

2 GRAY BEARDS | Week 186 One-Pager

July 25, 2026 | *Playbook Unchanged Into a Nothing FOMC*

BOTTOM LINE

FOMC is very likely a nothing meeting — pause plus task-force talk. A 25bp hike is possible but would itself signal nothing, since it starts a hiking cycle without the conviction to finish it. 30Y real yields at 2.97%, closing in on the 3% buy trigger. Playbook unchanged.

KEY THEMES

- Yields up across the curve again (2s +14bp, 10s +12bp, 30s +8–9bp) on heavy auction supply plus a strong economy (lowest weekly claims of the cycle).
- Oil higher on Iran, weighing on bonds and equities (~-1% on the week) — but no panic; equal-weight RSP fine, just sector rotation.
- Earnings solid but low bar — sharp dispersion (Google down hard, Intel spiked then reversed -18%). Higher real yields argue against chasing equities regardless.

FOMC WATCH

- Base case: pause + task-force language, repeat of June/Humphrey-Hawkins tone, wait until after midterms.
- 50bp hike: essentially off the table — only Warsh would push it; rest of committee sees it as reckless.
- 25bp hike: possible but reads as “nothing” — signals a cycle start without commitment, and would draw a negative bond reaction.

POSITIONING

Asset	Stance	Note
30Y Real Yields	Buy 3% → 3.25%	Six 5% tranches; 2.97% close, not there yet.
Gold	Add on weakness	Add once higher real yields pressure it lower.
Equities	Hold, don't chase	Real yields haven't bottomed; add only after a real-yield-driven selloff.
Intl Equities	Maintain	Dollar roughly neutral vs. euro/pound.

COMING UP

- Wednesday: FOMC — expect pause, not action.
- More Treasury auctions — continued long-end supply pressure.
- Bulk of remaining earnings season next week (Nvidia not until August).
- Email alert only if FOMC surprises — otherwise playbook holds.