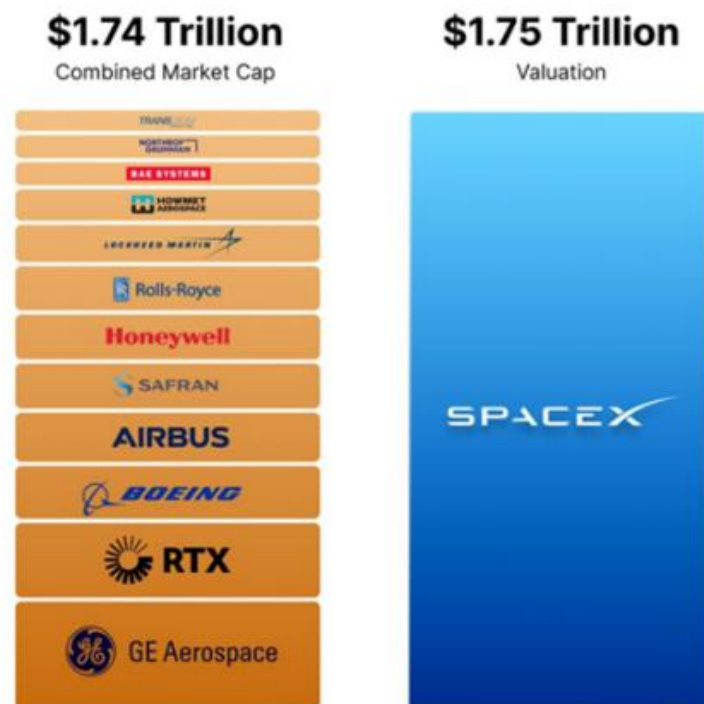

Equity Weekly



Syz Equity Research – week from 5 to 12 June 2026

The Chart of the Week

SpaceX is valued like the Aerospace Index



Source: <https://leverageshares.com/en-eu/market-insights/>

What happened last week?

Global markets

Global equities recovered cautiously last week, with MSCI AC World gaining 0.6% in USD terms, but the aggregate masks a more interesting story beneath. Markets spent the first half of the week under pressure as fresh US strikes on Iranian targets revived fears of a protracted conflict and pushed crude higher, before a sharp reversal on Thursday as diplomatic signals from Washington and Tehran pointed toward a potential deal. The European Central Bank added its own plot twist, hiking rates by 25 basis points on Thursday, its first increase since 2023, acknowledging that the Iran-driven energy shock is feeding durably into inflation. The combination of geopolitical whiplash and a central bank pivoting back to tightening made for a volatile and ultimately inconclusive week at the index level.

The more consequential development was the rotation underway beneath the surface. The AI and mega-cap technology trade that dominated the first half of 2026 continued to fragment, with software and the largest platform names remaining under selling pressure even as semiconductors staged a sharp rebound. The SpaceX IPO on 12 June played a central role: fears that institutional investors were funding their allocations by liquidating existing tech positions had amplified the prior week's selloff, and once the deal priced and traded up strongly on debut, that overhang cleared. Banks, materials, and smaller companies were the week's real winners, underscoring a broadening of market leadership that investors have been anticipating for months.

US

The S&P 500 added 0.7% for the week, but the index-level number masks an unusually wide dispersion of outcomes beneath. The Nasdaq 100 recovered 2.4%, driven almost entirely by the semiconductor rebound, while the Russell 2000 outperformed at 3.3%. Small cap strength this week was not a rates story; it was a positioning story. With capital having concentrated relentlessly into a handful of mega-cap AI names through the first half of the year, the unwind in that trade freed up flows that found their way into the parts of the market that had been most neglected. Banks were among the week's strongest performers, with regional lenders in particular responding positively to the prospect of a steeper yield curve. Materials also outperformed sharply, aided by metal price strength.

Within technology, the story was one of stark divergence. Semiconductors surged as the SpaceX IPO-related funding pressure cleared and buyers returned, but software remained under heavy selling, with the expanded tech-software complex down over 5% on the week. Cybersecurity names also continued to de-rate. The implication is that the market is not abandoning the AI theme, but it is re-pricing it, favouring the hardware and infrastructure layer over the application and security layer where near-term revenue visibility is less certain. The week ended with the SpaceX debut providing a symbolic capstone: the AI infrastructure era now has its marquee public listing, and the market welcomed it emphatically.

Europe

The STOXX Europe 600 gained 1.3% in local currency terms, but the aggregate conceals a week of striking divergence. The ECB's decision to raise rates by 25 basis points on Thursday - its first hike since 2023 - was the defining event, and its impact played out very differently depending on where in Europe you were invested.

For Spain and Italy, whose equity markets are heavily weighted toward banks, the hike was unambiguously positive: the IBEX 35 surged 8.4% and the FTSE MIB added 3.6% as investors priced in a more sustained period of net interest margin support. For Germany, it was the opposite. The DAX fell 0.4%, caught between rising energy costs, a softer growth outlook, and a central bank that is now tightening into a weakening industrial cycle. The same policy decision that rewarded southern European financials served as a further headwind to the export-oriented manufacturers that anchor the German index.

The ECB's revised projections reinforced the uncomfortable backdrop. With headline inflation now forecast at 3.0% for 2026 and GDP growth revised lower, the Governing Council is effectively signalling that the Iran-driven energy shock is not transient, and that it intends to respond accordingly. The implications for European equity allocators are meaningful: the rate-cut tailwind that supported the market earlier in the year has reversed, and the intra-regional divergence between financially exposed southern markets and industrially exposed northern ones

looks set to persist. Consumer staples and discretionary names held up reasonably well across the continent, offering some evidence that domestic demand has not yet buckled under the weight of higher prices and tighter policy.

Rest of the world

Asia was the week's weak spot. The Taiwan TAIEX fell 2.3% and MSCI Japan lost 1.6%, both continuing to digest the prior week's semiconductor-driven shock. The Korea market stabilised but only modestly, with the recovery tentative after the KOSPI had plunged more than 8% in the prior session as fears grew around the AI cycle. The sharp divergence between the US semiconductor rebound and the continued softness in the TAIEX is instructive: US-listed ETF flows recovered quickly as the SpaceX overhang cleared, but the earnings revision cycle for Asian chip producers, particularly in memory, moves more slowly, and investors remained cautious about re-engaging aggressively. MSCI EM was flat in aggregate, with the weakness in North Asia offset by a 2.4% gain in Brazil, supported by commodity price strength, and a broadly stable performance elsewhere.

China slipped 0.7% and Japan's underperformance stood out given the broadly more constructive global tone by Thursday and Friday. For Japan, yen dynamics and the Bank of Japan's policy trajectory remain a source of uncertainty: imported energy inflation complicates the case for continued accommodation, while a stronger yen would weigh on the export-oriented corporates that dominate the index. These cross-currents help explain why Japanese equities failed to participate in the Thursday-Friday recovery that lifted other markets. The broader Asian picture reflects a region caught between strong structural tailwinds from AI semiconductor demand and short-term vulnerability to geopolitical shocks, rate-cycle pivots in the West, and the concentration risks embedded in indices dominated by a handful of chipmakers.

Our view on equities

Equity asset class

We maintain equity exposure at the upper end of our neutral allocation range.

Earnings

After a strong Q1 earnings season and upward guidance revisions, 2026 earnings expectations have been revised higher across all major regions and are now running at double-digit growth rates. Operating margins have reached all-time highs and continue to accelerate.

Valuation

Although equity prices have reached new record highs, forward P/E multiples have edged lower because EPS growth has outpaced share price gains. Valuations remain above historical averages in the S&P 500 and Nikkei, while the STOXX Europe 600 and Asia ex-Japan look relatively more attractive.

Risks

The main risk to this constructive view is a renewed rise in rates and inflation expectations, which could compress multiples and pressure valuations.

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