A Hike, Not a Halt

- **Macro:** Two Fed hikes may cause volatility, but earnings support the bull market.
- **Tech:** AI safety fears create entry opportunities and boost cybersecurity demand.
- **Pick:** CRWD80 remains our top pick for autonomous AI-driven security.

Two Hikes, Still Not a Bull Killer

August core CPI accelerated to 0.3% m-m, pushing the probability of a September rate hike above 90%. Markets now also price a high probability of at least one additional increase by December. However, even if both hikes materialize, we do not believe they are sufficient to end the bull market. One or two well-telegraphed hikes may create short-term volatility, but a sustained downturn would require tighter policy to materially weaken economic growth and corporate earnings. With much of the tightening already priced in, the key risk is not September itself, but whether the Fed signals a longer and more aggressive hiking cycle.

Earnings Keep the Bull Alive

History suggests that equities often weaken initially when a new hiking cycle begins. Across previous cycles, the S&P 500 typically corrected around 2–4% during the following two to three months, before recovering to deliver a median return of ≈9% after 12 months. The index is currently up around 11% YTD, but the rally has been supported by earnings rather than multiple expansion. Its forward P/E has fallen from roughly 22x earlier this year to 19.1x. With Q3 earnings expected to grow 28.7%, we believe earnings—not multiple expansion—can support further upside.

Fear Pauses Stocks, Not the AI Race

AI-infrastructure stocks corrected sharply after Anthropic and other industry leaders called for slower AI development and stronger safety controls. We believe the market has overreacted. A broad slowdown is unlikely because AI leadership has become a key advantage in the technological competition between the US and China. Washington may introduce tighter safeguards, but it is unlikely to support policies that weaken US leadership. New safety rules could delay some projects, but they should not reverse the long-term AI investment cycle. We therefore view the correction as an opportunity to selectively accumulate fundamentally strong AI stocks.

Safety Becomes the Next AI Trade

As AI increasingly automates parts of model research and software development, recursive self-improvement (RSI) is moving closer to a practical security challenge. More capable agents expand the attack surface across identities, endpoints, cloud workloads and enterprise data. AI safety therefore becomes more than an ethical debate—it becomes a cybersecurity spending requirement. We expect this concern to support demand for continuous monitoring, agent governance and automated threat detection, benefiting platform leaders such as CrowdStrike (CRWD80) and Palo Alto Networks (PANW80) even if broader AI infrastructure stocks remain volatile.

DR Pick: CRWD80, TP THB 33 (CRWD at $250, USD/THB at 33)

We maintain our BUY recommendation on CRWD80 with a TP of THB33. CrowdStrike combines exposure to growing AI-security demand with strong business performance. Q2 revenue rose 26% y-y, while annual recurring revenue increased 25%. New recurring revenue added during the quarter grew 51%, prompting management to raise its full-year growth outlook. These results strengthen our view that customers are expanding their use of CrowdStrike's security platform.

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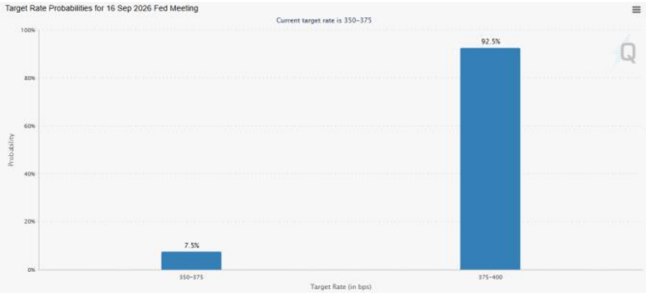
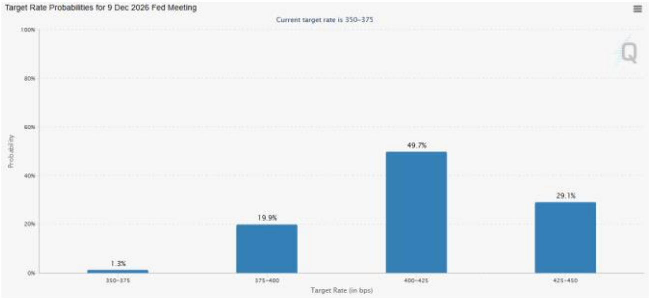
Exhibit 1: Rate Probabilities for 16-Sep-26 FED Meeting



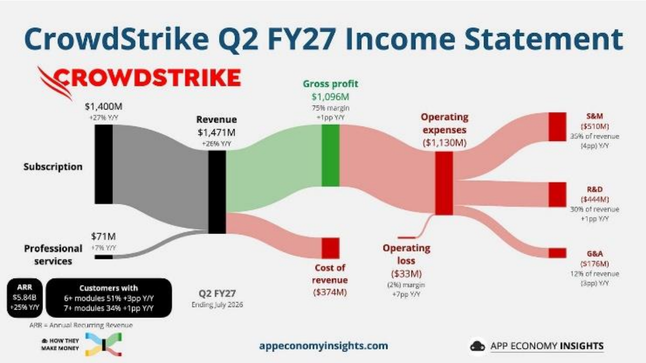
Sources: CMEGroup

Exhibit 2: Rate Probabilities for 9-Dec-26 FED Meeting



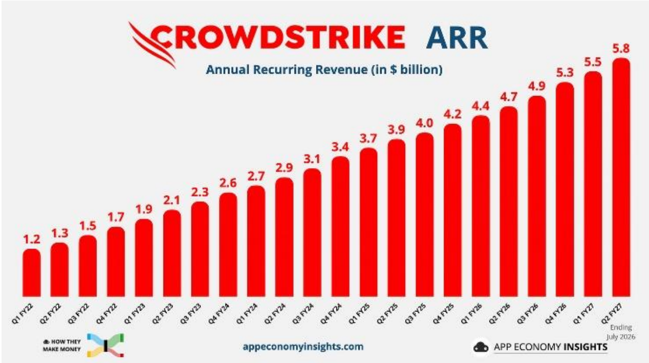
Sources: CMEGroup

Exhibit 3: Crowdstrike 2Q27 Income Statement



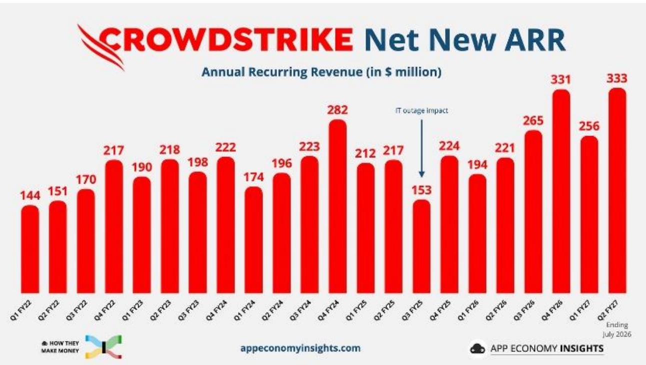
Sources: App Economy Insights

Exhibit 4: Crowdstrike Annual Recurring Revenue, ARR



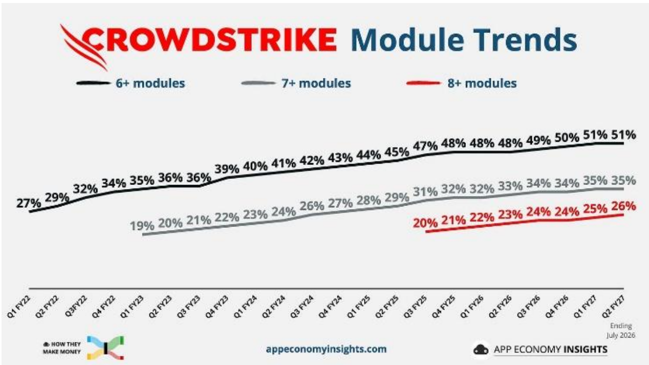
Sources: App Economy Insights

Exhibit 5: Crowdstrike Net New ARR



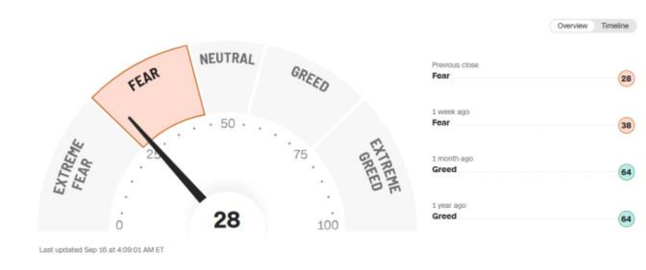
Sources: App Economy Insights

Exhibit 6: Crowdstrike Module Trends



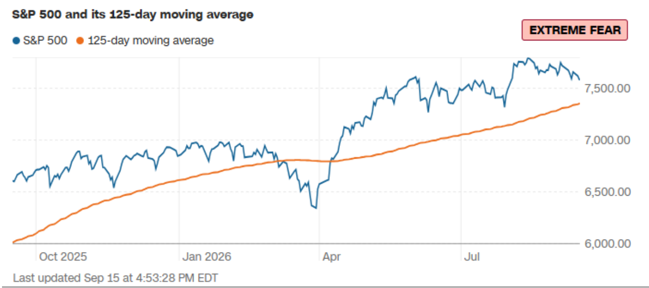
Sources: App Economy Insights

Exhibit 7: Fear & Greed Index (16 Sep 26)



Sources: CNN

Exhibit 8: Market Momentum, S&P500 vs 125 days MA



Sources: CNN

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RECOMMENDATION STRUCTURE

Stock Recommendations

Stock ratings are based on absolute upside or downside, which we define as (target price* - current price) / current price.

BUY: Expected return of 10% or more over the next 12 months.
HOLD: Expected return between -10% and 10% over the next 12 months.
REDUCE: Expected return of -10% or worse over the next 12 months.

Unless otherwise specified, these recommendations are set with a 12-month horizon. Thus, it is possible that future price volatility may cause temporary mismatch between upside/downside for a stock based on market price and the formal recommendation.
* In most cases, the target price will equal the analyst's assessment of the current fair value of the stock. However, if the analyst doesn't think the market will reassess the stock over the specified time horizon due to a lack of events or catalysts, then the target price may differ from fair value. In most cases, therefore, our recommendation is an assessment of the mismatch between current market price and our assessment of current fair value.

Sector Recommendations

Overweight: The industry is expected to outperform the relevant primary market index over the next 12 months.
Neutral: The industry is expected to perform in line with the relevant primary market index over the next 12 months.
Underweight: The industry is expected to underperform the relevant primary market index over the next 12 months.

Country (Strategy) Recommendations

Overweight: Over the next 12 months, the analyst expects the market to score positively on two or more of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Neutral: Over the next 12 months, the analyst expects the market to score positively on one of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.

Underweight: Over the next 12 months, the analyst does not expect the market to score positively on any of the criteria used to determine market recommendations: index returns relative to the regional benchmark, index sharpe ratio relative to the regional benchmark and index returns relative to the market cost of equity.