BEA MPF e - Newsletter

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Message from the Investment Manager

Global Markets at a Crossroads

The AI arms race and data center buildout momentum continue to be the dominant themes in global markets, which propelled markets in the U.S. and Asia to all-time highs. Corporate earnings in the U.S. have been a major support for equity markets. Over 84% of the S&P 500 companies having reported Q1 results had beaten EPS estimates and the blended year-on-year earnings growth rate stood at 27.1%, which would be the strongest in over 4 years.

U.S. headline inflation has re-accelerated, with April Consumer Price Index rising 3.8% year-on-year, while Producer Price Index rose 6% year-on-year, the largest increase since December 2022. Geopolitics also remains a key swing factor. Central bank policy is at a crossroads as policymakers balance the priorities of combating inflation and stimulating growth. The 2026 midterm elections are only six months away and coming into focus as voters face higher food and energy prices.

In China, economic activity remained structurally mixed: traditional and consumer sectors were still weak, while high-end manufacturing, exports and the semiconductor supply chain continued to expand. In the traditional economy area, fixed-asset investment shrank 1.6% in the first four months of 2026, industrial production grew only 4.1% in April, while retail sales rose just 0.2%.

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