藍石財富管理
BS Wealth Management

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Monthly Global Market Watch

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Global Market Watch

U.S.

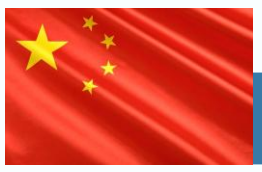
The S&P 500 rose 2.6% in August, setting an intra-month record high of 7,814.88. July non-farm payrolls released early in the month showed a 23,000 decline against expectations of an 83,000 gain, with unemployment at 4.1%, briefly easing rate-hike concerns. Earnings remained supportive, with all eleven S&P 500 sectors posting year-on-year earnings growth, while Nvidia guided to 70% revenue growth in fiscal 2028, pulling capital back into AI and semiconductor names. Late in the month, however, Fed Chair Warsh used Jackson Hole to signal that inflation had not meaningfully improved, pushing the 2-year Treasury yield to its highest level since late July. Overall, the month was a tug-of-war between earnings and AI capex support on one side and a hawkish policy pivot on the other.

Looking ahead, first, the September FOMC is the dominant variable: markets now price better-than-even odds of a 25 basis point hike, with July PCE running at 3.7% year on year, and a hike would pressure both growth equities and long-dated bonds. Second, AI capex remains the anchor for valuations, but chipmakers now account for close to 20% of the S&P 500, so concentration risk is rising. Third, August to October is historically a seasonally weak window for the index. From a portfolio strategy perspective, we recommend maintaining a core US allocation while diversifying into value and defensive sectors, shortening portfolio duration or adding floating-rate instruments to reduce rate sensitivity, and retaining a cash buffer into the FOMC decision.

Europe & Japan

The STOXX 600 gained just 0.3% in August, lagging other major markets, with sharp dispersion within the region: Germany's DAX rose 2.5% while France's CAC 40 fell 2.1%, weighed by fiscal concerns ahead of the 2027 budget negotiations. Euro-area inflation rose to 3.3% in August, a high for the year and up from 2.9% in July, and the 10-year Bund yield touched a fresh cycle high of 3.32% as markets continued to price an ECB hike in September. Japan's Nikkei 225 rose 3.0%, helped by the AI supply-chain rebound and a softer yen, but the 10-year JGB yield climbed to a multi-decade high of 2.95% and BoJ hike expectations were pulled forward to September. Neither the ECB nor the BoJ changed policy during the month, so the whole move was a repricing of expectations rather than a policy shock.

Looking ahead, first, European earnings momentum still exceeds expectations, but the inflation rebound is reviving ECB hike expectations, so the tug-of-war between policy and earnings will drive near-term performance, and French fiscal risk cannot be ignored. Second, Japan is supported by the AI narrative rebound, yet a BoJ hike and rising JGB yields could amplify equity volatility. Third, the Europe-Japan valuation gap and corporate governance reform remain medium-term structural positives. From a portfolio strategy perspective, we recommend maintaining a core allocation to high-quality, high-dividend, defensive European sectors, focusing Japanese exposure on governance improvers and buyback beneficiaries, and hedging a portion of yen currency risk.



China

China and Hong Kong diverged again in August, but in the opposite direction to July. On the mainland, the CSI 300 rose 0.8% while the CSI 500 and CSI 1000 gained 6.1% and 9.8% respectively, with small and mid caps clearly outperforming; information technology, materials and energy led, and the August manufacturing PMI recovered to 49.8%. Fixed-asset investment, however, fell 12.8% year on year in July, leaving domestic demand weak. In Hong Kong, the Hang Seng Index fell 1.2% on the month and the Hang Seng Tech Index 4.3%, with large-cap internet names broadly under pressure; southbound funds nonetheless recorded net inflows on every trading day, suggesting rotation out of index heavyweights into gold and AI hardware rather than an outright exit of capital.

Looking ahead, first, A-share style has shifted from heavyweights to small caps and thematic names; consensus forward 12-month EPS growth for the CSI 300 has been revised up to 20%, and at 13.4x forward earnings the valuation remains reasonable, but domestic demand data must confirm. Second, Hong Kong faces a peak lock-up expiry month of roughly HK$394.7bn in September, and the Stock Connect closure late in the month could amplify volatility. Third, the persistence of southbound inflows is the core support for Hong Kong liquidity. From a portfolio strategy perspective, we prefer A-share small and mid caps plus AI and materials exposure, focus Hong Kong allocations on high-dividend, reasonably valued financials and insurers, and avoid software services and non-ferrous names facing heavy lock-up pressure.

Emerging Markets

The MSCI Emerging Markets Index rose 1.7% in August, reversing July's decline but still lagging the MSCI World's 2.3%. The rebound was led by the Asian technology supply chain: the Taiwan Weighted Index gained 7.0% and Korea's KOSPI 3.4%, ending July's sell-off. Nvidia's raised revenue guidance eased concerns about the sustainability of AI capex, and a weaker dollar supported risk appetite. Dispersion within the region was pronounced, however, with the Philippines down 5.2% and Brazil marginally lower by 0.3%; Latin America, constrained by high rates and fiscal limits, did not participate in the technology rebound.

Looking ahead, first, EM performance remains highly concentrated in the AI supply chain, with chip weights still rising, so any reversal in the AI narrative would hit EM harder than developed markets. Second, the dollar and US rates remain the key channel for flows: a September Fed hike that lifts the dollar would cap the valuation recovery. Third, intra-EM dispersion creates room for active allocation, since domestic-demand and commodity-led markets have low correlation with the technology supply chain. From a portfolio strategy perspective, we recommend managing overall EM beta exposure, reducing concentration in any single technology supply-chain country, and prioritising markets with sound fundamentals and domestic-demand or commodity leverage where valuations still offer repair potential. Given that both the Fed and the ECB could tighten in September, we would keep EM as a tactical rather than a core position for now.

Crypto Assets & Commodities

Gold rebounded strongly in August, with the LBMA Gold Price PM Index up 13.3% to US$4,563 per ounce, its third-strongest month in 25 years. The move was driven by the US Treasury's announcement that it would at least double long-dated bond buybacks from September, reviving the debasement trade, together with a weaker dollar; global gold ETFs attracted roughly US$17.7bn of net inflows on the month. Bitcoin did even better: the iShares Bitcoin Trust gained 25.5%, its best August since 2017, with US spot Bitcoin ETFs taking in US$3.52bn, the strongest month of 2026. In crude, the S&P GSCI Crude Oil Index added only 1.3%, with Brent oscillating around US$89 per barrel.

Looking ahead, first, gold's support comes from fiscal and debt concerns rather than short-term safe-haven demand: US federal debt passed US$40tn on 19 August, and absent a credible fiscal consolidation plan gold should stay supported, although a Fed hike that pulls inflation expectations lower could trigger a consolidation. Second, Bitcoin's high-beta character ties it to risk appetite, making spot ETF flows the most direct indicator to watch. Third, the two assets play different roles: gold hedges monetary and fiscal risk, while Bitcoin amplifies risk appetite. From a portfolio strategy perspective, we recommend positioning gold as the core hedge with a standing strategic allocation, and treating Bitcoin as a satellite position sized to risk tolerance and capped at no more than 5% of the portfolio.

Fixed Income

Global corporate bonds were marginally softer in August, with the ICE BofA Global Corporate Index down 0.16% on the month. Long-end yields rose and then retraced: the 30-year US Treasury yield touched 5.31% intra-month, its highest since 2007, before the Treasury announced it would at least double long-dated buybacks from September, leaving it 2 basis points lower on the month at 5.25%, while the 10-year finished flat at 4.75%. Front-end yields moved the other way, as Fed Chair Warsh's hawkish Jackson Hole message pushed the 2-year up 6 basis points to 4.34%, flattening the curve further. On spreads, the option-adjusted spread on the ICE BofA US Corporate Index is around 81 basis points, near 20-year tights, while AI-related issuance has pushed full-year supply past US$1.7tn.

Looking ahead, first, the core tension at the long end is fiscal supply versus debt sustainability: Treasury buybacks offer only temporary relief, and without a credible consolidation path for US$40tn of debt, long-bond valuations are unlikely to improve materially. Second, the market has shifted from pricing an extended hold to pricing a possible September hike, leaving limited upside for bond prices and elevated re-pricing risk. Third, spreads near 20-year tights suggest the credit risk premium may not fully compensate for supply pressure and macro uncertainty. From a portfolio strategy perspective, we recommend shortening overall portfolio duration to reduce interest-rate risk, prioritising high-quality short- to medium-maturity investment-grade credit, keeping high-yield exposure disciplined, and preserving liquidity to manage a hike scenario.

Performance of major market indices (in Local Currency)

Market Indices	1m (%)	3m (%)	6m (%)	1yr (%)	3yr (%)	5yr (%)
MSCI World Index	2.3	2.3	9.5	19.4	64.9	62.5
MSCI Emerging Markets Index	1.7	-3.3	6.9	37.1	78.3	45.3
US S&P 500 Index	2.6	1.4	11.7	19.0	70.5	70.0
Europe STOXX 600 Index	0.3	4.0	2.7	18.4	42.1	38.3
Japan NIKKEI 225 Index	3.0	0.0	12.7	55.2	103.3	136.1
Hong Kong Hang Seng Index	-1.2	1.5	-4.0	2.0	39.1	-1.2
MSCI China Index	0.8	-4.5	-1.8	2.2	22.8	-3.8
LBMA Gold Price PM Index	13.3	0.4	-12.6	33.1	134.9	151.4
S&P GSCI Crude Oil Index	1.3	-1.8	28.0	34.0	2.6	25.2
iShare Bitcoin ETF	25.5	7.6	20.4	-27.3	-	-

Source : FE Analytics, Data as of 31-8-2026

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