Weekly Market Report For 13 – 17 July 2026

Overview

- US stocks fell as selling in technology and AI shares weighed on sentiment, dragging South Korean equities lower.
- Escalating US-Iran tensions sent oil prices higher, stoking concerns over global crude supply.
- US banks showed better-than-expected earnings, but failed to offset selling in chip and AI stocks. Inflation eased and consumer spending remained resilient.
- Japan's AI stocks dragged indexes, while the yen weakened on concerns over higher oil prices.
- Chinese equities swung amid selling in AI and semiconductor shares. The economy slowed on weak domestic demand and a soft property sector.

Market Brief

Last week, US stocks fell, led by the Nasdaq's 2.9% decline, followed by the S&P 500's 1.6% drop and the Dow Jones' 0.9% slide. The IT sector was the biggest laggard as investors sold large-cap technology and AI-related stocks, triggering a sharp selloff in South Korean equities, with the KOSPI tumbling about 10% WoW, led by Samsung Electronics and SK Hynix.

US-Iran Tensions Escalate

o Tensions between the US and Iran intensified, with the US continuing airstrikes as Iran retaliated with drones and missiles and stepped up threats to shipping in the Persian Gulf. Traffic through the Strait of Hormuz declined, fueling concerns over global oil supplies.

o While both sides signaled through intermediaries that they do not want the conflict to escalate, prospects for negotiations dimmed after Iran said it was not ready to return to an agreement, while the US shifted its focus toward securing oil shipping routes and increasing military pressure.

o Oil prices surged, with Brent crude jumping 16% WoW to above $90 a barrel for the first time since June, while WTI rose toward $85 a barrel.

Big Companies Kick Off Second-Quarter Earnings Season

o Second-quarter earnings season gathered pace, with major US banks including JPMorgan Chase, Goldman Sachs and Bank of America reporting results above market expectations.

o Markets nonetheless remained under pressure from selling in semiconductor, memory-chip and AI infrastructure stocks. While TSMC and ASML posted strong results, TSMC's decision to raise capital spending to nearly $56 billion to expand advanced-chip production fueled concerns over accelerating investment and pressure on near-term returns.

IS Economic Data

o US inflation eased in June, with CPI falling 0.4% MoM, below the market forecast of a 0.1% decline, reversing a 0.5% increase in the previous month as energy prices dropped 5.7%. Core CPI was unchanged MoM, versus expectations for a 0.2% increase. On a YoY basis, headline CPI slowed to 3.5%, from 4.2%, while core CPI eased to 2.6%, from 2.9%.

o Retail sales rose 0.2% MoM in June, in line with expectations, although growth slowed from 1.0% in the previous month, underscoring continued resilience in US consumer spending.

Japan

o Japanese equities fell sharply, with the Nikkei 225 down 6.44% and the TOPIX declining 2.90%, as investors took profits in AI-related stocks amid valuation concerns.

o The yen weakened from around 161.8 to 162.3 per dollar, as concerns grew that Japan's heavy reliance on Middle Eastern oil imports could leave the economy vulnerable to higher energy prices.

China

o Chinese equities traded unevenly, with the CSI 300 down 5.26% and the Shanghai Composite falling 5.81%, while the Hang Seng rose 1.60%.

o Mainland Chinese stocks were pressured by selling in AI and semiconductor shares, amid valuation concerns and intensifying competition in the AI model space.

o Hong Kong equities gained support from inflows through Stock Connect, alongside buying in large internet companies and healthcare stocks.

China Economic Data

o China's second-quarter 2026 GDP grew 4.3% YoY, the slowest pace in more than three years, missing expectations and falling below the government's 2026 target range, reflecting weak domestic demand, a sluggish property sector and slowing investment.

o Industrial output rose 5.3% YoY in June, while retail sales recovered to 1.0% YoY and exports surged 27% YoY, underscoring continued strength in manufacturing and external demand.

o The recovery remained uneven, however, with weak consumer confidence and fixed-asset investment still contracting.

o Markets expect Beijing to roll out additional stimulus in the second half of the year, with investors watching for signals from the Politburo meeting later this month.

Thailand's SET Index closed at 1,639.04, up 17.49 points, or 1.1%, supported by strong foreign buying, with overseas investors recording THB13.7 billion in netpurchases. Domestic institutions, meanwhile, posted THB3.8 billion in net selling.

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