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Weekly Market Report For 14 – 17 October 2025

Overview

- US shares were volatile during the week due to credit concerns in regional banks, but ended the week higher as Trump softened his stance on China.
- Regional banks shares fell 4% due to credit concerns, while big banks reported strong 3Q25 earnings.
- Trump softened his stance on China trade tensions.
- ASML and TSMC reported strong 3Q25 earnings.
- China shares dropped on profit-taking, led by tech stocks.

Market Brief

US stocks closed higher after volatile trading week. Concerns over credit quality of regional banks caused volatility. Toward the end of the week, President Trump signaled a softer stance on China, which helped calm trade war fears. Dow Jones +1.6%, S&P 500 +1.7% and NASDAQ +2.1% from the previous week.

Concerns over credit quality of US regional banks

o Zions Bancorp revealed a USD50 million charge-off due to a fraudulent loan, causing its stock to fall 13%. Western Alliance Bancorp also reported exposure to the same borrower and is pursuing legal action, resulting in an 11% stock decline. The broader regional banking sector saw a 4% drop, reflecting investor concerns over credit quality risks.

o Just days before regional banks disclosed large fraud-related losses, Jamie Dimon, CEO of JPMorgan, expressed concern that auto sector bankruptcies may be the tip of the iceberg for deeper credit quality issues.

o Analysts and Banking executives assessing that bad debt is likely contained, with large banks maintaining low loan loss reserves, indicating no widespread deterioration in asset quality, and showing strong 3Q25 earnings.

Major banks 3Q25 earnings

o JPMorgan Chase reported a 9% increase in revenue and a 12% YoY rise in net income, largely driven by its trading division, which generated nearly USD9 billion, marking one of its highest quarterly performances.

o Goldman Sachs reported a 20% YoY increase in revenue and a 37% rise in net profit, driven by robust investment banking activity and bond trading.

o Citigroup posted a 9% increase in revenue and a 15% rise in net income year-over-year, with record-setting across several divisions.

o Bank of America reported a 11% YoY increase in revenue and a 23% rise in net income. The strong performance was largely driven by its investment banking division, which saw a 43% surge in revenue.

o Morgan Stanley reported revenue rose by 18%, marking the strongest quarterly performance in nearly five years, and profit increased by 45% YoY.

o Wells Fargo reported EPS of USD1.66, beating analyst expectations of USD1.55. Investment banking and M&A fees rose by 25%, contributing to the earnings beat. The bank's total assets surpassed USD2 trillion for the first time. It also recorded the highest loan growth rate in three years, reflecting strong consumer and commercial lending.

US-China trade tensions. President Donald Trump announced a 100% tariff threat on Chinese imports, escalating trade tensions. However, he later stated that such measures may be "not sustainable", signaling a potential softening of stance. Trump's remarks sparked optimism, especially as he hinted at upcoming talks with President Xi Jinping later this month in South Korea.

Semi-conductor companies' 3Q25 earnings

o ASML's 3Q25 bookings reached EUR5.4 billion, beating expectations of EUR4.9 billion boosted by strong demand for advanced chip-making equipment. The company provided an upbeat outlook for 2026, stating that sales will not be lower than 2025, despite a slowdown in China, as growth is expected to come from Logic and Memory chip customers.

o TSMC's Q3 earnings showed a 39% increase in profit and 30% growth in revenue year-over-year, driven by strong demand from Nvidia and Apple. The company raised its full-year revenue forecast from 30% to 35% and capital expenditure was increased to USD40 billion, up from the previous USD38 billion, to support advanced chip production and expansion.

China

o US-China trade tensions led to profit-taking on tech stocks and dragged Chinese indexes down. Investors were cautious ahead of key economic data and the Communist Party's major meeting.

o Exports grew by 8.3% in September, marking the highest gain in 6 months as shipments to the US fell 27% but exports to other countries jumped 14.8%.

Oil and safe haven assets

o The International Energy Agency (IEA) warned of a potential oversupply in the oil market, contributing to a 3% drop in crude oil prices. Donald Trump and Vladimir Putin are preparing to meet again to discuss the Ukraine conflict.

o Gold prices surged by 5%, while the 10-year US treasury yield fell to 4%.

Should you have any queries, please contact Krungsri Asset Management Company Limited or selling agents or mutual fund sales representatives.

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