CLARUS
WEALTH ADVISORS

Market Watch

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Primary Market Drivers

Earnings & Economic Data

Earnings season is back this week as big banks and a host of other major companies are slated to make announcements. With major indices near all-time highs and the S&P 500 coming off of six straight quarters of double-digit earnings growth, expectations remain in the stratosphere. Bank earnings are the highlight this week, with the following announcements expected: Bank of America (BAC 7/14), Citigroup (C 7/14), Goldman Sachs (GS 7/14), JPMorgan Chase (JPM 7/14), Wells Fargo (WFC 7/14), Bank of New York Mellon (BNY 7/15), Morgan Stanley (MS 7/15), PNC Financial Services Group (PNC 7/15), US Bancorp (USB 7/16), Fifth Third (FITB 7/17), and Truist (TFC 7/17). Outside of banks, it's a particularly busy first week with major announcements from Elevance Health (ELV 7/15), Johnson & Johnson (JNJ 7/15), Progressive (PGR 7/15), JB Hunt (JBHT 7/15), United Airlines (UAL 7/15), Abbot Labs (ABT 7/16), GE Aerospace (GE 7/16), State Street (STT 7/16), UnitedHealth Group (UNH 7/16), Intuitive Surgical (ISRG 7/16), Seagate Technology (STX 7/16), and Netflix (NFLX 7/16). Expect the majority of this week's focus to be on earnings, though Tuesday's CPI, Wednesday's PPI, some housing data (MBA MPA 7/15, NAHB HMI 7/16, Housing Starts 7/17) and Thursday's Retail Sales reports could also make an impact.

Fed Policy

Last week's FOMC minutes wasn't particularly revealing, showing a Fed that remains data-dependent and split on forward policy path. Members acknowledged sticky, broadening inflation as a key risk, though weren't sold on if it would persist give the conflict in Iran. The Committee was split on eventual hikes versus cuts - some were open to a hike down the road if inflation doesn't curl downward, while others were open to cuts if it does. The vote was 12-0 to leave rates unchanged, but overall the minutes showed a slightly hawkish tilt. Rate hike expectations for EOY 2026 (via CME's FedWatch Tool) remain elevated and are as follows: 25bps hike (37.8%), 50 bps hike (33.7%), 75bps hike (12.3%), 100bps hike (1.6%). The recent surge in rate hike expectations no doubt reflect Warsh taking the reins in conjunction with the conflict in Iran dragging on and on, heightening the potential for meaningful inflation over time.

Iran Conflict

Last week, Iran attacked multiple commercial vessels in the Strait of Hormuz, prompting a multi-day strike response by the United States. Trump has declared the ceasefire "over" following the Iranian actions, though also noted that talks would continue. Iran has said that the attacks were a mistake carried out by rogues, but has not yet publicly denounced them and claims the Strait is closed. And so the the conflict continues and we find ourselves once again attempting to negotiate another deal. Oil prices remain subdued, showing that the market isn't taking this latest hiccup as anything more than a bump in the road to an inevitable end. We will continue to update this section with the latest.

All referenced market information, statistics, and economic data were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc.

Market Returns		7/10/2026
Category	*Ticker*	*YTD%*
Domestic Equity		
S&P 500	SPY	11.30%
Dow Jones	DIA	10.23%
Large-Cap Growth	QQQ	18.38%
Large-Cap Value	IVE	9.51%
Mid Caps	MDY	14.92%
Small Caps	IWM	20.74%
International Equity		
Developed Intl	EFA	10.35%
Emerging Markets	EEM	22.90%
Fixed Income		
Core Bonds	AGG	0.16%
Corporate Bonds	LQD	-0.26%
High Yield Bonds	HYG	1.83%
ST Treasuries	IEI	-0.37%
LT Treasuries	TLT	-0.88%
International Bonds	BNDX	0.88%

Performance data and stock chart were gathered from eSignal, a paid market screening application provided by Intercontinental Exchange, Inc.

Current Environment Summary

What's Working	What's Not	What's Next
Historically Strong Earnings Growth	Rate Cut Expectations Diminished	**Earnings Season Begins**
AI & Tech Revolution Long-Term Theme	Iran Conflict Drags On	**Bank Earnings: BAC, GS, C, JPM, WFC, MS**
Stable Labor Market	Inflation Creeping Higher	**Earnings: JNJ, UAL, ABT, GE, UNH, NFLX**
Strong US GDP	Interest Rates Remain Elevated	**June CPI (7/14) & PPI (7/15)**
Stocks Trading Near All-Time-Highs		Retail Sales (7/16), Housing Data
Oil Prices Retreating		Iran Conflict Updates

Portfolio Manager Commentary

Ken Hartley, CFA

Well, it has been a minute since our last PM Commentary. You would think that over the last six weeks there would be some impactful events that Don and I could opine on. Sadly, there haven't been many new shiny objects to catch our attention.

The market has continued to rotate among the sectors and market caps almost on a "flavor of the month" type of process. The semiconductor sector has become the new focus of the algos and the hot money crowd. I mean, where else can you have a company that produces (historically) commodity-like technology that's trading at 8X earnings one day and that same stock is subjected to a 30% haircut the next? Again, the comparisons to 2000 are so "knee-jerk" in ease of similarity that it begins to dull the senses and distract investors from the real story behind some of the parabolic moves in these stocks. As Don's questions 4 & 5 convey: what part of "sold out" for the next couple years doesn't the market want to value properly?

It's not hard to imagine a market in the near future that may actually, rationally and consistently price the new technology? I'm not old enough to remember the start of the industrial revolution, but I'm almost certain that every company's stock price was not correctly valued at the time. There were companies that went out of business: buggy whips, but there were also companies that provided the foundation for the economic powerhouse that the United States is today. In every period where the economy is going through generational changes, some companies will fall by the wayside for various reasons. The market doesn't have a "everyone gets a trophy" period. The creative destruction that allows companies to capitalize on the changes is what makes these companies investable. We may be in a period like that. The people that are looking to the past to define the present and future are the ones most likely to miss it.

The investment philosophy at Clarus is to identify good sectors in the economy and then to seek the companies within those sectors that are most likely to thrive in that economy. Don't try to relate today to a period from the past, we all can ask AI to recap what happened using data from history. The way to add value is to identify leaders early and stay invested through the noise. There will always be noise. Don't let the noise distract you.

Don Moenning

Earnings season begins this week! As always, I'm excited, but particularly so this quarter given the exceptional showings from corporate America over the past two years. Rather than previewing the slate or listing out data points from seasons past, here are the major questions I'm looking forward to having answered as we go through this season's results:

1. We've had six straight quarters of double-digit earnings growth on the S&P 500. Can we achieve a record seventh?

2. The Mag-7 drove nearly 50% of all headline S&P 500 EPS growth last quarter, yet the Mag 7 is generally trading at 10-year low multiples (see: NVDA, MSFT, AMZN, META). Something has to give as this is an astounding market asymmetry.

3. Last quarter's sector EPS growth rates were bonkers: Tech +50.7%, Comm +48.8%, Materials +43%, Consumer Discretionary +39.7%, Semis +99%. How do these high growth areas follow up such a strong quarter? Even with scorching demand it feels like disappointment is the only outcome if this is the benchmark.

4. With the massive run in semiconductors (particularly in Memory and Equipment), what do these firms have to show to be deemed "good enough" by the market? We've seen Nvidia rewrite the history books every announcement over the past year with very little to show for it from its stock price. Historical greatness is just expected at this point. Are we there yet with semi Memory and Equipment stocks? Or is Nvidia's problem more of a cap-size perception issue?

5. Does semi demand on multiple fronts remain seemingly unlimited, indefinitely? We've heard GPU and memory firms talk about being sold out for "years to come" for quite some time. Does this status quo continue? How insane does demand have to become until the pundits to stop spouting "peak demand" slop?

6. What do revenue and capex growth rates look like at the hyperscalers today and 2H 2026? While the market bemoans the segment for its extreme capex, it is the true, necessary engine of the AI infrastructure buildout. I do not expect a reduction in either metric this quarter, but will be watching the reaction closely.

7. How are airlines dealing with the volatility in oil? We just heard the Delta CEO say that despite oil coming back down, they're leaving ticket prices high and he wants/expects to see that baked into airlines' business models moving forward. Huh? Is demand for travel really *that* crazy to say that out loud?

8. What are banks saying about the state of the consumer and its balance sheet? Unrelated but notable - Any significant commentary on stablecoins?

9. For the consumer facing companies, what does the US consumer look like in the guidance? Is traditional spending expanding alongside corporate?

I hope everyone has a great week and enjoys the first round. It should be an exciting slate.

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