krungsri Asset Management

A member of MUFG

Weekly Market Report For 20 – 24 July 2026

Overview

- Markets pressured by escalating tensions in the Middle East
- Heavy AI spending weighs on Big Tech shares despite strong earnings
- Oil prices ease, but risks remain
- Investors focus on upcoming Fed, BOJ and BOE meetings
- U.S. inflation and Big Tech earnings remain key risks to watch

Market Brief

U.S. stocks fell last week, pressured by a selloff in technology shares and renewed concerns over tensions in the Middle East. The developments pushed oil prices and U.S. Treasury yields higher, while investors continued to assess the impact of the latest U.S. tariff measures.

o The S&P 500 fell 0.6%, while the Nasdaq dropped 2%, dragged down by technology stocks.

o A surge in oil prices during the week revived concerns that inflation could accelerate, pushing the 10-year U.S. Treasury yield up 14 basis points to 4.64%.

o President Trump announced 10%–12.5% tariffs under Section 301, covering about 60 countries and taking effect July 24, replacing the temporary 10% import tariff that had expired.

Oil Prices and Middle East Tensions

o Oil prices surged on concerns that retaliatory attacks between the U.S. and Iran could disrupt global oil supplies. Prices, however, retreated toward the end of the week after China pushed both sides to resume peace talks.

o Oil prices fell a further 5% this morning (July 27) after reports that the U.S. and Iran had temporarily suspended attacks, raising hopes that tensions could ease through negotiations.

o The oil price outlook remains a key market focus, given its implications for inflation and the Federal Reserve's interest rate policy.

Alphabet, Inc.

o Alphabet reported better-than-expected overall results, with Cloud revenue surging 82%, while its backlog of work and contracts yet to be recognized as revenue rose to $514 billion.

o Demand for AI infrastructure and services from enterprise customers remains robust, exceeding the company's current capacity to provide services.

o However, Alphabet shares fell after the company raised its capital-spending forecast for the year to $195 billion–$205 billion, from $180 billion–$190 billion. The increase fueled investor concerns over cash flow and how long it will take for AI investments to generate returns.

o Heavy spending by major technology companies continues to underscore strong AI demand, potentially benefiting businesses across the supply chain, from data centers to chipmakers and electronic-equipment manufacturers.

Tesla, Inc.

o Tesla reported revenue above expectations on higher vehicle deliveries, but profit came in below forecasts. Automotive margins declined as the company cut prices to stimulate sales.

o Free cash flow turned negative, reflecting a sharp increase in investment, with capital expenditures rising about 142% from a year earlier.

S&P 500 Second-Quarter Earnings

o About 27% of S&P 500 companies have reported second-quarter earnings, with 86% beating market expectations.

o Earnings for companies that have reported are up an average 37.9% from a year earlier, well above market expectations of 23%.

Europe

o The ECB kept interest rates unchanged, in line with market expectations. The ECB president said energy prices remain uncertain amid the conflict in the Middle East and could affect inflation.

o On monetary policy, the ECB will continue to assess economic data and make decisions on a meeting-by-meeting basis.

o Markets expect the ECB could raise interest rates again at its September meeting.

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

0-2657-5757 krungsriasset.clientservice@krungsri.com www.krungsriasset.com

krungsriasset