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FX Analytics

USD INDEX

July 2026 Recap

July was a consolidation month for the U.S. Dollar Index following June's decisive breakout above 100.00. The DXY remained supported by resilient U.S. economic data and expectations that the Federal Reserve would maintain a cautious approach to policy easing, preserving the broader recovery established during the previous month.

Although the dollar briefly tested higher levels, profit-taking and softer inflation expectations limited further gains, keeping price action within a relatively narrow range. Even so, 100.00 continued to hold as the key technical support, reinforcing the constructive medium-term outlook.

Geopolitical tensions remained a secondary source of support for the dollar, although improving diplomatic momentum in the Middle East gradually reduced safe-haven demand. As market attention shifted back toward macroeconomic fundamentals, Fed expectations and Treasury yields became the primary drivers of the DXY.

Technically, July confirmed the strength of the June breakout rather than signalling a reversal. The consolidation above 100.00 preserved the bullish structure heading into August, with further upside likely to depend on stronger U.S. economic data or a more hawkish Federal Reserve.

Key Takeaways

The broader outlook remains constructive, as the U.S. dollar enters August supported by resilient macroeconomic fundamentals. However, further appreciation will likely require stronger economic data, firmer inflation or a more hawkish Federal Reserve.

Conclusion

July confirmed that June's breakout was not a false move but a healthy consolidation phase. The DXY successfully defended the **100.00** support level, while resilient U.S. economic data and cautious Federal Reserve expectations preserved the broader bullish structure. Entering August, the key question is whether stronger macroeconomic data can provide the catalyst for a renewed advance above the July highs or whether the index will continue consolidating above its key support.



August 2026 Outlook

Starting Point After July Consolidation

The DXY enters August after successfully consolidating above the 100.00 psychological level, preserving the bullish structure established by June's breakout. While July lacked strong directional momentum, resilient U.S. economic data and cautious Federal Reserve communication continued to support the dollar.

The key question for August is whether the index can resume its advance or remain in consolidation while markets await further macroeconomic confirmation.

Federal Reserve & Monetary Policy

August will be driven primarily by expectations surrounding the Federal Reserve.

Markets will focus on whether incoming data justify maintaining a higher-for-longer policy stance. Strong labour-market conditions and persistent inflation would reinforce elevated Treasury yields and support further USD appreciation. Conversely, weaker employment or softer inflation would revive expectations for policy easing and increase downside pressure on the dollar.

Market positioning has also become more balanced after July's consolidation. With much of the Fed repricing already absorbed, additional dollar strength will likely require fresh macroeconomic confirmation rather than positioning alone.

Key Economic Releases

Labour Market
Non-Farm Payrolls remain the month's most important release. A resilient labour market would reinforce confidence in the U.S. economy and support renewed gains in the DXY.

Inflation
CPI inflation will remain the second major catalyst. Sticky inflation would strengthen expectations for prolonged restrictive policy, while softer price data would weigh on Treasury yields and the dollar.

Retail Sales
Retail sales will provide an important indication of consumer resilience. Strong spending would reinforce the constructive macro backdrop, while weaker demand could increase expectations of future monetary easing.

Global Market Environment

Global risk sentiment, Treasury yields and geopolitical developments will continue influencing the dollar. Renewed geopolitical uncertainty would support safe-haven demand, while improving global risk appetite could modestly reduce defensive USD flows.

Technical Structure

- 102.00: Immediate resistance
- 103.00–103.50: Next upside target
- 100.80–101.00: Near-term support
- 100.00: Major structural support
- 99.00: First corrective target

As long as the DXY holds above **100.00,** the medium-term technical outlook remains constructive. A sustained break above **102.0**0 would expose **103.00–103.50,** while a move below **100.00** would increase the probability of a broader correction toward **99.00**

Scenario Matrix – August 2026

Base Case: Stable macro data, cautious Fed and resilient yields » 100.00–102.00
Bullish USD: Strong NFP, sticky inflation and higher Treasury yields » 102.00–103.50
Bearish USD: Weak employment, softer CPI and renewed easing expectations » 99.00–100.00

Executive Summary

August begins with the DXY maintaining the constructive structure established during June and confirmed by July's consolidation. The outlook remains moderately bullish while the index holds above **100.00.**

The preferred scenario remains consolidation with an upward bias above **100.00.** A decisive break above **102.00** would confirm continuation toward **103.00–103.50,** while a sustained move below **100.00** would signal the beginning of a broader corrective phase.

EUR/USD

July 2026 Recap

July was a constructive month for EUR/USD, supported by improving global risk sentiment following the de-escalation of tensions in the Middle East. Lower energy prices reduced pressure on the Eurozone economy, while diminished safe-haven demand weighed on the U.S. dollar and allowed the euro to recover gradually.

Attention shifted back toward monetary policy as markets increasingly priced the possibility of further Federal Reserve easing later in the year. At the same time, the ECB maintained its cautious stance, providing additional support to the single currency without significantly altering the broader policy outlook.

The improvement in sentiment helped EUR/USD recover from the defensive price action that dominated the second quarter. However, the advance remained largely driven by a softer dollar rather than stronger Eurozone fundamentals, leaving the pair below its key medium-term resistance levels.

Technically, July confirmed a constructive recovery but not a decisive bullish reversal. EUR/USD preserved its upward momentum during the month, yet continued to trade below the levels required to confirm a broader trend reversal, leaving August dependent on further Fed repricing and stronger euro-area fundamentals.

Key Takeaways

The broader outlook has become more balanced as improving risk sentiment and expectations of future Fed easing support the euro. However, a sustained bullish trend will require a decisive break above the pair's key medium-term resistance levels.

Conclusion

July marked a transition from the defensive environment that characterised the second quarter toward a more balanced market backdrop. EUR/USD benefited from softer U.S. dollar demand and improving global sentiment, but the recovery remained largely corrective. Entering August, the key question is whether the pair can build enough momentum to break above its major resistance levels or remain vulnerable to renewed U.S. dollar strength.



August 2026 Outlook

Starting Context

EUR/USD enters August with a noticeably improved macro backdrop following July's recovery. As geopolitical tensions in the Middle East eased, market attention shifted back toward monetary policy, inflation dynamics and relative economic growth.

Although sentiment has improved, the pair remains below its key medium-term resistance levels, suggesting that investors continue to await stronger macroeconomic confirmation before establishing a more durable bullish trend.

Macroeconomic Environment

The Federal Reserve remains the primary driver for EUR/USD. Markets continue to price the possibility of further policy easing later in 2026, with U.S. inflation and labour-market data expected to determine the timing of future rate cuts. Softer inflation and weaker employment would likely weigh on the dollar, while resilient activity could delay easing expectations and support renewed USD strength.

The ECB is expected to maintain a relatively restrictive stance. Although inflation has eased since the earlier energy shock, policymakers remain focused on price stability, providing medium-term support for the euro through a more stable policy outlook.

Technical Structure

- 1.1450: Immediate support
- 1.1550: Secondary support
- 1.1640: Major structural pivot
- 1.1750: Initial resistance
- 1.1850: Major breakout level
- 1.2000: Psychological resistance

The technical picture has improved following July's recovery. A sustained move above 1.1850 would confirm a broader bullish reversal and expose 1.2000, while a break below 1.1450 would weaken the recovery structure and reopen the path toward the 1.1400 area.

Momentum indicators also suggest that downside pressure has eased considerably since the second quarter. Buyers are gradually rebuilding control, although confirmation of a sustained uptrend still depends on a decisive break above the 1.1850 resistance zone. Until then, the recovery should be viewed as constructive but not yet fully confirmed.

Scenario Matrix – August 2026

Base Case: Stable ECB policy, softer Fed expectations and improving sentiment » 1.1500–1.1850
Bullish EUR: Weak U.S. data, lower Treasury yields and continued Fed repricing » 1.1850–1.2000
Bearish EUR: Strong U.S. data, renewed geopolitical tensions and firmer USD demand » 1.1450–1.1500

Strategic Summary

Dominant Bias: Moderately bullish
Expected Range: 1.1500–1.1850
Key Support: 1.1450
Key Resistance: 1.1750 / 1.1850
Bullish Trigger: Break above 1.1850
Bearish Trigger: Break below 1.1450
Main Drivers: Fed expectations, ECB policy, U.S. inflation, labour-market data and geopolitical developments

Executive Summary

August begins with EUR/USD in a more constructive position following July's recovery, although the pair still requires a sustained break above **1.1850** to confirm a broader bullish reversal. The preferred scenario remains a gradual appreciation supported by Fed easing expectations and a relatively restrictive ECB.

As long as **1.1450** continues to hold, the balance of risks favours further gains. However, stronger-than-expected U.S. economic data or renewed geopolitical tensions could quickly restore demand for the U.S. dollar and delay the recovery in EUR/USD.

GBP/USD

July 2026 Recap

July was characterised by continued consolidation in **GBP/USD**, with the pair trading within a narrower range after the sharp decline recorded during the second quarter. Improving geopolitical sentiment reduced safe-haven demand for the U.S. dollar, but persistent UK economic challenges prevented sterling from establishing a sustained recovery.

Although GBP/USD attempted several rebounds, the former **1.3200** support area continued to act as firm resistance, limiting upside momentum. At the same time, the **1.3000** psychological level attracted buyers, preventing a deeper bearish extension and keeping the pair within a broad consolidation phase.

From a macroeconomic perspective, the Bank of England maintained a cautious stance as inflation remained above target while economic growth continued to slow. The gradual de-escalation of tensions in the Middle East improved overall market sentiment, although the recovery in sterling remained constrained by domestic fundamentals.

Technically, July should be viewed as a consolidation month rather than a confirmed trend reversal. Selling pressure eased, but the pair remained below its key resistance zone, leaving the broader medium-term outlook neutral to mildly bearish until stronger bullish confirmation emerges.

Key Takeaways

The broader outlook has stabilised as downside momentum continues to fade, but GBP/USD still requires a sustained break above its key resistance levels before a more durable recovery can be confirmed.

Conclusion

July marked a transitional phase for GBP/USD, with the pair consolidating after several months of sustained selling pressure. Although bearish momentum eased and the **1.3000** support remained intact, sterling was unable to regain its key resistance zone. Entering August, the focus shifts to whether improving market sentiment and UK macroeconomic conditions can support a broader recovery or whether renewed U.S. dollar strength will keep the pair under pressure.



August 2026 Outlook

Starting Point: Consolidation at a Critical Juncture

August begins with GBP/USD at an important technical and macroeconomic crossroads. Following three consecutive months of downside pressure, the pair has entered a consolidation phase, suggesting that bearish momentum is gradually fading while the market awaits a new catalyst.

Although the medium-term trend remains negative, repeated support around **1.3000** and continued failure below the **1.3200–1.3250** resistance zone indicate that both buyers and sellers remain cautious. August is therefore expected to be driven more by UK macroeconomic data, Bank of England expectations and global risk sentiment than by geopolitical shocks alone.

Technical Structure

- 1.3200–1.3250: Major structural resistance
- 1.3100–1.3150: Intermediate resistance
- 1.3000: Main directional pivot
- 1.2850–1.2900: Primary support
- 1.2600–1.2700: Extended bearish target

The technical structure has stabilised following July's consolidation. A sustained recovery above **1.3200** would suggest that the broader bearish cycle is losing momentum, while a decisive break below **1.3000** would expose the **1.2850–1.2900** support area and reinforce the prevailing downtrend.

Macro & Monetary Environment

The domestic backdrop remains challenging despite improving global sentiment. Weak consumer demand, slowing economic growth and softer labour-market conditions continue to limit sterling's recovery, although easing geopolitical tensions and more stable energy prices have reduced some of the pressure seen during the second quarter.

The Bank of England is expected to maintain a cautious and data-dependent approach. Inflation remains above target, particularly in services, while slowing activity limits the scope for a more restrictive policy stance. Markets are therefore likely to focus on forward guidance rather than immediate policy changes.

Scenario Matrix – August 2026

Base Case: Stable UK data, cautious BoE and improving risk sentiment » 1.2950–1.3200
Bearish GBP: Stronger UK data, lower inflation and reduced easing expectations » 1.3200–1.3400
Bullish GBP: Weak UK activity, renewed geopolitical risks and stronger USD demand » 1.2750–1.2950

Structural Interpretation

August may become the first month in which the broader bearish trend faces a meaningful challenge. While the medium-term structure remains negative, the repeated defence of **1.3000** suggests that downside momentum is gradually fading. A sustained recovery above **1.3200–1.3250** would provide the first meaningful indication that a broader recovery phase is developing.

Executive Summary

August is expected to be a transition month for GBP/USD. The broader trend remains bearish, but improving global sentiment, more stable energy prices and reduced selling pressure support a more balanced outlook while the pair holds above **1.3000.**

The preferred scenario remains consolidation between **1.2950** and **1.3200.** A sustained break above **1.3200–1.3250** would strengthen the case for a broader recovery toward **1.3400,** while a move below **1.3000** would shift focus back to the **1.2850–1.2900** support zone.

USD/JPY

July 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

he broader outlook remains bullish as the U.S.–Japan yield differential continues to favour the dollar. However, increasingly extended positioning and growing intervention risks suggest that upside momentum may become more volatile as USD/JPY approaches higher resistance levels.

Conclusion

July reinforced the prevailing bullish trend in USD/JPY, with the pair remaining supported by resilient U.S. economic data, elevated Treasury yields and persistent policy divergence between the Federal Reserve and the Bank of Japan. Although intervention concerns increased as the pair traded near multi-decade highs, buyers continued to defend the uptrend. Entering August, the key question is whether strong macro fundamentals can sustain further gains or whether official intervention and profit-taking begin to slow the advance.



August 2026 Outlook

Overall Bias:
Bullish, but Entering a Critical Phase

USD/JPY enters August after extending its long-term uptrend throughout July, supported by persistent U.S.–Japan monetary-policy divergence. The pair continues to trade near multi-decade highs, although intervention risks are becoming increasingly relevant as the rally matures.

Technical Structure

- 160.00–161.00: Primary support
- 158.50–159.50: Secondary support
- 163.50–164.50: Immediate resistance
- 165.50–167.00: Intervention-sensitive resistance
- Above 168.00: Extended bullish objective

Holding above **160.00–161.00** preserves the bullish structure. A sustained move above **165.50** would expose the **167.00–168.00** area, while a break below primary support would increase the risk of a correction toward **158.50–159.50.**

Federal Reserve & U.S. Yields

The Federal Reserve remains the principal driver of USD/JPY. Resilient U.S. economic data continue to support elevated Treasury yields, while employment, inflation and Fed communication will determine whether the dollar can extend its advance or enter a period of consolidation.

Bank of Japan

The BoJ continues to normalise policy gradually, but investors remain unconvinced that tightening will materially narrow the U.S.–Japan yield differential. Unless policymakers adopt a significantly more hawkish stance, policy divergence should continue to favour the dollar.

Geopolitical & Energy-Market Risk

Geopolitical developments remain a secondary driver. Elevated energy prices continue to weigh on Japan through higher import costs, while renewed geopolitical uncertainty would reinforce safe-haven demand for the U.S. dollar.

Intervention Risk

Intervention remains the principal short-term risk. Japanese authorities are expected to focus more on the speed of yen depreciation than on a specific exchange-rate level, although sustained trading above **¥165** would likely attract stronger official warnings.

While intervention could trigger sharp short-term corrections, it is unlikely to alter the broader bullish trend unless accompanied by a significant shift in Bank of Japan policy or materially weaker U.S. economic data.

Scenario Matrix – August 2026

Bullish Continuation: Strong U.S. data, elevated Treasury yields and gradual BoJ normalisation support further gains » ¥162.00–166.00
Controlled Consolidation: Profit-taking and intervention concerns slow momentum while the broader uptrend remains intact » ¥160.00–163.50
Intervention-Led Correction: Official intervention, hawkish BoJ guidance or weaker U.S. data trigger a temporary yen recovery » ¥157.50–160.00

Key Events – August 2026

U.S. Labour & Inflation: Key drivers of Treasury yields and USD direction.
Fed Communication: Guidance on future policy remains decisive.
Tokyo CPI & BoJ: Stronger inflation may reinforce tightening expectations.
Official Commentary: Intervention warnings could increase volatility above ¥165.

Executive Summary

USD/JPY enters August with its medium-term bullish trend firmly intact, supported by resilient U.S. fundamentals, elevated Treasury yields and persistent monetary-policy divergence with Japan. However, the pair is approaching an increasingly intervention-sensitive phase as it trades near multi-decade highs.

The preferred scenario remains bullish continuation while ¥160.00–161.00 holds as primary support. A sustained move above ¥165.50 would reinforce the long-term uptrend, while a break below ¥160.00 would increase the probability of a broader corrective phase toward ¥158.50–159.50.

USD/CHF

July 2026 Recap

July was another constructive month for **USD/CHF**, with the pair extending the recovery established in June. The U.S. dollar remained broadly supported by resilient economic data and reduced expectations of aggressive Federal Reserve easing, allowing USD/CHF to continue trading higher throughout the month.

The main driver was continued strength in the U.S. dollar. Firm macroeconomic data and elevated Treasury yields reinforced demand for USD assets, while markets maintained expectations that the Federal Reserve would adopt a cautious, data-dependent approach to future policy easing.

At the same time, the Swiss franc lost part of its safe-haven appeal as geopolitical tensions in the Middle East eased and global risk sentiment improved. This reduced defensive demand for CHF and reinforced the policy divergence between the Federal Reserve and the Swiss National Bank.

Technically, July confirmed that June's rebound had evolved into a broader recovery phase. USD/CHF held above the **0.8000** support area and continued to build higher, although upside momentum moderated as the pair approached the next major resistance zone.

Key Takeaways

The broader outlook remains constructive as resilient U.S. fundamentals continue to support the dollar, while easing geopolitical tensions reduce demand for the Swiss franc. Holding above 0.8000 keeps the recovery structure intact.

Conclusion

July reinforced the constructive recovery in USD/CHF, with the pair remaining supported by broad U.S. dollar strength and weaker safe-haven demand for the Swiss franc. The successful defence of the 0.8000 area confirmed that the recovery remains intact. Entering August, the key question is whether USD/CHF can extend above its next resistance zone or consolidate before resuming the broader recovery.



August 2026 Outlook

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

USD/CHF enters August after extending the recovery that began in June, holding firmly above the 0.8000 psychological level and confirming a notable improvement in short-term market structure. The U.S. dollar remains supported by resilient economic data and reduced expectations of aggressive Federal Reserve easing, while the Swiss franc has lost part of its safe-haven premium as geopolitical tensions have eased.

August will determine whether this recovery can develop into a broader medium-term reversal or remain a corrective rebound within the longer-term bearish trend.

Federal Reserve & U.S. Dollar

The Federal Reserve remains the principal driver of USD/CHF. Markets continue to price a higher-for--longer interest-rate environment, supporting Treasury yields and the U.S. dollar.

Non-Farm Payrolls, CPI, PPI, Retail Sales, PMI surveys and the FOMC Minutes will be the month's key catalysts. Strong economic data would reinforce the current recovery, while softer activity or inflation would revive expectations of future rate cuts and pressure the dollar.

Swiss National Bank & Risk Sentiment

The Swiss National Bank maintains one of the most accommodative policy stances among major central banks, supported by low domestic inflation and relatively stable economic conditions.

However, the Swiss franc continues to benefit from its traditional safe-haven status. Renewed geopolitical tensions, weaker global growth or a deterioration in market sentiment could quickly restore demand for CHF and interrupt the pair's recovery.

Technical Structure

- 0.8000: Primary support and psychological pivot
- 0.7900: Secondary support
- 0.8150: Immediate resistance
- 0.8250: Major resistance
- 0.8400: Medium-term recovery target

Holding above **0.8000** preserves the constructive outlook and maintains pressure on **0.8150**. A sustained break above this level would expose **0.8250--0.8400,** while a move below **0.8000** would invalidate much of the recent recovery and shift focus back toward **0.7900–0.7800.**

Scenario Matrix – August 2026

Bullish Continuation: Strong U.S. data and higher Treasury yields support a break above 0.8150 » 0.8250–0.8400
Range Consolidation: Mixed macro data keep USD/CHF trading between 0.8000–0.8150
Bearish Pullback: Softer U.S. data or renewed geopolitical tensions restore CHF demand » 0.7900--0.7800

Strategic Summary

Short-Term Bias: Moderately bullish above 0.8000
Primary Support: 0.8000
Key Resistance: 0.8150
Upside Targets: 0.8250 / 0.8400
Downside Risk: 0.7900–0.7800
Main Drivers: Fed expectations, U.S. macro data, SNB policy and global risk sentiment

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

July 2026 Recap

July was a consolidation month for **USD/CAD,** with the pair remaining broadly range-bound despite elevated market volatility. Strong crude-oil prices continued to support the Canadian dollar, while resilient U.S. economic data prevented a sustained decline in the U.S. dollar.

The main driver remained the balance between commodity strength and U.S. dollar resilience. Elevated oil prices reinforced the Canadian dollar, but firm U.S. macroeconomic data and reduced expectations of aggressive Federal Reserve easing continued to offset much of CAD's commodity advantage.

Improving global risk sentiment following the easing of Middle East tensions reduced demand for defensive currencies, leaving **USD/CAD** confined within a well-defined trading range rather than establishing a new directional trend.

Technically, July confirmed an extended consolidation phase. The pair successfully defended the **1.3500** support area but remained capped below the **1.3750** resistance zone, leaving the broader structure neutral to slightly bearish while markets await a stronger macroeconomic catalyst.

Key Takeaways

The broader outlook remains balanced as elevated oil prices continue to support the Canadian dollar, while resilient U.S. fundamentals provide underlying support for the U.S. dollar. Holding above 1.3500 preserves the consolidation structure, while a sustained break above 1.3750 would strengthen the recovery outlook.

Conclusion

July extended USD/CAD's consolidation rather than producing a decisive breakout. Strong oil prices continued to support the Canadian dollar, but resilient U.S. data and reduced expectations of aggressive Fed easing prevented sustained downside for the pair. Entering August, 1.3500 remains the key support while 1.3750 continues to cap upside momentum, leaving the broader outlook dependent on the next major macroeconomic catalyst.



August 2026 Outlook

Starting Context

USD/CAD enters August after extending its multi-month consolidation, with price continuing to trade within a broad medium-term range. Elevated oil prices remain supportive for the Canadian dollar, while resilient U.S. economic data and reduced expectations of aggressive Federal Reserve easing continue to underpin the U.S. dollar.

The pair therefore begins August in a balanced technical position. The key question is whether stronger commodity support finally drives a sustained CAD appreciation or whether resilient U.S. fundamentals allow USD/CAD to recover above the upper end of its trading range.

Federal Reserve & U.S. Data

August will be driven primarily by U.S. labour-market data, inflation releases and Federal Reserve communication.

Markets remain focused on whether the Fed can maintain its higher-for-longer stance without significantly weakening economic activity. Strong employment and persistent inflation would support Treasury yields and the dollar, while softer macroeconomic data could revive expectations of policy easing and weigh on USD/CAD.

Bank of Canada

The Bank of Canada is expected to maintain a cautious policy stance. Elevated energy prices continue to support Canadian exports and domestic income, reducing the urgency for further policy easing.

However, weaker Canadian growth, employment or inflation data could reduce the Canadian dollar's ability to benefit from favourable commodity prices.

Oil & Geopolitical Risk

WTI crude remains above **$112** per barrel, continuing to provide structural support for the Canadian dollar through stronger energy revenues and improved terms of trade.

However, oil's influence remains closely linked to global risk sentiment. Elevated geopolitical uncertainty may support both oil prices and safe-haven demand for the U.S. dollar, limiting CAD appreciation. A sustained easing of geopolitical tensions could reduce crude prices and weaken one of the Canadian dollar's strongest macroeconomic supports.

Technical Structure

- 1.3750–1.3800: Immediate resistance
- 1.3850–1.3900: Medium-term supply zone
- 1.3500: Key support and primary pivot
- 1.3350–1.3400: First downside target
- 1.3200: Extended bearish objective

Holding above **1.3500** maintains the current consolidation structure. A sustained break above **1.3800** would favour a broader USD recovery, while a decisive move below **1.3500** would confirm renewed CAD strength and expose the 1.3350–1.3400 area.

Scenario Matrix – August 2026

Base Case: Elevated oil prices support CAD, while resilient U.S. data maintain broad range trading with a mild bearish bias » 1.3450–1.3750
Bearish USD/CAD: Softer U.S. data, stronger Canadian releases and firm oil prices drive a sustained break below 1.3500 » 1.3300–1.3500
Bullish USD/CAD: Strong U.S. macro data, persistent inflation and weaker oil prices support a recovery toward 1.3800–1.3900

Executive Summary

USD/CAD enters August in a balanced technical position, with elevated oil prices continuing to favour the Canadian dollar while resilient U.S. fundamentals provide ongoing support for the U.S. dollar.

The preferred scenario remains consolidation with a mild bearish bias while **1.3500** holds. A sustained break below this level would expose **1.3350-–1.3400,** whereas a recovery above **1.3800** would signal renewed upside momentum toward the **1.3850–1.3900** resistance zone.

AUD/USD

July 2026 Recap

July was another corrective month for **AUD/USD,** with the pair remaining under pressure after June's failure to break above the **0.7200** resistance zone. Resilient U.S. economic data and reduced expectations of aggressive Federal Reserve easing continued to support the U.S. dollar, limiting demand for higher-beta currencies such as the Australian dollar.

The main driver remained broad U.S. dollar strength. Firm Treasury yields and cautious Fed expectations weighed on AUD/USD, while mixed Chinese economic data and a more defensive global risk environment continued to constrain sentiment toward commodity-linked currencies.

The Reserve Bank of Australia maintained its cautious policy stance, helping to stabilise domestic expectations but providing limited support against the stronger USD backdrop. External factors therefore remained the dominant influence on price action throughout the month.

Technically, July extended the corrective phase without invalidating the broader recovery structure. The pair continued to hold above the **0.6900--0.7000** support region, preserving the medium--term bullish outlook despite weaker short-term momentum and leaving the market awaiting a stronger macroeconomic catalyst.

Key Takeaways

The broader outlook remains cautiously constructive while AUD/USD holds above the 0.6900–0.7000 support zone. However, stronger U.S. fundamentals, mixed Chinese data and subdued risk sentiment continue to limit upside momentum below the 0.7200 resistance area.

Conclusion

July reinforced the corrective phase that followed June's failed breakout above **0.7200.** While the Australian dollar remained constrained by U.S. dollar strength and softer external demand, the pair successfully defended its key support zone. Entering August, the focus shifts to whether improving global sentiment and softer U.S. policy expectations can revive the recovery or whether renewed USD strength will extend the current consolidation.



August 2026 Outlook

Starting Context:

AUD/USD enters August following three months of corrective price action after failing to sustain the earlier recovery above the **0.7200–0.7250** resistance zone. While short-term momentum remains subdued, the broader recovery structure is still intact as the pair continues to hold above the key **0.6900–0.6940** support area.

August is expected to become a decision month. The main question is whether improving expectations for Federal Reserve easing, stabilising Chinese growth and stronger global risk sentiment can restore upside momentum, or whether renewed U.S. dollar strength extends the corrective phase.

Federal Reserve & U.S. Data

Markets remain focused on the pace of future Federal Reserve easing. Inflation, labour-market data and consumer spending will determine whether Treasury yields continue to moderate or whether resilient U.S. activity delays additional policy easing.

Softer inflation and weaker employment would reduce support for the U.S. dollar and favour AUD/USD, while stronger data could reinforce the higher-for-longer narrative and maintain downside pressure.

RBA Policy Outlook

The Reserve Bank of Australia is expected to maintain a cautious stance, with inflation gradually moderating and domestic activity remaining relatively resilient.

While stable RBA policy provides a supportive backdrop for the Australian dollar, external developments continue to dominate AUD performance. Domestic data are therefore likely to play a secondary role relative to global macro conditions.

China & Commodity Markets

China remains the most important external driver for AUD/USD. Further policy support, stronger industrial activity or improving commodity demand would strengthen the outlook for Australian exports and support the currency.

Conversely, continued weakness in the property sector or disappointing economic data would weigh on commodity prices and limit any sustained AUD recovery.

Global Risk Sentiment

Improving geopolitical conditions have reduced defensive positioning, although uncertainty remains elevated. Equity-market performance, commodity prices and broader risk appetite are therefore expected to remain important drivers of AUD throughout August.

Technical Structure

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

The broader structure remains constructive while price holds above **0.6900–0.6940.** A sustained recovery above **0.7120** would restore upside momentum toward **0.7200–0.7250,** while a break below **0.7000** would expose the key structural support area.

Scenario Matrix – August 2026

Bullish AUD: Softer U.S. data, stronger Chinese activity and improving risk sentiment restore recovery momentum » 0.7120–0.7250
Base Case: Mixed macroeconomic data and balanced risk sentiment maintain consolidation while the broader recovery remains intact » 0.6950–0.7150
Bearish AUD: Stronger U.S. data, delayed Fed easing, weaker Chinese growth or renewed geopolitical tensions increase downside pressure » 0.6800–0.6900

Executive Summary

AUD/USD enters August at an important inflection point, with the broader medium-term recovery remaining intact while the pair holds above **0.6900–0.6940.**

The outlook remains driven by Federal Reserve expectations, Chinese growth and global risk sentiment. A sustained recovery above **0.7120** would restore momentum toward **0.7200–0.7250,** while a break below **0.7000** would expose the key **0.6900–0.6940** support area.

NZD/USD

July 2026 Recap

July was a consolidation month for **NZD/USD,** with the pair remaining broadly range-bound after stabilising above the **0.5980–0.6000** support zone. While buyers continued to defend this key area, repeated attempts to break above **0.6100** lacked sufficient momentum to confirm a renewed bullish phase.

The main driver was a balanced macro backdrop. Cautious Federal Reserve communication, relatively stable New Zealand economic conditions and mixed global risk sentiment prevented a decisive directional move, leaving both the U.S. dollar and the New Zealand dollar without a clear fundamental advantage.

The Reserve Bank of New Zealand maintained a measured policy stance, while subdued domestic growth and uncertainty surrounding Chinese demand continued to limit stronger support for the NZD. External developments therefore remained the primary influence on market direction.

Technically, July reinforced the existing consolidation structure. The pair successfully defended the **0.5980–0.6000** support area but remained capped below **0.6100,** preserving the constructive medium-term outlook while delaying confirmation of a broader recovery toward the **0.6240** region.

Key Takeaways

The broader outlook remains constructive while NZD/USD holds above the 0.5980–0.6000 support zone. However, a sustained break above 0.6100 is still required to confirm renewed bullish momentum toward the 0.6240 area.

Conclusion

July reinforced the consolidation phase rather than signalling a new directional trend. While NZD/USD continued to hold its key structural support around **0.5980–0.6000,** the inability to break above **0.6100** showed that buyers still lack sufficient momentum to confirm a broader recovery. Entering August, attention shifts to whether improving global risk sentiment and softer U.S. dollar dynamics can support a move toward the **0.6240** region, or whether continued macro uncertainty extends the current trading range.



August 2026 Outlook

Macro Landscape & Key Drivers

NZD/USD enters August following several months of consolidation above the 0.5980–0.6000 structural support zone. While the broader technical outlook remains constructive, the pair continues to lack the catalyst required to confirm a sustained bullish breakout above 0.6100.

August is expected to be an important month as investors reassess Federal Reserve expectations, New Zealand's domestic outlook and global risk sentiment. The pair remains highly sensitive to U.S. monetary policy, Chinese growth and commodity demand.

Federal Reserve & U.S. Data

The Federal Reserve remains the principal external driver for NZD/USD.

Markets will assess whether inflation and labour-market conditions continue to soften or whether resilient U.S. data delays additional policy easing. Softer inflation and lower Treasury yields would weaken the U.S. dollar and favour NZD/USD, while stronger macroeconomic data could reinforce USD demand and limit upside momentum.

New Zealand Domestic Conditions

New Zealand's economic backdrop remains stable, with inflation moderating and activity indicators pointing to a gradual recovery. The Reserve Bank of New Zealand is therefore expected to maintain a cautious and data-dependent policy stance.

Although domestic fundamentals have improved, external developments continue to play a larger role in determining NZD performance.

Global Risk Sentiment & China

China remains the most important external driver for the New Zealand dollar. Improving industrial activity, stronger commodity demand and supportive global risk sentiment would strengthen the NZD, while weaker Chinese data or renewed geopolitical uncertainty would favour the U.S. dollar.

Global equity performance and broader market sentiment are therefore expected to remain key influences throughout August.

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, reinforcing the constructive medium-term structure. A sustained break above 0.6100 would expose 0.6240–0.6350, while a move below 0.5980 would shift focus toward 0.5850.

Institutional Positioning

Institutional positioning remains selectively constructive. Macro investors continue to accumulate NZD on pullbacks toward 0.6000, while systematic strategies are likely to increase long exposure only after a confirmed break above 0.6100.

The preferred positioning therefore remains constructive above structural support while awaiting confirmation above resistance.

Scenario Matrix – August 2026

Bullish Continuation: Softer U.S. inflation, lower Treasury yields, resilient Chinese data and constructive risk sentiment support a break above 0.6100 » 0.6240–0.6350
Range Continuation: Mixed macroeconomic data and balanced central-bank communication maintain consolidation » 0.5980–0.6100
Bearish Correction: Stronger U.S. data, higher Treasury yields, weaker Chinese growth or renewed geopolitical tensions trigger a break below support » 0.5740–0.5980

Executive Summary

NZD/USD enters August with a constructive medium-term structure, supported by the 0.5980–0.6000 support zone while 0.6100 remains the key resistance preventing a renewed bullish leg.

The outlook continues to depend on Federal Reserve expectations, Chinese growth and global risk sentiment. A confirmed break above 0.6100 would strengthen the recovery toward 0.6240–0.6350, while failure to hold 0.5980 would weaken the constructive outlook and expose 0.5850–0.5740.

Oil Market

July 2026 Recap

July was a stabilisation month for **WTI,** with oil prices remaining resilient as geopolitical tensions in the Middle East continued to support the market, although the risk premium gradually eased. The absence of major disruptions to exports through the Strait of Hormuz reduced fears of an immediate supply shock and limited further upside.

The main driver remained the evolving geopolitical backdrop. While military tensions involving Iran persisted, markets increasingly shifted their attention back to supply and demand fundamentals. OPEC+ maintained its production policy, and stable U.S. output reinforced confidence that global supply remained broadly adequate.

Seasonal summer demand, particularly in the United States, provided underlying support for prices. However, weaker growth expectations in China and Europe continued to limit the outlook for stronger global consumption during the second half of the year.

Technically, July marked a transition from the highly volatile conditions seen in June toward a more balanced trading environment. WTI remained supported by geopolitical uncertainty but failed to establish a sustained bullish extension, leaving the market increasingly driven by macroeconomic fundamentals rather than crisis pricing.

Key Takeaways

The broader outlook remains balanced as geopolitical uncertainty continues to support oil prices, while stable global supply conditions and softer demand expectations limit the potential for a sustained upside breakout.

Conclusion

July confirmed that the geopolitical risk premium is gradually moderating rather than disappearing. While oil prices remain supported by Middle East uncertainty, the absence of significant supply disruptions has shifted market attention back to demand, OPEC+ policy and global economic growth. Entering August, WTI is expected to remain sensitive to both geopolitical developments and macroeconomic data, with the balance between supply security and demand expectations likely to determine the next directional move.



August 2026 Outlook

Starting Context:
Balanced Market with Persistent Geopolitical Risk

WTI enters August near the upper **$60/bbl** range after July's stabilisation, with prices supported by a reduced but still meaningful geopolitical premium. While concerns over supply disruption have eased, developments involving Iran and the Strait of Hormuz continue to underpin market sentiment.

The market is gradually shifting from headline-driven volatility toward a greater focus on supply, demand and macroeconomic fundamentals. August will determine whether this balance is maintained or whether renewed geopolitical tensions restore a stronger risk premium.

Global Supply Outlook

OPEC+ enters August facing increased scrutiny following the UAE's departure from the alliance. Saudi Arabia is expected to maintain production discipline, while stable U.S. output and incremental supply growth from Canada, Brazil and Guyana continue to support global availability.

Although no major supply imbalance is expected, producer discipline remains essential to maintaining price stability.

Global Demand Outlook

Demand is expected to become the principal market driver during August.

Seasonal fuel consumption continues to support prices, although attention is increasingly focused on Chinese economic activity and the outlook for global growth. Stronger Chinese demand would reinforce crude consumption, while weaker industrial activity in China or Europe could limit upside potential.

Geopolitical & Supply Risk

Iran and the Strait of Hormuz remain the main upside risks for oil prices. Although exports continue without major disruption, any deterioration in regional security could quickly increase shipping costs and restore the geopolitical premium.

Markets have become less reactive to isolated headlines but remain highly sensitive to developments that threaten physical energy flows.

Economic Impact by Price Zone

$60–70/bbl: Balanced conditions supporting growth while limiting inflationary pressure.
Above $75/bbl: Renewed inflation risks through higher transport, logistics and production costs.
Above $80–85/bbl: Increased risk of supply disruption, weaker global growth and delayed monetary easing.

Current prices remain broadly supportive for manufacturing, consumer spending and global trade, provided the geopolitical situation remains contained.

Technical Structure

$75–80/bbl: Major resistance and geopolitical premium zone
$70–75/bbl: Initial recovery resistance
$65–70/bbl: Primary equilibrium range
$60–65/bbl: Major support
Below $60/bbl: Demand-driven downside scenario

Holding within the **$65–70** range preserves the balanced outlook. A sustained move above **$75** would indicate renewed geopolitical stress, while a break below **$60–65** would reinforce concerns over weaker global demand.

Scenario Matrix – August 2026

Base Case: Stable supply, moderate demand growth and contained geopolitical risk maintain balanced conditions » $65–70/bbl
Bullish WTI: Escalation involving Iran, Hormuz disruption or stronger Chinese demand restore the geopolitical premium » Above $75/bbl
Bearish WTI: Weaker global demand, easing geopolitical tensions and rising non-OPEC supply pressure crude lower » $60–65/bbl

Executive Summary

WTI enters August in a fundamentally balanced market, with prices supported by a moderate geopolitical premium but increasingly driven by supply, demand and macroeconomic conditions.

The preferred scenario remains stability within the $65–70/bbl range. A sustained move above $75 would signal renewed supply concerns and inflation risks, while a break below $60–65 would point to weakening global demand and a softer outlook for crude prices.

Gold

July 2026 Recap

July was a consolidation month for **gold,** with prices remaining within a balanced range as the market continued to absorb the strong gains recorded earlier in the year. Geopolitical tensions involving Iran preserved a meaningful safe-haven premium, although resilient U.S. economic data and elevated Treasury yields limited further upside.

The main driver remained the interaction between geopolitical risk, Federal Reserve expectations and real yields. While stronger U.S. fundamentals reduced expectations of aggressive monetary easing, persistent geopolitical uncertainty continued to support demand for defensive assets.

Central bank purchases and reserve diversification remained important structural pillars for the market. Institutional investors continued to adopt a selective buy-on-dips approach, reinforcing long-term demand without generating a renewed impulsive rally.

Technically, July reinforced the ongoing consolidation rather than signalling a reversal. Gold remained firmly supported above its key structural support zone, preserving the long-term bullish framework while awaiting a stronger macroeconomic or geopolitical catalyst to confirm the next directional move.

Key Takeaways

The broader outlook remains constructive as central-bank demand and geopolitical uncertainty continue to support gold, while resilient U.S. economic data and elevated real yields limit the potential for an immediate bullish breakout.

Conclusion

July confirmed that gold remains in a healthy consolidation phase within its broader long-term uptrend. Safe-haven demand and structural institutional buying continue to provide underlying support, but a sustained move higher will likely require lower real yields, a weaker U.S. dollar or renewed geopolitical escalation. Entering August, attention shifts to whether macroeconomic conditions can provide the catalyst needed for the next bullish leg.



August 2026 Outlook

Starting Context:
Structural Support, Tactical Consolidation

Gold enters August following several months of consolidation, with the market successfully absorbing the exceptional volatility seen during the first half of the year. Although momentum has moderated, the broader structural outlook remains constructive, supported by central-bank demand, reserve diversification and persistent geopolitical uncertainty.

August is expected to become an important decision month. The market will determine whether lower real yields and improving monetary conditions can restore bullish momentum or whether stronger U.S. data prolong the current consolidation.

Federal Reserve & U.S. Data

The Federal Reserve remains the principal macroeconomic driver for gold.

Markets will focus on inflation, labour-market data, retail sales and Treasury yields to assess the timing of further policy easing. Softer inflation and lower real yields would weaken the U.S. dollar and support gold, while stronger economic data could delay easing expectations and limit upside momentum.

Geopolitical & Structural Risk

Geopolitical uncertainty continues to provide an important source of underlying support. Although markets have largely adjusted to the Middle East conflict, renewed escalation, energy-supply disruption or broader regional instability could quickly restore safe-haven demand.

Longer-term fiscal concerns and sovereign-debt dynamics also continue reinforcing gold's role as a strategic reserve asset.

Central Bank & Institutional Demand

Central-bank purchases remain one of gold's strongest structural supports. Reserve diversification, particularly across Asia, the Middle East and Latin America, continues to limit downside corrections.

Institutional investors have adopted a more disciplined approach, favouring selective accumulation during pullbacks rather than chasing extended rallies, reinforcing the longer-term investment case.

Technical Structure

- $4,450–4,500: Immediate support
- $4,200–4,250: Secondary support
- $4,750–4,850: Immediate resistance
- $5,000: Major breakout level

Gold remains in a constructive consolidation. A sustained break above **$5,000** would confirm the next bullish leg, while a move below **$4,450** would expose the **$4,200–4,250** support area without invalidating the broader structural trend.

Scenario Matrix – August 2026

Bullish Scenario: Softer U.S. inflation, weaker USD, lower real yields and continued central-bank demand restore momentum » $4,850–5,200
Base Case: Stable macro conditions, balanced institutional flows and contained geopolitical risks maintain consolidation » $4,500–4,850
Bearish Scenario: Stronger U.S. data, higher Treasury yields and sustained USD strength increase downside pressure » $4,200–4,500

Executive Summary

Gold enters August with a strong structural foundation, supported by central-bank demand, reserve diversification and persistent geopolitical uncertainty. While the broader bullish outlook remains intact, short-term direction will continue to depend on real yields, Federal Reserve expectations and the U.S. dollar.

The preferred scenario remains consolidation between **$4,500** and **$4,850.** A sustained break above **$5,000** would confirm renewed bullish momentum, while a move below **$4,450** would expose the **$4,200–4,250** support zone while preserving the longer-term constructive outlook.

S&P 500

July 2026 Recap

July reinforced the constructive recovery established during the second quarter, with the S&P 500 extending its gains as investor confidence continued to improve. Easing geopolitical concerns, resilient corporate earnings and growing confidence in a soft-landing scenario supported risk appetite throughout the month.

The Iran conflict remained a background risk but had only a limited impact on daily market sentiment. Investors increasingly shifted their focus toward corporate fundamentals, second-quarter earnings and expectations for future Federal Reserve policy.

Macroeconomic conditions also remained supportive. The U.S. economy continued to demonstrate resilience, while inflation moderated sufficiently to preserve expectations of gradual monetary easing. This combination reinforced confidence that growth could slow without entering a recession.

Technically, July confirmed the broader bullish structure. The index continued to post higher highs and higher lows, supported by improving market breadth and sustained leadership from technology and quality growth stocks, reinforcing the constructive outlook entering the second half of 2026.

Key Takeaways

The broader outlook remains constructive as resilient earnings, improving market breadth and fading geopolitical concerns continue to support U.S. equities. As long as macroeconomic conditions remain stable, the S&P 500's medium-term bullish structure remains intact.

Conclusion

July confirmed that the S&P 500 remains in a constructive recovery phase within its broader long-term uptrend. Resilient corporate earnings, improving market breadth and easing geopolitical concerns continue to support investor sentiment, although further gains will likely require continued economic resilience and a gradual easing of monetary conditions. Entering August, attention shifts to whether macroeconomic data and Federal Reserve expectations can provide the confirmation needed for the next leg higher.



August 2026 Outlook

Executive Overview

The S&P 500 enters August with its medium-term bullish trend firmly intact following three consecutive months of recovery. Markets have largely moved beyond the geopolitical uncertainty that dominated the first half of the year, shifting their focus back to corporate earnings, monetary policy and macroeconomic fundamentals.

August is expected to be a month of confirmation rather than acceleration. Elevated valuations leave equities increasingly dependent on resilient earnings, moderating inflation and continued confidence that the U.S. economy can achieve a soft landing.

Macro Environment

The macro backdrop remains broadly supportive for equities. Markets continue to expect inflation to moderate gradually, economic growth to slow in an orderly manner and the Federal Reserve to retain flexibility to begin easing later in the year.

The main risk is that stronger inflation or economic data delays easing expectations, increasing pressure on equity valuations.

Federal Reserve & Economic Data

Monetary policy remains the principal driver of market direction.

August's inflation, labour-market data and Fed communication will determine whether expectations for future rate cuts remain intact. A gradual slowdown in activity would support valuations, while persistent inflation or stronger-than-expected employment could temporarily pressure equities.

Corporate Earnings & Market Breadth

Following a resilient earnings season, investors will increasingly focus on corporate guidance, margins and capital expenditure rather than headline results.

Technology should remain an important market leader, but broader participation from financials, industrials and healthcare would reinforce confidence that the recovery is becoming more sustainable.

Geopolitical Risk

The Middle East conflict remains a background risk, but markets currently assume no significant disruption to global energy supplies.

Any renewed geopolitical escalation or trade-related tensions could temporarily increase volatility, although fundamentals are expected to remain the primary market driver.

Scenario Matrix – August 2026

Constructive Expansion: Moderating inflation, resilient earnings and supportive Fed expectations reinforce broader market participation and extend the recovery.
Controlled Consolidation: Mixed macroeconomic data and balanced earnings guidance generate selective gains while preserving the broader uptrend.
Macro Repricing: Persistent inflation, weaker growth or renewed geopolitical tensions increase volatility and favour a more defensive market environment.

Key Variables – July 2026

Corporate Earnings: Guidance on demand, margins and investment will determine whether earnings momentum broadens beyond mega-cap technology.
Inflation & Fed: Continued disinflation and patient Fed communication would reinforce easing expectations and support equity valuations.
Market Breadth: Broader participation across cyclical sectors would strengthen confidence in the durability of the recovery.

Executive Summary

August is expected to validate the strength of the recovery rather than produce another rapid advance. The S&P 500 remains supported by resilient earnings, improving macroeconomic confidence and fading geopolitical risks, although elevated valuations leave the market increasingly sensitive to economic surprises.

The preferred scenario remains constructive consolidation while investors assess inflation, Federal Reserve expectations and corporate fundamentals. Continued earnings resilience, moderating inflation and broader market participation should support further gains during the second half of 2026.

STOXX50

June2026 Recap

July was a constructive month for the STOXX Europe 50, with the index extending its recovery as investor confidence continued to improve. Markets increasingly shifted their focus away from geopolitical tensions and back toward economic fundamentals, supporting a broader improvement in European equities.

The main driver was the continued easing of Middle East-related risks. As energy markets stabilised and fears of a wider regional escalation diminished, the geopolitical risk premium embedded in European assets continued to decline, allowing investors to refocus on inflation, growth and monetary policy.

Macro conditions also remained supportive. The euro area's disinflation trend continued, while economic activity proved more resilient than expected, reinforcing confidence that the ECB could gradually move toward a less restrictive policy stance without undermining the soft-landing narrative.

Technically, July confirmed the constructive recovery. The STOXX Europe 50 continued to defend its higher trading range while attracting broader sector participation, with Industrials, Technology and Financials leading gains. However, a sustained break above the recent highs is still required to confirm stronger upside momentum.

Key Takeaways

The broader outlook remains constructive as easing geopolitical risks, resilient economic activity and expectations of gradual ECB easing continue to support European equities. Holding above recent support levels keeps the recovery structure intact.

Conclusion

July confirmed that the STOXX Europe 50 remains in a constructive recovery phase within its broader medium-term uptrend. Improving macroeconomic conditions, easing geopolitical risks and broader sector participation continue to support investor sentiment, although a sustained move higher will likely require stronger corporate earnings and continued progress on inflation. Entering August, attention shifts to whether economic data and ECB expectations can provide the confirmation needed for the next bullish leg.



August 2026 Outlook

Market Overviewt

The STOXX Europe 50 enters August with a constructive medium-term outlook following the steady recovery seen during the second quarter. Improving disinflation, resilient corporate earnings and growing expectations of future ECB easing continue to support investor sentiment.

August is expected to be a month of consolidation rather than acceleration. While the macro backdrop remains supportive, elevated valuations and lighter summer trading conditions are likely to encourage more selective positioning.

Monetary Policy & Economic Outlook

The ECB remains the principal policy driver for European equities. Continued progress on disinflation and resilient economic activity support expectations that monetary policy could become gradually less restrictive later in 2026.

The base case remains one of modest but stable growth, with improving manufacturing conditions, resilient services activity and healthy labour markets helping the euro area avoid a deeper slowdown.

Earnings & Sector Positioning

Following a resilient earnings season, investors are increasingly focused on corporate guidance and earnings quality.

Technology, Industrials and Financials remain the preferred sectors, supported by structural investment trends, infrastructure spending and resilient balance sheets. Healthcare continues to provide defensive stability, while Energy remains sensitive to developments in global oil markets.

Investors are likely to continue favouring companies with strong cash flows, pricing power and consistent earnings visibility.

Geopolitical & Market Risk

The Middle East conflict remains an important background risk, although its direct influence on European equities has diminished as energy markets have stabilised.

Renewed geopolitical escalation or higher oil prices could quickly restore inflation concerns and increase market volatility, but fundamentals are expected to remain the dominant driver during August.

Scenario Matrix – August 2026

Constructive Expansion: Continued disinflation, resilient earnings and supportive ECB expectations encourage broader participation and further gains.
Controlled Consolidation: Mixed macroeconomic data and seasonal trading conditions produce selective gains while preserving the broader recovery.
Risk Repricing: Higher energy prices, persistent inflation or weaker growth trigger increased volatility and a rotation toward defensive sectors.

Key Variables – August 2026

ECB & Inflation: Continued disinflation would reinforce expectations for future monetary easing.
Corporate Earnings: Guidance and earnings resilience will determine whether the recovery broadens across sectors.
Energy Markets: Stable oil prices would continue supporting corporate margins and investor confidence.

Executive Summary

August is expected to reinforce the constructive recovery rather than generate a rapid acceleration. The STOXX Europe 50 remains supported by improving macroeconomic conditions, resilient corporate earnings and expectations of a gradually more accommodative ECB, although seasonal conditions may increase short-term volatility.

The preferred scenario remains controlled consolidation while investors assess inflation, monetary policy and earnings guidance. Continued progress on disinflation, stable growth and broader sector participation should support further gains during the second half of 2026.

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