

Market Commentary

June 2026



Key Points:

- The European Central Bank (ECB) is likely to raise interest rates again in June for the first time since 2023
- “Strategic stability” between the US and China is likely contributing to de-escalation in the geopolitical landscape
- Equities in emerging markets are also rising, supported by AI optimism, with South Korea up 300% over the past twelve months

Market Outlook

Stock Market – Overweight ↗

Global equity markets continued to rise in May, reaching yet another all-time high. In particular, equities in emerging markets performed strongly, driven by AI optimism and supply bottlenecks. We continued to take additional profits in global and EM equities during May, but overall remain overweight equities.

Bonds – Neutral Weight →

Global government bonds rose somewhat in May and continue to fluctuate with oil prices and inflation expectations. Although the Strait of Hormuz remains effectively closed, oil prices declined. However, elevated inflation and inflation expectations have made many central banks more hawkish. We remain neutrally positioned on duration across markets and overweight credit exposure.

Money Market – Underweight ↘

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The allocation group sees the US and China seeking “strategic stability”

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Towards a rate hike in the Eurozone

Three months after the Iran attack, the Strait of Hormuz remains effectively closed. Despite significant volatility in oil prices, they declined notably throughout May in spite of the closure. Expectations are that the strait will reopen and that global oil supply will increase again.

Negotiations between the US and Iran appear genuine, even though there have been breaches of the ceasefire and signals from both sides have fluctuated. In many parts of the world – particularly in Southeast Asia – rationing, shut-downs and the consequences of reduced oil supply have already been a reality for some time.

In the US and Europe, prices have begun to rise – especially gasoline prices – and inflation expectations have increased. This, in turn, means that the European Central Bank (ECB) is likely to raise interest rates again in June for the first time since 2023, after rates have remained unchanged over the past twelve months following cuts in 2024 and 2025.

This comes despite GDP growth expectations having been clearly revised down – from 1.2% to 0.8% for 2026 over the past two months – due to higher oil prices. The only factor that could change this outlook would be a full reopening of the strait and a drop in oil prices back to pre-Iran war levels of around USD 60–70 per barrel (Brent). However, few expect this to happen quickly or before the ECB meeting on 11 June.

G2 and “strategic stability”

GDP growth expectations in China for 2026 have remained surprisingly stable at around 4.6%, despite China’s dependence on oil imports similar to the Eurozone. Large oil inventories are likely the main reason, although willingness to stimulate via fiscal policy is also a factor.

The May summit between Trump and Xi surprisingly placed little emphasis – based on available information – on the Iran conflict. Instead, the meeting appears to have been well received both economically and politically, contributing to further stabilisation of relations between the two super-powers – now often referred to as the G2.

A recurring buzzword has been “strategic stability”, even though structural rivalry is expected to continue across many areas. Agreements have been made on purchases of “Boeing, Beef and Beans” to appease Trump ahead of the midterm elections, along with the establishment of a “Board of Trade” and a “Board of Investments” to manage economic tensions.

Xi is also scheduled to visit Trump in the US towards the end of September, in addition to likely two further meetings throughout the year. This ongoing dialogue likely reduces the risk of geopolitical tension between the US and China.

Equity markets continue to rise

Global equity markets continued their upward trend in May, reaching another all-time high. Emerging markets (EM), in particular, continue to perform strongly, with the technology/AI sector contributing most to gains both in May and year-to-date.

The energy sector has contributed equally year-to-date but declined during May alongside oil prices. Among countries, South Korea has likely seen the strongest equity performance, rising as much as 128% year-to-date, driven by bottlenecks in AI chip supply and gains in companies such as Samsung Electronics and SK Hynix.

In other words, the AI boom is not limited to the US – it is also evident in Asia and traditional emerging markets.

Market Outlook

Global Equities – Overweight ↗

Global equities, measured by MSCI World in local currency, rose a further 5% in May. Continued declines in oil prices, expectations of the reopening of the Strait of Hormuz and renewed AI optimism are driving the market. Lower oil prices also contributed to declining interest rates, although central banks are expected to adopt a more hawkish tone going forward. The earnings season has also concluded, with the US in particular delivering positive surprises. We have taken further profits but remain overall overweight global equities.

Emerging Markets (EM) – Overweight ↗

The Oslo Stock Exchange declined by 1% in May. Norwegian equities have largely remained unchanged around March levels but have fluctuated significantly with oil prices and news related to the Strait of Hormuz. Equinor, which makes up 14% of the OSEBX index, fell another 10% in May and is down approximately 20% since its peak at the end of March. Oil prices declined nearly 20% (Brent USD/barrel) in May. Norwegian equities remain in the upper range of their historical valuation levels. We maintain a neutral position in Norwegian equities.

Global Bonds – Neutral Weight →

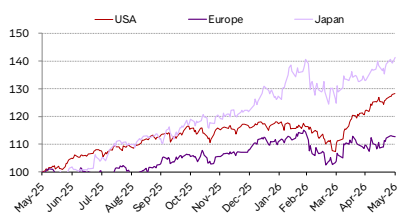
Emerging market equities in local currency rose a further 10%, significantly outperforming developed markets, with excess returns of nearly 15 percentage points year-to-date. Asian markets, particularly South Korea, continue to benefit from optimism surrounding AI. South Korea and Taiwan are up 300% and 130% respectively over the past twelve months. Together, South Korea, Taiwan and China now account for 75% of the index. We have taken additional profits but remain overall overweight EM equities.

Key Figures as of 29.05.2026

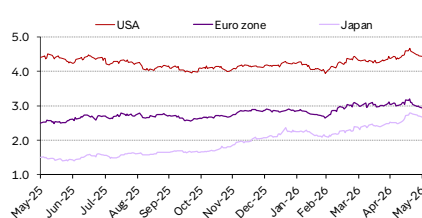
(measured in local currencies)

Global Stocks (MSCI)	May	2026
All Countries	5.3 %	12.2 %
Developed Markets	4.7 %	10.4 %
Emerging Markets	9.7 %	26.8 %
Regions (MSCI)		
North America	5.1 %	10.9 %
Europe	3.1 %	6.9 %
Asia and Oceania	4.9 %	13.7 %
Nordic	3.2 %	7.3 %
Countries		
USA (S&P 500)	5.2 %	11.1 %
Japan (Nikkei 225)	11.9 %	31.8 %
United Kingdom (FTSE 100)	0.3 %	4.8 %
Germany (GDAX)	3.3 %	2.5 %
France (CAC)	0.8 %	0.4 %
Finland (HEX25)	2.2 %	13.4 %
Denmark (OMXC25GI)	2.6 %	-0.2 %
Sweden (OMXS30GI)	2.8 %	11.2 %
Norway (OSEBX)	-0.9 %	18.5 %
Currency (increase equals EUR appreciation)		
EUR pr USD	-0.5 %	-0.6 %
EUR pr GBP	0.3 %	-0.8 %
EUR pr JPY	1.1 %	0.9 %
Currency (increase equals USD appreciation)		
USD pr EUR	0.5 %	0.6 %
USD pr GBP	0.8 %	-0.2 %
USD pr JPY	1.6 %	1.6 %

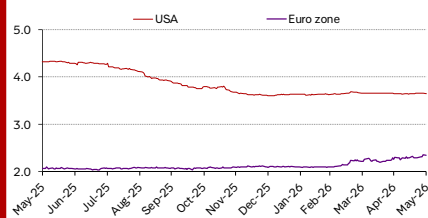
Stock Markets



10-Year Interest Rates



3-Month Interest Rates



Central Bank Rates

