

MARKET COMMENTARY

June 2026

SNAPSHOT

- April's equity market rally continued into May, with global equities hitting new all-time highs.
- The AI rally continued across Asia and the US.
- Bonds were volatile, reflecting concerns over inflation and the Iran conflict.

All percentages below are monthly returns for May-26

EQUITIES



BOND MARKETS

BONDS

Yields driven by inflation data

	UK GILTS	1.8%
	US TREASURIES	0.1%
	GLOBAL CORPORATE BONDS	1.5%
	GLOBAL HIGH YIELD BONDS	1.6%



*Values represent bond index returns

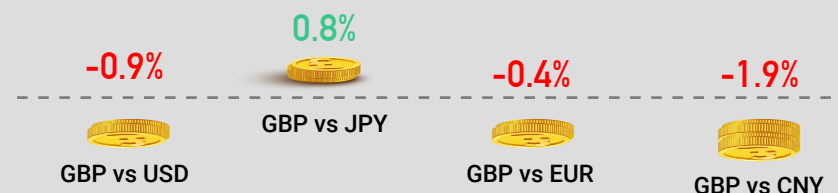
CURRENCIES

CURRENCIES

Political uncertainty saw sterling weaken



Pound vs Other Currencies



KEY INDICATORS



GOLD - XAU/USD

-1.2%



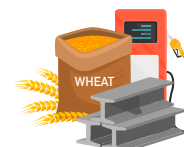
OIL - BRENT CRUDE

-19.3%



COMMODITIES

-6.9%



INFLATION - UK CPI (YOY)

2.8%



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GLOBAL MARKETS

Market optimism over AI trumped inflation concerns around the continued closure of the Strait of Hormuz. Growth, led by a surge in semiconductor stocks, outperformed Value, and Asia-Pacific was particularly strong.



US MARKETS

Hit new highs on strong earnings

US indices notched fresh records as economic data and a strong earnings season overshadowed geopolitical risks and inflation concerns. Inflation hit 3.8%, and PPI was even higher, but markets shrugged this off, as well as a downgrade in Q1 26 GDP. Technology led the way, particularly semiconductors. The S&P 500 rose and NASDAQ managed 8.4%. Some of the individual stock moves were extraordinary – Micron Technology surged 88% and became a trillion-dollar market cap company. SpaceX laid the groundwork for the largest IPO in history, raising US\$40-80bn and an implied valuation potentially close to US\$2tn.

5.1%

US 500



UK MARKETS

Moved ahead but lagged peers

UK equities underperformed peers but still delivered positive returns. The structural bias towards energy and defensive sectors continued to detract in a market environment favouring growth and technology, so very much a continuation of what we saw in April. The big AI trade seemed to pass the UK by. BP was particularly weak on the back of further boardroom instability. Political uncertainty was unhelpful as the market priced in a more left-wing narrative going forward.

0.7%

UK All Share



EUROPEAN MARKETS

Positive overall on some technology exposure

European equity markets were positive overall, with the STOXX 600 up, but it lagged the strength that we saw in the US and in Asia. It has some technology exposure, but nothing like the scale and size that is evident in the US. As with the UK, it was energy, financials and defensives that lagged. Economic data continued to come in noticeably below expectations, in a continuation of the trends that were seen the previous month. Eurozone GDP expanded by a mere 0.1% in the first quarter.

3.2%

Euro 600 Index ex UK



JAPAN MARKETS

Powered ahead on market optimism

TOPIX briefly eclipsed the previous February high, but the Nikkei was far stronger, at one point passing the 65,000 mark. Optimism over an end of the Iran conflict (Japan has a major energy supply deficit), the strength of local Asian markets such as South Korea, gains for technology stocks, and domestic political optimism all combined to drive equity markets higher. The Bank of Japan intervened heavily to support the yen. Domestic demand remained resilient despite the inflationary impact of higher raw material costs.

6.2%

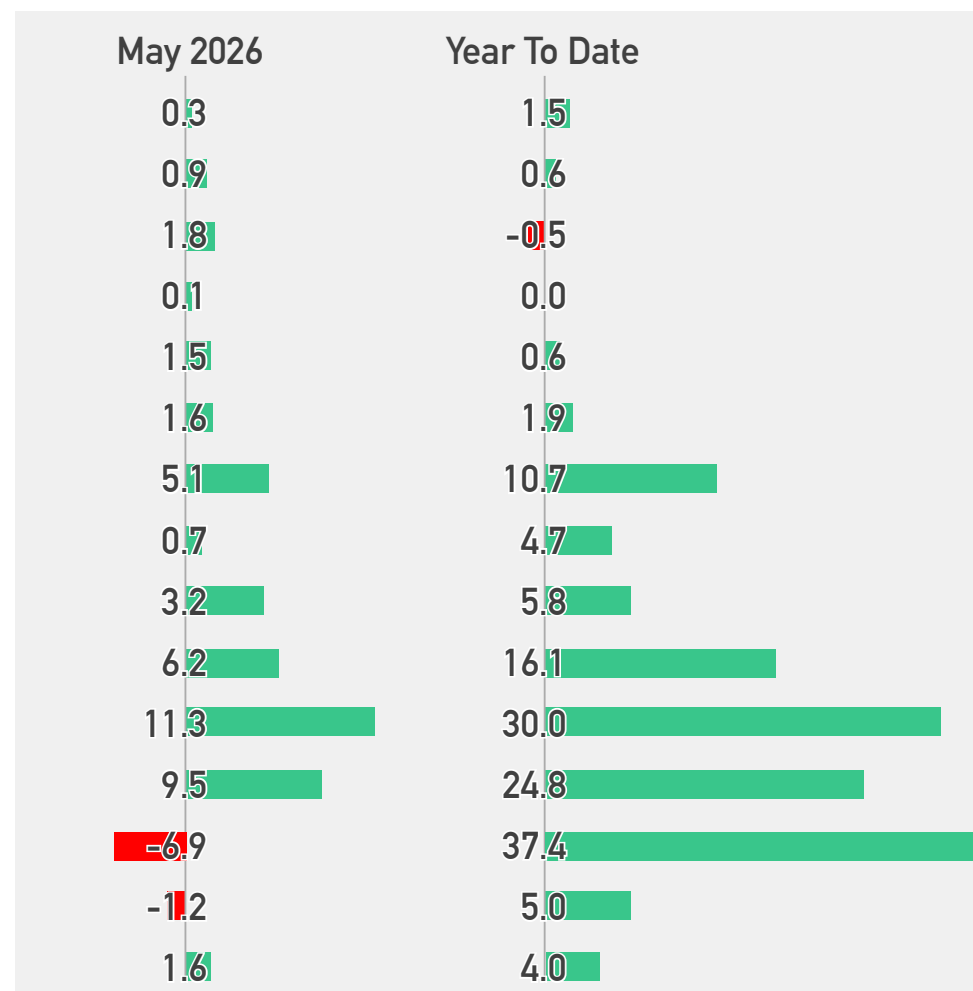
Japan Index



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THE WORLD AT A GLANCE

	2021	2022	2023	2024	2025
UK CASH	0.0	1.4	4.7	5.2	4.3
US DOLLAR INDEX	6.4	8.2	-2.1	7.1	-9.4
UK GILTS	-5.2	-23.8	3.7	-3.3	5.0
US TREASURIES	-2.3	-12.5	4.1	0.6	6.3
GLOBAL CORPORATE BONDS	-1.9	-6.8	4.0	2.8	2.6
GLOBAL HIGH YIELD BONDS	2.0	-2.3	8.2	11.0	4.3
US 500	26.9	-19.4	24.2	23.3	16.4
UK ALL SHARE INDEX	14.5	-3.2	3.8	5.6	19.8
EURO 600 INDEX EX UK	22.5	-15.0	14.9	4.5	17.4
JAPAN INDEX	10.4	-5.1	25.1	17.7	22.4
ASIA EX JAPAN	-3.1	-15.4	6.4	16.2	31.6
EMERGING MARKETS	-4.6	-22.4	7.0	5.1	30.6
COMMODITIES	41.6	41.9	-9.7	11.2	-0.3
GOLD	-4.3	-0.7	12.8	26.6	62.5
HEDGE FUNDS	3.7	-4.4	3.1	5.3	7.1

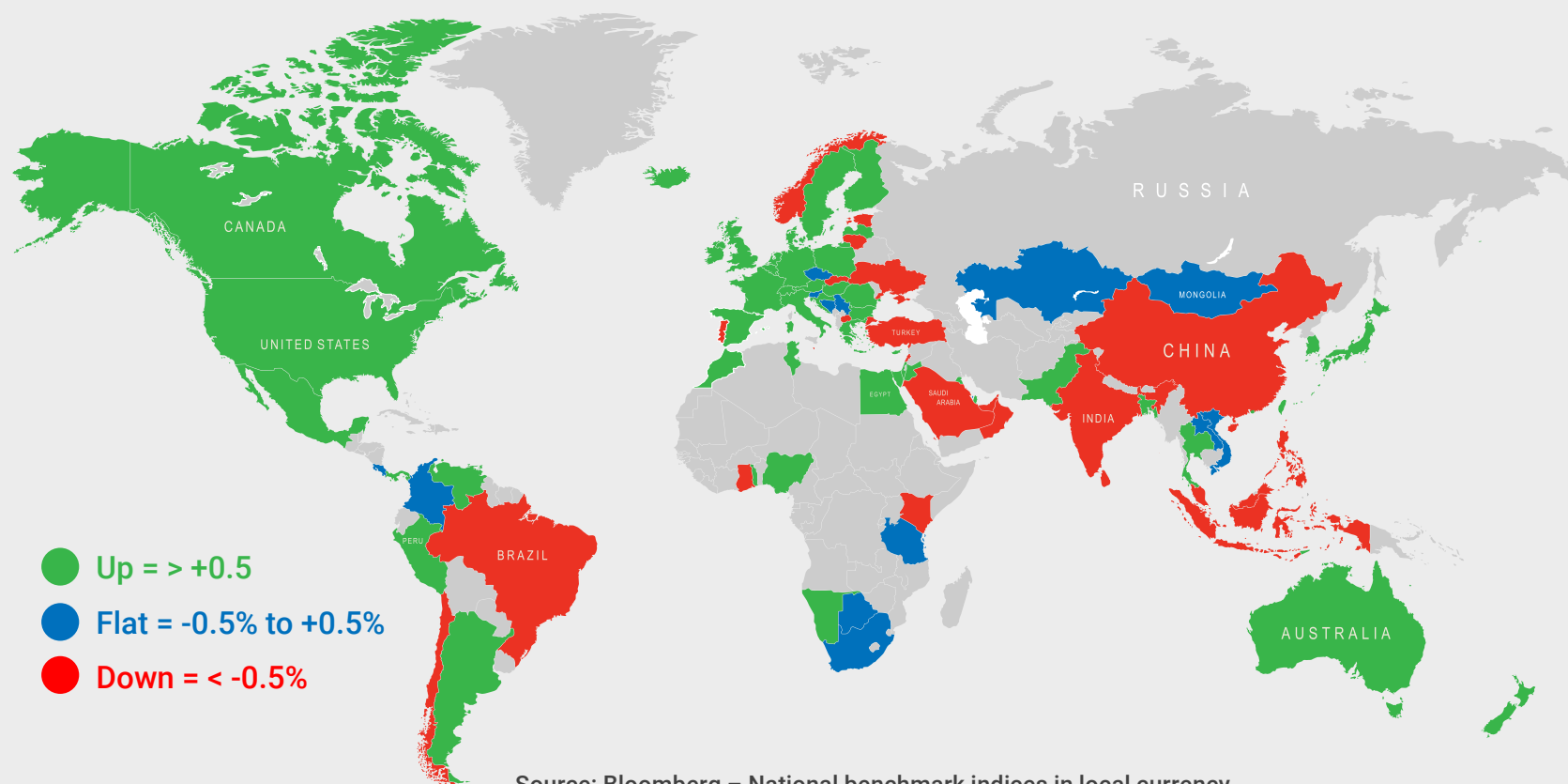


Source: Bloomberg

Total Return – Local Currency

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WORLD EQUITY MARKETS



↑ 5.1%
USA

↑ 3.2%
EUROPE

↑ 6.2%
JAPAN

↑ 0.7%
UK

↑ 9.5%
EMERGING
MARKETS

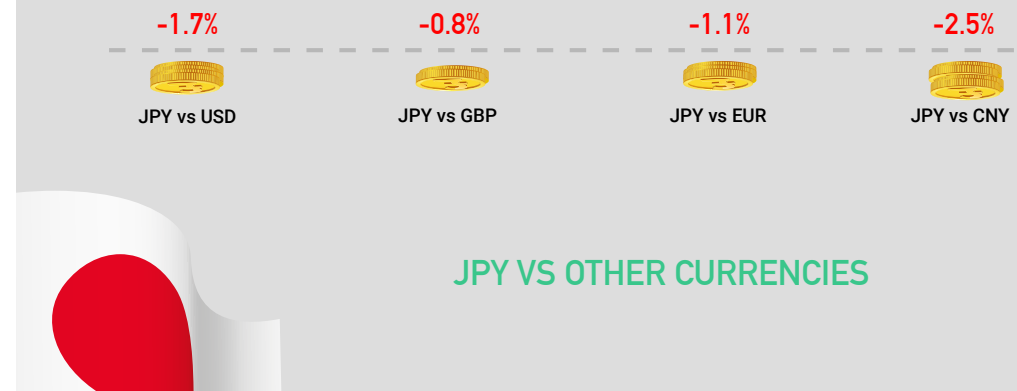
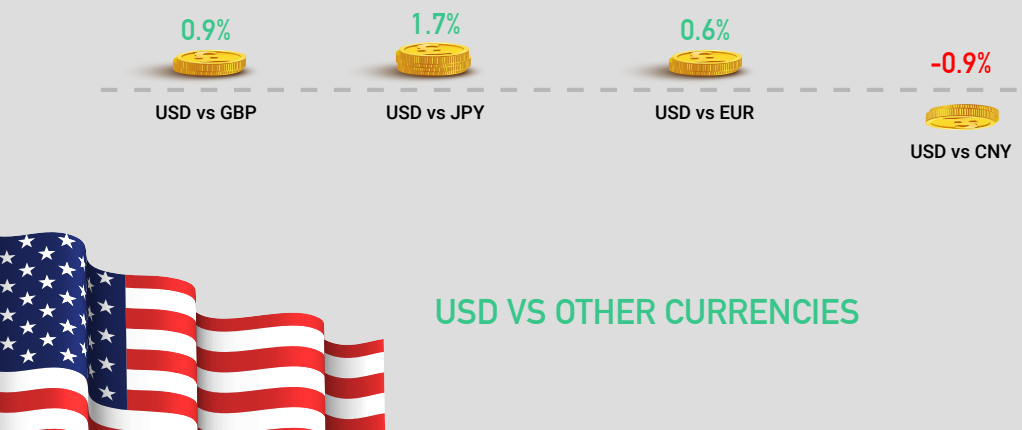
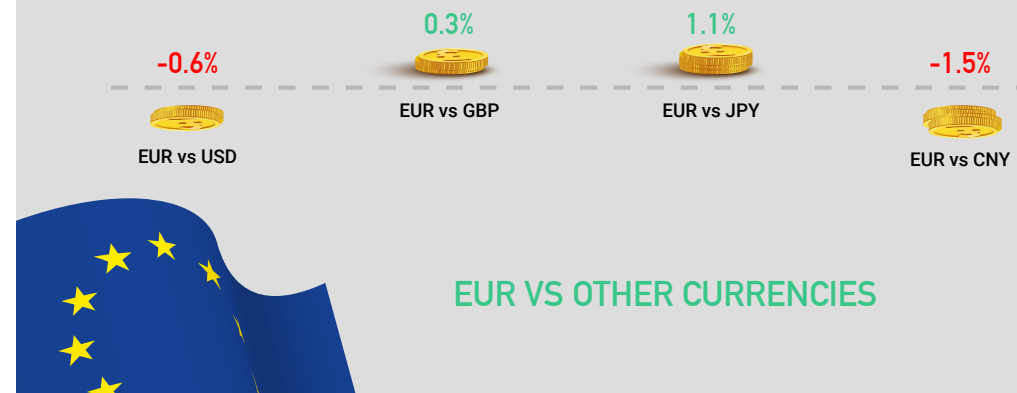
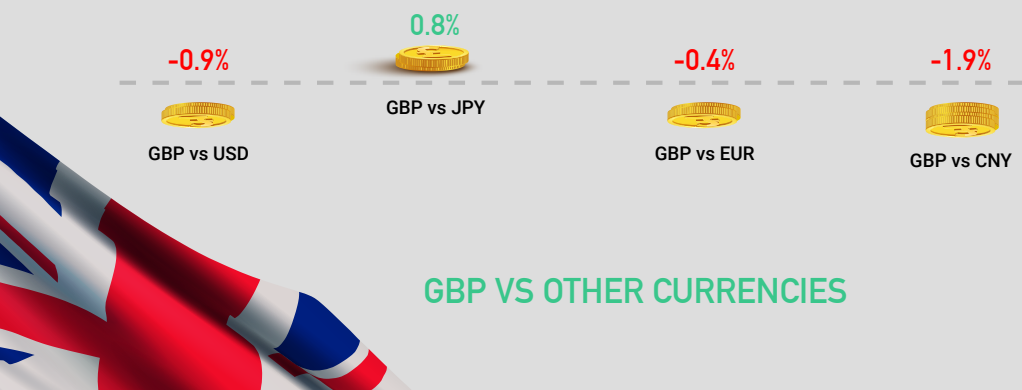
Key Points

- Global equities shrugged off concerns over inflation and hit new highs on a buoyant earnings season and further AI-led optimism.
- Optimism over an end to the Iran conflict saw oil fall, and gold fell on reduced concerns over rate rises – clearly an unhelpful backdrop for energy and precious metals sectors.

- Both South Korea and Taiwan were buoyed by the rally in semiconductor stocks. South Korea is a particularly concentrated market, with Samsung and SK Hynix accounting for over half the market. Both stocks rose dramatically in May.
- Geographically, it was Pacific ex-Japan that led the charge, with the UK the noticeable laggard. Thematically, it was growth over value.

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CURRENCIES



Key Points

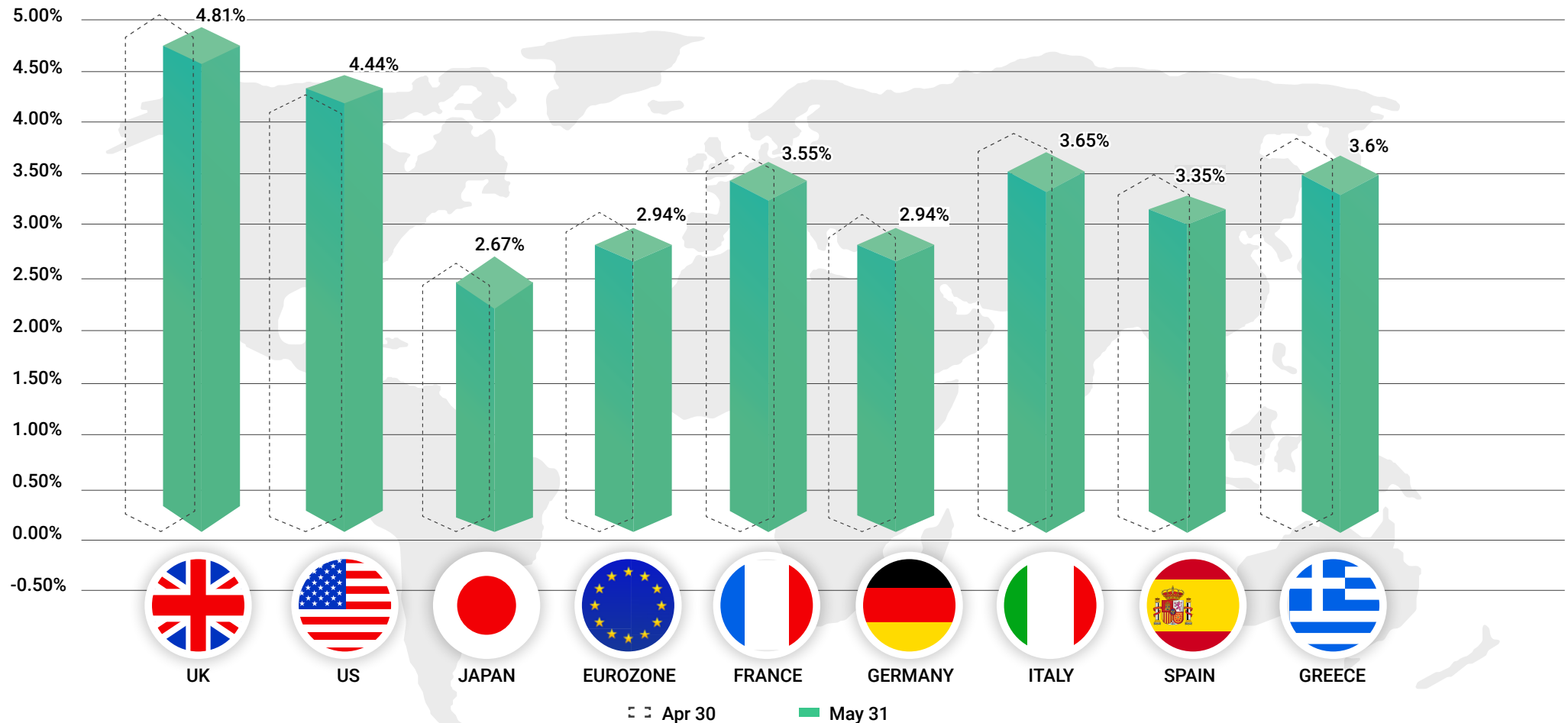
- The US dollar index rose mid-month, reflecting expectations of a more hawkish US Fed in the wake of rising inflationary pressures, and worse than expected CPI and PPI numbers.
- Despite intervention by the Bank of Japan, which began at the end of April, the yen remained weak against a robust US dollar.

- Sterling fell from US\$1.359 to finish the month at US\$1.343, reflective of US dollar strength.
- The euro touched one-month lows as the Eurozone growth outlook dimmed, though it stabilised as markets fully priced in at least two ECB hikes.

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GENERIC 10-YEAR YIELDS*

*A Generic bond is a theoretical bond that always has the specified tenor, unlike a Benchmark bond, which is a physical bond, with a decreasing tenor.



Key Points

- US 10-year Treasury yields climbed above 4.65% mid-month on inflation and interest rate concerns. Optimism on an end to the Iran conflict, alongside the falling oil price, allowed yields to ease back.
- Gilts were volatile. The 10-year yield hit 5.18% mid-month, before retreating sharply on Iran, the falling oil price and perceptions of better-than-expected inflation figures.
- At the shorter end of the curve, US 1-year yields actually rose, as interest rate expectations were repriced, but across Europe they fell, most noticeably in the UK.
- UK gilts and sterling corporate debt had some of the best returns over the month, but it came with elevated volatility. The buoyant equity markets were helpful, sentiment-wise, for global corporate and global high yield markets.

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GLOSSARY OF TERMS

BoE	Bank of England – central bank of the United Kingdom
BoJ	Bank of Japan – central bank of Japan
Correlation	The degree to which the returns of financial assets or instruments move in relation to each other
CNY	Chinese renminbi (yuan) – currency of the People’s Republic of China
CPI	Consumer Price Index – a measure of inflation in which a basket of goods and services is calculated over different time periods
Dovish	The approach in which central banks are likely to keep monetary policy “loose” or accommodative
ECB	European Central Bank – the central bank of the European Union countries which have adopted the euro
EUR	Euro, the official currency of the European Union for the 20 of 27 member states that have adopted this currency
The ‘Fed’	or the US Federal Reserve System – the central banking system of the United States of America, which includes the Federal Reserve Board and the twelve regional Federal Reserve Banks
GBP	British Pound – sometimes referred to as ‘sterling’
GDP	Gross Domestic Product – a monetary measure of the market value of all goods and services produced in a specific time period by a country or countries

Growth Stocks	Stocks which display specific characteristics – high price-to-earnings (P/E), high price-to-book (P/B), low to no dividend yield – which typically demonstrate revenue growth and tend to reinvest earnings rather than distribute them as dividends
Hawkish	The approach in which central banks are likely to keep monetary policy “tight” or restrictive
JPY	Japanese Yen – currency of Japan
Macro	or Macroeconomics – a branch of economics that deals with the performance, structure, behavior, and decision-making of an economy as a whole
PMI	Purchasing Managers’ Index – an economic indicator used to measure the activity of the manufacturing/service sectors of the economy
USD	US Dollar – currency of the United States of America
Value Stocks	Stocks which may trade at lower prices relative to their intrinsic value, as defined by traditional fundamental analysis, and typically include evaluation metrics such as lower price-to-earnings (P/E) and price-to-book (P/B) ratios, and higher dividend yields, compared to Growth stocks.
Yield Curve	a graph (line) which depicts how the yields on debt instruments – such as bonds – vary as a function of their years remaining to maturity
YoY	Year over year

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