

Message from the Investment Manager



Policy Stimulus Anchors Markets Amid Geopolitical Uncertainty

Geopolitical volatility remains a primary driver of market uncertainty, with focus shifting from trade wars to resource sovereignty and regional instability.

In U.S., the Fed is expected to stay cautious in the near-term, with markets now anticipating the next rate cuts in July 2026. U.S. markets have experienced divergent performance and heightened volatility recently, driven by AI-related concerns and sector rotation. Wages in Europe are set to rise, but inflation has fallen below the European Central Bank's target, reinforcing steady rate expectations. Japan's Prime Minister Takaichi's LDP secured a historic supermajority, paving the way for more aggressive fiscal measures, including tax cuts and expanded spending. The newly enacted supplementary budget of JPY18.3 trillion is expected to support growth under the new leadership. GDP and PMI in China show resilience, but consumer prices remain subdued, fueling renewed deflation concerns. Factory deflation is easing, aided by higher commodity costs and regulatory measures. The People's Bank of China is maintaining a moderately loose monetary policy stance to support economic growth.

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