

## Key Market Highlights

- Efforts to turn the United States (US) - Iran ceasefire into a lasting peace have thus far been unsuccessful, and developments remain fluid.
- Oil prices remain volatile given this uncertainty but has eased from last week's high.
- Crucially, global sentiment remains supported by the resilient corporate earnings outlook, particularly US mega-cap technology companies, which drove US stocks in April to their best month since 2020 while a gauge of global stocks set new record highs.
- Strong capital expenditure guidance from US mega-cap companies suggests that artificial intelligence (AI) investment remains a multi-year growth driver.
- This continued AI-driven investment could help offset macro and geopolitical uncertainties, providing underlying support to broader market sentiment.

## Topics of the Week:

### Key takeaways from the April Federal Open Market Committee (FOMC) meeting

- In Jerome Powell's final meeting as Chair, the US Federal Reserve (Fed) kept interest rates unchanged at 3.50%-3.75% for the third consecutive meeting.
- The decision came with an 8 - 4 vote split, marking the highest level of dissent since October 1992.
- The deep division reflects heightened uncertainty in the policy outlook amid the Middle East conflict, with three of the four dissenting officials supporting a removal of the easing bias from the policy statement.
- While the FOMC statement suggests the next move is more likely to be a cut than a hike, investors priced out rate cuts and see some possibility of a rate hike by April 2027.
- The US two-year Treasury yield rose by 11 basis points (bps) to 3.95% post-decision, marking the largest increase on a Fed decision day since January 2022.
- **House View:** We expect the Fed to remain on hold for an extended period in 2026, followed by only one rate cut in 4Q 2026.

### First quarter US earnings analysis

- Forward guidance by companies is one key driver in today's uncertain macro environment as it helps shape expectations for the rest of the year.
  - Earnings guidance so far points to a mixed picture. Near-term guidance for the second quarter shows selective optimism, while full-year guidance remains more balanced.
  - The technology sector stands out with stronger positive guidance amid strong AI structural demand, supporting expectations of continued earnings resilience in the sector.



- Profit margins are a measure of earnings quality and sustainability, and investors are closely watching whether companies can maintain their margins amid rising energy costs.
  - Profit margins for the S&P 500 are on an upward trend and are expected to expand further into 2026, supporting continued earnings growth.
  - However, trends at the sector level are more mixed, with some sectors likely facing margin pressure from higher energy costs and geopolitical uncertainty.
  - Despite this, the information technology and financials sectors continue to show margin expansion.
- While first quarter earnings showcase resilience at the headline level, it is interesting to analyse how markets respond to these results.
  - So far, companies that deliver large earnings beats are rewarded, but modest beats see limited upside. In contrast, earnings misses are punished much more sharply.
  - This highlights an asymmetric market reaction where weaker results outweigh incremental upside surprises amid the backdrop of Middle East tensions.
  - It reinforces the need for investors to be selective, focusing on companies with strong earnings momentum and solid fundamentals.

## Investment Strategy

- Stay invested by maintaining a diversified portfolio, as the overall earnings outlook for 2026 remains positive.
- That said, be selective, focusing on quality companies with more resilient profitability.
- The technology sector remains a key bright spot, but focus on quality companies with clear monetisation pathways, as well as opportunities in hardware and supply-chain bottlenecks.
- Build an income-generating portfolio with a focus on investment grade bonds and high-quality dividend stocks, as a rate cut is still expected ahead.

## Asset Class Performance

Equities	Current	Performance (%)			
		1 Week	1 Month	3 Months	Year-To-Date
S&P 500 (USD)	7230.12	0.91	9.96	4.19	5.62
Dow Jones (USD)	49499.27	0.55	6.30	1.24	2.99
NASDAQ 100 (USD)	27710.36	1.49	15.36	8.45	9.74
FTSE 100 (GBP)	10363.93	-0.15	-0.01	1.37	4.36
S&P/ASX 200 (AUD)	8729.839	-0.65	0.67	-1.57	0.18
DAX (EUR)	24292.38	0.68	4.26	-1.00	-0.81
Swiss Market Index (CHF)	13136.27	-0.25	1.12	-0.39	-0.99
HSCEI Index (HKD)	8681.83	-1.07	2.08	-6.82	-2.60
Hang Seng Index (HKD)	25776.53	-0.78	1.91	-5.88	0.57
Nikkei 225 (JPY)	59513.12	-0.34	10.74	11.61	18.22
Commodities & Currencies	Current	1 Week	1 Month	3 Months	Year-To-Date
Brent Crude (USD)	108.17	9.12	15.69	60.06	79.62
Gold (USD)	4614.21	-2.02	-3.03	-5.72	6.83
EURUSD	1.1721	-0.01	1.14	-1.10	-0.21
GBPUSD	1.3583	0.38	2.09	-0.75	0.80
USDJPY	157.01	-1.49	-1.14	1.44	0.19
Bonds	Current (%)	Basis points Change			
		1 Week	1 Month	3 Months	Year-To-Date
US 10-year Treasury yield	4.370	0.069	0.051	0.134	0.203
German 10-year Bund yield	3.037	0.043	0.051	0.194	0.182
UK 10-year Gilts yield	4.964	0.052	0.134	0.442	0.485
Japan 10-year bond yield	2.518	0.079	0.208	0.266	0.452

1 week for the period 24-Apr-2026 to 01-May-2026

1 month for the period 01-Apr-2026 to 01-May-2026

3 months for the period 30-Jan-2026 to 01-May-2026

Year-to-date for the period 31-Dec-2025 to 01-May-2026

Source: Bloomberg (last update: Mon, 04 May 2026 12:44 PM SGT)



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