



# MARKET OUTLOOKS

Global Equities, Fixed Income, Commodities & FX

H2 2026 Outlook | vsure investment affairs

Forward-looking perspectives on macro conditions and major asset class trajectories.

## Executive Summary

Global markets enter H2 2025 in a state of cautious optimism. Developed-market central banks have pivoted to easing cycles, providing a tailwind to duration assets. Equity valuations remain elevated relative to historical averages but are supported by resilient corporate earnings, particularly in technology. Geopolitical risks — Middle East tensions, US-China trade dynamics, and European political uncertainty — remain persistent volatility factors. Our base case for 2025 full year: global equities +9–12%, 10-year Treasury yields ending at 3.8–4.1%, oil range-bound at \$75–88/bbl.

<b>+10%</b>	<b>3.9%</b>	<b>\$82</b>	<b>1.08</b>
Global Equity Base Case	US 10Y Yield Forecast YE25	Oil (Brent) Mid-Case \$/bbl	EUR/USD YE25 Forecast

## Global Macro Environment

The global economy is navigating a soft-land in trajectory. The IMF projects 2025 global GDP growth at 3.3%, broadly in line with 2024 actuals. The US economy is the standout performer among developed markets, supported by productivity gains from technology adoption and resilient labor markets. The Eurozone continues to lag, with Germany in particular facing structural headwinds from energy costs and the EV transition's impact on its automotive sector. China's recovery remains uneven: strong exports but subdued domestic consumption and a protracted real estate correction.

### GDP Growth Forecasts by Region (2025E)

Region / Country	2024 Actual	2025 Forecast	2026 Forecast	Analyst View
United States	2.8%	2.4%	2.1%	Positive
Eurozone	0.8%	1.2%	1.6%	Cautious
China	4.9%	4.5%	4.2%	Neutral
India	7.0%	6.8%	6.9%	Very Positive
Japan	0.5%	0.9%	1.1%	Neutral
EM ex-China	4.1%	4.2%	4.5%	Positive

## Global Equities Outlook

Equity markets face a dual challenge: elevated valuations demanding earnings delivery, and rate paths that remain uncertain. The S&P 500 trades at 21x forward earnings — above the 10-year average of 18x — but is justified in part by the exceptional earnings growth in mega-cap technology. We maintain an Overweight in US

equities, with a selective tilt toward AI infrastructure, healthcare, and financial services. European equities are attractively valued on a relative basis but require a catalyst. EM equities present opportunities in India, Vietnam, and Indonesia.

### Equity Market Targets (12-Month)

Index	Current (Jun 2025)	12M Bull Case	12M Base Case	12M Bear Case
S&P; 500	5,420	6,200	5,850	4,800
NASDAQ 100	19,500	23,000	21,500	16,000
Euro Stoxx 50	5,050	5,600	5,200	4,300
FTSE 100	8,300	9,000	8,600	7,400
Nikkei 225	39,000	44,000	41,000	33,000
MSCI EM	1,080	1,250	1,160	950

**Sector Allocation:** We recommend Overweight in Technology, Healthcare, and Industrials; Neutral in Financials and Consumer Staples; Underweight in Real Estate and Utilities given lingering rate sensitivity.

### Fixed Income Outlook

The Fed delivered two 25bps cuts in H1 2025, with the policy rate now at 4.75–5.0%. Markets are pricing two additional cuts by year-end. This creates a favorable environment for investment-grade credit, short-duration sovereigns, and selective EM hard currency bonds. High yield spreads have tightened to historically low levels, reducing the risk/reward case for below-investment-grade credit. We prefer quality duration in this environment.

Asset Class	Yield/Spread	Duration Rec.	Rating	12M Total Return Est.
US Treasuries (10Y)	4.1%	Neutral-Long	Neutral	5–7%
IG Corporate Credit	5.0%	Neutral	Overweight	5–6%
HY Corporate	+310bps	Short	Underweight	3–5%
EM Hard Currency	6.8%	Selective	Neutral	6–9%
TIPS (Inflation)	1.9% real	Neutral	Neutral	4–6%
Munis (US)	3.8%	Long	Overweight	5–7%

### Commodities & Alternatives Outlook

Commodities present a divergent picture. Gold continues to benefit from central bank buying (particularly EM central banks reducing USD exposure) and geopolitical demand, trading above \$2,600/oz. Oil remains range-bound as OPEC+ supply discipline offsets demand moderation. Agricultural commodities face supply risks from La Nina weather patterns affecting South American crops. Industrial metals (copper, lithium) have bifurcated: copper benefits from electrification demand while lithium has corrected sharply on oversupply.

<b>\$2,650</b>	<b>\$82</b>	<b>\$9,800</b>	<b>\$12.50</b>
Gold (\$/oz) Mid-Case	Brent Oil (\$/bbl)	Copper (\$/MT)	Lithium Carbonate (\$/kg)

## Foreign Exchange Outlook

The US dollar has moderated from its 2022–2023 highs as the Fed's easing cycle narrows the rate differential with other developed markets. The DXY index is expected to drift toward the 100–102 range by year-end. The Euro faces political headwinds from European Parliament fragmentation but is undervalued on purchasing power parity. The Japanese Yen is recovering as the Bank of Japan cautiously normalizes policy. EM currencies are generally stable but idiosyncratic political risks require selective positioning.

Currency Pair	Current	3M Forecast	12M Forecast	Bias
EUR/USD	1.082	1.08	1.10	Slight USD Weakness
GBP/USD	1.271	1.27	1.30	Neutral-Positive
USD/JPY	152	148	142	Yen Strengthening
USD/CNY	7.23	7.18	7.10	Slight CNY Strength
USD/INR	83.5	83.0	82.0	Slight INR Strength

## Key Risks & Scenario Analysis

- **Geopolitical Escalation (Prob: 20%):** Middle East conflict broadens or US-China tensions over Taiwan spike; risk-off triggers 10–15% equity drawdown, gold +15%, oil +25%.
- **US Recession (Prob: 15%):** Labor market deterioration accelerates; Fed forced into emergency cuts; 20–25% equity correction, Treasury rally, credit spread widening.
- **Inflation Resurgence (Prob: 20%):** Services inflation re-accelerates; Fed pauses or reverses; bond sell-off, growth stock de-rating.
- **Soft Landing Confirmed (Prob: 45%):** Our base case: earnings grow 8–10%, Fed executes 2–3 more cuts, equities grind higher.

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