



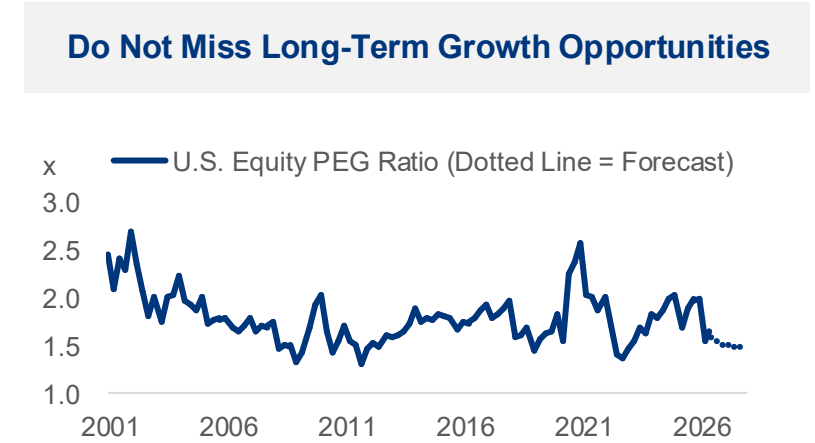
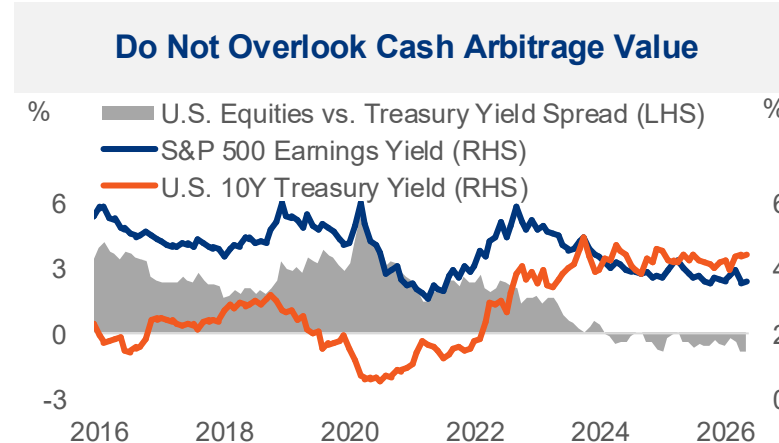
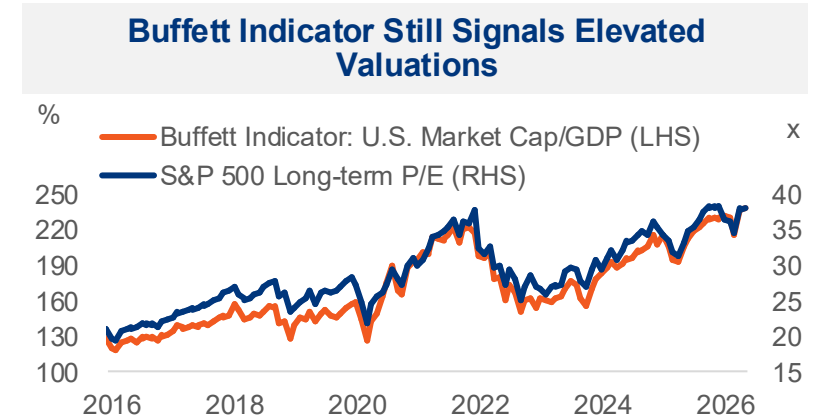
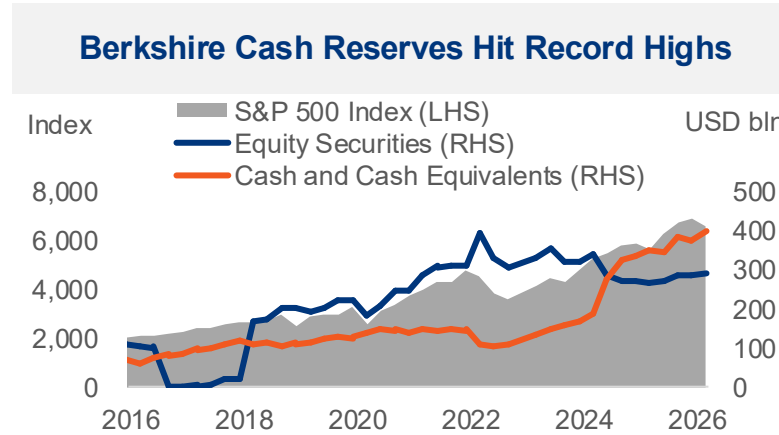
**CIO Office**   **Global Markets Weekly Kickstart**

# New Issues, New Opportunities

11 May 2026

# Why Is Buffett Still Sitting in Church While the Casino Is Packed?

- ▶ Berkshire's annual meeting was hosted for the first time by CEO successor Greg Abel. Key takeaways included: (1) operating profit rose 18% YoY, beating expectations; (2) cash holdings reached US\$397.4bn, continuing to exceed the value of its equity portfolio; (3) the new CEO emphasized AI adoption to address cyber threats and warned of deepfake-related cybersecurity risks; and (4) Buffett compared today's market to "a church with a casino attached," reflecting surging short-term speculation through zero-day options.
- ▶ Buffett indicators, including Berkshire's cash holdings and the market cap-to-GDP ratio, continue to suggest historically stretched U.S. equity valuations. Still, after long-term P/E ratios approached 40x in 2021, equities continued rising over the following year. As Buffett said: "The best time to act is when nobody answers the phone." While even Buffett cannot precisely time market corrections, elevated valuations may compress long-term return potential. Investors may still follow Buffett's core principles: (1) pursue low-cost arbitrage opportunities; (2) invest long term in companies with strong moats; and (3) utilize perpetual low-cost leverage to generate stable long-term asset growth.



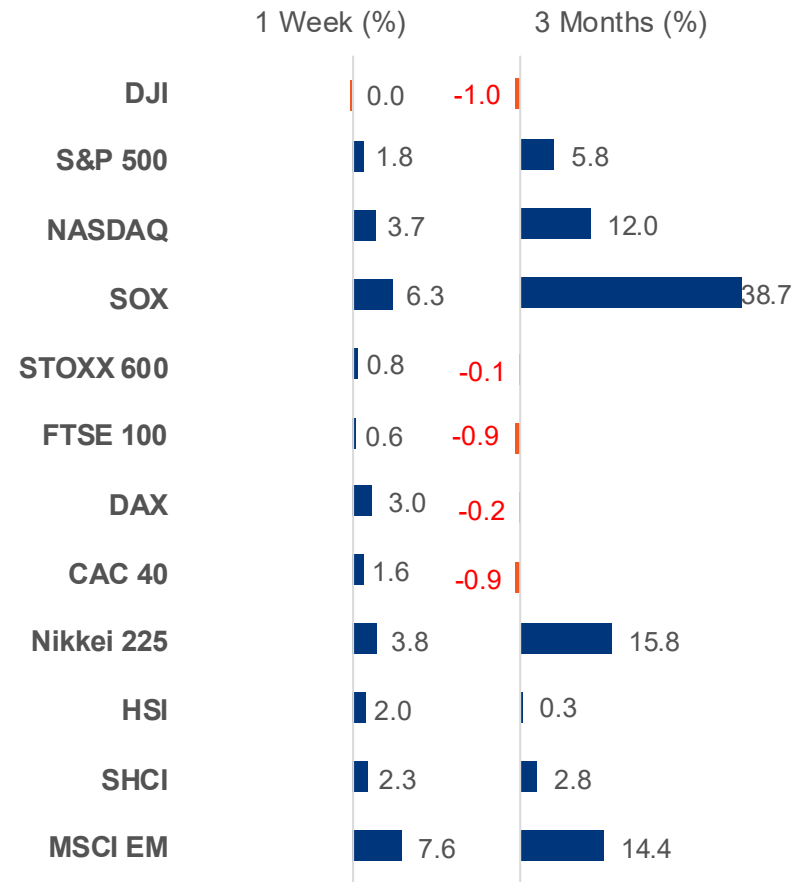
Source: Bloomberg, KGI, Note: Long-term P/E ratio is calculated as the price index divided by the 10-year average of real earnings per share

## Market Recap

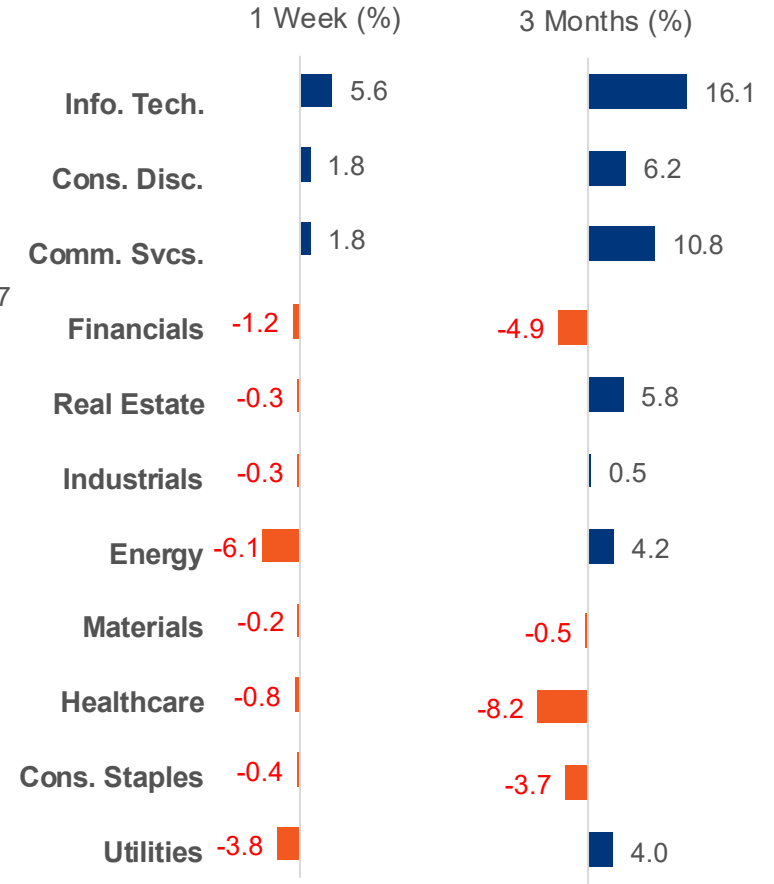
## U.S.-Iran Talks Show Progress, Boosting Investor Sentiment and Equities

- ▶ U.S.-Iran peace negotiations continued to advance, with reports that Washington proposed a new framework aimed at formally ending the conflict. Trump hinted Iran may accept the proposal before his China visit, raising market expectations for a potential peace deal. Iran is still reviewing the proposal. WTI crude fell below US\$100/bbl as geopolitical inflation risks gradually eased, improving investor sentiment and lifting major developed-market equities. Markets remain focused on whether corporate earnings can stay resilient.
- ▶ Semiconductor stocks continued to outperform, driving the Philadelphia Semiconductor Index to fresh highs. AMD reported earnings and guidance above expectations, benefiting from sustained strength in CPU demand and raising its long-term CPU market CAGR outlook. Qualcomm also delivered slightly better-than-expected results, with shares rebounding on AI data center themes. However, softer 3Q guidance reflected ongoing China inventory digestion, memory constraints affecting end demand, and significant market share losses to Apple following recent product launches.

## Regional Index Performance (%)

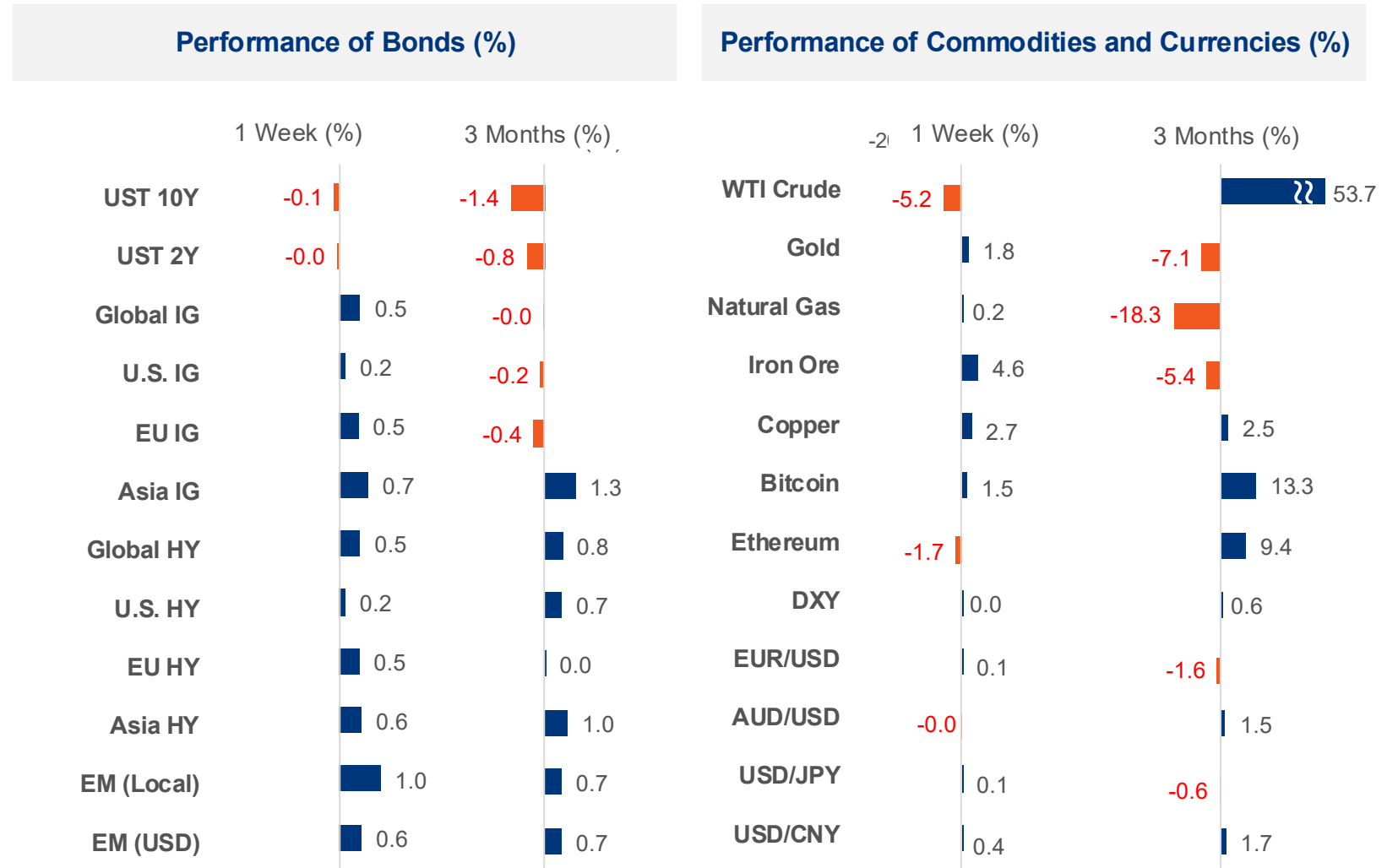


## U.S. Sector Index Performance (%)



## Oil and Inflation Expectations Ease, While Treasury Yields and the Dollar Weaken

- ▶ Progress in U.S.-Iran negotiations pushed oil prices lower and helped ease inflation expectations, while U.S. Treasury yields consolidated, with shorter-duration Treasuries outperforming. Given softer housing prices, moderating wage growth, and a cooling labor market, we expect the Fed to keep rates unchanged through year-end, with hikes unlikely. In credit markets, improving risk appetite and fund inflows supported a rebound in investment-grade bonds, while HY and EM debt also delivered solid weekly gains.
- ▶ April ISM Services PMI came in at 53.6, slightly below March's 54.0 and market expectations of 53.7. As services carry a heavy weighting in core inflation, the stable price index reinforced the view that inflation pressures remain temporary while also highlighting U.S. economic resilience. The dollar index was largely flat, while gold rebounded. Expectations for a swift resolution to the U.S.-Iran conflict eased concerns over energy supply disruptions, pushing WTI crude back below US\$100/bbl. Key market focus next week includes progress in U.S.-Iran talks, the Xi-Trump meeting, the Fed leadership transition, and inflation data.



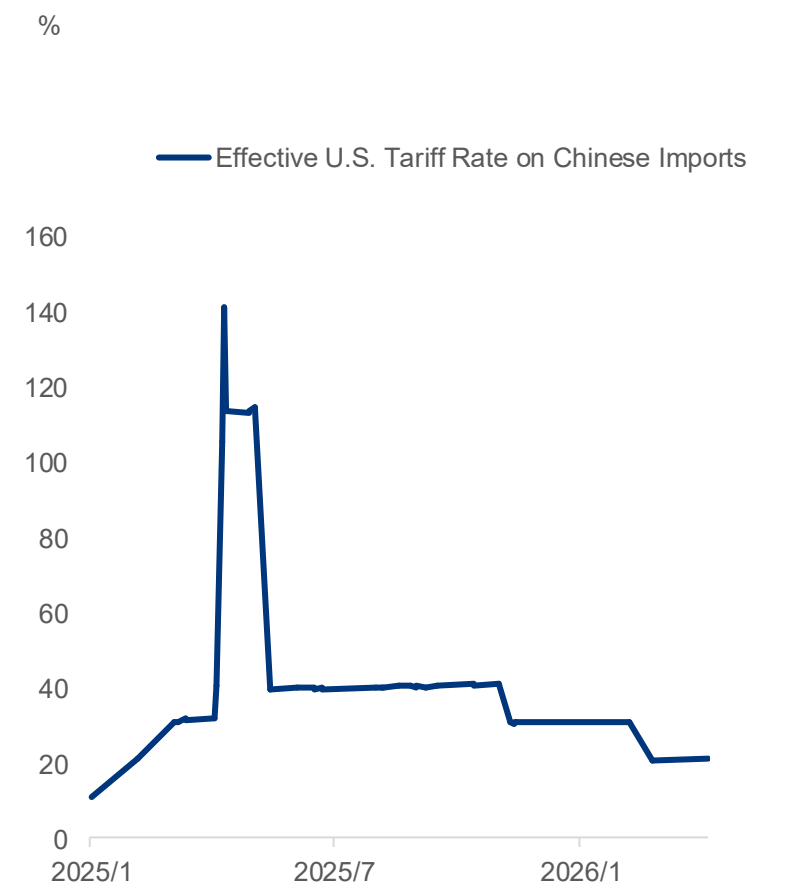
Source: Bloomberg

What's Trending

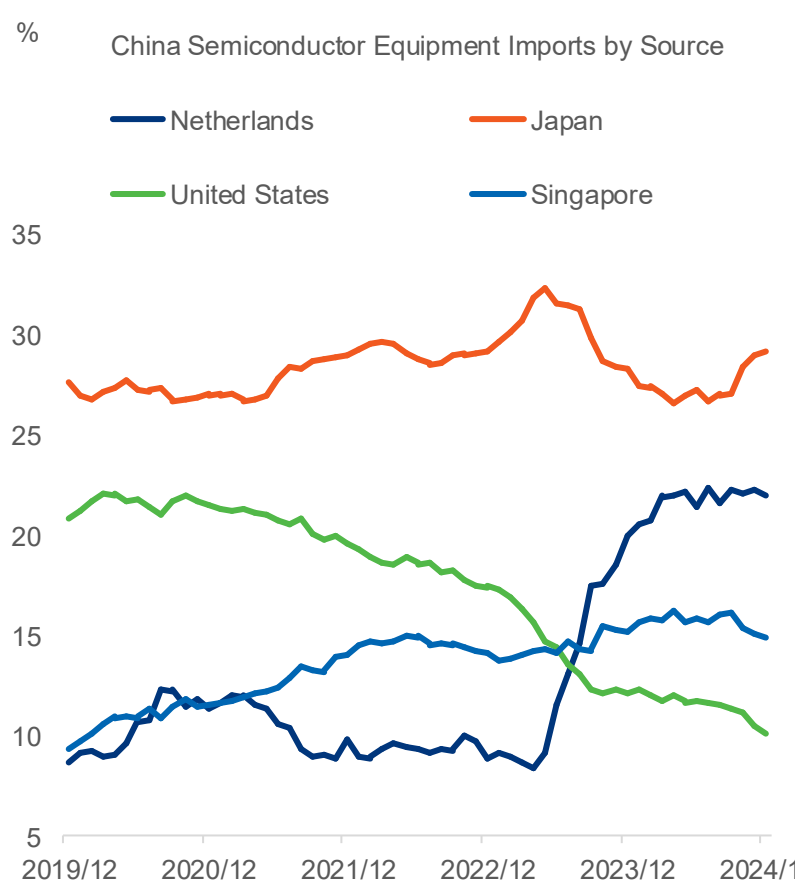
# The Era of Mega Deals Begins; Focus on the Xi-Trump Peace Dividend

- ▶ Trump and Xi are expected to meet on May 14-15. As a summit between the two leaders, markets are closely watching for constructive outcomes that could support near-term sentiment. However, as the U.S. approaches midterm elections, the Trump administration may revisit trade policies to secure U.S. interests. Investors continue assessing whether summit outcomes can translate into actual policy execution, with uncertainty still elevated.
- ▶ Since last year's Liberation Day, effective U.S. tariffs on Chinese imports have fallen to around 20%, below levels seen through most of last year, leaving room for renewed tariff hikes. AI remains a major focus. In April, the U.S. advanced the MATCH Act to strengthen restrictions on semiconductor and technology exports to Chinese firms. China continues to support domestic AI investment, benefiting local AI hardware supply chains.
- ▶ Reviewing U.S. semiconductor export policy changes over the past year, Washington has not pursued a one-way tightening approach. At times, policymakers have also considered corporate profitability and eased restrictions, which would benefit China-exposed technology supply chains.

**Effective U.S. Tariff Rate on Chinese Imports Nears 21%**



**Bipartisan U.S. Efforts Continue Restricting China's Access to Semiconductor Technology**

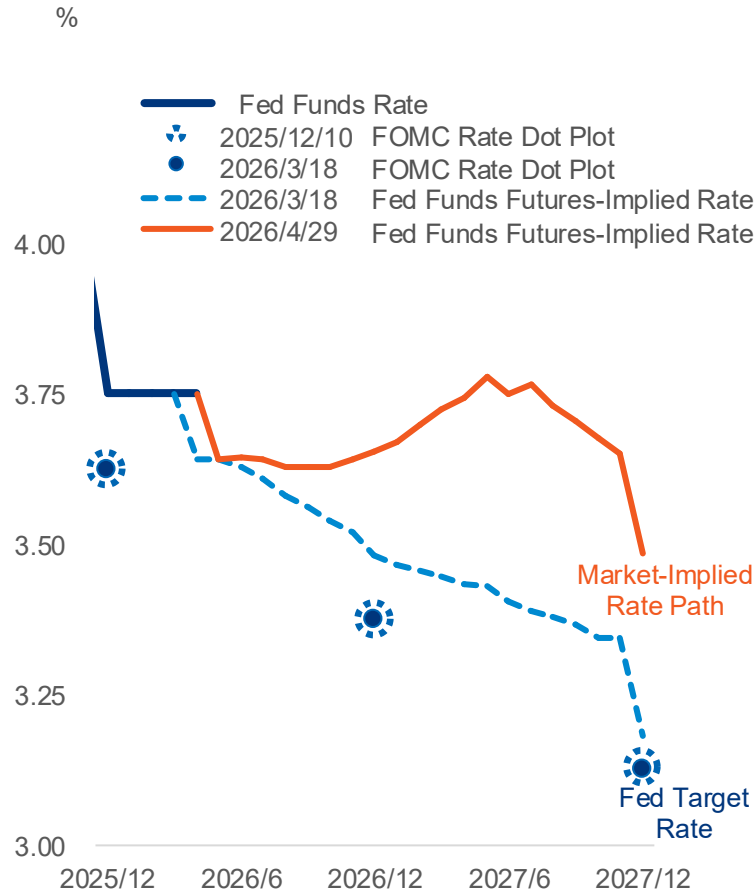


Source: Bloomberg, CEIC, KGI

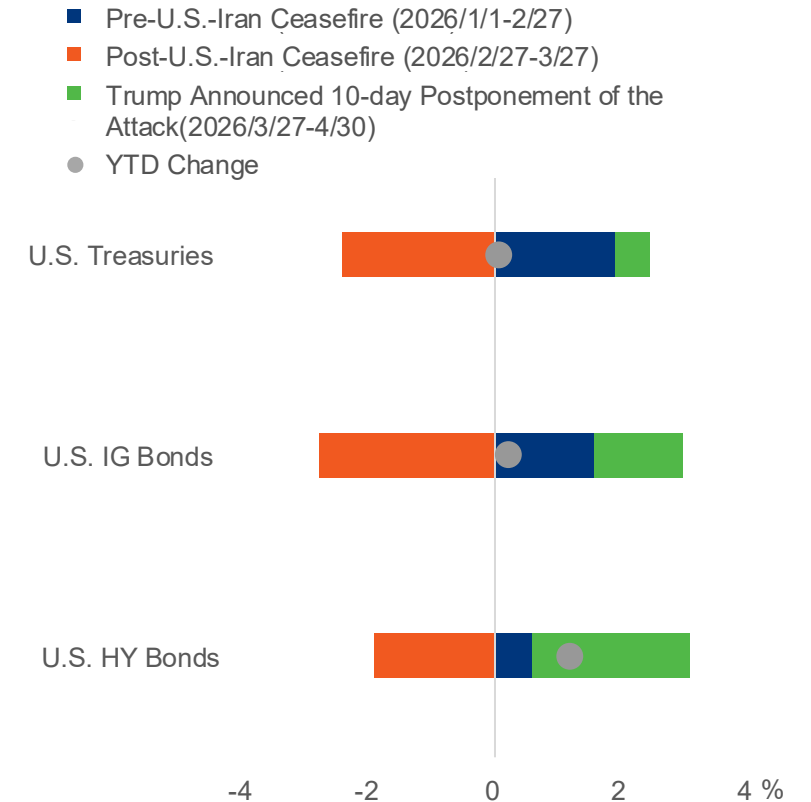
# Treasury Yield Volatility May Rise, but Short-Term Carry Remains Attractive

- ▶ The Fed kept rates unchanged at the April FOMC meeting, in line with expectations. As Powell's term nears its end, the voting split marked the most hawkish division in 34 years, with markets expecting rates to remain unchanged through year-end. Given soft labor market conditions and limited wage pressure, inflation expectations remain the key focus. Rising oil prices from U.S.-Iran tensions mainly lifted 5Y inflation swaps, suggesting a largely one-off effect. Fed Chair nominee Kevin Warsh emphasized policy independence, reduced forward guidance, and accelerated balance sheet reduction. Lower policy transparency could increase rate volatility, suggesting caution toward long-duration Treasuries while monitoring the impact of higher energy prices on core inflation.
- ▶ Despite ongoing geopolitical uncertainty, elevated energy prices, sticky inflation, and steady Fed policy, resilient consumption, employment, and manufacturing data continued supporting U.S. economic resilience, pushing real yields higher and weighing on Treasuries. In credit markets, U.S. HY bonds rebounded strongly in April, significantly outperforming longer-duration IG bonds. For credit investors, short-to-mid duration and carry income remain the key drivers of returns.

## Markets Expect the Fed to Stay on Hold Through Year-End



## Stable Growth and Easing Volatility Supported HY Bond Outperformance YTD

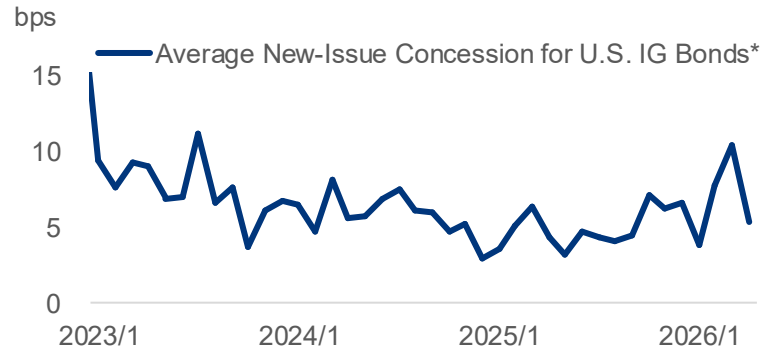
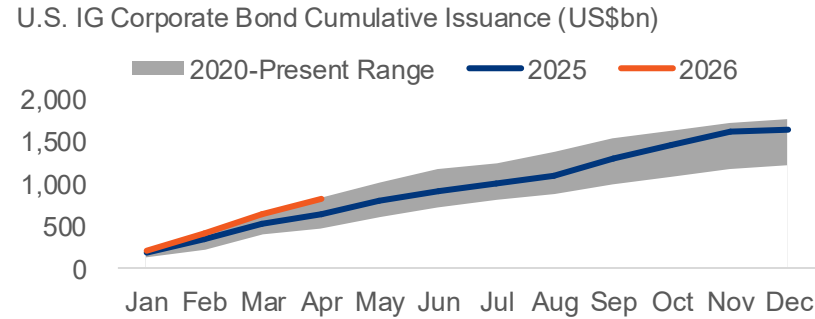


Source: Bloomberg, KGI

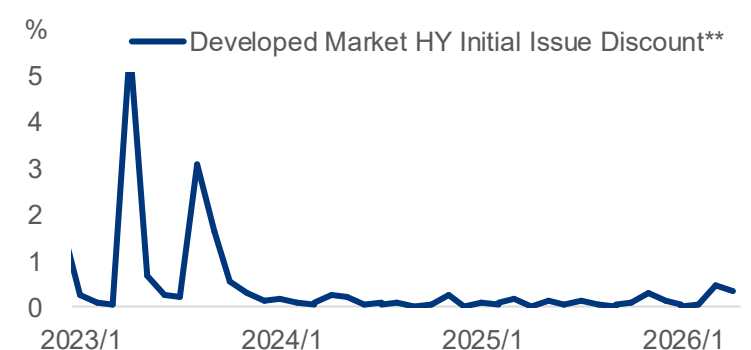
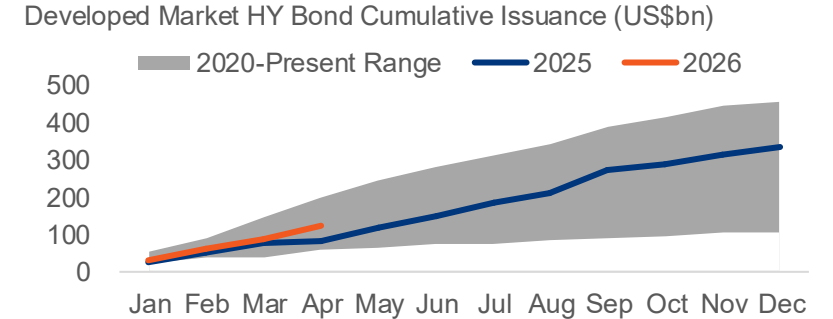
# Large Corporates Continue Issuing New Bonds, Creating Attractive Lock-In Opportunities

- ▶ U.S. investment-grade corporate bond issuance reached US\$195.6bn in April, the second-highest April level on record after 2020. Non-financial issuance accounted for US\$100.6bn, driven largely by A-rated issuers, whose issuance surged 1.8x YoY to US\$29.9bn. Strong issuance pushed new-issue concessions to historically elevated levels in March, although premiums eased slightly in April as attractive yields continued drawing investor inflows.
- ▶ Developed-market HY issuance reached US\$38.4bn in April, significantly higher than both the prior month and the same period last year. HY new-issue concessions moderated from 2024 peaks but remained below 2023 levels. Given ongoing geopolitical and policy uncertainty, issuers still need to offer higher risk premiums to attract buyers. Investors should take advantage of elevated IG new-issue concessions, while lower-rated HY new issues remain less attractive until credit spreads widen further.

## Large U.S. Corporates Continue Issuing Discounted Bonds



## HY Issuance Declines, While New-Issue Discounts Remain Less Attractive Than Past Cycles



Source: Bloomberg, KGI, Note: New Issue Concession refers to the additional premium (i.e., higher bond yield) offered by issuers to ensure successful issuance, serving as compensation for investors' risk; Original Issue Discount (OID) refers to the situation where a bond is initially issued at a price below its face value.

# Asset Strategy

Asset Type	Market View	Preferred Assets
<b>Equities</b>	<ul style="list-style-type: none"> <li>◆ Progress in U.S.-Iran ceasefire talks has pushed oil prices lower. Resilient U.S. economic growth and solid corporate earnings should help contain inflation pressures. Trump also has incentives to push oil prices lower ahead of midterm elections, suggesting inflation transmission may remain temporary and unlikely to create additional pressure on rates or equity valuations. Investors may gradually rotate from defensive sectors back into AI-driven growth names while diversifying across regions and sectors.</li> <li>◆ Europe and Japan remain key diversification markets, with Japanese equities offering stronger upside potential. Rising JGB yields should support Japanese bank stocks, while Europe is supported mainly by defense-related spending, favoring Germany and the UK.</li> </ul>	<p><b>Strategy:</b> AI-related sectors including technology, semis, and machinery; selective opportunities in aerospace, defense, and value stocks outside AI</p> <p><b>Regions:</b> Japanese banks, Japanese semiconductor stocks, Japanese industrials, German equities, UK equities</p>
<b>Bonds</b>	<ul style="list-style-type: none"> <li>◆ Oil prices remain elevated and Treasury yields may continue rising. Investors can add mid-duration bonds during yield rebounds, focusing on high-quality corporate bonds with defensive characteristics and attractive risk-adjusted spreads, particularly in financials, telecoms, utilities, and energy.</li> <li>◆ The USD may stay firm short term, though long-term depreciation concerns remain. Investors may diversify through non-USD IG bonds, including EUR- and AUD-denominated debt.</li> </ul>	<p><b>Types:</b> Mid-duration high-quality bonds for yield lock-in, focusing on financials, telecoms, utilities, and energy</p> <p><b>Satellite :</b> Non-USD bonds for diversification</p>
<b>Forex</b>	<ul style="list-style-type: none"> <li>◆ Major central banks remain cautious, with the USD likely rangebound near term and weaker over the medium to long term.</li> <li>◆ The ECB may hike faster than the BOJ, supporting EUR over JPY, while RMB is biased toward appreciation.</li> </ul>	<p><b>USD:</b> USD rangebound near term, weaker medium to long term</p> <p><b>Others:</b> EUR stronger than JPY; RMB biased toward appreciation</p>
<b>Commodity</b>	<ul style="list-style-type: none"> <li>◆ Energy prices may remain volatile at elevated levels.</li> <li>◆ Higher U.S. yields and a stronger dollar may pressure gold short term, but expanding global debt and long-term USD weakness continue supporting gold's strategic allocation value.</li> </ul>	<p><b>Gold:</b> Retains medium- to long-term upside potential; accumulate on sharp pullbacks</p>

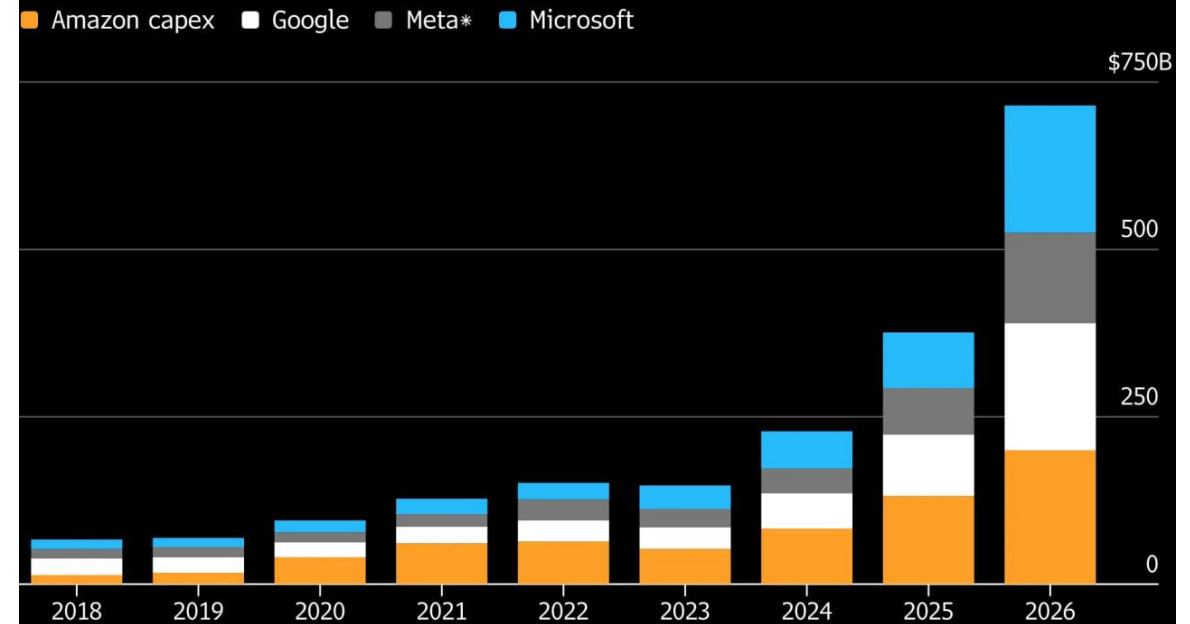


## AI Momentum Continues as Sector Rotation Broadens

- ▶ April U.S. ISM Services PMI slipped to 53.6 from 54.0, slightly below market expectations of 53.7, but remained well above the historical average.
- ▶ March U.S. job openings fell by 56,000 to 6.866mn, above market expectations of 6.85mn.
- ▶ April nonfarm payrolls increased by 115,000, above market expectations of 65,000, though below the revised prior reading of 185,000. The unemployment rate held steady at 4.3%, in line with expectations.
- ▶ Preliminary May University of Michigan consumer sentiment fell to 48.2, below market expectations of 49.5 and the prior reading of 49.8.
- ▶ U.S. equities remained supported by strong earnings and guidance from the Magnificent 5 tech giants. Combined 2026 capex plans were raised to US\$800bn and could rise further to US\$1tn by 2027, with most spending directed toward AI infrastructure, benefiting semiconductors and related hardware supply chains. Despite semiconductor indices hitting record highs, valuation expansion has lagged earnings upgrades since February, leaving room for further upside. Near term, fund rebalancing may drive rotation within AI-related sectors. AI hyperscalers are also expected to accelerate expansion in 2H26, supporting long-term growth across related industries.

### 2026 CapEx Plans – U.S. Hyperscale Data Center Operators

**US Hyperscalers Ratchet Up 2026 Capex Plans Past \$700 Billion**  
The four leading companies upped their AI spending plans after March quarter



Note: 2026 figures represent company guidance, Meta's figure is midpoint of estimated range.  
Source: Bloomberg, company filings

Bloomberg

# Cipher Digital (CIFR)

**Closing Price** US \$20.55

**Target Price** US \$26

Cipher Digital is a Bitcoin mining and data center infrastructure company focused on developing and operating industrial-scale mining and AI/HPC data centers in the U.S.

### Hyperscale Cloud AI CapEx Rises, Boosting Data Center Value

Rising AI capex by hyperscalers is accelerating demand for AI-ready data center capacity. Cipher Digital has 700MW of contracted HPC capacity, generating roughly US\$114mn in annualized revenue, with ~4.2GW of additional expansion pipeline. Strong demand for AI infrastructure continues improving data center asset value and visibility.

### Mega Contracts and Financing Progress Enhance Visibility

Cipher Digital is transforming part of its Bitcoin mining operations into AI/HPC infrastructure. Existing power resources and land position the company to benefit from rising AI demand. Long-term lease agreements with hyperscalers improve revenue visibility and reduce exposure to crypto cycles.

### Q1 FY2026 Earnings Miss, Full-Year Outlook Holds Potential

1Q26 revenue reached US\$34.84mn, down 28.8% YoY but above expectations. The company continues advancing the Barber Lake and Black Pearl AI data center projects and signed its third AI data center agreement in April. AI expansion is expected to remain the key long-term growth driver.

### Valuation Consensus

Bloomberg 12-month average target price: US\$30.93; high target: US\$64; low target: US\$15.

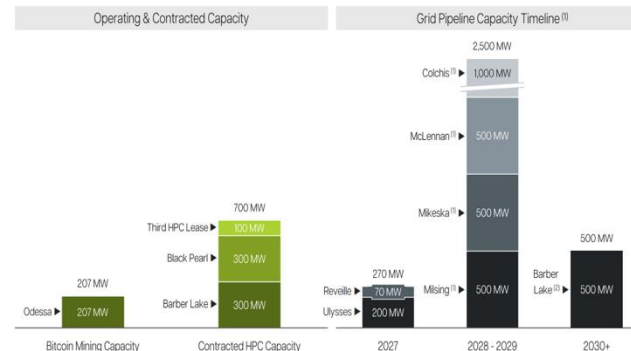
Source: Bloomberg, Company

### 1-Year Price



### Current Portfolio & Pipeline Capacity

~4.2 GW of Total Portfolio Grid Capacity



### Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	4076.6	19.3	48.0	-2.0	212.1
EBITDA (%)	1.7	10.1	-170.5	-5.3	79.6
EPS(JPY)	-0.23	-0.25	-2.72	-0.88	-0.16
Net Profit Margin(%)	-45.4	-54.0	-464.1	-129.1	11.6

Source: Bloomberg; 2027/28F are market estimates

### P/E & P/B



# IREN Ltd (IREN)

**Closing Price** US \$61.2

**Target Price** US \$76

IREN is a renewable-powered infrastructure company operating next-generation data centers for Bitcoin mining, AI cloud services, and HPC workloads, primarily serving hyperscalers.

## Nvidia Partnership Validates AI Factory Strategy

IREN secured a US\$3.4bn AI Cloud agreement with Nvidia over five years, alongside a US\$500mn equity investment, validating its transition from Bitcoin mining to AI cloud infrastructure. Nvidia plans to deploy ~3,000 Blackwell GPUs at IREN facilities. The company can also purchase up to 300,000 GPUs through a US\$7bn credit line, with total investment capacity reaching US\$21bn.

## Signed AI Revenues and Power Expansion Enhance Visibility

IREN already has strong AI revenue visibility, with contracted ARR reaching US\$310mn and expected to rise to US\$3.7bn by end-2026. Most revenue will come from Nvidia AI Cloud contracts. The company also plans to expand AI Cloud capacity from 480MW in 2026 to 1.2GW in 2027, leveraging long-term low-cost renewable power to support hyperscaler demand.

## Q3 FY2026 Earnings Below Expectations

In Q3 FY2026, the Group recorded revenue of USD 144.8 million, down 21.6% quarter-on-quarter and below market expectations of USD 74.49 million. Net loss widened from USD 155.4 million in Q2 to USD 247.8 million. However, from a strategic perspective, the quarter carried positive significance as IREN announced an AI Cloud contract with Nvidia to deploy air-cooled Blackwell GPUs, utilizing 60MW of capacity at its existing Childress data center, with expansion expected to begin in early 2027.

## Valuation Consensus

Bloomberg 12-month average target price: US\$75.58; high target: US\$107; low target: US\$36.

Source: Bloomberg, Company

## 1-Year Price

(USD)

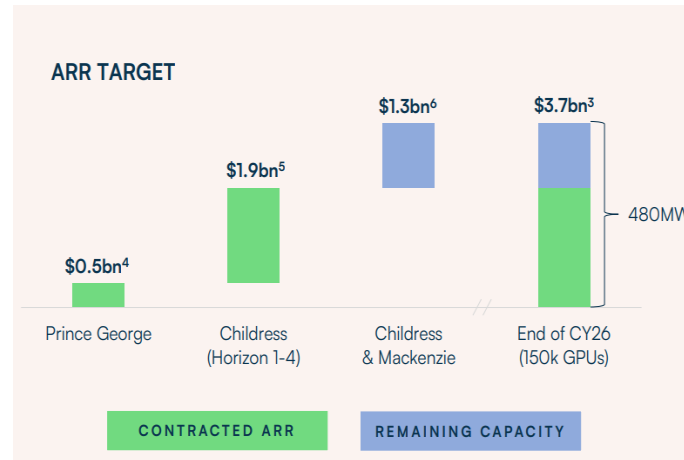


## Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	38.7	128.6	167.7	105.5	185.8
EBITDA (%)	-9.7	12.4	40.3	45.7	74.5
EPS(JPY)	-1.21	-0.33	0.11	0.30	0.10
Net Profit Margin(%)	-98.8	-15.8	5.0	9.1	5.7

Source: Bloomberg; 2027/28F are market estimates

## 2026 ARR Target



## P/E & P/B



## Appendix

## Key Economic Data / Events

## ► MAY 2026

4

Monday

- US Mar Durable Goods Orders Final  
(Act:0.8% Est:0.8% Prev:-1.2%)
- Eurozone Apr HCOB Manufacturing PMI Final  
(Act:52.2 Est:52.2 Prev:51.6)
- Eurozone May Sentix Investor Confidence  
(Act:-16.4 Est:-22.0 Prev:-19.2)

5

Tuesday

- US Apr S&P Global Services PMI Final  
(Act:51.0 Est:51.3 Prev:49.8)
- US Apr ISM Services Index  
(Act:53.6 Est:53.7 Prev:54.0)
- US Mar JOLTS Job Openings  
(Act:6,866k Est:6,850k Prev:6,922k)

6

Wednesday

- US Apr ADP Employment Change  
(Act:109k Est:120k Prev:61k)
- Eurozone Mar PPI YoY  
(Act:2.1% Est:1.8% Prev:-3.0%)

7

Thursday

- US Initial Jobless Claims  
(Act:200k Est:205k Prev:190k)
- Eurozone Mar Retail Sales MoM  
(Act:-0.1% Est:-0.3% Prev:-0.3%)

8

Friday

- US Apr Nonfarm Payrolls  
(Est:65k Prev:178k)
- US Apr Unemployment Rate  
(Est:4.3% Prev:4.3%)
- US May Michigan Consumer Sentiment Prelim  
(Est:49.5 Prev:49.8)

11

Monday

- US Apr Wholesale Inventories  
(Est:4.06m Prev:3.98m)
- China Apr CPI YoY  
(Est:0.8% Prev:1.0%)
- China Apr PPI YoY  
(Est:1.8% Prev:0.5%)

12

Tuesday

- US Apr CPI YoY  
(Est:3.7% Prev:3.3%)
- US Apr Core CPI YoY  
(Est:2.7% Prev:2.6%)

13

Wednesday

- US Apr PPI YoY  
(Est:5.0% Prev:4.0%)
- Eurozone 1Q GDP Revision  
(Est:0.8% Prev:1.2%)

14

Thursday

- US Initial Jobless Claims  
(Est:205k Prev:200k)
- US Apr Retail Sales MoM  
(Est:0.5% Prev:1.7%)
- Earnings: CSCO
- Trump-Xi Meeting (5/14~15)

15

Friday

- US Apr Industrial Production MoM  
(Est:0.2% Prev:-0.5%)
- Japan Apr PPI YoY  
(Est:3.0% Prev:2.6%)
- Earnings: AMAT

Source: Bloomberg

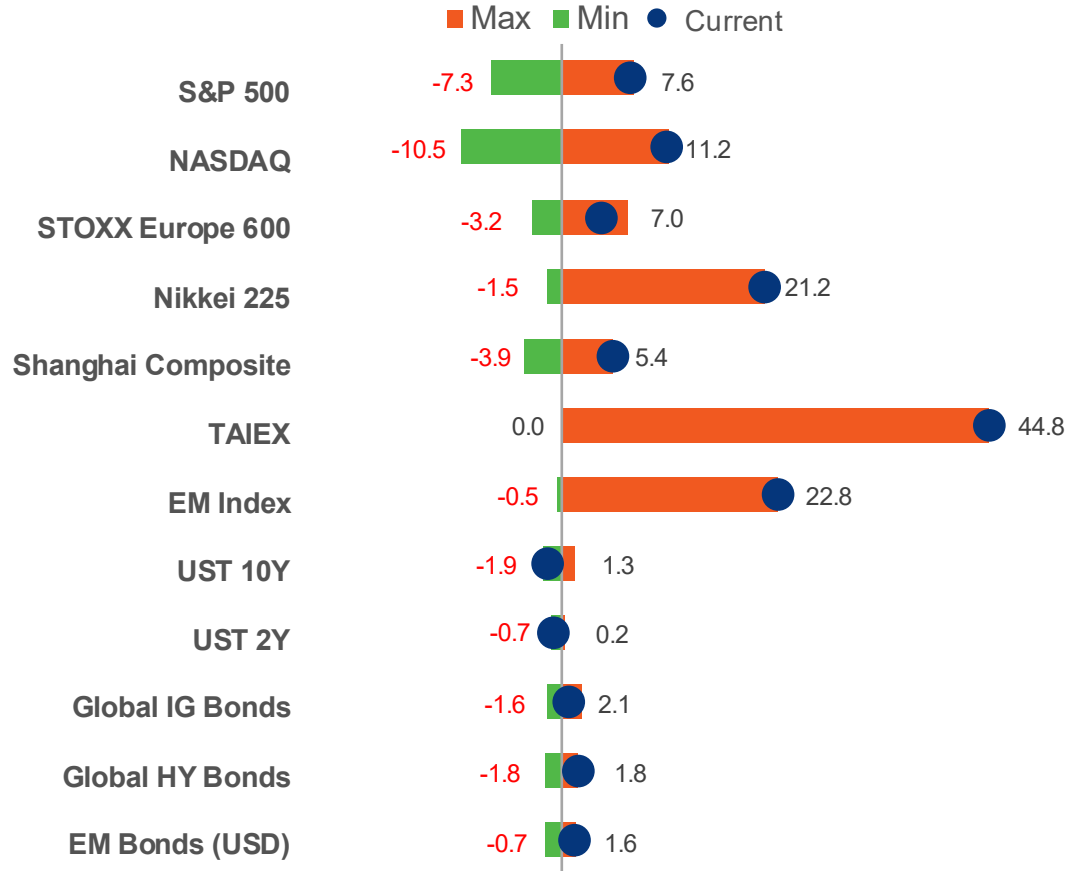
# Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2026/5/5	Pfizer (PFE)	13.84B	14.45B	0.73	0.75	V	V
2026/5/5	Palantir Technologies (PLTR)	1.54B	1.63B	0.28	0.33	V	V
2026/5/6	Advanced Micro Devices (AMD)	9.89B	10.25B	1.28	1.37	V	V
2026/5/6	Arista Networks (ANET)	2.62B	2.71B	0.81	0.87	V	V
2026/5/7	AppLovin (APP)	1.77B	1.84B	3.43	3.56	V	V
2026/5/7	McDonald's (MCD)	6.46B	6.52B	2.75	2.83	V	V
2026/5/7	The Walt Disney Company (DIS)	24.87B	25.17B	1.51	1.57	V	V
2026/5/7	Uber Technologies (UBER)	13.33B	13.20B	0.71	0.13		

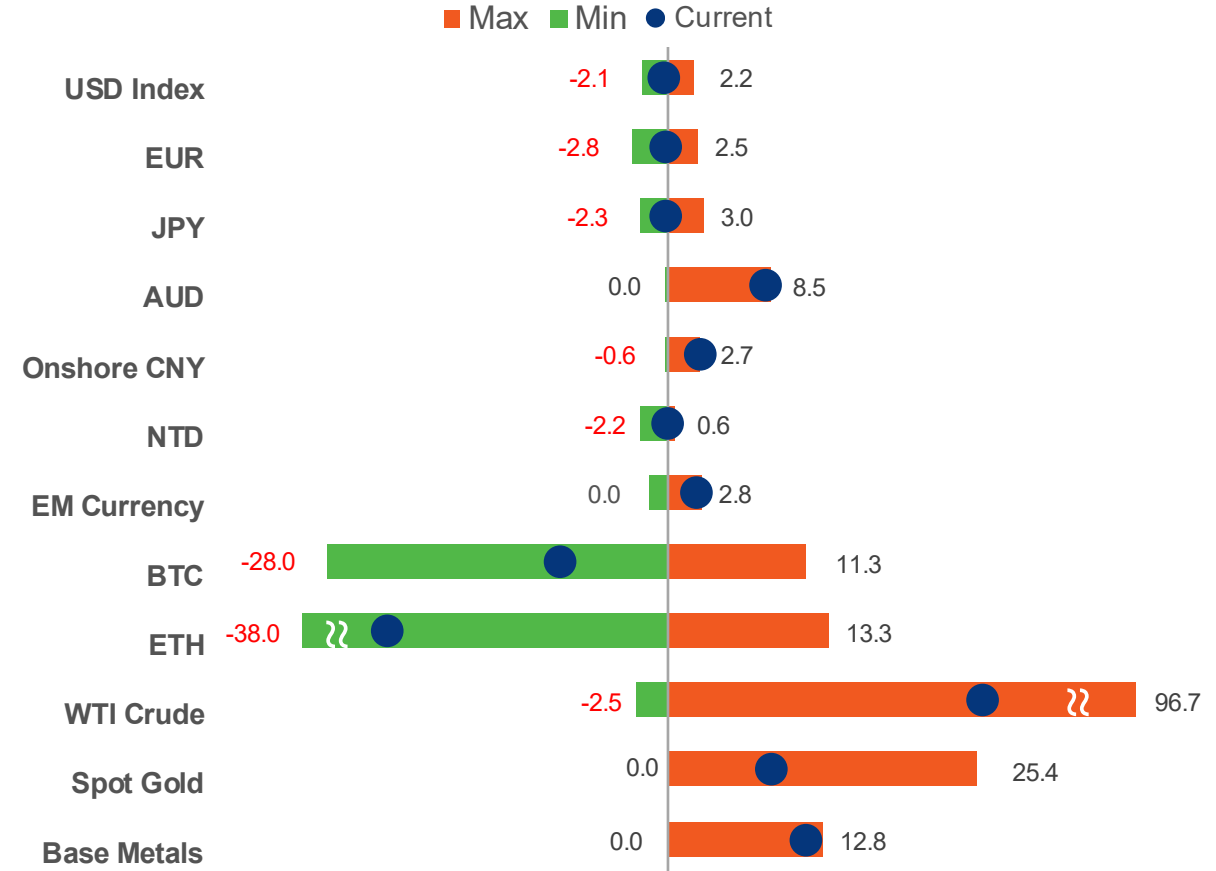
Source: Investing.com

# Major Market / Asset YTD Performance

## Equities & Bond Markets YTD Performance (%)

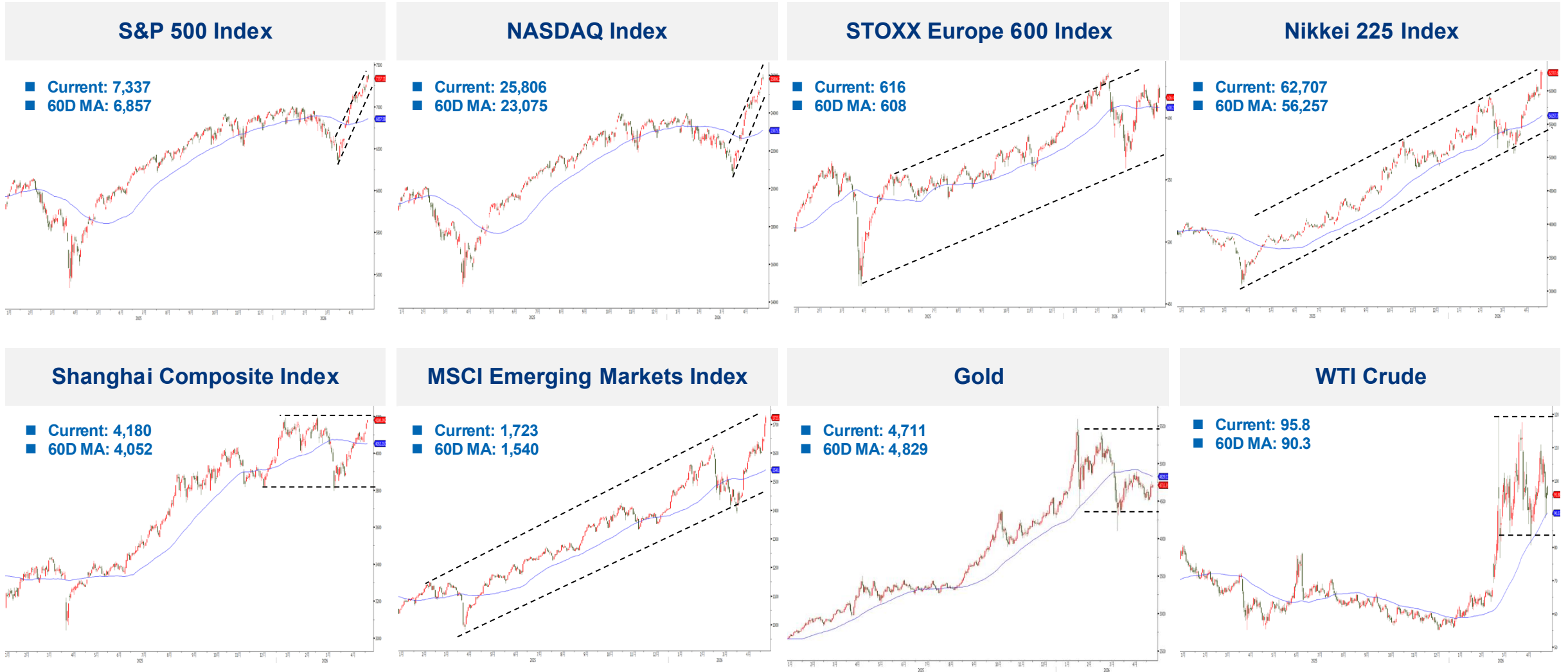


## Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

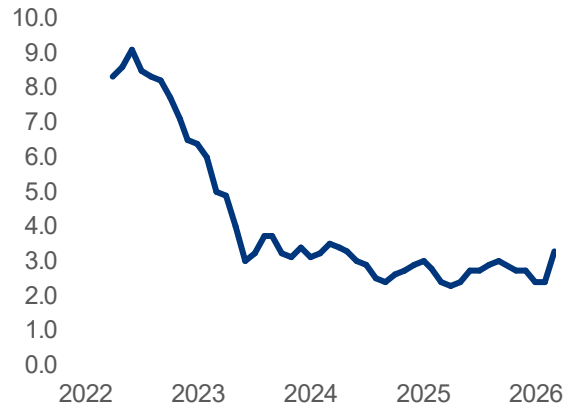
# Technical Analysis



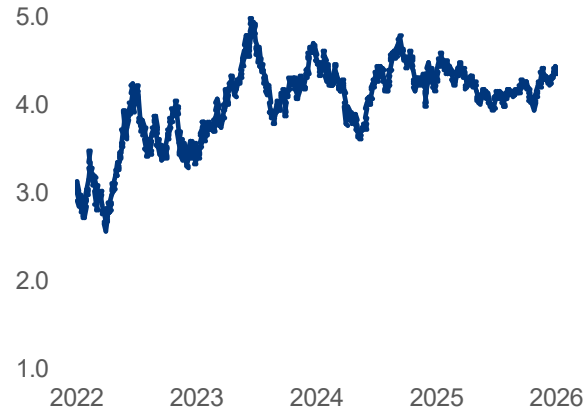
Source: Bloomberg

# Market Monitor

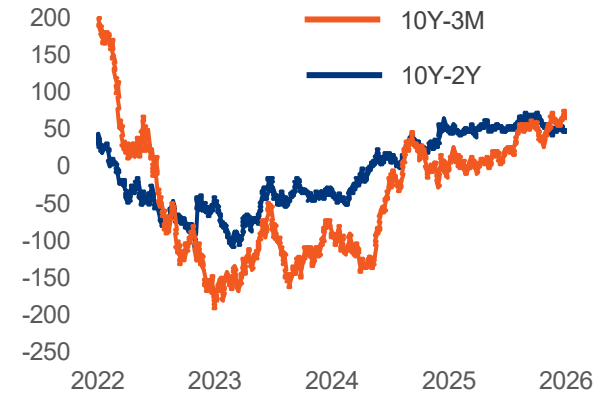
**U.S. CPI YoY (%)**



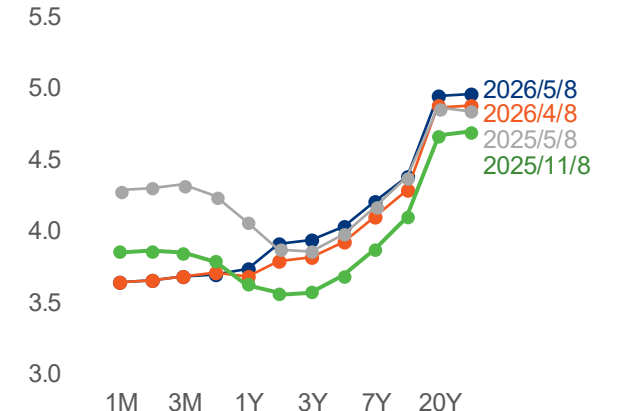
**U.S. 10-Year Treasury Yield (%)**



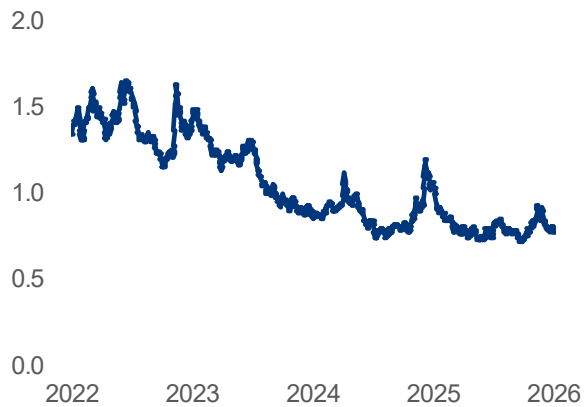
**U.S. Treasury Yield Spread (bps)**



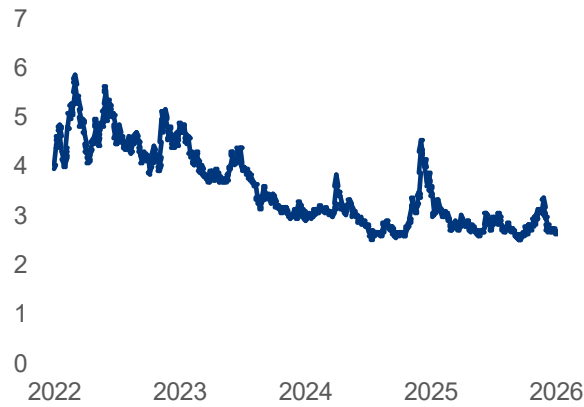
**U.S. Treasury Yield Curve (%)**



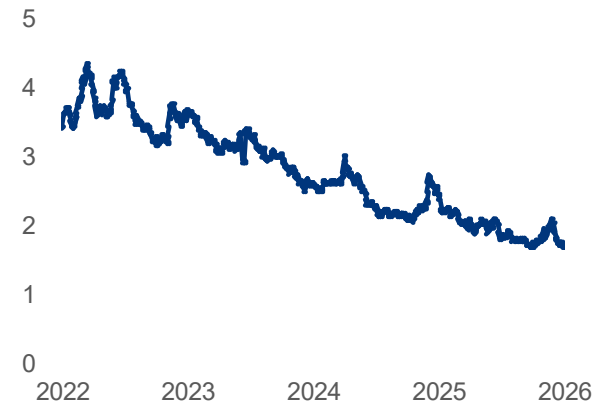
**USD IG Credit Spread (%)**



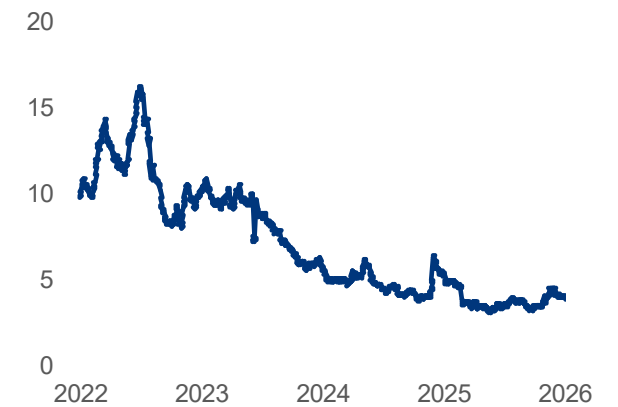
**USD HY Credit Spread (%)**



**USD EM Credit Spread (%)**



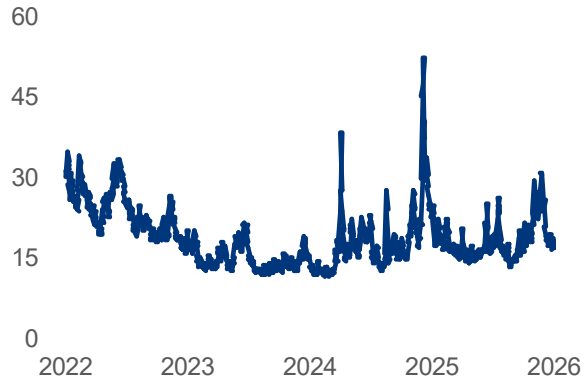
**USD Asia Credit Spread (%)**



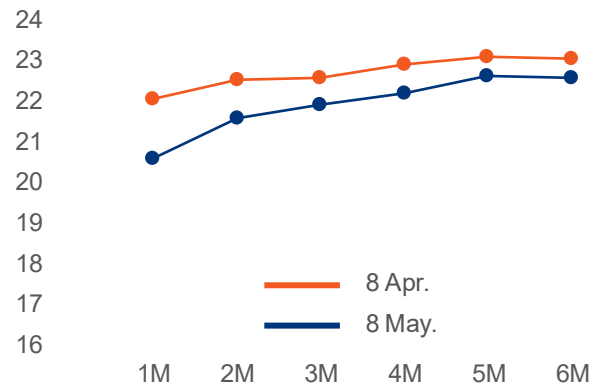
Source: Bloomberg

# Market Monitor

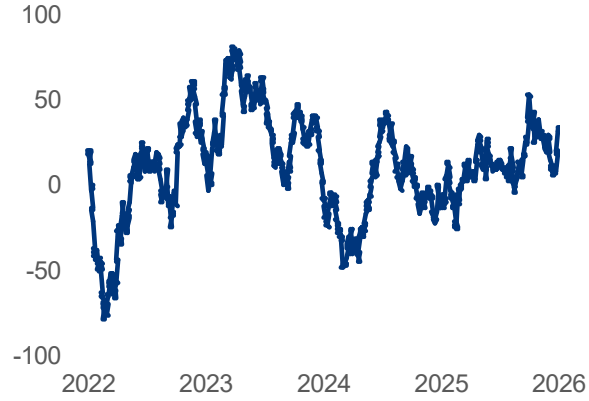
VIX Index



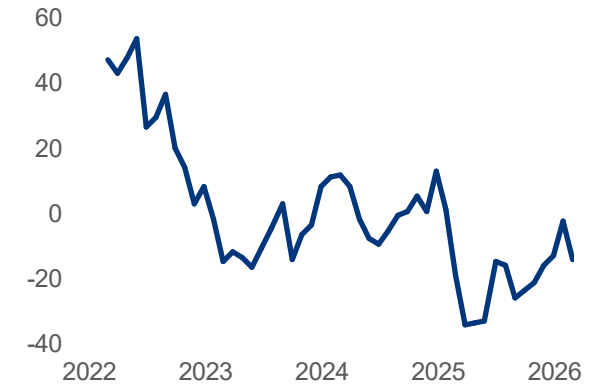
VIX Term Structure



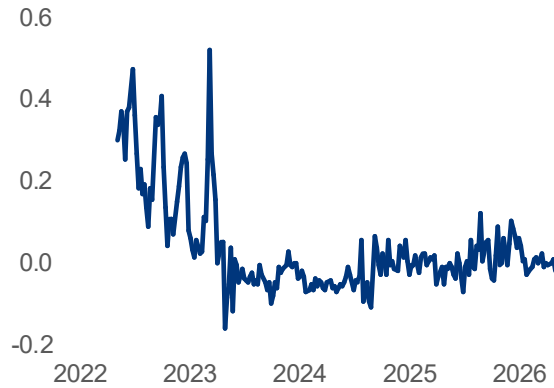
U.S. Citi Economic Surprise Index\*



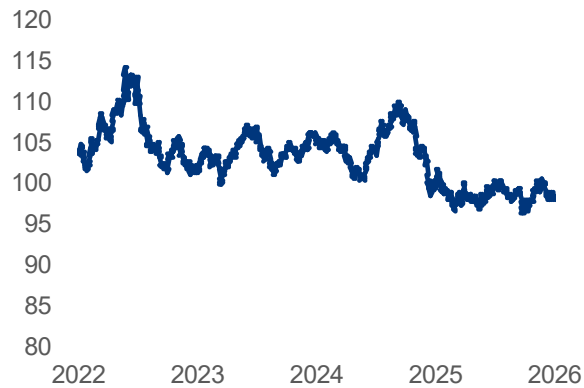
U.S. Citi Inflation Surprise Index\*



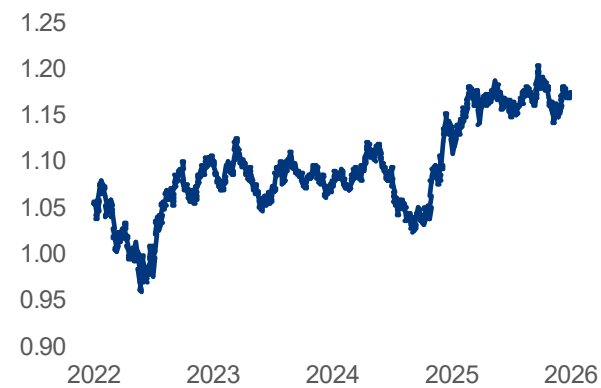
TED Spread (bps)



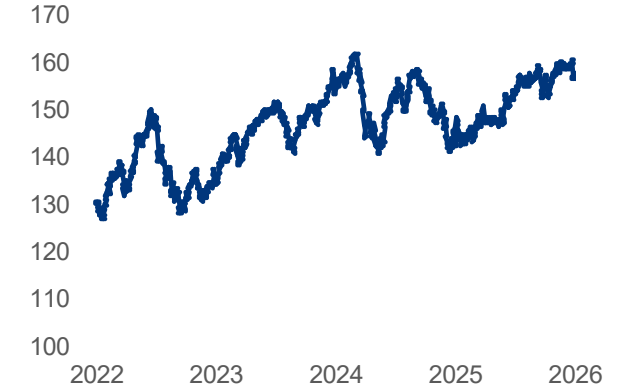
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg

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