Weekly Market Directions

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Trust must be earned

"The ongoing US earnings season confirms a broadening of earnings growth across sectors, although scrutiny remains on data and quality of guidance beneath the headline numbers. Overall, this reinforces the importance of diversification and selectivity".

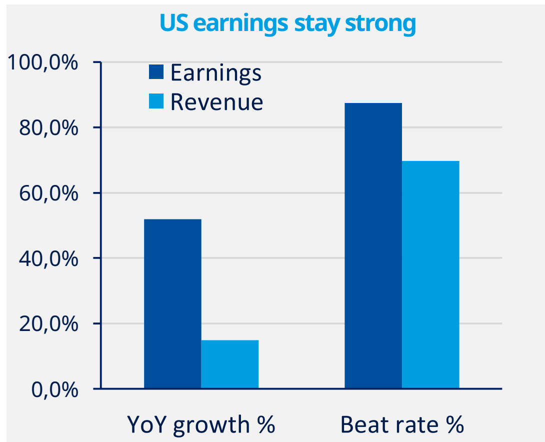
Monica Defend
Head of Amundi Investment Institute

Strong US earnings growth continues

Earnings growth for Q2 has been strong, with a high proportion of companies beating expectations.

Although Technology and tech-adjacent sectors continue to drive earnings growth, other areas are also contributing, with AI-related demand supporting earnings more broadly.

Investors have been selective in rewarding earnings beats, suggesting a focus on data and guidance beyond the headline numbers.



Source: Amundi Investment Institute, Bloomberg, as at 5 August 2026. Blended earnings for S&P 500 Index

With around 80% of S&P 500 companies having reported, the US is on track for another strong earnings season for Q2, with blended (actual earnings of companies that have reported results plus estimated earnings of those yet to report) earnings growth of about 52% YoY. As in the previous quarter, the headline figure has been boosted by "other income" items linked to investment gains from stakes in private companies held by some Big Tech names, but earnings growth remains robust even on an adjusted basis. A high rate of companies that have reported (above 80%) have beaten earnings expectations, the highest in 5 years. Technology and tech-adjacent sectors remain the main driver of earnings growth, but other sectors are contributing as well, with notable surprises in Energy, Financials, Industrials and Materials. In Europe, blended earnings growth stands at 26%. Energy is a major driver, but ex-Energy growth remains solid, with Financials still strong while Consumer Cyclicals continue to be a drag.

Key dates

12 Aug India CPI, Italy and Germany CPI, US CPI

13 Aug Japan PPI, UK GDP Q2, EZ Industrial production, US PPI

14 Aug India PPI, EZ GDP Q2, US retail sales and Consumer Confidence

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This week at a glance

Equities rose across regions except in EM as investors turned their focus to strong earnings and hopes of easing tensions in the Middle East pushed oil sharply lower. US equities outperformed as the AI-trade resumed. Oil fell on expectations of increased traffic through the Strait of Hormuz. Treasury yields fell and gold advanced as markets scaled back expectations of further interest-rate hikes.

Equity and bond markets

Asset class performances, year-to-date and week-to-date

	2026	YTD	WTD
	World	13,6%	2,85%
EQUITIES	United States	13,3%	3,58%
	Europe	11,5%	1,70%
	Japan	19,5%	1,79%
	Emerging markets	18,0%	-0,48%
BONDS	Global aggregate	-0,1%	0,67%
	Euro aggregate	0,3%	0,49%
	Emerging markets	2,8%	0,95%

Source: Bloomberg, data as of 07 August 2026. Please refer to the last page for additional information on the indices.

Government bond yields

2- and 10-year government bond yields, and 1-week changes

	2YR		10YR	
US	4,20	▼	4,65	▼
Germany	2,75	▼	3,13	▼
France	2,92	▼	3,92	▼
Italy	2,91	▼	3,90	▼
UK	4,28	▼	4,92	▼
Japan	1,60	▲	2,79	▲

Source: Bloomberg, data as of 07 August 2026. Please refer to the last page for additional information on the indices. The trend shown refers to 1-week changes. Please refer to the last page for additional information.

Commodities, FX and short-term rates, levels and weekly changes

Gold *USD/oz*	Crude Oil *USD/barrel*	EUR/ USD	USD/ JPY	GBP/ USD	USD/ RMB	Euribor 3M	T-Bill 3M
4341,56	78,18	1,16	157,76	1,35	6,75	2,47	3,80
+7,30%	*-7,7%*	*+0,28%*	*+0,23%*	*+0,1%*	*-0,1%*		

Source: Bloomberg, data as of 07 August 2026. Please refer to the last page for additional information on the indices.

Amundi Investment Institute Macro Focus

Americas

US economic activity gains momentum

US manufacturing activity remained in expansion territory in July, with the ISM Manufacturing index rising to 55.6 and recording its strongest factory expansion in recent years. Output and new orders accelerated, while employment returned to growth and cost pressures eased. The ISM Services index edged up to 54.1, signalling continued growth in the sector as activity and orders improved and concerns over tariffs and the Middle East eased. However, employment slipped back into contraction and price pressures increased.

Europe

Eurozone activity returns to expansion

The Eurozone Composite PMI was revised slightly higher to 52 in July, up from 50 in June and moving back into expansion territory for the first time since March. The broad-based improvement points to a solid start to the third quarter: services returned to growth, with a strong pickup, while manufacturing output continued to expand and remained resilient. Inflationary pressures also eased, as both input costs and output prices increased at a slower pace during the month.

Asia

India's central bank remains on hold

The Reserve Bank of India kept the policy repo rate unchanged at 5.25%, maintaining a patient, data-dependent stance while awaiting clarity on inflation. The RBI modestly upgraded its growth outlook and lowered its headline inflation projection, viewing current price pressures as temporary, non-generalised supply shocks. Recent declines in global oil prices and a narrowing south-west monsoon deficiency are easing immediate pressures, reducing the need for unnecessary policy tightening.

NOTES

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Equity and bond markets (chart)

Source: Bloomberg. Markets are represented by the following indices: World Equities = MSCI AC World Index (USD) United States = S&P 500 (USD), Europe = Europe Stoxx 600 (EUR), Japan = TOPIX (YEN), Emerging Markets = MSCI Emerging (USD), Global Aggregate = Bloomberg Global Aggregate USD Euro Aggregate = Bloomberg Euro Aggregate (EUR), Emerging = JPM EMBI Global Diversified (USD).

All indices are calculated on spot prices and are gross of fees and taxation.

Government bond yields (table), Commodities, FX and short-term rates.

Source: Bloomberg, data as of **7 August 2026.** The chart shows the price of gold.

Diversification does not guarantee a profit or protect against a loss.

GLOSSARY

BoJ: Bank of Japan
CPI: Consumer Price Index
ECB: European Central Bank
EZ: Euro Area
FED: Federal Reserve
GDP: Gross Domestic Product
ISM: Sentiment index of enterprises
MoM: Month-on-Month
YoY: Year-on- Year
PMI: Sentiment index of enterprises
PPI: Producer Price Index
US: United States of America
UK: United Kingdom
YTD: Year to date
WTD: Week to date

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IMPORTANT INFORMATION

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