VIEWS | JULY 24, 2026

Weekly market update: Reignited Mideast war concerns weigh on stocks.

The market and economy

- U.S. equities declined during the week ending July 24, amid worries that rising oil prices and U.S. Treasury yields in response to the escalation of the war in the Middle East will lead the Federal Reserve (Fed) to raise interest rates at its meeting next week. There also was a selloff in the technology sector for much of the week due to concerns that hyperscalers, which operate global networks of large data centers, are overspending on artificial intelligence (AI)-related initiatives.
- The U.S. stepped up military action against Iran in an effort to secure shipping through the Strait of Hormuz, one of the world's most important energy chokepoints. U.S. forces conducted repeated strikes against Iranian missile, drone, naval, and coastal-defense assets, while the U.S. reinstated a naval blockade of Iranian ports. In a social media post on Wednesday, President Donald Trump threatened additional attacks on Iranian infrastructure if Iran continued to target commercial shipping. The following day, Trump warned via social media that the U.S. would hold Iran directly responsible for any future attacks by the Houthis after the Iran-backed, Yemen-based militant group claimed responsibility for missile and drone strikes on two Saudi oil tankers in the Red Sea on Wednesday.
- The WTI crude oil price rose to a seven-week high in intraday trading on Thursday before retreating on Friday. Investors priced in the risk of supply disruptions and reduced tanker traffic through the Strait. Additionally, the intensified U.S. attacks on Iran raised fears that the conflict could broaden and threaten regional energy infrastructure. The yield on the 10-year U.S. Treasury note reached an 18-month intraday high on Thursday due to inflation worries stemming from the oil-price surge. The yield declined modestly at the end of the week.
- The Trump administration imposed new tariffs of 10% to 12.5% on imports from roughly 60 countries representing the vast majority of U.S. trade, replacing a temporary 10% global tariff that was set to expire after the U.S. Supreme Court struck down many of the administration's earlier tariffs in February. The new measures are being implemented under Section 301 of the Trade Act of 1974 and are designed to be more legally durable by linking tariff rates to countries' efforts to prevent goods produced with forced labor from entering supply chains. Nations with stronger forced-labor prohibitions generally face a 10% tariff, while those deemed to have weaker protections face a 12.5% rate.
- In economic news, the Department of Labor reported that initial unemployment insurance claims, a barometer of the health of the labor market, unexpectedly decreased by 22,000 to 187,000 for the week ending July 18, and were down 31,000 compared to the same week in 2025. The four-week moving average of initial claims fell by 7,250 week-over-week to 207,500, and remained well below the four-week average of 224,500 reported for the corresponding week in 2025.
- The Conference Board Leading Economic Index® (LEI), which is designed to signal peaks and troughs in the U.S. business cycle, dipped 0.2% to 99.1% in June. The LEI edged down 0.3% for the six-month period ending June 30, 2026, a smaller downturn than the 1.1% decline over the previous six months (July to December 2025). Six of the 10 leading indicators within the LEI moved lower or were virtually flat in June, hampered by declines in average consumer expectations for business conditions and building permits for private housing. These losses were partially offset by an increase in the interest-rate spread between the 10-year U.S. Treasury note and the federal funds rate. This index tracks the shape of the yield curve, which reflects investors' expectations for future growth, inflation, and Fed monetary policy.
- According to the Mortgage Bankers Association (MBA), mortgage applications in the U.S. increased 1.9% during the week ending July 17. The Refinance Index was down 2.3% for the week but was up 7.0% over the previous 12-month period. The Purchase Index surged 6.0% for the week and ticked up 0.2% year-over-year. The Federal Home Loan Mortgage Corporation (Freddie Mac) announced that the average interest rate on a 30-year fixed-rate mortgage rose 3 basis points (0.03%) to an 11-month high of 6.58% during the week ending July 23.

Stocks

- Global equities posted modest losses during the week. Emerging markets outperformed developed markets.
- U.S. stocks declined. Energy and utilities were the top-performing sectors, while communication services and consumer discretionary were the primary market laggards.
- Value stocks outperformed growth stocks, while large caps surpassed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.68% during the week.
- The U.S. bond market lost ground for the week.
- High-yield bonds led the market, followed by government bonds and corporate bonds.

As of July 24, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-0.3%	9.0%	17.4%	1105.5
MSCI EAFE ($)	0.4%	7.6%	14.7%	3113.5
MSCI Emerging Mkts ($)	0.5%	15.9%	28.5%	1628.0
US & Canadian Equities				
Dow Jones Industrials ($)	-0.4%	8.1%	16.2%	51947.3
S&P 500 ($)	-0.6%	8.3%	16.5%	7412.0
NASDAQ ($)	-2.1%	7.5%	18.6%	24975.8
S&P/ TSX Composite (C$)	0.3%	11.5%	29.2%	35369.1
UK & European Equities				
FTSE All-Share (£)	1.2%	7.8%	16.2%	5769.4
MSCI Europe ex UK (€)	0.4%	8.5%	15.9%	2229.3
Asian Equities				
Topix (¥)	2.3%	17.7%	34.7%	4011.3
Hong Kong Hang Seng ($)	1.6%	-2.6%	-2.7%	24963.2
MSCI Asia Pac. Ex-Japan ($)	0.4%	16.8%	26.4%	843.3
Latin American Equities				
MSCI EMF Latin America ($)	1.4%	11.8%	33.5%	3028.9
Mexican Bolsa (peso)	-0.4%	3.2%	16.4%	66383.3
Brazilian Bovespa (real)	0.2%	8.0%	30.1%	174042.0
Commodities ($)				
West Texas Intermediate Spot	10.4%	58.6%	35.4%	91.0
Gold Spot Price	1.3%	-5.9%	20.8%	4067.1
Bond Indices ($)				
Bloomberg U.S. Aggregate	-0.7%	-0.6%	3.2%	2335.4
Bloomberg Global Aggregate	-0.7%	-1.4%	0.1%	494.4
JPMorgan Emerging Mkt Bond	-0.9%	1.4%	8.4%	1031.8
10-Year Yield Change (basis points*)				
US Treasury	13	51	28	4.68%
UK Gilt	8	56	41	5.03%
German Bund	5	32	47	3.17%
Japan Govt Bond	12	75	121	2.82%
Canada Govt Bond	5	17	6	3.61%
Currency Returns**				
US$ per euro	-0.6%	-3.2%	-3.2%	1.137
Yen per US$	0.9%	4.5%	11.4%	163.83
US$ per £	-0.9%	-1.1%	-1.4%	1.333
C$ per US$	0.5%	2.7%	3.4%	1.410

Source: Bloomberg. Equity-index returns are price only; others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

IMPORTANT INFORMATION

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