Weekly Investment Insights

13 July 2026

Key Market Highlights

- Keep an eye on geopolitical headlines as Middle East tensions have reignited. A series of military exchanges between the United States (US) and Iran have raised concerns over renewed conflict and potential disruptions to global energy markets.
- South Korean equities entered a technical bear market as a semiconductor selloff pulled the KOSPI down more than 20% from its recent record high. The sector declined despite strong corporate earnings, suggesting investors are looking for even stronger forward guidance.
- The weakness in South Korea briefly prompted a global portfolio rotation from growth and technology stocks into more defensive and value-oriented sectors.
- Singapore equities remained resilient though. The STI notched a new record high as the local banking sector benefits from healthy earnings expectations and strong capital positions.

Topics of the Week:

AI Semiconductors: Fundamentals Strong, But Expectations Are High

- AI semiconductor fundamentals remain strong, but investors now need upgrades to forward guidance, not just earnings beats, to justify elevated valuations.
    - Recent market behaviour reflects a "Beat and Retreat" pattern, where earnings beats are met with profit-taking when forward guidance falls short of elevated expectations.
- Major AI semiconductor companies will report over the coming weeks, providing insight into both sector fundamentals and investor sentiments.
- Key Risks:
    - Renewed profit-taking if guidance fails to exceed current expectations.
    - Potential US semiconductor foundry expansion delays due to skilled labor shortages.
- While sector volatility may persist in the short term, market pullbacks are opportunities to accumulate selective quality names with the ability to monetise.

US Major Banks: Earnings Take Center Stage

- US banks will be a key focus as the 2Q earnings season ramps up, with consensus expecting broad-based year-on-year (y/y) earnings-per-share (EPS) growth across the major US banks.
- Key earnings drivers are expected to be:
    - Strong capital market activity.
    - Stabilising net interest income.
    - Improving fee income.
    - Continued cost discipline.

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- Beyond earnings, investors will focus on whether these trends can be sustained and support positive forward guidance through 2H 2026.
- Forward price-to-earnings (P/E) of US banks are near their five-year average, making them more reasonably priced than many high-growth sectors.
- This valuation gap and solid fundamentals offer investors an opportunity to diversify into US financials beyond technology and other growth-oriented areas of the market, building resilience in their portfolios.

Investment Strategy

- We remain constructive on equities as the 2Q earning season ramps up but expect greater differentiation as the market focus shifts from broad multiple expansion towards earnings quality and forward guidance.
- Focus on companies that can deliver sustainable earnings growth, especially where revenue growth is supported by durable demand, pricing power, margin resilience, and disciplined capital spending.
- Maintain exposure to AI semiconductor leaders as the long-term earnings cycle remains supported by strong fundamental trends while using near-term volatility to selectively accumulate high-quality names on weakness.
  - Broaden technology exposure beyond US mega-caps into the wider AI supply chain.
- Add selective exposure to US banks, where improving capital markets activity, stabilising net interest income, fee income recovery, and reasonable valuations provide a constructive earnings setup.
- Market volatility continues to serve as an opportunity to accumulate high quality companies with strong long-term earnings potentials.

Asset Class Performance

Equities	Current	Performance (%)			
		1 Week	1 Month	3 Months	Year-To-Date
S&P 500 (USD)	7543.64	1.23	4.24	11.13	10.66
Dow Jones (USD)	52487.41	-0.50	5.45	9.85	9.52
NASDAQ 100 (USD)	29727.1	1.69	4.62	18.75	18.12
FTSE 100 (GBP)	10497.29	-1.70	2.36	-0.97	5.70
S&P/ASX 200 (AUD)	8806.041	-0.43	1.77	-1.72	1.05
DAX (EUR)	25067.09	-2.76	3.60	5.31	2.35
Swiss Market Index (CHF)	14235.09	-1.31	5.73	7.98	7.29
HSCEI Index (HKD)	8039.19	4.41	-3.36	-7.12	-9.81
Hang Seng Index (HKD)	24175.12	3.53	-0.95	-6.64	-5.68
Nikkei 225 (JPY)	68557.73	-1.70	6.82	20.44	36.19
Commodities & Currencies	**Current**	**1 Week**	**1 Month**	**3 Months**	**Year-To-Date**
Brent Crude (USD)	76.01	5.39	-16.90	-10.20	26.33
Gold (USD)	4119.93	-1.36	1.17	-13.26	-4.62
EURUSD	1.1416	-0.18	-1.03	-2.62	-2.81
GBPUSD	1.3404	0.40	0.27	-0.43	-0.53
USDJPY	161.68	0.21	0.70	1.51	3.17
Bonds	**Current (%)**	**Basis points Change**			
		1 Week	**1 Month**	**3 Months**	**Year-To-Date**
US 10-year Treasury yield	4.561	0.078	0.009	0.244	0.394
German 10-year Bund yield	3.065	0.130	-0.011	0.007	0.210
UK 10-year Gilts yield	4.872	0.090	-0.059	0.037	0.393
Japan 10-year bond yield	2.743	-0.043	0.053	0.305	0.677

1 week for the period 03-Jul-2026 to 10-Jul-2026
1 month for the period 10-Jun-2026 to 10-Jul-2026
3 months for the period 10-Apr-2026 to 10-Jul-2026
Year-to-date for the period 31-Dec-2025 to 10-Jul-2026
Source: Bloomberg (last update: Mon, 13 July 2026 8:19 AM SGT)

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