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Boring just beat *magnificent.*

Europe's banks just beat the Magnificent Seven — plus a cooling U.S. consumer, the week's earnings and M&A monitors, and America's passport-checked deregulation.

By **Nicusor Popescu** with Ben Jaletzke · Published Aug 18, 2026 · Data as of Aug 18, 2026 · UTC−08:00

Vol 1, Issue 06 — Boring profits take the podium while the market chases magnificent returns.

THE BRIEF

For years, the investment case for Europe has been framed by what it does not have. No Nvidia. No Amazon. No Meta. No obvious answer to the Magnificent Seven. It turns out Europe may not have needed one.

Since the Roundhill Magnificent Seven ETF launched in April 2023, it has risen roughly **182%**. Over the same period, the main eurozone bank index has gained almost **210%**. For a dollar-based investor, currency movements push the return from European banks closer to **225%**.

The winners are hardly obscure. UniCredit has risen more than 350%, Santander and BBVA around 280%, while ING and Intesa Sanpaolo have also delivered exceptional returns. There was no revolutionary technology behind it.

The biggest change was much simpler: **interest rates became positive again.** After more than a decade in which European banks struggled with compressed margins, negative rates and anaemic returns, the operating environment changed. Net interest income recovered, balance sheets improved, capital distributions increased and businesses investors had largely written off became highly profitable again.

There is a useful lesson here. Markets naturally gravitate towards exciting stories. AI, space, robotics and biotechnology offer enormous addressable markets and the possibility of creating entirely new industries. But investment returns do not require a new industry. Sometimes they require an old industry entering a better regime.

OUR BRIEF

Innovation creates extraordinary companies. But markets occasionally become so focused on finding the next new thing that they miss something simpler: an old business with newly attractive economics. Sometimes boring is exactly where the opportunity is.

Sources: Reuters — Magnificent banks · Roundhill — MAGS ETF · ECB — supervisory priorities

Macro

Factor / Theme	Our read
U.S. inflation cooling, not cured	July CPI rose just **0.1% month-on-month**, taking annual inflation to **3.4%**, while core inflation eased to 2.5%. Producer prices were flat on the month, although still 4.7% higher year-on-year. Together with softer employment data, that reduced pressure on the Fed to hike again in September. But 3.4% inflation is still not price stability, particularly with energy and geopolitical risks unresolved.
U.S. consumer the first wobble	Retail sales fell **0.6% in July**, the first monthly decline in nine months and the largest in 14 months. Some of the weakness reflects Amazon moving Prime Day into June and lower petrol receipts, but core sales also declined. The consumer is not collapsing, but after months of resilience there is finally evidence that high prices and rates are changing behaviour.
UK growth AI starts appearing in GDP	The UK economy expanded **0.4% in Q2**, slowing from 0.6% in Q1 but remaining resilient. More interestingly, information and communications contributed almost half of the quarterly expansion, with rapid growth in computer programming and related activity. AI investment is beginning to move from corporate presentations into measured economic output.
Eurozone industry recovery still lacks horsepower	Euro-area industrial production was **flat in June** and only 0.1% higher than a year earlier. That sits awkwardly alongside improving headline GDP and stronger survey data. Europe may be recovering, but the industrial engine remains weak, particularly for an economy still unusually dependent on manufacturing.
Australia pause does not mean peak	The Reserve Bank of Australia left its cash rate at **4.35%**, but Governor Michele Bullock said another increase remained “quite possible”. Australia illustrates the dilemma facing several central banks: growth is slowing enough to justify patience, but inflation has not fallen far enough to declare victory.
Global bonds capital is getting more expensive	Inflation-adjusted borrowing costs moved to their highest levels in more than a decade across several major economies. U.S. 30-year real yields are around **3%**, near an 18-year high, while British and German real yields are also around decade highs. Government deficits matter, but so does the extraordinary amount of capital being raised to build AI infrastructure. The AI boom may be generating growth while simultaneously increasing the price of the capital required to fund it.

Public markets

Name / Theme	What happened	Our read
CoreWeave demand meets the balance sheet	Revenue more than doubled to **$2.6bn**, backlog reached $104.2bn and the company raised its 2026 capex forecast to **$35.0bn–$39.0bn**. Shares jumped more than 14% after hours.	The demand signal is difficult to dispute. The more interesting question is financial: CoreWeave is spending multiples of current annual revenue to build capacity. AI cloud is becoming an infrastructure-finance story as much as a technology story.
Cisco a beat is now the baseline	Cisco forecast fiscal 2027 revenue of **$72.2bn–$73.4bn**, comfortably ahead of consensus, and said AI infrastructure orders from hyperscalers reached $4.0bn in Q4. Shares still fell more than 4% after hours.	Investors are no longer rewarding companies merely for having AI exposure. Cisco delivered strong numbers, but the market wanted acceleration. Expectations are becoming almost as important as earnings.
Tencent AI is paying, and costing	Q2 revenue rose **11% to RMB204.8bn**, helped by AI-driven improvements in advertising. Marketing-services revenue increased 22%, but profit missed expectations as quarterly capex reached RMB52.8bn.	Tencent is showing both sides of the AI equation at once. AI is already improving monetisation in advertising and cloud, but capturing that opportunity requires a much larger infrastructure bill. The return is becoming visible before the spending peaks.
Applied Materials good was not good enough	Applied Materials guided to roughly **$10.3bn of quarterly revenue**, above expectations, and lifted expected 2026 advanced-packaging growth to more than 70%. Shares nevertheless fell more than 5% after hours.	The semiconductor cycle remains exceptionally strong, but investors are pricing parts of the supply chain as though exceptional growth is normal. When expectations reach that level, an earnings beat can still be a disappointment.
Maersk disruption remains profitable	Q2 EBITDA reached **$3.0bn**, far above the $2.1bn consensus, prompting Maersk to raise full-year guidance again. Port congestion and strong Chinese exports have kept freight rates elevated despite Middle East disruption.	The market expected geopolitical disruption to weaken trade. Instead, bottlenecks have tightened effective shipping capacity and increased pricing. For logistics companies, inefficiency can be commercially valuable, at least until new capacity catches up.
Aviva scale begins to show	First-half operating profit rose **24% to £1.3bn**, helped by Direct Line and strong wealth-management inflows. General-insurance premiums increased 29% and wealth net inflows rose 32%.	Aviva's strategy is increasingly a scale story rather than a simple insurance story. Direct Line gives it greater distribution and cost leverage, while wealth brings a capital-light growth engine. The next test is whether integration turns revenue scale into sustainable returns.

M&A

Name / Theme	What happened	Our read
Thoma Bravo Accelerant	Thoma Bravo agreed to take insurance marketplace Accelerant private for **more than $4bn**, offering a 49% premium barely a year after the company's New York IPO.	A company can apparently go from IPO to take-private in little more than twelve months. The deal is another reminder that private capital is increasingly willing to arbitrage the gap between what public markets dislike today and what long-duration investors believe a business can become.
Bank of America Jio Credit	Bank of America agreed to invest up to **$1.9bn** for as much as 49.9% of Jio Financial's lending arm, valuing Jio Credit at around $3.8bn.	India continues to attract foreign financial capital because the structural ingredients remain compelling: credit penetration is rising, defaults are low and distribution platforms can scale quickly. BofA is effectively buying access rather than trying to recreate Jio's domestic network itself.
KKR First Gen	KKR's acquisition of an 8.4% stake in Philippine power producer First Gen is expected to trigger a mandatory tender offer that could value the company at around **$2.7bn** and support a delisting.	Power assets are becoming strategic again. Data centres, electrification and energy security are increasing the value of reliable generation, while private capital is often better placed than public markets to fund the long investment cycles involved.
Lactalis Saputo UK	France's Lactalis agreed to acquire Saputo's British dairy business for **£988mn**, including brands such as Cathedral City, Country Life and Clover.	There is nothing fashionable about cheddar and butter, which is exactly the point. Mature consumer categories can still offer valuable brands, distribution and consolidation economics. Lactalis is buying market position rather than chasing growth for its own sake.
Frasers Harvey Nichols	Frasers bought Harvey Nichols out of administration, taking on its stores, online operations, inventory and more than 1,000 employees. Management has already warned that the turnaround may require a smaller store footprint and lower cost base.	Brand equity does not rescue a broken operating model. The opportunity for Frasers is not to preserve Harvey Nichols exactly as it was, but to work out which parts customers actually value and remove the rest. Sometimes the acquisition thesis is simply making a famous business smaller.
H&R REIT Blackstone consortium	Canada's H&R REIT agreed a **C$6.7bn** breakup transaction involving GO Residential and a consortium including Blackstone and PSP Investments, at a 14.5% premium to the prior share price.	Conglomerate discounts are not limited to industrial companies. H&R spent years simplifying and has now reached the logical conclusion: different owners are willing to pay more for the pieces than public investors were willing to pay for the whole.

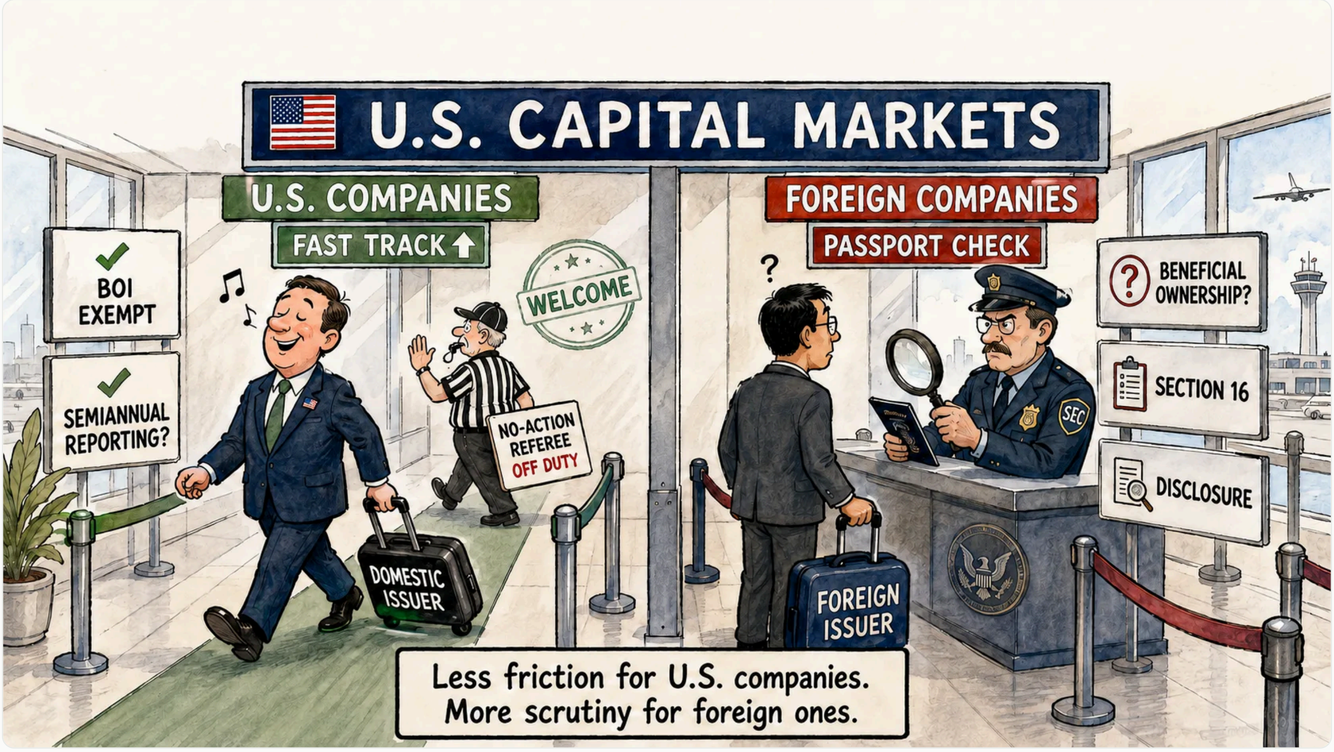
Staying Diligent

Things we are watching this week: 17–21 August

Event / Theme	Why we care
UK labour market + CPI	Labour-market data arrive **18 August**, followed by July inflation on **19 August**. After stronger-than-expected Q2 growth, these releases will determine whether the Bank of England has a genuine case for another hike or whether weaker employment gives it room to wait. Sterling and gilts are likely to be particularly sensitive.
Fed minutes how divided is the Fed?	Minutes from the **28–29 July FOMC meeting** arrive Wednesday. Markets have sharply reduced the probability of a September move following softer jobs, inflation and retail data. The interesting question is how strongly the hawkish minority argued for another increase, and what would need to change to bring the rest of the committee with them.
Home Depot, Target and Walmart ask the consumer directly	Home Depot reports Tuesday, Target Wednesday and Walmart Thursday. After July retail sales fell 0.6%, these companies should give a better read on household behaviour than the aggregate number alone. Watch traffic, discretionary spending, promotions and whether customers are trading down.
Japan CPI weak growth, higher rates?	Japan publishes July CPI on Friday. Economists expect core inflation to accelerate to around **1.8% from 1.6%**, even after Monday's disappointing GDP report showed weaker consumption and investment. Rising inflation alongside soft domestic demand would make the Bank of Japan's next decision particularly uncomfortable.
Flash PMIs one-day global health check	Friday brings preliminary August PMIs for **Japan, the eurozone, the UK and the U.S.** within a few hours of each other. Beyond the headline activity numbers, we will be watching new orders, employment and input prices. They should show whether higher energy costs and borrowing costs are beginning to translate into weaker corporate demand.
Oil the inflation wildcard	Oil remains the biggest unscheduled macro variable. Prices moved higher again on Monday as U.S.–Iran diplomacy failed to make progress. Any improvement around the Strait of Hormuz would relieve inflation expectations quickly; renewed escalation would complicate the rate outlook in the U.S., Europe and Asia at the same time.

Unhedged Commentary

Deregulation, with a passport check.



U.S. companies take the fast track while foreign issuers queue for the passport check.

America is cutting corporate red tape. But increasingly, it matters where your company comes from. Since March 2025, U.S.-created companies have been **exempt from federal beneficial-ownership reporting requirements**. Certain foreign companies operating in the U.S. can still be required to disclose who ultimately owns them.

That is a notable shift. Rules originally designed to increase corporate transparency now apply differently depending on where a company was created. And it is part of a broader direction.

In May, the SEC proposed allowing U.S. listed companies to report financial results **twice a year rather than every quarter**, arguing that lower compliance costs could make public markets more attractive.

More recently, the SEC also stepped back from routinely deciding whether companies can exclude certain shareholder proposals from their annual meeting materials. Again, the direction is towards giving companies more flexibility and reducing regulatory involvement.

This does not mean America is abandoning transparency. Foreign-listed companies already operate under different reporting rules, and in some areas scrutiny of foreign companies and executives is actually increasing.

The bigger picture is more interesting. Washington appears to be asking: **how can we make it easier to start, run and list a company in America without giving up control over foreign ownership and influence?**

That is not simply deregulation. It is regulatory competition. The U.S. wants companies to incorporate there, raise capital there and stay public there. If that means fewer forms, fewer mandatory updates and less regulatory intervention, policymakers increasingly seem willing to make that trade.

The risk, of course, is that cutting unnecessary paperwork eventually becomes cutting useful information. Investors benefit from transparency, and fewer reporting requirements can also mean fewer opportunities to spot problems early.

OUR VIEW

America is not simply removing rules. It is trying to make its corporate and capital markets more competitive, while keeping a closer eye on foreign participants. Deregulation is coming. Just remember to bring your passport.

In Other News

An old story, executed properly, still sells out.

2,800 years old. Still selling out.

Christopher Nolan's latest blockbuster did not begin in a writers' room or an algorithm searching for the next franchise — it began almost 2,800 years ago.

Homer's *Odyssey* is one of the oldest stories in Western literature, yet Nolan's adaptation generated **$264m globally during its opening weekend**, his strongest worldwide opening to date. It was also the first feature filmed entirely with IMAX cameras and helped deliver IMAX's highest-grossing month on record.

None of this came from inventing a new story. It came from taking an old one seriously. Businesses are often obsessed with novelty: new products, new technologies, new categories and new markets. But novelty and value are not the same thing.

An idea does not become irrelevant simply because customers recognise it. Familiarity can create trust, emotional connection and immediate understanding. The real challenge is making something familiar feel important again.

Nolan did not merely retell *The Odyssey*. He combined a timeless story with modern technology, scale and exceptional execution. The story is *old*. The experience is *new*. This distinction matters beyond cinema. Smartphones did not invent communication. Streaming did not invent music. Digital banking did not invent saving or payments. They improved how familiar needs were served.

The future does not always belong to the newest idea. Sometimes it belongs to the oldest idea, finally executed properly.

The Thinking Corner

When an old industry starts outperforming the market and a new technology promises to reshape it, how should investors separate genuine structural change from a temporary shift in the environment?

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