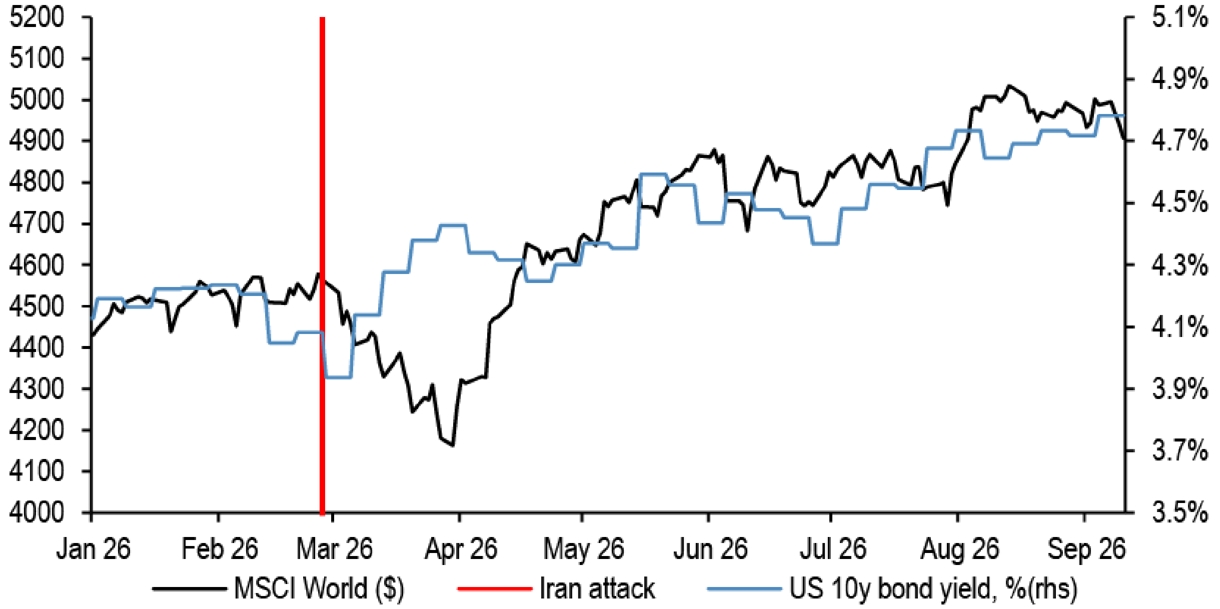
Equity Weekly

Syz Equity Research – week from 4 to 11 September 2026

The Chart of the Week

MSCI World and the US 10-year bond yield both continue to trend higher



Source: Bloomberg, JP Morgan

What happened last week?

Global markets

Global equities retreated during the week ending on 11 September 2026, with the MSCI ACWI down 1.0% as a cluster of inflation and geopolitical shocks outweighed a still-resilient AI capex narrative. The week opened against a backdrop of a stronger-than-expected August US payrolls report released on the prior Friday close that anchors this period, which had already begun to temper hopes for near-term Federal Reserve easing. From there, sentiment deteriorated further as Brent crude pushed toward $100 a barrel on renewed Middle East hostilities, including reported strikes on Saudi energy infrastructure, at the same time as a US-Canada trade dispute escalated into retaliatory tariffs on both sides of the border. The combination revived the inflation scare that has periodically unsettled markets this year, and it showed up directly in the data: a hotter-than-expected August producer price report on Thursday and an August CPI print on Friday that came in mostly in line at the headline level but hotter on core, alongside a soft reading on consumer sentiment and rising inflation expectations.

Both value and growth indices fell in tandem (MSCI ACWI Value and Growth both down roughly 1%), underlining that this was a broad risk-off move rather than a rotation between styles. But emerging markets performed notably better. Nearly every major developed market fell, while MSCI EM rose 1.1%, helped by a powerful rally in Korean equities tied to memory-chip demand. Within Europe specifically, the STOXX Europe 600 pulled back -1.6%, as European equities absorbed both the oil shock and a hold from the ECB.

Sector performance reflected this cross-current: energy was one of the few pockets of strength globally as oil rallied, while sectors sensitive to real rates and growth expectations - healthcare, materials, consumer discretionary and construction - underperformed. Within technology, the picture was split: semiconductor names broadly rallied on continued AI infrastructure demand and a rotation toward memory suppliers, even as some of the largest AI beneficiaries of the past two years lagged.

US

The S&P 500 fell 1.1% and the Nasdaq 100 fell 0.4% during the week. The more domestically oriented Russell 2000 index fell 2.1%, underperforming alongside the Dow (-2.1%). Breadth was notably weak - the equal-weighted S&P 500 fell 2.4%, nearly double the headline index's decline, pointing to concentration in the handful of names still holding the market up. Healthcare was the worst-performing sector by a wide margin, down 4.5%. The trigger was Novartis' two consecutive drug trial failures, which drove heavy selling in US-listed peers with competing or adjacent pipelines, including Amgen, Sarepta and Dyne Therapeutics, compounded by company-specific setbacks at Stryker and Boston Scientific. Financials, materials and consumer discretionary also lagged, while technology and energy were the only sectors to post gains.

Within technology, the divergence was stark. Semiconductors rallied hard (+5.0%), led by AMD and Intel, as investors rotated toward chipmakers seen as direct beneficiaries of the memory supercycle rather than pure GPU exposure; Dell also surged to a record high on a bullish broker initiation. Nvidia bucked the group, falling 4.3% amid a shift in investor attention toward memory suppliers. Oracle reported strong quarterly results but sold off regardless, as investors focused on the rising capital intensity of its cloud build-out rather than the beat itself. Meta was the standout Magnificent Seven performer, up 6.1% helped by the successful launch of Muse - a standalone personal AI agent. Markets ended the period on a firmer note Friday, snapping a multi-day losing streak, but remained cautious heading into next week's FOMC meeting.

Europe

European equities declined, with the STOXX Europe 600 down 1.6% in local-currency terms. The DAX (-1.8%) and CAC 40 (-1.2%) both fell, while the FTSE MIB was a rare bright spot, up 0.7%. The most significant single-name driver of the week was Novartis' two consecutive trial failures, which resulted in sharp share-price weakness through the first half of the week; given the stock's weight in Swiss benchmarks, this drove an outsized decline in the Swiss market that stood out even against a weak regional backdrop.

At the sector level, energy was the clear outperformer (+2.6%) as oil prices climbed on Middle East supply concerns, while construction and materials, and consumer discretionary, were the weakest performers, reflecting both the drag from higher input costs and broader growth concerns.

The ECB's decision to hold rates steady at its Thursday meeting - despite headline inflation running comfortably above target - added a layer of policy uncertainty, with banks ending the period roughly flat as investors weighed the implications for net interest margins against a less hawkish near-term path than some had priced in.

Rest of the world

Emerging markets were the standout region, with MSCI EM up 1.1% even as developed markets broadly declined. This divergence was driven overwhelmingly by Korea. MSCI Korea surged 6.8% as memory-chip exporters extended their 2026 rally, with South Korean semiconductor shipment data showing another sharp year-on-year increase and reinforcing the narrative of a structural memory supercycle tied to AI infrastructure demand; this also fed the broader rotation within global tech away from GPU-centric names and toward memory suppliers. Taiwan's TAIEX held up relatively well (-0.9%) given its own semiconductor exposure, while China equities slipped modestly (MSCI China -1.6%) amid a comparatively quiet newsflow week for the mainland. India underperformed (-2.8%), while Brazil posted a small gain (+0.4%) and Japan was roughly flat (-0.2%), leaving the region's performance almost entirely a function of the Korean chip story rather than a broad-based emerging-market rally.

Our view on equities

Equity asset class

We maintain a neutral equity exposure, balancing a constructive earnings outlook against the headwind from higher real rates.

Earnings

The outlook remains constructive, supported by AI-related investment, broadening earnings participation across sectors and regions, near-record margins and resilient management confidence.

Valuation

Valuations remain supported by earnings growth, with forward estimates rising faster than share prices. The S&P 500 trades at 20x forward earnings, while Europe, Japan and Asia remain closer to historical averages.

Risks

The main risk remains a further rise in real yields, increasing discount-rate pressure, although the Treasury's expanded long-dated buybacks provide some support at the long end.

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