

ASAS CAPITAL
أساس كابيتال



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WEEKLY UPDATE

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W E E K L Y U P D A T E

✨ MUSINGS

“Long ago, Ben Graham taught me that “Price is what you pay; value is what you get.” Whether we’re talking about socks or stocks, I like buying quality merchandise when it is marked down.”

WARREN BUFFETT

📈 LAST WEEK IN THE MARKETS

Name	Closing Level	Weekly Change	YTD Change
S&P 500	7,354 ▼	-1.95% ▼	7.43% ▲
Nasdaq Composite	25,297.62 ▼	-4.60% ▼	8.84% ▲
10Y UST Yield	4.376 ▼	-1.77% ▼	5.12% ▲
Crude oil	70.25 ▼	-16.65% ▼	22.39% ▲
Gold	4,088.38 ▼	-1.61% ▼	-5.32% ▼
DXY	101.36 ▲	0.60% ▲	3.13% ▲
USD/INR	94.283 ▼	-0.03% ▼	4.95% ▲
Bitcoin	60,019 ▼	-5.46% ▼	-31.40% ▼
Euro STOXX 50	6,221.53 ▼	-1.11% ▼	7.03% ▲
India (Nifty)	24,056.00 ▲	0.18% ▲	-7.94% ▼
Japan (Nikkei)	69,360.88 ▼	-2.65% ▼	37.79% ▲
China (CSI 300)	4,868.22 ▼	-2.17% ▼	0.66% ▲
Saudi (TASI)	10,933.23 ▼	-1.69% ▼	4.22% ▲
Abu Dhabi (ADX)	9,880.00 ▼	-1.37% ▼	-1.13% ▼
Dubai (DFM)	6,018.35 ▼	-2.35% ▼	-0.48% ▼

📰 NEWS FROM THE MARKETS

Macroeconomics and Geopolitics: The De-escalation Pivot

The global macroeconomic narrative experienced a significant shift during the week, driven primarily by a diplomatic breakthrough. Following months of acute stagflationary pressures sparked by the Middle East crisis that erupted earlier in the year, global markets found relief when the White House announced an ‘agreement’ between the U.S. and Iran over the June 20–21 weekend.

The immediate effect was a partial reopening of the Straits of Hormuz, with reports of over 23 million barrels of oil clearing the chokepoint. This diplomatic pivot has prompted economists to recalibrate global growth projections. Prior to this, the World Bank's June 2026 report had projected global growth to slow to 2.5% for the year due to systemic energy shocks. On the monetary policy front, markets are adjusting to the hawkish stance of the newly appointed Federal Reserve Chair, Kevin Warsh. The mid-June FOMC statement maintained the Fed Funds Rate at 3.5% to 3.75%, but Warsh's emphasis on absolute price stability and strong productivity growth has driven fed funds futures to price in a 90% probability of a rate hike by September.

US Equities: A Great Tech Rotation

U.S. equity markets experienced a highly volatile, split-screen performance. The week started with a risk-on rally fueled by the U.S.-Iran peace process, which saw the Dow Jones Industrial Average cross the historic 52,000 level for the first time. However, as the week progressed, a major rotation unfolded. Investors heavily took profits out of the highly valued technology and artificial intelligence sectors, resulting in a weekly decline for the tech sector. Conversely, capital moved aggressively into defensive and value plays; the healthcare sector surged by 7.88% and real estate added 4.16%. Interestingly, despite the weakness in large-cap indices, market breadth remained constructive, with small-caps gaining 1.69% and value stocks rising 2.20%, suggesting that cash is rotating within the market rather than exiting it entirely.

International Equities: Divergent Regional Paths

Developed and emerging international equity markets mirrored the mixed sentiment seen in the U.S., but with regional variations. The MSCI EAFE index, representing developed overseas markets across Europe and the Asia-Pacific, managed to carve out a modest gain of just under 1% early in the week before experiencing late-week pressure. European bourses saw a temporary lift as businesses digested a projected baseline Eurozone GDP growth of 0.5% for 2026, alongside easing headline inflation expectations which are currently hovering around 2.5%. In Asia, Japanese equities remained sensitive to domestic monetary pressures, though exporters caught a mild bid from currency dynamics. Overall, international equities are displaying greater resilience than U.S. large-cap tech, as their lower exposure to mega-cap growth multiples insulated them from the aggressive valuation pruning seen on Wall Street.

Fixed Income and Credit: Yields Retreat on Deflationary Relief

In the fixed income markets, the easing of geopolitical tensions triggered a notable reversal in bond yields. Previously, long-end government bonds had been grinding relentlessly higher due to structural inflation risks and heavy fiscal supply. However, the prospect of lower energy costs led to a solid rally in Treasuries during the week. The yield on the benchmark 10-year U.S. Treasury note fell from 4.46% to 4.38%, while the policy-sensitive 2-year yield dropped from 4.19% to 4.07%. This softening of yields reflects a temporary relief in near-term inflation expectations, even as fixed-income participants remain wary of Chair Warsh's longer-term hawkish bias. Corporate credit spreads remained relatively well-behaved, supported by healthy corporate balance sheets and resilient nominal GDP numbers.

Oil: The Pressure Valve Releases

Energy markets experienced the sharpest correction of the week, acting as the primary transmission mechanism for the geopolitical de-escalation. West Texas Intermediate (WTI) crude futures plunged by 8.70% over the week, closing at \$69.43 per barrel, down significantly from the mid-month averages that sat closer to \$85. Brent crude saw a similar sell-off, moving back down toward the low \$70s. The rapid physical movement of oil through the Straits of Hormuz effectively punctured the geopolitical risk premium that had artificially inflated prices. While crude oil remains roughly 33% higher than its starting point for 2026, structural macro dynamics—including expanding non-OPEC supply—are reasserting themselves, keeping the broader 2026 energy consensus structurally anchored closer to \$60–\$62 per barrel.

Gold and Silver: Precious Metals Lower as Safe-Haven Demand Cools

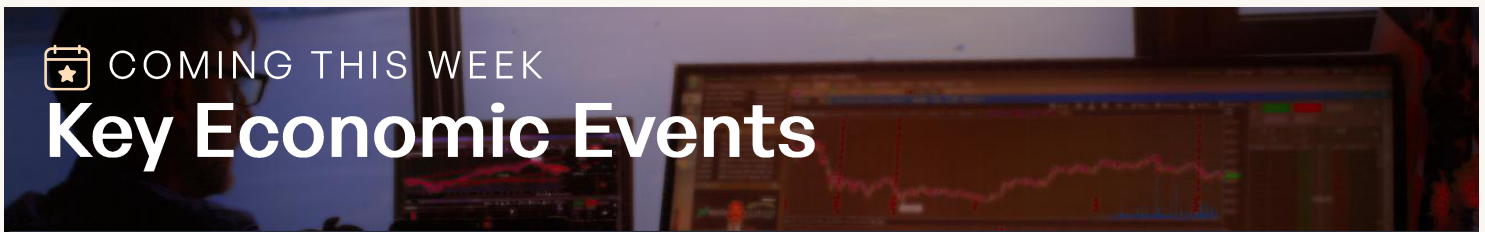
Precious metals faced a tough week as the premium for geopolitical safety dissolved rapidly. Comex spot gold fell sharply from its earlier consolidation range near the 50-day moving average of \$4,730. Silver followed gold lower, though it maintained a stronger structural floor above its multi-year support base of \$50–\$54 per ounce, reflecting its robust industrial demand curve driven by EV manufacturing and AI data center infrastructure. Investor behavior during this sell-off highlights a clear divide between Western institutional capital and Eastern structural buyers. Western gold ETFs recorded modest outflows as macro traders rotated funds into higher-yielding assets and cash. In contrast, institutional and central bank behavior in Asia remains highly supportive.

The World Gold Council’s adjusted over-the-counter data indicates that unreported sovereign buying remains remarkably strong. Notably, Chinese net imports of gold rose sharply to 317 tons in the first quarter of 2026, a threefold increase over the previous quarter. This indicates that while retail momentum and speculative capital are trading the short-term geopolitical headlines, institutional asset allocators view these price dips as long-term buying opportunities.

The Week Ahead: Critical Data and Catalysts

Looking forward, market volatility is expected to remain elevated as a series of high-impact economic releases hit the tape. Global financial markets are also navigating end-of-half portfolio rebalancing, characterized by a distinct sector rotation away from high-flying technology/AI stocks and into defensive assets.

Due to the July 4th Independence Day holiday, the crucial US non-farm payrolls and unemployment rate report is pulled forward to Thursday. Paired with ahead-of-schedule JOLTS and ADP private payroll reports, this data will directly shape Federal Reserve policy expectations under Chairman Kevin Warsh. Energy traders will monitor the exact daily volume of oil tankers clearing the Persian Gulf to confirm whether global energy logistics are returning to a sustainable equilibrium.

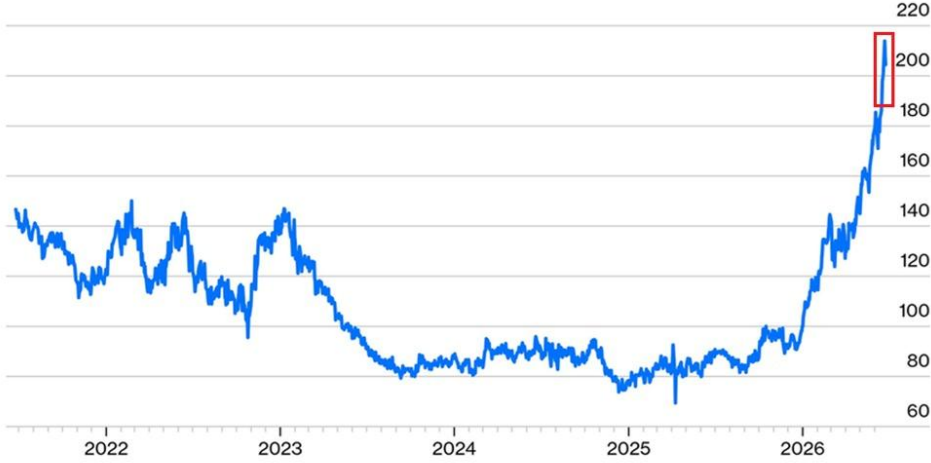


June 29th	<ul style="list-style-type: none"> • Euro Area Economic Sentiment (Jun) • ECB President Lagarde Speech
June 30th	<ul style="list-style-type: none"> • Japan Unemployment Rate (May) • China PMI Data (Jun) • US Jobs Data (May) • Nike earnings
July 1st	<ul style="list-style-type: none"> • Euro Area Inflation Data (Jun) • US Manufacturing PMI Data (Jun) • Maruti Suzuki earnings
July 2nd	<ul style="list-style-type: none"> • US Jobless Claims Data
July 3rd	<ul style="list-style-type: none"> • India PMI Data (Jun)

CHART OF THE WEEK

Asian Chipmakers' Extraordinary Ascendancy
Short the Magnificent 7 and double your money in six months...

MSCI EM Semiconductors Relative to Bloomberg Magnificent 7



Note: Data is indexed to 100 on Dec. 31, 2025
Source: Bloomberg

Bloomberg Opinion

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