Snapshot

July 26, 2026

Relentlessly Surging Oil Prices Give Investors a Reality Check

Hardika Singh
ECONOMIC STRATEGIST, MARKET INTELLIGENCE

Corporate earnings are coming in strong, but **investors’ attention has instead gravitated toward a renewed** increase in oil prices.

The S&P 500 lost 0.6% this week to 7,411.96 points. Only three out of the 11 sectors were in the red: communication services, consumer discretionary, and staples. **Heavy weighting for the first two dragged down the broader market** even though eight sectors were in the green. **Energy stocks were the best performers,** catching a bid from the escalated fighting. Even Saudi Arabia’s workaround for avoiding sending oil exports through the Strait is coming under pressure. **Prices for Brent crude, the international oil benchmark, rose to $92.35 per barrel this week.**

Fundstrat Head of Research Tom Lee, however, **reiterated that the U.S. is more** insulated from the war than Europe and Asia.

“While nobody wants the war to escalate, investors need to be mindful that the impact of war on the **U.S. economy is on balance positive**,” he said in his note.

Head of Data Science Ken Xuan said h**e’s not too worried about inflation because there’s more visibility** on it now than a few weeks ago. He likes that consumer spending remains strong, which is a bullish sign for the economy.

“Financial banks’ reporting is actually fundamentally pretty solid,” he said during the weekly huddle. “**Consumers remain strong, which was mentioned by all major banks,** and I think that actually mitigates a lot of concerns about recession, at least from the consumer side.”

Further weighing on sentiment this week were **weak earnings from Google GOOG0.24% and Tesla TSLA-1.94%**. Google-parent Alphabet's earnings on Wednesday showed that revenue rose, but increased capex guidance led the stock to finish Thursday down 6.9%. It also posted its first ever quarterly negative free cash flow. Tesla increased its spending, as well, dragging its free cash flow into the negative for the first time in two years. Shares fell 15%.

Head of Technical Strategy Mark Newton said the **market should still be able to push back to new highs.** He said that if he had new money to invest, he would still prefer a diversified approach between now and the midterms. He's continuing to stick with financials and healthcare.

On crypto, meanwhile, **Newton is downbeat**, calling the nascent gains in bitcoin a headfake. Sean's in agreement with him.

"My conclusion yesterday was that we're in the seventh inning stretch, and we likely have a pullback into September or October, and that's really when you want to buy," Newton said. **"That's when I think the entire four-year cycle is done."**

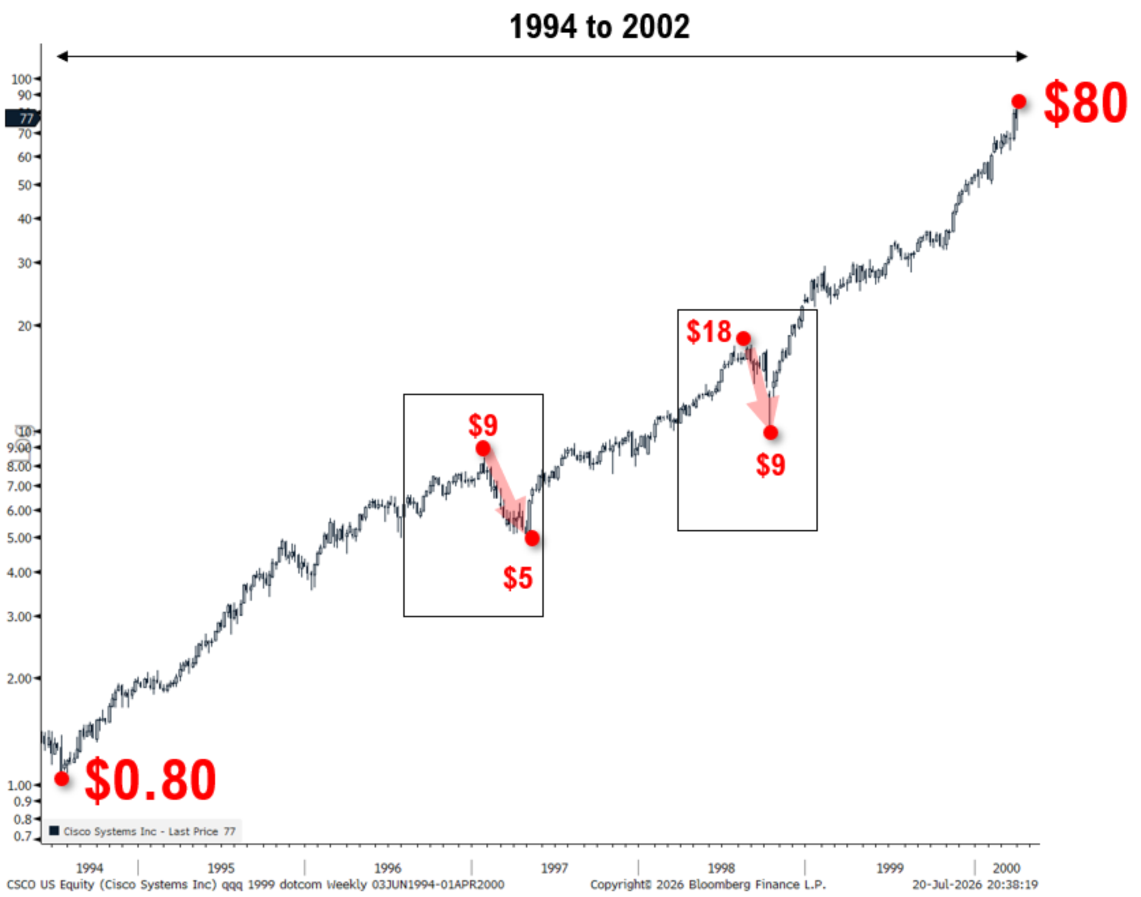
Newton believes the low is close, but there's one more leg down needed**. He recommends buying at around $52,000.**

Sean Farrell, Head of Digital Asset Strategy, said he's been constructive on a **tactical rally and the potential prospects** of the Clarity Act passing, but from a macro perspective, it's "not a super favorable environment of risk-reward."

He estimates **bitcoin could trade in a range of $48,000-$52,000.**

Chart of the Week

CSCO: 1994 to 2002



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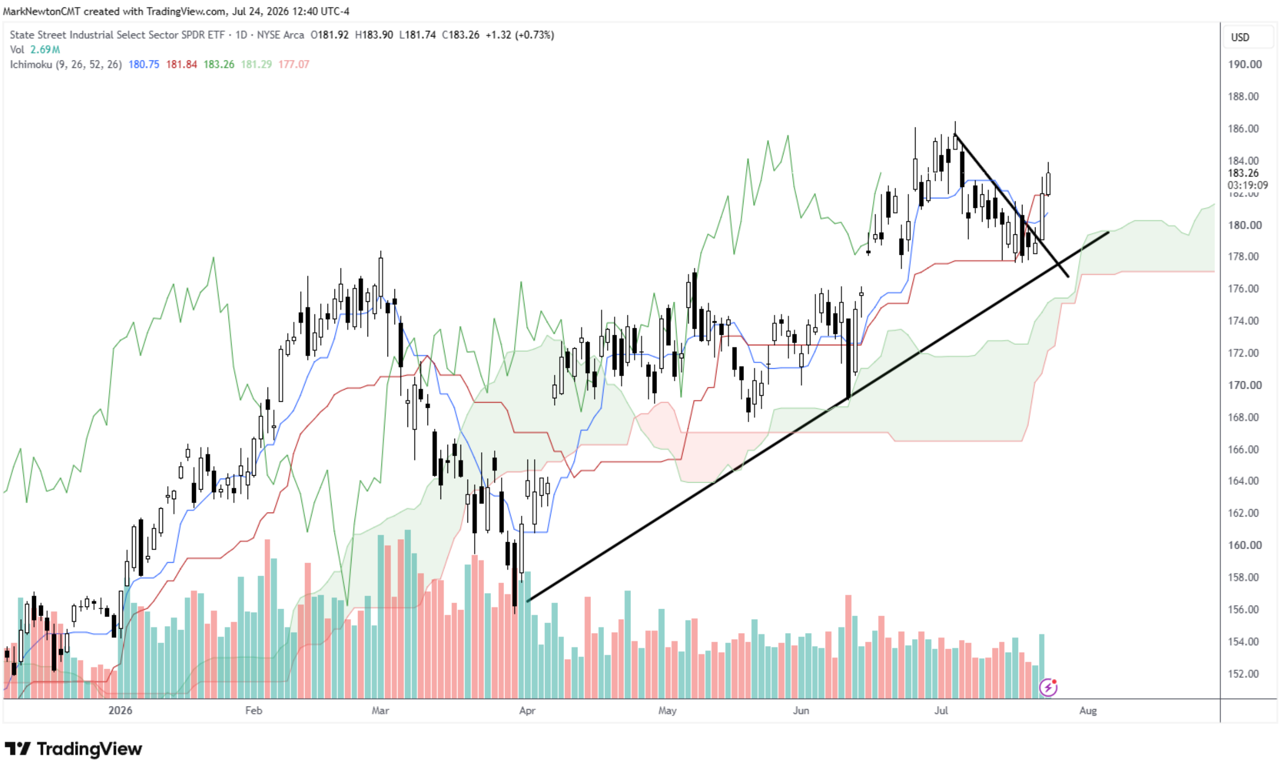
The Federal Reserve meets on Tuesday and Wednesday. Investors largely expect the committee to hold interest rates steady, but the chances of a hike have risen in recent days. Higher interest rates could drag down highflying tech shares, which have already slumped in the summer. In Micron's case, Fundstrat Head of Research Tom Lee said the declines remind him of Cisco from 1994 to 2002. If you had sold Cisco at the first big dip, then you would have missed out on the subsequent moves higher, as our Chart of the Week shows. "I think it's important to keep in mind that selling your winners and holding your losers is like cutting flowers and watering the weeds, as Peter Lynch famously said," Lee said in his Macro Minute video. Lynch is a legendary stock picker.

Recent ⚡ Flash *Insights*

Mark L. Newton, CMT AC
Head of Technical Strategy

One of the best developments this week is how sectors like Financials, Industrials, Healthcare and Utilities have all come to the rescue at a time when "Mag-7" weakness happened in recent days. As seen below, **XLI ▲0.40%** is making a breakout of the minor downtrend of the last month. XLF, and XLV are doing similar things, and XLU broke out to the highest level since May. This is one of the more powerful pieces of the puzzle to suggest that recent market volatility likely will prove short-lived and should not lead down into August like many might suspect given Tech's woes lately. Some of this move is being driven by the Aerospace and Defense stocks as **LMT ▲2.46%** **RTX ▲1.36%** **HII ▲0.17%** **LHX ▲0.18%** are all higher by more than 6% over the last five trading sessions. Meanwhile the DJ Transportation Avg moved up in mid-July to the highest levels since April which has been encouraging for this part of Industrials. Overall Industrials remains an overweight and is an area to favor in the short-term until Tech can properly regain its footing. **XLI ▲0.40%** breakout shown below.

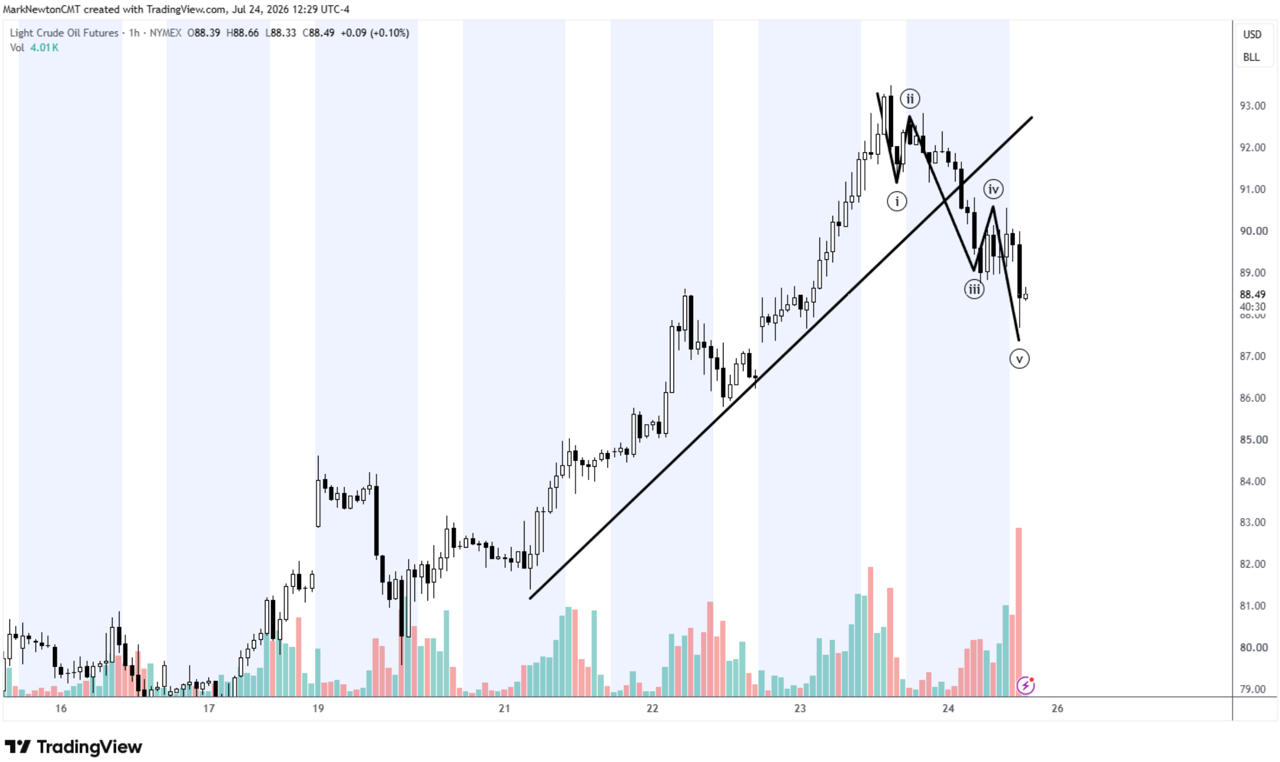


Jul 24 • 1:34 PM

Mark L. Newton, CMT AC

Head of Technical Strategy

Following a 35% rise in WTI Crude oil over the last 15 days, it seems like traders have recognized it might not be smart to go into the weekend long when steps likely will be taken to help open the Strait further and tamp down on Houthis' attacks on Saudi Arabian tankers which resulted in the worst week of traffic for the Hormuz Strait since the MOU was signed in mid-June. The hourly five-wave decline for Crude oil since yesterday likely will be cheered by the Bears as this represents the first step towards causing technicals to begin to roll over as Crude starts to pull back. My view is that a peaking process likely has occurred in the short run, but yet it's difficult to make a technical call for a revisiting of July lows anytime soon given that momentum has improved with this recent bounce. Overall I'm expecting a coming decline to the $70's from high $80’s in front month WTI Crude oil futures, and Energy as a sector (outside of the Refiners) appears like a poor risk/reward in the short run.



Jul 24 • 12:50 PM

Mark L. Newton, CMT AC
Head of Technical Strategy

A much-needed rebound in sectors like Consumer Discretionary and Comm Svcs today which had both been hard hit lately and while Technology is lagging performance, there are six sectors which are higher by more than 1% in today’s trading. This has caused market breadth to register 2/1 bullish and Equal-weighted SPX is pushing back above resistance to the highest closing levels of the week. QQQ fractionally weak today and did in fact break both July and June lows, but yet has rallied back to trade back above these levels and the possibility of a false breakout will be something to watch heading into next week. For now, risk assets are behaving well given the decline in WTI Crude and also some relief in interest rates, both which had raised some uncertainty and consternation in the market in their gains over the past few weeks. While it's a bit early to swing for the fences here, i do find some comfort that markets are trying to stabilize ahead of a very big week of Tech earnings from the Hyperscalers next week and expect that Technology could bottom and start to turn higher. Overall, seeing many different parts of the market working well today is a welcome relief after a tough two weeks for the market averages but it remains a testament to this broadening that Markets have held up despite the 30%+ rise in Crude in July, a push back to new yearly highs for long-term treasury yields while Semi/Memory stocks experienced a 20-30% decline from early June. The US stock market has certainly felt a lot worse than what **RSP ▲0.92%** (Equal-weighted SPX ETF by Invesco) would seem to indicate, and that is a reason to have some optimism and expect higher prices into August.

Jul 24 • 12:41 PM

FS Insight Video: Weekly Highlight

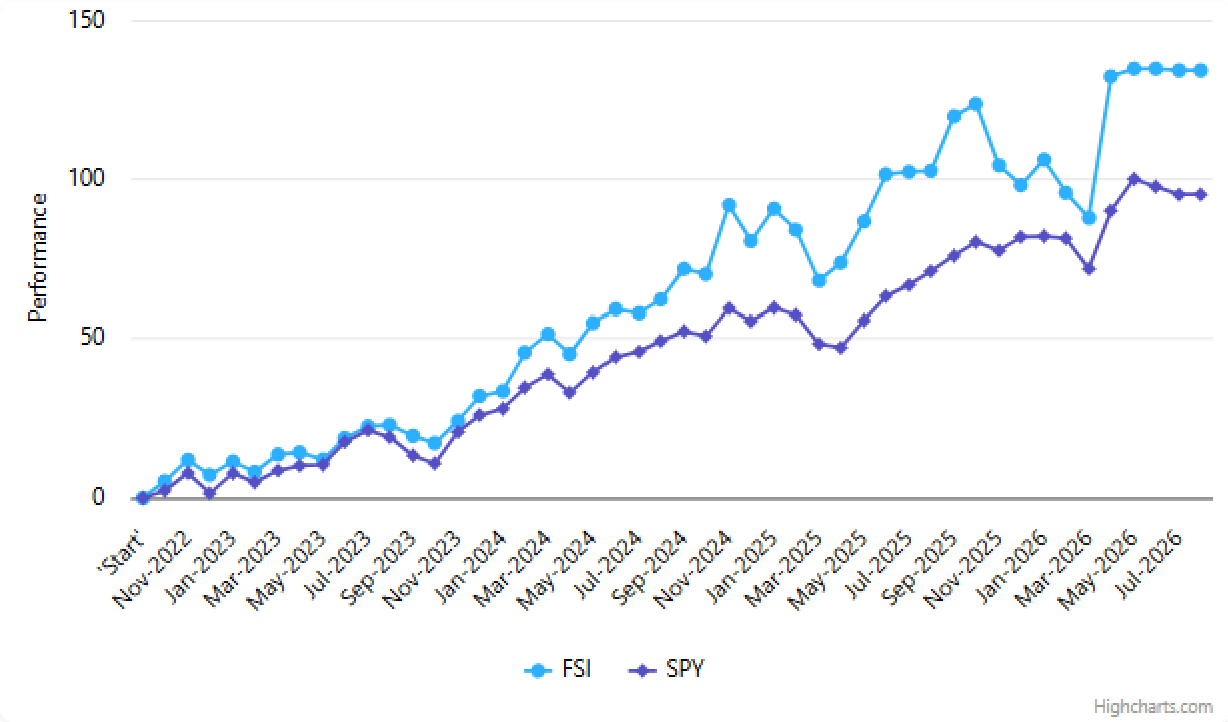
Key incoming data

- ~~7/23 8:30 AM ET: Jun Chicago Fed Nat Activity Index~~ **Tame**
- ~~7/23 11:00 AM ET: Jul Kansas City Fed Manufacturing Survey~~ **Tame**
- ~~7/24 9:45 AM ET: Jul P S&P Global Services PMI~~ **Tame**
- ~~7/24 9:45 AM ET: Jul P S&P Global Manufacturing PMI~~ **Tame**
- ~~7/24 10:00 AM ET: Jun New Home Sales~~ **Tame**
- 7/27 8:30 AM ET: Jun P Durable Goods Orders
- 7/27 10:30 AM ET: Jul Dallas Fed Manuf. Activity Survey
- 7/28 9:00 AM ET: May S&P Cotality CS 20-City MoM SA
- 7/28 10:00 AM ET: Jul Conference Board Consumer Confidence

- 7/28 10:00 AM ET: Jul Richmond Fed Manufacturing Survey
- 7/29 2:00 PM ET: Jul FOMC Decision
- 7/30 8:30 AM ET: 2Q A GDP
- 7/30 8:30 AM ET: Jun PCE Deflator
- 7/31 8:30 AM ET: 2Q Employment Cost Index
- 7/31 10:00 AM ET: Jul F U. Mich. Sentiment and Inflation Expectation

Stock List Performance

Upticks vs SPY (Inception to Date)



Performance period: October 5, 2022 through July 25, 2026

In the News

Stock futures slip as investors eye more earnings; Alphabet falls on higher capex outlook: Live updates

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CNBC

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