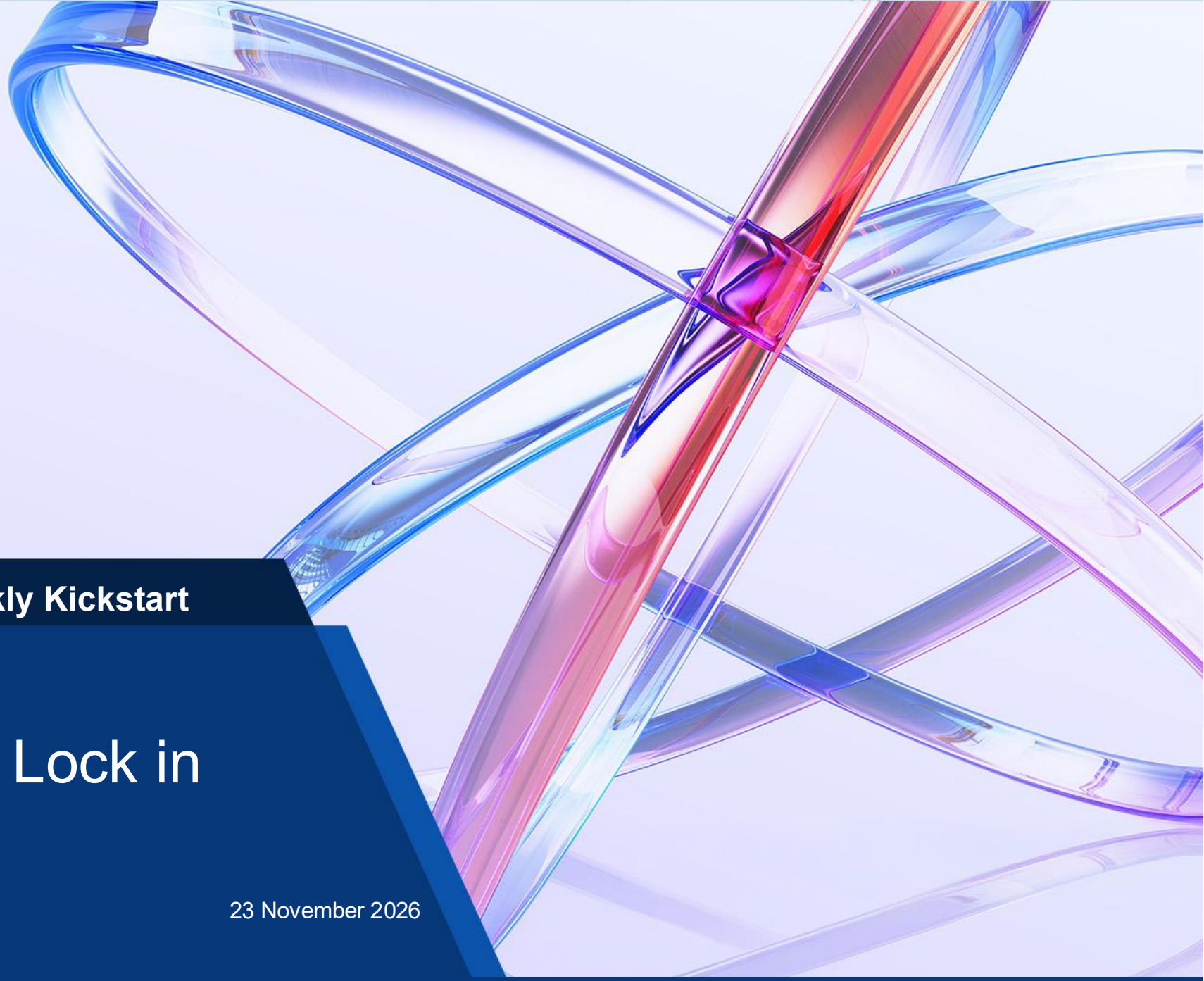
KGI

CIO Office | Global Markets Weekly Kickstart

Smart Bond Plays to Lock in Gains

23 November 2026

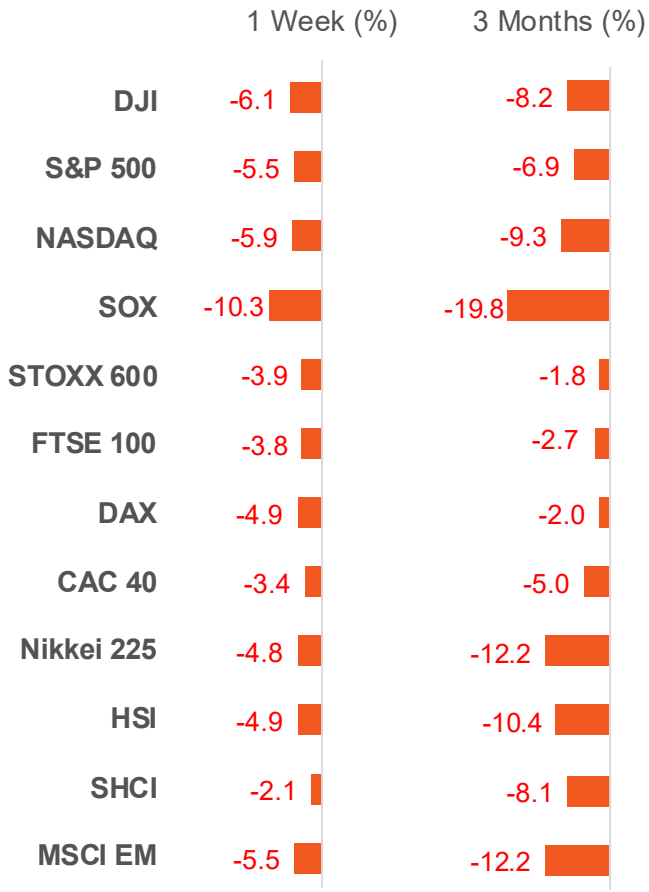


Market Recap

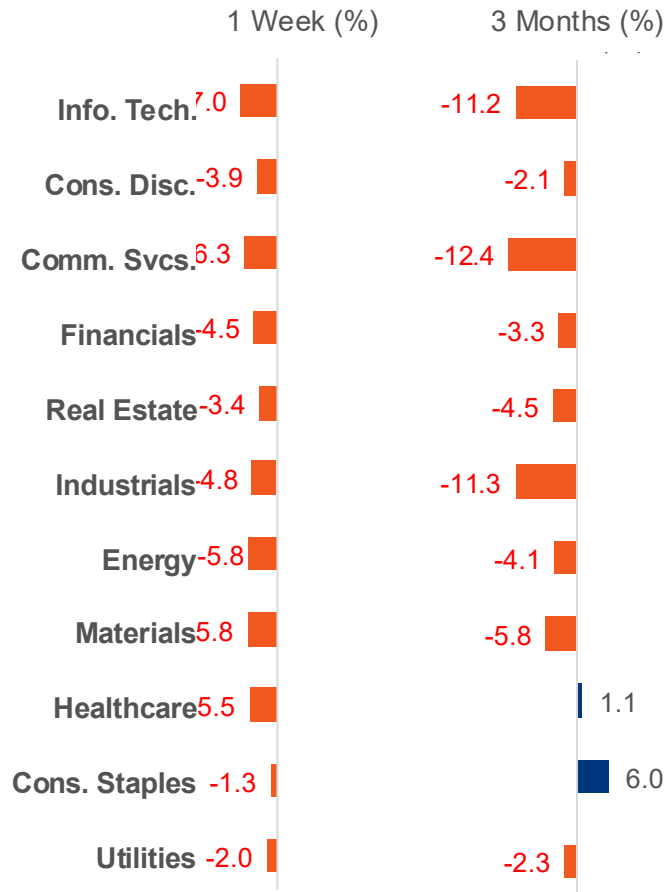
Tech Outlook Concerns Keep Tech Stocks Falling, with Non-AI Sectors Also Dragged Lower

- Investors remain worried about the outlook for AI. NVIDIA's results beat expectations, but its acting CEO stressed capital allocation discipline. Since then, market focus has turned to the risk of lower AI capex and slower earnings growth over the next few years. Anthropic's share price after its large IPO fundraising is also driving shifts in AI valuations. Growing market anxiety deepened the correction in tech-related stocks and the Philadelphia SOX. The sell-off also spread to non-tech sectors, and only some defensive sectors, such as Consumer Staples and Utilities, posted smaller declines.
- Trump attended the APEC summit and met with Chinese President Xi Jinping and Russian President Vladimir Putin. China announced a US$20mn contribution to APEC and emphasized building an Asia-Pacific community. Earlier, however, the U.S. Commerce Department's BIS announced new remote-access security rules for advanced semiconductors. These rules restrict Chinese companies from accessing advanced computing resources through overseas cloud services in third countries. U.S.-China competition in AI is intensifying, and tighter export controls on advanced chips add to potential disruption for tech stocks. Together with uncertainty over the Fed's tightening path and geopolitical conflicts, market volatility is likely to persist.

Regional Index Performance (%)



U.S. Sector Index Performance (%)



Source: Bloomberg

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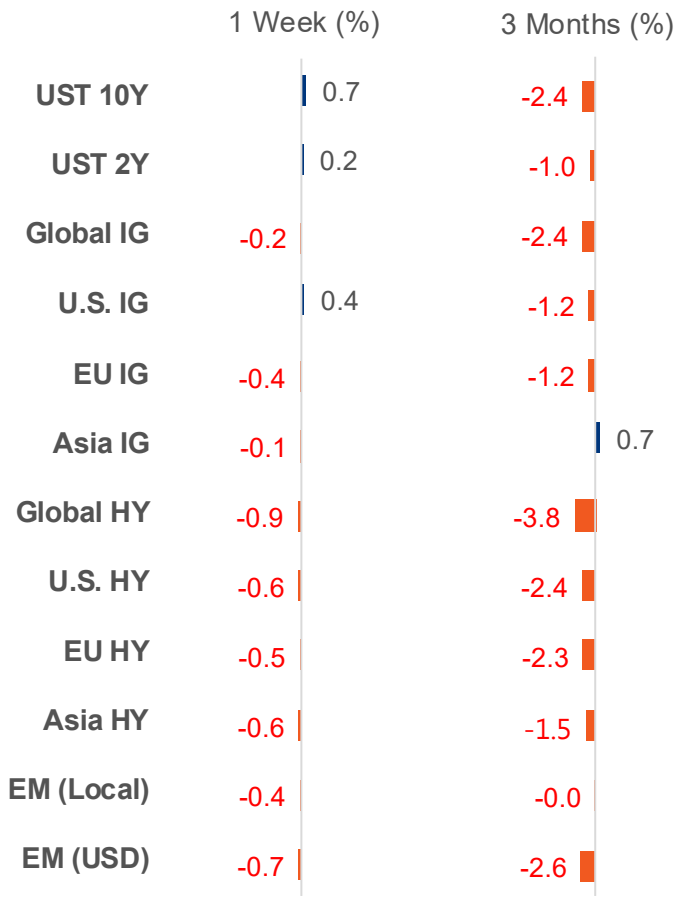
Market Recap

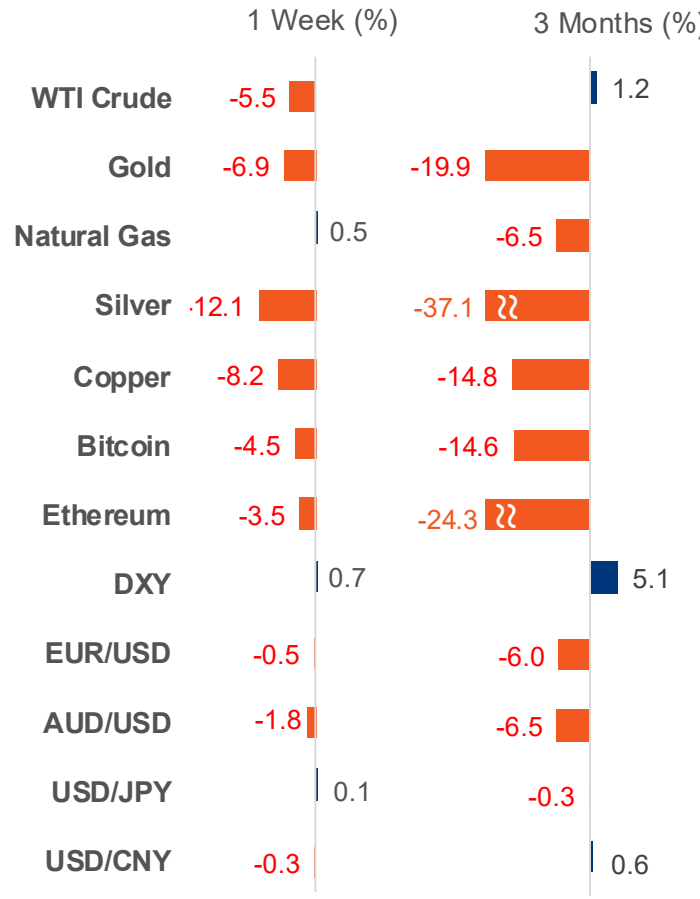
Hawkish Fed Minutes Lift the USD Further; Oil and Gold Weaken

- The Fed's meeting minutes remained hawkish. Some officials said a 50bp hike in December could not be ruled out if high inflation persists and shows signs of picking up. However, falling oil prices helped lower inflation expectations, and the 20-year Treasury auction went smoothly. Treasury yields fell across most maturities. Credit spreads still widened amid market volatility. For U.S. investment-grade bonds, though, spreads widened by less than Treasury yields fell, so IG bonds have recently held up better than high-yield bonds.
- The hawkish tone of the minutes reinforced expectations for further Fed hikes next year. Together with uncertainty over AI investment and geopolitical risks, this is supporting the U.S. Dollar Index in the near term and weighing on major non-USD currencies.
- Middle East tensions flared again. Iran launched drone attacks on U.S. military radar systems, and a vessel was attacked in the Strait of Hormuz. However, the U.S. EIA reported that commercial crude inventories rose 3.4mn barrels last week, more than expected. Oversupply concerns and weaker risk appetite pushed oil prices lower. Meanwhile, Fed rate-hike expectations and a stronger USD also put some pressure on gold prices.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



Source: Bloomberg

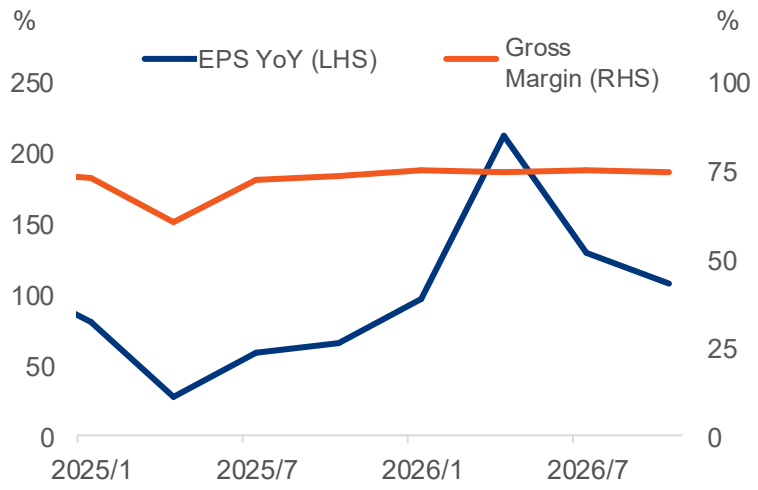
What's Trending

NVIDIA's Results Stay Resilient, but Leadership Transition Adds Uncertainty as Markets Hesitate to Pay Higher Multiples

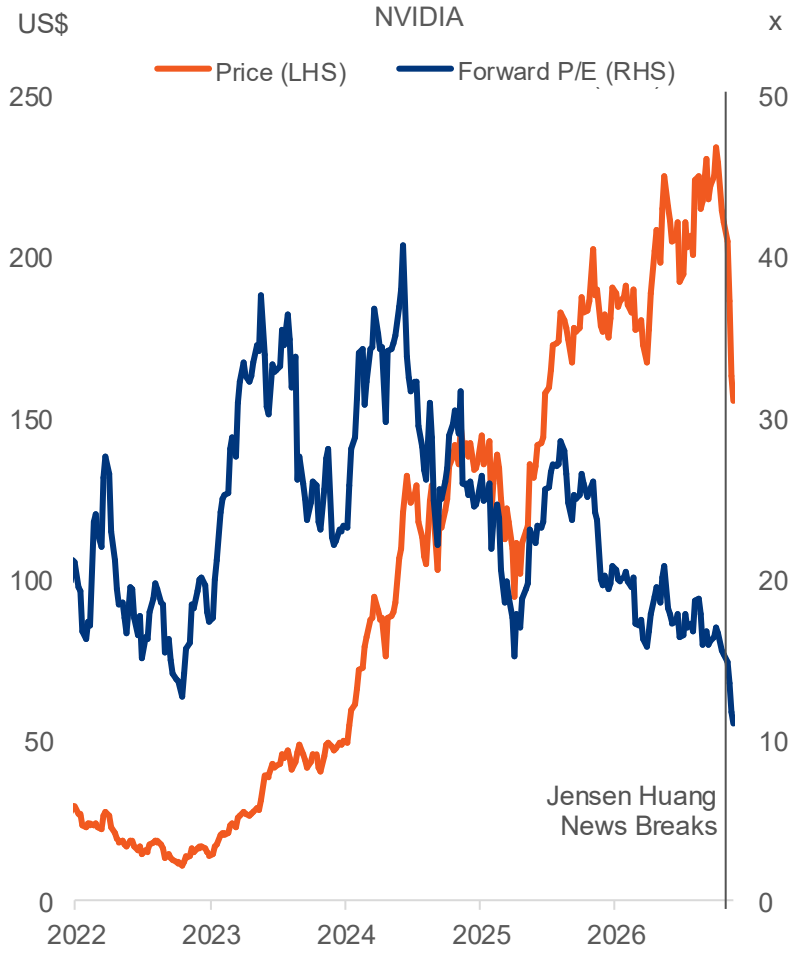
- NVIDIA's 3Q FY2027 results beat expectations on revenue, EPS, and data center sales. Revenue more than doubled YoY and rose 20% QoQ. Data center revenue grew 21% QoQ to US$107.6bn, with hyperscalers contributing US$60bn.
- The board said Jensen Huang has resigned and will not return, leaving uncertainty around the leadership transition. This creates two potential risks: (1) Funding support for the AI industry: NVIDIA has used its strong profitability to support the AI ecosystem, but markets are questioning how sustainable its revenue is. Until a successor is named, its financing strategy may become more conservative. (2) Export controls: The events have raised concerns about tighter export controls. New management may lack the same ability to lobby the government, and tighter restrictions could hit shipments to Asia and weigh on earnings.
- NVIDIA's EPS doubled YoY with a 75% gross margin, yet its forward P/E has fallen from 40x in 2024 to under 11x. Valuations were already near 15x before the leadership change. Its AI leadership and secured capacity remain strengths, but share losses to custom chips and Democratic efforts to slow AI development could weigh on future demand.

NVIDIA's Results Beat Expectations

3Q FY27 Financial Metrics	Actual	Consensus	Beat / Miss vs. Consensus
Total Revenue	US$115.8bn	US$109.3bn	Beat +5.9%
EPS	US$2.68	US$2.47	Beat +8.5%
Gross Margin	74.9%	74.0%	Beat +90 bps
Data Center Revenue	US$107.6bn	US$101.9bn	Beat +5.6%



Sustained High Growth Should Warrant a Higher Valuation



Source: Bloomberg

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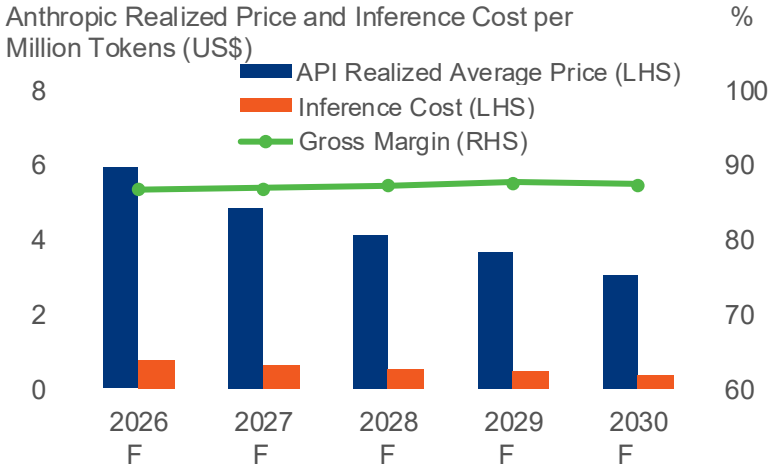
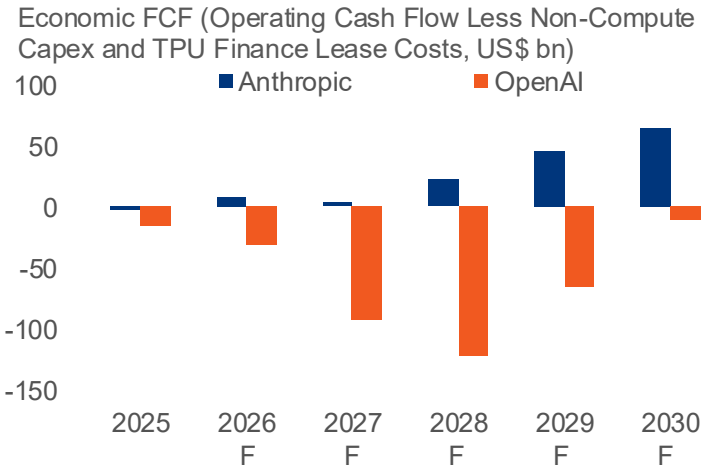
What's Trending

Anthropic's Listing Sparks a Wave of Capital Inflows; Focus on AI Model Market Growth

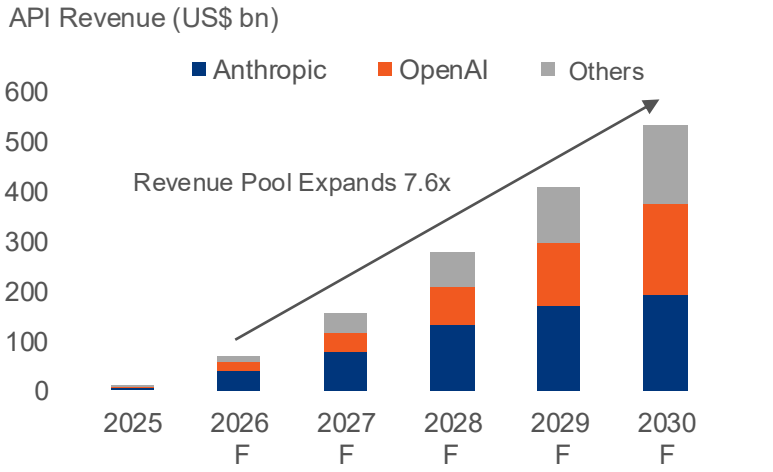
- Anthropic, the developer of the Claude AI models, has gone public. Its IPO was priced at US$83 per share, above the earlier target range. Together with US$26bn in private placements, total fundraising exceeded US$100bn, surpassing SpaceX's IPO record. KGI expects Anthropic's growth to be driven by three factors: (1) Subscription and usage-based pricing: These models should lift revenue at a CAGR of nearly 40% through 2030. (2) Strong demand for compute: Markets are worried about price cuts, but compute supply remains tight. Anthropic's share of tier-1 paid tokens is also well above that of other AI model developers. (3) Improving profitability: Compute costs are recognized before the related revenue. KGI expects earnings to bottom in 1Q27, while economic free cash flow turns positive in 2026 and grows each year after that.
- Anthropic's enterprise NRR of 9x highlights strong business demand, with future growth driven more by companies shifting work to AI than by new subscribers. Recent tech disruptions remain a near-term headwind. Key risks include lower corporate AI budgets, a rapid drop in its tier-1 paid token share, and price cuts outpacing inference cost declines for two straight years.

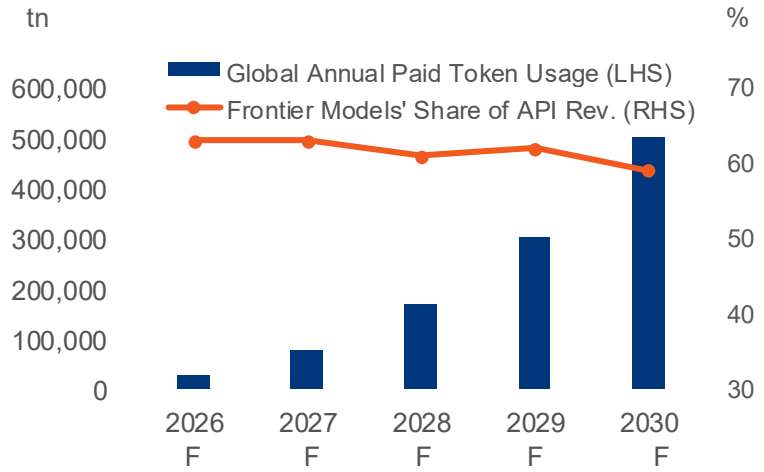
Anthropic's Price Cuts Reflect Volume Leverage, Not Margin Sacrifice





AI Model Market Expected to Keep Expanding





Source: Bloomberg

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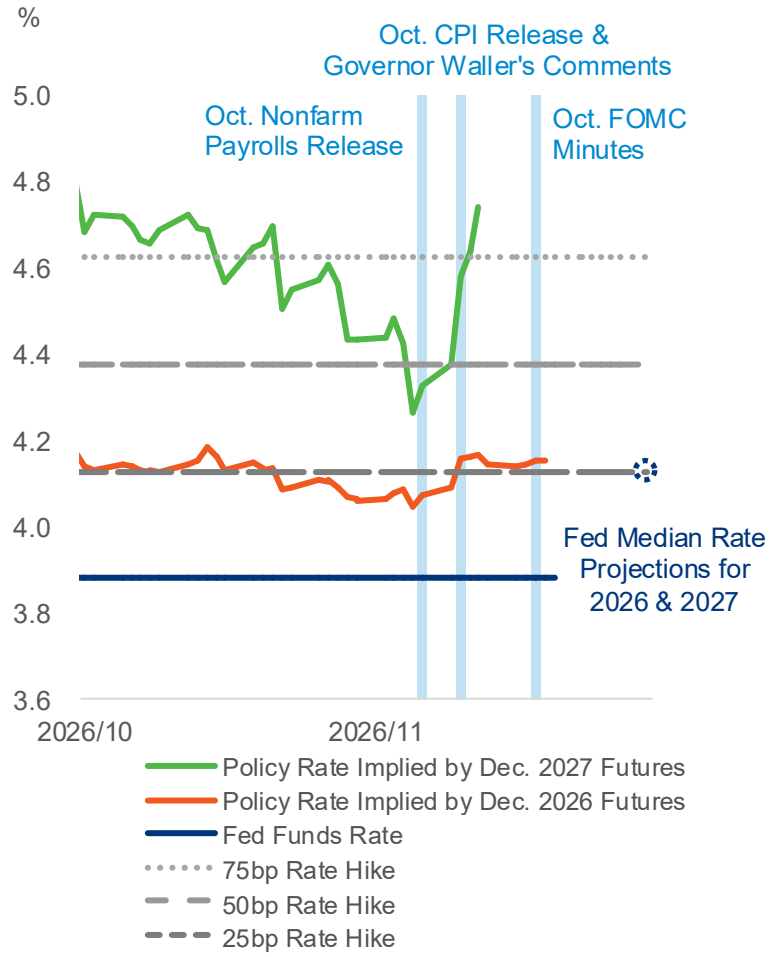
In Focus

Fed Confirms a Steady Economy; High Rates Likely to Persist into the First Half of Next Year

- The Fed's meeting minutes showed that all officials see further rate hikes as necessary if the economy develops as expected. Some officials worried that inflation has become more persistent than previously thought and called for a faster pace of tightening. Two officials also said a 50bp hike may be needed if inflation moves in an unfavorable direction. Rate markets continue to price in a more hawkish policy path.
- On the fiscal deficit, Democratic control of both chambers of Congress creates a divided government, which may block Republicans from passing more spending bills. However, mandatory spending accounts for about 60% of total federal outlays, and that share is set to keep rising. Mandatory spending can only be cut through legislation. Because Democrats hold less than a two-thirds majority in Congress, any bill they pass remains subject to a presidential veto. As a result, a clear improvement in U.S. fiscal discipline looks unlikely.
- Fed hike expectations, rising debt and interest costs, next year's debt ceiling talks, heavy AI bond issuance, and Trump policy uncertainty remain near-term headwinds for Treasuries. We would add Treasury exposure only after the Fed ends its hiking cycle, possibly in 1H next year, and rates peak.

Markets Still Price In 75bp of Fed Hikes Next Year



Most Fed Officials Maintain a Hawkish Tone

Policy Stance	FOMC Members	2026 Voting Members	Recent Remarks
Dovish	**Warsh (Chair & Governor)**	Permanent Voters	**AI may lift long-term growth, but risks include job displacement, weak returns, and lower valuations.**
	Bowman (Vice Chair for Supervision & Governor)	Permanent Voters	No need to act now; the Fed has time to assess conditions.
Neutral	Cook (Governor)	Permanent Voters	Supply shocks are lasting longer and becoming more frequent.
	Jefferson (Vice Chair & Governor)	Permanent Voters	Policy changes need careful data review; more time is needed to assess risks.
	Powell (Governor)	Permanent Voters	
Hawkish	Williams (New York Fed)	Permanent Voters	Strong economy, high inflation; no need for aggressive tightening, but inflation is moving the wrong way.
	Paulson (Philadelphia Fed)	Rotating Voters	Supports gradual hikes to cool inflation.
	Barr (Governor)	Permanent Voters	Further policy adjustments may be needed to address inflation risks.
	Kashkari (Minneapolis Fed)	Rotating Voters	Will do whatever it takes to return inflation to target.
	Hammack (Cleveland Fed)	Rotating Voters	Prefers steady hikes, but may speed up if inflation worsens.
	Waller (Governor)	Permanent Voters	Inflation spreading to services; backs a 50bp December hike if core CPI stays at 0.3%+ MoM.
	Logan (Dallas Fed)	Rotating Voters	Faster hikes likely in winter; at least two more needed.

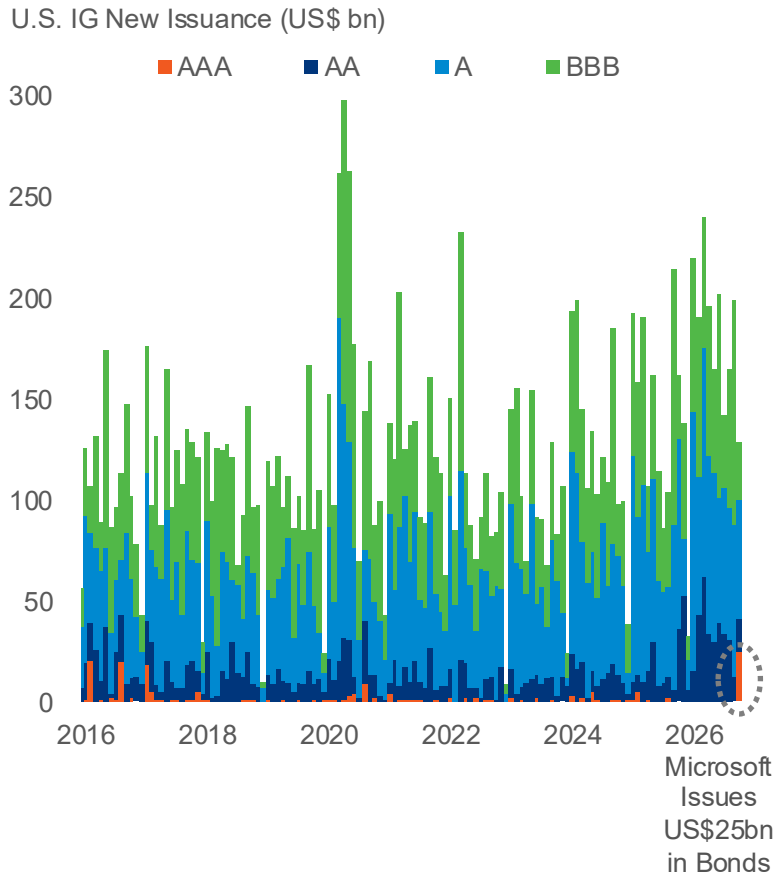
Source: Bloomberg

In Focus

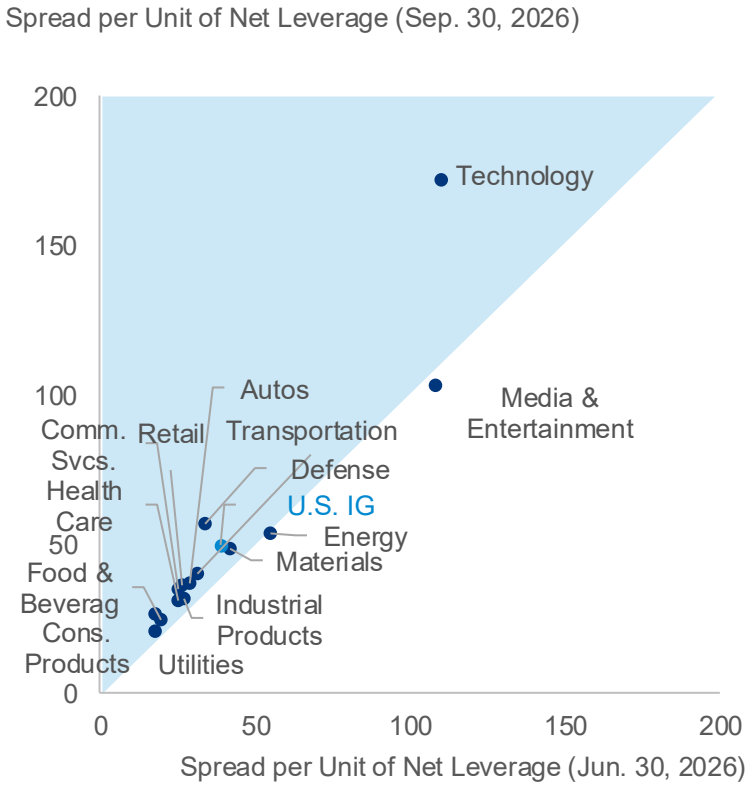
Corporate Bond Issuance to Continue; Lock In Quality Bonds When Rates Rise

- The Fed has confirmed that the economy remains strong. In recent months, major U.S. tech companies such as Apple and Microsoft have both issued bonds. Heavy bond supply and weaker risk appetite have pushed U.S. investment-grade bond yields steadily higher. With AI capex expected to continue next year, overall U.S. investment-grade corporate issuance should stay near historical highs. Short- and intermediate-duration investment-grade bonds remain our preferred choice. Investors can gradually add intermediate- and long-duration bonds once rates peak in the first half of next year.
- Large U.S. companies continue to post strong earnings growth. IG issuer leverage has held steady this year while spreads widened only slightly, and solid credit fundamentals should limit further widening. We favor A- to BBB-rated corporate bonds in sectors with positive risk-adjusted spreads, such as Banks, Cons. Disc., Utilities, and Communications, to lock in attractive yields. Sectors with low correlation to tech, such as Energy, Cons. Staples, Utilities, and Capital Goods, can help diversify risk. Tech IG bonds have solid credit quality and limited default risk, but given heavy issuance, we suggest holding them to maturity rather than trading them.

Continued AI Financing Adds to Credit Market Volatility



Stable Leverage and Slightly Wider Spreads Reflected in Credit Metrics



Source: Bloomberg, Note: Spread per unit of net leverage is a credit metric calculated as the average credit spread divided by net leverage

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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. CPI also came in above expectations, strengthening market expectations for further Fed hikes, and Fed officials remain inclined to keep 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, Consumer Discretionary, Communications, and Utilities sectors.	**Bond Types:** Short- to intermediate-term investment-grade bonds to lock in yields, with a focus on Financials, Consumer Discretionary, Communications, and Utilities
Forex	◆ 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.	Bargain Hunting Supports Gold; Bullish Medium to Long Term

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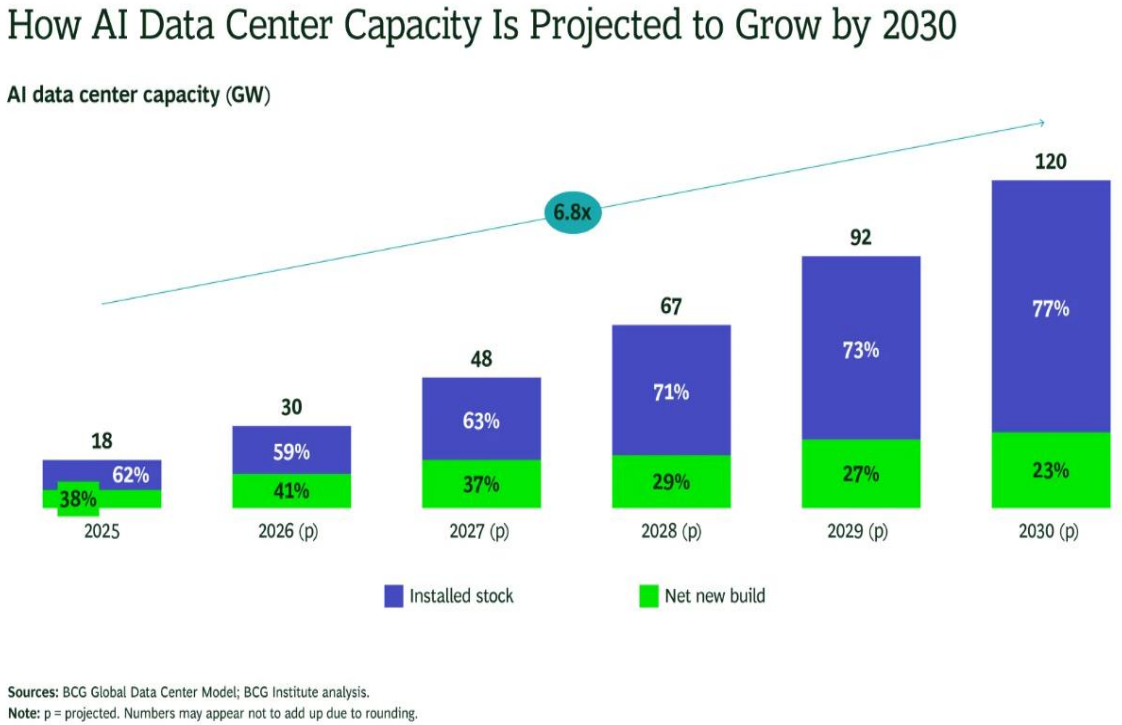
US Equities

Investment Opportunities Amid Expanding AI Compute Demand and Supply Chain Diversification

- U.S. retail sales rose 0.2% MoM in October, exceeding market expectations of 0.1%, although slowing from 0.8% in the prior month.
- The minutes of the October FOMC meeting conveyed an overall hawkish tone. Although the Committee voted 10-2 to maintain the federal funds target range at 3.75%-4.00%, nearly all participants believed that further rate hikes could be appropriate, with differences centering on the timing and magnitude of additional tightening. Policymakers continued to cite inflationary pressures stemming from energy prices, tariffs, and AI-related investment demand, while resilient consumption, investment, and labor market conditions provided scope for maintaining a restrictive policy stance. Officials also highlighted concerns over AI-related debt growth and valuation risks. The Fed emphasized that its December policy decision will depend on incoming inflation, employment, and financial market data, and that the October pause should be viewed as an opportunity to assess conditions rather than a signal that tightening has ended.
- The final University of Michigan Consumer Sentiment Index rose to 51.5 in November, slightly below market expectations of 51.6 but above the previous reading of 48.0.
- As generative AI, intelligent agents, and enterprise AI applications continue to gain adoption, demand for computing power is expected to expand further, supporting investment in data centers, high-performance semiconductors, and high-speed networking infrastructure. U.S. tax incentives for equipment investment also provide support for related capital expenditures. Meanwhile, strategic uncertainty following Jensen Huang's departure from NVIDIA could accelerate supplier diversification among major cloud providers, creating additional opportunities for alternative GPU platforms, custom AI chips, and networking solutions. Although the sector continues to face risks from interest rates, export controls, and market sentiment, companies with technological leadership, strong execution capabilities, and healthy cash flow generation are well positioned to benefit from expanding AI infrastructure demand and supply chain diversification, supporting their medium- to long-term investment appeal.

Projected AI Data Center Capacity Growth



Sources: BCG Global Data Center Model; BCG Institute analysis.
Note: p = projected. Numbers may appear not to add up due to rounding.

Source: Bloomberg

Advanced Micro Devices, Inc. (AMD US)

Closing Price	US$424.39	Target Price	US$640

Advanced Micro Devices, Inc. (AMD) develops microprocessors, embedded processors, chipsets, graphics processors, and multimedia products. The company outsources wafer fabrication to third-party foundries and provides assembly, testing, and packaging services worldwide.

AI Infrastructure Spending and Supplier Diversification Expand AMD's Opportunity

Global investment in AI infrastructure continues to expand rapidly. IDC forecasts AI-related spending to reach US$521 billion in 2026, up approximately 63% YoY, surpass US$1 trillion in 2029, and rising to US$1.33 trillion by 2030. Following Jensen Huang's departure, uncertainty surrounding NVIDIA's leadership transition could encourage hyperscale cloud providers to diversify GPU procurement and reduce reliance on a single platform, creating opportunities for AMD.

MI450 and Helios Adoption Accelerates, While AI Enhances Development Efficiency

AMD continues to advance its AI product portfolio. Following the launch of the Instinct MI450 series, Anthropic, Meta, Microsoft, OpenAI, and Oracle have begun running workloads on initial Helios rack-scale systems, supporting future growth. AMD has also leveraged OpenAI models to optimize its flagship GPU IP designs, achieving up to 14% improvements in power, performance, and area (PPA) while shortening development cycles from roughly one year to less than five months. Some enhancements have already been incorporated into production designs, improving efficiency and accelerating time-to-market.

Data Center Revenue Nearly Doubles as 4Q Growth Expected to Accelerate

In 3Q FY2026, AMD reported revenue of US$13.38 billion, up approximately 45% YoY and US$290 million above consensus. Non-GAAP EPS reached US$2.09, up 74% YoY and US$0.15 above expectations. Data Center revenue rose 97% YoY to a record US$8.5 billion, driven by EPYC processors and the Instinct MI450 launch. Management expects 4Q FY2026 revenue of approximately US$17.0 billion, plus or minus 3%, implying roughly 66% YoY and 27% QoQ growth at the midpoint. Non-GAAP gross margin is expected to be 55%, compared with 56% in 3Q.

Valuation Consensus

Bloomberg consensus estimates imply an average 12-month target price of US$658.29, with a high target price of US$1,250 and a low target price of US$490.

Source: Bloomberg, Company

1-Year Price



Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-3.9	13.7	34.3	50.7	85.2
EBITDA ratio (%)	18.6	21.1	20.4	30.2	35.5
EPS (USD)	0.64	1.18	2.51	8.12	17.84
Net Profit Margin(%)	4.6	7.5	11.8	25.8	31.4

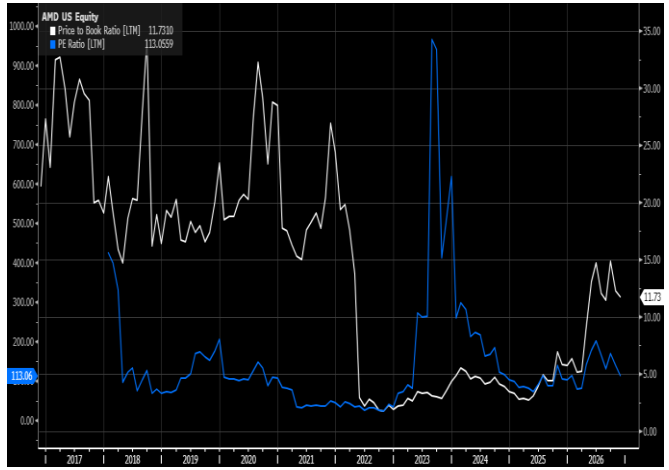
Source: Bloomberg; 2026/27F are market estimates

4Q FY2026 Guidance

Financial Outlook – NON-GAAP(1)

	Q4'26
Revenue	~$17 Billion +/- 3%
Gross Margin	~55%
Operating Expenses	~$3.75 Billion
Other Income (Expense) net of Interest Expense	~$4 Million
Effective Tax Rate	13% of pre-tax income
Diluted Share Count(2)	~1.67 Billion shares

PE & PB



Broadcom Inc. (AVGO US)

Closing Price	US$304.41	Target Price	US$400

Broadcom Inc. designs, develops, and supplies semiconductor and infrastructure software solutions. Its products include digital and mixed-signal CMOS devices and analog III-V components for enterprise and data center networking, home connectivity, broadband access, and telecommunications equipment.

AI Infrastructure Capex and Diversified Architectures Support ASIC Demand

Global AI infrastructure spending continues to expand rapidly. IDC forecasts the market to grow from US$521 billion in 2026 to US$1.33 trillion by 2030. Meanwhile, hyperscale cloud providers are increasingly adopting architectures that combine GPUs, custom accelerators, and high-speed networking to improve performance-per-dollar, reduce power consumption, and diversify supplier exposure. Jensen Huang's departure could further reinforce this trend. As cloud providers increase investments in custom XPUs, TPUs, and Ethernet networking, Broadcom is well positioned to benefit.

Custom Accelerators and Networking Scale to Multi-Gigawatt Deployments

Broadcom continues to gain from the adoption of custom AI architectures. In 3Q FY2026, AI semiconductor revenue rose 221% YoY to US$16.7 billion, with management expecting a further increase to US$21.7 billion in 4Q. Long-term visibility has improved through major deployment projects, including Anthropic's multi-gigawatt rollout of Google/Broadcom TPUs starting in 2027 and a US$63 billion financing framework supporting Broadcom's XPU accelerators and networking equipment. Broadcom's jointly developed Jalapeño inference accelerator with OpenAI has also demonstrated superior performance-per-watt and been incorporated into a 10GW multi-year accelerator and networking deployment plan, further strengthening its position within hyperscale AI infrastructure.

AI Growth Drives Earnings Beat, While 4Q Guidance Slightly Misses Expectations

In 3Q FY2026, Broadcom reported revenue of US$29.59 billion, up 85.5% YoY and approximately US$160 million above consensus. Non-GAAP EPS reached US$3.32, up 96% YoY and US$0.08 above expectations. Management expects 4Q revenue of approximately US$34.8 billion, implying 93% YoY growth but slightly below market forecasts, while Non-GAAP operating margin is projected at roughly 66%. Looking ahead to FY2027, management expects AI semiconductor revenue to reach approximately US$115 billion, underscoring AI as the company's primary growth driver.

Valuation Consensus

Bloomberg consensus estimates imply an average 12-month target price of US$518.83, with a high target price of US$630 and a low target price of US$215.88.

Source: Bloomberg, Company

1-Year Price

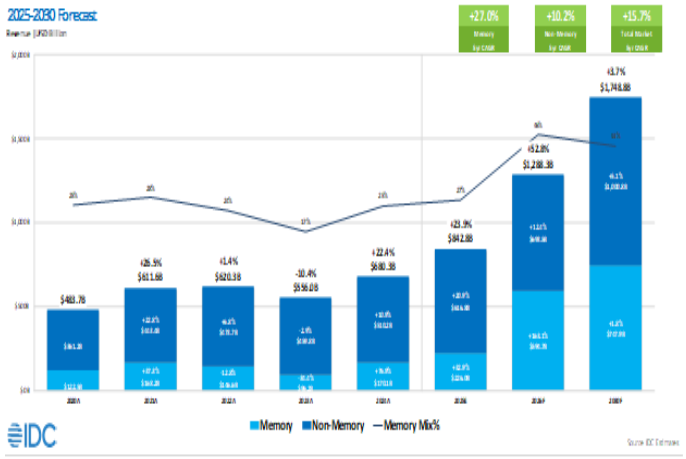


Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	7.9	44.0	23.9	65.8	65.20
EBITDA ratio (%)	57.6	50.4	55.0	68.2	66.6
EPS (USD)	3.38	2.62	5.29	11.67	19.28
Net Profit Margin(%)	40.3	24.3	40.2	54.4	53.9

Source: Bloomberg; 2026/27F are market estimates

Global Semiconductor Market Size



PE & PB



Appendix Key Economic Data / Events

► Nov 2026

16 Monday
- Japan Q3 GDP Annualized QoQ Prelim (Act:-0.1% Est:0.2% Prev:1.7%)
- Japan Sep Industrial Production MoM Final (Act:2.0% Prev:-2.4%)
- Eurozone Sep Industrial Production YoY (Act:-1.5% Est:-0.2% Prev:-1.1%)
- China Oct Retail Sales YoY (Act:0.4% Est:0.8% Prev:1.1%)
- China Oct Industrial Production YoY (Act:4.8% Est:5.3% Prev:5.5%)

17 Tuesday
- U.S. Oct Retail Sales MoM (Act:0.2% Est:0.1% Prev:0.8%)
- U.S. Oct Industrial Production MoM (Act:-0.4% Est:0.1% Prev:0.7%)

18 Wednesday
- Eurozone Oct CPI YoY Final (Act:4.0% Est:4.0% Prev:3.8%)

19 Thursday
- U.S. Weekly Initial Jobless Claims (Act:203k Est:198k Prev:202k)
- U.S. Oct FOMC Minutes
- Japan Sep Core Machine Orders MoM (Act:-0.3% Est:1.5% Prev:5.2%)

20 Friday
- U.S. Nov U. of Mich. Sentiment Final (Est:51.6 Prev:48.0)
- Japan Oct CPI YoY (Act:2.3% Est:2.5% Prev:2.1%)
- Taiwan Oct Export Orders YoY (Est:64.6% Prev:62.4%)

23 Monday
- U.S. Nov S&P Global Manufacturing PMI Prelim (Est:54.5 Prev:54.9)
- U.S. Nov S&P Global Services PMI Prelim (Est:55.7 Prev:56.1)
- Eurozone Nov S&P Global Manufacturing PMI Prelim (Prev:52.7)
- Eurozone Nov S&P Global Services PMI Prelim (Prev:51.4)

24 Tuesday
- U.S. Nov Conf. Board Consumer Confidence (Est:92.1 Prev:91.7)
- Japan Nov S&P Global Manufacturing PMI Prelim (Prev:53.3)
- Japan Nov S&P Global Services PMI Prelim (Prev:51.7)
- Earnings: MDT US, ADI US

25 Wednesday
- U.S. Weekly Initial Jobless Claims (Est:200k Prev:203k)
- U.S. Oct PCE YoY (Est:3.8% Prev:3.6%)
- U.S. Oct Core PCE YoY (Est:3.2% Prev:3.1%)
- U.S. Q3 GDP Annualized QoQ, Revised (Est:3.5% Prev:2.2%)
- Earnings: DELL US, DE US

26 Thursday

27 Friday

Source: Bloomberg

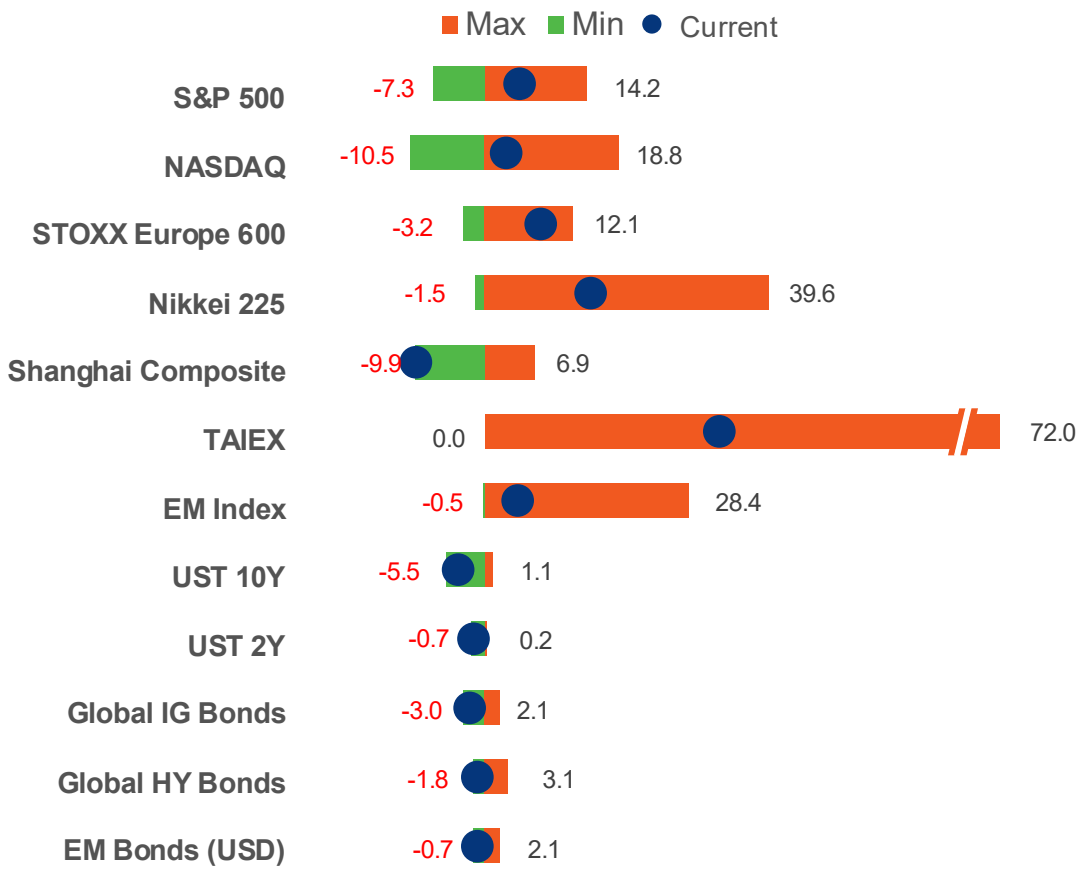
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation	
						Revenue	EPS
2026/11/17	The Home Depot, Inc. (HD US)	42.83B	43.4B	3.85	3.86	V	V
2026/11/17	The Walt Disney Company (DIS US)	25.18B	25.95B	1.66	1.77	V	V
2026/11/18	NVIDIA Corporation (NVDA US)	109.33B	115.84B	2.47	2.68	V	V
2026/11/18	The TJX Companies, Inc. (TJX US)	15.84B	15.95B	1.36	1.34	V	
2026/11/19	Palo Alto Networks Inc. (PANW US)	3.31B	3.45B	0.97	1.05	V	V
2026/11/19	Walmart Inc. (WMT US)	187.17B	188.84B	0.64	0.65	V	V

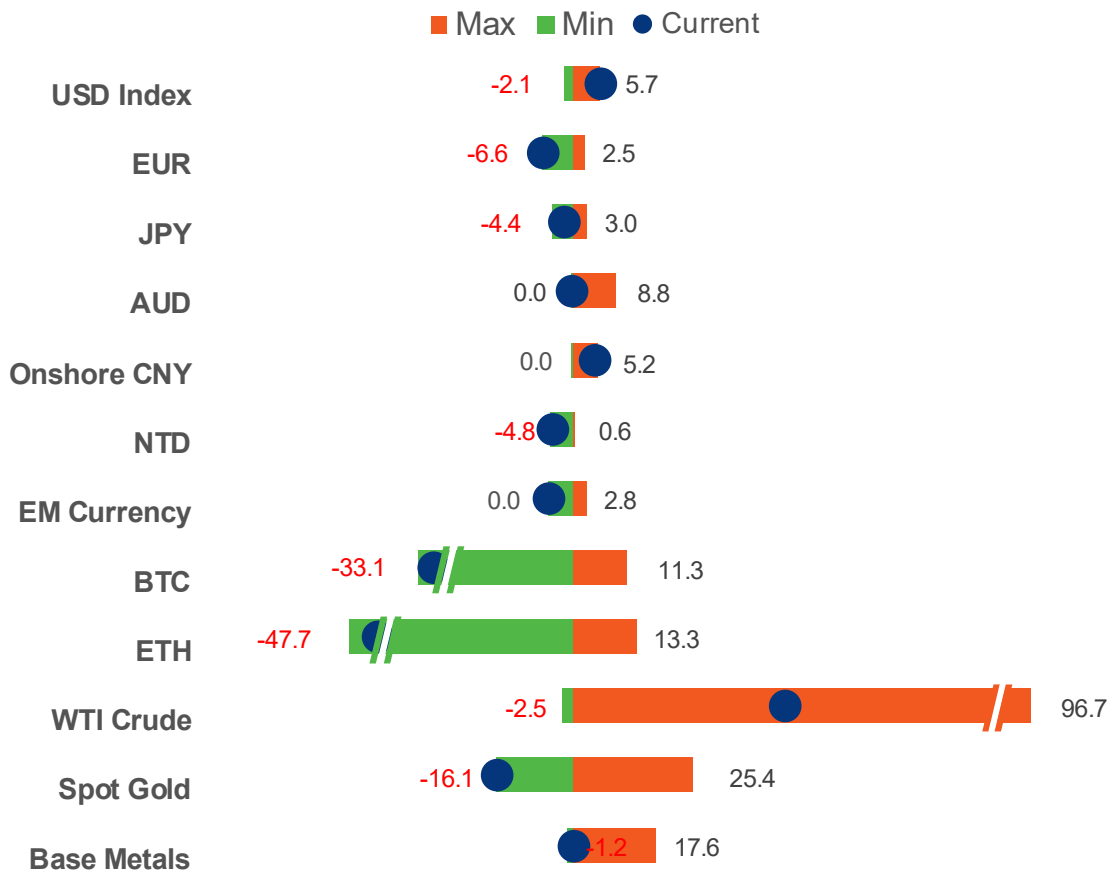
Source: Bloomberg

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)

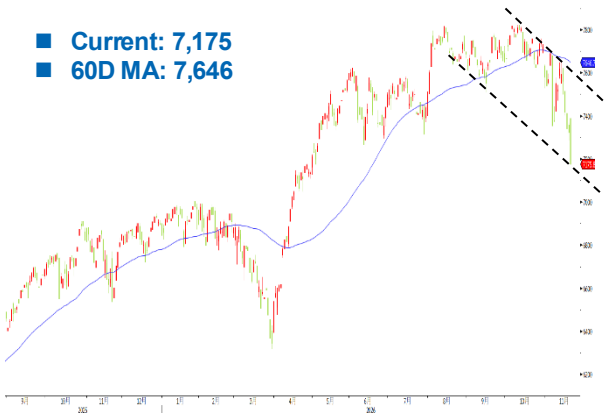


Source: Bloomberg, 20 Nov 2026

Technical Analysis

60D MA

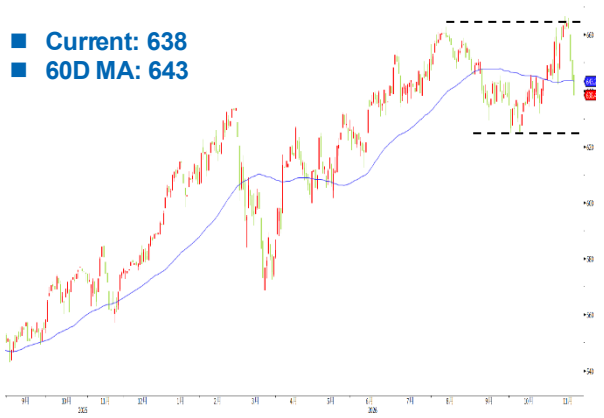
S&P 500 Index



NASDAQ Index



STOXX Europe 600 Index



Nikkei 225 Index



Shanghai Composite Index



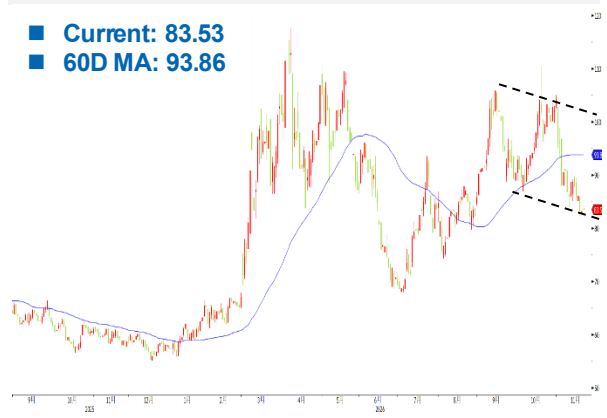
MSCI Emerging Markets Index



Gold



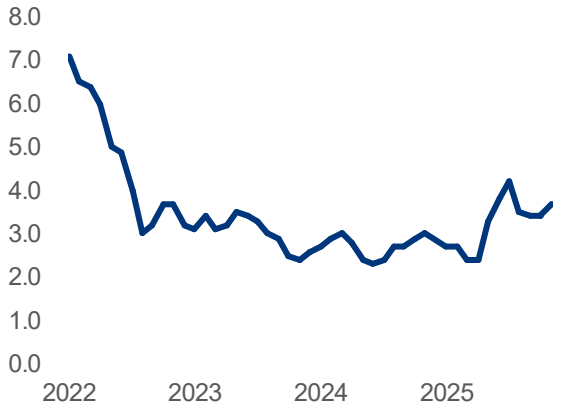
WTI Crude



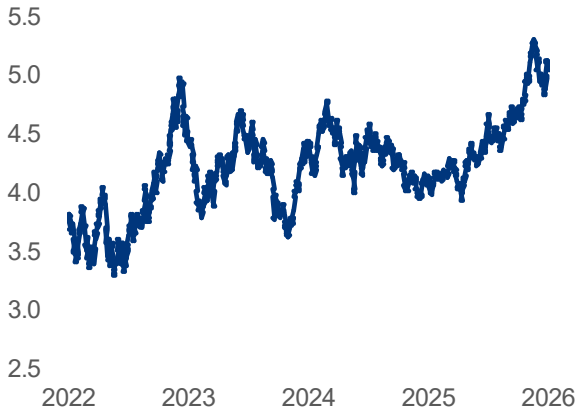
Source: Bloomberg, 20 Nov 2026

Market Monitor

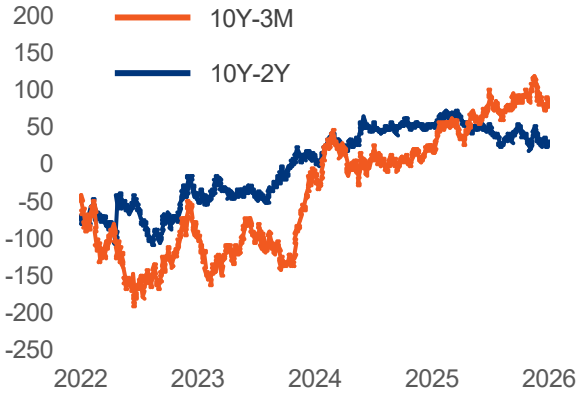
U.S. CPI YoY (%)



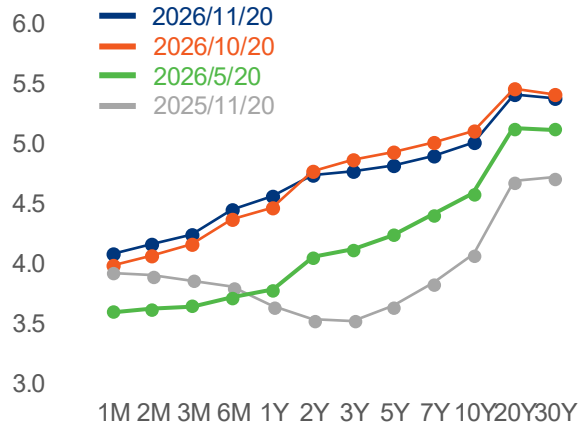
U.S. 10-Year Treasury Yield (%)



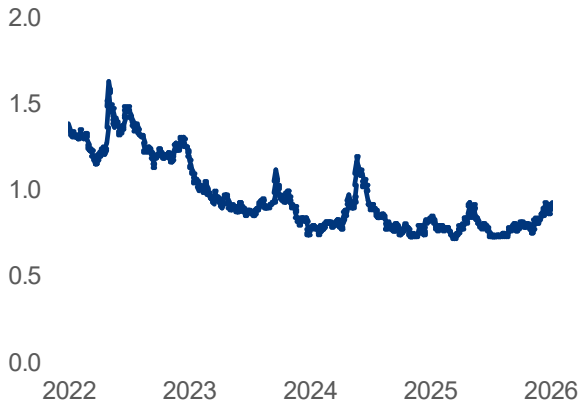
U.S. Treasury Yield Spread (bps)



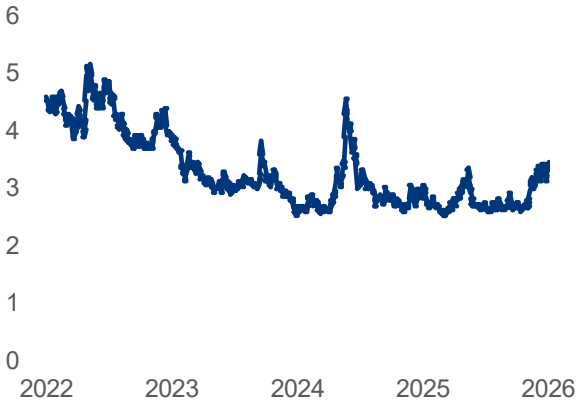
U.S. Treasury Yield Curve (%)



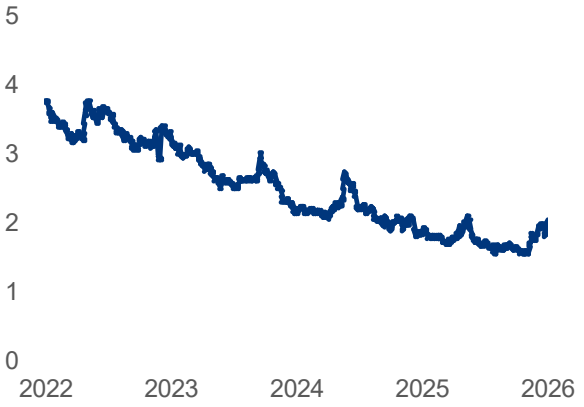
USD IG Credit Spread (%)



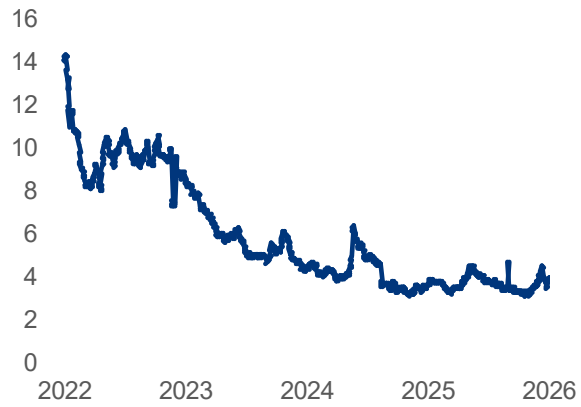
USD HY Credit Spread (%)



USD EM Credit Spread (%)



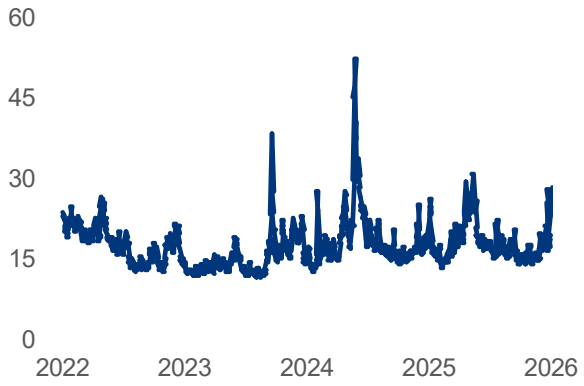
USD Asia Credit Spread (%)



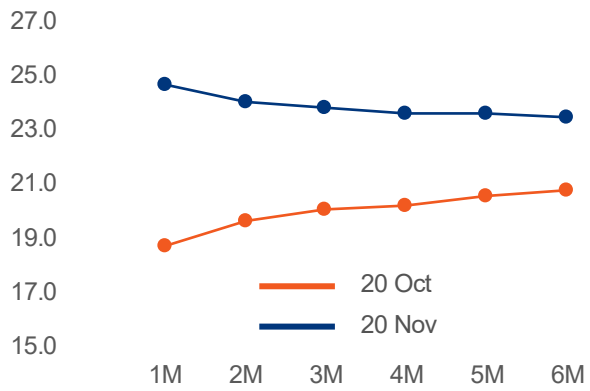
Source: Bloomberg, 20 Nov 2026

Market Monitor

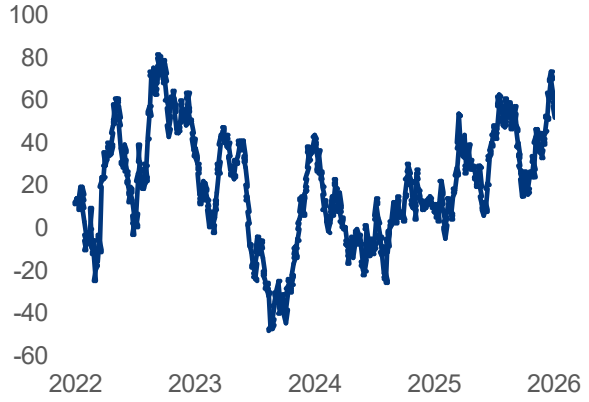
VIX Index



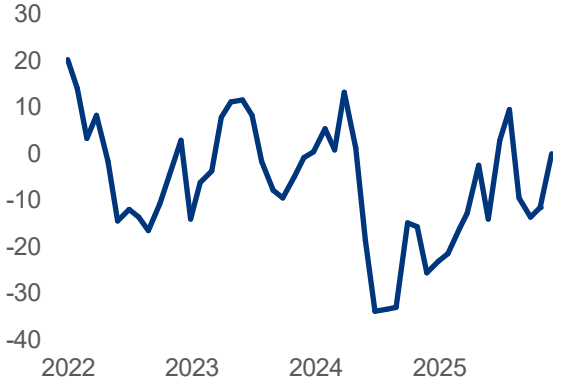
VIX Term Structure



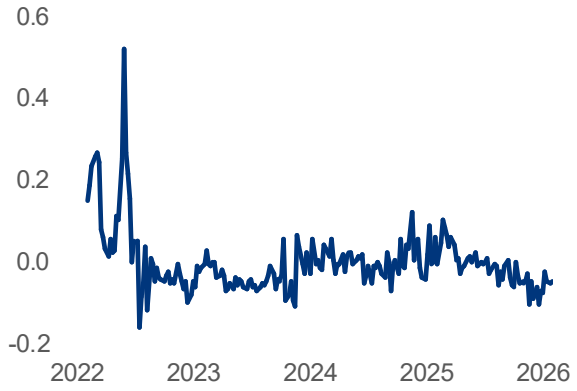
U.S. Citi Economic Surprise Index*



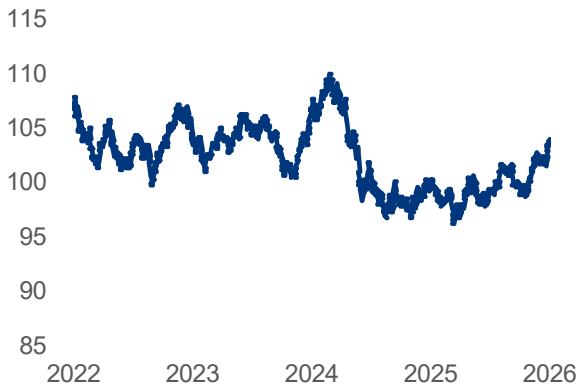
U.S. Citi Inflation Surprise Index*



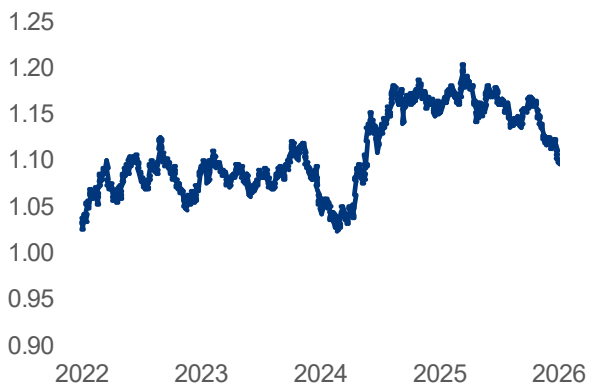
TED Spread (%)



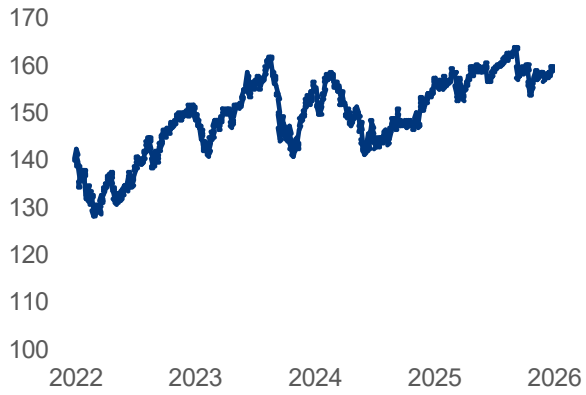
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg, 20 Nov 2026

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