



Gornergrat , CH

Weekly Market Report Week 1

August 31 - September 4, 2026



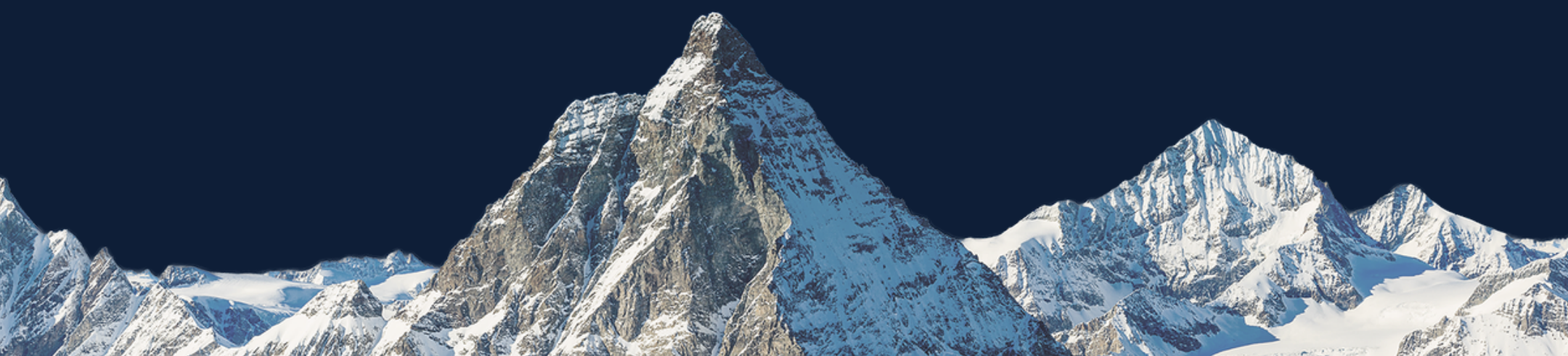
Stronger-than-expected U.S. payrolls, elevated Treasury yields and renewed oil-price pressures complicated the interest-rate outlook, while continued AI spending helped support U.S. equities despite growing valuation concerns.

1) Strong payrolls challenged expectations for Fed easing

U.S. payrolls surprised sharply to the upside in August, rising by 162,000 versus expectations of 55,000. July employment was also revised higher to +21,000 from -23,000.

The stronger-than-expected report reinforced the resilience of the U.S. labor market and reduced expectations for a near-term shift toward easier monetary policy.

For investors, the data added another layer of uncertainty to the interest-rate outlook, as continued labor-market strength gives the Federal Reserve greater flexibility to remain patient before considering further policy easing.

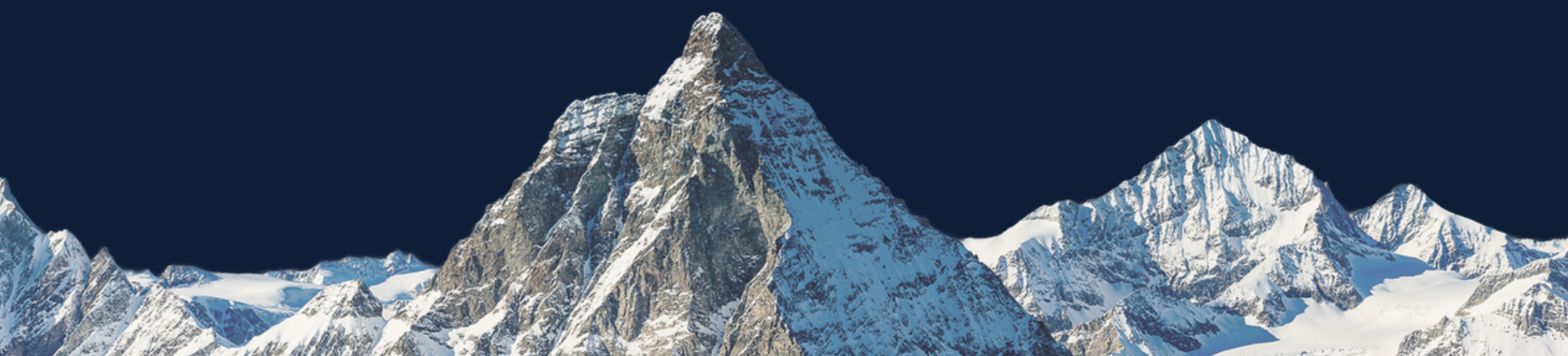


2) Mixed labor data complicated the economic outlook

Other labor-market indicators painted a more nuanced picture. Ahead of the payroll report, ADP data showed private employment rising by only 38,000 in August, below expectations of 48,000 and marking the slowest pace since January.

Together with the stronger payroll surprise, the figures highlighted continued divergence across employment indicators rather than a clear deterioration in labor-market conditions.

This mixed picture keeps incoming labor data particularly important for assessing the underlying strength of the U.S. economy and the future direction of monetary policy.

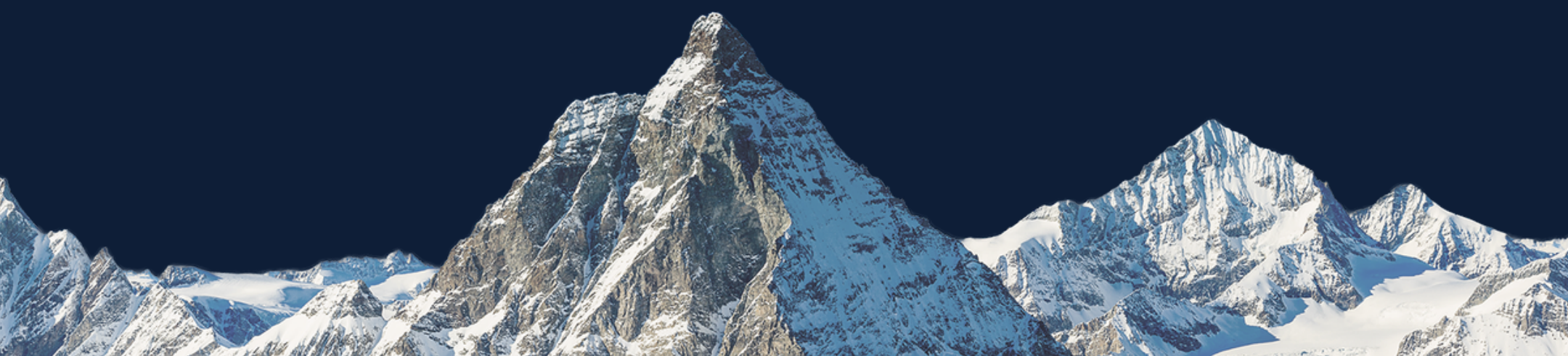


3) Higher Treasury yields remained a key consideration for markets

The U.S. 10-year Treasury yield moved above 4.8%, reaching its highest level since January 2025 and standing roughly 85 basis points above its level at the start of the Iran war.

Elevated yields continued to increase financing costs and discount rates, creating a more demanding environment for equity valuations, even as U.S. equities remained relatively resilient during the week.

With labor-market strength reducing the urgency for monetary easing, the path of long-term yields remains an important variable for market sentiment and asset allocation.

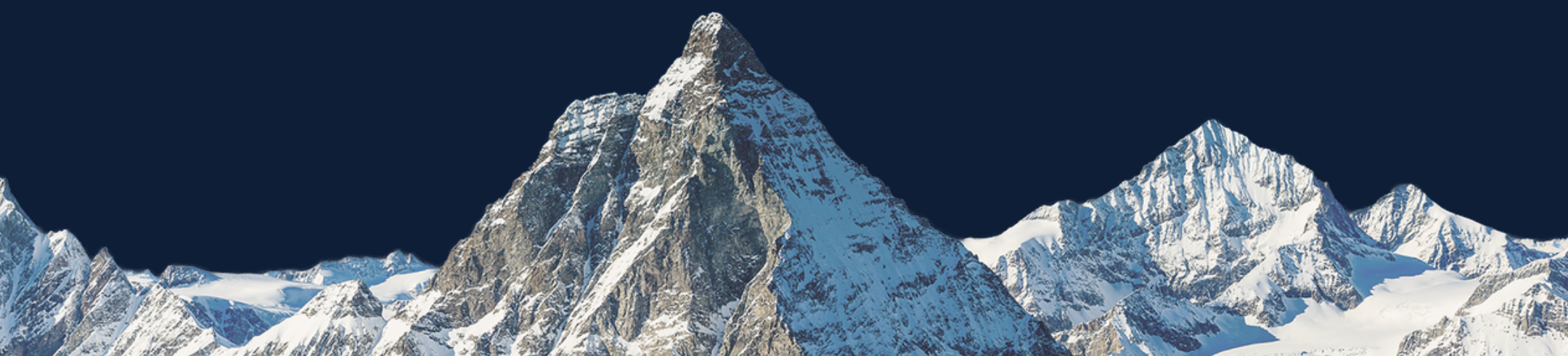


4) Higher oil prices renewed inflation and geopolitical concerns

WTI crude gained 9.4% during the week to USD 91.22 per barrel as renewed U.S.–Iran tensions raised concerns about potential supply disruptions through the Strait of Hormuz.

The energy sector benefited directly from the move, becoming the strongest-performing sector within the S&P 500 with a gain of 2.3%, while the broader index posted a modest 0.42% gain.

The renewed rise in oil prices also brought inflation risks back into focus, adding another variable to an already complex outlook for monetary policy.

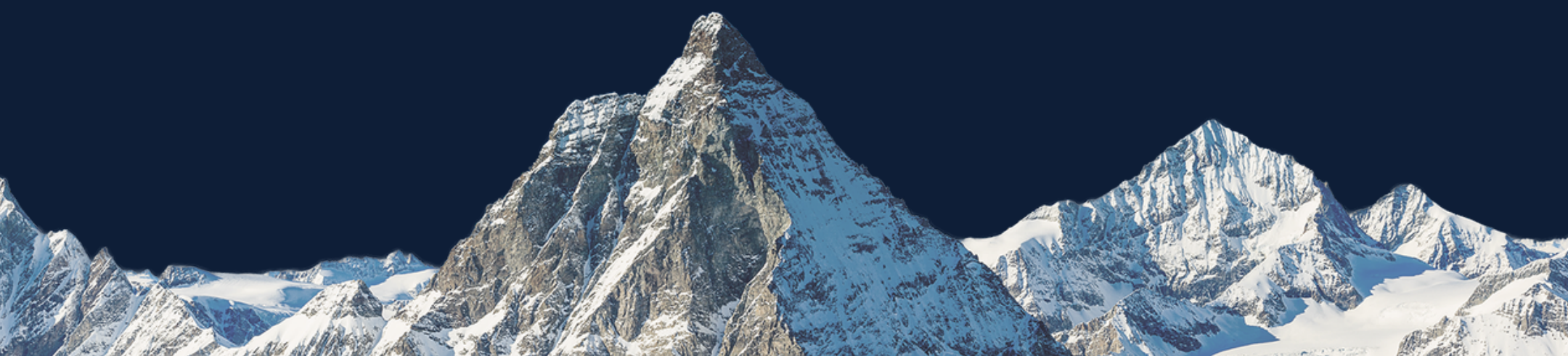


5) AI spending remained strong, but valuations stayed in focus

AI infrastructure spending continued to show exceptional momentum. Broadcom's semiconductor revenue increased 221% year over year to USD 16.7 billion, while Dell raised its full-year revenue guidance by USD 25 billion, primarily driven by demand for AI servers.

However, Broadcom shares declined after weaker-than-expected gross margins, highlighting that strong growth alone may no longer be sufficient to support elevated technology valuations.

The week's developments reinforced a theme we have been following closely: structural demand for AI remains strong, but investors are becoming increasingly selective about profitability, margins and the returns generated by large-scale AI investment.



Weekly Performance | Major Indices

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

Index	Weekly Change	Observation
S&P 500	+0.42%	U.S. equities posted modest gains as stronger labor-market data supported confidence in the economy despite elevated Treasury yields and renewed inflation concerns.
Nasdaq 100	+0.29%	Technology shares edged higher as continued strength in AI spending helped offset pressure from elevated yields and greater scrutiny of valuations.
Euro Stoxx 600	-0.19%	European equities finished slightly lower as higher energy prices and renewed geopolitical uncertainty weighed on investor sentiment.
Nikkei 225	-1.95%	Japanese equities recorded the sharpest decline among the major indices, reflecting a more cautious risk environment amid elevated global yields and broader market uncertainty.

