Hawkish hold repricing lifts the front end while equities pay up anyway

The front end is repricing a hawkish hold. The US 2Y closed at 4.21%, 3bp below its 52-week high of 4.24% and +21.3% YTD, while the 10Y at 4.56% leaves a 35bp gap between the two legs.

Equities are paying for growth while credit pays the rates bill. SPY is +10.2% YTD and 0.9% below its 52-week high of $759.57, yet LQD, the cleaner duration read, is -2.3% YTD and -1.0% WoW.

Digital assets confirm the risk-off undertow. BTC is -27.7% YTD at $64,193 and Bitcoin dominance at 55.65% shows capital rotating into the most defensive asset within the class.

OUR READ

The front end is doing the Fed's tightening; we stay underweight duration until the 2Y resolves its 4.24% high.

10Y Treasury yield · last 90d (Source: FRED)

Market snapshot · as of 10 July 2026

	Ccy	Price	Perf. since 52 Week Low			Perf. since 52 Week High			Perf.	Trend	Signal	GC View
			Date	Low	Rise %	Date	High	Decl. %	YTD	6m	OB / OS	
Core anchors												
US 10Y Treasury Yield	%	**4.56**	Oct-25	3.97	+14.9%	May-26	4.67	-2.4%	+8.8%	neutral	sl. OB	UW
S&P 500 (SPY ETF)	USD	**752.7**	Aug-25	621.7	+21.1%	Jun-26	759.6	-0.9%	+10.2%	up	sl. OB	**N**
Brent Crude †	USD	**69.56**	Dec-25	59.93	+16.1%	Apr-26	138.2	-49.7%	+12.2%	down	sl. OS	—
Gold (GLD ETF)	USD	**375.2**	Jul-25	301.0	+24.7%	Jan-26	495.9	-24.3%	-5.8%	down	neutral	UW
Bitcoin	USD	**64,193**	Jun-26	58,608	+9.5%	Nov-25	110,531	-41.9%	-27.7%	down	neutral	UW
EUR/USD		**1.14**	Jun-26	1.13	+0.9%	Jan-26	1.20	-4.4%	-2.5%	neutral	OS	**N**
Weekly focus												
US 2Y Treasury Yield	%	**4.21**	Feb-26	3.38	+24.6%	Jun-26	4.24	-0.7%	+21.3%	up	sl. OB	UW
US 20Y Treasuries (TLT ETF)	USD	**84.45**	May-26	83.02	+1.7%	Oct-25	92.06	-8.3%	-3.0%	neutral	sl. OS	UW
US IG Credit (LQD ETF)	USD	**107.6**	May-26	107.1	+0.5%	Oct-25	112.9	-4.7%	-2.3%	neutral	sl. OS	UW
Nasdaq-100 (QQQ ETF)	USD	**722.5**	Aug-25	553.9	+30.4%	Jun-26	746.2	-3.2%	+17.8%	up	sl. OB	**N**
US Dollar Index (Broad)		**120.7**	Jan-26	117.4	+2.8%	Nov-25	121.9	-1.0%	+0.9%	neutral	sl. OB	**N**
US High Yield (HYG ETF)	USD	**79.79**	Mar-26	78.72	+1.4%	Sep-25	81.32	-1.9%	-1.1%	neutral	neutral	**N**
German 10Y Bund Yield	%	**3.09**	Oct-25	2.58	+19.8%	May-26	3.21	-3.7%	+6.2%	neutral	neutral	**N**

** Large fixed income ETFs used as proxies to assess duration trades and credit markets.*

† Brent Crude: FRED primary 69.56 vs cross-check 76.4 — hard (Divergence +9.83% > 3.0× tolerance (±0.50%)).

Client view: core anchors + weekly focus. Growth Capital tracks the full GC27 cross-asset universe; displayed rows are curated for this week's thesis. GC View is a draft, subject to CIO review.

Source: Growth Capital analysis. Data as of market close, 10 July 2026.

Credit, not equities, is the honest read on a hawkish hold

Our regime read this week is a hawkish hold. The effective funds rate sits at 3.63%, yet the front end is doing the tightening the committee has not delivered: the US 2Y closed at 4.21%, 3bp below its 52-week high of 4.24% and +21.3% YTD, the largest repricing on our board. Equities have declined to notice, with SPY at $752.66, +1.1% WoW, +10.2% YTD and 0.9% below its 52-week high of $759.57. That pairing, a policy-sensitive yield pressing its high against a record-adjacent equity tape, is the tension this note resolves. Our resolution is that credit, not equities, is the honest duration read, and credit is soft: LQD fell -1.0% WoW to -2.3% YTD. The energy-shock inflation impulse keeps the hike option live into the 28-29 July FOMC, and a divided committee has offered no forward guidance to lean against. We hold duration underweight and equity beta neutral.

The primary chain runs through the front end. The 2Y rose +1.7% WoW to 4.21% and the 10Y rose +2.7% WoW to 4.56%, a 35bp gap between the 10Y at 4.56% and the 2Y at 4.21%, with the German 10Y Bund at 3.09% (+3.7% WoW) confirming a global move. TLT traded in sympathy, -1.2% WoW to $84.45, just 1.7% above its 52-week low of $83.02, while DXY moved against the rate signal, -0.3% WoW to 120.69. The transmission channel is policy expectations into front-end yields into the discount rate applied to every long-duration cash flow. The first link is in the data: with the funds rate at 3.63% and the 2Y at 4.21%, the market carries 58bp of net tightening expectation inside the two-year window, and June's hold against elevated inflation kept that option open rather than closing it. The second link is propagation up the curve, the 10Y now 11bp from its 52-week high of 4.67%; the third link is the mechanical repricing of duration proxies, TLT -3.0% YTD, which drags IG credit through its duration component, LQD -2.3% YTD, while HYG at +0.1% WoW escapes on carry and shorter maturity. Our positioning is underweight long duration and IG credit on a one-to-three-month horizon, with rates risk expressed at the short end where carry now compensates. The trade-off we accept is entry: underweighting TLT this close to its 52-week low forgoes the mean-reversion bid if the hike premium unwinds into the July meeting. A 2Y close above 4.24% would tell us the hike is fully priced and the mechanism has run; we would cover rather than extend. A 10Y break above 4.67% would instead signal term-premium expansion beyond the policy story, and there we would deepen the underweight.

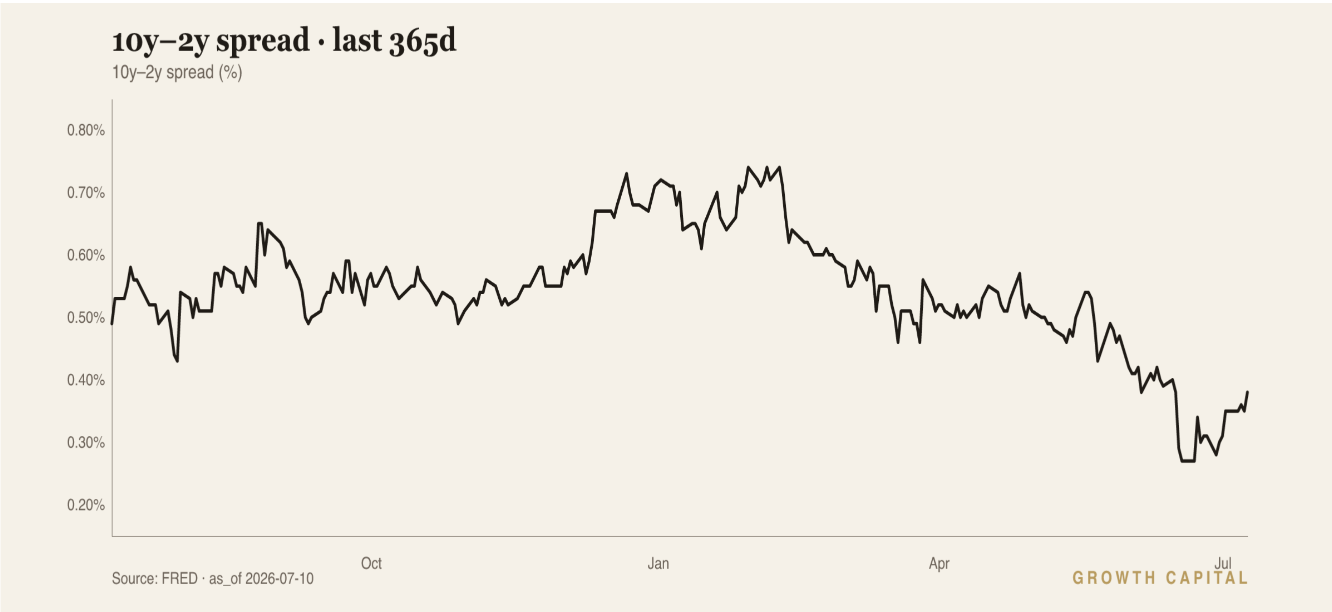
Cross-asset, the equity tape contradicts the rates read on its surface and confirms it in its internals. SPY at $752.66 is +10.2% YTD and QQQ at $722.50 is +17.8% YTD, 0.9% and 3.2% below their respective 52-week highs of $759.57 and $746.16; against that, DIA fell -0.6% WoW, IWM -0.3% and FEZ -1.4%, so the weekly advance rests on the largest-cap growth cohort alone. The mechanism is an earnings offset working through the same discount-rate channel. A higher rate compresses valuation everywhere, but index prices still rise where delivered earnings growth exceeds the drag, and this week only mega-cap growth cleared that bar. Where there is no offset, the rate effect dominates: FEZ at +4.0% YTD carries the same energy-shock inflation with ECB tightening layered on top, and multiples absorb the full hit. Credit resolves the contradiction with a number: LQD is -2.3% YTD against SPY at +10.2%, a 12.5-point divergence, and IG credit has no earnings-growth offset, only duration and spread, which makes it the cleaner read on the regime. We are neutral SPY and QQQ: we will not fight delivered earnings this close to a high, and we will not add beta into a 2Y sitting 3bp from its own high. An SPY close above $759.57 with DIA and IWM participating would demonstrate breadth rather than growth scarcity, and we would upgrade. HYG through its 52-week low of $78.72 would mark the migration from duration drag to spread stress, and equity beta would go to underweight.

The second-most-material rail is FX, where the dollar failed to confirm the hawkish repricing. DXY eased -0.3% WoW to 120.69 even as the 2Y rose, leaving the index +0.9% YTD and 1.0% below its 52-week high of 121.92. EURUSD firmed +0.6% to 1.1448 from oversold territory (-2.5% YTD), GBPUSD added +1.1% to 1.3364, and USDJPY slipped -0.5% to 160.90, still +2.7% YTD and 1.1% from its high of 162.61. The channel is relative policy: the dollar's YTD gain was built on a widening rate differential, and with the ECB tightening into the same energy shock the Fed is watching, that differential has stopped widening at the margin, so a crowded dollar long gives back ground even on hawkish US news. For risk coherence, a softening dollar against rising US yields is a mild dissent from the hawkish-hold read, and we treat it as positioning rather than fundamentals while EURUSD remains 4.6% below its 52-week high of 1.198. We are neutral EURUSD and DXY, and we hold no USDJPY exposure at the top of a 12-month range.

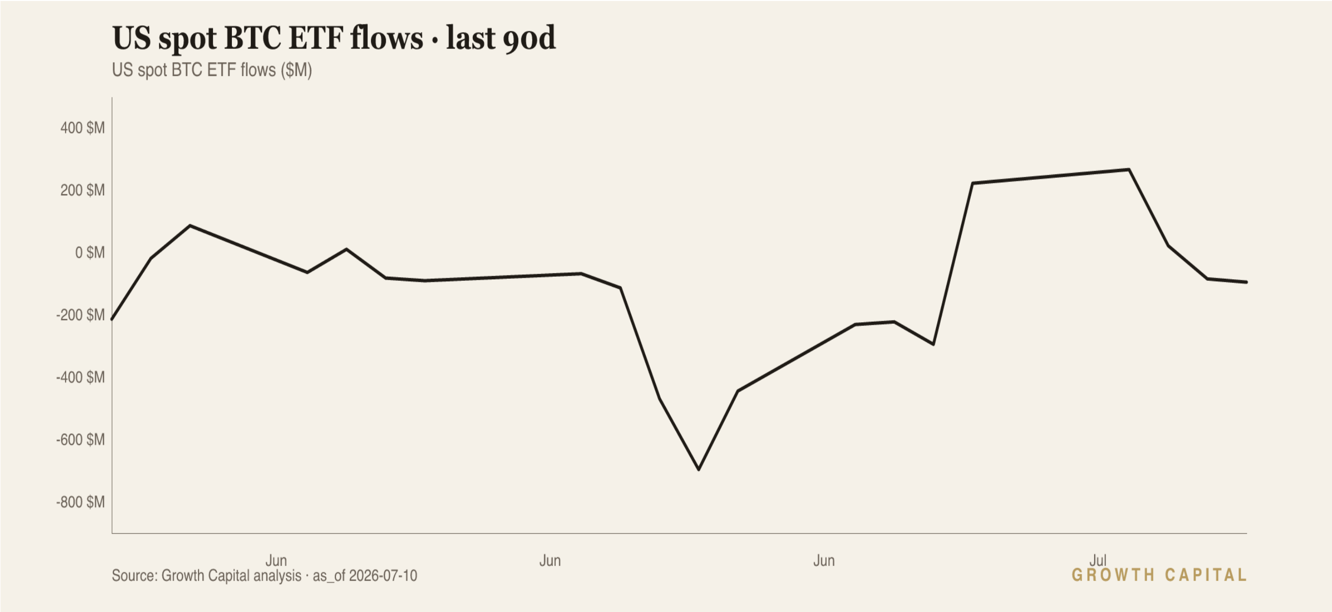
What changes our view is specific. On rates, a 2Y close above 4.24% moves us from extending the duration underweight to covering it, while a 10Y above 4.67% deepens it. The falsifiable downside scenario is credit-led: LQD through its 52-week low of $107.12 alongside HYG below $78.72 would mark the shift from rate drag to spread stress, and we would cut equity beta to underweight. The falsifiable upside scenario is breadth-led: SPY through $759.57 with DIA and IWM confirming, against a 2Y stable below 4.24%, would show the market absorbing this discount rate, and we would add beta. GLD at $375.24, -5.8% YTD in a downtrend, is our live gauge of the real-rate path; a reversal there would be the earliest signal the tightening premium is cracking. BTC below its 52-week low of $58,608 would confirm liquidity withdrawal beyond crypto-specific flows and harden the defensive stance.

Source: GrowthCapital analysis; market data from the GC cross-asset snapshot as of 10 Jul 2026; on-chain intelligence from Nansen.

2y Treasury yield · last 365d (Source: FRED)



10y–2y spread · last 365d (Source: FRED)



US spot BTC ETF flows · last 90d (Source: Growth Capital analysis)

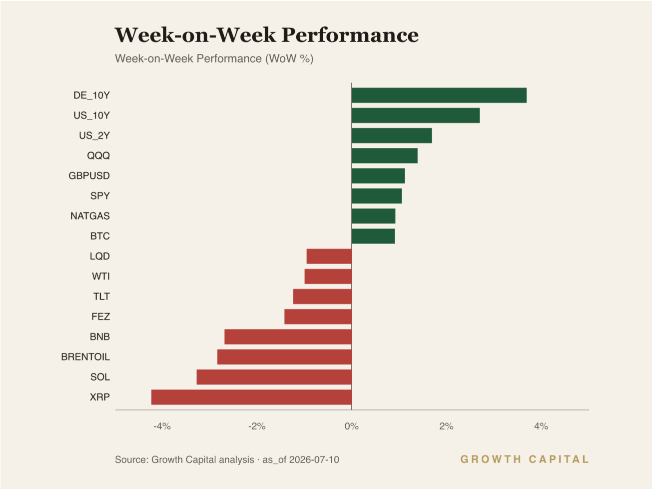
Asset deep-dives

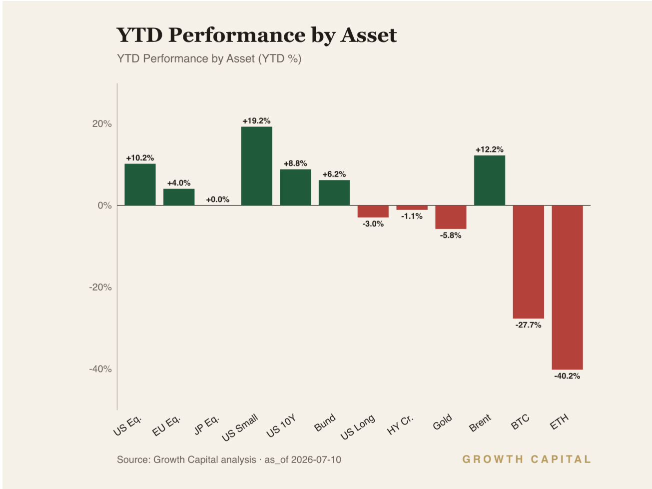
Fixed Income: The front end is the week's thesis. The 2Y closed at 4.21%, +1.7% WoW and +21.3% YTD, 3bp below its 52-week high of 4.24%; the 10Y closed at 4.56%, +2.7% WoW and 11bp from its own high of 4.67%, leaving a 35bp gap between the 10Y at 4.56% and the 2Y at 4.21%. The German 10Y Bund at 3.09% (+3.7% WoW) confirms the repricing is global rather than idiosyncratic. The mechanism runs in three links. First, with the effective funds rate at 3.63% and the 2Y at 4.21%, the market embeds 58bp of net tightening expectation, and June's hold against elevated inflation kept that option open. Second, the expectation propagates along the curve into term premium, which is why the 10Y moved more WoW (+2.7%) than the 2Y (+1.7%). Third, the repricing lands on duration proxies: TLT fell -1.2% WoW to $84.45, only 1.7% above its 52-week low of $83.02, and dragged IG credit through the duration channel, LQD -1.0% WoW and -2.3% YTD, while HYG at +0.1% WoW escaped on carry and shorter maturity. We are underweight long duration and IG credit on a one-to-three-month horizon, accepting that we forgo the mean-reversion bid near TLT's 52-week low if the hike premium unwinds into the 28-29 July FOMC. A 2Y close above 4.24% would mean the hike is priced and we cover; a 10Y through 4.67% would mean term premium is expanding independently and we extend the underweight.

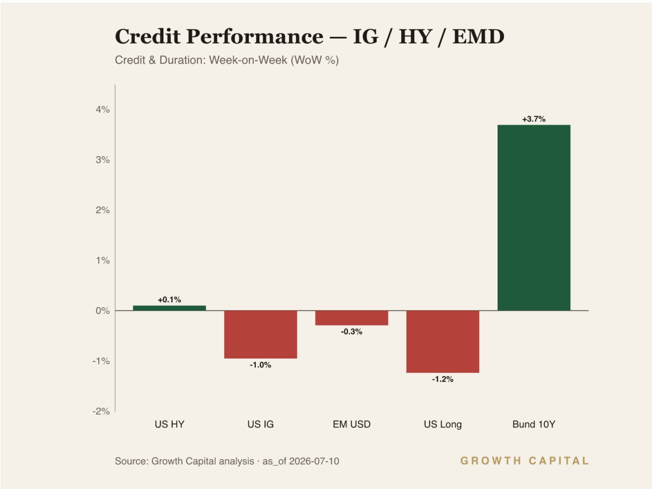
Equities: The index level flatters the tape. SPY gained +1.1% WoW to $752.66 (+10.2% YTD, 0.9% below the 52-week high of $759.57) and QQQ gained +1.4% to $722.50 (+17.8% YTD, 3.2% below its high of $746.16), but the rest of the board went the other way: DIA -0.6% WoW, IWM -0.3%, FEZ -1.4%. That split is the rate mechanism at work. A rising discount rate compresses valuation everywhere; index prices can still advance where delivered earnings growth exceeds the drag, and this week only the largest-cap growth cohort cleared that bar. Europe shows what happens without the offset: FEZ at +4.0% YTD carries the same energy-shock inflation with ECB tightening layered on top, and multiples absorb the full hit. IWM at +19.2% YTD is the position most exposed to a front-end break higher, because small-cap financing costs reprice fastest off a 2Y at 4.21%. Credit corroborates the caution: LQD at -2.3% YTD against SPY at +10.2% is a 12.5-point divergence with no earnings offset available to close it. We are neutral SPY and QQQ; we will not fight earnings momentum this close to a high, and we will not add beta into a 2Y sitting 3bp from its 52-week high. The upgrade trigger is an SPY close above $759.57 with DIA and IWM participating, which would demonstrate breadth rather than growth scarcity. The downgrade trigger is credit-led: HYG through $78.72 would tell us the discount-rate drag has become a spread event, and equity beta would follow it down.

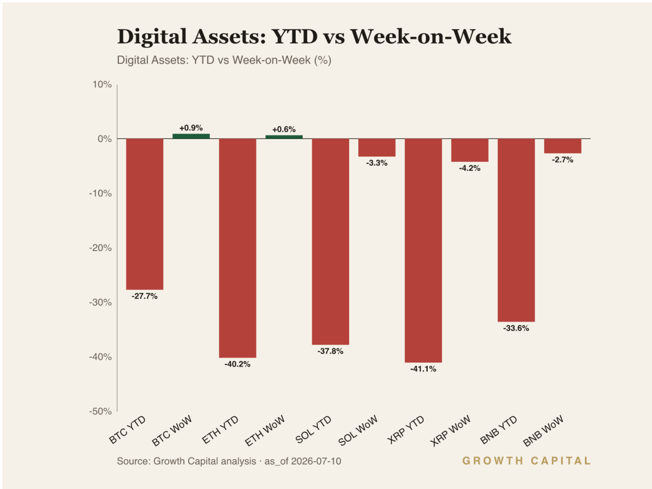
Forex: The dollar is the dissent in an otherwise coherent hawkish-hold week. DXY eased -0.3% WoW to 120.69 even as the 2Y rose +1.7%, leaving the index +0.9% YTD, slightly overbought, and 1.0% below its 52-week high of 121.92. EURUSD firmed +0.6% to 1.1448 from oversold territory (-2.5% YTD), GBPUSD added +1.1% to 1.3364, and USDJPY slipped -0.5% to 160.90, still +2.7% YTD and 1.1% from its high of 162.61. The channel is relative policy. The dollar's YTD gain was built on a widening rate differential; with the ECB now tightening into the same energy-shock inflation the Fed is watching, that differential has stopped widening at the margin, and a crowded dollar long gives back ground even on hawkish US news. We read this as a positioning signal rather than a fundamental break: the euro is oversold and still 4.6% below its 52-week high of 1.198, and the 28-29 July FOMC could re-widen the differential within a week. We are neutral EURUSD and DXY; the pair needs a catalyst to close the valuation gap, and none is visible before the July meeting. USDJPY is the poorest asymmetry on the FX board, 1.1% from the top of its 12-month range with the carry already well owned, and we hold no exposure there. A EURUSD break below the 52-week low of 1.1348 would restore the dollar trend, invalidate the positioning read, and push us back toward a dollar-overweight stance.

Digital Assets: Digital assets confirm the risk-off undertow beneath the equity tape. BTC at $64,193 is +0.9% WoW but -27.7% YTD and 41.9% below its 52-week high of $110,531; ETH at $1,796.62 is -40.2% YTD, SOL is -37.8% YTD after a -3.3% week, and the weekly board is red outside the two largest names (XRP -4.2%, BNB -2.7% WoW). Bitcoin dominance at 55.65% against a $2.31T total market cap is the defensive tell: within a falling asset class, capital concentrates in the deepest asset. The flow mechanism matches the price structure. US spot Bitcoin ETF outflows are in a third consecutive week on our on-chain read, so the +0.9% WoW bounce (with a +2.13% 24h market-cap move on $104.7B of daily volume) is positioning-led rather than allocation-led; without wrapper inflows, spot bounces lack a marginal buyer beyond short covering, and the downtrend structure holds. We are underweight the class: BTC underweight until ETF flows turn, ETH underweight while on-chain liquidity migrates toward Solana, and SOL neutral as the one ecosystem showing improving activity against a still-falling token. The trade-off we accept is missing the first leg of any V-shaped recovery in an oversold asset class. The falsifier is explicit on both sides: a BTC close below the 52-week low of $58,608 would confirm accelerating liquidity withdrawal and we would cut further, while two consecutive weeks of net ETF inflows alongside dominance holding above 55% would mark institutional re-accumulation and move us to neutral.









On-chain pulse

The aggregate on-chain pattern this week is selective risk-off: rotation into stablecoins, institutional distribution through the Bitcoin ETF wrapper, and a single ecosystem exception in Solana. Bitcoin dominance at 55.65% against a $2.31T total market cap confirms the defensive lean inside the class. Daily volume of $104.7B with a +2.13% 24h market-cap move says the tape is active, but the activity reads as repositioning rather than accumulation.

Bitcoin's institutional flow picture is the week's clearest signal. US spot BTC ETF outflows entered a third consecutive week, taking cumulative net outflows past $7B YTD on our Nansen-derived flow read. Against that distribution, spot held: BTC closed at $64,193, +0.9% WoW, though still -27.7% YTD and 41.9% below the 52-week high of $110,531. That is the divergence that matters: the wrapper is selling while spot absorbs, and this configuration typically resolves in the direction of the flow rather than the price. Dominance at 55.65% adds the intra-class rotation signal, capital moving down-risk within crypto rather than exiting entirely. Our positioning implication is underweight; we treat the weekly bounce as short covering and positioning reset, and we would need two consecutive weeks of net ETF inflows before revisiting. Below the 52-week low of $58,608, we would cut exposure further.

Ethereum carries the week's structural story: on-chain DeFi liquidity is migrating from Ethereum to Solana, and ETH's -40.2% YTD decline to $1,796.62 is the price expression of that migration. The nuance sits in the smart-money book: the cohort's largest single position is UNI at $148.5M and its third-largest is ONDO at $96.9M, both Ethereum-based application-layer assets. The read is that sophisticated wallets are keeping application and RWA exposure while shedding ETH beta itself, a distinction the index-level price misses. ETH's +0.6% WoW bounce also underperformed BTC's +0.9% despite higher beta, which is a soft-demand tell in its own right. We stay underweight ETH; until the liquidity migration stabilizes, the asset is losing the ecosystem share that anchors its valuation. A sustained reversal in relative DeFi flows back toward Ethereum is our trigger to revisit.

Solana is the exception flagged across this week's on-chain narratives: DeFi liquidity is migrating into the ecosystem even as the token fell -3.3% WoW to $78.885, leaving it -37.8% YTD and 58.0% below its 52-week high of $187.662. That is a real divergence between ecosystem activity and token price, and the direction of resolution is unproven. Liquidity migration tends to lead token repricing with a lag, but in a risk-off tape the lag can extend or the migration can reverse. The token's WoW underperformance against BTC (+0.9%) and ETH (+0.6%) says the flow has not yet reached the asset itself. Our positioning implication is neutral with a watchlist bias; we will not own the token on ecosystem promise alone within a falling class. The trigger to turn constructive is price confirmation: sustained weekly leadership over BTC and ETH while ecosystem inflows persist.

The smart-money book composition completes the picture. Top cohort allocations are UNI at $148.5M, HYPE at $130.7M, ONDO at $96.9M, MON at $87.4M and WLD at $75M: application-layer DeFi, a perp DEX, real-world assets, a new L1 and an AI name, with no major-coin beta at the top of the stack. HYPE fell 13.9% in 24 hours, the largest single-position drawdown in the cohort book this week and a caution on crowding in perp-DEX exposure. The MON position at $87.4M shows the cohort still funding new-ecosystem risk in a defensive tape, consistent with rotation rather than exit. Set against the stablecoin-dominance theme, the marginal sophisticated dollar in crypto is selective and thematic, not directional. That supports our class-level underweight with asset-level exceptions, and it tells us any durable bottom will show up first in cohort accumulation of majors, which is absent this week.

Metric	Value	Note
BTC ETF 7d net flow	**-$188.6M**	Outflows
ETH ETF 7d net flow	**$82.4M**	Inflows
Stablecoin supply	**$290.49B**	
DeFi chain TVL	**$70.69B**	
BTC dominance	**55.65%**	
BTC funding (annualized)	**+8.05%**	Positive
BTC DVOL	**36.4**	Put/call 0.54
BTC NVT (14d)	**207.0**	

Sources: SoSoValue, DeFiLlama, Deribit, Nansen, Blockchain.com · as of 2026-07-10. 12/13 sources OK.

Algorithm notes & methodology

Notes:

1. Trend (6 months): Growth Capital proprietary algorithm weighing the slope of the 6-month trend vs the 3-month trend, factorised by the Fibonacci retracement ratio (0.618). Values normalised using average price over each period. Combined slope above +0.08% = 'up', below -0.08% = 'down', otherwise 'neutral'.
2. OB / OS measures: Growth Capital proprietary algorithm comparing the difference between the 8-day and 100-day moving averages combined with the 3-day vs 15-day, normalised by the 1-year standard deviation (~260 trading days). Values above 225% = 'OB', above 100% = 'slightly OB'; below -225% = 'OS', below -100% = 'slightly OS'; otherwise 'neutral'.

What we're watching

Rates: a 2Y close above 4.24% (52-week high) tells us the hike is priced; we cover the duration underweight rather than extend it. A 10Y break above 4.67% signals term-premium expansion and we deepen the underweight. Credit: LQD through $107.12 or HYG through $78.72 (both 52-week lows) marks the shift from duration drag to spread stress; equity beta goes to underweight. Equities: an SPY close above $759.57 with DIA and IWM participating upgrades our neutral. FX: EURUSD below the 52-week low of 1.1348 restores the dollar trend and we revisit our neutral. Digital assets: BTC below $58,608 confirms liquidity withdrawal; two straight weeks of net ETF inflows moves us off underweight. The 28-29 July FOMC resolves most of these thresholds at once.

About Growth Capital

Growth Capital L.L.C-FZ is a licensed wealth manager serving family offices, institutional investors, and high-net-worth individuals. Our Weekly Markets Roundup tracks a curated cross-asset universe spanning global equities (via liquid US ETF proxies for commercial-clean licensing), sovereign yields (Fed + Bundesbank primary sources), foreign exchange, commodities, and digital assets. Equity exposure is tracked via liquid US ETFs (SPY, QQQ, DIA, IWM, FEZ, EWJ) and gold via GLD to maintain a commercial-clean licensing posture.

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