Wilmington, Delaware

WEEK OF JULY 27, 2026

Market Navigator

Sell-offs in several large-cap growth stocks following earnings reports dragged equity markets lower. Eight U.S. sectors had positive returns, however, highlighting a stronger underlying market. A nearly 13 percent rise in crude oil prices due to the war in the Middle East pushed 10-year Treasury yields to 4.7 percent.

Quick Hits

1. **Beyond the headlines:** Earnings take a back seat to the Middle East.
2. **Report releases:** With no major economic releases last week, investors focused on geopolitics and earnings.
3. **Financial market data**: Declines in some high-profile stocks dragged markets lower.
4. **Looking ahead:** The Fed's decision on interest rates highlights a busy data week.

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Beyond the Headlines: Earnings Take a Back Seat to the Middle East

Although earnings have continued to beat expectations, equity markets endured a roller-coaster week as oil prices took center stage. Less than one month ago, after the signing of a memorandum of understanding (MOU) to end the war in the Middle East, market participants appeared to price in the likelihood of a final deal and a full reopening of the Strait of Hormuz. West Texas Intermediate oil prices fell to levels not seen since the war began.

Unfortunately, that scenario hasn't unfolded. Now, the market is trying to determine the end game in the Middle East and when it will happen. At least in the short term, corporate fundamentals have taken a back seat.

Geopolitical Risk Never Went Away

When a positive outlook becomes consensus, it tends to lead to rallies—but it can also set up the potential for disappointment. Three weeks after bottoming at levels last seen in February, before the start of the war, oil prices rallied and approached $95 per barrel. Hindsight is always 20/20. The MOU failed to lead to progress, the ceasefire ended, military action escalated, and crude oil products aren't moving through the strait at the rate needed to bring relief to global oil supplies and prices.

Given that backdrop, it's easy to understand why volatility has increased recently. At the same time, investors aren't as concerned as they were in March, partly because progress has been made toward ending the conflict. The longer it takes to reach a peace deal while oil prices remain elevated, however, the greater the potential for economic effects. Conversely, if talks resume and show progress, oil prices could decline quickly.

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Earnings Continue to Be Strong

Another reason market action has been orderly is strong fundamentals. Although the bulk of S&P 500 companies have yet to report second-quarter earnings, growth has so far exceeded lofty expectations for 22 percent growth. Even excluding a sizable gain by Alphabet, earnings growth for the quarter is approaching 26 percent. That would represent consecutive quarters of more than 20 percent earnings growth for the index. Given the current economic backdrop, that is impressive.

Diversified Portfolios Are Critical

Pullbacks always cause concern, and there are certainly risks investors need to be aware of. It's fundamentals that drive long-term returns, however, and they remain in solid shape. The sell-off has been concentrated in higher-profile growth stocks, which has pressured headline index returns. As a result, though the Nasdaq Composite has fallen 5 percent over the past two weeks, the equal-weighted S&P 500 has been roughly flat. That is encouraging for diversified portfolios.

Report Releases: July 20–24, 2026

>> The Takeaway

- With no major economic reports last week, the market focused on headlines from the Middle East. Military action between the U.S. and Iran escalated as talks to end the war unraveled—and oil prices rose as a result.
- Earnings reports generally remained strong, though Alphabet, Tesla, and Intel came under pressure after reporting.

Financial Market Data

Equity

Markets closed lower in the U.S. The declines were led by a roughly 2 percent decline in the Nasdaq Composite and a 1 percent drop in the Russell 2000. The losses were concentrated in two sectors: communication services and consumer discretionary, which each fell more than 6 percent. Eight sectors had positive returns, however, indicating a strong underlying market. With crude oil prices rising nearly 13 percent, the energy sector rallied almost 4 percent. International markets bucked the trend and rose marginally.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	−0.60%	−1.11%	8.97%	17.85%
Nasdaq Composite	−2.13%	−4.71%	7.81%	19.34%
DJIA	−0.35%	−0.65%	9.05%	18.16%
MSCI EAFE	0.45%	−0.04%	9.86%	18.16%
MSCI Emerging Markets	0.49%	−5.27%	17.46%	31.38%
Russell 2000	−1.08%	−3.07%	18.92%	31.85%

Source: Bloomberg, as of July 24, 2026

Fixed Income

Rising oil prices led to higher rates, which pressured fixed income returns. Yields on the 10-year Treasury briefly traded above 4.7 percent for the first time in 18 months, ending the week at 4.68 percent. Core bonds, Treasuries, and mortgages dropped 0.5 percent to 0.75 percent. Municipal markets declined roughly 1 percent.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	−0.74%	−1.18%	−0.57%	3.18%
U.S. Treasury	−0.64%	−1.01%	−0.73%	2.41%
U.S. Mortgages	−0.77%	−1.19%	−0.21%	4.68%
Municipal Bond	−1.19%	−1.98%	0.30%	5.65%

Source: Bloomberg, as of July 24, 2026

>> The Takeaway

- Declines in large-cap companies caused the communication services and consumer discretionary sectors to fall 6 percent each, dragging markets lower. Eight sectors had positive returns, however, indicating a stronger underlying market.
- Fixed income markets declined as the yield on the 10-year Treasury briefly reached 4.7 percent.

Looking Ahead

It will be a busy week that includes economic reports, high-profile earnings, and the Federal Open Market Committee's (FOMC's) July decision on interest rates.

- The week kicks off Monday with the **advance durable goods orders report** for June. Orders are expected to rebound after a transportation sector–led decline in May.
- On Tuesday, we'll see the **Conference Board Consumer Confidence Index** for July. Expectations are for a slight improvement in confidence.
- The **FOMC interest rate** decision for July will be announced on Wednesday. Despite rising inflation, the committee is expected to leave rates unchanged.
- On Thursday, we'll see the advance estimate of GDP for the second quarter, along with **personal income and spending reports** for June.
- Lastly, many companies will report second-quarter earnings, including Microsoft, Meta Platforms, Apple, and Amazon.


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