

Monthly Insight

TORICUM PRIVATE BANK

Headlines

S&P 500 companies generate their best net profit margins since records began

Persistent Eurozone inflation points to another hike in interest rates

UK's new prime minister fails to address the country's boat load of problems

Chinese IPOs raise record sums as retail investors scramble for paper

“We're on track to surpass \$2 trillion in borrowing this fiscal year despite not being in a recession. That is not normal.”

10th August 2026, Maya MacGuineas,
President of the Committee for a
Responsible Federal Budget.

Market watch

Equity indices	Level	1 month	YTD	1 year	3 year	5 year	Dividend yield	P/E ratio ¹	P/B ratio ²
S&P 500	7,749	3.1%	13.2%	19.8%	73.6%	73.4%	1.1%	28.5	5.9
Nasdaq 100	29,743	1.6%	17.8%	24.7%	97.9%	96.5%	0.6%	37.5	9.3
Dow Jones	53,770	2.4%	11.9%	19.7%	52.4%	51.4%	1.5%	25.0	6.3
FTSE 100	10,797	2.8%	8.7%	17.8%	43.5%	49.6%	3.1%	15.0	2.4
Eurostoxx 50	6,559	4.6%	13.2%	21.7%	51.8%	55.1%	2.6%	17.8	2.6
Swiss Market Index	14,473	1.5%	9.1%	20.8%	30.6%	16.1%	2.7%	20.6	4.8
Nikkei 225	68,309	1.6%	35.7%	57.8%	110.4%	144.2%	1.3%	22.0	3.0
Hang Seng	25,373	4.8%	-1.0%	-0.9%	33.0%	-3.9%	3.0%	13.2	1.3
CSI 300	4,664	-0.7%	0.7%	11.7%	20.1%	-5.7%	2.4%	18.4	1.8
MSCI Emerging Markets	1,682	2.0%	19.8%	31.7%	68.6%	31.3%	2.0%	18.3	2.5
MSCI All Countries	1,155	3.4%	13.8%	21.1%	68.6%	56.9%	1.5%	24.4	3.9

¹ P/E ratio = Price-to-Earnings ratio, ² P/B ratio = Price-to-Book ratio

Market data

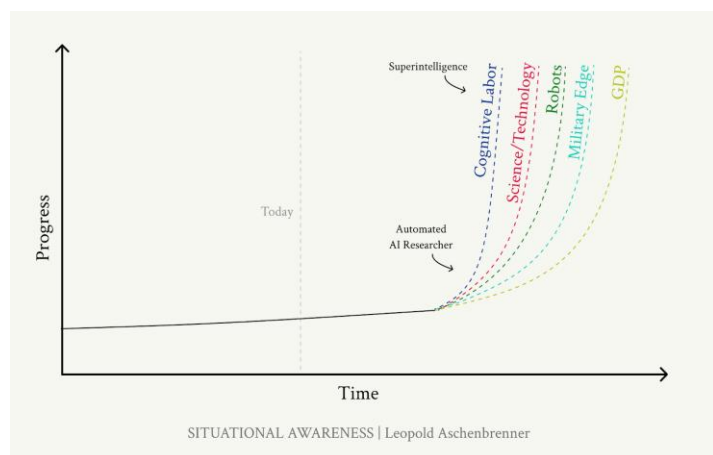
Macroeconomic data	US	UK	EU	CH
Inflation (monthly)	0.1%	0.1%	0.2%	-0.1%
Inflation (yearly)	3.4%	2.6%	2.9%	0.4%
GDP (quarterly)	1.5%	0.4%	0.4%	0.7%
GDP (yearly)	2.1%	1.2%	1.0%	0.5%

Commodities & crypto	Level	1 month	YTD	1 year
WTI crude oil	82	4.9%	42.7%	30.8%
Metals Index	5,824	4.7%	14.3%	38.5%
Gold	4,373	9.3%	1.2%	30.3%
Bitcoin	63,804	2.7%	-27.2%	-48.1%

Yield curve	Base rate	2 year	5 year	10 year
USD	3.75%	4.2%	4.3%	4.7%
GBP	3.75%	4.3%	4.5%	5.0%
EUR	2.25%	2.8%	2.9%	3.2%
CHF	0.00%	0.1%	0.3%	0.4%

Forex	Level	1 month	YTD	1 year
GBP / EUR	1.17	-0.2%	1.9%	0.9%
GBP / USD	1.35	1.0%	0.1%	-0.7%
EUR / USD	1.15	1.3%	-1.9%	-1.5%
EUR / CHF	0.94	1.0%	0.7%	-0.6%

Chart of the month



Situational Awareness: the paper, the fund and the blow-up

The name Leopold Aschenbrenner will go down in history, for two reasons. The first is the publication of his groundbreaking 165-page paper in June 2024, entitled Situational Awareness, on the future impact of artificial super intelligence (see graph).

The second is his hedge fund, launched under the same name shortly after the publication of his thesis. Assets under management grew from zero to \$45 billion in just two years, fuelled by triple digit investment performance. However, the fund's stellar performance was generated through leverage as high as 400% in a highly concentrated portfolio of AI stocks. In July 2026, the fund lost two-thirds of its value in a month as AI stock valuations plummeted. This in turn triggered margin calls, forcing the fund to sell its entire quoted equity portfolio at a discount to Citadel.

Market news

As at 7th August, 88% of S&P 500 companies had reported Q2 results, of which 86% reported a positive Earnings Per Share (EPS) surprise. As reported by FactSet, the blended year-over-year (YoY) earnings growth rate for the S&P 500 in the second quarter of 2026 currently stands at 50.4%, the highest earnings growth rate reported by the index since Q2 2021 (91.6%). This performance was due to a combination of strong revenue growth and higher profit margins. Not only did revenue grow by 15% in Q2, but the blended net profit margin increased to 16.9%, well above the 5-year average of 12.4%. In fact, 16.9% is the highest net profit margin reported by the index since FactSet began tracking this metric in 2009.

Strong corporate results fed through to positive equity market performance over the month, with Europe and the UK also posting gains. The US bond market, however, remained subdued as investors fret over a possible rise in interest rates. The Personal Consumer Expenditures Price Index, the Fed's preferred inflation gauge, remains high at 3.7% YoY, prompting growing expectations of a rate rise prior to year end. The Fed held rates unchanged at 3.50%-3.75% in a 9-3 vote, while Chair Kevin Warsh offered limited guidance on the conditions that could prompt a future policy adjustment.

Meanwhile, gold prices rose by 10% to around \$4,400 per ounce due to ongoing geopolitical tensions, continued central bank purchases and a technical rebound.

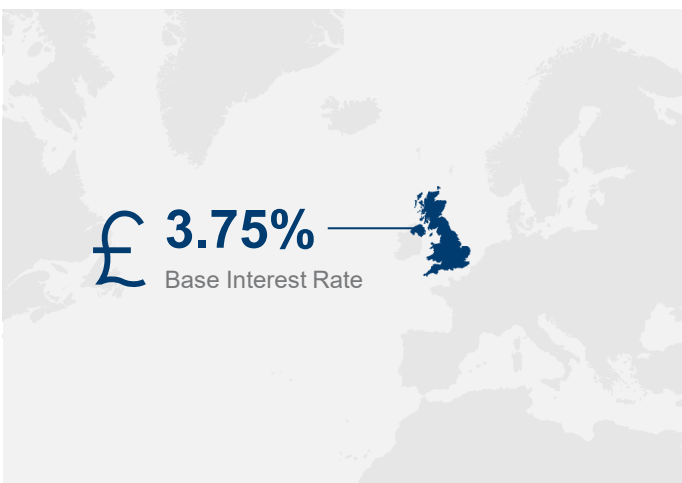


United States

The United States has experienced a "twin deficit", i.e., the simultaneous occurrence of a government budget deficit and a current account trade deficit, since the early 1980s. Despite Trump's imposition of tariffs and the country's positive economic growth, the US continues to spend beyond its means. The latest federal budget deficit of \$120.3bn and the trade balance deficit of \$73.3bn are clear indications that this state of play will continue unabated under the current administration. However, with total US national debt fast approaching \$40 trillion, representing 123% of Gross Domestic Product (GDP), the current path is unsustainable. The bond market recently reminded the US government that the higher the risk, the higher the return it requires for lending it money, pushing the 30-year US treasury yields steadily upwards since 2020 and reaching a 22-year high of 5.27% in July.

Eurozone

The European Central Bank kept interest rates on hold at 2.25% but warned that the next decision may be a hike. This is due to sticky inflation which, at 2.9% YoY, remains above the 2% official target rate. GDP growth saw an improvement in Q2, rising 1.0% YoY versus expectations of a mere 0.6%. However, this was not sufficient to boost the unemployment rate, which remains high at 6.3%.

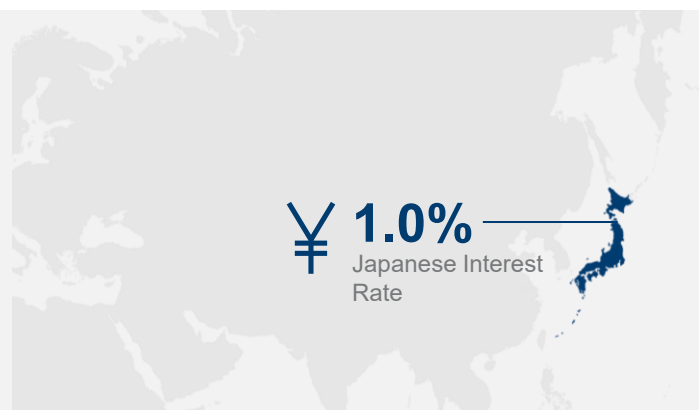


United Kingdom

The latest UK inflation rate decreased slightly to 2.6%. However, the Bank of England kept interest rates unchanged at 3.75%, noting that the middle east conflict may lead to prolonged energy price volatility. Andy Burnham was appointed as new UK Prime Minister and revealed various policies to address the rise in the cost of living. These include removing VAT from electricity bills, lowering fares on public transport and launching a large council house building program. Such measures may garner votes but will do little to resolve the UK's larger structural and financial challenges.

Japan

The Japanese Yen recently strengthened against the US Dollar as authorities from both countries coordinated action to lift the currency from its 40-year low. However, given Japan's declining exports and extremely high debt-to-GDP ratio (at c. 249%), demand for its currency has waned. Finally, the expectation of a rise in Japanese interest rates, on the back of hot price inflation, has reduced Yen demand for use in the international carry trade.



 **23.9%**

Rise in Exports

China

China's exports grew by 23.9% from a year ago in July, as demand for AI-related electronics and other high-tech products remained strong. The US reacted by banning imports of foreign-made humanoid robots and power inverters due to security concerns and blacklisted 43 Chinese companies over alleged forced labor abuses.

ChangXin Memory Technologies (CXMT), the Chinese manufacturer of DRAM memory chips went public. High demand led to its shares closing 466% above their IPO price on their first trading day on the Shanghai market.

India

India continues to grapple with rising Consumer Price Inflation, which reached a 20-month YoY high of 4.45% in July. However, the Reserve Bank of India decided to keep interest rates unchanged at 5.25% in August. Market hopes of a rate cut in 2026 have now totally faded but the market does not anticipate a hike before year-end. Given that the unemployment rate did not budge below 5.5% in June, the authorities want to avoid disrupting the economy's growth.

 **4.45%**

July CPI YoY



Oil

The Islamic Revolutionary Guard Corps of Iran is succeeding in keeping oil prices high, thereby increasing its revenues, which in turn fund its military forces and regional proxy networks.



Crypto

Standard Chartered-led Anchorpoint Financial has started a limited rollout of HKDAP (Hong Kong dollar at par), its Hong Kong dollar-backed stablecoin approved by Hong Kong regulators.

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