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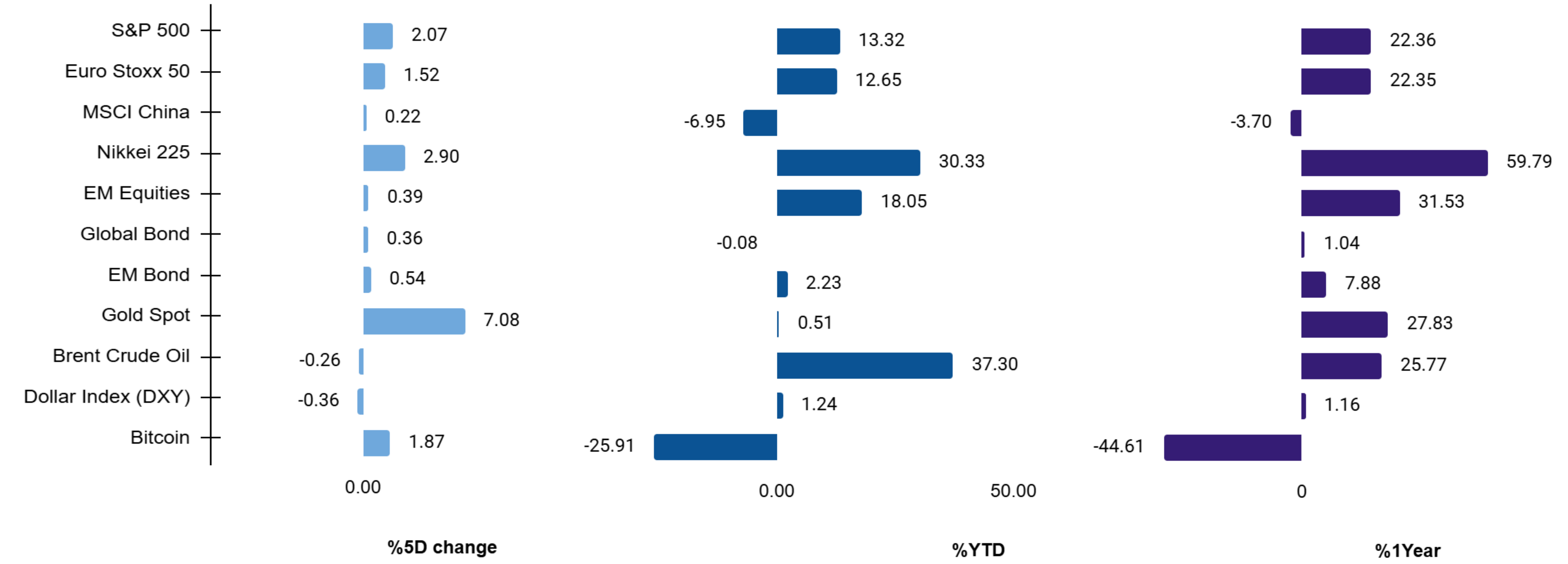
Weekly Market Recap

Insights That Light the Way

Market Snapshot

10 August 2026



Note: EM Equities - MSCI Emerging Markets Index, Global Bond - Bloomberg Global-Aggregate Total Return Index , EM Bond - JPMorgan EMBI Global Diversified Index
Source: Bloomberg, as of 7 August 2026

	Commentary
US Equities	The S&P 500 gained 2.07% during the week, extending its YTD return to 13.32%. The rebound came despite a more difficult macro backdrop, with July payroll growth weakening sharply and consumer sentiment deteriorating while the Federal Reserve maintained its policy range at 3.50%–3.75%. Corporate fundamentals remained supportive, but market breadth and momentum indicators stayed weak beneath the headline advance. The week's performance therefore reflected resilient earnings and tactical buying, while underlying confidence remained more fragile than the index gain alone suggested.
China Equities	MSCI China gained 0.22% during the week but remained down 6.95% YTD. Economic momentum continued to soften, with Q2 GDP growth at 4.3% and both manufacturing and non-manufacturing PMIs slipping into contraction territory. Policy support focused on accelerating previously budgeted infrastructure spending rather than introducing broad new measures, while progress in domestic DUV lithography strengthened China's technology self-sufficiency narrative. The modest market gain reflected improving confidence in selected strategic industries despite persistent weakness in property, consumption, and broader domestic demand.
Emerging Markets	EM Equities gained 1.20% during the week. Performance was supported by strength in China and selected technology-related markets, while individual countries remained sensitive to domestic policy, currency stability, and energy-import costs. The substantial dispersion across Asia and other developing regions showed that the asset class was not moving as a uniform group. Overall, country selection and sector composition remained more important than the broad emerging-market label.
Bonds (Global / EM)	Global Bond declined 0.16%, while EM Bond rose 0.02%. Bond investors balanced slower U.S. growth against persistent inflation concerns and cautious central-bank communication, limiting demand for longer-duration securities. Elevated government yields also reflected uncertainty around the future policy path and the fiscal outlook. The contrasting results indicated that fixed-income performance remained dominated by interest-rate sensitivity rather than a clear shift in the economic cycle.
Gold	Gold surged 7.08% during the week, lifting its one-year return to 27.83%. Demand strengthened as weaker U.S. employment data, deteriorating economic momentum, and continued geopolitical uncertainty increased interest in defensive assets. At the same time, uncertainty around the Federal Reserve's response to renewed energy inflation reinforced demand for protection against policy and macro risks. The scale of the weekly advance indicated that investors placed greater value on gold's defensive characteristics as uncertainty increased around both the economic cycle and inflation outlook.
Crude Oil	Brent crude declined 0.26% during the week but remained 37.30% higher YTD. Prices consolidated after a substantial geopolitical rally linked to renewed tensions surrounding Iran and disruptions affecting regional energy flows. Supply concerns remained elevated, with several Asian economies continuing to face higher import costs and fiscal pressure from expensive energy. The limited weekly decline therefore represented consolidation following a strong repricing rather than a material change in the underlying geopolitical risk environment affecting global oil supply.

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Key Driver of the Week

10 August 2026

- **Weaker U.S. labor data complicated an already difficult Fed policy backdrop:** U.S. labor conditions weakened materially, with payroll growth slowing sharply while jobless claims and consumer caution increased, even as energy-related inflation pressures remained elevated. Slower growth and persistent inflation are increasingly occurring together, making the policy environment less straightforward and increasing sensitivity to incoming inflation data.
- **Asia faced a major technology and policy reset:** China's domestic DUV lithography breakthrough altered assumptions around North Asian semiconductor leadership just as economic growth slowed and Beijing emphasized targeted infrastructure deployment rather than broad stimulus. Japan simultaneously experienced record currency intervention while the BOJ maintained its policy rate, and South Korea faced renewed concerns around semiconductor margins and export momentum.
- **Energy remained the central geopolitical inflation channel:** The U.S.–Iran ceasefire breakdown had already driven a significant repricing in energy markets, leaving oil prices elevated even as Brent declined 0.26% during the latest week. Geopolitical risk remained closely connected to inflation, household purchasing power, and policy flexibility rather than operating solely through oil-market volatility.

The week highlighted an unusual combination of stronger risk assets and increased defensive demand. The S&P 500 gained 2.07%, while Gold surged 7.08% and Global Bond rose 0.36%, showing that investors participated in the equity recovery while simultaneously maintaining protection against macro uncertainty.

Asian equity performance remained resilient despite significant structural changes beneath the surface. Nikkei 225 gained 2.90%, MSCI China rose 0.22%, and EM Equities advanced 0.39%, even as semiconductor leadership, Chinese policy expectations, and Japanese currency policy were reassessed. EM Bond gained 0.54%, suggesting that broader emerging-market conditions remained relatively stable.

The commodity picture reinforced the distinction between immediate price movements and underlying macro risk. Brent crude declined only 0.26% after a substantial earlier rally, while Gold surged 7.08% and DXY declined 0.36%. The combination indicates that investors continued to attach a meaningful premium to geopolitical and inflation uncertainty despite limited weekly movement in oil itself.

What We Are Watching

Date	Event / Indicator	Last vs Consensus	Impact Summary
12-Aug-26	Core CPI m/m CPI m/m	Last:0.0|Cons:0.2 Last:-0.4|Cons:0.1	Softer-than-expected inflation may reinforce expectations for policy easing, supporting bonds and equities while weighing on Treasury yields and the U.S. dollar.
12-Aug-26	Core CPI y/y CPI y/y	Last:2.6|Cons:2.5 Last:3.5|Cons:3.4	Higher-than-expected annual inflation may temper expectations for near-term rate cuts, supporting the U.S. dollar while putting upward pressure on Treasury yields.
13-Aug-26	Core PPI m/m PPI m/m	Last:0.2|Cons:0.3 Last:-0.3|Cons:0.2	Weaker producer prices suggest easing pipeline inflation, supporting expectations for slower inflation and providing a favorable backdrop for bonds and risk assets.
13-Aug-26	Unemployment Claims	Last:199k|Cons:202k	Lower-than-expected jobless claims indicate a resilient labor market, potentially supporting the U.S. dollar while reducing expectations for near-term policy easing.