

The Global Investment Strategy View

We explore the outlook for economies and markets, and provide year-ahead views across asset classes.

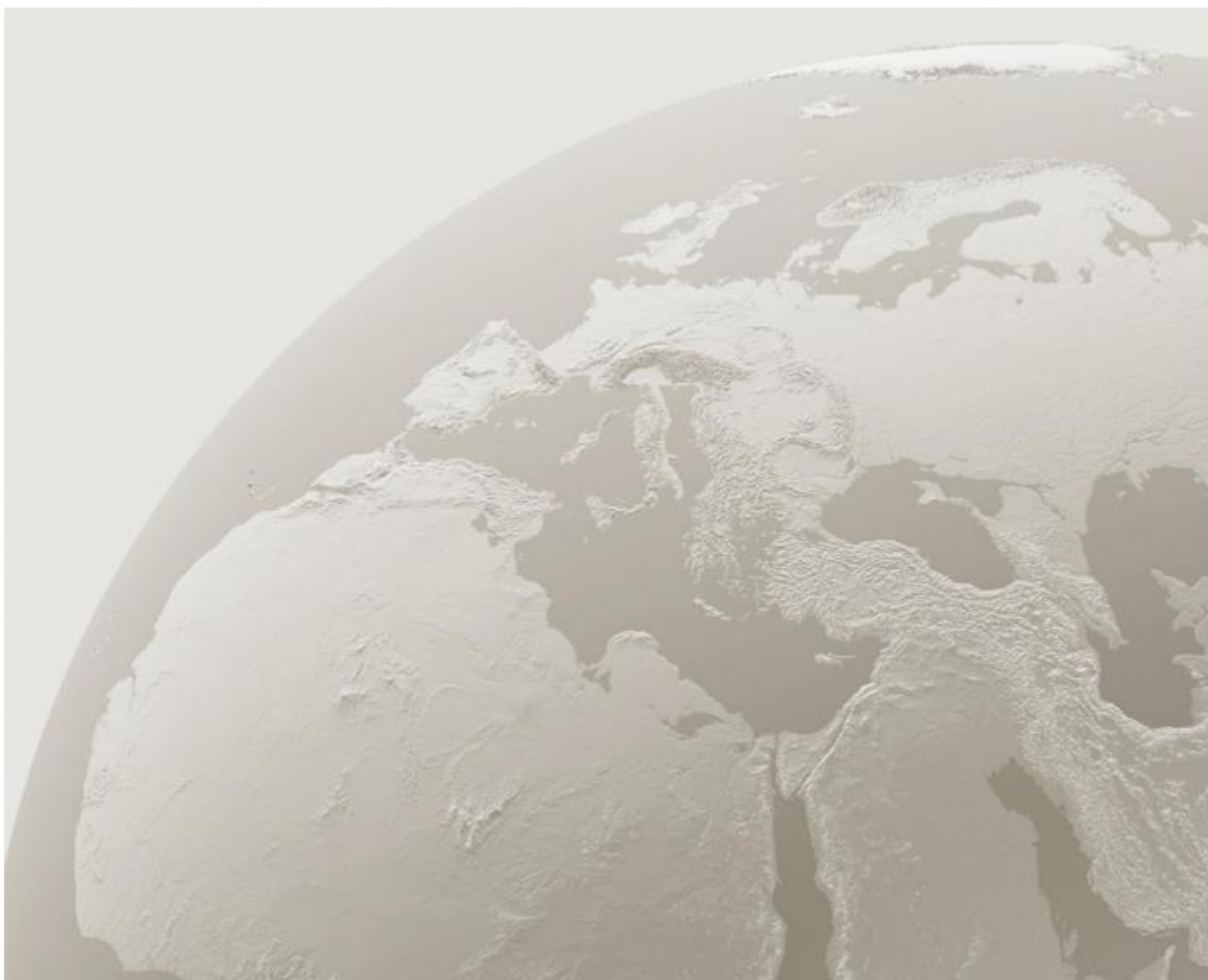


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KEY TAKEAWAYS

What a long, strange trip it's been.

Since late February when the conflict in Iran and the Middle East began, closing the Strait of Hormuz, the ramifications from these events have dominated the market narrative. The energy price shock and its potential knock-on effects on growth and inflation have been top of mind for investors. Throughout these months of conflict, we have retained our constructive base case: We expected that the energy price shock would create only a mild headwind for growth and modest inflation pressures. We believed the conflict would ease rather than escalate and that de-escalation—combined with resilient corporate earnings boosted by the spending surge on artificial intelligence and its infrastructure (the AI capex supercycle)—would power equity markets higher.

Now de-escalation is underway and energy prices have retreated from recent highs. So where do we think markets and the macroeconomy go from here? The retreat in energy prices meaningfully lowers the risk of an adverse economic surprise, and should give the consumer a lift. We modestly increase our expectations for year-end economic growth in the United States. The expected boost to oil supply also allows us to reduce our oil price outlook.

Investors' focus has shifted to the Federal Reserve (Fed) and its new chair, Kevin Warsh. Despite lower energy prices, the Fed surprised markets in mid-June with a more hawkish tone after Warsh's first policymaking statement. Investors' expectations at the start the year for rate cuts around mid-2026 have given way to expectations of rate hikes instead. Treasury markets have repriced to reflect this new reality. (When investors shift to anticipating higher rates, Treasury bond yields typically rise and bond prices decline.) We believe, however, that markets have turned too hawkish. Our base case remains a Fed on hold rather than hiking rates, though we acknowledge the upside risks. Regardless, we believe the market's repricing of high quality short-term credit has gone too far. We see a compelling opportunity in short-duration credit, particularly if funded from the cash portion of a portfolio.

We have had a high-conviction positive view on gold. Gold prices have been under pressure, given the rise of rates to multi-year highs. While we believe gold prices will likely move higher over time, we have lowered our outlook price.

The AI capex boom has been the predominant driver of a rising equity market and earnings performance, and we continue to favor opportunities in strategic industries, including power, semiconductors and industrials. The focus on technology has created other opportunities as well.

This month, we spotlight our conviction in financials. Despite earnings upside, financial stocks are down so far this year. Concerns about credit and AI disruption have weighed on financials and created an opportunity for contrarian investors. We believe banks are poised to shift from defense to offense, and we see compelling potential based on strong demand for loans, moderating credit concerns and strong capital markets..

Three opportunities are in focus:

Embrace the AI supercycle through investments in strategic industries: Continue to favor opportunities in heavy assets, low obsolescence (HALO) industries, including semiconductors, power and industrials, as AI capex expectations continue to be revised higher.

Embrace the banks: Financials have been among the biggest laggards year-to-date, despite analysts upgrading their earnings expectations for the sector. Focus on the opportunity in banks experiencing strong loan demand, as credit concerns ease and capital markets activity is robust. Beyond stocks, consider opportunities in preferred securities, which are highly concentrated in the financial sector.

Seek to capture carry in the extended credit markets: Despite macroeconomic concerns, credit markets have remained resilient. With lower energy prices and rising tailwinds to growth, we see attractive fundamental opportunities in extended credit. We believe rates markets have turned too hawkish but that credit spreads offer attractive carry to buffer returns even if rate hikes lie ahead.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

THE JULY 2026 SNAPSHOT

EQUITIES				
GEOGRAPHY	Negative	Neutral	Positive	MoM
U.S.			●	
Europe		●		
Japan		●		
EM			●	
US SIZE/FACTOR				
Large Cap			●	
Small/Mid Cap			●	
US SECTORS				
Staples	●			
Energy	●			
Financials			●	
Industrials			●	
Info Tech			●	
Utilities			●	
Materials		●		
Healthcare		●		
Real Estate	●			
Other: Con Disc & Comm Svcs		●		

FIXED INCOME				
ASSET CLASS	Negative	Neutral	Positive	MoM
Government		●		
Inv. Grade			●	
Extended Credit			●	
SUB-ASSET CLASS				
Munis			●	
Hybrids (Preferreds)			●	
High Yield		●		
Emerging Markets			●	

FX & COMMODITIES				
ASSET CLASS	Negative	Neutral	Positive	MoM
DXY Dollar Index	●			
Brent Crude Oil	●			
Gold			●	

Note: MoM = Month over month. This snapshot summarizes conviction across key GIS views. It is not meant to constitute portfolio management or to be used as a portfolio construction tool.

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THE VIEW

After the Shock: Lower Oil Prices, Stronger Growth, and a New Fed Risk Regime

The conflict shock is fading, but markets are not returning to the old regime. Oil prices have fallen, growth risks have improved and inflation pressure has eased. That supports cyclical exposure. But the main risk has changed: investors now need to worry less about geopolitical escalation and more about whether a newly hawkish Fed overtightens into a complicated growth backdrop.

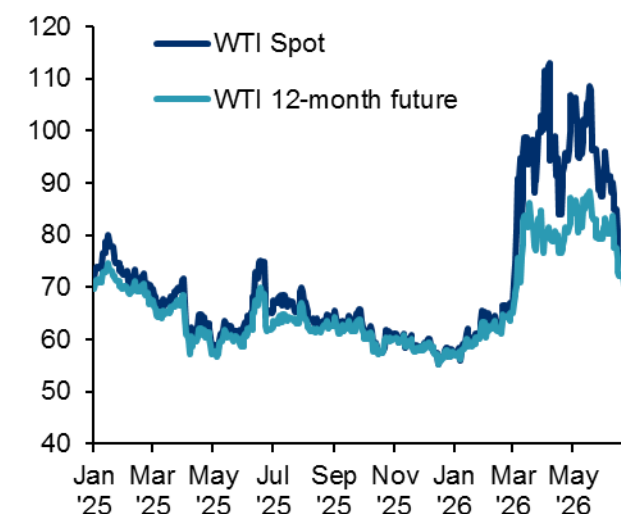
As America gets ready to celebrate its 250th birthday, macro dynamics are tilting in its favor – the dollar is strong, investments are flowing into new technologies, and domestic energy production has pushed prices lower.¹ The result is a more constructive macro backdrop, but not a risk-free one. **In this post-conflict macro regime, the opportunities that stand out to us are financials and technology in equities, and extended credit in fixed income,** but the path is likely to include more volatility.

What changed this month?

- Oil prices moved lower, improving the growth/inflation mix.
- Growth risks shifted higher, helped by lower energy prices, resilient data and ongoing AI-related capex.
- Fed risk increased, as markets reassessed the reaction function under new leadership.
- Gold's near-term setup became less compelling, even though the medium-term case remains intact.
- Financials, technology, and extended credit stand out as the most appealing current opportunities.

A key variable in this regime shift has been the sharp move lower in oil prices. Oil prices have declined following the U.S.-Iran Memorandum of Understanding (MoU), and we think they could fall further (Figure 1). We are revising down our oil price outlook from \$80/bbl to \$75/bbl by year-end 2026, and to \$65/bbl by mid-year 2027, with risks slightly skewed to further downside in '27.

Figure 1: Sharp decline in oil prices post Memorandum of Understanding
\$/bbl



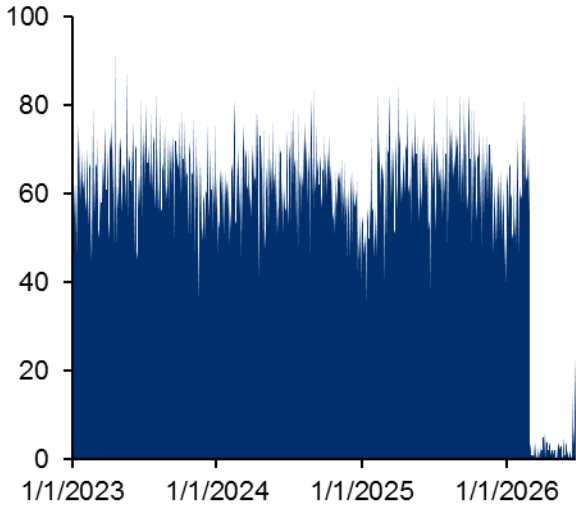
Source: Bloomberg Finance L.P. Data as of June 26, 2026.

Oil price outlooks now span an unusually wide range. There's certainly scope for upside: inventories are low, shipping through the Strait may take time to normalize and energy infrastructure has been damaged. But our base case is that supply comes back faster than demand. Persian Gulf producers may lack production discipline, Iran could increase output and countries that filled the global shortfall over the last three months may be slow to reduce production. After months of economic pressure, producers are likely to prioritize volumes over production discipline. The UAE's decision to leave OPEC is key indication that the cartel may struggle to curb excess production. This could all lead to an oversupplied market and lower prices going into 2027. A key variable to watch will be Hormuz tanker crossings as a sign of how quickly supply is hitting global markets (Figure 2).

¹ See also Michael Cembalest, EOTM, "[Semiquicententacles](#)"

Figure 2: Strait of Hormuz vessel crossings picking back up

Number of tanker vessels crossings through SoH



Source: Bloomberg Finance L.P. Data as of June 26, 2026.

Increased efficiency and a drive towards electrification have also reduced demand. Several Asian economies, most notably China, appear to have adjusted to lower oil consumption through substitution or a focus on increased efficiency, most notably demand displacement from electrification. For example, Chinese crude oil imports dropped from an average of 11.9 million b/d in the year before the Iran war began to only 7.8 million b/d in May. The result is the potential that China’s demand for crude can be met with lower import levels. If that adjustment proves persistent, the combination of weaker demand growth and stronger supply could keep oil under pressure for longer.

Lower oil prices matter because it is not just a commodity story; it is the transmission mechanism behind the macro upgrade. Cheaper energy supports consumers, reduces inflation pressure, gives central banks more room to stay on hold and improves the earnings backdrop for oil-importing economies.

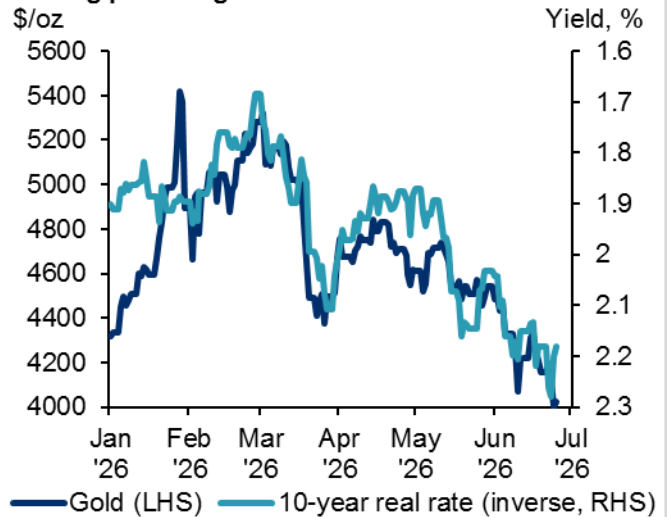
As a result, we are slightly revising up our U.S. growth outlook for year-end 2026 from 1.5% to 1.75% Q4/Q4, due to lower energy prices and resilient incoming data. Nonetheless, our base case remains for relatively imbalanced U.S. growth, with booming capex alongside a sluggish consumer, labor market and housing sector.

Firmer growth, higher yields, and falling oil are creating a dynamic market backdrop. Gold is a good example of the current market complexity. We have been bullish gold for the better part of three years, but acknowledge market fundamentals have shifted reducing near-term upside.

Historically, gold regimes shift over time. At times the price is driven by interest rates, other moments it is driven by geopolitics and fear of currency debasement. Since Russia invaded Ukraine, dollar diversification and debasement fears drove gold higher, but markets are now pricing a more hawkish, and independent, Fed and reduced debasement concerns. As a result, we are lowering our gold outlook to \$4500/oz, but not abandoning the constructive medium-term view.

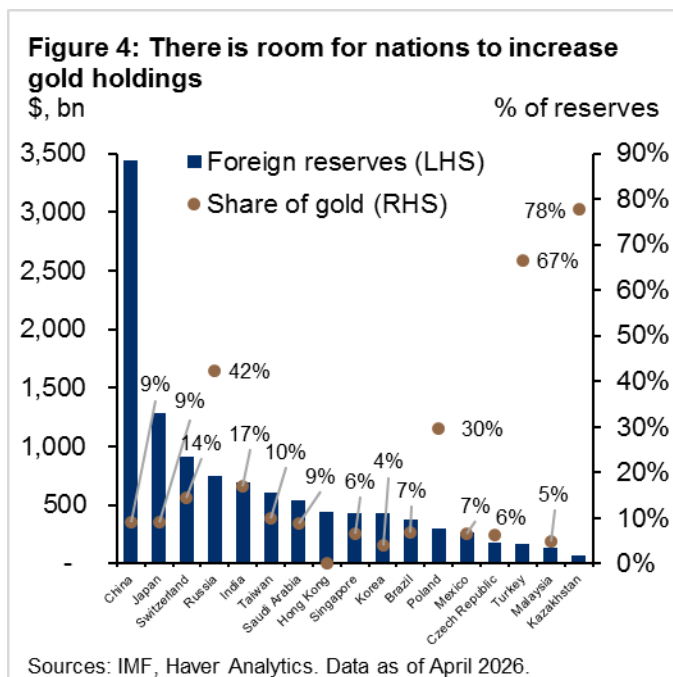
The positive macro backdrop has resulted in a more hawkish Fed, firmer real yields and a stronger dollar which all create near-term headwinds for gold (higher yields make gold, a non-yielding asset, less attractive) (Figure 3), while central-bank buying could slow after several years of unusually heavy accumulation. That said, the structural case remains intact. Reserve diversification should continue (especially for countries with a low reserve allocation) (Figure 4), real yields may be near their peak and positioning is cleaner after the recent sell-off. Gold can still move higher over time in our view, but could remain rangebound until a catalyst emerges.

Figure 3: Real rates and market hawkishness driving price of gold for now



Note: Uses yield on generic inflation indexed U.S. 10 yr gvt. bond.
Source: Bloomberg Finance L.P. Data as of June 25, 2026.

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We reiterate our base case of fairly stable US growth, but acknowledge the risks. On the upside, growth could broaden if tech-related capex continues to surpass expectations in the U.S., or if the decline in energy prices helps global economic dynamism spread to consumers and other sectors. In that scenario, the Fed could hike rates ‘for good reasons’, while the dollar appreciates materially.

But improving cyclical prospects does not mean a smoother path. As conflict risk recedes and investors rebuild exposure, the risk of air pockets may rise. On the downside, two risks are more prominent now.

First, a Fed under new leadership – and under review – could commit a policy mistake by tightening policy prematurely.

Second, record equity inflows, rapid issuance, extreme momentum and signs of localized asset-market excess could suggest that the next downside shock may come less from deteriorating fundamentals and more from positioning, liquidity and valuation pressure. We will monitor both upside and downside risks closely, and illustrate the yield and dollar impact of those scenarios indicatively below (Figure 5).

Figure 5: Our base case and indicative alternative macro scenarios over the next 6-12 months

Indicative Scenario	Stocks	Consumer	Fed	10y	EUR-USD
Now - Jun '26			3.63%	4.40%	1.14
Base case	↗	→	3.63% Unch	4.60% +20 bp	1.14 Unch
Tech boom broadens	↑	↗	4.38% +75 bp	5.05% +65 bp	1.08 -0.06
Policy mistake	↘	↘	3.88% +25 bp	4.20% -20 bp	1.11 -0.03
Slow-down	↓	↓	2.88% -75 bp	3.90% -50 bp	1.20 +0.06

Source: Bloomberg Finance L.P. Data as of June 26, 2025.

From Fog of War to Fog of Warsh

Last month, markets were focused on geopolitical escalation. This month, the focus has shifted to the Fed. Markets have continued to price out debasement concerns across asset classes, and we think we may be approaching a “peak hawkishness” moment. Still, near-term Fed risk has risen, which is why we are revising our gold outlook lower and our dollar outlook higher.

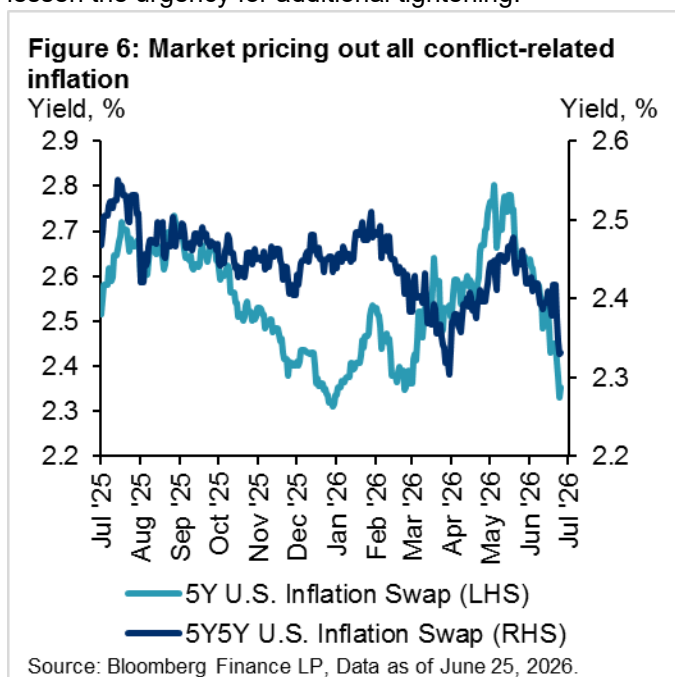
A major factor has been the June FOMC, the first under the leadership of new Chair Kevin Warsh. Following the meeting, markets priced in a first 25 basis point hike by the September FOMC after 9 of 18 FOMC participants indicated a possible rate increase during 2026 and the press conference appeared near-exclusively focused on price stability.

We had expected a hawkish Fed reaction function, and we continue to think it is a close call whether the Fed hikes in 2026. But we are keeping our base case of no Fed hike this year for three reasons.

First, we think the Fed’s 3.3% median core PCE inflation projection for 2026 does not fully reflect the recent sharp decline in energy prices. Second, we think the hawkish interpretation of the projections and press conference may be exaggerated. Third, markets do not signal that the Fed needs to hike urgently: market-based inflation expectations are already below pre-conflict levels

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(Figure 6), while a softening in equity prices would also lessen the urgency for additional tightening.



That said, the margin for error has narrowed. Upside surprises in near-term inflation data could lead us to pencil in a hike, while a broader pickup in growth could usher in a more sustained hiking cycle. We also expect the various reviews the new Chair has announced to result in changes to Fed practices. Those could be significant over time, but we do not expect them to be immediately market-moving.

The market implications of a more hawkish Fed are straightforward: supporting the dollar, keeping real yields firm and creating near-term headwinds for gold. It also increases the risk of a flatter yield curve than we previously wrote. But we noted that we may be approaching peak hawkishness, and lower oil prices act as an offset. For that reason, we are making only modest adjustments to our dollar and yield-curve views.

In fixed income, we continue to favor short-duration credit for its pickup over cash and resilience to further tightening. High-grade three-year U.S. credit offers around 4.7%, or roughly 110 basis points over cash. That pickup reflects Fed hiking risks, which we continue to watch closely, but we consider those risks reasonably well priced.

At the same time, duration may become more useful as a portfolio diversifier if a hawkish Fed raises the risk of a later growth slowdown. In other words, short-duration credit remains attractive for carry, while high-quality duration could regain value as a hedge against a policy mistake.

This month, we also highlight preferreds and hybrids as a way to pick up incremental yield without reaching deep into lower-quality credit. Default risks remain contained, and stress is still limited to idiosyncratic issuers and sectors. For investors seeking additional compensation, selected pockets of high yield also appeal, with an emphasis on higher-quality BB risk and careful issuer selection given refinancing sensitivity for weaker credits as maturities approach.

The Equity Opportunity: Banks Move from Defense to Offense

Banks are one of the clearest equity opportunities in the new macro regime. Banks are no longer simply a defensive value trade, they are increasingly a cyclical earnings recovery story supported by stronger loan growth, stable credit, improving capital markets activity and rising capital return.

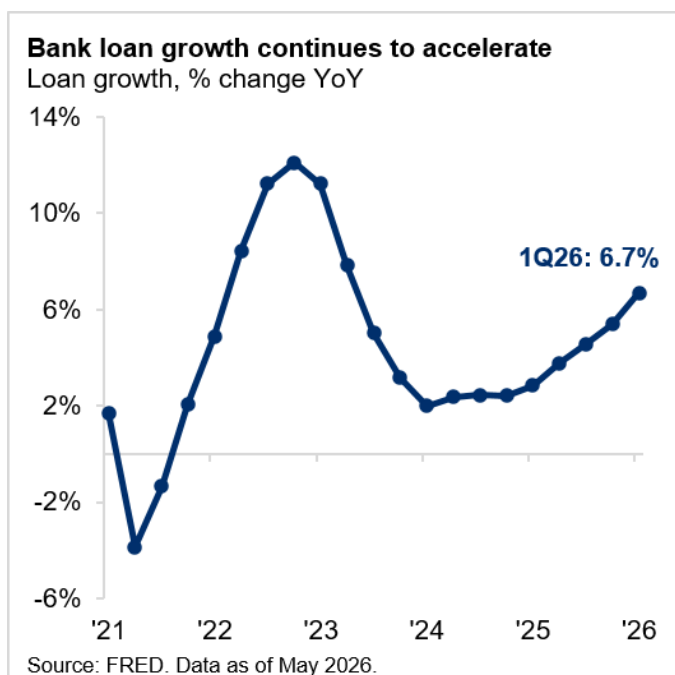
We have been endorsing U.S. Financials — large-cap banks in particular — for close to 18 months, a period during which the group has meaningfully outperformed the S&P 500. Performance was more mixed earlier this year as investors worried about private credit exposure, geopolitical uncertainty and the durability of consumer spending. More recently, however, sentiment has shifted. Since the end of May, banks have outperformed the S&P 500 by over 1,200 basis points, helped by better-than-expected labor market data, constructive industry commentary and easing geopolitical tensions.

Looking ahead, we see further upside supported by four pillars.

1. Loan growth is reaccelerating

Lending activity has strengthened materially, with loans increasing for an 18th consecutive week and reaching a record high. Deposits have also improved, rising for 16 of the past 20 weeks. On a year-over-year basis, loan growth has accelerated to 6.7%, its fastest pace in several years.

Commercial and Industrial (C&I) lending is leading the improvement, signaling a meaningful pickup in corporate borrowing and business activity after a prolonged period of caution. Reshoring initiatives and tax incentives from the One Big Beautiful Bill Act are also contributing to stronger demand.

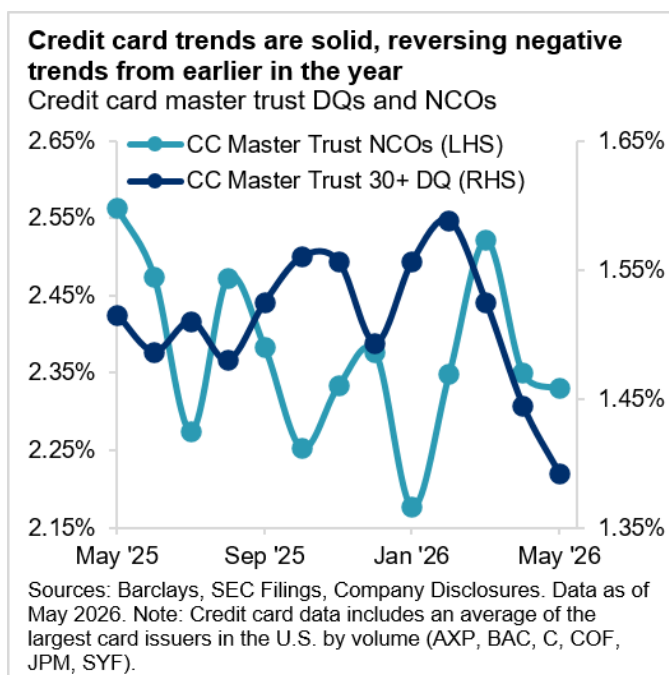


The earnings transmission is straightforward. Stronger loan volumes, easing deposit costs and a more favorable rate backdrop support net interest income and margin expansion. Importantly, the recovery appears broad-based across both commercial and consumer lending, suggesting a more durable improvement in underlying demand.

2. Credit conditions are stabilizing

After gradually inching higher through 2024 and 2025, both delinquencies and charge-offs have begun to stabilize across loan categories and are now declining sequentially, even after adjusting for typical seasonal patterns.

This improvement is most evident on the consumer side, which drove much of the earlier deterioration. As of 1Q26, net charge-offs across all major loan groups — including consumer, C&I, commercial real estate, and mortgages — remain below longer-term averages. That reinforces the view that credit normalization has largely run its course without evolving into a more material downturn.



This is critical for the investment case. If credit costs remain contained, investors can focus less on any potential downside and more on earnings growth.

3. Capital markets are reopening

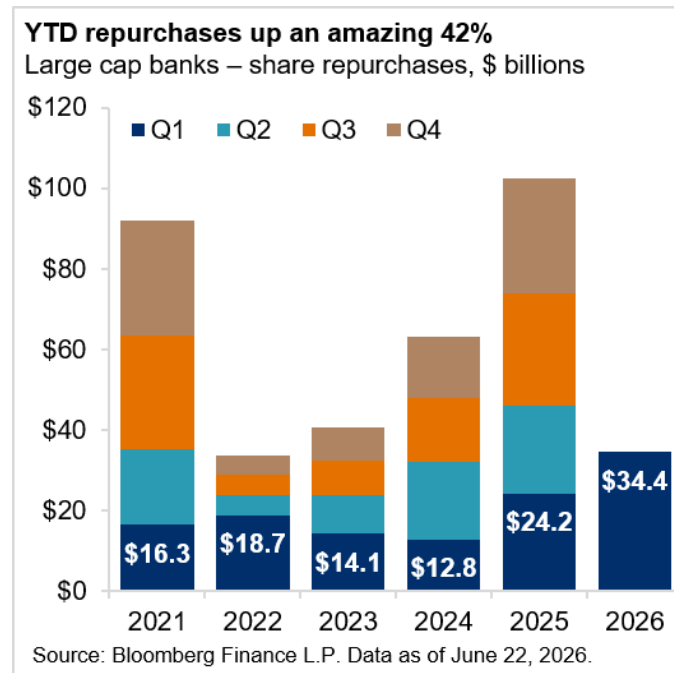
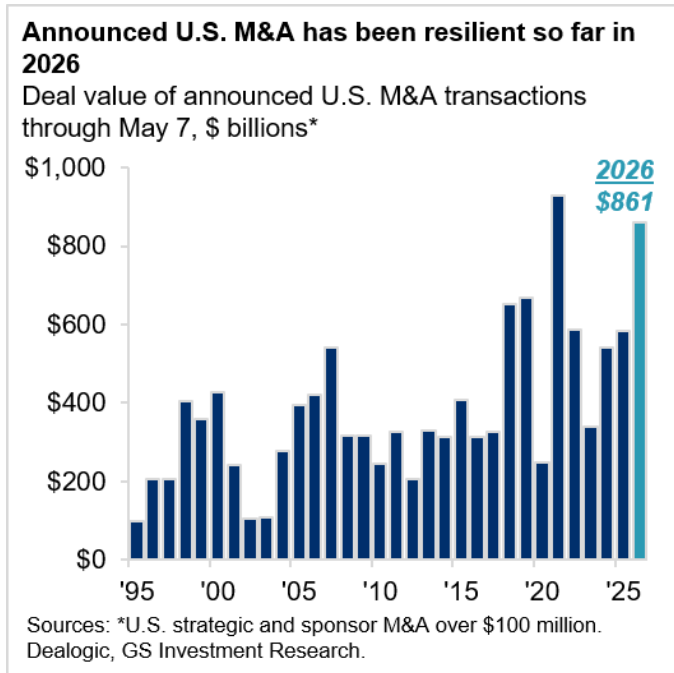
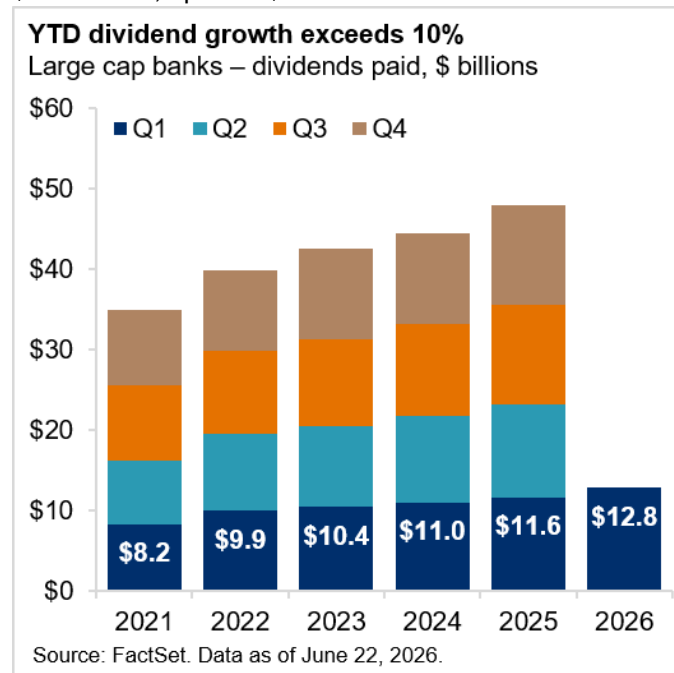
With credit risk contained, capital markets are emerging as another leg of earnings growth. Trading revenues are tracking up 8–18% year-over-year, while investment banking revenues are rising 10–20%, reflecting stronger client activity and a reopening of pipelines.

M&A and IPO activity are also inflecting higher. IPO issuance is on pace for a strong year, with total volumes expected to exceed \$200 billion in 2026, while year-to-date M&A announcements are approaching \$900 billion, roughly 50% higher year-over-year. Together, these trends point to improving corporate confidence and a meaningful rebound in fee-generating activity.

This also connects back to the broader macro story. A more resilient growth backdrop, lower energy prices, AI-related investment and easing geopolitical uncertainty are all helping companies reengage with capital markets.



year-to-date, with Q1 2026 dividend payments reaching \$12.8 billion, up from \$8.2 billion in 2021.



4. Capital return is improving

The fourth pillar is shareholder returns. While broader S&P 500 buyback growth has slowed to roughly 4% year-over-year in 1Q26, Financials are driving a disproportionate share of activity, accounting for 27% of total buybacks, with repurchases growing 42% year-over-year. At the same time, large-cap bank dividend growth has exceeded 10%

Capital return strengthens the investment case in two ways. First, rising buybacks and dividends signal management confidence in earnings durability. Second, they create a more balanced return profile for investors, combining the potential for multiple expansion with a growing income stream.

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5. The opportunity is increasingly global

Importantly, this constructive backdrop is not unique to the U.S. We are upgrading our view on European banks, where rates remain elevated even if the ECB does not hike further. That should support net interest income alongside solid loan and deposit growth, improving capital markets activity and stronger capital return profiles. Valuations also remain compelling.

Risks to monitor

Of course, there are risks. A sharper slowdown in the labor market could pressure credit. Renewed rate volatility or a flatter yield curve could weigh on net interest margins. Geopolitical uncertainty could slow deal activity. A sharp reversal in AI sentiment could also derail IPO pipelines and broader capital markets momentum.

Still, the baseline remains constructive.

In short, banks are moving from defense to offense. Loan growth is reaccelerating, credit costs remain contained, capital markets activity is recovering, and capital return is increasing. That combination should support earnings growth and shareholder returns in the years ahead. The risks are clear, but the opportunity is increasingly global across the U.S., Europe and parts of Asia.

TOP OPPORTUNISTIC TRADE IDEAS

Strategic Industries – (HALO in the Lead)

Why now: While the AI disruption risk is evolving quickly, we also see attractive opportunities in Tech and Power favoring semis and hardware over software. Semis should continue to see strong growth from the continuation of the AI buildout. A significant networking and hardware upgrade cycle will also aid growth in 2026-2027.

Key Drivers: (i) Potential earnings upside for national champions in strategic industries (defense, energy, infrastructure) driven by an accelerating capex cycle. (ii) power and grid constraints driven by AI/datacenter load growth, and (iii) reshoring/nearshoring incentives plus supply-chain security priorities that favor domestic capacity and automation.

Risks: A faster de-escalation in geopolitics, fiscal tightening, or election-driven policy shifts could reduce spending momentum. Higher rates and input costs can pressure project economics; execution risk (permits, labor, supply bottlenecks) may delay cashflow realization. Concentrated exposure to government demand can increase headline and contract risk.

Financials – (Banks)

Why now: After underperforming sharply in 1Q26 of this year due to concerns around private credit and increasing geopolitical uncertainty weighing on consumer and corporate sentiment, Banks look poised to outperform driven by accelerating loan growth, benign credit conditions, increased capital markets activity and continued return to shareholders all leading to upward revisions to earnings estimates. Valuations remain attractive at 12.5x NTM EPS, after an 8% contraction in multiples YTD.

Key Drivers: Positive earnings revisions and valuation rerating driven by improving economic backdrop and less uncertainty related to geopolitics. Loan growth continuing to accelerate driven by OBBBA incentives, credit remaining benign as inflation moderates and the Fed remains on hold; trading and M&A remains robust given volatility in markets into the upcoming Midterm election; share buybacks continue to accelerate given deregulation.

Risks: Private credit concerns increasing; Labor market weakness and slowing economic growth weighing on loan growth; rate volatility/curve flattening pressuring net interest margins; increased geopolitical uncertainty stalling deal activity or a sharp reversal in AI sentiment derailing upcoming IPOs.

Extended Credit: (6-7.5% yields in USD, 5-6% yields in EUR)

Why now: Across sectors and continents, we have observed remarkable resilience throughout the 3.5-month conflict that kept the Strait of Hormuz closed: against heightened geopolitical adversity, global High Yield indices have seen credit spreads remain anchored. Now, with the resolution, we turn our attention once again to the improving fundamentals story, strong corporate earnings and guidance reported over the past several weeks.

Key Drivers: i) Supportive Macro: stronger upside in global economic growth lends further support to corporate earnings, and the path to deleveraging becomes increasingly attainable for Extended Credit issuers; ii) Fundamentals: corporate defaults over the past couple of years have printed below 2%, sitting beneath the decade's average. Net Leverage ratios remain contained, Interest Coverage ratios stand above their historical medians, and strong corporate earnings growth supports continued positive FCF generation; iii) High Carry: attractive starting yields on offer across Extended Credit themes generate compelling income, while acting as a cushion against any potential rate or spread volatility along the way.

Risks: i) a re-escalation of conflict in the Gulf could drive energy prices higher, and were a prolonged conflict to precipitate a growth shock, Extended Credit issuers' fundamentals could come under pressure; ii) a pick-up in cyclical conditions could trigger a hiking cycle, which could deteriorate earnings growth and FCF generation; iii) Extended Credit spreads are prone to heightened volatility throughout risk-off trading periods.

2026/2027 YEAR-END & MID-YEAR OUTLOOK NUMBERS

July 2026

Macro ^A				
Inflation	2026 YE	Old 2026 YE	2027 YE	Old 2027 YE
U.S.	2.90-3.10%	2.80-3.00%	2.30-2.50%	
Eurozone	2.20-2.40%		2.00-2.20%	
China	0.40-0.60%		0.9-1.1%	
Real GDP Growth				
U.S.	1.50-2.00%	1.25-1.75%	1.50-2.00%	
Eurozone	0.75-1.25%		0.85-1.35%	
China	4.30-4.70%		4.40-4.80%	
Equities				
S&P 500	2026 YE	Old 2026 YE	2027 MY	Old 2027 MY
Price	\$7,700-7,900		\$8,100-8,300	
P/E forward multiple	21x		21x	
Stoxx Europe 50				
Price	€6,100-6,200	€5,950-5,950	€6,400-6,500	€6,050-6,150
P/E forward multiple	15.5x		15.5x	
TOPIX				
Price	3,700-3,800		3,900-4,000	
P/E forward multiple	16.5x		16.5x	
MSCI Asia ex-Japan				
Price	1,200-1,250		1,265-1,325	
P/E forward multiple	12.5x		12.5x	
MSCI China				
Price	82-86	94-98	87-91	98-105
P/E forward multiple	11.5x	12.5x	11.5x	12.5x

Currencies				
	2026 YE	Old 2026 YE	2027 MY	Old 2027 MY
U.S. Dollar Index (DXY)	101 (99-103)	99 (97-101)	98 (96 - 100)	97 (95 - 99)
EUR/USD	1.14 (1.12-1.16)	1.16 (1.14-1.18)	1.17 (1.15 - 1.19)	1.20 (1.18 - 1.22)
USD/JPY	158 (156 - 160)		158 (156 - 160)	
GBP/USD	1.32 (1.30-1.34)		1.35 (1.33 - 1.37)	
USD/CNY	6.70 (6.60 - 6.80)		6.60 (6.50 - 6.70)	

Rates & Credit Spreads				
U.S.	2026 YE	Old 2026 YE	2027 MY	Old 2027 MY
Eff. Fed Funds rate	3.63		3.63	
ON SOFR	3.63		3.63	
2-year UST	4.05%		4.15%	4.10%
5-year UST	4.20%		4.30%	
10-year UST	4.60%		4.75%	
30-year UST	5.05%	5.15%	5.25%	
2s/10s spread	0.55%		0.60%	
JPM U.S. Investment Grade	80-110 bps		80-110 bps	
JPM U.S. High Yield	300-350 bps	325-375 bps	325-375 bps	350-400 bps
Europe				
	2026 YE	Old 2026 YE	2027 MY	Old 2027 MY
ECB Deposit rate	2.25%		2.25%	
5-year German Yield	2.50%		2.50%	
10-year German Yield	2.90%		2.90%	
BoE Bank Rate	4.00%		3.75%	
10-year UK Gilt	4.60%		4.60%	
EUR IG	75-105 bps		75-105 bps	
EUR HY	260-310 bps	275-325 bps	260-310 bps	300-350 bps
EM				
	2026 YE	Old 2026 YE	2027 MY	Old 2027 MY
EM Sovereign Index (EMBI)	225-275 bps	245-295 bps	225-275 bps	245-295 bps
EM Corporate Index (CEMBI)	155-205 bps	175-225 bps	155-205 bps	175-225 bps
JPM Asia IG (JACI IG)	50-80 bps		50-80 bps	
JPM Asia HY (JACI HY)	325-350bps	375-425bps	350-375bps	

Commodities				
	2026 YE	Old 2026 YE	2027 MY	Old 2027 MY
Gold (\$ / oz)	\$4,350 - \$4,650	\$5,600 - \$5,800	\$4,850 - \$5,150	\$5,700 - \$6,000
Brent (\$ / barrel)	\$72-\$78	\$77-\$82	\$62-\$68	\$77-\$82
Commodity Index (BCOM)	124-130	133-136	123-129	133-136
Natural gas (\$/MMBtu)	\$3.50 - \$4.50	\$4.50 - \$5.50	\$3.50 - \$4.50	\$4.50 - \$5.50

^AGDP and core inflation estimates represent Q4 year over year growth rates. Core inflation in the US is core PCE. *China inflation is headline.

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MACRO VIEWS

U.S. Growth

U.S. Q1 GDP growth was revised up to 2.1% annualized in the third and final release (vs. 2.0% initially), but the mix matters. The upgrade largely reflected a smaller drag from net exports (from -2.59pp to -1.49pp), mainly due to downwardly revised imports. However, this was offset by a notable downgrade to consumer spending (from 1.4% to 0.5%), consistent with our view that the consumer is softening.

Other key data were stronger. The May jobs report showed 172,000 nonfarm payrolls versus ~80,000 expected, reinforced by upward revisions of 93,000 to March and April. The unemployment rate held at 4.3%, and three-month average gains were 188,000. May retail sales also beat expectations, rising 0.9% month-over-month. A 3.4% jump in gasoline station receipts led the gain, but sales excluding gas and the control group were still solid at +0.7%. Real retail sales increased 0.41% MoM.

With U.S.-Iran tensions fading and data surprising to the upside, we lift our Q4/Q4 GDP estimate from 1.5% to 1.75% (back to pre-war). Risks look balanced, hinging on whether capex broadens beyond AI or weaker consumption dominates.

What we're watching: Real wage growth and consumption, global energy prices, daily consumer sentiment, measures of global supply side stress, and labor market data.

Our view: YE '26: 1.50-2.00%, **YE '27:** 1.50-2.00%

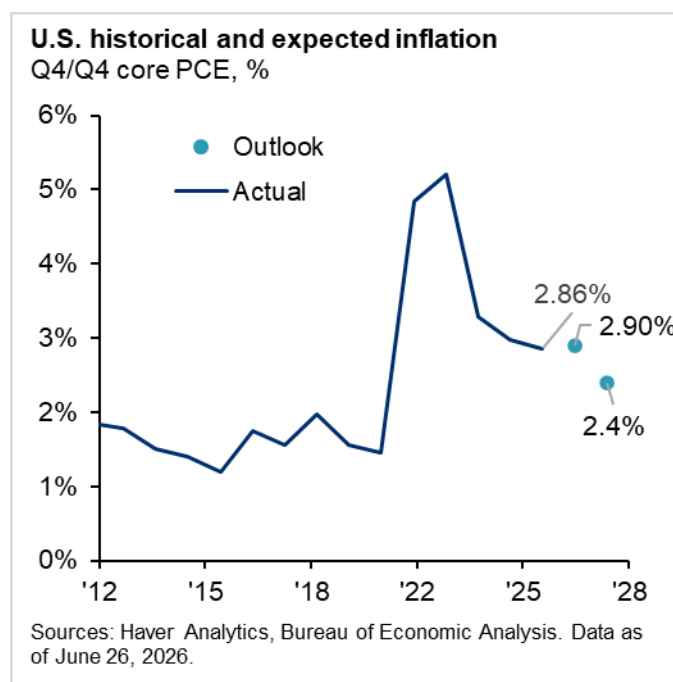


U.S. Inflation

Last month, we argued that this inflation episode is unusually concentrated in energy and energy-adjacent items. May data reinforces that view and, combined with falling oil prices, suggests the worst is behind us. Headline CPI rose 0.5% MoM, in line with expectations, while core CPI increased 0.2% MoM, slightly softer than expectations. Energy accounted for more than 60% of May's headline gain, underscoring the gap between headline and underlying inflation. Over the past three months, headline CPI is up 2.0%, while core CPI excluding shelter is up only 0.45%. Core goods prices also fell 0.1% m/m, the first decline since early 2025, consistent with our view that tariff-related firmness in goods prices is beginning to fade. This cooling is supported by near real-time inflation indicators (PriceStats), which show inflation peaking in April. Wage growth also remains subdued, with no signs of an upward inflection, reducing the risk of second-round effects we discussed in our last note. In May, average hourly earnings rose 0.3% m/m, leaving nominal wages up 3.4% y/y, but elevated inflation pushed real wages down 0.7% y/y. The Atlanta Fed Wage Growth Tracker also edged down to 3.5% in May from 3.6%. That said, we revise our Q4/Q4 year-end PCE outlook up 10 bps, reflecting the longer-than-expected duration of the conflict.

What we're watching: Energy prices, longer-term inflation expectations, Congress for signs of fiscal stimulus, wage growth, daily PriceStats tracker.

Our view: YE '26: 2.90-3.10%, **YE '27:** 2.30-2.50%



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Europe Growth

The euro area has shown resilience in the face of geopolitical headwinds, with activity and sentiment improving, albeit still weak. The US-Iran détente and lower energy prices should ease second-order growth risks, though elevated uncertainty and persistent inflation keep the pressure on. The ECB has leaned hawkish, though we see this as policy fine-tuning rather than a sustained hiking cycle. On balance, we see euro area GDP finishing 2026 around 0.75–1.25%, edging to 0.85–1.35% by end-2027, reflecting the energy shock's toll thus far but contingent on the conflict remaining contained.

The UK has muddled along. Inflation pressure has been less intense than feared but remains elevated, and slowing activity, a softening labor market, and thin fiscal headroom keep the outlook subdued. A decade on from Brexit, anemic long-term growth is still the defining challenge, and PM Keir Starmer's resignation adds another dose of political uncertainty. Andy Burnham appears to be the clear frontrunner, and the leadership transition is expected before Parliament returns in September, with the fiscal readthrough front of mind heading into a much-anticipated Autumn Budget.

What we're watching: Geopolitical uncertainty and energy dynamics; second-round effects on activity, wages, inflation, and confidence; monetary and fiscal response; and UK Labour party leadership transition.

Our view: YE '26: Euro area GDP: 0.75–1.25% , **YE '27:** GDP: 0.85–1.35%



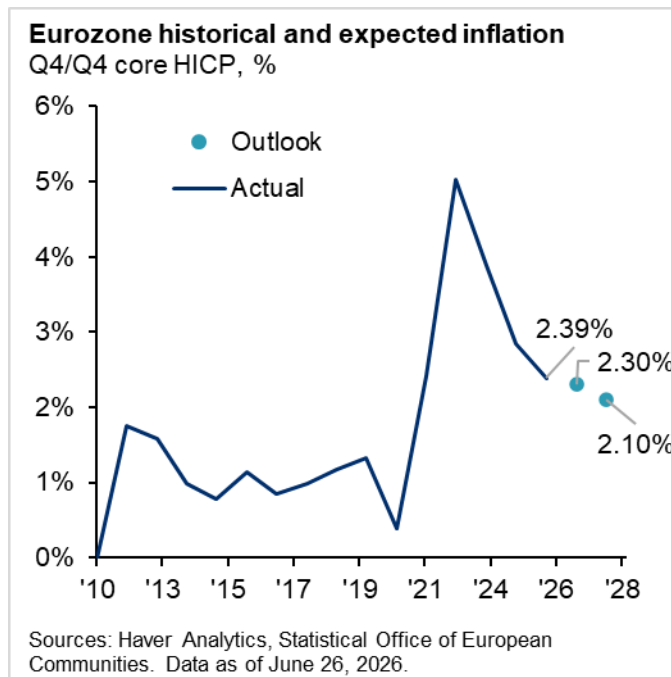
Europe Inflation

Inflation momentum remains firm but falling energy prices ease the pressure. Headline euro area HICP reached 3.2% year-over-year in May, with core at 2.6%, well above the ECB's 2% goalpost. Near-term prints may drift higher before energy relief feeds through, though activity surveys suggest input price pressures may already be moderating. We see core inflation declining to 2.20–2.40% by year-end and 2.00–2.20% by end-2027.

The UK is in a similar position, though more exposed to price volatility. Headline CPI held at 2.8% in May with core at 2.6%, softer than expected for a second consecutive month — a welcome signal, but still notably elevated. Pricing surveys and BoE agents' reports skew to the upside, though a loosening labor market and softening demand could prove counterweight. How that balance evolves will be central to the BoE's next move.

What we're watching: Energy pass-through into core prices, wage settlements, business pricing behavior, inflation expectations, and whether fiscal relief dampens or prolongs price pressures.

Our view: YE '26: Euro area Core HICP: 2.20-2.40%, **YE '27:** Euro area Core HICP: 2.00-2.20%



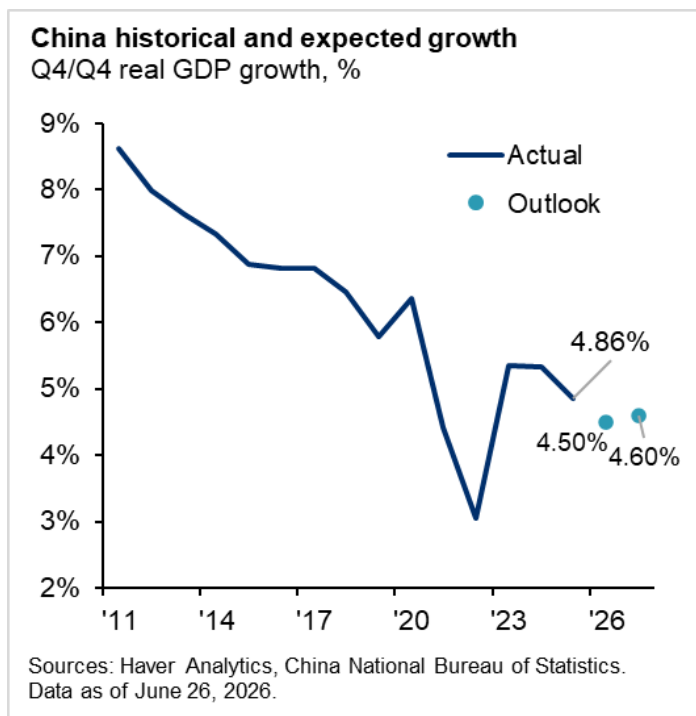
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China Growth

May activity data highlight an increasingly uneven China recovery. The “K-shaped” dynamic widened: external demand continues to outperform while domestic sectors remain under clear pressure, suggesting a more structural slowdown than markets expected. Investment and consumption have fallen month-on-month for three straight months, infrastructure growth has slowed to just 0.6% year-to-date, and property investment plunged about 20% year-on-year as higher materials costs squeezed developers. Consumers are also retrenching—mobile phone sales growth collapsed despite higher prices. Exports remain the standout. Headline export growth surged to 19.4% y/y, beating expectations by a wide margin and looking especially strong against a high base. Gains in AI-related supply chains and continued momentum in renewable energy products are key drivers. Given the export-led dynamic of China’s economy, tariffs from trading partners remains the key risk.

What we're watching: Will major trade partners increase tariffs on Chinese exports? Will reduced fuel prices ease pressure on manufacturers, and does domestic demand bounce back?

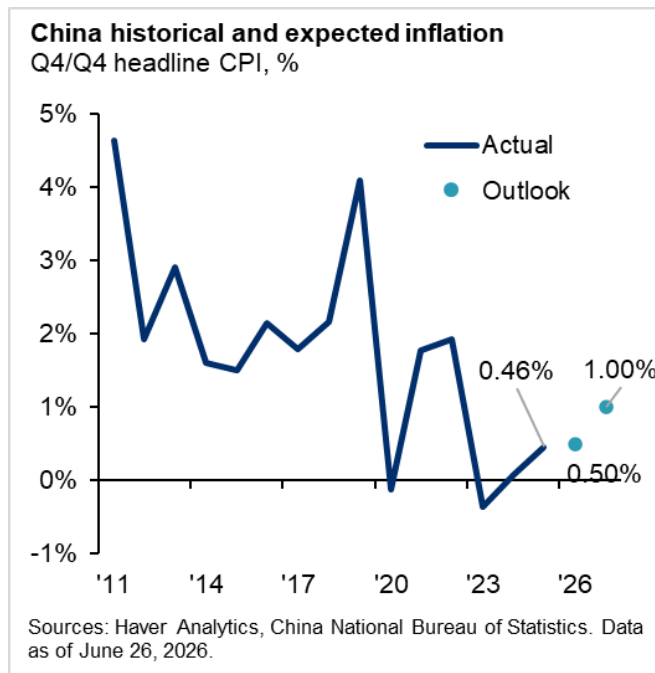
Our view: YE '26: 4.30-4.70%, **YE '27:** 4.40-4.80%



China Inflation

May inflation data broadly matched expectations, reinforcing the theme of divergence between upstream reflation and weak downstream demand. Headline CPI remained subdued at 1.2% y/y, with only a modest 0.1% m/m increase, as persistent food deflation—particularly in pork and vegetables—continued to weigh on prices. While there were pockets of strength in communication equipment and services, partly linked to AI-driven demand and holiday spending, core inflation held around 1.1% y/y, highlighting still-soft domestic demand conditions. In contrast, producer prices continued to firm, rising 3.9% y/y, supported by industrial upgrading, AI-related semiconductor demand, and seasonal energy consumption. However, pass-through to consumer prices remained limited, with consumer goods PPI still in deflation, reflecting excess capacity and weak pricing power. Overall, the data point to gradual reflation in manufacturing but limited traction in broader demand. **What we're watching:** Domestic demand, policies addressing overcapacity, energy prices

Our view: YE '26: 0.40-0.60%, **YE '27:** 0.9-1.1%



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EQUITY VIEWS

U.S. Equities

The calm before the (earnings) storm. It feels like Q1 2026 earnings season just ended, but we are just days away from the start of Q2 reporting. Last quarter finished strongly with almost 29% reported EPS growth and ~21% growth ex-one-time, non-cash gains. Despite reasons for corporate earnings to come up short, they continue to stand tall. Current expectations call for Q2 2026 earnings growth of 22% and calendar 2026 growth of 23%. Q2 estimates have an upside bias.

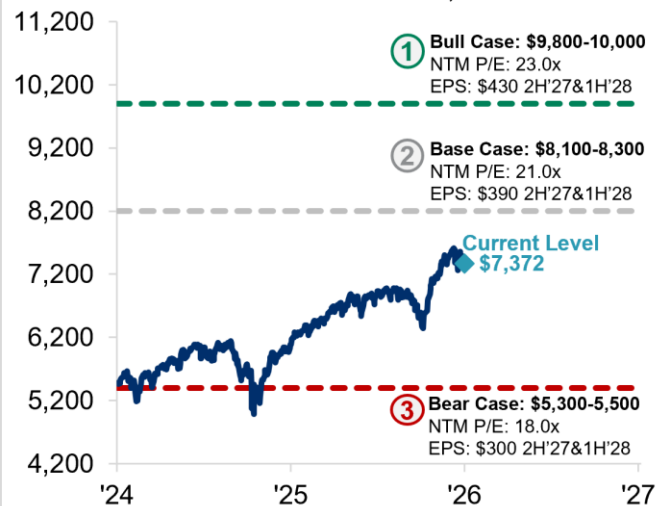
Bull market investing. Now that markets are looking through the war in the Middle East and are lowering tail risks, we see more stocks and sectors able to participate in this market's advancement. Specifically, we believe investors will focus on where revisions are positive and can provide further cyclical upside. We reiterate our end-of-2026 Bull, Base and Bear S&P 500 thresholds of \$8,900/\$7,800/\$5,200, respectively. In addition, we affirm our mid-2027 views of \$9,900/\$8,200 and \$5,400.

Where to invest now. We have been endorsing U.S. Financials—large-cap banks in particular—for close to 18 months, a period during which the group has meaningfully outperformed the S&P 500. While performance was more mixed to start the year amid concerns around private credit exposure, geopolitical uncertainty weighing on both consumer and corporate sentiment, and inflationary pressures raising questions around the durability of spending, sentiment has shifted positively more recently. Since the end of May, banks have outperformed the S&P 500 by over 1,200 basis points, driven by better-than-expected labor market data, constructive read-throughs from a recent industry conference, strong lending growth and easing geopolitical tensions, which have helped alleviate near-term credit concerns. We expect greater returns of cash to shareholders from the banks over the next 18-24 months, a differentiated factor to most of the Magnificent 7 that have reduced share repurchases to fund AI infrastructure growth. While we maintain our positive view on Tech, there is room for more bank participation as valuations remain below where they ended 2025. Further, we reiterate our positive stance on Industrials, which should also be assisted by a more favorable investor view of cyclicity. Lastly, Utilities are a more defensive sector, but we believe they are mispriced relative to their new, higher-than-average growth profile as power needs in the U.S. accelerate.

What we're watching: Financial conditions (equity valuation, yields and spreads). AI ROIs. Policy shifts ahead of the US mid-terms.

Our view: YE '26: \$7,700-7,900, MY '27: \$8,100-8,300

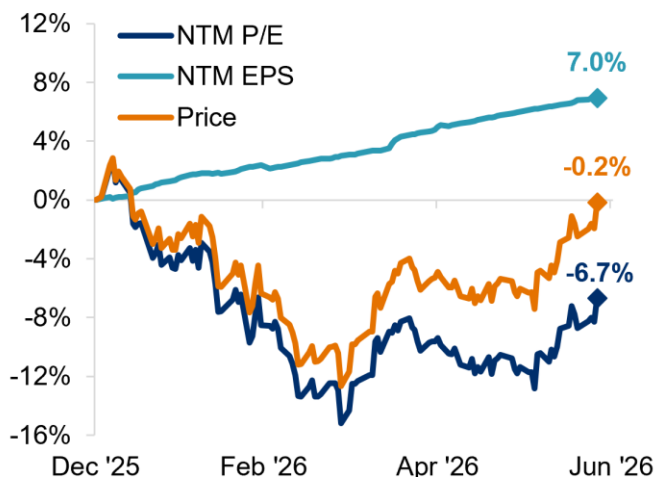
Our base case S&P 500 outlook ranges from \$8,100-\$8,300 (mid-point \$8,200) by mid-year 2027
S&P 500 vs JPM WM Solutions Base, Bull and Bear



Source: Bloomberg Finance L.P., JPM WM Solutions. Data as of June 25, 2026.

The Financial sector's YTD underperformance is entirely attributed to multiple compression

S&P 500 Financials YTD Revisions (NTM P/E, NTM EPS, Price), %



Source: FactSet. Data as of June 25, 2026.

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Europe Equities

European equities have underperformed both the S&P 500 and Emerging Markets since the onset of the Middle East conflict. However, the easing of geopolitical tensions is improving sentiment across global markets — and European markets in particular — as we believe the primary headwind of elevated oil prices has now been removed. Brent crude, which was trading above \$110/bbl as recently as May, has since declined to below \$75/bbl.

This month, we are revising our earnings expectations for Europe upward. Despite the conflict, earnings revisions have remained resilient, and our outlook shows earnings growth of approximately 10% in 2026 (versus the prior expectation of mid-to-high single digit), and high single digits in both 2027 and 2028. While we anticipate some downward pressure on energy earnings given the lower oil price environment, the broader market outlook remains solid, with particularly strong revisions in the AI infrastructure complex — including semiconductors and industrials — and solid revisions in the banking sector. In light of this improved outlook, we are raising our year-end 2026 outlook to €6,100–6,200 (from €5,850–5,950) and our mid-year 2027 outlook to €6,400–6,500 (from €6,050–6,150), keeping our valuation multiple unchanged at 15.5x. Our bull case is also revised higher to €7,100–7,200 for the year-end 2026 and €7,600–7,700 for the mid-year 2027.

We are upgrading European banks, underpinned by a confluence of structural and cyclical tailwinds, with valuations remaining undemanding at just 10.5x next-twelve-months earnings. The ECB has delivered a 25bps rate hike against prior on-hold expectations, reinforcing the higher-for-longer rate environment. Earnings are expected to grow at a low double-digit CAGR over 2026–2028, with positive revisions expected to persist. Loan growth is solid, with upside potential as Middle East tensions ease and global trade activity recovers. Deposit dynamics remain supportive of net interest margin expansion, particularly in markets such as Spain. Strong global markets activity is also providing an additional tailwind for banks. Shareholder returns are compelling, with a dividend yield above 4% and a ~2% share buyback yield, supported by improved capitalization and return on tangible equity.

We maintain our preference for Industrials, which continue to benefit from AI infrastructure build-out and elevated hyperscaler capital expenditure — a trend confirmed during the Q1 earnings season and expected to persist into Q2. In Defense, we remain constructive given the multi-year investment cycle. Within Technology, we continue to recommend semiconductors, as the cycle remains strong and hyperscaler capex continues to rise. We also

expect Luxury to benefit from lower oil prices and resilient consumer spending, particularly in the US.

What we're watching: We continue to monitor political developments in Eastern Europe, the upcoming earnings season, and the technology cycle (memory prices).

Our view: YE '26: €6,100-6,200, **MY '27:** €6,400-6,500

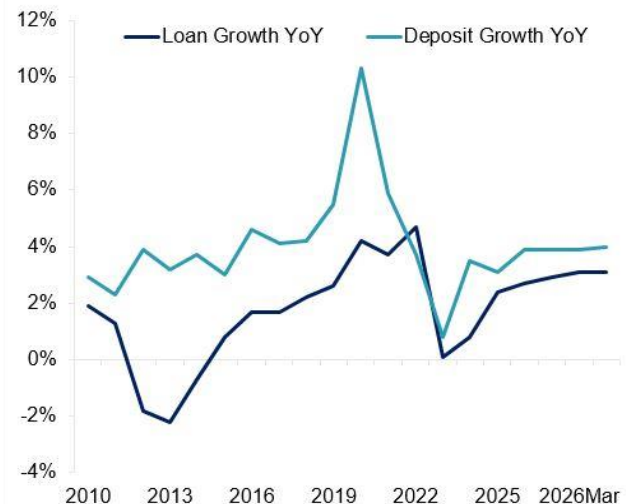
We see the Euro Stoxx 50 reaching €6,400-6,500 by mid-year 2027

Euro Stoxx 50 vs JPM WM Solutions Base, Bull and Bear cases



Source: Bloomberg Finance L.P., J.P. Morgan WM Solutions. Data as of 25th June, 2026

European banks see healthy loan growth alongside rising deposits



Source: J.P. Morgan Investment Bank. Data as of June, 2026

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Asia Equities

While fundamentals remain bullish for AI infrastructure, elevated positioning is driving volatility in the theme, resulting in muted price returns for June. Earnings revisions continue to be the big story and South Korea continues to be the stand-out with another positive 5%/9% earnings revision for 2026/2027. With valuations drifting back down to 7.2x, we are buyers of the recent pullback. Collectively, MSCI Asia ex Japan remains very compelling with 2026/2027 earnings growth of 50-55%/16-20% and valuation at a forward P/E at just 12.5x. Taiwan and South Korea, now the two largest equity weights in Asia EM, remain preferred markets. With increasing likelihood that the Strait of Hormuz stays open, more cyclical sectors that were previously impacted by concerns over global growth should start to perform better. We expect a broadening out of equity performance from the narrow AI leadership in the last few months. Specifically, the financials and industrials could see some near-term outperformance. We view weaker oil prices, less pressure on yields, and an improving global growth impulse as broadly positive for Asia EM.

With the macro recovery in China remaining unexciting, investors naturally gravitate towards secular growth opportunities where demand has upside surprise. Similar to developed markets, Chinese hyperscalers are increasing investment spend in AI infrastructure to meet the domestic shortage in compute. This is driving earnings upgrades for the semiconductor supply chain in China (primarily A-share listed), while Chinese internet companies (Offshore listed) face a near-term reduction in free cashflow and a pause in earnings growth to fund these investments. This dynamic is the key reason China A-shares have outperformed Offshore China as the debate over the return on investment by hyperscaler companies remains unresolved. With MSCI China valuation back at an inexpensive 10.5x forward P/E, and accelerating earnings growth from 2H26, risk/reward is positive for China from current levels. We stay constructive, but dial down our outlooks to account for moderate negative earnings revisions, and a lower multiple given less attractive relative earnings growth versus regional peers. Patience is required.

The AI supply chain was a key driver of performance for Japan in June as bottlenecks in the semi supply chain expanded from NAND memory and substrates, to capacitors. We expect the increasing likelihood of a sustained re-opening of the Strait of Hormuz to drive a broadening out of equity performance to more cyclically sensitive sectors such as Industrials and financials to be positive for Japan. But valuation at a forward P/E at 17.2x remains high relative to history that keeps us neutral broad Japan exposure. As expected, the BOJ raised rates in June

and we expect continued gradual rate hikes going forwards that benefits financials. Select opportunities in banking, industrial, and technology sectors are preferred.

What we're watching: Iran conflict development, memory prices, AI adoption and progress in China, Chinese government policy announcements, 2Q26 earnings season.

Our view: YE '26: MSCI AxJ: YE 2026: 1,200-1,250 Topix: YE 2026: 3,700-3,800 MSCI Korea: YE 2026: 3,120-3,180 MSCI China: YE 2026: 82-86 CSI 300: YE 2026: 4,730-4,970 MSCI India: YE 2026: 3,000-3,100 MSCI ASEAN: YE 2026: 750-775 , **MY '27:** MSCI AxJ: June 2027: 1,265-1,325 Topix: June 2027: 3,900-4,000 MSCI Korea: June 2027: 3,220-3,280 MSCI China: June 2027: 87-91 CSI 300: June 2027: 5,230-5,570 MSCI India: June 2027: 3,350-3,450 MSCI ASEAN: June 2027: 770-790

2026 is expected to be a solid earnings year for the Asian markets
Weight, growth & valuation, % and multiple

Country Index	2026 MSCI Asia ex Japan Weight %	5Y Average Earnings Growth	2026E Earnings Growth	Current Forward P/E
MSCI Taiwan	29.5%	18.7%	39.1%	22.2x
MSCI Korea	25.7%	27.5%	285.0%	7.2x
MSCI China	22.7%	1.6%	10.0%	10.2x
MSCI Asia ex Japan	100%	6.9%	53.0%	12.1x

Source: Bloomberg Finance L.P., MSCI. Data as of June 25, 2026

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RATES VIEWS

U.S. Rates

US yields continued to flatten in June. Hawkish Fed expectations were a major driver, following a notable hawkish shift at the June FOMC that could pave the way to a 2026 hike and single-minded focus on price stability at new Chair Warsh's first press conference. We have long factored in a hawkish Fed reaction function and continue to consider it a close call whether the Fed hikes in 2026 or not. But we have not changed our base case of no hikes in 2026 as i) the Fed's 3.3% core PCE inflation outlook does not reflect the recent sharp fall in energy prices and ii) the hawkish interpretation of the June FOMC were exaggerated. We continue to see upside risks in Fed and market rates as linked to stronger growth, mostly tech- and investment led, which could also contribute to higher inflation later in the year, and which could lead us to change our Fed call. We leave our yield outlooks mostly unchanged this month, but factor in slightly more flattening risk, reflecting recent trends. We continue to see income appeal in front-duration fixed income, due to a material pickup over cash as markets price in Fed hiking risks. A hawkish Fed reaction function also strengthens the role of duration as diversifiers in fixed income portfolios.

What we're watching: US-Iran conflict, inflation expectations, unemployment trends, global term premia

Our view: YE '26: FFR: 3.63. 30Yr: 5.05; 10Yr: 4.60%; 5Yr: 4.20%; 2Yr: 4.05%; , **MY '27:** FFR: 3.63. 30Yr: 5.25; 10Yr: 4.75%; 5Yr: 4.30%; 2Yr: 4.15%;

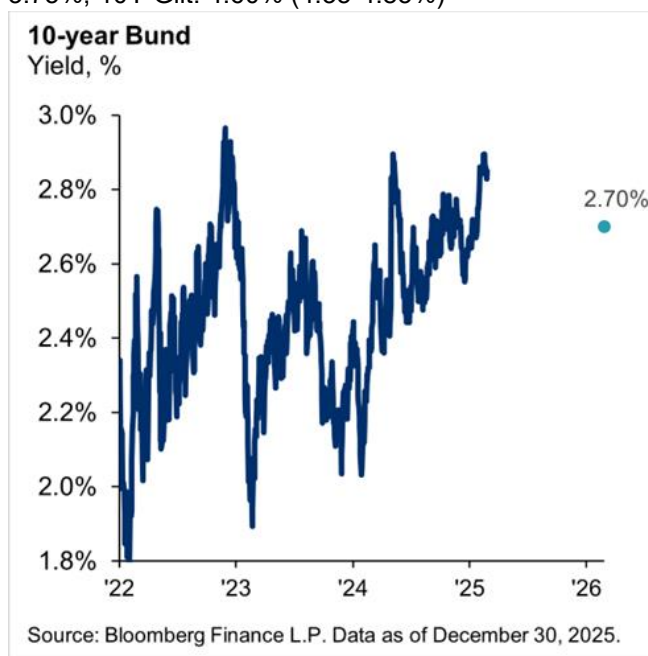


Europe Rates

The ECB hiked 25bps to 2.25% in June, ending its year-long pause as elevated inflation outweighed muted growth. The US-Iran deal has eased the risk of more adverse scenarios, and our outlook pencils in a hold from here, with risks skewed to a hike later in the year. Incoming data will drive that decision. As President Lagarde noted, the ECB sees "no evidence yet of de-anchoring of inflation expectations or second-round effects that would warrant a more forceful policy response," and we see any additional moves as fine-tuning rather than a sustained tightening cycle. In the UK, we still see a hike this year as more likely than not, even if less urgent, taking the Bank Rate to 4.00%, before softening growth and a loosening labor market open the door to easing in 2027. A deterioration in energy dynamics or wage acceleration remain the key risks. Long-end yields are off their highs but should remain elevated amid inflation uncertainty and fiscal risks, particularly in the UK. We see 10-year Bunds around 2.90% and Gilts around 4.60% by mid-2027.

What we're watching: Energy market developments, inflation expectations, wage growth, financial conditions, and fiscal response and debt dynamics.

Our view: YE '26: ECB Deposit Rate: 2.25%, 5Y Bund: 2.50% (2.25%-2.75%), 10Y Bund: 2.90% (2.65%-3.15%); BoE Bank Rate: 4.00%, 10Y Gilt: 4.60% (4.35-4.85%), **MY '27:** ECB Deposit Rate: 2.25%, 5Y Bund: 2.50% (2.25%-2.75%), 10Y Bund: 2.90% (2.65%-3.15%); BoE Bank Rate: 3.75%, 10Y Gilt: 4.60% (4.35-4.85%)



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CREDIT VIEWS

U.S. Credit

Munis: The municipal bond market is experiencing a strong rally through the first three weeks of June despite the continued flood of new issuance. The Bloomberg AAA yield curve has rallied 8-4-15 bps in the 2y, 10y & 30y segments of the curve. The 5y segment is cheaper by 1bp, a negligible amount. The Bloomberg Municipal Bond Index (Ticker: LMBITR) is +0.65% on the month and +2.01% YTD. The fallout from March and the war with Iran is in the rearview mirror. Market participants continue to allocate cash to the asset class with 49 consecutive days of positive fund flows. YTD fund flows stand at \$49.4 billion, the second highest level on record for the comparable period, surpassing 2019 (\$44.4bn) and trailing only 2021 (\$51.1bn). Fund flows help identify overall sentiment and market direction as retail investors continue to drive the muni market.

US IG: With geopolitical risk easing, the near-term tone in US IG looks constructive. While valuations have retraced to recent tightness, we continue to view yield as the significant driver of demand for the asset class today. Supply remains a central theme, increasingly driven by the AI capex cycle. Despite a heavy pipeline, hyperscalers are diversifying funding beyond USD (USD ~63% of hyperscaler global issuance YTD vs ~86% in 2025) mitigating the technical impact to USD markets. From a fundamentals standpoint, earnings growth has continued to exceed expectations and trend upwards. Revenue and EBITDA grew 7% and 9% YoY, representing the best headline growth observed by the cohort since the first quarter of 2023. Moreover, we continue to like the front and intermediate part of the curve, as 3s5s steepened ~1.5bp MoM and 5s10s steepened ~3.3bp MoM. By contrast, the long end has not re-priced in the same direction (10s30s has flattened ~2.3bp MoM) likely reflecting heavier long-dated supply dynamics from hyperscalers. We continue to view short end bonds as an attractive next step out of cash with attractive entry points today.

US HY: U.S. high yield continues to benefit from stable fundamentals and improving risk sentiment, as reflected in improved fund flows, spread tightening, and lower implied volatility. BB-rated high yield has returned 1.9% YTD, while spreads excluding the 10% widest credits sit just 10bp above all-time tightness, suggesting continued investor demand for credit risk. Corporate balance sheets remain healthy, with U.S. HY net leverage at approximately 3.75x and default rates at just 1.4%. This has translated to continued historically tight spreads, with 63% of high-yield bonds trading inside 250bp and 81% trading inside 350bp, both near record levels. While broader high yield has

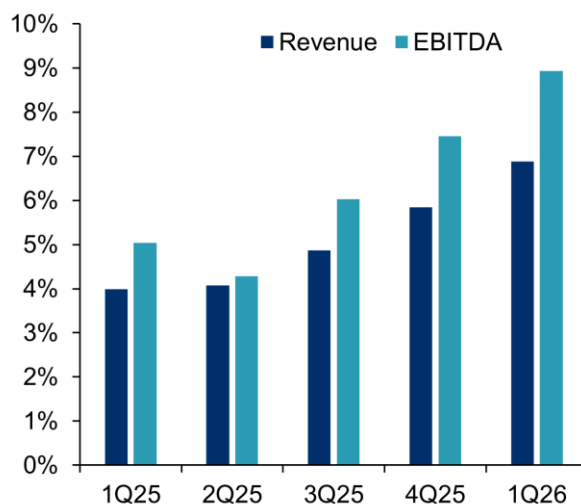
remained well supported, lower-rated credits have seen greater dispersion. Unsecured B3 bonds have traded sideways, while secured B3 spreads have widened modestly, reflecting pressure in software issuers (46% of the secured B3 universe). Looking ahead, we believe progress on U.S.-Iran negotiations reduce macro tail risks and provide an additional tailwind for higher quality higher-yielding credit.

US Pref/Hybrids: Resilient and broadening global growth supports earnings and reduces default risk, making extended credit attractive on a risk-adjusted basis. Preferred securities have returned 2.5% YTD, while U.S. hybrids are up 1.9% YTD, outperforming CCC-rated credit (+1.7% YTD) while experiencing less drawdown during periods of market volatility. We continue to favor preferreds and hybrids given their attractive all-in yields, improving risk sentiment, and strong issuer quality relative to lower-rated credit.

What we're watching: Core Fixed Income: Munis and Corporates over Treasuries. Extended Credit: Favor hybrid capital (preferreds and corporate hybrids) for attractive risk-adjusted returns.

Our view: YE '26: US IG (Spread): 80-110 bps by YE'2026; US HY(Spread): 300-350 bps by YE'2026, **MY '27:** US IG (Spread): 80-110 bps by MY'2027; US HY(Spread): 325-375 bps by MY'2027

US High Grade Corporates Continue Solid Earnings Momentum



Source: J.P. Morgan IB, Data as of Q1'26

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Europe Credit

European Investment Grade Credit returned 0.4% in June, with the 7–10y segment of the curve — which we have consistently highlighted as the most attractive — outperforming at over 0.6%, bringing total year-to-date performance to 1.9%. European High Yield returned 0.45% in June, taking year-to-date gains to over 1.7%. Most of June's performance was driven by rates rather than credit spreads, as the German Bund curve rallied by approximately 10bps across all tenors. European Investment Grade credit spreads remained nearly flat to YE'25 levels and currently sit just a few basis points off the decade tightness reached earlier this year in January.

This month **we upgrade our stance on European High Yield** and update our outlook for HY credit spreads to 260-310bps range for both YE'26 and MY'27. The market has demonstrated remarkable resilience throughout the recent global energy shock and private credit headlines, and has successfully absorbed the impact of hyperscalers' record supply. Now, with the United States and Iran having signed a Memorandum of Understanding, energy prices retracing more rapidly than anticipated and our revised upwards outlook for global economic growth — we turn our attention once again to strong corporate earnings. We expect HY credit spreads to remain anchored around current levels, underpinned by healthy corporate fundamentals, and thus **expect carry to be the dominant driver of forward looking returns**.

European High Yield fundamentals have once again underscored their resilience with EBITDA margins stable at 15% on average over the past 10 quarters. Balance Sheets' cash liquidity is showing signs of firming even further. Net Leverage has drifted lower to 4.7x at the index level, with the higher Net Debt ratios residing in non-cyclical sectors such as TMT and Consumer Non-Discretionary, that are better suited to operate with elevated leverage through the cycle. We are comforted to see an expansion in Interest Coverage ratios to 5.5x, driven by cyclical sectors, e.g. Industrials and Consumer Discretionary.

We also continue to favor another area of Extended Credit: **Hybrid Capital**. Here we too see carry-like returns going forward, with yields on offer ranging between 4.5% (for those instruments rated Investment Grade) and 6% (High Yield -rated Hybrids).

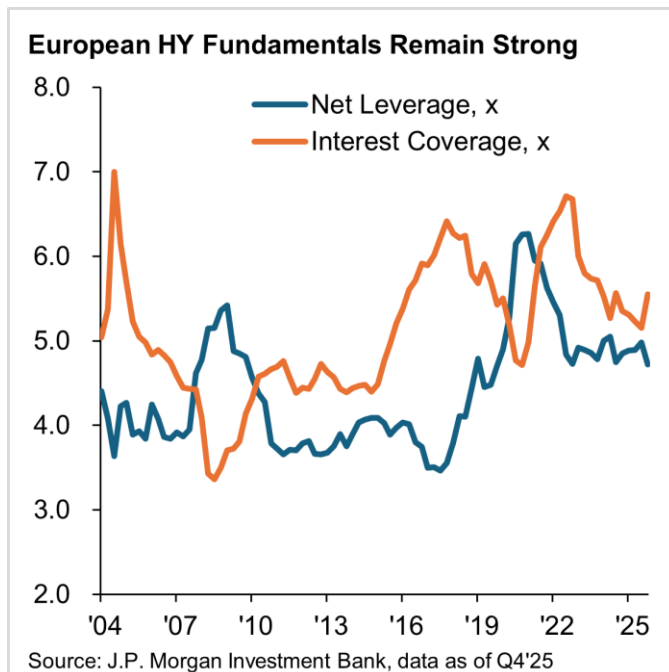
Hybrid Bank Capital: European Banks have been continuously demonstrating solid operational performance with RoTE of 10-15%, prudent capitalization given CET1 buffers upwards of 180bps, and healthy loan books with Cost of Risk in most banking groups significantly under 50bps. A sustained higher-rate backdrop supports Banks'

earnings through resilient NIM, and, together with increasing reliance on less capital-heavy Commissions & Fees business, offers a cushion against any risks of loan book health deterioration. **We favor Junior Subordinated exposure to enhance carry.**

Corporate Hybrids: Over 60% of the outstanding EUR notional of corporate hybrids are issued by non-cyclical sectors: Utilities, Telecommunications and Consumer Non-Cyclicals. We like the defensive nature of these sectors when moving down the capital structure. IG-rated hybrids constitute ~60% of the total EUR hybrid market and now provide ~75-100bps of spread pick-up to issuers' respective senior curves. HY-rated hybrids, from issuers rated IG at Senior tier, offer spread pick-ups exceeding 125bps.

What we're watching: Senior IG European Upstream, Junior Subordinated Banks, and Corporate Hybrids.

Our view: YE '26: EUR IG (Spread): 75-105 bps by YE'2026; EUR HY (Spread): 260-310 bps by YE'2026, **MY '27:** EUR IG (Spread): 75-105 bps by YE'2027; EUR HY (Spread): 260-310 bps by YE'2027



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EM Credit

Emerging Markets (EM) once again showed their colors in June, outperforming global credit indices. EM sovereign and corporate spreads were unchanged over the month. We saw some volatility in front end US rates following a hawkish Warsh, however the belly and long end of the US rate curve were very well behaved. A higher but more stable US rate curve, combined with stable spreads, highlighted why we like EM debt so much, with both indices delivering 0.6-0.7% returns in June. EM yields currently stand at 6.5-6.9%, providing on average ~0.6% on monthly coupon income.

With the apparent end of the Middle East conflict, we see a meaningful reduction in macro uncertainty - particularly around the growth outlook, the inflation path, and near-term volatility - allowing investors to refocus on the underlying strength of Emerging Markets. In our view, EM continues to offer a compelling mix of stronger growth than Developed Markets and, in many cases, healthier corporate fundamentals than DM peers - an important foundation for earning the higher carry available from EM issuers.

That improved visibility reinforces our constructive stance on EM credit, with a selective preference for high yield. Earnings momentum is supportive - 2026 EM earnings growth is tracking its strongest pace since 2021, led by industrials and commodities, with most other sectors still posting solid 10–15% growth and banks remaining steady - while balance sheets continue to reflect that resilience (net leverage ~1.1x for EM IG and ~2.7x for EM HY). With realized defaults subdued (0.5% YTD) and HY defaults expected to remain contained into 2026, we see a clearer runway to compound carry. We thus bring in our spread outlooks by 20bps across Sovereign and Corporates and now expect less widening going forward.

Several developments are brightening the EM backdrop. In Latin America, election outcomes in Colombia and Peru—both delivering right-leaning victories—extend the region's broader shift to the right, which markets tend to read as supportive for investment, policy predictability, and growth. Argentina remains a standout reform story, with a firmer fiscal anchor now reinforced by tangible reserve rebuild momentum—gross liquid reserves have climbed to US\$23.4bn (+US\$8.2bn YTD). In the Middle East, the reopening of the Strait of Hormuz and the restart of exports help cap energy tail risks—but supply normalization will likely be gradual, keeping a lid on volatility rather than delivering an instant reset. For EM Asia in particular, lower and less volatile energy prices—alongside improved access to crude and refined products—should ease imported inflation and external balances, supporting growth and policy flexibility.

We focus on issuers that command strong domestic market share, maintain EBITDA margins above 15% — supporting consistently positive free cash flow — and exhibit stable to improving leverage profiles below 3x. These criteria identify opportunities across EM offering yields of 6–8%, underscoring the breadth of diversification available within EM. We favor credits from Turkey, Brazil, Colombia, India, Israel and Mexico, and prefer Financials, TMT, Utilities, and Oil & Gas.

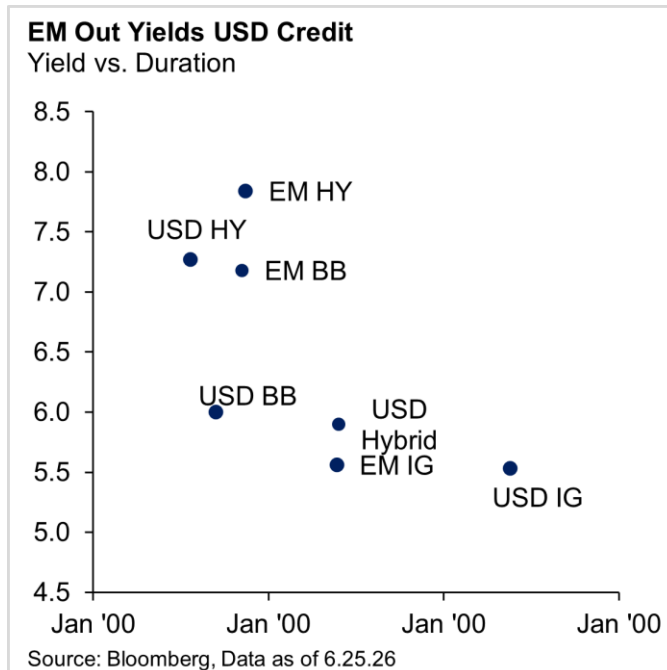
Corporate hybrids: As with the developed world, some of the corporate hybrids in EM from investment-grade issuers offer HY-like yields with less cyclical fundamental risk and solid balance sheets.

EM Corporate BBs: Issuer's that have stable to improving fundamental stories and that exhibit consistent positive free cash flow, providing flexibility to deal with macroeconomic uncertainty.

SoH Re-opening: Issuer's that fundamentally benefit from the re-opening of the Strait of Hormuz but still have elevated spreads.

What we're watching: Corporate Hybrids, EM Corporate BBs, SoH Re-opening Trades

Our view: YE '26: EMBI (spread): 225-275 bps by YE'2026; CEMBI (Spread): 155-205 bps by YE'2026, **MY '27:** EMBI (Spread): 225-275 bps by MY'2027; CEMBI (Spread): 155-205 bps by MY'2027



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Asia Credit

Asia credit was broadly stable in June, with Asia IG unchanged and Asia HY returning +0.59%, supported by high carry. As we move toward a more pro-cyclical tilt, we are flagging Asia HY as the key opportunity in Asia credits, given its attractive yield of +7.68%, YTD return of +3.61%, and near-zero default rate year to date. Fundamentally, Asia credit remains well supported: recent earnings were generally stable to strong, while balance sheets are cleaner following the record default cycle of prior years. This reinforces our view that the worst is likely behind us.

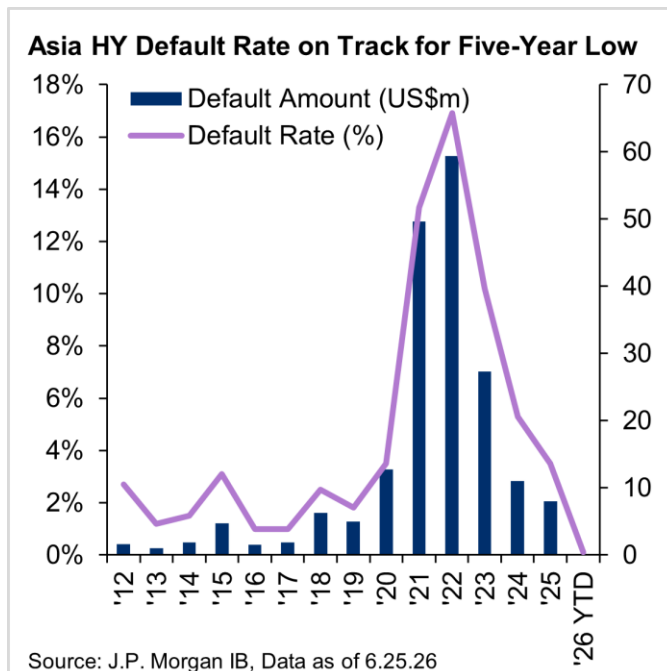
Within Asia, two developments are shaping our credit view this month. First, Indonesia credits have weakened on the back of a softer IDR and higher energy prices. This has pushed yields on 10-year USD sovereign bonds into the mid-5% range and lifted some quasi-sovereign yields closer to 6%. In a “higher for longer” global rate environment, this carry is meaningful, and we are monitoring selective entry opportunities following the recent weakness.

Second, India USD issuance has picked up meaningfully following the RBI’s dedicated USD-INR forex swap window, which is designed to attract overseas funds and support FX inflows by lowering hedging costs for banks. This has created a rare opportunity to access India USD bonds, a market that has historically been tightly held by buy-and-hold investors, with demand consistently exceeding supply.

Separately, we continue to see value in AUD fixed income, where yields of 5.5–6% remain attractive as the RBA rate-hike cycle appears to be behind us.

What we’re watching: Asia HY: Pro-cyclical tilt, default rate on track for five-year low at ~1.8%; attractive carry with a cleaner balance sheet. Indonesia & India credit: Opportunities after recent weakness and policy action. AUD Fixed Income: See potential upside.

Our view: YE '26: Asia IG (Spread): 50–80bps by YE'2026, Asia HY (Spread): 325–350bps by YE'2026, **MY '27:** Asia IG (Spread): 50–80bps by mid-2027, Asia HY (Spread): 350–375bps by mid-2027.



FX VIEWS

U.S. Dollar

The dollar appreciated notably across both G10 and EMFX, breaking many recent range-highs in the process. The main driver were hawkish repricing of Fed expectations, which left a 25bp hike in September fully priced and flattened the yield curve sharply. We noted near-term risks skewed toward modest further USD strength vs G10 currencies last month, eyeing EURUSD at 1.14. Having broken through those levels, we are neutral. The AI boom, more hiking expectations and re-escalation of war risks could lead to some further strength. But we think those risks are broadly balanced with the sharp fall in energy prices and slightly excessively hawkish Fed expectations. This near-term view is still consistent with our expectation of USD depreciation in 2027 and a return to a volatile trend of pricing out US exceptionalism across asset classes, as the conflict impacts fade and the AI theme broadens further beyond the US or is increasingly priced in. Diversification away from excessive US concentration therefore remains a prudent investment principle for building balanced medium-term exposure. Risks to watch: this year, the war in the Middle East (further escalation would support the dollar, while a faster normalization of global supply chains would weigh on it) and the pull element of US stock markets vs a faster rebound in growth in energy importers. Further out, the question remains whether the rest of the world can continue the process of relying on internal sources of growth and demand and thereby support the rebalancing of global capital flows away from the US.

What we're watching: Middle East conflict, U.S. growth momentum vs. ROW, Fed policy expectations, risk sentiment.

Our view: YE '26: 101 (99-103), **MY '27:** 98 (96 - 100)



Euro

EURUSD extended its decline over the past month as the US dollar strengthened materially, catalyzed by a more hawkish tone from the Federal Reserve. We had previously highlighted downside risks toward the lower end of our outlook range (1.14) and spot has since reached that level.

We revise our EURUSD year-end outlook to 1.14 (range 1.12–1.16). The outlook looks more balanced from here, but we acknowledge strong short-term US growth momentum. The durability of the AI-led investment and productivity theme will be an important driver in coming months. By contrast, while the euro area should benefit from a Middle East ceasefire, this has been our baseline and is unlikely to close the transatlantic growth gap.

A dovish Fed repricing could support EURUSD, but we also do not expect the ECB to follow through on further policy tightening – which limits the potential for rates-driven FX moves to some extent. Over time, we think adverse structural USD factors and a moderation of US exceptionalism will come back into the limelight, lending modest support for EURUSD to appreciate to 1.17 by mid-2027.

What we're watching: Middle East peace deal, relative inflation and growth, rates differentials and monetary policy.

Our view: YE '26: 1.14 (1.12-1.16), **MY '27:** 1.17 (1.15 - 1.19)



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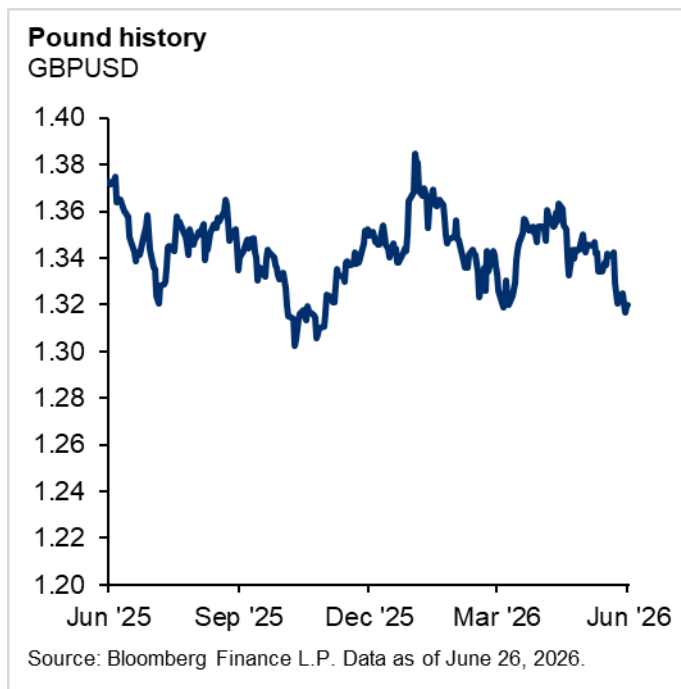
British Pound

GBPUSD revisited YTD lows around 1.32 amid a broader USD rally. UK politics is back in focus following the Prime Minister's resignation, with former Mayor of Greater Manchester Andy Burnham seen as the likely successor. While the leadership transition may proceed smoothly, markets will quickly shift attention to Burnham's fiscal policy priorities heading into the Autumn Budget. We expect a fiscal risk premium to build as those discussions approach, albeit not materially in the very near term.

The latest UK inflation data surprised on the downside, easing near-term hiking pressure on the BoE. However, we maintain our view of an inflation pickup over the summer and an eventual rate hike in Q4. In terms of fundamentals, we think the US outlook will remain in the driver's seat for the time being. With GBPUSD broadly in line with our 1.32 outlook, near-term risks over the summer and autumn look skewed to the downside, toward the lower end of our 1.30–1.34 range. We expect EURGBP to rebound modestly from the lower end of its long-held 0.86-0.88 trading range.

What we're watching: UK leadership change and any signal on future fiscal policy, BoE trajectory, global risk sentiment.

Our view: YE '26: 1.32 (1.30-1.34), **MY '27:** 1.35 (1.33 - 1.37)



Swiss Franc

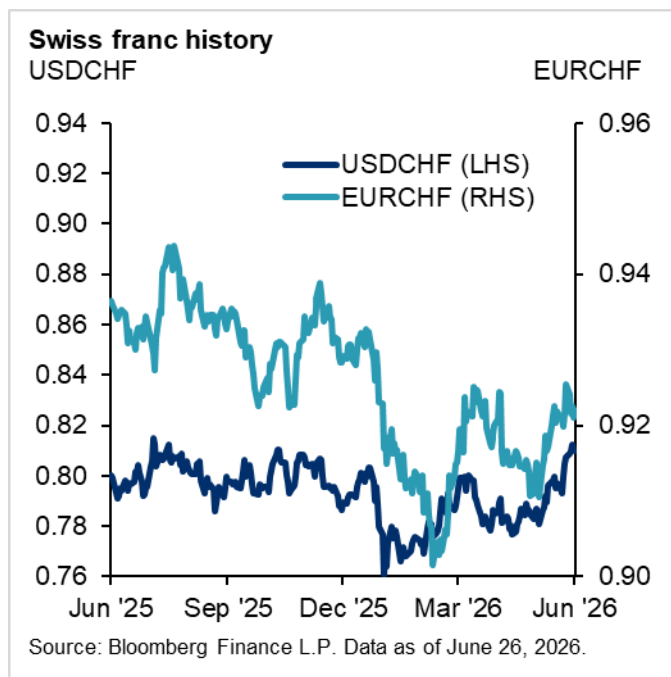
The Swiss franc remains caught between two structural forces: persistent safe-haven demand and its role as a low-yielding funding currency for carry trades. Recently, USDCHF has moved higher to around 0.81, largely on the back of USD strength triggered by a hawkish Fed meeting and fueled by a stronger growth outlook. We upgrade our US growth outlooks and revise our year-end USDCHF view upwards to 0.81 (mid-2027: 0.79).

We expect CHF's defensive characteristics to remain intact, supported by Switzerland's strong fiscal position and robust balance-of-payments dynamics, which continue to give the franc valuable hedging properties in periods of heightened risk.

At the same time, CHF remains among the lowest-yielding currencies globally, keeping it attractive as a funding leg for carry trades. This narrative found further support from the latest Swiss National Bank policy meeting, where they emphasized an "increased" willingness to intervene in currency markets to prevent excessive CHF strength – effectively lending a backstop to CHF-funded carry positions should CHF appreciate materially.

What we're watching: European growth, broader risk sentiment, SNB intervention signals.

Our view: YE '26: USDCHF: 0.81 (0.79 - 0.83) EURCHF: 0.92 (0.90-0.94), **MY '27:** USDCHF: 0.79 (0.77 - 0.81) EURCHF: 0.92 (0.90-0.94)



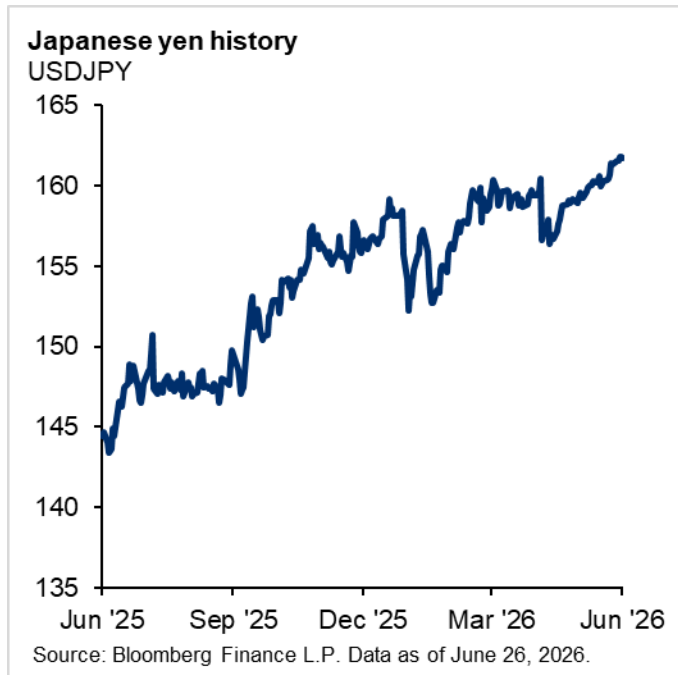
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Japanese Yen

USDJPY edged modestly above 160 in June, with carry positions notably rebuilding as Japan’s macro backdrop remains challenging despite progress on SoH negotiations. Imported inflation could prove sticky, and the April CPI decline was largely subsidy-driven—costly and likely temporary. Domestic demand continues to lag, with muted real wage growth, while structurally rising long-end yields are adding to fiscal pressures. The June BOJ meeting delivered a 25bp rate hike to 1%, in line with expectations. Looking ahead, we continue to see scope for a more hawkish path than priced (i.e., less than one additional hike by year-end). Deeply negative real rates have begun to destabilize both government bond and FX markets. Fiscal risks are increasingly coming into focus: the government’s costly energy subsidy program since the start of the Iran conflict, alongside other ambitious fiscal initiatives, is adding strain to public finances. Against this backdrop, our USDJPY outlook remains unchanged at modestly below 160. While authorities are clearly prioritizing FX stability, lingering fiscal concerns are likely to limit USDJPY downside. More broadly, the yen is no longer functioning as a reliable safe haven. Japan’s heightened vulnerability to energy shocks, alongside a structural decoupling between USDJPY and interest rate differentials, has weakened its traditional defensive characteristics.

What we’re watching: USD yields, Japan inflation, BoJ policy guidance.

Our view: YE '26: 158 (156 - 160), MY '27: 158 (156 - 160)

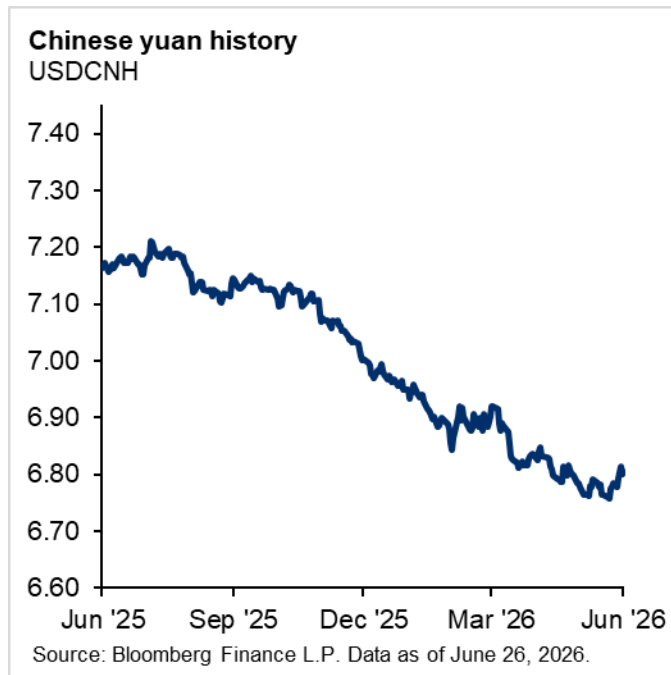


Chinese Yuan

USDCNH’s move lower paused in June amid USD strength. We continue to expect moderate yuan appreciation, supported by three factors. First, exports remain strong, with May data pointing to around 20% YoY growth. Second, exporters’ FX conversion ratios are likely to rise as USD hoarding enters its third year, while trade surpluses continue to accumulate at around USD100bn per month. Third, we are beginning to see tentative greenshoots in the domestic economy, alongside emerging prospects for capital inflows. CNH continues to offer low volatility and attractive funding costs, but its risk-reward profile is deteriorating as appreciation risks rise. Investors without a need to hedge China exposure may consider diversifying funding currencies or reducing FX mismatches in their liabilities.

What we’re watching: U.S.-China trade tensions, China policy moves, capital flows.

Our view: YE '26: 6.70 (6.60 - 6.80), MY '27: 6.60 (6.50 - 6.70)



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G10 Commodity FX

The commodity bloc retraced amid USD strength and risk asset volatility in June. The medium term outlook remains constructive given terms of trade support from higher commodity prices than pre-war levels.

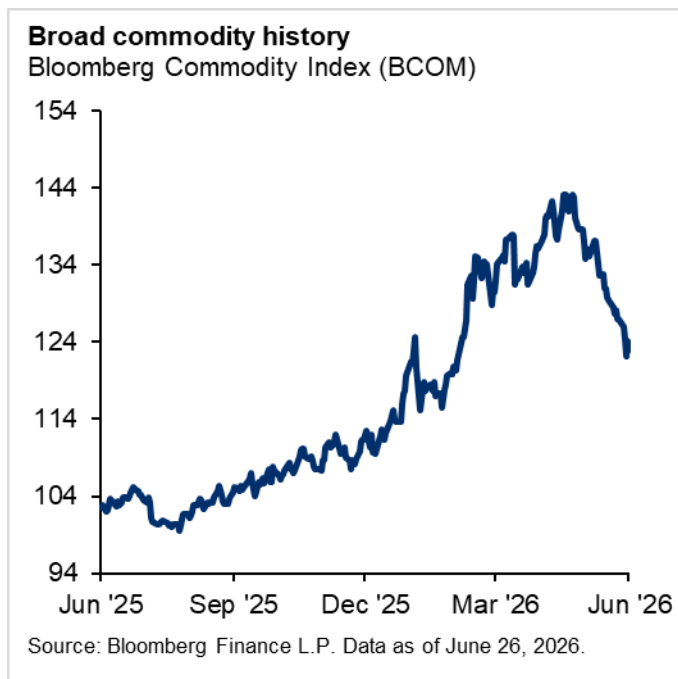
CAD: Neutral. CAD underperformed recently as concerns linger on soft domestic growth outlook, low carry, and forward looking risks around USMCA negotiations.

AUD: Near term neutral as idiosyncratic strength may have peaked as RBA appears largely done with rate hikes. Medium term constructive on healthy carry and terms of trade improvement. Remain attractive as a destination of USD diversification.

NZD: Bullish from current levels. NZD has underperformed on weak domestic conditions, but has room to catch up as RBNZ pivots towards tightening.

What we're watching: Commodity prices, global growth outlook, and central bank divergence.

Our view: YE '26: CAD*: 1.39 (1.37-1.41) AUD: 0.70 (0.68-0.72) NZD*: 0.61 (0.59-0.63), **MY '27:** CAD*: 1.39 (1.37-1.41) AUD: 0.72 (0.70-0.74) NZD*: 0.61 (0.59-0.63)



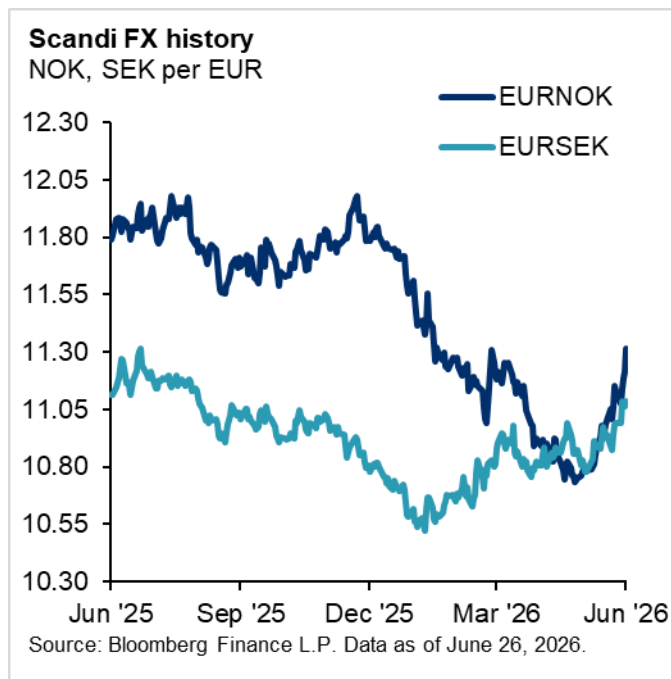
Scandi FX

With easing energy supply concerns, NOK has given back earlier gains and NOKSEK has fallen back below 1.00. This reduces the positive NOK impulse from terms-of-trade dynamics, but it does not remove NOK's underlying relative advantages versus SEK and we expect the parity level to be revisited over time.

Both NOK and SEK remain closely tied to the Eurozone cycle through economic links. Norway's position as a major net energy exporter has provided support amidst the Middle East conflict. As this source of support fades, focus will shift back to other fundamentals. The relative economic and rates backdrop continues to favor NOK: Norwegian underlying CPI has printed hotter, and Norges Bank is increasingly expected to hike again. This keeps carry supportive for NOK even as oil prices retreat. In Sweden, by contrast, rates are less likely to rise and have been lower to begin with. This should limit how far SEK can "catch up" via the policy channel. Taken together, we continue to see NOKSEK gravitating back toward 1.00, with the balance of risks still biased to levels above parity.

What we're watching: European and domestic growth, commodity prices, rates differentials, global risk sentiment and FX volatility.

Our view: YE '26: EURNOK: 10.70 (10.50-10.90) EURSEK: 10.80 (10.60-11.00), **MY '27:** EURNOK: 10.70 (10.50-10.90) EURSEK: 10.80 (10.60-11.00)



*JPM IB View

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Emerging Market FX

*JPM IB View

The bloc is showing signs of strain amid USD strength and fluctuation in risk sentiment this month. We expect increasing divergence in carry dynamics, alongside rising idiosyncratic political risks.

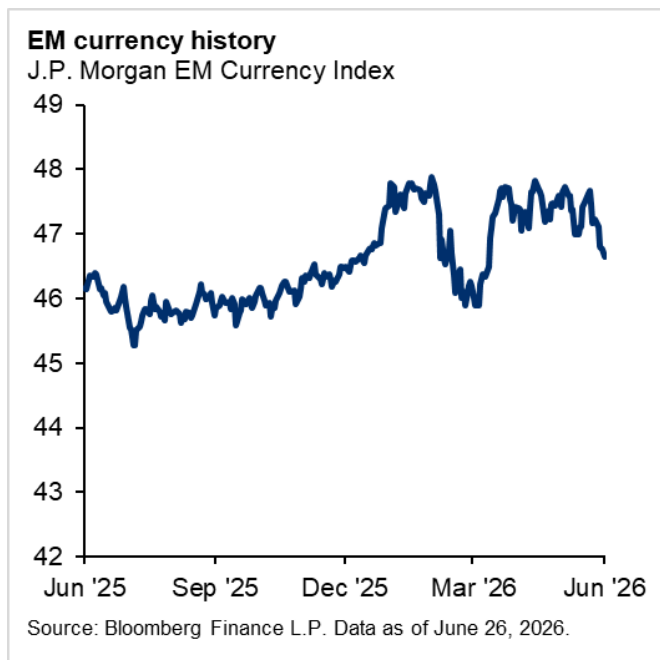
Latam: BRL: Bullish. Higher oil prices support fiscal and current accounts and real rates remain highest in the region. **MXN:** Bullish. Energy price pressures have been contained, carry remains decent, and trade uncertainty eases with the USMCA review progressing

EMEA: We are neutral on this part of the complex. **ILS:** Bullish. Outlook turning more constructive on high gearing to AI/tech and defense sectors.

Asia: Resilience tested amid energy crunch. **INR:** Bearish given high exposure to energy shock. **TWD:** Neutral, as hedging positions dialed down on lifer hedging rule amendments. **KRW:** Bullish, strong current account surplus amid memory tailwind may ultimately support the won; as current weakness largely driven by institutional rebalancing. **SGD:** Neutral. Supported by safe-haven inflows and the MAS tightening shift, though carry disadvantage persists.

What we're watching: Overall risk sentiment, global trade outlook, central bank divergence.

Our view: YE '26: BRL: 5.20 (5.00 – 5.40) MXN: 17.30 (17.10–17.50) ILS: 2.70 (2.60-2.80) INR: 96.60 (94.60-98.60) TWD: 31.40 (29.40–31.40) SGD: 1.25 (1.23–1.27), **MY '27:** BRL: 5.15 (4.95 – 5.35) MXN: 17.30 (17.10–17.50) ILS: 2.70 (2.60-2.80) INR: 97.00 (95.00-99.00) TWD: 31.40 (29.40–31.40) SGD: 1.25 (1.23–1.27)



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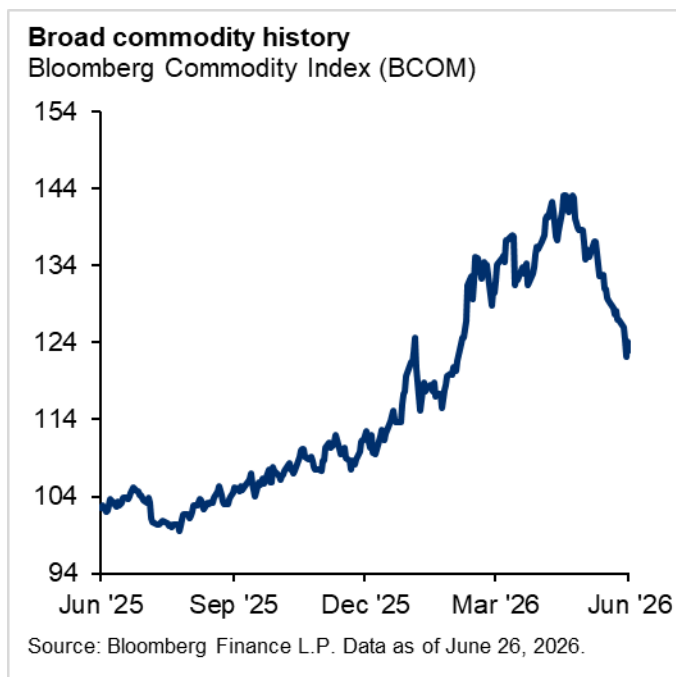
COMMODITY VIEWS

BCOM Index

June marked a turning point for commodities, as the conflict-driven rally that defined April–May reversed sharply following the U.S.-Iran MOU. Energy unwound fastest: dated Brent collapsed from an April peak of ~\$140 to \$77.27/bbl as Hormuz traffic gradually resumed and Middle East flows recovered to ~12 mb/d from a May low of 9.6 mb/d. The pullback rippled across the index, but unevenly. Industrial Metals proved resilient, as LME copper held up more than 15% above its late-March level, but aluminum fell ~10% from early-June highs. Agriculture, Livestock and Softs initially sank to multi-month lows on favorable US crop before grains bounced mid-month on renewed Chinese soybean buying and weather worries, while Ukraine export risks and India's weak monsoon season kept supply-side tail risks alive. We note importantly that the de-escalation driven repricing we see is far from an “all-clear”: US crude inventories sit at a 40-year low, the IEA still flags a large 2027 oil surplus as Middle East barrels return, and Iran's hints at new Hormuz transit terms leave the index sensitive in both directions.

What we're watching: The path of the Iran Conflict

Our view: YE '26: 124-130, MY '27: 123-129



Gold

Recent data underscores a strong negative correlation between gold and real yields, echoing the Mar–Oct 2022 episode when markets aggressively repriced Fed expectations. In June, a combination of strong jobs data, firm CPI release and hawkish interpretation of the June FOMC pushed gold below its 200-day moving average, a key technical support. Near-term upside is likely to remain capped by hawkish Fed narratives, with a durable rebound contingent on stabilization in real yields. We remain bullish on gold over the medium term and expect its safe-haven characteristics to re-emerge as market narratives shift from inflation risks toward growth concerns. Our outlook into 2027 implies an attractive average 12-month return profile under the “new regime”, anchored by sustained central-bank purchases, albeit without meaningful tailwinds from rates, the USD, or a resurgence in retail participation. Our medium-term constructive view is unchanged, underpinned by reserve-manager demand, rising global fragmentation, and long-term debasement risks. That said, we have moderated our upside ranges to reflect a higher-for-longer interest rate environment. Crucially, we do not view gold as a tactical trade, but as a strategic portfolio allocation with clear diversification benefits. Our analysis of asset-class returns over the past two decades suggests that a 5% allocation to gold in a balanced portfolio can improve the Sharpe ratio, enhancing risk-adjusted returns.

What we're watching: Fed policy, central bank purchases

Our view: YE '26: \$4,500/oz (4,350 – 4,650), MY '27: \$5,000/oz (4,850 – 5,150)



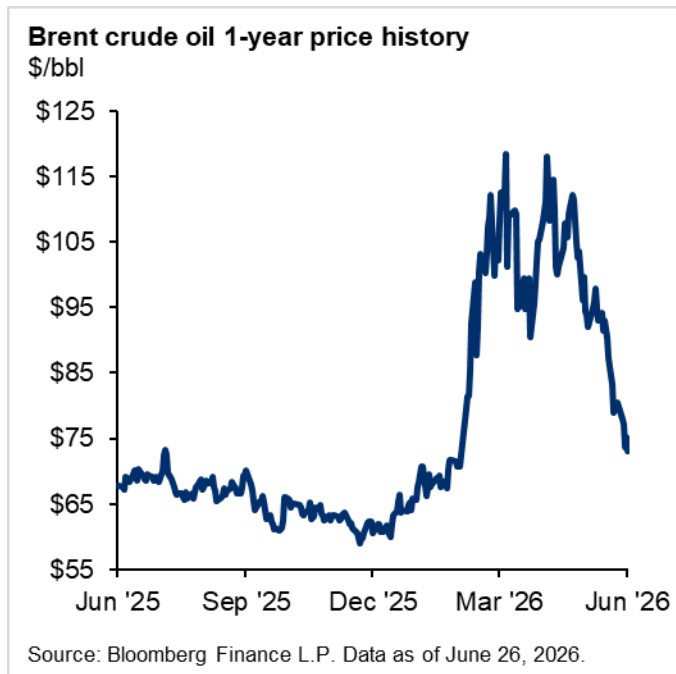
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Crude Oil

Crude oil prices extended their slide through June, unwinding much of the spring risk premium as supply concerns eased: Brent moved from the high-\$90s early in the month toward the mid-\$70s by late June, with WTI near the low \$70s, both of which ease concerns for energy importers and global consumers. Markets are optimistic that flows through Strait of Hormuz will normalize following the U.S. – Iran MOU, alongside evidence of more cargoes and tankers starting to move again. On top of that, physical crude differentials have softened amid ample Middle East supply and weaker demand signals, while OPEC+ continues to signal incremental supply additions that could potentially tilt the balance toward surplus. However, traffic in the strait remains well below pre-war levels, and the path back to normal is unclear – namely unclear restart timelines for damaged plants, maritime insurance constraints amid mine clearing, and the potential for intermittent disruptions in an increasingly fragmented international order, not to mention the remaining uncertainty surrounding U.S.-Iran relations. As a result, while we are downgrading our YE '26 outlook slightly to \$75/bbl.

What we're watching: The level of Hormuz throughput and any renewed disruptions, plus whether demand weakness persist as stranded supply returns.

Our view: YE '26: WTI: \$69-\$75 Brent: \$72-\$78, **MY '27:** WTI: \$59-\$65 Brent: \$62-\$68

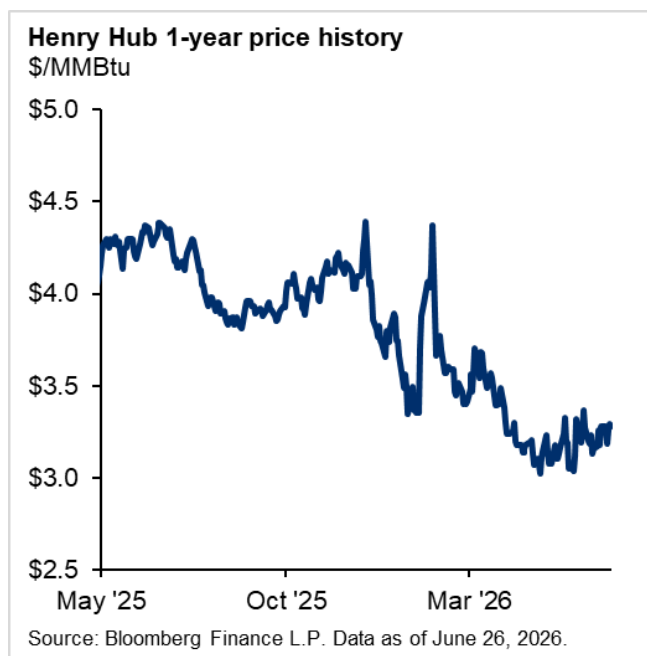


Natural Gas

Natural Gas in June stayed volatile and highly regional, though the dramatic late-May US rally gave way to range-trading: Henry Hub settled at \$3.29/MMBtu on June 22, a two-week high, after swinging between roughly \$3.12 and \$3.31 through the month as warmer-than-normal weather lifted power-burn demand and spot prices in West Texas turned positive for the first time since early February. US balances were cushioned by storage holding ~5.8% above the five-year average (2,839 Bcf as of June 19) and by softer LNG feedgas, which slipped to ~16.3-16.5 Bcf/d amid spring maintenance at Golden Pass before beginning to recover. Europe again traded on geopolitics: Dutch TTF spiked to ~€51/MWh on June 8 after Israeli strikes on Iranian energy infrastructure with the Strait of Hormuz shut, then tumbled ~5% to about €44/MWh on June 15 as a US-Iran deal to reopen the strait took hold. The key topical issue remains storage: EU inventories sat just ~45.6% full on June 19 versus ~54.4% a year ago, with net injections running ~5% under normal—a refill risk compounded by Norwegian maintenance and intensifying Asian competition for cargoes as China and India restock. Overall, June confirmed the split market: US prices are now anchored by weather, power demand and a comfortable storage cushion, while Europe stays exposed to LNG-flow uncertainty, low storage, and the fragile path of Middle East de-escalation.

What we're watching: How quickly Hormuz LNG flows and Qatari output normalize, and whether Europe can rebuild storage ahead of winter.

Our view: YE '26: \$3.50 - \$4.50



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Copper

Copper held its rally into June but traded with a choppy, headline-driven profile: after briefly reaching \$14,000/mt, LME 3-month copper slipped to a three-week low near \$13,400/mt early in the month as Middle East hostilities and sticky US inflation weighed, before climbing to around \$13,800/mt on optimism around a US-Iran peace deal. Prices then settled around \$13,700/mt by month-end as a stronger dollar following a hawkish Fed and postponed peace talks capped upside, leaving copper roughly flat on the month. Supply concerns remained a key prop — Goldman lifted its end-2026 view to \$13,735/mt, citing deficits of ~640kt in 2026 on shortfalls at Grasberg, Indonesia and Kamo-a-Kakula, Democratic Republic of the Congo, while Chile faces fresh water-permitting risks at Capstone's "Mantos Blancos" mine. The dominant micro-story this month, however, is the looming US tariff decision (due end-June), which has pulled metal toward the US and drawn down LME stocks to ~352kt with ~37% earmarked for withdrawal. Notably, the China inventory signal has flipped versus last month: rather than rebuilding, SHFE copper stocks plunged 23.6% last week to ~144kt, the lowest since December, even as Chinese unwrought copper imports ran 7% below year-ago levels and the Yangshan premium softened to ~\$64/mt — a sign tightness is now as much about tariff-driven pull as it is about underlying Chinese spot strength. We remain constructive on copper's medium-term setup, with AI/data-center demand, grid investment, electrification, and defense spending still underpinning the structural case, but near-term price action is likely to stay headline-sensitive as the market awaits the US tariff verdict and the durability of Middle East de-escalation becomes clearer.

What we're watching: The end-June US copper tariff decision and whether the US-Iran ceasefire holds

Our view: YE '26: \$14,250 - \$14,750, **MY '27:** \$14,250 - \$14,750



ALTERNATIVES VIEWS

Private Credit

AI disruption, markdowns, and elevated redemptions have led to concerns about private credit. Publicly listed BDCs are down ~11% YTD, trading at a ~19% discount to NAV, in contrast to the the broadly syndicated leveraged loan market up ~1.5%. But fears of a systemic crisis are overstated in our view. At this point, aggregate fundamentals look stable, with stress concentrated by sector, borrower size, and manager rather than reflecting broad deterioration. Private credit has grown meaningfully (~14% AUM CAGR over the past decade) but remains ~9% of total US corporate borrowing, and overall "risky credit" has been stable at ~20% of US GDP, suggesting a mix shift rather than a step-up in economy-wide risk. The investor base is ~80% institutional, which is generally longer-duration, limiting forced selling. What's more, a majority of private credit is in drawdown, closed-end vehicles. Bank linkages are also contained: loans to public BDCs broadly are ~12.5% of US bank lending, below concentrated exposures seen in past cycles (e.g., real estate at ~53% of bank lending ahead of the GFC). Non-traded BDC redemptions have been running at ~5% of NAV over the past couple quarters (with some vehicles experiencing larger withdrawal requests), and 1Q26 net flows dipped negative for the first time since late 2022. This appears driven by a mix of AI-driven concerns, negative sentiment and portfolio rebalancing rather than a reflection of fundamental deterioration. Importantly, defaults remain at or below historical averages (HY ~2.0%, leveraged loans ~2.6%, private credit ~2.7%). We expect elevated requests to persist over the next few quarters; of note, we believe queues and gating in evergreen funds are standard protective design features, not automatic distress signals. At the macro level, we expect resilient economic growth to continue supporting credit fundamentals. That said, stress is building among smaller borrowers (private credit defaults for borrowers with EBITDA below \$25M are tracking at ~14%) and in sectors like autos and retail. Software is a key focus: direct lending has ~21% exposure (~40% including broader tech/services), the highest among credit markets. Software leveraged loan spreads have widened ~270bps YTD to ~790bps, though broader index moves ex-software remain more muted. We view software stress as a 3 to 5 year sector reset rather than an imminent macro credit event, as disruption is likely to be prolonged and uneven. As a simple stress test, if software defaults hit 15% with 40% recovery, credit losses would be ~2% unlevered over time (~4% levered assuming one turn of portfolio leverage) on a ~9% starting yield, painful but contained. Of note, this excludes MTM moves or other portfolio nuances which

could make stress more acute. Over the past quarter we have seen modest widening in spreads (~25 to 50bps) and OID, as some of this risk is being priced in. Outside the US, European pressure looks more macro-driven (inflation/rates) than tech-specific. Structural differences including lower leverage, stronger equity cushions, tighter covenants, and drawdown-dominated capital structures offer incremental downside hedging and make Europe an attractive, less-trafficked opportunity relative to the US. On positioning, senior secured direct lending can still serve as an alternative source of income (maintains a premium to public high yield, though the premium compressed meaningfully from 2023 highs). Selectivity is paramount in this environment. Favor managers with diversified sector exposure, seniority in the capital structure, and larger borrowers (EBITDA above \$50M). As a sizing framework, we suggest private credit as 15% of a core private market allocation, and it is critical to ensure positioning is appropriately sized given several years of direct lending outperformance. But private credit is more than just direct lending. We favor leaning into "credit complements" as yields in direct lending remain range-bound and pockets of stress emerge. Asset-backed finance offers lower correlation to corporate credit, diverse collateral pools, self-amortizing structures. There are also opportunities arising from Basel IV-driven bank retrenchment, particularly in Europe, though manager expertise is critical given the complexity of the asset class. Private credit secondaries are also a compelling addition, as LP stake transactions are a growing share of deal flow, unlocking high-quality portfolios at wider discounts with durable supply from 2015 to 2021 vintage funds facing deleveraging pressure.

What we're watching: Default and non-accrual trajectories, PIK usage, dividend coverage, AI disruption impact, yields vs. public markets, and whether redemptions shift from sentiment- to credit-driven.

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Private Infrastructure

Core infrastructure aims to provide two key characteristics to investors: consistent returns (supported by long-term, inflation-resilient, contractual cash flows) and less volatile exposure to multi-year trends (acceleration in demand for power, resilient infrastructure escalating to a matter of national security). We believe these characteristics are increasingly relevant today as investors look to create durable portfolios in a shifting macro environment (e.g., elevated rates and inflation - both levels and volatility - vs. recent history) and an increasingly concentrated public equity market. Since 2Q08, core infrastructure has annualized high single digit to low double digit returns across various inflationary regimes. Let's double click into the multi-year trends supporting these consistent returns.

Acceleration in demand for power — but selectivity matters:

After two decades of near-zero growth, US power demand is expected to grow at ~2.5% CAGR through 2030, driven by industrialization (reshoring, resurgence of U.S. manufacturing), data centers (driven by growth in AI), and electrification (building electrification, EV growth & charging infrastructure). This acceleration in demand at a time of constrained supply — further exacerbated by the expected retirement of 100–150GW of coal and nuclear plants in the near term — could create a power deficit by 2029, spurring significant investment across the power infrastructure value chain (generation, transmission, distribution, storage) and a resurgence in securing reliable sources of power (e.g., renewed focus on oil & gas in the US, select renewables in Europe). While we believe there is still room to go, the opportunity set is nuanced and entry price and risk management vary meaningfully by sub-sector. Transmission and grid remain the cleanest expression of the theme — decades of underinvestment have created a \$550bn+ capex opportunity that utility balance sheets cannot fund alone, offering long-duration, regulated cash flows. Midstream is well-positioned as natural gas demand grows and LNG exports rise. On the cautious side, gas generation valuations have risen on scarcity, nuclear faces long lead times and cost overruns, and speculative data center development without contracted tenants warrants discipline. Renewable energy, despite policy headwinds, remains viable for experienced managers underwriting without subsidy assumptions, with a preference for operating over development assets. Across the board, we recommend partnering with cycle-tested managers who can generate desired returns within the initial contract life without relying on aggressive terminal value assumptions.

Resilient infrastructure now a matter of national security: The past couple of years have also showcased in real-time the role that energy plays in influencing the

geopolitical landscape. Securing reliable sources of energy/power — not only for essential services but also to power AI — has become a matter of national security. For investors, it means that investment in energy and power infrastructure will be supported by long-term secular forces, and that investing in globally diversified infrastructure is key as the type of asset (and therefore growth) you are getting exposure to will vary by region. This moves beyond just power and energy; it touches all forms of infrastructure (e.g., ports, roads, rails, bridges, telecom). Indeed, NATO's defense spending guidelines initiated in 2025 incorporate guidelines on spending on creating resilient infrastructure (1.5% of a country's GDP). Within midstream specifically, a projected doubling of US natural gas supply over the next five years will require major new infrastructure after years of underinvestment, creating the potential for attractive returns for owners of critical midstream assets. **Building a holistic infrastructure allocation:** Importantly, power is only one part of a well-constructed infrastructure allocation. We believe real assets (including RE and infrastructure) should represent ~15% of a core private markets portfolio. Within infrastructure, while constructive on power, core exposures such as asset leasing — cargo/LNG ships, railcars, chassis — and industrial infrastructure are critical complements, providing the diversification, income reliability, and inflation resilience that make infrastructure a durable portfolio building block. Investors have historically had low allocations to the asset class — the JPM 2026 Private Bank Family Office Report found that 79% of family offices have 0% allocation to infrastructure. The gap between opportunity and allocation is wide. Bottom line, for private investors, core infrastructure presents a unique opportunity to access both consistent returns (backed by contractual, inflation-resilient cash flows) and multi-year secular trends (power demand growth, resilient infrastructure escalating to a matter of national security). The key is disciplined sub-sector selection and partnering with experienced managers who have navigated prior cycles.

What we're watching: Impact of geopolitical uncertainty on transport, signs of a cyclical slowdown, signs of overinvestment in datacenters, valuations in power infrastructure

Private Real Estate

After a period of significant repricing, we believe U.S. commercial real estate is in the early stages of a recovery. Prices troughed in 2023 and have been recovering steadily since, with transaction volume projected to increase 16% year-over-year so far in 2026 and cap rates compressing across most property types. We believe real assets (real estate and infrastructure) should represent approximately 15% of a core private markets portfolio. Unlike the post-GFC recovery, which was amplified by cheap debt, performance at this point in the cycle will hinge on property fundamentals and asset management. A sustained recovery will likely be nuanced, and sector and market selection will be essential. **Demographic tailwinds are reshaping demand for housing.** Long-term structural forces are driving durable demand for rental housing across the U.S. Home ownership affordability remains stretched, supply deficits persist, and an aging population is accelerating demand for needs-based housing formats. Senior housing in particular is benefiting from rising occupancy, healthy rent growth, and muted new supply, and is expected to generate the highest NOI growth of any property sector over the next three years. These are not cyclical trends — they are decade-long shifts that we expect to underpin resilient, inflation-linked income for investors. **Supply discipline is creating a recovery in fundamentals.** Across most sectors, new construction has slowed materially. Industrial starts are down approximately 60% from 2022 highs, and residential construction remains constrained by cost pressures and policy uncertainty. This supply discipline, combined with resilient occupancy and rent growth, is setting the stage for a meaningful improvement in net operating income. Retail was the strongest performing sector in 2025, led by grocery-anchored formats resilient to e-commerce competition. Industrial vacancies, which likely peaked in 2025, are expected to recover toward 95% occupancy by 2027, after which we expect inflation-plus rent growth. Across sectors, Class A assets in well-located markets are leading the recovery and are expected to see the greatest cap rate compression going forward. **The maturity wall is generating attractive entry points in real estate credit.** Hundreds of billions in real estate loans are scheduled to mature over the next two to three years, requiring refinancing at higher rates. Regional banks have materially reduced their CRE lending activity, creating a durable and growing capital gap. Private lenders are stepping in, offering structured strategies with equity-like returns and debt-like downside hedging. With commercial real estate debt origination already recovering — up 43% year-over-year as of Q4 2025 — the opportunity set is expanding, particularly

in well-collateralized sectors where fundamentals remain strong. **Beyond the U.S., European real estate is presenting complementary opportunities.** Industrial sectors are seeing robust prime rent growth, supported by tight supply and large-scale fiscal stimulus and defense infrastructure investment. Multifamily is expected to continue to have strong demand and rental performance, with almost all major markets experiencing rising rents, coupled with residential construction starts falling sharply. **Bottom line, real estate is undergoing a selective, fundamentals-driven reinvention.** The conditions for a sustained recovery are increasingly in place — improving income growth, rising transaction volumes, and a capital gap that is creating attractive entry points across both equity and credit. Investors who are selective about sectors, geographies, and asset quality are well-positioned to capture the next leg of returns.

What we're watching: datacenter and industrial valuations, signs of a macro slowdown, impact of tariffs on input costs, signals of impact of immigration policy on labor and therefore supply

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Private Equity

The median buyout manager underperformed public markets over the past three years, partly due to the AI-fueled rally in hyperscalers that supported ~20% annualized returns in global public equities. While concerns that PE has “lost its way” are overstated, the industry is stratifying, and elevated purchase price multiples remain a headwind to recent vintages. Relative performance varies by quartile: top managers have consistently outperformed public markets over long-term, while bottom-quartile outcomes have lagged—underscoring why manager selection is paramount.

PE continues to offer differentiated exposure across sectors, geographies, and exit routes. Public equity markets are increasingly driven by a single theme: tech+ now represents over 50% of the S&P 500, and the top 10 stocks are among the most correlated they have ever been, creating meaningful single-factor risk. Core PE can provide diversification and alpha potential through differentiated exposure. By sector, buyout generally has more exposure to areas like industrials, healthcare, and financial services—sectors we are constructive on over the long run. By geography, international buyout has typically outperformed public markets. Europe rivals US returns, supported by market fragmentation, a deep mid-market, fewer competing managers, and secular exposure (~30% of European PE deal activity is in tech/telecom vs. ~10% of MSCI Europe). Asia is increasingly compelling: APAC PE delivered a 145% total return over the past decade vs. 83% for MSCI APAC, with India and Japan rising on growth and governance/carve-out tailwinds. By exit route, liquidity is broadening beyond IPOs and strategic sales to include GP-led secondaries and continuation vehicles.

Companies are staying private longer and at larger scale during rapid technological change, shifting meaningful value creation to the pre-IPO phase. Going forward, we expect operational improvements—rather than multiple expansion/leverage—to be the primary driver of returns. This reflects a shift in the PE “return equation”: from the 2008–2019 era, when multiple expansion and leverage dominated, to a post-ZIRP environment where revenue growth and EBITDA margin expansion matter more. In that context, AI may be the “golden ticket” enabling the operational step-change.

AI disruption presents both opportunity and risk. VC/Growth are backing disruptors in a potential \$6T “services as software” market by decade's end—the leading frontier LLM companies added more net new ARR in 2025 than the rest of public software combined. On the flipside, concerns around token prices and pace of adoption linger. For

buyout, firms that embed AI into operating models can strengthen value creation as labor-intensive services shift toward AI-enabled software delivery. But 2020–2022 SaaS investments underwritten on peak multiples face risk as AI erodes labor-scaled models; companies with embedded AI may compound, while others face obsolescence.

Capital markets activity is a solid leading indicator for exits. If global M&A volumes hold pace, IPO issuance accelerates, and GP-led secondaries maintain their growth trajectory, capital market activity this year could outpace 2021—plausible in our view. Against that backdrop, discipline around commitment pacing matters more as distributions may pick up over the next 12–24 months. That said, gains won't be evenly distributed. Industry cash flows for VC/Growth could flip positive as lock-ups expire and mega-IPOs potentially hit the market, but gains likely concentrate in GPs with early access to category leaders. Within buyout, distributions will likely be driven by managers with access to high-quality assets. Takeaway: dispersion widens, concentration persists, and manager selection becomes the key lever for LPs.

Do mega-IPOs end the “majority of AI value accrues to private markets” thesis? We don't think so. The structural shift toward longer private holding periods remains intact; what's changing is the role public markets play. For companies of today's scale, the IPO is increasingly a liquidity and access venue, not a growth venue alone—much of the value has already been created privately. The median tech company at IPO is ~1.5x older and ~4.5x larger than in the '90s. Meta IPO'd around ~\$80B and Google around ~\$23B; in prior eras, more value accrued post-IPO. Today's AI leaders, if they list, may do so at hundreds of billions or trillion-dollar levels. Implication: public equity exposure alone isn't enough; investors should consider complementing it with next-gen AI innovators and differentiated return streams via buyout, particularly given that 85–95% of companies globally with revenues >\$100M are private.

In conclusion, PE and VC/Growth remain critical components of a core private markets allocation, but the environment demands selectivity. Within PE, we favor diversification across sector, size, and geography—balancing tech with industrials/financial services; mid-market with large buyout; and the US with Europe, India, and Japan. Within VC, we are constructive on managers aligned to secular themes with long-term tailwinds, such as applied AI and security. Across both, secondaries deserve a dedicated allocation: they mitigate the J-curve, provide visibility into underlying assets—reducing blind pool risk—and offer diversification across vintage year and manager.

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Hedge Funds

We believe hedge funds can serve as a critical diversifier, one that is increasingly necessary in today's market environment, where stock-bond correlations have grown volatile amid elevated inflation and interest rate swings driven by geopolitical fragmentation, persistent rolling inflation shocks, and fiscal activism. **A supportive macro backdrop.** The environment for hedge fund alpha generation is shaped by three key drivers: realized rate and equity market volatility, stock dispersion, and risk-free rates. Elevated volatility creates trading opportunities for statistical arbitrage and multi-strategy managers—and notably, single-stock volatility in the US is at its highest level since COVID. High dispersion, currently above the 90th percentile of its 10-year history, enhances alpha opportunities for fundamental stock-pickers. Meanwhile, risk-free rates remain elevated, providing a tailwind through cash balances and short-interest rebates. Taken together, the current environment is well-suited for a broad range of hedge fund strategies, as the key ingredients for alpha generation are firmly in place: elevated volatility, elevated dispersion, and risk-free rates above 2%. **History supports the thesis.** Hedge funds have historically provided solid diversification benefits, with some sub-strategies (like macro hedge funds) providing less correlated return streams and the ability to generate alpha in volatile markets. Over the past decade, adding a 10% allocation to a top-decile hedge fund manager within a 60/40 (funded from fixed income) would have improved the overall Sharpe ratio (from 0.48 to 0.6) thanks to a smoother ride through lower drawdowns. It is worth noting that these figures reflect top-decile manager outcomes and are not representative of the broader hedge fund industry—who you invest with is the single most important variable in determining outcomes. A useful case study is 2022: top macro and relative value managers were up (some generating double-digit returns) while equities and fixed income fell anywhere from 15–30%, and the broader hedge fund universe was down ~5%. **2025 & 2026 performance through May.** As a reminder, 5 of 8 hedge fund industry categories outperformed the Bloomberg Global Aggregate in 2025. That momentum has carried into 2026: through May, hedge funds are up ~7%, comfortably ahead of the Bloomberg Global Aggregate's +50bps return over the same period. Performance has been broad-based, with every major strategy in positive territory—Equity Fundamental L/S (+10.9%), Systematic Macro/CTA (+8.0%), and Event Driven (+7.4%) leading the pack, while even the laggards (Relative Value +3.3%, Credit +3.4%) outpaced the Global Agg. By region, Asia-focused hedge funds have stood out, driven by exposure to China tech and Japan. (Source: Goldman Sachs Prime Services, May

2026) **Where we have conviction.** Within hedge funds, we are most constructive on strategies well-positioned for the current environment: relative value and macro (e.g., statistical arbitrage, discretionary macro), as well as merger arbitrage, supported by an improving dealmaking environment. High dispersion enhances alpha opportunities for stock-pickers and relative value managers, while elevated volatility creates additional trading opportunities across systematic strategies. On the dealmaking side, capital market activity this year is on pace to be the largest since 2021—driven by strong M&A and IPO activity—which is constructive for merger arbitrage. Additionally, beyond hedge fund's diversification role, they also offer a powerful vehicle for capturing thematic opportunities. Implemented through hedge funds, thematic investing becomes a dynamic, risk-aware approach to capturing alpha, combining long-term structural themes (such as Japan corporate governance, biotechnology, quant, and artificial intelligence) with shorter-term opportunistic and event-driven themes (such as merger arbitrage) within a disciplined portfolio framework.

What we're watching: signs of deleveraging and crowding; alpha generation drivers.

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VOLATILITY VIEWS

Equity Vol

June brought a renewed pickup in equity volatility, concentrated in the same place that led the rally: Tech and Semis. The month was bookended by sharp, short-lived momentum drawdowns (June 5 and June 23), including outsized moves in parts of Asia, but the broader index proved resilient—SPX ended only modestly below late-May highs.

Two themes defined the options tape. First, dispersion stayed high and correlations stayed low, so index-level signals (i.e. VIX) continued to understate the churn in single names. Second, demand for upside exposure in Tech pushed Nasdaq skew materially flatter: call implied vols were bid up versus put vols - meaning upside options look “rich” relative to downside options.

This setup has made collars look especially interesting as hedge overlays to Tech/Semis, considering downside protection outright isn’t cheap due to absolute levels of volatility remaining elevated. The asymmetry is interesting against a backdrop of growing AUM in sector/thematic access products concentrated in tech—amplifying momentum on both up and down days.

Our view: stay invested via structured notes, layer put-writing for incremental yield, and be intentional on hedge vehicle/implementation.

What we're watching: Concentrated market leadership, spread between single name and index volatility, blockbuster IPOs

Macro Vol

Expected volatility priced into options across major macro assets drifted lower in June, despite multiple event risks and a shifting cross-asset backdrop. In rates, the focal point was Warsh’s first FOMC as Chair. The message read more hawkish and leaned less on forward guidance, leaving fewer signposts for the policy path. Swap markets repriced to just over one hike by year-end. Early observation: more of the uncertainty may be concentrated around Fed meetings, rather than showing up as persistently higher day-to-day rates volatility. Commodities broadly continued to soften. Front-month WTI and Brent sold off into the mid-\$70s, and oil option implied volatility moved lower with

spot—removing some near-term geopolitical premium, even as crude remains headline-sensitive. Gold extended its drawdown from the late-January peak to ~\$4,000 by end of month, yet the options response stayed muted. Since 2024, gold has largely traded in a spot/vol regime of spot up/vol up and spot down/vol down across most tenors. This trend remains firmly in place. Worth watching how any outsized acceleration in bond volatility impacts equities—particularly higher-momentum pockets of the market.

What we're watching: Market reaction to new Fed Chair, inflation risks softening as oil prices move lower

Cross Asset Volatility Monitor						
Underlier	1 Month			1 Year		
	Vol	MoM Change	Historical	Vol	MoM Change	Historical
Equities - 100% Strike Implied Volatility						
S&P 500 Index	13.72	1.87		16.19	0.56	
EURO STOXX 50 Index	14.94	0.40		16.08	0.36	
Tokyo SE (TOPIX) Index	15.77	-0.37		17.38	0.18	
Rates - SOFR Swaptions ATM Strike Implied Volatility (BP, Annualized)						
1Y	72.99	-0.19		104.77	9.34	
5Y	95.62	9.90		101.53	5.34	
10Y	88.77	7.92		96.12	2.44	
Commodities - ATM Strike Implied Volatility						
Oil (Brent)	33.35	12.75		27.80	0.75	
Gold	15.69	0.36		16.44	0.24	
Currencies - ATM Strike Implied Volatility						
EUR/USD	8.05	0.65		7.70	0.20	
USD/JPY	9.83	-0.03		10.14	0.10	
USD/CNH	3.75	0.58		5.30	0.50	

1) Source: J.P. Morgan. Data as of June 25, 2026

2) ATM refers to “At the Money Forward”

3) The illustration references the historical implied volatility over the last year.

Green dot denotes high, red dot low, and blue dot current

4) Historical 1 year window observed for the range

THIS DOCUMENT

We explore the outlook for economies and markets and provide year-ahead views across asset classes.

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DEFINITIONS OF INDICES AND TERMS

Currencies and Central Banks

- USD – US dollar
- DXY – U.S. Dollar Index indicates the general initial value of the USD. The index measures this by averaging the exchange rates between the USD and major world currencies.
- EUR – Euro
- JPY – Japanese yen
- GBP – British pound
- CHF – Swiss franc
- CAD – Canadian dollar
- AUD – Australian dollar
- NOK – Norwegian krone
- MXN – Mexican peso
- BRL – Brazilian real
- CNH – Offshore deliverable renminbi
- CNY – Onshore non-deliverable renminbi
- RMB – Chinese renminbi
- KRW – Korean won
- INR – Indian rupee
- SGD – Singapore dollar
- SEK – Swedish krona
- XAU – Gold
- RUB – Russian ruble
- TRY – Turkish lira
- BCB – Central Bank of Brazil
- BoC – Bank of Canada
- BoE – Bank of England
- BOJ – Bank of Japan
- CBR – Central Bank of Russia
- CBRT – Central Bank of the Republic of Turkey
- CBRA – Central Bank of the Republic of Argentina
- ECB – European Central Bank
- Fed – Federal Reserve
- SNB – Swiss National Bank

Additional abbreviations

- Bbl – Barrel
- Bps – Basis points
- Bcf – Billion cubic feet
- BoP – Balance of Payments
- BTP – Italian government bonds
- Bund – German government bonds
- CFTC – Commodity Futures Trading Commission
- COVID-19 – Coronavirus disease 2019
- DM – Developed Markets
- EM – Emerging Markets
- EMEA – Europe, Middle East and Africa
- FDI – Foreign Direct Investment
- FX – Foreign Exchange
- G10 – The Group of Ten is made up of 11 industrial countries that consult and cooperate on economic, monetary and financial matters
- GDP – Gross Domestic Product
- HY – High yield
- IG – Investment grade
- JGB – Japan government bond
- LATAM – Latin America
- OPEC – Organisation of the Petroleum Exporting Countries
- Oz. – Ounce
- REER – Real Effective Exchange Rate
- SPX – S&P 500
- UK – United Kingdom
- UST – U.S. Treasury note
- WTI – Western Texas Intermediate
- YTD – Year-to-date

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All data sourced from Bloomberg Finance L.P. as of May 09, 2025, unless noted otherwise.

The **Bloomberg Commodity Index (BCOM)** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The **Bloomberg US Agg Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

The **JPM Corporate Emerging Market Bond Index (CEMBI)** series was launched in 2007 and was the first comprehensive USD corporate emerging markets bond index. There are two root versions of the CEMBI with a Diversified overlay for each version: the CEMBI and the CEMBI Broad. The CEMBI Broad Diversified version is the most popular among the four versions largely due to its issuer coverage and diversification weighting scheme.

The **CSI 300 Index** is a free-float weighted index that consists of 300 A-share stocks listed on the Shanghai or Shenzhen Stock Exchanges. Index has a base level of 1000 on 12/31/2004. * Due to our agreement with CSI, shares in the index are restricted, please visit [SSIS<go>](#) for more information and access. This ticker holds prices fed from Shenzhen Stock Exchange.

The Citi **Economic Surprise Indices** measure data surprises relative to market expectations. A positive reading means that data releases have been stronger than expected and a negative reading means that data releases have been worse than expected.

The **Emerging Market Bond Index Global (EMBI Global)** was the first comprehensive EM sovereign index in the market, after the EMBI+. It provides full coverage of the EM asset class with representative countries, investable instruments (sovereign and quasi-sovereign), and transparent rules. The EMBI Global includes only USD-denominated emerging markets sovereign bonds and uses

a traditional, market capitalization weighted method for country allocation.

The **J.P. Morgan Asia Credit Index (JACI)** aids in evaluating investment opportunities in fixed rate USD denominated bonds issued in Asia ex Japan region. It follows a traditional market capitalization technique similar to the EMBI and the CEMBI Index series.

The **MSCI All World Index** is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1987. MXWD includes both emerging and developed world markets.

The **MSCI AC Asia ex Japan Index** captures large and mid-cap representation across two of three Developed Markets countries (excluding Japan) and eight Emerging Markets countries in Asia. With 609 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Developed Markets countries in the index include: Hong Kong and Singapore. Emerging Markets countries include: China, India, Indonesia, Korea, Malaysia, the Philippines, Taiwan and Thailand.

The **MSCI China Index** is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1992. This index is priced in HKD. Please refer to M3CN Index for USD.

MSCI AC ASEAN Index (former: MSCI South East Asia Index) captures large and mid-cap representation across 4 Emerging Markets countries and 1 Developed Market country.

The **MSCI India Index** is a free-float weighted equity index. It was developed with a base value of 100 as of December 31 1992.

The **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index consists of 23 developed market country indexes.

The **Nikkei-225 Stock Average** is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225. *We are using official divisor for this index

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The **Russell 2000 Index** is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

Standard and Poor's Midcap 400 Index is a capitalization-weighted index which measures the performance of the mid-range sector of the U.S. stock market. The index was developed with a base level of 100 as of December 31, 1990. See MDY US Equity <GO> for the tradeable equivalent.

The **Standard and Poor's 500 Index** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941–43 base period.

The **EURO STOXX 50 Index**, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the region. The index covers 50 stocks from 11 Eurozone countries. The index is licensed to financial institutions to serve as an underlying for a wide range of investment products such as exchange-traded funds (ETFs), futures, options and structured products.

The **STOXX Europe 600 Index (SXXP Index)**: An index tracking 600 publicly traded companies based in one of 18 EU countries. The index includes small cap, medium cap, and large cap companies. The countries represented in the index are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Holland, Iceland, Ireland, Italy, Luxembourg, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

TOPIX, also known as the Tokyo Stock Price Index, is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange.

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KEY RISKS

- Investments in smaller capitalization companies often involve significantly greater risks than the securities of larger, better-known companies because they may lack the management expertise, financial resources, product diversification and competitive strengths of larger companies. The prices of the securities of smaller companies may be subject to more abrupt or erratic market movements than larger, more established companies, as these securities typically are traded in lower volume and the issuers typically are more subject to changes in earnings and prospects. In addition to liquidity risks, when selling large positions in small capitalization securities, the seller may have to sell holdings at discounts from quoted prices or may have to make a series of small sales over a period of time, and dividends are not guaranteed.
- Investments in commodities may have greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Use of leveraged commodity-linked derivatives creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.
- Investing in alternative assets involves higher risks than traditional investments, including, without limitation, limited liquidity and valuation risk, and is suitable only for investors with sufficient knowledge and sophistication to evaluate the merits and risks of such investments. Alternative investments should not be deemed a complete investment program and distributions are not guaranteed. They may not be tax efficient, and an investor should consult with their tax professional prior to investing. Alternative investments often have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the investment loss or gain--including risk of loss of the entire investment. For comprehensive details around unique set of risks for specific alternative investments, please consult the offering memorandum
- The price of equity securities may rise or fall due to the changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. Share values can rise with strong earnings or positive market expectations, but they can also fall due to weak earnings or negative sentiment, and dividends are not guaranteed
- Investing in fixed income products (such as bonds) is subject to certain risks, including, but not limited to, interest rate, credit, inflation, call, default, prepayment and reinvestment risk. Any fixed income security sold or redeemed prior to maturity may be subject to substantial gain or loss.
- Preferred securities share characteristics of both stocks and bonds. Preferred securities are typically long dated securities with call protection that fall in between debt and equity in the capital structure. Preferred securities carry various risks and considerations which include: concentration risk; interest rate risk; lower credit ratings than individual bonds; a lower claim to assets than a firm's individual bonds; higher yields due to these risk characteristics; and "callable" implications meaning the issuing company may redeem the stock at a certain price after a certain date
- Investors should understand the potential tax liabilities surrounding a municipal bond purchase. Certain municipal bonds are federally taxed if the holder is subject to alternative minimum tax. Capital gains, if any, are federally taxable. The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax (AMT).
- Holders of foreign securities are exposed to currency risk, since changes in exchange rates between the investment's foreign currency and the holder's domestic currency can impact returns. Conversely, it is possible to benefit from favorable foreign exchange fluctuations.
- International investments may not be suitable for all investors. International investing involves a greater degree of risk and increased volatility. Some international markets may not be politically or economically stable. Foreign holdings are subject to currency risk, as fluctuations in exchange rates between the investment's foreign currency and the holder's domestic currency can affect the value of the investment.
- Investing in emerging markets involves a greater degree of risk and increased volatility compared to developed markets. Changes in currency exchange

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