بنك الإمارات دبي الوطني
Emirates NBD

CIO OFFICE DAILY OUTLOOK

27 July 2026

Global equities ended a rough week slightly lower, the MSCI ACWI down 0.3%, as three worries landed at once: oil, tariffs and the cost of AI. Brent broke above $100 a barrel on Thursday for the first time in two months as the conflict spread from the Strait of Hormuz into the Red Sea and the US continued strikes for a thirteenth straight night. Oil feeds straight into inflation expectations, so yields jumped, with the 10 year Treasury yield touching its highest in a year and markets pricing a 38% chance of a Fed hike this week, up from 13%. Friday brought relief: Brent fell 3.9% to $96.8 per barrel on reports that both sides are working to revive talks. Gold was flat at 4,052 an ounce, the dollar was little changed, and the 10 year yield slipped one basis point to 4.68%. Developed markets lost 0.4%, emerging markets added 0.5%.

In the US, the S&P 500 fell 0.6% for a second straight weekly decline and the Nasdaq 100 dropped 1.6%, its first two week losing streak since late March. Alphabet raised its spending forecast to as much as $205 billion this year and posted negative free cash flow for the first time since its 2004 listing, and despite cloud revenue growing 82%, the stock fell about 7% on Thursday. Tesla earned 33 cents a share against estimates of 51 cents and sank 15% the same day. The Magnificent Seven lost 4.8% on Thursday, their worst day since April 2025, erasing $797 billion. Chipmakers had it worse still: the Philadelphia semiconductor index is off roughly 17% in July, on pace for its worst month since June 2022, and even Intel's strong forecast could not stop a 7.9% drop on Friday. The response was rotation, not capitulation: energy rose 3.8% on the week while communication services and consumer discretionary each lost about 6%. And the earnings backdrop is impressive: 27% of the S&P 500 has reported, and both the percentage and magnitude of positive surprises are above recent averages, even excluding Alphabet's unusually large EPS surprise. New forced labor tariffs of 10% to 12.5% on some 60 economies took effect on Friday to a shrug, lifting the average effective rate just 0.1 percentage point to 10.7%.

Elsewhere, Europe outperformed, with MSCI Europe up 0.5% on a clean repricing of inflation and margin risk. The ECB held at 2.25% but sounded hawkish, some governors arguing for an immediate hike and officials, per Bloomberg, ready to move in September; Bund yields hit 3.21%, the highest since 2011, while the composite PMI jumped to a five month high of 51.9. In the UK, Andy Burnham's first week as prime minister pushed 10 year gilts to 5.03% even as June inflation eased to a 15 month low of 2.6%. MSCI China gained 0.9% as Beijing signaled it will look past its new 12.5% US tariff ahead of Xi's expected September visit to Washington. Dubai eased 0.5%.

Markets this morning

This morning the tone is risk on. The US has paused its strikes on Iran after 13 days and Iran has suspended its response, so Brent fell as much as 7.4% to below $90 a barrel before paring about half the drop, and the 10 year Treasury yield eased four basis points to 4.64%. Futures like it, with the Nasdaq 100 up 1.2% and the S&P 500 up 0.7%, while Asia is trading more cautiously ahead of the megacap reports: the Topix rose 1%, the Hang Seng 0.8%, and CXMT jumped 472% on its Shanghai debut. Gold is up 1.1% near 4,100 and the dollar is weaker across the G10.

Upcoming key events/data

Looking ahead, everything happens this week. The Fed decides Wednesday, the Bank of England Thursday and the Bank of Japan Friday; all three should hold, but with a Fed hike fully priced by September, ECB officials eyeing the same month and the BOJ said to be open to a faster pace, the guidance is the event. Thursday brings the first read of US second quarter GDP and June PCE, which Bloomberg Economics sees easing to 3.7% from 4.1%. More than a third of the S&P 500 by market value reports, led by Microsoft and Meta on Wednesday and Apple and Amazon on Thursday, and after Alphabet, their capex plans will decide how the week trades. Exxon and Chevron report Friday on record refining margins, SK Hynix, Samsung and Kioxia test the memory trade in Asia, and euro area GDP and inflation will shape the ECB's September call.

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