

Amid emerging demand destruction, Asia outperforms

Damage to US and European sectors emerges as Asia tech outperforms

We are now in the ninth week of de facto closure of the Strait of Hormuz. As we go to print the press reports that Iran has sent the US proposed terms for extension of the ceasefire in their war. Hope is not a robust investment strategy so we remain focused on discerning which assets can prosper despite higher energy prices and where damage is being done. Over the past week greater evidence that demand destruction and earnings damage has begun to spread from Asia to Europe and US has emerged.

- Two of the leading US airlines have cut their full year earnings guidance, noting that they are recovering only 40% - 50% of higher jet fuel prices, and have announced capacity cuts. At least one US regional airline suspended its 2026 earnings guidance entirely.
- Similarly, airlines in Canada, Japan, Europe, and New Zealand have either cut or suspended earnings guidance.
- Cuts to petrochemical production across Asia that began in March appear to be deepening.
- A leading US consumer staples producer warned of an approximately \$1bn hit to its fiscal 2027 profit expectations because of higher oil and petrochemicals prices. Leading UK, German, and Swiss consumer staples companies have issued similar warnings over the past week.



Vis Nayar
Chief Investment Officer
Eastspring Investments

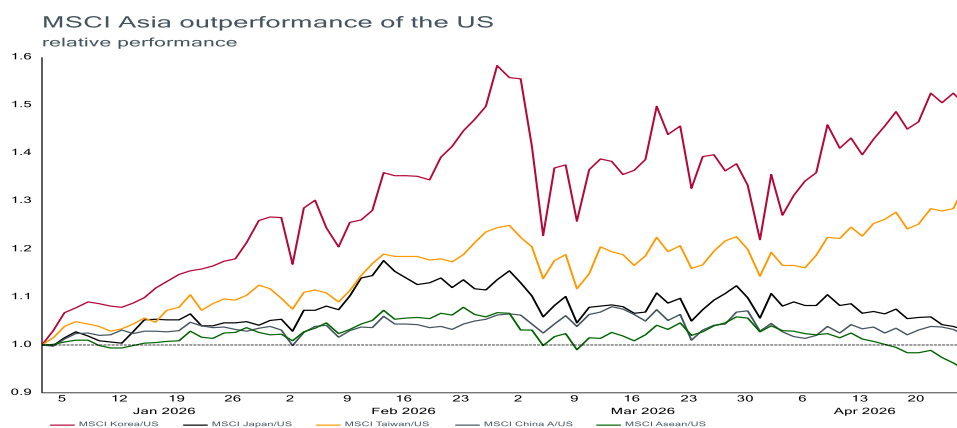


Ray Farris
Chief Economist
Eastspring Investments



Viola Wang
Economist
Eastspring Investments

Yet, much of Asia continues to outperform the US



Source: LSEG Datastream as of 27 Apr 2026

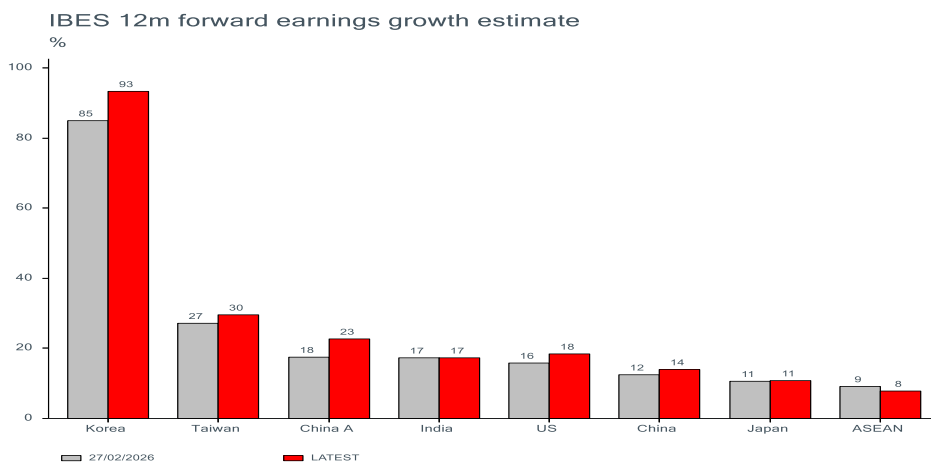
The chart above shows that Korean and Taiwanese outperformance of US equities has increased over the past few weeks, despite higher energy prices. And yes, you are reading the chart correctly, MSCI Korea and Taiwan have beaten the US by 54% and 34% respectively so far this year. Japan and China have also

For more insights from our investment experts please visit eastspring.com/insights



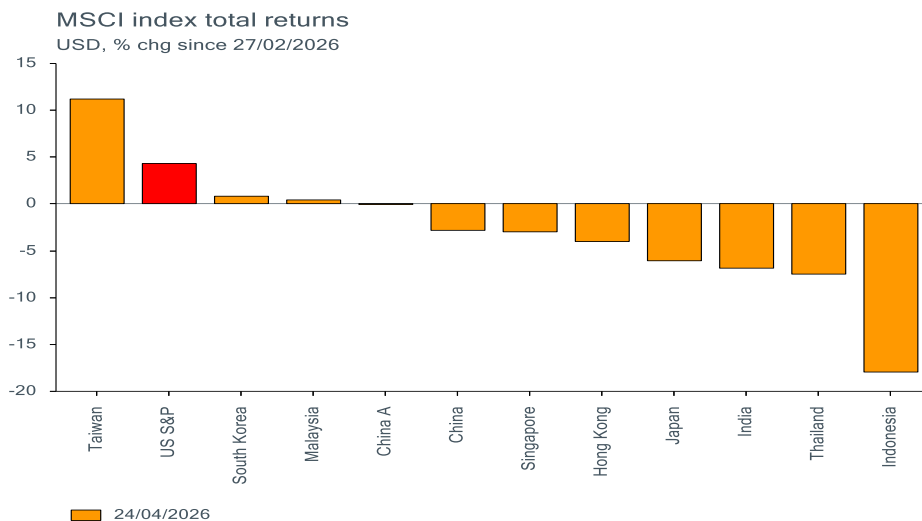
outperformed, but by less and that outperformance has faded somewhat at the broad index level.

This reinforces our message of several weeks ago that markets continue to focus on earnings growth and particularly revisions to earnings estimates. Driving Korea's spectacular price performance has been an upward revision of the consensus for Korea's 12-month forward earnings growth of 8pp to 93% since the start of Iran-US hostilities. Estimates for Taiwan's earnings growth has risen 3pp to 30%, 12pp greater than the consensus for US earnings growth. This reflects Korea and Taiwan's exceptional gearing to booming global demand for AI related IT hardware. Korea and Taiwan exemplify this, but companies in China and Japan also offer beneficial exposure.



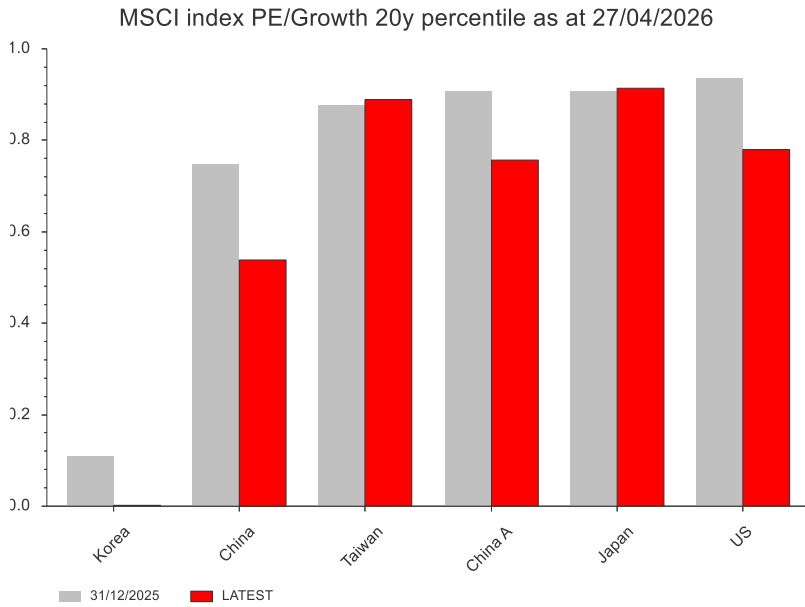
Source: LSEG Datastream as of 27 Apr 2026

Against this background, a reasonable question to ask is why Korea's performance is not even stronger. Since the start of the war in Iran, MSCI Korea has risen much less than Taiwan and the US despite its superior earnings and magnitude of upward revisions to earnings. The same can be said about China A-shares.



Source: LSEG Datastream as of 27 Apr 2026

To be sure, the chart below shows that the strength of earnings growth has pushed valuations for Korea and China A-shares down more substantially on a PE/Growth ratio basis than in the US. If estimates for Korean earnings prove right, it is now so cheap on this basis that it is “off the chart”.



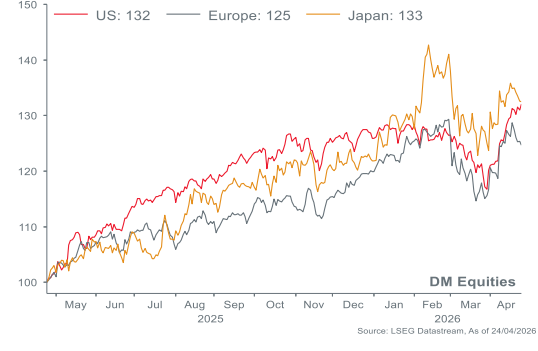
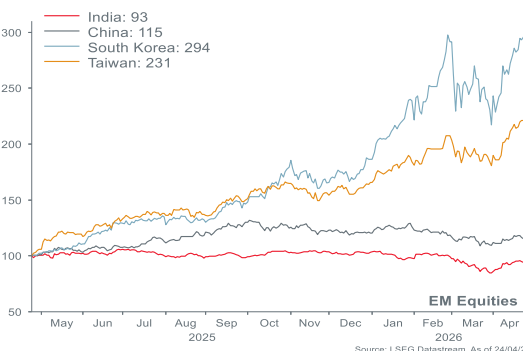
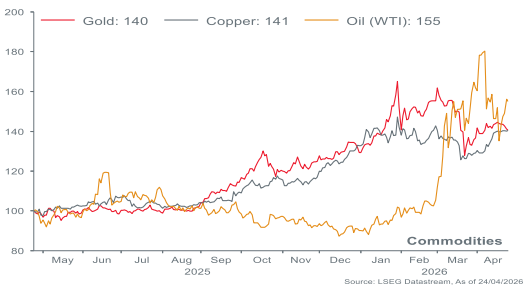
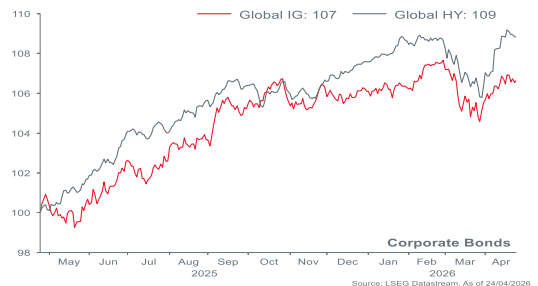
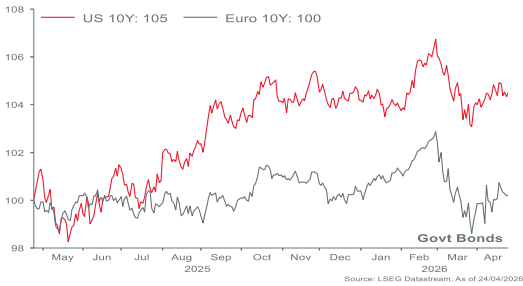
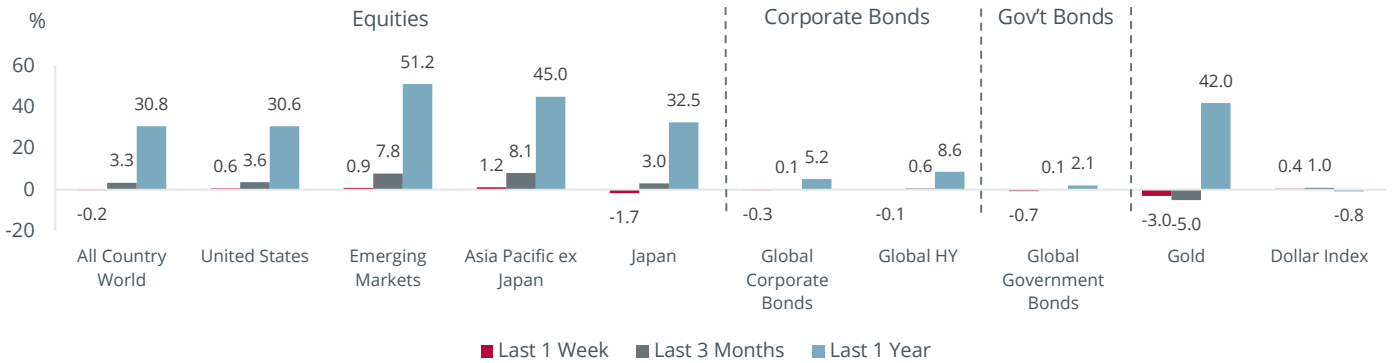
Source: LSEG Datastream as of 27 Apr 2026

However, the chart also speaks to the need for investors to employ careful active management. China H-shares have cheapened even more than A-shares, but are failing to perform. This cheapening reflects greater exposure to China’s weak consumption growth and intense price competition that is producing cuts to earnings estimates.

Market Review

Global markets were marginally lower over the past week, with MSCI AC World Index declining -0.2%, reflecting a mixed performance across major regions. The S&P 500 gained +0.6% and the Nasdaq rose +1.5% over the week. In contrast, European equities underperformed, with the MSCI Europe index falling 3.4% over the week, weighing on broader developed market performance. The MSCI Asia Pacific ex Japan Index rose +1.2%, supported by gains in several regional markets. Emerging Markets outperformed developed peers, with the Emerging Markets rising +0.9% during the week. Global government bonds underperformed, with US Treasury yields rising 1.6% while the US Dollar increased by 0.4%.

Asset Performance



Market Data

Government Bonds	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
US Treasury Yield (%)								
10 Year	4.31	1.56	-1.87	1.67	0.12	3.78	4.60	3.95
10 Year Bond Yield (%)								
Japan	2.44	0.62	7.31	7.83	85.32	17.73	2.47	1.26
China	1.76	-0.23	-3.98	-3.88	5.32	-5.42	1.93	1.63
Australia	4.98	-0.32	-1.09	3.64	18.73	4.68	5.11	4.10
Singapore	2.12	3.72	-4.80	-0.56	-16.20	-4.59	2.59	1.75
Malaysia	3.57	-0.31	-0.56	1.59	-3.04	2.09	3.68	3.36
Indonesia	6.72	2.01	-1.93	4.64	-3.33	9.74	6.95	5.92
	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
Bond Indices								
Bloomberg Global Aggregate USD	93.99	-0.30	0.59	-0.58	-0.29	-0.70	95.69	93.14
Bloomberg U.S. Aggregate USD	93.61	-0.31	0.86	-0.36	2.09	-0.49	95.21	90.43
Equity Indices	Close	1 week change (%)	1 month change (%)	3 month change (%)	1 year change (%)	YTD change (%)	52 week high	52 week low
World								
MSCI AC World Index (USD)	1,072.20	-0.24	8.76	3.34	30.78	5.68	1,074.76	819.86
North America								
US S&P 500 Index	7,165.08	0.55	9.28	3.61	30.64	4.67	7,168.59	5,371.96
US Nasdaq Composite Index	24,836.60	1.50	14.13	5.68	44.68	6.86	24,854.04	16,744.97
Europe								
MSCI Europe	2,715.02	-3.37	6.44	-0.01	20.82	2.73	2,845.88	2,247.25
Asia Pacific								
MSCI Asia Pacific ex Japan	824.75	1.20	11.00	8.06	45.00	14.20	829.20	568.81
Japan Nikkei 225	59,716.18	2.12	14.28	10.90	70.43	18.63	60,013.98	34,960.65
Shanghai Stock Exchange Composite	4,079.90	0.70	5.12	-1.36	23.74	2.80	4,197.23	3,277.55
Hong Kong Hang Seng	25,978.07	-0.70	3.65	-2.88	18.57	1.36	28,056.10	21,712.10
Taiwan TAIEX	38,932.40	5.78	19.38	21.81	99.87	34.42	38,989.94	19,433.37
Korea KOSPI	6,475.63	4.58	16.60	29.77	156.73	53.66	6,557.76	2,507.21
India NIFTY 50	23,897.95	-1.87	4.30	-4.59	-1.44	-8.54	26,373.20	22,182.55
Australia Stock Exchange 200	8,786.50	-1.79	4.86	-0.83	10.27	0.83	9,202.90	7,920.50
Indonesia Jakarta Composite	7,129.49	-6.61	0.32	-20.35	7.80	-17.55	9,174.47	6,585.46
Thailand SET	1,456.10	-1.78	3.24	10.78	26.96	15.59	1,545.31	1,053.79
Malaysia FTSE Bursa KLSE	1,720.34	1.48	0.68	0.02	14.19	2.39	1,771.25	1,488.89
Philippines Stock Exchange PSE	5,943.49	-0.93	0.12	-6.15	-3.49	-1.81	6,673.61	5,584.35
Singapore FTSE Straits Times Index	4,922.86	-1.50	1.24	0.64	28.47	5.95	5,041.33	3,797.17
Currencies (vs USD)	Latest	1 week Change	1 Month Ago	3 Months ago	1 Year Ago	YTD	52 week high	52 week low
Developed Markets								
EUR	0.32	-0.36	0.97	-0.90	2.92	-0.21	1.20	1.11
GBP	0.48	0.13	0.91	-0.81	1.42	0.43	1.38	1.30
CHF	-0.20	0.35	-0.48	0.55	-5.15	-1.00	0.85	0.76
JPY	-0.21	0.48	0.43	2.35	11.74	1.74	160.31	142.01
Asia								
CNY	0.15	0.28	-0.81	-1.83	-6.20	-2.25	7.29	6.82
HKD	0.03	0.05	0.11	0.50	0.98	0.67	7.85	7.75
INR	0.15	1.77	0.24	2.82	10.48	4.88	94.78	84.27
MYR	0.05	0.30	0.23	-1.02	-9.34	-2.32	4.37	3.88
KRW	-0.33	0.65	-1.32	2.10	3.28	2.49	1,517.25	1,352.45
SGD	-0.16	0.49	-0.14	0.35	-2.66	-0.75	1.32	1.26
TWD	-0.31	-0.05	-1.48	0.32	-3.03	0.37	32.54	28.90
IDR	-0.52	0.06	1.27	2.26	1.93	3.12	17,280.00	16,106.00

Disclaimer

This document is produced by Eastspring Investments (Singapore) Limited and issued in:

Singapore by Eastspring Investments (Singapore) Limited (UEN: 199407631H)

Australia (for wholesale clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore, is exempt from the requirement to hold an Australian financial services licence and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Australian laws.

Hong Kong by Eastspring Investments (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong.

Indonesia by PT Eastspring Investments Indonesia, an investment manager that is licensed, registered and supervised by the Indonesia Financial Services Authority (OJK).

Malaysia by Eastspring Investments Berhad (200001028634/ 531241-U) and Eastspring Al-Wara' Investments Berhad (200901017585 / 860682-K) and has not been reviewed by Securities Commission of Malaysia.

Thailand by Eastspring Asset Management (Thailand) Co., Ltd.

United States of America (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is registered with the U.S Securities and Exchange Commission as a registered investment adviser.

European Economic Area (for professional clients only) and Switzerland (for qualified investors only) by Eastspring Investments (Luxembourg) S.A., 26, Boulevard Royal, 2449 Luxembourg, Grand-Duchy of Luxembourg, registered with the Registre de Commerce et des Sociétés (Luxembourg), Register No B 173737.

Chile (for institutional clients only) by Eastspring Investments (Singapore) Limited (UEN: 199407631H), which is incorporated in Singapore and is licensed and regulated by the Monetary Authority of Singapore under Singapore laws which differ from Chilean laws.

The afore-mentioned entities are hereinafter collectively referred to as Eastspring Investments.

The views and opinions contained herein are those of the author and may not necessarily represent views expressed or reflected in other Eastspring Investments' communications. This document is solely for information purposes and does not have any regard to the specific investment objective, financial situation and/or particular needs of any specific persons who may receive this document. This document is not intended as an offer, a solicitation of offer or a recommendation, to deal in shares of securities or any financial instruments. It may not be published, circulated, reproduced or distributed without the prior written consent of Eastspring Investments. Reliance upon information in this document is at the sole discretion of the reader. Please carefully study the related information and/or consult your own professional adviser before investing.

Investment involves risks. Past performance of and the predictions, projections, or forecasts on the economy, securities markets or the economic trends of the markets are not necessarily indicative of the future or likely performance of Eastspring Investments or any of the funds managed by Eastspring Investments.

Information herein is believed to be reliable at time of publication. Data from third party sources may have been used in the preparation of this material and Eastspring Investments has not independently verified, validated or audited such data. Where lawfully permitted, Eastspring Investments does not warrant its completeness or accuracy and is not responsible for error of facts or opinion nor shall be liable for damages arising out of any person's reliance upon this information. Any opinion or estimate contained in this document may subject to change without notice.

Eastspring Investments companies (excluding joint venture companies) are ultimately wholly owned/indirect subsidiaries of Prudential plc of the United Kingdom. Eastspring Investments companies (including joint venture companies) and Prudential plc are not affiliated in any manner with Prudential Financial, Inc., a company whose principal place of business is in the United States of America or with the Prudential Assurance Company Limited, a subsidiary of M&G plc (a company incorporated in the United Kingdom).

Sources

Asset performances: (bar charts) Eastspring Investments, Refinitiv, as of 24 April 2026. Equities: using MSCI indices in USD, United States is using the S&P 500. Corporate Bonds: using ICE BofA indices in USD. Government Bonds: using the FTSE Global Sovereign Bond index, in USD. Gold is London Bullion Market US Dollar per Metric Tonne. DXY is US Dollar Index. **(line charts)** Eastspring Investments, Refinitiv, as at the end of the prior week, rebased to 100 as at 1 year ago. Equities: MSCI indices, in USD. Corporate Bonds: using Bloomberg indices in USD. Government Bonds: using ICE BofA US 10 Year US Treasury and ICE BofA 7-10 Year Euro Government indices. Commodities: Gold is London Bullion Market US Dollar per Metric Tonne Ounce. Copper is LME Copper Grade A Cash US Dollar per Metric Tonne. Oil is Crude Oil WTI Spot Cushing US Dollar per Barrel. US Dollar is US Dollar Index.

Market data: Eastspring Investments, Refinitiv, as of 24 April 2026. Equities: MSCI indices in USD, other indices in local currency. Other indices or assets as stated. Please note that there are limitations to the use of such indices as proxies for the past performance in the respective asset classes/sector. The historical performance or forecast presented in this slide is not indicative of and should not be construed as being indicative of or otherwise used as a proxy for the future or likely performance of the Fund.



A Prudential plc company 

eastspring.com