

DELPHIC QUICKTAKES

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By Delphic Strategies · 17 July 2026 · Friday edition

The AI Rout Climbs the Quality Ladder, the Iran Siege Intensifies, and the Rate Path Splits

The AI/momentum de-rating deepened and broadened. Having taken out the speculative tail (Bloom -13.6%, IREN -9%) and the semis (Micron -5.7%, AMD -5.3%; SOX -10.8%, ~\$1.3trn erased), it is now cracking a mega-cap leader — Google -4.4%. Yet it is still a factor unwind, not a broad crash: the S&P only -0.54% (~7,507), Apple resilient (+1.76%), energy rotating up. The driver is multi-front — AI-ROI doubt + dot-com valuations + a hawkish Fed + rising yields, with the Iran siege (Brent ~\$85, US strikes a third day, blockade, two supertankers hit, visible transits ~7/day) an oil-inflation impulse on top. The crosscurrent: June CPI cooled to 3.5%, so the market prices a 90% HOLD even as the Fed turns hawkish — the rate path is contested, and that is the swing. Here's the read.

(1) The AI de-rating is climbing the quality ladder — a mega-cap leader cracks. The de-rating started in junk (fuel-cell, crypto-miners, quantum), moved to semis (SOX -10.8%, ~\$1.3trn erased; Micron -5.7%, AMD -5.3%, Nvidia -2.4%), and now a mega-cap leader is cracking — Google -4.4%. But it is still a rotation, not a crash: the S&P -0.54% (~7,507), Apple +1.76%, energy up (XLE +0.9%). Root cause per the desks is not a demand loss but an amalgam — AI-ROI doubt, dot-com valuations, a hawkish Fed. Watch whether the crack spreads from Google to the mega-cap complex (an index de-rate) or Apple-quality holds (a contained factor unwind).

Daily Market Commentary · Delphic Regime Radar

(2) The contested rate path is the discriminator between an air-pocket and a factor crash. The single most important variable is two-sided. A credibility-first Warsh Fed has turned hawkish (50% of officials now see a 2026 hike) and yields are rising (2Y ~4.28%, 10Y ~4.56%) — the solvent on high-multiple growth. BUT June CPI cooled to 3.5% (from 4.2%), so the market prices a ~90% HOLD. If the yield surge extends, the momentum unwind deepens toward the 2022 analog (~30% factor drawdowns); if CPI cooling wins and yields roll over, the de-rating finds a floor. That tension is the swing.

Delphic Regime Radar · Global Macro

(3) Iran-Hormuz: the siege intensifies but the Two-Clock holds — Brent ~\$85, not a closure. The kinetic track escalated — US strikes a third day, the naval blockade reinstated, Iran hit two supertankers and struck US assets in Kuwait AND Bahrain, Hormuz visible transits collapsed to ~7/day as ships run dark — yet Brent held ~\$85 (not the \$100-130 a shut Strait implies), Kharg is spared, and Trump ABANDONED the 20% toll (Gulf states to invest in the US instead). Our SoH monitor HOLDS Phase 2 with throughput dipping further to ~7.0 mb/d — a more kinetic, more-throttled siege on the same Two-Clock trajectory (Iran's leverage draining), not a closure. The oil premium is an inflation impulse that reinforces the hawkish-Fed leg.

Iran-Hormuz Brief · Strait of Hormuz Monitor

(4) The trade is the rotation — value, energy, quality; underweight the AI-scarcity momentum complex. Four reinforcing pressures are de-rating the same trade: AI-ROI doubt, dot-com valuations, a hawkish Fed + rising yields, and an oil-inflation impulse. The clean rotation is OUT of AI-scarcity / momentum / high-multiple growth (semis, AI-power, crypto, now mega-cap Google) INTO value, energy (XLE +0.9%, the Iran-siege beneficiary), financials and defensive quality (Apple the tell). The barbell tilts hard off growth. The tail is a sustained yield surge → a 2022-style momentum-factor drawdown; the base is a rotation the index masks.

Daily Market Commentary · Global Oil S/D

(5) Greece — soft on the global risk-off, but the re-rating is validated: Goldman to 2,600, Metlen +5.5%. Athens was heavy in the global AI/momentum risk-off + the domestic supply overhang (ELHA -4.7% to €4.43, GEK Terna -3.1%, banks -0.5 to -1.6%), but the standout was the bull signal underneath: Metlen +5.5% as Goldman lifted its ATHEX index target to 2,600 (from 2,500), naming Metlen and Motor Oil top picks, with MS and UBS reiterating bullish Greek-bank calls (valuations below EU peers, top-tier RoE). A global-beta + supply-overhang pullback layered on an intact, analyst-endorsed re-rating — not a franchise de-rating. The H1 bank results (29-31 Jul) are the demand-side catalyst; GPO (13 Jul) ND 29.3, Mitsotakis the top-PM.

Delphic News Run — Greece

WHAT WE'RE WATCHING TODAY

- The CONTESTED rate path: a hawkish Warsh Fed (50% see a hike) + rising yields (2Y ~4.28%) vs a cooling June CPI (3.5%, 90% hold priced). Yields extending → the momentum unwind deepens (2022 analog); CPI cooling winning → the de-rating finds a floor.
- Whether the Google crack spreads to the mega-cap complex (an index de-rate) or Apple-style quality holds (a contained factor unwind); the speculative tail (Bloom -13.6%, IREN -9%) is leading down.
- Iran-Hormuz: strikes a 3rd day + blockade + 2 supertankers hit + visible transits ~7/day, Brent ~\$85 (toll abandoned); SoH holds Phase 2. A Kharg hit / mine detonation / Brent >\$95 re-bids oil and reinforces the hawkish leg.
- Greece: whether Goldman's 2,600 call + the Metlen/Motor-Oil bid arrest the supply-overhang softness; the H1 bank-results cluster (29-31 Jul) the demand-side catalyst.
- Rotation durability: value/energy/quality (Apple, XLE) vs the AI-scarcity/momentum complex — own the rotation, watch the CPI/yield path for the depth.

BOTTOM LINE

The AI/momentum de-rating climbed the quality ladder — a mega-cap leader cracked (Google -4.4%) — but it is a rotation, not a crash (S&P -0.54%, Apple +1.76%, energy up). The driver is multi-front — AI-ROI doubt + dot-com valuations + a hawkish Fed + rising yields — with the Iran siege (Brent ~\$85, strikes a third day, two supertankers, visible transits ~7/day, toll abandoned) an oil-inflation impulse on top; the SoH monitor holds Phase 2 (a throttled siege, not a closure) on the Two-Clock trajectory. The complication is the contested rate path — a hawkish Fed vs a cooling 3.5% CPI (90% hold priced) — the swing between a stabilising air-pocket and a 2022-style factor crash. Position for the rotation: value, energy, quality (Apple the tell); underweight the AI-scarcity / high-beta momentum complex; let the CPI/yield path arbitrate the depth. In Greece, the softness is global-beta + supply overhang, not a de-rating — Goldman's 2,600 call and Metlen +5.5% say the re-rating is intact.

Synthesised from: Delphic Daily Market Commentary — 17 Jul 2026 (the AI/momentum rout climbs the quality ladder, Google -4.4%; contested rate path; multi-front driver) · Delphic Strait of Hormuz Monitor — 17 Jul 2026 (siege intensifies — strikes 3rd day, 2 supertankers, visible transits ~7/day, Brent ~\$85, toll abandoned; HOLDS Phase 2; Two-Clock) · Delphic Regime Radar — a factor/momentum unwind inside late-cycle tightening; rate path contested · Delphic News Run — Greece, 17 Jul 2026 (soft tape on the global risk-off + supply overhang; Metlen +5.5% on Goldman's 2,600 index-target lift; MS/UBS bullish banks) · Market data: prices.json (17 Jul close) + web news run (Reuters, CNBC, Al Jazeera, Fed, Goldman/MS/UBS)