藍石財富管理
BS Wealth Management

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Monthly Global Market Watch

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Global Market Watch

U.S.

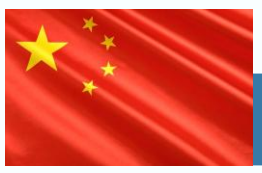
In June, U.S. stocks ended their five-month winning streak, with both the S&P 500 and the Nasdaq retreating from their all-time highs, posting monthly declines of 1.3% and 4.18%, respectively. The key driver came from the macroeconomic front: the core inflation figure for May, released in June, rose to 3.4%. With inflation proving more persistent than expected, market expectations shifted sharply from an accommodative policy stance to a tightening one. Rising rate hike expectations pushed up risk-free rates, putting downward pressure on tech stock valuation multiples, while also sparking market doubts about whether AI demand can continue to materialize. AI-related stocks experienced a concentrated pullback, with capital temporarily shifting from the highly valued hardware sector to the software applications sector. The May consumer confidence index plummeted to a historic low of 44.8, while PCE data remained stubbornly high; the coexistence of weakening underlying purchasing power and inflationary stickiness further exacerbated the deterioration in market breadth.

Looking ahead, rising expectations of stagflation form the core macroeconomic backdrop. With only 57k new jobs added in June's nonfarm payrolls—a sign of early weakness in the labor market—market expectations for a July rate hike have cooled. Wage growth remains at 3.5%, and while employment growth is slowing, wage resilience suggests that price pressures persist; the Federal Reserve is unlikely to shift course easily before confirming a substantial decline in inflation. Therefore, investors should focus closely on future CPI trends. The technology sector experienced sharp volatility in June, with capital rotating toward downstream. However, the valuation correction appears to be more of a temporary adjustment rather than the release of systemic risk. Strategically, maintain exposure to the upstream segment of the AI industry chain while moderately increasing allocations to defensive sectors to hedge against tail risks.

Europe & Japan

European and Japanese equities delivered solid gains in June, supported by improving geopolitical sentiment and continued strength in technology-related sectors. In Europe, the STOXX Europe 600 Index rose 2.51%, driven by easing Middle East tensions following progress in U.S.-Iran diplomacy, which reduced energy-price concerns and improved investor confidence. Strong demand for AI infrastructure also boosted semiconductor and technology stocks across the region. In Japan, the Nikkei 225 Index surged 5.63%, outperforming most major global markets. The rally was supported by strong global demand for AI infrastructure supply chains, while a weaker yen enhanced the earnings outlook for technology and manufacturing exporters, lifting real GDP growth to an accelerated 0.52%. However, as core inflation increased to 1.6%, rising price pressures prompted the Bank of Japan to advance its policy normalization, raising its benchmark rate to 1.0%.

Looking ahead, Europe's equity outlook will depend on whether corporate earnings and AI-related investment can sustain momentum alongside resilient domestic demand. While easing geopolitical risks have improved market sentiment, the region remains vulnerable to external shocks and uneven economic growth. In Japan, investors should focus on the sustainability of the AI-driven export cycle and the corporate impact of the Bank of Japan's rate hike. While a weaker yen remains supportive for exporter earnings, attention will center on whether this policy successfully stabilizes the currency and mitigates the rising core inflation pressures. From a portfolio perspective, selective exposure to European technology and industrial leaders remains attractive, while Japanese semiconductor, automation, and export-oriented growth stocks continue to offer favorable opportunities.



China

The China and Hong Kong markets have remained generally stable over the past month, demonstrating resilience. The SSEC Index rose slightly by 0.63%, but the year-on-year CPI for May remained at 1.2%, with core inflation remaining subdued. The transaction area for new homes in 30 cities declined by 8.53% year-on-year, weighing on blue-chip stocks in the financial and real estate sectors. Market liquidity has concentrated on two types of assets: the STAR Market, driven by national policies—with the STAR 50 Index rising 26.07%—and high-dividend strategies amid record-low government bond yields. However, domestic demand remained weak, with year-on-year growth in retail sales turning negative and falling to -0.6%. In June, the Hang Seng Index was weighed down by expectations that the Federal Reserve would not cut interest rates and by the Japanese stock market hitting new highs, leading to a decline in risk appetite.

Looking ahead to mainland China and Hong Kong, structural cracks lurk beneath the current façade of stability. The technology sector is experiencing a crowding-out of capital, while the risk premium on high-dividend assets has narrowed significantly due to an influx of safe-haven capital; this divergence essentially reflects risk-averse sentiment. Given the weak recovery in domestic demand and a wait-and-see attitude toward new policy measures, A-shares may enter a phase of "volatile consolidation and internal divergence." For A-shares, investors should be wary of a waning catalytic effect from national policies or a marginal tightening of external liquidity; under negative feedback loops, the risk of forced liquidations on the STAR Market should not be underestimated. For Hong Kong stocks, investors should be vigilant about global capital flowing toward key hubs in the AI industry chain; scarce "hard tech" companies and high-dividend state-owned enterprises remain safe havens.

Emerging Markets

Emerging markets experienced a period of consolidation in June following several months of strong performance. The MSCI Emerging Markets Index declined 0.3% during the month as investors adopted a more cautious stance amid uncertainty outlook for U.S. interest rates, and the sustainability of recent market gains. Despite the broader decline, performance across emerging markets remained highly differentiated. South Korea's KOSPI and Taiwan's TAIEX both reached record highs during the month, supported by continued demand for AI infrastructure, strong semiconductor exports, and robust earnings expectations for technology-related companies. However, both markets subsequently gave back part of their gains as investors locked in profits and reassessed elevated valuations following their strong year-to-date rallies. This reflects the market's growing sensitivity to valuation concerns, even as the long-term outlook for AI and semiconductor supply chains remains constructive.

Looking ahead, the Taiwan and South Korean stock markets remain the core drivers of emerging markets. Semiconductor giants such as TSMC, Samsung Electronics, and SK Hynix continue to see profit growth, which is already fully reflected in rising stock prices. The MSCI Emerging Markets Index is projected to record a 49.8% annual increase in earnings per share by 2026. However, the South Korean stock market exhibits characteristics of "high leverage, high concentration, and high vulnerability." Foreign capital inflows are slowing marginally, while domestic capital, especially retail investor inflows, is accelerating, raising concerns about potential pullbacks and volatility. We recommend maintaining a tactical allocation to emerging markets, strictly controlling leverage-related risks, as short-term volatility may persist as investors reassess valuations.

Crypto Assets & Commodities

In June, cryptocurrency and precious-metal markets came under significant pressure as investors reassessed the outlook for interest rates and global liquidity. Bitcoin declined 20.4%, driven by rising expectations of further Federal Reserve tightening, a 1.78% increase in the U.S. Dollar Index, and elevated U.S. Treasury yields of around 4.5%, which reduced the attractiveness of risk assets and compressed the risk premium of cryptocurrencies. Escalating tensions in the Middle East further reinforced risk-off sentiment, while tighter financial conditions and a stronger U.S. dollar encouraged investors to reduce exposure to speculative assets, amplifying Bitcoin's correction. Meanwhile, LBMA Gold Price PM Index fell 11.4% during the month. Although geopolitical uncertainty provided some support for safe-haven demand, rising interest-rate expectations and elevated bond yields increased the opportunity cost of holding a non-yielding asset, outweighing gold's defensive appeal.

Looking ahead, persistently high interest rates are likely to continue compressing Bitcoin's risk premium and restraining speculative inflows, making it difficult for the market to replicate liquidity-driven rallies in the near term. For gold, higher bond yields may raise the opportunity cost of holding a non-yielding asset, limiting its near-term upside potential. Nevertheless, gold's defensive characteristics may provide support during periods of heightened geopolitical and macroeconomic uncertainty. From a portfolio strategy perspective, investors should remain cautious toward highly leveraged cryptocurrency exposure, while maintaining moderate allocations to gold for diversification and downside protection.

Fixed Income

Global corporate bond markets posted positive returns in June despite continued uncertainty surrounding inflation and monetary policy. The U.S. 10-Year Treasury Yield declined 3.1 bps, reflecting easing inflation concerns and reduced geopolitical risk following progress in U.S.-Iran negotiations. Lower Treasury yields supported bond prices, while compressed credit spreads of approximately 2.7% and resilient corporate earnings reinforced investor confidence in credit markets. Nevertheless, investor sentiment remained cautious as uncertainty surrounding the rate outlook limited demand for spread products. Consequently, the ICE BofA Global Corporate Bond Index declined 0.08% during the month.

Looking ahead, bond markets are likely to remain in a policy-observation phase as investors assess whether inflation continues to moderate and whether central banks can begin shifting away from restrictive policy settings. While stable corporate fundamentals continue to provide support for credit markets, relatively narrow credit spreads suggest that future returns may increasingly depend on coupon income rather than further spread compression. From a portfolio strategy perspective, high-quality corporate bonds remain attractive for income generation and diversification, although investors should remain selective as policy and geopolitical risks could continue to drive intermittent market volatility.

Performance of major market indices (in Local Currency)

Market Indices	1m (%)	3m (%)	6m (%)	1yr (%)	3yr (%)	5yr (%)
MSCI World Index	-0.2	13.5	9.6	21.1	62.4	65.3
MSCI Emerging Markets Index	-0.3	23.4	25.6	47.5	83.2	43.0
US S&P 500 Index	-1.1	14.9	9.6	20.9	68.5	74.5
Europe STOXX 600 Index	2.5	10.1	8.4	18.5	38.9	41.7
Japan NIKKEI 225 Index	5.6	37.2	39.2	73.1	111.1	143.3
Hong Kong Hang Seng Index	-9.1	-7.7	-10.7	-5.0	21.0	-20.6
MSCI China Index	2.8	11.9	7.6	26.5	29.6	-4.7
LBMA Gold Price PM Index	-11.4	-12.6	-7.8	22.5	110.5	128.3
S&P GSCI Crude Oil Index	-20.4	-31.5	21.0	6.7	-1.6	-5.4
iShare Bitcoin ETF	-20.2	-13.7	-33.0	-45.6	-	-

Source : FE Analytics, Data as of 30-6-2026

BS Investment Management Services

Active Portfolio *Balanced Portfolio* *Maverick Portfolio*

Strategic Partners

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Our asset management services cater to both monthly contributors and lump sum investors, managing funds in the Insurance Investment Linked Scheme (ILAS) portfolio. Our goal is to achieve long-term investment returns while facilitating estate planning for our clients.

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