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Weekly Market Report For 27 – 31 July 2026

Overview

- U.S. equities rebounded despite volatility surrounding Fed policy and AI stocks.
- Microsoft and Amazon boosted technology shares on stronger-than-expected earnings.
- The Fed held rates steady, while markets remained focused on the inflation outlook.
- China and Japan maintained cautious economic policies amid heightened uncertainty.
- Oil prices fell as concerns over supply disruptions eased.

Market Brief

U.S. equities rose last week despite volatility surrounding the Fed meeting, U.S.-Iran tensions and selling pressure in AI stocks.

o The Dow Jones and S&P 500 each gained 1.0%, while the Nasdaq advanced 1.6%.

o Consumer Discretionary led sector gains, rising 8.3%, supported by Amazon. Utilities (-4.2%) and Real Estate (-2.5%) were the biggest laggards.

o Concerns over heavy AI investment weighed on technology stocks early in the week before the sector rebounded after Microsoft reported stronger-than-expected earnings, led by robust Azure growth.

Magnificent Seven earnings were mixed. Amazon rallied on strong cloud growth, while Apple fell after Services revenue missed expectations. Meta Platforms dropped more than 8% after issuing weaker-than-expected revenue guidance and reporting a 91% decline in free cash flow.

FOMC Meeting

o The Fed voted 9-3 to keep the policy rate unchanged at 3.50%-3.75%, with three officials favoring a rate hike, underscoring persistent concerns over inflation.

o The Fed's statement changed only marginally, while the Fed's Chair provided limited guidance on the future policy path, triggering volatility in markets and Treasury yields following the meeting.

U.S. Treasury yields rose, with the 30-year yield reaching 5.26%, its highest level since 2007, while the 10-year yield climbed above 4.75%, the highest since early 2025.

U.S. economic data were mixed. Core PCE inflation rose less than expected, pointing to easing price pressures, while second-quarter GDP growth fell short of forecasts. Private consumption, however, remained resilient.

Japan

o Japanese equities edged lower amid the impact of the Kumamoto earthquake and close scrutiny of BOJ monetary policy.

o The BOJ voted 8-1 to keep its policy rate at 1%, while cutting its 2026 inflation forecast to 2.5% and raising its GDP growth forecast for the year to 0.6%.

o The BOJ governor signaled greater focus on inflation risks, lifting market expectations for a rate hike at the September meeting.

o The yen strengthened from 163 to around 160 per dollar amid speculation that Japanese authorities had intervened in the currency market, while the 10-year JGB yield fell below 2.8%.

China

o Chinese equities were mixed, with the CSI 300 falling 1.3%, while the Shanghai Composite gained 0.47% and the Hang Seng rose 3.7%.

o Mainland Chinese stocks initially gained following the listing of ChangXin Memory Technology (CXMT), before semiconductor and AI shares came under selling pressure amid valuation concerns and questions over returns on AI investment.

o Chinese technology stocks rebounded toward the end of the week, tracking strong earnings from U.S. technology companies.

o Hong Kong equities outperformed, supported by buying in major internet stocks such as Tencent and Alibaba, as well as defensive sectors including banks and consumer staples.

o The Politburo meeting produced no major stimulus measures, signaling a more targeted and gradual approach to supporting economic growth.

Thailand

o The SET Index fell 1.3%, marking its first pullback after four consecutive weeks of gains. The decline was driven by weaker-than-expected Delta earnings and broad-based selling in Asian technology stocks.

o Foreign investors recorded net purchases of THB5.3 billion, while domestic institutions were net sellers of THB5.4 billion.

o June exports grew 20.8% YoY, beating expectations and extending the growth streak to 24 consecutive months. Imports surged 50.3%, resulting in a trade deficit of US$6.53 billion.

Oil

o Brent crude fell 9.1% as progress in talks between Oman and Iran eased concerns over potential supply disruptions in the Middle East, despite intermittent military exchanges between the two sides.

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

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