CIO Views – Weekly Bulletin

Resumption of US-Iran hostilities increases need for selective investment

The resumption of hostilities between the US and Iran clouds the environment for Asian financial markets this week, particularly through higher oil prices and renewed upside risks to US inflation and policy rates. To be sure, we warned of this risk in our April 6 CIO Views just ahead of the original US-Iran ceasefire Memorandum of Understanding.

However, the two sides appear to be continuing negotiations, and these may limit the degree of disruption of energy flows through the Strait of Hormuz. The dense schedule of high-impact data releases and policy events in the US and Asia will compete with the war to drive markets.

The risk to Asian markets from the reescalation in US-Iran tensions runs mainly through the impact of higher energy prices on currencies and policy interest rates. The Brent crude price has jumped from USD72.30bbl on Friday to USD78.94bbl, driving the US dollar to appreciate against the G10 and most Asian currencies as we write.

Persistently higher oil prices would increase the risk that the US Federal Reserve would hike the Fed Funds rate later this year – markets currently price 39bps of hikes through December. This would likely support the US dollar vs Asia currencies, adding to pressure for rate hikes in India, Indonesia, Korea and the Philippines. In Singapore, higher inflation risk from energy prices may lead to a steeper appreciation path of its exchange rate policy band.

China: Growth slowdown alongside structural divergence

China's Q2 GDP is expected to have slowed to around 4.5%yoy from 5.0%yoy in Q1. The composition of growth will be as important as the headline figure. Investment remains weak and retail sales are subdued, but weaker than expected outcomes for these would create expectations for new policy support. We expect fiscal underspending to reverse in H2, essentially creating a mild policy boost from backloading rather than the government introducing new stimulus.

We think the growth-policy mix continues to favour a highly selective focus on A-shares for their higher growth and rising Return on Equity. Nonetheless, valuations for some H-shares have fallen so significantly that opportunities may be emerging.

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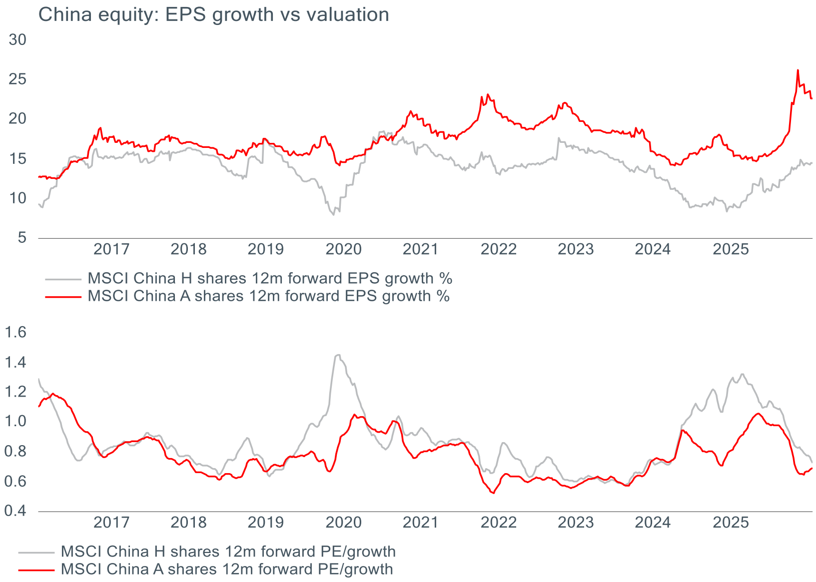


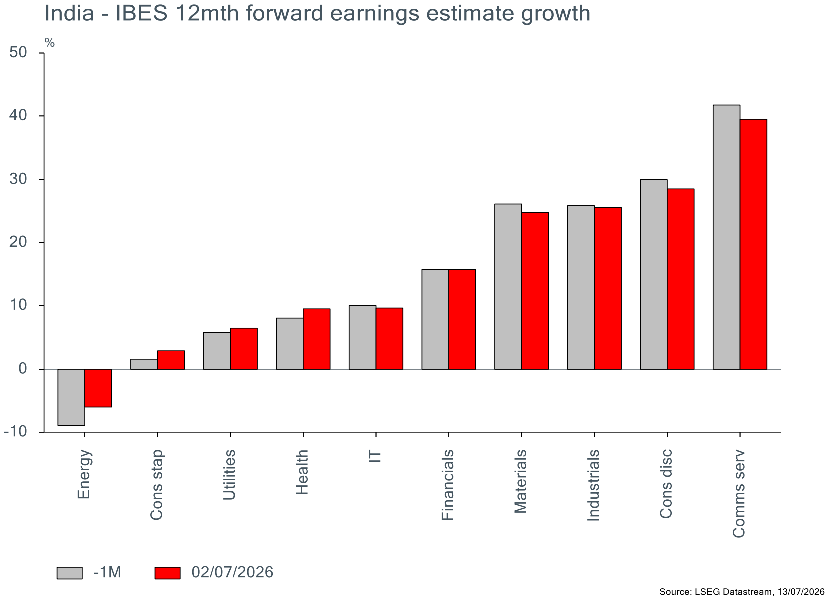
Korea: Start of a tightening cycle

In Korea, the Bank of Korea (BoK) is likely to raise its policy rate 25bps at its policy meeting on Thursday. Inflation has risen, the won exchange rate remains soft, and strength in the Seoul property market remains a political issue.

India: Inflation risks returning

India's June CPI is expected to move above target, with forecasts around 4.3% YoY driven by food and fuel pressures. We expect the Reserve Bank of India (RBI) to end up raising its policy rate 25bps later this quarter or in Q4. The rupee exchange rate has resumed depreciation despite evidence of inflows into the RBI's new NRI deposit scheme. Inflation risks also appear skewed to the upside, particularly given weaker monsoon conditions and rising energy prices.

We continue to see some select opportunities in high growth sectors in India, particularly given India's low correlation with global equities. However, earnings downgrades likely need to stop and the rupee needs to stabilise for the market to perform.



ASEAN: Resilient growth

Singapore and Malaysia are expected to report robust Q2 growth, supported by the ongoing AI-driven industrial cycle and strong export performance. Singapore's GDP is likely to have accelerated in Q2 to 1.3%qoq from 1.0%qoq in Q1. This creates some risk that the Monetary Authority of Singapore (MAS) will tighten policy by steepening its exchange rate path. However, the moderation in MAS core inflation to 1.4%yoy over the past two months to June leads us to expect the MAS to wait until later this year to tighten, if at all.

Malaysian Q2 GDP growth should also be strong at 5.3%yoy vs. 5.4%yoy in Q2. Malaysia's central bank is likely to remain on hold given contained inflation and stable growth.

In sum, the coming week is likely to be characterised by elevated volatility, driven by geopolitical risks and a dense calendar of macro events. While underlying growth in parts of Asia remains resilient, the monetary policy is shifting to tighter financial conditions in countries with soft currencies versus likely de facto easing in China.

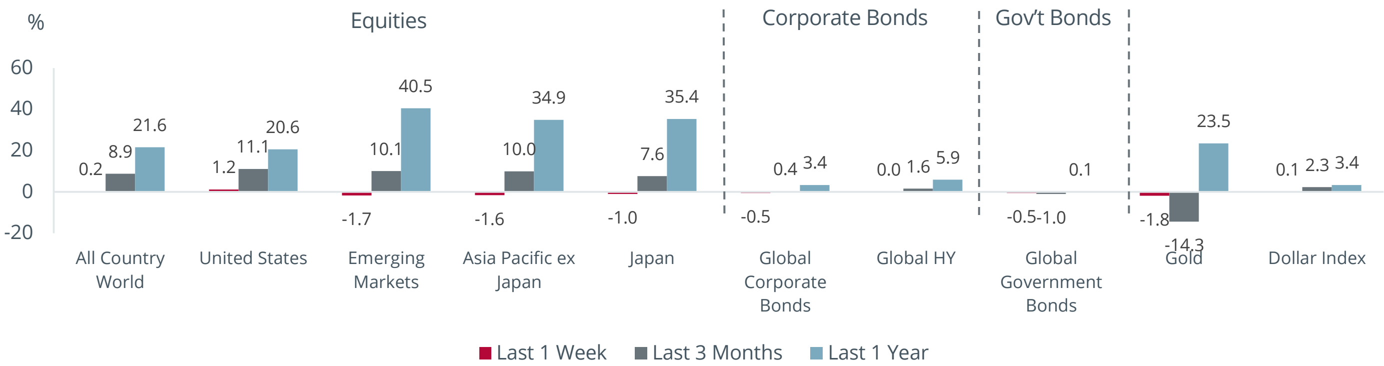
In this environment, we continue to recommend a selective, research driven approach to Asian assets with a focus on resilience to higher rates and oil prices, alongside continued exposure to structural growth themes where earnings visibility remains stronger.

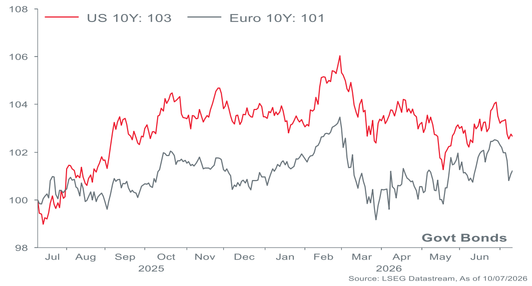
Market Review

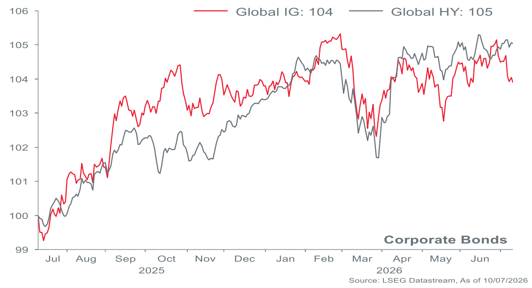
Global equity markets delivered positive returns over the week, with the the MSCI AC World Index gaining 0.2%. US equities also posted solid returns, with the S&P 500 and Nasdaq increasing by 1.2%, and 1.7% respectively. In contrast, regional markets weakened, with Emerging Markets declining -1.7%, followed by Asia Pacific (ex Japan) and Japan which fell -1.6% and -1.0% respectively.

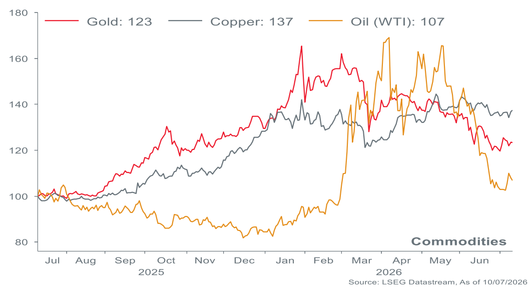
Gold sold off -1.8% while the US Dollar index gained marginally by 0.1%. Global corporate bonds and global government bonds edged lower by -0.5%. Global High yield bonds, however, were flat over the week.

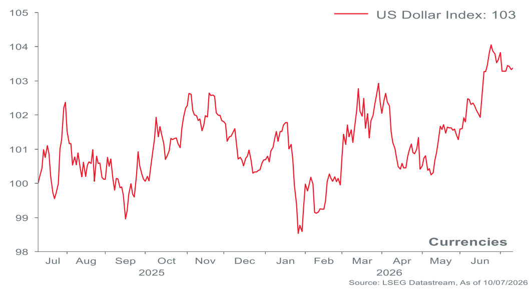
Asset Performance

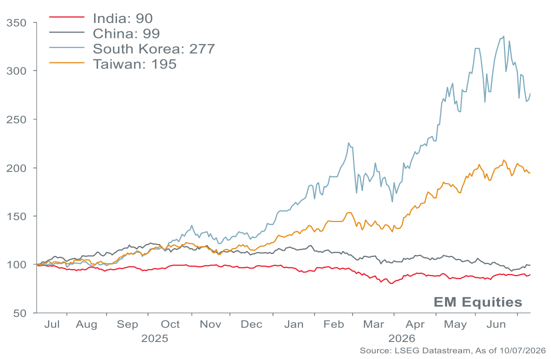


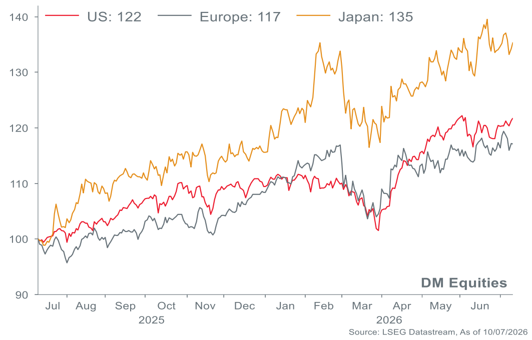












Market Data

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	4.57	2.01	0.64	5.84	5.13	10.02	4.67	3.95
10 Year Bond Yield (%)								
Japan	2.77	-0.32	3.06	13.51	84.95	33.57	2.88	1.47
China	1.73	-0.52	-0.97	-4.57	4.15	-6.98	1.93	1.66
Australia	4.84	0.73	-1.23	-2.66	12.70	1.62	5.12	4.10
Singapore	2.13	-0.31	0.99	2.89	1.66	-4.05	2.40	1.75
Malaysia	3.62	-0.19	0.38	0.80	5.71	3.71	3.65	3.36
Indonesia	7.22	0.95	-3.45	10.28	9.66	18.01	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	93.32	-0.42	-	-0.54	-0.97	-1.41	95.69	92.66
Bloomberg U.S. Aggregate USD	92.38	-0.51	-0.17	-1.13	0.20	-1.80	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)	1,126.54	0.24	3.64	8.86	21.63	11.03	1,136.59	917.39
North America								
US S&P 500 Index	7,575.39	1.23	4.24	11.13	20.62	10.66	7,620.90	6,201.59
US Nasdaq Composite Index	26,281.61	1.74	4.42	14.75	27.39	13.08	27,190.21	20,492.63
Europe								
MSCI Europe	2,791.49	-1.92	2.75	1.93	13.63	5.63	2,846.10	2,349.92
Asia Pacific								
MSCI Asia Pacific ex Japan	871.39	-1.63	1.41	10.01	34.86	20.66	925.80	644.34
Japan Nikkei 225	68,557.73	-1.70	6.82	20.44	72.92	36.19	72,831.75	39,288.90
Shanghai Stock Exchange Composite	3,996.16	-1.17	0.24	0.25	13.86	0.69	4,258.86	3,483.38
Hong Kong Hang Seng	24,175.12	3.53	-0.95	-6.64	0.61	-5.68	28,056.10	22,518.00
Taiwan TAIEX	45,354.61	-3.05	4.93	28.06	99.86	56.59	48,218.87	22,513.35
Korea KOSPI	7,475.94	-7.57	-3.30	27.60	134.85	77.40	9,385.59	3,079.27
India NIFTY 50	24,206.90	-0.26	4.27	0.65	-4.53	-7.36	26,373.20	22,182.55
Australia Stock Exchange 200	8,806.00	-0.43	1.77	-1.73	2.52	1.05	9,202.90	8,262.40
Indonesia Jakarta Composite	5,924.36	0.83	0.37	-20.57	-15.43	-31.49	9,174.47	5,317.91
Thailand SET	1,621.55	0.64	3.71	7.61	46.03	28.73	1,621.55	1,115.47
Malaysia FTSE Bursa KLSE	1,691.49	0.74	0.75	0.01	10.09	0.68	1,771.25	1,510.14
Philippines Stock Exchange PSE	6,286.70	1.59	5.81	3.09	-2.73	3.86	6,673.61	5,584.35
Singapore FTSE Straits Times Index	5,469.29	4.29	10.29	9.62	34.19	17.72	5,472.10	4,061.48

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	-0.13	-0.19	-1.06	-2.61	-2.45	-2.83	1.20	1.14
GBP	-	0.40	0.29	-0.39	-1.24	-0.50	1.38	1.30
CHF	0.21	0.63	1.10	2.45	1.44	2.03	0.81	0.76
JPY	-0.42	0.20	0.72	1.51	10.56	3.22	162.58	146.25
Asia								
CNY	-0.23	-0.05	0.03	-0.75	-5.55	-3.10	7.21	6.76
HKD	0.05	-0.04	0.04	0.12	-0.13	0.74	7.85	7.77
INR	-0.06	0.12	0.06	2.42	11.20	6.09	96.82	85.72
MYR	-0.17	-	-	2.70	-4.19	0.27	4.28	3.88
KRW	-0.42	-1.97	-1.54	0.95	9.30	4.05	1,559.08	1,371.37
SGD	-0.03	0.01	0.30	1.42	0.93	0.46	1.31	1.26
TWD	-0.15	0.55	1.36	1.18	9.83	2.45	32.15	29.23
IDR	-0.14	0.56	0.53	5.62	11.29	8.25	18,170.00	16,106.00

Disclaimer

Sources

Asset performances: (bar charts) Eastspring Investments, Refinitiv, as of 10 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 10 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.