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Tuesday, July 28, 2026

Market Snapshot

S&P 500: 7,573 | Monday's cash rally lifted the index about 1.9%, but Tuesday futures softened as semiconductor weakness challenged the breadth of the relief move

Brent Crude: \$89.00 | Brent held near Monday's one-week low after an 8% slide, easing the immediate inflation impulse while preserving a large conflict premium

Gold: \$4,090 | Gold retained Monday's gain as lower oil and a softer dollar competed with demand for protection before the Fed decision

Fed Funds Rate: 3.50-3.75% | Held June 17 - The July 28-29 FOMC meeting begins today; officials are in blackout and a hold remains the baseline

The Lead

The Fed Opens With Tech Under Pressure. Oil Relief Bought Time, Not Conviction.

Tuesday, July 28, 2026 opens with S&P 500 and Nasdaq futures under pressure after Monday's relief rally, Brent crude near \$89, gold around \$4,090, Henry Hub natural gas near \$3.10 per mmBtu, the dollar index close to 101, EUR/USD around 1.14, and USD/JPY near 163.6 as the FOMC begins a two-day meeting and investors turn from cheaper oil to consumer data and an earnings-heavy close.

Monday's rally proved that a lower oil price can still unlock risk appetite quickly. The S&P 500 gained roughly 1.9% and the Nasdaq advanced about 3% as a pause in U.S. strikes against Iran pushed Brent down toward \$89. Tuesday's softer technology futures are the more demanding follow-through test: once the first geopolitical premium is removed, the market has to justify its valuation with policy and profits.

Oil remains the hinge between those stories. An 8% one-day fall in Brent reduces the immediate threat to transport costs, household inflation expectations, and margins, but \$89 crude is not a return to the pre-conflict regime. The market is pricing a pause, not a durable normalization of Gulf supply, and reported LNG delivery disruptions keep the broader energy complex exposed to renewed headlines.

The Federal Reserve begins deliberations with that ambiguity unresolved. A hold at 3.50%-3.75% remains the baseline for Wednesday, while Chair Kevin Warsh's first July-meeting press conference carries unusual weight for the September path. The committee must acknowledge the improvement in oil without sounding complacent about the inflation pass-through that has already entered surveys and corporate guidance.

Technology is supplying a second constraint. Semiconductor weakness in Asia and U.S. premarket trading suggests investors are again questioning how quickly record AI capital expenditure becomes revenue and free cash flow. Visa and other large companies reporting after the close can broaden the earnings conversation, but Wednesday's Microsoft and Meta

results remain the central test of whether lower discount-rate pressure is enough to revive leadership.

Foreign exchange and havens still show incomplete confidence. EUR/USD near 1.14 and a softer dollar reflect some relief from lower oil, yet USD/JPY around 163.6 remains close to an intervention-sensitive extreme. Gold holding near \$4,090 while equities digest Monday's rally says protection has not been removed; it has simply become cheaper to carry alongside risk.

Today's data can determine which concern reaches the Fed room with the most force. June advance goods trade, May home-price indexes, and July consumer confidence trace the path from supply costs to demand, while the Richmond Fed survey tests whether manufacturers see new orders improving or price pressure persisting. A firm consumer reading would support earnings but keep yields alert; a weak reading would validate a hold while raising the burden on guidance.

Callout

Key insight: The oil decline improved the market's starting point, but Tuesday's tape must now absorb a Fed meeting, fragile semiconductor leadership, and consumer evidence without relying on another geopolitical relief headline.

What Moves Today

Advance Goods Trade Balance (8:30 AM ET)

High Impact Consensus is near a \$100.3 billion June deficit after roughly \$105.9 billion in May. A narrower gap would support the Q2 growth arithmetic, while a surprise widening would raise the hurdle for Thursday's advance GDP release.

S&P Cotality Case-Shiller and FHFA Home Prices (9:00 AM ET)

Housing The indexes are expected to show continued but moderating annual price gains through May. Persistent strength would keep shelter disinflation gradual and rate-sensitive sectors cautious even as lower oil eases the headline inflation outlook.

Conference Board Consumer Confidence (10:00 AM ET)

High Impact Consensus centers around 93, up modestly from roughly 91.2. The expectations and labor-differential components will matter most for consumer earnings and for whether the Fed reads demand as resilient enough to tolerate restrictive policy.

Richmond Fed Manufacturing Index (10:00 AM ET)

Regional Data Consensus is near 4 after 6, implying continued expansion at a slower pace. Prices paid, new orders, and employment can reveal whether the oil shock is receding fast enough to protect industrial margins.

Visa, Starbucks, UPS, PayPal and Boeing (Today / Watch this week)

Earnings Payments and parcel volumes provide a real-time demand check, while Starbucks and Boeing test company-specific recovery stories. After today, Microsoft, Meta, Apple, Amazon,

Chevron, and Exxon keep the focus on AI returns, consumer resilience, and energy cash flow.

Three Signals

Signal 01 - Equities / Semiconductors

A record-scale relief rally still needs technology breadth on the second day.

Nasdaq futures weakening after Monday's 3% advance shows that lower oil cannot by itself settle the AI return-on-investment debate. Semiconductor participation is the cleanest test of whether the rebound is durable.

Signal 02 - Energy / Rates

Brent near \$89 cuts the tail risk without restoring the old inflation baseline.

The front end can price a calmer Fed meeting, but shipping and LNG disruptions keep energy-sensitive inflation compensation exposed. A move back above \$92 would quickly challenge the relief narrative.

Signal 03 - FX / Havens

Gold near \$4,090 and USD/JPY above 163 point to protection that has not been unwound.

A softer dollar helps global financial conditions at the margin, but yen weakness and a persistent gold bid show that investors still assign meaningful probability to policy or geopolitical volatility.

Possible Paths - Tuesday, July 28, 2026

The market must convert lower oil into stable rates and credible earnings before the relief move can broaden.

Soft-landing path: If Brent holds below \$90, consumer confidence improves without a sharp inflation-expectations rise, and earnings confirm steady demand, equities can consolidate Monday's gains and broaden beyond megacap technology. Treasury yields could drift lower, the dollar may soften, EUR/USD could hold above 1.14, USD/JPY may retreat, gold could remain supported, credit spreads would stay contained, and forward earnings estimates would gain durability.

Hawkish-resilience path: If confidence and housing data run firm while manufacturing prices stay elevated, the Fed can hold Wednesday yet keep future tightening in play. Equities would face renewed duration pressure, Treasury yields and the dollar would rise, EUR/USD would slip, USD/JPY could test intervention-sensitive highs, gold would contend with firmer real yields, oil could stabilize above \$90, lower-quality credit may widen, and earnings beats would require stronger guidance to hold gains.

Relief-reversal path: If energy disruptions intensify or technology guidance fails to validate capital spending, Monday's rally could unwind across growth and cyclicals. Brent and gold would rise together, inflation compensation could lift rates even as growth expectations weaken, the dollar would regain haven demand, EUR/USD would fall, USD/JPY volatility would increase, commodities would split between energy strength and demand-sensitive weakness, credit spreads would widen, and profit estimates outside energy would come under pressure.

Disclosure

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