

Weekly Market Report For 16 – 20 February 2026



Overview

- U.S. stocks rise after supreme court rules 6–3 that Trump’s use of the IEEPA for reciprocal tariffs exceeded presidential authority.
- The U.S. has announced a new tariff measure, imposing import duties of up to 15% on countries with which it runs huge trade deficits.
- The U.S. economy saw a brief slowdown from the shutdown’s impact, but the recovery remains on track, with inflation easing slowly and business investment still resilient.
- European stocks hit a new high, supported by economic growth and strong corporate earnings, even as manufacturing remains weak. Reports also suggest Christine Lagarde may step down before the end of her term.
- Japan’s growth undershot forecasts and inflation eased, while Prime Minister Sanae Takaichi pushed ahead with expansionary fiscal policy.
- Chinese markets were closed for Lunar New Year, while Hong Kong stocks dipped slightly as the IMF forecast 4.5% growth and urged faster consumer-boosting reforms.
- Thailand’s SET Index rose 3.4% on foreign inflows, amid progress toward forming a new coalition government and strong economic data.

Market Brief

- U.S. stocks rose last week** after the Supreme Court ruled 6-3 that President Trump’s use of the IEEPA to impose reciprocal tariffs exceeded his authority and ordered the measure to be revoked immediately.
- The U.S. unveiled a substitute global tariff** of up to 15% on imports, effective immediately for as long as 150 days, with any extension requiring congressional approval. Officials signaled that additional tariff actions could follow.
- Minutes from the Fed’s January meeting showed policymakers in no rush to cut rates**, with views split between members open to easing if inflation falls and others warning rates may need to rise if price pressures stay elevated. While labor market risks have eased, officials remained concerned about persistent inflation.
- US Economic Data**
 - Core PCE inflation rose 0.4% MoM and 3.0% YoY in December, while headline PCE climbed 2.9% from a year earlier - the highest since March 2024 - underscoring inflation continues to ease only gradually.
 - U.S. GDP grew just 1.4% in the fourth quarter of 2025, sharply slower than the 4.4% pace in the previous quarter, as the federal government shutdown triggered a 24.1% drop in nondefense spending - the steepest decline since 2020. Bloomberg estimated the shutdown erased roughly \$100 billion in economic activity.
 - Consumer spending slowed to 2.4% in 4Q25 from 3.5% in the prior quarter, weighed down mainly by weaker durable goods purchases such as autos, while healthcare services spending rose to a record high.
 - Exports fell 0.9% after a strong surge in the previous quarter, while recent data show the U.S. trade deficit widening again as imports continue to rise.
 - Business investment grew 3.7%, driven by a surge in spending on IT equipment, AI-related, and data-center infrastructure, which climbed to record levels.
 - Analysts say the slowdown in U.S. GDP in the fourth quarter of 2025 was only a temporary effect of the government shutdown, and they expect economic activity to rebound early this year.
- Europe**
 - The Stoxx Europe 600 index advanced to a new record high, rising approximately 2%, supported by improved corporate earnings expectations, robust economic data, and a rotation of investment flows away from U.S. markets.
 - Europe’s economic outlook has brightened, even though Eurozone industrial production fell 1.4% in December – a larger-than-expected decline. February PMI readings surprised to the upside, with new orders rising at the fastest pace in nearly four years.
 - Reports from the European Central Bank suggest that Christine Lagarde may step down before her term expires in 2027.
- Japan**
 - Eurozone GDP grew just 0.2% QoQ in the fourth quarter of 2025, well below the 1.6% forecast, as private consumption slowed to 0.1%. Exports, however, were less affected by U.S. tariffs than previously feared.
 - Consumer inflation rose 2% YoY in January, held down by softer energy and food prices as well as government measures that helped easing some cost of living.
 - Prime Minister Sanae Takaichi has pledged to pursue proactive fiscal policy, emphasizing long term investment in areas such as economic security, agriculture, energy, and public health, while also committing to maintain fiscal discipline.
- China**
 - Mainland Chinese equity markets were closed last week for the Lunar New Year holiday, while Hong Kong trading resumed on Friday, with the Hang Seng Index slipping about 0.6%.
 - The IMF expects China’s economy to grow 4.5% this year - up from its previous forecast but below last year’s 5% expansion - highlighting the economy’s resilience despite mounting structural challenges. The Fund urged Beijing to accelerate the shift toward consumption-driven growth through additional support measures and deeper structural reforms.
- Thailand**
 - Thailand’s SET Index rose 3.4% last week amid continued foreign inflows, supported by progress toward forming a new coalition government and stronger-than-expected economic data. Fourth-quarter GDP expanded 2.5% YoY, beating the 1.3% forecast, driven by government spending, public investment, household consumption and a rebound in inventories.
 - Thailand’s economy expanded 2.4% in 2025, prompting the National Economic and Social Development Council to raise its 2026 growth forecast to 1.5-2.5% from the previous 1.2-2.2%.
- Brent crude rose 5.9%** as escalating tensions between the U.S. and Iran heightened market concerns over potential supply risks in the Middle East.

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