Weekly Investment Insights

29 June 2026

Key Market Highlights

- Global equities ended a volatile week lower as investors reassessed the artificial intelligence (AI) trade amid concerns over elevated valuations following a strong rally.
- Brent crude oil fell more than 10% to pre-conflict levels as traffic through the Strait of Hormuz continued despite two attacks on tanker ships in the latter half of the week.
- The decline in oil prices supported the bond market, with short-term United States (US) Treasury yields falling meaningfully as easing energy prices ignited hopes of moderating inflation, tempering expectations for monetary policy tightening.
- While recent weakness in AI-related stocks may persist in the near term, continued AI investment and infrastructure spending suggest the pullback is more likely to be a healthy correction rather than a change in the broader AI trend.

Topics of the Week:

Broadening opportunities beyond AI leaders

- As we approach quarter-end, global equities are on track for their strongest quarterly gain since late 2020, supported by easing geopolitical tensions, resilient corporate earnings, and unabated momentum in AI investment.
- However, performance across major equity markets has remained uneven in the first half of 2026.
    - Semiconductor and AI infrastructure beneficiaries have accounted for a disproportionate share of market gains, while the broader market has lagged.
- While positioning in mega-cap technology stocks remains crowded amid continued enthusiasm over AI, non-tech sectors are comparatively inexpensive and under-owned.
    - This suggests scope for market leadership to broaden if the macroeconomic backdrop and earnings outlook continue to improve.
- A sustained decline in oil prices could act as an important catalyst.
    - Lower oil prices would help ease inflationary pressures, keep a lid on rate hike expectations, reduce macroeconomic uncertainty, and support a broader recovery in market participation.
    - Encouragingly, market breadth has already begun to improve, with more companies participating in the rally alongside the recent decline in oil prices.

China's AI-led earnings recovery

- China's first-quarter earnings season highlighted a recovery that remains selective rather than broad-based.
    - Technology and certain financial companies continue to see improving earnings revisions and have outperformed the broader market.
    - In contrast, internet, property, and consumer-related sectors continue to face downward earnings

revisions, highlighting the divergence between policy-supported industries and structurally challenged parts of the economy.

- AI is becoming an increasingly important driver of earnings growth.
  - Like global hyperscalers, Chinese hyperscalers continue to increase AI-related capital expenditure, albeit at a slower pace, supporting demand across the technology supply chain.
  - Notably, hardware beneficiaries are regaining dominance in China's AI-related earnings, particularly semiconductors, AI infrastructure, and power-related equipment, following the weakness seen in 2024.
  - This reinforces our view that AI will remain a key structural driver of earnings growth across China's technology and advanced manufacturing sectors.
- Beyond AI-driven opportunities, other companies are placing greater emphasis on shareholder returns.
  - Dividend payout ratios continue to rise as capital discipline improves.
  - Higher dividends and increased share buybacks are enhancing shareholder returns, providing investors with income and portfolio stability.

Investment Strategy

- Stay invested, as earnings growth is expected to remain resilient and AI investment and infrastructure spending will likely remain strong.
- Use market pullbacks as opportunities to accumulate quality names with strong fundamentals.
- Maintain a diversified portfolio, as easing oil prices and lower geopolitical risk could support broader market participation.
- However, focus on sectors or stocks with strong underlying fundamentals.
- Within China, adopt a barbell strategy as China's earnings recovery remains uneven.
  - Focus on AI and technology-related beneficiaries for structural earnings growth, while pairing them with high-dividend companies that offer income, downside resilience and improving shareholder returns.

Asset Class Performance

Equities	Current	Performance (%)			
		1 Week	1 Month	3 Months	Year-To-Date
S&P 500 (USD)	7354.02	-1.95	-2.21	15.47	7.43
Dow Jones (USD)	51876.11	0.60	2.43	14.85	7.93
NASDAQ 100 (USD)	29118.24	-4.24	-2.85	25.87	15.32
FTSE 100 (GBP)	10508.02	1.40	0.03	5.42	5.81
S&P/ASX 200 (AUD)	8764.185	-0.73	0.53	2.91	0.57
DAX (EUR)	24671.22	-1.26	-2.01	10.63	0.74
Swiss Market Index (CHF)	14172.71	2.89	4.00	12.75	6.82
HSCEI Index (HKD)	7460.84	-6.46	-11.84	-11.75	-16.30
Hang Seng Index (HKD)	22671.86	-5.24	-10.49	-9.14	-11.54
Nikkei 225 (JPY)	69360.88	-2.65	6.71	29.95	37.79
Commodities & Currencies	**Current**	**1 Week**	**1 Month**	**3 Months**	**Year-To-Date**
Brent Crude (USD)	71.99	-10.65	-21.96	-23.27	19.60
Gold (USD)	4088.74	-1.61	-8.20	-9.02	-5.34
EURUSD	1.1384	-0.76	-2.08	-1.09	-3.08
GBPUSD	1.32	-0.24	-1.69	-0.45	-2.04
USDJPY	161.74	0.27	1.39	0.89	3.21
Bonds	**Current (%)**	**Basis points Change**			
		1 Week	**1 Month**	**3 Months**	**Year-To-Date**
US 10-year Treasury yield	4.369	-0.085	-0.114	-0.059	0.202
German 10-year Bund yield	2.851	-0.134	-0.136	-0.243	-0.004
UK 10-year Gilts yield	4.731	-0.111	-0.127	-0.243	0.252
Japan 10-year bond yield	2.621	-0.035	-0.078	0.233	0.555

1 week for the period 19-Jun-2026 to 26-Jun-2026
1 month for the period 27-May-2026 to 26-Jun-2026
3 months for the period 27-Mar-2026 to 26-Jun-2026
Year-to-date for the period 31-Dec-2025 to 26-Jun-2026
Source: Bloomberg (last update: Sat, 27 June 2026 10:18 AM SGT)

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