

Key Market Highlights

- Global stock markets advanced last week on optimism of a potential United States (US)-Iran ceasefire agreement. Enthusiasm over artificial intelligence (AI) also propelled the MSCI ACWI Index and S&P 500 Index to fresh record highs, with the latter's eight-day rally the longest streak since May 2025.
- Global bond yields retreated over the past week, supported by the decline in oil prices amid hopes of a potential extended truce in the Middle East.
- Brent crude oil briefly eased below \$92 per barrel before stabilising. Iranian media reported on Monday that Iran has suspended communications with the US after Israeli strikes in Lebanon and is considering closing the Strait of Hormuz and the Bab el-Mandeb Strait, both critical oil routes. However, President Donald Trump said negotiations are ongoing, with a deal to reopen the Strait of Hormuz possible within a week.

Topics of the Week:

Short- to mid-duration bonds may offer a sweet spot for income

- Rising inflation expectations have recently weighed on bond returns.
- However, the resultant increase in yields means that investors can now secure better income from bonds.
- Short- to mid-duration investment grade bonds stand out as an attractive opportunity. They offer yields that are competitive with or higher than cash, without requiring investors to take on significant credit and duration risk.
- This balance makes them a potential sweet spot for investors seeking income.

Singapore's AI-driven growth offsets external headwinds

- Singapore's economy delivered a strong upside surprise in the first quarter of 2026, with GDP growth revised higher to 6.0% year-on-year (y/y) from 4.6% y/y, well above expectations.
- The expansion was broad-based, led by robust performance in wholesale trade, underpinned by sustained demand linked to AI-related sectors.
- Against this backdrop, we have raised our 2026 GDP growth forecast to 3.2% from 2.5%, reflecting the strong first-quarter momentum and continued AI-led tailwinds.
- Singapore equities have remained resilient and performed well despite the Middle East conflict, reinforcing their role as a regional safe-haven for capital.
- In addition, ongoing equity market reforms continue to act as a key structural catalyst, helping to unlock value and attract global inflows.



Gold supported by safe-haven demand and diversification benefits

- Gold remains under near-term pressure, trading around \$4,500 per ounce, as higher interest rates and a stronger US dollar continue to weigh on investor sentiment.
- Elevated inflation risks have reinforced expectations of a “higher-for-longer” interest rate environment, prompting investors to reassess positioning and reduce exposure.
- Despite this short-term weakness, we retain a constructive long-term outlook on gold. Ongoing geopolitical tensions have strengthened its appeal as a safe-haven asset, highlighted by sustained demand from both central banks and retail investors.
- In addition, gold’s low correlation with stocks and bonds enhances its effectiveness as a portfolio diversifier, while its long-term track record showcases its ability to preserve and grow wealth.

Investment Strategy

- With short- to mid-duration bond yields currently attractive, investors can capture higher income without taking on excessive duration or equity risk.
- We continue to look favourably on Asian markets, particularly China, South Korea, Taiwan, and Singapore, which are experiencing strong momentum driven by AI-related investment, structural reforms, and improving trade dynamics.
- Gold’s long-term structural drivers remain positive, as its safe-haven characteristic will support its role as a portfolio diversifier amid geopolitical uncertainty.

Asset Class Performance

Equities	Current	Performance (%)			
		1 Week	1 Month	3 Months	Year-To-Date
S&P 500 (USD)	7580.06	1.43	6.22	10.19	10.73
Dow Jones (USD)	51032.46	0.90	4.44	4.19	6.18
NASDAQ 100 (USD)	30333.18	2.89	11.57	21.53	20.13
FTSE 100 (GBP)	10409.28	-0.54	1.92	-4.59	4.81
S&P/ASX 200 (AUD)	8731.652	0.86	0.51	-5.08	0.20
DAX (EUR)	25104.7	0.87	4.80	-0.71	2.51
Swiss Market Index (CHF)	13542.66	0.29	3.92	-3.37	2.07
HSCEI Index (HKD)	8425.82	-1.46	-4.31	-4.89	-5.47
Hang Seng Index (HKD)	25182.39	-1.65	-3.56	-5.44	-1.75
Nikkei 225 (JPY)	66329.5	4.72	10.70	12.71	31.76
Commodities & Currencies	Current	1 Week	1 Month	3 Months	Year-To-Date
Brent Crude (USD)	91.12	-9.07	-11.94	28.56	51.39
Gold (USD)	4540.26	0.68	-0.17	-13.99	5.11
EURUSD	1.1659	0.48	-0.15	-1.30	-0.74
GBPUSD	1.3456	0.17	-0.14	-0.19	-0.14
USDJPY	159.27	0.06	-0.71	2.06	1.63
Bonds	Current (%)	Basis points Change			
		1 Week	1 Month	3 Months	Year-To-Date
US 10-year Treasury yield	4.436	-0.122	0.006	0.498	0.269
German 10-year Bund yield	2.938	-0.100	-0.172	0.295	0.083
UK 10-year Gilts yield	4.812	-0.085	-0.259	0.579	0.333
Japan 10-year bond yield	2.667	-0.096	0.190	0.547	0.601

1 week for the period 22-May-2026 to 29-May-2026

1 month for the period 29-Apr-2026 to 29-May-2026

3 months for the period 27-Feb-2026 to 29-May-2026

Year-to-date for the period 31-Dec-2025 to 29-May-2026

Source: Bloomberg (last update: Tue, 02 June 2026 10:54 AM SGT)



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