MARKET INSIGHT WEEK 29

MQ Capital

INDEX

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UPCOMING ECONOMIC EVENTS

	Time*	Forecast	Previous
Tuesday, July 14			
US CPI (MoM) (Jun)	13:30	-0.1%	0.5%
US CPI (YoY)	13:30	3.8%	4.2%
Wednesday, July 15			
US PPI (MoM) (Jun)	13:30	0.0%	1.1%
CA BoC Interest Rate Decision	14:45	2.25%	2.25%
US Crude Oil Inventoires	15:30		-0.052M
Thursday, July 16			
GB GDP (MoM)	07:00	0.1%	-0.1%
US Initial Jobless Claims	13:30	215K	215K
Friday, July 17			
EU CPI (YoY)	10:00	2.8%	2.8%

*US moves forward one hour for daylight saving time.

Weekly Recap – July 13 -17, 2026 (W28)

Markets Seek Confirmation After Weak Payrolls as Growth Concerns Gradually Build

Week 28 unfolded largely as expected, with investors assessing whether the weak 57K Nonfarm Payrolls report marked the start of a broader slowdown or a temporary setback. While economic data showed no sharp deterioration, it also failed to fully restore confidence in U.S. growth, leaving markets more cautious and increasingly focused on the durability of the economy rather than inflation alone.

United States - Markets Move into Confirmation Mode

Following the disappointing NFP report, attention shifted to labour-market and activity indicators.

Throughout the week:

- Initial Jobless Claims remained contained, suggesting that the labour market was softening but not deteriorating rapidly.
- ISM Services and other activity indicators continued to point to moderate expansion.
- The FOMC Minutes reaffirmed the Fed's data-dependent approach while maintaining concerns over persistent inflation.

As a result:

- Treasury yields stabilised after the post-NFP decline.
- The USD remained under modest pressure but avoided a deeper sell-off.
- Markets treated weak payrolls as a warning rather than confirmation of recession.
- Expectations for future Fed easing increased only gradually.

Developments aligned more closely with the "Data Stabilises After Weak NFP" scenario than with a full slowdown confirmation.

Geopolitics – Macro Data Continues to Dominate

The U.S.-Iran understanding remained intact:

- Energy supply risks stayed contained.
- No significant disruption occurred in the Strait of Hormuz.
- Oil's geopolitical premium remained subdued.

Geopolitics remained secondary, allowing macro data and monetary policy expectations to continue driving markets.

Eurozone -USD Weakness Provides Limited Support

The Eurozone's structural challenges remained unchanged:

- ndustrial activity stayed weak.
- Growth remained subdued.
- ECB flexibility remained constrained.

The softer USD supported EUR, although gains continued to reflect U.S. rate expectations rather than stronger European fundamentals.

UK – Sterling Benefits from Softer Dollar

Sterling benefited modestly as the USD lost momentum. However:

- UK growth remained modest.
- Inflation stayed above target.
- BoE expectations changed little.

GBP strength remained driven more by USD dynamics than domestic improvement.

Asia-Pacific – Relief Rally Limited by China

Asia-Pacific markets experienced some relief:

- Softer U.S. yields improved financial conditions.
- AUD and NZD recovered modestly.
- Regional risk sentiment improved.

Nevertheless, weak Chinese demand, measured policy support and limited momentum in industrial metals continued to cap upside. The recovery remained tactical rather than structural.

Commodities – Gold Holds Gains, Oil Stays Balanced

Gold benefited from softer Treasury yields, reduced expectations of further tightening and uncertainty surrounding U.S. growth. The metal maintained its recovery as investors balanced slower growth against persistent inflation.

- WTI crude remained range-bound:
- Lower geopolitical risk reduced the supply premium.
- Softer labour data raised demand concerns.
- Stable supply conditions prevented a significant decline.

Oil remained driven more by medium-term demand expectations than geopolitical developments.

Equities – Lower Yields Help, but Growth Concerns Limit Conviction

Equity markets navigated a mixed environment:

- Lower yields supported valuation-sensitive sectors.
- Technology and growth stocks benefited from easing rate expectations.
- Slower economic momentum prevented a broad-based rally.

Market leadership remained selective, with investors favouring quality companies while awaiting further confirmation of the economic outlook.

Summary

Week 28 confirmed a moderation in U.S. growth rather than a turning point. Following the weak 57K NFP report, Treasury yields stabilised, the USD remained softer, gold stayed supported, and equities recovered selectively as markets balanced lower rate expectations against slowing economic momentum.

Key Takeaway

» The weak NFP report has not yet been confirmed as the start of a broader labour-market deterioration.

» Markets are becoming increasingly data-dependent, with each release carrying greater significance for Fed expectations.

» The soft-landing narrative remains intact, but with noticeably lower conviction than earlier in the year.

Market Outlook: Key Levels and Trends to Watch Across Major Pairs and Commodities

U.S. Dollar Index

DXY is showing short-term rejection after failing to extend above the 101.00–101.50 area. The current setup favours a corrective move toward 100.00, where support may emerge. As long as price holds above 100.00–99.80, the broader recovery remains valid. A break below this zone would weaken momentum.

EUR/USD

EURUSD is attempting a short-term rebound after holding above the 1.1350–1.1370 support zone. The current setup favours a corrective move toward 1.1530–1.1550, where resistance may cap gains. As long as price holds above 1.1400–1.1370, the rebound remains valid. A break below this zone would restore bearish pressure.

GBP/USD

GBPUSD is attempting a bullish recovery after holding the 1.3150–1.3200 support area and moving above the short-term moving average. The current setup favours continuation toward 1.3570–1.3600. The bullish outlook remains valid while price holds above 1.3350–1.3320. A break below this zone would weaken the rebound.

USD/JPY

USDJPY remains in a bullish structure but is showing short-term rejection below recent highs. The current setup favours a corrective move toward the 160.50–160.30 support area. As long as this zone holds, the broader bullish trend remains valid. A recovery above 161.95–162.00 would restore upside momentum.v

USD/CHF

USDCHF is showing short-term rejection after failing to break above the 0.8100–0.8120 resistance zone. The current setup favours a corrective move toward 0.7930–0.7950 support. As long as this area holds, the broader recovery remains valid. A recovery above 0.8100 would restore bullish pressure.

USD/CAD

USDCAD is showing short-term rejection after failing to break above the 1.4200–1.4250 resistance area. The current setup favours a corrective move toward 1.3950–1.3970 support. As long as this zone holds, the broader recovery remains valid. A recovery above 1.4200 would restore bullish pressure.

AUD/USD

AUDUSD is attempting a short-term rebound after holding the 0.6870–0.6880 support area. The current setup favours a corrective move toward 0.7020–0.7060, where resistance may cap gains. As long as price holds above 0.6900–0.6880, the rebound remains valid. A break below this zone would restore bearish pressure.

NZD/USD

NZDUSD is attempting a bullish rebound after holding the 0.5620–0.5640 support area and recovering above the short-term moving average. The current setup favours continuation toward 0.5860–0.5870, where resistance may cap gains. The rebound remains valid while price holds above 0.5710–0.5700.

Gold (XAU/USD)

Gold remains inside a bearish corrective channel but is attempting a rebound from the lower boundary. The current setup favours a move toward 4,300–4,350, where resistance may cap gains. As long as price stays below 4,350, the broader bearish structure remains valid. Failure to recover could renew downside pressure.

WTI Crude

WTI is attempting a short-term rebound after holding the 67.50–68.00 support area. The current setup favours a corrective move toward 81.50–82.00, where resistance may cap gains. As long as price holds above 70.00–68.00, the rebound remains valid. A break below this zone would restore bearish pressure.

S&P 500

S&P 500 remains in a strong bullish structure, trading above key moving averages and recovering toward recent highs. The current setup favours continuation toward the 7,700 resistance area. The bullish outlook remains valid while price holds above 7,500–7,480. A break below this zone would weaken short-term momentum.

EuroStoxx 50

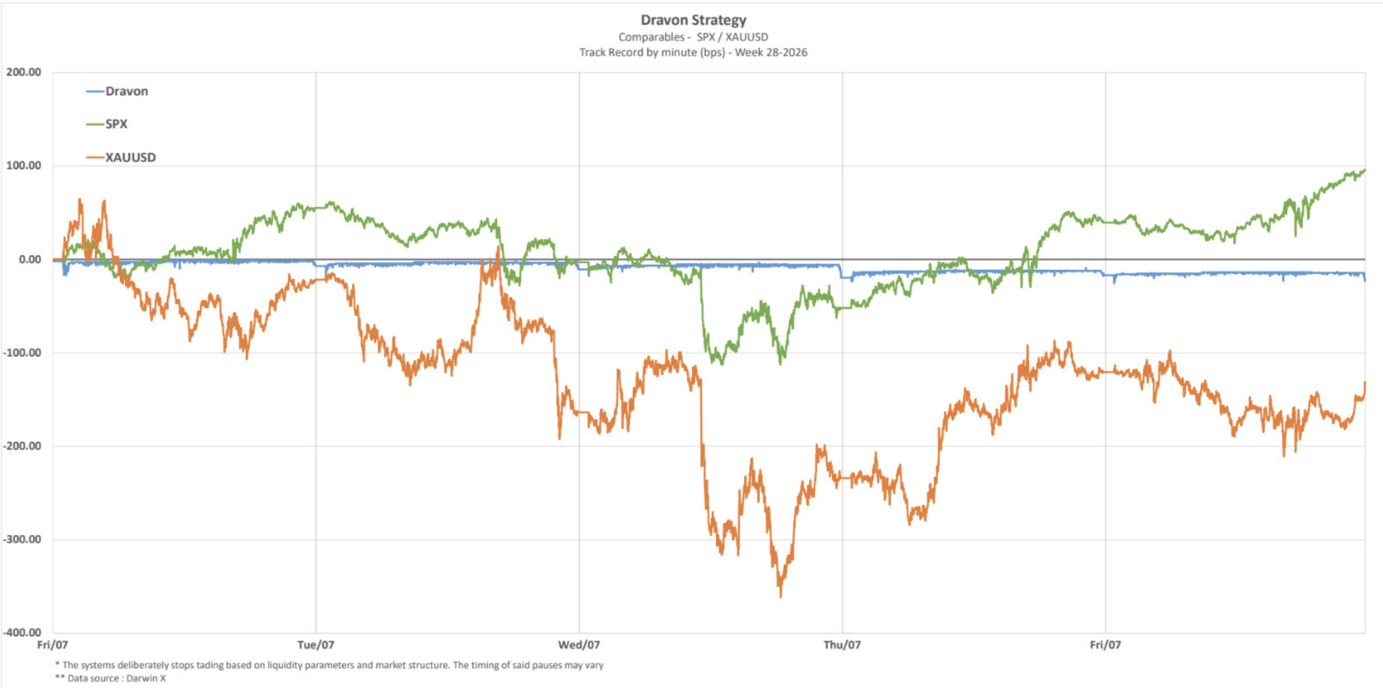
EuroStoxx 50 remains in a bullish structure, trading above key moving averages after holding recent support. The current setup favours continuation toward the 6,430–6,440 resistance zone. The bullish outlook remains valid while price holds above 6,250–6,220. A break below this zone would weaken short-term momentum.

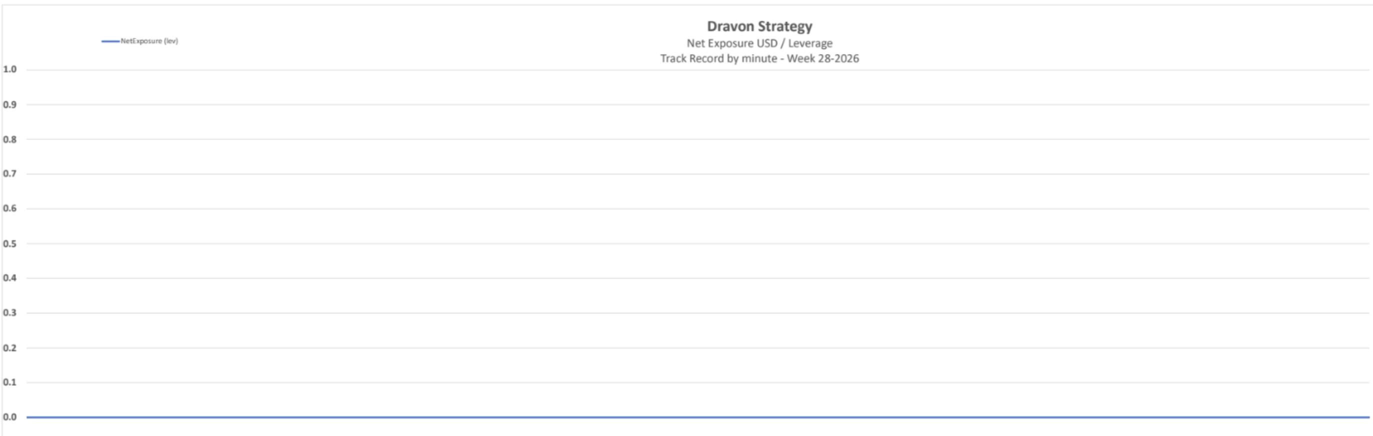
Strategy & Performance

STRAND Q Strategy in Calibration - No New Data Avaiable

MERIN Strategy in Calibration - No New Data Avaiable

DRAVON strategy's performance minute-by-minute from June 29 to July 3, benchmarked again SPX, XAUUSD. The goal is to demonstrate its performance during events, the correlation of results with benchmarks, PnL and Relative DrawDown.





Strategic Outlook
Week 29 (July 13 – 17, 2026)

Inflation Returns to Centre Stage as CPI Becomes the Next Market Test

Week 29 shifts the market's focus from labour data back to inflation, with U.S. CPI becoming the week's key catalyst as investors assess whether price pressures continue to ease.

Attention now shifts back to inflation, with the U.S. CPI release on July 14 becoming the week's key event.

The macro framework remains balanced:

- *Labour momentum has moderated.*
- *Inflation remains above target.*
- *Rate-cut expectations are gradually returning.*
- *Treasury yields have stabilised.*
- *Geopolitical risk remains contained.*

Macro Themes

1.United States - CPI Becomes the Next Policy Test

Following softer labour data, inflation becomes the principal driver of Fed expectations.

Key Focus

- U.S. CPI
- Core CPI
- Services inflation
- Shelter inflation
- PPI
- Retail Sales
- Treasury market reaction

Strategic Scenarios

Hot CPI

- Higher-for-longer narrative strengthens.
- Treasury yields rise.
- USD strengthens.
- Gold weakens.
- Equities face valuation pressure.
- Rate-cut expectations move further into 2027.

Moderate CPI

- Disinflation continues gradually.
- Yields remain stable.
- USD consolidates.
- Equities post selective gains.
- Soft-landing narrative remains intact.

Soft CPI

- Fed easing expectations strengthen.
- Treasury yields decline.
- USD weakens.
- Gold rallies.
- Equities benefit from lower discount rates.
- Risk appetite improves.

USD Bias: Neutral heading into CPI, with direction driven by the inflation outcome.

2. Geopolitics – Stable Environment Allows Macro to Lead

The U.S.–Iran diplomatic backdrop remains constructive:

- Energy supply risks remain contained.
- Strait of Hormuz shipping remains stable.
- Oil's geopolitical premium remains limited.
- Risk sentiment benefits from reduced headline risk.

Macro data remains the primary market driver.

3. Eurozone – U.S. Inflation Drives EUR Direction

Europe's structural backdrop remains weak:

- Industrial activity remains subdued.
- Growth remains limited.
- ECB flexibility remains constrained.

EUR remains driven by U.S. CPI, Treasury yields and USD direction.

4.United Kingdom – Sterling Awaits CPI

The UK backdrop remains largely unchanged:

- Inflation remains elevated.
- Growth remains modest.
- BoE remains cautious.

GBP continues to trade mainly through USD direction and global rate expectations. A softer U.S. CPI would likely provide additional support.

5. Asia-Pacific – Lower Inflation Would Improve Conditions

A softer U.S. CPI would support Asia-Pacific assets:

- Lower Treasury yields.
- Weaker USD.
- AUD and NZD outperform.
- Commodity sentiment improves.

China remains the key structural constraint.

6. Commodities – Inflation and Real Yields Drive Markets

Gold remains highly sensitive to real-yield expectations.

Soft CPI

- Lower yields.
- Weaker USD.
- Gold strengthens.

Hot CPI

- Higher real yields.
- Stronger USD.
- Gold weakens.

WTI Crude

- Geopolitical premium remains subdued.
- Supply remains stable.
- Demand expectations remain uncertain.

Oil remains driven by growth expectations and USD direction.

7. Equities – Inflation Becomes the Valuation Driver

Inflation becomes the key driver of equity valuations.

Equity Scenarios:

Moderate CPI: Markets continue consolidating, selective sector rotation persists, and earnings remain the primary support.

Soft CPI: Lower yields support valuations, technology and growth outperform, and broader market participation improves.

Hot CPI: Treasury yields rise, valuation pressure returns, defensive sectors outperform, and volatility increases.

Equities remain supported by resilient earnings but continue to face constraints from elevated interest rates.

Summary & Key Risks

Summary

Week 29 shifts markets back toward the inflation debate. Following signs that the labour market is beginning to moderate, the U.S. CPI release on July 14 will determine whether inflation is following the same path or whether persistent price pressures continue to justify restrictive monetary policy.

The outcome will likely determine the next move across Treasury yields, the USD, equities, gold, and global risk sentiment.

Key Riskst

a. Hot U.S. CPI → reasury yields rise, USD strengthens, equities and gold come under pressure.
b. Soft U.S. CPI → Markets accelerate expectations for Fed easing, USD weakens, gold and equities rally.
c. Retail sales surprise → Changes the market's assessment of U.S. consumer resilience.
d. China remains weak → Continues to weigh on commodity currencies, industrial metals, and global growth sentiment.
e. Unexpected geopolitical deterioration → Oil regains its risk premium, increasing inflation expectations and market volatility.

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