Weekly Market Report
Week 4

August 24 - 28, 2026

Sticky inflation and slower U.S. growth kept the Fed outlook in focus, while resilient labor-market data and strong AI demand supported investor sentiment despite emerging semiconductor policy risks.

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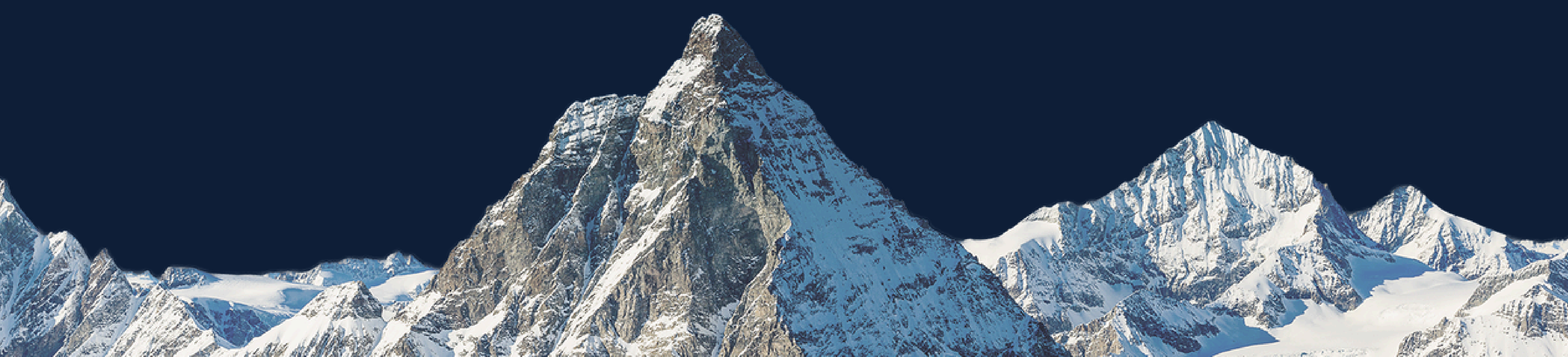
1) Sticky inflation kept the Fed cautious

U.S. inflation remained persistent in July, reinforcing the challenge facing monetary policymakers. Core PCE rose 0.2% M/M and 3.3% Y/Y, while headline PCE increased 0.2% M/M and 3.7% Y/Y.

At Jackson Hole, Federal Reserve officials reiterated the Fed’s 2% inflation target, signaling that policymakers remain focused on restoring price stability despite signs of slower economic growth.

The combination of persistent inflation and moderating activity leaves the Fed with less flexibility, as policymakers must balance the risks of keeping monetary conditions restrictive for too long against the possibility of renewed inflationary pressures.

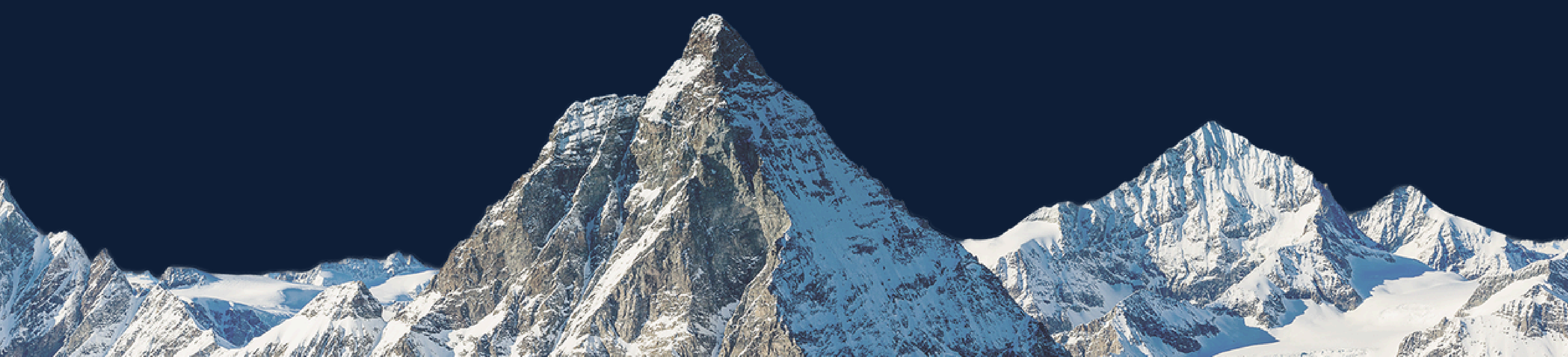


2) Slower U.S. growth complicated the policy outlook

U.S. real GDP expanded at a 1.5% annualized rate in the second quarter, confirming that economic activity continued to grow, but at a slower pace.

The moderation in growth adds another dimension to the Fed's policy challenge. While weaker activity could eventually support a less restrictive monetary stance, persistent inflation limits the central bank's ability to respond quickly.

Markets are therefore increasingly focused on whether the U.S. economy can continue expanding without generating additional inflationary pressure.



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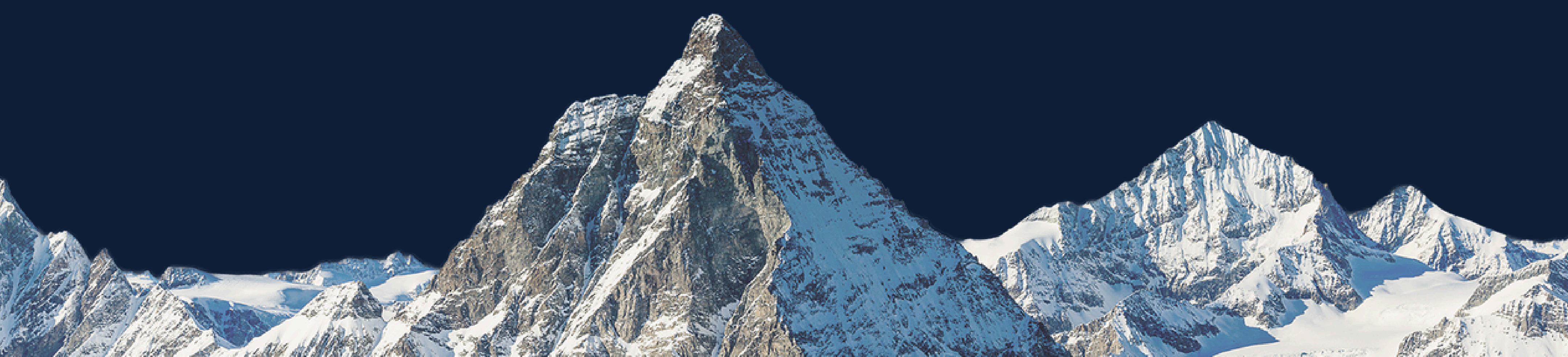
3) Labor-market resilience provided support to the economy

Initial jobless claims unexpectedly declined to 203,000, below both the 208,000 consensus estimate and the previous reading of 207,000. Continuing claims also came in below expectations.

The data suggested that layoffs remain limited despite the broader slowdown in economic growth, reinforcing the relative resilience of the U.S. labor market.

This divergence between softer growth and continued employment strength remains an important factor for the economic outlook, particularly as the Fed assesses the balance between inflation and activity.

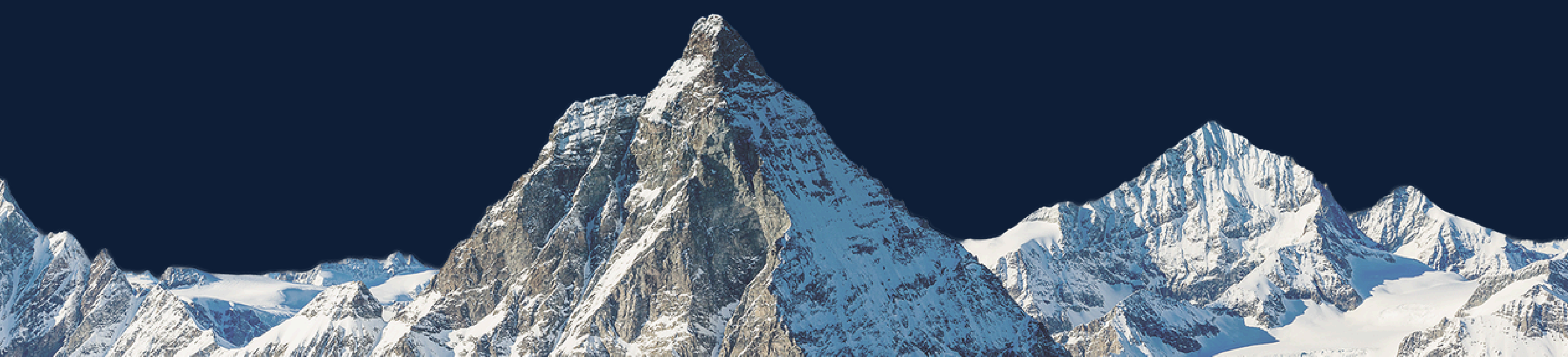


4) Strong AI demand continued to support the technology cycle

Demand for artificial intelligence infrastructure remained exceptionally strong, led by another robust set of results from Nvidia. The company reported Q2 revenue of USD 96.2 billion, up 106% year over year, and projected revenue growth of approximately 70% next year.

Salesforce and Marvell also reported strong AI-related demand, reinforcing evidence that investment across data centers, computing infrastructure and advanced semiconductor technologies remains elevated.

The results suggest that, despite questions in recent weeks about the return on AI-related capital expenditure, underlying demand for the infrastructure supporting artificial intelligence remains structurally strong.



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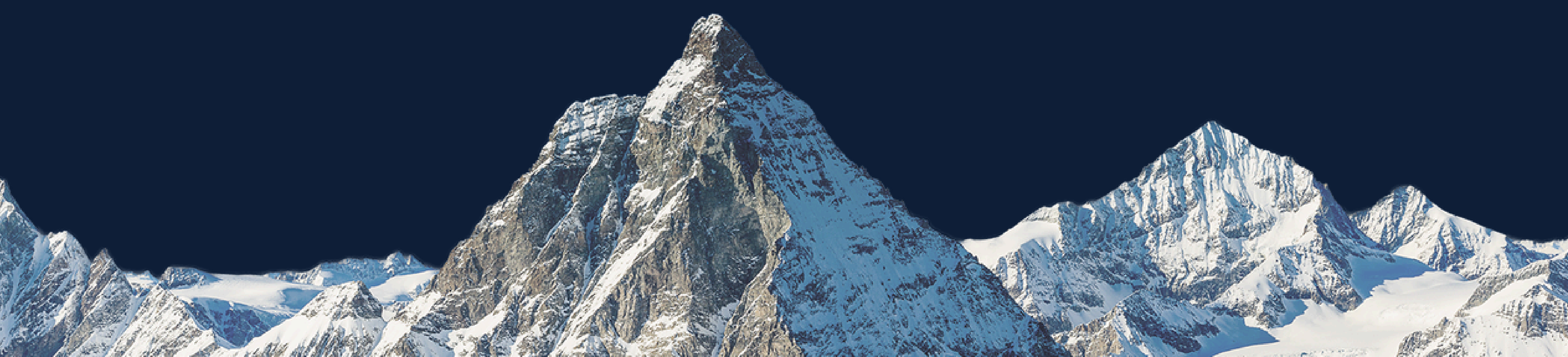
5) Semiconductor policy emerged as a new risk for the AI supply chain

Technology investors faced a new source of uncertainty as the Trump administration considered broader tariffs that could extend beyond semiconductors to laptops, gaming consoles and data-center servers.

Such measures could increase costs across the technology and AI supply chains at a time when demand for advanced computing infrastructure remains exceptionally strong.

The development introduces a potential tension for the sector: structural demand for AI continues to expand, but changes in trade policy could increase input costs and complicate investment decisions across the semiconductor ecosystem.



Weekly Performance | Major Indices

Sources: XP Research, Bloomberg, Reuters, WSJ, Julius Baer, Investing.com

Index	Weekly Change	Observation
S&P 500	+0.77%	U.S. equities advanced as resilient labor-market data helped offset concerns over sticky inflation and slower economic growth.
Nasdaq 100	+1.41%	Technology led the week's gains, supported by strong AI-related demand and renewed confidence in the semiconductor investment cycle.
Euro Stoxx 600	+0.15%	European equities finished slightly higher, showing limited movement amid a week largely driven by U.S. macroeconomic and technology developments.
Nikkei 225	+1.34%	Japanese equities posted solid gains as positive global technology sentiment supported risk appetite despite emerging semiconductor policy uncertainty.

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