

Key Market Highlights

- Global stock markets posted another weekly advance with risk sentiment improving in the latter half of the week as crude oil prices and long-maturity bond yields retreated.
- The general focus remains on the Middle East situation and ongoing peace negotiations, which continues to drive swings in oil prices, stocks, and bonds.
- That said, despite geopolitical uncertainty, the structural theme of artificial intelligence (AI) capital expenditure remains dominant, and investors remain keen to accumulate global semiconductor stocks on weakness as evident last week.
- While market consolidation may be seen after a strong rally, we retain the view of accumulating quality stocks on dips given the resilient economy and robust corporate earnings.

Topics of the Week:

Expect a period of market consolidation

- Following the Middle East ceasefire and strong first quarter US corporate earnings, stock markets have rallied, with momentum indicators now in overbought territory and market breadth showing clear divergence.
- A period of consolidation is likely as markets digest recent gains, leadership rotates, and pullbacks create opportunities.
- Investors need to be mindful of a few factors ahead.
 - As earnings season concludes, attention is shifting back to inflation.
 - Bond markets have already repriced for a higher inflation path.
 - If inflation remains sticky, a less accommodative Federal Reserve (Fed) could push bond yields higher and begin to pressure equity valuations.
 - At the same time, rising retail participation and margin activity suggest markets are not pricing in downside risks, reducing resilience to shocks.
 - If conditions reverse, the unwinding of leveraged positions may potentially amplify downside moves in risk assets.
 - Furthermore, the Middle East situation remains fluid as the US and Iran continue to negotiate a peace deal.
 - Markets may remain volatile in the meantime, with oil prices elevated as disruptions around the Strait of Hormuz and key infrastructure constrain supply.



Accumulate the dip

- With economic and corporate fundamentals still relatively solid, we do not see conditions for a deep or prolonged downturn at this stage.
- Second-quarter earnings, due in July, are expected to remain robust. Consensus forecasts point to healthy growth, supported by AI-driven demand, resilient margins, and continued pricing power in select sectors.
- Market pullbacks should offer attractive entry opportunities into quality names, particularly within the technology and AI sectors, given sustained investment in AI through 2026 and beyond.

Investment Strategy

- Investors can look to accumulate quality assets on dips during pullbacks or phases of consolidation.
- Diversifying exposure across asset classes, regions, and sectors can help smooth returns and manage overall risk.
- For those with higher risk appetite, the technology sector remains attractive, particularly companies with clear monetisation pathways.
 - Key areas of interest include AI chip supply, high-bandwidth memory, and power infrastructure, where structural demand and supply constraints continue to support growth.

Asset Class Performance

Equities	Current	Performance (%)			
		1 Week	1 Month	3 Months	Year-To-Date
S&P 500 (USD)	7473.47	0.88	4.70	8.16	9.17
Dow Jones (USD)	50579.7	2.13	2.20	1.92	5.24
NASDAQ 100 (USD)	29481.64	1.22	9.45	17.87	16.76
FTSE 100 (GBP)	10466.26	2.66	-0.10	-2.06	5.39
S&P/ASX 200 (AUD)	8657.031	0.30	-2.11	-4.67	-0.66
DAX (EUR)	24888.56	3.92	2.87	-1.47	1.63
Swiss Market Index (CHF)	13503.21	2.14	3.33	-2.57	1.78
HSCEI Index (HKD)	8550.87	-1.61	-2.85	-4.56	-4.07
Hang Seng Index (HKD)	25606.03	-1.37	-2.13	-3.06	-0.10
Nikkei 225 (JPY)	63339.07	3.14	6.30	11.46	25.82
Commodities & Currencies	Current	1 Week	1 Month	3 Months	Year-To-Date
Brent Crude (USD)	103.54	-5.24	7.65	47.89	71.94
Gold (USD)	4509.4	-0.68	-4.86	-11.71	4.40
EURUSD	1.1603	-0.19	-0.87	-1.54	-1.22
GBPUSD	1.3433	0.80	-0.51	-0.35	-0.31
USDJPY	159.18	0.28	-0.19	2.66	1.58
Bonds	Current (%)	Basis points Change			
		1 Week	1 Month	3 Months	Year-To-Date
US 10-year Treasury yield	4.558	-0.036	0.255	0.475	0.391
German 10-year Bund yield	3.038	-0.129	0.030	0.301	0.183
UK 10-year Gilts yield	4.897	-0.275	-0.012	0.544	0.418
Japan 10-year bond yield	2.763	0.046	0.359	0.642	0.697

1 week for the period 15-May-2026 to 22-May-2026

1 month for the period 22-Apr-2026 to 22-May-2026

3 months for the period 20-Feb-2026 to 22-May-2026

Year-to-date for the period 31-Dec-2025 to 22-May-2026

Source: Bloomberg (last update: Mon, 25 May 2026 9:26 AM SGT)



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