Weekly Market Report For 29 - 30 December 2025

Overview

- U.S. stocks retreat as tech shares declines.
- Hopes for Fed rate cut begin to fade.
- Market outlook remains upbeat with sector rotation between tech and non-tech stocks.
- China shows early signs of manufacturing recovery amid fresh economic stimulus.
- Venezuela crisis adds to geopolitical concerns, but global market impact seen as limited.

Market Brief

U.S. stocks came under pressure last week as profit-taking in tech shares and the Fed's meeting minutes dampened expectations for a January rate cut. The Dow Jones fell 0.7%, S&P 500 dropped 1.1%, and Nasdaq slid 1.6%.

Notable stock moves on Friday night (January 2)

- Chipmakers Nvidia and Micron Technology saw gains
- Furniture and home décor stocks such as Wayfair and RH gained after the U.S. postponed a planned tariff hike on upholstered furniture and kitchen cabinets for one year, keeping the rate at 25%.
- Non-chip tech stocks such as Salesforce, CrowdStrike, Palantir, and Microsoft declined, while Tesla also fell after reporting Q4 vehicle deliveries below expectations.

U.S.

- Technology stocks dominated last year's investment theme, driving major indexes to record highs. The S&P 500 rose over 16%, marking its third consecutive annual gain, while Nasdaq surged more than 20% and the Dow Jones advanced about 13%.
- In 2026, markets are expected to see sector rotation between technology stocks and other groups, while the overall trend remains a gradual rise.
- A CNBC survey sees the S&P 500 target for 2026 at 7,629 points, implying an upside of about 11.4%.

FOMC Minutes

- Labor market risks are rising, while upside inflation pressures have started to ease.
- Fed officials remain deeply divided on rate cuts, with the December 0.25% reduction passing by a 9–3 vote—the most dissenting since 2019—highlighting arguments between supporting the labor market and curbing inflation.

China: Manufacturing shows signs of recovering

- The December PMI rose to 50.1 from 49.2 in November, ending eight consecutive months of contraction. This aligns with private sector surveys showing improvement in 16 out of 21 industries.
- The technology sector's PMI climbed to 52.5, marking the highest level of manufacturing and business confidence since March last year.
- However, the services sector continued to contract for the second straight month, while domestic consumption remains weak, leaving the economy vulnerable to external risks.
- China rolled out additional stimulus measures, including CNY62.5 billion in consumer subsidies, an extension of the EV and electronics trade-in program, housing tax incentives, and plans to allocate CNY295 billion for key 2026 projects. However, the scale remains modest compared to last year, and further measures may be needed.

Thailand

- The BOT now requires reporting of foreign exchange transactions exceeding $200,000 to monitor factors behind the baht's rapid appreciation. Additional measures, including limits on transaction sizes and a tax on gold trading, are under consideration.

Geopolitical risks: U.S. – Venezuela

- The U.S., led by President Donald Trump, has executed a military operation in Venezuela, detaining President Nicolás Maduro and his wife for extradition to face charges in the U.S. Washington announced temporary control over Venezuela to oversee a political transition and secure vital oil industry interests amid escalating regional tensions.
- While the event heightens geopolitical risk, analysts expect limited impact on global stock markets and oil prices because Venezuela's economy is relatively small and its oil output accounts for less than 1% of global production, with infrastructure largely intact.

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