

# Market Commentary

July 2026



## Key Points:

- The oil price fell in June to the levels seen before the Iran war broke out and the Strait of Hormuz was closed.
- Central banks have reversed course and raised rates again, and are signalling potential further rate hikes ahead.
- SpaceX was listed in the largest IPO of all time, raising almost three times as much capital as the previous record listing in 2019.

### Market Outlook

#### Stock Market – Overweight ↗

The global equity market rose 10 percent in the first half of the year, despite volatility driven by the oil price and geopolitical unrest. Emerging market equities in particular rose sharply, as did the energy and technology/AI sectors. Earnings expectations for companies have also risen. On aggregate, we remain overweight equities.

#### Bonds – Neutral Weight →

Global government bonds were roughly unchanged in the first half of the year, with Japan contributing negatively and the eurozone contributing positively in terms of returns. High inflation and inflation expectations have nonetheless led several central banks to reverse course and restart rate hikes. We remain neutral on duration across all markets and overweight credit exposure.

#### Money Market – Underweight ↘

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## The Allocation Group notes that petrol prices in the US have fallen during the so-called "driving season".

### The allocation group in Storebrand Asset Management:

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### Oil price back to pre-war levels

The oil price (Brent) fell towards the end of June, back down to around USD 70/barrel — the levels seen before the Iran war broke out and the Strait of Hormuz was closed. Even though traffic has still not fully normalised, the oil price has come down from USD 120/barrel at the peak of the fears. No peace agreement has yet been signed either, although negotiations around an MOU (Memorandum of Understanding) have been ongoing for some time, with repeated interruptions. Financial markets nonetheless continue to trade on the belief that a peace agreement will be reached and the Strait of Hormuz reopened. US petrol prices have also come down below USD 4/gallon and are likely to fall further, having previously reached USD 4.50/gallon. Petrol consumption in the US peaks between May and August, often referred to as the "driving season". Lower oil and petrol prices therefore mean lower expenses for US households for the remainder of the driving season, and more purchasing power than was feared only a few months ago. As a result, the chances of Trump winning the midterm elections this autumn have edged up again on the back of the fall in the oil price.

### Rate hikes from central banks

Even though the oil price has fallen, this has not stopped central banks from raising rates again. Inflation expectations rose through the second quarter, and the European Central Bank (ECB) raised its rate in June for the first time since 2023. The market is pricing in one further hike before year-end. The US Federal Reserve (Fed) also signalled potential further rate hikes at its latest meeting, lifting its "dot plots",

which indicate expectations for the future path of rates. The newly appointed Fed Chair Kevin Warsh, however, did not submit his own "dot", as he is critical of the kind of forward guidance most modern central banks use. That does not mean he is following Trump's agenda of wanting lower rates. On the contrary, his rhetoric was clear on price stability and getting inflation down – remarks the market interpreted as hawkish. The market is currently pricing in a rate hike towards the end of October and the possibility of one further hike over the next twelve months.

### SpaceX and Musk's ascent

For now, equity markets have also taken a fairly relaxed view of the outlook for higher rates, which historically slows economic growth and weighs on corporate earnings expectations. Long-term rates have, admittedly, risen somewhat less than short-term rates, not least because the market sees the oil price effect on inflation as transitory. That has not stood in the way of a successful IPO of SpaceX in June, the largest of all time, with Elon Musk at the helm. It raised almost three times as much capital as the previous record listing by Saudi Aramco in 2019, and once again made Elon Musk the world's richest person. For now, it is primarily his Starlink business, under SpaceX, that generates earnings, while his ambitions for both Starship (space travel) and xAI (AI/data services) are important long-term goals in terms of earnings and to justify the valuation. Later this year, the much-discussed Anthropic – the company behind Claude – is also expected to go public.

# Market Outlook

## Global Equities – Overweight ↗

Global equities, measured by MSCI World in local currency, rose by 10 percent in the first half of the year. The equity market was shaped by the closure of the Strait of Hormuz, oil price swings and renewed optimism around AI. The energy and technology sectors performed clearly best globally, with gains of nearly 20 percent in local currency. The second half of the year is likely to be shaped by the final stretch of the US midterms and central banks' potential rate hikes. We remain overweight global equities.

## Emerging Markets (EM) – Overweight ↗

EM equity markets in local currency rose by no less than 25 percent in the first half, clearly outperforming developed markets. South Korea and Taiwan contributed particularly strongly, with gains of 132 percent and 61 percent, respectively. In contrast, the Chinese and Indian markets weighed negatively in the first half. EM equities now appear to offer less diversification and, with the AI-led rally in South Korea and Taiwan, may add to AI concentration. On aggregate, we remain overweight EM.

## Global Bonds – Neutral Weight →

Global government bonds (JPM GBI) were roughly unchanged overall in the first half of the year. Japan in particular weighed negatively, falling by almost 3 percent as a result of rising yields. Germany and the eurozone contributed positively with a gain of 1 percent, while the US was marginally positive. The Fed was also surprisingly hawkish in June under the new Chair. We remain neutral on duration in global government bonds.

## Key Figures as of 30.06.2026

(measured in local currencies)

Global Stocks (MSCI)	June	2026
All Countries	-0.1 %	12.2 %
Developed Markets	-0.1 %	10.4 %
Emerging Markets	-0.1 %	26.8 %
<b>Regions (MSCI)</b>		
North America	-0.8 %	9.9 %
Europe	3.2 %	10.3 %
Asia and Oceania	1.1 %	15.0 %
Nordic	0.2 %	7.5 %
<b>Countries</b>		
USA (S&P 500)	-1.0 %	10.0 %
Japan (Nikkei 225)	5.6 %	39.2 %
United Kingdom (FTSE 100)	0.8 %	5.7 %
Germany (GDAX)	-0.4 %	2.1 %
France (CAC)	2.7 %	3.1 %
Finland (HEX25)	-3.6 %	9.4 %
Denmark (OMXC25GI)	1.8 %	1.6 %
Sweden (OMXS30GI)	2.1 %	13.5 %
Norway (OSEBX)	-4.7 %	13.0 %
<b>Currency (increase equals EUR appreciation)</b>		
EUR pr USD	-2.0 %	-2.7 %
EUR pr GBP	-0.5 %	-1.3 %
EUR pr JPY	0.0 %	0.9 %
<b>Currency (increase equals USD appreciation)</b>		
USD pr EUR	2.1 %	2.7 %
USD pr GBP	1.5 %	1.3 %
USD pr JPY	2.1 %	3.6 %

