



CIO Office Global Markets Weekly Kickstart

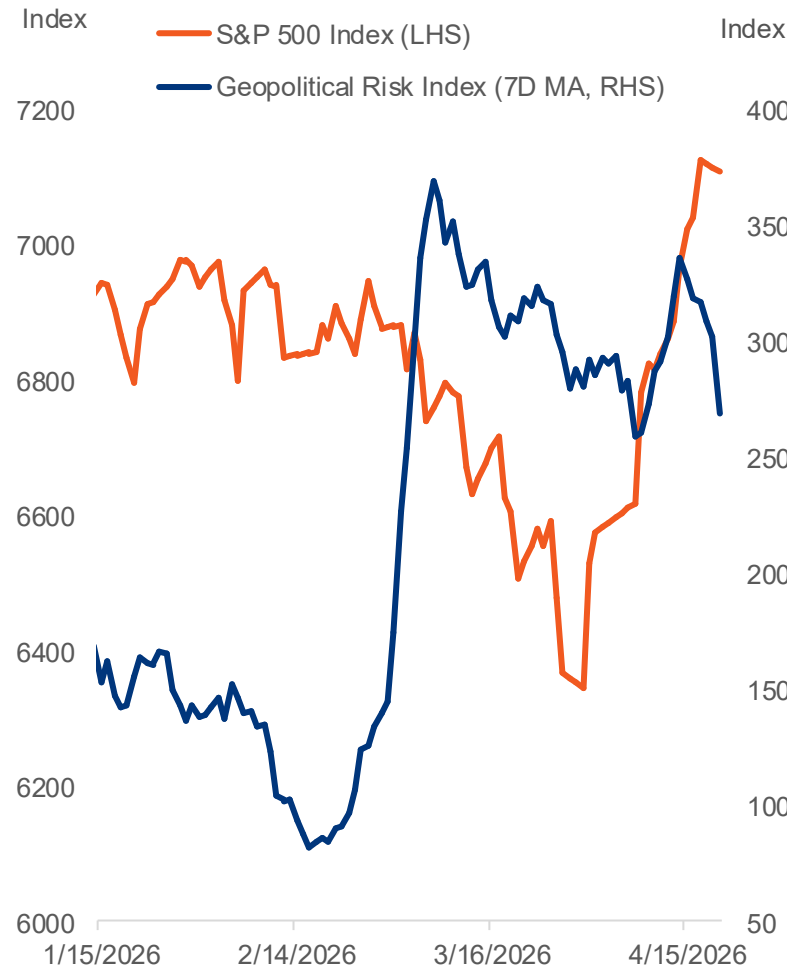
Semis: Leaders Pull Further Ahead

27 April 2026

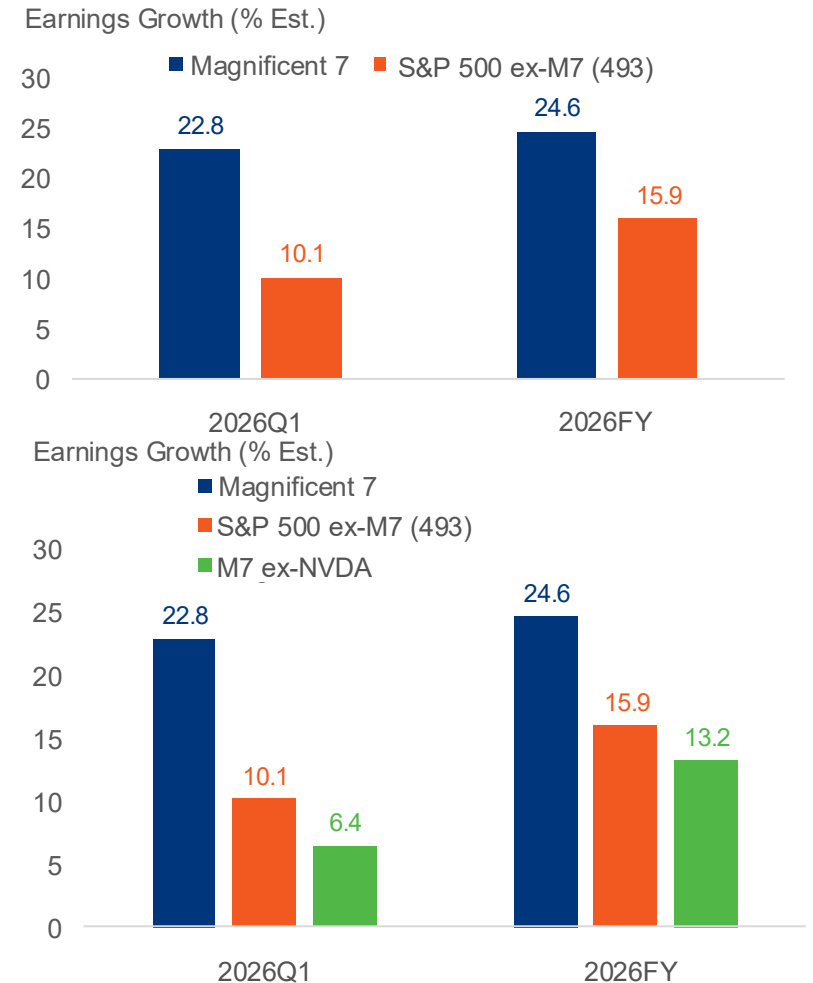
Middle East Risks Fade; Focus Shifts to Tech Earnings

- ▶ Despite ongoing Middle East volatility, market sensitivity to US-Iran negotiations and geopolitical risks has diminished. After equities declined from March, markets rebounded in April, with focus shifting back to corporate earnings and fundamentals. Even as the geopolitical risk index picked up again in mid-April, US equities continued to reach new highs.
- ▶ FactSet estimates 1Q earnings growth for the S&P 500 at ~13.2% YoY. The Magnificent 7 are expected to deliver 22.8% YoY growth, outpacing the remaining 493 companies at 10.1%. Nvidia leads profit growth not only within the M7 but across the entire index. Excluding Nvidia, the other six M7 firms' earnings growth drops from 22.8% to 6.4%, even below the broader 493 companies.
- ▶ After Nvidia, Micron, Eli Lilly, Broadcom, and SanDisk are expected to be the next largest contributors to earnings growth—three of which are semiconductor-related. For FY, M7 earnings are projected to grow 24.6%; excluding Nvidia, growth falls to 13.2%, below the 15.9% expected for the other 493 companies. This suggests a continued “winner-takes-most” dynamic, with AI and semiconductors remaining the key market drivers.

Equities Show Muted Response to Middle East Risk Index



Magnificent 7 Earnings Outpace; Ex-Nvidia Lags S&P 493



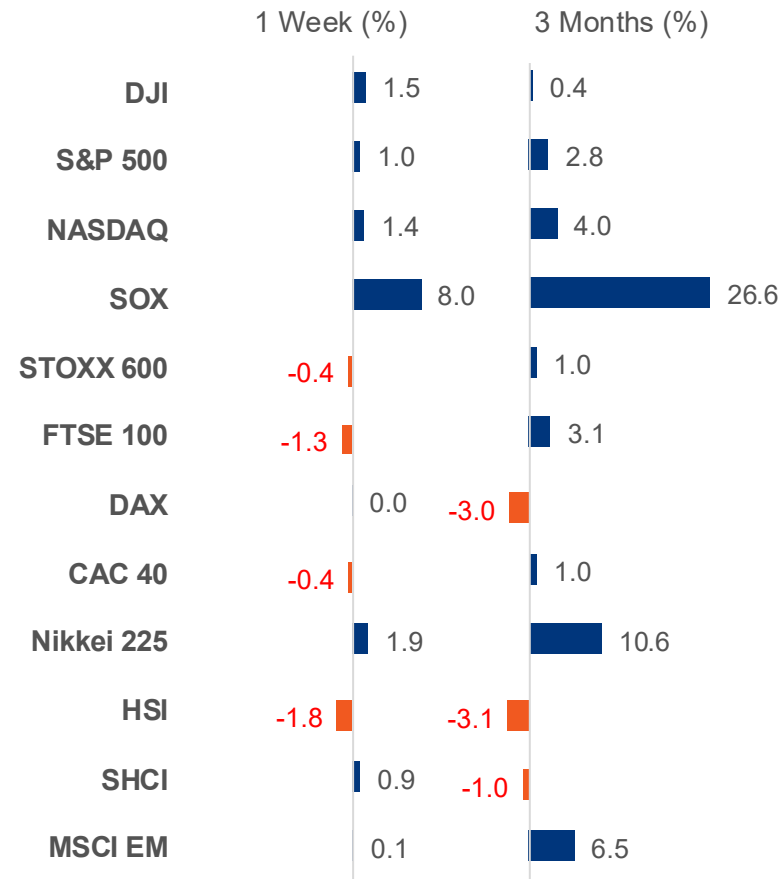
Source: Factset, Bloomberg, KGI

Market Recap

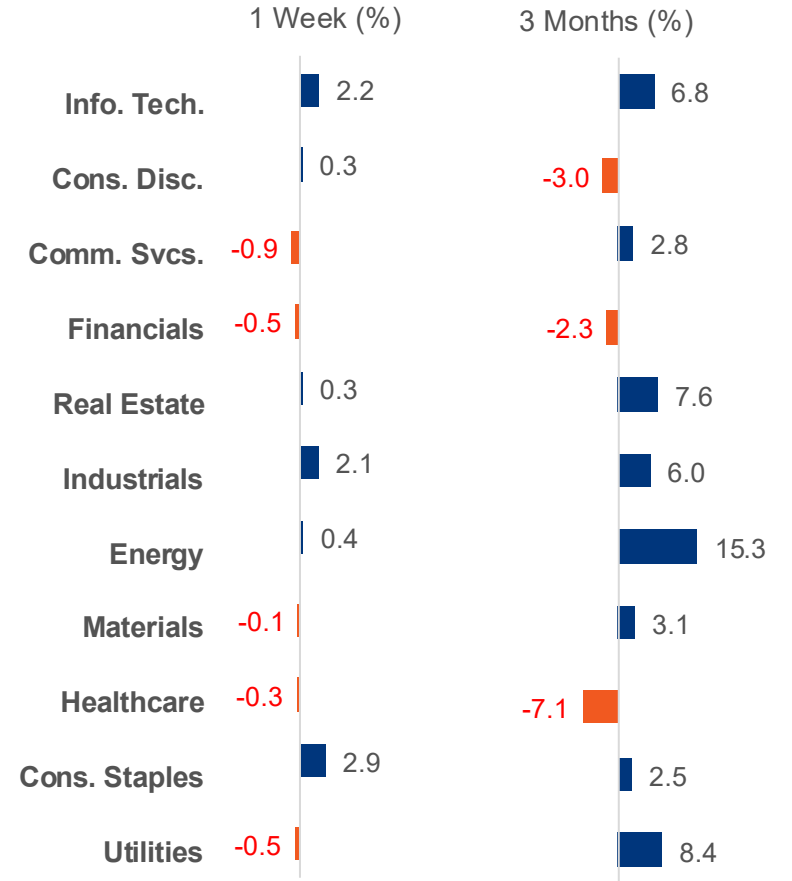
US-Iran Deal Uncertainty Fails to Derail Tech Rally to New Highs

- ▶ President Trump announced an “indefinite extension” of the ceasefire with Iran until Tehran presents a unified proposal and reaches a final agreement. The US military continues its blockade of the Strait of Hormuz, while Iran demands a full lift of the blockade as a condition for a meaningful ceasefire. Negotiations have neither progressed nor deteriorated, with oil prices holding near USD100/bbl. Geopolitical risks have eased in the near term, lifting risk appetite and shifting focus back to corporate earnings. US and Japanese equities advanced.
- ▶ Semiconductors led the rally, with the SOX index hitting new highs. Texas Instruments beat expectations on strong industrial and data center demand. Lam Research posted record quarterly revenue and earnings. Intel reported revenue growth of 7.2% YoY, with data center and AI revenue up 22% YoY and foundry revenue rising 16%, both exceeding expectations, supporting broader IT sector gains. Tesla delivered better-than-expected earnings, driven by EV revenue, but capex surged 67% YoY to USD25bn, weighing on sentiment. Apple CEO Tim Cook will step down, with Ternus set to take over in September.

Regional Index Performance (%)

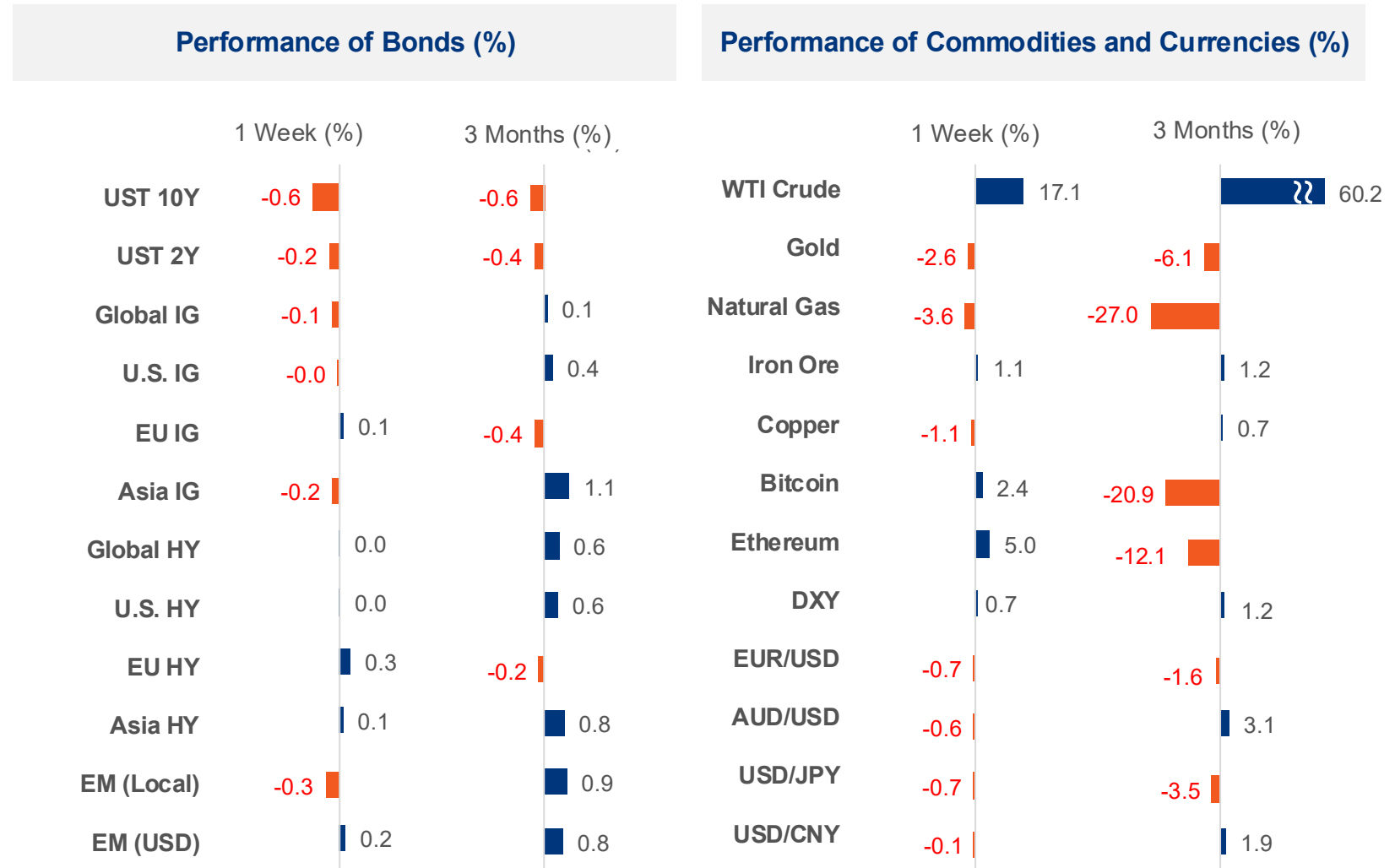


U.S. Sector Index Performance (%)



Warsh Stresses Policy Independence; Major Central Banks Likely to Stay on Hold

- ▶ Fed chair nominee Kevin Warsh emphasized maintaining monetary policy independence during his confirmation hearing and signaled a preference for a new framework to assess and respond to inflation. He reiterated support for balance sheet reduction while cautioning against excessive market volatility. His nomination has yet to be scheduled by Congress, raising the possibility he may not take office before May 15 and leaving lingering concerns over central bank independence. US Treasury yields rose amid elevated oil prices and inflation concerns, pressuring bond markets.
- ▶ April S&P Global manufacturing PMI rose to 54.0 from 52.3 (vs. 52.5 consensus), while services PMI increased to 51.3 from 49.8 (vs. 50.6), signaling economic resilience. The USD index remained elevated at 98.6. A stronger dollar and higher yields weighed on gold prices in the near term. With a swift end to the US-Iran conflict unlikely and oil prices surging, WTI crude is holding near USD96/bbl. Elevated oil prices pose a dilemma for central banks between tightening to curb inflation and supporting growth. The Fed, ECB, and BoJ are all expected to keep rates unchanged next week, awaiting developments in geopolitics and inflation, with potential adjustments in June.



Source: Bloomberg

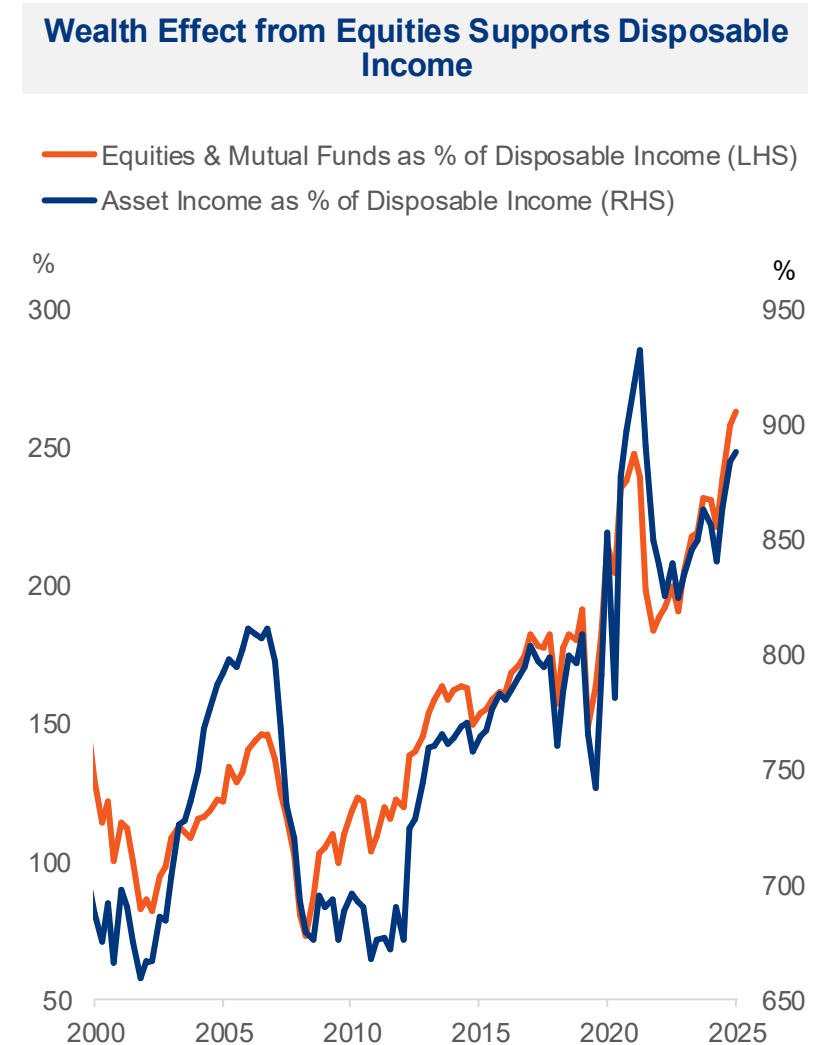
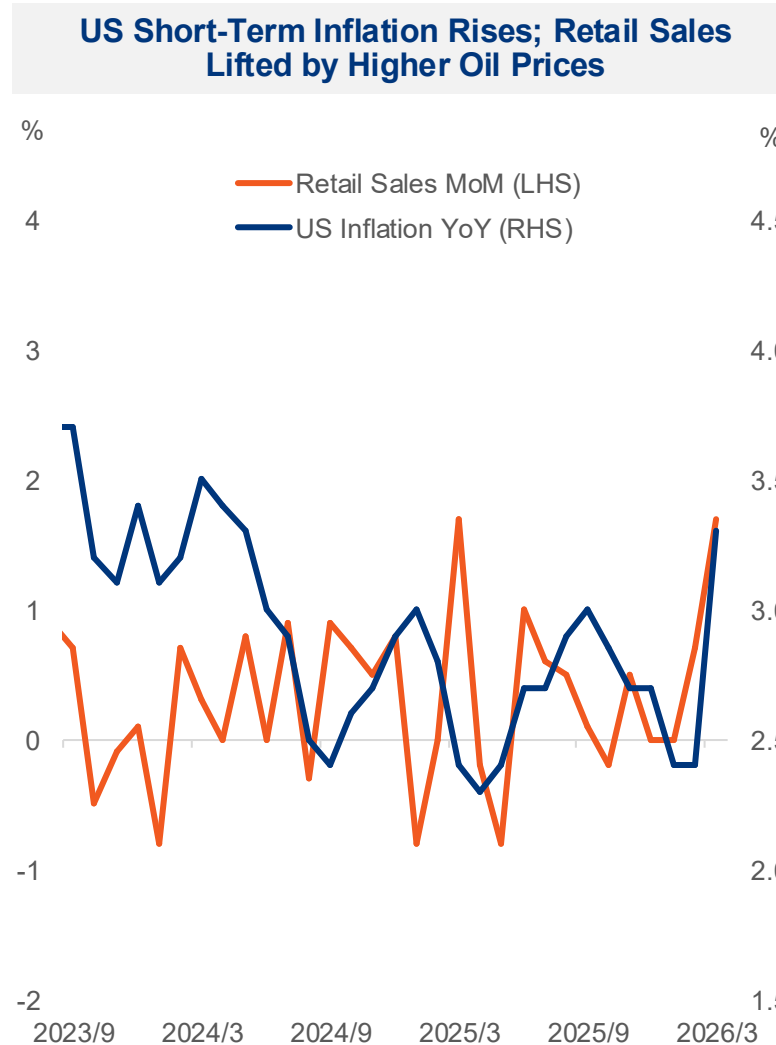
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What's Trending

Short-Term US Inflation Rises, but Equity Wealth Effect Supports Consumption

- ▶ March retail sales rose 1.7% MoM, the strongest since Mar 2025 and above the 1.4% consensus, driven by a 15.5% surge in gasoline station sales amid soaring fuel prices following the US-Iran conflict. Excluding gasoline, retail sales grew 0.6% MoM, indicating steady consumption. The pass-through from higher oil prices to goods is expected to emerge gradually in 2Q. However, amid Middle East tensions and oil price uncertainty, most firms are adopting a cautious stance—freezing hiring and relying on temporary labor—limiting upside in housing- and wage-driven core services inflation. As a result, major central banks across the US, Europe, and Japan are maintaining a wait-and-see policy stance.
- ▶ Since the US equity bull market began in 2016, household reliance on credit has declined, while the wealth effect from equities has strengthened, reducing the sensitivity of consumption to broader economic conditions. With equities continuing to hit new highs and AI driving corporate earnings, market concentration has increased. By end-2025, US household income from equities and mutual funds rose 278% vs. 2015, with total assets as a share of disposable income also expanding. As long as equity markets remain elevated, the wealth effect should continue to support US consumption.

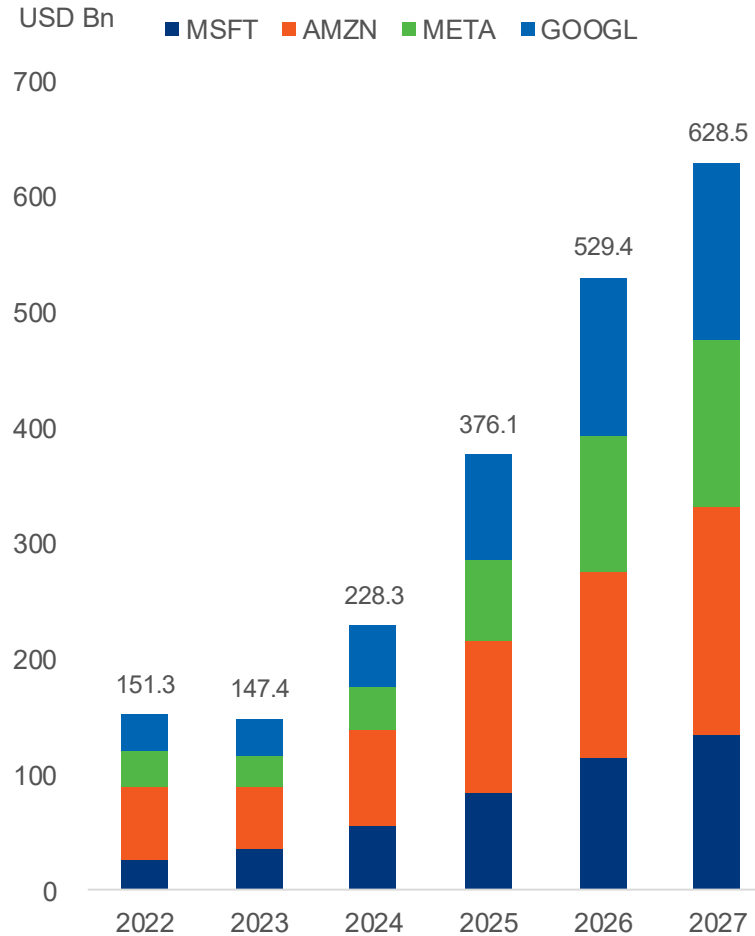


Source: Bloomberg, KGI

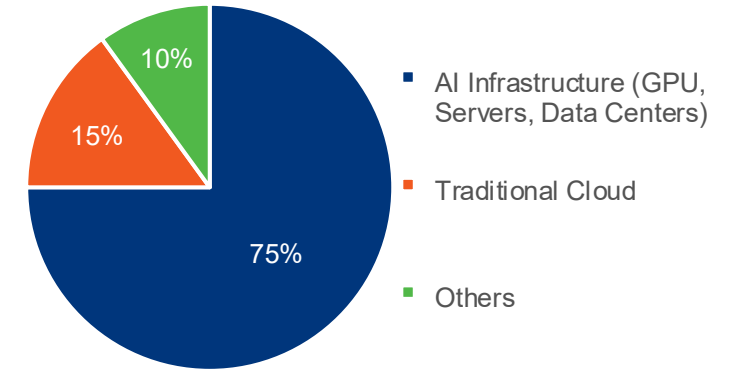
Cloud Capex Surge in Compute Demand Supports Long-Term Semiconductor Growth

- ▶ Major cloud service providers (CSPs) are ramping up capex to support AI data center buildouts. Amazon, Meta, Google, and Microsoft are expected to spend a combined USD630bn next year. The increased investment will primarily go toward AI servers, high-performance chips, and advanced semiconductor manufacturing demand. TSMC has also raised capex guidance (from USD52–56bn in January to the high end of the range near USD56bn in April), signaling additional advanced capacity coming online and supporting sustained long-term growth in AI chips.
- ▶ On industry developments, Google in Apr 2026 announced expanded partnerships with Broadcom and Marvell. With Broadcom, it will co-develop next-generation TPUs and AI data center networking components, with Broadcom serving as a core supplier through 2031. With Marvell, Google is designing two custom chips similar to Nvidia’s new LPU architecture to improve TPU inference efficiency and address existing bottlenecks. Google’s aggressive chip development underscores CSP efforts to enhance in-house compute capabilities and reduce reliance on Nvidia GPUs. This trend is set to expand the overall semiconductor market and benefit foundries, chip designers, and equipment suppliers.

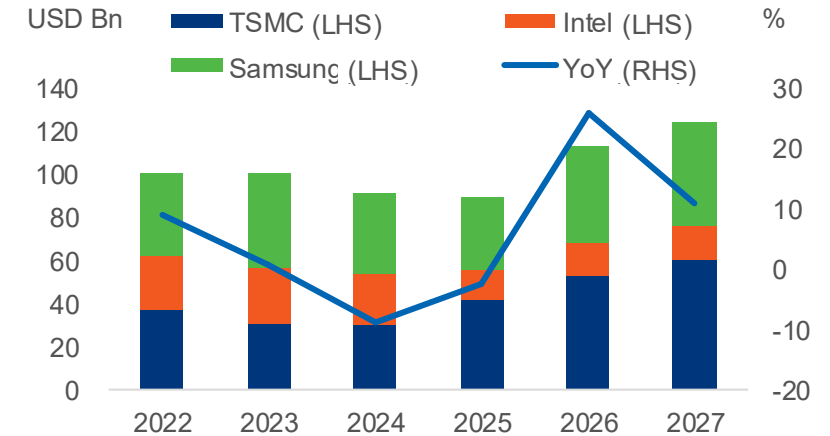
CSP Capex Continues to Ramp



CSP Capex Primarily Allocated to AI Chips



Foundries Raise Capex in Tandem



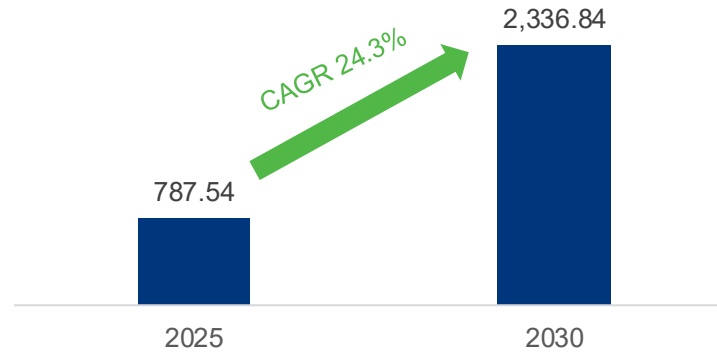
Source: Bloomberg, KGI

AI Chip Market Set for Sustained High Growth; Valuations Elevated but Supported

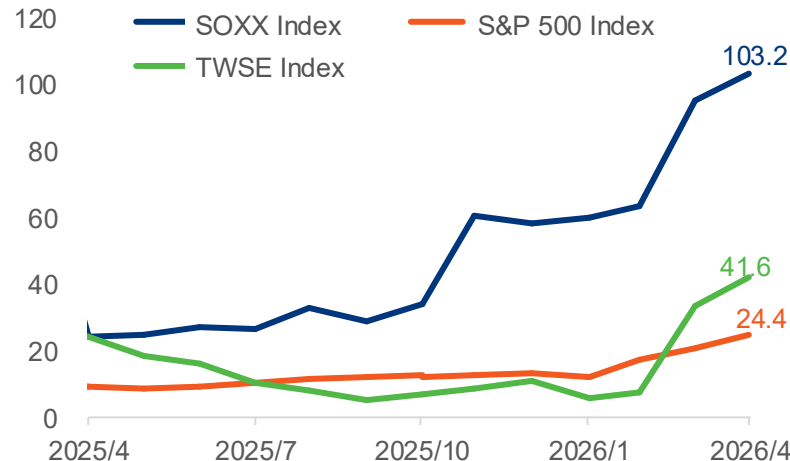
- ▶ According to UK research firm Technavio, the global AI chip market is projected to grow from USD78.75bn in 2025 to USD233.68bn by 2030, an increase of USD154.93bn, implying a CAGR of 24.3%. North America is expected to remain the dominant market, with growth of 41.7% over 2025–2030. The proliferation of big data and demand for advanced data processing are key drivers. By end-user, media and advertising accounted for the largest revenue share in 2024.
- ▶ Strong AI demand and memory price increases—driving front-loaded orders—continue to support semiconductor equities. Demand is spilling over into broader ecosystem upgrades, while agentic AI is triggering unprecedented demand for general-purpose servers. This underscores a robust outlook for semiconductor demand, with “chip inflation” extending across industries and significantly boosting sector earnings, as reflected in the sharp upward revisions to April earnings forecasts for the SOX index. Despite the SOX repeatedly hitting new highs, valuations remain close to the three-year average, supported by earnings growth. However, margin pressure on downstream customers and OEMs could lead to greater sector divergence.

AI Chip Market to Sustain High Growth; Earnings Set to Surge

Estimated AI Chip Market Size (USD bn)

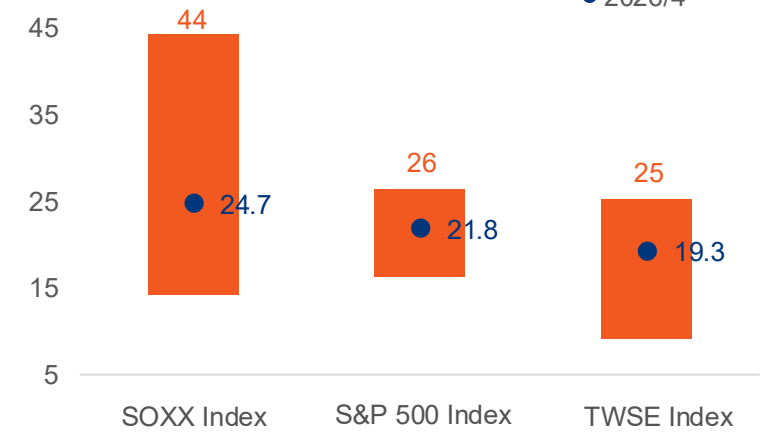


Earnings Growth (% Est.)

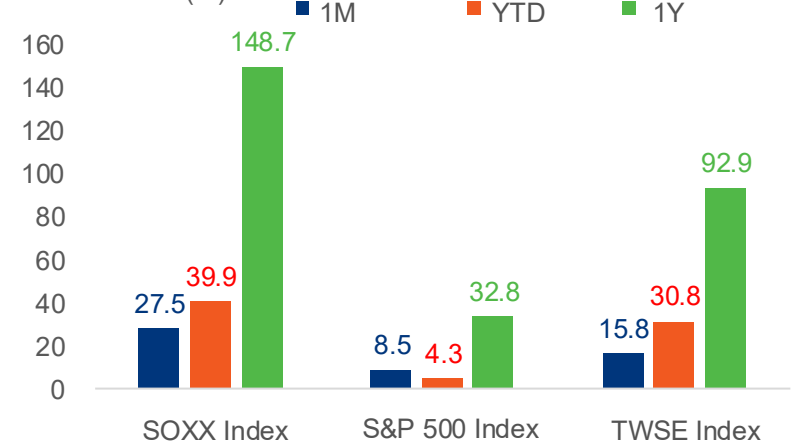


Semis Valuation Near 3Y Average

P/E Range (Jan 2022–Apr 2026)



Performance (%)



Source: Technavio (left axis), Bloomberg (right axis), KGI

Asset Strategy

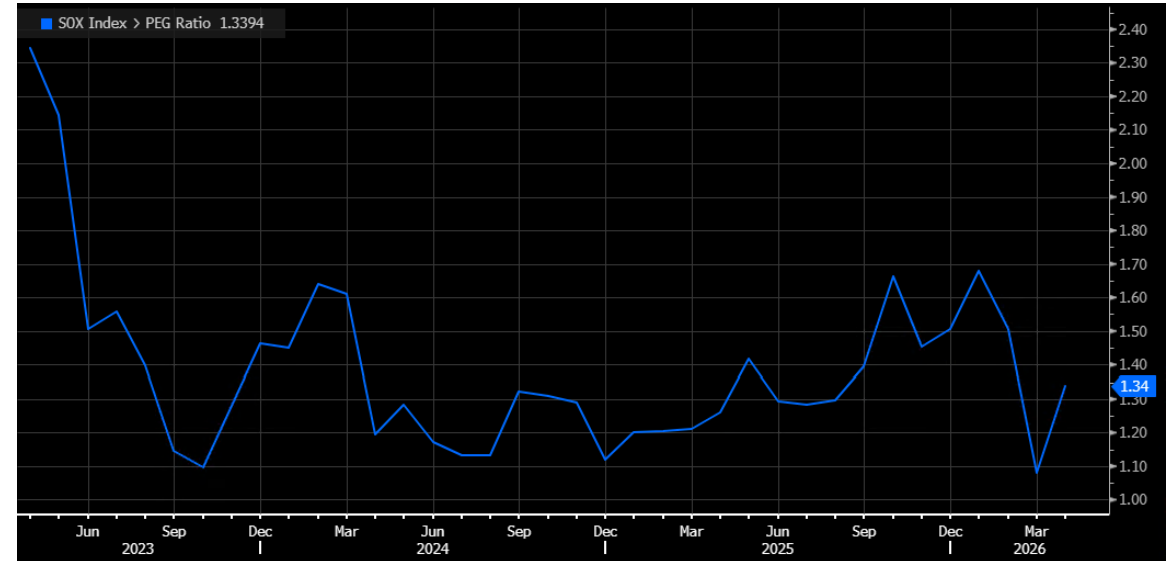
Asset Type	Market View	Preferred Assets
Equities	<ul style="list-style-type: none"> ◆ Delays in the US-Iran ceasefire have kept oil prices elevated and inflation expectations firm. However, US economic resilience and solid corporate earnings should limit further pressure on rates and equity valuations. With midterm election pressure, Trump has incentives to curb oil prices, suggesting inflation pass-through may be temporary. Investment strategy can shift from defensive positioning toward AI-driven growth, while maintaining diversification across regions and sectors. ◆ Europe and Japan equities offer diversification, with Japan showing stronger upside potential than Europe. Rising JGB yields are supportive of bank stocks. In the eurozone, defense remains a key pillar, with Germany and the UK preferred. 	<p>Strategy: AI themes (technology, semiconductors, machinery); non-AI plays include aerospace, defense, and value stocks.</p> <p>Regions: Japan banks, Japan semis, Germany, UK</p>
Bonds	<ul style="list-style-type: none"> ◆ Elevated oil prices may push US Treasury yields higher. Investors can add exposure to intermediate-duration bonds on yield spikes, focusing on high-quality corporates with strong credit profiles and defensive characteristics. Attractive risk-adjusted spreads are found in financials, communications, utilities, and energy. ◆ The USD is firm in the near term but faces depreciation risks longer term. Diversifying into non-USD bonds—such as EUR- and AUD-denominated investment-grade debt—can help mitigate risk. 	<p>Types: Lock in yields with intermediate-duration, high-quality bonds; favor financials, communications, utilities, and energy.</p> <p>Satellite Allocation: Non-USD bonds for diversification.</p>
Forex	<ul style="list-style-type: none"> ◆ Major central banks remain in a wait-and-see mode, keeping the USD range-bound in the near term, with a weaker bias over the medium to long term. ◆ The ECB may tighten sooner than the BoJ, supporting EUR over JPY, while CNY is biased to appreciate. 	<p>USD: Trading sideways within a range; expected to weaken in the medium to long term</p> <p>Others: Euro relatively stronger than yen, CNY biased toward appreciation.</p>
Commodity	<ul style="list-style-type: none"> ◆ Energy prices are likely to remain elevated and volatile in the near term. ◆ A stronger USD and higher US yields are weighing on gold short term. However, expanding sovereign debt and a weaker USD over the medium to long term support gold's strategic allocation value, with upside potential. Accumulate on dips. 	<p>Gold: Bullish mid-to-long term; accumulate on significant pullbacks.</p>



Inflows Accelerate; Semis Lead US Equities Higher

- ▶ US March retail sales rose 1.7% MoM, above the 1.4% consensus and the upwardly revised 0.7% prior reading.
- ▶ April final University of Michigan consumer sentiment came in at 49.8, beating the 48.5 consensus but below the prior 53.3.
- ▶ April S&P Global US manufacturing PMI rose to 54.0, above the 52.5 consensus and 52.3 prior.
- ▶ April S&P Global US services PMI increased to 51.3, exceeding the 50.6 consensus and 49.8 prior.
- ▶ As the Nasdaq hits record highs, tech sector performance has diverged. Software remains weak, while semiconductors have rallied for 17 consecutive sessions, reaching new highs. The rally is driven by the AI Supercycle, supporting continuous earnings upgrades, and broadening beyond AI leaders to memory and analog chips—signaling a sector-wide recovery.
- ▶ Stronger-than-expected results and upward guidance revisions from companies such as TSMC reinforce fundamentals, while strong inflows and FOMO sentiment add momentum. Against an improving macro backdrop, semiconductors are increasingly viewed as the best proxy for structural AI growth and cyclical recovery, driving the index higher.

Philadelphia Semiconductor Index PEG ratio



Advanced Micro Devices (AMD)

Closing Price US \$347.81

Target Price US \$375

AMD develops semiconductor products, including microprocessors, embedded processors, chipsets, graphics, video, and multimedia solutions, serving a global customer base with third-party foundry manufacturing alongside assembly, testing, and packaging services.

AI Server Demand Driving CPU Growth

Rising AI data center demand is boosting CPU requirements for host, orchestration, and inference workloads alongside GPUs. This is reflected in AMD's 4Q25 data center revenue of USD5.4bn, up 39% YoY. Management highlighted strong server CPU demand as hyperscalers continue expanding AI infrastructure.

Pricing Power and Product Strength Support Upside

Beyond demand growth, AMD benefits from tight CPU supply and expected price increases in server CPUs. AI-driven capacity constraints are likely to persist into 2026, supporting margins. Continued adoption of EPYC CPUs and next-generation AI platforms should further drive share gains in high-performance server processors.

4Q25 Earnings Beat

4Q25 revenue reached USD10.3bn, up 33.8% YoY, exceeding expectations by USD630mn. Non-GAAP EPS was USD1.53, beating by USD0.21. For 1Q26, AMD guides revenue to ~USD9.8bn (±USD300mn), above the USD9.37bn consensus, including USD100mn from Instinct MI308 sales to China.

Valuation Consensus

Bloomberg 12-month average target price is USD300.1, with a high of USD375 and a low of USD125.1.

Source: Bloomberg, Company

1-Year Price

(USD)



2026 Q1 Earnings Forecast

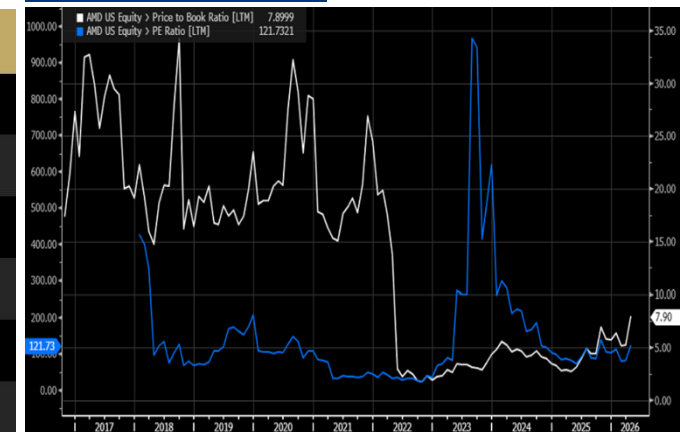
	Q1'26
Revenue	~\$9.8 Billion, +/- \$300 Million Including ~\$100 Million of AMD Instinct MI308 sales to China
Gross Margin	~55%
Operating Expenses	~\$3.05 Billion
Interest Expense/Other Income (Expense), net	~\$35 Million
Effective Tax Rate	~13% of pre-tax income
Diluted Share Count ²	~1.65 Billion shares

Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-3.9	13.7	34.3	36.0	45.3
EBITDA (%)	18.6	21.1	20.4	27.9	31.4
EPS(USD)	0.64	1.18	2.51	6.76	11.21
Net Profit Margin(%)	4.6	7.5	11.8	23.8	27.5

Source: Bloomberg; 2027/28F are market estimates

P/E & P/B



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Arm Holdings (ARM)

Closing Price US \$234.81

Target Price US \$255

Arm is a holding company that, through its subsidiaries, designs semiconductor technologies and related products, including CPUs, memory controllers, IP systems, GPUs, security, and storage solutions, serving global automotive, infrastructure, and consumer technology markets.

AI Elevates CPU Importance; Arm Well Positioned

As AI workloads become more agent-based and distributed, CPUs play an increasingly critical role in orchestration, memory management, and system control—aligning with Arm's core strength in power-efficient architectures.

Hyperscaler Custom Chips Drive Structural Share Gains

Arm's long-term opportunity lies in hyperscalers increasingly designing custom CPUs for AI infrastructure. Arm's architecture, with superior energy efficiency and design flexibility, is often the preferred foundation. This trend is validated by deployments such as Nvidia Grace, Google Axion, and Arm's newly launched AGI CPU. Management expects the latter to generate ~USD15bn in annual revenue within five years.

3QFY26 Beat; Strong 4Q Outlook

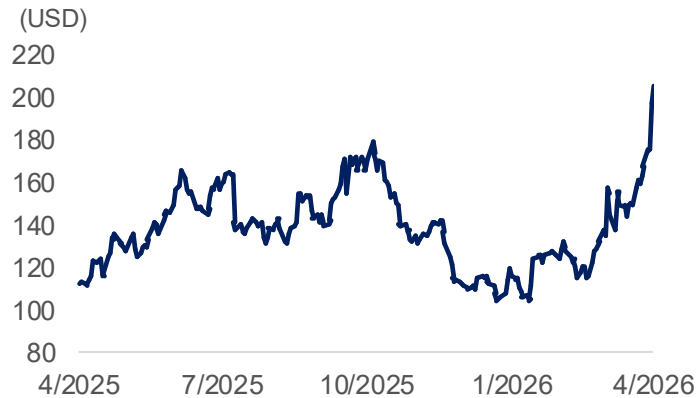
In 3QFY26 (fiscal year ending March), revenue rose 26.1% YoY to USD1.24bn, beating estimates by USD10mn. Non-GAAP EPS was USD0.43, exceeding expectations by USD0.02. For 4Q, revenue is guided to ~USD1.47bn (\pm USD50mn), above the USD1.44bn consensus, with adjusted EPS at ~USD0.58 (\pm USD0.04).

Valuation Consensus

Bloomberg 12-month average target price is USD169.78, with a high of USD240 and a low of USD83.6.

Source: Bloomberg, Company

1-Year Price



2026 Q4 Earnings Forecast

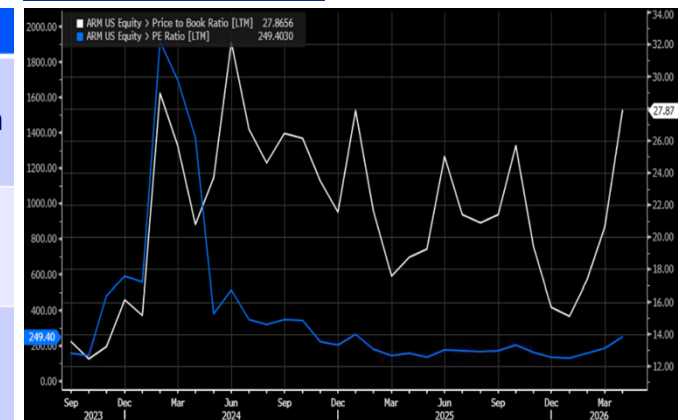
	Q4 FYE26
Revenue (\$m)	\$1.470bn +/- \$50m
Non-GAAP Operating Expense (\$m) ¹	~\$745m
Non-GAAP fully diluted earnings per share (\$) ¹	\$0.58 +/- \$0.04

Financials

	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-0.9	20.7	23.9	22.3	21.7
EBITDA (%)	31.4	9.0	26.5	47.0	45.2
EPS(USD)	0.54	0.32	0.92	1.76	2.15
Net Profit Margin(%)	20.8	10.4	24.3	38.4	38.4

Source: Bloomberg; 2027/28F are market estimates

P/E & P/B



Appendix

Key Economic Data / Events

► APR 2026

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Monday

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Tuesday

- US Mar Retail Sales MoM (Act:1.7% Est:1.4% Prev:0.7%)
- Taiwan Mar Export Orders YoY (Act:65.9 Est:44.1% Prev:23.8%)

22

Wednesday

- Eurozone Apr Consumer Confidence (Prelim) (Act:-20.6 Est:-17.2 Prev:-16.4)

23

Thursday

- US Initial Jobless Claims (Act:214k Est:210k Prev:208k)
- US Apr S&P Global Mfg PMI (Prelim) (Act:54.0 Est:52.5 Prev:52.3)
- Japan Apr S&P Global Mfg PMI (Prelim) (Act:54.9 Prev:51.6)
- Eurozone Apr S&P Global Mfg PMI (Prelim) (Act:52.2 Est:50.9 Prev:51.6)

24

Friday

- US Apr U. Michigan Sentiment (Final) (Est:48.5 Prev:53.3)
- Japan Mar CPI YoY (Act:1.5% Est:1.4% Prev:1.3%)

► MAY 2026

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Monday

- Earnings: Verizon (VZ)

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Tuesday

- US Apr Conf. Board Consumer Confidence (Est:89.3 Prev:91.8)
- Japan Mar Unemployment Rate (Est:2.6% Prev:2.6%)
- Japan Apr BoJ Overnight Rate (Est:0.75% Prev:0.75%)
- Earnings: Coca-Cola (KO), Corning (GLW), S&P Global (SPGI)

29

Wednesday

- US Mar Durable Goods Orders MoM (Prelim) (Est:0.5% Prev:-1.3%)
- US Mar Housing Starts (Est:1,400k Prev:1,487k)
- Eurozone Apr Consumer Confidence (Final) (Prev:-16.4)
- Earnings: Booking (BKNG), T-Mobile (TMUS), Welltower (WELL), AbbVie (ABBV), Amphenol (APH), Visa (V)

30

Thursday

- US Initial Jobless Claims (Prev:214k)
- US Mar PCE YoY (Est:3.5% Prev:2.8%)
- US Apr Fed Funds Rate (Est:3.75% Prev:3.75%)
- Eurozone Apr ECB Refi Rate (Est:2.15% Prev:2.15%)
- UK Apr BoE Bank Rate (Prev:3.75%)
- Earnings: Alphabet (GOOGL), Microsoft (MSFT), Eli Lilly (LLY), Merck (MRK), Meta (META)

1

Friday

- US Apr ISM Mfg Index (Est:53.3 Prev:52.7)
- US Apr S&P Global Mfg PMI (Final) (Prev:52.3)
- Japan Apr S&P Global Mfg PMI (Final) (Prev:51.6)
- Earnings: Apple (AAPL), Amgen (AMGN), SanDisk (SNDK), Exxon Mobil (XOM), Chevron (CVX), Amazon (AMZN), Mastercard (MA)

Source: Bloomberg

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Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2026/4/21	General Electric (GE)	10.69B	11.61B	1.60	1.86	V	V
2026/4/21	UnitedHealth Group (UNH)	109.24B	111.72B	6.57	7.23	V	V
2026/4/21	Raytheon Technologies (RTX)	21.47B	22.08B	1.53	1.78	V	V
2026/4/21	Danaher Corporation (DHR)	5.99B	5.95B	1.94	2.06		V
2026/4/22	Interactive Brokers Group (IBKR)	1.67B	1.68B	0.60	0.60	V	
2026/4/22	Capital One Financial (COF)	15.37B	15.23B	4.56	4.42		
2026/4/22	Intuitive Surgical (ISRG)	2.62B	2.77B	2.10	2.50	V	V
2026/4/22	Chubb Limited (CB)	15.20B	15.17B	6.60	6.82		V
2026/4/22	GE Vernova (GEV)	9.11B	9.34B	1.81	0.78	V	
2026/4/22	Philip Morris International (PM)	9.97B	10.15B	1.85	1.96	V	V
2026/4/22	AT&T (T)	31.25B	31.51B	0.55	0.57	V	V
2026/4/22	Boeing (BA)	21.79B	22.22B	-0.76	-0.20	V	V
2026/4/22	Texas Instruments (TXN)	4.52B	4.83B	1.38	1.68	V	V
2026/4/23	Tesla (TSLA)	22.25B	22.39B	0.35	0.41	V	V

Source: Investing.com

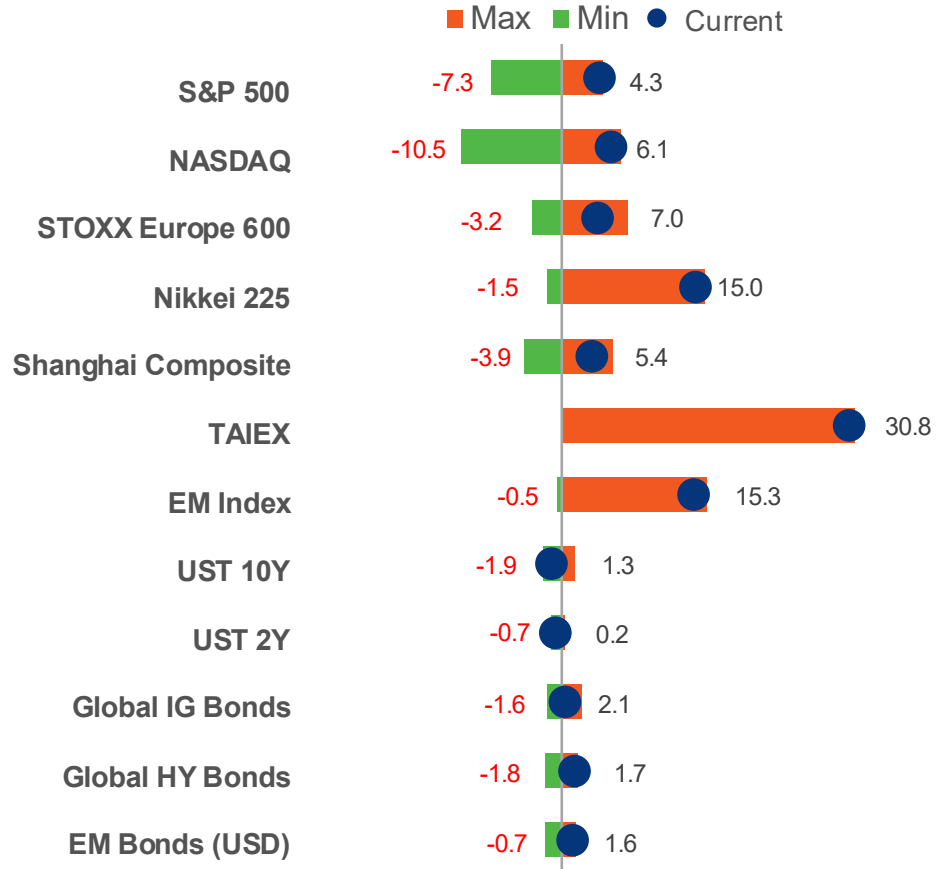
Key Earnings Releases

Date	Name	Revenue (F) (USD)	Actual Revenue (USD)	EPS (F) (USD)	Actual EPS (USD)	Exceed Expectation Revenue	Exceed Expectation EPS
2026/4/23	Lam Research Corp (LRCX)	5.75B	5.84B	1.37	1.47	V	V
2026/4/23	International Business Machines (IBM)	15.67B	15.92B	1.81	1.91	V	V
2026/4/23	Thermo Fisher Scientific (TMO)	10.85B	11.01B	5.24	5.44	V	V
2026/4/23	Honeywell International (HON)	9.30B	9.14B	2.34	2.45		V
2026/4/23	Blackstone (BX)	3.37B	3.43B	1.34	1.36	V	V
2026/4/23	Lockheed Martin (LMT)	18.24B	18.02B	6.88	6.44		
2026/4/23	American Express (AXP)	18.62B	18.91B	4.03	4.28	V	V
2026/4/23	NextEra Energy (NEE)	7.39B	6.7B	1.03	1.09		V
2026/4/23	Union Pacific (UNP)	6.23B	6.2B	2.86	2.93		V
2026/4/24	Intel (INTC)	12.36B	13.58B	0.01	0.29	V	V
2026/4/24	Newmont Corporation (NEM)	6.72B	7.31B	2.25	2.9	V	V

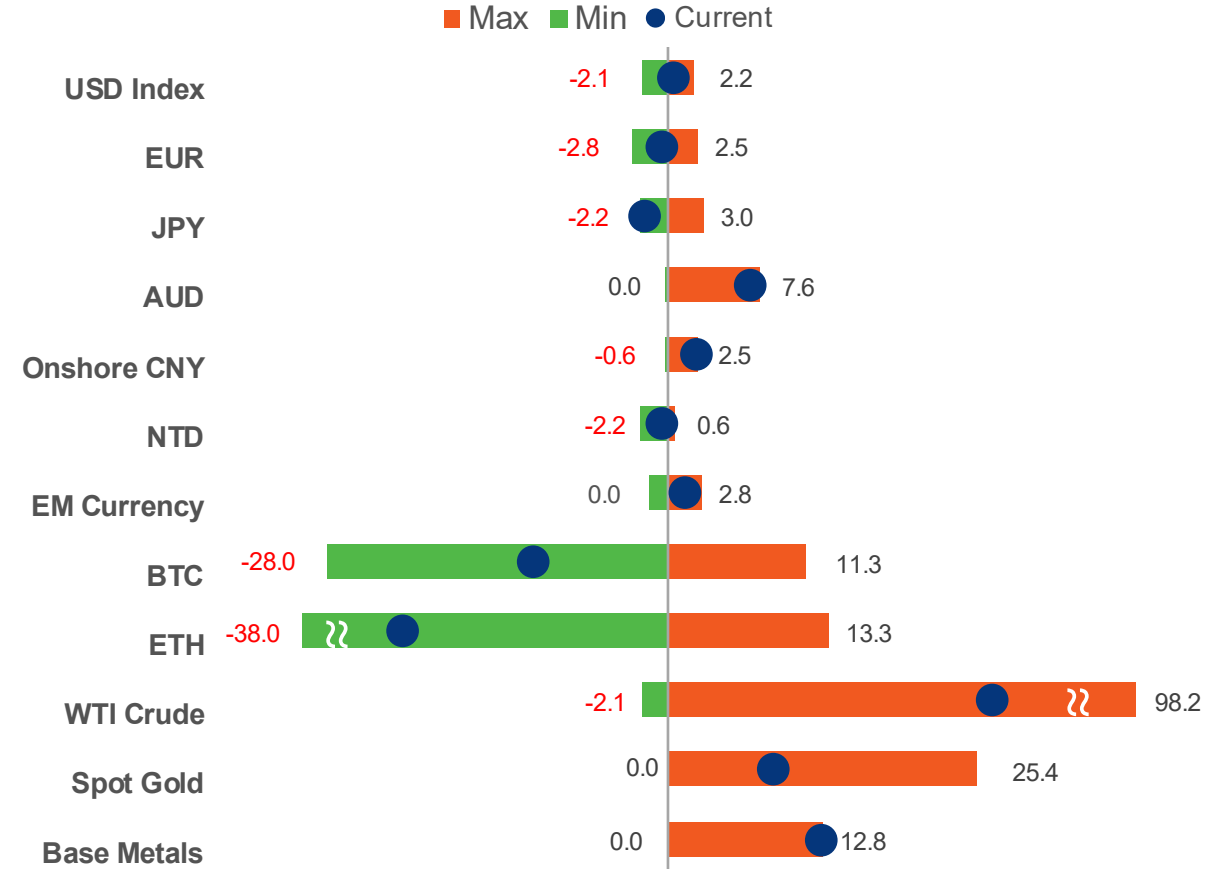
Source: Investing.com

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)

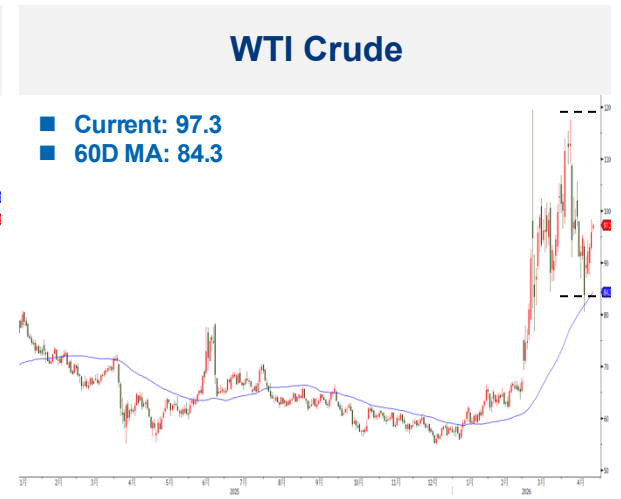
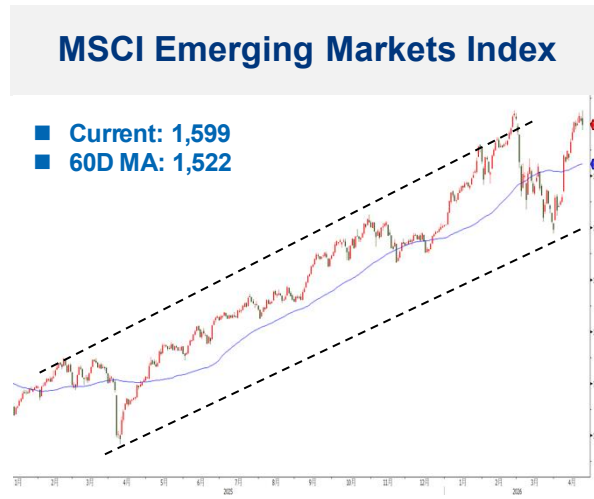
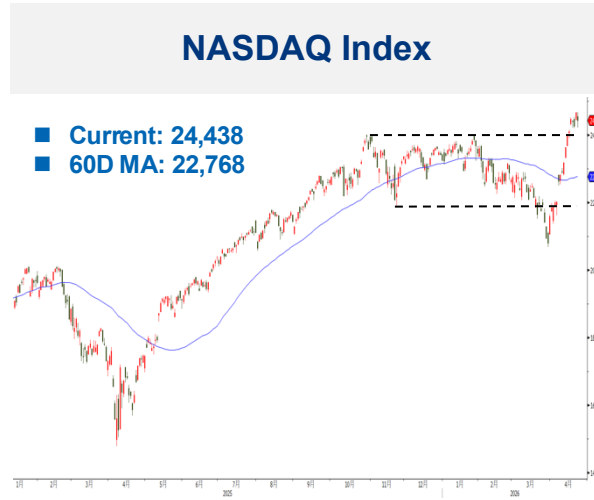
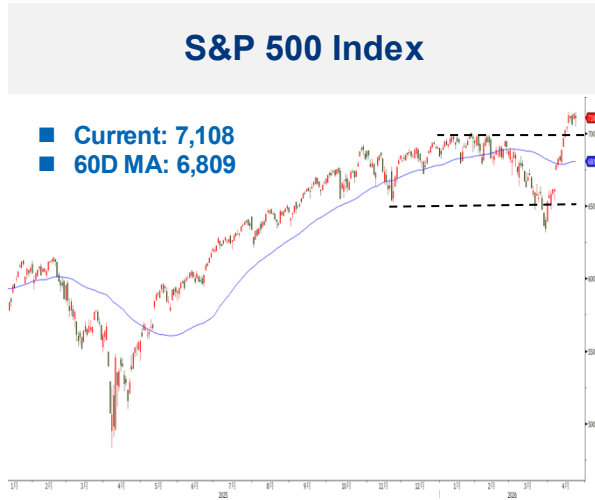


Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

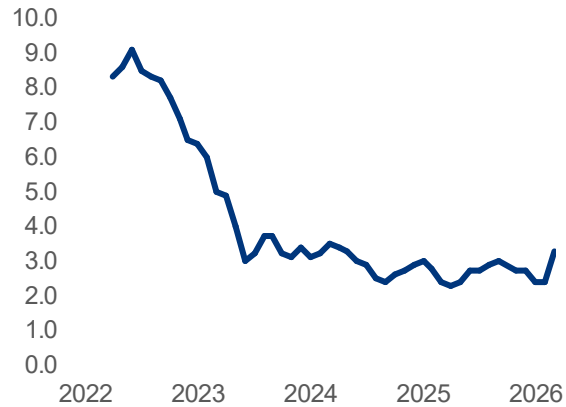
Technical Analysis



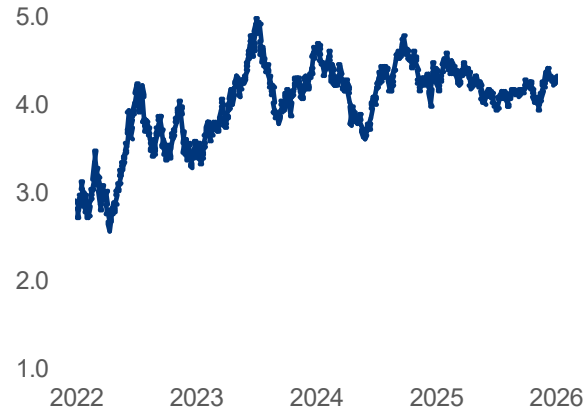
Source: Bloomberg

Market Monitor

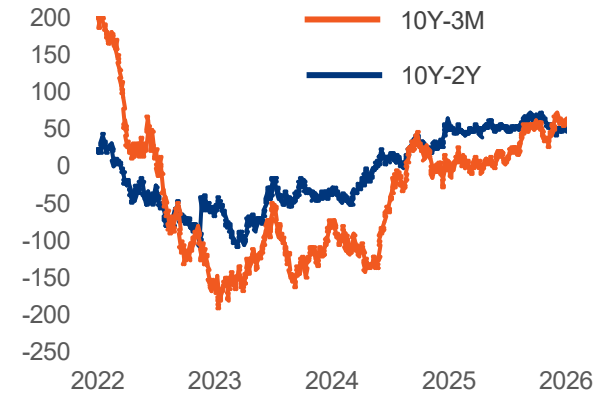
U.S. CPI YoY (%)



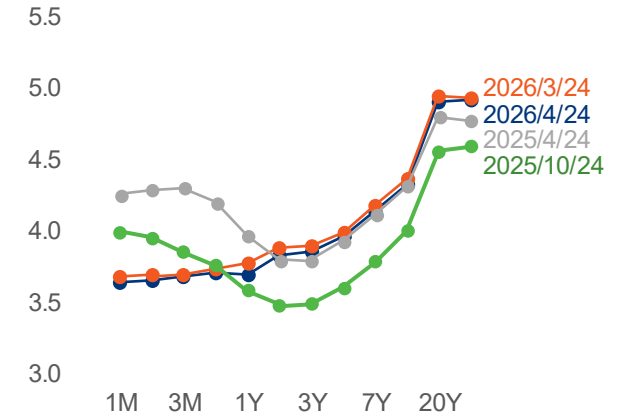
U.S. 10-Year Treasury Yield (%)



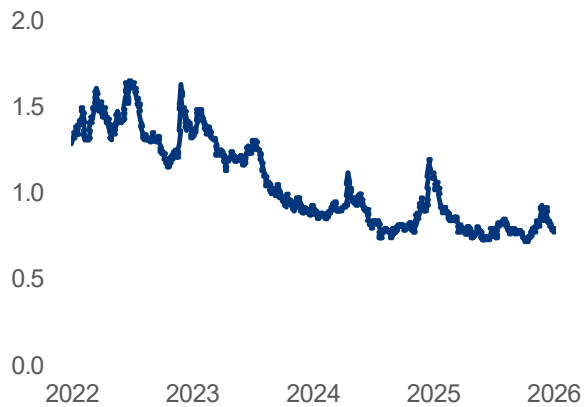
U.S. Treasury Yield Spread (bps)



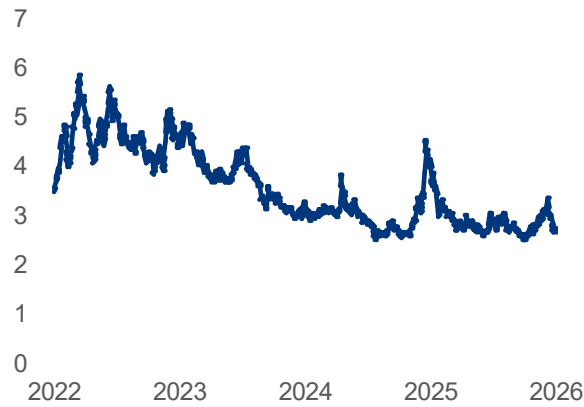
U.S. Treasury Yield Curve (%)



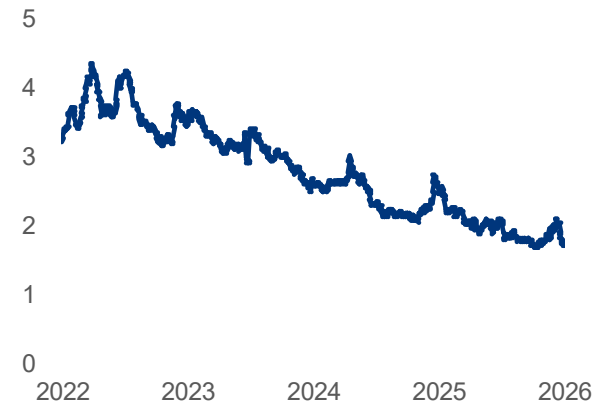
USD IG Credit Spread (%)



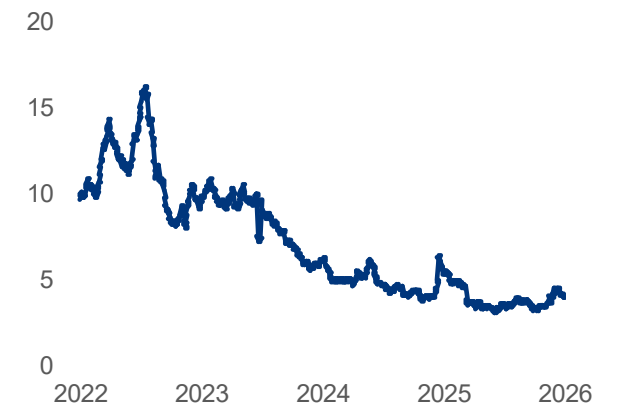
USD HY Credit Spread (%)



USD EM Credit Spread (%)



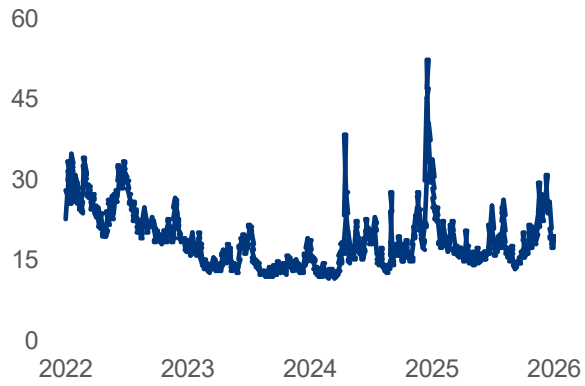
USD Asia Credit Spread (%)



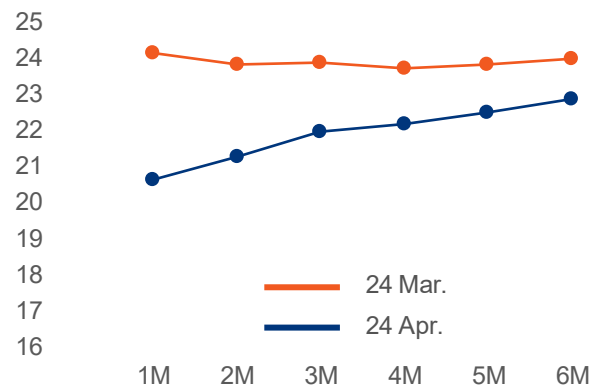
Source: Bloomberg

Market Monitor

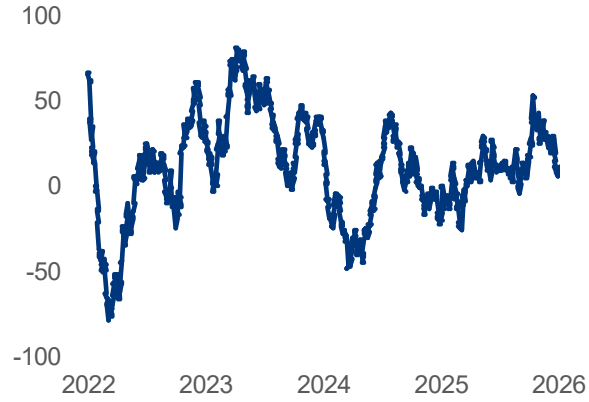
VIX Index



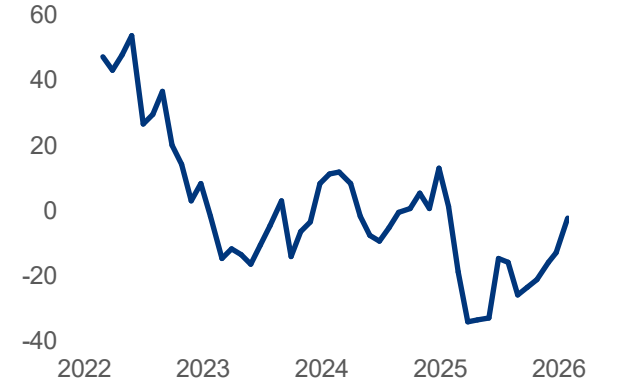
VIX Term Structure



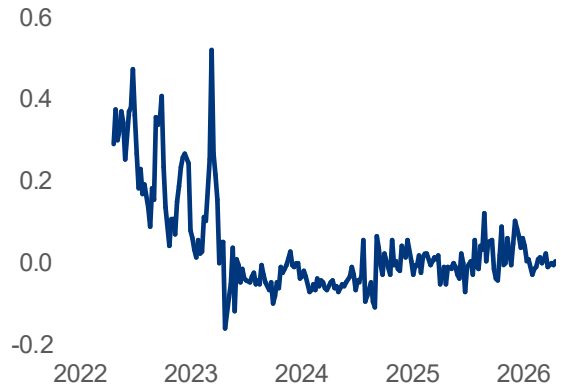
U.S. Citi Economic Surprise Index*



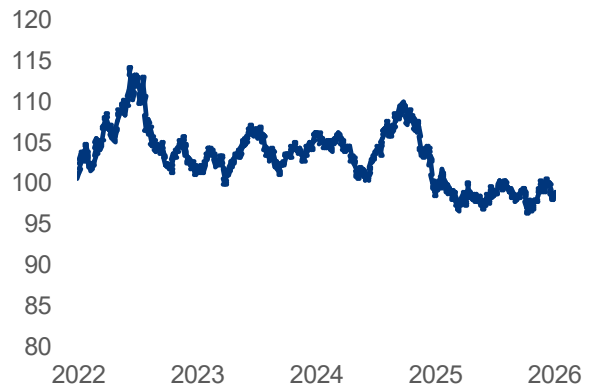
U.S. Citi Inflation Surprise Index*



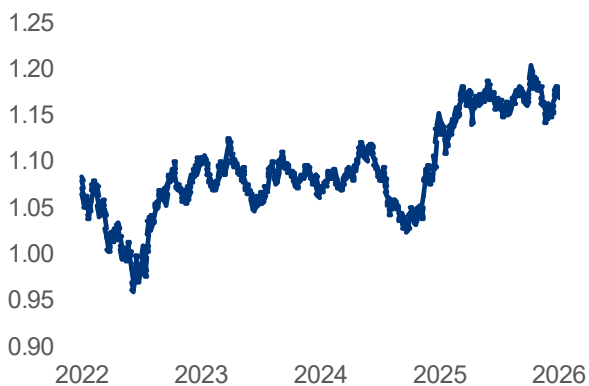
TED Spread (bps)



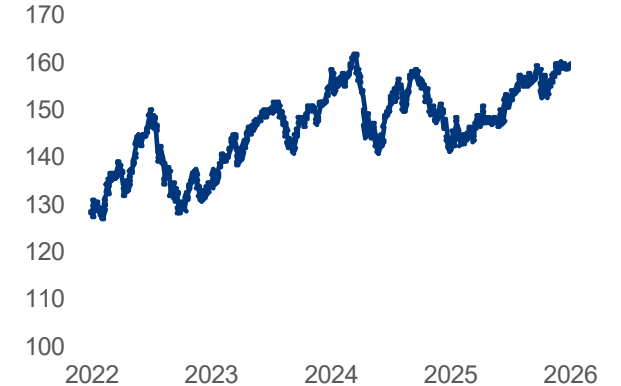
U.S. Dollar Index



EUR to USD



USD to JPY



Source: Bloomberg

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