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## Weekly Market Report For 25 – 29 May 2026



# Overview

- U.S. equities continued to reach new highs, with the S&P 500 closing above 6,700 and the Nasdaq surpassing 27,000.
- The U.S. 10-year Treasury yield declined to 4.45% as inflation concerns eased.
- Investors remained hopeful for progress in U.S.–Iran negotiations, although a formal agreement has yet to be finalized.
- AI-related stocks continued to lead the market higher, with both semiconductor and software shares posting strong gains.
- Nvidia unveiled a new AI chip for personal computers, while Alphabet announced plans to raise \$80 billion to expand AI infrastructure.
- Core PCE inflation rose just 0.2% m/m, below market expectations, suggesting inflation pressures remain manageable.

# Market Brief

- Global market sentiment remained constructive over the past week.**
  - U.S. equities extended their rally and reached fresh record highs, with both the S&P 500 and Nasdaq setting new peaks. On June 1, the S&P 500 closed above 6,700, while the Nasdaq climbed above 27,000 for the first time.
  - The U.S. 10-year Treasury yield fell to 4.45% from a recent high of 4.66%, reflecting easing inflation concerns as oil prices retreated amid expectations that negotiations between the United States and Iran could move forward positively.
- U.S.–Iran Negotiations**
  - Markets focused on the prospect of a 60-day ceasefire agreement that would address several key issues, including the reopening of the Strait of Hormuz, sanctions relief, and the release of frozen assets, while the United States continues to push for Iran to halt its nuclear development program.
  - The agreement has yet to be formally signed, as both sides continue to negotiate outstanding details.
  - Most recently, on the evening of June 1, Iran signaled a temporary suspension of talks due to dissatisfaction with developments in Lebanon. However, President Donald Trump later stated that negotiations remain ongoing following discussions with Israeli Prime Minister Benjamin Netanyahu, helping sustain market optimism that a deal could eventually be reached.
- Strength in AI-Related Stocks**
  - AI-related equities remained the primary driver. Beyond the semiconductor sector, software stocks have also begun to recover and are once again contributing positively to broader market gains.
  - Semiconductor companies continue to benefit from robust AI-driven growth, alongside upward target-price revisions from several research firms.
  - Software stocks, which had previously faced pressure amid concerns that AI could disrupt existing business models, have regained investor interest as valuations have become more attractive.
  - On the industry front, Nvidia introduced a new generation of AI chips for personal computers, potentially accelerating the replacement cycle for legacy PCs. Meanwhile, Alphabet announced plans to raise \$80 billion to expand AI infrastructure, supporting rapidly growing demand for AI applications and computing capacity.
- U.S. Economic Data**
  - Headline PCE inflation accelerated to 3.8% YoY, driven primarily by higher energy prices.
  - Core PCE inflation rose to 3.3% YoY from 3.2% previously. On a monthly basis, however, Core PCE increased by only 0.2%, below the consensus forecast of 0.3%, indicating that underlying inflation pressures remain contained.
- Investment View:** Risk assets are likely to remain supported in the near term by optimism surrounding U.S.–Iran negotiations and the continued strength of AI-related investment themes. The combination of easing inflation concerns, lower bond yields, and sustained AI-driven earnings growth continues to provide a constructive backdrop for global equity markets.

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