on Wall Street and across Asia on hopes the global AI-driven sell-off was easing, though key indexes still posted hefty losses in July, with the tech-focused STAR 50 suffering its worst month on record. China's factory activity unexpectedly slipped into contraction in July, pressured by shrinking new orders that reinforced concerns over slowing economic growth, weak demand at home and elevated production costs. The non-manufacturing PMI, which includes services and construction, also declined below the 50 mark from 50.2 the previous month. At 49, the measure in July was the weakest since December 2022.

Fed on Hold for Now (Argus)

As expected, the Federal Reserve wrapped up its meeting on Wednesday and left its fed funds target unchanged at 3.5%-3.75%. We think this level -- down 175 basis points (bps) from the summer of 2024 but up from the 0% level during the pandemic -- will prevail at least through year-end, as the new Fed chairman, Kevin Warsh, settles in. Economic conditions have changed since Warsh's name first came up as a potential central bank leader. The war in Iran has sent oil prices skyrocketing, and general inflation has followed, moving higher. Meanwhile, the other element of the Fed's dual mandate -- the unemployment rate -- has remained low as nonfarm payrolls have strengthened. Chairman Warsh was appointed by President Trump, who was highly critical of former Fed chair Jerome Powell and aggressively pushed for lower rates. We don't have the sense that Chairman Warsh is under the same pressure to cut the federal funds rate, which is a positive development for the critical concept of the Fed's independence.

To that end, Chairman Warsh has rolled out five new task forces: Communications, Balance Sheet, Data, Productivity & Jobs, and AI. The work of these task forces may well shift the market's focus away from changes to the fed funds rate, at least in the near term. Indeed, the central bank ultimately may come out of these task forces with new priorities, new strategies, and new targets. We recently altered our fed funds year-end target and no longer anticipate a rate cut in 2026 as Chairman Warsh digs in.

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Bond Yields (bps (basis points) negative means prices up and positive means prices down)

Figure 1: **Key Interest Rates (Canada & U.S.)**

Canadian Key Rate	Last	Change bps	Canadian Key Rate	Last	Change bps
CDA o/n	2.25%	0.0	CDA 5 year	3.21%	2.1
CDA Prime	4.45%	0.0	CDA 10 year	3.61%	1.5
CDA 3 month T-Bill	2.28%	-0.5	CDA 20 year	3.88%	1.0
CDA 6 month T-Bill	2.39%	0.5	CDA 30 year	4.01%	0.9
CDA 1 Year	2.64%	2.0			
CDA 2 year	2.87%	1.7			
US Key Rate	**Last**	**Change bps**	**US Key Rate**	**Last**	**Change bps**
US FED Funds	3.5-3.75%	0.0	US 5 year	4.40%	3.0
US Prime	6.75%	0.0	US 10 year	4.68%	1.9
US 3 month T-Bill	3.69%	0.4	US 30 year	5.22%	0.9
US 6 month T-Bill	3.96%	1.0	5YR Sovereign CDS	40.73	
US 1 Year	4.04%	1.8	10YR Sovereign CDS	50.19	
US 2 year	4.27%	3.7			

Preferred Shares Indicators	Last	Daily %	YTD
S&P Preferred Share Index	720.40	-0.04%	3.47%
BMO Laddered Preferred Shares (ETF)	13.03	-0.31%	5.68%

Source: LSEG

Keep looking forward! Have a great day!

Ben

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