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Wednesday, August 5, 2026

Market Snapshot

S&P 500: Futures +0.2% | Futures extended Tuesday's record close as strong earnings and AI leadership outweighed uncertainty around oil and Friday's jobs report

Brent Crude: \$80.45 | Up about 1.4% - Crude rebounded after Tuesday's 5.3% drop as a Hormuz reopening remained conditional on wider Iran negotiations

Gold: \$4,100 area | Gold held near a one-week low as record equities and reduced haven demand competed with uncertainty around oil and the Fed path

Fed Funds Rate: 3.50-3.75% | Held July 29 - ADP, services employment and Friday's payrolls now determine whether the labor slowdown warrants a policy response

The Lead

Records Need a Second Engine. Services and Hiring Must Carry What Earnings Started.

Wednesday opens with S&P 500 futures up about 0.2%, Brent near \$80.45, gold around \$4,100, Henry Hub natural gas near \$2.85 per mmBtu, the dollar index around 101, EUR/USD near 1.14, and USD/JPY near 157.8 as strong earnings and an Asian chip rally meet an 8:15 a.m. ET ADP report, services data, and renewed uncertainty over the path to reopening the Strait of Hormuz.

Equities enter Wednesday with momentum and a higher burden of proof. Wall Street's record close, gains of more than 3% in Tokyo and Seoul, and another lift in U.S. futures show that earnings strength and AI demand remain capable of pulling risk assets higher. The next leg, however, must come from evidence that the service economy and hiring are strong enough to support profits without reviving the policy premium.

ADP arrives at 8:15 a.m. ET after June payroll growth slowed sharply. The private-employment estimate is an imperfect guide to Friday's government report, but its industry breadth, pay measures, and small-business detail can reveal whether labor softness is concentrated or spreading. A moderate rebound would support consumption and credit quality; another weak reading would make the record index level look increasingly dependent on a narrow earnings cohort.

Services data then take over. The final S&P Global services PMI at 9:45 a.m. and ISM services at 10:00 a.m. will be judged through new orders, employment, business activity, and prices paid. Stable activity with cooler prices would be the cleanest outcome because services carry most U.S. output and remain the part of inflation least likely to be solved by cheaper goods or a temporary energy reprieve.

Oil complicates that clean path. Brent rebounded about 1.4% to \$80.45 after falling 5.3% Tuesday as Iran and Oman moved toward a framework for reopening Hormuz, but any agreement appears tied to broader negotiations over U.S. restrictions. The market has reduced the

extreme supply premium, not eliminated it, leaving transport costs, inflation expectations, energy credit, and consumer margins exposed to each diplomatic headline.

Corporate evidence is broad enough to matter. Uber's mobility and delivery trends will test discretionary demand and labor supply, while Disney's parks, streaming profitability, advertising, and guidance span travel, media, and household spending. McKesson after the close adds a defensive health-care checkpoint, and the wider week still includes Airbnb, AppLovin, Eli Lilly, ConocoPhillips, and Friday's employment report.

Cross-asset confirmation remains essential. USD/JPY near 157.8 keeps intervention sensitivity elevated, a dollar index around 101 tightens conditions for global borrowers, gold near \$4,100 shows haven demand has cooled but not disappeared, and natural gas near \$2.85 keeps the domestic energy signal calmer than crude. Records can hold if labor cools gradually, services stay expansive, oil remains below Tuesday's highs, and earnings guidance broadens beyond AI leaders.

Callout

Key insight: Earnings supplied the breakout, but ADP and services must now prove that record equities rest on broad cash-flow durability rather than a narrow multiple expansion.

What Moves Today

ADP Private Employment, July (8:15 AM ET)

High Impact Consensus is centered near a 75,000 gain after June's soft labor readings. A moderate rebound would support consumption without forcing a major rate repricing, while another weak print would raise the stakes for Friday's payroll report.

S&P Global Final Services PMI, July (9:45 AM ET)

Growth The final reading is expected to remain in expansion near its flash estimate around 52. New orders and input costs will show whether demand is durable and whether energy volatility is reaching the service economy.

ISM Services PMI, July (10:00 AM ET)

High Impact Consensus is near 52, consistent with moderate expansion. Employment and prices paid can move Treasury yields and the dollar more than the headline if they point toward either a hiring break or renewed inflation persistence.

Disney and Uber Earnings (Before the bell)

Earnings Disney consensus is roughly \$1.86 a share on \$25.4 billion of revenue, while Uber is near \$0.81 on \$14.2 billion. Guidance across parks, streaming, advertising, mobility, and delivery will test the breadth of consumer and digital demand.

July Payrolls, CPI and Major Earnings (Watch this week)

High Impact Friday's employment report is the week's policy reset; next Wednesday's CPI follows quickly. Airbnb, AppLovin, Eli Lilly, ConocoPhillips, McKesson, Block, and HubSpot extend the earnings read across consumers, health care, energy, fintech, and software.

Three Signals

Signal 01 - Equities / Breadth

A record index needs earnings strength to spread beyond AI and mega-cap leadership. Asian chip gains confirm the technology impulse, but Disney, Uber, and services activity determine whether consumers and domestic cyclicals can participate. Narrower breadth would leave the index more sensitive to yields.

Signal 02 - Rates / Labor

ADP and services employment define whether labor cooling is orderly or abrupt. A modest hiring rebound with softer prices supports a benign rate response. Weak employment alongside falling orders would instead pull yields lower for the wrong reason and pressure lower-quality credit.

Signal 03 - Oil / FX

Brent near \$80 and USD/JPY near 157.8 keep geopolitical relief and currency stress on the same screen.

A credible Hormuz path would contain inflation expectations and help importers, while renewed friction would lift crude and the dollar together. That combination would tighten global conditions despite record U.S. equities.

Possible Paths - Wednesday, August 5, 2026

Hiring, services, and oil decide whether the record rally broadens or becomes more fragile.

Balanced-expansion path: If ADP improves moderately, ISM services stays above 50 with cooler prices, and earnings guidance holds, equities can broaden into consumer, industrial, and financial shares. Treasury yields may stabilize, the dollar could soften as EUR/USD firms and USD/JPY retreats, gold may consolidate, Brent and natural gas remain contained, credit spreads stay tight, and earnings estimates receive wider support.

Hot-services path: If hiring, orders, and prices paid all beat, growth confidence improves but policy risk returns. Equities may keep rising with weaker breadth, Treasury yields and the dollar would firm, EUR/USD could test support and USD/JPY approach intervention-sensitive levels, gold would face higher real yields, Brent could extend its rebound, credit duration may lag, and high-multiple earnings would face a tougher discount rate.

Demand-break path: If ADP and services employment weaken sharply or major companies cut guidance, the record rally loses its macro foundation. Equities would rotate defensively, Treasury yields could fall on growth concern, the dollar and yen may gain as havens, Brent and natural gas could weaken while gold firms, lower-quality credit spreads would widen, and earnings revisions would turn lower across travel, media, retail, industrial, and financial companies.

Disclosure

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