Global Macro Strategy

Crowded Trades Meet Rising Yields

July 2026

York University – Finance Student Association (FSA)

- Research Leads: Liana Bishai and Essa Ansari
- Professor: Nadeem Kassam, CFA, MBA

www.gmsgyorku.com

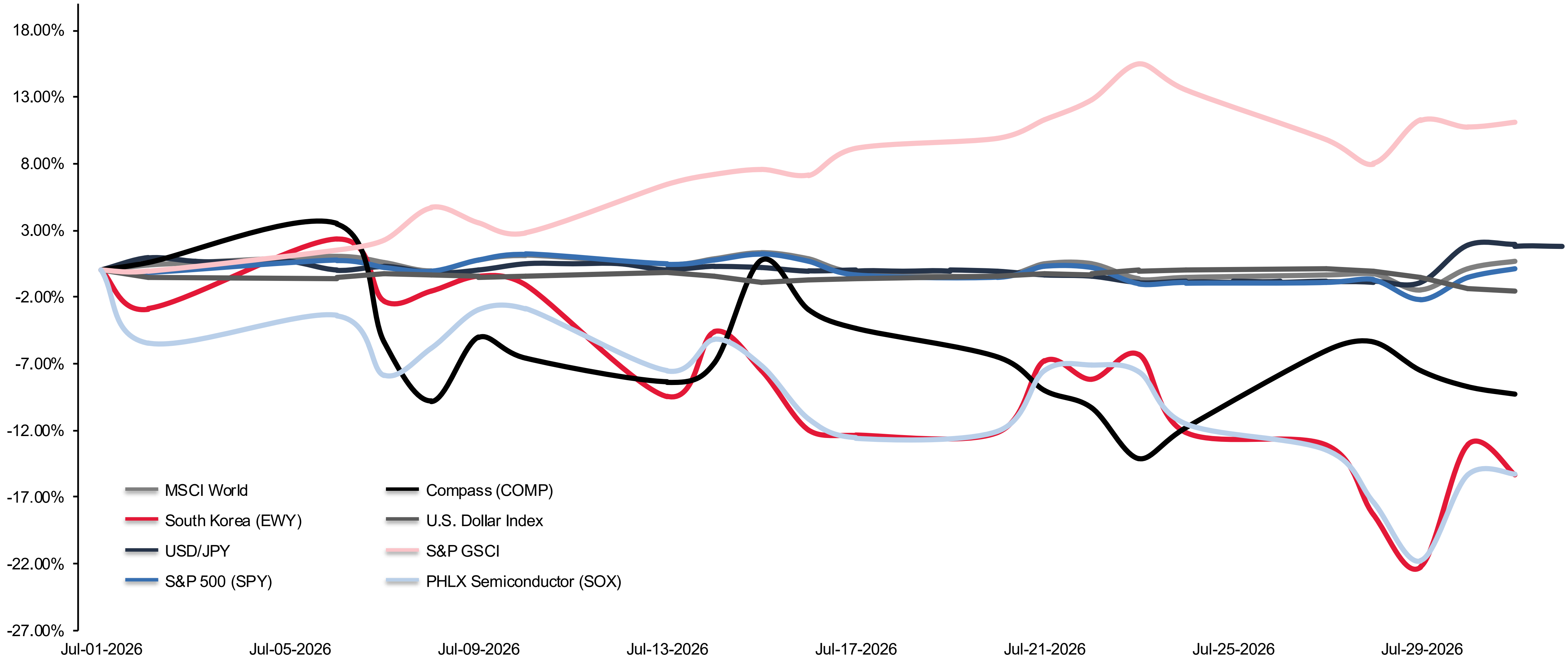
Table of Contents

Executive Summary

- **Economics—Resilient Growth, Rising Yields:** Resilient U.S. and Eurozone growth was complicated by softening labour conditions and renewed energy inflation, while global sovereign yields rose on reinforced higher-for-longer expectations.
- **Equities—The Cost of Crowding:** Broad market indices remained flat while masking a sharp unwind in AI, growth, momentum, and high-beta trades, as Energy, Financials, and Value outperformed on a shift toward earnings visibility and near-term cash flow.
- **Fixed Income—Policy Divergence, Widening Credit, Shrinking Supply:** Hawkish central-bank repricing pushed yields higher and credit spreads wider, while carry outperformed duration, led by leveraged loans and EM local-currency debt.
- **Commodities—Hormuz Reignites, Warsh Holds Firm:** Renewed hostilities between U.S.-Iran drove a 20%+ energy rally, tariff positioning lifted base metals, and Black Sea disruptions boosted agriculture, with thin crude positioning leaving markets vulnerable to sharp reversals.
- **FX—Asia Becomes Dollar Pressure Point:** The dollar weakened as Asian currencies drove July volatility, headlined by the yen’s 40-year low and subsequent intervention, while CAD benefited from higher oil prices.
- **Alternatives—Exits Surge, Concentration Bites Back:** Record venture liquidity contrasted with weaker PE dealmaking, while capital increasingly concentrated among established managers. Private-credit stress and crowded AI exposures highlighted growing liquidity and concentration risks across alternatives.

Source: Bloomberg, S&P Capital IQ | As of: 08/11/2026

July Cross-Asset Rotation Away from AI



Source: S&P Capital IQ | As of: 08/11/2026

Economics

Resilient Growth, Rising Yields

Abishek Daryanani & Linda Abd-Alqader

Resilient Growth, Rising Yields

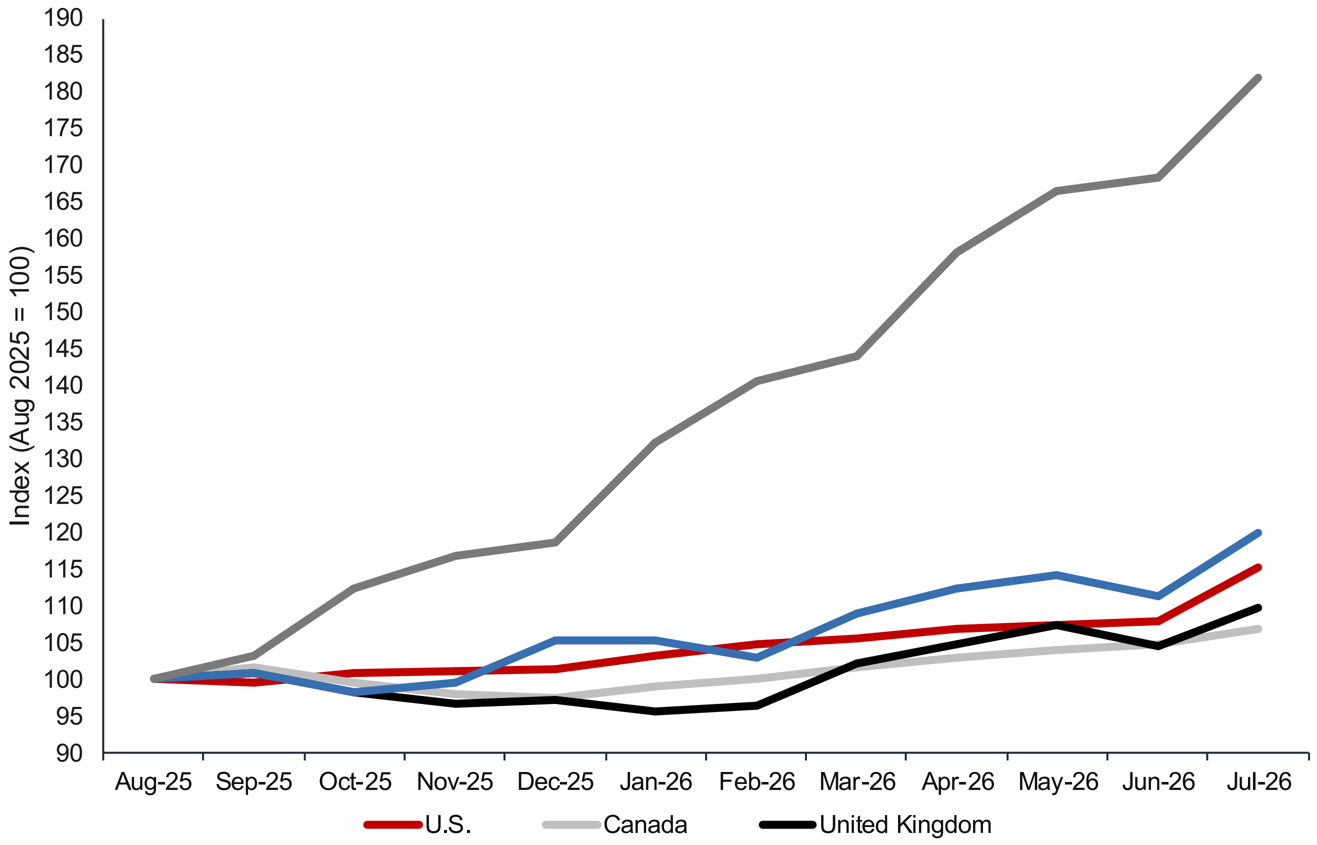
- **Growth: US Resilience Delays the Global Slowdown:** U.S. real GDP grew 2.1% YoY in Q2 2026, down from 2.7% in Q1 as weaker government spending offset firmer consumer demand, while real final sales to private domestic purchasers accelerated to 3.9% from 1.7%. The Euro area expanded 1.0% YoY after 0.5% in Q1 and beat expectations with 0.4% quarterly growth. In Q1, the latest comparable quarter, Canada contracted 0.085% and Japan grew 0.317%, underlining an uneven recovery.
- **Prices: Energy Relief Arrives, Then Reverses:** June disinflation matched future expectations, with US headline CPI falling to 3.50% from 4.20%, core easing to 2.60%, Canada cooling to 2.80% and the UK reaching a 15-month low of 2.60%. Energy drove the decline, as Canadian CPI excluding gasoline held at 2.20% while gasoline itself fell 10.2% MoM. Renewed US-Iran hostilities reversed the trend, lifting Brent to $84 and the Eurozone flash inflation to 2.90%, while US Q2 GDP slowed to 1.5% annualized from 2.1%.
- **Labour: Hiring Slows as Workers Step Back:** US June nonfarm payrolls printed +57,000 with April and May revised down by a combined 74,000, while unemployment held at 4.20% only because participation fell 0.3 points to 61.5%. Canada remained the weak link at 6.50% and the Eurozone at 6.30%, unchanged for a full year. Average hourly earnings rose 3.50%, leaving real wages roughly flat against a 3.50% CPI.
- **Rates: Sovereign Yields Price a Higher-for-Longer Outlook:** July 10-year sovereign yields reached UK 5.05%, US 4.75%, Canada 3.67%, Germany 3.15%, and Japan 2.80%. Positive yield spreads over policy rates remained elevated at UK +130 bps, US +100 bps, Canada +75 bps, and Germany +77 bps, reinforcing expectations that interest rates will remain higher for longer.

Source: Bloomberg, S&P Capital IQ, BLS, Statistics Canada, Atlanta Fed, Cleveland Fed, Federal Reserve, ECB, BoJ, BoC | As of: 07/31/2026

Rate Expectations Lift Global Yields

Indexed 10-Year Sovereign Bond Yields Across Major Economies

Monthly End-of-Period Yield, August 2025–July 2026 (Aug 2025=100)



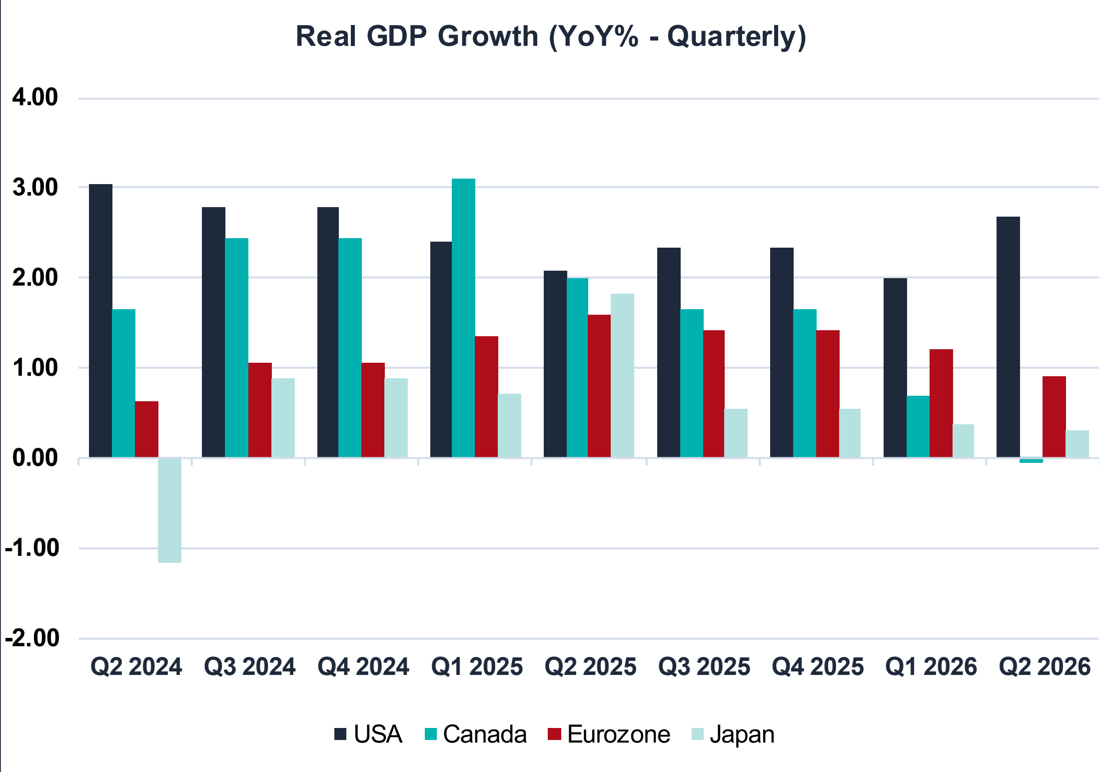
- **Japan Leads the Global Yield Repricing**: In terms of indexed 10-year yield growth, Japan has recorded the largest gains, rising from 100 in August 2025 to 181.9 in July 2026. This suggests the gradual withdrawal by the Japanese central bank of its ultra-loose monetary policy.
- **Higher-for-Longer Expectations Persist**: In July 2026, indexed 10-year yields were 115.3 in the US, 106.9 in Canada, 109.8 in the UK, and 119.9 in Germany. This shows a continuous upward trend suggesting market expectations of persistently high long-term interest rates.
- **Global Bond Yields Continue to Rise**: In July 2026, all five countries were recording yields above August 2025 levels, ranging between 6.9% in Canada and 81.9% in Japan. This shows that the tight financial conditions persisted until July 2026.

Source: Bloomberg Terminal, Federal Reserve Economic Data (FRED), Bank of Canada, Bank of England, Deutsche Bundesbank/European Central Bank, and Bank of Japan.| As of: 07/31/2026

Macro Scorecard (%)	Last	YoY % Chg.	1 Week Prior	1 Month Prior	6 Months Prior	1 Year Prior
US CPI (YoY)	3.50	29.63	3.50	4.20	2.70	2.70
US Unemployment Rate	4.20	2.44	4.20	4.30	4.40	4.10
Caanada CPI YoY	2.80	47.37	2.80	3.20	2.40	1.90
Canada Unemployment Rate (%)	6.50	-5.80	6.50	6.60	6.80	6.90
Eurozone CPI	2.90	45.00	2.80	2.80	2.00	2.00
Eurozone Unemployment Rate (%)	6.30	0.00	6.30	6.30	6.30	6.30
China CPI YoY	1.00	900.00	1.00	1.20	0.80	0.10
Japan CPI Nationwide YoY	1.70	-46.88	1.70	1.50	2.10	3.20
UK CPI (YoY)	2.60	-27.78	2.60	2.80	3.40	3.60

Major Interest Rates (%)

Rate	Last	YoY % Chg.	1 Week Prior	1 Month Prior	6 Months Prior	1 Year Prior
Canada Prime Rate	4.45	-10.10	4.45	4.45	4.45	4.95
US Prime Rate	6.75	-10.00	6.75	6.75	6.75	7.50
Fed Funds Target Rate	3.75	-16.67	3.75	3.75	3.75	4.50
UK Prime Rate	3.75	-11.76	3.75	3.75	3.75	4.25
ECB Benchmark Rate	2.25	12.50	2.25	2.25	2.00	2.00
Japan Prime Rate	2.13	13.30	2.13	2.13	1.88	1.88



Key Upcoming Events - August 2026

Country	Date	Time	Report Name	Period	Previous	Unit
Canada	Friday, August 7, 2026	8:30:00 AM	Employment Change	Jul	18.0	K
United States of America	Friday, August 7, 2026	8:30:00 AM	Non-farm Payrolls	Jul	57.0	K
China	Monday, August 10, 2026	9:30:00 PM	CPI	Jul	1.0	%
United States of America	Wednesday, August 12, 2026	8:30:00 AM	CPI	Jul	3.5	%
Canada	Monday, August 17, 2026	8:30:00 AM	CPI	Jul	2.8	%
United Kingdom	Wednesday, August 19, 2026	2:00:00 AM	CPI	Jul	2.6	%
Japan	Friday, August 21, 2026	7:30:00 PM	CPI	Jul	1.7	%
United States of America	Wednesday, August 26, 2026	8:30:00 AM	Core PCE Price Index	Jul	3.3	%

Source: S&P Capital IQ, BLS, BEA, Statistics Canada, Eurostat, ONS, ECB, BoE, BoC, BoJ, NBS | As of: 07/31/2026

Equities

The Cost of Crowding

Davidson Ajay & Hayder Al-Shammari

The Cost of Crowding

- **U.S. Market — A Flat S&P 500 Hid the Selloff:** The S&P 500 fell only 0.06% because Energy gained 12.60% and Financials rose 6.16%, offsetting weakness in Technology and smaller companies. The S&P 100 gained 0.72%, while mid-caps fell 2.38% and small-caps declined 1.82%. Higher oil prices supported Energy, strong earnings helped banks, and expensive AI-related companies were punished as investors questioned their spending. The Fed's 9–3 decision to hold rates also reinforced the risk of interest rates remaining higher for longer.

- **Global Markets — Investors Became More Selective:** Global indices appeared calm, but investors were moving away from expensive AI and capex-heavy companies because spending was rising faster than visible cash returns. MSCI World was nearly flat, while Emerging Markets fell 9.02%. The less technology-heavy FTSE 100 gained 3.62%, the DAX 2.53% and the CAC 40 1.33%. This was not broad panic; capital rotated toward cheaper markets and companies with more immediate profits and cash flow.

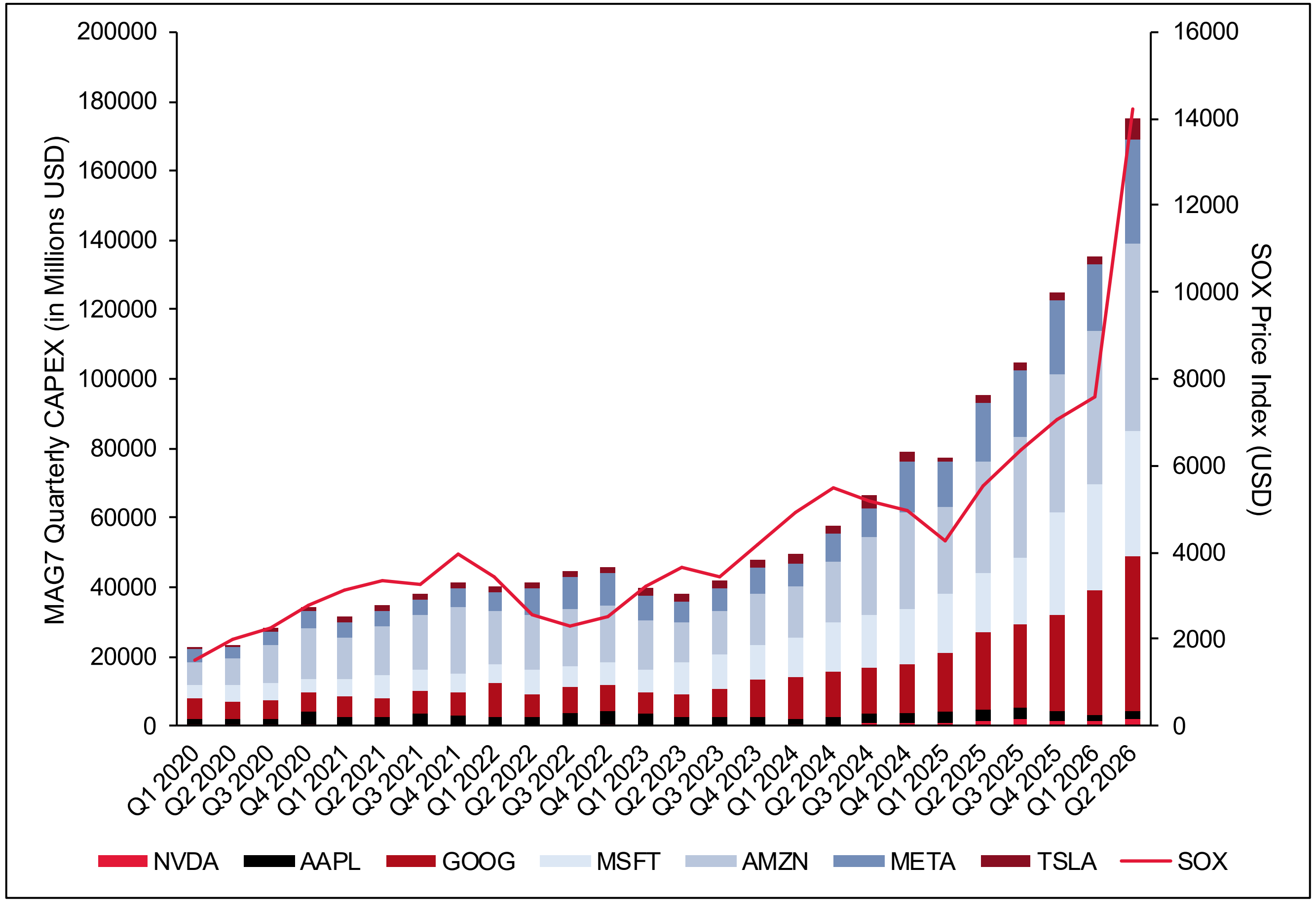
- **Emerging Markets — Korea's Crowded AI Trade Unwound:** MSCI Emerging Markets fell 9.02%, largely because the KOSPI dropped 22.18% after gaining heavily earlier in the year. Samsung and SK Hynix dominate the Korean index, so high valuations, leveraged positions and profit-taking turned a semiconductor correction into a market-wide selloff. China moved in the opposite direction: the Hang Seng gained 13.45%, while CXMT surged 466% on its debut. Investors were not abandoning Asia; they were rotating away from Korea's crowded winners and toward China's state-supported semiconductor growth.

- **Style and Volatility — Investors Now Want Proof of Profitability:** Pure Growth fell 12.52%, Momentum 11.23% and High Beta 10.14%, while Pure Value gained 4.88%. The SOX, which tracks 30 large U.S.-listed semiconductor companies, fell approximately 21% as investors demanded proof that AI spending would produce free cash flow. The VIX declined 2.80% because the overall S&P 500 barely moved, but the MOVE Index rose 15.37% as bond and interest-rate uncertainty increased. Therefore, calm index volatility concealed severe single-stock losses, including Micron's 28.7% decline and SanDisks 46.6% fall.

Source: Bloomberg | As of: 07/31/2026

The Cycle’s New Anchor

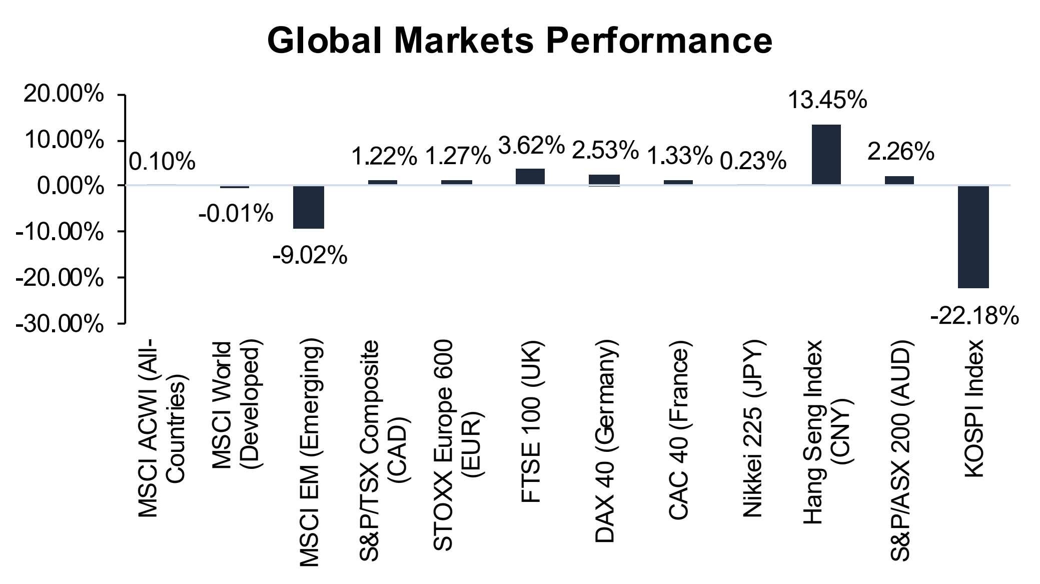
MAG7 CapEx & PHLX Semiconductor Sector Index (SOX)

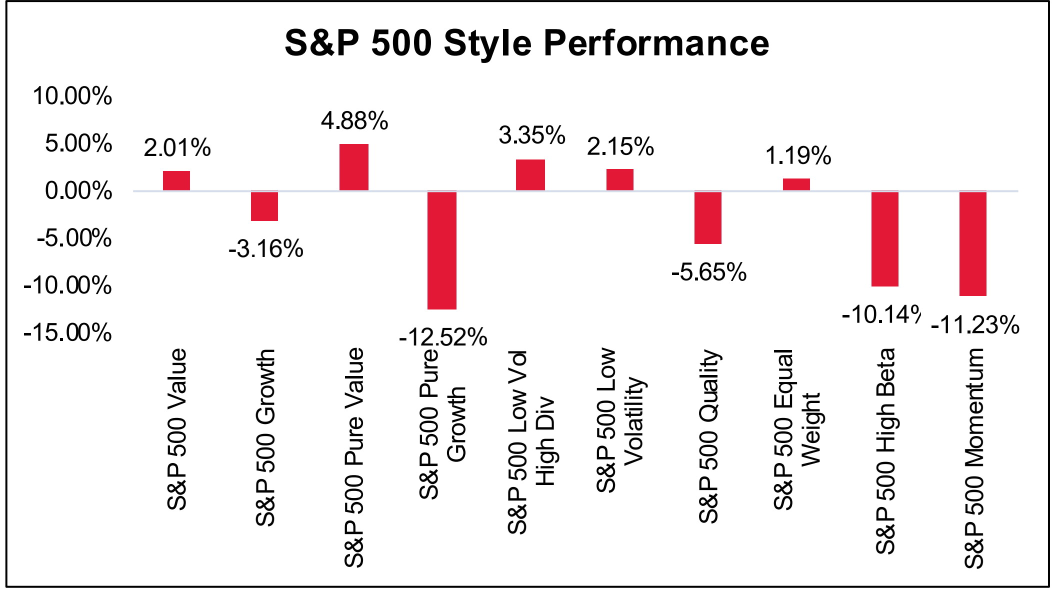


- **AI Spending Became the Semiconductor Cycle’s Anchor:** Magnificent Seven quarterly capex rose from US$22.6 billion in Q1 2020 to US$175.1 billion in Q2 2026, while the SOX climbed from 1,511 to 14,247. This parallel shows the chip cycle is now driven by hyperscaler infrastructure. If AI spending grows, demand for GPUs, memory, networking and chip equipment should support the SOX’s long-term trend.
- **Why the SOX Fell Despite the Strong Outlook:** Q2 capex jumped 83.6% year over year, but strong revenue and EPS growth did not reassure investors. Markets feared spending was rising faster than visible free cash flow, while Korea’s semiconductor collapse intensified concerns around crowded AI trades. The SOX fell approximately 21% in July. This appears to be a short-term repricing, not the end of AI demand, but investors now want proof of sustainable returns.

Source: Bloomberg | As of: 07/31/2026

S&P 500 Sectors	WTD	MTD	QTD	YTD	2025	2024
Info Tech	-0.11%	-3.43%	8.35%	15.65%	24.04%	36.61%
Financials	1.07%	6.16%	9.63%	4.77%	14.97%	30.50%
Healthcare	-0.01%	2.40%	11.89%	5.96%	14.60%	2.58%
Consumer Staples	1.15%	2.10%	-0.64%	10.31%	3.90%	14.87%
Consumer Discretionary	8.30%	0.82%	-1.41%	0.04%	6.04%	30.14%
Industrials	-1.58%	-3.01%	3.21%	16.54%	19.27%	17.30%
Communication Services	5.37%	0.58%	-8.09%	1.39%	33.56%	40.23%
Materials	-1.72%	-1.65%	-2.28%	10.12%	10.54%	-0.04%
Energy	-0.16%	12.60%	0.96%	34.74%	8.68%	5.72%
Real Estate	-2.20%	2.52%	2.30%	14.33%	3.15%	5.23%
Market Cap	**WTD**	**MTD**	**QTD**	**YTD**	**2025**	**2024**
S&P 500	1.06%	-0.06%	4.19%	10.12%	17.86%	25.00%
S&P 100 (Mega Cap)	1.50%	0.72%	4.17%	8.18%	20.14%	30.95%
S&P 400 (Mid Cap)	-0.66%	-2.38%	3.60%	14.53%	7.48%	13.89%
S&P 600 (Small Cap)	0.50%	-1.82%	6.44%	21.72%	5.99%	8.64%
Style	**WTD**	**MTD**	**QTD**	**YTD**	**2025**	**2024**
S&P 500 Value	0.16%	2.01%	4.06%	10.18%	13.19%	12.27%
S&P 500 Growth	0.37%	-3.16%	2.83%	8.45%	22.14%	36.04%
S&P 500 Pure Value	0.44%	4.88%	8.04%	17.20%	17.73%	12.78%
S&P 500 Pure Growth	-1.46%	-12.52%	2.95%	20.08%	13.68%	28.80%
S&P 500 Low Vol High Div	-0.81%	3.35%	5.18%	12.48%	3.66%	18.34%
S&P 500 Low Volatility	-1.07%	2.15%	3.21%	8.45%	4.34%	14.22%
S&P 500 Quality	0.28%	-5.65%	5.19%	14.03%	13.39%	25.70%
S&P 500 Equal Weight	0.83%	1.19%	6.37%	13.45%	11.40%	12.98%
S&P 500 High Beta	-0.91%	-10.14%	4.15%	20.15%	33.20%	8.74%
S&P 500 Momentum	-2.09%	-11.23%	7.48%	20.83%	26.83%	45.96%
CBOE Volatility Index (^VIX)	-13.94%	-2.80%	-5.33%	6.96%	-13.83%	39.36%
MOVE Index	8.07%	15.37%	15.19%	29.80%	-35.26%	-13.80%
Global Market	**WTD**	**MTD**	**QTD**	**YTD**	**2025**	**2024**
MSCI ACWI (All-Countries)	1.37%	0.10%	4.51%	11.60%	22.90%	18.03%
MSCI World (Developed)	0.69%	-0.01%	3.88%	9.94%	21.63%	19.23%
MSCI EM (Emerging)	-3.96%	-9.02%	-1.55%	12.74%	34.33%	7.91%
S&P/TSX Composite (CAD)	-0.32%	1.22%	4.29%	12.56%	31.71%	21.66%
STOXX Europe 600 (EUR)	0.74%	1.27%	7.33%	12.36%	20.65%	9.62%
FTSE 100 (UK)	1.23%	3.62%	5.37%	11.48%	25.74%	9.59%
DAX 40 (Germany)	2.11%	2.53%	5.50%	4.65%	23.01%	18.85%
CAC 40 (France)	1.64%	1.33%	6.82%	7.14%	14.28%	0.92%
Nikkei 225 (JPY)	-0.11%	0.23%	7.53%	18.91%	25.10%	21.20%
Hang Seng Index (CNY)	3.69%	13.45%	2.02%	2.99%	32.50%	22.90%
KOSPI Index	-1.40%	-22.18%	0.05%	57.55%	79.19%	-8.00%





Source: Bloomberg | As of: 07/31/2026

Fixed Income

Policy Divergence, Widening Credit, Shrinking Supply

Jay Savani & Nadeesha Abeyratne

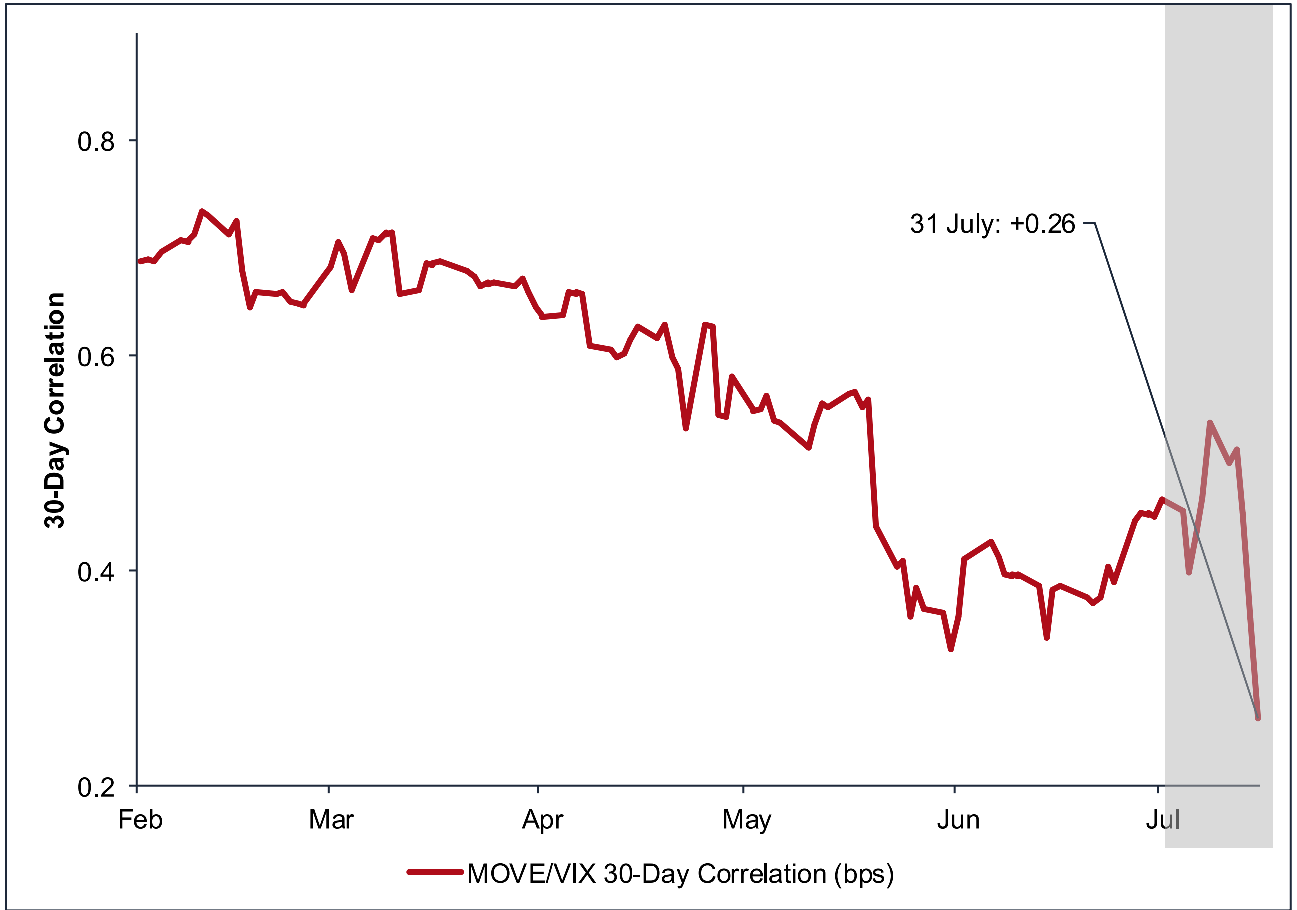
Hawkish Everywhere, Only Carry Paid

- **Hawkish Hold Lifts Curves Worldwide:** The FOMC held at 3.5% to 3.75%, but three members dissented for a hike. Treasuries sold off across the curve, with the 10Y rising 19.9 bps to 4.665% and the 30Y closing at 5.208%, its longest stretch above 5% since 2007. Fiscal supply intensified long-end selling and raised term compensation. Canada followed, with its 10Y up 28.2 bps as the BoC held. US OIS now prices a 71.4% September hike.
- **Credit Widens and the Primary Market Shuts:** US IG OAS widened 4.9 bps to 78.4 and Liquid HY 12.0 bps to 294.3, reversing an early-July tightening. Weakness was concentrated lower in the credit stack, with Caa widening 70.5 bps versus 12.5 for Ba and 3.3 for B. Issuers withdrew rather than pay the new clearing level, IG supply falling 29% to $152.8B and high yield 53% to $18.0B, the thinnest month of the trailing year.
- **Europe Turns Hawkish and Gilts Lead the Selloff:** The ECB held at 2.25% but markets now price an 89.5% September hike, with the curve peaking at 2.78% in April 2027 before turning down, already pricing the reversal. 10Y Bunds rose 30.8 bps to 3.166% and Euro HY widened 12.7 bps to 272.6. Gilts fared worst, the 10Y reaching 5.035%, the highest in the G7, after the 20 July change of prime minister renewed fiscal doubts.
- **Carry Paid, Duration Did Not:** Positive returns were scarce, led by EM local currency at +0.81% and US leveraged loans at +0.79%, which also tightened 5.7 bps. Everything with duration lost, US Corporate -1.48%, Long Treasury -3.39% and municipals -1.72%. Securitized held up best, agency MBS widening 1.7 bps to 26.1 for -0.92% and CMBS 2.8 bps to 279.1 for just -0.06%.
- **Japan Intervenes, EM Spreads Widen Anyway:** Intervention coordinated with Washington strengthened the yen 3.5% after it reached a 40-year low, raising the risk of a yen-carry unwind. EM credit nevertheless widened, HY +17.7bps and IG +8.8bps, while local-currency debt still returned +0.81% on carry and limited new supply.

Source: Bloomberg | As of: 07/31/2026

Bonds and Equities Stop Agreeing

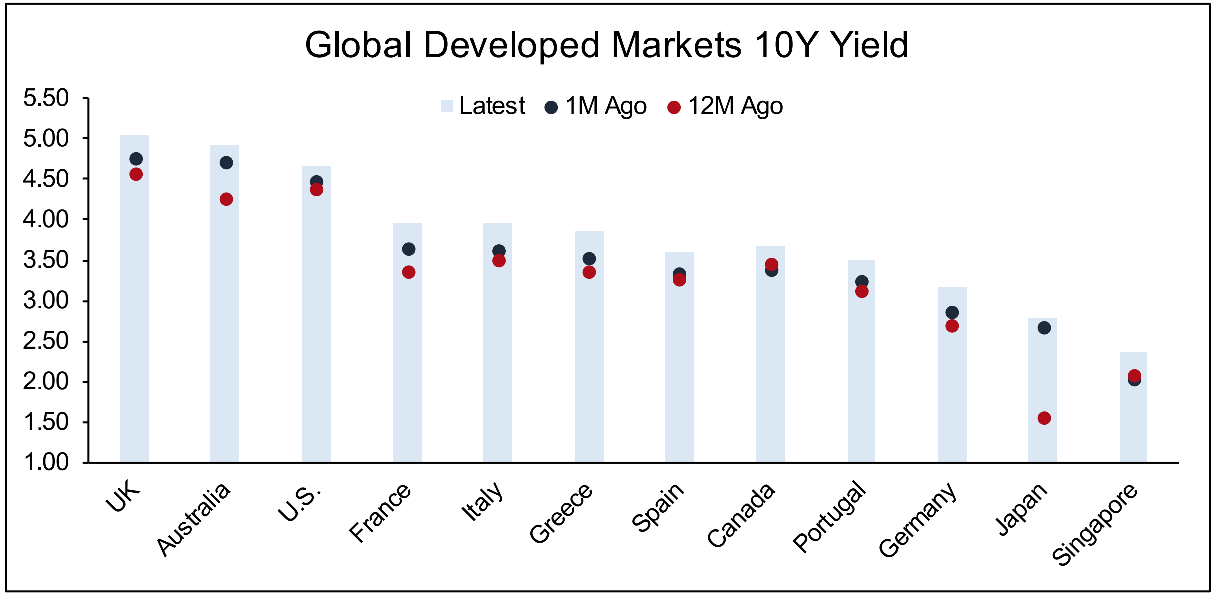
MOVE/VIX Index Co-Movement Weakened in July



- **The Cross-Asset Link Is Fading:** 30-day MOVE/VIX correlation fell at every month-end from +0.73 in February to +0.26 in July. Rates and equity risk are no longer moving in lockstep.
- **Equities Shook It Off; Rates Did Not:** VIX briefly hit 20.7 on July 29 but closed at 15.99. MOVE finished at 83.02, up 15.4% on the month.
- **Credit Did Not Share the Equity Calm:** CDX IG widened 1.8bps to 52.85 bps and CDX HY widened 6.6 bps to 312.32 bps, while VIX closed lower at 15.99. Credit hedging became more expensive even as equity hedging became cheaper.
- **The Test Now:** Either VIX re-engages with MOVE, confirming broader risk repricing, or MOVE retreats, marking July as a rates-specific volatility shock.

Source: Bloomberg | As of: 07/31/2026

Index Name	YTM (%)	OAS (bps)	Duration (yrs.)	1-Mo. (%)	YTD (%)	1Y (%)
U.S.						
U.S. Aggregate	4.93	27.62	5.91	-1.02	-0.21	3.00
U.S. Treasury	4.53	-0.17	5.76	-0.88	-0.43	2.21
U.S. Long Treasury	5.21	-0.27	14.01	-3.39	-2.41	0.31
U.S. Short Treasury	3.85	0.72	0.37	0.32	2.01	3.91
US Treasury Floating Rate	3.89	19.64	0.01	0.34	2.27	4.05
U.S. MBS	5.21	26.10	5.62	-0.92	0.29	4.66
U.S. CMBS	7.18	279.06	2.96	-0.06	2.31	5.85
U.S. TIPS	4.62	3.48	6.52	-0.59	0.73	2.69
U.S. Municipal Bond	3.91	-	6.38	-1.72	0.52	5.41
U.S. IG CREDIT (BY RATING)						
U.S. IG Corporate	5.43	78.44	6.75	-1.48	-0.40	2.73
U.S. Liquid IG	5.95	98.42	7.62	-2.06	-1.13	2.01
Aaa	5.32	41.90	10.39	-2.85	-2.40	0.09
Aa	5.33	60.20	7.73	-2.26	-1.70	0.86
A	5.31	66.35	6.73	-1.38	-0.40	2.77
Baa	5.62	97.74	6.61	-1.45	-0.12	3.24
U.S. HIGH YIELD & LOANS						
U.S. Liquid High Yield	7.47	294.25	2.99	-0.25	1.59	4.99
Ba	6.45	167.09	3.54	-0.35	1.64	5.32
B	7.86	283.19	2.99	0.02	2.18	5.82
Caa	13.10	815.43	2.89	-0.58	1.06	4.18
Ca-D	39.25	3482.08	2.67	-0.56	-10.04	-18.09
U.S. Leveraged Loans	8.86	477.38	0.25	0.79	2.08	3.90
EUROPE						
Euro Aggregate	3.44	43.74	6.19	-1.47	0.06	0.20
Euro Treasury	3.38	32.89	6.96	-1.70	-0.13	-0.21
Euro High Yield	5.93	272.64	3.12	-0.29	1.50	2.84
Euro Leveraged Loans	7.94	499.67	0.25	0.09	2.01	3.45
Sterling Aggregate	5.09	17.36	7.35	-1.57	-0.96	1.53
ASIA & EMERGING MARKETS						
Asian-Pacific Aggregate	2.36	5.70	6.79	-0.78	2.43	5.24
Japan Govt Bond (JGB)	2.44	-0.96	7.99	-0.63	-3.48	-6.01
Asian-Pacific Japan 10+	3.55	0.20	15.83	-1.41	-8.57	-13.15
China Aggregate	1.61	11.38	5.74	0.32	2.30	2.17
EM Investment Grade	5.51	91.61	6.32	-1.53	-0.74	3.08
EM High Yield	7.71	310.72	5.29	-0.91	3.35	10.21



Index Name	YTM (%)	OAS (bps)	Duration (yrs.)	1-Mo. (%)	YTD (%)	1Y (%)
GLOBAL						
Global Aggregate	3.98	28.26	6.23	-0.43	-0.51	1.70
Global Treasuries	3.63	7.55	6.73	-0.24	-1.04	0.20
Global Credit	4.79	72.09	5.91	-0.92	-0.65	2.53
Global Corporate	4.94	80.24	5.87	-0.94	-0.60	2.57
Global High Yield	7.38	291.52	3.87	-0.34	1.77	6.38
Global Leveraged Loans	8.65	482.44	0.25	0.77	1.57	3.91
Global Securitized	4.81	30.12	5.26	-0.76	-0.07	4.07
CANADA						
Canada Aggregate	3.74	38.07	7.09	-1.17	1.31	2.86
Canada Treasury	3.29	0.10	6.53	-0.96	1.13	2.22
Canada Long Treasury	3.92	-0.12	16.70	-3.14	0.91	0.15
Canada Corporate	4.17	88.97	5.49	-0.90	1.42	3.31
Canada Provincial	4.07	51.02	9.59	-1.78	1.40	3.15
Canada Municipal	4.24	65.52	9.40	-1.70	1.60	3.73
Canada Aaa	3.31	4.06	6.09	-0.86	1.19	2.47
Canada Baa	4.30	101.98	5.27	-0.80	1.65	3.82

Source: Bloomberg | As of: 07/31/2026

Commodities

Hormuz Reignites, Warsh Holds Firm

Daksh Singh

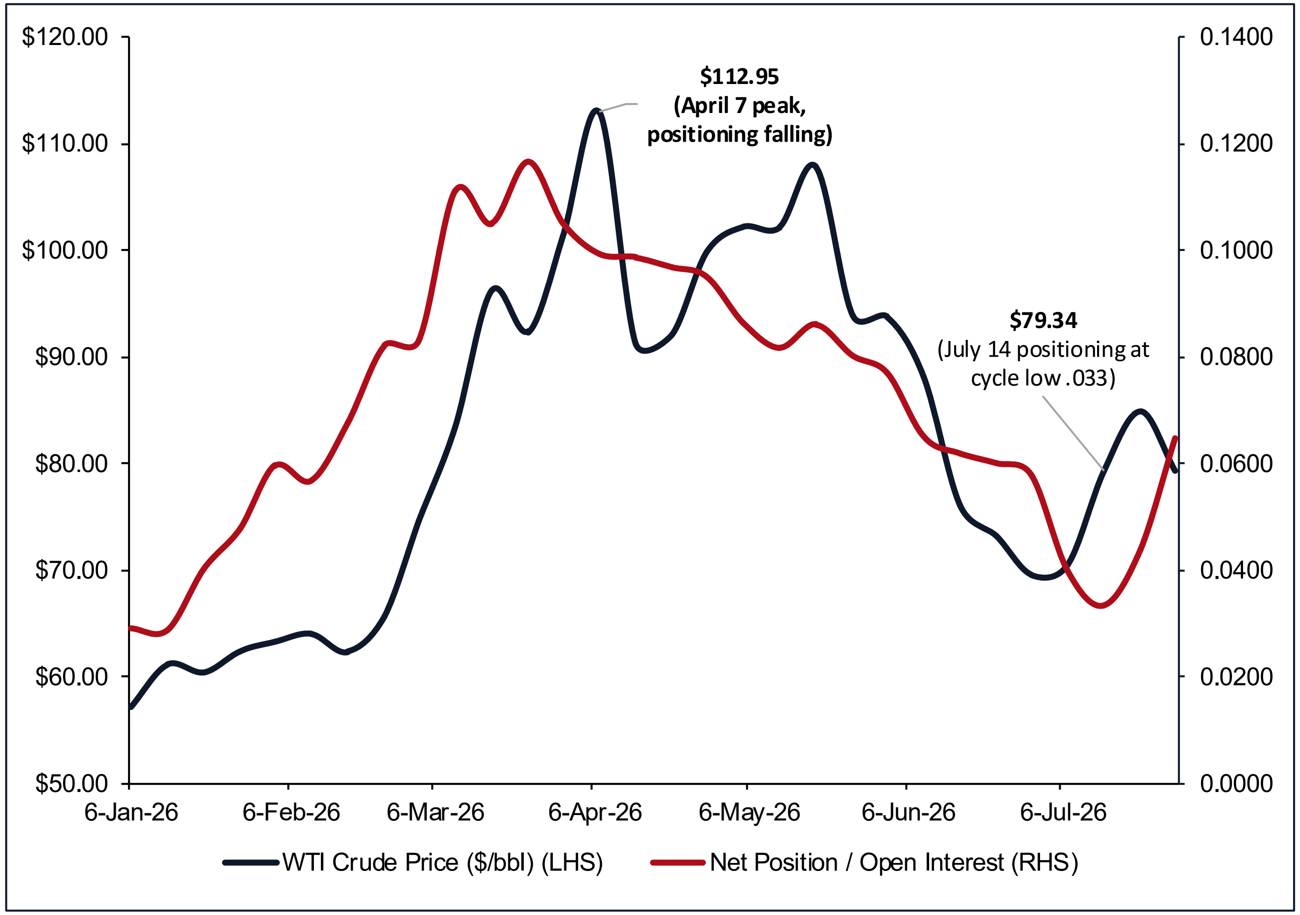
Hormuz Reignites, Warsh Holds Firm

- **War Premium Returns as Diplomacy Collapses:** Renewed US-Iran strikes beginning July 6 reopened the war premium the Islamabad Memorandum had unwound in June, driving the S&P GSCI to 683.74, up 10.74% MTD and 24.77% YTD, led by a 20.19% MTD advance in energy. The Fed held rates on July 29 despite three dissenting votes for a hike.
- **Renewed Strikes Reopen the Strait Risk Premium:** WTI surged 21.89% MTD to $83.59/bbl. and Brent climbed 24.40% MTD to $89.03/bbl. after Iran's Revolutionary Guard attacked shipping in the Strait of Hormuz in early July, prompting a fresh US bombing campaign that continued through late July. Gasoline rose a smaller 11.53% MTD, a gap that points to supply risk rather than stronger demand driving the move.
- **Tariff Positioning and AI Demand Keep Base Metals Bid:** Copper rose 3.79% MTD to $13,803/mt. as traders continued pricing in the pending Section 232 tariff decision on refined copper, pulling metal into COMEX warehouses ahead of the ruling. Aluminium gained 3.88% MTD and nickel gained 5.59% MTD, both supported by steady AI-linked electrification demand even as a firmer dollar capped gains. Nickel's move mirrored the broader complex.
- **Gold Grinds Higher as DXY Slides:** Gold added 0.43% MTD to $4,100.10/oz, drawing modest support from renewed Middle East hostilities even as the Fed's hold kept real yields elevated, with DXY pulling back to 99.80 (-1.57% MTD). Silver fell 1.78% MTD given its heavier industrial-demand link, while palladium (+6.93% MTD) and platinum (+4.49% MTD) outperformed on tighter supply. Markets now price meaningful odds of a September hike.
- **Black Sea Risk Drives Wheat to the Complex's Best Month:** Wheat led agriculture at +12.08% MTD to 663.50¢/bu. as intensifying Russia-Ukraine fighting disrupted Black Sea shipping, adding to the smallest US winter wheat harvest since 1957 flagged in USDA's July WASDE. Corn (+5.88% MTD) and soybeans (+4.53% MTD) advanced alongside wheat as USDA trimmed old-crop stocks. Live cattle fell 4.38% MTD despite record-tight US herd levels.

Source: Bloomberg, Capital IQ, IEA, EIA | As of: 07/31/2026

Hormuz Reignites, Warsh Holds Firm

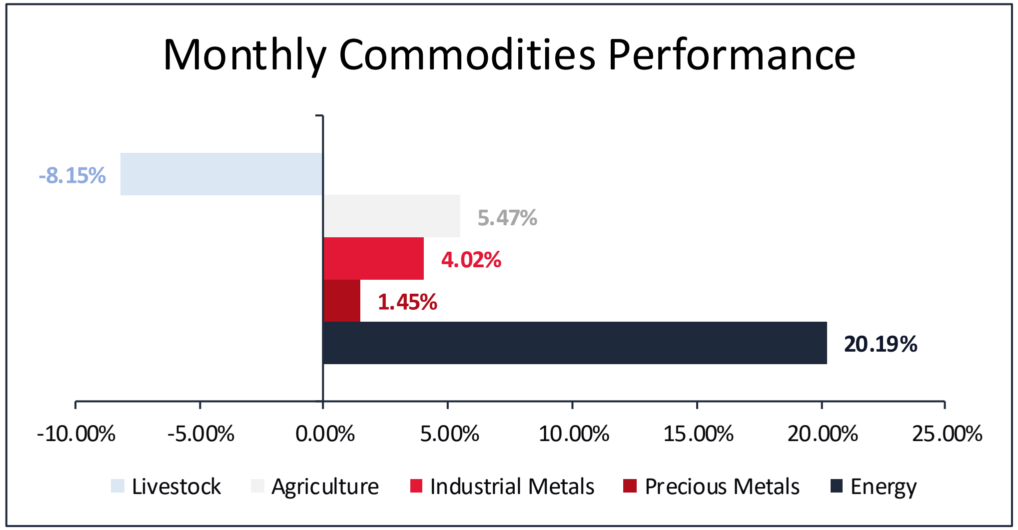
Net Position / Open Interest vs. WTI Crude Prices

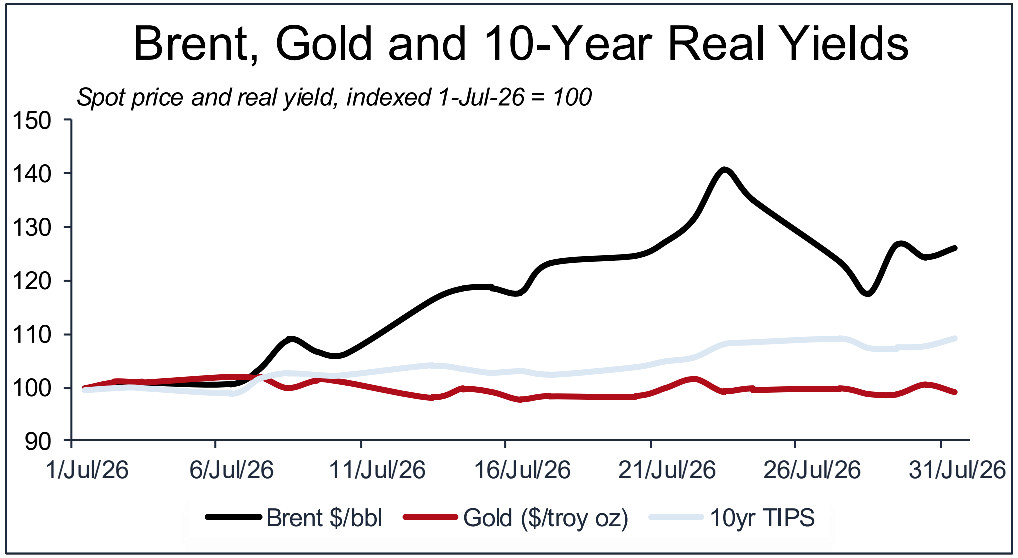


- **Rally Running on Thin Conviction:** Net speculative length fell to a cycle low of 0.033 on July 14, even as WTI held near $79 - barely off its earlier lows. That's a break from April, when positioning rolled over well before price peaked at $112.95.
- **Positioning Diverges From Price:** Positioning built alongside price through February and March, then broke away at the April 7 peak as length was pared back. It bottomed through mid-July as the Islamabad MOU unwind played out, before rebuilding to 0.065 by July 28 on renewed strikes, pointing to fresh re-engagement rather than short covering.
- **Forward-Looking Tail Risk:** Thin positioning cuts both ways: it limits how far a rally can extend, but limits how much needs to unwind if tensions ease. The more likely path into Q3 is another fast round-trip, not a durable break to a higher plateau.

Source: Bloomberg, Capital IQ | As of: 07/31/2026

INDEX	Price	Daily	Daily %	MTD%	YTD%
Headline Indices					
S&P GSCI	683.74	-3.26	-0.47%	10.74%	24.77%
Dow Jones Cmdty Index	349.94	2.69	0.78%	12.75%	28.56%
MSCI Global Energy Index	652.90	-0.06	-0.01%	7.84%	26.39%
Commodity Sectors					
Energy	306.63	-4.23	-1.36%	20.19%	50.50%
Precious Metals	5494.08	84.23	1.56%	1.45%	-5.42%
Industrial Metals	601.86	6.76	1.14%	4.02%	8.45%
Agriculture	386.04	-0.86	-0.22%	5.47%	9.94%
Livestock	493.60	1.58	0.32%	-8.15%	-2.83%
Energy					
NYM WTI Crude ($/bbl)	83.59	-0.87	-1.03%	21.89%	45.83%
ICE Brent ($/bbl)	89.03	-1.71	-1.88%	24.40%	46.55%
NYMEX Henry Hub Natural Gas ($/MMBtu)	2.76	0.03	1.21%	-14.35%	-23.77%
NYM Gasoline ($/gal)	328.47	-11.31	-3.33%	11.53%	93.42%
Metals					
Precious					
Gold ($/troy oz)	4100.10	63.80	1.58%	0.43%	-5.30%
Silver ($/troy oz)	59.02	1.15	1.99%	-1.78%	-16.90%
Palladium ($/troy oz)	1308.20	56.00	4.47%	6.93%	-22.66%
Platinum ($/troy oz)	1660.20	70.10	4.41%	4.49%	-21.90%
Industrial					
Copper ($/mt)	13803.00	222.00	1.63%	3.79%	10.69%
Aluminium ($/mt)	3195.50	15.50	0.49%	3.88%	5.97%
Nickel ($/mt)	17270.00	133.00	0.78%	5.59%	2.68%
Agriculture					
Corn (¢/bu)	445.75	-3.25	-0.72%	5.88%	1.89%
Soybeans (¢/bu)	1,177.25	-0.75	-0.06%	4.53%	14.35%
Wheat (¢/bu)	663.50	2.75	0.42%	12.08%	31.00%
Cocoa ($/mt)	5,112.00	-73.00	-1.41%	2.12%	-12.93%
Live Cattle (¢/lb)	231.23	3.32	1.46%	-4.38%	-2.02%





Source: Bloomberg, Capital IQ | As of: 07/31/2026

FX

Asia Becomes Dollar Pressure Point

Varen Desai & Hojin Choi

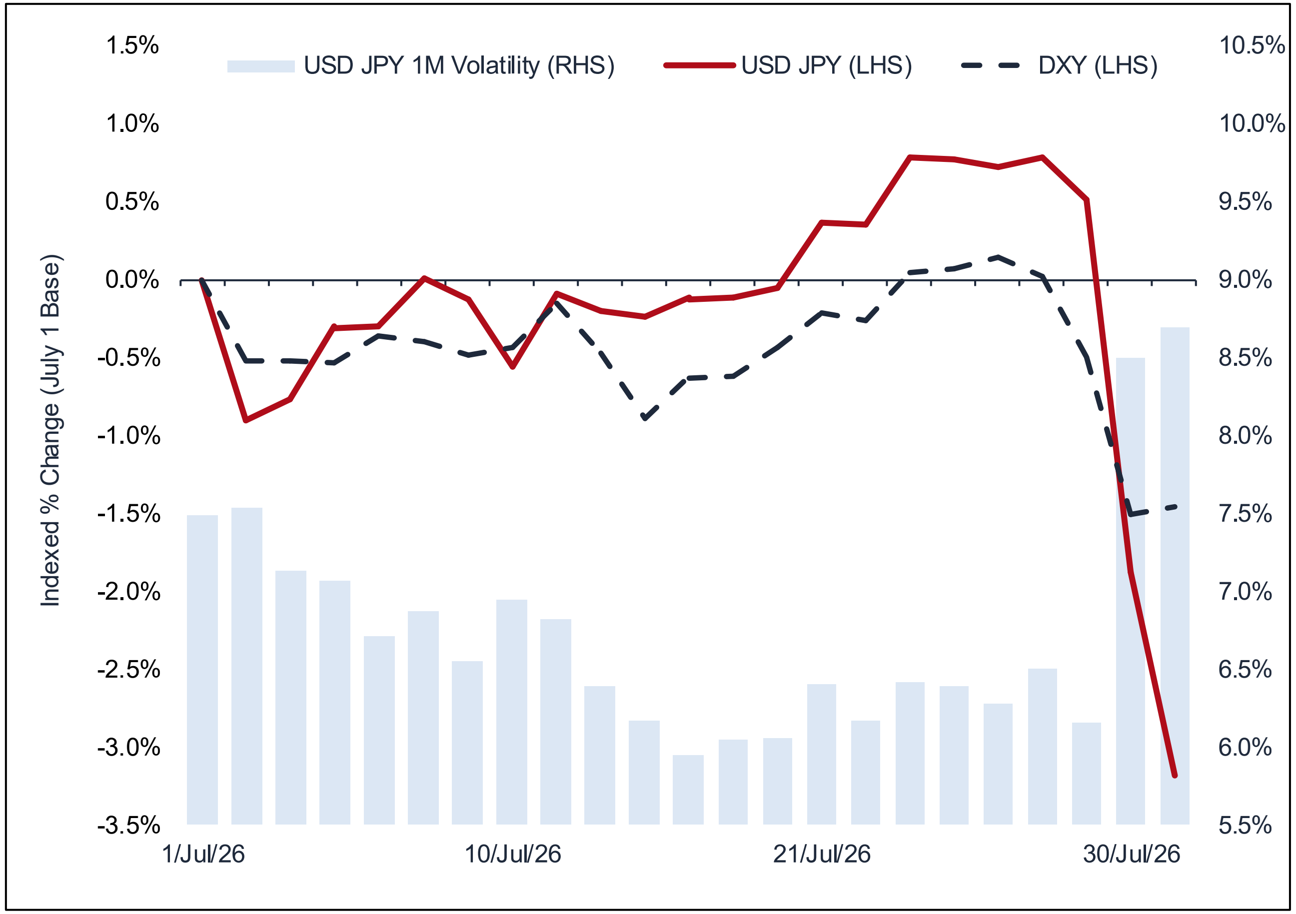
Asia Becomes Dollar Pressure Point

- **Dollar Repricing Meets Yen Intervention Risk:** July was a hard month for the US Dollar as DXY fell 1.3% to 99.83, its lowest since April, after the Fed held rates for a fifth straight meeting. Pressure was concentrated in Asia, where JPY and KRW diverged, with their monthly correlation moving from +0.9 to -0.6. The yen remains driven by rate differentials, while won strength was explained more by domestic dollar supply.
- **USDJPY (157.40):** USDJPY rose to 163.98, a 40-year high, as the 2.5pp Fed–BoJ policy gap and UST 10-year yields at 4.75% sustained carry trades. The July trigger was domestic: on July 7, reports that the government's draft Basic Policy discouraged BoJ hikes pushed 10-year JGB yields above 2.86%, a 30-year high, while the yen weakened. This was a fiscal-credibility signal, as JGB break evens eased from 2.32% to 2.02%. Brent rising over 20% added import pressure. On July 30, USDJPY dropped from ~163 to 157.96 in an hour after Nikkei and Bloomberg reported MoF intervention and a NY Fed rate check, though nothing was officially confirmed. The pair recovered above 160 within hours and stabilized after the BoJ kept rates at 1.00% on July 31, upgraded its outlook, and signalled a September hike
- **USDKRW (1,442.96):** The won reversed from 1,555.8 on July 2, its weakest since March 2009, to the 1,440s by month-end, a 6–7% gain and the strongest among major currencies. On July 16, the BOK raised rates 25 bps to 2.75%, its first hike since January 2023, citing export-led growth, above-target inflation (June CPI 3.2%), and financial stability risks. Policy helped sentiment but was not the main driver: roughly USD 25.6bn in SK Hynix ADR proceeds converted into won, alongside foreign investors becoming net buyers of Korean equities, supplied dollar selling
- **USDCAD (1.40):** USDCAD eased from 1.42 to 1.4021, a 1.2% CAD gain, as Brent's 20%+ rally lifted Canada's terms of trade, the same oil shock that pressured the yen. The BoC held at 2.25% on July 15 for a sixth straight meeting, calling inflation above 3% oil-driven, with ex-gasoline near 2%, and noting growth had resumed after a year of stalling. Preliminary Q2 growth annualised at 3.4%.

Source: Bloomberg, Capital IQ | As of: 07/31/2026

USD/JPY: The Joint Intervention

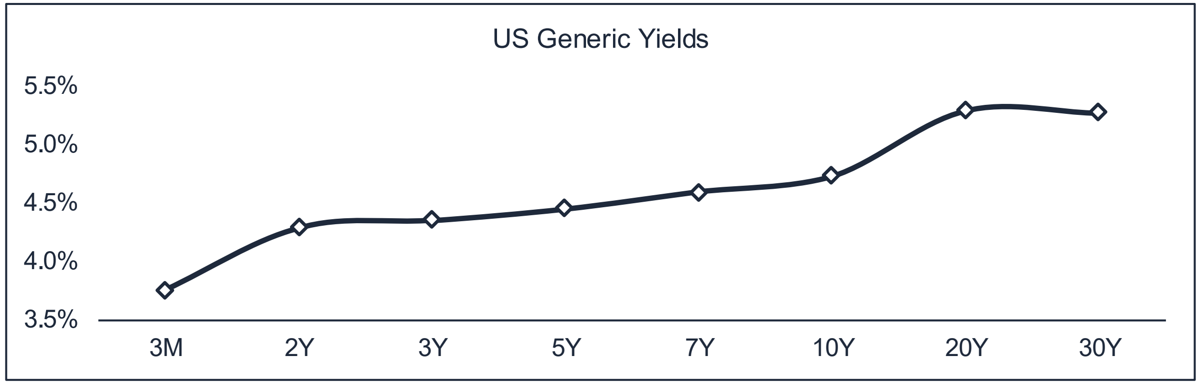
USD/JPY vs. DXY & 1M Implied Vol (July 2026)



- **First joint US-Japan FX intervention since 2011**: Japan bought yen unilaterally on July 30 (~$59B), and the U.S. Treasury joined on July 31 after the yen hit a 40-year low near ¥164, snapping from ¥163 to ¥158 in under an hour
- **JPY broke sharply from G10 peers, not a rate story**: USD/JPY moved ~3.5pp off its monthly base while EUR/USD and USD/CAD stayed within ±1.5%; BOJ held rates unchanged (8-1 vote) and the 2Y yield differential barely moved, confirming intervention drove the move, not policy expectations
- **Vol confirms the surprise**: 1-month implied vol on USD/JPY spiked to its high for the month over the same window, consistent with a market caught offside rather than repricing gradually

Source: Bloomberg | As of: 07/31/2026

2Y Sovereign Yield Differentials					
	Last	1 Week Prior	1 Month Prior	6 Months Prior	1 Year Prior
USD CAD	1.38	1.43	1.23	0.89	1.18
EUR USD	-1.47	-1.50	-1.41	-1.35	-1.93
USD JPY	2.81	2.82	2.64	2.31	3.04
USD CNY	3.04	3.07	2.81	2.11	2.41
USD CHF	4.15	4.12	3.95	3.56	3.90
AUD USD	0.22	0.39	0.53	0.58	-0.57
NZD USD	-0.69	-0.55	-0.52	-0.76	-0.50
GBP USD	0.11	0.08	0.29	0.24	0.05



Spot Rates					
	Last	1 Week Prior	1 Month Prior	6 Months Prior	1 Year Prior
USD CAD	1.4021	1.4096	1.4196	1.3613	1.3856
EUR USD	1.1527	1.1370	1.1422	1.1851	1.1415
USD JPY	157.4000	163.8300	162.5500	154.7800	150.7500
USD CNY	6.7531	6.7711	6.7870	6.9569	7.2000
USD CHF	0.8075	0.8182	0.8084	0.7730	0.8123
AUD USD	0.7019	0.6979	0.6919	0.6964	0.6425
NZD USD	0.5879	0.5793	0.5678	0.6021	0.5890
GBP USD	1.3483	1.3325	1.3262	1.3686	1.3207

Forecasts					
	Q3 26	Q4 26	Q1 27	Q2 27	Q3 27
USD CAD	1.40	1.39	1.38	1.37	1.35
EUR USD	1.15	1.16	1.17	1.18	1.21
USD JPY	160.00	158.00	157.00	155.00	145.00
USD CNY	6.76	6.70	6.70	6.69	#N/A N/A
USD CHF	0.81	0.80	0.80	0.80	0.75
AUD USD	0.70	0.71	0.72	0.72	0.73
NZD USD	0.58	0.59	0.60	0.61	0.58
GBP USD	1.33	1.34	1.34	1.35	1.36

1 Month Implied Volatility					
	Last	1 Week Prior	1 Month Prior	6 Months Prior	1 Year Prior
USD CAD	3.9875	4.1625	4.7000	6.1275	4.9650
EUR USD	5.1650	5.3150	5.5700	7.2625	7.3125
USD JPY	8.6925	6.3900	7.8400	9.9225	9.1375
USD CNY	1.9900	2.1100	2.5850	2.8450	2.8350
USD CHF	6.7625	6.5450	6.7600	9.0725	7.4675
AUD USD	7.2600	7.1900	7.6900	10.5150	8.8575
NZD USD	7.6650	7.5600	8.1500	10.3975	8.7900
GBP USD	5.5475	5.9875	6.4050	7.2075	6.9025

3 Month Implied Volatility					
	Last	1 Week Prior	1 Month Prior	6 Months Prior	1 Year Prior
USD CAD	4.2325	4.3275	4.6425	6.0300	5.1550
EUR USD	5.3550	5.4300	5.4950	7.1350	7.2900
USD JPY	8.0025	7.0450	7.9550	9.6400	9.7425
USD CNY	2.3650	2.4350	2.7150	3.2500	3.5000
USD CHF	6.8275	6.7575	6.8350	8.7600	7.6325
AUD USD	7.4900	7.4750	8.0350	9.9875	9.0700
NZD USD	7.7950	7.8000	8.2200	9.9225	9.1450
GBP USD	6.0900	6.3525	6.4800	7.3075	7.1900

Source: Bloomberg | As of: 07/31/2026

Alternatives

Exits Surge, Concentration Bites Back

Gopal Vasir & Bhuvanjot Singh

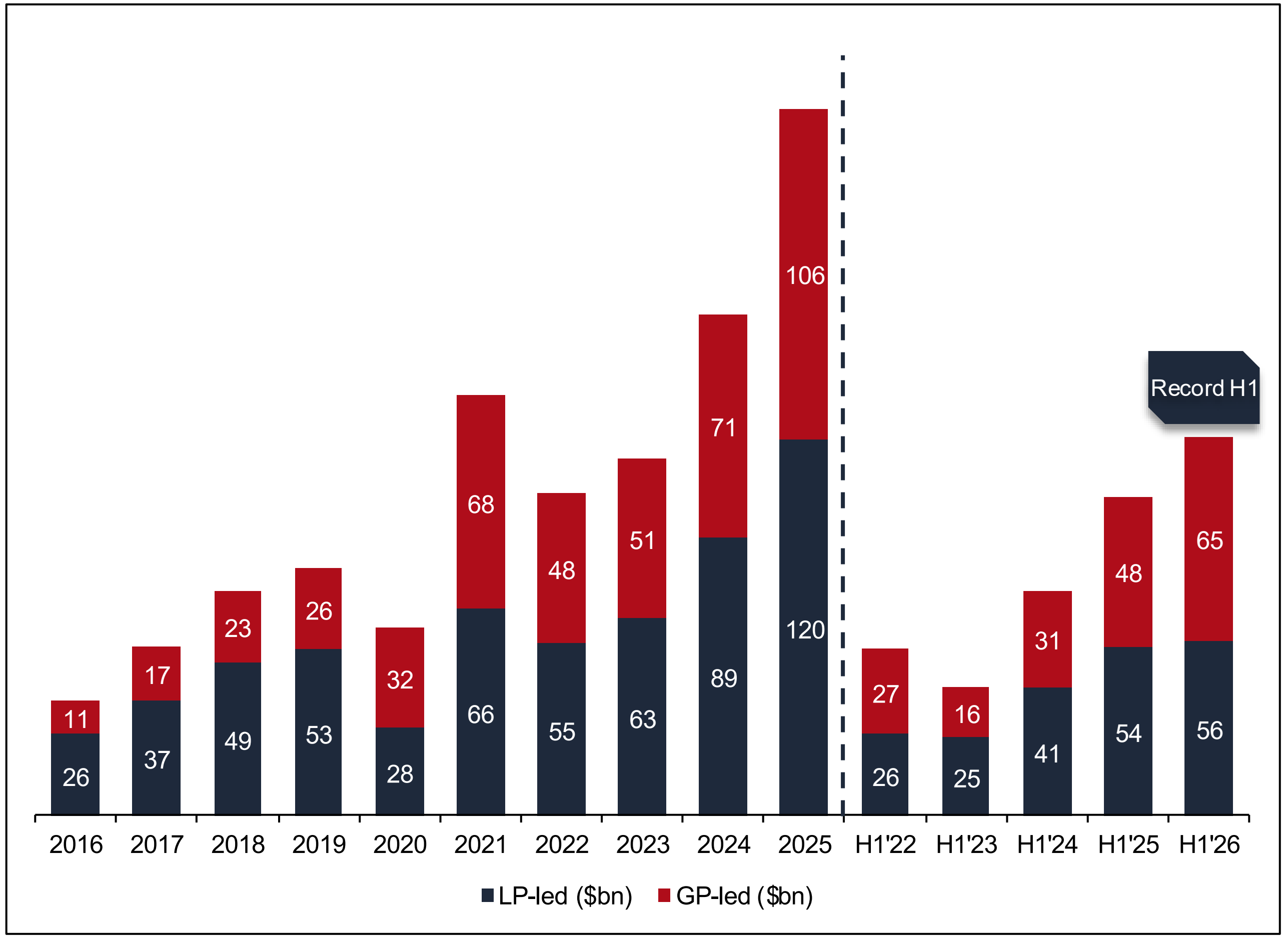
Exits Surge, Concentration Bites Back

- **Barbell Month for Alternatives:** July marked the first genuine stress test of the AI trade, as record liquidity events collided with a late-month semiconductor selloff that repriced the exit pipeline. Venture posted historic exits on SpaceX's listing while PE dealmaking hit multi-year lows, and capital continued consolidating toward scale incumbents across every strategy.
- **Private Equity & VC – Exits Diverge Sharply:** Global PE deal value fell 22.6% QoQ to $419.9B – the lowest since Q2 2023 – as US exits dropped 46% to $102.6B on a 63% collapse in corporate M&A and a decade-low sponsor-to-sponsor count, pushing sponsors toward IPOs, which rose to 31% of exit value. VC told a different story: H1 exits reached $2.19 trillion, exceeding the prior decade's total, but experienced managers captured a record 89% of fund commitments as LPs starved emerging firms of capital.
- **Private Credit – Redemptions Test Evergreen Structures:** Evergreen credit vehicles hit their first real redemption wave in July as software-loan fears drove outflows, with returns slowing to just 0.9% through April; over 10% of BDC-held companies showed credit stress, pushing lenders to tighten underwriting and negotiate equitization-ready structures upfront.
- **Private Real Estate – Logistics Wins, Data Centers Wobble:** Capital rotated toward logistics and away from data centers in July – Brookfield and CPP Investments bought LXP Industrial Trust for $5.2B on Sun Belt demand, while AI infrastructure showed cracks as Blackstone sold three Virginia data centers, QTS shelved its 2,100-acre campus, and Csquare's IPO priced below range with proceeds going to debt paydown.
- **Hedge Funds – Record Growth Meets a Violent Unwind:** Industry assets hit a record $5.6 trillion in Q2 after H1 gains of 7.5% led by tech-focused equity hedge funds up 19% – but July brought a sharp reversal as crowded AI and semiconductor bets unwound, with Asia stock-picking funds giving back 21 points from their YTD peak and WT China Fund down ~17% intra-month after a 120% first-half run.

Source: PitchBook – The Daily Pitch; Bloomberg; Hedge Week

Secondaries Hit Record Scale

Secondary Market Transaction Volume Over Time

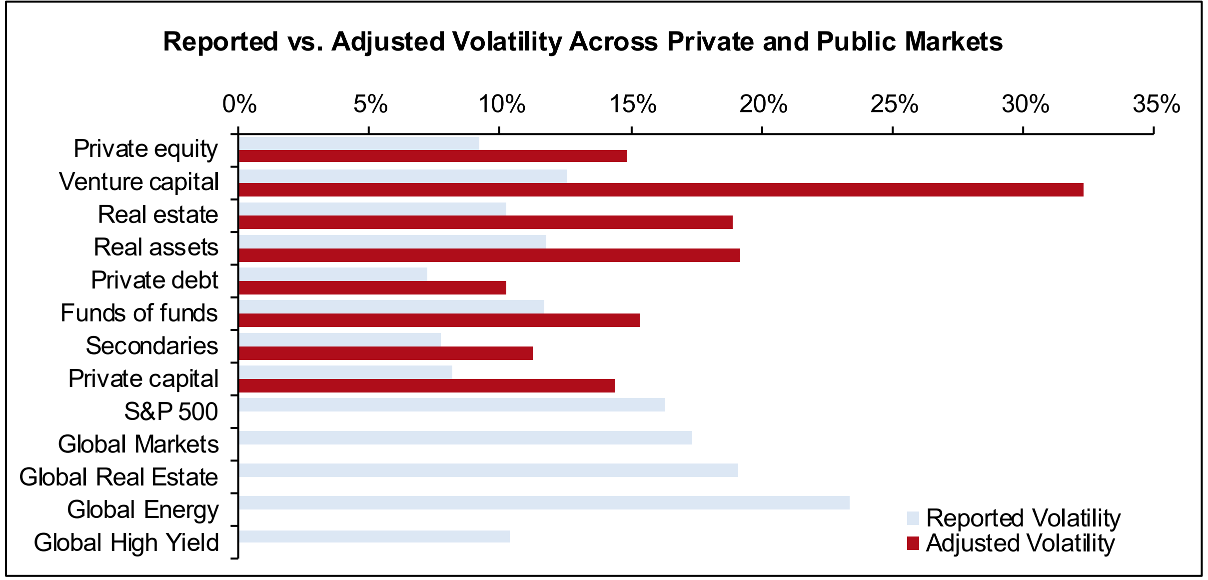


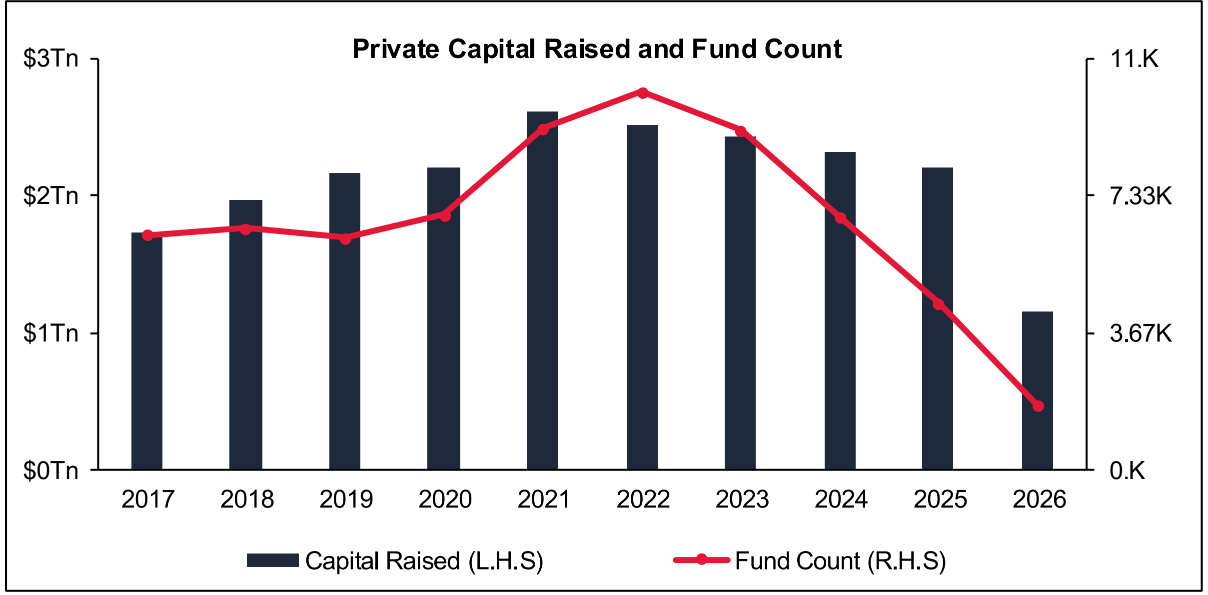
- **Record H1, Structural Shift:** Secondary volume hit \$121B in H1 2026, up 19% YoY — the strongest first half on record, as secondaries evolve into a core portfolio-management tool rather than an episodic liquidity fix.
- **GP-Led Overtakes LP-Led:** GP-led activity surged 35% YoY to \$65B, outpacing LP-led activity, which grew 4% to \$56B, as sponsors increasingly use continuation vehicles to retain high-conviction assets while still delivering liquidity.
- **Full-Year Record in Sight:** Softness was localized to select tech, energy, and infrastructure processes rather than systemic — full-year 2026 volume is on track to exceed 2025's \$226B record.

Source: Evercore – Private Capital Advisory: Secondary Market Review | As of: 07/31/2026

Private Capital Indexes: Quarterly Returns

Index	Q2 2025	Q3 2025	Q4 2025	Q1 2026
Private Equity	0.98%	2.01%	0.70%	-0.61%
Buyout	0.95%	1.65%	0.48%	-0.48%
Growth/Expansion	0.94%	4.54%	2.01%	-2.34%
Venture Capital	2.41%	6.37%	5.07%	2.10%
Early-Stage VC	1.82%	10.77%	7.96%	1.24%
Multi- & later-stage VC	2.67%	4.87%	3.90%	2.35%
Real Estate	1.91%	-0.66%	-0.16%	-1.09%
Opportunistic	2.23%	-1.36%	-0.84%	-1.39%
Value-Add	1.28%	-0.21%	0.12%	0.73%
Real Assets	1.31%	2.16%	-1.23%	0.21%
Infrastructure	1.55%	1.95%	-1.42%	-0.96%
Natural Resources	0.18%	3.24%	-0.13%	9.66%
Private Debt	0.91%	1.22%	0.49%	-0.59%
Direct Lending	0.75%	-0.69%	1.25%	-4.06%
Distressed	1.42%	1.56%	0.78%	-1.85%
Mezzanine	1.82%	3.80%	-3.70%	8.70%
Funds of Funds	3.08%	0.92%	2.75%	1.95%
PE FoFs	3.91%	4.27%	4.84%	6.56%
VC FoFs	2.92%	-0.76%	1.87%	0.23%
Secondaries	0.78%	1.73%	-0.63%	2.06%
Private Capital	1.23%	1.89%	0.61%	-0.23%





Source: PitchBook, Morningstar | As of: 07/31/2026

Disclaimer

This presentation has been prepared as part of a student-led and professor-supported educational initiative at York University. The materials, commentary, market observations, and analyses contained herein are intended solely for academic and informational purposes. Nothing in this presentation should be interpreted as personalized financial advice, investment guidance, or recommendation to buy or sell any security, strategy, or financial product.

All views expressed are those of the student contributors and do not necessarily reflect the opinions of York University, its faculty, or any affiliated institutions. The information presented may rely on third-party data believed to be reliable, but accuracy and completeness cannot be guaranteed. Past performance is not indicative of future results.

This presentation is not investment advice, and no attendee or reader should rely on it for financial decision-making. Individuals should consult a qualified and licensed financial professional before making any investment decisions.