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Weekly Market Report For 29 June – 3 July 2026

Overview

- U.S. stocks advanced as investors increased bets that the Federal Reserve will slow the pace of rate hikes after June employment data came in weaker than expected.
- U.S. job market softened, with nonfarm payrolls rose less than expected, while ADP private payrolls and JOLTS job openings sent mixed signals, leaving Treasury yields modestly volatile.
- European inflation eased to 2.8%, below expectations, improving investor sentiment as lower oil prices helped ease inflationary pressures.
- Japanese equities traded in a narrow range, pressured by technology shares but supported by higher bond yields and improving business sentiment. The yen remained weak despite official intervention, as the gap between U.S.-Japan interest rate continued to weigh on the currency.
- Chinese equities were mixed, with gains supported by an expansion in manufacturing PMI, signaling a modest near-term recovery in economic activity.

Market Brief

U.S. equities advanced last week as easing concerns over further Federal Reserve rate hikes outweighed softened June job data. The Dow Jones Industrial Average rose 2.0% to a record high, while the S&P 500 and Nasdaq gained 1.8% and 2.1%, respectively.

U.S. June labor market data

o Nonfarm payrolls increased by 57,000, well below market expectations of 110,000.

o The unemployment rate unexpectedly declined to 4.2% from 4.3%.

o ADP private payrolls rose 98,000, slowing from 122,000 in May and missing expectations, with hiring remaining concentrated in the services sector.

o JOLTS job openings increased to 7.59 million, exceeding expectations and reaching the highest level since May 2024.

o Following the weaker-than-expected payroll report, U.S. Treasury yields initially rose across most maturities before short-term yields edged lower toward the end of the week.

Europe

o Investor sentiment improved as lower oil prices eased concerns that the Middle East conflict would fuel inflation and weigh on economic growth.

o June consumer inflation slowed to 2.8% from 3.2% in the previous month and came in below the market consensus of 3.0%.

Japan

o Japanese equities posted modest gains but remained volatile as profit-taking in technology and semiconductor stocks offset support from higher government bond yields and improving business sentiment, which lifted financial and cyclical stocks.

o The BOJ's Tankan survey showed business confidence among large manufacturers improved for a fifth consecutive quarter, reaching its highest level since 2018, supported by AI-related investment and stronger corporate spending despite persistent concerns over energy costs and global trade uncertainty.

o Japan's 10-year government bond yield rose to 2.78% from 2.60%, reflecting concerns over inflation, fiscal conditions and increased government bond issuance.

o The yen remained volatile amid speculation of official intervention. The currency weakened to its lowest level in nearly four decades before recovering on expectations that Japanese authorities would step into the market.

o The still-wide U.S.-Japan interest rate differential continued to support carry trades and remained a key source of downward pressure on the yen.

China

o Chinese equities were mixed, supported by stronger-than-expected manufacturing data and improved short-term liquidity, which boosted investor sentiment early in the week.

o The official manufacturing PMI rose to 50.3 from 50.0, returning to expansion territory on stronger production, new orders and high-tech manufacturing activity.

o The non-manufacturing PMI edged up to 50.2 from 50.1, outperforming market expectations for a modest slowdown.

Thailand

o The SET Index surged 4.5%, reaching its highest level since February 2023, supported by improving confidence in the government. Foreign investors were net buyers of THB 21.6 billion, while domestic institutional investors were net sellers of THB 4.2 billion.

o The banking sector outperformed, rising 8.5% on expectations of strong second-quarter earnings. Petrochemical stocks gained 6.6% as product spreads improved, while ICT shares advanced 5.0%, supported by positive industry sentiment.

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

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