J.P.Morgan | Data Assets & Alpha Group

US MARKET INTELLIGENCE | MORNING BRIEFING

JULY 31, 2026

IDEAS & INSIGHTS – IN BRIEF

- **MKT THOUGHTS** – Tech-led rally; Macro views; First take on AAPL/AMZN from JPM Spec Sales team.
- **TRADING DESK VIEWS ON TECH RALLY YDAY**
- **NEW POSITIONING INTEL –** Tactical Takes | Extreme De-Grossing WTD...Signs We're Likely at Low in NT for De-Gross and Momentum
- **US MKT INTEL VIEW** – **Tactically Bullish** and we update the **Monetization Menu**
- **GLOBAL MKT INTEL** – Our Monthly *Thematic Pulse* is here; we look at Global Tech, Semis, and Flows across Thematics.

JPM MARKET INTEL MORNING UPDATES

- **SPX +0.4%, NDX +1.1%, RTY +0.5%.** WTI +45bps at $83.97, NatGas +237bps to $2.73, UK NatGas +265bps to £1.4625, Gold -116bps to $4,056, Silver -170bps to $57.98, 10Y @ 4.669%, and VIX @ 16.85.
- **US**: Futures are higher led by Tech. Thursday's tech-led recovery continued into the overnight session in Asia with Taiwan and KOSPI up 8% and 18%, respectively. Earnings after Thursday's close were largely positive: AMZN was the key highlight as the firm reported strong AWS sales and margin; AMZN +13% pre-market, but AAPL's weak guidance drove a 7% decline after close. Bond yields were largely unchanged; USD was up. Metals were mixed: gold fell 1.2%, while copper were up 1.6%.
- **EU/UK**: Major markets are higher led by SX5E. Momentum and Semis recovery were the main theme for today's trading session. Thematically, Semi, Renewables, Momentum Long and Cyclicals were among the top performing baskets. On YoY basis, Eurozone Headline CPI prints 2.9% vs. 2.8% prior, in line with the Street consensus. Core CPI prints 2.5% vs. 2.4% survey vs. 2.4% prior. UKX +0.6%, SX5E +0.9%, SXXP +0.6%, DAX +0.7%.

- **US MACRO DATA: Employment Cost Index at 8.30am ET.** Chicago PMI at 9.45am ET. Univ of Michigan data at 10am ET.
- **US EARNINGS: ABBV**, AES, AMG, ARES, BEN, BTSG, CABO, CBIO, CBOE, **CL, CVX, D,** DFTX, DJT, **ECHO**, LIN, LYB, **MRNA**, RBC, RIOT, **RKT**, ROKU, TROW, TXNM, WSC, **XOM.**
- **GLOBAL MACRO DATA: BOJ Decision. Eurozone – CPI.** Japan – Housing Starts. UK – Housing Price Index. **Germany – unemployment rate. France – CPI, PPI.**

JPM MARKET INTEL EQUITY & MACRO NARRATIVE

The full tech-led rally yesterday continued into the overnight session in Asia and the pre-market session today. Notably, KOSPI rebounded 18% from the low. In the US, we started to see Mag 7 earnings getting rewarded on the earnings beat: yesterday's AMZN earnings was a clear example as the stock has rallied 13% on AWS revenue and operating margins beat, despite higher CapEx outlook.

Aside from tech, growth and spending outlooks from yesterday's macro data releases and recent earnings commentary both pointed to solid US consumer health, supporting the economic growth and earnings, with inflation remaining the key risk. In addition, our **Positioning Intel** team also notes that they are now seeing multiple signs of extremes that suggest that the de-gross and momentum sell-off could abate very soon.

Taken all together, we shall expect the optimism to extend into today's session, though keep an eye on Iran/geopolitical headlines into the weekend given the recent oil volatility.

- **QUICK TAKE ON AMZN AND APPL EARNINGS** – Below are shared by JPM Spec Sales team; excerpts below
    - **AMZN (MARK SCHILSKY) –** EPS Estimates are Going Higher: Yes, I could have titled this earnings review 'AWS Beats' because it surely did, but I think the 'real' highlight of this print is the fact that Operating Income beat the high end of the guide by $3.5B (largely due to an AWS Revenue and Margin beat). Buyside/Sell Side EPS estimates are going higher – and so too is the stock, now up +6% after hours (on the back of a +4% day). The hyperscalers are making a comeback.
        - AWS Revenue grew +37% Y/Y (technically, 36.7% Y/Y), eclipsing my original bogey of +35% Y/Y (and some would have said it was 1 point higher post-M [...] of your view, this is a beat.
        - AWS Operating Margins were a touch over 39% which is quite fra [...]

- **AAPL (JOSHUA MEYERS)** – Nothing unexpected in the CEO discussion. Tim is making the case for AAPL's AI leadership given incorporation of neural engine in 2017 and subsequent deliberate innovation in silicon, systems and scalable unified memory architecture, and sharing positive early feedback on new Siri. Tim also underlined US investments, including using tariff refunds to invest in America.
  - June Q supply constraints mainly impacted Macs. Expect the constraints to increase materially in Sept-Q... "very significant constraints currently, with limited flexibility in the supply chain to remedy it." Affects iPhone, Mac, and iPad.
  - Memory px went up materially in June-Q, and will go up even more in Sept-Q, offset by some carry over inventory and lower costs in some non-memory components; but decreasing benefit over time. " if you look beyond September, we see the market pricing for memory continuing to increase, which could drive an increasing impact on our business." Evaluating all options...

- **MACRO VIEWS –** [We sent below immediately after the PCE/2Q GDP release] A few thoughts here (i) Q2 – the Consumer continues to have an outsized impact on the economy and this aligns with why Feroli / Abiel cut their forecast which is trade / inventory related and not consumer related; (ii) labor markets continue to see incremental improvement but remains a 'No Hire / No Fire' type of market; (iii) current income is in a good position with spending remaining robust; and finally … (iv) inflation remains above target with energy prices problematic but those energy prices have yet to lead to higher Core inflation, in the US or elsewhere though that remains a risk.
  - **WHAT DOES IT ALL MEAN?** Economy is on solid footing with the inflation specter the key macro risk. Inflation is complicated by Warsh's performance yesterday where he appears to be trying to control markets with just his words but lacks the track record at this point in his tenure. Further hurting his credibility is his hawkish stance while introducing new inflation measures that will print below establish measures such as CPI or PCE. Going forward, I expect the macro data to hold up but I think fears of a large NFP that spikes rates is unlikely but elevated yields remain a risk in the very near-term. That said, I would be a buyer of stocks and let's see if the pre-mkt optimism in Tech / Semis lasts into Friday's close. If so, then next week sets up for a strong rally with participants likely engaged into the NVDA print on Aug 26.

TRADING DESK VIEWS ON YDAY'S RISK-ON RALLY

- **POST FOMC ETF FLOWS (JONATHAN ROGERSON) –** Into and post FOMC there was one clear, consistent theme in our space – aggressive buyers of US Growth/Tech. We were lifted continuously across wrappers in Large Caps (XLK, VGT, VOOG, VUG, IUSG) as well as Mid Caps (VOT, IWP), and we were two-way in Small Caps (IWO, IJT -the theme was less pronounced there). In International, demand for Beta was there in size – a large real money account lifted $180mm EWY (Korea) on risk, and we saw significant Institutional interest bid lower to cover/add in this space; we think Broad EM/China takes a back seat for the moment as allocations here in high beta / AI picks and shovels (EWY/EWT) are rebuilt. The anti-Momentum (MTUM, SPMO) / Anti-AI (SOXX/SMH/BAI/AIQ) reaction has been savage, but may have run its course – AIQ (Global X AI fund) printed a large demand-side block yesterday (3mm shares) and we were much better to buy in BAI driven by platform demand. It may be time to add here – going out today we are good sellers across the growth/tech complex, best calls are VUG/SOXX/DRAM where we can facilitate out of inventory.

- **THOUGHTS ON YDAY'S TMT FLOW (BRIAN HEAVEY)** – 1) Big UPTICK in volumes as we are seeing chasing the AI/semis trade while the AI Vulnerable trade gets faded. Buying semi caps, AI linked semis. We are seeing shorts press in memory sensitive hardware names (i.e. HPQ). JPMPURE IndexMomentum +5% finally seeing the snap back folks have been waiting for and our flows are matching the price action generally. 2) MEGA CAPS - We are seeing some folks trim MSFT into strength (biggest earnings move 1 day move going back to the Black Monday rebound...). We are seeing some dip buying in META but it's passive in general. 3) We are NET buyers of $1B in Info Tech.. volumes +50%.

POSITIONING INTEL **–** ***Tactical Takes*** **| Extreme De-Grossing WTD...Signs We're Likely at Low in NT for De-Gross and Momentum**

While there were prior signs of de-grossing earlier in July, the **past 3 days have been extreme in the US** (each 2-3z de-gross days), putting the 3d amount of gross reduced at one of the biggest since 2020, **only behind late Jan '21 (retail squeeze) and mid-Nov '22 (low CPI-induced squeeze).**

Going back to what we wrote in our Monthly Wrap at the start of July, we're now seeing multiple signs of extremes that suggest that the de-gross and momentum sell-off could abate very soon. Updating the 3 points from our prior note on **"What would get us tactically more bullish on Momentum?"…**

1. **6m z-score of combined HF positioning + factor performance hit a -1 to -2z level:** it's now at -2z
2. **Strong de-grossing among HFs:** N. Am. hit >3z de-grossing on a 5d basis and 2z on a 4wk basis…in addition gross flows tend to trough seasonally in late July/early Aug)
3. **Strong selling of Momentum by HFs:** flows have turned more negative and are -2.2z on a 20d basis

Other Key Points:

1. **HF crowding performance takes a dip (though most of the pain in Tech)**: Seasonally, HF crowding returns in the US have dipped in July and we're now at -2.2% on a 20d basis (longs down 6.8% vs. shorts down 4.6%). However, Info Tech is the main sector to reverse with longs down 30% and shorts down 11%, making a -19% spread. This compares to a ~40% positive spread in June.
2. **Sector flows show reversals:** in line with the MTD rotation, US Semis have seen -2.6z net selling over the past 5d and -1.1z over the past 20d (mostly longs) vs. Software (JP2SOF) at +1.6z net buying 5d and +3.3z 20d (mostly covering). Positioning in US Semis (based on L/S ratio) is now down to the 60th %-tile on a 12m basis (though 95th since '18) vs. Software at the 27th / 3rd %-tile.
3. **Korea positioning has lightened up**: Korea positioning built aggressively through late July, with the l/s ratio climbing to 6.0x from 2.4x at the start of the year and net exposures surging. Since that peak, some of the excess has been unwound: the l/s ratio has retraced to 2.8x (80th %-tile) and net exposures have pulled back ~60% from highs (vs. Kospi down ~40% over the same period) though net exposures are still +4.5z above average since 2018.

US MKT INTEL VIEW* – *initially published July 27 here, which includes supporting charts

We remain **Tactically Bullish**. Our colleagues in **Positioning Intel** tell us that their Tactical Positioning Monitor is now flashing a buy-signal, which has historically meant material upside for the SPX, but they do caution on crowded positioning, especially in Semis, and uncertainty from AI and Middle East as near-term challenges. We see near-term tailwinds come from (i) lower bond yields, (ii) weaker USD, (iii) continued earnings delivery, and (iv) reduced vol. These tailwinds are driven by a decrease in kinetic hostilities in the Middle East and a hold by the Fed.

The biggest headwind stems from AI / Tech segment with capex maintenance / boost no longer an automatic win for AI infra plays, including Semis. Some of this concern emanates from Credit markets, though hyperscalers still have significant debt issuance capacity, perhaps as much as $50bn. If you scroll down to the "Comparisons to 2008" section, there is more color on the Credit component to the discussion but fears surrounding the ability to fund capex seem unfounded. Our colleague **Shreeti Kapa** sketches out the math: assuming $6T in total AI capex from now through 2030, $50bn / 1 GW of compute, with annualized revenue of $100 - $110bn. This implies that AI model providers would need $1.8T in revenue in 2030. Is this possible? Yes. SPX total revenue for FY25 was $17T and growing at 5% through 2030 equates to ~$21.5T, so the $1.8T needed is ~8.5% of total revenues.

- **MONETIZATION MENU** – We make no changes WoW as we think the market is setting up for a Tech rebound as questions surrounding capex, funding sources, demand, and AI efficacy are answered this with the ancillary tailwinds mentioned previously (lower bond yields, weaker USD, lower vol). Should the market continue to broaden from here, we feel the barbell approach will capture this; but, if we see a rotation away from the US, then look for the US to lag its DM peers.
- **EM VIEWS (ELLEN WANG & VICTORIA CAMPOS; JULY 20)** – We expect growing divergence in EM performance at the country/sector level and hence view country-relative trades as more relevant for the EM monetization strategy in the current environment. Key themes and trades include: (i) **TACTICALLY LONG** China H-shares over A-shares; H-shares have lagged YTD, as South Korea, Taiwan, and A-shares have benefited from AI optimism. We see cyclical segments of H-shares as key beneficiaries of cost-effective corporate AI build-out and commercialization. Meanwhile, given the strong performance in China's AI supply chain and models YTD, we could see further profit-taking in crowded AI longs. (ii) **TACTICALLY LONG ASIA REFINERS** – geopolitical uncertainty and refinery utilization have pushed Asia gross refining margins to a new record high, and the current supply/demand backdrop should continue to support higher GRMs. While the group has rallied MTD, it is still 9% below its February high. (iii) **HEDGES** — We like long LatAm (ILF) as a diversifying play against a potential pullback in the EM AI theme and for relative resilience against geopolitical risks.

NEWS LINKS

- Amazon Reports Fifth Straight Quarter of Cloud Sales Growth (BBG)
- Apple Fourth Quarter Sales Estimate Falls Short; Shares Slide (BBG)
- Microsoft's $450 Billion Jump Is Biggest in Stock Market History (BBG)
- Chip Stocks Post Biggest Advance Since April 2025 (BBG)
- Amazon hikes 2026 capex to $220 billion due to higher memory costs (CNBC)
- Amazon's AWS posts fastest growth since 2021, citing AI and chip demand (CNBC)
- China's open-weight model lead exposes America's AI blind spot (CNBC)
- Trump says sanctions bill should include tariffs on Iran, despite 'trivial' trade with U.S. (CNBC)
- Oil falls more than 1% on proposed Saudi-led maritime defence coalition (RTRS)
- US strikes Iran again as war widens with attack on Egypt port - as it happened (RTRS)
- Yen surges, analysts suspect official Japanese intervention (RTRS)
- Apple revenue, profits beat expectations on iPhone sales but services miss targets (RTRS)
- Apple Sales Exceed $109 Billion, Driven by Strong iPhone Sales Growth (WSJ)

- U.S. Economic Growth Slowed to 1.5% in Second Quarter ([WSJ]())
- Mortgage Rates Jump to a One-Year High ([WSJ]())
- Mexican Economy Bounces Back in Second Quarter ([WSJ]())

WEEKLY ECONOMIC DATA / EARNINGS

US CALENDAR

ECONOMICS

- **JULY 27** – Durable Goods / Cap Goods at 8.30am ET. Dallas Fed at 10.30am ET.
- **JULY 28** – **ADP Weekly Employment at 8.15am ET**. Trade Balance / Imports / Exports, Retail / Wholesale Inventories at 8.30am ET. Home Price Indices at 9am ET. Dallas Fed, Richmond Fed, Consumer Confidence at 10am ET.
- **JULY 29** – Mtge Applications at 7am ET. **Fed Decision at 2pm ET.**
- **JULY 30** – **PCE**, Personal Income, Personal Spending, **26Q2 GDP,** Initial / Continuing Claims at **8.30am ET**.
- **JULY 31** – **Employment Cost Index at 8.30am ET.** Chicago PMI at 9.45am ET. Univ of Michigan data at 10am ET.

EARNINGS

- **JULY 27** – AMKR, APLD, BRO, ESI, NUE, NVTS, RMBS, UHS, WELL, WHR
- **JULY 28** – ACHC, AMT, BA, BE, CAKE, CAR, CARR, CDNS, CMS, CNC, CNP, CSGP, CZR, DINO, DYN, ECL, ENPH, EXE, **F, GLW, HLT**, HUBB, INCY, **IQV**, ITW, IVZ, **JBLU**, **KLAC, KO, MDLZ**, MIR, OI, OMC, PCAR, RCL, RGEN, RITM, SHW, SPGI, **STX**, SWKS, **TER**, TRU, **TXT, UPS, V**, VLTO, VRNS, XPRO, XYL
- **JULY 29** – **ADP**, ALGN, APH, AR, ARCC, ARI, ARXS, AUR, AVTR, AWK, BANC, BG, **BIIB, BOOT**, **BSX,** CBRE, SHRW, CLH, CMG, CSL, CTSH, CVNA, EA, **EQIX**, EVR, FICO, **FLEX**, FLS, FMC, FORM, FTAI, FTNT, **GD**, GEHC, GNRC, GTLS, HAYW, **HOOD, HUM**, HXL, IONS, JCI, LHX, LII, **LRCX**, LXP, **META**, MGM, MOD, **MSFT**, **ODFL**, ORLY, PCOR, **PG**, PSA, PTEN, PUMP, PYPL, **QCOM**, SBUX, SFM, SITE, SMG, **SOFI**, TENB, TYL, **VFC**, VICI, VKTX, VMC, CRSK, **VRT**, VTR, WAY, WING, WM, WNC, WWD
- **JULY 30** – **AAPL**, AEP, AGIO, AJG, ALGM, ALHC, ALNY, **AMZN**, **APD**, APG, AXTI, **BAX,** BFLY, BLDR, **BMY**, CCC, CDNA, CI, CNK, COIN, CROX, CRS, CTVA, DAR, DXCM, EME, EPD, **EXC**, FND, FNMA, FSLR, GDDY, GH, **H**, HSY, ICE, ILMN, **IP, IR**, KKR, LPLA, LTH, LYV, **MA**, MAIR, MDGL, MLM, **MO**, MPWR, MSTR, MTZ, NBIX, NCLH, NXT, **OWL**, PBF, PWR, RAL, RBLX, RDDT,

REGN, RIVN, RYAN, SAIA, SIRI, **SO**, SOLS, SPXC, SYK, TEM, TW, VIRT, **VLO**, WCC, WU, WY, **XEL, XPO, YUM**

- **JULY 31** – **ABBV**, AES, AMG, ARES, BEN, BTSG, CABO, CBIO, CBOE, **CL, CVX, D,** DFTX, DJT, **ECHO**, LIN, LYB, **MRNA**, RBC, RIOT, **RKT**, ROKU, TROW, TXNM, WSC, **XOM**

GLOBAL CALENDAR

- **JULY 27** – Eurozone - Money Supply. **Germany - IFO Business Climate**
- **JULY 28** – Denmark / Ireland / Spain – Retail Sales. France – Consumer Confidence
- **JULY 29** – UK – Money Supply, Mtge Approvals
- **JULY 30** – **BOE Decision. China – PMI. Eurozone – GDP, unemployment rate, economic sentiment. Japan – CPI, unemployment rate, Retail Sales.** Germany / Spain – CPI. France – Consumer Goods Spending, GDP
- **JULY 31** – **BOJ Decision. Eurozone – CPI.** Japan – Housing Starts. UK – Housing Price Index. **Germany – unemployment rate. France – CPI, PPI.**

NEAR TERM CATALYSTS – CPI (Aug 12, Sep 11, Oct 14), ISM-Mfg (Aug 3, Sep 1, Oct 1), ISM-Srvcs (Aug 5, Sep 3, Oct 5), PMI-Mfg and PMI-Srvcs (Aug 21, Sep 23, Oct 23), NFP (Aug 7, Sep 4, Oct 2), PCE (Jul 30, Aug 26, Sep 30, Oct 29), Retail Sales (Aug 14, Sep 16, Oct 15). **FED DATES:** Jul 29, Sep 16, Oct 28, Dec 9

AI / TECH CATALYSTS

- **JULY (Delayed; TBD)** – Google Gemini 3.5 Pro Launch.
- **AUG** – Z.AI's GLM 5.5 release.
- **AUG 12** – Made by Google Hardware Launch (Pixel 11).
- **SEP 13-15** – All-In Summit 2026 (LA, California).
- **SEP 23-24** – META Connect.
- **SEP (TBD)** – Alibaba Apsara Conference.
- **NOV 30 – DEC 4** – AWS re:Invent.

POLITICAL CATALYSTS

- **JUL 24** – Section 122 Tariff is set to expire.
- **SEP** – US and China will hold AI talk (RTRS).
- **SEP 24** – Xi's potential visit to the US (BBG).
- **OCT 4** – Brazil General Election.
- **NOV 1** – Expiration of the one-year trade truce agreement between Trump and Xi.