# Coffee & Commentary

## July 13, 2026

### Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

### 1. What is currently impacting financial markets?

- The S&P 500 rose more than 1% and the NASDAQ gained nearly 2%, as both indexes posted their second consecutive positive week. Since early June, stocks have largely alternated between modest gains and losses as investors continue to weigh AI-related spending trends, the ongoing Middle East conflict, and elevated oil prices. Final results on the week were; S&P 500 +1.3%, NASDAQ +1.7%, and the Dow -0.5%.
- Wall Street analysts modestly raised their expectations as major U.S. banks prepared to kick off quarterly earnings season. Analysts are forecasting average second-quarter earnings growth of 23.6% for S&P 500 companies as of Friday, up slightly from 23.3% a week earlier. Either result would mark the second consecutive quarter of earnings growth above 20%.
- Oil prices rose sharply on Tuesday and Wednesday as renewed escalation in the Middle East underscored the fragility of the U.S.-Iran ceasefire agreement. U.S. crude briefly climbed to about $76 per barrel on Wednesday before easing back to around $71 by Friday afternoon.

### 2. How are we to prepare and act?

- As the second half of 2026 begins, markets are once again balancing geopolitical uncertainty against the powerful force of artificial intelligence-driven growth. Despite this, investors are no longer appearing inclined to

treat every geopolitical headline as a reason to panic, largely because the economy has shown an ability to absorb these shocks in stride, helped by a steady labor market, recovering energy supply, and ongoing corporate earnings strength. Neither the U.S. nor Iran appears to have a strong incentive for a prolonged conflict, and energy markets have gained some cushion as oil supplies improve, OPEC increases production quotas, and reports suggest significant Iranian oil has already moved out of the Gulf.
- The more durable force shaping markets remains artificial intelligence, even as the AI trade itself becomes more volatile. Major technology companies continue to invest heavily in AI infrastructure, and corporate earnings remain the clearest evidence that this theme is more than speculation. Technology and energy have driven much of the recent upward revision in earnings expectations, with technology expected to deliver particularly strong revenue growth and roughly 63% earnings growth. The challenge is that expectations are already high, so merely meeting forecasts may not be enough to keep momentum moving at the same pace. As a result, the second half of the year may favor a broader and more balanced market, with AI still important but no longer the only engine of returns.

## 3. Taking a look at the week ahead.

- Monday — Federal budget
- Tuesday — Consumer Price Index
- Wednesday — Producer Price Index
- Thursday — Retail sales
- Friday — University of Michigan Index of Consumer Sentiment

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As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What’s Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

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