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CIO Office | Global Markets Weekly Kickstart

Finding Resilience in U.S. Stocks

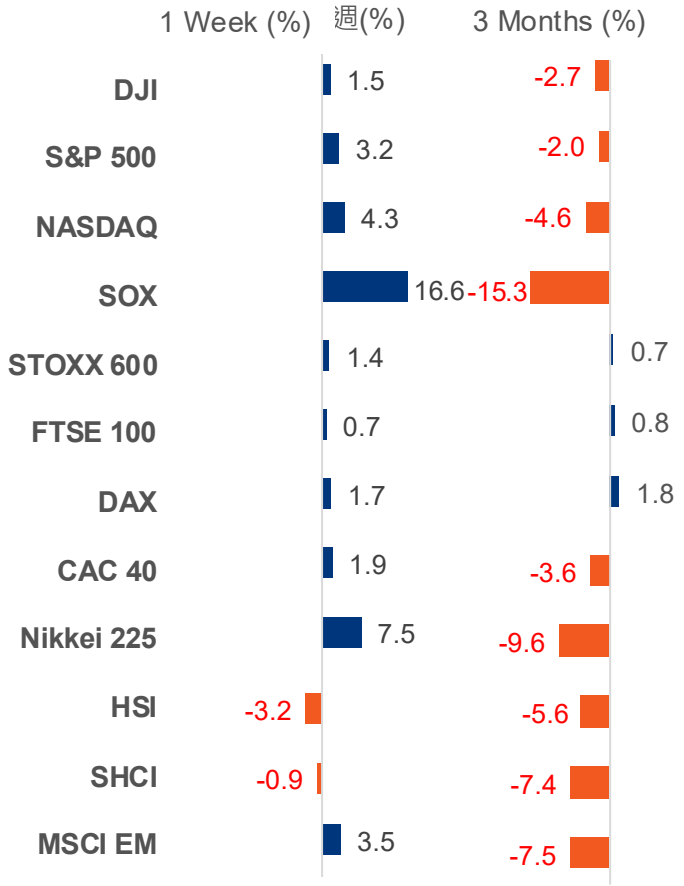
16 November 2026

Market Recap

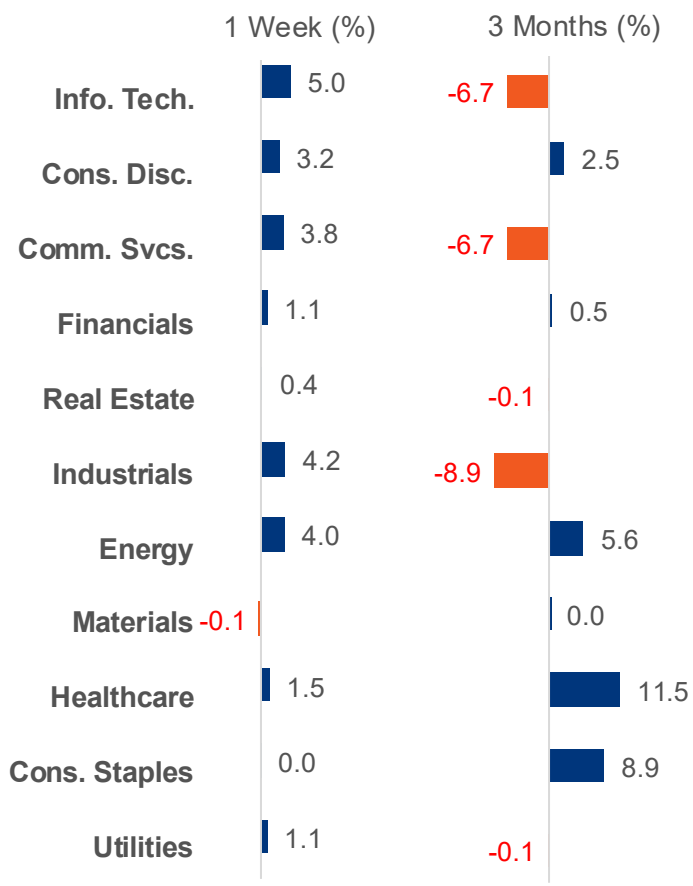
Tech Stocks Drive U.S. Rebound; Watch Key Factors Affecting Sustainability

- U.S. equities rebounded from last week's lows, led by the SOX, which had suffered the steepest decline. The rebound suggests easing near-term market anxiety, although AI-related concerns remain. While Texas governor-elect Gina Hinojosa said she does not broadly oppose data center development, concerns over tighter regulation persist. Hotter-than-expected October CPI and stronger payrolls also reinforced expectations for a 25bp Fed hike in December. Together with developments surrounding Nvidia CEO Jensen Huang, these remain key variables for the sustainability of the market rebound.
- Sector-wise, CoreWeave's results and outlook beat expectations, while greater clarity on backlog, customer commitments, and financing plans supported semiconductors, servers, memory, and data center-related stocks. Nvidia shares, however, fell on news surrounding CEO Jensen Huang, offsetting part of the tech sector's gains. Most other sectors also advanced, though defensive sectors such as Health Care and Consumer Staples lagged growth sectors as risk aversion eased.

Regional Index Performance (%)



U.S. Sector Index Performance (%)



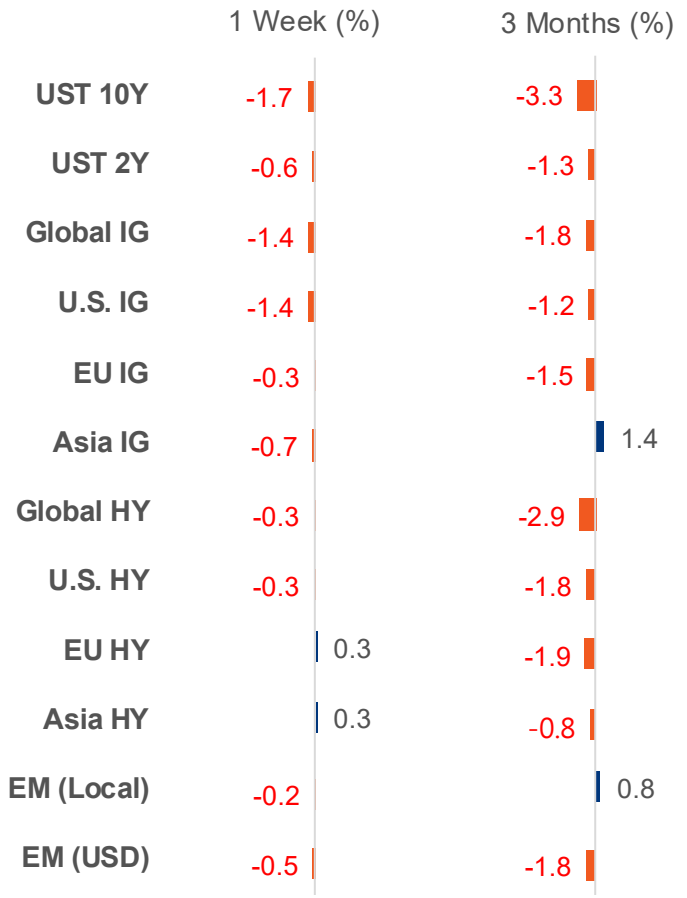
Source: Bloomberg

Market Recap

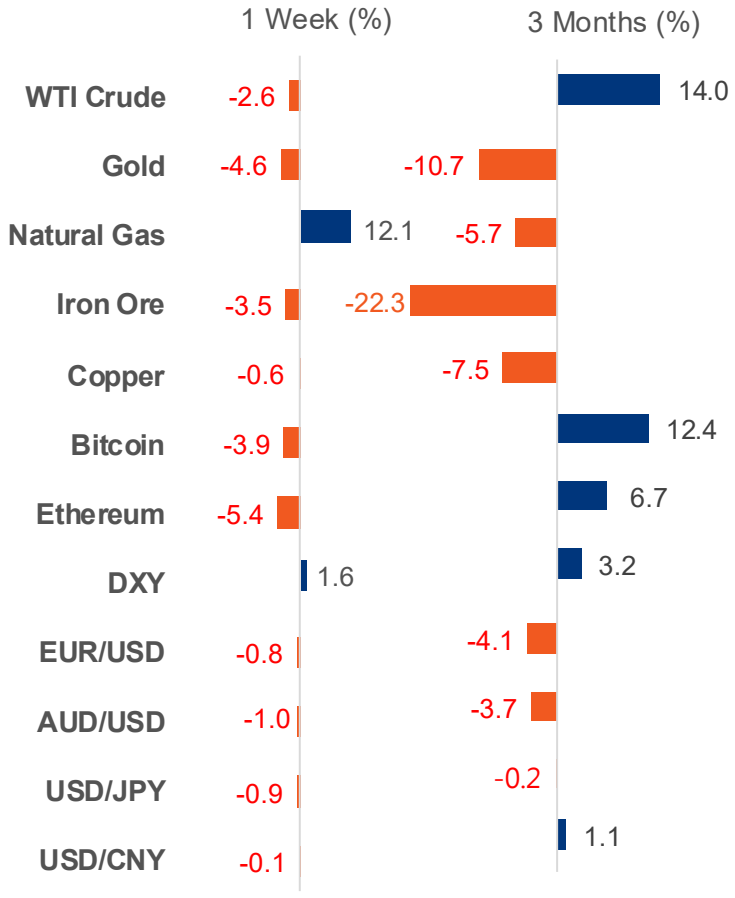
U.S. Treasury Yields Rise Again; Stronger USD Pressures Non-U.S. Currencies

- October headline and core CPI both rose more than expected MoM, reinforcing expectations for further Fed tightening. Fed Governor Waller also noted that a 50bp hike in December should be considered if monthly core CPI remains at 0.3% or above. The hawkish signals pushed U.S. Treasury yields higher, weighing on the broader bond market.
- Markets initially feared renewed U.S.-Iran tensions after the midterms, but Trump's recent comments downplaying the likelihood of further military action reduced the geopolitical risk premium, sending Brent crude back toward US$90/bbl. However, Trump's subsequent comment that an agreement with Iran may not be necessary renewed uncertainty over U.S.-Iran negotiations, suggesting oil prices may remain range-bound and volatile in the near term.
- Stronger expectations for further Fed tightening drove the U.S. Dollar Index sharply higher, putting significant pressure on the EUR and JPY. USD/JPY is approaching the key 160 level, raising expectations of potential FX intervention and suggesting a more volatile, range-bound near-term outlook.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



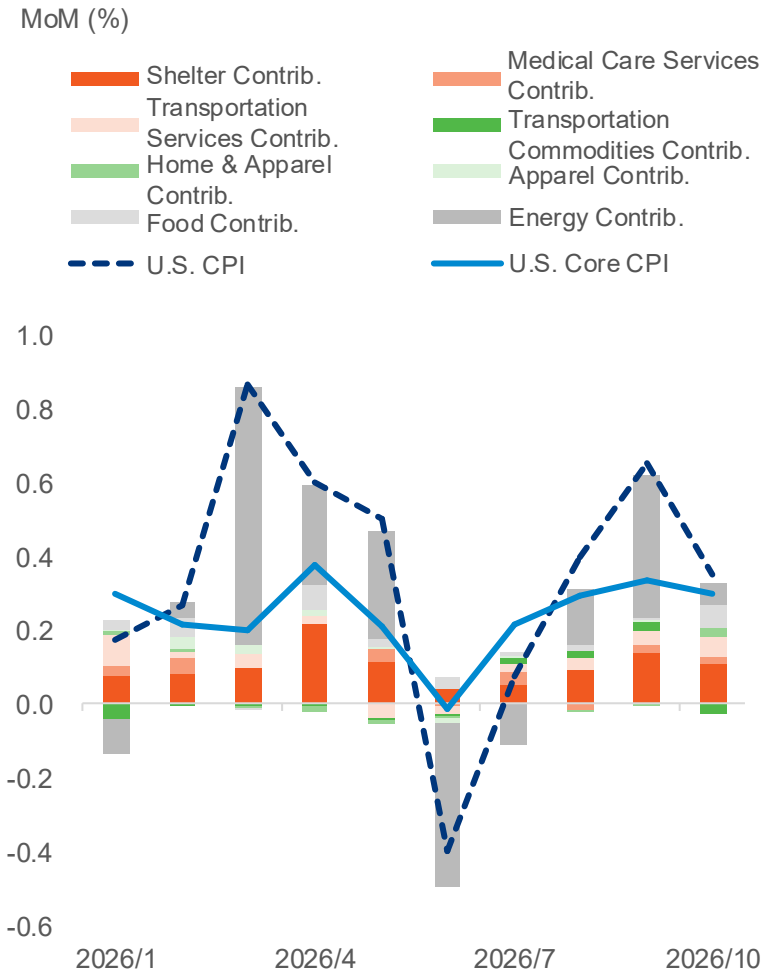
Source: Bloomberg

What's Trending

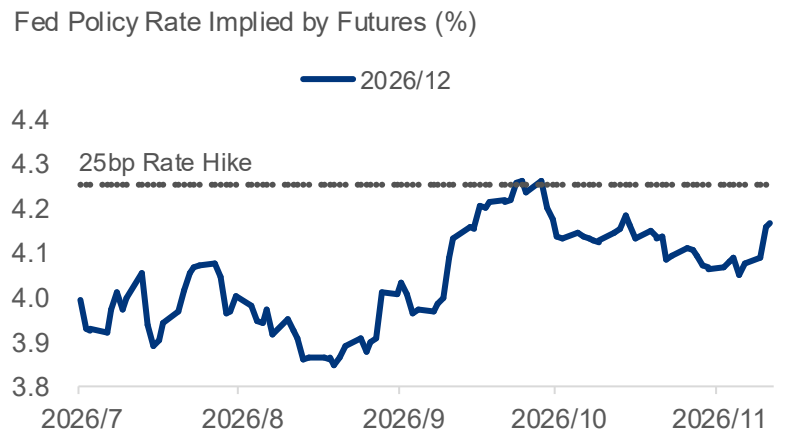
U.S. Inflation Cools Less Than Expected; Focus on Oil Supply-Demand and Rate-Hike Path

- U.S. October CPI growth slowed to 0.4% MoM from 0.6%, mainly due to slower energy price gains, while core CPI held at 0.3%. Both readings came in above expectations, with food, housing, and transportation services continuing to rise, signaling sticky underlying inflation. YoY figures were not released due to data gaps caused by last year's federal government shutdown. With the U.S. labor market remaining strong, inflation cooling less than expected, and recent Fed comments turning more hawkish, markets have strengthened expectations for another 25bp rate hike by year-end.
- With Democrats winning both chambers of Congress, signs of renewed U.S.-Iran talks have raised hopes for easing tensions, pulling oil prices back from recent highs. Given the high base for oil prices in 2026, YoY oil price growth could moderate in 2027 unless prices surge again, easing their contribution to inflation. U.S. crude production is also expected to keep rising, supported by improving shale productivity and new offshore projects in the Gulf of Mexico coming online.

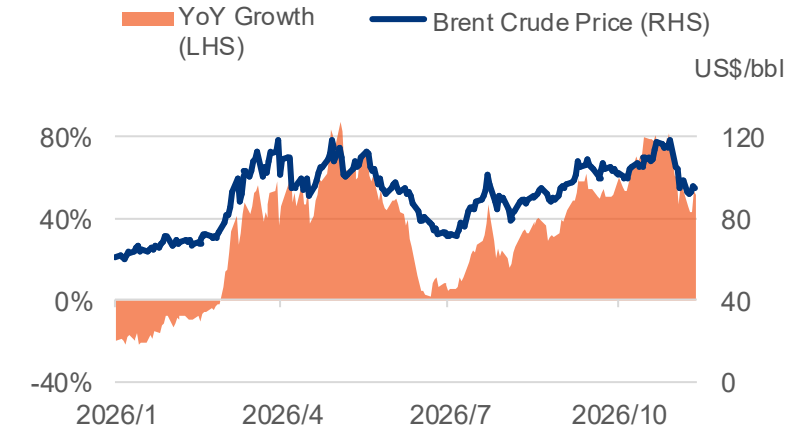
Energy Price Growth Slows, but Core Inflation Pressures Persist



Inflation Remains Elevated, Reinforcing Year-End Rate-Hike Expectations



High Base Effect Expected to Slow Oil Price Growth



Source: Bloomberg

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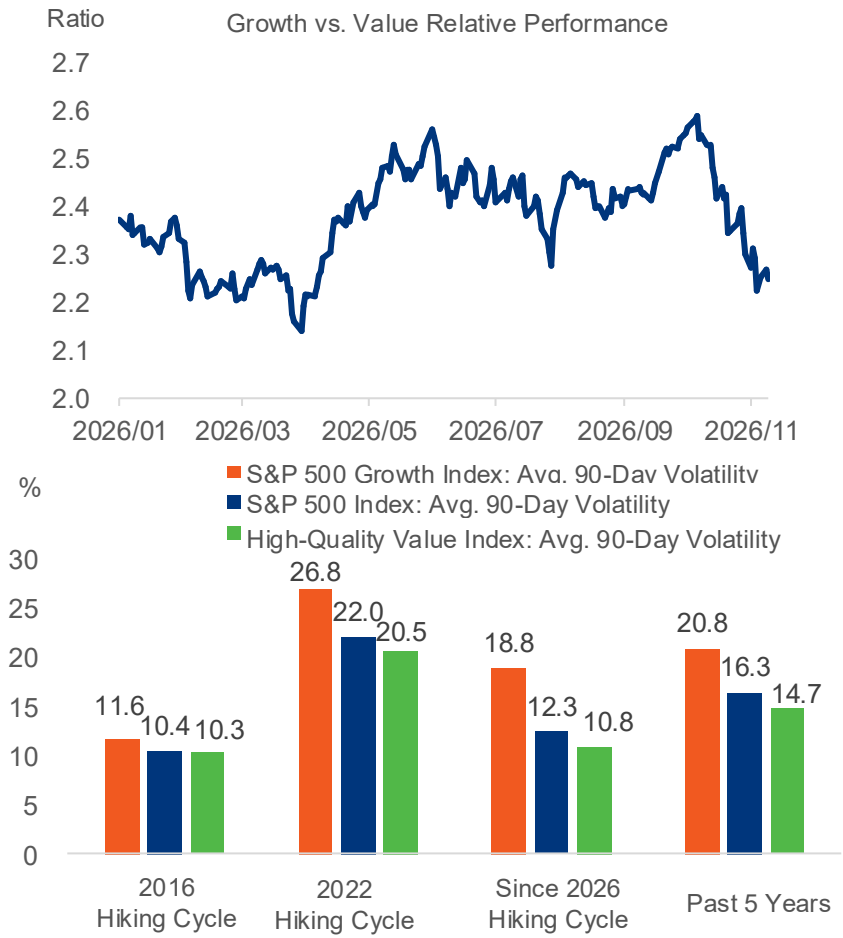
In Focus

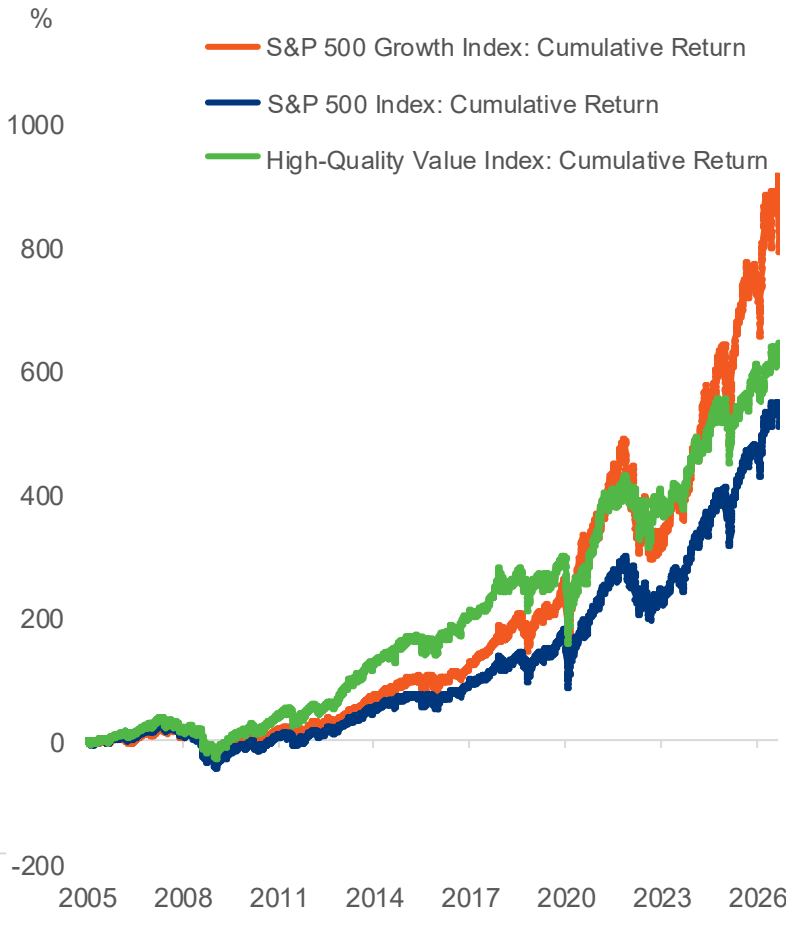
Growth Stocks Turn Volatile Near Term; Value Stocks Offer Opportunities

- U.S. equity style rotation has accelerated recently. As investors focus more on AI monetization and investment returns, volatility in richly valued growth stocks has risen sharply. Value stocks are gaining favor, especially high-quality value stocks with stable cash flows, healthy balance sheets, and higher shareholder returns. On top of their valuation advantage, these stocks offer stronger defensive characteristics and resilience to market swings.
- Risk metrics tell the same story. The stock market has been through three rate-hike cycles in the past 10 years, starting in 2016, 2022, and September 2026. In each one, the average 90-day volatility of the high-quality value index was lower than that of both growth stocks and the broader market. Adding high-quality value stocks with steady earnings, free cash flow, and low leverage can help reduce volatility during market corrections.
- Over the long term, high-quality value stocks may not match the explosive gains of growth stocks during economic expansions, but they still have the potential to outperform the broader market on a cumulative basis. In a market with rising volatility and higher interest rates, their combination of defensive strength and long-term compounding makes them a key part of long-term portfolios.

Value Stocks Gain Favor over Growth, with Lower Volatility



High-Quality Value Beats the Market Long Term



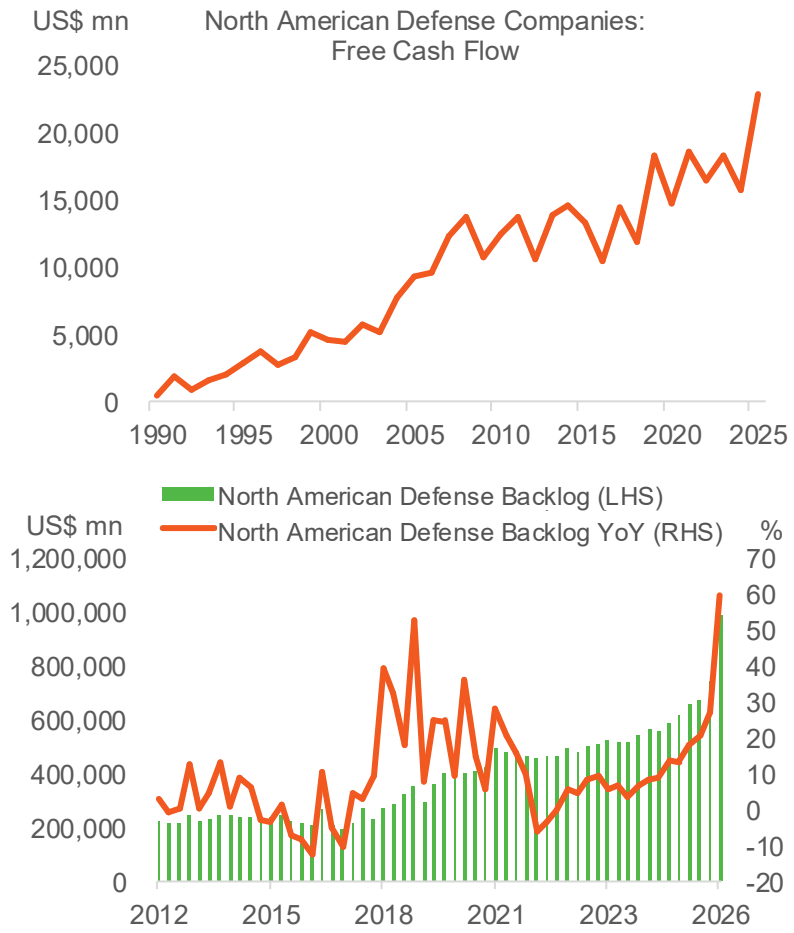
Source: Bloomberg

In Focus

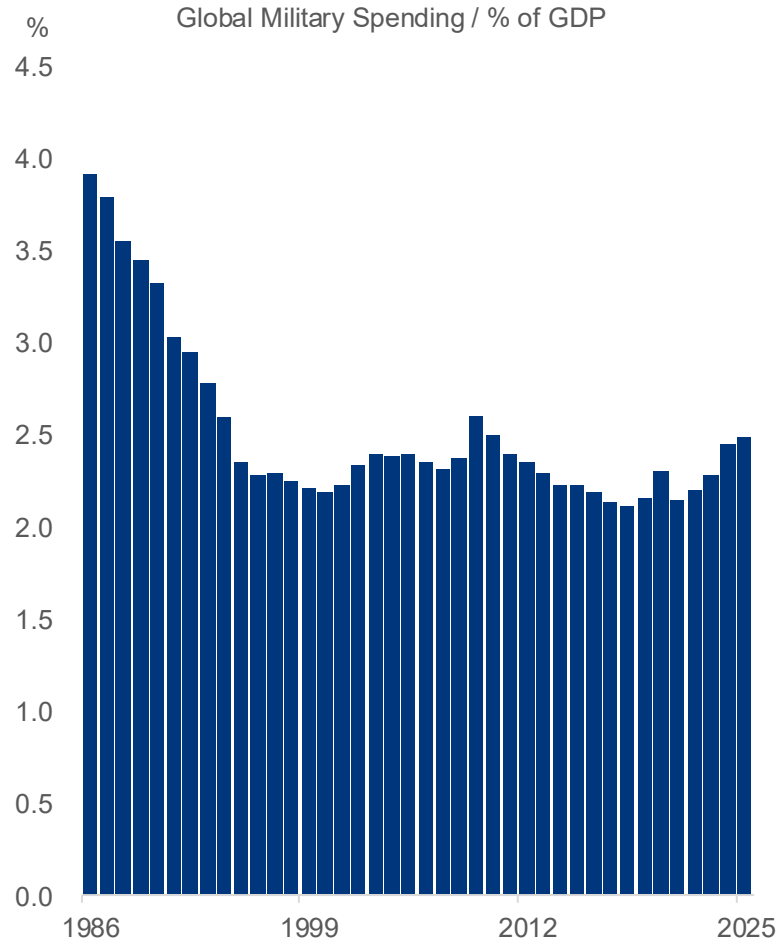
Stable Cash Flows and Restocking Outlook Support Defense Stocks

- Defense stocks typically generate steadily rising free cash flow, supported by long-term government contracts and high barriers to entry. Compared with cyclical stocks, the defense industry has less volatile earnings and cash flows. This gives the sector some defensive qualities while also making it attractive for long-term value investors.
- North American defense companies have seen order visibility improve markedly in recent years, driven by rising geopolitical risk and military restocking demand. Demand for key equipment such as missiles, air defense systems, military aircraft, and submarines is helping keep backlogs near record highs. These large backlogs should support revenue growth for years to come and help shield company fundamentals from short-term economic swings.
- According to SIPRI, global military spending reached US$2.89tn in 2025, rising for the 11th consecutive year. Military spending climbed to 2.5% of global GDP, the highest level since 2009. Spending rose 14% YoY in Europe and 8.1% YoY in Asia and Oceania. The U.S.-Iran conflict, regional security risks, and NATO's higher defense spending targets should keep military modernization demand strong, providing long-term structural growth for the defense industry.

Defense Cash Flows Rise Steadily as Backlogs Grow Strongly



Unresolved Geopolitical Tensions Keep Global Military Spending Rising



Source: Bloomberg

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Strategic Viewpoint

AI Uncertainties Persist Near Term; High-Quality Value Stocks May Gain Favor

Asset Type	Market View	Preferred Assets
Equities	◆ Developments surrounding Jensen Huang could gradually lead to tighter U.S. export controls on AI chips, while tighter state government policies could slow AI data center build-out. Both could add valuation pressure and stock price volatility. In the near term, investors can look to defensive stocks to strengthen resilience against market swings. Over the long term, the AI approach is shifting from broad optimism to selective stock picking, with large caps preferred over small caps. The industry's positive long-term trend remains intact once the volatility passes. For now, investors can build positions in financially strong, high-quality value stocks to earn steady returns and reduce the impact of market volatility. ◆ European and Japanese equities offer diversification, and rising interest rates support bank stocks. Backed by fiscal policy support, European defense also remains an attractive investment theme.	**Strategy:** Defensive near term; selective, large-cap AI exposure; build positions in financially strong, high-quality value stocks **Regions**: Japan Banks, European Defense
Bonds	◆ Uncertainty over U.S.-Iran talks is keeping oil prices high and volatile. October CPI also came in above expectations, strengthening market expectations for further Fed hikes, and Fed officials are leaning toward keeping rates higher to curb inflation. We recommend focusing on short- and intermediate-duration bonds and using rate spikes to lock in yields and income. High-quality issuers have stronger fundamentals, stable cash flows, and solid repayment capacity. The focus should be on those offering attractive risk-adjusted spreads, including the Financials, Communications, and Utilities sectors.	**Bond Types:** Short- to intermediate-term investment-grade bonds to lock in yields, with a focus on Financials, Communications, and Utilities
Forex	◆ October CPI data reinforced rate-hike expectations, keeping the USD on a firm footing. ◆ The BOJ raised rates in September, but its forward guidance was more neutral and less hawkish than markets had expected, so the JPY remains weak and range-bound.	USD Consolidates at High Levels
Commodity	◆ Shifting signals on U.S.-Iran talks sent oil prices lower before they rebounded, and prices are likely to stay volatile in the near term. ◆ De-dollarization continues to drive central bank buying worldwide, giving gold stable support over the medium to long term.	Gold Rebounds from Lows on Bargain Hunting; Bullish Medium to Long Term

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US Equities

Sector Rotation and Sticky Inflation Highlight Opportunities in High-Quality Value Stocks

- U.S. October core CPI rose 0.3% MoM, above the 0.2% consensus and unchanged from the prior month. Headline CPI rose 0.4% MoM, above the 0.3% consensus but down from 0.6% the prior month.
- U.S. October core PPI rose 0.3% MoM, in line with expectations and down from an upwardly revised 0.8%. Headline PPI rose 0.3% MoM, below the 0.4% consensus and down from an upwardly revised 1.4%.
- Growing concerns over high tech valuations and returns on AI investment have driven rotation into value and defensive sectors such as Energy and Consumer Staples. Persistently high inflation and rising rate-hike expectations have also pushed investors to focus more on current earnings, stable cash flows, and reasonable valuations. This makes companies with pricing power and financial resilience relatively more attractive. Meanwhile, a resilient U.S. economy and labor market, along with tax incentives for equipment investment, should support demand for industrials and machinery. This creates opportunities for earnings growth and valuation recovery in high-quality value stocks.

S&P 500 Growth vs. Value Index Performance



Source: Bloomberg

General Electric Company (GE US)

Closing Price	US$331.81	Target Price	US$380

General Electric Company, operating as GE Aerospace, supplies aircraft engines. The company makes jet and turboprop engines, Colibrium Additive additive manufacturing products, and propellers. It also provides integrated systems for commercial, military, business, and general aviation aircraft, and serves customers worldwide.

Aircraft Shortages and High Utilization Support Multi-Year Aftermarket Demand

Aircraft and engine supply constraints are extending fleet lives, driving demand for engine maintenance, spare parts, and long-term service agreements. GE Aerospace's large CFM56, LEAP, GEnx, and GE90 installed base positions it to benefit, while defense spending adds support for military engines and services.

Major Engine Orders and Services Backlog Lift Earnings Visibility

GE Aerospace signed a record US$12.9bn in sales and service agreements at the 2026 China International Import Expo, including China Eastern's order for 202 LEAP-1A engines for 101 A320neo family aircraft. A commercial services backlog of over US$170bn, rising deliveries, and capacity expansion improve visibility on recurring service revenue and cash flow.

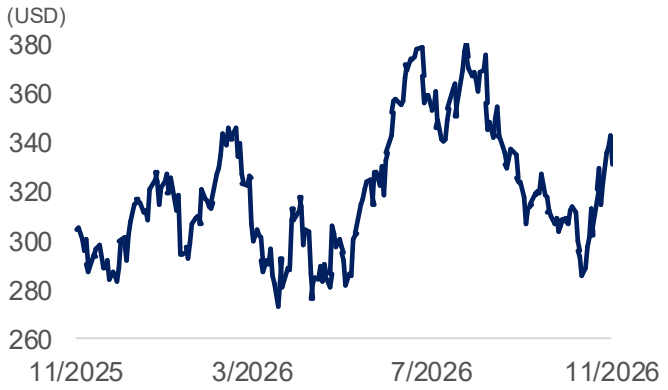
Strong Demand Drives Earnings Growth; Full-Year Outlook Raised

GE Aerospace's 3Q FY2026 adjusted EPS rose 36% YoY to US$2.25, beating consensus by US$0.24. Adjusted revenue grew about 18% YoY to US$13.29bn, US$410mn above expectations. Strong demand and operating performance led management to raise its FY2026 adjusted EPS guidance from US$7.65-7.85 to US$8.00-8.10. It also lifted its adjusted revenue growth outlook from the mid-teens to about 19%-20%.

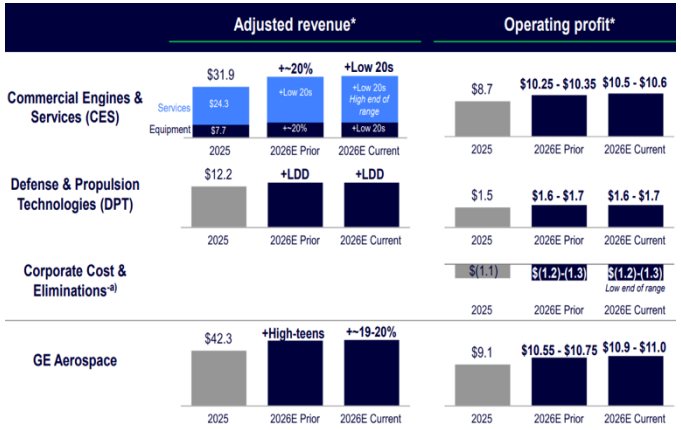
Valuation Consensus

Bloomberg consensus estimates imply an average 12-month target price of US$378.87, with a high target price of US$431 and a low target price of US$280.

1-Year Price



FY2026 Guidance Raised

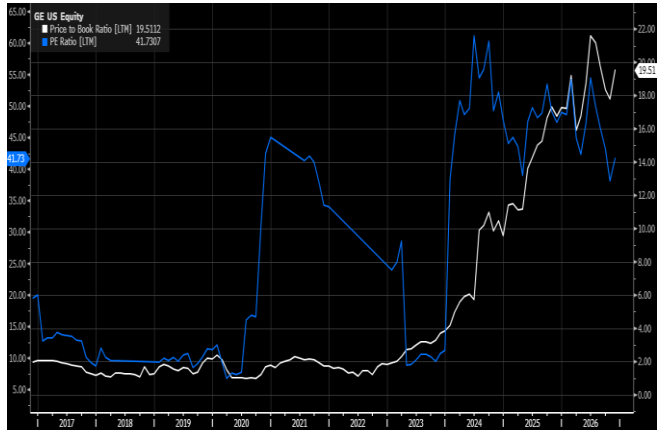


Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-53.8	9.5	18.5	11.1	11.9
Operating Margin(%)	19.6	18.2	20.1	24.0	24.3
EPS (USD)	3.35	4.60	6.31	8.16	9.32
Net Profit Margin(%)	10.6	13.0	14.7	16.8	16.9

Source: Bloomberg; 2026/27F are market estimates

PE & PB



Source: Bloomberg, Company

Deere & Company (DE US)

Closing Price	US$673.54	Target Price	US$720

Deere & Company manufactures and distributes a range of agricultural, construction, forestry, and commercial and consumer equipment. The company supplies replacement parts for its own products and for those of other manufacturers, and also provides financing for products and parts. It serves customers worldwide.

Replacement Demand and Infrastructure Spending Support Machinery Recovery

As inventories gradually normalize and replacement demand improves, the agricultural equipment cycle is showing signs of nearing a bottom. Tax incentives for equipment investment also lower farmers' after-tax cost of buying new equipment. Beyond agriculture, ongoing infrastructure and data center construction provides extra demand for Deere's construction and forestry business. This gives the company another growth driver while it waits for the agricultural equipment market to recover.

Production Optimization and Precision Ag Lift Recovery Earnings Potential

Deere is cutting excess capacity to manage the downturn while continuing to invest in precision agriculture technology and production efficiency. The company recently announced plans to close its plants in Ottumwa and Clarion, Iowa. Windrower and round baler production will move to Des Moines, and Hagie sprayer production will move to Louisiana, to better match customer demand and improve operating efficiency. Used equipment inventories are improving and precision agriculture is being adopted more widely. Together with disciplined cost and capacity management, this should give Deere operating leverage and earnings growth when demand recovers.

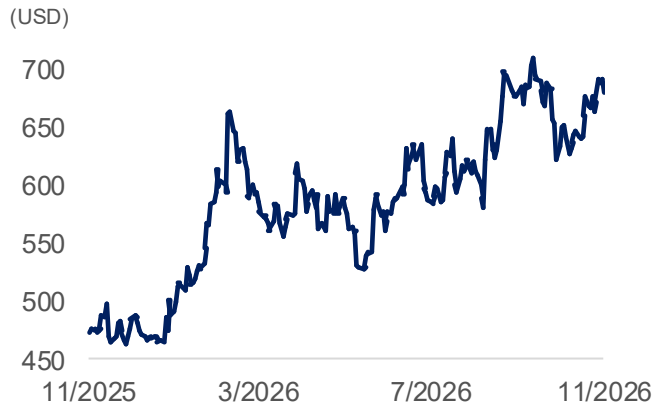
Strong Construction Business Drives Earnings Beat and Full-Year Outlook Raised

3Q FY2026 diluted EPS rose about 7% to US$5.10, and net equipment sales grew 6.2% to US$11.0bn, both above expectations. Management raised the low end of its full-year net income guidance to US$4.75-5.0bn. It still expects 2026 to mark the farm cycle bottom, with U.S. and Canada large ag equipment sales down 15%-20%.

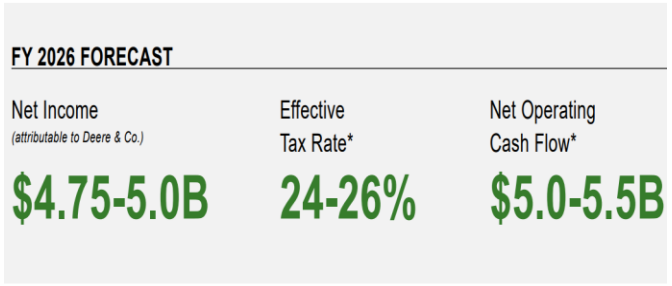
Valuation Consensus

Bloomberg consensus estimates imply an average 12-month target price of US$700.09, with a high target price of US$813 and a low target price of US$580.

1-Year Price



FY2026 Guidance Raised



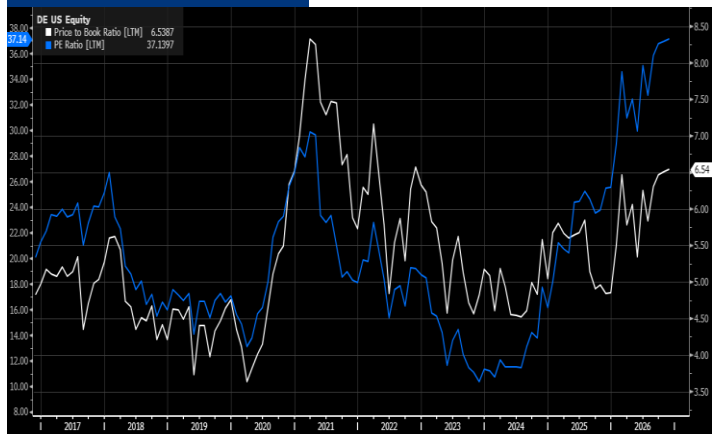
Other	Research and Development Expenses*	Up slightly
	Capital Expenditures*	~$1.3B

Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	16.5	-15.6	-11.7	-9.9	8.6
EBITDA ratio (%)	29.1	29.1	26.1	18.1	20.0
EPS (USD)	35.14	26.22	18.24	18.09	22.81
Net Profit Margin(%)	16.8	14.0	10.8	11.9	13.63

Source: Bloomberg; 2026/27F are market estimates

PE & PB



Source: Bloomberg, Company

Appendix Key Economic Data / Events

► Nov 2026

9 Monday
- China Oct CPI YoY (Act:0.7% Est:0.8% Prev:0.9%)
- China Oct PPI YoY (Act:5.7% Est:5.3% Prev:5.0%)

10 Tuesday
- US Oct CPI MoM (Act:0.4% Est:0.3% Prev:0.6%)
- China Oct Exports YoY (Act:35.2% Est:36.3% Prev:36.3%)

11 Wednesday
- Japan Oct Machine Tool Orders YoY Prelim (Act:42.5% Prev:60.4%)

12 Thursday
- US Weekly Initial Jobless Claims (Act:200k Est:194k Prev:191k)
- US Oct Existing Home Sales (Act:3.75m Est:3.85m Prev:3.97m)
- Japan Oct PPI YoY (Act:7.1% Est:6.5% Prev:6.8%)

13 Friday
- US Oct PPI YoY (Est:6.6% Prev:6.3%)
- Eurozone Q3 GDP YoY Rev (Est:1.3% Prev:1.2%)

16 Monday
- Japan Q3 GDP QoQ Ann (Est:0.2% Prev:1.4%)
- Japan Sep Industrial Prod. MoM Final (Prev:-2.4%)
- Eurozone Sep Industrial Prod YoY (Est:0.4% Prev:-1.1%)
- China Oct Retail Sales YoY (Est:0.8% Prev:1.1%)
- China Oct Industrial Prod. YoY (Est:5.3% Prev:5.5%)

17 Tuesday
- US Oct Retail Sales MoM (Est:0.2% Prev:0.8%)
- US Oct Industrial Prod. MoM (Est:0.1% Prev:0.7%)
- Earnings: HD US、DIS US

18 Wednesday
- Eurozone Oct CPI YoY Final (Est:4.0% Prev:3.8%)
- Earnings: NVDA US、TJX US

19 Thursday
- US Weekly Initial Jobless Claims (Est:197k Prev:200k)
- US Oct FOMC Minutes
- Japan Sep Core Machine Orders MoM (Est:1.7% Prev:5.2%)
- Earnings: PANW US、WMT US

20 Friday
- US Nov U-Mich Sentiment Final (Est:53.3 Prev:48.0)
- Japan Oct CPI YoY (Est:2.5% Prev:2.1%)
- Taiwan Oct Export Orders YoY (Est:62.9% Prev:62.4%)

Source: Bloomberg

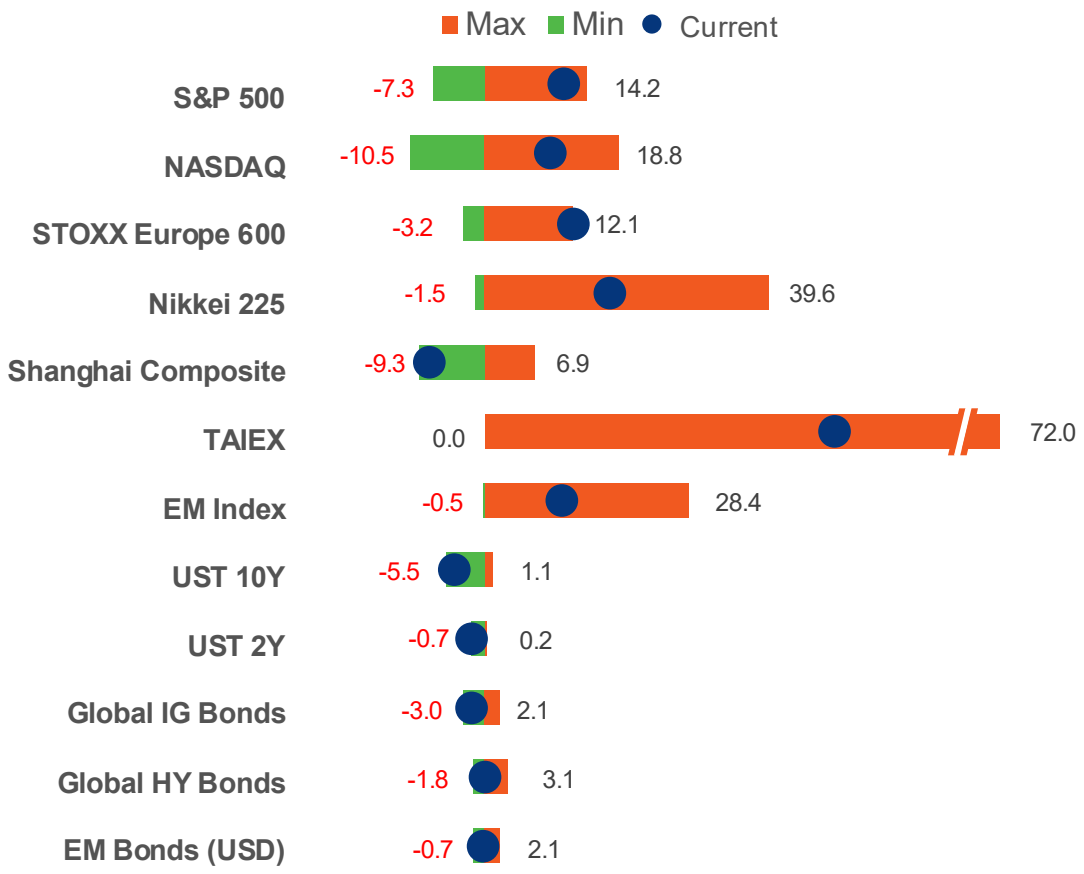
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation	
						Revenue	EPS
2026/11/9	Constellation Energy Corp (CEG US)	9.4B	9.55B	3.86	5.06	V	V
2026/11/9	NRG Energy Inc (NRG US)	9.04B	9.47B	3.38	4.68	V	V
2026/11/10	Occidental Petroleum Corp (OXY US)	6.79B	6.77B	1.45	1.91		V
2026/11/13	Applied Materials, Inc (AMAT US)	10.27B	10.41B	4.06	4.16	V	V
2026/11/13	Cisco Systems, Inc (CSCO US)	18.13B	18.52B	1.32	1.40	V	V

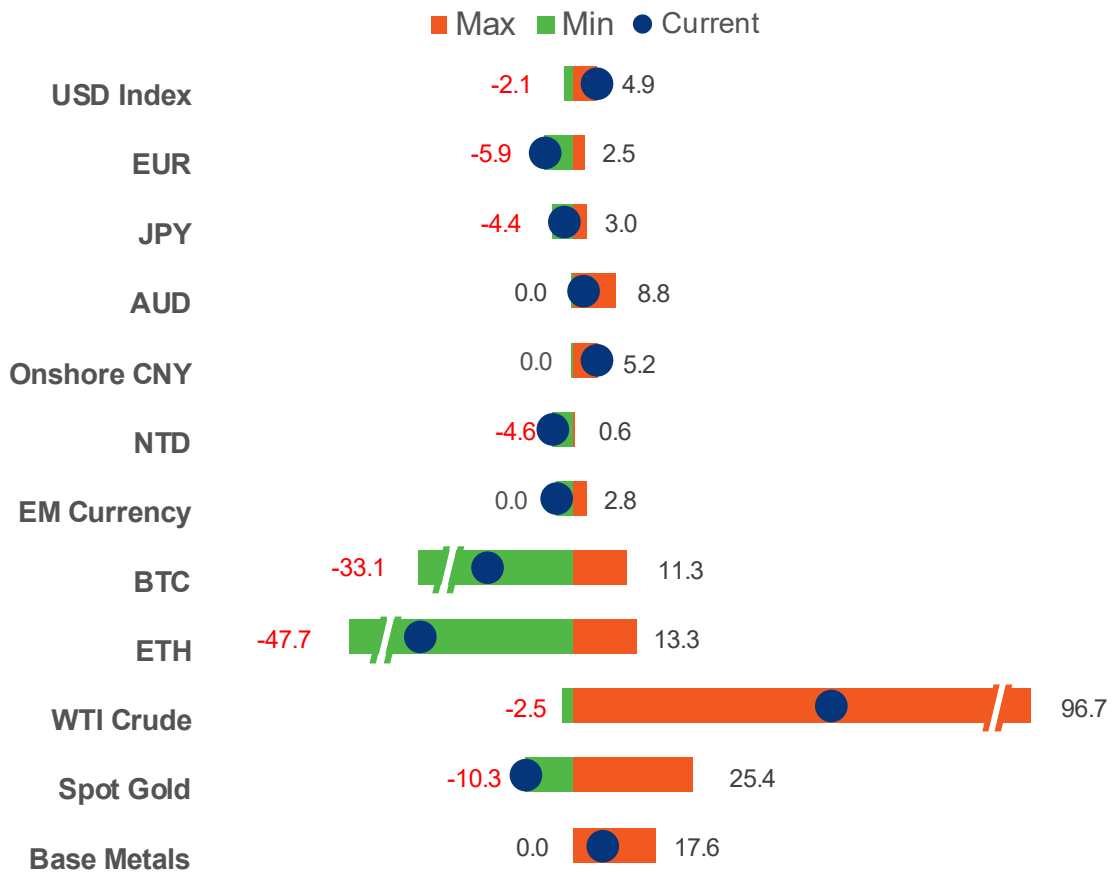
Source: Investing.com

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



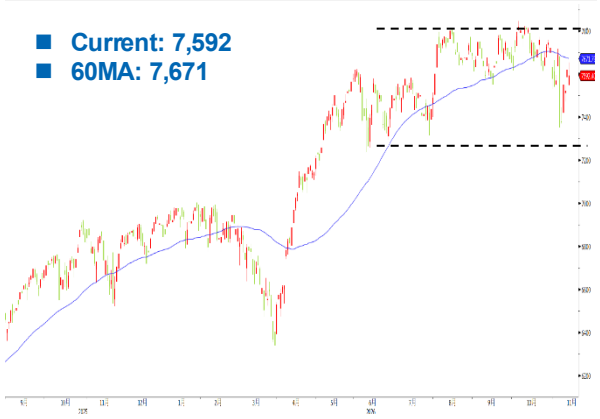
Source: Bloomberg, 13 Nov 2026

Technical Analysis

60D MA

S&P 500 Index

- Current: 7,592
- 60MA: 7,671



NASDAQ Index

- Current: 25,366
- 60MA: 26,351



STOXX Europe 600 Index

- Current: 664
- 60MA: 643



Nikkei 225 Index

- Current: 61,821
- 60MA: 65,023



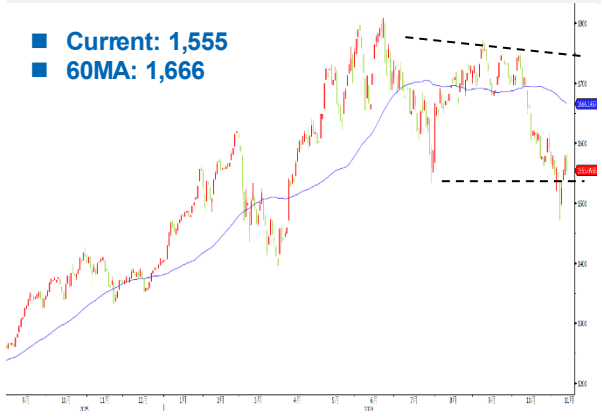
Shanghai Composite Index

- Current: 3,664
- 60MA: 3,818



MSCI Emerging Markets Index

- Current: 1,555
- 60MA: 1,666



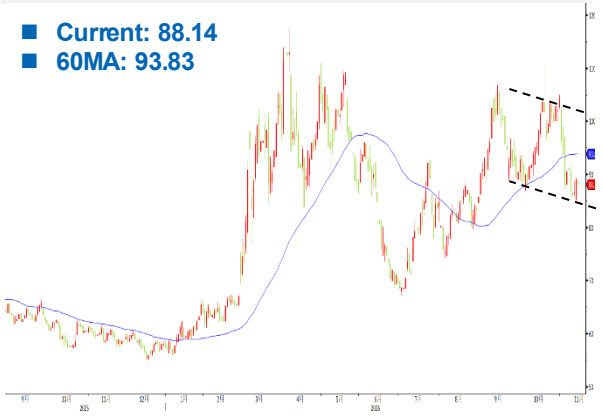
Gold

- Current: 3,911
- 60MA: 4,212



WTI Crude

- Current: 88.14
- 60MA: 93.83



Source: Bloomberg, 13 Nov 2026

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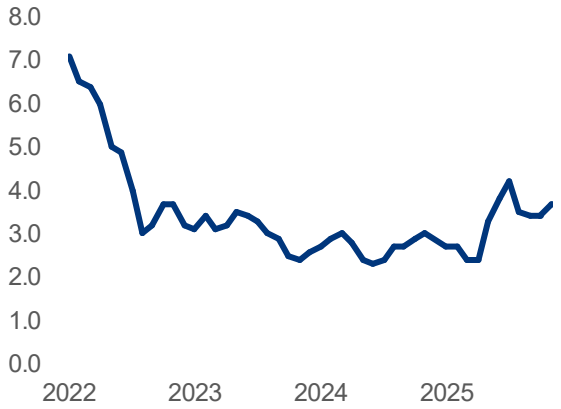
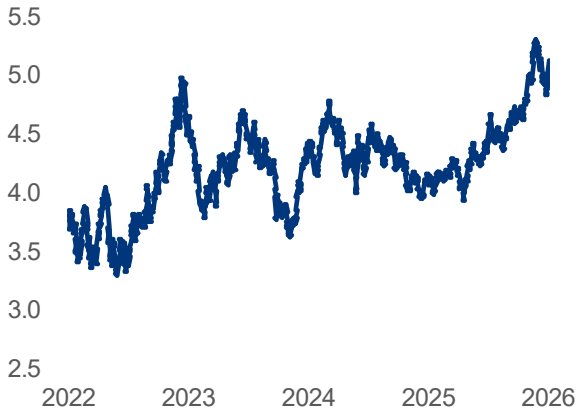
Market Monitor

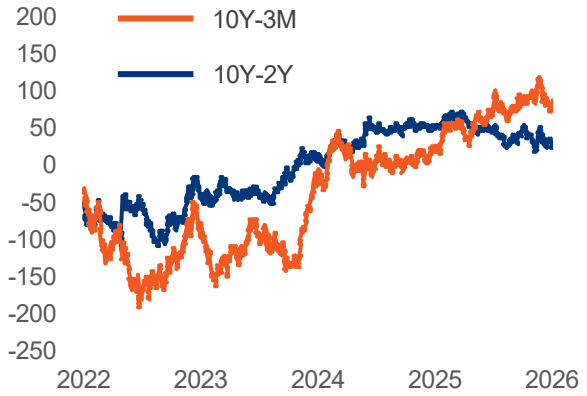
U.S. CPI YoY (%)



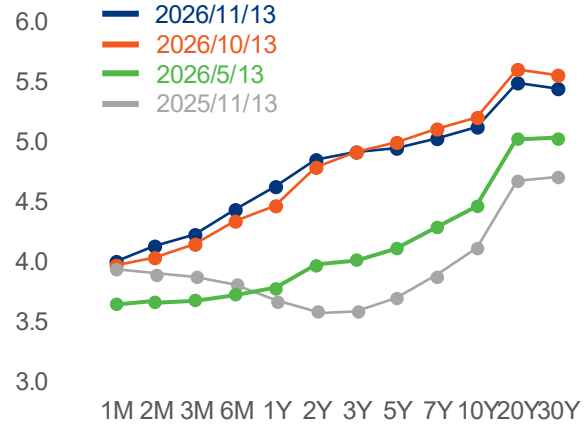
U.S. 10-Year Treasury Yield (%)



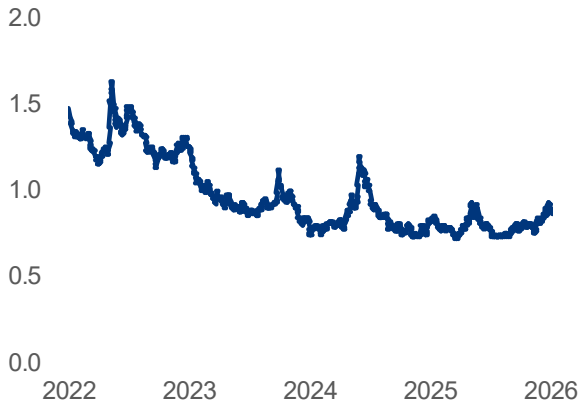
U.S. Treasury Yield Spread (bps)



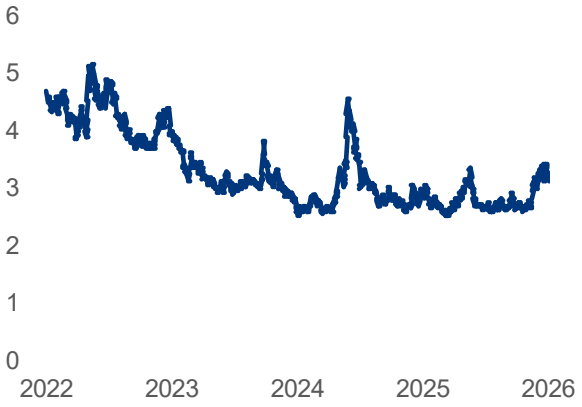
U.S. Treasury Yield Curve (%)



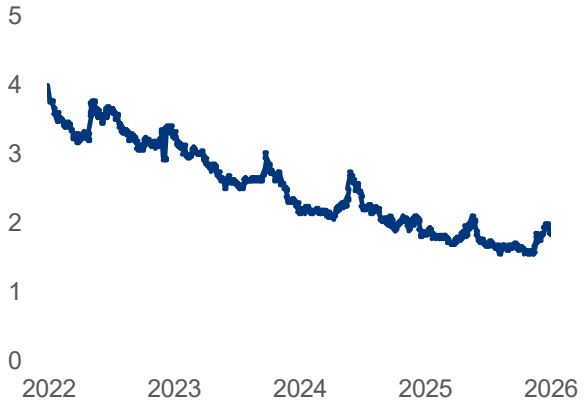
USD IG Credit Spread (%)



USD HY Credit Spread (%)



USD EM Credit Spread (%)



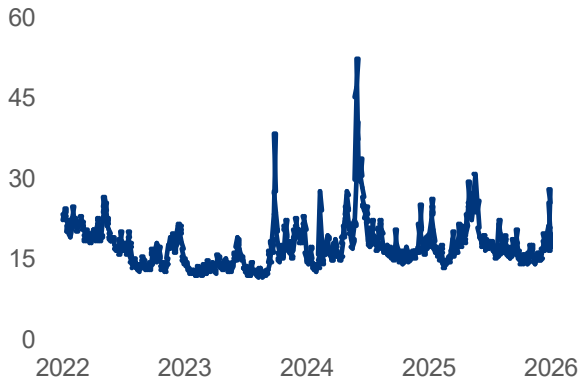
USD Asia Credit Spread (%)



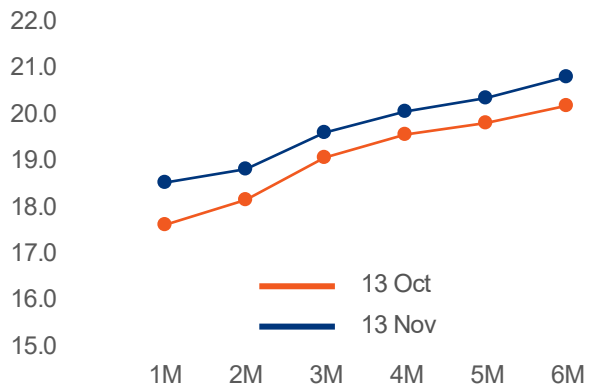
Source: Bloomberg, 13 Nov 2026

Market Monitor

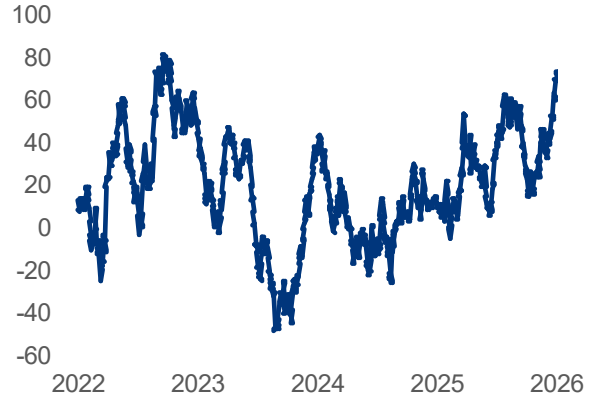
VIX Index



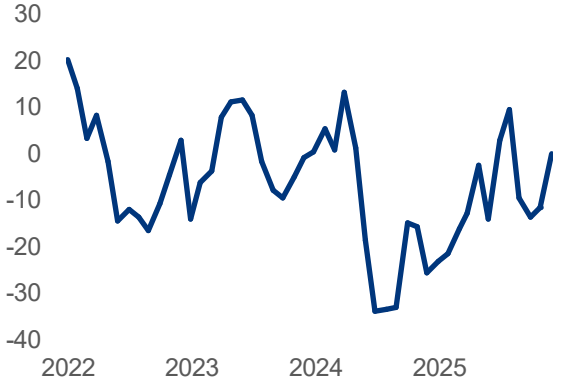
VIX Term Structure



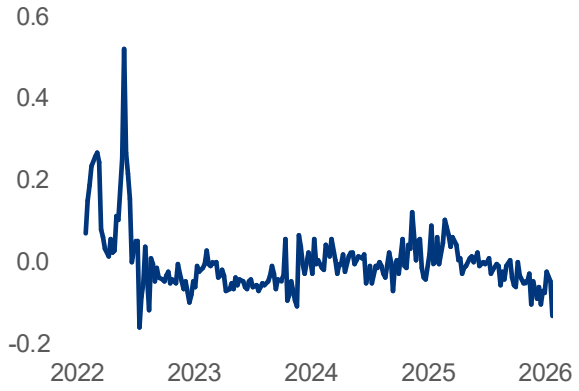
U.S. Citi Economic Surprise Index*



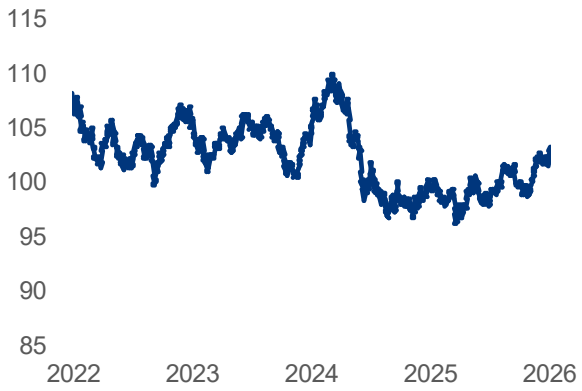
U.S. Citi Inflation Surprise Index*



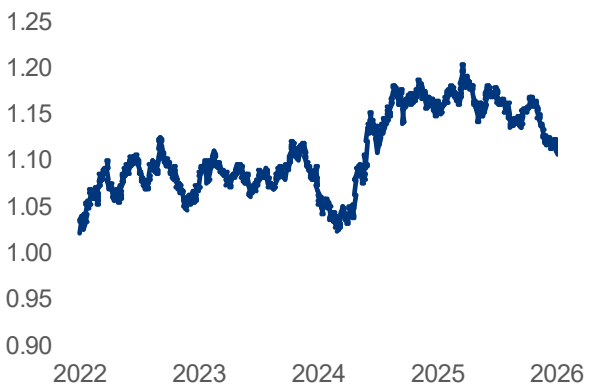
TED Spread (bps)



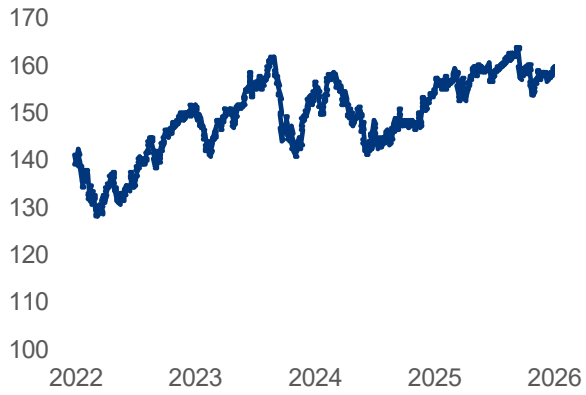
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg, 13 Nov 2026

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