



Gornergrat , CH

Weekly Market Report Week 2

September 7 - 11, 2026



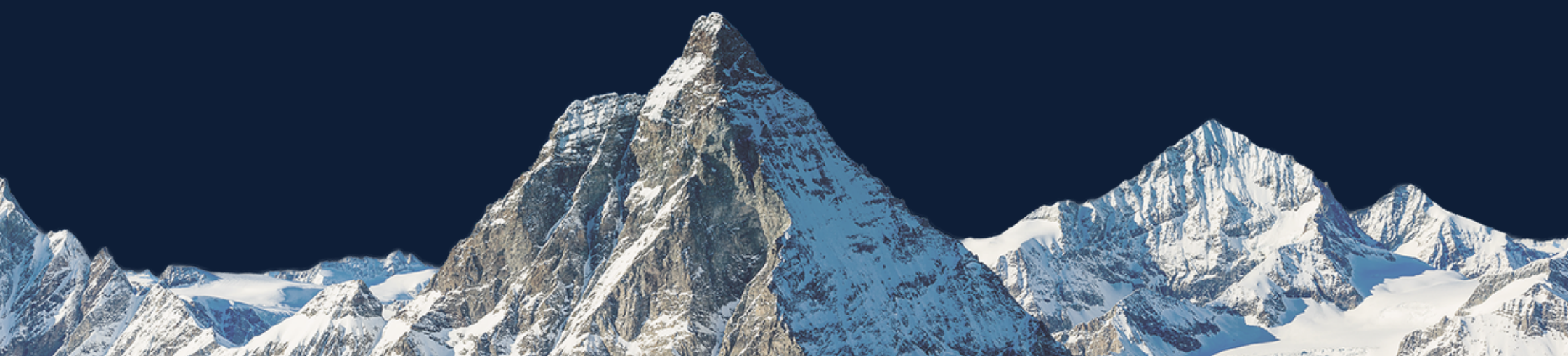
Persistent inflation, surging oil prices and Treasury yields approaching 5% intensified pressure on global markets, while resilient AI demand remained a source of strength amid a more challenging environment for risk assets.

1) Inflation pressures challenged the outlook for monetary policy

U.S. inflation accelerated in August, reinforcing concerns that price pressures remain persistent. Headline CPI rose 0.4% M/M and 3.4% Y/Y, while core CPI increased 0.3% M/M and 2.4% Y/Y.

Earlier in the week, producer-price data pointed to even stronger pipeline inflation, with PPI reaching 5.4% Y/Y. Together, the figures increased uncertainty around the path of monetary policy and strengthened expectations that the Federal Reserve may need to maintain a restrictive stance for longer.

For investors, the combination of persistent inflation and limited room for policy easing brought interest-rate expectations back to the center of the market debate.

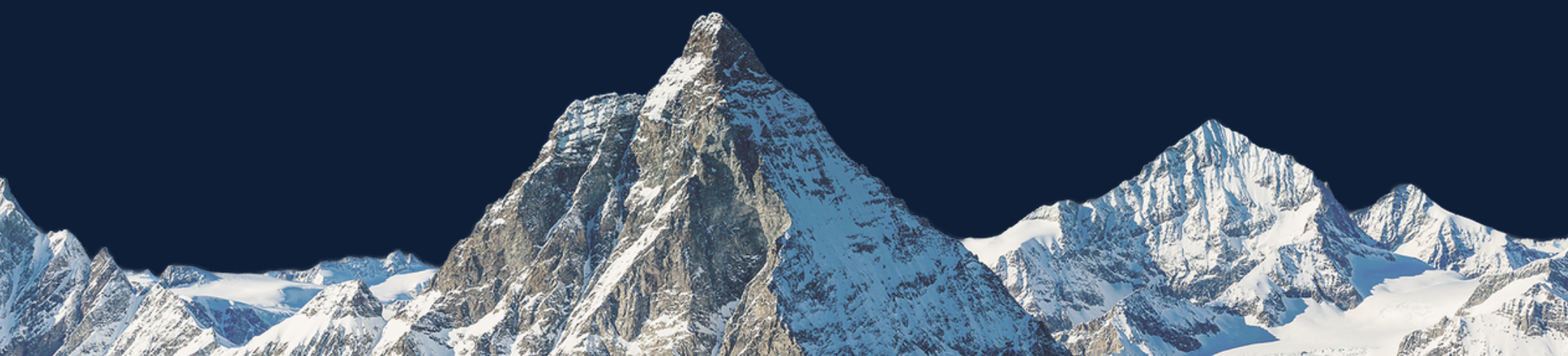


2) Surging oil prices added another layer of inflation risk

Energy markets moved sharply higher as renewed escalation in the U.S.–Iran conflict increased concerns about global supply. WTI crude gained 9.3% during the week to around USD 100 per barrel, after briefly trading above that level.

U.S. diesel prices also reached a record USD 6.06 per gallon, increasing the potential for higher energy costs to feed into transportation, agriculture and broader production expenses.

The move matters beyond energy markets: sustained increases in oil and fuel prices could reinforce inflationary pressures at a time when central banks are already facing a difficult policy environment.

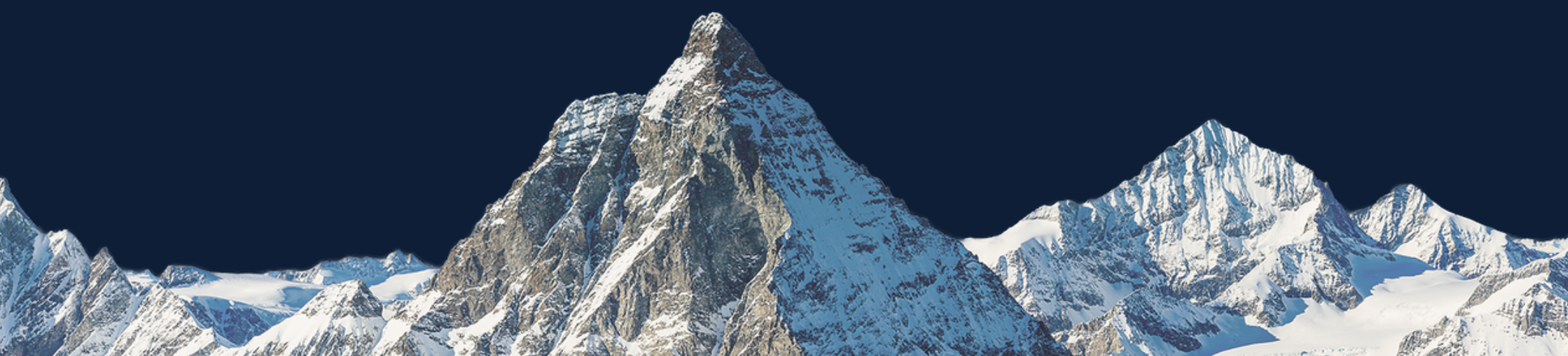


3) Treasury yields approached 5% as markets repriced rates

The U.S. 10-year Treasury yield climbed to around 4.97%, while the 30-year yield reached approximately 5.35%, levels not seen in years.

Persistent inflation and the sharp rise in energy prices led investors to reassess the likelihood that interest rates could remain elevated for longer, increasing pressure on financing conditions and asset valuations.

The repricing reinforced the importance of long-term yields as a key transmission channel between inflation expectations, monetary policy and financial markets.

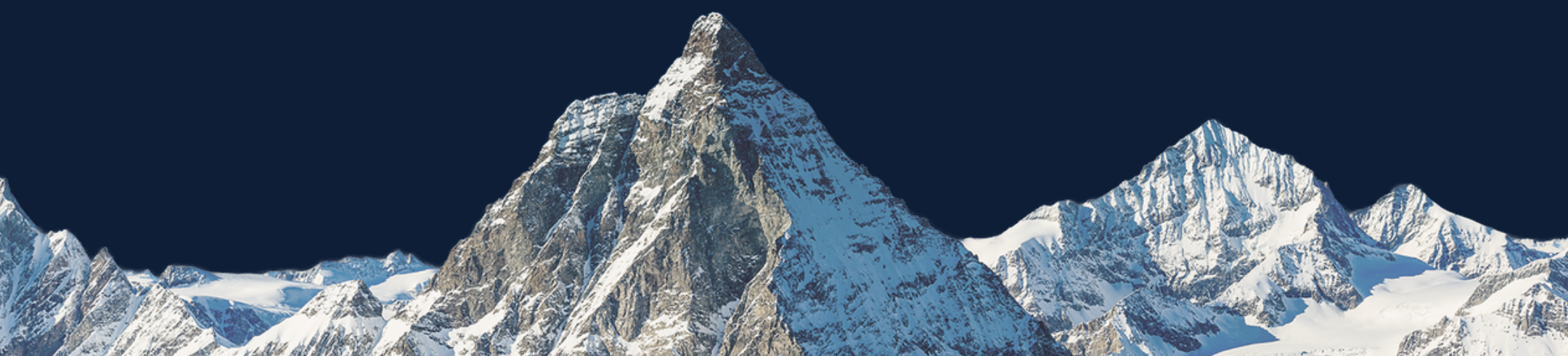


4) European markets faced renewed monetary-policy pressure

Inflation concerns extended beyond the United States, with the ECB raising its deposit rate by 25 basis points to 2.50% in response to renewed commodity and price pressures.

European equities struggled during the week, with Germany declining 1.8%, France falling 1.2% and London losing 1.7%, highlighting the broader impact of higher-rate expectations on regional markets.

The move reinforced the increasingly global nature of the inflation challenge, as higher energy and commodity prices complicate the policy outlook across major economies.

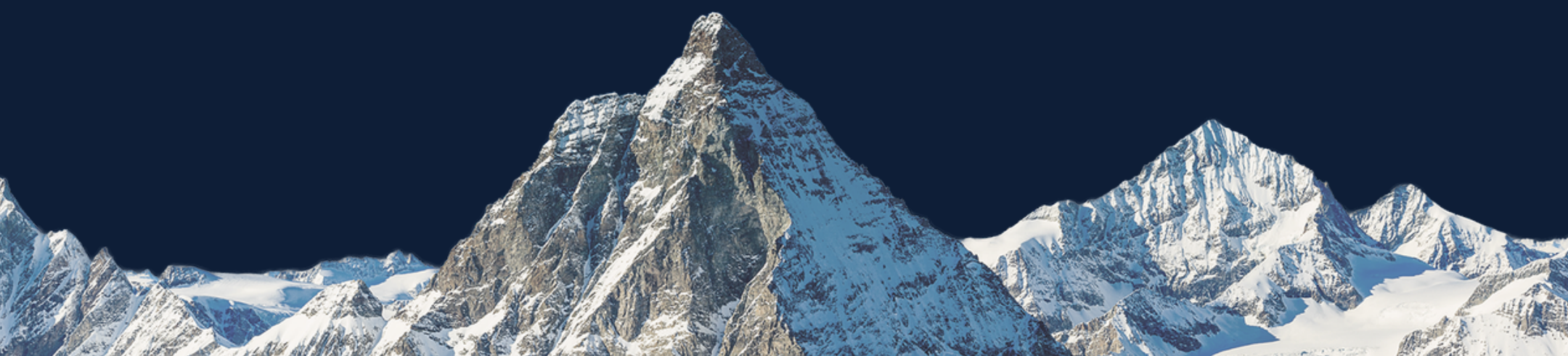


5) AI demand remained resilient despite broader market weakness

AI-related investment continued to demonstrate strong underlying momentum despite a more challenging environment for equities. Oracle reported revenue growth of 30% Y/Y, while cloud revenue surged 62% to USD 11.6 billion, reinforcing the strength of demand for AI-related infrastructure.

At the same time, AI-related companies represent a significant share of the S&P 500, underscoring how important the investment cycle has become for the broader U.S. equity market.

The contrast remains important: structural demand for AI infrastructure continues to expand, but higher interest rates and elevated valuations are increasing the importance of earnings delivery and investment returns.



Weekly Performance | Major Indices

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

Index	Weekly Change	Observation
S&P 500	-0.79%	U.S. equities declined as persistent inflation, higher oil prices and Treasury yields approaching 5% weighed on expectations for monetary policy and risk assets.
Nasdaq 100	-0.59%	Technology shares moved lower as elevated yields and valuation concerns outweighed continued strength in AI-related investment.
Euro Stoxx 600	-0.91%	European equities fell as renewed inflation concerns and higher-rate expectations added pressure to the regional market outlook.
Nikkei 225	-1.55%	Japanese equities recorded the sharpest decline among the major indices as the global repricing of interest-rate expectations contributed to a more cautious risk environment.

