

MONTHLY INSIGHT JULY 26

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FX Analytics

USD INDEX

June 2026 Recap

June was a clear bullish reversal month for the U.S. Dollar Index. The DXY traded between a monthly low of **98.92** and a monthly high of **101.80**, confirming a decisive recovery after the weakness and consolidation seen earlier in the year.

The main driver was a repricing of Federal Reserve expectations. Stronger U.S. labour-market data, persistent inflation concerns and higher Treasury yields reduced expectations for near-term rate cuts, restoring part of the dollar's yield advantage versus major currencies.

Geopolitical risk and higher energy prices also supported the dollar during the month. The Iran conflict reinforced safe-haven demand and complicated the inflation outlook, making markets less comfortable with an aggressive Fed easing scenario. Although oil prices eased later in June after signs of U.S.-Iran de-escalation, the broader USD recovery remained intact.

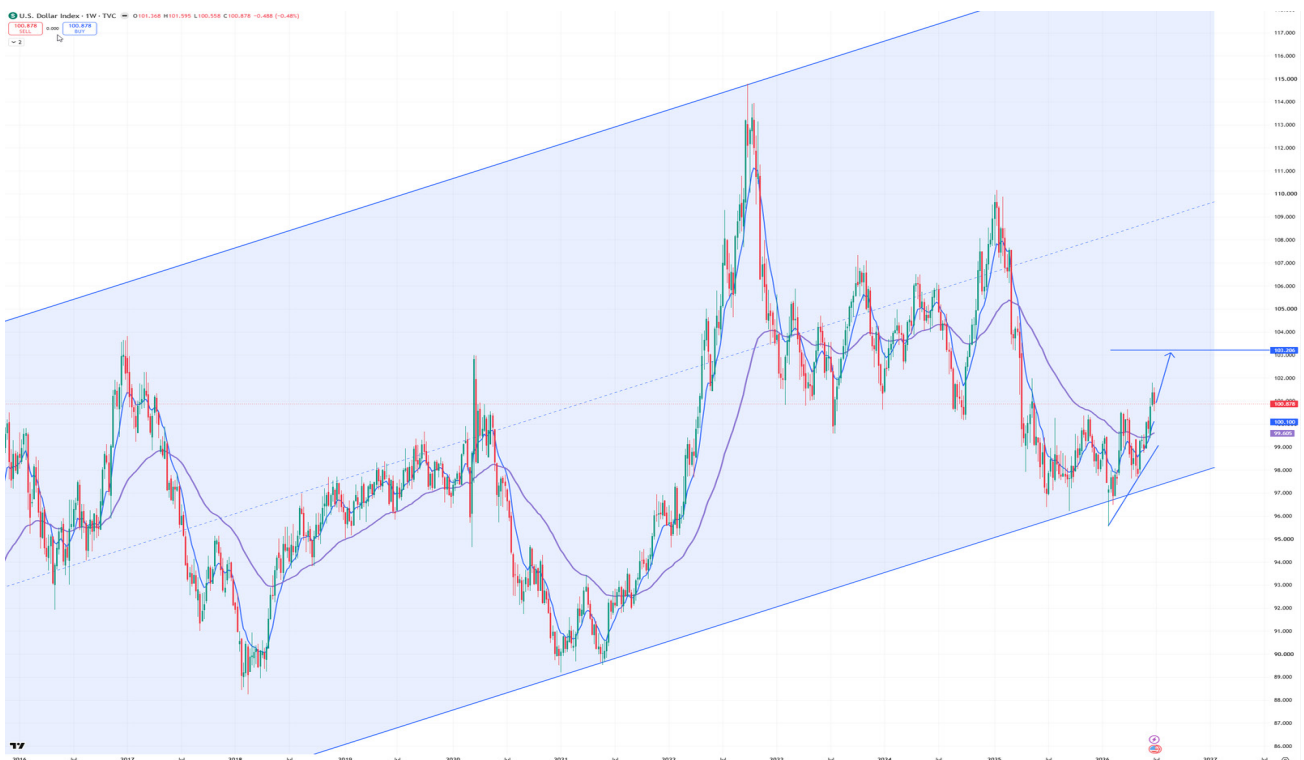
Technically, June confirmed a breakout above the key **100.00** level. The move from **98.92** to **101.80** shifted the structure from bearish consolidation to constructive recovery. The late-month pullback was mainly profit-taking after a strong rally, rather than a confirmed reversal.

Key Takeaways

Factor	Assessment
Monthly Direction	Strong bullish recovery
Main Driver	Higher-for-longer Fed repricing
Monthly Low	98.92
Monthly High	101.80
Key Breakout Level	100.00
Near-Term Support	100.00-100.80
Key Resistance	101.80
Technical Bias	Constructive above 100.00
Main Risk for July	Softer U.S. data or lower inflation expectations

Conclusion

June transformed the DXY outlook from bearish consolidation into a constructive recovery phase. The index defended **98.92**, broke above the major **100.00** level and extended toward **101.80**, supported by stronger U.S. data, hawkish Fed repricing and renewed USD demand. Entering July, the key question is whether the dollar can build a durable base above **100.00**, or whether softer labour data and lower energy prices begin to unwind June's bullish repricing.



July 2026 Outlook

Starting Point After June's Breakout

The DXY enters July after a decisive June rally, having broken above the **100.00** psychological and technical threshold and reached a monthly high near **101.80** before consolidating around **101.10**.

This materially changes the short-term market structure. The index enters July supported by higher Treasury yields, reduced expectations of near-term Fed easing and renewed demand for U.S. assets.

However, June's strong advance leaves the dollar vulnerable to profit-taking if incoming U.S. data fail to validate the market's hawkish expectations.

Federal Reserve & Monetary Policy

July will test whether June's rally marks a sustained dollar recovery or simply an overextended repricing.

The central question is whether the Federal Reserve can maintain a restrictive stance without materially weakening growth. Resilient labour-market conditions and persistent inflation would remain supportive for the dollar, while weaker employment, softer activity data or moderating inflation would challenge the higher-for-longer narrative.

Key Economic Releases

Labour Market

Employment data remains the primary catalyst after June's stronger-than-expected payrolls. Another solid report would reinforce Treasury yields and support a retest of the June highs, while weaker employment could quickly unwind long-dollar positioning.

Inflation

Inflation remains the second key variable. Markets will assess whether price pressures remain persistent. Sticky inflation would reinforce the Fed's cautious stance, while softer CPI data would revive expectations of future rate cuts and weigh on the USD.

FOMC Meeting

The July FOMC meeting will be the month's key policy event. Markets will focus on Chair Powell's guidance rather than the rate decision itself. A hawkish tone would support the DXY, while greater concern over growth could trigger a corrective pullback.

Global Market Environment

External developments will also influence the dollar. Softer European and UK growth should support the USD, while higher oil prices may delay Fed easing. Renewed geopolitical tensions could spread safe-haven demand across the USD, CHF, gold and government bonds.

Technical Structure

- 101.80: Immediate resistance
- 102.50-103.00: Next upside target
- 100.80-101.00: Near-term support
- 100.00: Major breakout level
- 98.80-99.00: Key medium-term support
- 97.50-98.00: Structural support if the breakout fails

As long as the DXY holds above **100.00**, the technical bias remains constructive. A break above **101.80** would expose **102.50-103.00**, while a move below **100.00** would target 98.80-99.00.

Scenario Matrix - July 2026

Base Case: Mixed data, Fed remains cautious and yields stay elevated » 100.00-101.80

Bullish USD: Strong payrolls, sticky inflation and firm FOMC guidance » 102.50-103.00

Bearish USD: Weak labour data, softer inflation and a less hawkish Fed » 98.80-99.00

Executive Summary

July begins with the DXY in a substantially stronger position following June's breakout above 100.00. The medium-term outlook has shifted from bearish to constructive, although the rally now requires continued macroeconomic confirmation.

The main risk is that markets have already priced a significant reduction in Fed easing expectations, leaving the dollar increasingly sensitive to weaker economic data or Fed communication.

The preferred scenario remains consolidation above **100.00** while the breakout level holds. A move above **101.80** would confirm continuation toward **102.50-103.00**, while a sustained break below **100.00** would signal a broader corrective phase.

EUR/USD

June 2026 Recap

June was a difficult month for EUR/USD, dominated by geopolitical risk, oil-price volatility and shifting expectations around central-bank policy. The pair remained under pressure for most of the month, with the Iran conflict and elevated energy prices supporting defensive USD demand while weighing on the euro due to Europe’s greater exposure to energy shocks.

EUR/USD reached a monthly low around **1.13240**, reflecting the impact of safe-haven dollar flows, higher inflation concerns and weaker risk sentiment. Although the pair later recovered as signs of U.S.-Iran de-escalation helped oil prices ease and improved market sentiment, the rebound remained limited.

The ECB’s 25 bps rate hike offered some support to the euro, but it did not generate a decisive bullish move. The hike was interpreted not only as policy support, but also as a reaction to energy-driven inflation pressures and a more fragile Eurozone macro backdrop.

Technically, June did not confirm a bullish reversal. EUR/USD recovered from the lows but failed to move beyond the **1.1610** monthly high, leaving the broader structure defensive. The pair stabilized, but remained below the levels required to confirm stronger upside momentum.

Key Takeaways

Factor	Assessment
Monthly Direction	Defensive, with partial recovery
Main Driver	Iran conflict, oil volatility and USD safe-haven demand
Monthly Low	1.13240
Monthly High	1.1610
Key Support	1.1320-1.1350
Near-Term Pivot	1.1600-1.1610
Key Resistance	Stabilizing, but still not bullish
Technical Bias	Constructive above 100.00
Main Risk for July	Failure to break above 1.1610

Conclusion

June reduced some of the extreme downside pressure on EUR/USD, but it did not produce a convincing bullish recovery. The pair defended the 1.13240 area and recovered toward 1.1610, yet the move remained capped below meaningful breakout territory. Entering July, EUR/USD needs a sustained break above **1.1610** to improve the technical outlook; otherwise, the pair remains vulnerable to renewed USD strength and geopolitical shocks.



July 2026 Outlook

Starting Context

EUR/USD enters July in a weaker technical position than expected, trading around the **1.1400-1.1500** area after failing to confirm a sustained recovery above **1.1850**.

The June rebound was insufficient to restore the broader bullish structure, leaving the pair at a decisive technical point. Market direction remains driven by three key forces: Iran and oil-related risks, ECB tightening expectations, and uncertainty surrounding the Federal Reserve's policy path.

Macro Backdrop

The Iran situation remains relevant, although pressure has moderated following the U.S.-Iran agreement and the subsequent decline in oil prices. ECB Chief Economist Philip Lane indicated that oil had moved closer to the ECB's baseline scenario, reducing some of the immediate inflation risk.

However, the ECB remains alert after raising rates by **25 bps in June** in response to Middle East-related price pressures. Updated projections placed 2026 inflation at **3.0%**, reinforcing concerns that higher energy costs could spread into broader price pressures and keeping policy risks tilted toward further tightening.

For July, the ECB outlook remains hawkish. Another rate increase may be considered if inflation spreads beyond energy, while policymakers have warned that additional tightening could remain necessary despite the Middle East ceasefire.

On the U.S. side, weaker employment data has recently weighed on the dollar, although expectations surrounding the Fed's policy path remain unstable. Further signs of labour-market weakness could support EUR/USD, while stronger activity or persistent inflation may restore demand for the USD.

Technical Structure

- 1.1400: Immediate support
- 1.1200-1.1250: Primary downside target
- 1.1500: First resistance
- 1.1640: Structural pivot
- 1.1740: Recovery confirmation
- 1.1850: Major bullish trigger
- 1.2000: Full trend recovery level

The technical bias remains neutral to bearish below 1.1640. Reclaiming this level would improve the recovery outlook and expose 1.1740-1.1850, while a decisive break below 1.1400 would open the path toward 1.1200-1.1250.

Scenario Matrix - July 2026

Base Case: EUR/USD remains below 1.1640 as mixed Fed expectations and easing oil pressures limit directional momentum » 1.1400-1.1650

Bullish EUR: Lower oil prices, weaker U.S. data, more dovish Fed expectations and a sustained recovery above 1.1640 » 1.1740-1.1850

Bearish EUR: Renewed geopolitical risks, higher oil prices, stronger USD demand and a decisive break below 1.1400 » 1.1200-1.1250

Strategic Summary

Dominant Bias: Neutral to bearish

Expected Range: 1.1400-1.1650

Key Support: 1.1400

Key Resistance: 1.1500 / 1.1640

Bullish Trigger: Break above 1.1640

Bearish Trigger: Break below 1.1400

Main Drivers: Oil, ECB policy, Fed expectations and USD flows

Executive Summary

July is likely to be a decision month for EUR/USD. The June rebound failed to restore the broader bullish structure, leaving the pair vulnerable while it remains below the critical **1.1640** pivot.

Moderating oil prices may reduce pressure on the euro and bring energy conditions closer to the ECB's baseline scenario. However, persistent inflation and the possibility of further ECB tightening create a more complex policy environment for the euro.

The preferred scenario is range trading between 1.1400 and 1.1650 with a bearish undertone. A sustained recovery above **1.1640** would improve the technical outlook and reopen the path toward 1.1740-1.1850. Until then, rallies remain corrective, while a break below 1.1400 would expose the **1.1200-1.1250** region.

GBP/USD

June 2026 Recap

June was a volatile but more balanced month for GBP/USD. The pair traded between a monthly low of **1.31426** and a high of **1.34800**, showing that sterling remained under pressure at times, but without confirming a deeper bearish breakdown toward the 1.3000 area.

The month was shaped by geopolitical uncertainty, oil-price volatility and concerns over the UK macro outlook. The Iran conflict and higher energy prices created pressure through imported inflation risk, while the Bank of England remained constrained between weak growth and persistent inflation concerns.

Despite this difficult backdrop, GBP/USD managed to defend the **1.3140-1.3150** area and recover toward the upper part of the monthly range. This suggests that sellers were unable to fully control the market, even if the broader structure remained vulnerable below the **1.3480-1.3500** resistance zone.

Technically, June should be read as a consolidation month rather than a bearish trend-confirmation month. The pair did not break below 1.3100 and did not test the 1.3000 psychological level. Instead, price action remained contained within a wide range, with **1.31426** acting as key support and **1.34800** capping upside momentum.

Key Takeaways

Factor	Assessment
Monthly Direction	Volatile consolidation
Main Driver	UK macro uncertainty, oil volatility and risk sentiment
Monthly Low	1.31426
Monthly High	1.34800
Key Support	1.3140-1.3150
Near-Term Pivot	1.3300
Key Resistance	1.3480-1.3500
Technical Bias	Neutral to mildly constructive while above 1.3140
Main Risk for July	Failure to hold above 1.3140

Conclusion

June did not confirm a deeper bearish breakdown in GBP/USD. Although sterling faced pressure from geopolitical risk, energy-price volatility and a difficult UK macro backdrop, the pair held above **1.31426** and recovered toward **1.34800**. Entering July, the key question is whether GBP/USD can break above **1.3480-1.3500** to regain bullish momentum, or whether failure at resistance brings renewed downside pressure back toward the **1.3140-1.3150** support zone.



July 2026 Outlook

Starting Point: Post-June Structure

July begins with GBP/USD within the bearish structure established after the May breakdown. The former 1.3200-1.3250 support zone now acts as major resistance, while price consolidates around the 1.3000 psychological pivot.

June did not reverse the bearish trend. Instead, it confirmed consolidation at lower levels while the pair remained unable to reclaim the structure lost in May.

The UK backdrop remains defined by fragile growth, inflation uncertainty and limited Bank of England flexibility. July will determine whether **1.3000** continues to hold or the market resumes its next downside leg.

Technical Structure

- 1.3200-1.3250: Major former-support resistance
- 1.3100-1.3150: Intermediate resistance
- 1.3000: Main directional pivot
- 1.2850-1.2900: Critical downside support
- 1.2600-1.2700: Extended bearish target

The short-term outlook remains bearish to neutral, while the medium-term trend remains negative. A break below 1.3000 would expose **1.2850-1.2900**, while a recovery above 1.3100 would reduce immediate downside pressure.

Macro & Geopolitical Dynamics

July will remain sensitive to the Iran conflict and energy markets. Persistent tensions could maintain fragile risk sentiment, elevated energy prices and pressure on GBP through imported inflation and weak domestic growth.

Further escalation could increase FX volatility and strengthen risk-off demand for the USD. Conversely, meaningful de-escalation could support a recovery toward 1.3100-1.3200, although any advance would remain corrective below 1.3250.

Energy, Inflation & UK Growth

The UK backdrop remains challenging. Higher energy costs threaten household purchasing power, while fragile growth limits confidence in a sustained sterling recovery.

The Bank of England remains constrained between

weak activity and renewed inflation risks. Softer growth and labour-market conditions support additional easing, while energy-related price pressures argue for continued caution. This tension may keep expectations around future rate decisions unstable and limit monetary support for GBP throughout July.

Scenario Matrix - July 2026

Base Case: GBP/USD remains below 1.3100-1.3150 and consolidates around 1.3000, with increasing risk of a support test » 1.2850-1.3100

Bearish GBP: A break below 1.3000, geopolitical escalation or higher energy prices accelerate the broader bearish trend » 1.2600-1.2850

Bullish GBP: Lower geopolitical risk, stabilising energy prices and resilient UK data support a corrective recovery » 1.3100-1.3250

Structural Interpretation

July will determine whether June's consolidation develops into a base around 1.3000 or a continuation pattern before another downside leg.

The broader structure remains bearish, as lower highs remain intact and former support continues to act as resistance.

Executive Summary

GBP/USD remains in a sell-on-rallies environment below the former 1.3200-1.3250 support zone. June's consolidation reduced immediate downside momentum but did not alter the broader bearish structure.

July will be defined by whether the **1.3000** pivot holds or fails. Geopolitical uncertainty, energy risks and fragile UK growth remain important headwinds, while limited Bank of England flexibility restricts the potential for a sustained sterling recovery.

The preferred scenario remains consolidation between 1.2850 and 1.3100 with a bearish undertone. A break below 1.3000 would shift focus toward 1.2850-1.2900, while a sustained recovery above 1.3250 would challenge the bearish outlook.

USD/JPY

June 2026 Recap

June was a bullish continuation month for USD/JPY. The pair traded between a monthly low of **159.305** and a monthly high of **162.885**, confirming that the broader upside structure remained intact and that the market continued to accept levels above the former breakout zone around **159.00-159.50**.

The main driver remained the wide U.S.-Japan yield differential. The Federal Reserve's June communication was interpreted as hawkish, supporting U.S. yields and reinforcing demand for the dollar. This kept USD/JPY well supported, particularly as the yen remained vulnerable despite the Bank of Japan's rate increase.

The BoJ's move to raise rates did not generate a sustained yen recovery. Markets continued to view Japanese policy normalization as gradual, while higher energy prices and Japan's exposure to imported inflation added further pressure to the yen.

Technically, June confirmed a higher trading range. The pair defended the **159.30** area and advanced toward **162.885**, showing that buyers remained active on pullbacks. However, the move also pushed USD/JPY closer to levels where intervention risk becomes increasingly relevant, particularly if the pair extends toward **165.00** in July.

Key Takeaways

Factor	Assessment
Monthly Direction	Bullish continuation
Main Driver	U.S.-Japan yield divergence
Monthly Low	159.305
Monthly High	162.885
Key Support	160.00-160.50
Near-Term Pivot	100.00-100.80
Key Resistance	162.80-163.00
Technical Bias	Bullish while above 159.00-159.50T
Main Risk for July	Intervention risk if the pair approaches 165.00

Conclusion

June confirmed that USD/JPY remains in a bullish trend environment. The pair held above the former breakout zone, defended the **159.305** monthly low and extended to **162.885**, supported by U.S. yield strength and persistent yen weakness. Entering July, the structure remains constructive while USD/JPY holds above **159.00-159.50**, but intervention risk becomes more important if the pair continues to advance toward **165.00**.



July 2026 Outlook

Overall Bias: Bullish, but With Increasing Intervention Risk

USD/JPY enters July after extending above the **¥160.00-160.50** breakout area and into the **¥162** region. The broader trend remains bullish, supported by the wide U.S.-Japan yield differential, structural yen weakness and gradual Bank of Japan normalisation.

However, as the pair approaches ¥165, intervention risk, profit-taking and sharp temporary reversals become increasingly likely.

Technical Structure

- 160.00-160.50: Primary support
- 158.50-159.50: Secondary support
- 162.50-163.00: Immediate resistance
- 164.50-165.50: Intervention-sensitive resistance
- 167.00-168.00: Extended bullish target
- Below 158.00: Deeper correction signal

Holding above ¥160.00-160.50 preserves the bullish structure. A move above ¥165 would expose ¥167-168, while a break below primary support would target ¥158.50-159.50.

Federal Reserve & U.S. Yields

Persistent inflation and resilient labour conditions could delay Fed easing, maintain elevated Treasury yields and preserve the dollar's yield advantage.

July's inflation, employment data and FOMC guidance will determine whether USD/JPY can sustain its advance toward ¥165. Softer data could trigger profit-taking.

Bank of Japan

The BoJ's June rate increase to 1% confirmed that normalisation is underway, although markets remain unconvinced that tightening will materially narrow the yield differential.

More hawkish guidance could trigger a sharp yen recovery, particularly given elevated long USD/JPY positioning.

Geopolitical & Energy-Market Risk

Higher oil prices weaken Japan's terms of trade and may reinforce yen weakness, while severe risk aversion could generate temporary safe-haven demand for JPY.

Intervention Risk

Intervention is now the main short-term risk. Authorities may focus on the speed of the move rather than a specific level, although ¥165-166 remains highly sensitive.

A rapid advance could trigger official warnings or direct intervention. This may not end the broader uptrend but could produce sharp corrections.

Scenario Matrix - July 2026

Bullish Continuation: Firm U.S. yields, resilient data and gradual BoJ normalisation support further upside » ¥162.00-165.50

Controlled Consolidation: Profit-taking and intervention concerns limit momentum while the uptrend remains intact » ¥159.50-163.00

Intervention-Led Correction: Official action, hawkish BoJ guidance or softer U.S. data trigger a temporary yen recovery » ¥156.50-159.50

Key Events - July 2026

U.S. Labour & Inflation: Strong data supports yields and USD/JPY

FOMC Meeting: Rate-cut guidance remains decisive
Tokyo CPI: Strong inflation may reinforce BoJ tightening expectations

Official Commentary: Intervention warnings may increase volatility

Executive Summary

USD/JPY enters July with a bullish medium-term outlook but in a more intervention-sensitive phase. The trend remains constructive above **¥160.00-160.50**, with **¥164.50-165.50** as the next major upside zone.

The main tension remains between yield-driven USD strength and rising intervention risk. Firm U.S. yields support further upside, but a rapid move toward **¥165** could trigger official action or a sharp yen recovery.

The preferred scenario remains bullish continuation while primary support holds. A break below ¥160.00-160.50 would increase correction risk toward ¥158.50-159.50.

USD/CHF

June 2026 Recap

June was a clear recovery month for USD/CHF. After trading near the lower levels established earlier in the year, the pair found support at **0.78065** and staged a strong USD-led rebound, reaching a monthly high of **0.81404** before consolidating into month-end.

The main driver was the broad recovery in the U.S. dollar. Stronger U.S. data, persistent inflation concerns and a less dovish repricing of Federal Reserve expectations supported U.S. yields and reduced the pressure on USD. This allowed USD/CHF to move away from the bearish structure that had dominated previous months.

At the same time, the Swiss franc lost some of its earlier support. The Swiss National Bank kept rates at **0%**, while low Swiss inflation reduced the need for policy tightening. This created a clear policy contrast with the Federal Reserve and made CHF less attractive against a stronger dollar.

Technically, June invalidated the immediate bearish-continuation scenario. USD/CHF defended the **0.7800-0.7810** area, recovered through **0.7900-0.8000**, and extended toward **0.81404**. The move shifted the short-term structure from bearish to corrective recovery.

Key Takeaways

Factor	Assessment
Monthly Direction	Bullish recovery
Main Driver	Broad USD strength and Fed repricing
Monthly Low	0.78065
Monthly High	0.81404
Key Support	0.7800-0.7810
Recovery Zone	0.7900-0.8000
Key Resistance	0.8140-0.8150
Technical Bias	More balanced / constructive above 0.7900
Main Risk for July	Failure to hold above 0.7900

Conclusion

June changed the USD/CHF narrative materially. The pair defended **0.78065** and recovered strongly toward **0.81404**, supported by renewed USD demand and the SNB's unchanged 0% policy stance. Entering July, the structure is no longer clearly bearish; USD/CHF now needs to hold above **0.7900-0.8000** to preserve the recovery bias.



July 2026 Outlook

Post-Reversal Phase: USD Recovery vs. CHF Safe-Haven Demand

USD/CHF enters July after a decisive June recovery, moving away from the lower end of its long-term bearish structure and returning toward the **0.8000-0.8100** area.

The advance materially improved short-term market dynamics as the dollar regained support from reduced expectations of Federal Reserve easing, while the Swiss franc lost part of its defensive premium.

July will determine whether this develops into a broader medium-term reversal or remains a corrective rebound within the longer-term descending structure. The key issue is whether USD/CHF can establish acceptance above 0.8000 and extend beyond the next resistance zone.

Geopolitical & Energy-Market Risk

The dollar's June recovery was supported by a less dovish reassessment of the Federal Reserve outlook. Resilient economic activity and persistent inflation could further reduce expectations of aggressive easing, supporting U.S. yields and USD/CHF.

July's labour-market report, CPI, retail sales and PMI surveys will therefore be important. Strong employment and persistent inflation would reinforce a patient Fed stance, while weaker data could challenge the June recovery and increase the risk of a pullback.

SNB Policy & CHF Positioning

The Swiss National Bank remains constrained by its 0% policy rate and low domestic inflation. Unless the SNB signals concern over renewed CHF weakness or changes its policy direction, the franc may remain vulnerable during periods of stable global risk sentiment.

However, CHF retains its safe-haven role. Renewed geopolitical tensions, weaker European growth or a sharp deterioration in equity markets could quickly restore demand for the Swiss currency.

Technical Structure

- 0.8000: Psychological pivot and primary support
- 0.7900: First downside support
- 0.7800: Major structural support
- 0.8130-0.8150: Immediate resistance and breakout zone

- 0.8250: Secondary resistance
- 0.8400: Medium-term recovery target

Holding above **0.8000** preserves the constructive outlook and maintains pressure on 0.8130-0.8150. A sustained break above 0.8150 would expose 0.8250, while a move below 0.8000 could trigger a retracement toward 0.7900-0.7800.

Scenario Matrix - July 2026

Bullish Continuation: Resilient U.S. data and a cautious Fed support a break above the June highs and a broader dollar recovery » 0.8150-0.8400

Range Consolidation: Mixed U.S. data and balanced risk sentiment allow the market to absorb June's advance » 0.8000-0.8150

Bearish Pullback: Weaker U.S. data or renewed geopolitical risk restore CHF demand and weaken the recovery structure » 0.7800-0.8000

Strategic Summary

Short-Term Bias: Constructive above 0.8000

Primary Support: 0.8000

Key Resistance: 0.8130-0.8150

Upside Targets: 0.8250 / 0.8400

Downside Risk: 0.7900-0.7800

Main Drivers: Fed expectations, U.S. data, SNB policy and safe-haven demand

Executive Summary

USD/CHF enters July in a substantially stronger position following June's recovery. The short-term balance has shifted in favour of the dollar, although the pair is now approaching the technically important 0.8130-0.8150 resistance zone.

The constructive outlook remains valid while USD/CHF holds above **0.8000**. Resilient U.S. data and a cautious Federal Reserve could support further gains, while weaker economic releases or renewed geopolitical stress may restore safe-haven demand for CHF.

A confirmed break above **0.8150** would suggest that the recovery is developing into a broader medium-term reversal and expose 0.8250-0.8400. Conversely, a failure to hold 0.8000 would indicate that June's advance was corrective and restore downside risk toward 0.7900-0.7800.

USD/CAD

June 2026 Recap

June was a volatile repricing month for USD/CAD. The pair traded between a monthly low of **1.37853** and a monthly high of **1.42484**, showing that although the Canadian dollar benefited from elevated oil prices, this support was not enough to prevent a strong USD-led recovery during the month.

The Canadian dollar initially found support from higher crude prices and the geopolitical risk premium linked to the Middle East. However, the relationship between oil and CAD was not linear. Defensive USD demand, resilient U.S. data and reduced confidence in near-term Fed easing limited the downside in USD/CAD and allowed the pair to recover strongly from its lows.

Monetary-policy expectations also became more supportive for the U.S. dollar. Markets reassessed the probability of aggressive Fed easing, while the Bank of Canada remained cautious. This reduced the relative advantage for CAD and helped push USD/CAD toward the upper part of its June range.

Technically, June did not confirm a bearish breakdown. The pair defended the **1.3785** area and advanced toward **1.4248**, shifting the structure from bearish continuation risk to a more corrective and USD-supportive recovery phase.

Key Takeaways

Factor	Assessment
Monthly Direction	Volatile recovery
Main Driver	USD resilience offsetting CAD oil support
Monthly Low	1.37853
Monthly High	1.42484
Key Support	1.3780-1.3800
Near-Term Pivot	1.4000
Key Resistance	1.4240-1.4250
Technical Bias	More constructive above 1.4000
Main Risk for July	Failure to hold above 1.4000

Conclusion

June invalidated the bearish USD/CAD continuation scenario. Although elevated oil prices supported the Canadian dollar, the pair held above **1.37853** and recovered strongly toward **1.42484**, driven by broad USD resilience, less dovish Fed repricing and defensive flows. Entering July, the key level is **1.4000**: holding above it would keep the recovery structure intact, while a break back below would reopen downside risk toward the June lows.



July 2026 Outlook

Starting Context

USD/CAD enters July following a month of consolidation rather than the bearish continuation anticipated earlier in the quarter. Elevated oil prices continued to support the Canadian dollar, but this was offset by defensive USD demand, uncertainty surrounding Federal Reserve easing and a more cautious global risk environment.

The pair therefore begins July in a balanced technical position. The key question is whether the market develops a renewed CAD-led decline or a USD recovery supported by resilient U.S. data and further Fed repricing.

Federal Reserve & U.S. Data

July will be strongly influenced by U.S. labour-market data, inflation releases and Federal Reserve communication.

The central issue is whether the U.S. economy is slowing sufficiently to justify rate cuts later in 2026. Softer data would reinforce easing expectations and pressure the dollar, while resilient employment or persistent inflation could delay the policy pivot and support the USD.

The U.S. employment report will therefore remain one of the month's primary catalysts.

Bank of Canada

The Bank of Canada is likely to remain cautious. Elevated energy prices continue to support Canadian income, exports and inflation-sensitive sectors, reducing the need for aggressive monetary easing.

However, weaker Canadian employment, inflation or activity data could limit the currency's ability to benefit from elevated crude prices.

Oil & Geopolitical Risk

WTI remains above \$112 per barrel, providing a supportive backdrop for the Canadian dollar through stronger energy revenues and improved terms of trade.

Oil's impact remains linked to risk sentiment. Geopolitical tensions may support CAD through higher crude prices while generating safe-haven demand for the USD. Further de-escalation could push oil lower and weaken one of CAD's strongest supports.

Oil therefore remains a major driver, but its influence must be assessed alongside U.S. yields and broader risk conditions.

Technical Structure

- 1.3750-1.3800: Immediate resistance
- 1.3850-1.3900: Medium-term supply zone
- 1.3500: Key support and bearish trigger
- 1.3350-1.3400: Primary downside target
- 1.3200: Extended bearish target

A sustained break below 1.3500 would confirm that the CAD-positive macro backdrop is translating into price action. Conversely, a recovery above 1.3800 would indicate that USD demand and Fed repricing are beginning to outweigh oil-related support for CAD.

Scenario Matrix - July 2026

Base Case: Elevated oil supports CAD, while defensive USD demand and mixed U.S. data maintain range trading with a mild bearish bias » 1.3450-1.3750

Bearish USD/CAD: Softer U.S. employment, lower yields, stronger Fed easing expectations and firm oil drive a break below 1.3500 » 1.3350-1.3500

Bullish USD/CAD: Resilient U.S. data, sticky inflation, delayed Fed easing or a sharp oil correction support a broader recovery » 1.3800-1.3900

Executive Summary

USD/CAD enters July in a balanced technical position following June's consolidation. The macro backdrop remains broadly supportive for the Canadian dollar, particularly with WTI above \$112, although defensive USD demand and uncertainty surrounding the timing of Federal Reserve easing continue to limit downside momentum.

Risks remain modestly tilted lower, but confirmation requires a sustained break below 1.3500. Until then, broad range trading is likely to continue.

U.S. labour-market data, Fed expectations and oil-price stability will determine the next directional move. A break below **1.3500** would expose 1.3350-1.3400, while a recovery above 1.3800 could extend toward the 1.3850-1.3900 supply zone.

AUD/USD

June 2026 Recap

June was a corrective and volatile month for AUD/USD. The pair traded between a monthly high of **0.71871** and a monthly low of **0.68653**, showing that the bullish recovery from May lost momentum before reaching the major **0.7200-0.7250** resistance zone.

The main driver was renewed U.S. dollar strength. Markets reduced expectations for aggressive Federal Reserve easing as U.S. data remained resilient, supporting Treasury yields and weighing on high-beta currencies such as the Australian dollar.

The RBA's cautious stance helped limit downside pressure, but it was not enough to offset the stronger USD environment. At the same time, mixed Chinese data and fragile global risk sentiment reduced demand for commodity-linked currencies, keeping AUD/USD under pressure during the month.

Technically, June weakened the short-term bullish structure. The pair failed to break above **0.71871**, then corrected sharply toward **0.68653**, moving below the important **0.7000** psychological level. This shifted the structure from bullish continuation to corrective consolidation.

Key Takeaways

Factor	Assessment
Monthly Direction	Corrective / bearish consolidation
Main Driver	Stronger USD and Fed repricing
Monthly Low	0.68653
Monthly High	0.71871
Key Resistance	0.7180-0.7200
Near-Term Pivot	0.7000
Key Support	0.6860-0.6900
Technical Bias	Vulnerable below 0.7000
Main Risk for July	Failure to reclaim 0.7000

Conclusion

June interrupted the AUD/USD recovery trend. The pair failed to confirm a breakout above **0.7200**, reversed from **0.71871**, and fell toward **0.68653**, pressured by renewed USD strength, cautious risk sentiment and mixed China-related signals. Entering July, AUD/USD needs to reclaim **0.7000** to stabilize the outlook; otherwise, the pair remains vulnerable to a deeper corrective phase.



July 2026 Outlook

Starting Context: Corrective Phase After June

AUD/USD enters July after losing momentum in June, failing to sustain a breakout above the **0.7200-0.7250** resistance zone and shifting into a corrective phase.

The broader 2026 recovery remains intact, but renewed macro support is needed to prevent an extension toward **0.6900-0.6940**.

July will be shaped by USD resilience, Fed expectations, global risk sentiment and China-related demand. The near-term bias remains **neutral to mildly bearish below 0.7100-0.7120**, while the medium-term structure remains constructive above 0.6900.

Federal Reserve & U.S. Data

Markets will assess whether employment and inflation continue to cool or economic resilience allows the Fed to remain restrictive for longer.

Softer employment, wage growth or inflation would reduce U.S. yield support and weigh on the dollar. Conversely, stronger data could delay further easing and maintain pressure on AUD/USD.

RBA Policy Outlook

The Reserve Bank of Australia is expected to remain cautious, with inflation and domestic demand central to its assessment.

The absence of imminent easing should support AUD, although RBA policy alone is unlikely to generate sustained upside. Australian data and policy communication will determine whether markets continue to expect stability or anticipate easing later in the year.

China & Commodity Markets

China remains the main external driver for AUD/USD. Stronger industrial activity, credit growth or fiscal support would improve demand expectations for Australian exports and support the currency.

Persistent property weakness or disappointing trade data could reinforce downside pressure, while industrial metals remain an important indicator of Chinese demand and AUD sentiment.

Global Risk Sentiment

Renewed geopolitical escalation could revive safe-haven demand for the USD. Otherwise, equity performance, volatility and commodity prices should remain the primary drivers of risk sentiment.

Technical Structure

- 0.7200-0.7250: Major resistance and failed June breakout
- 0.7100-0.7120: Key recovery pivot
- 0.7000: Psychological support
- 0.6900-0.6940: Major structural support
- 0.6800-0.6850: Extended downside target

The structure remains corrective below **0.7100-0.7120**. Reclaiming this zone would restore recovery momentum, while a break below **0.7000** would expose **0.6900-0.6940**. The broader bullish structure remains valid above 0.6900.

Scenario Matrix - July 2026

Bullish AUD: Softer U.S. data, stronger Chinese activity and firmer commodities restore recovery momentum » 0.7120-0.7250

Base Case: Mixed data and balanced risk sentiment maintain consolidation with a mild downside bias » 0.7000-0.7120

Bearish AUD: Strong U.S. data, delayed Fed easing, weak Chinese growth or renewed risk aversion increase downside pressure » 0.6900-0.7000

Executive Summary

AUD/USD enters July with a more cautious profile following June's failed breakout, although the medium-term recovery has not yet turned decisively bearish.

The pair remains sensitive to U.S. data, Fed expectations, Chinese growth and global risk appetite. RBA policy stability may provide support, but sustained upside will require stronger external conditions.

The preferred scenario is consolidation with a mild downside bias below **0.7100-0.7120**. A recovery above this zone would restore momentum toward 0.7200-0.7250, while a break below 0.7000 would expose the critical **0.6900-0.6940** support area.

NZD/USD

June 2026 Recap

June was a corrective month for NZD/USD. The pair traded between a monthly high of **0.59857** and a monthly low of **0.56670**, showing that the New Zealand dollar failed to sustain the constructive structure seen earlier in the year.

The main driver was renewed U.S. dollar strength. Markets reassessed the Federal Reserve’s policy path as U.S. data remained resilient, reducing expectations for aggressive rate cuts and supporting Treasury yields. This limited demand for high-beta and commodity-linked currencies, including the NZD.

New Zealand’s domestic backdrop also failed to provide strong support. Inflation continued to improve, but growth remained subdued, leaving the RBNZ with limited room to deliver a currency-supportive message. Mixed global risk sentiment and uncertainty around China-related demand further weighed on NZD/USD.

Technically, June weakened the previous constructive bias. The pair failed to break above the **0.5980-0.6000** area and instead sold off toward **0.56670**, turning the former structural support zone into a clear resistance area. This shifted the market from range-bound consolidation to a more defensive corrective phase.

Key Takeaways

Factor	Assessment
Monthly Direction	Corrective / bearish
Main Driver	Stronger USD and Fed repricing
Monthly Low	0.56670
Monthly High	0.59857
Key Resistance	0.5980-0.6000
Near-Term Pivot	0.5850
Key Resistance	0.5660-0.5670
Technical Bias	Defensive below 0.6000
Main Risk for July	Failure to reclaim 0.5850-0.6000

Conclusion

June marked a clear deterioration in NZD/USD’s technical structure. The pair failed to regain the **0.5980-0.6000** zone, reversed lower and reached **0.56670**, pressured by USD strength, subdued New Zealand growth conditions and mixed global risk sentiment. Entering July, NZD/USD needs to recover above **0.5850** first, and then challenge **0.5980-0.6000**, to rebuild a constructive outlook. Until then, the bias remains defensive.



July 2026 Outlook

Macro Landscape & Key Drivers

NZD/USD enters July within an extended consolidation phase, with direction dependent on U.S. monetary-policy expectations, New Zealand's domestic outlook and global risk sentiment.

The Federal Reserve remains the primary external driver. Softer U.S. inflation and employment would reinforce easing expectations and weaken the USD, while resilient data could delay policy easing and limit NZD/USD upside.

New Zealand Domestic Conditions

New Zealand's backdrop remains stable but subdued. Inflation has moderated, while activity indicators suggest only a gradual recovery, limiting the RBNZ's ability to provide meaningful support for the NZD.

Stabilising growth or firmer inflation expectations would support the currency, while renewed weakness could increase expectations of further monetary accommodation.

Global Risk Sentiment & China

The NZD remains sensitive to Chinese growth, commodity demand and global equity performance. Stable Chinese data and resilient risk sentiment would favour NZD demand.

Conversely, weaker Chinese activity, geopolitical uncertainty or deteriorating global growth expectations could support the USD and pressure the pair.

Technical Structure

- 0.5980-0.6000: Structural support and institutional demand
- 0.6100: Primary resistance and breakout trigger
- 0.6240: Medium-term upside target
- 0.6350: Extended bullish target
- 0.5850: Secondary downside support
- 0.5740: Major structural support

The sequence of higher lows remains intact above 0.5980-0.6000, while repeated failures below 0.6100 reinforce its importance as July's key technical level.

A break above 0.6100 would expose 0.6240-0.6350,

while a move below 0.5980 would weaken the recovery and shift focus toward 0.5850.

Institutional Positioning

Institutional positioning is likely to remain selectively constructive. Macro and real-money accounts may accumulate NZD on controlled pullbacks toward 0.6000, while systematic strategies may increase long exposure only after a confirmed break above 0.6100.

The preferred approach remains constructive above 0.5980 while avoiding aggressive positioning near resistance without confirmation.

Scenario Matrix - July 2026

Bullish Breakout: Softer U.S. inflation, weaker USD, stable New Zealand data and supportive risk sentiment confirm a break above resistance » 0.6100-0.6350

Range Continuation: Mixed macro data, cautious Fed communication and balanced global risk conditions maintain consolidation » 0.5980-0.6100

Bearish Correction: Strong U.S. data, delayed Fed easing or weaker global risk sentiment trigger a break below structural support » 0.5740-0.5980

Executive Summary

NZD/USD enters July with a constructive but increasingly compressed technical structure. The 0.5980-0.6000 support zone continues to underpin the medium-term recovery, while 0.6100 remains the decisive resistance preventing a renewed bullish leg.

July's direction will depend primarily on whether U.S. data supports a softer Federal Reserve trajectory and whether Chinese growth and global risk sentiment remain constructive.

A confirmed breakout above 0.6100 would strengthen the outlook toward 0.6240 and potentially 0.6350. Conversely, failure to defend 0.5980 would weaken the post-January recovery structure and shift focus toward 0.5850, with 0.5740 representing the broader downside risk.

Oil Market

June 2026 Recap

June was a highly volatile month for WTI, driven primarily by geopolitical risk, oil-supply uncertainty and shifting expectations around demand resilience. The market traded between a monthly low of **68.59** and a monthly high of **96.93**, showing a sharp risk-premium expansion but not a sustained move into a triple-digit price regime.

The Iran conflict remained the dominant source of upside pressure. Concerns over Gulf supply security, shipping routes and potential disruption through the Strait of Hormuz supported crude prices and triggered sharp headline-driven rallies. However, WTI failed to break above **100.00**, confirming that the market was still balancing geopolitical risk against demand concerns.

Demand destruction risk became increasingly relevant as prices moved higher. Elevated energy costs raised concerns about consumption in price-sensitive economies, while OECD demand showed signs of moderation. At the same time, the possibility of higher supply from the U.S. and the UAE's post-OPEC strategy limited the ability of crude to sustain a stronger upside breakout.

Technically, June shifted WTI into a high-volatility recovery structure. The move from **68.59** toward **96.93** confirmed strong geopolitical support, but the failure to reach or sustain **100.00** kept the market below a major psychological threshold.

Key Takeaways

Factor	Assessment
Monthly Direction	Strong volatile recovery
Main Driver	Iran conflict and supply-security risk
Monthly Low	68.59
Monthly High	96.93
Key Support	68.50-70.00
Near-Term Pivot	85.00
Key Resistance	96.50-97.00
Major Psychological lvl	100.00
Technical Bias	Constructive, but capped below 100.00
Main Risk for July	Renewed escalation or demand destruction

Conclusion

June confirmed that WTI remains highly sensitive to geopolitical risk, but it did not confirm a sustained triple-digit oil regime. The rally from **68.59** to **96.93** reflected a major geopolitical premium linked to the Iran conflict and Gulf supply-security fears. However, demand destruction concerns, potential supply increases and resistance below **100.00** capped the move. Entering July, WTI remains constructive while geopolitical risk persists, but a decisive break above **100.00** would be needed to confirm a new bullish regime.



July 2026 Outlook

Starting Context: Moderate but Fragile Oil Market

WTI enters July near \$67/bbl in a market still influenced by the Middle East conflict but no longer pricing a severe energy crisis. Recent signs of de-escalation and negotiations involving Iran have reduced part of the geopolitical premium and contributed to lower international energy prices.

The decline has also encouraged reductions in domestic gasoline and diesel prices in China, indicating that energy markets have partially adjusted to a less severe geopolitical outlook.

However, oil remains highly sensitive to developments surrounding the Strait of Hormuz. Despite partial normalisation, recent disruptions may continue affecting vulnerable economies through higher transportation, fertiliser, food and fuel costs.

Economic Impact by Price Zone

\$60-65/bbl: Lower inflation pressure, reduced transport costs and greater flexibility for central banks.

\$65-70/bbl: Balanced and manageable conditions, supporting producer profitability without creating severe pressure on consumers.

Above \$75/bbl: Renewed inflation risks through fuel, logistics, aviation and food-production costs, particularly for import-dependent economies.

Above \$80-85/bbl: Potential supply disruption with negative implications for global growth and monetary easing.

Geopolitical & Supply Risk

Iran, Gulf shipping security and the Strait of Hormuz remain the main upside risks. Renewed escalation or disruption to energy flows could rapidly restore the geopolitical premium and push WTI back toward inflationary levels.

Higher oil prices could weaken energy-importing economies through lower household disposable income, weaker trade balances and higher transportation and production costs.

Global Demand Outlook

Demand weakness remains the primary bearish counterweight. The EIA expects global oil demand to decline by 1.1 mb/d in 2026 due to elevated fuel prices, reduced availability and government measures.

A weaker global growth outlook could reinforce downside pressure, particularly if geopolitical tensions continue to ease and supply concerns become less dominant.

U.S. Inventories

U.S. crude inventories have declined for ten consecutive weeks and remain below the five-year average. This continues to support WTI and limits the probability of a deeper sell-off despite weaker global demand signals.

Persistent inventory declines could reinforce price stability, while a renewed increase in stockpiles would strengthen the bearish demand narrative.

Scenario Matrix - July 2026

Base Case: Partial geopolitical normalisation, weak demand and supportive inventories maintain balanced market conditions » \$65-70/bbl

Bullish WTI: Renewed Iran or Hormuz escalation restores the geopolitical premium and increases supply concerns » Above \$75/bbl

Bearish WTI: Continued de-escalation and weaker global demand reduce geopolitical support » \$60-65/bbl

Executive Summary

WTI enters July within a moderate but fragile market environment. Near \$67/bbl, crude is not signalling a major supply crisis but continues to carry a geopolitical premium linked to Iran, Gulf shipping security and the Strait of Hormuz.

Current prices remain manageable, supporting producers without creating severe energy stress. However, a sustained move above \$75 would renew inflation concerns and potentially delay monetary easing.

The key risk is not the current price level but whether renewed conflict or supply disruption pushes crude back into inflationary territory. The preferred scenario remains stability within the mid-to-high \$60s, while continued de-escalation and weaker demand could return WTI toward the low \$60s.

Gold

June 2026 Recap

June was a consolidation and stabilization month for gold. After the extreme volatility seen earlier in the year, the market traded in a wide but more balanced range between a monthly low of **3,942** and a monthly high of **4,541**, confirming that gold remains structurally elevated but no longer driven by the same aggressive momentum seen in Q1.

The main driver was the interaction between geopolitical risk, Federal Reserve expectations and U.S. real yields. The Iran conflict continued to preserve a meaningful safe-haven premium, while concerns around energy prices and inflation kept gold supported on pullbacks. However, resilient U.S. data and firmer real yields limited the scope for a sustained upside breakout.

Central bank and institutional demand remained an important stabilizing force. Investors were less willing to chase prices after the strong rally earlier in the year, but demand continued to reappear during corrective phases, reinforcing the broader strategic allocation case for gold.

Technically, June confirmed consolidation rather than reversal. The market held above the **3,940-4,000** support area and recovered toward **4,541**, but the move did not establish a new impulsive bullish leg. Gold remains supported, but the next breakout will depend on weaker real yields, softer USD dynamics or renewed geopolitical escalation.

Key Takeaways

Factor	Assessment
Monthly Direction	Wide-range consolidation
Main Driver	Geopolitical risk, Fed expectations and real yields
Monthly Low	3,942
Monthly High	4,541
Key Support	3,940-4,000
Near-Term Pivot	4,250
Key Resistance	4,540-4,550
Technical Bias	Structurally supported, but consolidating
Main Risk for July	Firmer USD and higher real yields

Conclusion

June confirmed that gold remains in a structurally elevated regime, supported by geopolitical risk, reserve diversification and institutional demand. However, the market shifted from momentum expansion to consolidation, with prices holding above **3,942** but capped near **4,541**. Entering July, gold remains constructive while above the 3,940-4,000 support zone, but a sustained break above **4,540-4,550** would be needed to confirm renewed bullish acceleration.



July 2026 Outlook

Starting Context: Structural Support, Tactical Consolidation

Gold enters July following June's consolidation, remaining within a structurally elevated regime but without the momentum seen during the first quarter.

The bullish thesis remains intact, supported by geopolitical uncertainty, reserve diversification, central bank demand and fiscal concerns.

July will be driven primarily by U.S. inflation, Fed expectations, real yields and the dollar. The medium-term bias remains constructive, while the short-term outlook remains tactical and volatile.

Federal Reserve & U.S. Data

Gold will remain sensitive to whether labour data, inflation, Fed communication and real yields support a more accommodative policy path later in 2026.

Softer employment growth, moderating inflation or weaker consumer activity would reinforce easing expectations, reduce support for the dollar and favour gold. Conversely, resilient growth and persistent inflation could keep real yields elevated and limit upside momentum.

Geopolitical & Energy-Market Risk

The Iran conflict remains an important source of background support. Although markets have adjusted to the initial geopolitical shock, renewed escalation, energy-supply disruption or broader regional involvement could quickly restore safe-haven demand.

Higher oil prices may initially support gold through inflation hedging and defensive flows but could also delay Fed easing. This combination is more likely to increase volatility than generate a clear directional move.

Central Bank & Institutional Demand

Central bank demand and reserve diversification should support gold during periods of weakness and limit the risk of a prolonged decline.

Institutional investors are likely to remain selectively engaged, favouring meaningful pullbacks rather than extended rallies.

Technical Structure

- \$4,450-4,500: Immediate support
- \$4,250-4,350: Secondary support
- \$4,750-4,800: Immediate resistance
- \$4,900-5,000: Major resistance and breakout zone

Gold remains range-bound. A move above \$4,800 would expose \$4,900-5,000, while a break below \$4,450 could shift focus toward \$4,250-4,350.

Scenario Matrix - July 2026

Bullish Re-acceleration: Softer U.S. data, declining real yields or renewed geopolitical escalation restore momentum » \$4,800-5,050

Base Case: Mixed U.S. data, a stable dollar and contained geopolitical risk maintain consolidation » \$4,450-4,800

Corrective Scenario: Strong U.S. data, higher real yields and a stronger dollar increase downside pressure » \$4,250-4,450

Key Variables - July 2026

U.S. Data & Fed: Labour, inflation and policy guidance will influence the dollar and real yields

Iran & Oil: Renewed escalation may increase safe-haven demand and volatility

Central Banks & ETF Flows: Institutional demand should reinforce structural support

Executive Summary

Gold enters July with a robust structural foundation but without the momentum conditions of the first quarter. The market is increasingly dependent on macro confirmation through real yields and the dollar.

Structural demand and geopolitical risks should preserve downside support and maintain a constructive medium-term outlook.

The preferred scenario is consolidation between \$4,450 and \$4,800. Further upside will likely require softer U.S. data, lower real yields or renewed geopolitical escalation, while a break below \$4,450 would expose \$4,250-4,350.

S&P 500

June 2026 Recap

June was a constructive recovery month for the S&P 500. The index traded between a monthly low of **7,240** and a monthly high of **7,617**, confirming that investor sentiment improved as geopolitical risk became less dominant and the market refocused on fundamentals.

The key shift was the reduction of the Iran-related risk premium. Although the conflict remained unresolved, the absence of a major disruption to global energy flows helped ease inflation fears and allowed investors to rebuild equity exposure. This supported a more constructive tone across U.S. equities.

Macro conditions also helped stabilize sentiment. The U.S. economy continued to show signs of moderation rather than severe deterioration, while inflation remained contained enough to preserve expectations of eventual Fed easing. Markets interpreted the Federal Reserve’s stance as cautious and patient, rather than aggressively restrictive.

Technically, June confirmed a higher trading range. The S&P 500 defended the **7,240** area and advanced toward **7,617**, showing that buyers remained active on pullbacks. However, the move was more measured than speculative, with leadership focused on quality growth, technology and selected cyclical sectors.

Key Takeaways

Factor	Assessment
Monthly Direction	Constructive recovery
Main Driver	Fading geopolitical risk and fundamentals-led buying
Monthly Low	7,240
Monthly High	7,617
Key Support	7,240-7,300
Near-Term Pivot	7,450
Key Resistance	7,600-7,620
Technical Bias	Constructive while above 7,240
Main Risk for July	Inflation or labour data reviving Fed concerns

Conclusion

June confirmed that the S&P 500 had moved away from the geopolitical stress regime seen earlier in the year and into a more stable, fundamentals-driven recovery. The index held above **7,240** and advanced toward **7,617**, supported by improved risk appetite, resilient U.S. data and expectations that the Fed would remain patient rather than tighten further. Entering July, the outlook remains constructive, but a sustained break above **7,600-7,620** would be needed to confirm a stronger expansion phase.



July 2026 Outlook

Executive Overview: A Month of Validation

The S&P 500 enters July with a more stable macro backdrop than during the first quarter. Markets have moved beyond the initial Iran-related shock, while confidence has improved as the risk of sustained disruption to global energy markets has diminished.

However, July is likely to be a month of validation rather than acceleration. The May-June recovery now requires support from corporate earnings, moderating inflation and evidence that U.S. growth is slowing in an orderly manner.

The market is no longer pricing a geopolitical crisis but a balanced environment in which monetary policy and economic fundamentals remain central.

Geopolitical Risk

The Iran conflict has become less influential in daily equity pricing but remains an important tail risk. Markets increasingly assume that it will not create a sustained energy-supply shock.

Renewed escalation affecting oil infrastructure or shipping routes could restore volatility. However, geopolitical developments should remain a background risk, allowing greater focus on fundamentals.

Inflation, Growth & Federal Reserve

The key question is whether inflation continues to moderate sufficiently to preserve the prospect of policy easing later in 2026.

A constructive environment requires contained inflation, gradual labour-market moderation and patient Fed communication. Markets primarily require confidence that easing remains feasible if growth weakens further.

Renewed inflation persistence or a sharp deterioration in employment would challenge this outlook and pressure equity valuations.

Earnings Season & Market Participation

Q2 earnings will make corporate guidance a central catalyst. Investors will focus on expectations for demand, margins, capital expenditure and pricing power rather than headline results alone.

Technology and AI should remain important, but a sustainable recovery requires broader participation from financials, industrials and selected cyclicals.

Mega-cap technology leadership alone would reinforce concentration risk, while broader earnings resilience would support further gains.

Scenario Matrix - July 2026

Constructive Expansion: Controlled inflation, resilient earnings and flexible Fed communication support broader participation and further gains.

Controlled Consolidation: Mixed earnings and macro data generate selective progress and periodic pullbacks while the recovery remains intact.

Macro Repricing: Renewed inflation, material labour-market weakness or geopolitical escalation reduce risk appetite and favour defensives.

Key Variables - July 2026

Q2 Earnings: Guidance on demand, margins and investment will determine the durability of the recovery.

Inflation & Fed: Orderly moderation and patient communication would support future easing expectations and valuations.³

Market Breadth: Broader participation beyond mega-cap technology would strengthen the outlook.

Executive Summary

July will test whether the S&P 500 can convert its post-correction stabilisation into a durable expansion phase. The geopolitical premium has faded, but the market requires confirmation from earnings and economic fundamentals.

The preferred scenario is controlled consolidation as investors assess Q2 earnings, inflation and monetary policy.

Resilient guidance, moderating inflation and broader participation could support the second half of 2026. Conversely, renewed inflation, weaker growth or geopolitical escalation would increase volatility and maintain a selective market environment.

STOXX50

June 2026 Recap

June was a constructive normalization month for the STOXX Europe 50. The index traded between a monthly low of **5,962** and a monthly high of **6,345**, confirming that European equities continued to recover from the geopolitical stress seen earlier in the year.

The main driver was the fading influence of Middle East risk on equity pricing. Although the conflict remained an important background risk, markets became more confident that a broader regional escalation and sustained disruption to energy flows could be avoided. This helped reduce the energy-related inflation premium that had weighed on European assets.

Macro conditions also supported a more stable tone. Inflation continued to move in a direction consistent with eventual ECB easing, while growth remained subdued but resilient enough to avoid a sharper downturn. This allowed investors to rebuild selective exposure to European equities, particularly in quality cyclicals, technology and industrials.

Technically, June confirmed a higher and more constructive trading range. The STOXX Europe 50 defended the **5,960-6,000** area and advanced toward **6,345**, showing that pullbacks were absorbed without triggering a broader deterioration in sentiment. However, a sustained break above **6,345** is still needed to confirm stronger upside momentum.

Key Takeaways

Factor	Assessment
Monthly Direction	Constructive recovery
Main Driver	Fading geopolitical risk and fundamentals-led buying
Monthly Low	7,240
Monthly High	7,617
Key Support	7,240-7,300
Near-Term Pivot	7,450
Key Resistance	7,600-7,620
Technical Bias	Constructive while above 7,240
Main Risk for July	Inflation or labour data reviving Fed concerns

Conclusion

June marked another step toward normalization for European equities. The STOXX Europe 50 held above **5,962** and recovered toward **6,345**, supported by lower geopolitical stress, a more stable energy backdrop and expectations that ECB policy could become more supportive later in the year. Entering July, the structure remains constructive while the index holds above **6,000**, but a clear break above **6,345** would be needed to confirm a stronger bullish continuation.



July 2026 Outlook

Market Overview

The STOXX Europe 50 enters July with a more constructive backdrop. Earlier geopolitical shocks have been progressively absorbed, energy markets are more orderly, and investors have returned their focus to inflation, growth and European monetary policy.

Following the recent recovery, valuations, earnings expectations and the soft-landing narrative will face greater scrutiny. The market therefore begins July with a cautiously constructive but selective bias.

Geopolitical & Energy Framework

The Middle East conflict remains the main external risk. Although markets have become less reactive to individual headlines, renewed escalation affecting oil infrastructure or regional supply routes could rapidly restore the energy-risk premium.

Stable oil prices would support disinflation, consumer purchasing power and corporate margins. Continued containment could also encourage investors to reduce defensive positioning and rebuild selective exposure to cyclical sectors.

The base case is for geopolitical risk to remain elevated but contained, acting as a volatility factor rather than the primary market driver.

Macro & Monetary Policy Outlook

Eurozone growth remains modest but resilient, supporting expectations that the region can avoid a deeper downturn.

Lower energy volatility and softer demand could allow disinflation to resume and reinforce expectations of a more accommodative ECB stance later in 2026.

Moderating inflation, stable growth and supportive ECB communication would favour equities, while renewed inflation or weaker activity would limit upside.

Earnings & Sector Positioning

July will test whether corporate results and forward guidance validate the recovery in European equity sentiment.

Industrials and Technology remain supported by

investment in automation, infrastructure and digital transformation, while Financials benefit from resilient balance sheets. Healthcare and Utilities should remain important defensive anchors during periods of volatility.

Energy and Defence remain direct beneficiaries of persistent geopolitical risk, while Consumer Discretionary and other cyclicals remain sensitive to energy costs, real-income trends and domestic demand.

Investors are likely to favour companies with visible earnings, pricing power and robust balance sheets rather than broad cyclical exposure.

Scenario Matrix - July 2026

Controlled Improvement: Contained geopolitical risk, stable oil and resilient growth support gradual gains and selective inflows.

Bullish Expansion: De-escalation, clearer disinflation and supportive ECB guidance encourage broader cyclical participation.

Bearish Correction: Geopolitical escalation, higher energy prices or weaker growth revive inflation concerns and favour defensives.

Key Variables - July 2026

Energy Markets: Stable oil would support consumption and corporate margins.

Inflation & ECB: Renewed disinflation could strengthen future easing expectations.

Growth & Earnings: Resilient activity and guidance would support broader participation.

Executive Summary

July will test whether June's improved conditions can develop into a durable second-half recovery.

The STOXX Europe 50 remains supported by a stabilising macro backdrop, improving disinflation prospects and a lower geopolitical risk premium. However, energy stability and credible earnings remain essential.

The preferred scenario is controlled improvement with a gradual upward bias. The path of least resistance remains higher while geopolitical conditions stay contained, although selective positioning is likely until inflation, growth and earnings provide clearer confirmation.

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