# CIO Views – Weekly Bulletin

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## Energy price risk rises again


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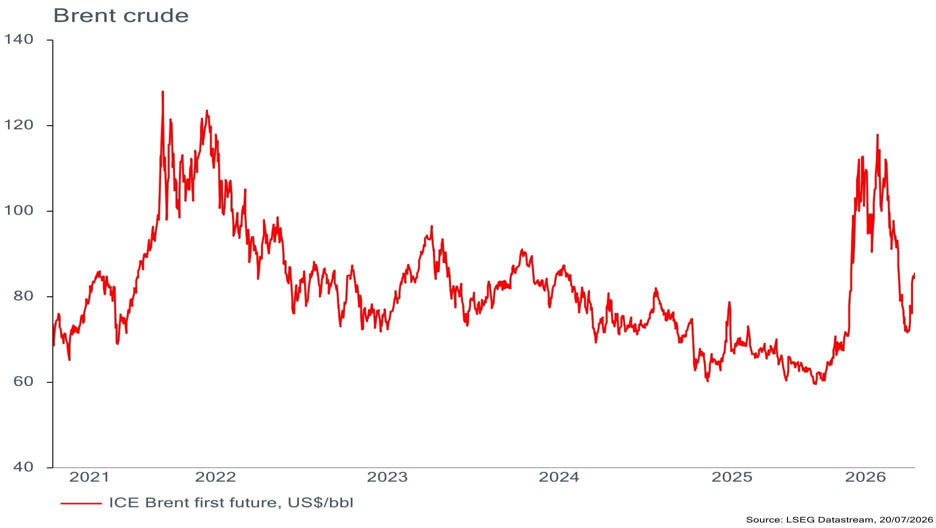
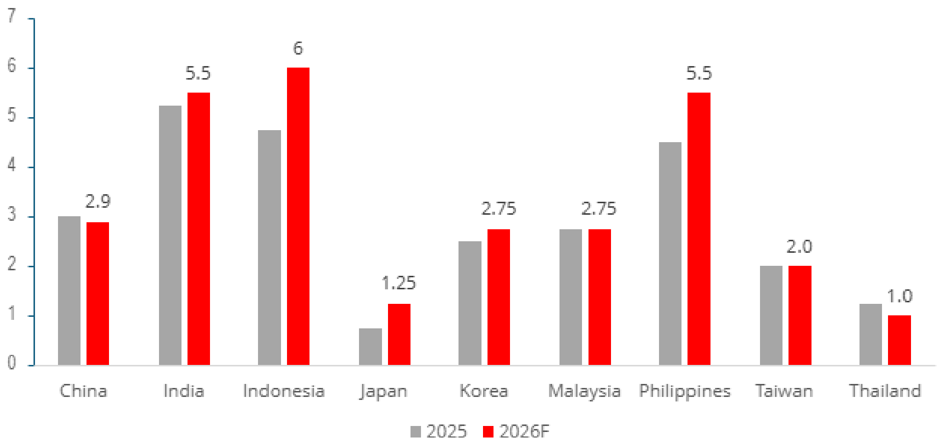
Markets remain under pressure from two main factors, deleveraging of AI trades and the resumption of Iran-US hostilities. We examine the risks associated with Iran below.

Iranian strikes on ships attempting to transit the Strait of Hormuz and retaliatory US strikes on Iran have cut confirmed crude oil flows through the Strait of Hormuz from about 12.5mbd a week ago to about 5mbpd at the end of last week. About 1.7mbd of this appears to be Iranian oil that the US has re-sanctioned. Brent crude prices have risen back above $90bbl in response.



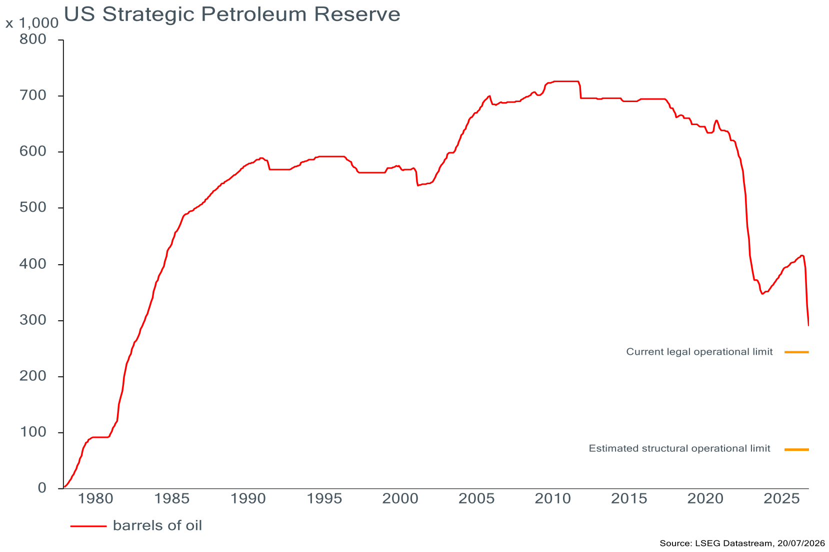

Refined product flows from Middle East producers have fallen similarly. Importantly, Russian refinery runs have dipped, tightening global product balances further. The combination of higher crude and refined product prices, if sustained, will add to pressure on goods inflation and create the risk of larger policy rate increases than we already forecast.



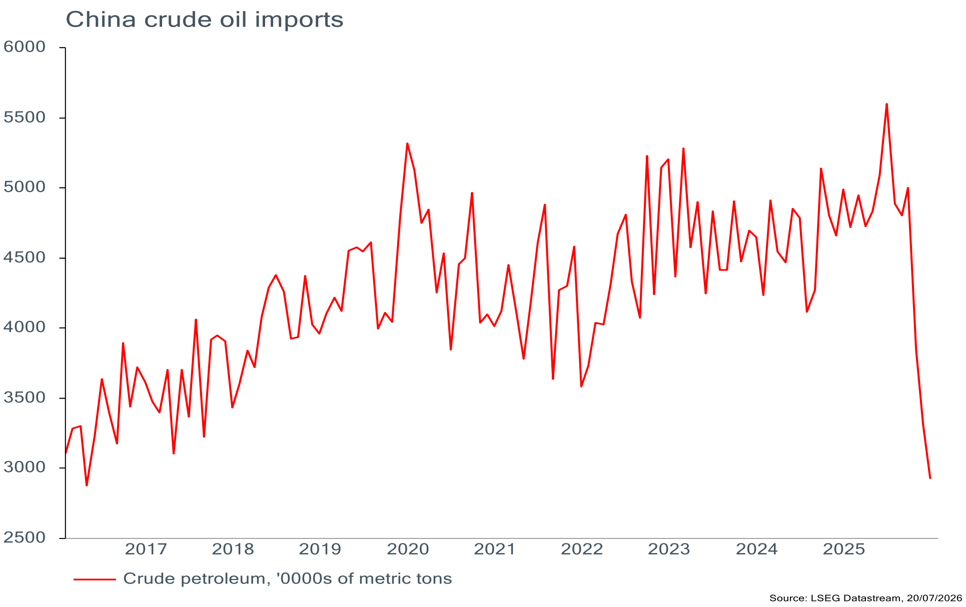

Source: Eastspring Investments. July 2026

The two main offsets to the loss of energy supplies from the Middle East that have so far cushioned markets, may be approaching their limits.

First, the current release of oil from the US Strategic Petroleum Reserve is likely to be exhausted by October if not earlier. The Department of Energy has stated that the Reserve's stock fell to 316.5mn barrels as of July 10, down 98.9mn barrels from the end of February and the lowest in 43 years. This leaves about 73.1mn barrels to be released from the originally planned 172mn barrel release.




Second, the collapse in China's oil imports to decade lows has been a crucial swing factor in global crude demand but is of uncertain sustainability. Data on China's strategic reserves is limited but estimated at about 1.1bn barrels. Recent reports by Reuters and the IEA suggest that Chinese crude stocks have fallen by about 41mn barrels, but this appears to be mainly from commercial inventories. Against this background whether China is willing to further contract imports is questionable.



What happens next with Iran remains highly uncertain. The press reports that Iran has warned that if the US strikes Iranian infrastructure it will press the Houthis to disrupt the Bab al Mandeb strait leading to the Red Sea. This would further curtail global oil supply, constricting what has been an important route for redirection of flows.

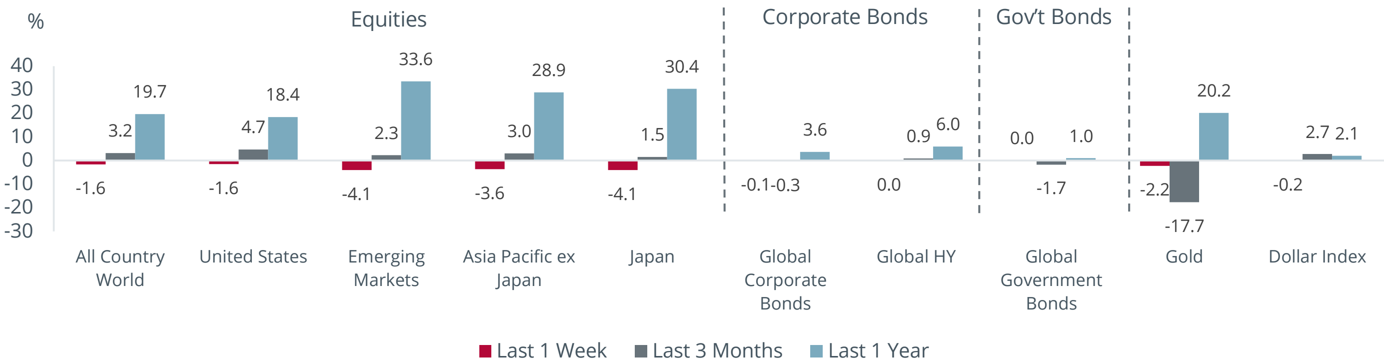
More positively, the press also reports that Iran and the US continue to negotiate. We judge this to be likely. Our bias is to expect both sides to prefer de-escalation of hostilities soon. The US Administration faces mid-term Congressional elections in just over three months and higher gasoline prices and US military causalities would increase the risk that the Democrats win enough seats to take control of at least the House of Representatives if not the Senate. Iran, for its part, likely needs a return of greater petroleum sales to generate badly needed funding for reconstruction and rearmament.

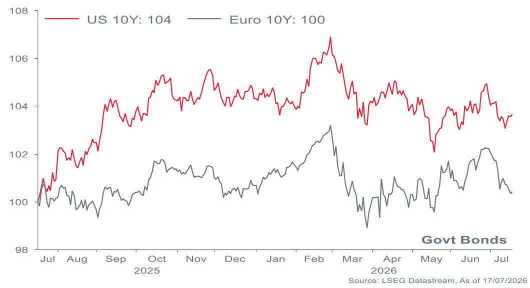
## Market Review

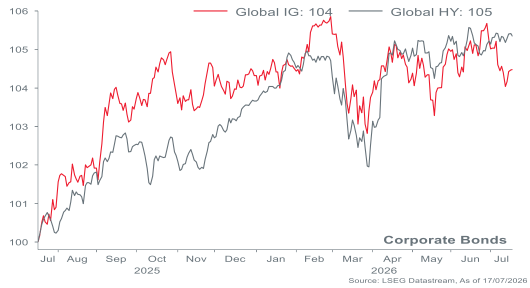
Global equity markets retreated over the week, with the MSCI AC World Index falling 1.6%. US equities also weakened, with the S&P 500 slipping 1.6% and Nasdaq declining 3.0%. International markets also followed a similar trend; Emerging markets, Asia Pacific (ex Japan), and Japan posted weakly losses of -4.1%, -3.6% and -4.1% respectively.

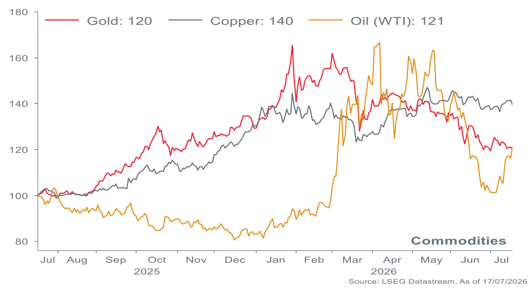
Gold sold off by 2.2% whereas the US Dollar index slipped 0.2%. Global corporate bonds edged lower by 0.1%, while Global High Yield bonds remained flat. Global government bonds also ended week unchanged.

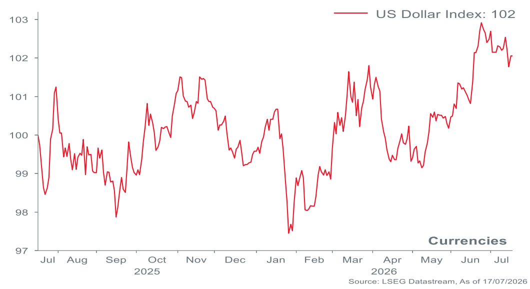
Asset Performance

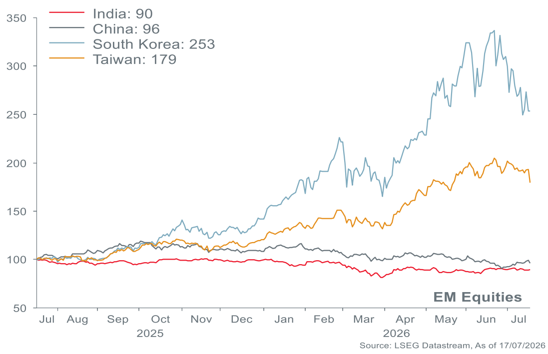


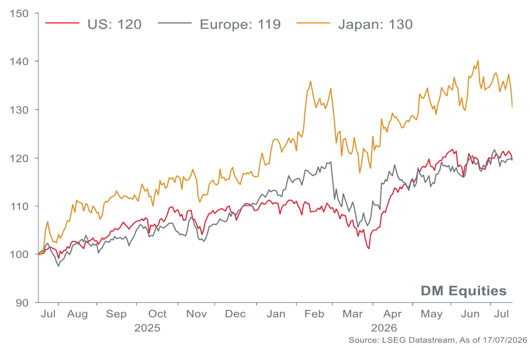



## Market Data

| 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 | 4.54 | -0.61 | 1.75 | 7.00 | 1.75 | 9.34 | 4.67 | 3.95 |
| 10 Year Bond Yield (%) | | | | | | | | |
| Japan | 2.71 | -1.99 | 4.19 | 11.89 | 73.83 | 30.92 | 2.88 | 1.47 |
| China | 1.73 | - | -1.20 | -1.87 | 4.21 | -6.98 | 1.93 | 1.66 |
| Australia | 4.90 | 1.34 | 2.79 | -1.94 | 12.51 | 2.98 | 5.12 | 4.10 |
| Singapore | 2.23 | 4.46 | 11.22 | 8.95 | 4.11 | 0.22 | 2.40 | 1.75 |
| Malaysia | 3.65 | 0.77 | 1.47 | 2.06 | 6.61 | 4.51 | 3.65 | 3.36 |
| Indonesia | 7.27 | 0.64 | 5.17 | 10.39 | 10.27 | 18.76 | 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 | 93.24 | -0.09 | -0.60 | -1.09 | -0.75 | -1.49 | 95.69 | 92.66 |
| Bloomberg U.S. Aggregate USD | 92.45 | 0.08 | -0.38 | -1.54 | 0.87 | -1.72 | 95.21 | 91.65 |

| 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) | 1,108.73 | -1.58 | -1.11 | 3.16 | 19.70 | 9.28 | 1,136.59 | 917.39 |
| North America | | | | | | | | |
| US S&P 500 Index | 7,457.69 | -1.55 | 0.51 | 4.65 | 18.43 | 8.94 | 7,620.90 | 6,212.69 |
| US Nasdaq Composite Index | 25,520.24 | -2.90 | -1.93 | 4.30 | 22.19 | 9.80 | 27,190.21 | 20,560.17 |
| Europe | | | | | | | | |
| MSCI Europe | 2,793.57 | 0.07 | -0.94 | -0.58 | 15.89 | 5.71 | 2,846.10 | 2,349.92 |
| Asia Pacific | | | | | | | | |
| MSCI Asia Pacific ex Japan | 839.69 | -3.64 | -8.33 | 3.04 | 28.87 | 16.27 | 925.80 | 644.34 |
| Japan Nikkei 225 | 64,141.12 | -6.44 | -8.24 | 9.69 | 60.75 | 27.42 | 72,831.75 | 39,370.43 |
| Shanghai Stock Exchange Composite | 3,764.15 | -5.81 | -8.37 | -7.09 | 7.03 | -5.16 | 4,258.86 | 3,499.19 |
| Hong Kong Hang Seng | 24,562.24 | 1.60 | 1.03 | -6.11 | 0.26 | -4.17 | 28,056.10 | 22,518.00 |
| Taiwan TAIEX | 42,671.27 | -5.92 | -6.99 | 15.94 | 84.62 | 47.33 | 48,218.87 | 22,923.37 |
| Korea KOSPI | 6,820.60 | -8.77 | -23.05 | 10.15 | 113.66 | 61.85 | 9,385.59 | 3,079.27 |
| India NIFTY 50 | 24,334.30 | 0.53 | 1.03 | -0.08 | -3.09 | -6.87 | 26,373.20 | 22,182.55 |
| Australia Stock Exchange 200 | 8,796.70 | -0.11 | -1.89 | -1.68 | 1.83 | 0.95 | 9,202.90 | 8,262.40 |
| Indonesia Jakarta Composite | 6,175.54 | 4.24 | -0.73 | -19.11 | -15.25 | -28.58 | 9,174.47 | 5,317.91 |
| Thailand SET | 1,639.04 | 1.08 | 3.27 | 10.56 | 36.80 | 30.12 | 1,642.14 | 1,162.70 |
| Malaysia FTSE Bursa KLSE | 1,731.45 | 2.36 | 1.25 | 2.14 | 13.84 | 3.06 | 1,771.25 | 1,511.64 |
| Philippines Stock Exchange PSE | 6,404.11 | 1.87 | 4.73 | 6.75 | 1.72 | 5.80 | 6,673.61 | 5,584.35 |
| Singapore FTSE Straits Times Index | 5,509.43 | 0.73 | 6.43 | 10.23 | 32.39 | 18.58 | 5,561.42 | 4,140.63 |

| 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 | -0.02 | 0.23 | -0.52 | -2.75 | -1.35 | -2.61 | 1.20 | 1.14 |
| GBP | -0.17 | 0.36 | 1.22 | -0.45 | 0.28 | -0.15 | 1.38 | 1.30 |
| CHF | -0.17 | -0.15 | 0.95 | 3.26 | 0.35 | 1.88 | 0.81 | 0.76 |
| JPY | 0.01 | 0.43 | 1.10 | 2.38 | 9.28 | 3.66 | 162.58 | 146.48 |
| Asia | | | | | | | | |
| CNY | 0.05 | -0.01 | 0.27 | -0.60 | -5.67 | -3.10 | 7.21 | 6.76 |
| HKD | - | 0.00 | 0.06 | 0.11 | -0.12 | 0.74 | 7.85 | 7.77 |
| INR | -0.07 | 1.01 | 1.86 | 3.98 | 11.93 | 7.16 | 96.82 | 86.02 |
| MYR | 0.49 | 0.57 | 0.62 | 3.54 | -3.58 | 0.84 | 4.28 | 3.88 |
| KRW | 0.55 | -0.76 | -2.60 | 1.41 | 6.89 | 3.26 | 1,559.08 | 1,372.61 |
| SGD | 0.12 | -0.02 | 0.23 | 1.70 | 0.44 | 0.44 | 1.31 | 1.26 |
| TWD | 0.36 | 0.85 | 2.33 | 2.89 | 10.07 | 3.32 | 32.37 | 29.23 |
| IDR | -0.53 | -0.89 | 0.87 | 4.10 | 9.56 | 7.29 | 18,170.00 | 16,106.00 |

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### Sources

**Asset performances: (bar charts)** Eastspring Investments, Refinitiv, as of 17 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 17 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.