Weekly Market Report For 24 – 28 August 2026

Overview

- US equities edged higher amid continued interest rate volatility.
- Strong Nvidia earnings reinforced confidence in the sustainability of AI-driven growth.
- The Fed remained cautious on inflation, shaping expectations for the interest rate path.
- China accelerated AI investment, while investors increasingly questioned the returns on large-scale spending.
- Thailand's economy continued to benefit from strong exports, while the Bank of Thailand kept its policy rate at 1%.

Market Brief

Global markets remained volatile last week, supported by continued AI growth and strong tech companies' earnings, while investors remained cautious over interest rates, inflation and the economic outlook across regions.

US

o US equities edged higher, with the Dow Jones and S&P 500 gaining 0.5% and the Nasdaq rising 0.9%. Markets were supported by strong Nvidia earnings, although volatility persisted throughout the week.

o Nvidia reported strong earnings and signaled continued momentum in AI demand. Second-quarter revenue surged 106% YoY, while the company's third-quarter revenue guidance came in above market expectations. Nvidia shares jumped 8.7% and sent other tech stocks higher.

Fed Chair's Jackson Hole Remarks

o Kevin Warsh, Fed Chair, struck a cautious tone on rate cuts, noting that the US economy remained resilient while inflation had yet to ease enough for the Fed to claim victory.

o The Fed indicated that it would reduce forward guidance on monetary policy, allowing greater flexibility to adjust policy in response to incoming economic data.

o The remarks lifted market expectations for a September rate hike, with the implied probability rising from 35% to 60%. Treasury yields moved higher, led by the 2-year yield, while 10- and 30-year yields also increased. Equity-market volatility rose accordingly.

US Economic and Inflation Data

o Core PCE inflation rose 3.3% YoY in July, while headline PCE increased 3.7%, both remaining above the Fed's inflation target.

o Consumer confidence fell to 51.7 in August from 55.2 in July, suggesting continued concerns over inflation and the economic outlook.

Europe

o European equities were broadly flat, while economic indicators showed signs of improvement. Eurozone economic sentiment increased for a fourth consecutive month, reaching its highest level since January, supported by improving business and consumer confidence.

o Sentiment improved across several major economies, particularly France, Germany and Italy, while Spain remained an outlier, with confidence weakening.

China

o Chinese equities delivered mixed performance, with mainland stocks outperforming Hong Kong, supported by AI and semiconductor names. Nvidia's strong results further boosted confidence in AI-related businesses and computing infrastructure.

o China's economic recovery remained uneven across industries. Industrial profits rose 11.2% YoY in July, slowing from 15.1% growth in June.

o Computers, communications and electronics continued to outperform, driven by AI-related demand, while profits in the automotive and electrical machinery sectors declined, underscoring an uneven recovery.

o Alibaba raised HK$80 billion, or around US$10.2 billion, to expand its AI infrastructure, including computing capacity, data centers and cloud services, highlighting the accelerating investment cycle around AI. However, the scale of spending has raised investor concerns over monetization and returns on capital, weighing on Hong Kong technology stocks early in the week.

Thailand

o Thai equities fell 1.6%, pressured by political uncertainty. Foreign investors were net sellers of THB12.2 billion, while domestic institutional investors recorded net purchases of THB2.2 billion.

o July exports rose 21.6% YoY, beating market expectations of 20.2%, while import growth moderated to 36.5% from 50.3% in the previous month.

o The Bank of Thailand kept its policy rate unchanged at 1%, judging the current rate to remain appropriate to support the economic recovery, despite growth remaining subdued and uneven.

o Thailand's economy continues to benefit from strong exports and investment in technology and AI, while domestic consumption is expected to moderate. Inflation remains below previous expectations, reflecting lower energy prices and weaker-than-anticipated pass-through of costs to consumers.

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