



Global Markets

Equities Pause after a Strong Quarter

Global equities consolidated in June following a strong second quarter, as easing geopolitical tensions were offset by renewed concerns over interest rates and technology valuations. The de-escalation of Middle East tensions and the sharp decline in oil prices reduced inflation risks and improved the macroeconomic outlook, while stronger US economic data and a more hawkish Federal Reserve prompted profit-taking in technology stocks. Despite the monthly pause, developed market equities gained 13.9% during the quarter, while emerging markets surged 24%, led by Taiwan and South Korea as AI-related investment continued to drive semiconductor and technology hardware demand.

AI and Earnings Remain the Key Drivers

Corporate earnings and AI investment continued to underpin equity markets. US hyperscalers increased planned AI capital expenditure for 2026 to around USD 700 billion, supporting strong earnings growth across semiconductor, memory and power infrastructure companies. As the AI investment cycle matures, investors are becoming increasingly selective, rewarding companies demonstrating earnings growth and cash-flow generation rather than future potential alone. This shift reinforces a constructive medium-term outlook for global equities, supported by resilient corporate fundamentals.

Soft-Landing Expectations Support Fixed Income

Global fixed income markets delivered modest gains during the quarter as lower oil prices eased inflation expectations and supported credit markets. Investment-grade and high-yield corporate bonds outperformed government bonds as credit spreads tightened on resilient corporate earnings. While central banks remain cautious, easing energy prices have reduced the likelihood of further monetary tightening, strengthening expectations for a soft landing in the global economy.



Regional Markets

Saudi Equities Consolidate

Saudi equities underperformed global markets in June as lower oil prices and higher global interest-rate expectations weighed on investor sentiment. The Tadawul All Share Index (TASI) declined 2.5% during the month but remains approximately 3% higher year-to-date. Despite the short-term weakness, the market continues to benefit from strong domestic liquidity, ongoing Vision 2030 investments and resilient corporate fundamentals, providing support for medium-term earnings growth.

Domestic Economy Remains Resilient

Saudi Arabia's domestic economy continues to demonstrate resilience, led by sustained strength in the non-oil sector. The PMI rose to 53.3, its highest level in four months, supported by stronger new orders and domestic demand. Consumer spending remained healthy, banking system liquidity continued to improve, inflation stayed at 1.8%, and unemployment declined to 6.4% in the first quarter. While lower oil prices may modestly weigh on fiscal revenues, the Kingdom's diversified growth drivers and continued implementation of Vision 2030 should continue to support economic activity and corporate earnings.





Global Market Indices

Global Data: As End Of: 30-June-26

Saudi Market Data: As End Of: 30-June-26

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2023 (%)	2024 (%)	2025 (%)
World	DJIM World TR	14,905.14	(1.6)	14.4	29.1	19.3	19.8	10.8	14.2	27.0	18.0	19.4
Developed	DJIDEV TR	8,570.48	(1.5)	14.2	28.9	19.0	19.9	11.7	14.7	29.4	18.5	19.2
Emerging Markets	DJIEMG TR	7,486.12	(2.6)	16.7	31.3	22.1	19.2	2.9	9.8	6.4	13.3	21.8
Saudi	TASI	10,799.92	(2.5)	2.9	(3.3)	(3.8)	(2.0)	(0.3)	5.2	14.2	0.6	(12.8)
NAREIT	AI REITS TR	3,628.55	0.6	9.4	13.6	13.0	10.2	2.2	4.1	9.8	1.6	11.0
GSCI	All Commodities	619.45	(10.8)	12.9	14.0	3.5	4.7	2.9	5.2	(12.2)	2.6	(0.2)
Currencies	Euro	1.14	(2.0)	(2.8)	(3.1)	3.3	1.5	(0.7)	0.3	3.1	(6.2)	13.4
	Yen	162.55	(2.0)	(3.6)	(11.4)	(0.5)	(3.9)	(7.3)	(4.4)	(7.0)	(10.3)	0.3
	GBP	1.33	(1.4)	(1.6)	(3.4)	2.4	1.4	2.7	1.9	5.4	(1.7)	7.7

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