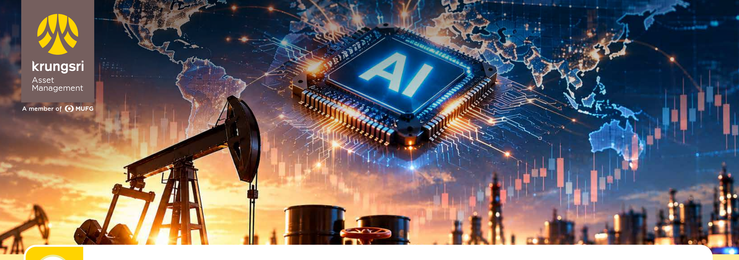

Weekly Market Report For 19 – 22 October 2026

Overview

- Global technology stocks came under pressure amid mounting concerns over AI investment
- Oil prices surged as Middle East tensions escalated
- Investors increased exposure to safe-haven assets amid heightened market volatility
- European and Asian equities declined, while China's economy grew faster than expected
- Thai stocks fell in line with weakness across global markets

Market Brief

Markets came under pressure last week amid concerns over AI investment and escalating tensions in the Middle East, prompting investors to increase exposure to safe-haven assets.

U.S. stocks ended mixed as concerns over AI investment and the funding needs of major technology companies weighed on the sector. Investors rotated into Utilities, Consumer Staples and Healthcare, helping small-cap and value stocks outperform. The Dow Jones gained 0.4%, while the S&P 500 and Nasdaq fell 0.5% and 0.7%, respectively. The Russell 2000 rose 2.0%.

Brent crude oil surged 6.2% as renewed tensions in the Middle East intensified toward the end of the week. Oil prices had earlier declined on hopes for diplomatic talks between the U.S. and Iran.

AI investment concerns weighed on technology stocks

- Meta: Revenue rose 26% YoY and exceeded expectations, but higher AI capital spending pushed third-quarter free cashflow to -$2.1 billion, marking the first quarterly negative cashflow in more than a decade.
- The cost of insuring against default by Meta and other major technology companies increased, reflecting growing concerns over whether future earnings will be sufficient to support rising AI investment.

U.S. Treasuries gained on safe-haven demand amid a selloff in technology stocks and heightened geopolitical uncertainty. The 10-year U.S. Treasury yield fell to 4.99% on Friday, dropping below 5% for the first time in a month.

Europe

- The STOXX Europe 600 fell 1.4%, pressured by higher oil prices, escalating Middle East tensions and inflation concerns. Intensifying cost of living protests in France added to the pressure, sending the CAC 40 down 2.2%.
- French government bonds came under pressure, with the 10-year yield rising above 5% and the spread over German government bonds widening to its highest level since 2012, reflecting growing concerns over French sovereign risk.

Japan

- The Nikkei 225 fell 4.03% and the TOPIX declined 2.5%, weighed down by a selloff in technology stocks, higher oil prices and escalating tensions in the Middle East.
- Japan's 10-year government bond yield fell to 2.78% from 2.94% in the previous week.
- The yen strengthened to around 156.7 per U.S. dollar from 157.9 a week earlier, as investors shift toward lower risk assets.

China

- The CSI 300 fell 1.6% and the Hang Seng declined 4.5% as AI and technology shares came under selling pressure amid concerns over capital spending, the earnings outlook and higher oil prices.
- Hong Kong stocks underperformed mainland Chinese equities, with Internet and e-commerce shares facing heavier selling after Chinese regulators summoned major e-commerce platforms for discussions and urged them to strengthen product quality controls.
- China's third-quarter GDP expanded 4.5% YoY, accelerating from 4.3% in the second quarter and exceeding expectations of 4.4%. However, domestic investment and consumption remained weak.

Thailand

- The SET Index closed at 1,562.67 points, down 0.7%, tracking weakness in global equities amid pressure on technology stocks.
- Foreign investors were net buyers of THB 3.0 billion, while domestic institutional investors recorded net sales of THB 700 million.

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