Weekly Market Report For 14 – 18 September 2026

Overview

- Global markets remained volatile amid higher bond yields and Middle East tensions.
- The Fed raised rates as expected, while inflation remained elevated.
- AI stocks rebounded as concerns over AI safety eased.
- The BOJ raised rate, while China continued to face pressure from weak domestic demand.
- Thai equities declined amid foreign selling.

Market Brief

Global equities were volatile last week, as concerns over inflation and the outlook for U.S. interest rates persisted, while tensions in the Middle East added to oil-price volatility.

U.S. stocks ended mixed. The Dow Jones fell 1.7% and the S&P 500 declined 0.4%, while the Nasdaq gained 0.7%.

Fed Raises Rates

o The Federal Reserve voted unanimously, 12-0, to raise its policy rate by 25 basis points to 3.75%-4.00%, in line with market expectations, while signaling continued focus on bringing inflation under control as core inflation remains elevated.

o The Fed said the U.S. economy continued to expand at a solid pace, with consumer spending remaining resilient and the labor market showing flexibility. Most policymakers still expect one additional rate hike this year.

o Markets viewed the hike as primarily aimed at containing inflation risks, particularly those stemming from higher oil prices and geopolitical tensions, rather than responding to an overheating economy.

o Treasury yields came under pressure, with the 2-Year Treasury yield rising more than 12 basis points to around 4.73%. The 10-Year Treasury yield moved above 5% before ending the week near that level.

Oil Volatility Driven by Middle East Conflict

o Oil prices rose early in the week following attacks on oil-pipeline infrastructure in Saudi Arabia, raising concerns over supply disruptions and renewed inflationary pressures.

o However, WTI crude fell more than 3% on Wednesday (Sept. 16) after reports indicated that damage to the pipelines may have been less severe than initially feared, with partial operations potentially resuming soon. The easing of supply concerns helped reduce market pressure toward the end of the week.

AI Stocks

o AI stocks fell early in the week after Anthropic's CEO called for a slower pace of advanced AI development to improve safety and mitigate potential risks to society.

o The sector subsequently rebounded as Nvidia's CEO and other industry executives expressed optimism over continued AI development and infrastructure investment.

Japan

o The Bank of Japan raised its policy rate by 25 basis points to 1.25% in a 7-2 vote, in line with market expectations, citing persistent price pressures from energy costs, imported inflation and wages, alongside a recovery in domestic consumption.

o The BOJ left the door open to further rate hikes if economic activity and inflation evolve in line with its outlook. However, two dissenting votes highlighted concerns over the impact of higher borrowing costs and economic uncertainty.

o The yen weakened past 157 per dollar despite the rate hike, as markets saw limited scope for further tightening, while the Japan-U.S. interest-rate differential remained wide.

o Japanese equities continued to advance, with the Nikkei 225 and Topix gaining around 1.57%, as the rate hike had largely been priced in and falling oil prices toward the end of the week provided additional support.

o Core inflation rose 1.7% YoY in August, slowing from 1.8% in the previous month. Imports increased 28%, while exports rose 19.3%.

China

o Chinese equities ended mixed, with mainland stocks outperforming Hong Kong as technology shares recovered toward the end of the week.

o The yuan strengthened to its strongest level in more than four years.

o August economic data continued to show divergent trends across sectors, with resilient exports supporting the manufacturing sector.

o However, domestic consumption and investment continued to slow, with infrastructure investment remaining deeply contracted, underscoring the still-weak momentum of domestic demand.

Thailand

o The SET Index fell 20.37 points, or -1.3%, pressured by foreign capital outflows.

o Foreign investors recorded net selling of around 5.2 billion baht, while domestic institutional investors were net buyers of approximately 5.0 billion baht.

o Thai equities therefore remained influenced by foreign fund flows and global market sentiment, with external factors continuing to drive near-term market direction.

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