

## June PMIs signal continued growth, but with inflation risk

Manufacturing purchasing managers indexes (PMI) generally softened in June, but remained at historically elevated levels that point to sustained strong industrial growth over the next several months in most countries. Only PMIs in India, Indonesia, and the Philippines look weak. Among these laggards, the recent stabilisation of India’s currency should combine with lower energy prices to improve business sentiment and activity. A key risk is that a continuation of much weaker than normal rains could lead to poor harvests and weaker rural income growth in India.



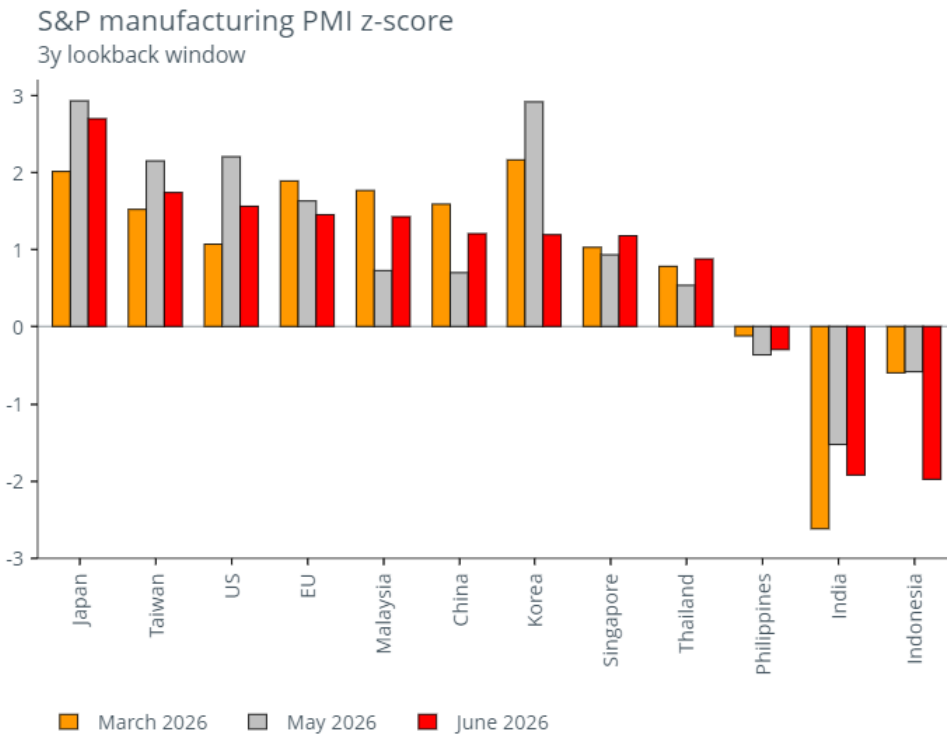
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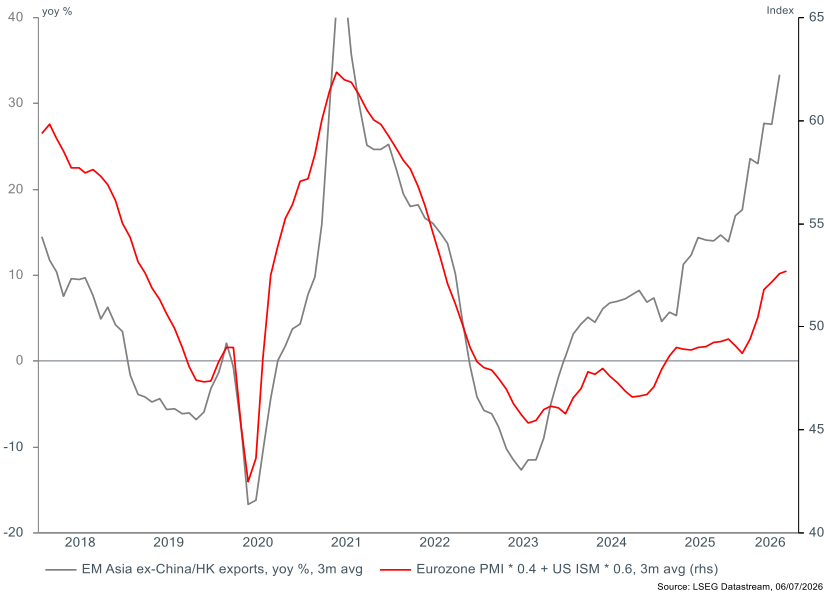
Note: National Bureau of Statistics PMI for China and S&P whole economy PMI for Singapore.

Exports are driving strong Asian manufacturing. The US and EU PMIs shown in the chart below are at a solid, albeit peaking level and is a signal for Asian exports. However, the extreme overshoot by Asian exports of the rise in this developed market growth proxy reflects the concentration of growth in AI-related demand for IT hardware, especially semiconductors.

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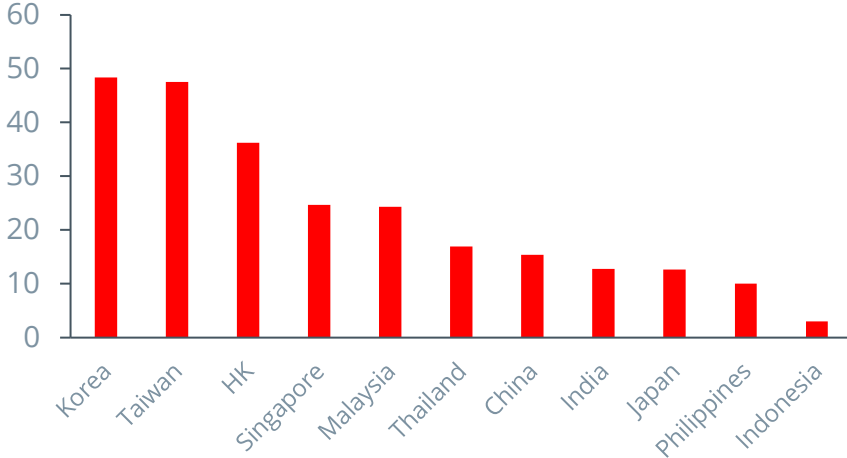
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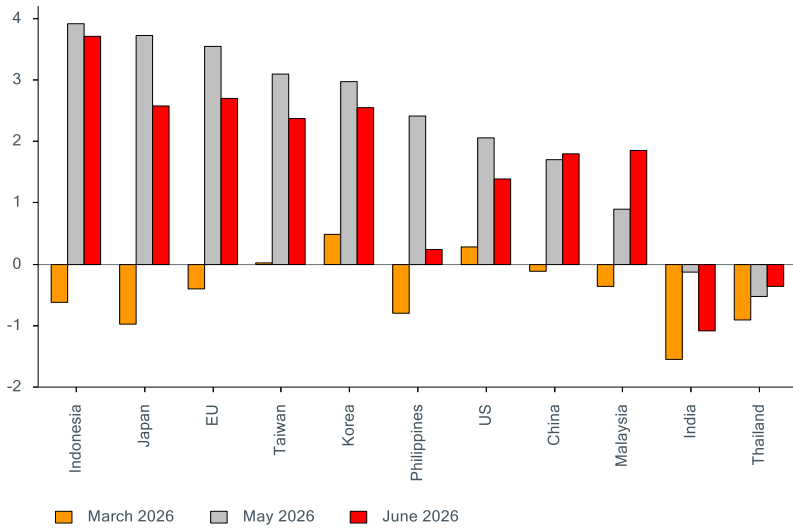
The bifurcation of export growth across the Asia region further reflects this AI capex effect. Korea, Taiwan, Hong Kong, Singapore, and Malaysia are better integrated into the AI hardware supply chain than most other countries.

Exports, YTD, yoy %



Higher upstream inflation pressure is a negative side-effect of this year's mix of solid growth and a large energy price shock. The chart below shows that the output price sub-components of PMIs have risen sharply since the inception of the Iran War in late February. The AI boom is adding to these upstream goods price pressures by elevating costs of semiconductors and electronic equipment that feed into the range of consumer goods, not just computers and servers.

S&P manufacturing PMI, output prices, z-scores  
3y lookback window

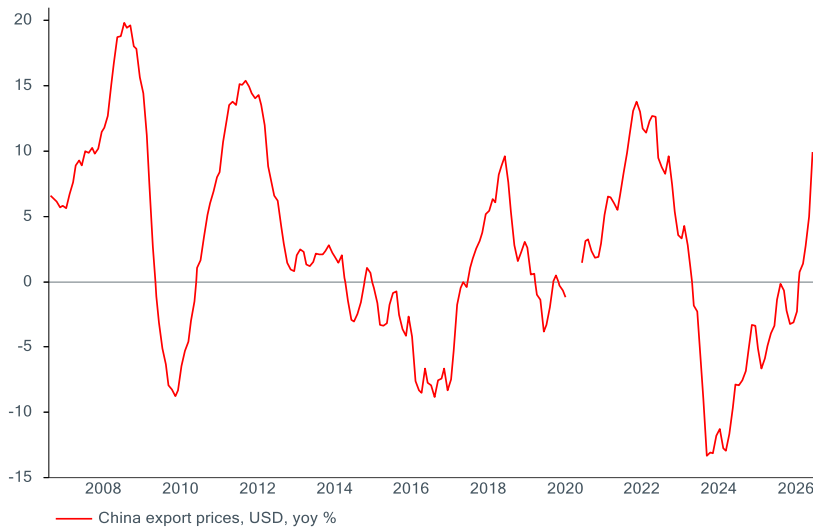


Source: LSEG Datastream, 06/07/2026

Note: National Bureau of Statistics PMI for China and S&P whole economy PMI for Singapore.

Linked to these factors China's export prices are rising rapidly in US dollar terms, which is effectively the price that matters for most importers of Chinese goods.

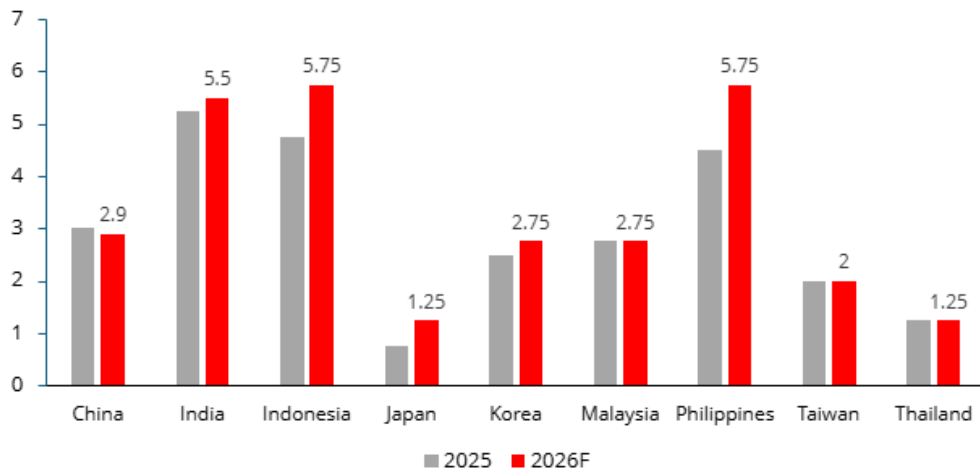
China export prices vs US CPI  
3m avg



Source: LSEG Datastream, 06/07/2026

We continue to expect policy interest rate increases in India, Indonesia, Korea, and the Philippines. Although not our base case, we do not rule out further tightening in Singapore via an increase in the appreciation slope of the SGD policy basket.

### Eastspring policy rate forecasts

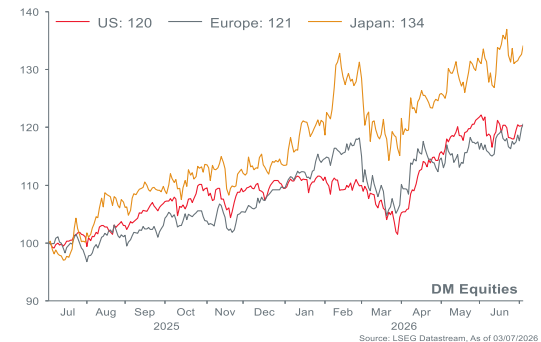
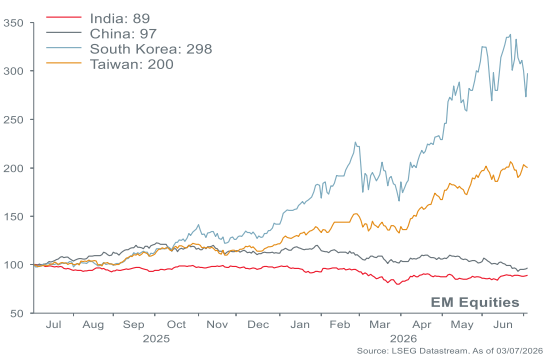
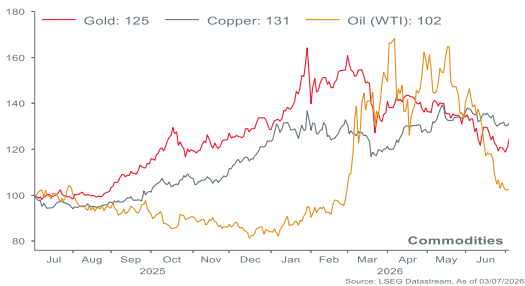
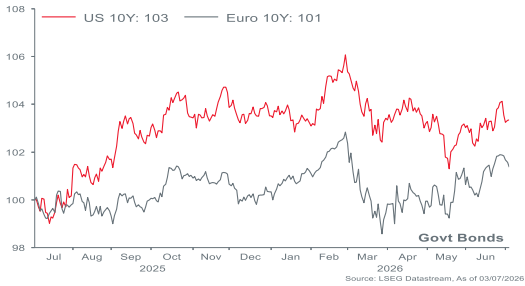
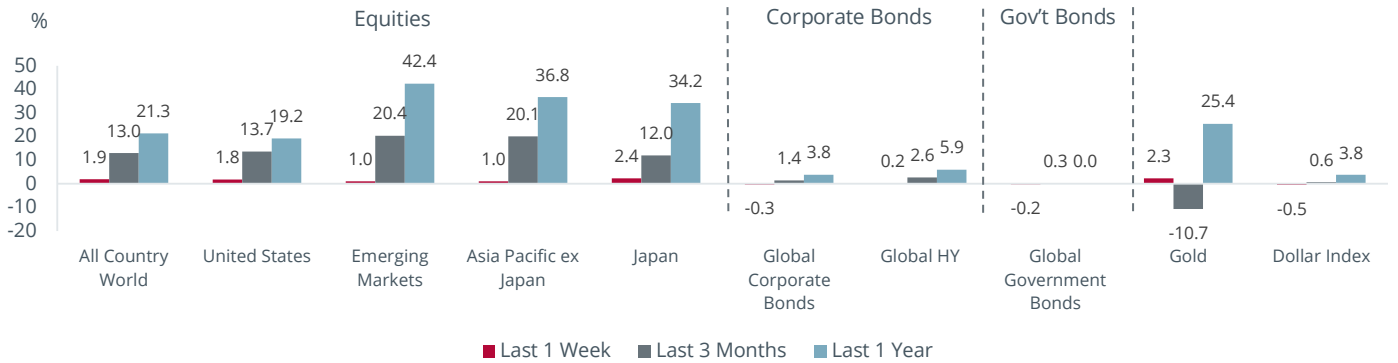


## Market Review

Global equity markets advanced over the week, led by the MSCI AC World Index which gained 1.9%. US equities also posted solid returns, with the S&P 500 and Nasdaq increasing by 1.8%, and 2.1% respectively. Asia Pacific (ex Japan) and Emerging Markets each gained 1.0%, while Japan outperformed its regional peers, advancing 2.4%.

Gold gained 2.3% while the US Dollar index declined by 0.5%. Global corporate bonds fell 0.3%, while global government bonds also edged lower by 0.2%. Global High yield bonds, however posted a gain of 0.2%.

## 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	4.48	2.45	-0.27	3.06	3.20	7.85	4.67	3.95
10 Year Bond Yield (%)								
Japan	2.77	6.57	5.00	16.51	92.11	34.01	2.80	1.44
China	1.74	-2.90	-0.74	-4.29	6.03	-6.50	1.93	1.64
Australia	4.80	1.59	-2.32	-4.72	14.74	0.88	5.12	4.10
Singapore	2.14	6.32	4.07	-4.44	1.55	-3.75	2.40	1.75
Malaysia	3.63	0.65	1.75	0.29	5.54	3.91	3.65	3.36
Indonesia	7.15	-0.40	6.62	7.99	8.41	16.90	7.48	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	93.71	-0.52	0.17	0.03	-0.77	-0.99	95.69	92.66
Bloomberg U.S. Aggregate USD	92.85	-0.63	0.08	-0.34	0.71	-1.30	95.21	91.50
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)	1,123.81	1.92	-0.55	13.04	21.30	10.76	1,136.59	917.39
North America								
US S&P 500 Index	7,483.24	1.76	-0.93	13.68	19.17	9.32	7,620.90	6,201.00
US Nasdaq Composite Index	25,832.67	2.12	-3.80	18.07	25.39	11.15	27,190.21	20,323.02
Europe								
MSCI Europe	2,846.10	3.06	3.76	8.66	17.11	7.69	2,846.10	2,349.92
Asia Pacific								
MSCI Asia Pacific ex Japan	885.86	1.00	-4.04	20.11	36.79	22.66	925.80	641.58
Japan Nikkei 225	69,744.07	0.55	1.96	31.29	75.30	38.55	72,831.75	39,288.90
Shanghai Stock Exchange Composite	4,043.64	0.41	-0.99	4.22	16.83	1.89	4,258.86	3,446.97
Hong Kong Hang Seng	23,350.03	2.99	-8.91	-7.03	-2.99	-8.90	28,056.10	22,518.00
Taiwan TAIEX	46,780.62	4.96	0.69	43.62	105.96	61.52	48,218.87	22,190.46
Korea KOSPI	8,088.34	-3.84	-8.10	50.42	159.55	91.93	9,385.59	3,032.99
India NIFTY 50	24,270.85	0.89	3.70	6.86	-4.47	-7.11	26,373.20	22,182.55
Australia Stock Exchange 200	8,844.40	0.92	0.67	3.09	2.89	1.49	9,202.90	8,262.40
Indonesia Jakarta Composite	5,875.78	-0.35	-1.10	-16.38	-14.57	-32.05	9,174.47	5,317.91
Thailand SET	1,611.28	4.47	1.46	10.82	42.94	27.91	1,621.19	1,107.46
Malaysia FTSE Bursa KLSE	1,679.05	0.68	0.38	-0.97	8.40	-0.06	1,771.25	1,510.14
Philippines Stock Exchange PSE	6,188.03	1.91	3.95	3.16	-4.34	2.23	6,673.61	5,584.35
Singapore FTSE Straits Times Index	5,244.29	1.01	2.06	6.00	30.47	12.87	5,244.29	4,001.84
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	0.04	0.46	-1.38	-0.69	-2.73	-2.64	1.20	1.14
GBP	0.04	1.14	-0.48	1.23	-2.20	-0.91	1.38	1.30
CHF	-0.01	-0.78	1.45	0.31	1.07	1.39	0.81	0.76
JPY	0.17	-0.22	0.84	1.13	11.35	3.01	162.56	144.55
Asia								
CNY	-0.13	-0.27	0.16	-1.49	-5.42	-3.05	7.21	6.76
HKD	0.01	0.02	0.08	0.09	-0.09	0.78	7.85	7.77
INR	-0.19	0.96	-0.52	2.72	11.48	5.96	96.82	85.41
MYR	-0.25	-0.44	1.93	0.97	-3.63	0.27	4.28	3.88
KRW	-0.71	-0.39	-0.37	1.22	12.16	6.14	1,559.08	1,362.29
SGD	-0.03	-0.14	0.61	0.37	1.27	0.45	1.31	1.26
TWD	0.13	0.25	1.49	-0.17	10.39	1.89	32.08	28.90
IDR	-0.24	0.22	0.03	5.62	10.87	7.65	18,170.00	16,106.00

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## Sources

**Asset performances: (bar charts)** Eastspring Investments, Refinitiv, as of 3 July 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 3 July 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.



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