

## END OF JUNE UPDATES: 3 KEY TAKEAWAYS

### FED POLICY: WARSH'S HAWKISH DEBUT RESETS THE RATE PATH

Kevin Warsh's first FOMC meeting on June 17 delivered the sharpest first-day selloff for a new Fed chair since 1994, as the dot plot median moved to 3.8% for year-end (from 3.4% in March) and the "easing bias" language was stripped from the statement entirely. The shift had been building all month, hike odds climbed from 24% on June 3 to 85%+ by June 9-10 on a blowout payrolls print and hot CPI (4.2% YoY), and May PCE (4.1% headline, 3.4% core) offered no relief when it landed on June 25-26, leaving markets pricing roughly 60-70% odds of a September hike.



Source: The White House Gallery

### AI CAPEX: CROWDED POSITIONING

SpaceX's record \$75B IPO surged nearly 50% before its first down day on June 18, tracking the Fed's hawkish turn. The same fragility hit Korea, where a single SK Hynix rumor triggered a 10% Kospi plunge on June 24, reversed the next day by Micron's blowout print (+346% YoY). Add Apple's "RAMageddon" price hikes from the DRAM shortage, and the pattern is clear: AI demand is real, but positioning is thin enough that single headlines now move whole indices.



### HORMUZ: STILL UNRESOLVED

The mid-month signing appeared to mark resolution, but the ceasefire proved far more fragile than headlines suggested. Trump signed the US-Iran MOU at Versailles on June 18, reopening Hormuz and lifting the naval blockade, but Iran's IRGC reimposed restrictions days later, a tanker was struck on June 25-26, and by June 29 the two sides had only agreed to halt strikes ahead of fresh talks in Doha. Each de-escalation was followed by a fresh flare-up within days, a pattern that repeated at least three times across the month and left traders unable to fully price out the geopolitical risk premium. Oil round-tripped from ~\$95 to ~\$69 and back to \$75, with shipping still at just 75% of pre-war levels.



Source: The Financial Times

Equities	Price / Level	Monthly Change	YTD Returns
<b>S&amp;P 500</b>	7,440.44	-1.83%	+8.18%
<b>NASDAQ Composite</b>	29,774.75	-1.84%	+16.65%
<b>Straits Times Index</b>	5,208.76	+3.18%	+11.50%
<b>Hang Seng Index</b>	23,026.68	-8.66%	-10.64%
Commodities	Price / Level	Monthly Change	YTD Returns
<b>WTI Jul 2026</b>	\$70.45	-17.70%	+22.40%
<b>Brent Aug 2026</b>	\$72.49	-21.50%	+20.38%
<b>Gold (\$/oz)</b>	\$4,015.47	-11.62%	-7.94%
FX	Price / Level	Monthly Change	YTD Returns
<b>DXY (USD Index)</b>	101.11	+2.22%	+3.01%

## NOTABLE EVENTS ACROSS THE MONTH OF JUNE

### US ECONOMY / POLITICS

- The Supreme Court blocked President Trump's attempt to remove Fed Governor Lisa Cook in a 5-4 decision on June 29, ruling on procedural grounds that she had not been given adequate notice before her August 2025 firing. The ruling allows Cook to remain on the Board of Governors while her broader legal challenge proceeds in the lower courts.
- A 20-year Treasury auction on June 17 drew a yield of 4.927%, one basis point through the pre-auction level, indicating firm investor demand for long-duration government debt despite yields sitting near multi-decade highs for the year.



Source: NBC News

### APAC ECONOMY / POLITICS

- The Bank of Japan delivered its second hike of 2026, lifting rates to 1.00% in a 7-1 vote (the highest level since 1995) even as Governor Ueda missed the meeting following a hospitalisation; PM Takaichi has since unveiled a ¥370T AI and semiconductor investment blueprint through FY2040.
- Foreign investors rotated out of Korea and into Japan through the month, pulling nearly \$70B from Korean equities while pouring \$73.6B into Japan, as concentration risk in Samsung and SK Hynix pushed allocators toward Japan's broader AI exposure; Bank of Korea Governor Shin's explicit warning that rates must rise "before it's too late" added to the pressure.
- Indonesia's rupiah breached a historic 18,000/USD level and the Jakarta Composite became the world's worst-performing major index in 2026, prompting MSCI to delay its emerging-versus-frontier classification review to November rather than rule immediately.

### EMEA ECONOMY / POLITICS

- UK PM Keir Starmer announced his resignation following a decisive Makefield by-election loss, with Andy Burnham favoured to become the UK's seventh prime minister in a decade.
- The UK, France and Germany issued a joint call for an immediate Russia-Ukraine ceasefire, following Zelenskyy's earlier open letter proposing direct talks with Putin, the first coordinated European push of its kind this year, though near-term deal odds remain low.



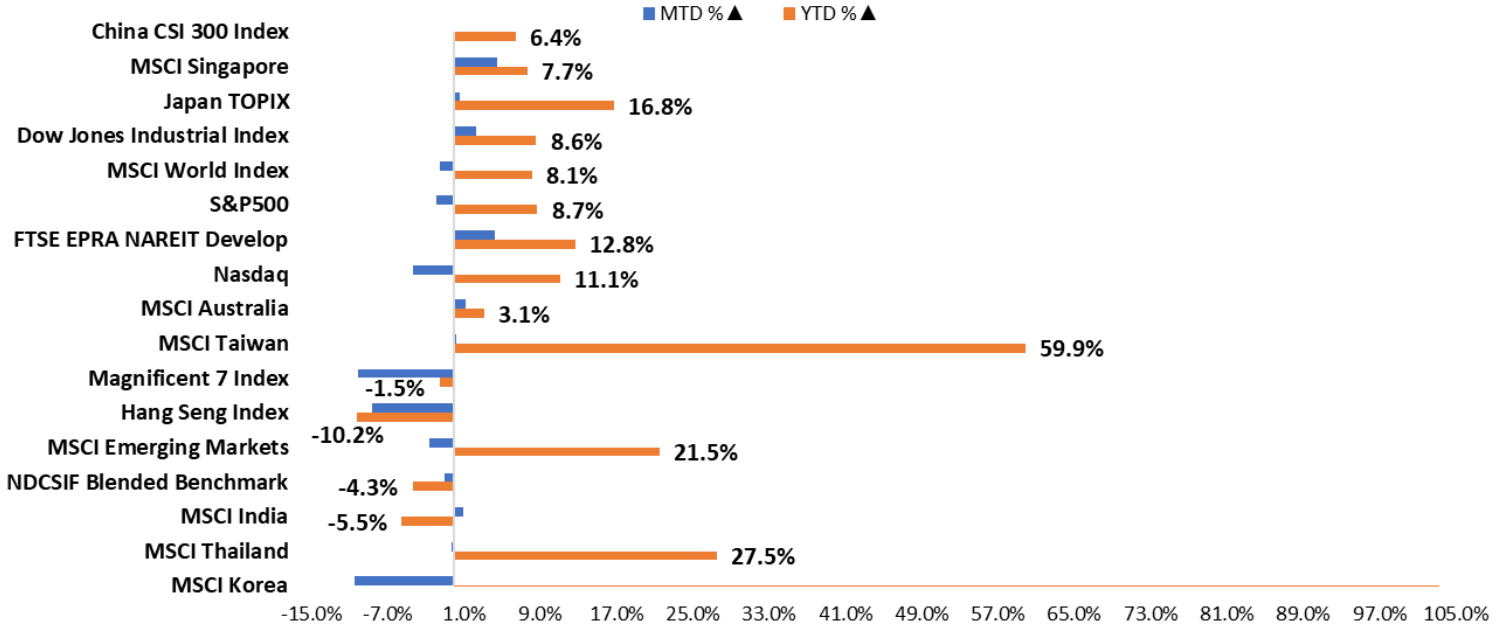
Source: The Straits Time

### Major Global Economic Calendar

Date	Event
1 <sup>st</sup> July	ECB Forum on Central Banking, Portugal
2 <sup>nd</sup> July	US Nonfarm Payrolls (June)
8 <sup>th</sup> July	FOMC Minutes (Meeting of 16-17 June)
14 <sup>th</sup> July	US CPI (June)
28-29 <sup>th</sup> July	FOMC Interest Rate Decision
30 <sup>th</sup> July	US GDP Advance Estimate (Q2) US PCE Price Index (June)
31 <sup>st</sup> July	US Employment Cost Index (Q2)
Late July	MAS Monetary Policy Statement

## MONTHLY DATA MONITOR

Performance: Monthly % Change & Year-To-Date % Change



Korea remains the standout YTD performer (+103.3%) despite the sharpest MTD pullback on the board, as the Fed-driven AI unwind dragged the Magnificent 7 Index negative YTD (-1.5%) and broader monthly performance turned mixed across the board.

## FUND COMMENTARIES

### I. Private Credit

Private credit's push into buy-now-pay-later deepened this month, with PayPal offloading up to \$7B to Blue Owl and up to \$105B (€65B+€40B) to KKR in Europe, while Elliott expanded its Klarna forward-flow facility to \$2B (supporting up to \$17B in US originations) and PGIM and Sixth Street committed roughly \$7B combined to Affirm. Aggregate BNPL forward-flow capacity across the sector now exceeds \$100B, an untested model Moody's flags has never faced a recession stress test at this scale.

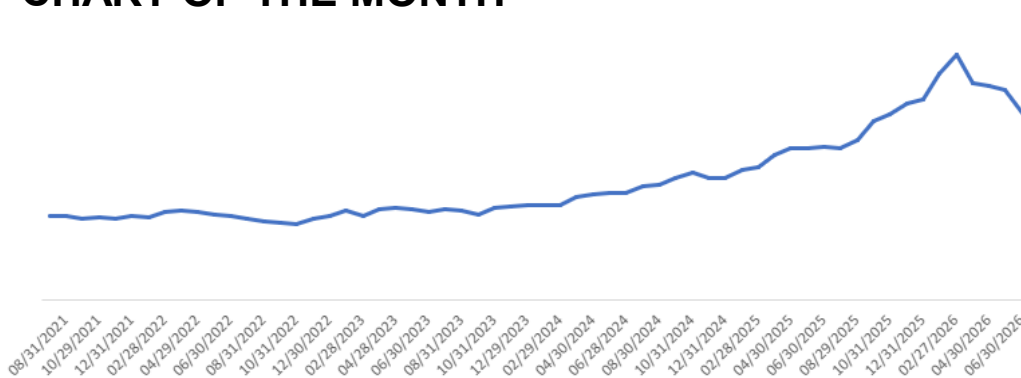
### II. Real Estate

Frasers Property sold a 63% stake in five hospitality assets to the Sirivadhanabhakdi family for S\$1.1B, part of a broader portfolio optimisation. Moreover, traditional office remains pressured by a \$1.8-2T US maturity wall, while data centres stay the top global sector for a third straight year on \$600-630B in hyperscaler capex.

### III. Infrastructure

Firmus Technologies and DayOne announced a 360MW Nvidia AI Factory in Batam, Indonesia, with \$25-30B in expected committed offtake through 2027-28. Infrastructure fundraising grew 58% in 2025 versus 16% for real estate, with 51% of LPs planning to raise allocations, ahead of both buyout and real estate.

## CHART OF THE MONTH



Gold has had a volatile 2026, hitting an all-time high of \$5,589/oz on January 28, before correcting roughly 25% to the \$4,000-4,200 range by mid-to-late June, its first close below 200-day moving average since October 2023.