Weekly Market Report For 6 – 10 July 2026

Overview

- AI remains the key market driver despite rising volatility amid stretched valuations.
- Middle East tensions push oil prices and Treasury yields higher.
- Fed adopts a more hawkish tone, reviving concerns over higher-for-longer interest rates.
- China accelerates AI development, boosting tech stocks, while the domestic economic recovery remains uneven.
- Thai equities rebound on foreign inflows and improving political sentiment.

Market Brief

U.S. stocks ended mixed last week, with a late-week rebound in semiconductor and AI shares lifting the Nasdaq 1.74% and the S&P 500 1.23%, while the Dow Jones Industrial Average slipped 0.5%.

o AI remained the key theme and optimism on corporate earnings continued to drive markets. The technology sector is projected to deliver the fastest revenue growth among S&P 500 companies, with earnings expected to surge as much as 63%.

o AI stocks experienced heightened volatility as stretched valuations fueled concerns over investment returns. However, there are still no signs of slowing demand or capital spending on AI infrastructure.

The Fed's latest meeting minutes reinforced a more hawkish tone, with several policymakers favoring additional rate hikes, while most officials remained concerned that persistent inflation could impact longer-term inflation expectations.

South Korea's KOSPI entered bear-market territory, falling more than 20% from its recent peak, largely reflecting its heavy concentration in Samsung Electronics and SK Hynix, which together account for nearly 55% of the index.

o SK Hynix jumped 13.6% on its U.S. market debut after raising more than $26 billion in its listing.

Geopolitical tensions resurfaced as the ceasefire agreement between the U.S. and Iran collapsed. Although military activity remained limited and diplomatic negotiations continued, investors turned more cautious.

o The 10-year U.S. Treasury yield climbed to 4.56% from 4.49%.

o Brent crude briefly approached $80 a barrel before ending the week at around $76, up 6% week-on-week. Despite the rally, oil prices remain well below their previous peak of around $120 a barrel, and their impact on equity markets has been significantly less severe than earlier this year.

Japan

o Japan's Nikkei 225 fell 1.7%, while the TOPIX declined 0.7%, pressured by renewed Middle East tensions, higher oil prices, and profit-taking in technology stocks.

o Japan's 10-year government bond yield closed near 2.78% after briefly reaching its highest level in three decades before retreating. The pullback followed calls for Japan's public pension funds to increase allocations to domestic assets, helping the yen strengthen to around ¥161 per U.S. dollar.

o Japan's producer price index (PPI) rose 7.1% year-on-year, exceeding market expectations as higher energy and metal prices continued to drive producer inflation.

o Average wages increased 3.2% year-on-year, while real wages rose 1.4%, signaling continued improvement in household income. Meanwhile, household spending fell 0.4% from a year earlier, although the decline was smaller than economists had anticipated.

China

o The CSI 300 falling 1.27% and the Shanghai Composite losing 1.17%, while Hong Kong's Hang Seng Index advanced 3.53%.

o AI and semiconductor stocks rallied early in the week on optimism over China's domestic AI and chip development, before giving back some gains amid profit-taking toward the end of the week.

o Hong Kong equities were supported by gains in major internet platform companies, led by Alibaba, following reports of a strategic partnership between Lazada and Meta in social commerce and affiliate marketing.

o June CPI rose 1.0% year-on-year, easing from the previous month and coming in below market forecasts. Core CPI also increased 1.0%, suggesting domestic demand has yet to fully recover.

o Producer price inflation accelerated to 4.1% year-on-year, the fastest pace since July 2022, driven by higher commodity prices.

Thailand

o SET Index gained 0.6% to close at 1,621.55, its highest level since February 2023, after the Constitutional Court ruled that the government's THB 400 billion emergency borrowing decree to address the energy crisis was constitutional, boosting investor sentiment.

o Foreign investors remained net buyers, purchasing THB 15.7 billion worth of Thai equities during the week, while domestic institutional investors were net sellers of THB 5.6 billion.

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