SOLLINDA
CAPITAL MANAGEMENT

Market Down & Dirty

July 13, 2026

The Data

- Equity markets were mixed last week.
    - S&P 500 +1.37% Dow -0.50% Russell 2000 -0.53%, Nasdaq +1.74%[1]
        - The All-Country World Index rose +0.96%.[1]
    - S&P 500 sub-sectors were mixed but tilted to the downside.
        - Tech & Energy led to the upside with gains over 3%.[1]
        - Materials & Industrials led to the downside.[1]
    - The CBOE Volatility Index (VIX) declined 7% to end at 15.03.[1]

- US Treasury bond yields were higher on the week.
    - US 2yr +0.07% at 4.21%, 10yr +0.07% to 4.56%, 30yr +0.08% to 5.06%.[1]
    - While yields have moved up recently, they're still below their recent highs.

- Commodities as an aggregate asset class were higher last week.
    - WTI Crude gained +4.05%.[1]
    - Gold declined -1.52%.[1]
    - The US Dollar index rose +0.10%.[1]

- In our opinion, U.S. economic data was mixed last week.
    - The ISM Services index declined slightly but stayed in expansion territory.[1]
    - Existing home sales declined in June to remain near historic lows.[1]
    - Jobless claims matched expectations while the 4 week average declined.[1]

- An index of equities outside the US (FTSE All-World ex-US) gained +0.60%.[1]

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[1] Source: Bloomberg – 7/10/2026

Conclusion

- Stocks finished mixed as the Iranian conflict flared up once more.
  - The S&P 500 and Nasdaq both showed strength on the week.
    - Small-caps & the Dow Jones Industrial Average declined.
  - Indices have mostly alternated between small moves in both directions for the past 6 weeks as market participants consider AI-related spending, the Middle East conflict, and inflation.
  - The S&P 500 spent early July grinding higher with sector rotation quietly forming beneath a calm index.
    - There has been a clear capital shift between sectors while index-level volatility expectations have remained subdued.
    - In short, individual stocks and sectors moved meaningfully, but those moves largely offset one another at the index level.
  - One byproduct of these unique movements is that positioning for a volatility spike has rarely been cheaper with current demand for downside protection at low levels.
- S&P 500 sub-sectors were mostly higher last week.
  - Healthcare & Financials saw outsized gains to lead to the upside.[1]
  - Utilities & Real Estate saw declines last week undoubtedly aided by a rise in interest rates.
- US Treasury yields were higher last week.
  - The yield curve rose across the board sending yields to their highest levels since mid-May amid persistent concerns about inflation and the direction of the Federal Reserve.
- Commodities were higher last week.
  - Oil rose on renewed tensions in the Middle East.[1]
    - While this is an input into inflation which is in everyone's crosshairs right now, the actual supply disruption appears to be largely looked through by the markets.
    - Global oil trade flows have shifted notably and perhaps permanently as all eyes watch the oil price signal which remains bearish.
  - Metals were mixed with gold lower and copper higher.[1]
  - The US Dollar index gained slightly.[1]
- Earnings season is beginning and with attention on results as well as spending.
  - Analysts surveyed by FactSet are forecasting an average 2nd quarter earnings growth rate of 23.6% for companies in the S&P 500, up from a 23.3% forecast a week earlier.
    - They have been aggressively raising their earnings estimates for S&P 500 companies, with firms representing just shy of 64% of the benchmark being revised higher.[1]
  - Tech companies are center stage this earnings season as they have been the biggest drivers of market rallies in the US, Taiwan and South Korea.
    - In the US, information technology companies are expected to post 67% profit growth, second-best among S&P 500 sectors after energy at 118%.[1]
  - Results from the big spenders on AI infrastructure — Alphabet Inc., Amazon.com Inc., Meta Platforms Inc., Microsoft Corp. and Oracle Corp. — will offer guidance on whether their investments are paying off.
    - This group was among the biggest winners in the AI trade until recently, when investors turned skeptical on how much cash is heading out the door.

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