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2H 2026 GLOBAL MARKET OUTLOOK

Navigating the Crosscurrents

Positioning For The Next Cycle: Opportunities, Risks & Capital Rotation

July 2026 • Presented by Isaac Lim, Chief Market Strategist

01

What Just Happened

January to June 2026 — the six months the headlines got wrong

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THE HALF-YEAR IN ONE SENTENCE

A war, an oil spike that round-tripped — and record highs anyway

+80%

Korea — the world's best market, powered by the memory supercycle

$126→$73

Brent crude: war spike in March, fully round-tripped by June 30

+10%

S&P 500 total return — record highs above 7,600

The lesson of 1H 2026: the war dominated the headlines, but earnings and the AI build-out dominated the returns. Panic sold in March; memory chips, not missiles, decided who made money.

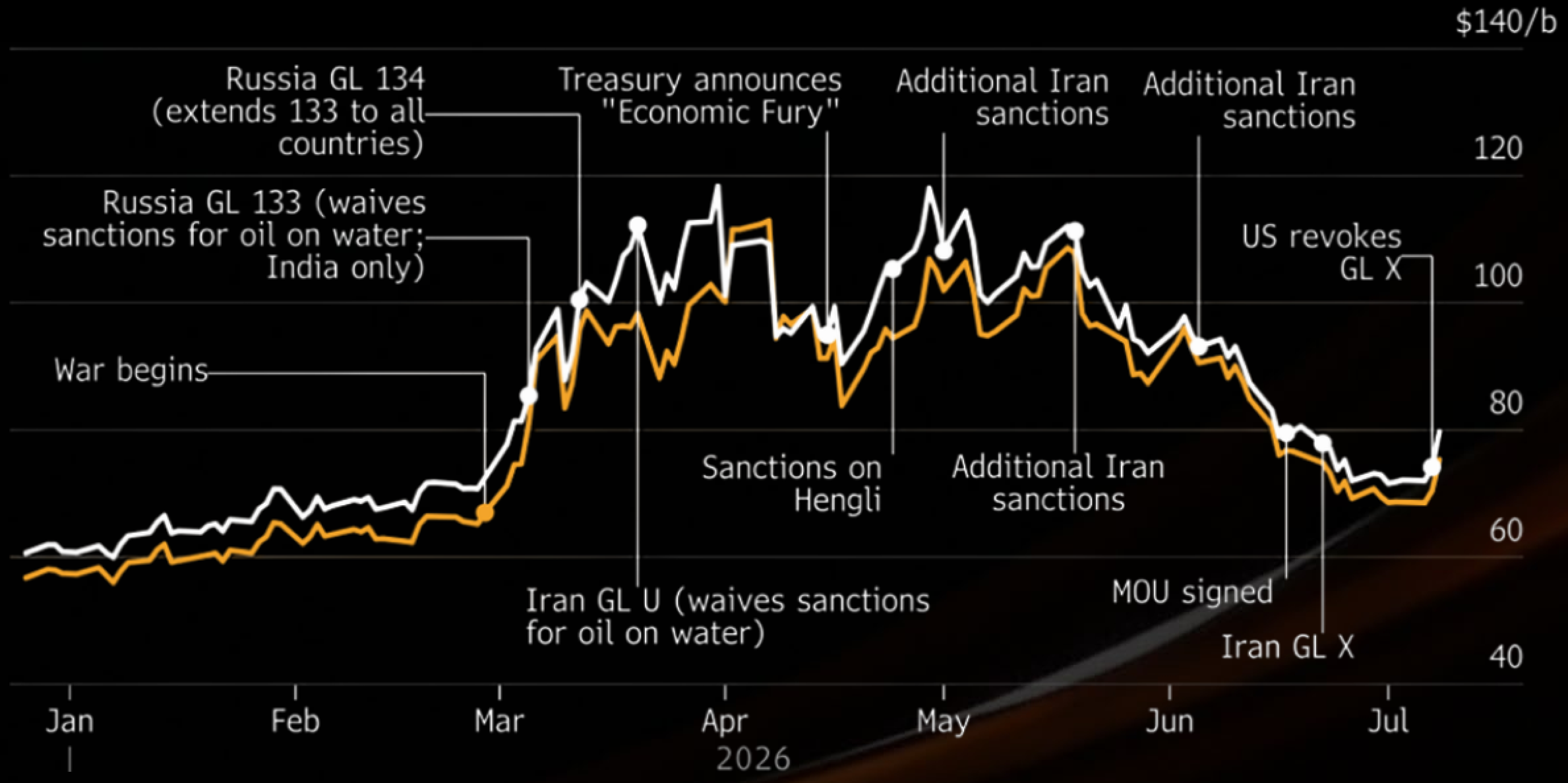
Sources: J.P. Morgan Guide to the Markets — Asia, Q3 2026 (data as of Jun 30, 2026); public market data.

Big Swings In US Sanctions Policy Over Course of Iran War

Brent futures at highest point since MOU was signed

Brent futures

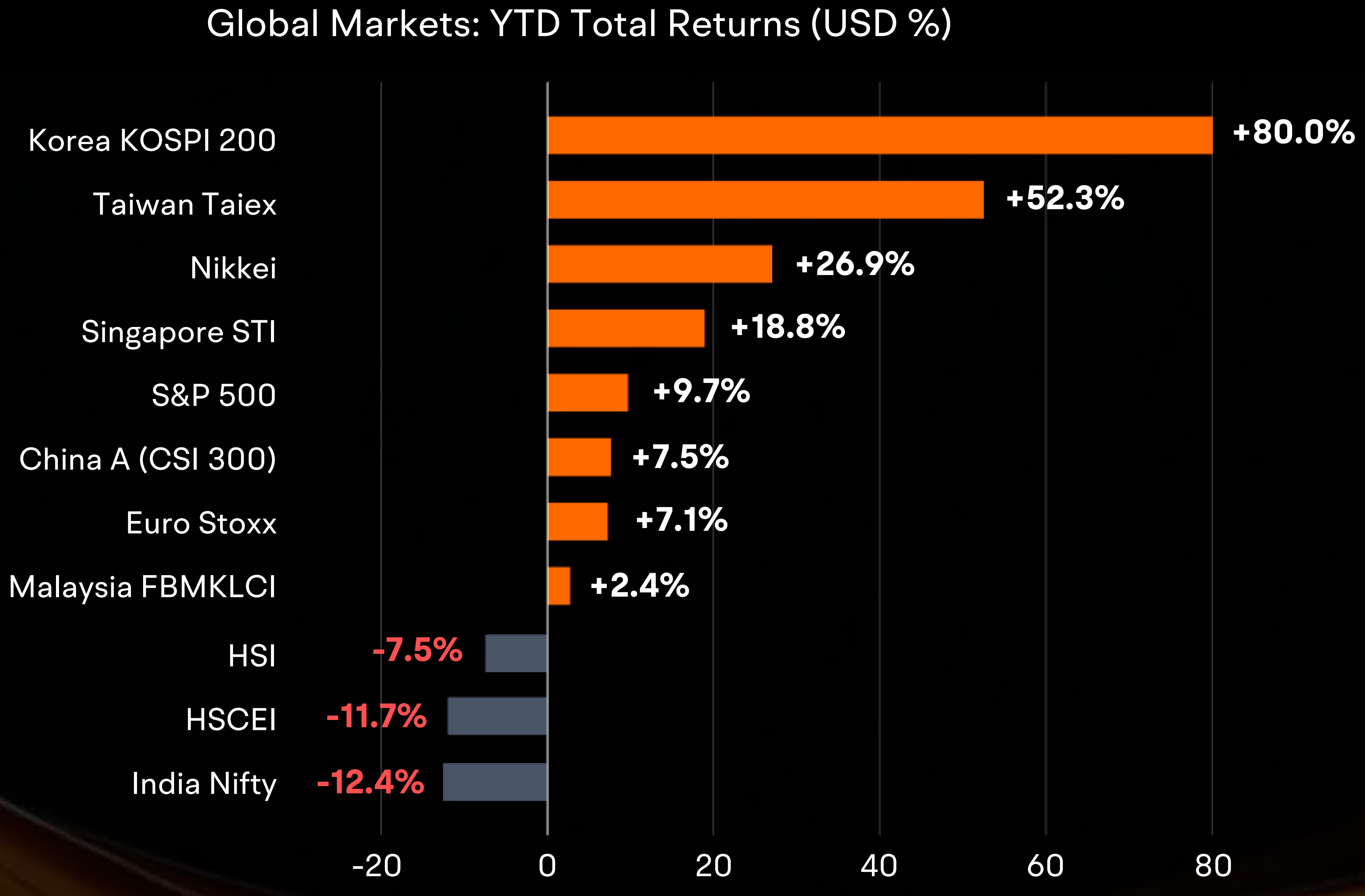
WTI futures



Source: Bloomberg Economics

SCOREBOARD

The real 1H league table (USD total returns)



North Asia won the war year

Korea +80%, Taiwan +52% — the memory-AI supply chain, not the US, led the world

The catch: currency

The Korean won fell ~13% — unhedged foreign investors gave a chunk back

China: Bad or Good Bet? It Depends

MSCI China -15% — but onshore hard-tech quietly rallied (coming up)

Bitcoin failed the war test

-35% as gold declined; record $4.5B ETF outflows in June

USD total returns, Jan 1 - Jun 30 2026. Source: J.P. Morgan Guide to the Markets — Asia, Q3 2026.

HOW IT UNFOLDED

Six months in six moments

JAN
Records on Q4 earnings; world-first LLM IPOs in HK

FEB 28
US-Israel strikes on Iran; Hormuz blocked

MAR
Brent peaks $126.69; gold nears $5,400; tech sags

APR-MAY
Earnings blowout; tech melts up; S&P >7,600

MAY 22
Warsh sworn in as Fed chair (54-45 vote)

JUN
Ceasefire MOU Jun 17; Fed erases 2026 cuts; oil $73

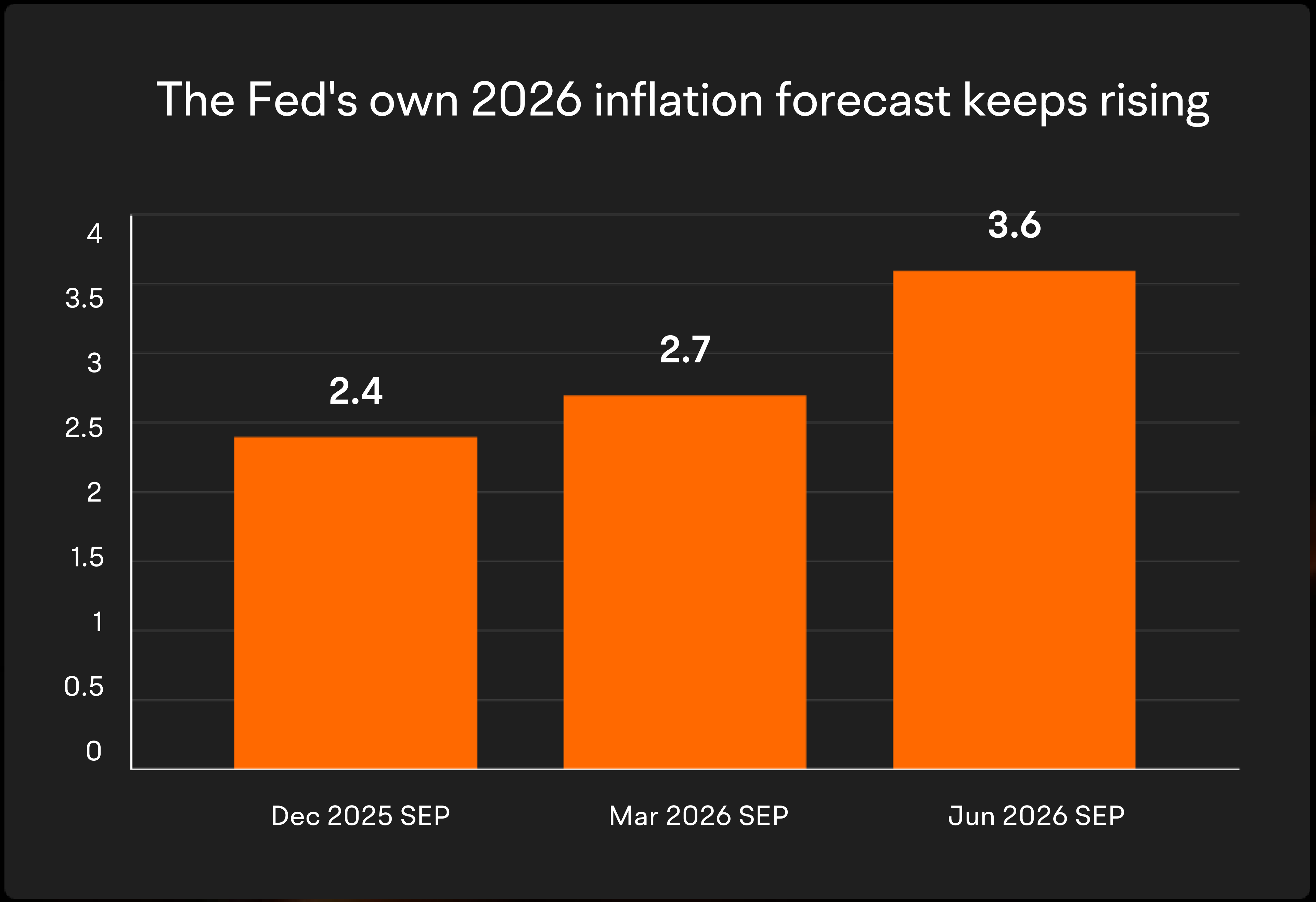
THE DEFINING SHOCK

Inflation: The echo still louder than what the Fed would like

4.2%

US CPI (May/June 2026) —vs 1.5% Japan, 1.2% China

The nuance from CEO calls: this inflation is CONCENTRATED: Energy, transport and petrochemicals. Inflation not broad like 2021-22. If oil stays at $73, the echo fades through 2H.



THE NARRATIVE TWIST

A new sheriff, a pivot and now pricing a hike

The Warsh Fed

- Kevin Warsh sworn in May 22 after a 54-45 vote — most divided in Fed history; Powell stays on the Board
- Funds rate held at 3.50-3.75% all year; June dots erased 2026 cuts
- Swap markets now price ONE 25bp HIKE by early 2027 — the market flipped from cuts to hikes
- 10-year Treasury ~4.44%; 30-year ~5.0%

Asia Already Hiking

- Bank of Japan tightening: ~+100bp expected this cycle; 10-yr JGB at 2.67% — above its 50-year average for the first time
- Australia already hiked +75bp this year, more coming; China still EASING
- A 25bp BOJ hike adds ~¥353B of revenue to Japan's megabanks
- The 17-years 'zero-rate world' is over (post GFC). Everywhere at different speeds

Sources: Federal Reserve; Bloomberg Intelligence Asia-Pacific Banks Midyear Outlook; J.P. Morgan Guide to the Markets — Asia Q3 2026.

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End January 2026

Region: United States »
Target Rate 3.75
Effective Rate 3.64

Instrument: Fed Funds Futures »
Pricing Date 01/30/2026
Cur. Imp. O/N Rate 3.638

Enable Overrides

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate ∆	Implied Rate	A.R.M.
03/18/2026	-0.172	-17.2%	-0.043	3.595	0.250
04/29/2026	-0.360	-18.8%	-0.090	3.548	0.250
06/17/2026	-0.867	-50.7%	-0.217	3.421	0.250
07/29/2026	-1.220	-35.3%	-0.305	3.333	0.250
09/16/2026	-1.669	-44.9%	-0.417	3.220	0.250
10/28/2026	-1.900	-23.1%	-0.475	3.163	0.250
12/09/2026	-2.122	-22.2%	-0.530	3.107	0.250
01/27/2027	-2.130	-0.8%	-0.533	3.105	0.250
03/17/2027	-2.122	+0.8%	-0.531	3.107	0.250
04/28/2027	-2.050	+7.2%	-0.513	3.125	0.250
06/09/2027	-2.001	+4.9%	-0.500	3.137	0.250
07/28/2027	-1.820	+18.1%	-0.455	3.183	0.250
09/15/2027	-1.951	-13.1%	-0.488	3.150	0.250
10/27/2027	-1.810	+14.1%	-0.453	3.185	0.250
12/08/2027	-2.032	-22.2%	-0.508	3.129	0.250
01/26/2028	-2.210	-17.8%	-0.553	3.085	0.250

9th July 2026

Region: United States »
Target Rate 3.75
Effective Rate 3.62

Instrument: Fed Funds Futures »
Pricing Date 07/09/2026
Cur. Imp. O/N Rate 3.622

Enable Overrides

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate ∆	Implied Rate	A.R.M.
07/29/2026	+0.241	+24.1%	+0.060	3.682	0.250
09/16/2026	+0.747	+50.6%	+0.187	3.809	0.250
10/28/2026	+0.961	+21.4%	+0.240	3.863	0.250
12/09/2026	+1.325	+36.4%	+0.331	3.954	0.250
01/27/2027	+1.461	+13.6%	+0.365	3.988	0.250
03/17/2027	+1.670	+20.9%	+0.417	4.040	0.250
04/28/2027	+1.701	+3.1%	+0.425	4.048	0.250
06/09/2027	+1.637	-6.4%	+0.409	4.032	0.250
07/28/2027	+1.531	-10.6%	+0.383	4.005	0.250
09/15/2027	+1.391	-14.0%	+0.348	3.970	0.250
10/27/2027	+1.311	-8.0%	+0.328	3.950	0.250

SO WHY DID STOCKS GO UP?

The earnings season of a generation

+29.4%

1Q26 S&P 500 EPS growth — vs +12.4% forecast pre-season

80.6%

of S&P companies grew EPS year over year — best since 2021

+15%

EPS growth even EXCLUDING the AI cohort (vs 7.1% forecast)

Under the hood it's even stronger: record forward profit margins (15.4%, a 25-year high), the highest forward ROE since 2006 (21.2%), beat rates at 4-year highs, and the best analyst-revision momentum since 2021. Full-year 2026 S&P EPS is tracking +20-24%.

Sources: Bloomberg Intelligence US Equities 2H26 Outlook; J.P. Morgan Guide to the Markets — Asia Q3 2026 (2026E S&P EPS $341, 2027E $398).

STRAIGHT FROM THE CEOS

What 489 earnings calls actually said

Broadening recovery, despite geopolitics

Generally strong results across every sector (S/M/L cap). Only commodities related companies see increased difficulty in accounting for rising energy prices and dwindling inventories

AI revenue is real now as market looks past CapEx and to monetization

Alphabet: GenAI revenue +~800% y/y, cloud >$20B/qtr.
Microsoft: $37B AI run-rate, +123%.
Amazon: AI growing ~260x faster than early AWS

K-Shaped economic divergence gains traction

The “Divergence Conundrum” is when global economy expands but does so unevenly. This is seen across the globe. Top 40% of US households accounts for 60% of aggregate consumption. Globally, this is becoming a structural feature and not transient

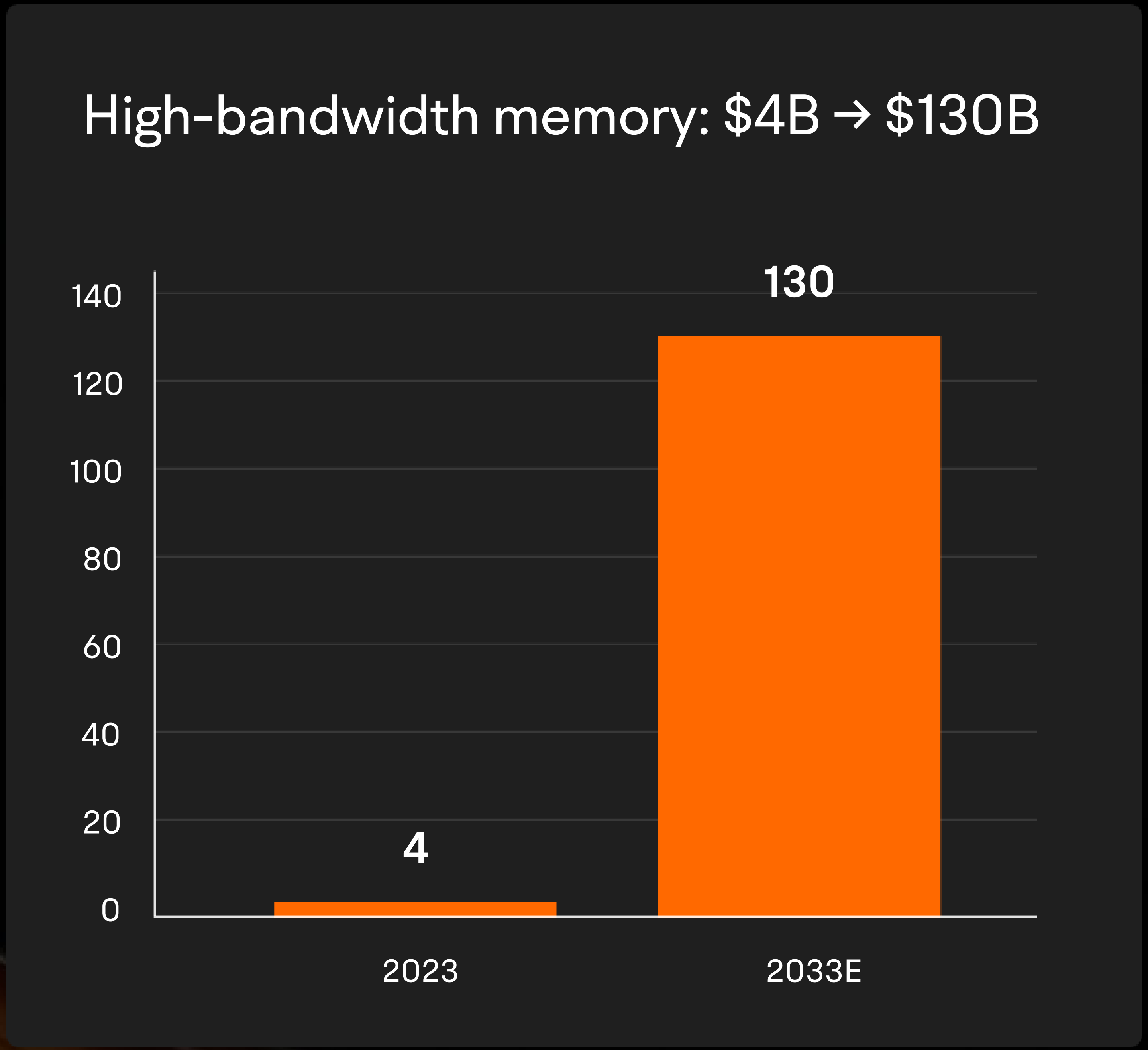
Profits & productivity up, headcount down

Intuit (-17% staff), UPS targeting (-30k), Wells Fargo 23 straight quarters of cuts. Airbnb supposedly has about 60% of their code now written by AI

Source: Bloomberg Economics & Bloomberg Intelligence 'Orange Book' June 2026 — AI-assisted analysis of 489 S&P 500 earnings-call transcripts.

THE ENGINE

The memory supercycle: 1H 2026's leadership

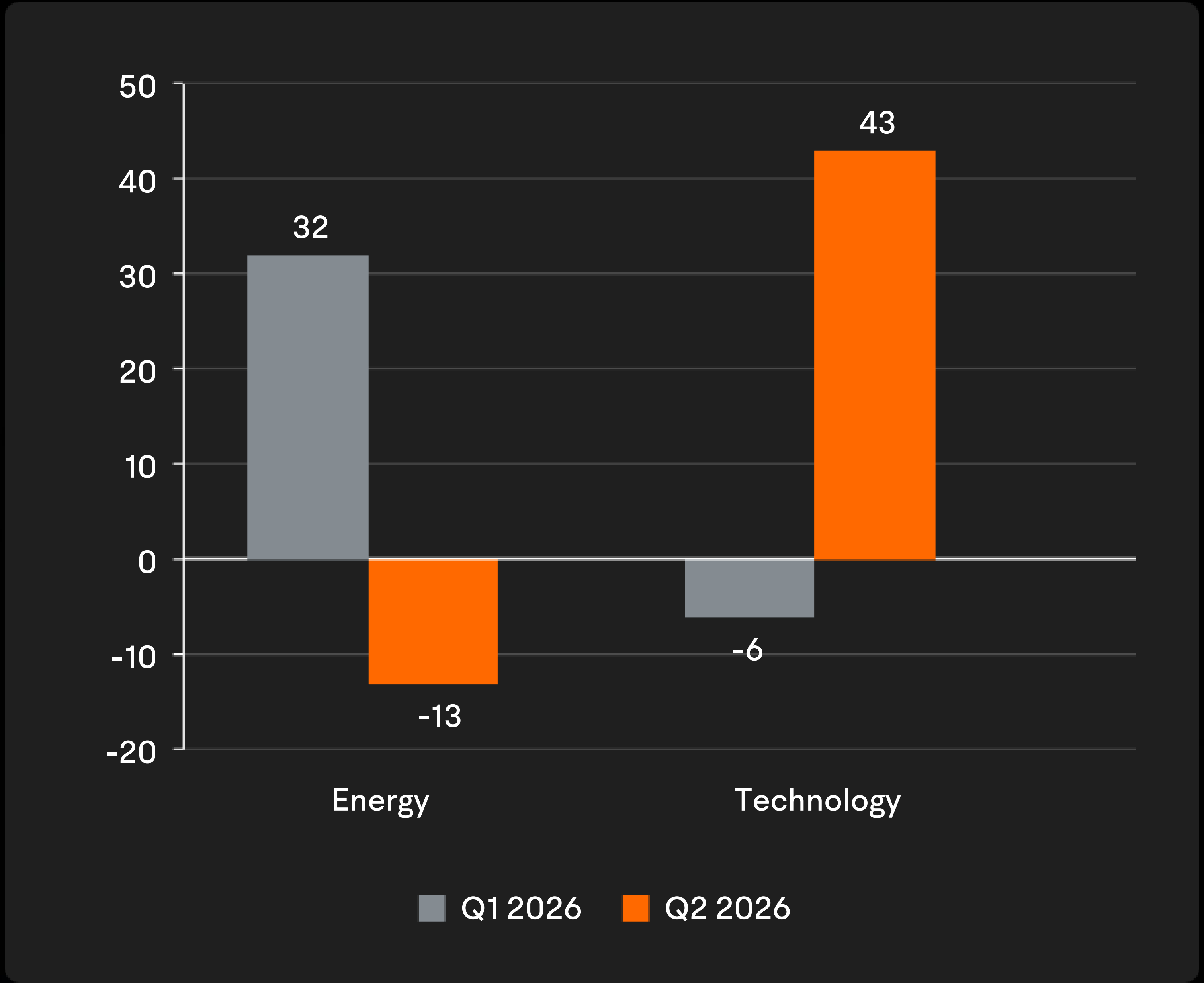


- CIO survey shift: memory/storage is now the #1 AI infrastructure priority (30%) — it OVERTOOK GPUs (21%). The bottleneck moved.
- Micron: NAND prices +high-70%s in one quarter; 75% gross margin. DRAM/NAND tightness seen lasting into 2027
- That's why 1H winners were SanDisk +736%, SK Hynix +256%, Micron, Seagate, Western Digital — not the famous names
- Two-sided: memory COSTS now squeeze phone and device makers (Xiaomi's estimates cut) — know which side you own

Sources: Bloomberg Intelligence Generative AI 2026 Outlook (HBM forecast, CIO survey); BI US Equities 2H26 Outlook; company reports.

UNDER THE SURFACE

Violent rotation and quiet broadening

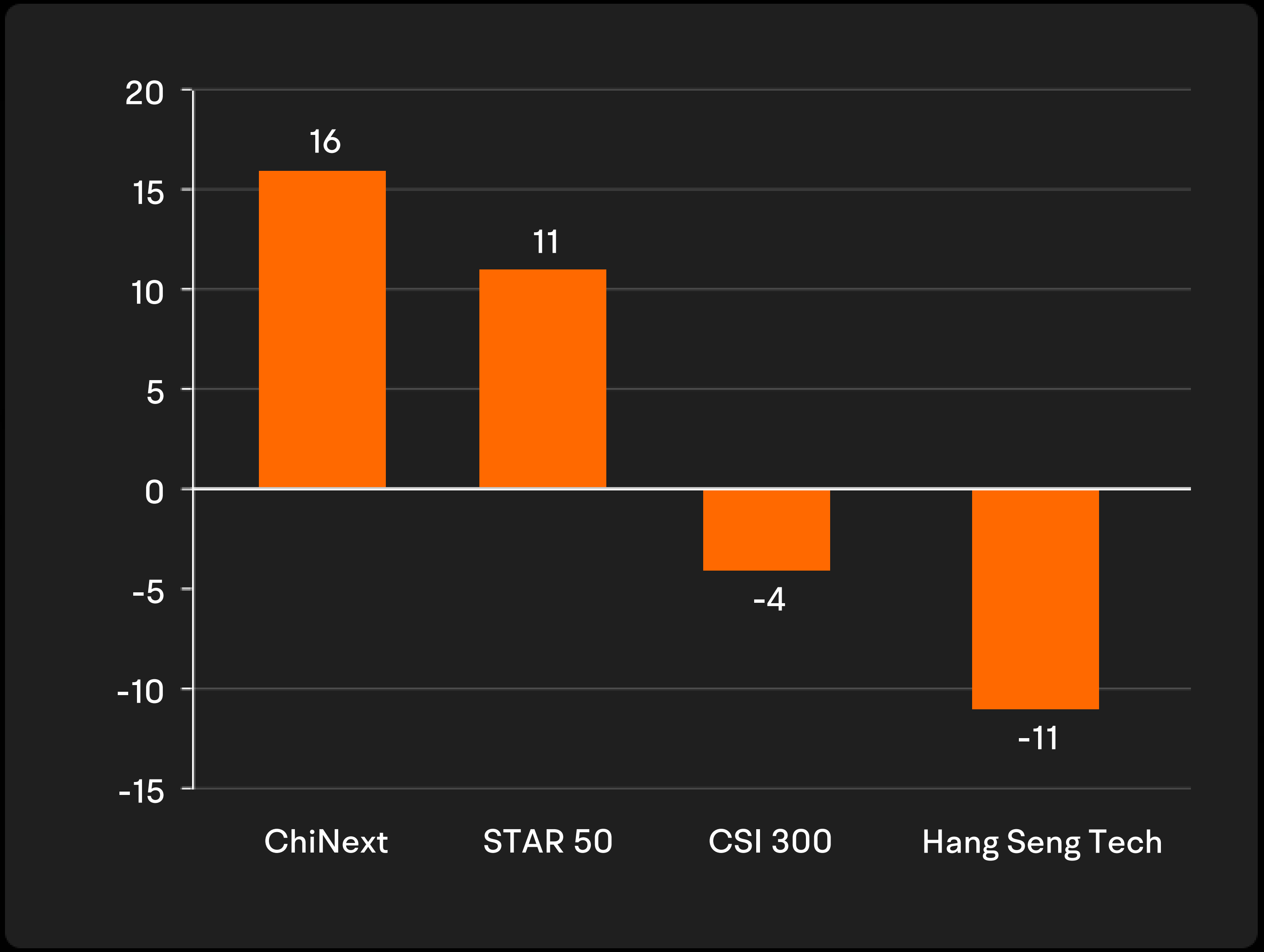


- Q1: the war trade — energy +32%, tech -6%.
  Q2: total reversal — tech +43%, energy -13%
- Chasing the last winner was the costliest strategy of the half
- Quiet broadening: small caps (Russell 2000) +20.7% YTD — beating large caps by ~9.5 points, with 18 record closes
- Momentum was the factor of the year: high-momentum AI stocks +85% vs +33% for the AI index

US large-cap sector returns, approximate. Sources: public market data; Bloomberg Intelligence US Equities 2H26 Outlook.

THE MARKET EVERYONE MISREADS

Two Chinas: hard-tech boom, internet gloom

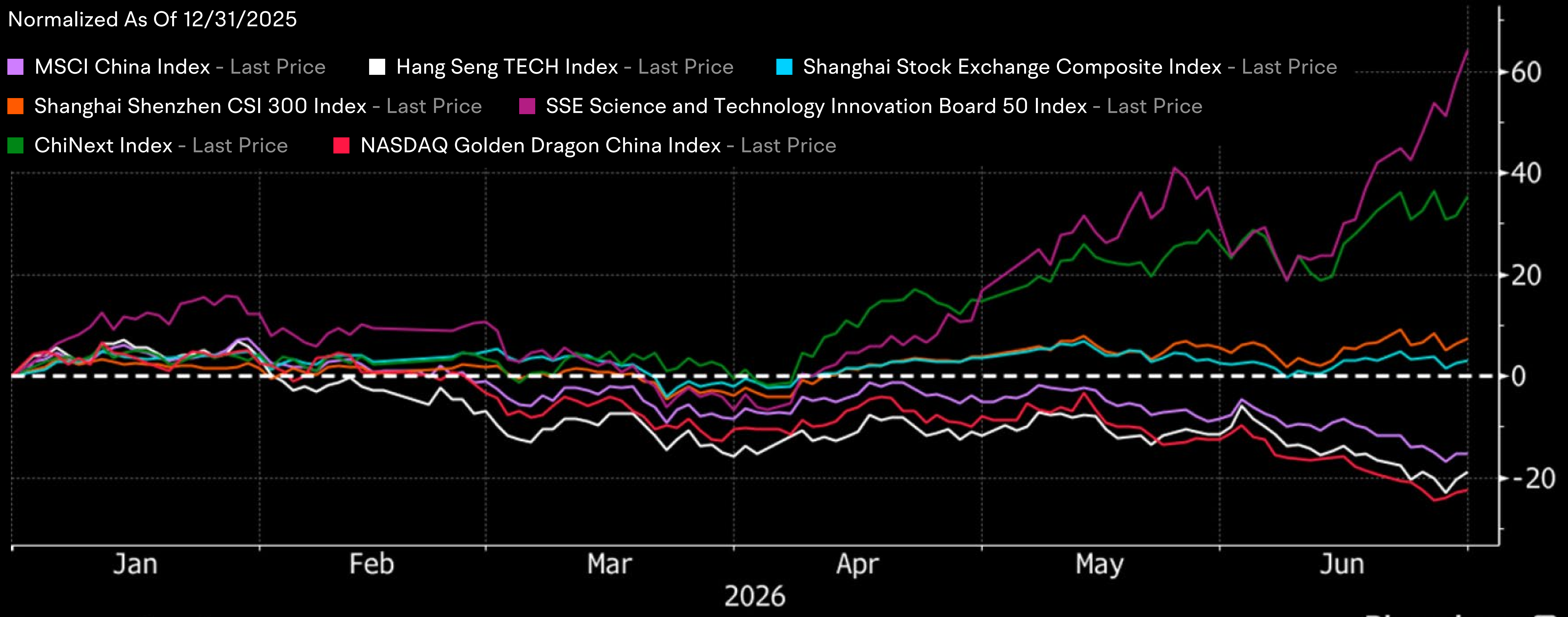


- A-share AI hardware (ChiNext/STAR) rallied with EPS UPGRADES; offshore internet giants saw 2026 EPS cut ~20%
- World-first LLM IPOs: MiniMax now ~$49B — bigger than JD.com; revenue growing +150% y/y
- DeepSeek V4 trained on Huawei chips — Nvidia's CEO called it 'horrible' for US chip dominance
- HK is booming anyway: IPO proceeds heading past $43B; 490 listing applications; record May turnover in China

Local-currency index returns. Sources: Bloomberg Intelligence China Equities Midyear Outlook; BI Asia-Pacific Brokers Midyear Outlook.

K-Shaped Markets

Chinese stock benchmarks show divergent performance



Source: Bloomberg

Bloomberg

THE NARRATIVE TWIST

Gold spiked then slipped. Crypto dipped.

Gold ~$4,000

- Did its job: spiked toward $5,400 during the war — the ultimate crisis hedge, again
- Now ~26% off the peak; Bloomberg's commodity team says the 'pump' phase is over
- Central-bank buying continues — the structural floor debate is live

Brent back to $73

- Full round trip: $126.69 → $73.17; 'pump-then-dump' like 2008/2022
- US+Canada supply surplus building toward 9M bbl/day by 2027
- Election math: incumbents WANT cheap energy before November
- US has transited from net oil importer to exporter with inventories staying dangerously low

Bitcoin ~$64k

- -35% in 1H; $125k (Oct 2025) → near $60k; record $4.5B June ETF outflows
- Failed its first war test and traded like leveraged tech, not digital gold
- 2H catalyst: US crypto legislation (CLARITY Act) possibly by August

Sources: Federal Reserve; Bloomberg Intelligence Asia-Pacific Banks Midyear Outlook; J.P. Morgan Guide to the Markets — Asia Q3 2026.

02 Headwinds & Tailwinds

4 forces against you, 3 working for you. 1 double edge factor.

HEADWIND 1 OF 4

Shifting Correlations brought on by a VUCA environment

The risk: Traditional portfolios are now carrying greater concentration risks while being exposed to higher volatility

- Fed's own 2026 PCE forecast rose three straight rounds (2.4% → 2.7% → 3.6%); swaps price a HIKE, not cuts
- Cross assets correlation are shifting and in turn eroding risk-adjusted returns for risk balanced investors
- That quietly breaks the classic 60/40 hedge whereby your 'defensive' bonds are doing less work, introducing more volatility but less diversification
- Volatile, Uncertain, Complex and Ambiguous

Sources: Federal Reserve SEP; Bloomberg Intelligence US Equities 2H26 Outlook (Market Health Checklist).

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Dec 2025 June 2026 △ Change

SNAPSHOT **Dec 2025 baseline.** BBDXY carries the strongest relationships in the set — a firm negative link to S&P 500 futures (-0.62) and a moderate positive link to US 10Y yields (+0.43). Bitcoin futures sit closest to zero against every other asset.

	BBDXY	S&P 500 Fut	Gold Fut	Bitcoin Fut	US 10Y Yield
BBDXY	+1.00	-0.62	-0.19	+0.13	+0.43
S&P 500 Fut	-0.62	+1.00	+0.27	+0.12	-0.26
Gold Fut	-0.19	+0.27	+1.00	-0.19	+0.18
Bitcoin Fut	+0.13	+0.12	-0.19	+1.00	-0.02
US 10Y Yield	+0.43	-0.26	+0.18	-0.02	+1.00

-1.00 (Strong negative) 0.00 (No relationship) +1.00 (Strong positive)

Coloring scales with correlation strength — deeper red = more negatively correlated, deeper green = more positively correlated

Dec 2025 **June 2026** △ Change

SNAPSHOT **June 2026 readout.** Bitcoin futures have moved into much closer step with risk assets, now +0.53 vs S&P 500 and -0.49 vs BBDXY. Gold and Bitcoin have also drifted together (+0.37), consistent with both trading more like liquidity-driven, macro-hedge assets in this window.

	BBDXY	S&P 500 Fut	Gold Fut	Bitcoin Fut	US 10Y Yield
BBDXY	+1.00	-0.62	-0.36	-0.49	+0.37
S&P 500 Fut	-0.62	+1.00	+0.41	+0.53	-0.30
Gold Fut	-0.36	+0.41	+1.00	+0.37	+0.12
Bitcoin Fut	-0.49	+0.53	+0.37	+1.00	+0.01
US 10Y Yield	+0.37	-0.30	+0.12	+0.01	+1.00

-1.00 (Strong negative) 0.00 (No relationship) +1.00 (Strong positive)

Dec 2025 June 2026 Δ Change

REGIME SHIFT

Biggest movers, Dec 2025 - June 2026. BBDXY → Bitcoin EFut fell the most, -0.62 (from +0.13 to -0.49) - Bitcoin has decoupled from the dollar. Gold Fut - BitcoinFut rose the most, +0.56 (from -0.19 to +0.37) - gold and bitcoin are increasingly moving together.

	BBDXY	S&P 500 Fut	Gold Fut	Bitcoin Fut	US 10Y Yield
BBDXY	0.00	0.00	-0.17	-0.62	-0.06
S&P 500 Fut	0.00	0.00	+0.14	+0.41	-0.04
Gold Fut	-0.17	+0.14	0.00	+0.56	-0.06
Bitcoin Fut	-0.62	+0.41	+0.56	0.00	+0.03
US 10Y Yield	-0.06	-0.04	-0.06	+0.03	0.00

-1.00 (Strong negative) 0.00 (No relationship) +1.00 (Strong positive)

HEADWIND 2 OF 4

A ceasefire with an Expiry date

The 60-day clock runs out around August 16, maybe even prematurely

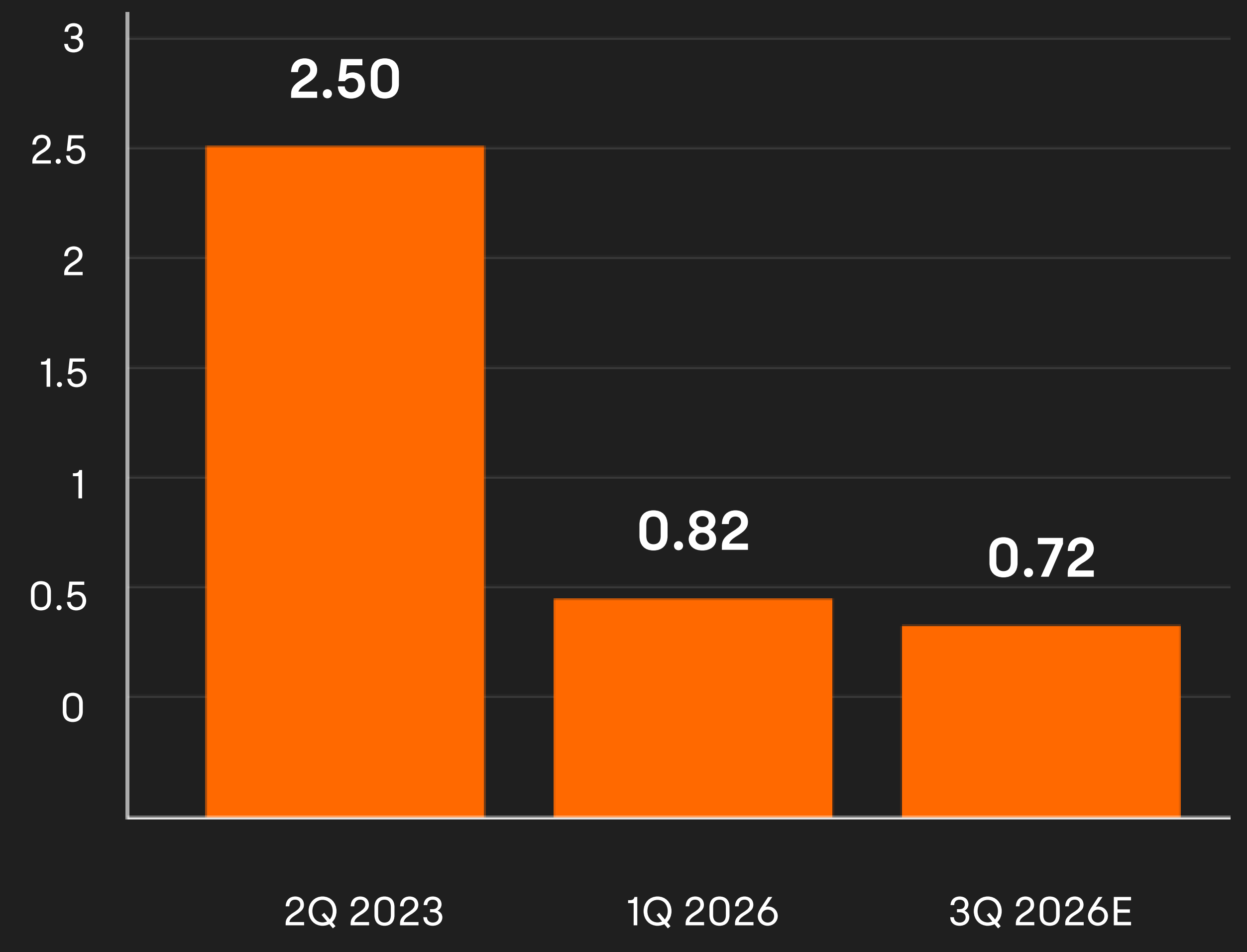
- June 17 memorandum gave both sides 60 days to formalise the end of the war, the window supposedly closes around mid-August
- Already fraying: two tankers struck in Hormuz on July 7; Iran demanding shipping use 'approved routes'; Khamenei's succession unresolved
- Banks are your live war-gauge: watch closely the reserves that banks are building up along with how they adjust their lending rates. (etc. Tighten lending = More risks)
- If talks fail: oil re-spikes, the inflation echo becomes a second shock, and Asian central banks HIKE while the Fed talks hikes too

Sources: public reporting; Bloomberg Intelligence Asia-Pacific Banks Midyear Outlook (HSBC/Standard Chartered war overlays).

HEADWIND 3 OF 4

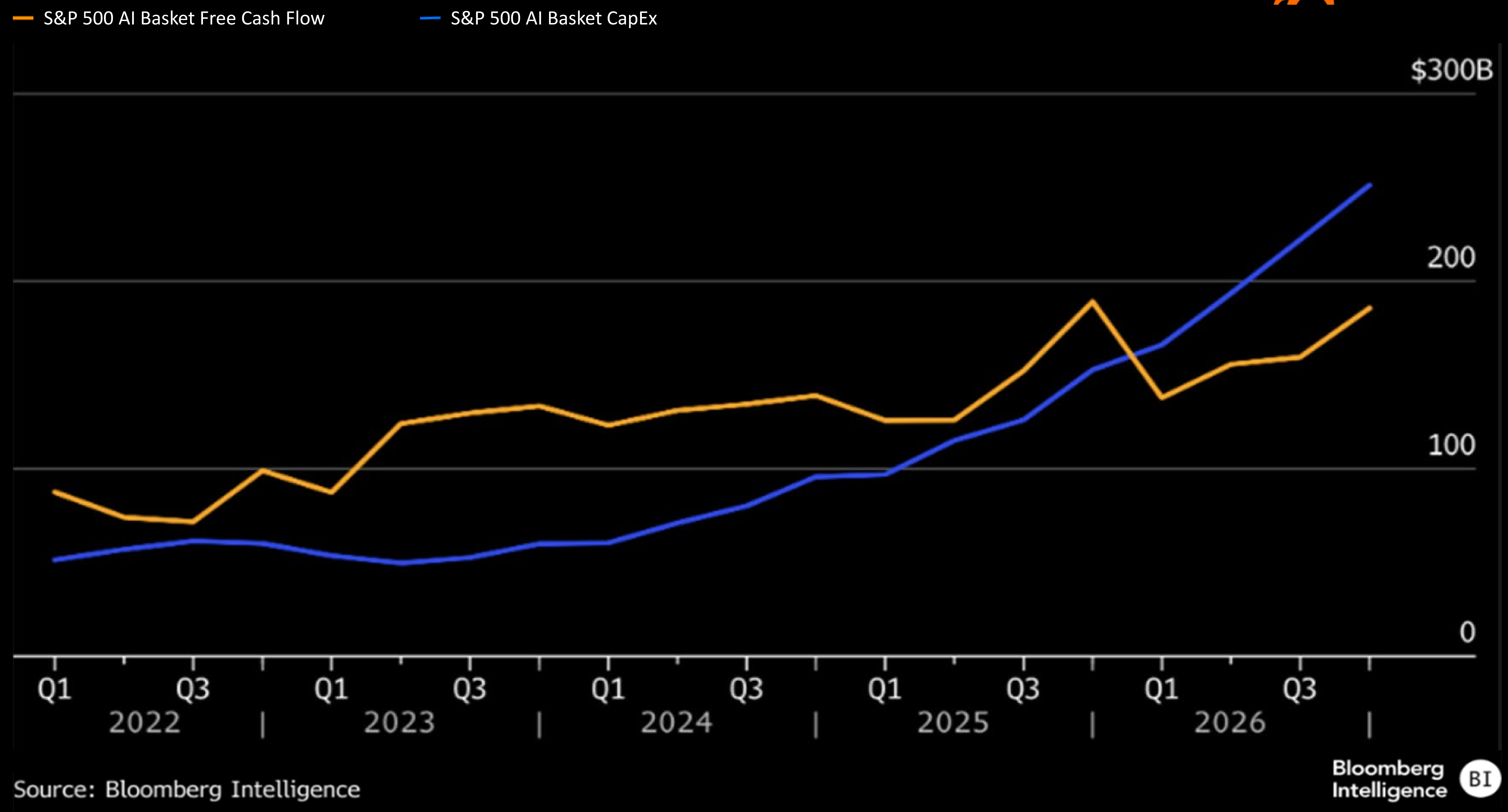
The AI capex maths just got heavier

AI capex now EXCEEDS free cash flow



- •2026 big-tech capex ~$750-820B (+70% y/y): Google $180-190B, Microsoft >$172B, Amazon ~$165B; ~$1T/yr by 2028
- •Funding shifted to DEBT & equity: Oracle owes $130B (biggest non-financial borrower in the US IG index); Alphabet raised ~$50B debt + $85B equity; even Nvidia borrowed $25B
- •Coming bill: depreciation >$400B/yr by 2030; 2024's genAI revenue was <10% of that year's capex
- •What to watch: capex guidance + utilization comments on the July and October earnings calls

Sources: Bloomberg Intelligence US Equities 2H26 Outlook (FCF/capex); BI Generative AI 2026 Outlook; BI tech credit research (June 2026).


S&P 500 AI Basket Free Cash Flow
S&P 500 AI Basket CapEx
$300B
200
100
0
Q1
Q3
Q1
Q3
Q1
Q3
Q1
Q3
Q1
Q3
2022
2023
2024
2025
2026
Source: Bloomberg Intelligence
Bloomberg Intelligence
BI

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SaaS found lacking along with an election about affordability

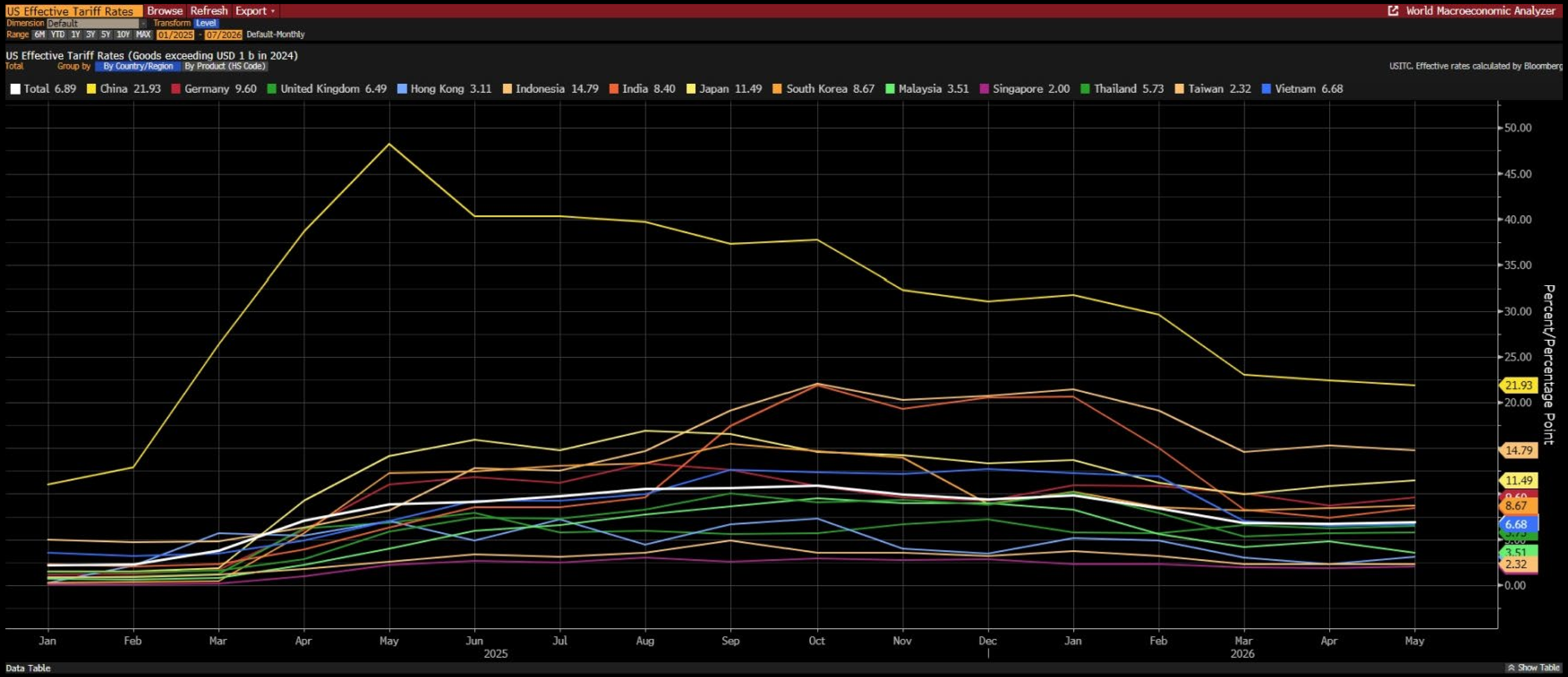
AI eats software

- Top-50 software vendors lost ~$1T of market cap (-13.7%) from Dec to May
- Salesforce -33%; app-software basket -35% from highs; IT-services growth cut from 5% to ~1%
- Agents replace seats: pricing shifts from per-user licences to per-outcome
- Many retail investors hold these as 'safe tech' — they're the disruption TARGET now

Midterms, Nov 3

- Cost-of-living is THE issue; pre-midterm years average just +2.9% vs +12.4% the year after
- Policy risk menu: drug pricing, credit-card rate caps, AI regulation (46% of voters view AI negatively)
- K-shaped consumer is the backdrop: Walmart fill-ups <10 gallons; Dollar General's fastest-growing customers earn $100k+
- Quiet fact: average US tariff rate already FELL from 30% to ~10.7% after the Supreme Court struck IEEPA tariffs. Even lower for Singapore.

Sources: Bloomberg Intelligence Generative AI 2026 Outlook; Orange Book Q1 2026; J.P. Morgan Guide to the Markets — Asia Q3 2026; historical midterm data 1950-2022.



US Effective Tariff Rates
Browse
Refresh
Export
World Macroeconomic Analyzer
Dimension Default
Transform Level
Range 6M YTD 1Y 3Y 5Y 10Y MAX 01/2025 - 07/2026 Default-Monthly
US Effective Tariff Rates (Goods exceeding USD 1 b in 2024)
Total
Group by By Country/Region By Product (HS Code)
USITC. Effective rates calculated by Bloomberg
Total 6.89 China 21.93 Germany 9.60 United Kingdom 6.49 Hong Kong 3.11 Indonesia 14.79 India 8.40 Japan 11.49 South Korea 8.67 Malaysia 3.51 Singapore 2.00 Thailand 5.73 Taiwan 2.32 Vietnam 6.68
50.00
45.00
40.00
35.00
30.00
25.00
20.00
0.00
21.93
14.79
11.49
8.67
6.68
3.51
2.32
Percent/Percentage Point
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2025
2026
Data Table
Show Table

TAILWIND 1 OF 3

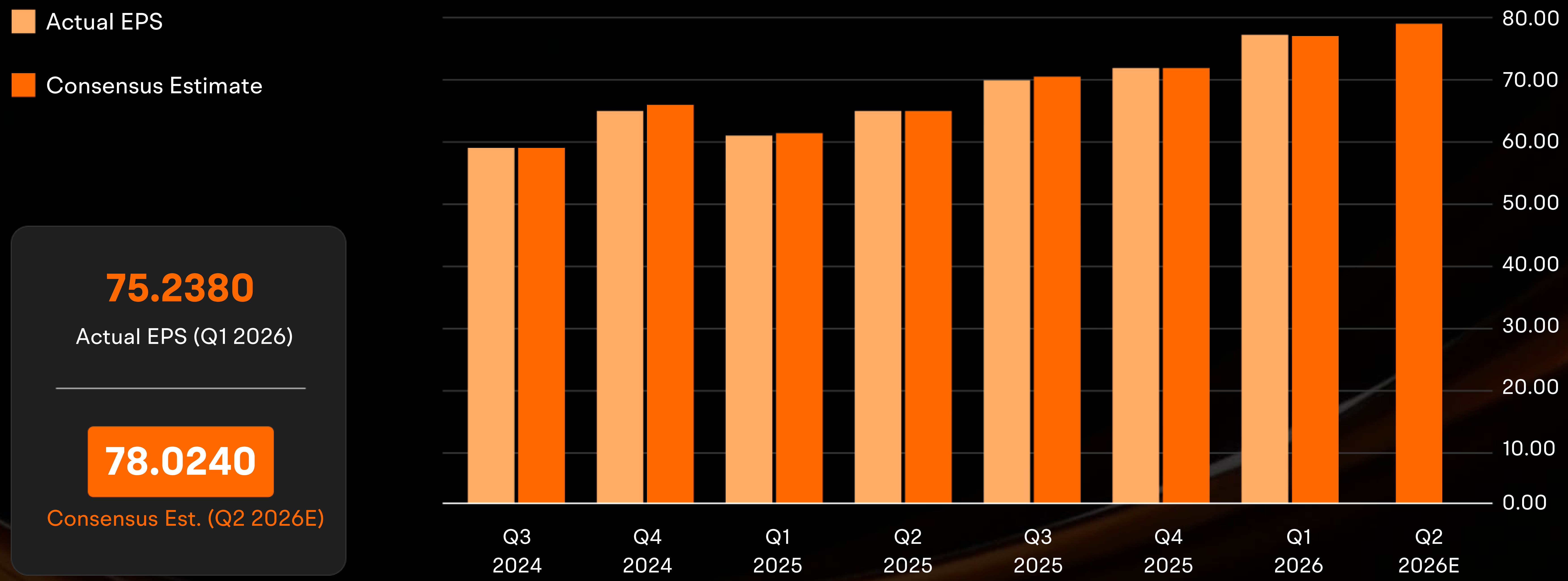
Earnings power, everywhere you look

The engine hasn't missed a beat

- •2026 consensus EPS growth: US +24%, Asia-Pacific ex-Japan +24%, Japan +17%, China +16%, Europe +13%
- •Japan tech EPS forecasts upgraded from +39% to +82% in three months — estimates are chasing reality upward
- •S&P EPS path: $341 (2026) → $398 (2027) → $456 (2028) — 17% compound growth already on analysts' books
- •Next test is weeks away: Next earning season opens mid-July with beat rates near 84% are the bar to hold

Sources: public reporting; Bloomberg Intelligence Asia-Pacific Banks Midyear Outlook (HSBC/Standard Chartered war overlays).

S&P 500 EPS:
Actuals vs Consensus Estimates (Past 8 Quarters)



75.2380

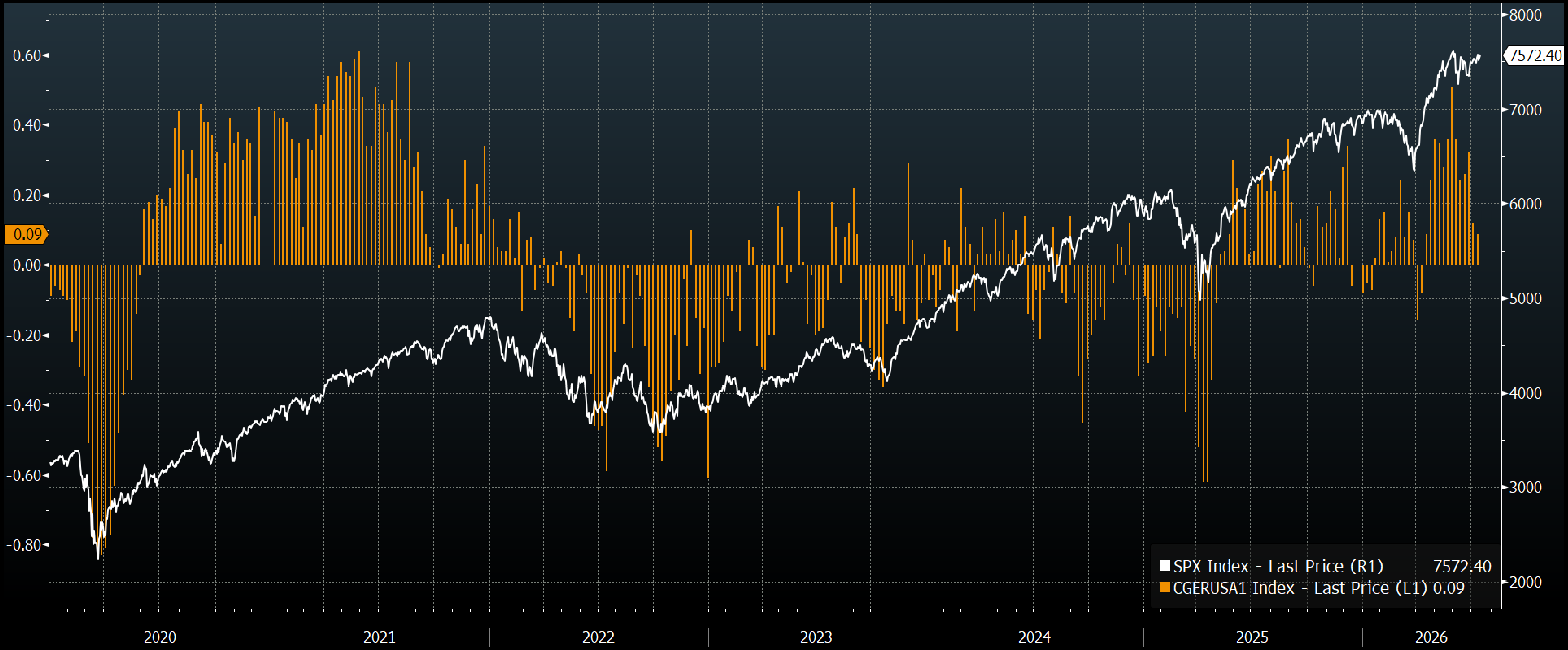
Actual EPS (Q1 2026)

78.0240

Consensus Est. (Q2 2026E)

Earnings Revision Correlation with SPX

Citigroup shows positive US earnings revision



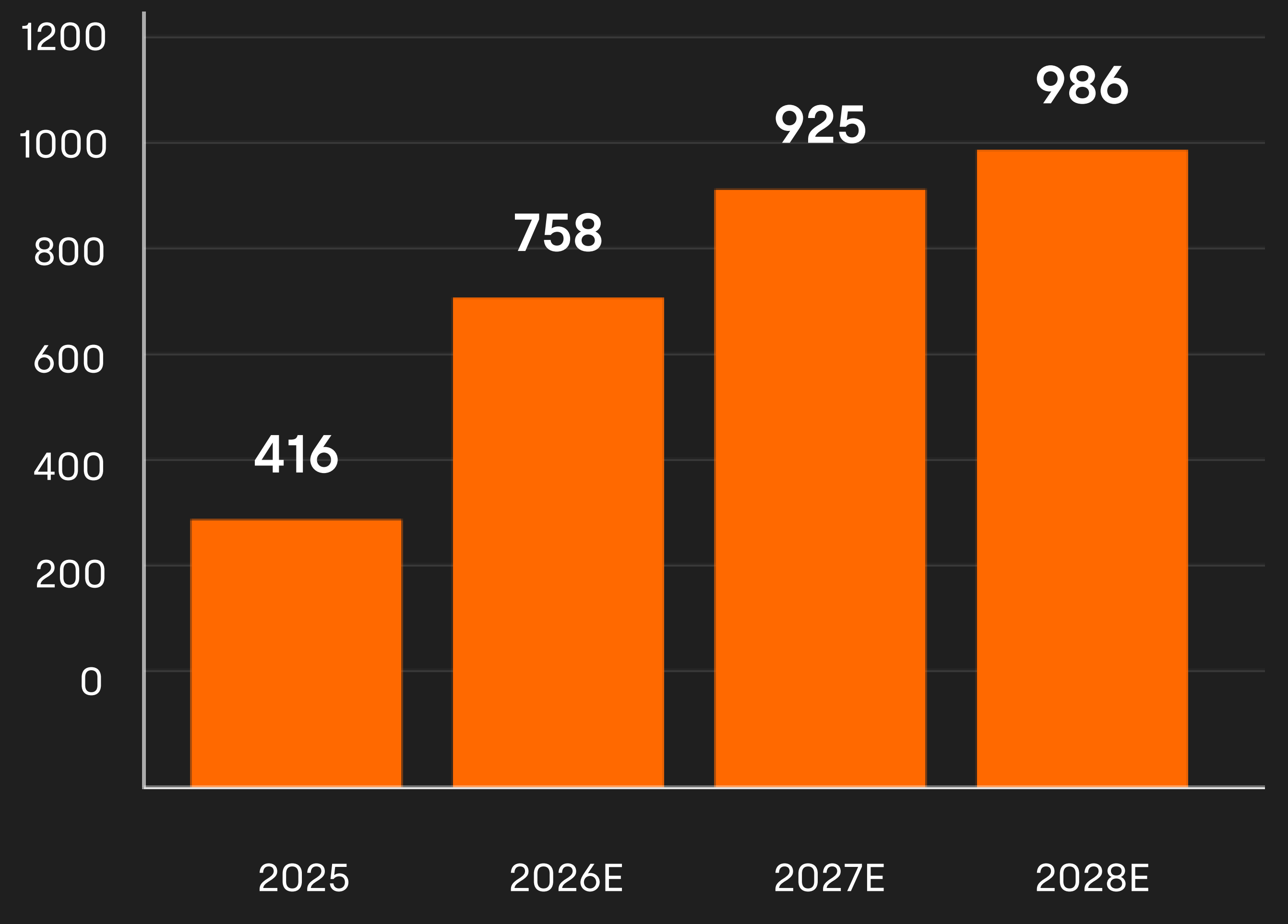
SPX Index (S&P 500 INDEX) US Earnings vs SPX Daily 02JAN2020-16JUL2026

16-Jul-2026 17:43:16

TAILWIND 2 OF 3

The inference flip: AI's revenue era has started

The build-out: \$416B → ~\$1T a year



- GenAI revenue forecast: \$380B (2025) → \$2.3 TRILLION by 2032 — 22% of all tech spending
- The flip: INFERENCE (running AI) overtakes TRAINING spend by ~2027 — 3 years earlier than expected. Usage = recurring revenue
- Google's token output grew 7x in a year to 3.2 quadrillion/month; cloud vendors sit on >\$2T of combined backlog
- Enterprise reality-check: 60% of firms expect AI to INCREASE their headcount; top bottleneck is clean data, not demand

Sources: Bloomberg Intelligence US Equities 2H26 Outlook (FCF/capex); BI Generative AI 2026 Outlook; BI tech credit research (June 2026).

TAILWIND 3 OF 3

A broadening bull: Run far, run together

Leadership is widening, not narrowing

- Russell 2000 +20.7% YTD, beating large caps by ~9.5 points — 18 record closes and counting
- Europe's AI stocks (+42%) outran America's (+35%); Korea and Taiwan lead the world outright
- Value spread widest in 25 years — from equivalent levels, value's next-12-month returns have averaged +34%
- Even the 'boring' 185 sub-15x S&P stocks give the rally room to rotate INTO, not out of it.

Sources: Bloomberg Intelligence US Equities 2H26 Outlook & US Large-Cap Factors research; BI Generative AI 2026 Outlook (regional AI returns).

PUTTING IT TOGETHER

Three scenarios for the second half

PUTTING IT TOGETHER

Three scenarios for the second half

PUTTING IT TOGETHER

Three scenarios for the second half

03 Positioning for the Second Half

Where the growth is real, where the value hides... and what to avoid

GROUND RULES

Five principles before any single trade

01

Stay selectively invested, cash is an option

History: 12 months after a VIX spike >35, the S&P averaged +18.4%. Panic selling has been the most expensive trade for 50 years.

02

Expect drawdowns, do not blindly BTD

Asia-Pacific markets average a -20% dip WITHIN a year, yet finish positive 63% of years. The dip is the fee, not the failure.

03

Pathway diversification, not blind asset diversification

Shifting correlations mean traditional allocations are less effective. Spread across different regions to buffer real downside.

04

Own the bottleneck, not the brand

Value accrues at the point of greatest constraint. Focus on: Memory > GPUs; power > hyperscalers; foundry > fabless.

05

First understand the market regime

Identify the market regime then position to survive the scenario. Never let a single view dictate survival.

OPPORTUNITY 1 OF 4

AI infrastructure: own the whole stack

The build-out is contracted; discipline is the edge

- The stack: GPUs & custom silicon → memory/HBM → networking & optics → foundry → builders & cooling
- Anchor facts: Nvidia heading for ~$350B of data-center chip sales; TSMC growing ~22%/yr; AI networking compounding ~50%/yr
- Valuation check: the AI cohort trades BELOW its usual premium to the market (for now) with the rally now shifting. Monetisation is the flavour of the season
- Discipline: diversified semi/AI-infrastructure ETFs + staggered entries

Sources: public reporting; Bloomberg Intelligence Asia-Pacific Banks Midyear Outlook (HSBC/Standard Chartered war overlays).

OPPORTUNITY 2 OF 4

Memory & North Asia as upcoming bellwethers

Korea and Taiwan now share the stage

- The bottleneck moved to memory: CIOs' #1 priority; DRAM/NAND tight into 2027; HBM growing $4B → $130B
- Asia tech trades at 13.4x forward — a ~46% DISCOUNT to the Nasdaq 100's 24.8x — while owning the scarcest link in the chain
- MSCI EM is now 68% North Asia; Taiwan's index weight passed China's — passive EM money auto-buys this theme
- Risks to manage: KRW fell 13% while stocks doubled (consider hedged share classes); supply ramps in 2027 put a clock on it

Sources: public reporting; Bloomberg Intelligence Asia-Pacific Banks Midyear Outlook (HSBC/Standard Chartered war overlays).

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OPPORTUNITY 3 OF 4

Power & the grid — a 12-year order book

One of AI's hardest constraint is electricity

- Eaton: 228 GW of US data-center backlog = 12 YEARS of construction at current build rates; 32 GW underway now (70% AI)
- •Nvidia's next platform needs 3-5x more power per rack with every chip upgrade is a power-demand upgrade
- •Utilities are re-rating into growth stocks: US load growing for the first time in ~20 years (utility CAGRs lifted to 7-8%)
- •The menu: regulated utilities in data-center regions, grid equipment, turbines, nuclear/uranium and cooling (e.g Eaton, Vistra, GE Vernova)

Sources: public reporting; Bloomberg Intelligence Asia-Pacific Banks Midyear Outlook (HSBC/Standard Chartered war overlays).

OPPORTUNITY 4 OF 4

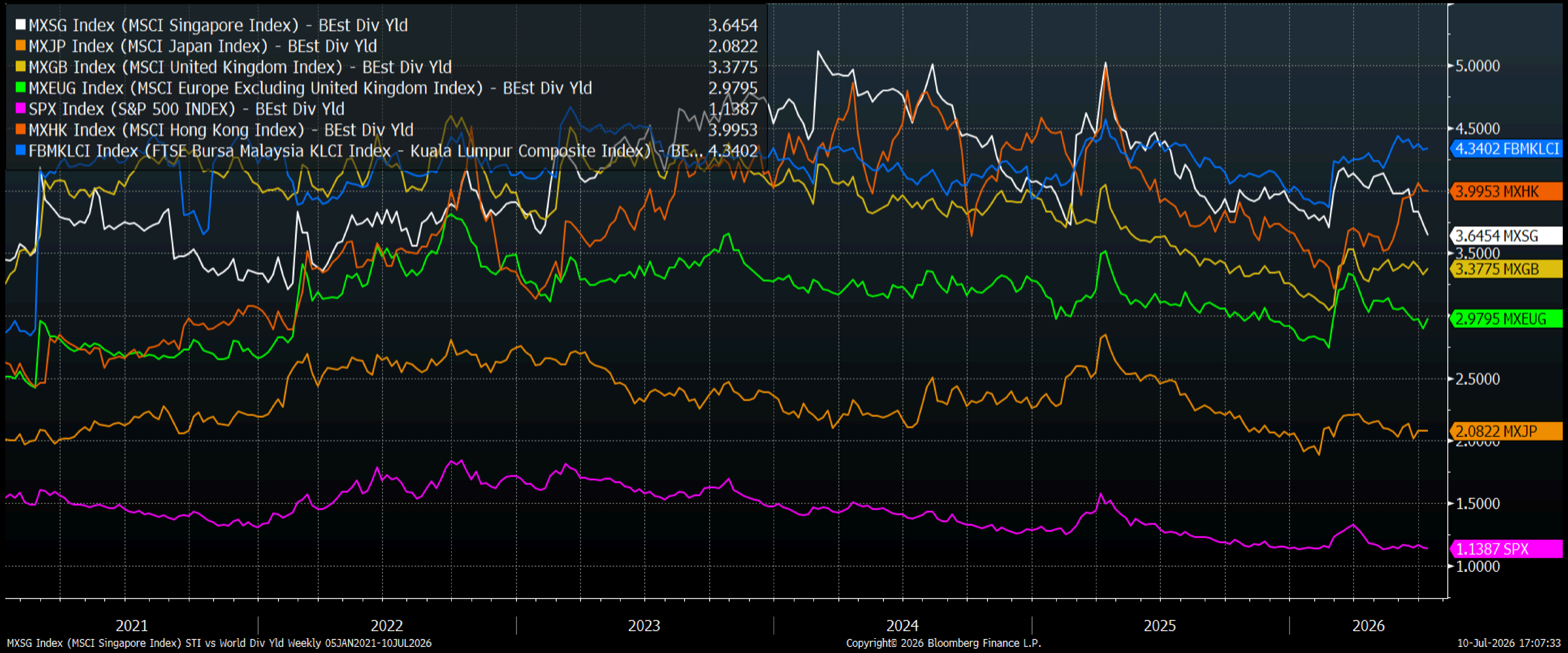
Income & value

The yield is in Asia and income is always welcome

- 250 Asia-Pacific ex-Japan companies yield over 4% — versus just 52 in the US. The dividend universe LIVES here (MXAP vs MXUS provides approximately 81% higher yield)
- Deep value with a catalyst: Asia infrastructure at a 13-YEAR-low EV/EBITDA — a coiled spring for the first rate-cut cycle
- Asia credit: high-yield returned +4% in 1H (best fixed income anywhere); Singapore banks = the region's defensive fortress
- Keep 4%+ T-bills/money market as dry powder as paid optionality while the August window resolves; stay SHORT duration. Be careful of sharp repricing

Sources: public reporting; Bloomberg Intelligence Asia-Pacific Banks Midyear Outlook (HSBC/Standard Chartered war overlays).

STI vs Devloped Markets Dividend Yield



HANDLE WITH CARE

Four caution zones for 2H

Legacy software & IT services

The top-50 software names shed more than $1T of value as AI agents replace seat licences; IT-services growth cut 5%→1%. 'Safe tech' isn't.

Sharp repricing of rates expectations

Start of 2026, stock-bond correlation was +0.35, swaps pricing a hike, deficits swelling and long end US30Y was at 4.6%. Today, the correlation is -0.36. Stay short stay nimble.

Identifying market regime

Regime identification is NOT a replacement for FA/TA. It IS the pre-condition for it. Before every setup, every entry and position. Ask yourselves: Is this an environment where my edge exists?

Chasing vertical charts

Korea +80%, SanDisk +736%, energy's +32%→-13% round trip. Vertical charts pull back quickly; stagger entries, take profits by rule.

Sources: BI Generative AI 2026 Outlook; BI US Equities 2H26 Outlook; BI Global Exchanges Midyear Outlook; public market data.

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REGIME CLASSIFICATION

Four Common Market Regimes

Bull Trending

LOW VOL · TRENDING-FOLLOWING

PRICE STRUCTURE
Higher highs / higher lows
Price above 50 & 200-day MA
Breadth expanding

VOLATILITY & MACRO
VIX below 18–20
Credit spreads tight
Cyclicals leading

STRATEGY FIT
✓ Trend-following, buy-the-dip
✗ Short-vol carefully

Early bull · Late bull

Bear Trending

HIGH VOL · RISK-OFF

PRICE STRUCTURE
Lower highs / lower lows
Price below 50 & 200-day MA
Breadth deeply negative

VOLATILITY & MACRO
Credit spreads widening
Defensives outperform

STRATEGY FIT
✓ Short-bias, inverse ETFs
✗ Buy-the-dip is lethal

Cyclical · Structural / secular

Volatile & Choppy

ELEVATED VOL · MEAN-REVERTING

PRICE STRUCTURE
Whipsaw price action
Oscillating around 200 MA
Breadth mixed

VOLATILITY & MACRO
VIX 20–35 & volatile
Macro uncertainty dominant
Rapid sector rotation

STRATEGY FIT
✓ Short-term mean-reversion
✗ Trend systems destroyed

Resolves into Bull or Bear

Rangebound Accumulation

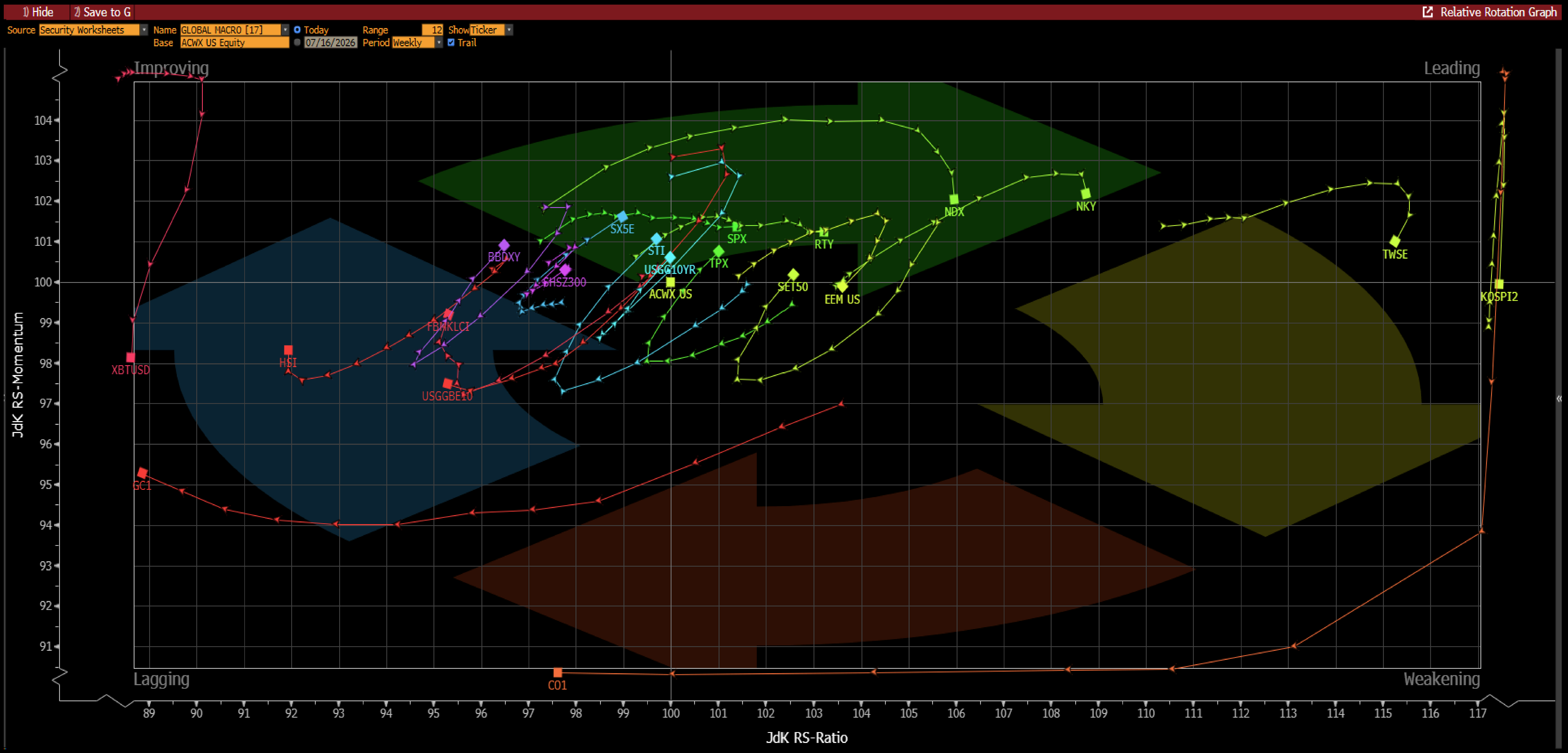
LOW VOL · MEAN-REVERTING

PRICE STRUCTURE
Horizontal price channel
200-day MA is flat
Volume patterns key

VOLATILITY & MACRO
VIX low & compressed
Macro narrative unclear
Sectors balanced

STRATEGY FIT
✓ Range-bound mean-reversion
✗ Breakout signals mostly false

Consolidation



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HSI
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USGGBE10
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SPX
TPX
SET50
RTY
EEM US
NDX
NKY
TWSE
KOSPI2
GC1
CO1

MARK YOUR CALENDAR

The dates that will move markets in 2H

Mid-July	Q2 earnings season opens — banks first; AI capex guidance + utilization = the tell
Jul 28-29	FOMC meeting — Does Warsh's Fed validate the priced-in hike?
~Aug	CLARITY Act vote window — US crypto framework, Bitcoin's real catalyst
~Aug 16	Ceasefire 60-day window closes — THE binary event: treaty or re-escalation
Late Aug	Jackson Hole symposium — Warsh's first framework speech
Sep 15-16	FOMC + new projections — First full Warsh-era dots; do 2026-27 cuts return?
October	DTCC tokenization launch — Market plumbing's biggest change in decades
Mid-Oct	Q3 earnings season — AI capex checkpoint #2; pre-election guidance
Nov 3	US midterm elections — History: +12.4% average in 12 months after
Dec 8-9	Final FOMC of 2026 — Sets the 2027 policy stage

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