Weekly Market Report For 7 – 11 September 2026

Overview

- Global equities declined as escalating Middle East tensions pushed oil prices and bond yields higher.
- U.S. inflation accelerated, with core CPI exceeding expectations, pushing Fed rate hike odds in September to around 90%.
- ECB raised rates to 2.50% and struck a hawkish tone as inflation remained elevated.
- BoJ is expected to raise rates by 25 bps to 1.25%, supporting the yen and pushing the 10-year JGB yield up to 2.98%.
- China exports remained strong, but domestic demand recovery remained uneven. Inflation accelerated, driven by higher energy and technology prices.
- Thailand inflation accelerated, with headline CPI rising above expectations.

Market Brief

U.S. equities fell last week, with the Dow Jones, S&P 500 and Nasdaq declining 1.6%, 0.8% and 0.7%, respectively. Escalating tensions in the Middle East drove oil prices higher, adding to inflationary pressures and pushing U.S. Treasury yields higher.

U.S.-Iran tensions continued to weigh on sentiment following attacks on Saudi Arabia's energy infrastructure, raising concerns over energy supply and maritime shipping routes. Brent crude jumped 8.7% WoW to near $110/bbl before paring gains to close at $104.5/bbl.

Bond yields rose alongside oil prices. The U.S. 10-year Treasury yield reached 4.97%, while the 2-year yield moved above 4.63%, reflecting renewed concerns over inflation and the interest rate outlook. Huge Treasury supply and lower-than-expected bond buyback added to upward pressure on yields, with the 10–20-year buyback capped at just $6 billion versus market expectations of at least $10 billion.

U.S. Inflation

o Headline CPI rose 0.4% MoM and 3.4% YoY in August, in line with expectations.

o Core CPI increased 0.3% MoM, above the 0.2% consensus and marking its fastest pace since April.

o Core goods inflation remained contained at 0.1%, while core services inflation accelerated, led by higher mobile phone service fees, airfares and hotel accommodation costs.

o Early signs of AI infrastructure expansion were also reflected in prices, with software and computer accessories posting strong increases. Lower healthcare and motor vehicle insurance costs partially offset the broader inflationary pressures.

o Following the CPI release, market pricing for a September rate hike increased to around 90%.

Europe

o European equities declined last week, with the STOXX Europe 600 falling 1.66%.

o The ECB raised its policy rate by 25 bps to 2.50%, as expected, and lifted its inflation forecasts, signaling that monetary policy could remain restrictive for longer.

o ECB President Christine Lagarde said inflation risks remained tilted to the upside, while the economy continued to face downside risks to growth.

Japan

o Japanese equities declined last week, with the Nikkei 225 and TOPIX falling 1.55% and 1.83%, respectively, amid expectations that the Bank of Japan will raise rates by 25 bps to 1.25% at its Sept. 17–18 meeting, supported by persistent wage and inflation pressures.

o Expectations for tighter BoJ policy strengthened the yen to around ¥153 per dollar and pushed the 10-year JGB yield up to 2.98%.

China

o Chinese and Hong Kong equities declined last week, with the CSI 300, Shanghai Composite and Hang Seng falling 0.83%, 1.07% and 3.30%, respectively.

o Exports remained a key growth engine, surging 25% YoY in August on strong technology exports. Imports rose 28.2% YoY but came in below expectations.

o Domestic demand remained uneven, highlighted by a 24% YoY decline in domestic passenger-car sales.

o Inflation picked up, with CPI and PPI rising 0.8% and 3.8% YoY, respectively, driven by higher energy, raw material and technology prices. However, the data provided limited evidence of a broad-based recovery in domestic demand.

Thailand

o The SET Index rose 8.94 points to 1,604.52 points, despite higher bond yields and oil prices, supported by foreign inflows. Foreign investors were net buyers of around THB1.4 billion, while domestic institutional investors were net sellers of approximately THB0.9 billion.

o Thai inflation accelerated, with headline CPI rising 2.53% YoY from 1.95% in the previous month and above the 2.4% consensus. Core CPI increased 1.44% YoY, driven by higher prices for prepared food.

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

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