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Weekly Market Report For 2 – 6 February 2026



Overview

- Global stocks turn volatile as tech sell-off deepens; software sector leads declines, S&P 500 flat and NASDAQ down 1.9%.
- Japan's LDP wins election with over two thirds majority, paving the way for smoother policy implementation.
- Thailand's preliminary election results indicate Bhumjaithai poised to lead government formation, boosting investor sentiment toward the equity market.
- Trump cuts import tariffs on Indian goods from 25% to 18% and removes additional duties after India meets import tax commitments, halts Russian oil purchases, and increases orders from the U.S.
- ECB holds rates for the fifth consecutive meeting, while the BOE also keeps policy steady but shows divided views, signaling potential future easing.
- Trump and Xi hold trade talks as China prepares to boost imports of U.S. agricultural and energy products, while reaffirming its stance on Taiwan.

Market Brief

Global stocks wavered last week as a sharp unwind in software technology shares—hit by mounting concerns that ai could erode future revenue streams—drove a mid week pullback. U.S. tech rebounded into the close of the week, helping stabilize broader sentiment, but the S&P 500 still finished little changed while the NASDAQ slid 1.9%.

Technology shares eased despite mostly better-than-expected earnings, as investors focused on muted forward guidance and high investment spending with limited near term returns. Markets may remain volatile in the short term, but AI is still seen as a structural growth theme, with investors favoring companies showing clear revenue and profit gains.

Japan

- Japan's LDP, led by Prime Minister Sanae Takaichi, secured more than two thirds of parliamentary seats in the national election, strengthening its ability to push through policy initiatives. The decisive victory lifted Japanese equities, supported by improved political stability and expectations of fresh economic stimulus.

- Japanese government bond yields rose on concerns over increased sovereign issuance, while the yen weakened as investors continued to price in a prolonged period of accommodative monetary policy.

Thailand

- Preliminary election results in Thailand indicate that the Bhumjaithai Party is poised to lead the formation of the new government, aligning with the current caretaker administration and ensuring policy continuity. The outlook lifted investor sentiment, supporting a positive view on the Thai equity market.

India

- Donald Trump announced a cut in U.S. import tariffs on Indian goods to 18% from 25% and removed additional punitive duties after India agreed to reduce tariffs on U.S. products to zero, halt purchases of Russian oil, increase energy imports from the U.S. and Venezuela, and commit to buying \$500 billion worth of U.S. goods.

- The move helped ease concerns over import tariff risks and supported gains in Indian equities and the rupee. Investors remain constructive on India given its relatively moderate market gains compared with global peers, an accommodative monetary stance, and low exposure to technology stocks.

The KFINDIA fund is recommended.

U.S. job market

- U.S. private sector employment rose by only 22,000 in January, coming in well below expectations, according to the ADP report.

- U.S. job openings fell to 6.54 million in the latest JOLTS report, the lowest level since 2020.

- U.S. initial jobless claims rose more than expected as severe winter weather disrupted economic activity and led to higher filings.

- The data points to a cooling U.S. labor market, with investors still expecting the Federal Reserve to deliver two rate cuts this year.

ECB and BOE

- The European Central Bank kept interest rates unchanged for a fifth consecutive meeting, saying inflation was at an appropriate level and that future decisions would depend on incoming economic data.

- The Bank of England also left interest rates unchanged, but a split among policymakers signaled a shift toward future easing, with markets expecting the first rate cut as early as the March meeting.

U.S. - China

- Donald Trump and Xi Jinping held talks on trade, with China preparing to increase imports of U.S. agricultural and energy products while reaffirming its firm stance on Taiwan.

- Donald Trump is planning a visit to China in April, a move markets view as a positive signal, reflecting efforts by both sides to ease trade tensions following their latest round of discussions.

Disclaimer

- KFINDIA Minimum 80% of NAV in average of fund accounting year are invested in the Master Fund named, FSSA Indian Subcontinent Fund. Risk Level 6 – High risk | The exchange rate risk is hedged upon fund manager's discretion, therefore, the funds contain exchange rate risk. Investors may lose or gain from the exchange rate/or investment value may be lower than the initial investment.

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Should you have any queries, please contact Krungsri Asset Management Company Limited or selling agents or mutual fund sales representatives.

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