Weekly Investment Insights

11 August 2026

Key Market Highlights

- Crude oil prices were volatile over the past week, initially falling on hopes of progress in Iran-Oman negotiations to re-open the Strait of Hormuz before rebounding as doubts emerged over the proposed shipping arrangement and as United States (US) President Trump imposed sweeping new demands on Iran, dimming hopes of a quick deal to end the conflict.
- US and European stock markets rallied to fresh record highs despite volatile crude oil prices, boosted by renewed optimism around Artificial Intelligence (AI) beneficiaries, and stronger-than-expected corporate earnings, reinforcing confidence in the global growth outlook.
- US Treasury bond yields saw choppy swings and briefly dipped after a weak US non-farm payrolls report but ultimately rebounded in tandem with oil prices over the Middle East situation. Yields were also supported by several Federal Reserve (Fed) officials suggesting that interest rates may remain restrictive for longer than expected given resilient growth and persistent inflation.

Topics of the Week:

US Economy Offers Mixed Signals as Labour Market Softens

- Manufacturing activity continues to strengthen, while the services sector remains in expansionary territory despite slightly softer-than-expected readings.
- Labor market indicators have, however, softened, with the July non-farm payrolls report showing a contraction of -23,000 while the prior two months were revised down by a combined -103,000.
- While persistent inflation remains a concern, a softer labour market helps alleviate concerns about near-term rate hikes.
- **House View:** The Federal Reserve (Fed) is expected to hold policy rates through 2026, before resuming with 2 rate cuts in 2027.

From Compute to Power: Investing in AI Infrastructure Bottlenecks

- AI-related demand for electrical infrastructure remains robust as rising computing intensity drives increasing power requirements.
- Electrical equipment pricing and market size continue to expand, supported by strong demand for transformers, switchgear, power distribution systems, and grid connection equipment.
- The industry is shifting toward next-generation 800V power systems to support the growing electricity needs of AI data centres.
- Limited supply of key electrical components has created bottlenecks, allowing leading suppliers to raise prices and improve profitability.
- Demand is expected to stay strong as hyperscalers and enterprises continue to accelerate AI-related infrastructure spending.
- **Key Takeaway:** AI data centres require significantly more power, benefiting power and grid infrastructure suppliers. The shift to 800V systems could create new growth opportunities for

companies that can meet future demand.

Onshore China: Attractive Valuations and Policy Support

- Investor flows have recently shifted from onshore China stocks to offshore China equities, making many quality onshore listed companies more attractively valued.
- 2H 2026 government bond issuance is expected to accelerate versus 1H 2026, providing additional policy liquidity support to underpin economic activity.
- Onshore China equities are better aligned with Beijing's policy priorities, including advanced manufacturing, technology self-sufficiency, energy transition, and domestic consumption development.
- **Key Takeaway:** Use recent weakness in onshore China equities to accumulate positions, supported by attractive valuations, stronger liquidity support from government bond issuance, and long-term structural tailwinds in advanced manufacturing, technology, energy transition, and consumption development.

Investment Strategy

- While AI-related volatility may persist in the near term, periods of market weakness should be viewed as opportunities to accumulate high-quality beneficiaries of AI-related infrastructure spending at more attractive valuations.
    - o Power and grid infrastructure suppliers remain key beneficiaries of accelerating AI-related power demand, supported by rising demand for transformers, switchgear and next-generation 800V power systems.
- Despite the recent outperformance in offshore Chinese listed shares, we continue to favour onshore China equities that offer attractive valuations and benefit from continued policy support and alignment with China's strategic priorities.
- Within fixed income, favor investment grade bonds with an average duration of four to five years. Returns will likely be driven by yields rather than capital appreciation.

Asset Class Performance

Equities	Current	Performance (%)			
		1 Week	1 Month	3 Months	Year-To-Date
S&P 500 (USD)	7753.11	2.01	2.35	4.59	13.26
Dow Jones (USD)	53975.98	1.50	2.54	8.59	12.30
NASDAQ 100 (USD)	29621.8	2.94	-0.68	1.03	17.31
FTSE 100 (GBP)	10862.5	0.04	3.48	5.78	9.38
S&P/ASX 200 (AUD)	9232.623	2.37	4.84	6.10	5.95
DAX (EUR)	26323.88	1.24	5.01	8.11	7.49
Swiss Market Index (CHF)	14633.7	1.82	2.80	11.70	10.30
HSCEI Index (HKD)	8621.84	-0.35	7.25	-2.95	-3.27
Hang Seng Index (HKD)	25937.49	-0.28	7.29	-1.78	1.20
Nikkei 225 (JPY)	66970.22	5.04	-2.32	7.29	33.04
Commodities & Currencies	**Current**	**1 Week**	**1 Month**	**3 Months**	**Year-To-Date**
Brent Crude (USD)	87.72	4.72	15.38	-6.69	45.79
Gold (USD)	4390.95	8.30	6.58	-7.29	1.66
EURUSD	1.1543	0.30	1.11	-2.04	-1.73
GBPUSD	1.3507	0.55	0.77	-0.76	0.24
USDJPY	159.29	1.34	-1.48	1.34	1.65
Bonds	**Current (%)**	**Basis points Change**			
		1 Week	**1 Month**	**3 Months**	**Year-To-Date**
US 10-year Treasury yield	4.707	0.031	0.145	0.293	0.540
German 10-year Bund yield	3.179	0.027	0.114	0.139	0.324
UK 10-year Gilts yield	4.989	0.036	0.117	-0.009	0.510
Japan 10-year bond yield	2.828	-0.007	0.085	0.305	0.762

1 week for the period 03-Aug-2026 to 10-Aug-2026
1 month for the period 11-Jul-2026 to 10-Aug-2026
3 months for the period 11-May-2026 to 10-Aug-2026
Year-to-date for the period 31-Dec-2025 to 10-Aug-2026
Source: Bloomberg (last update: Tue, 11 August 2026 10:57 AM SGT)

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