krungsri Asset Management
A member of MUFG

Weekly Market Report For 31 August – 4 September 2026

Overview

- US stocks traded in a narrow range, pressured by higher bond yields, surging oil prices and resilient labor-market data.
- US-Iran tensions pushed oil prices higher on supply concerns, adding to inflation risks and complicating the Federal Reserve's policy outlook.
- The US economy remained resilient, supported by a solid labor market and continued expansion in the services sector.
- Japan: Rising JGB yields strengthened the yen and weighed on exporters, while higher oil prices added to inflation risks and uncertainty over the BOJ's policy path.
- China: Higher global yields and oil prices pressured AI and semiconductor stocks, while Beijing introduced further measures to support the property sector.

Market Brief

US equities ended last week little changed. The Dow Jones fell 0.3%, while the S&P 500 and Nasdaq gained 0.1% and 0.4%, respectively. Markets were pressured by higher bond yields, a 9% WoW surge in oil prices and stronger-than-expected US labor market data, raising concerns over the Fed's interest rate path.

US-Iran Tensions

o Early in the week, retaliatory attacks around the Strait of Hormuz sent oil prices sharply higher on concerns over global supply. Tensions escalated over the weekend after the US struck three Iranian oil tankers, while Iran's Islamic Revolutionary Guard Corps attacked US and other vessels in the area.

o Markets grew increasingly concerned about the implications for inflation and Fed policy. Shipping traffic through the Strait of Hormuz fell to an average of about 10 vessels a day, the lowest level since May.

Bond yields tracked the rise in oil prices. The US 10-year Treasury yield briefly reached around 4.82% before easing after Fed Governor Christopher Waller signaled that the Fed could keep rates unchanged if inflation continued to moderate. Yields subsequently rose again after stronger-than-expected jobs data, fueling concerns that the Fed could reconsider a rate hike in September.

US Economic Data

o Nonfarm payrolls rose by 162,000 in August, well above the 55,000 consensus estimate.

o The unemployment rate held at 4.1% despite an increase in labor force participation, suggesting labor demand and supply remained relatively balanced.

o Wage growth slowed to 3.1% YoY in August from 3.2% in the previous month, in line with expectations.

o ISM Manufacturing PMI fell to 54.6 from 55.6 but remained above the 50 threshold, marking an eighth consecutive month of expansion. The input-price index stood at 71.1, pointing to continued elevated cost pressures.

o ISM Services PMI rose 1.3 points to 55.4, supported by stronger new orders and backlogs. Prices paid by service providers climbed to their highest level in four years, highlighting persistent inflationary pressures.

Japan

o Japanese equities declined last week, with the Nikkei 225 falling 2.09% and TOPIX down 1.05%, pressured by higher JGB yields and expectations that the BOJ could raise rates sooner than previously anticipated.

o The 10-year JGB yield surged above 3.0% for the first time since 1996 before easing to around 2.9% at the end of the week.

o The yen strengthened from around JPY159 to JPY156 per dollar as expectations for a near term BOJ rate hike increased, weighing on export-oriented stocks.

o Higher oil prices amid US-Iran tensions added to inflation risks and complicated the BOJ's monetary-policy outlook.

China

o Mainland Chinese equities came under pressure from higher oil prices and global bond yields during the middle of the week, triggering selling in semiconductor and AI-related growth stocks. Hong Kong equities, meanwhile, rebounded strongly, with the Hang Seng rising 1.74%, led by technology, consumer and property stocks.

o China tightened oversight of the property market to reduce risks associated with the property presale system and strengthen homebuyer protection. Under the new measures, projects must reach the structural construction stage before presales can begin.

o Property sector credit conditions were eased, with authorities extending the maximum maturity of development loans and increasing the maximum mortgage term for individuals from 30 years to 40 years.

The SET Index gained 7.36 points to 1,595.58 last week, supported by renewed buying in stocks that had previously underperformed. Foreign investors turned to net buyers, with net inflows of 3.1 billion baht, while domestic institutions were net sellers of 1.6 billion baht.

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