

Central banks, AI earnings and oil in focus

Central banks are likely to tighten policy

Central Banks in Asia and the US as well as Artificial Intelligence (AI)-related earnings are set to dominate markets this week, with the Iran-US conflict remaining a potential negative surprise.

We expect the Bank of Korea (BoK) and the Bangko Sentral ng Pilipinas (BSP) to raise their policy rates 25bps this week. Both potential hikes have been well telegraphed by the respective central banks. The BoK is responding to higher inflation, continuing discomfort with rising household debt, and a robust economy. The BSP's motivation comes mainly from higher inflation due largely to the Iran War and a need to support a weak peso. In contrast, Thailand's central bank is likely to keep its policy rate unchanged thanks to low and subdued inflation.

However, the greatest potential for central bank surprise lies with Federal Reserve (Fed) Chairman Warsh's speech to the Fed's Jackson Hole conference on Friday. Markets expect Warsh to discuss his plans for changes in the Fed's approach to monetary policy, which inflation metrics it deems most important and its balance sheet management.

Warsh needs to give markets a greater degree of confidence that he is willing to tighten policy to contain US inflation than what his speech at the ECB's Sintra conference and his July post-FOMC press conference delivered. A failure to support market expectations for at least one 25bps Fed rate hike in the next several months would risk a further sell-off in US Treasuries and the USD.



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The USD is overvalued vs its real effective exchange rate trend



Source: LSEG Datastream, 24/08/2026

Crucially, the dollar's failure to rally meaningfully recently despite the market's hawkish repricing of the Fed, higher US yields, and geopolitical shocks that

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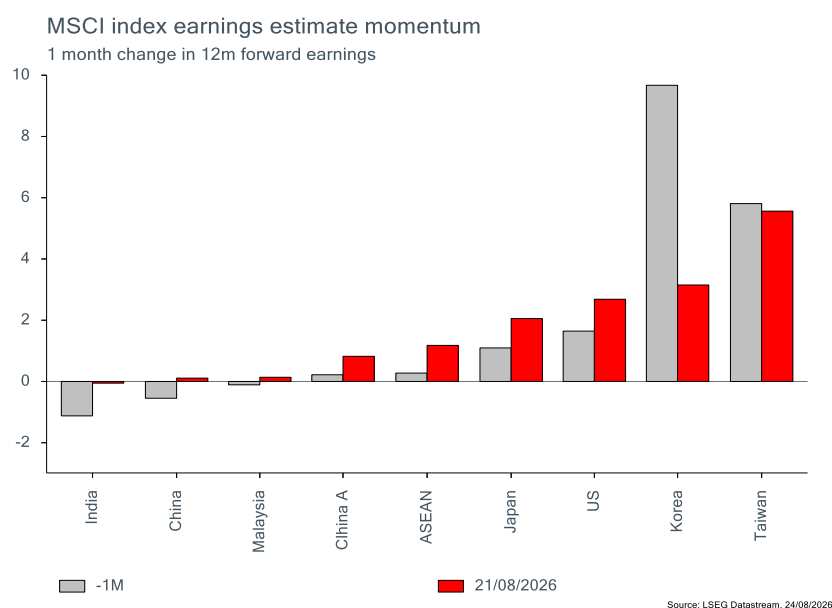


historically have generated safe-haven flows into the USD suggests that Q1 2025 may have marked the peak of the dollar cycle and the beginning of a structural move back to trend.

If correct, this would point to a recovery over the next year in most Asian currencies.

AI capex on show

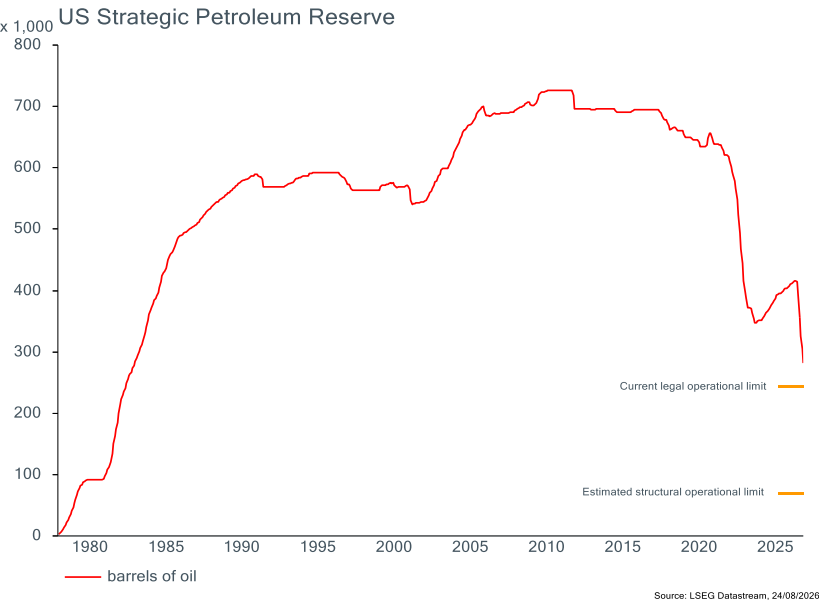
Our belief in the strong outlook for the earnings of Asia's AI hardware and AI-related infrastructure producers will face a test this week as Nvidia, the leading US producer of Graphics Processing Units reports earnings. We expect it to signal a still robust outlook for AI capex spending and provide an explanation of the recent financing of its customers. To be sure, consensus earnings estimates for Asia's leading AI hardware markets continue to rise rapidly.



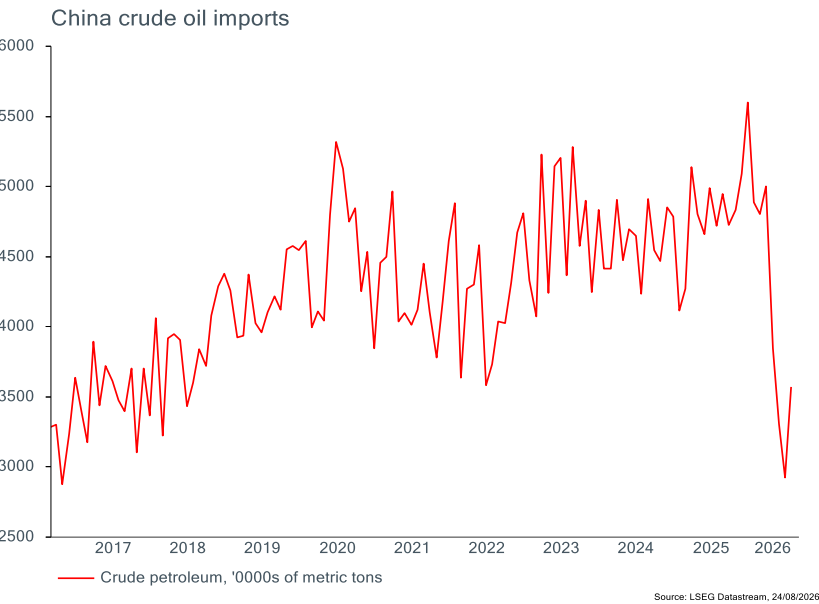
Energy supply and prices remain key risks

The US government is scheduled to announce new sanctions on Iran today. These may entail new constraints on Iran's exports of oil. Any further reductions in energy supply into global markets, either through reduced Iranian exports or disruption of shipping through the Strait of Hormuz, would create risk of higher energy prices. Importantly, if these disruptions were to extend through September, a jump in energy prices could be possible in Q4 as two of the main buffers to the loss of energy supply from the middle east are approaching an end.

First, the release of oil from the US Strategic Petroleum Reserve is likely to halt by early October.



Second, the sharp drop in Chinese oil imports may have stabilised and now beginning to reverse.

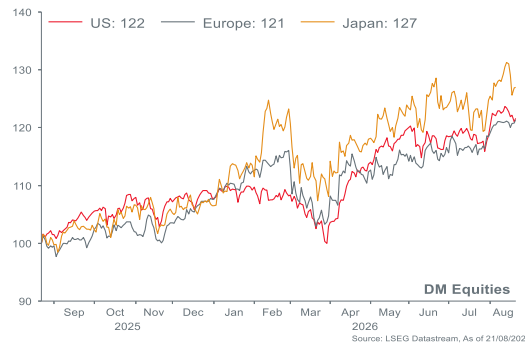
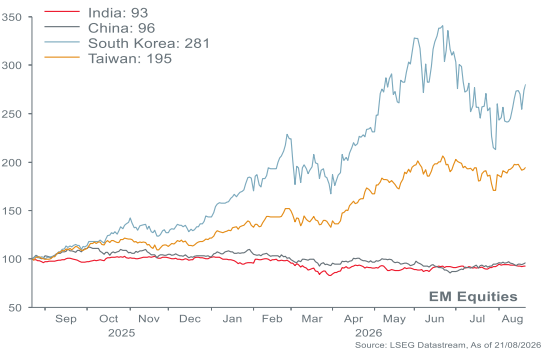
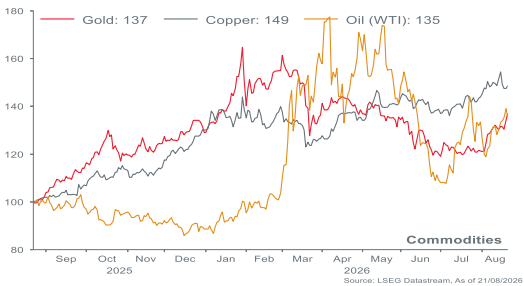
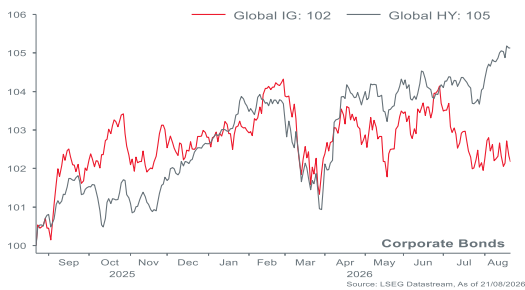
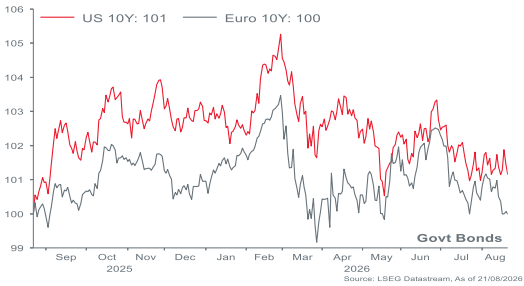
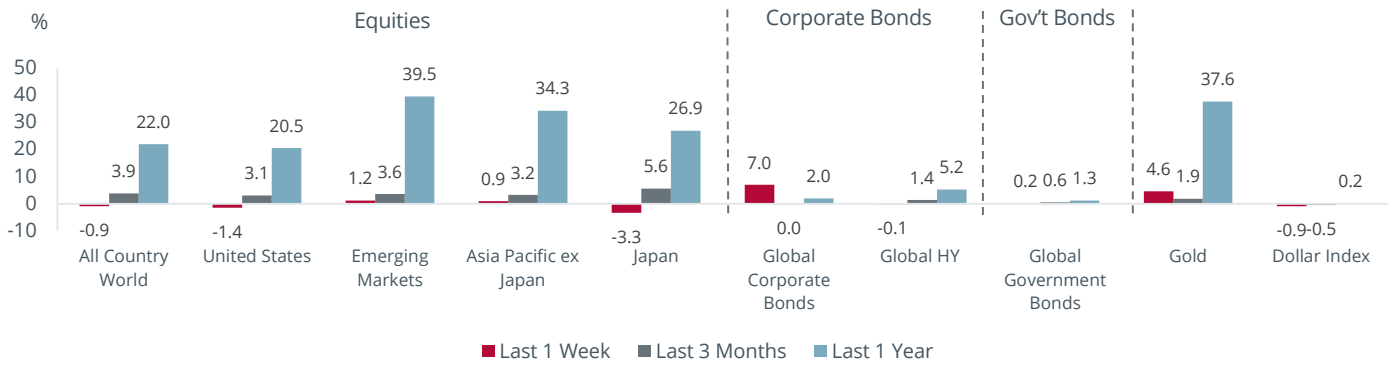


Market Review

Global equity markets declined over the week, with the MSCI AC World Index falling -0.9%. US equities also came under pressure, with the S&P 500 and Nasdaq losing -1.4% and -2.1% respectively. Emerging markets increased 1.2% followed by Asia Pacific (ex Japan) which gained 0.9%. Japan underperformed, with equities falling -3.3% over the week.

Gold posted a gain of 4.6% over the week, and the US dollar index weakened by -0.9%. Bond markets were mixed with Global Corporate Bonds increasing significantly by 7.0% and Global Government bonds rising 0.2%. Global High Yield bonds declined -0.1%. Global High Yield bonds declined -0.1%.

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	4.74	0.89	2.38	3.36	9.37	14.09	4.75	3.95
10 Year Bond Yield (%)								
Japan	2.88	-	5.58	4.12	78.98	39.03	2.94	1.56
China	1.70	0.47	-2.42	-6.09	-4.45	-8.97	1.93	1.68
Australia	5.03	1.04	1.74	1.35	17.64	5.76	5.12	4.10
Singapore	2.35	3.30	5.24	7.74	22.69	5.80	2.47	1.75
Malaysia	3.80	1.55	3.87	5.05	12.17	8.77	3.80	3.37
Indonesia	6.96	-1.44	-4.62	1.06	9.85	13.74	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	92.60	-0.19	-0.39	-0.59	-1.67	-2.17	95.69	92.58
Bloomberg U.S. Aggregate USD	91.71	-0.13	-0.32	-0.74	-0.90	-2.51	95.21	91.56
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)	1,149.81	-0.91	2.93	3.88	21.99	13.32	1,160.81	942.51
North America								
US S&P 500 Index	7,674.37	-1.43	2.20	3.07	20.47	12.11	7,816.70	6,316.91
US Nasdaq Composite Index	26,180.45	-2.05	1.33	-0.43	24.08	12.64	27,190.21	20,690.25
Europe								
MSCI Europe	2,907.81	0.24	4.10	6.33	17.83	10.03	2,907.81	2,411.25
Asia Pacific								
MSCI Asia Pacific ex Japan	891.04	0.94	4.13	3.25	34.29	23.38	925.80	662.48
Japan Nikkei 225	66,016.36	-3.93	-0.33	7.02	54.93	31.14	72,831.75	41,835.17
Shanghai Stock Exchange Composite	3,905.20	-0.56	1.06	-4.22	3.56	-1.60	4,258.86	3,732.84
Hong Kong Hang Seng	26,009.46	3.55	3.49	2.45	3.60	1.48	28,056.10	22,518.00
Taiwan TAIEX	45,224.29	-1.28	2.24	9.32	88.73	56.14	48,218.87	23,739.83
Korea KOSPI	6,912.95	-0.93	2.45	-11.55	120.04	64.04	9,385.59	3,134.86
India NIFTY 50	24,252.00	-0.47	0.27	2.53	-3.32	-7.19	26,373.20	22,182.55
Australia Stock Exchange 200	9,058.90	-0.62	3.02	5.07	0.44	3.95	9,296.70	8,262.40
Indonesia Jakarta Composite	6,525.69	1.93	2.93	7.07	-17.30	-24.53	9,174.47	5,317.91
Thailand SET	1,613.78	0.29	-2.37	5.29	29.64	28.11	1,657.55	1,230.55
Malaysia FTSE Bursa KLSE	1,736.48	0.53	0.94	1.65	9.02	3.36	1,771.25	1,561.36
Philippines Stock Exchange PSE	6,238.46	-0.93	-1.51	5.37	-0.63	3.07	6,673.61	5,584.35
Singapore FTSE Straits Times Index	5,688.96	-0.95	2.94	12.75	34.46	22.44	5,774.21	4,215.51
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	0.01	0.95	2.47	0.53	0.64	-0.56	1.20	1.14
GBP	0.03	0.76	1.96	1.52	1.66	1.19	1.38	1.30
CHF	0.10	-1.50	-1.43	1.83	-0.94	1.09	0.82	0.76
JPY	-0.08	-0.23	-2.59	-0.02	7.12	1.46	163.85	146.48
Asia								
CNY	-0.02	-0.30	-0.66	-1.20	-6.39	-3.89	7.18	6.72
HKD	-0.04	-0.09	-0.02	0.08	0.33	0.74	7.85	7.77
INR	-0.01	0.26	-0.56	-0.53	9.65	6.50	96.82	87.27
MYR	-0.12	-1.20	-1.27	1.89	-4.43	-0.52	4.23	3.88
KRW	-0.58	-2.17	-6.45	-7.84	-1.09	-3.80	1,559.08	1,378.66
SGD	-0.24	-0.75	-1.73	-0.65	-1.47	-1.26	1.31	1.26
TWD	-0.10	-0.57	-1.55	0.92	4.28	1.57	32.40	30.05
IDR	-0.31	-0.76	-1.09	0.26	8.63	6.09	18,170.00	16,250.00

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Sources

Asset performances: (bar charts) Eastspring Investments, Refinitiv, as of 21 August 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 21 August 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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