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S&P 500

Weekly Market Report For 3 – 7 August 2026

Overview

- Global equities advanced as a cooling U.S. labor market, stronger-than-expected corporate earnings, a rebound in technology stocks and hopes for easing Middle East tensions pushed the S&P 500 to a new high.
- A softer U.S. labor market prompted investors to scale back expectations for a Federal Reserve rate hike.
- S&P 500 second-quarter earnings beat expectations, with earnings growth reaching 50.4% YoY.
- India: The RBI kept its policy rate at 5.25%, raised its GDP growth forecast and lowered its inflation forecast, while continuing to monitor the risk of an energy shock.
- Thailand: Inflation eased to 1.95% YoY, driven by lower energy and oil prices.

Market Brief

Global equities rose last week, with the S&P 500 gaining 3.6% to a new record and the Nasdaq climbing 5.1%. The rally was driven by four key factors:

o A weaker-than-expected U.S. labor market prompted investors to reduce expectations for a Federal Reserve rate hike at the September meeting.

o Stronger-than-expected corporate earnings improved investor sentiment.

o Technology stocks rebounded, led by semiconductors, as reflected in gains in the Philadelphia Semiconductor Index.

o Hopes for easing tensions in the Middle East and a potential reopening of the Strait of Hormuz drove oil prices sharply lower, easing inflationary pressure and boosting optimism on risky assets.

U.S. Labor Market Shows Signs of Cooling

o Nonfarm payrolls fell by 23,000 in July, versus expectations for an increase of 88,000, signaling weaker labor-market conditions.

o Payroll gains for the previous two months were also revised significantly lower. June payrolls were revised to a gain of 20,000 from 57,000, while May was revised to 63,000 from 129,000.

o The unemployment rate fell to 4.1%, below the 4.2% consensus. However, the Labor Force Participation Rate declined to 61.4%, the lowest in more than five years, suggesting that part of the decline in unemployment reflected workers leaving the labor force.

o Wage growth also moderated. Average hourly earnings increased 0.1% MoM, below expectations for a 0.3% gain, while annual wage growth slowed to 3.2% from a year earlier, below the 3.5% consensus.

o Markets interpreted the weaker labor data as a case of "bad news is good news," as a cooling labor market could give the Fed more room to ease monetary policy. CME FedWatch showed the probability of a September rate hike falling to 41% from 67%.

Strong Second-Quarter Earnings

o S&P 500 earnings remained stronger than expected. According to FactSet, 88% of companies had reported results, with 86% beating earnings expectations. Earnings Surprise stood at 29%, partly boosted by exceptional profits from Alphabet and Amazon.

o Even excluding Alphabet and Amazon, earnings remained robust, with Earnings Surprise at 10.9%, above the five-year average.

o S&P 500 earnings grew 50.4% YoY, while Blend Earnings Growth remained at 32% excluding Alphabet and Amazon. Earnings growth was also broad-based, with 10 of 11 sectors reporting earnings growth and eight sectors posting double-digit gains.

o Earnings breadth has improved, suggesting that profit growth is becoming less dependent on Mega Cap Technology stocks and is increasingly spreading across other sectors.

o Markets continue to expect solid earnings growth, with consensus estimates calling for growth of 27% in the third quarter, 25% in the fourth quarter and 30% for full-year 2026.

o Second-quarter earnings are likely to remain a key driver of equity markets in the period ahead.

India

o The Reserve Bank of India (RBI) kept its policy rate at 5.25%, as expected, while raising its GDP growth forecast for the current fiscal year to 6.7% from 6.6% and lowering its inflation forecast to 5.0% from 5.1%.

o The RBI views an energy shock as a key supply-side risk and indicated that it could consider tighter monetary policy if elevated energy prices begin to pass through more broadly into inflation.

Thailand

o Headline inflation slowed to 1.95% YoY in July, from 2.42% in the previous month and below the market forecast of 2.4%. The decline was primarily driven by lower energy and oil prices.

o With inflation remaining subdued, the Bank of Thailand is expected to keep its policy rate at 1.0% through the end of the year.

Gold prices climbed to a seven-week high, supported by a weaker U.S. dollar and softer-than-expected U.S. Nonfarm Payrolls, which reduced expectations for a Federal Reserve rate hike in September.

Oil prices fell sharply last week on expectations that the U.S. and Iran could reach an agreement that would allow the Strait of Hormuz to reopen. However, oil prices subsequently recovered after Iran denied that it was engaged in direct negotiations with the U.S. The situation remains fluid, with further developments in U.S.-Iran relations and the status of the Strait of Hormuz likely to remain key drivers for energy markets and broader risk sentiment.

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

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