

Weekly Market Report For 8 – 12 December 2025


Overview




- ❖ U.S. markets surge to record highs on Fed's rate cut, but S&P falls 0.6% & Nasdaq drops 1.6% amid end week AI sell off; Dow Up 1.1%.
- ❖ Fed cuts interest rate 25bps to 3.50–3.75% in 9–3 vote, signals just one more cut in 2026 and one in 2027.
- ❖ AI investment concerns hit tech stocks: Oracle misses estimates, cost worries mount; Broadcom plunges over 11% on margin pressure fears.
- ❖ Thai Prime Minister dissolves parliament; snap general election to follow within 45–60 days.

Market Brief




 **U.S. equities surged on Thursday** as the **S&P 500** and **Nasdaq** reached **new highs**, supported by the Federal Reserve's rate cut and strong demand for short-term Treasuries. However, AI-related stocks faced heavy pressure on Friday after Oracle posted slightly weaker-than-expected earnings and Broadcom plunged over 11% on margin concerns, fueling worries about AI investment and near-term revenue. For the week, the S&P 500 slipped 0.6%, Nasdaq fell 1.6%, while the Dow Jones gained 1.1%.

-  **FOMC meeting**
- o The Federal Reserve voted 9–3 to lower its benchmark interest rate by 25 basis points to a range of 3.50–3.75%, marking the first time since 2019 that three members dissented. Most policymakers supported the third consecutive rate cut as a precautionary measure to counter risks from labor market and economic uncertainty, signaling a defensive stance against potential slowdown.
 - o Federal Reserve Chair Jerome Powell indicated that future rate reductions will be limited, with only one cut expected in 2026 and another in 2027. Powell noted that inflationary pressures from import tariffs are gradually subsiding and projected that inflation will likely peak in 1Q26, assuming no additional tariff measures are introduced.
 - o The Federal Reserve raised its 2026 GDP forecast to 2.3% from 1.8%, while projecting inflation to ease to 2.4% next year from 2.6%. To support market liquidity, the Fed will begin purchasing \$40 billion in short-term Treasuries per month through April 2026.
 - o Fed Chair warned that the labor market remains fragile, noting employment could decline by around 20,000 positions starting in May. The statement underscores the Fed's readiness to respond to signs of labor market weakness as part of its broader economic risk management.
 - o While overall investment sentiment is supported by a continued downward interest rate trend and an upgraded GDP forecast, signals of slower rate cuts could add short-term market volatility. However, medium to long term outlook remains positive, with expectations of sector rotation and increased interest in small-cap stocks should help reduce concentration in technology shares.

-  **Concerns about AI investment**
- o Oracle reported slightly weaker-than-expected earnings, sparking market concerns over rising costs - particularly AI-related expenses - which are projected to exceed prior estimates by about \$15 billion
 - o Broadcom shares tumbled more than 11% amid fears of margin pressure from higher infrastructure costs and a lackluster AI backlog, adding to investor anxiety over profitability in the sector.

-  **China Politburo meeting and economic**
- o The Politburo meeting indicated plans for more proactive measures next year to boost domestic demand and stabilize growth. Key strategies include
 - o higher fiscal deficits, issuance of special bonds, and accelerated infrastructure investment.
 - o Monetary policy remains flexible with room for further easing if needed. China will focus on domestic demand alongside advancing high-tech innovation and green development. Detailed policy direction is expected at the National People's Congress (NPC) in early March.
 - o China recorded a trade surplus exceeding \$1 trillion in the first 11 months, driven by exports to Europe, Australia, and ASEAN, while shipments to the U.S. declined under tariff pressure. Domestic demand remains weak, with manufacturing PMI contracting and the property sector remains sluggish.
 - o Inflation faces deflationary pressures: CPI edged up slightly on food prices, but core CPI was flat and PPI stayed negative, reflecting excess supply.
 - o Overall, growth prospects remain near target, supported by government stimulus and exports, though deflation risks may push Beijing toward more aggressive fiscal and monetary policies next year.


-  **Thailand**
- o The SET Index dropped 1.5% last week as foreign and institutional investors sold off amid political uncertainty and Thai - Cambodian border conflicts.
 - o Late in the week, the Prime Minister dissolved parliament, creating a political vacuum ahead of a general election that must be held within 45–60 days.
 - o The proposed TISA program - offering tax benefits up to THB 800,000 to promote personal savings and investment - remains pending Cabinet approval and cannot be finalized before dissolution, as the caretaker government is restricted from approving long-term commitments without special approval from the Election Commission.

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