



BANQUE  
ERIC STURDZA

QUARTERLY OUTLOOK  
3<sup>RD</sup> QUARTER 2026

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## 3<sup>RD</sup> QUARTER 2026

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# 1. EDITORIAL

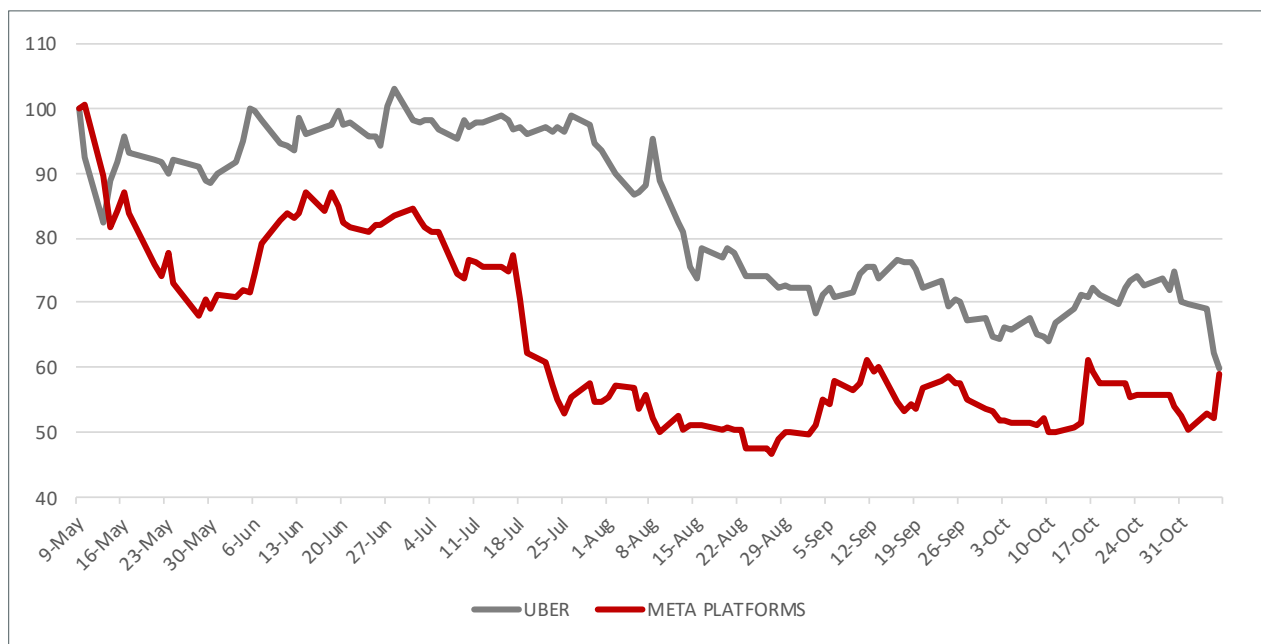
## THE IRRATIONAL EXUBERANCE OF FINANCIAL MARKETS

**The long-awaited IPO finally took place: SpaceX is now a listed company. The buzz surrounding the listing was well orchestrated, the ‘storytelling’ euphoric. During the first two days of trading, SpaceX’s market capitalisation soared, rising by as much as 50%, a figure to be put into context of an already quite generous IPO multiple (SpaceX is valued at circa 80 times its revenues!). Were statistical studies on the historical performances of IPOs to be correct, the euphoria is unlikely to last (and by the way the first cracks are already starting to appear). Firstly, there is the statistical evidence: An investor who participated in every IPO and held them for three years consistently underperformed compared to a simple index tracking investment.**

But even if we focus solely on major tech IPOs, one can see that the first few months of trading are rarely an easy ride and sharp price swings tend to be the norm. UBER lost 40% in the first six months of trading, and META – despite having become one of the ‘Magnificent Seven’ – lost just over 50% in the subsequent months to its IPO (without any doubt, it has largely recovered since then though!).

Given the wide range of SpaceX’s existing and emerging business lines, the valuation exercise is particularly complex. SpaceX’s value reflects not only Starlink, the satellite broadband service; the space launch services business; and the AI division; but also business lines that are only just emerging – in short, the next strokes of genius from its founder, the dreams of the Future which Elon Musk knows so well how to capitalise on. Such uncertainty is likely to cause

G1: UBER (RED) & META (DARK GRAY) PERFORMANCE – 6 MONTHS POST IPO



Source: Bloomberg, BES, base 100 for UBER as of May 9th 2019, META as of May 17th 2012

SpaceX's share price to experience periods of more modest performance than in its first trading days.

The volatility of recently IPOed companies and likely valuation excesses are an integral part of how the US market operates; what gives us cause for concern are the technical considerations surrounding index adjustments that have accompanied the stock's listing. Without going into all the details, two points stand out: the timeframe for adding the share in indices has been shortened, and SpaceX's weighting in the Nasdaq will not be proportional to its actual free float but three times that figure. In short, the conditions are being created to flood a market already won over by Musk's cause.

'Flooding' is also the word that springs to mind when we see the tech giants capitalising on investors' appetite raise additional capital. (Google did an USD 84bln equity offering in early June, following an USD 20bln by Oracle a few months ago).

Alan Greenspan has passed away. For investors over 60, he will be remembered as the man who steered the economy through the 1987 crisis; for those over 50, as the man who managed the fallout from the collapse of the LTCM fund; and for all, as an exceptional Fed chairman who knew how to alternate between reassuring comments and cryptic remarks: 'If you've understood me, then I haven't expressed myself clearly'

**Another famous quote from Alan Greenspan springs to mind. In 1996, as technology shares soared, Alan Greenspan spoke of 'irrational exuberance'. He cried wolf far too early, and it was not until 2000 that the tech bubble burst. Today's investors would be well advised not to forget Alan Greenspan's warning: with shorter cycles, the exuberance of recent weeks could last a little less long!**

## 2. FIXED INCOME

### A BAPTISM OF FIRE FOR KEVIN WARSH

#### Trump is probably right on inflation

The CPI and PPI inflation figures were more or less in line with market expectations. The CPI was perfectly in line with forecasts, whilst the PPI came in slightly higher than expected, though this was offset by a downward revision to April's figure. Even more so than usual since the closure of the Strait of Hormuz, it was the core figures that were closely scrutinized, and these showed that underlying inflation remains under control. We might be tempted, like President Trump to say, that we like these figures because they suggest that if a viable deal is reached and the Strait of Hormuz is reopened, we could return to pre-March levels quite quickly. His remarks on inflation were deliberately provocative, but we understand his reasoning and broadly agree with it. However, this must be put into perspective, because whilst energy prices fell significantly – given that an agreement or more realistically a memorandum of understanding was reached the weekend before the G7 summit – they already had time to feed through in the real economy. As a former head of the Bundesbank, Karl-Otto Pöhl, put it in 1980, bringing inflation down is like trying to put the toothpaste back in the tube after it has been squeezed out. So, we mustn't squeeze the tube too hard. Not an easy task...

A memorandum of understanding was therefore reached on June 14th (and formally signed a few days later), just as the Iranian national football team was landing on American soil. This fine symbolism should not make us forget that this MoU remains fragile to say the least. However, markets are pleased and no one can blame them. After all, they had three hurdles to clear in June: inflation figures, the SpaceX IPO and the likely announcing of an

Iran-US agreement. We could even have added a fourth with the ECB meeting. As everything went well on all these fronts, equity markets appear to be on track to break new records, and long-term rates are likely to breathe a little easier. A sort of '2022 sequence in reverse', so to speak.

***Kevin Warsh has only just arrived and is already facing a dilemma. The Trump administration is asking him to cut rates, whilst the Beige Book suggests that they might need to be raised.***

#### A baptism of fire for the Fed's new chairman

The ECB therefore had no choice but to raise interest rates. It will always be able to justify this move on the basis of its mandate. But if the MoU led to an agreement respected by both parties and then implemented in practice with the Strait of Hormuz being reopened as a result, history should remember that it has, once again, acted hastily. Indeed, the ECB may well have succeeded in breaking its own record this time, by raising rates just three days before a positive resolution to the crisis...The Fed, for its part, has decided to wait patiently. Kevin Warsh has just arrived and has made quite the impression with a more hawkish tone. He already finds himself facing a dilemma. The Trump administration is asking him to cut rates, whilst the Beige Book suggests that they might need to be raised. Recent events in the Middle East show that it is more urgent not to do anything. We suppose that the FOMC meeting on September 16th might be the appropriate time to take stock of the situation, with as much information as possible at hand in order to make the right

decision. Our view remains the same. This could end up badly and rates could fall sooner or later: long-term rates first, as they would quickly price in the coming slowdown. The yield curve would therefore flatten. The last reading of the consumer sentiment index published by the University of Michigan has been released. Last month, these figures hit a record low – the lowest figure since the index was first calculated. In its last release, it rose from 44.8 to 48.9. This is no cause for relief, let alone good news. It remains below 50, which was the previous record low before last month's figure. The US consumer (who accounts for more than two-thirds of GDP) is quite depressed, and let us recall a few reference points in this regard: 57.3 at the height of the 2009 financial crisis and 78.1 in 2020 during the Covid pandemic.

**We were right to extend the durations of our institutional portfolios. Post FOMC, the nominal 30-year yield has fallen back below 5 per cent and the 30-year TIPS is trading at a real rate of 2.7 per cent. Following the FED's meeting, nominal rates were beginning to ease, but inflation breakevens were falling by roughly the same amount, which meant it was still possible to invest in long-dated TIPS at 2.75% or slightly higher. That said, investors should not be put off by the fact that rates have fallen below the symbolic thresholds of 5% and 2.75%. Once we are 1 per cent lower, with durations of 16 to 21, it should not really matter whether you bought at 5.05%, 5% or 4.95%.**

# 3. EQUITIES

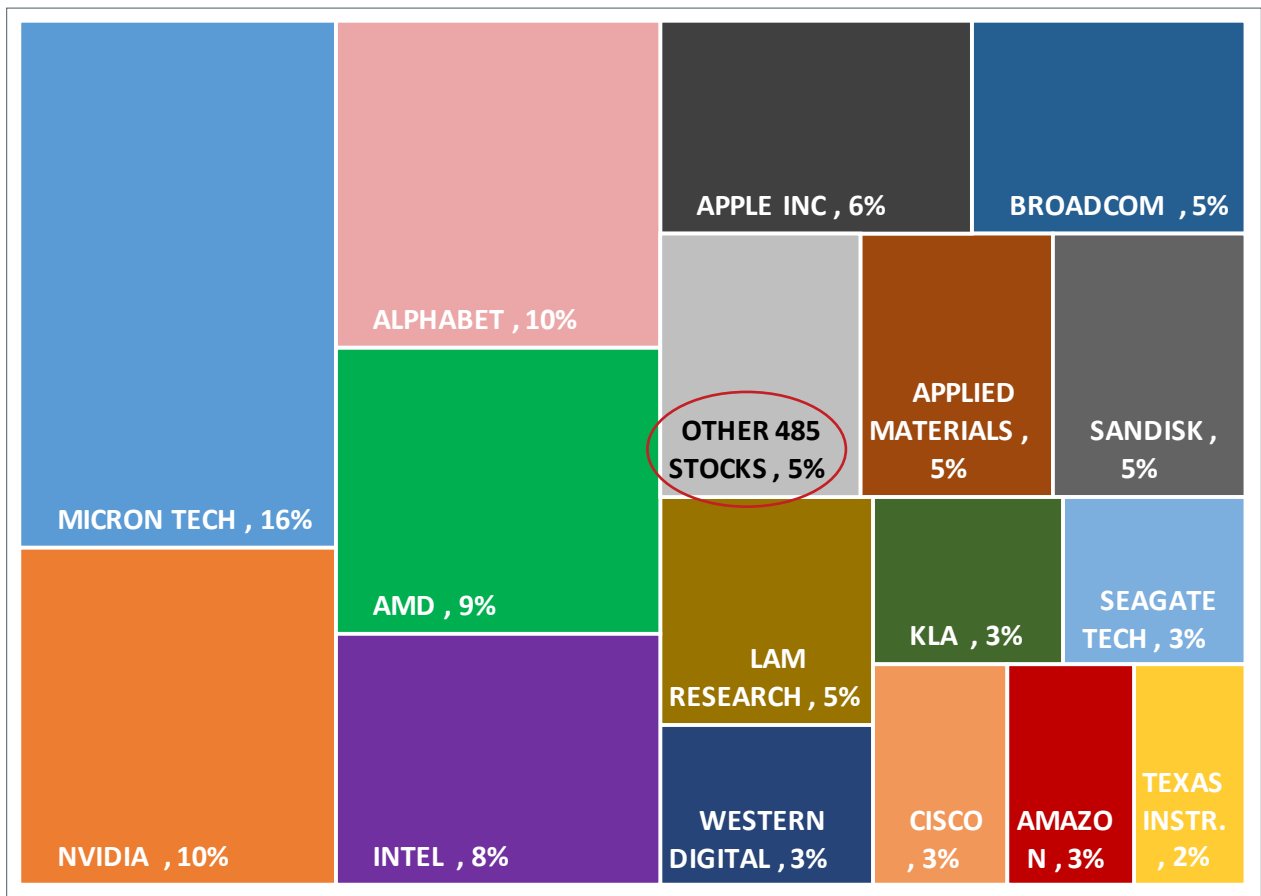
## THE WINNER TAKES IT ALL

**The adage has rarely seemed more appropriate as we enter the knock-out phase of the 2026 World Cup, or when looking at the memorandum of understanding (MoU) between Iran and the United States (though it remains to be seen who is the biggest winner). Last but not least, it refers to the Darwinian model that prevails in the technology sector. In that sense, it echoes the hundreds of billions of dollars spent by a handful of players on chips, memories and the construction of data centers to develop and train their Artificial Intelligence models.**

Artificial intelligence continues to blow hot and cold on financial markets

Following the rally that took place in April and May, global equity markets took a breather in June, falling by just under 2% over the month. The current sequence reflects quite well the polarization of the equity market, with a small number of stocks linked to the theme of Artificial Intelligence that are either driving the indices higher or, conversely, causing them to correct in unison. From this perspective, June began on a more volatile note, with the Nas-

G2: MAIN CONTRIBUTORS TO THE RISE IN THE US MARKET THIS YEAR (IN %)



Source: Bloomberg, BES, base 100, YTD as at 23/6/26

daq recording its sharpest single-session fall (-4.8% on June 5th) since the crash that followed Liberation Day in April 2025. Unsurprisingly, the pull-back AI stocks experienced early June also weighed on the broader US stock market (-2.8% for the S&P 500), similarly their Taiwanese and South Korean equivalents also weighed on local indices (down 3.4% and 8.3% respectively on the following trading day). Whilst the hundreds of billions spent by hyperscalers on data centers' building up are dizzying, investors are beginning to question the future profitability of these colossal investments in AI.

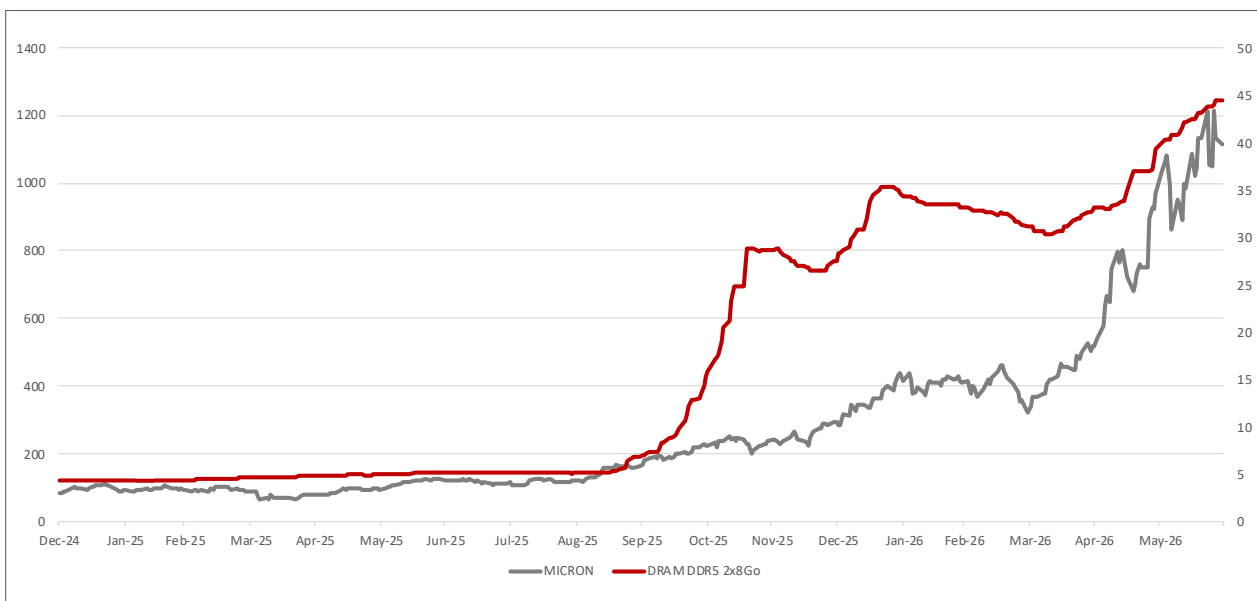
The semiconductor sector continued to play a central role throughout the month, both as an economic growth driver in the US and the driving force behind the continued equity gains this year (see Chart 2). It also increasingly became a source of volatility. At this stage, companies in this sector are emerging as the main (and perhaps only?) beneficiaries of the USD 700 billion in AI-related investment projected for 2026: Nvidia and Broadcom in the US, TSMC in Taiwan, SK Hynix and Samsung in South Korea, and, to a lesser extent, ASML in Europe.

However, June also highlighted the fragility of this sector and the extreme selectivity of the markets. Indeed, the disappointment over Broadcom's prospects in the AI sector dragged its share price down (by nearly 20% over the month) and dragged down some of the sector's heavyweights, such as Nvidia. Conversely, Micron's solid results provided reassurance and gave fresh impetus, particularly to stocks further up the semiconductor supply chain. It is worth noting that memory is emerging as one of the bottlenecks of the AI revolution, and that the almost parabolic rise in Micron's share price mirrors that of DRAM prices.

### Price rises and bottlenecks

Another bottleneck and driver of inflation pressures is in chip manufacturing: TSMC, the world's leading chip manufacturer, has announced price hikes across almost its entire product range. The increases, in the region of 5% to 10%, affect major clients such as Apple, Nvidia, AMD, Qualcomm and Broadcom, and could put pressure on their margins.

G3: MICRON'S SHARE PRICE (GREY, LEFT-HAND SCALE) AND THE PRICE OF DDR5 2GX8 DRAM (RED RIGHT-HAND SCALE)



Source: Bloomberg, BES, Inspectrum

Under these circumstances, it is hardly surprising to see Apple announce a price rise on its flagship products (iPhone, iMac) in order to pass on the increase in its production costs. The downward share price move following the announcement is nevertheless surprising, as this is one of the few occasions in which the company has been penalised following a price rise announcement. It must be said that at a time when US consumer confidence is at an all-time low and rising energy prices are eroding purchasing power, the tolerance for new price rises is definitely lower.

There is no doubt that the memorandum of understanding between Iran and the United States – should it materialise into a full agreement – should ease tensions over commodities and alleviate inflationary pressures. The announcement has already ‘erased’ the risk premium on the spot price of oil linked to the conflict; medium-term contracts continue to command a premium compared with pre-crisis levels, which seems consistent given the uncertainties surrounding the potential destruction of production capacity and control of the Strait. An easing of inflationary pressures would also allow the Fed and its new chair to adopt a more accommodative stance and could be the key to a potential broadening of the sectoral leadership.

**In this environment, we took advantage of the sector pullback early June to increase our investments in Technology. We are doing it through investments that offer exposure to the sector as a whole, rather than solely focused on semiconductors. With the view the rally could broaden out to other markets and investment styles, we remain committed to our investments in mining shares, Japanese equities – with a focus on domestic and financial stocks – and selectively to European equities notably favoring the theme of European sovereignty there.**

# 5. PERFORMANCES

EQUITIES	30.06.26	CURRENT	MTD	3M	6M	YTD	2025	2024	2023	2022	2021
WORLD	MSCI WORLD	4 826	-0,8%	5,9%	9,7%	8,9%	19,5%	17,0%	24,4%	-17,7%	22,4%
	MSCI EAFE	3 117	0,0%	-2,0%	10,9%	7,7%	27,9%	1,1%	15,0%	-16,8%	8,8%
	MSCI WORLD GROWTH	7 533	-1,1%	10,6%	8,3%	8,4%	20,4%	25,1%	37,3%	-29,0%	21,4%
	MSCI WORLD VALUE	4 752	-0,5%	1,7%	11,1%	9,4%	18,2%	9,0%	12,4%	-5,8%	22,8%
US	DOW JONES	52 319	2,5%	6,8%	9,6%	8,9%	13,0%	12,9%	16,2%	-6,9%	20,9%
	S&P 500	7 499	-1,1%	9,0%	9,5%	9,6%	16,4%	23,3%	26,3%	-18,1%	28,7%
	S&P500 EW	8 627	2,2%	4,1%	11,4%	11,1%	9,3%	10,9%	13,8%	-11,5%	29,6%
	NASDAQ 100	30 276	-0,2%	21,3%	19,0%	19,9%	20,2%	24,9%	55,1%	-32,4%	27,5%
	RUSSELL 2000	3 024	3,6%	14,9%	21,0%	21,9%	11,3%	10,0%	16,9%	-20,5%	14,8%
EUROPE	STOXX 600	642	2,5%	1,2%	11,3%	8,4%	16,7%	6,0%	16,6%	-9,9%	25,8%
	FTSE 100	10 497	0,8%	-3,8%	8,0%	5,7%	21,5%	5,7%	7,7%	4,6%	18,4%
	CAC 40	8 404	2,7%	-2,1%	3,5%	3,1%	10,4%	-2,2%	20,1%	-6,7%	31,9%
	DAX	24 996	-0,4%	-1,1%	4,9%	2,1%	23,0%	18,8%	20,3%	-12,3%	15,8%
	SPI SWISS	20 015	4,5%	3,9%	13,4%	9,9%	17,8%	6,2%	6,1%	-16,5%	23,4%
ASIA	MSCI Asia ex Japan	1 143	-1,5%	9,4%	28,4%	25,2%	29,3%	9,8%	3,6%	-21,5%	-6,4%
	TOPIX	3 995	0,9%	1,4%	18,2%	17,2%	22,4%	17,7%	28,3%	-2,5%	12,8%
	HANG SENG	22 881	-9,1%	-14,1%	-11,5%	-10,7%	27,8%	17,7%	-10,5%	-12,6%	-11,8%
	CSI 300	4 979	1,8%	5,7%	10,0%	7,5%	17,7%	14,7%	-9,1%	-19,8%	-3,5%
<b>FX &amp; COMMODITIES</b>	<b>30.06.26</b>	<b>CURRENT</b>	<b>MTD</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
CURRENCIES	EUR-USD	1,142	-2,0%	-3,3%	-1,5%	-2,8%	13,1%	-6,2%	3,1%	-5,9%	-6,9%
	USD-CHF	0,808	3,5%	5,1%	0,5%	2,0%	-12,3%	7,8%	-9,0%	1,3%	3,1%
	USD-JPY	162,6	2,1%	4,2%	4,1%	3,7%	0,3%	11,5%	10,5%	13,9%	11,5%
	USD INDEX	101,19	2,3%	3,7%	1,7%	2,9%	-9,1%	7,1%	-2,1%	8,2%	7,0%
COMMODITIES	Gold	4008,02	-11,7%	-24,1%	-5,5%	-7,2%	65,3%	27,2%	13,1%	-0,3%	-4,2%
	Silver	58,60	-22,2%	-37,5%	3,7%	-18,2%	132,4%	21,5%	-0,7%	2,8%	-13,6%
	WTI Crude Oil	69,50	-20,4%	3,7%	18,7%	21,0%	-21,0%	0,1%	-10,7%	6,7%	59,1%
	Copper	13 349	-1,8%	0,4%	18,8%	7,2%	37,4%	2,2%	0,9%	-14,1%	25,7%
<b>FIXED INCOME</b>	<b>30.06.26</b>	<b>CURRENT</b>	<b>MTD</b>	<b>3M</b>	<b>6M</b>	<b>YTD</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
RATES	US 10 year gvt	4,47	0,01	0,13	0,11	0,07	-42 bps	69 bps	0 bps	237 bps	60 bps
	German 10 year gvt	2,86	(0,03)	0,08	0,06	0,00	53 bps	34 bps	-54bps	275 bps	39 bps
BONDS	Global Aggregate USD hdg.	615,4	0,4%	-0,5%	0,9%	1,1%	4,6%	3,4%	7,1%	-11,2%	-1,4%
	Global Aggregate EUR hdg.	220,3	0,2%	-1,1%	-0,1%	0,3%	2,5%	1,7%	4,7%	-13,3%	-2,2%
	Global Aggregate CHF hdg.	159,1	0,0%	-1,9%	-1,5%	-0,9%	0,3%	-1,0%	2,5%	-13,7%	-2,5%
	US Treasuries	2441,7	0,3%	-1,4%	-0,1%	0,3%	6,1%	0,6%	4,1%	-12,5%	-2,3%
	US IG Corporates	3575,5	0,2%	-0,6%	0,7%	0,9%	7,5%	2,1%	8,5%	-15,8%	-1,0%
	US High Yield	2971,5	0,3%	1,3%	2,5%	2,0%	8,2%	8,2%	13,4%	-11,2%	5,3%
	Euro Government	247,9	0,4%	-0,8%	0,7%	1,3%	0,3%	2,0%	7,1%	-18,2%	-3,4%
	Euro IG Corporates	269,3	0,4%	0,0%	1,1%	1,3%	2,8%	4,7%	8,2%	-13,6%	-1,0%
	Euro High Yield	511,7	0,5%	0,9%	2,3%	1,9%	4,6%	9,1%	12,8%	-11,1%	4,2%
	EM USD Aggregate	1414,9	0,6%	0,4%	2,5%	2,0%	10,9%	6,6%	9,1%	-15,3%	-1,7%

Source: Bloomberg, 30/06/26

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