RBC Rochdale

Market Update Webinar

July 30, 2026

The Fed Talked Hawkish, Then Held

Five months of hardening language — and a bond market that wants proof

HOW THE TONE HARDENED

Balanced
Feb 28 – Mar 18

Strait of Hormuz closes. March FOMC still using "look through" language.

Shifting Hawkish
Mar 20 – Apr 17

Jefferson warns a sustained energy shock could have material implications. Waller publishes conflict scenarios.

Hawkish Tilt
Apr 29 – May 22

Most divided FOMC since 1992. Oil tops $100. Warsh sworn in. Waller: "policy risks have changed."

Hawkish
Jun 17 – Jul 18

Statement cut from 341 words to 132. Waller: the committee must consider tightening. Warsh: "no tolerance" for higher inflation.

Tested
July 30, yesterday

Rates held with three dissents for a hike. Warsh points to the bond market: "the markets have done quite a bit."

WHAT HAPPENED YESTERDAY

3.50–3.75%
Held for a seventh month, on a 9–3 vote

5.23%
30-year Treasury yield, a 19-year high

−1.5%
S&P 500 on the day; the dollar fell too

Sept 15–16
Next decision, three dissenters already

WHAT WE HEARD FROM WARSH

The economy is resilient through multiple shocks, with trends still showing solid growth.

After five years of high inflation, there is no soft target above 2%.

Absent Fed guidance, markets will move in the direction and magnitude they see fit — and yesterday they did.

WHAT WE ARE WATCHING

		REPORT DATES
CPI	The print that decides September	Aug 12 · Sept 11
PCE price index	The Fed's official gauge	Aug 26 · Sept 30
PPI	Pipeline pressure before it reaches shelves	Aug 13 · Sept 10
ISM manufacturing PMI	Where tariffs and input costs show up first	Aug 3 · Sept 1
ISM services PMI	Two thirds of the economy	Aug 5 · Sept 3
S&P Global PMIs	The earliest read each month	Aug 21 · Sept 23 flash

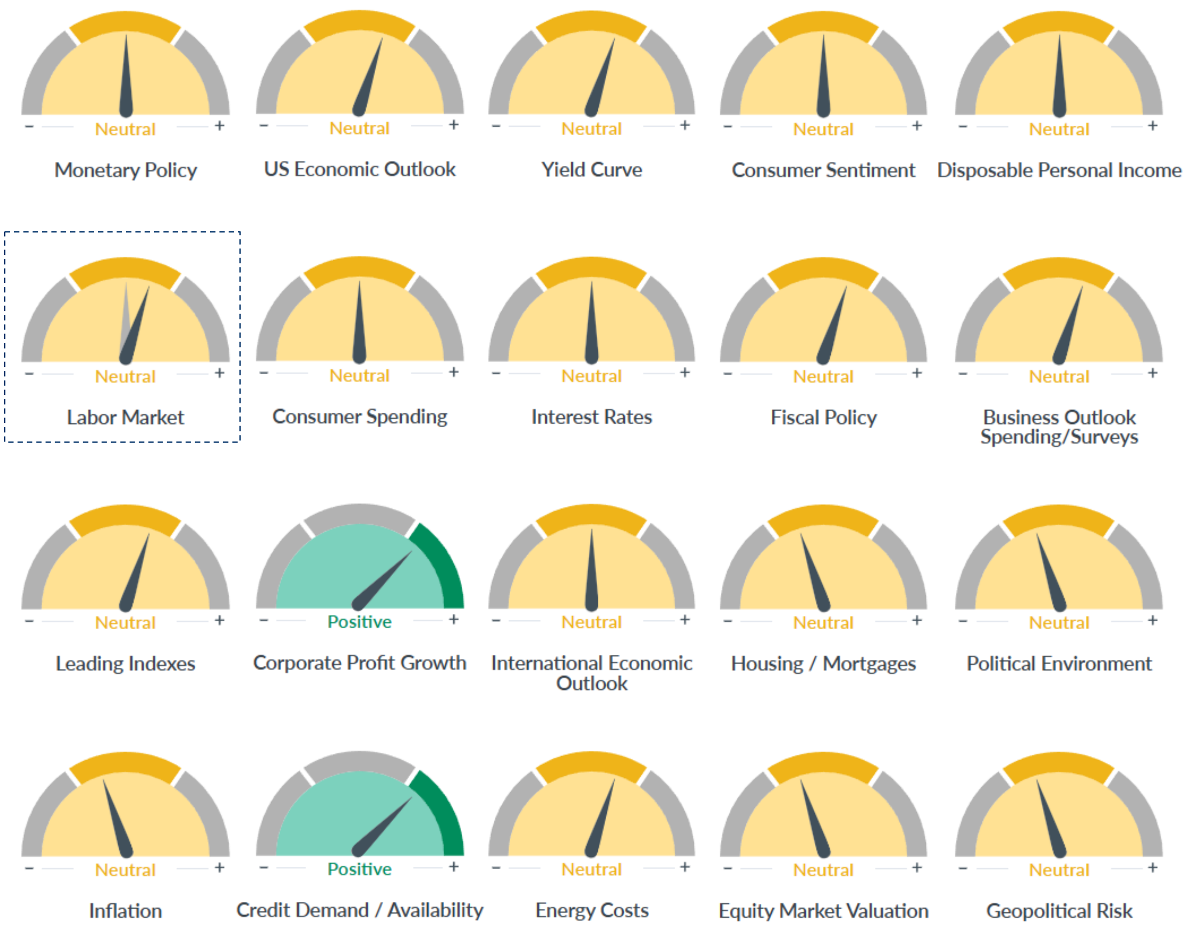
Data current as of July 30, 2026. Source: Federal Reserve press conferences and official speeches, Bloomberg, Bureau of Labor Statistics, Bureau of Economic Analysis. Information is subject to change and is not a guarantee of future results.

Rochdale Speedometers℠ – July 2026

Economic and Financial Indicators That Are Forward-Looking Six to Nine Months

- Consumer spending is holding up better than sentiment suggests, with June's retail sales coming in strong with prior months revised higher. Wage growth of 3.5% now matches inflation, leaving little real gain.
- Chair Warsh is keeping the Fed focused on the inflation half of its mandate. Nine of eighteen officials pencil in at least one hike this year, and three recently dissented for higher rates.
- Growth is still led by AI investment, with Amazon, Microsoft, Alphabet and Meta on pace for over $700 billion of capex this year. The debate is now the 2027 pace, not the direction.
- We have upgraded our labor view: unemployment at 4.2% is a one-year low, openings are near 7.6 million and weekly claims run under 200,000, even as hiring slows.
- With a quarter of the index reported, second quarter earnings are tracking 37.9% growth, the best since 2021, though nearly a third comes from Alphabet.

Impact on Economy and Financial Markets



Impact on investment: ■ Positive ■ Neutral ■ Negative | **Time frame:** ■ Current ■ Change from last month

Economic Forecast

- Second quarter growth is tracking near 1.6% on the Atlanta Fed Nowcast, with business investment carrying more of the load.
- Spending has continued to outrun sentiment. Confidence rebounded to 54.4 in July on cheaper gasoline, but most responses predate the July 7 Iran strikes.
- Analysts raised second quarter estimates during the quarter instead of cutting them, and margins keep surprising higher.
- June headline CPI fell to 3.5% and core to 2.6%, both below forecast. Energy did the work, so the relief may prove temporary.
- The ten-year has climbed to about 4.65%, the highest since January 2025, as Iran escalation and a hawkish Fed lift term premium.

RBC Rochdale Forecasts		2025	2026 Rochdale (est.)	2026 Consensus (est.)
Real Annual GDP Growth		2.10%	2.00% - 2.50%	2.16
Corporate Profit Growth*		12.25%	18.00% - 22.00%	26.87%
Headline CPI Year End		2.70%	2.50% - 3.00%	3.33%
Interest Rates	Federal Funds Rate	3.80%	3.50% - 3.75%	3.77%
Interest Rates	Treasury Note, 10-Yr.	4.06%	4.00% - 4.50%	4.43%

*Corporate profit growth is a blended estimate of actual earnings from companies that have reported, and the Bloomberg consensus estimate for those that have not reported, producing a combined blended estimate. Sources: Bloomberg, proprietary opinions based on Rochdale Research, as of July 30, 2026. Information is subject to change and is not a guarantee of future results.

Level Setting: A Fast Start, A Rougher Ride

Almost everything rose early — the biggest winners have given the most back

1 The year began strong nearly everywhere

Twelve of fourteen markets are still up on the year, several by double digits. Korea leads, up 35%.

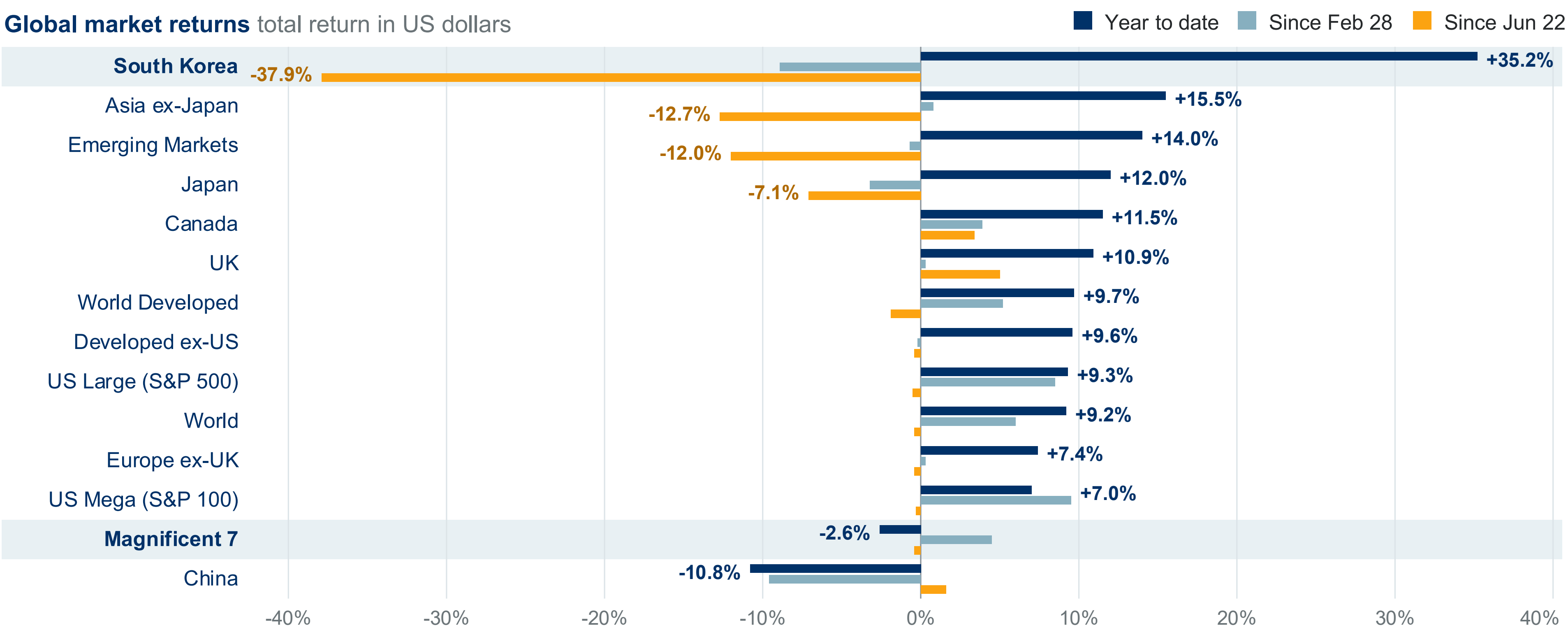
2 Since late June the ride has turned

Most of those same markets have fallen since June 22. South Korea is down 38%, Emerging Markets 12%. U.S. large caps are roughly flat.

3 Concentration and borrowing cut both ways

Two chip companies grew to about 60% of Korea's index, bought heavily with borrowed money. What went up fastest came down hardest.

Global market returns total return in US dollars



Sources: Bloomberg. Index definitions are located at the end of the presentation. As of July 29, 2026. Information is subject to change and is not a guarantee of future results.

Non-deposit investment products: ◆ are not FDIC insured ◆ are not bank guaranteed ◆ may lose value

Iran: Hormuz Still Closed, Slowly Adapting

1 This shock is smaller than the one in spring

Oil went from $69 to $92 in three weeks. In April it hit $113. Same headlines, about half the move.

2 The Strait of Hormuz remains mostly closed

About 3 ships a day are getting out. Before the war it was approximately 150. Almost no oil or gas tankers are moving.

3 Oil is finding other ways out

Saudi Arabia now pipes crude across the country to the Red Sea, skipping both the Strait of Hormuz and the Suez Canal (SUMED). Slower, costlier and smaller — but it works.

4 War worries have cooled the market's run

The risk hanging over the region has kept investors cautious about stocks too, taking some of the steam out of the global rally. A healthy dose of skepticism can be a very good thing.

What oil prices did WTI crude, US$ per barrel

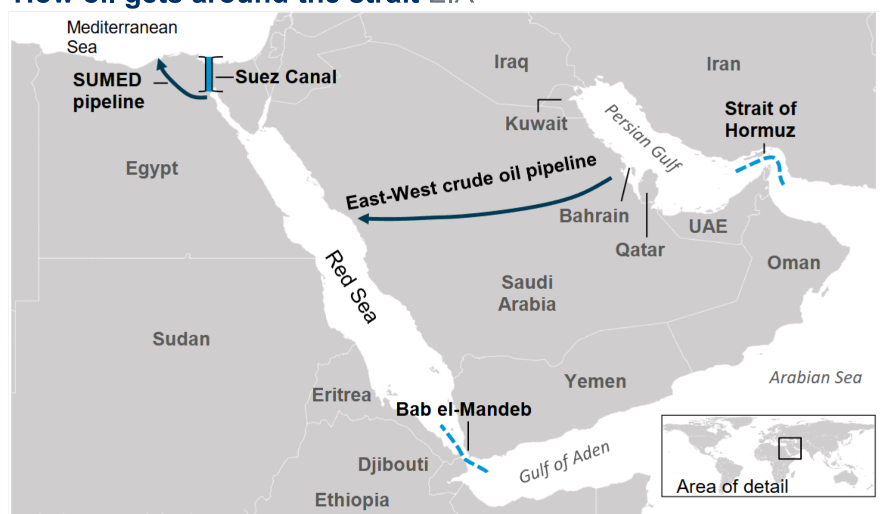
Ships leaving the Strait of Hormuz each day

3	~150
Today	Before the war

7 million barrels a day can cross Saudi Arabia by the East-West pipeline instead.

2.5 million barrels a day can flow through the SUMED pipeline

How oil gets around the strait EIA



Data as of: July 29, 2026. Source: Bloomberg, U.S. Energy Information Administration (EIA), International Energy Agency (IEA), Aramco. Information is subject to change and is not a guarantee of future results.

Tariffs: Below Liberation Day, Here to Stay

The rate has fallen to 7.4% — still three times where 2025 began

1 Far below the Liberation Day peak

The tariff Americans actually pay is 7.4% of what they import — down from about 22% in April 2025 and from 9.4% under the surcharge that just expired.

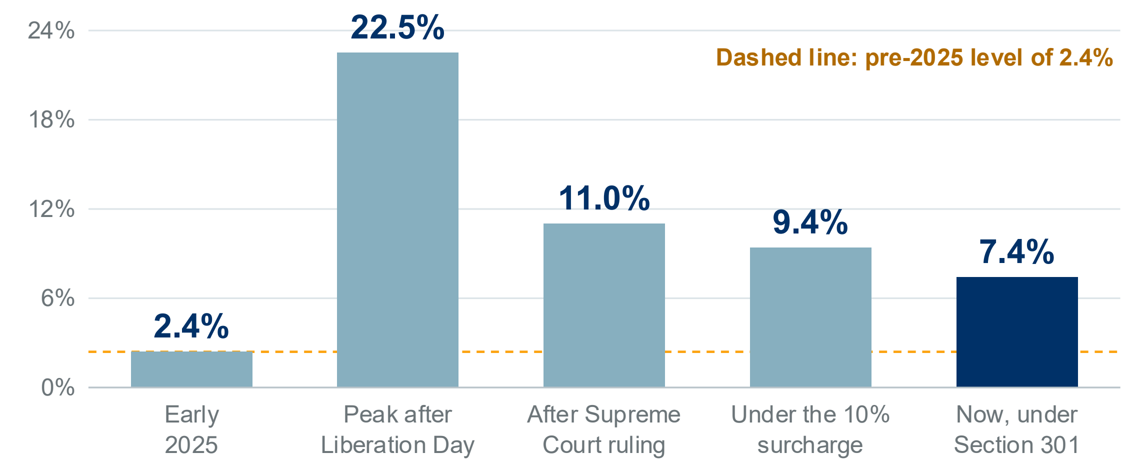
2 But this level is now the baseline

Tariffs entered 2025 near 2.4%. The temporary surcharge has been rebuilt as Section 301 duties on 60 economies — a sturdier legal footing, not a wind-down.

3 Milder rules, and a changed mix

The effective rate fell from 9.4% to 7.4%. The new rules explain one point; the rest is the mix — more exempt semiconductors, 43% less from China.

The effective tariff rate at each turning point duties actually collected, share of all imports



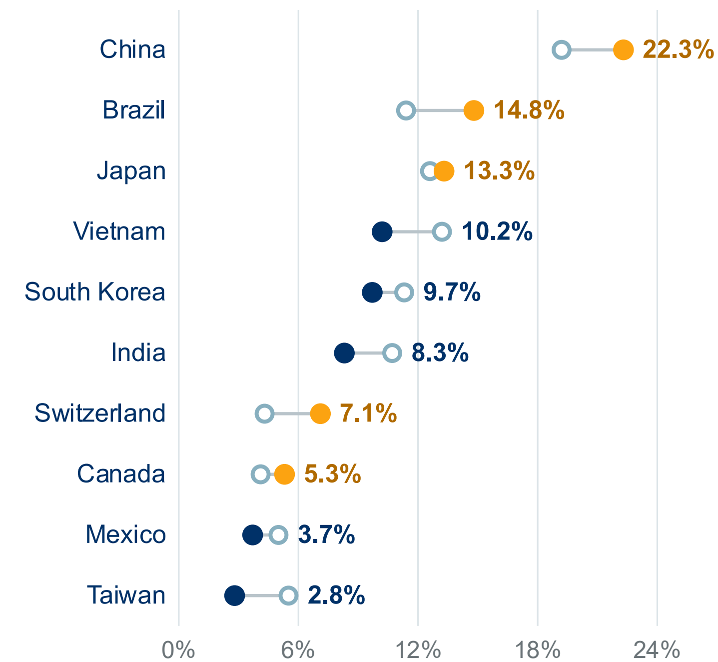
+12.5% flat, on 32 countries including China and Vietnam

+10% flat, on 17 countries including Canada and Mexico

12.5% combined cap: Japan, South Korea, Switzerland

10% combined cap: European Union, Taiwan

Effective rate by partner hollow = before, solid = now



Sources: Fitch Ratings (July 29, 2026) for current and prior effective tariff rates by country; The Budget Lab at Yale for 2025 and February 2026 estimates. Effective tariff rate is duties collected as a share of import value. Information is subject to change and is not a guarantee of future results.

Hyperscaler Debt: How Much is Too Much?

AI investment is accelerating debt issuance, but leverage remains manageable relative to earnings power and liquidity.

1 Borrowing to fund the buildout

Data centers are capital intensive, so hyperscalers raised debt to fund accelerating capex. The fair question is whether they needed to.

2 The cash was already there

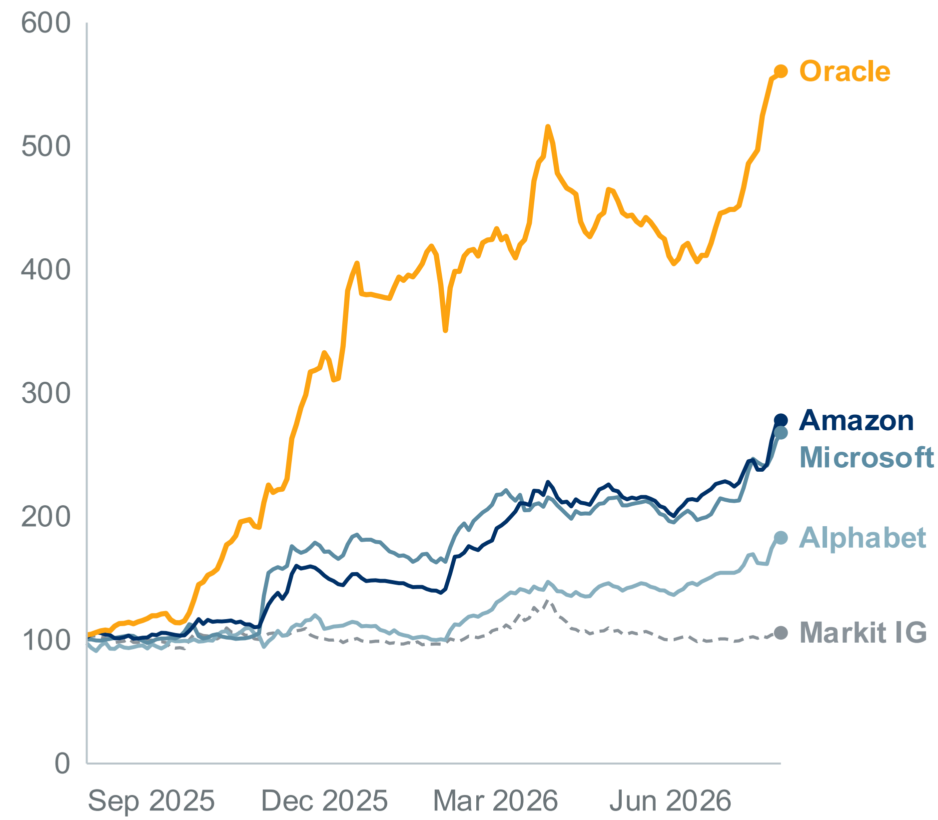
Cash and marketable securities mostly exceed what was just issued, and total debt sits in line across the group.

3 Credit prices the balance sheet

Default protection costs rose most where the balance sheet is thinnest — pricing what heavy spending could do to free cash flow.

Hyperscaler balance sheets billions of US dollars

Cost of default protection 5-year CDS, July 2025 = 100

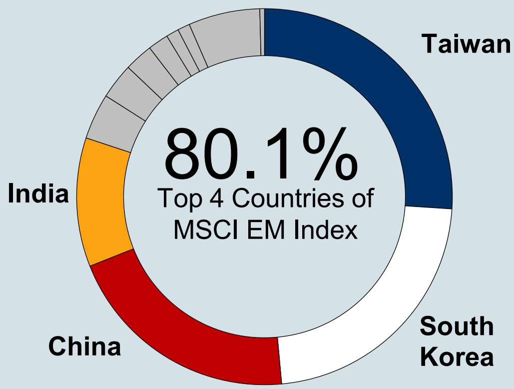


*Amazon total debt is as of March 31, 2026, and Amazon Q2 Cash & Marketable Securities are not available, Amazon reports earnings on July 30, 2026, after the market close. Sources: Bloomberg As of July 29, 2026. Information is subject to change and is not a guarantee of future results.

Emerging Market Exposure: Tech Trade or Diversification?

- Diversification is achieved through differentiated return drivers—not simply by owning more countries.
- Today's EM indices remain concentrated in AI-related semiconductor leaders, limiting the diversification benefits investors often expect.
- Our focus is building resilient portfolios by allocating capital across truly distinct economic and market drivers.

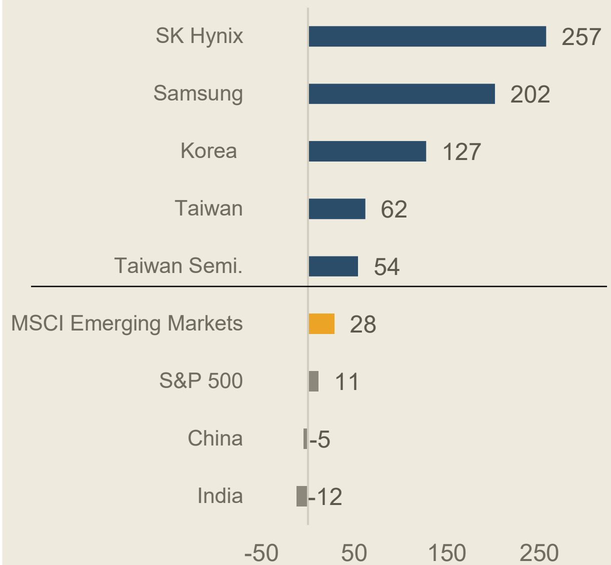
Concentrated Index Weights



Taiwan	26.0%
South Korea	22.5%
China	20.5%
India	11.1%

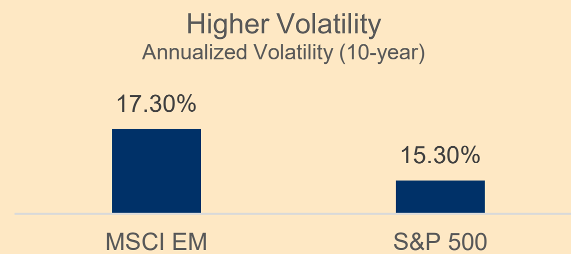
Taiwan + South Korea now exceed China + India as the largest EM exposures.

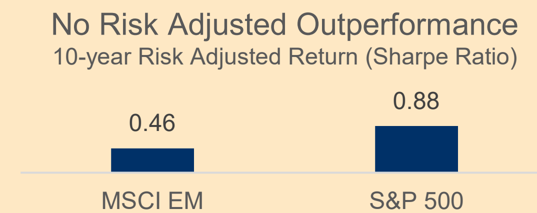
EM returns are being driven by Semiconductor Leaders



- Semiconductor leaders account for most of the EM year-to-date (YTD) returns.
- The YTD rally in EM is being primarily driven by three companies: SK Hynix, Samsung and TSMC.

EM has failed to diversify and has not improved risk-adjusted returns





- Over time, EM has not significantly added to return on a risk-adjusted basis.

- EM markets today are not driven by country growth.
- While all markets have high exposure to AI, EM markets amplify the concentration risk.

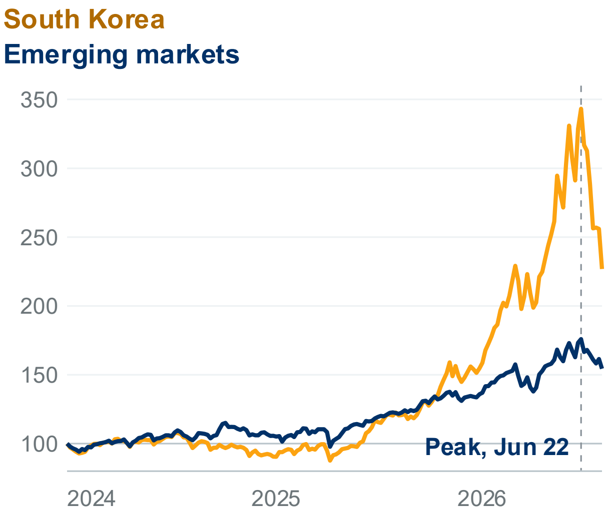
Source: MSCI Emerging Markets Index – country break down as of 4/30/2026. Bloomberg as of June 3, 2026. Information is subject to change and is not a guarantee of future results.

Concentration Is the Common Thread

The same crowding shows up in emerging markets and in US growth

01 The rally was two countries

Korea's index tripled from January 2024 to its June peak, carrying EM with it.

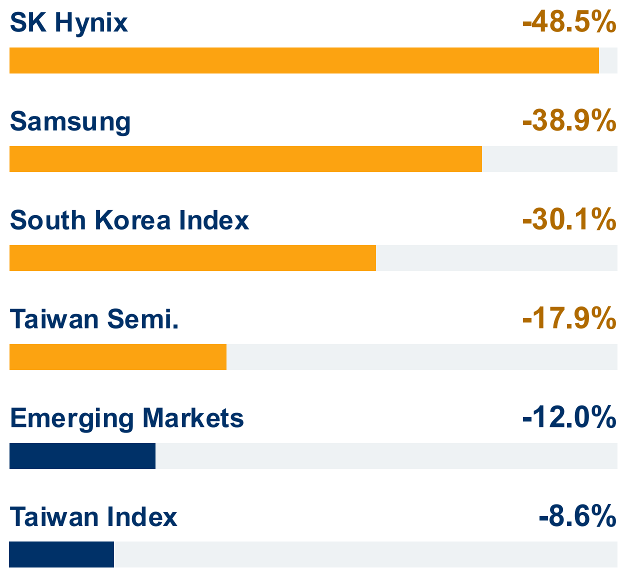


GROWTH OF 1.00 SINCE JAN 2024

	At the peak	Today
South Korea	**3.43×**	**2.27×**
Emerging markets	**1.76×**	**1.54×**

02 The unwind is concentrated

Since June 22, the chip names have fallen far more than the indexes holding them.



Bars scaled to a 50% decline

WORTH REMEMBERING

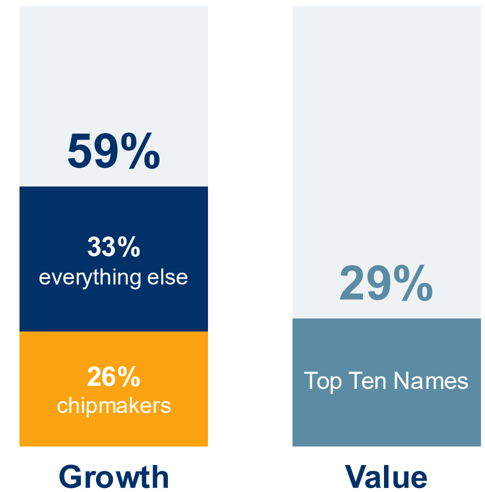
Korea is still up 35% for the year. This is a round trip in a crowded trade, not a collapse in a cheap one.

03 US growth is also crowded

Ten names are 59% of Russell 1000 Growth against 29% of Value — and four of them are chipmakers.

Top ten as a share of the index

Russell 1000, by style



The chips inside that 26%

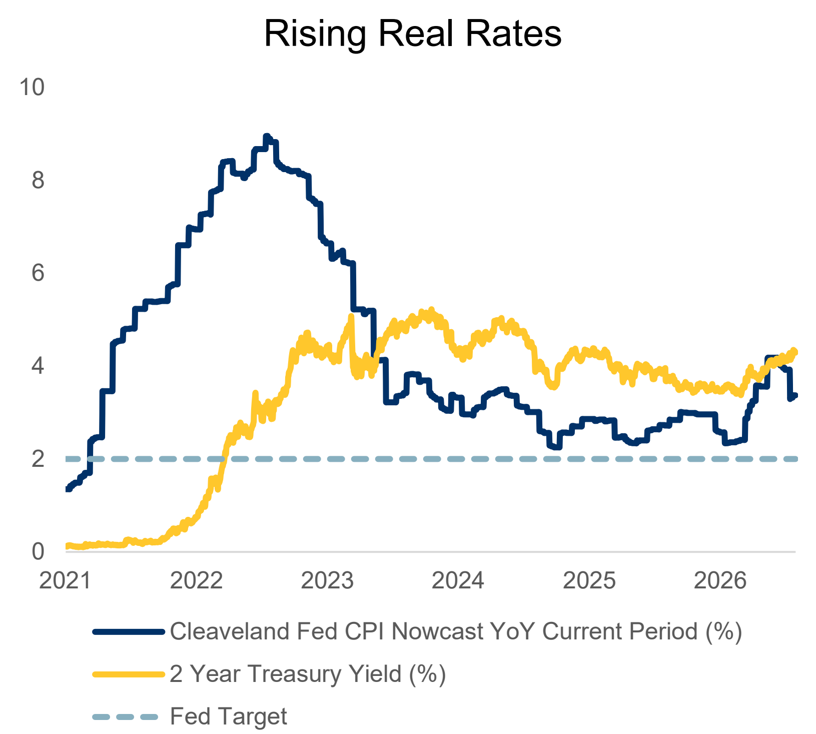
NVIDIA 14% · Broadcom 6% · Micron 3% · AMD 3%

The same trade as Korea and Taiwan — just priced in dollars.

Source: Bloomberg. As of July 29, 2026. The left chart is rebased to January 1, 2024 = 100. Drawdowns are measured from each index or security's 2026 peak date. Information is subject to change and is not a guarantee of future results.

Where Do Rates Go From Here?

- A tug-of-war between an energy/inflation shock and slower-growth relief with the Fed likely patient until shock clears.
- **Base case**: Fed on hold, 10-year Treasury range-bound around 4.00% – 4.50%; resolution in Hormuz is the main downside catalyst for yields.



Three Paths to Watch

Drivers are not symmetric: oil keeps the Fed cautious, but growth weakness can pull the long end lower.

HIGHER Supply shock lasts	• Hormuz disruption persists; crude stays elevated • AI hardware continues to increase • The above two contribute to second and third order inflation • Broad Inflation expectations rise; Fed pushes back on cuts • Treasury supply / fiscal premium stays in focus
Current Shock fades, growth holds	• Yields have risen across the curve, driven by conflict in Iran and surging oil prices • Front-end and "belly" yields have repriced as the Fed becomes less dovish on inflation
LOWER Demand weakens	• Substantive resolution of disagreement with Iran in Hormuz • Inflation pressures from spike in energy prices subside and inflationary AI impacts are short term • Economic growth stabilizes on continued corporate investment, and consumer spending stays at current levels

Bottom line: Rates likely stay elevated until inflation fears abate, but a durable growth scare would shift the debate from "higher for longer" to "cuts can resume."

Source: Federal Reserve, FOMC; FRED; EIA; RBC Rochdale. Data as of July 29, 2026, where noted. Information is subject to change and is not a guarantee of future results.

Key Takeaways

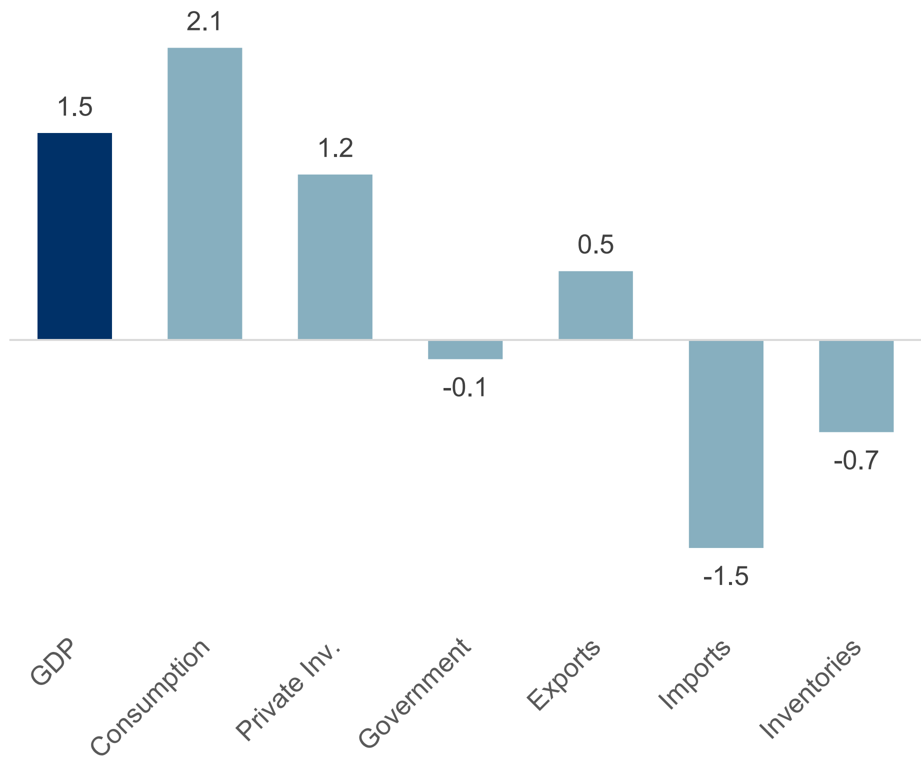
- **Concentration, Not Contagion:** The June 22 break hit hardest where crowding was worst — South Korea −38%, emerging markets −12% — though Korea remains up 35% on the year.
- **Hormuz Slowly Adapting:** About 3 ships a day now leave the strait against 150 before the war, though crude's move from $69 to $92 is half of April's and Saudi pipeline capacity can reroute 7 million barrels a day.
- **Tariffs Have Settled, Not Receded:** The effective rate is 7.4%, down from roughly 22%, though rebuilding the surcharge as Section 301 duties on 60 economies makes this the baseline rather than a waypoint.
- **A Fed Tested by the Bond Market:** Warsh held at 3.50–3.75% on a 9–3 vote, though the 30-year at 5.23% shows the market delivering the tightening the committee has only signaled.
- **AI Capex Is Funded, Not Leveraged:** Amazon, Microsoft, Alphabet and Meta pace above $700 billion of capex, though cash largely exceeds debt issued and CDS widened only where balance sheets are thinnest.
- **Emerging Markets Are a Chip Trade:** Taiwan and South Korea now outweigh China and India, with returns tracing to SK Hynix, Samsung and TSMC — the same trade as NVIDIA, Broadcom, Micron and AMD, in another currency.
- **Rates Stay Elevated Until Inflation Fears Abate:** Our base case holds the Fed on pause and the 10-year range-bound, though a durable growth scare would shift the debate back toward cuts.

Source: RBC Rochdale as of July 29, 2026.
Information is subject to change and is not a guarantee of future results.

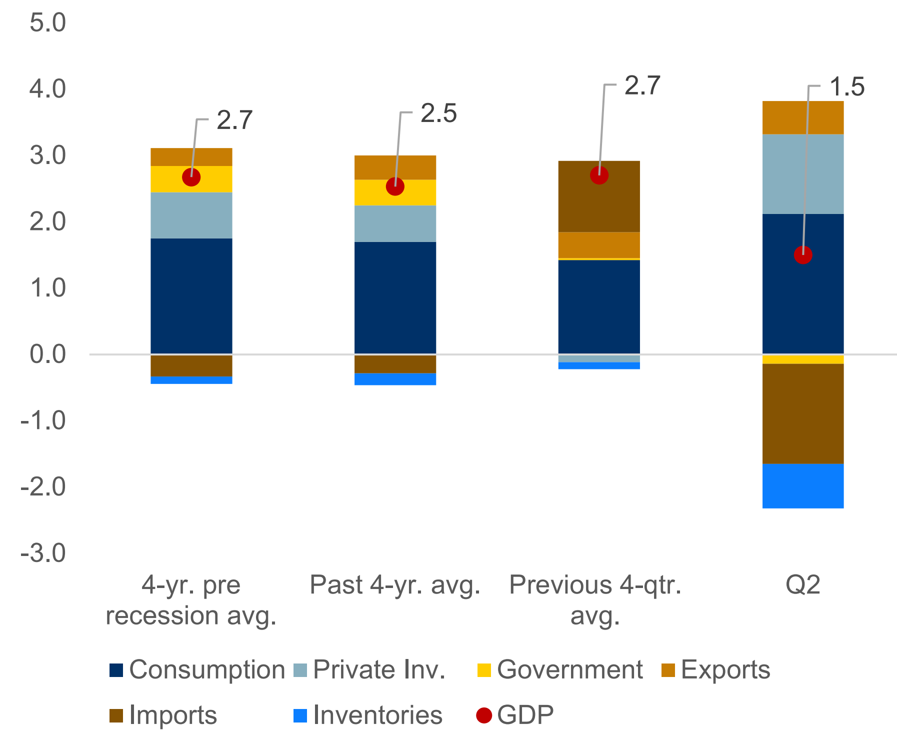
GDP: An Exciting Story

- GDP growth continues to benefit from a resilient labor market, strong consumer spending, and massive business investment in high tech.
- Consumer spending continues to be the primary driver of economic growth.
- Imports and exports appear to have returned to their historic relationship of a net drag on GDP.

GDP 2026: Q2: Contribution
%, seasonally adjusted annual rate



GDP: Contribution
%, annual rate, seasonally adjusted
average of periods

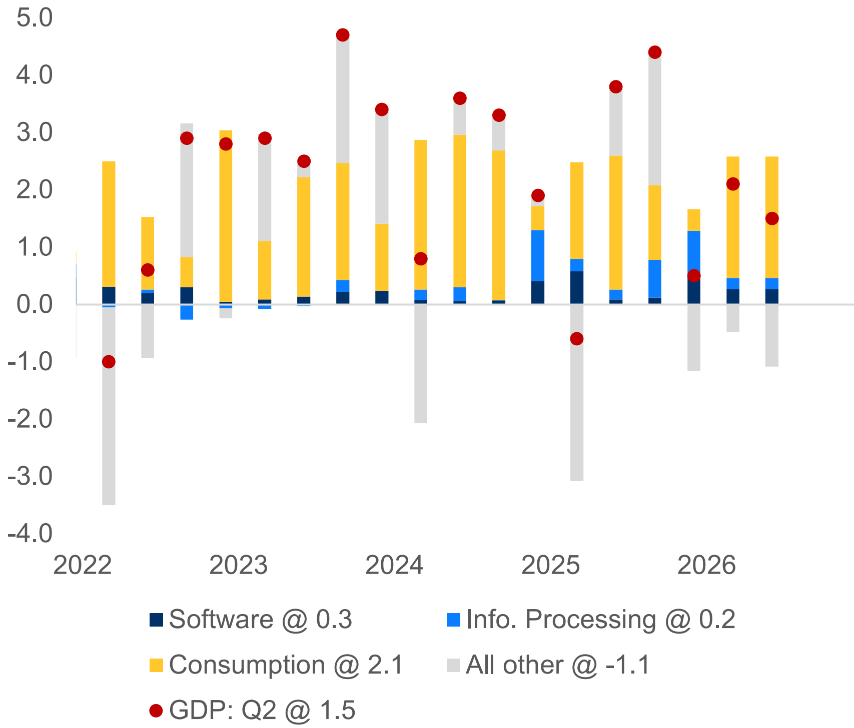


Data current as of: July 30, 2026
Source: Bureau of Economic Analysis
Information is subject to change and is not a guarantee of future results.

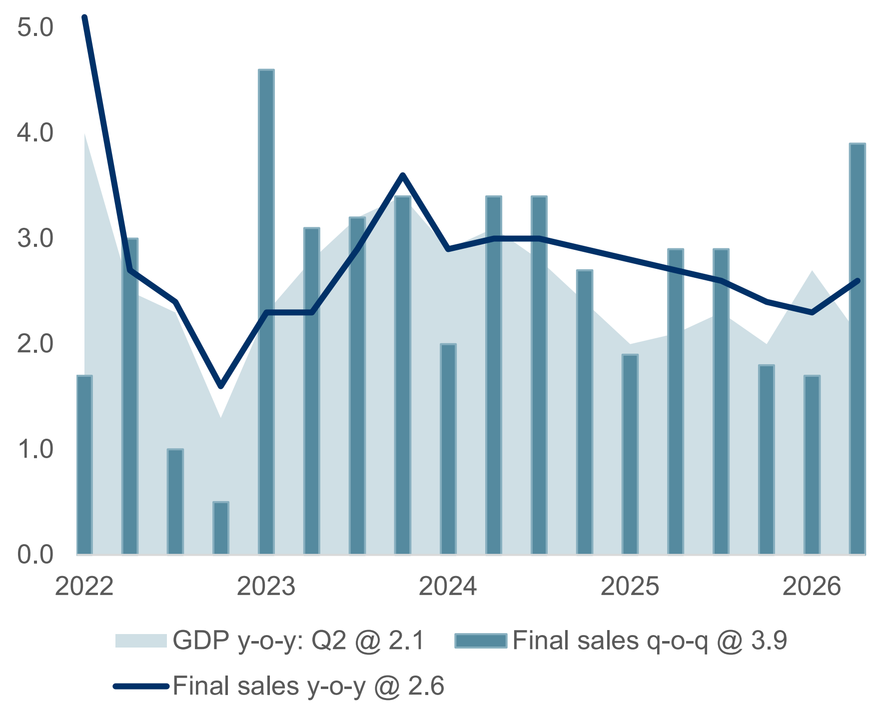
GDP: An Exciting Story

- High tech investment has become the dominant contributor to growth in the past year.
- During that period, it has contributed 35%, to total growth, while comprising just 7% of GDP.
- Final Sales which measures underlying demand by consumers and business remains solid.

GDP: Contribution to Growth
of Selective Sectors
%, seasonally adjusted annual rate



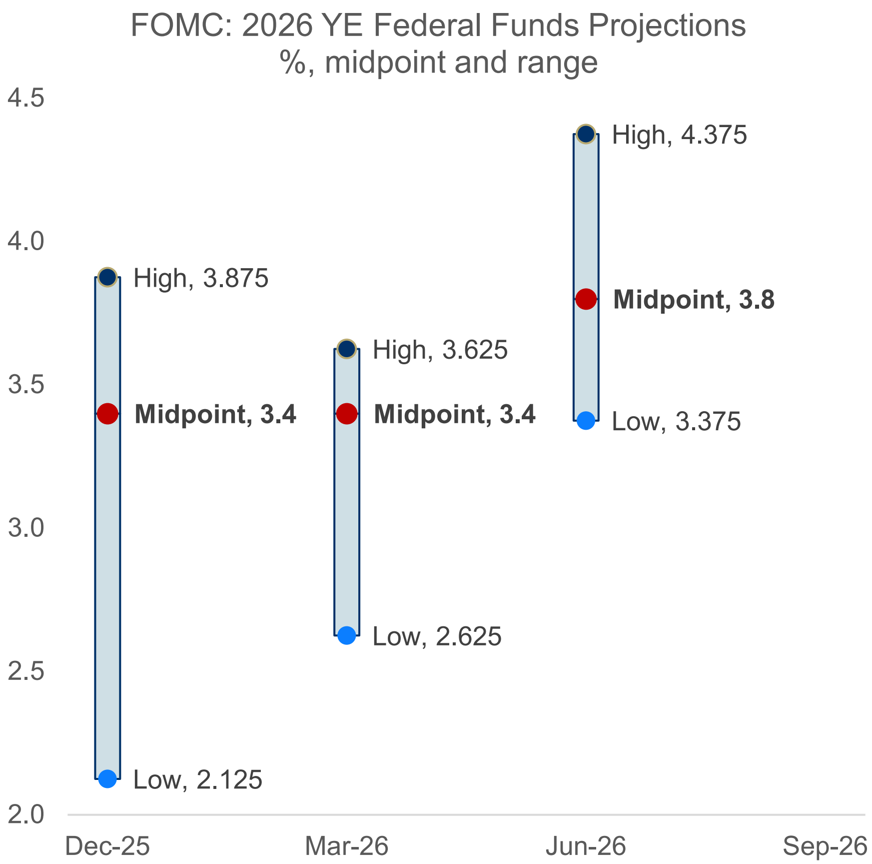
GDP: Final Sales to Private Domestic
Purchasers
$, billions, seasonally adjusted annual rate

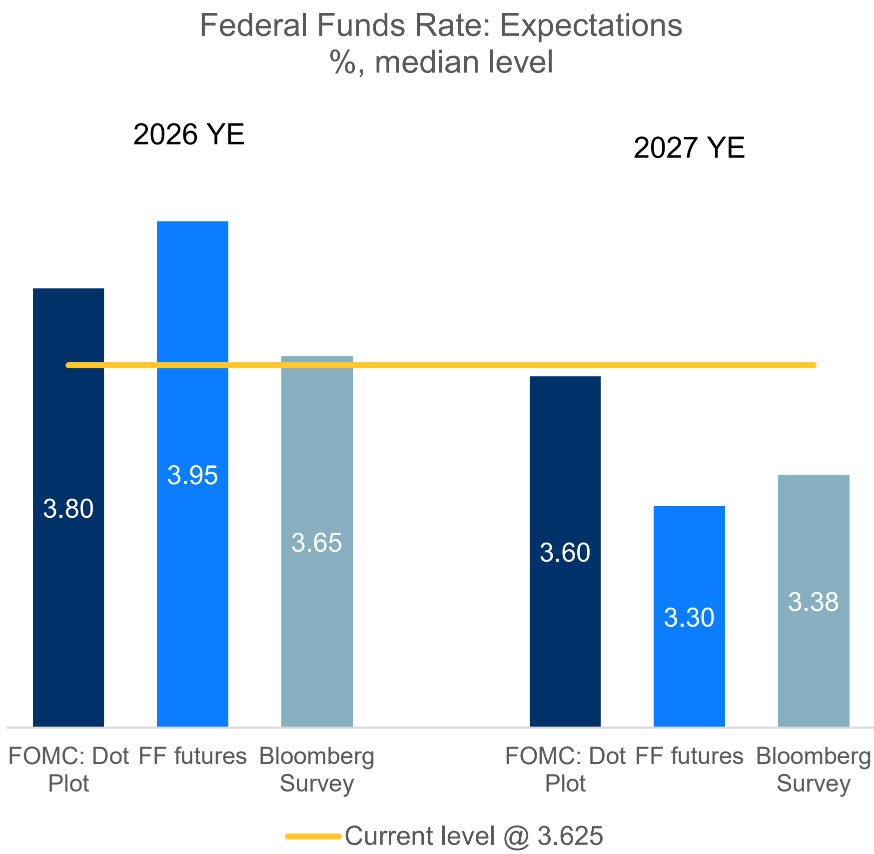


Data current as of: July 30, 2026
Source: Bureau of Economic Analysis
Information is subject to change and is not a guarantee of future results.

The Fed: A Developing Story

- The FOMC is undergoing a transformation, becoming more hawkish on inflation.
- This his is due in part to the resilient, elevated inflation and the stabilization in the labor market.
- The inflation concerns surround tariffs, energy costs, and the heavy tech spending on AI infrastructure.





Data current as of: July 30, 2026
Source: Federal Reserve, Bloomberg WIRP page, Bloomberg Composite of Economic Forecasts
Information is subject to change and is not a guarantee of future results.

The Fed: A New Story

- Warsh wants to make big reforms at the Fed Five task forces are being assembled.
- Consider whether policymakers' methods, analytical tools, and policy approaches can be improved.
- The goal is simple: To ensure the Fed is best positioned to achieve its objectives.
- They are being led by prominent academics, former central bankers, and well-established business leaders.

The Fed Launches Tasks Forces

Communication

Balance-Sheet Policy

Data

Productivity and Jobs

Inflation Frameworks

Communications: Review how the Federal Reserve conveys policy deliberations and decisions amid uncertainty.

Balance Sheet Policy: Examine the costs, benefits, and institutional implications of the Federal Reserve's current balance sheet regime.

Data: Improve the quality and timeliness of real economic signals that inform the Federal Reserve's policy judgments.

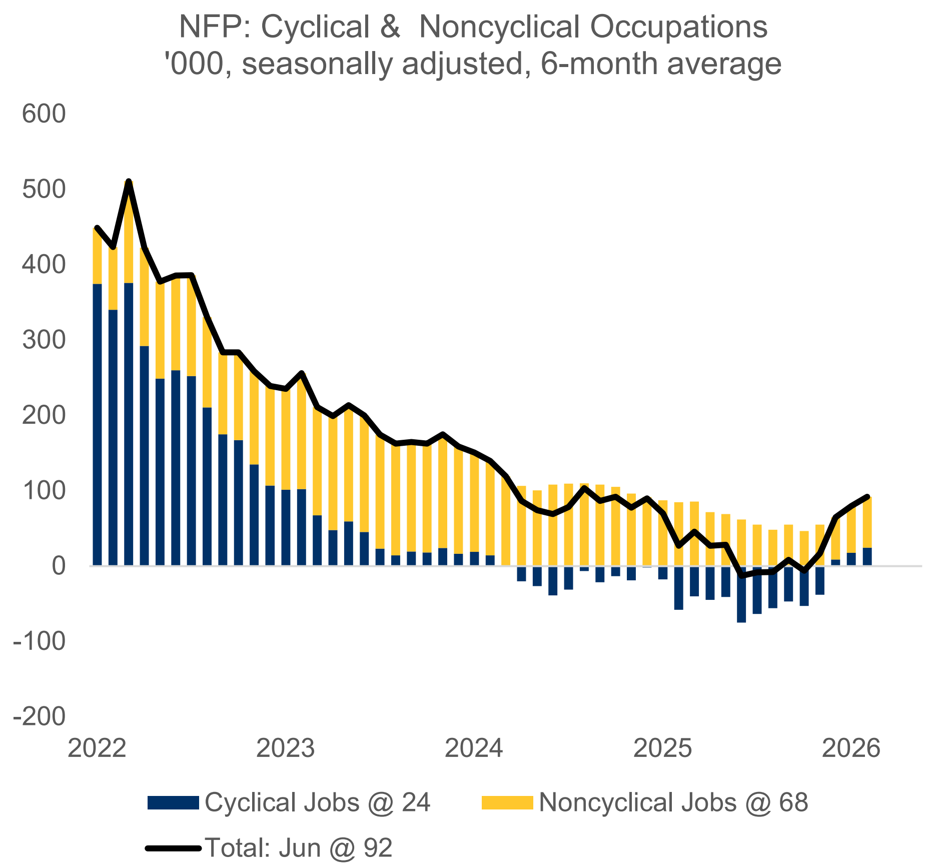
Productivity and Jobs: Assess the economic impact of new general-purpose technologies, including artificial intelligence, to inform the Federal Reserve's policy judgments.

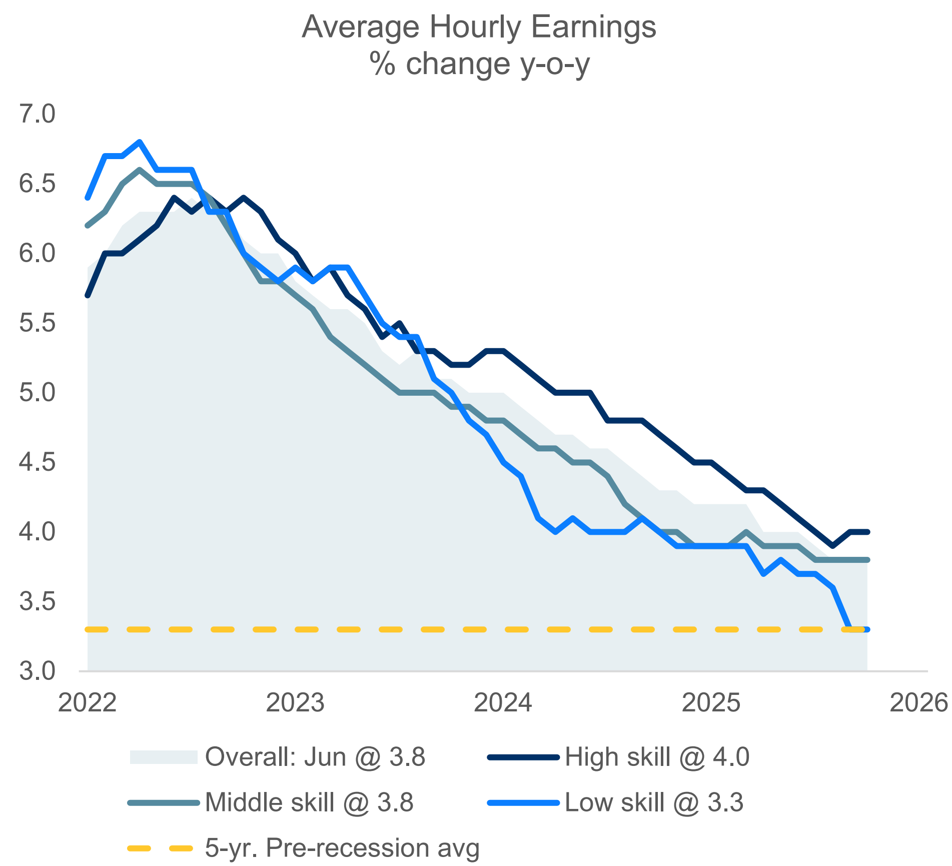
Inflation Frameworks: Revisit how the Federal Reserve understands and responds to the drivers of inflation.

Data current as of: July 29, 2026
Source: Federal Reserve
Information is subject to change and is not a guarantee of future results.

Labor & Wages: An Improving Story

- After a year-and-a-half of weak labor gains, due in part to tariff and AI uncertainty, demand for workers is increasing.
- More importantly, demand for workers in cyclical professions is emerging, a vote of confidence in the economy.
- This is putting upward pressure on some wages, helping to offset the jump in inflation.

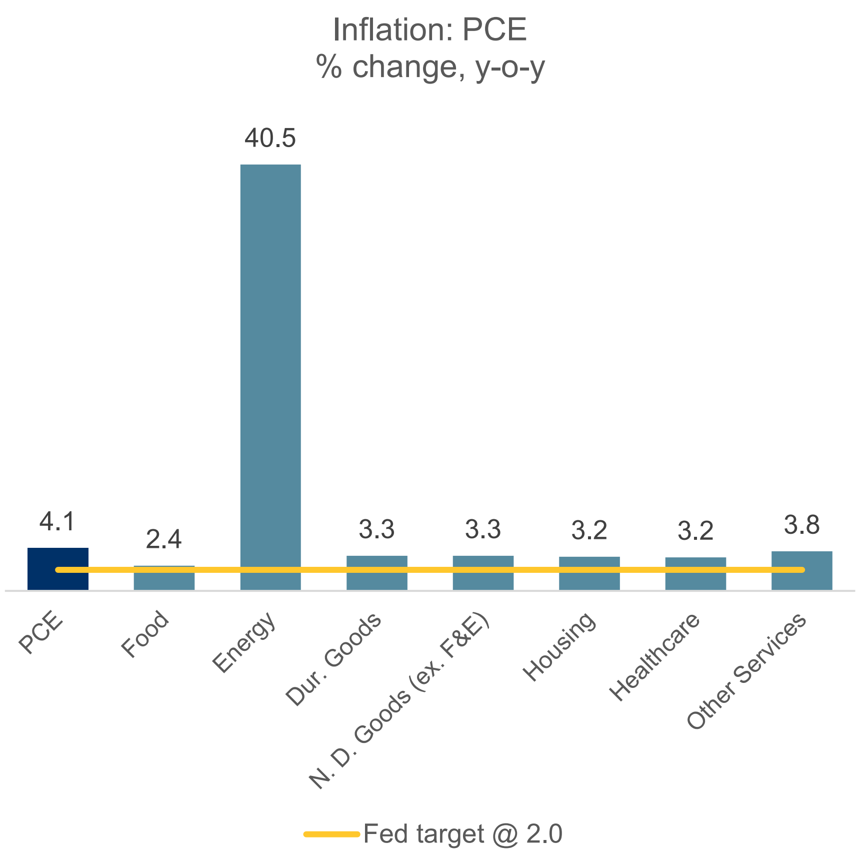


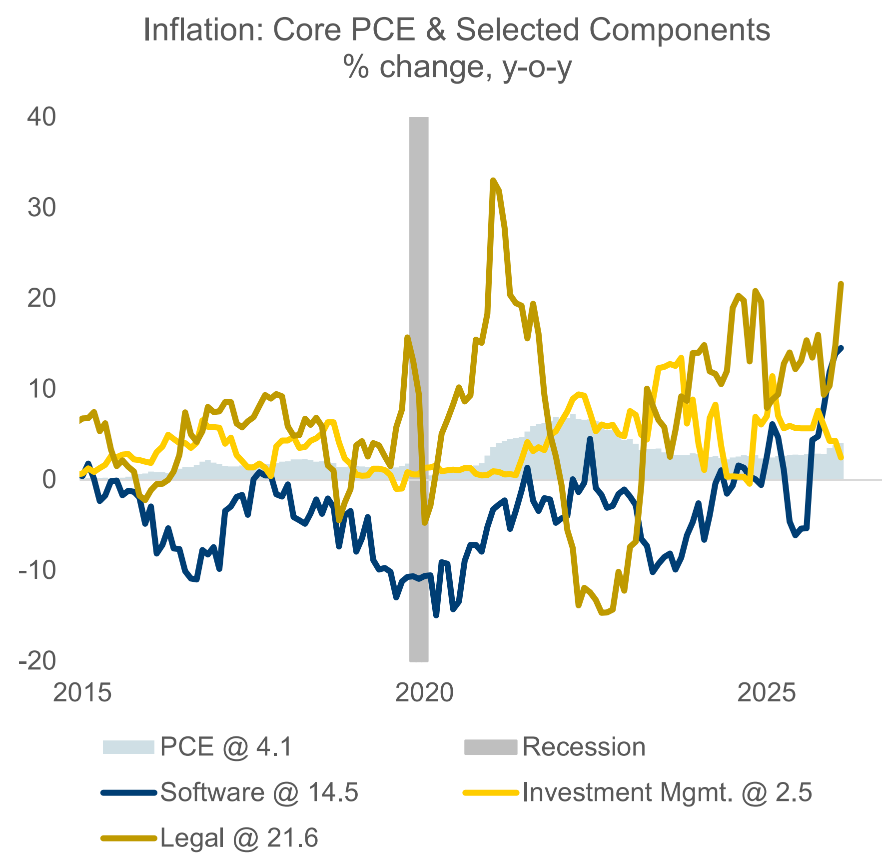


Data current as of: July 29, 2026
Source: Bureau of Labor Statistics, Federal Reserve Bank of Atlanta
Information is subject to change and is not a guarantee of future results.

Inflation: A Complicated Story

- Tariffs, Energy and the AI expansion are the driving forces behind the higher level of inflation.
- The BEA will be making its annual revisions to GDP including changes to how the PCE Price Index is calculated.
- They will adjust the methodology for software, investment management, and legal services.

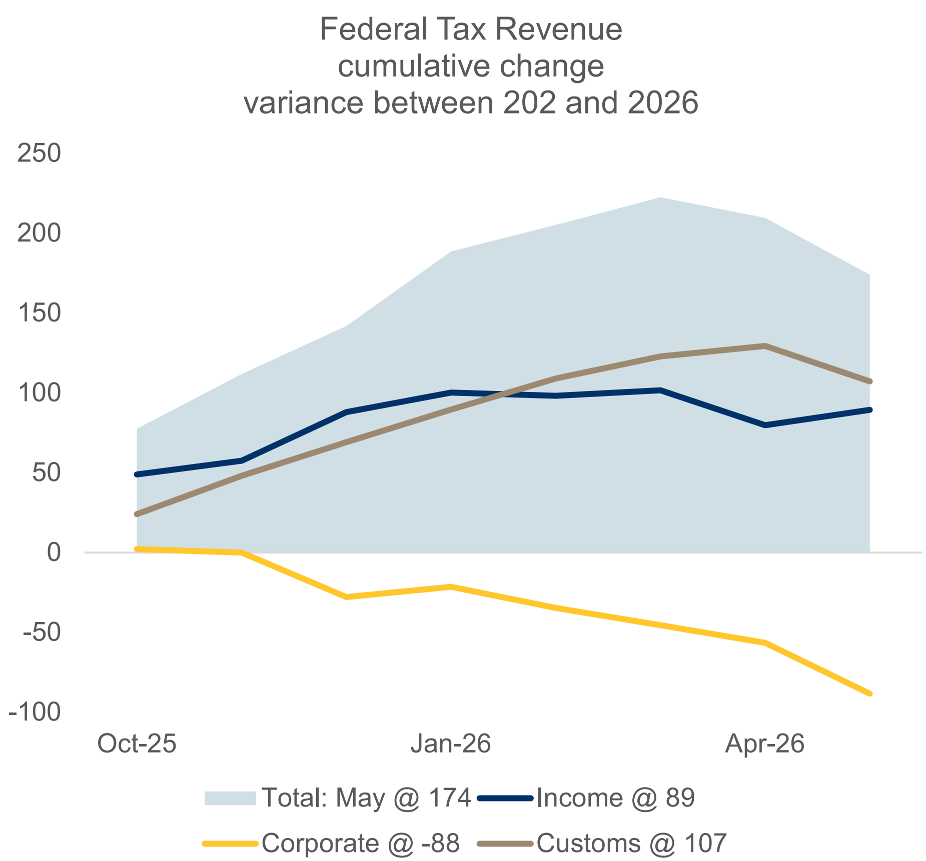


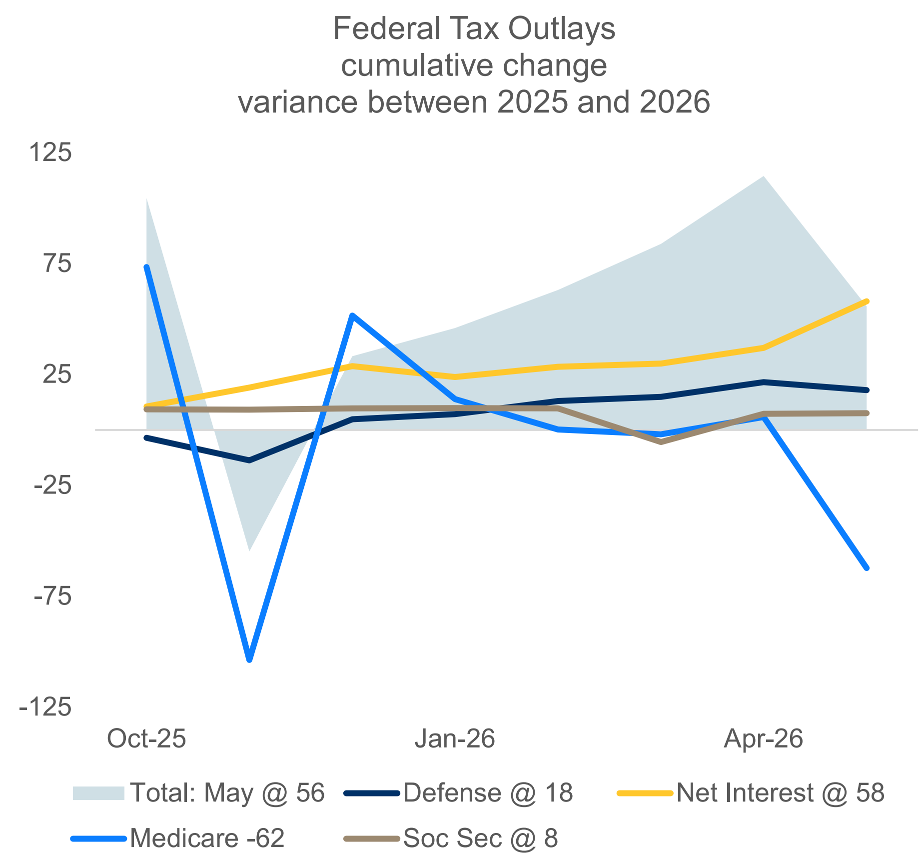


Data current as of: July 29, 2026
Source: Bureau of Economic Analysis, Bureau of Labor Statistics
Information is subject to change and is not a guarantee of future results.

Federal Debt: A Frustrating Story

- Corporate tax revenue has fallen due to the immediate write-off for research and development expenses.
- Expenditures for Medicare, defense, and interest payments are larger this year compared to last year.
- Although revenue growth is stronger and outlays are weaker compared to last year, the debt has grown around $1 trillion fiscal year-to-date.

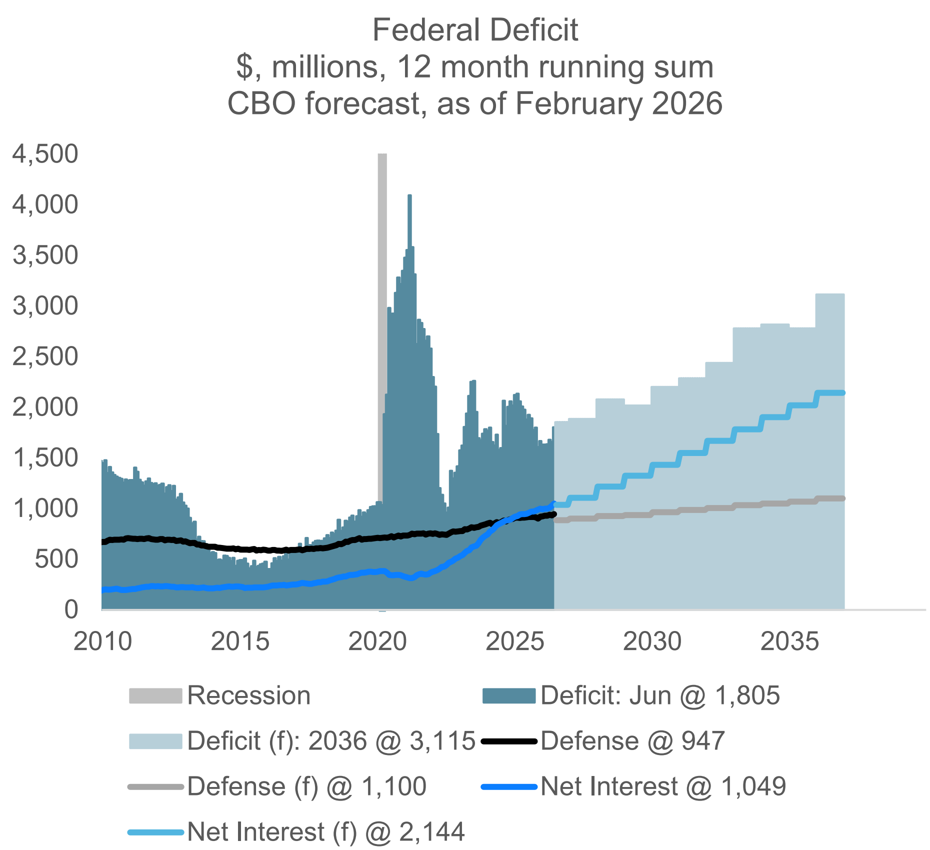


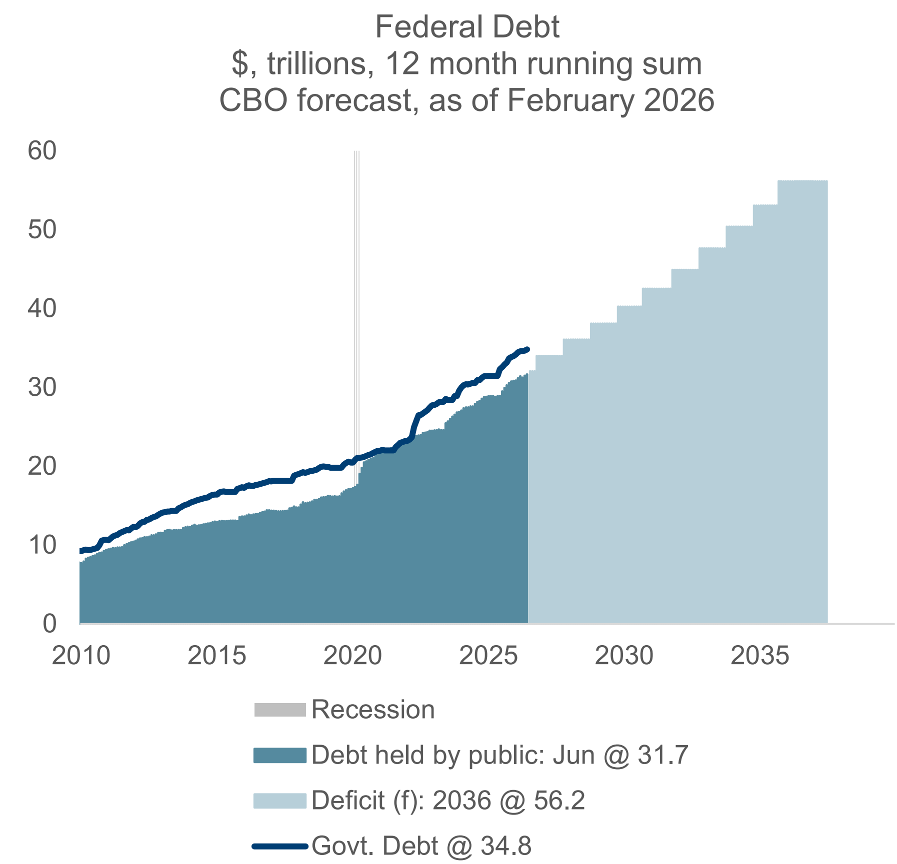


Data current as of: July 29, 2026
Source: U.S. Treasury
Information is subject to change and is not a guarantee of future results.

Federal Debt: A Frustrating Story

- With net interest payments exceeding $1 trillion a year, the sustainability of the debt is being called into question...
- In ten years, interest payments are forecasted to exceed $2 trillion per year.
- The total debt in ten years is expected to be $56 trillion, a 77% increase, averaging a $2.5 trillion gain per year.





Data current as of: July 29, 2026
Source: U.S. Treasury, Congressional Budget Office
Information is subject to change and is not a guarantee of future results.

Key Takeaways

Economic growth remains solid due to low unemployment, strong wealth gains, and business spending.

- **Inflation**
  - Price pressures eased in June, a big surprise to the market.
  - Inflation is being driven by tariffs, energy, and the AI buildout.
  - The tariff-related passthrough is fading.

- **Labor**
  - Growth is stable, not strong.
  - Greater demand for labor may increase now that many business uncertainties are behind us.

- **The Fed**
  - The Fed will probably keep monetary policy on hold this year, but there are rising risks of a hike.
  - The Fed is concerned with the broad inflation picture, not erratic energy costs Energy and the AI buildout are inelastic; a 25 or 50 bp increase in the funds rate will have little impact on that pricing.

- **Uncertainty**
  - Hostilities between the U.S. and Iran remain the key variable for the trajectory of economic growth.

Data current as of: July 29, 2026
Source: RBC Rochdale Research
Information is subject to change and is not a guarantee of future results.

Equity View: Our View, in Four Parts

The economy has split into two: the part building AI (the capital economy) and the part where the rest of us live (the consumer economy).

A Narrow Rally

- A handful of leading AI companies lifting the market
- Real earnings but little valuation cushion

Two Economies

- One is booming (businesses building AI)
- One is stalling (the everyday consumer)

Two Inflations

- Pricing rising where AI builds
- Cooling where households spend

A Patient Fed

- A new Chair pinned to 2% inflation, who won't ease on one good month

Source: Bloomberg, RBC Rochdale. As of 7/17/2026. Valuations are Forward P/E of S&P 500. EPS growth from S&P 500 and subdivisions. Information is subject to change and is not a guarantee of future results.

The Rally Is Real, But Narrow With Little Cushion

- Real rally, real profits, but narrow and priced for perfection
- Alphabet:
    - Cloud grew 82% in Q2 (64% expected, 63% in Q1)
    - Stock still dipped

What We See

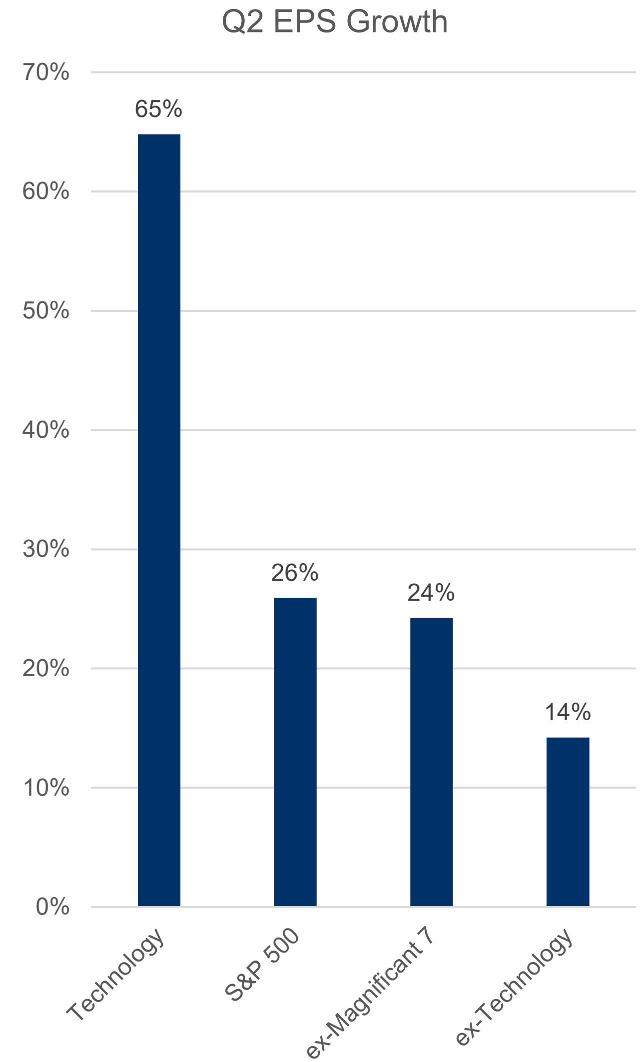
- Q2 earnings season is strong so far, analysts abnormally are raising estimates.
- Expectations: 20-25% profit growth this year.
- Roughly half from a few AI names going much faster.
- Markets are rising because profits are rising, not multiple expansion.
- No cushion: if earnings disappoint, little underneath to catch it.
    - Alphabet grew cloud 82% and stock fell, that's a high bar.

What We Own

- The AI leaders spread across the whole value chain.

What We're Watching

- Whether that small group clears a very high bar.



Source: Bloomberg, RBC Rochdale. As of 7/17/2026. Valuations are Forward P/E of S&P 500. EPS growth from S&P 500 and subdivisions. Information is subject to change and is not a guarantee of future results.

Non-deposit investment products: ◆ are not FDIC insured ◆ are not bank guaranteed ◆ may lose value

Firms Raising Capital, Including Massive IPOs

- Sophisticated companies are deciding to sell stock simultaneously.
- Nobody is selling because they think it's a bargain.
- We believe it's a reason to own this rally carefully rather than chase it.

What We See

- A wave of companies raising capital or coming public.
  - Alphabet raised ~$85 billion in stock (2026) plus $20B debt despite a mountain of cash.
  - SpaceX came public at roughly $1.77T.
  - Anthropic filed to go public near $1T valuation.
- This tells us two things:
  - Supply: more stock for the same number of buyers to absorb.
  - Signal: companies sell stock when it's richly priced, and buy it back when it's cheap.

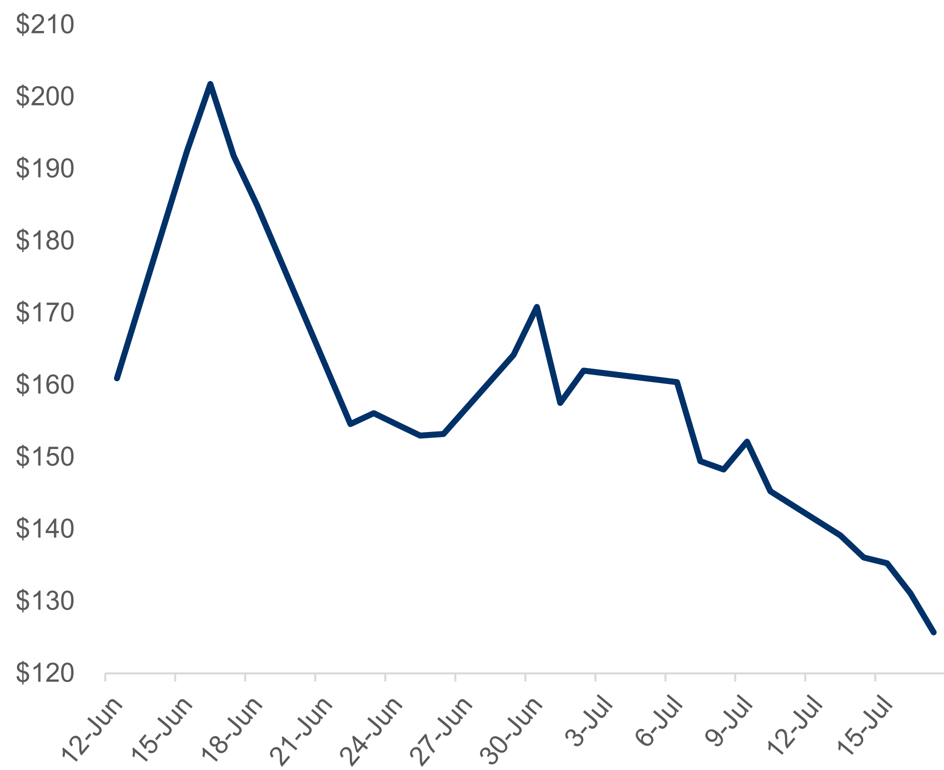
What We Own

- We're not chasing new issues.
- Own established leaders at prices we can rationalize.

What We're Watching

- Whether buyers keep absorbing the supply.

SpaceX Daily Closing Price



Source: Bloomberg, RBC Rochdale. As of 7/17/2026. Valuations are Forward P/E of S&P 500. EPS growth from S&P 500 and subdivisions. Information is subject to change and is not a guarantee of future results.

AI Isn't Just "Tech," It's a Multi-Sector Economy

- One theme, five sectors: the buyers writing the checks are largely the market's leaders.
- Alphabet just raised its 2026 build budget again to $200B and said it still can't build fast enough.
- Every dollar flows down this chain.

The Buyers

- Hyperscalers, capex spenders (hundreds of billions per year)
- Microsoft, Amazon, Alphabeta, Meta, Oracle

Design the Chips

- Chip Designers
- Nvidia, AMD, Intel

Build the Chips

- Equipment Makers
- Applied Materials
- KLA Corp
- Lam Research
- ASML

The Memory

- HBM
- DRAM
- NAND
- HDD

House the Machines

- Data-Center REITs (Real Estate)
- Digital Realty, Equinix, Iron Mountain

Power the Machines

- Independent Power Producers & Providers (Utilities)
- Grid-equipment Makers (Industrial Capital Goods)

Source: Bloomberg, RBC Rochdale. As of 7/13/2026. Information is subject to change and is not a guarantee of future results.

A Closer Look at the AI Stack: Chips & Memory

- HBM is the fast lane next to the AI brain, it's grog fast, and is how memory companies became an AI story.
- One theme drives demand up and down the chain.

Chip Assembly Line

Designers draw the blueprint (Nvidia)

"Semicap" companies build the machines that make the chips

Foundries to the manufacturing

Takeaway: you can own the whole assembly line, not just the famous name

Lithography	The machines that print circuit patterns EUV tools for advanced chips ASML
Deposition	Lays down and carves away the material layers & builds tools Applied Materials
Etching	Etching and layering of 3D memory structures Lam research
Inspection & Metrology	The "error checking", finds defects Measures that each layer is built correctly KLA Corp

Memory Insights

HBM	High Bandwidth Memory Ultra-fast memory for the AI chip (GPUs, ASICs) SK Hynix, Samsung, Micron
DRAM	Memory for CPUs The computer's fast "working" memory Same 3 as HBM
NAND	Flash Memory Fast storage Same 3 + SanDisk, Kioxia
HDD	Hard disk Large, long-term storage Seagate, Wester Digital, Toshiba

Source: Bloomberg, RBC Rochdale. As of 7/13/2026. Information is subject to change and is not a guarantee of future results.

Two Economies: The Builds and the Spenders

- 2% growth hides the story: top half is carrying growth, bottom half stretched.
- We pair growth with steadier businesses people use no matter what.

What We See	The economy has genuinely split into two	The Builders: businesses pouring money into AI, driving majority of 2026 growth
		The Spenders: households normally ~70% of the economy, contributing less to growth in 2026
	And the Spender side itself is a “K”:	Upper arm: higher earnings still spending
		Lower arm: lower earnings squeezed by prices, thin savings
What We Own	The build-out side	AI leaders across the value chain
		Alphabet spending $200B+ and still capacity constrained; it could book more revenue if it could build faster
	The squeezed side	Steady defensives (staples, healthcare)
What We’re Watching	Whether the consumer stabilizes or the whole economy ends up leaning on one build-out	

Source: Bloomberg, RBC Rochdale. As of 7/17/2026. Information is subject to change and is not a guarantee of future results.

We Position For Two Economies, Two Inflations

- Headline inflation fell last month as oil fell, now likely bouncing right back because oil flows have slowed.
- Round trip, 30 days: why we don't trade headlines.
- Underneath: 2 inflations – costs climbing where AI builds (copper at record highs, plus power, equipment construction still rising), cooling where households spend (rents, consumers unable to absorb prices).

What We See

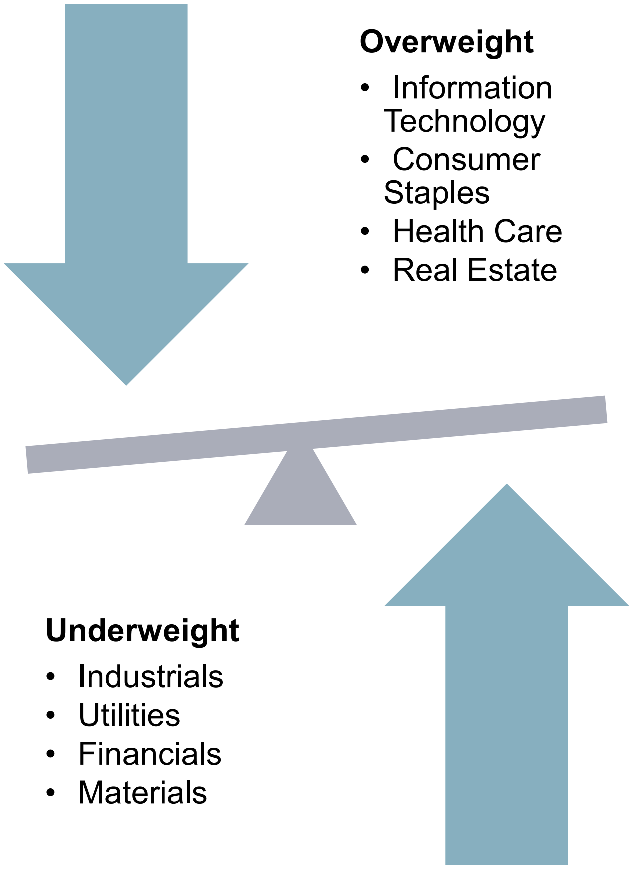
- Inflation headline is whipsawing, don't trade it
  - June: prices *fell* 0.4%, biggest one-month drop since 2020 as oil collapsed after the ceasefire
  - July: the ceasefire broke, the U.S. reimposed the blockade, Iran declared the Strait closed, oil back near $90
  - Same story, both directions, in 30 days

What We Own

- Balanced exposure with some inflation protection
- Without betting the portfolio on oil headlines

What We're Watching

Whether cooling on the household side is real, or just one good month



Source: Bloomberg, RBC Rochdale. As of 7/17/2026. Information is subject to change and is not a guarantee of future results.

Key Takeaways

- **A Narrow, AI-Led Rally:** half the growth from a handful of names, no cushion → own the leading companies across the chain carefully
- **A Split Economy:** builders drove majority of growth, the consumer squeezed → balance with steady defensives
- **Split Inflation:** rising where AI builds, cooling where household spend → two economies, two inflations
- **A Patient Fed:** pinned to 2%, won't ease on one good month → favor quality, not where rates bite
- **The Thread:** the economy has split in two, and the AI build-out is on one side
    - AI profits real – Alphabet grew cloud 82%, tripled cloud profit, and still can't meet demand
- **Three Questions Decide the Rest of the Year:**
    - Do AI profits keep delivering? Does cloud growth outpace capex growth?
    - Does the household-side cooling hold?
    - Does the war escalate (the one we can't forecast, so we position to survive either way)

Source: Bloomberg, RBC Rochdale. As of 7/17/2026. Information is subject to change and is not a guarantee of future results.

Definitions

Standard & Poor's 100 Index is a capitalization-weighted index based on 100 highly capitalized stocks selected from the S&P 500 index for which options are listed. The index was developed with a base value of 50 as of January 2, 1976.

The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

Bloomberg Magnificent 7 Total Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by Bloomberg Industry Classification System (BICS).

MSCI World Net Total Return Index: Tracks large and mid-cap companies across 23 developed market countries globally.

iShares MSCI Canada ETF: Tracks the investment results of the MSCI Canada Index, focusing on large and mid-sized companies in the Canadian equity market.

MSCI ACWI Net Total Return Index: (All Country World Index) Broadly tracks large and mid-cap stocks across 23 developed and 24 emerging market countries.

iShares MSCI United Kingdom ETF: Tracks the performance of the British equity market, specifically large and mid-cap companies based in the UK.

MSCI World ex USA Net Total Return Index: Tracks large and mid-cap representation across 22 developed markets, specifically excluding the United States.

MSCI AC Asia ex Japan Net Total Return Index: Tracks large and mid-cap stocks across developed and emerging market countries in Asia, excluding Japan.

MSCI Emerging Markets Net Total Return Index: Tracks the performance of large and mid-cap companies in emerging market countries globally.

MSCI Europe Net Total Return Index: Tracks large and mid-cap representation across developed market countries in Europe.

MSCI Japan Net Total Return Index: Tracks the performance of large and mid-cap Japanese stocks listed on major exchanges like Tokyo and Osaka

Korea Stock Exchange KOSPI Index tracks the South Korea stock market, tracking all common stocks on the Korea Exchange. It is a market-cap weighted.

MSCI China index tracks large and mid-sized Chinese companies covering roughly 85% of the Chinese equity universe. It includes H-Shares, B-Shares, Red Chips, P-Chips, China A-Shares, and foreign American Depositary Receipts (ADR's)

A hyperscaler is a massive cloud computing and data center provider—such as Amazon Web Services (AWS), Microsoft Azure, or Google Cloud Platform—that offers elastic computing, vast storage, and global networking capabilities to handle extreme workloads and scale resources on demand.

Credit Default Swap is a financial contract that acts like insurance against a loan or bond will fail/

Definitions

United States DOE Crude Oil Total Production: This data is updated every Wednesday at 10:30 AM for the previous week ending Friday. It is taken from text files released by the Energy Information Administration and is part of their Weekly Petroleum Status Report at http://www.eia.gov/petroleum/supply/weekly/. Data in this weekly report is estimated. Current data estimates are based on weekly data collected by the DOE.

Intermediate Corporate: The Bloomberg US Intermediate Corporate Bond Index measures the investment grade, fixed-rate, taxable corporate bond market whose maturity ranges between 1 to 9.9999 years. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

A consumer price index (CPI) measures changes in the price level of a market basket of consumer goods and services purchased by households. The CPI is a statistical estimate constructed using the prices of a sample of representative items whose prices are collected periodically.

The “core” Personal Consumption Expenditures (PCE) price index is defined as prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation.

Gross Domestic Product (GDP) is the total monetary or market value of all the finished goods and services produced within a country’s borders in a specific time period.

FOMC: Federal Reserve's monetary policymaking body that sets interest rates and steers U.S. monetary policy to promote stable prices and maximum employment. Comprised of 12 members (Board of Governors and Reserve Bank presidents), it holds eight meetings annually to determine the federal funds rate.

Rochdale Speedometers℠ are indicators that reflect forecasts of a 6-to-9-month time horizon. The colors of each indicator, as well as the direction of the arrows, represent our positive/negative/neutral view for each indicator. Thus, arrows directed toward the (+) sign represent a positive view, which in turn makes it green. Arrows directed toward the (-) sign represent a negative view, which in turn makes it red. Arrows that land in the middle of the indicator, in line with the (0), represents a neutral view which in turn makes it yellow. All of these indicators combined affect City National Rochdale’s overall outlook of the economy.

Federal Funds Target Rate - Upper Bound: A target interest rate set by the central bank in its efforts to influence short-term interest rates as part of its monetary policy strategy. This indicator shows the new target interest rate on the date the new rate was announced.

Important Information

The information presented does not involve the rendering of personalized investment, financial, legal, or tax advice. This presentation is not an offer to buy or sell, or a solicitation of any offer to buy or sell any of the securities mentioned herein.

The views expressed represent the opinions of RBC Rochdale, LLC (Rochdale), which are subject to change and are not intended as a forecast or guarantee of future results. Stated information is provided for informational purposes only, and should not be perceived as personalized investment, financial, legal or tax advice or a recommendation for any security. It is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness.

While Rochdale believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy or reliability. Statements of future expectations, estimates, projections and other forward-looking statements are based on available information and management's view as of the time of these statements. Accordingly, such statements are inherently speculative, as they are based on assumptions which may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements.

Non-deposit investment products: ◆ are not FDIC insured ◆ are not bank guaranteed ◆ may lose value

Important Information

All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met, and investors may lose money. Diversification may not protect against market risk or loss. Past performance is no guarantee of future performance.

There are inherent risks with equity investing. These risks include, but are not limited to stock market, manager, or investment style. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

There are inherent risks with fixed income investing. These risks may include interest rate, call, credit , market, inflation, government policy, liquidity, or junk bond. When interest rates rise, bond prices fall. This risk is heightened with investments in longer duration fixed-income securities and during periods when prevailing interest rates are low or negative.

Municipal securities. The yields and market values of municipal securities may be more affected by changes in tax rates and policies than similar income-bearing taxable securities. Certain investors' incomes may be subject to the Federal Alternative Minimum Tax (AMT), and taxable gains are also possible. Investments in the municipal securities of a particular state or territory may be subject to the risk that changes in the economic conditions of that state or territory will negatively impact performance. These events may include severe financial difficulties and continued budget deficits, economic or political policy changes, tax base erosion, state constitutional limits on tax increases and changes in the credit ratings.

Investing in international markets carries risks such as currency fluctuation, regulatory risks, economic and political instability. Emerging markets involve heightened risks related to the same factors as well as increased volatility, lower trading volume, and less liquidity. Emerging markets can have greater custodial and operational risks, and less developed legal and accounting systems than developed markets.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

RBC Rochdale is free from any political affiliation and does not support any political party or group over another.