

## Weekly Market Report For 4 – 8 August 2025

### Overview



- ❖ The US market was buoyed by stocks in the technology sector and the hopes that Fed will cut interest rates.
- ❖ Operational results of listed companies in the US remain strong.
- ❖ Trump imposes extra tariff on Indian imports in retaliation for buying Russian oil.
- ❖ Trump announces import tariffs on semiconductors and drugs.
- ❖ Trump sets to meet Putin to negotiate an end to the Russia-Ukraine conflict.

### Market Brief



**Last week. US stock market improved, led by tech stocks and expectations that the Fed will cut interest rates.**



**Operating results of US listed companies remained strong.**

- o More than 90% of S&P 500 companies have reported results for Q2 2025. Of these companies, 82% have reported stronger-than-expected earnings results with an average earnings growth of 8.5%. As a result, earnings growth forecasts for 2025 have been revised higher to 9.7% from the 3.8% projection at the end of Q2.

- o Earnings growth has been led by the communications and technology sectors, both of which are higher than 20% YoY.

- o Meanwhile, earnings are down for just two sectors – energy and materials – which represent less than 5% of the market capitalization of the S&P 500.



**US Economic Data**

- o The S&P Service PMI rose to a new high of 55.7 in July, exceeding the forecast of 55.2. This was driven by rising demand in the technology sector and surging financial services activity.

- o The ISM Services PMI fell to 50.1 in July, missing the forecast of 51.3. The reading suggests a slowdown in business activity, declining new orders and lower employment. Also, price pressure picked up due to tariff uncertainty.

- o The headline CPI remained at 2.7% YoY in July, falling short of the 2.8% forecast, attributed to lower process for consumer products and energy. On the other hand, the core CPI climbed to 3.1% YoY, above the 3% forecast, driven by higher costs for airline tickets, medical services, and recreational services. Meanwhile, prices in certain tariff-exposed categories such as toys, sports equipment, stationery and household appliances still increased but at a slower pace.



**US Tariff Measures**

- o India: Trump imposed a 50% tariff on imports from India (from 25%) in retaliation for its purchases of Russian oil. Analysts see Trump using tariff as a negotiating tool to increase energy market share and encourage India to increase its imports from the US. However, India has responded that it was unfair and prepared measures to mitigate the impact on exporters such as those in the gems and textiles sectors. The rupee has been weakening to a record low. Temporary outflow of foreign capital is anticipated. Prime Minister Modi plans to visit China at the end of the month to expand trade cooperation.

- o Trump announced 100% tariffs on semiconductors and sweeping new tariffs on drug imports, but it is an exception for companies that produce or plan to build factories in the US. As a result, major technology companies such as TSMC, Samsung, Texas Instruments, Micron, GlobalFoundries and Nvidia are not impacted because these companies have plans to expand their manufacturing base in the US. Analysts estimate that the measure will not impact core supply chains, and the tariff exemption has also buoyed tech stocks.

- o China: The US has extended its pause on higher tariffs for Chinese goods for another 90 days, easing trade war concerns and opening the door for further negotiations.



**Russia-Ukraine War**

- o The market is expecting an agreement to end the Russia-Ukraine conflict after the planned meeting between US President Trump and Russian President Putin for talks this week.

- o Oil prices fell on expectations of an end to the war and an OPEC+ decision to increase production in September.



**China**

- o Total exports rose 7.2% YoY, higher than market expectation of 5.4%, driven by exports to markets outside the US, including Europe, Southeast Asia, Australia, Hong Kong, etc.

- o Total imports increased by 4.1% YoY, the highest in a year since last July.



**Thailand**

- o The Thai stock market continued to rise, up 3.3% WoW, supported by expectations of interest rate cuts and foreign capital inflows.

- o Foreign capital is flowing into Thailand continuously, with a net inflow exceeding 4 billion Baht since the start of the month.

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