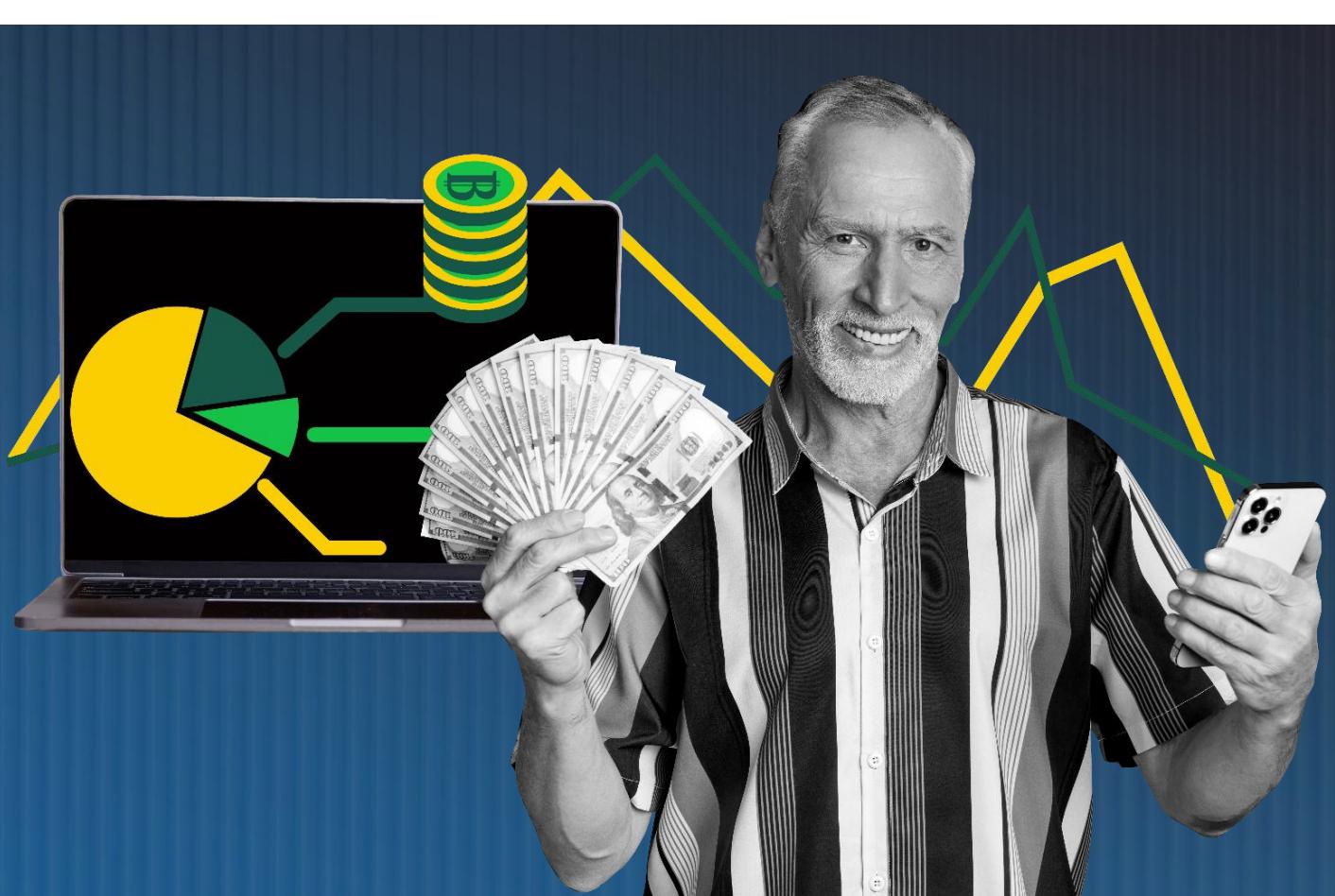


VEDA

Monthly Investment Research Roundup



2026 FORWARD

Disinflation gains, policy normalization, and cautious global recovery

Investment Research Spotlight



Global Macroeconomic Development

04

Global growth stabilizes, but markets face volatility from widening policy divergence, trade protectionism, and fiscal strain. Shifting central bank actions—from Fed easing to BoJ tightening—continue to drive global investor sentiment.

Fixed Income

08

US yields fell at the front end on dovish Fed signals, but the long end remained pressured. German Bund yields firmed amid heavy supply, while the European periphery outperformed, and Japanese yields surged, highlighting sharp global policy divergence.

Currencies

10

The US dollar weakened sharply amid easing by the Fed and policy uncertainty, while the euro and other developed currencies outperformed, with emerging market FX broadly resilient due to improved fundamentals.

Equities

12

Global equities saw strong but selective gains, led by US tech, Japan, and emerging markets, while Europe, the Middle East, and defensive sectors delivered moderate returns amid geopolitical and macro pressures.

Commodities

14

Precious metals rallied on continued monetary easing and supply constraints, while crude oil prices experienced volatility amid a weaker outlook, driven by persistent oversupply and geopolitical concerns.

Real Estate

16

APAC & GCC emerge as a strategic market, the US reaches inflection point, and Europe & the UK exceeds expectations despite supply constraints

From the SGA Research Desk



Global markets in 2025 were shaped by a broad reset in policy expectations as the US economy navigated a political transition. With Donald Trump's return to the White House and renewed tariff threats unsettling sentiment, markets reacted to softer macro indicators. Despite inflation above the Fed's target rate, the cooling labor market forced the Fed to reduce interest rates three times in 2025.

Europe delivered a mixed picture. Industrial activity remained weak, but easing energy pressures and resilient services kept growth afloat. The European Central Bank (ECB) maintained a cautious stance, emphasizing the importance of data dependence. Political fragmentation in France and Germany, alongside uncertainty in transatlantic relations, weighed on risk appetite, though European equities still outperformed their US peers through 2025.

In the UK, fiscal tightening in the Autumn Budget and slowing inflation shaped expectations for an earlier policy pivot. Growth remained subdued, but improving consumer conditions and a strong services sector helped stabilize sentiment. Market participants positioned for a shift toward monetary easing in 2026.

Japan continued its historic monetary-policy shift as the Bank of Japan (BoJ) raised rates to a 30-year high, pushing 10-year JGB yields above 2%. Despite inflation moderating late in the year, policymakers maintained a hawkish tone as wage growth held firm.

China faced a deepening strain in the property sector and weak demand, prompting policymakers to expand stimulus efforts and prioritize real-estate stabilization. Non-manufacturing momentum cooled, and fiscal tools, such as special-purpose bonds, gained prominence.

India remained a global outperformer, supported by strong domestic demand and stable inflation. Reforms, digital infrastructure, and robust exports kept growth forecasts near 6.3% for FY25-26.

Equities delivered strong gains globally—led by Europe, Japan, and EM—while US markets rose but lagged. Bonds rallied worldwide except in Japan, where yields climbed. Oil slid into the mid-\$60s, gold surged on geopolitical risk, while silver reported triple-digit growth amid industrial demand, and Bitcoin hovered near \$90,000 into early 2026.

Our Views on Asset Classes

Asset Class	US	Europe	UK	Japan	EM/Others
Rates	▼ Negative	● Neutral	● Neutral	▼ Negative	● Neutral (Local Currency)
Credit	● Neutral	▲ Positive	● Neutral	● Neutral	▲ Positive (Hard Currency)
Currencies	▼ Negative	▲ Positive	● Neutral	▲ Positive	● Neutral
Equities	▲ Positive	● Neutral	▲ Positive	▲ Positive	● Neutral
Real Estate	● Neutral	▲ Positive	▲ Positive	▲ Positive	▲ Positive (APAC)

Commodities

Commodity	Oil	Gold	Silver	Bitcoin	
Views	▼ Negative	▲ Positive	▲ Positive	▲ Positive	

Source: SGA Research

Outlook & Strategy

In 2026, we transition from the volatility of 2025 toward selective stabilization. We maintain a negative stance on long-end US Treasuries and JGBs due to fiscal strain and policy normalization, favoring GCC bonds for resilience. Equities should target US, UK, and Japanese technology companies, as well as European industrials. Gold remains a premier hedge against sovereign risk, and Silver is expected to shine on industry demand, while Oil faces downside.

Global Macroeconomic Development

Global Macros: Monetary Shifts, Inflation and Political Uncertainty



US: Macroeconomic Crossroads: From Fiscal Expansion to Structural Realignment

2025 marked a pivotal shift toward high-nominal growth under the One Big Beautiful Bill Act (OBBA), which blended major tax extensions with deregulation to buffer the domestic economy from a global slowdown. This fiscal thrust coincided with a protectionist trade regime that introduced broad-based tariffs—some reaching 50%—aimed at reshoring manufacturing. While supportive of domestic capacity, these measures kept the Consumer Price Index “sticky” near 3% as firms initially absorbed costs on balance sheets.

Monetary policy responded with cautious quarter-point rate cuts throughout the year, steering toward a neutral stance amid elevated fiscal deficits and robust capital demand from the energy and tech transitions. The year also contended with aftershocks from the record 43-day government shutdown, which delayed federal data and disbursements, setting the stage for a fiscal catch-up. Against this backdrop, AI infrastructure investment from 2024 to 2025 began laying the groundwork for a productivity surge—an emerging deflationary anchor that would become more visible in subsequent labor market data.

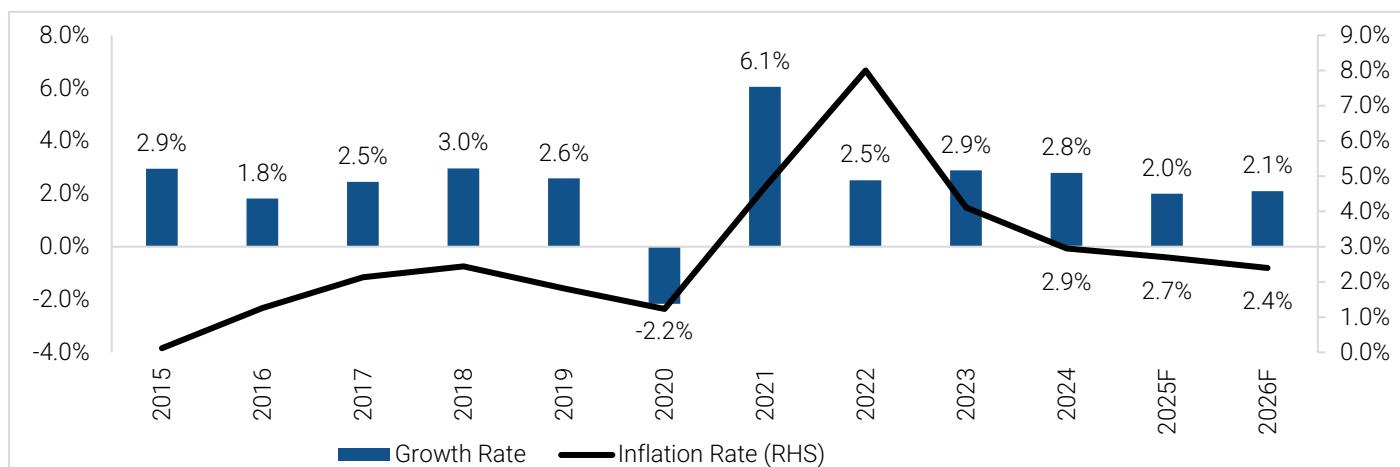
The US economy in early 2026 reflects a strong “rebound effect” as delayed fiscal disbursements from

the prior year finally enter the system, boosting GDP. However, tariff pass-through is pushing headline inflation back toward 3%, complicating the path to price stability. Labor market conditions are softening, with unemployment rising to 4.6%, adding pressure on policymakers.

The Federal Reserve faces a critical leadership transition as Jerome Powell’s term ends in May. The administration’s pro-growth stance has spotlighted candidates like Kevin Hassett and Kevin Warsh, who may favor aggressive rate cuts. Meanwhile, the Fed’s terminal rate range of 3.50%–3.75% is expected to converge toward 3.25%, contingent upon inflation easing and consensus within a divided FOMC, which is wary of fiscal and trade-related risks.

Midterm elections loom as a referendum on the administration’s high-pressure economic strategy—balancing record-low trade deficits against rising living costs. AI-driven productivity gains and supply chain realignment offer a deflationary counterweight, enabling growth without a wage-price spiral. Policy focus will likely shift from 2025’s stimulus toward fiscal consolidation, testing whether 2.0%–2.1% GDP growth can be sustained in a volatile, protectionist environment.

US economy to expand at a moderate pace of 2.1% while inflation to ease further



Source: IMF, SGA Research

Europe's Strategic Pivot: From 2025 Trade Shocks to 2026 Fiscal Realignment

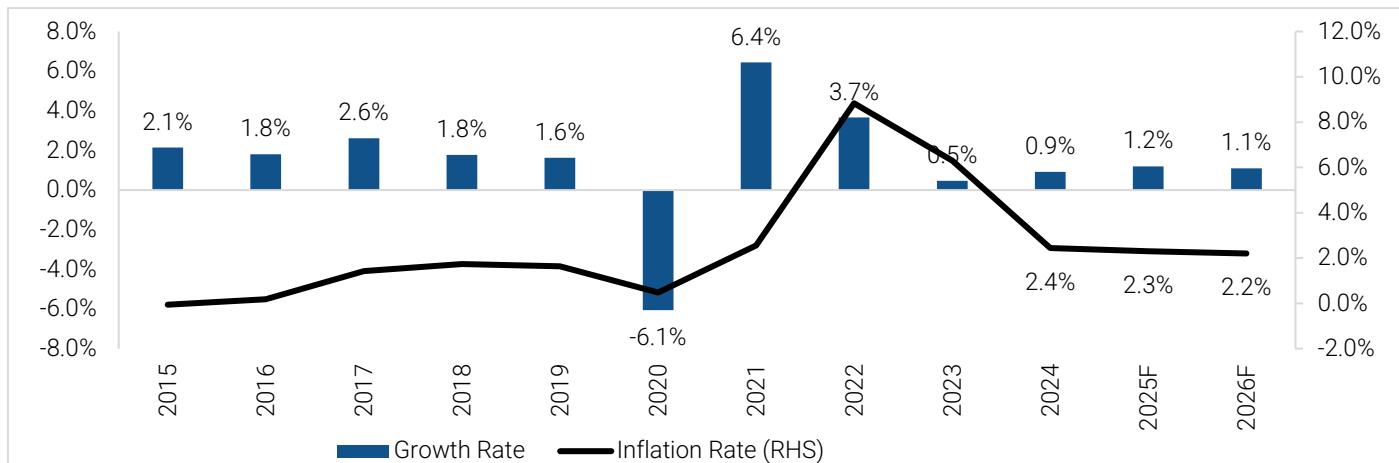
In 2025, Europe's economy was characterized by a volatile "front-loading" effect as exporters rushed to take advantage of a 15% US-EU tariff framework implemented in August. This triggered an initial growth spurt in Q1. Inflation successfully cooled to 2.0%, allowing the ECB to conclude its easing cycle in June at a 2% deposit rate. Fiscal policy saw a seismic shift as Germany reformed its "debt brake," launching an €850 billion recovery plan and defense boost under Chancellor Friedrich Merz.

Politically, the continent grappled with the "Trump Shock," forcing a pivot toward strategic autonomy and the adoption of the "ReArm Europe" plan, while France faced persistent instability following its 2025 parliamentary gridlock.

Looking toward 2026, the outlook is one of "stabilized yield" amidst structural realignment. GDP growth is projected to soften to 1.2% in the European Union, hampered by the removal of 2025's trade front-loading and persistent manufacturing headwinds. However, inflation is expected to anchor around 2.0%, keeping the ECB on hold at a 2% neutral rate throughout the year.

Fiscal policy will move to center stage as the aggregate deficit reaches 3.4%, driven by a new 2% GDP floor for defense spending and the final €250 billion push to deploy NextGenerationEU funds before the December 31 deadline. Investors should watch for the start of the 2028-2034 EU budget negotiations and potential sovereign spread volatility in France as the "Security-First" fiscal era takes hold.

Euro area growth to reflect modest improvement while inflation remain steady



Source: IMF, SGA Research

UK's "Low-Growth Equilibrium": From 2025's Fiscal Shock to 2026's Real-Income Recovery

In 2025, the UK economy navigated a difficult "inflation hump" and significant fiscal tightening. After a brief surge in early-year exports—frontloaded to escape US trade protectionism—annual GDP growth moderated to 1.3% in Q3 25. Inflation remained an outlier among G7 peers, peaking at 3.8% in Q3 due to high services costs and a sharp rise in the National Living Wage. This forced the Bank of England (BoE) into a "hawkish cut" cycle, ending 2025 with the Bank Rate at 3.75%. Fiscal policy was dominated by the Chancellor's Autumn Budget, which raised the tax burden to a historic 38% of GDP to fund an immediate £5 billion defense injection and public service "rewiring."

Politically, the governing Labour Party faced a "winter of discontent" as polling plummeted following the resignation of Deputy PM Angela Rayner and sweeping losses to Reform UK in local contests.

For 2026, the outlook shifts toward a fragile, real-income-led recovery as the "mortgage headwind" finally begins to abate. GDP is forecast to pick up slightly to 1.3%, supported by a significant cooling of inflation, which is projected to be between 2.0-2.5%. This disinflationary trend provides the BoE scope for three further cuts, targeting a 3.0%-3.25% terminal rate by year-end. Fiscal policy remains restrictive; however, a £250 million "energy bill reform" and a fuel duty freeze in April 2026 are expected to provide a localized boost to consumer spending, forecasted to grow at 1.3%.

However, political risk remains high; the May 2026 local elections across London and English councils are viewed as a "make-or-break" moment for the current leadership, with markets pricing in a potential Sterling risk premium should further instability arise.

Global Macroeconomic Development

Asia: Moderating Inflation, and Divergent Growth Stories



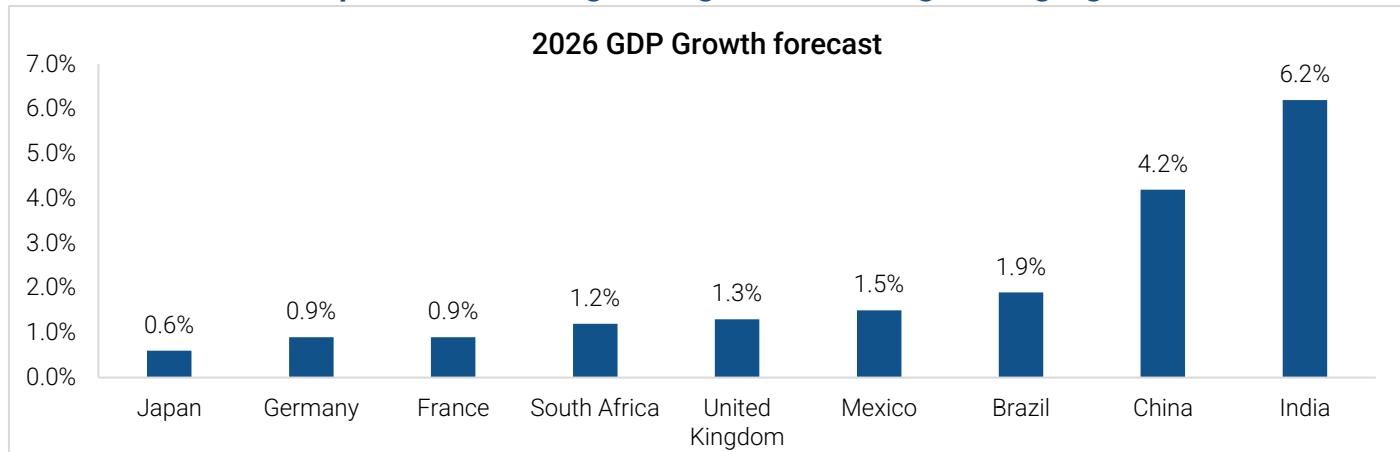
Japan's Transition: From 2025's Wage Spike to 2026's Real-Income Pivot

In 2025, Japan definitively exited its deflationary era as "Shunto" wage hikes hit a 30-year high of 5.5%. This shift, alongside "sticky" inflation (2.9% in November 2025), prompted the BoJ to hike rates to 0.75%, signaling the end of ultra-loose policy.

However, export volatility caused by US trade tariffs limited annual GDP growth to 1.0%. Politically, the appointment of Prime Minister Sanae Takaichi in late 2025 shifted the focus toward a "Security-First" economic agenda.

Looking into 2026, Japan enters a critical "real-wage pivot." As inflation decelerates toward the 2.0% target, positive real income growth is expected to finally revive stagnant private consumption. GDP growth is forecast at a modest 0.7%, constrained by global manufacturing headwinds. The BoJ is projected to maintain a cautious "wait-and-see" stance. Fiscal policy will remain expansionary, driven by a record ¥9 trillion defense budget, though a projected 3.2% deficit remains a key risk for the JGB market.

India and China are poised to lead global growth among emerging markets



Source: IMF, SGA Research

India's Resilience: From 2025's Domestic Surge to 2026's Strategic Consolidation

In 2025, India cemented its position as the world's fastest-growing major economy, navigating global trade volatility with a "domestic-first" strategy. The year saw growth reach a stellar 7.2%, bolstered by a rebound in private consumption and aggressive public capex. Despite the global tariff tensions of 2025, India benefited from a historic cooling of food prices, which drove headline inflation to a low of 0.25%. This disinflationary environment enabled the Reserve Bank of India (RBI) to initiate a cautious easing cycle, lowering the repo rate to 5.25%. Fiscal policy remained disciplined, with the government successfully narrowing the deficit to 4.3% of GDP while scaling up the "Make in India" incentives for semiconductors and electronics.

Looking ahead to 2026, the outlook remains robust, with a projected GDP growth of 6.2%. As the "low-base" effects of previous years fade, the economy is shifting toward a structural "normalization" phase. Inflation is expected to remain below target, providing the RBI room for an additional 25-50-bps cut to the policy rate by mid-2026. Fiscal policy will focus on maintaining a 4.3% deficit target, though increased defense outlays and green energy subsidies may create slight pressure. Politically, the focus remains on deepening trade ties with the UK and EU to offset US protectionism, positioning India as the primary alternative in the global "China+1" manufacturing shift.

China's "Dual-Track" Resilience: From 2025 Stimulus to 2026's Tech-Led Transition

In 2025, China defied a significant "tariff shock" by leveraging a jumbo stimulus package and expanding its fiscal deficit to 4% of GDP. This aggressive support, alongside a resilient export pivot to the Global South, allowed the economy to meet its "about 5%" growth target. The PBoC maintained a moderately loose stance, while the government doubled its ultra-long-term bond allocation to RMB 300bn to fund a nationwide consumer trade-in program.

Entering 2026, the outlook shifts toward "high-quality growth" under the newly launched 15th Five-Year Plan. GDP is projected to moderate to 4.2%, as the economy shifts from property-led expansion to "New Productive Forces" such as AI and semiconductors.

Inflation is expected to anchor near 0.7%, prompting the PBoC to pledge further RRR and rate cuts to combat persistent deflationary risks. Fiscal policy remains proactive, with a continued 4% deficit target to fund technological self-reliance and urban renewal.

Latin America's Divergent Paths: From 2025's Protectionist Shocks to 2026's Stabilization

In 2025, Latin America navigated a landscape of extreme external volatility and significant structural realignments. The dominant macroeconomic event for the region was the "Trade Pivot" following the implementation of a 50% US tariff on Brazilian exports and heightened friction with Mexico. This forced a rapid redirection of supply chains toward Asian markets, particularly in the agricultural and mining sectors.

Brazil's growth moderated as the Central Bank (BCB) held the Selic rate at a restrictive 15.0% to anchor inflation expectations amid a weakening Real. Mexico faced a "nearshoring pause," with GDP growth stalling at an estimated 0.5% in 2025 due to concerns over USMCA renegotiation and declining domestic confidence. Conversely, Argentina emerged as the region's surprise outlier; under President Milei's radical "chainsaw" austerity, the country exited a deep recession to post 5.5% growth, with inflation collapsing from triple digits to c30% by December. Fiscal discipline across the region was tested, particularly in Colombia and Brazil, where expansionary social spending kept aggregate deficits near 3.3% of GDP, creating a cautious environment for institutional investors.

Looking toward 2026, the outlook is one of "asymmetric stabilization" as the region transitions from crisis management to a new phase of structural adjustment. Regional GDP growth is forecast to stabilize at 2.4%, but the underlying trajectories differ significantly. Argentina is expected to lead the recovery with 4.5% growth, shifting from a "rebound" phase into genuine investment-led expansion, particularly within the energy (Vaca Muerta) and lithium mining sectors.

Meanwhile, Brazil's growth is projected to soften further to 1.9%. While private consumption remains resilient,

capital investment is expected to decline ahead of the high-stakes October 2026 general elections.

Mexico is forecast to experience a modest recovery to 1.5%, although this hinges entirely on the results of the July 2026 USMCA review and the ability of the Sheinbaum administration to reassure investors through new energy infrastructure projects.

On the monetary front, the "Great Disinflation" is finally providing breathing room. The BCB in Brazil is slated to begin a major easing cycle in Q1 2026, with the Selic rate projected to drop toward a neutral 11.0% by year-end, which should provide a significant tailwind for the domestic credit market.

In Mexico, headline inflation is expected to anchor near 3.8%, providing Banxico the space to lower the policy rate to 6.50% by late 2026. Argentina's inflation is expected to halve again to 20%, provided the government can manage its "crawling peg" exchange rate and maintain fiscal surpluses.

Politically, 2026 is a pivotal "Election Year" that will determine the region's ideological direction. The general elections in Brazil and Colombia will serve as referendums on the current left-leaning administrations, likely leading to a period of increased fiscal spending and market volatility in the first half of the year.

Investors must also monitor Argentina's attempt to return to international bond markets to roll over \$19 billion in maturities, a move that will serve as the ultimate barometer for regional risk appetite and the permanence of the region's recent market-friendly reforms.

Fixed Income

Rising Supply and Divergent Policy Paths Recast the Global Bond Landscape



Fed Rate Cuts Fail to Anchor Long-End Yields

In 2025, markets were compelled to adjust as the US economy moved away from a comfortable soft-landing narrative toward a far more unstable path. Headline growth remained strong, with GDP expanding at a 3.8% pace in the second quarter, yet this momentum increasingly concealed deeper policy and structural strains. The introduction of "Liberation Day" tariffs, lifting the average effective duty on Chinese imports to 47.5%, alongside a record 43-day federal government shutdown, intensified supply-side pressures and reinforced uncertainty across asset classes.

Inflation remained uncomfortably firm, registering 2.7% in November despite some moderation in housing costs. As labor conditions softened, with unemployment rising to 4.6%, the highest level in four years, the Federal Reserve shifted decisively. Three consecutive 25-bps rate cuts brought the policy range to 3.50%–3.75% by year-end. In a further signal of caution, the Fed ended quantitative

tightening in December and restarted Treasury bill purchases to support market liquidity, against the backdrop of a widening \$1.8tn fiscal deficit tied to the One Big Beautiful Bill Act.

Bond markets reflected these opposing forces. Front-end yields declined as the hiking cycle clearly came to an end, while longer maturities struggled under the weight of elevated term premiums and heavy supply. Although geopolitical tensions and softer oil prices briefly supported demand for safe assets, the 10-year Treasury yield held near 4.2%, highlighting persistent investor unease. Yield curve dynamics increasingly favored structural steepening.

Looking ahead to 2026, we remain negative on US Treasuries. Large deficits, rising debt-servicing costs, and sustained issuance are likely to keep term premiums elevated, limiting the potential for durable gains in long-dated bonds even as policy rates drift toward neutral.

US 2yr-30yr yield spread steepest since November 2021



Source: FRED, SGA Research

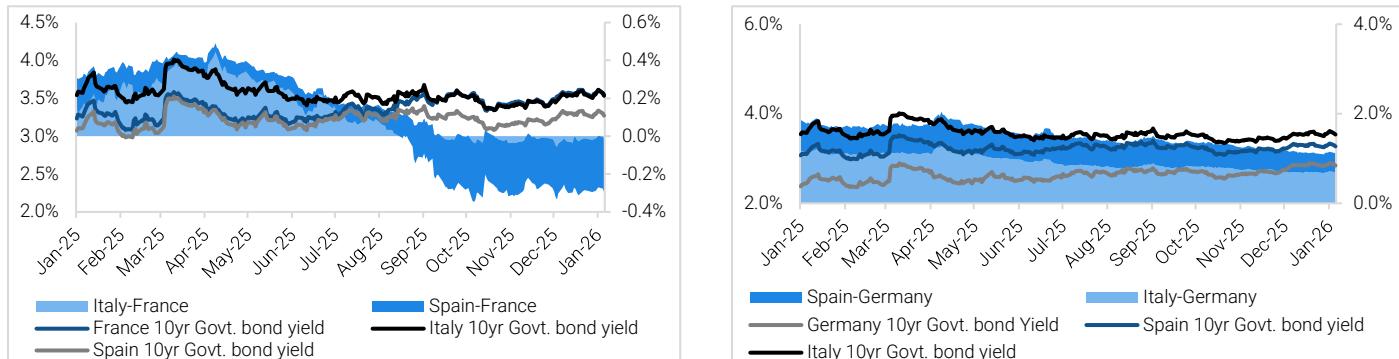
From Core to Periphery: Shifting Risk Perceptions in European Sovereign Debt

European fixed income markets in 2025 were shaped by heavy sovereign issuance, resilient growth in the periphery, and diverging fiscal dynamics across core markets. German 10-year Bund yields rose by around 50-bps over the year to near 2.9%, marking the sharpest annual increase since the post-pandemic inflation shock. The move reflected the expansion of fiscal stimulus, a record net supply absorbed by private investors, and expectations that ECB policy would remain restrictive through 2026. French bonds also underperformed with 10-year yields climbing 37-bps toward 3.6%, driven by political uncertainty, delayed budget approval, and persistent deficit concerns.

By contrast, Italy and Spain saw relatively stable yields. Italy's 10-year BTP ended 2025 broadly unchanged, supported by rating upgrades, improved fiscal credibility, and steady inflation. Spain benefited from strong economic growth and disciplined fiscal management. As a result, yield spreads between Italy, Spain, and the traditional core, Germany and France, widened in favor of the periphery.

Looking ahead to 2026, we remain neutral on Euro-area fixed income. Elevated supply, geopolitical risks, and limited scope for rapid rate cuts temper return prospects despite improved peripheral fundamentals.

Italy and Spain Term Premia Narrow Down on Rising French and German Yields



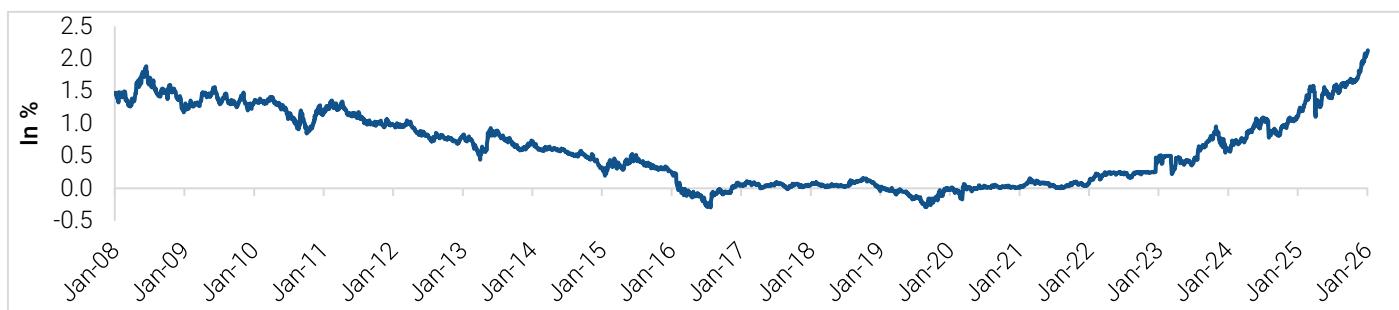
Japan Bond Yields Surge to Three-Decade High on Policy Normalization

Japan's bond markets underwent a historic repricing in 2025, marking a decisive break from decades of ultra-loose monetary policy. Benchmark 10-year JGB yields rose to just above 2.1%, near levels last seen in 1999, recording their steepest annual increase since 1994. The sell-off reflected a powerful combination of entrenched inflation, reduced central bank bond purchases, and growing fiscal concerns linked to Prime Minister Takaichi's expansive spending agenda. The BoJ reinforced this shift by raising its policy rate to a 30-year high of 0.75% and signaling that further tightening remains likely if growth and prices evolve as projected. Governor Ueda's emphasis on a sustained

cycle of rising wages and prices strengthened market conviction that Japan has exited its deflationary regime. Short-dated yields continued to edge higher, while long-end volatility persisted amid heavy supply and concerns about debt sustainability, despite solid demand at recent bond auctions.

In 2025, elevated yields improved income appeal. However, rising rates and steepening of the yield curve argued against long-duration exposure. Looking ahead, continued policy normalization and fiscal expansion suggest JGB volatility will remain high, warranting a preference for shorter maturities.

Japan's 10-yr government bond yield hovering around its highest level in decades



GCC Bonds Attract Global Capital as Resilience Defines 2025

GCC fixed income markets demonstrated strong resilience throughout 2025, benefiting from slower global growth and the shift toward monetary easing in developed markets. Demand for high-quality carry supported Gulf issuers with robust balance sheets and ample liquidity buffers. Despite lower oil revenues, continued diversification efforts sustained non-oil growth and reinforced credit fundamentals.

Bond issuance rose significantly, reflecting the growing

funding needs, yet spreads remained tight as strong international demand absorbed the supply. Asian investors played a growing role, increasing allocations to GCC debt as they diversified away from US assets, attracted by stable returns and government-backed credit quality.

GCC bonds offered defensive appeal and attractive risk-adjusted returns, positioning the asset class favorably heading into 2026 despite lingering geopolitical risks.

Currencies

Dollar Weakens into Year-End; G10 and EM FX Find Support



US Dollar Records Sharpest Annual Decline Since 2017

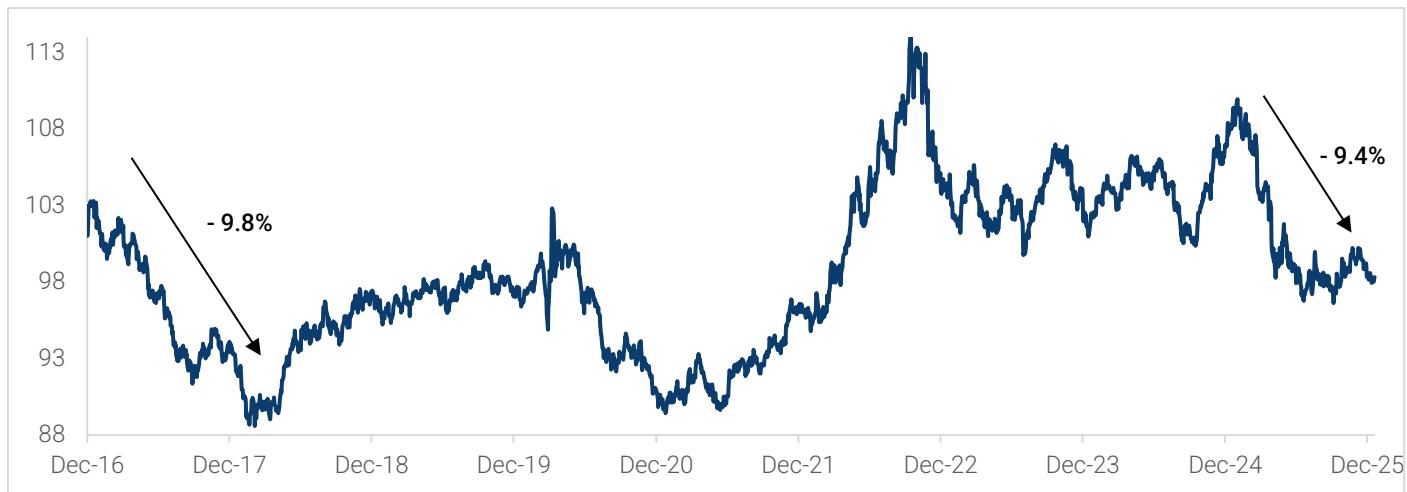
The US dollar closed 2025 in a weakened position, marking its largest annual decline since 2017 as longstanding sources of support steadily diminished. The DXY index finished the year around 98.322, down 9.4%, weighed down by trade policy disruptions, an extended government shutdown, and mounting fiscal pressures. These factors, alongside growing concerns over policy credibility and institutional independence, have undermined the dollar's role as a preferred safe haven.

Despite the US economy continuing to outperform most of its peers and inflation remaining relatively firm, momentum in the labor market softened over the course

of the year. This shift pushed the Federal Reserve further towards accommodation, with 75-bps of rate cuts delivered in 2025 and markets pricing an additional 50-bps of easing in 2026. As US policy rates move lower, interest rate differentials are narrowing, particularly against economies such as Europe and Japan, where central banks are expected to remain on hold or continue normalization.

Looking ahead to 2026, we anticipate the DXY will trade with a downward bias. Looser monetary policy and unfavourable policy differentials suggest continued pressure. We therefore remain negative on the US dollar.

DXY marked the sharpest annual loss since 2017



Source: Investing.com, SGA Research

Euro Leads G10 Gains as Dollar Weakness Dominates 2025

Developed market currencies delivered strong performances in 2025, largely reflecting a broad-based weakening of the US dollar. The euro led gains, appreciating by around 13.4% to finish the year close to 1.175. This strength persisted despite modest Eurozone growth of around 1.4%, as activity stabilized and service momentum remained strong. With inflation close to the 2% target, the ECB concluded its easing cycle and kept the deposit rate at 2%, while expectations of further Federal Reserve cuts narrowed yield differentials in the

euro's favour. Reduced trade tensions and confidence in policy stability further supported the single currency.

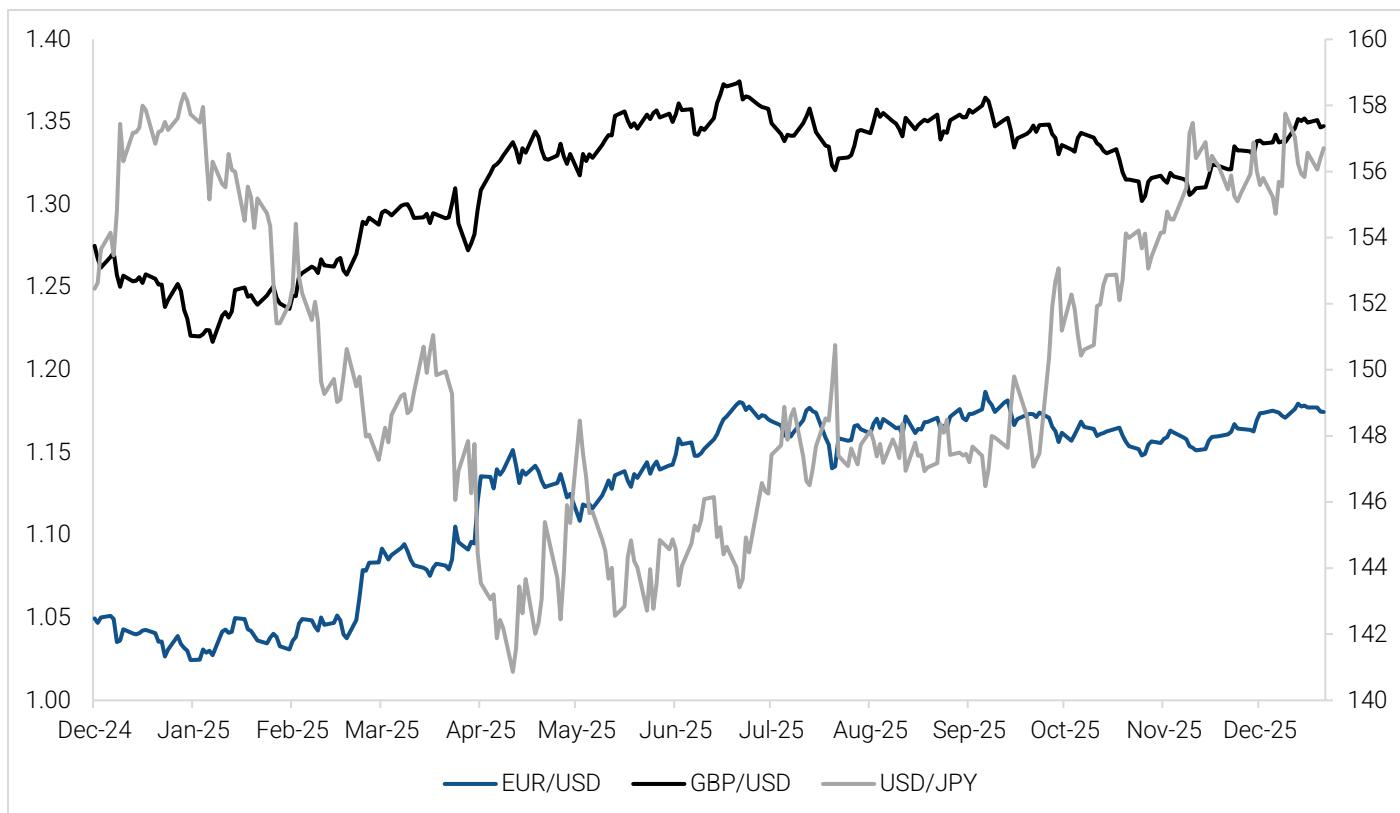
Sterling also advanced, rising roughly 7.7% against the dollar and ending the year near 1.347. The pound was underpinned by the BoE's cautious approach to easing and a relatively supportive rate backdrop. However, slowing growth, easing inflation, and domestic political

constraints limited upside, leaving sterling weaker against the euro by year-end.

The Japanese yen was comparatively subdued, closing the year close to flat. The BoJ's rate hikes and firmer inflation signaled a clear policy shift, but fiscal concerns and late-year volatility offset these positives.

Looking ahead to 2026, continued Fed easing is expected to keep the dollar under pressure. We remain positive on the euro, neutral on sterling, and positive on the yen as rate gaps compress and valuation support reasserts itself.

Major G10 currencies gained in the year amid broad dollar weakness



Source: Investing.com, SGA Research

EM Currencies Stay Resilient as Dollar Weakness Persists

Emerging market currencies held up well through 2025, underpinned by a softer US dollar and a growing focus on domestic fundamentals rather than global shocks. The Chinese yuan remained relatively firm, trading near multi-year highs despite bouts of volatility. Improved PMI readings, seasonal inflows, and stabilizing growth expectations helped offset concerns around deflation and the prospect of further policy easing, leaving the CNY broadly resilient by year-end.

In contrast, the Indian rupee underperformed, weakening by around 5% over the year and breaching the 90 per dollar mark. Persistent dollar demand, weaker manufacturing momentum, and foreign equity outflows weighed on the currency, despite the Reserve Bank of India's ongoing intervention. The outlook remained sensitive to developments in trade and capital flows.

The Turkish lira continued to depreciate, falling to fresh record lows as the central bank prioritized macro stability amid easing inflation and aggressive rate cuts. Structural imbalances and high inflation expectations continued to dominate currency dynamics.

South Africa's rand stood out as a strong performer, appreciating by more than 11% y/y to its highest level since 2022, supported by higher precious metal prices, improved fiscal discipline, and policy credibility.

Similarly, the Brazilian real strengthened, buoyed by resilient labor markets and exceptionally high real yields that sustained carry-driven inflows.

Looking ahead to 2026, while a less dominant dollar and attractive carry remain supportive, geopolitical risks and potential policy interventions argue for caution. We therefore maintain a neutral stance on EM currencies overall.

Equities

Entering 2026: Global Equities Pivot from AI-Led Surge to Selective Growth

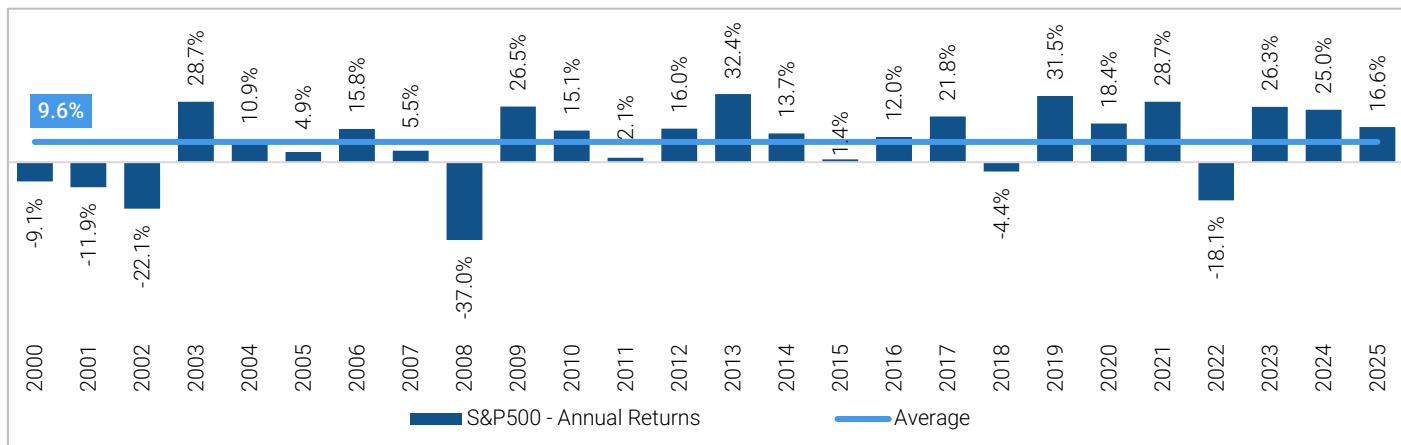


US: Technology-Led Gains in 2025, Selective Opportunities Ahead in 2026

In 2025, the S&P 500 gained 16.6%, supported by resilient earnings and strong momentum in technology-led growth themes. Information Technology (+23.6%) led the market, driven by sustained investment in AI, semiconductors, and cloud infrastructure. Industrials (+18.1%) outperformed, benefiting from robust demand in aerospace, defense, and infrastructure. Financials (+13.6%) posted solid gains, supported by healthy balance sheets and stable interest margins. Materials (+9.7%) and Consumer Discretionary (+6.7%) delivered moderate returns amid cost pressures and uneven consumer spending. In contrast, Energy (+3.9%) and Consumer Staples (+1.7%) lagged behind as commodity prices remained range-bound and investors favored growth over defensive stocks. Healthcare (+12.5%) delivered a steady performance, supported by large-cap stability and selective innovation-driven growth.

For 2026, the S&P 500 is expected to deliver more moderate returns as markets factor in slower economic growth and relatively tighter monetary conditions compared to recent years. Technology and Communication Services are likely to remain market leaders, supported by continued AI adoption, digital transformation, and productivity-driven investment. Financials may benefit from elevated yields and fee income, though asset quality risks could emerge if growth softens. Consumer Discretionary and Industrials may face pressure amid cautious consumer spending and delayed corporate capex. Energy and Utilities could underperform if global demand weakens and commodity prices ease. Key catalysts shaping performance include Federal Reserve policy actions, earnings sustainability, geopolitical developments, and the pace of AI-driven productivity gains.

S&P500: Third consecutive year of above average returns



Source: S&P500, SGA Research

Easing Inflation Fuels 2025 Gains as Europe Enters a More Normalized 2026

European equity markets posted solid gains in 2025, supported by easing inflation, improved earnings visibility, and a shift toward more accommodative monetary policy. The STOXX Europe 600 rose 16.0%, reflecting broad-based strength led by industrials and financials. Germany outperformed, with the DAX up

22.3% and MDAX gaining 19.0%, driven by export-oriented manufacturers and a recovery in cyclicals. The UK FTSE 100 advanced 20.2%, supported by energy, financials, and commodities, while France's CAC 40 rose a more modest 10.2%, weighed down by weakness in luxury and consumer-facing sectors.

Looking ahead to 2026, the outlook for European equities is cautiously constructive, with returns likely to be more moderate than in 2025 as growth normalizes and policy support becomes more measured. Improving inflation dynamics and potential rate cuts by the ECB could support valuations, while earnings growth is expected to be driven by industrials, financials, and select exporters benefiting from a gradual global recovery.

However, lingering geopolitical risks, fiscal constraints, and uneven consumer demand may cap upside, particularly for consumer-facing sectors. UK equities are expected to remain relatively defensive, with performance supported by high dividend yields, strong cash generation in energy and financials, and selective opportunities in domestically oriented names if economic conditions stabilize.

Asia and Emerging Markets Navigate Strength and Targeted Opportunities in 2025

Asian equity markets delivered strong and differentiated performance in 2025, supported by improving global growth sentiment and country-specific drivers. Japan's Nikkei 225 rose 28.1%, leading the region as corporate governance reforms, robust earnings, and a weaker yen boosted exports and valuations. China's Shanghai Composite gained 21.6%, supported by targeted policy easing, stabilization in the property sector, and improving investor sentiment toward selective growth and state-backed sectors. India's Nifty 50 advanced 10.1%, reflecting steady economic growth, resilient domestic demand, and continued inflows, though gains were moderated by rich valuations and selective profit-taking. Overall, Asia's performance was driven by policy support, earnings recovery, and renewed interest in structural growth themes, with Japan and China outperforming broader regional averages.

Middle Eastern equity markets showed mixed performance in 2025. Dubai's DFM rose 17.3%, supported by strong real estate activity and tourism-driven growth, while Abu Dhabi's ADX gained 7.2% on resilient earnings in financials and energy-linked names. Qatar's All Share Index increased 2.6%, reflecting modest growth, whereas Saudi Arabia's Tadawul declined 13.1%, pressured by valuation normalization and weaker performance in large-cap stocks.

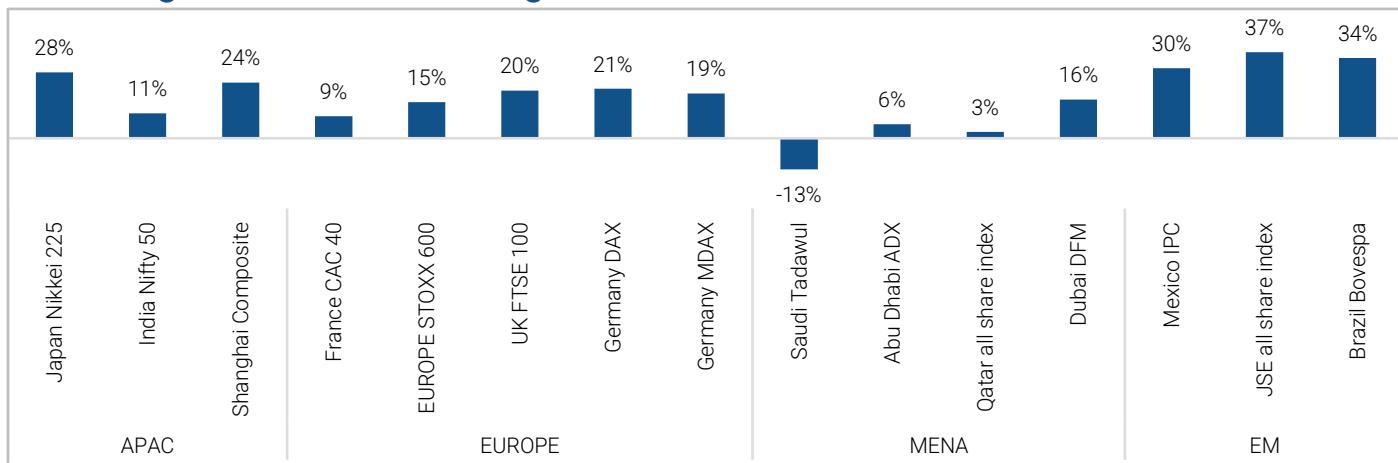
Other emerging market equities delivered strong returns in 2025, led by South Africa's JSE (+37.1%), Brazil's Bovespa

(+34.1%), and Mexico's IPC (+29.9%). Performance was driven by easing inflation, supportive domestic monetary cycles, stronger commodity prices, and improving investor sentiment toward value-oriented and high-yielding markets.

Looking ahead to 2026, Asia-Pacific equities are expected to experience selective growth, led by Japan, where ongoing corporate governance reforms, shareholder-friendly policies, and steady earnings momentum are expected to continue supporting markets, albeit at a more moderate pace. China's outlook remains policy-driven, with targeted stimulus crucial to sustaining confidence, while India's structurally strong growth may be tempered by elevated valuations.

In the Middle East, equity performance is likely to stabilize, supported by fiscal strength, economic diversification, and resilient non-oil activity; however, oil price volatility and geopolitical risks remain key concerns. Emerging markets are expected to benefit from easing global financial conditions, lower inflation, and supportive domestic interest rate cycles, with commodities, reforms, and capital inflows underpinning returns. However, currency volatility and political risks warrant selectivity. The reported abduction of Venezuela's President Nicolás Maduro could further heighten geopolitical risk and influence oil prices, with spillover effects on energy stocks and inflation expectations.

EM strength outshines uneven global markets in 2025



Source: Investing.com, SGA Research

Commodities

Precious Metals Poised for Continued Momentum

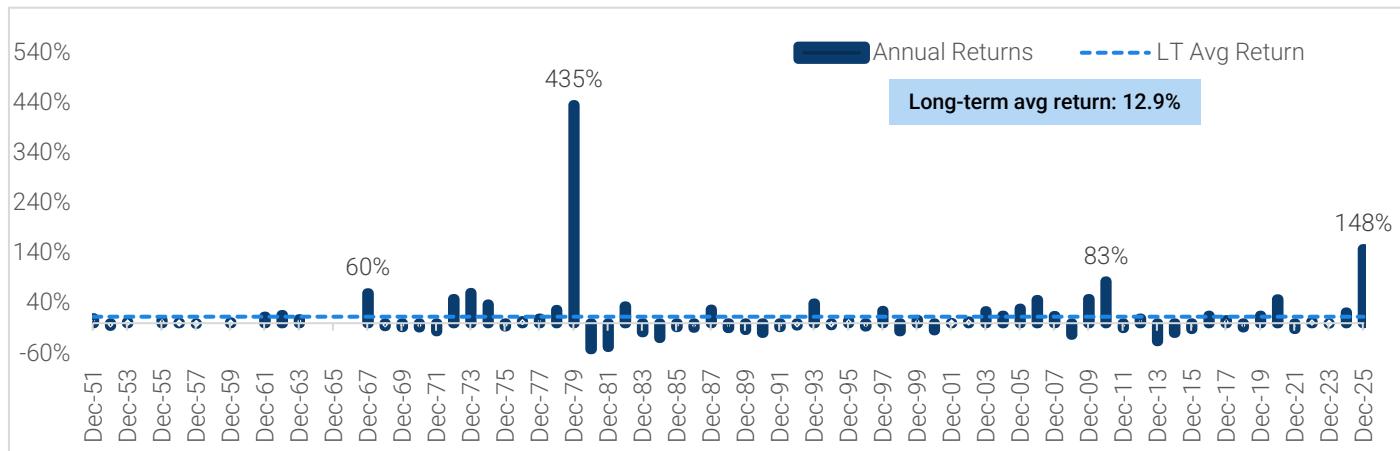


China's Export Restrictions Propel Silver to Record Highs Before Correction

Silver surged 23.6% in December and 148% in 2025. Gains were fueled by supply-demand imbalances and structural drivers, such as AI-linked semiconductor demand, data center buildouts, and EV adoption. Investor appetite was reinforced by central bank purchases, strong ETF inflows, and expectations of Fed rate cuts. Late in the month, prices spiked more than 10% in a single day, breaching \$80 for the first time after China announced export restrictions effective January 2026. With inventories at decade lows and China a major refiner and importer, the move

heightened supply concerns and strengthened the bullish narrative. The sharp rally, however, quickly triggered a technical correction, pulling silver back below \$80 per Oz. Silver's outlook in 2026 is expected to remain anchored by robust industrial demand from solar, EVs, and electrification, constrained supply, and investment flows. Following a strong rally in 2025, the outlook for 2026 appears neutral. We expect prices to trade in a range between \$65–\$75 per Oz unless a decisive break above the key \$80 level occurs, which could pave the way toward \$100.

Silver posts second-best annual returns since 1950



Source: Investing.com, SGA Research

Oil Prices to Remain Subdued in 2026 Amidst Persistent Global Surplus

Oil prices slipped around 5.0% in December and a steep 18–22% in 2025, ending December in a bearish consolidation where Brent slipped to the \$60–\$63 range and WTI struggled below \$60. The sharp correction reflected the diminishing geopolitical risk premiums in the face of a structural supply glut, driven by a relentless surge in non-OPEC+ output that completely outpaced global consumption. Crucially, the market was impacted by demand-side deterioration specifically from China where accelerating EV penetration significantly eroded gasoline consumption, leaving demand growth dependent almost entirely on

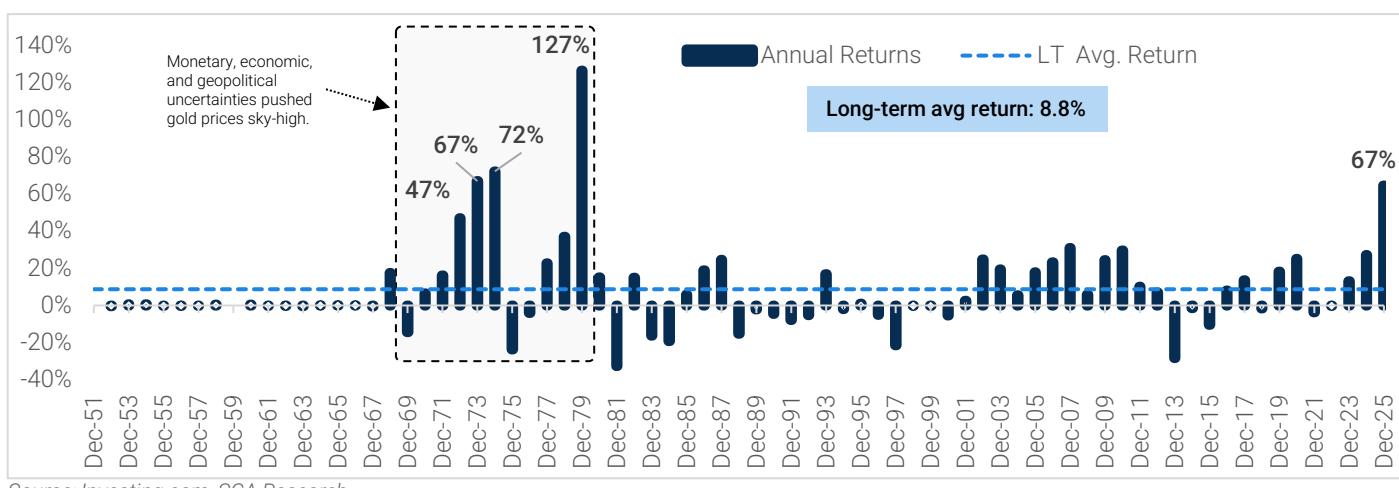
lower-value petrochemical feedstocks rather than transportation fuels. The weaker demand rendered OPEC+'s defensive supply cuts largely ineffective, resulting in a massive spare capacity overhang that now acts as a firm ceiling on price rallies. Looking ahead, the 2026 outlook is negative, with Brent expected to average between \$55–\$65 per barrel as market continues to be oversupplied and demand remains muted.

Gold Extends Momentum. Central Bank Demand Supports Bullish 2026 Outlook

Gold extended its strong 4Q momentum with a 5% rally in December, breaking key resistance to close near \$4,400/oz. Prices increased by over 67% in 2025, driven by institutional buying. December's action absorbed profit-taking and set a new support base, marking a shift from fear-driven flows to structural reallocation ahead of expected monetary easing in early 2026. The outlook for 2026 remains positive, with potential gains of \$5,000/oz supported by three structural factors. Central banks are expected to accelerate reserve

diversification away from US Treasuries, embedding a durable price floor. The Federal Reserve's tolerance for higher inflation is likely to keep real yields suppressed, reducing the opportunity cost of holding gold and attracting additional investment flows. Meanwhile, surging sovereign debt has reintroduced credit risk into assets once considered risk-free, prompting markets to increasingly reprice gold not merely as a commodity, but as the premier counterparty-free collateral in a fragile global financial system.

After a 67% gain, gold eyes \$5,000 amidst fiscal dominance

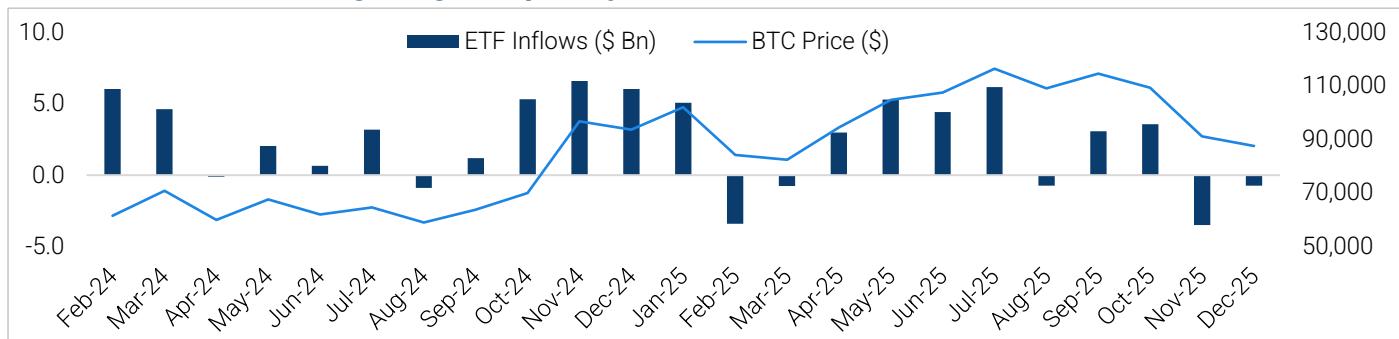


Macro Shocks Trigger Deep Bitcoin Deleveraging

Bitcoin witnessed a sharp correction in late 2025, retreating more than 35% from its October peak before stabilizing in December to close the year down 6.5%. Correction from October highs was driven by combination of leveraged liquidations, tighter global financial conditions, and trade tensions. Despite drawdown, the broader trend through 2025 was constructive, supported by macroeconomic tailwinds and regulatory clarity. The passage of the GENIUS Act in May 2025 established a framework for stablecoins, bolstering institutional confidence and unlocking

substantial capital inflows. This coincided with robust demand for Bitcoin ETFs, which attracted billions in net inflows. A weaker US dollar, sovereign debt concerns, and the Fed's pivot toward rate cuts reinforced Bitcoin's role as a hedge. Bitcoin is presently consolidating near \$90,000, suggesting potential stabilization. The outlook for the year remains bullish, with upside potential toward the \$150,000–\$180,000 range. This will be led by renewed institutional ETF inflows and anticipated central bank easing.

Bitcoin fell on leverage, tight liquidity, trade tensions



Source: Coinmarketcap, SGA Research

Real Estate

APAC Leads, US Rebalances, Europe & UK Surpass Expectations



Global CRE Showed Measured Recovery with Selective Stabilization & Strategic Reset

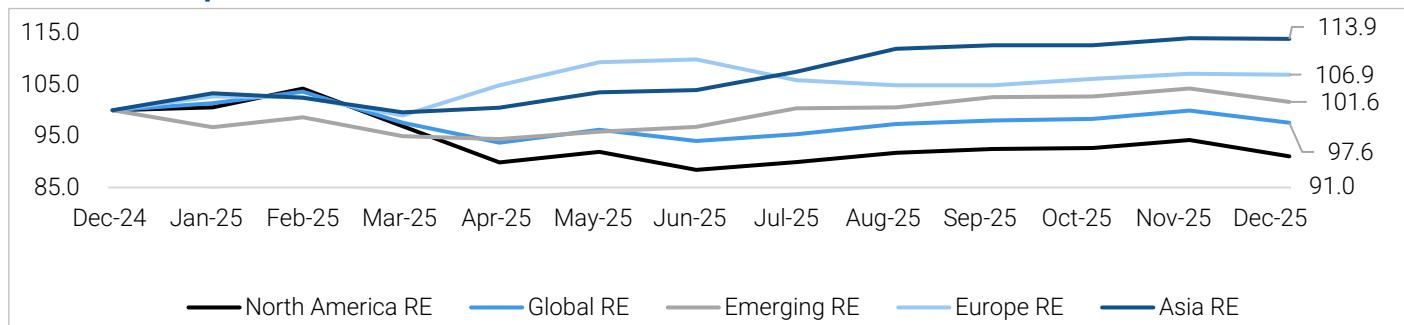
In 2025, the global real estate market transitioned from caution to a policy-led recovery, as monetary easing, government shutdowns, elections, and budgetary influences impacted market activity. Residential remains the top-performing asset class for several markets, as affordability still remains constrained, prompting rental growth and demand for 'Build to Rent' units. Logistics remains another asset class in focus for 2025. APAC reinforced its position as a global growth engine, evolving into a resilient hub for strategic allocation and attracting foreign investment flows. Similarly, the GCC market soared, led by luxury demand & strategic government initiatives. Europe & UK outperformed expectations, driven by supply-constrained rental growth & Prime assets. The US reached a pivotal inflection point in 2025 as recovery remained sharply bifurcated despite narrowing bid-ask spreads. Affordability remains stifled for

homebuyers with late signs of activity growth, whereas prime and trophy assets start to stabilize.

The global real estate is likely to transition to an income-driven cycle in 2026, with investment forecasted to exceed USD1tn (+15% y/y), the strongest recovery since 2022 (Savills). EMEA is set to lead growth (~22% y/y), while the Americas remain the largest region at ~USD 570bn, driven primarily by the US at ~USD 530bn. Lower rates will make borrowing accretive, fueling a boom in AI-driven data centers and Living sectors.

The global RE indices were down 3.0% in 2025. Among the regional indices, North America RE had the largest decline, at 9.03%, whereas Asia RE led the chart as the best-performing region. Europe RE expanded at a moderate rate of ~6%, while Emerging RE showed marginal progress for the year.

Global CRE performance – FY 2025



Source: Global RE Represented by FTSE EPRA Nareit Global Index, Regional RE Indices Are Subsectors of Broader Index, SGA Research; Numbers are sourced from the database (not directly from the EPRA website) & may vary from the EPRA's published report

Signs Homebuyers Regain Leverage Whereas CRE Witness Corrugated Recovery

The US residential market marked the 4th consecutive year of contraction, recording nearly 30-year low sales as affordability remained severely constrained. 30-yr fixed rate mortgage (FRM) began the year with ~7% and eased to 6.15% by year-end, enabling a modest inflection; December sales grew at the fastest pace (5.1% m/m; NAR) in nearly three years. However, listing expanded materially, averaging ~1.48mn monthly (+18% y/y) through November, peaking in July before seasonally falling below 1mn in December. Nonetheless, high active listing continue to prompt more frequent price adjustments to align with buyers' expectations.

Overall, these trend signals a steady shift toward a more balanced market as buyers slowly regain leverage heading into 2026.

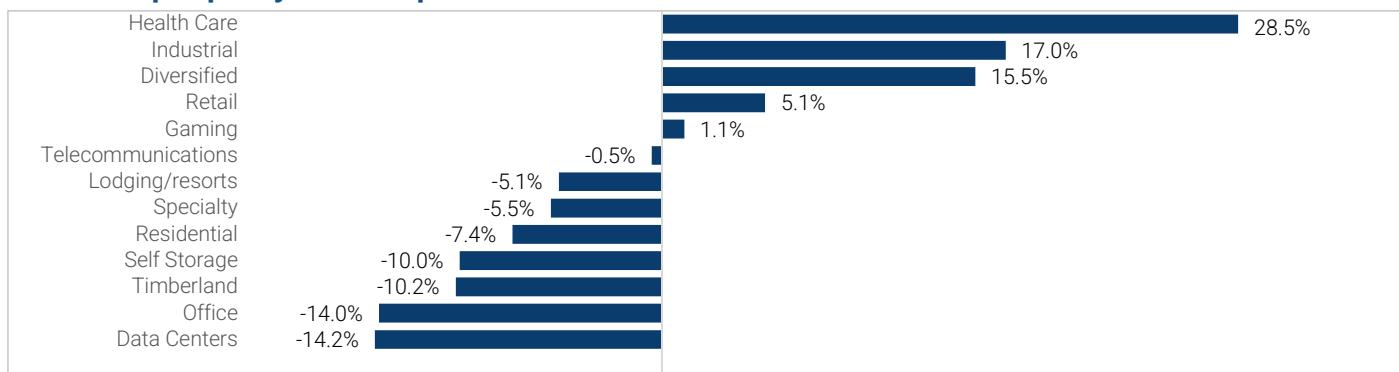
On CRE witnessed a corrugated recovery – high quality assets begin to stabilize while distressed assets faced painful valuation reset. Health care and Industrial returns led the pack on improving fundamentals and retail posted modest gains amid supply discipline. Office and data center lagged, weighed by sharp bifurcation between trophy assets and distressed stock, refinancing pressure, and valuation compression.

Drop in borrowing costs narrowed the bid-ask gap and revitalized the deal flow. The CoStar value-weighted US Composite Index rose for a sixth straight month through November, signaling stabilization in core markets, even as secondary assets remained volatile and office vacancy stayed elevated near 18.5% as of November (commercial cafe).

According to CBRE, CRE investment is set to rise 16% to USD562bn in 2026, near pre-pandemic levels. Leasing activity is likely to recover unevenly across sectors: prime office and

Industrial expected to see high demand, while retail is likely to benefit from grocery, discount, and service tenants. Multifamily to post positive net demand despite unleased new units in the Sun Belt and Midwest. Demand for data center leasing is projected to reach record highs, with supply growth constrained by longer power delivery timelines. Healthcare completions would fall, supporting rent growth. Residential markets are expected to see modest home price growth (~2-3%) and sales up ~14% (Realtor).

US REIT property sector performance - FY 2025



Source: Nareit REIT Performance, SGA Research

Measured Rebound in Europe with Shift to Income Driven Growth

In 2025, European real estate transitioned from a state of cautious paralysis to a measured recovery. Investment volumes rose to EUR 215 billion (+9% y/y) in FY25, supported by clearer rate expectations and narrower bid-ask spreads (Savills). Higher-beta markets including the Czech Republic, Finland, Portugal, Denmark, Belgium, Spain, Sweden, Hungary, and Norway led activity, while core markets such as Germany adjusted more gradually. Living and Prime assets remain in focus with supply constraints supporting prices & rental growth.

For 2026, European market is pivoting to an income driven cycle led by rental growth & proactive asset management. Residential remains the top asset class while data centers record a low vacancy driven by the AI boom (CBRE).

Relatively, the UK, with its significantly higher borrowing costs, favored prime logistics, residential-led assets, and hotels, while secondary offices and discretionary retail faced pressure. House prices ended 2025 on a softer note, with December seeing a 0.4% m/m decline and annual growth slowing to 0.6%, the slowest pace since April 2024 (Nationwide).

Overall commercial total returns for 2025 were 7.1%, with Retail at 9.0%, Industrial at 7.7%, and Offices at 4.6% (CBRE UK Monthly Index). Nationwide projects annual house price growth of 2 to 4% in 2026, supported by gradual improvements in affordability from income growth outpacing prices and modestly lower interest rates. Moreover, relatively higher yields of the UK market is expected to make borrowing accretive, driving CRE activity in coming years.

APAC & GCC Shows Conviction, Emerge as New Global Safe Havens

In 2025, the key APAC real estate markets witnessed a gradual shift from defensive caution to strategic capital deployment, focusing on high-quality, income generating assets. Japan leveraged its unique yield spreads, Australia and Singapore benefited from a pivot toward lower funding costs, revitalizing deal flow. Residential emerged as a most lucrative segment for the region with trio Japan, Australia & Singapore benefitted from high rental growth & institutional demand while capital decoupled from China owing to weak prices & consumer confidence. Office witnessed sharp divergence between high growth hubs such as India and tightness of Tokyo and Seoul, while China continued to face elevated vacancy, forcing concessions. Industrial underwent strategic reset with shift toward high specification, automation ready assets, India focusing on manufacturing hubs while Singapore & Japan

focus on rental stability and premium logistics upgrades. In 2025, the GCC market achieved record transaction volumes through a pivot toward ultra-luxury and ESG-compliant assets. The UAE reached historic peaks as Dubai's market surged, driven by the Golden Visa and millionaire migration boosting luxury home values. Meanwhile, Saudi Arabia's residential sector transitioned from speculation to demand-driven maturity, seeing activity in Jeddah and the holy cities plus a 'Built to Rent' model and rent caps to manage escalating living costs. Riyadh seeing near-zero vacancy in its prime office sector led by RHQ program. Looking ahead, further stabilization is expected in the APAC & GCC markets as easing borrowing costs and institutionalization are driving a strategic pivot toward income resilient assets in gateway hubs like Tokyo, Singapore & Riyadh.

Currencies

Currencies	Dec-end	▲ 1-Month	▲ YTD	▲ YoY
DXY Index	98.3220	-1.1%	-9.4%	-9.4%
EUR/USD	1.1745	1.3%	13.4%	13.4%
GBP/USD	1.3473	1.8%	7.7%	7.7%
USD/CHF	0.7923	-1.4%	-12.7%	-12.7%
USD/CAD	1.3724	-1.8%	-4.6%	-4.6%
USD/AUD	1.4988	1.9%	7.8%	7.8%
USD/AED	3.6723	0.0%	0.0%	0.0%
USD/INR	89.8510	0.6%	5.0%	5.0%
USD/CNY	6.9931	1.2%	-4.2%	-4.2%
USD/JPY	156.6500	-0.3%	-0.3%	-0.3%
Bitcoin	87,647.5400	-4.0%	-6.5%	-6.5%

Commodities

Commodities	Dec-end	▲ 1-Month	▲ YTD	▲ YoY
WTI Crude (\$/barrel)	57.4	-1.9%	-19.9%	-19.9%
Brent Oil (\$/barrel)	60.9	-3.7%	-18.5%	-18.5%
Natural Gas (\$/mmBtu)	3.7	-24.0%	1.5%	1.5%
Gold (\$/oz)	4,314.1	2.0%	64.4%	64.4%
Silver (\$/oz)	71.3	26.4%	146.8%	146.8%
Platinum (\$/oz)	2,053.9	22.8%	127.2%	127.2%
Palladium (\$/oz)	970.5	0.8%	6.3%	1.7%
Copper (\$/metric ton)	9,518.8	3.8%	10.0%	12.6%

Fixed Income

Rates	31-Dec-25	30-Nov- 25	30-Sep-25	31-Dec-24
Fed Funds Target	3.8%	4.0%	4.5%	4.5%
ECB Depo Rate	2.0%	2.0%	2.0%	3.0%
US Treasuries 2-year	3.5%	3.5%	3.6%	4.3%
US Treasuries 10-year	4.2%	4.0%	4.2%	4.6%
US Treasury 2–10 Spread (bps)	68	53	55	33
German Bunds 2-year	2.1%	2.0%	2.0%	2.1%
German Bunds 10-year	2.9%	2.7%	2.7%	2.4%
UK Gilts 10-year	4.5%	4.4%	4.7%	4.6%
Japanese Govt Bonds 10-year	2.1%	1.8%	1.6%	1.1%
Swiss Govt Bonds 10-year	0.3%	0.2%	0.3%	0.3%
China 10-year	1.9%	1.8%	1.9%	1.7%
India 10-year	6.6%	6.5%	6.6%	6.8%
Australia 10-year	4.8%	4.5%	4.3%	4.4%

Source: investing.com, December-end data as of 31 December 2025, SGA Research

Global Equity Markets

Country	Index	Dec-end	▲1-Month	▲YTD	▲YoY
US	S&P 500 (\$)	6,845.50	6845.50	16.4%	16.4%
	DJ Industrial Average (\$)	48,063.29	48063.29	13.0%	13.0%
	Nasdaq 100 (\$)	25,249.85	25249.85	20.2%	20.2%
Europe	STOXX Europe 600 (€)	592.19	2.7%	16.7%	16.7%
	STOXX Europe 50 (€)	5,791.41	2.2%	18.3%	18.3%
	UK FTSE 100 (£)	9,931.38	2.2%	21.5%	21.5%
	Germany DAX (€)	24,490.41	2.7%	23.0%	23.0%
	France CAC 40 (€)	8,149.50	0.3%	10.4%	10.4%
	SWISS MKT (CHF)	13,267.48	3.4%	14.4%	14.4%
APAC	Japan Nikkei 225 (JPY)	50,339.48	0.2%	26.2%	26.2%
	SHANGHAI COMPOSITE (CNY)	3,968.84	2.1%	18.4%	18.4%
	Hang Seng (HKD)	25,630.54	-0.9%	27.8%	27.8%
	Australia S&P/ ASX 200 (AUD)	8,714.30	1.2%	6.8%	6.8%
	India Nifty 50 (INR)	26,129.60	-0.3%	10.5%	10.5%
MENAT	UAE ADX (AED)	9,992.72	2.5%	6.1%	6.1%
	Dubai DFMGI (AED)	6,047.09	3.6%	17.2%	17.2%
	Qatar DSM (QAR)	10,762.51	1.4%	1.8%	1.8%
	Saudi Arabia Tadawul (SAR)	10,490.69	-0.9%	-12.8%	-12.8%
	Kuwait BK Main 50 (KWD)	8,688.80	2.9%	27.7%	27.7%
	Muscat MSM30 (OMR)	5,866.80	2.8%	28.2%	28.2%
	Bahrain All Share (BHD)	2,066.54	1.3%	4.1%	4.1%
	Egypt EGX 30 (EGP)	41,828.97	2.6%	40.6%	40.6%
	Turkey N100 (TRY)	11,261.52	3.3%	14.6%	14.6%

Source: investing.com, November-end data as of 31 December 2025, SGA Research

SGA Newsletter Team



Mayuresh Wagh
Head of Capital Markets



Rajib Das
Head of Investment Research



Ashish Jain
Head of Equity Research



Ramkrishna Umre
AVP, Investment Research



Laxmikant Waghmare
SPM, Investment Research



Rakesh Kakani
Head of Fixed Income Research



Rahul Ingle
Lead Analyst, Investment
Research



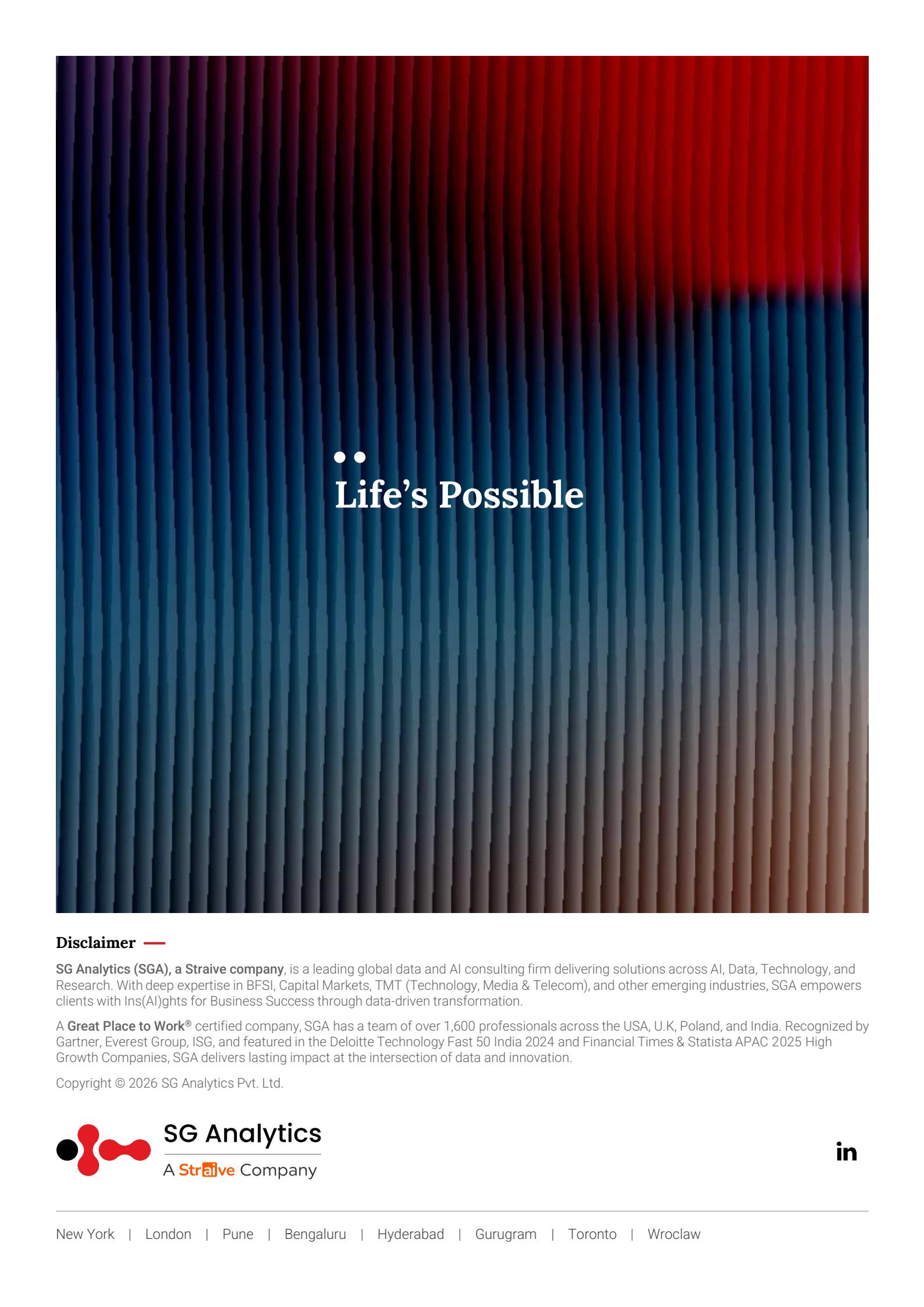
Sarita Ghosh
Analyst, Fixed Income Research



Krupa Shah
Senior Analyst, Investment
Research



Aryan Waghresha
Management Trainee,
Investment Research



•• Life's Possible

Disclaimer —

SG Analytics (SGA), a **Straive** company, is a leading global data and AI consulting firm delivering solutions across AI, Data, Technology, and Research. With deep expertise in BFSI, Capital Markets, TMT (Technology, Media & Telecom), and other emerging industries, SGA empowers clients with Ins(Al)ights for Business Success through data-driven transformation.

A **Great Place to Work®** certified company, SGA has a team of over 1,600 professionals across the USA, U.K, Poland, and India. Recognized by Gartner, Everest Group, ISG, and featured in the Deloitte Technology Fast 50 India 2024 and Financial Times & Statista APAC 2025 High Growth Companies, SGA delivers lasting impact at the intersection of data and innovation.

Copyright © 2026 SG Analytics Pvt. Ltd.

