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Tuesday, August 4, 2026

Market Snapshot

S&P 500: Futures -0.2% | Futures eased as investors waited for labor-demand data and another heavy earnings slate after Monday's oil-led relief

Brent Crude: \$84 area | Brent stabilized after Monday's sharp decline, keeping the inflation benefit intact while testing whether the selloff reflected supply relief or softer demand

Gold: \$4,085 area | Gold held firm as elevated real yields competed with geopolitical hedging and uncertainty ahead of Friday's employment report

Fed Funds Rate: 3.50-3.75% | Held July 29 - The policy range is fixed while JOLTS and Friday's payroll report refine the labor-market case for the next meeting

The Lead

Oil Bought the Market Relief. JOLTS and Caterpillar Must Prove Demand Deserves It.

Tuesday opens with S&P 500 futures down roughly 0.2%, Brent near \$84, gold around \$4,085, Henry Hub natural gas near \$2.80 per mmBtu, the dollar index close to 101.4, EUR/USD near 1.135, and USD/JPY around 155.8 as the market moves from Monday's energy relief to a 10:00 a.m. ET labor-demand test, Caterpillar's industrial read, and AMD's post-close AI guidance.

Monday lowered the immediate inflation temperature without resolving the growth question. Brent's retreat reduced pressure on transport, household fuel bills, and near-term inflation expectations, but the market now needs evidence that the decline was driven by improved supply rather than weakening demand. The distinction matters because the same oil price can support margins in one scenario and warn of slowing revenue in another.

The June Job Openings and Labor Turnover Survey is the first major test at 10:00 a.m. ET. Consensus is centered near 7.3 million openings, with the quits rate and hiring rate carrying as much information as the headline. A gradual cooling in vacancies alongside stable hiring would fit a soft-landing narrative; a sharper drop would raise concern that labor demand is deteriorating before Friday's payroll report.

Factory orders arrive at the same time and provide a second view of demand. Forecasters expect a modest monthly increase after aircraft and defense bookings distorted recent readings. Core capital-goods detail will show whether businesses are still investing through elevated borrowing costs, while a broad decline would make the oil pullback look more cyclical and less like a clean supply dividend.

Caterpillar connects both macro releases to earnings. Dealer inventories, construction activity, mining demand, pricing, and order backlogs will show whether global capital spending is holding up across North America, China, and commodity-producing economies. Strong margins without strong orders would be less reassuring than a balanced report because cost control cannot indefinitely substitute for end demand.

AMD's report after the close sets a different but equally important hurdle. The market will judge data-center accelerator revenue, server CPU share, supply availability, and the pace at which AI spending converts into sales. After cloud platforms delivered strong but uneven earnings reactions, AMD must demonstrate that infrastructure demand is reaching chip suppliers broadly enough to support the wider semiconductor complex.

Cross-asset markets are positioned for a narrow path. A dollar index near 101.4 and USD/JPY around 155.8 keep global financial conditions firm, gold near \$4,085 signals that hedging demand has not disappeared, and credit spreads remain dependent on earnings guidance rather than oil relief alone. The durable bullish case requires cooling labor demand without a hiring break, stable industrial orders, and AI revenue strong enough to offset high discount rates.

Callout

Key insight: Cheaper oil improves the cost line immediately, but JOLTS, factory orders, and Caterpillar must confirm the revenue line before the relief can become a broader earnings upgrade.

What Moves Today

Caterpillar Earnings (Before the bell)

Earnings Consensus calls for roughly \$6.20 a share on about \$19.2 billion of revenue.

Orders, dealer inventory, pricing, and margins will determine whether the industrial cycle is broadening or merely benefiting from backlog and cost discipline.

JOLTS Job Openings, June (10:00 AM ET)

High Impact Consensus is near 7.3 million openings, implying further normalization without a labor-market break. A controlled decline could ease yields, while a sharp miss would shift attention from inflation relief toward recession risk ahead of Friday's payrolls.

Factory Orders, June (10:00 AM ET)

Growth Economists expect a modest monthly gain after volatile transport bookings shaped recent results. Core capital-goods demand will matter for industrial equities, credit, and the interpretation of Brent's decline.

AMD Earnings (After the close)

Earnings Data-center acceleration, server share, gross margins, and forward guidance are the core tests. A strong print could broaden the AI trade beyond cloud platforms; weak guidance would expose semiconductor valuations to higher real yields.

July Employment Report and Major Earnings (Watch this week)

High Impact Friday's payrolls, unemployment, and wage growth will reset the policy debate, while Eli Lilly, Airbnb, AppLovin, and ConocoPhillips add consumer, digital-advertising, health-care, and energy signals.

Three Signals

Signal 01 - Labor / Rates

A JOLTS reading near 7.3 million keeps cooling orderly; the composition decides whether yields agree.

Stable hiring and a lower vacancy rate would reduce wage pressure without signaling contraction. Weak hiring and quits would instead point to lost labor-market momentum and a more defensive curve move.

Signal 02 - Industrials / Commodities

Caterpillar must show that \$84 Brent reflects supply relief, not disappearing orders.

Backlog conversion and pricing can protect margins, but dealer inventories and new orders reveal underlying demand. The result will ripple through machinery, miners, materials, transports, and industrial credit.

Signal 03 - Semiconductors / AI

AMD's guidance tests whether cloud capex is becoming broad chip revenue.

Accelerator sales and server share provide a direct check on AI infrastructure breadth.

Strong execution would support suppliers across the stack; a miss would concentrate leadership and raise the valuation penalty for second-tier beneficiaries.

Possible Paths - Tuesday, August 4, 2026

Labor demand, industrial orders, and AMD guidance decide whether the oil-relief rally can broaden.

Orderly-cooling path: If openings ease toward consensus, hiring stays stable, factory demand holds, and Caterpillar and AMD defend guidance, equities can broaden across cyclicals and technology. Treasury yields may ease modestly, the dollar could soften as EUR/USD firms and USD/JPY stabilizes, gold may consolidate, Brent and natural gas remain contained, credit spreads stay tight, and earnings estimates retain support.

Hot-demand path: If openings and orders beat while company guidance remains strong, growth expectations improve but the policy discount rises. Equities may favor industrials and profitable growth over long-duration names, Treasury yields and the dollar would firm, EUR/USD could test support and USD/JPY rebound, gold would face higher real yields, commodities could recover, credit duration may lag, and earnings beats would need to clear a higher valuation bar.

Demand-break path: If vacancies, hiring, and factory orders fall sharply or major companies cut guidance, Monday's oil decline becomes a warning rather than relief. Equity breadth would contract, Treasury yields could fall on growth concerns, the dollar and yen may gain on haven demand, Brent and industrial commodities could weaken while gold firms, lower-quality credit spreads would widen, and earnings revisions would turn lower across industrial, energy, consumer, and semiconductor groups.

Disclosure

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