CIO Office

Global Markets Weekly Kickstart

Oil-Driven Paradigm Shift

30 March 2026

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KGI

CIO Insights

Beware of a Perfect Storm in the Making

▶ **Private Credit + Slowing economy + Hawkish Fed Policy**

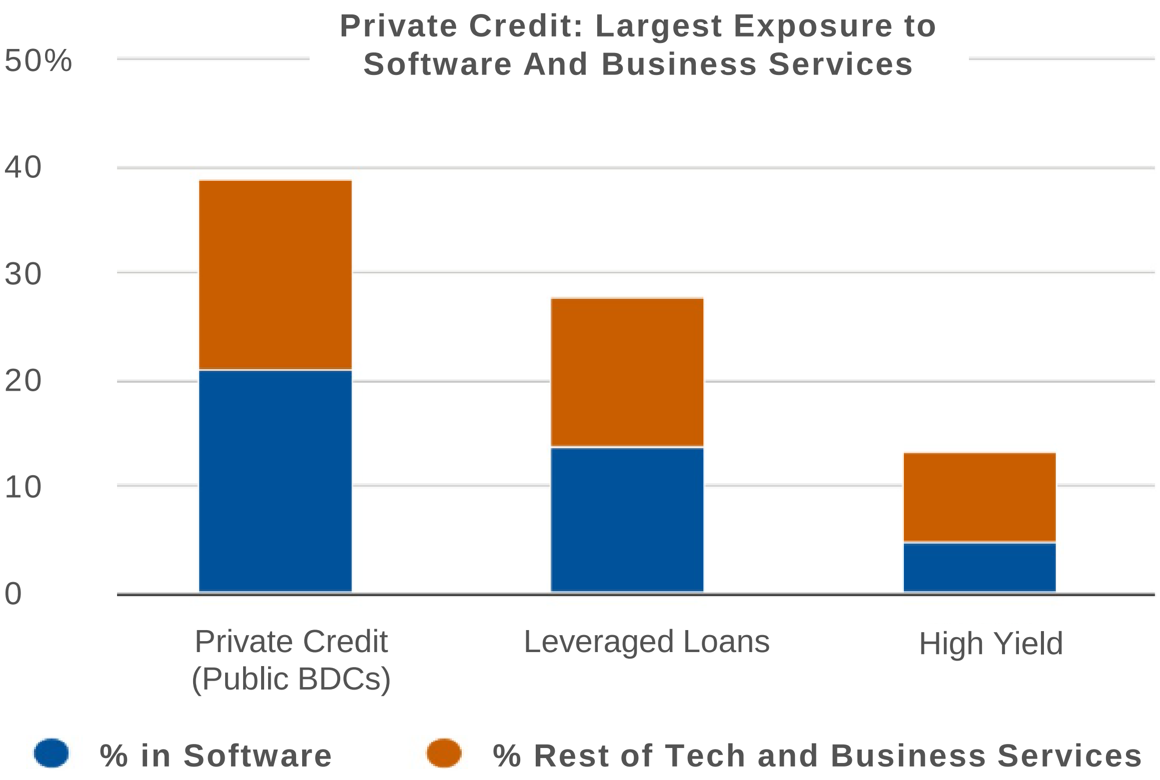
While the war in Iran captured the most market attention, the unfolding of the cracks in private credit intertwine with the slowing momentum of the US economy and the increasingly hawkish stance of the Fed policy in 2026 is like to further weigh on the already risk-off sentiment in the market. Avoidance of "draw down" is way more important than "buy on dip" as there is great uncertainty on where the bottom is.

▶ **We Prefer IG credit to Government and Private Credit**

The fringe of the credit quality chain depends heavily on the economic momentum growing smoothly. With the exception of asset-backed credit, economic slow down will easily cause hiccups to the cashflow projection. The rise in inflation expectation is working up the interest rate expectation and curtaining aggregated demand in the economy. We continue to prefer Investment Grade corporate credit to US treasuries (as rates expectation are yet to be stabilized) because of its weak fiscal status.

>50% of the Exposures of Private Credit to Software Sector

AI Disruption to Software Companies Is One of The Catalysts to Spook the Sector



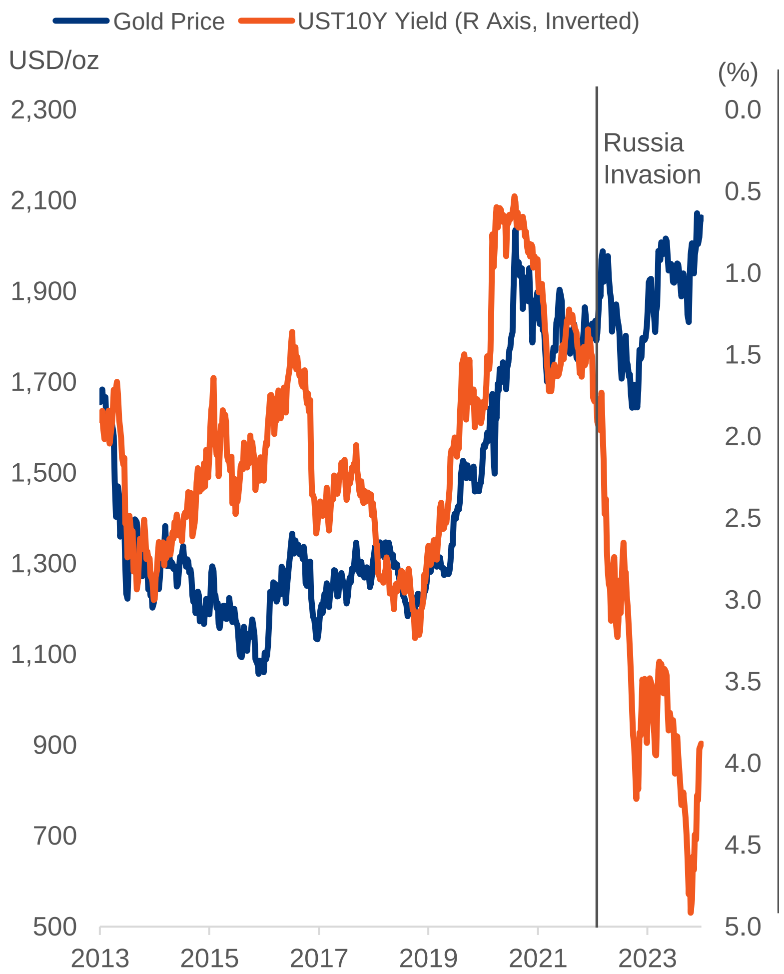
Source: J.P.Morgan, KGI

Chart of the Week

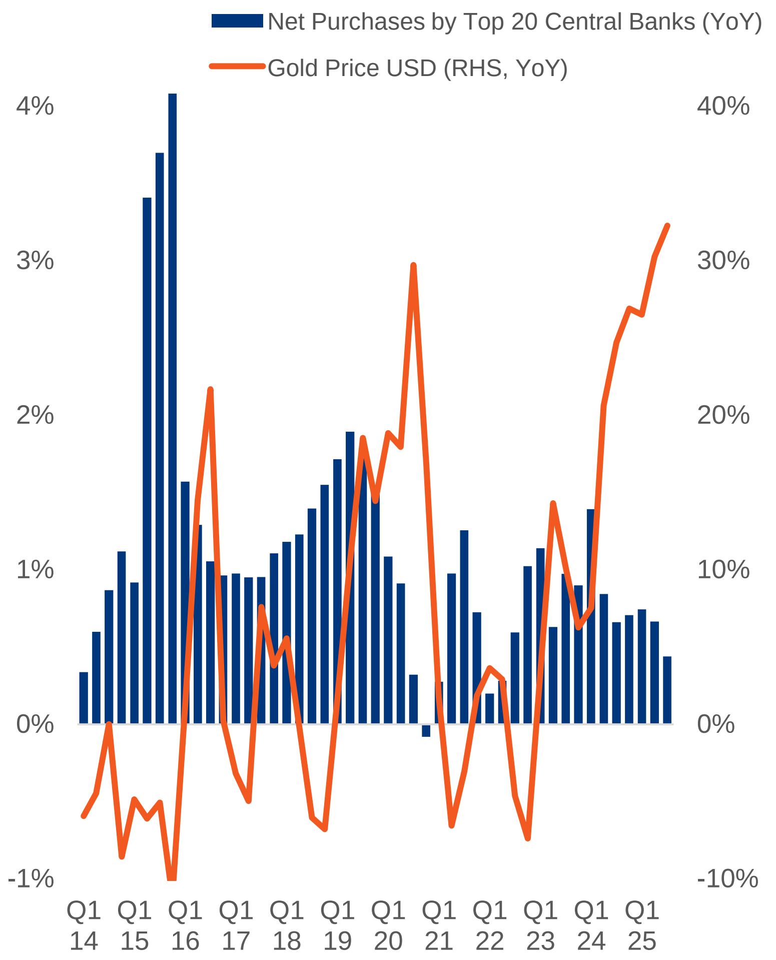
Rate Expectations Drive Gold; Lower Volatility May Renew Central Bank Buying

- Traditionally, safe-haven demand supports gold prices. However, as gold yields no income, yields on high-grade sovereign bonds represent the opportunity cost of holding gold; rising yields are therefore a headwind.
- Following Russia's invasion of Ukraine, concerns that the U.S. and its allies could seize Russia's U.S. Treasury holdings drove geopolitical risk higher, prompting non-U.S. blocs to increase gold holdings. Central bank safe-haven demand dominated gold price dynamics, outweighing the impact of rising yields.
- In 2026, an Israel-Iran war and the blockade of the Strait of Hormuz pushed up oil prices and inflation expectations. Long-end yields rose nearly 50 bps, with markets pricing in delayed rate cuts. Rising yields interrupted gold's rally, with spot prices down nearly 20% from peak—rate expectations now driving recent gold moves.
- Central bank gold purchases also showed signs of slowing last year. Typically, central banks buy on dips, while rapid rallies dampen demand. Elevated volatility and speculative positioning have reduced gold's appeal. As price stability is key for reserves, if gold loses market focus amid rising yields, it could attract renewed central bank buying.

Gold vs. Yields: Post-Ukraine War Decoupling



Central Bank Buying Tends to Rise on Gold Price Weakness



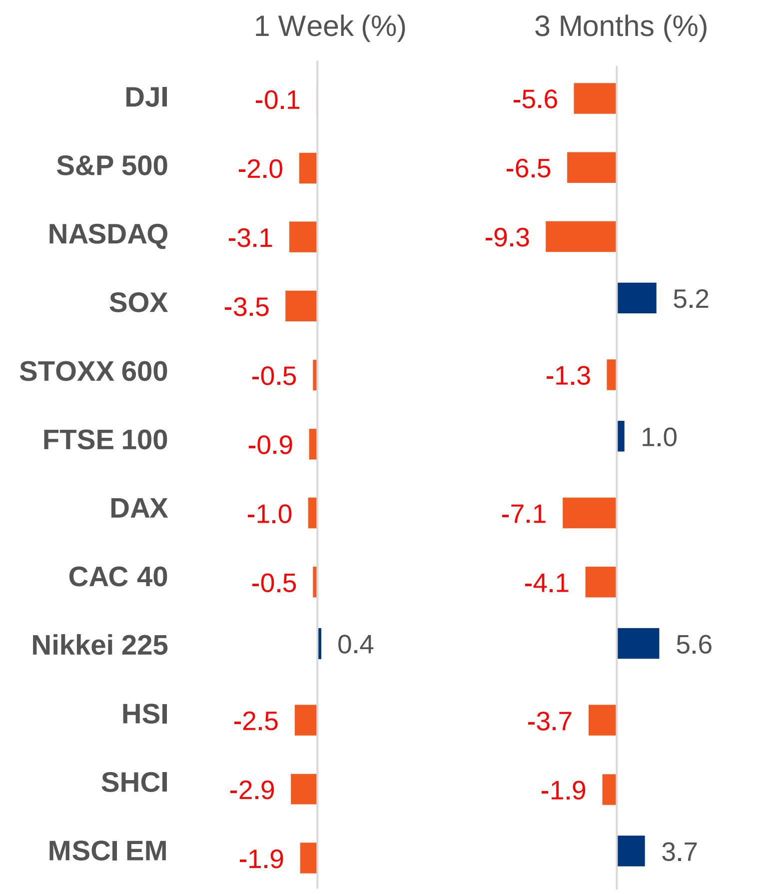
Source: Bloomberg, KGI

Market Recap

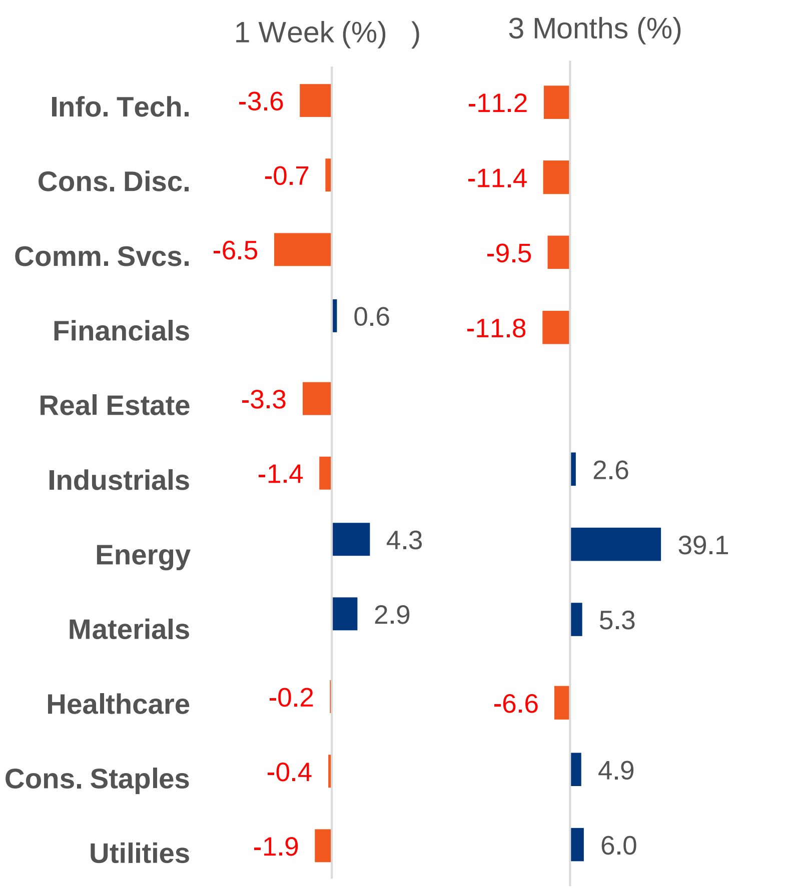
Israel-Iran War Headlines Continue to Drive Market Swings

- Israel-Iran war developments continue to steer equity markets. Energy prices are shaping inflation and rate-cut expectations, driving synchronized volatility across equities and bonds and lifting their correlation. As of Thursday (26th), Iran rejected a 15-point U.S. peace proposal and continued strikes on regional energy infrastructure. Neighboring countries are preparing for potential military action, while reports suggest the U.S. may deploy additional troops, raising the risk of ground conflict.
- The latest revisions to the U.S. *Clarity Act* propose banning stablecoin incentives resembling interest-bearing bank deposits, citing risks to the banking sector and credit creation. Crypto-related stocks sold off sharply following the news.
- Meta (META) and Alphabet (GOOGL)’s Google agreed to compensate plaintiff Kaley, who claimed social media addiction led to a mental health crisis. The development weighed on mega-cap tech amid rising scrutiny over platform safety and content governance.

Regional Index Performance (%)



U.S. Sector Index Performance (%)



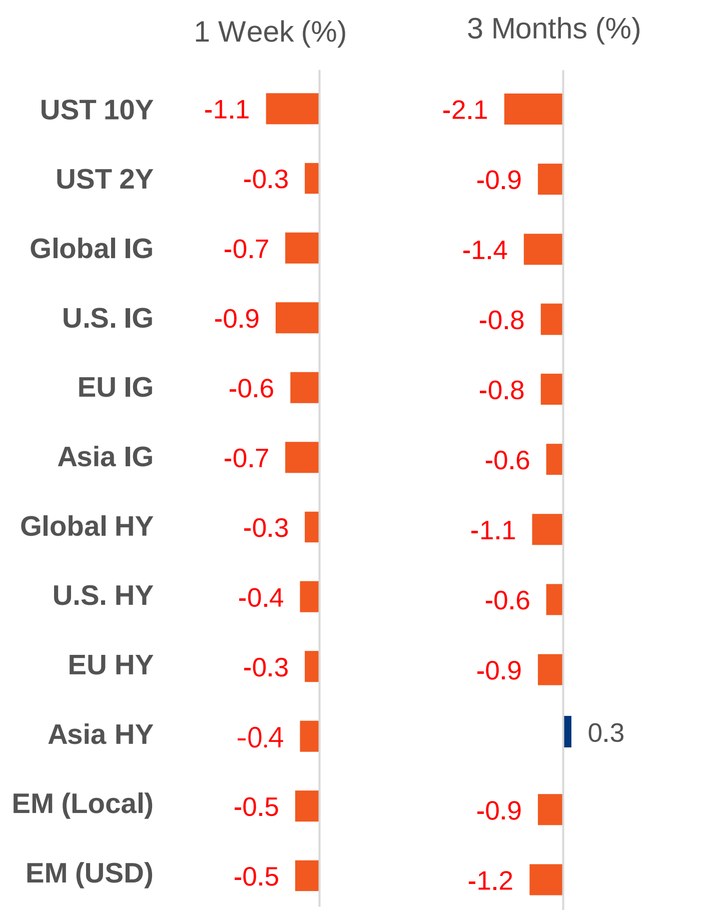
Source: Bloomberg

Bonds Slide as Rate-Cut Expectations Sharply Repriced

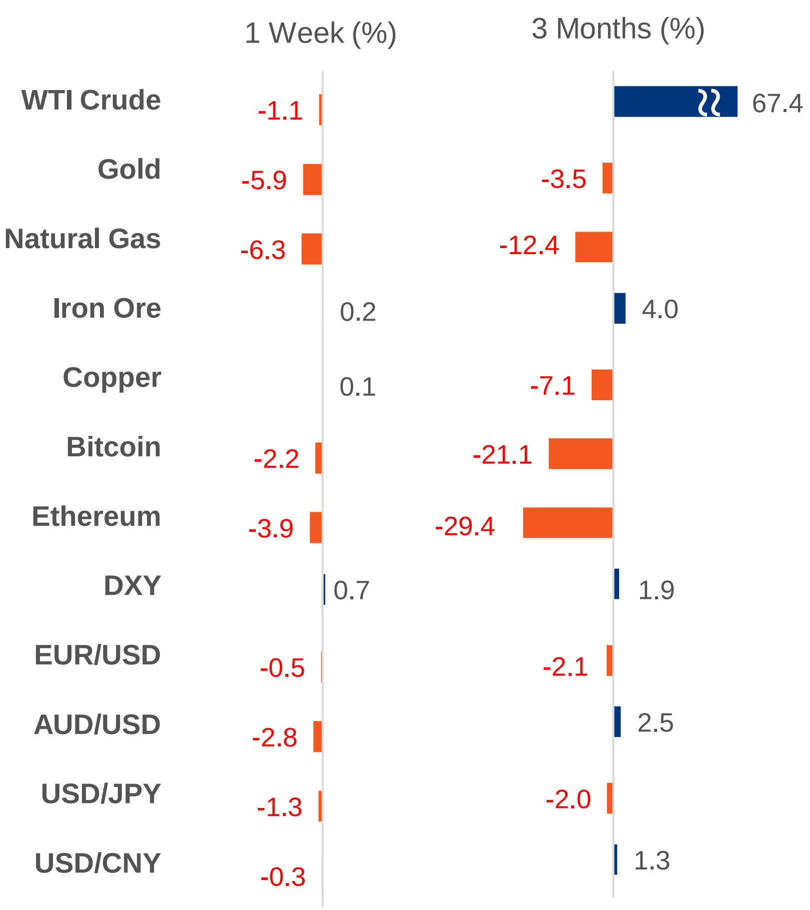
- Markets remain focused on how the Fed assesses inflation risks. Fed Governor Lisa Cook said the Iran conflict has shifted the risk balance, with inflation now a greater concern than employment. Bond markets continue to weaken as rate-cut expectations are sharply repriced. Rate futures now imply around a 50% chance of a 25 bps hike by year-end, with no cuts expected this year, and a fully steepened yield curve.

- Gold remains negatively correlated with yields; rising yields are a headwind. Markets increasingly treat gold as a risk asset. During periods of easing Israel-Iran tensions, gold edges higher, highlighting its sensitivity to geopolitical developments.

Performance of Bonds (%)



Performance of Commodities and Currencies (%)



Source: Bloomberg

What's Trending

Sharp Oil Price Reversals Are Rare

- The duration and severity of a potential closure of the Strait of Hormuz remain highly uncertain. Over the past 40 years, it has been rare for oil prices to surge and then quickly return to pre-geopolitical event levels. If prices remain elevated, this would likely add upward pressure on global inflation and delay or halt central bank rate cuts.
- Higher crude prices feed directly into CPI via gasoline. If oil holds around $100, headline inflation could rise by around 1 pp in the coming months. In the U.S., where inflation had been trending lower, this could push CPI from 2.4% (Feb) back toward around 3.5%, marking a near one-year high and clearly disrupting the disinflation trend.
- Beyond the direct impact, higher oil prices also lift transportation and production costs over the medium term, exerting broader upward pressure on prices. These indirect effects are slower to transmit but more persistent. In addition, rising energy costs reduce consumer spending on other goods and services, weighing on real economic growth—an effect that warrants close monitoring.

Past 40 Years: After Oil Price Surges

	Months of Surge	WTI Futures Price	6M Avg	Current vs 6M Avg	Full Drawdown (M)	Partial Drawdown (M)	Geopolitical Events During Period / Supply-Side Shocks
1	1986/08	15.9	13.0	22%	147	25	OPEC Production Cuts Reverse Mid-1980s Oil Glut
2	1989/02	18.2	15.8	15%	57	56	Early Gulf Tensions + Demand Recovery Support Prices
3	1990/08	27.3	20.2	35%	6	5	Iraq Invades Kuwait, Gulf War Triggers Supply Shock
4	1994/05	18.3	15.6	17%	45	45	Post-Gulf War Reconstruction + EM Demand Support Mild Recovery
5	1999/03	16.8	13.2	27%	-	-	Asian Financial Crisis, OPEC Production Cuts Support Prices
6	2002/03	26.3	21.3	23%	216	216	Pre-Iraq War Tensions + Demand Recovery Support Prices
7	2003/02	36.6	31.0	18%	2	1	Venezuelan Strike + Iraq War Disrupt Supply
8	2004/09	49.6	41.6	19%	135	3	Iraq War Continues + EM Demand Pushes Prices Higher
9	2005/08	68.9	57.2	21%	39	2	Hurricane Katrina Damages U.S. Gulf Energy Infrastructure
10	2007/07	78.2	67.7	16%	16	15	Strong Demand + Speculative Activity Drive Prices Near Peak
11	2008/05	127.4	105.3	21%	4	4	Commodity Bubble Driven by Speculative Demand
12	2009/05	66.3	49.7	33%	68	67	Large-Scale Stimulus Drives Post-Crisis Recovery
13	2011/03	106.7	92.1	16%	5	3	Arab Spring + Libyan Civil War Disrupt MENA Supply
14	2016/04	45.9	38.4	20%	47	47	U.S. Shale Boom + OPEC Production Cuts
15	2018/01	64.7	56.0	16%	10	10	Strong Growth + Gradual Expansion of U.S. Sanctions on Iran
16	2019/04	63.9	55.2	16%	1	1	OPEC+ Cuts Offset Demand Slowdown and Trade War
17	2020/07	40.3	33.2	21%	-	-	Post-COVID Reopening + Stimulus Boost Demand Expectations
18	2022/01	88.2	76.1	16%	14	8	Russia Invades Ukraine, Triggering Supply Shock
19	2023/09	90.8	78.6	15%	2	1	OPEC+ Cuts Implemented Amid Balanced Supply & Weak Growth
20	2026/03/26	91.3	68.0	34%			Israel-Iran War Threatens Closure of Strait of Hormuz
				Median	16	8	
				Average	48	30	
				Median (Supply-Side Shocks)	14	3	
				Average (Supply-Side Shocks)	60	34	

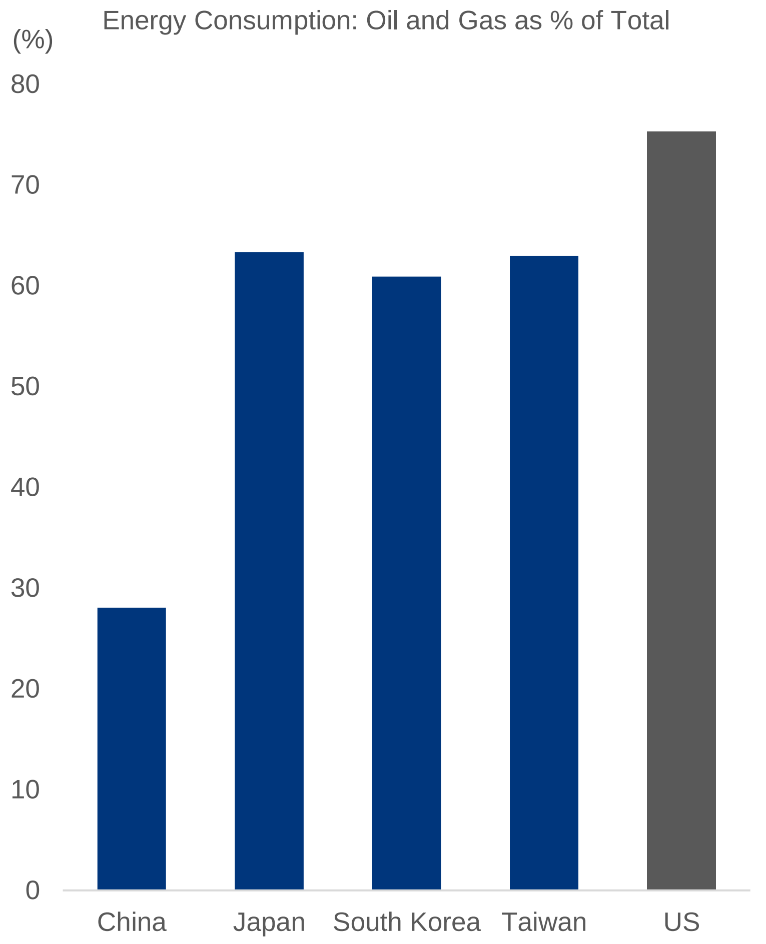
Source: Bloomberg, Oil Spike – Monthly price ≥15% above 6M average; Full Reversal – Price falls below 6M average; Partial Reversal – Price declines but remains within 10% above 6M average

In Focus

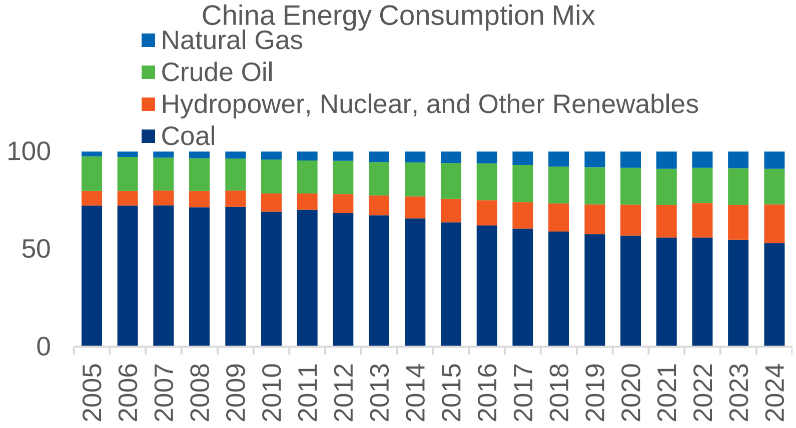
Oil Shock Impact Varies; Volatility to Drive Energy Diversification

- A blockade of the Strait of Hormuz has raised concerns over energy supply disruptions in Asia, particularly given China's high reliance on seaborne crude imports. However, China's energy mix remains heavily coal-dependent. Despite policy efforts over the past decade to reduce coal usage and curb emissions, coal still accounted for over 50% of total energy consumption as of end-2024. High domestic self-sufficiency and long-term contracts have kept coal prices relatively stable, mitigating physical supply disruption risks.
- Following the Russia-Ukraine war, renewed sharp volatility in oil prices is expected to further accelerate the shift toward renewable energy as countries seek to diversify away from traditional fossil fuel dependence. In recent years, many Asian economies have steadily increased the share of renewables and nuclear power. Japan, after the Fukushima nuclear disaster, saw a sharp decline in nuclear and renewable energy usage, but both have rebounded over the past decade, with the combined share now exceeding China's.
- As AI adoption accelerates, power demand is rising rapidly—particularly in Asia, which has a high concentration of AI hardware production. Energy security and stability will remain key policy priorities. We expect this trend to benefit companies linked to renewable energy and the broader energy transition.

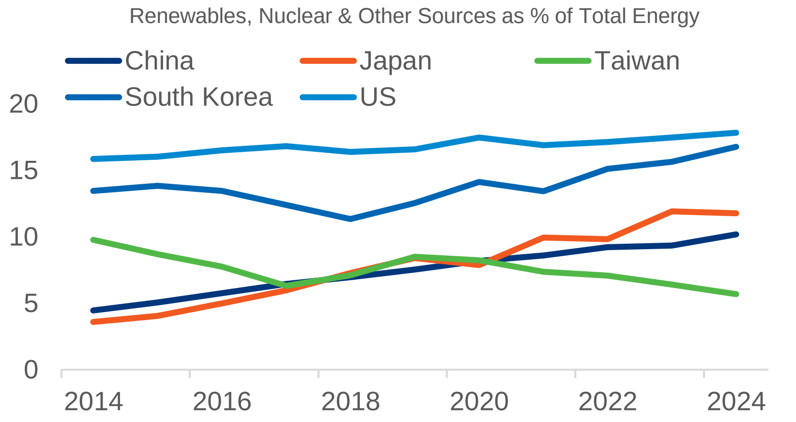
China Has the Lowest Reliance on Oil and Gas Among Major Asian Economies



China Remains Heavily Reliant on Coal Power



Oil Price Spikes to Accelerate Energy Transition

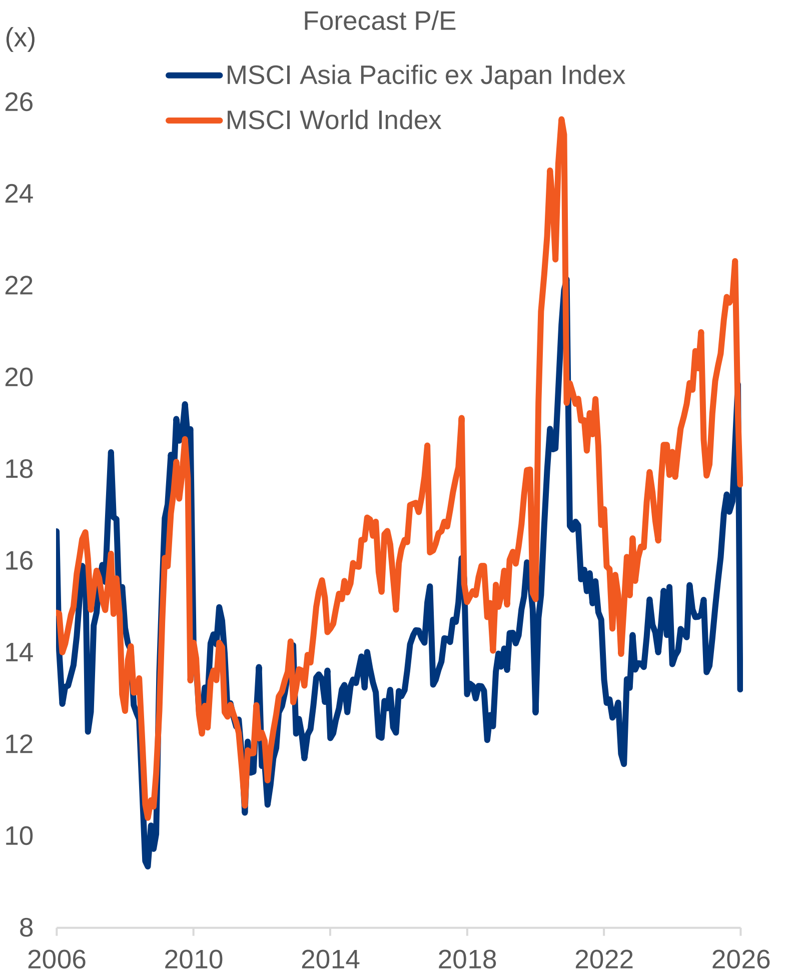


Source: CEIC, KGI

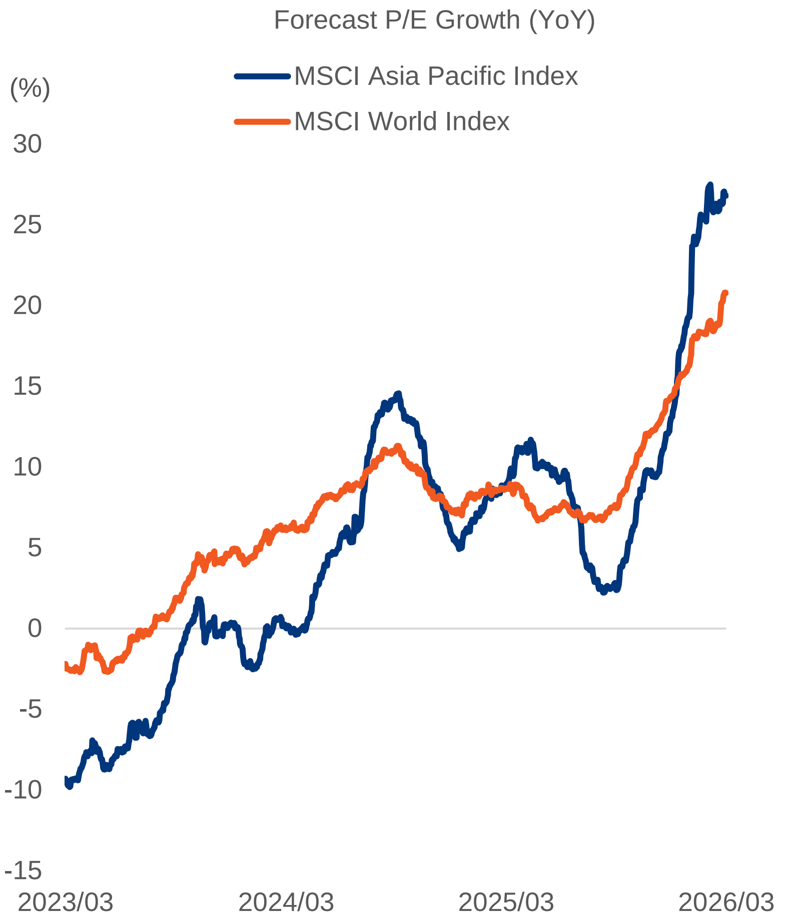
Lower APAC Equity Valuations Offer Greater Shock Absorption

- Conflict-driven disruptions to oil and gas supply have pushed prices sharply higher, while also weighing on the supply of chemical feedstocks—negative for production and overall economic growth. If supply disruptions extend beyond price volatility, sectors such as autos and components, transportation, chemicals, and metals will face greater pressure. Energy benefits the most, while insurance, media, pharmaceuticals, software/services, and regulated utilities remain relatively resilient.
- According to UBS, higher oil prices drag on real GDP growth, with Thailand and the Philippines seeing the largest impact in Asia. The impact on China, Japan, South Korea, and Taiwan is moderate and lower than in the U.S., while resource exporters such as Australia and Indonesia face the least pressure.
- While oil price shocks are global, APAC equities trade at a discount to global peers. Emerging Asia trades at a 39% P/E discount to U.S. equities, around -0.8 standard deviations below the historical average. Even after EPS downgrades, Asia’s earnings growth remains above global levels. Given more reasonable valuations provide better downside protection, we maintain a preference for Asian equities.

Lower APAC Equity Valuations Offer Greater Shock Absorption



Asia Earnings Growth Still Outpaces Global Peers



Source: Bloomberg

Asset Strategy

Asset Type	Market View	Preferred Assets
Equities	◆ Rising inflation expectations and fading rate-cut prospects are likely to keep U.S. equities volatile, amid higher production costs and valuation reset risks. Given economic uncertainty and elevated volatility, we favor defensive, low-volatility, high-quality sectors at this stage, including staples, healthcare, utilities, and telecoms. We would revisit AI-related themes—technology, communication services, consumer discretionary, and industrials—later in 2Q. ◆ APAC equities offer better downside protection on lower valuations, with Japanese equities also showing upside potential. In Japan, we favor value, banks, and semiconductors, while also seeing opportunities in trading houses with HALO exposure.	**Strategy:** Core allocation to large-cap, high-quality names; defensive sectors such as telecoms and utilities; long-term positioning in AI themes including technology, semiconductors, and machinery; non-AI exposure to aerospace, defense, and value stocks. **Regions**: Japan (semiconductors), UK equities
Bonds	◆ U.S. growth remains resilient, while geopolitical tensions are lifting near-term inflation expectations and reducing the scope for rate cuts. With oil prices and geopolitical risks still elevated, U.S. Treasury yields may trend higher in 2Q. High-quality corporate bonds offer stronger fundamentals and defensive characteristics. Investors can use rate back-ups to add exposure to intermediate-duration bonds, focusing on sectors with attractive risk-adjusted spreads, including financials, technology, communications, utilities, industrials, and energy. ◆ The USD is likely to remain firm in the near term, but faces depreciation risks over the long term. Investors can diversify via non-USD bonds, such as EUR- and AUD-denominated investment-grade credit.	**Types**: Lock in yields with intermediate-duration, high-quality credit; favor financials, technology, communications, utilities, industrials, and energy. **Satellite Allocation:** Non-USD bonds for diversification.
Forex	◆ Geopolitical uncertainty continues to support oil prices, while major central banks remain on hold. The USD is firm in the near term, but still biased weaker over the medium to long term. ◆ In 2Q, the USD is likely to stay range-bound at elevated levels, with the RMB showing relative strength.	**USD** strong near term; modest depreciation over the medium to long term **EUR and JPY** to trade range-bound; RMB biased to appreciate
Commodity	◆ Gold faces near-term pressure from a stronger USD and rising U.S. yields. However, geopolitical risks driven by Trump, competition over strategic resources among major powers, and tariff-related uncertainty continue to support its allocation value. We remain constructive on gold over the medium to long term, with pullbacks offering opportunities to accumulate.	**Gold:** medium- to long-term bullish, accumulate positions gradually on sharp pullbacks.

Product Spotlight | HK Equities

Solar Industry: Risks and Opportunities

► Demand Growth vs. Capacity Surge

The solar industry is currently in a “winter” phase. On the demand side, global installations reached 592GW in 2025, up 33% YoY, indicating resilient demand. However, supply expansion has been “rocket-like,” with nominal capacity exceeding 1,000GW by end-2023. This front-loaded capacity buildout has led to a cliff-like drop in utilization rates, with module utilization hovering around 50%, highlighting severe overcapacity..

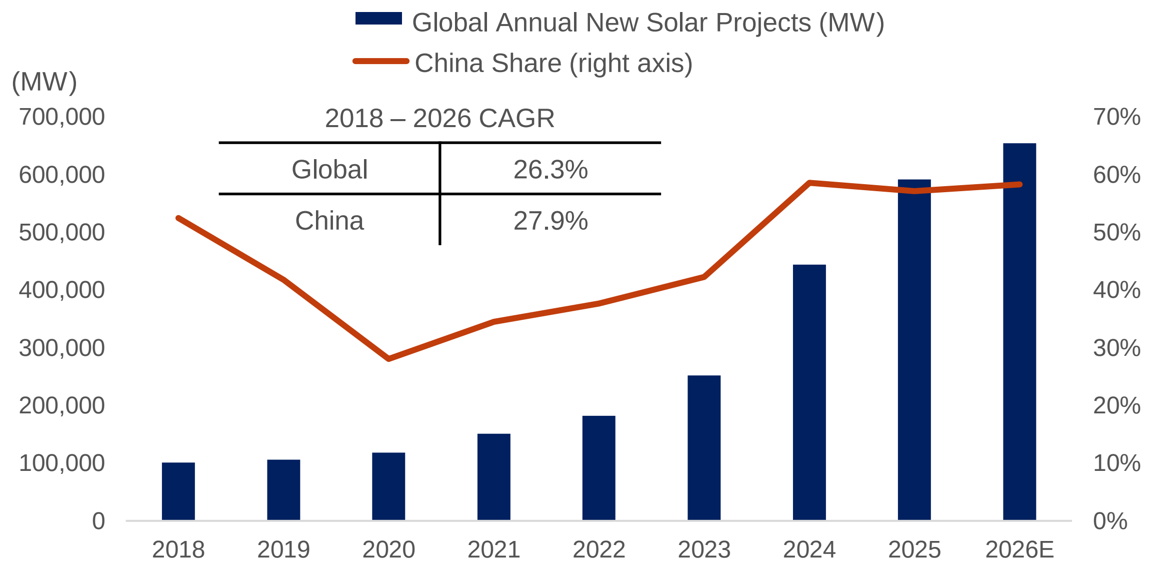
► From Cutthroat Competition to Oligopoly Discipline

Amid persistent overcapacity, the past two years have seen intense price wars, with polysilicon and wafer prices plunging—some even below production costs. This “destructive competition” has driven significant losses among industry leaders. To prevent sector collapse, leading firms have initiated production cuts, set up inventory management platforms, and established cost floors. Companies are shifting away from inefficient expansion toward value-based competition and coordinated supply discipline.

► Policy Tightening: Supply-Side Reform 2.0

Against an unsustainable backdrop of price-based competition, regulators and industry bodies are pushing anti-involution measures. These include: (1) stricter manufacturing standards from the Ministry of Industry and Information Technology, introducing technology and energy consumption requirements to phase out outdated capacity, alongside potential financing restrictions to curb disorderly expansion; (2) enhanced patent protection and reforms to bidding mechanisms; and (3) removal of export tax rebates to reduce implicit subsidies for overseas buyers, forcing companies to abandon below-cost pricing and accelerating capacity rationalization. Additionally, measures promoting high-quality production, banning sales below cost, and reducing subsidies will further expedite the exit of excess capacity.

New Solar Project Additions



Solar Module Capacity Utilization Rate

	2023	2024	2025
Capacity Utilization Rate	53%	53%	50%

Source: Bloomberg

Product Spotlight HK Equities

"War of Fear" Intensifies, Focus on Defensive Sectors

► Price Stabilization: Early Signs of Margin Recovery

As outdated capacity exits and leading players implement production cuts, industry pricing is nearing stabilization in 2025. ASPs are hovering around cost levels, suggesting margins may have bottomed. Bankruptcies among tier-2/3 players are increasing. While capacity has yet to fully normalize, supply discipline marks an inflection point. Pricing is shifting from disorderly competition to a more rational "cost + margin" framework. Margin recovery will be the key indicator, with a trough in 2025 followed by gradual improvement..

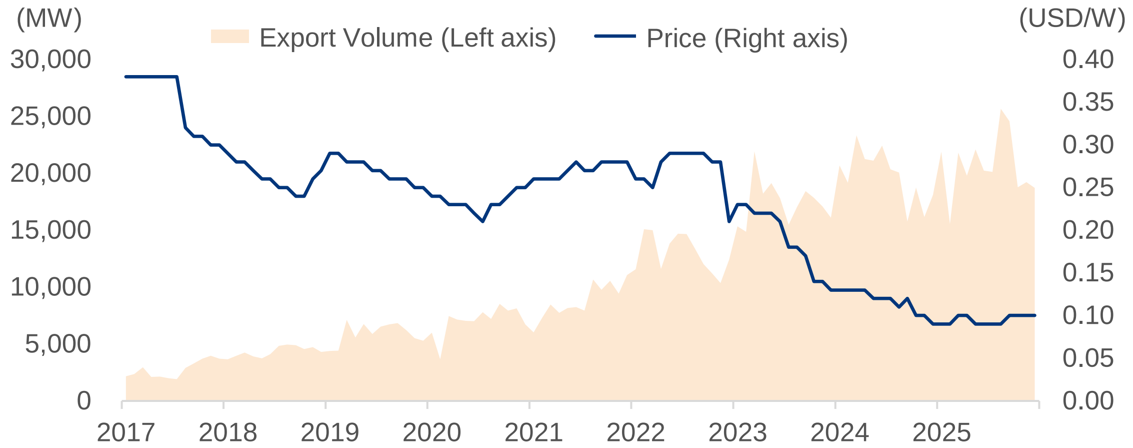
► Energy Supply Risks Accelerate Renewables

Rising geopolitical risks and unstable energy supply are accelerating global renewable adoption. Recent reports indicate Elon Musk has procured RMB20bn of solar manufacturing equipment from Chinese firms, highlighting China's technological leadership and supporting export-oriented names.

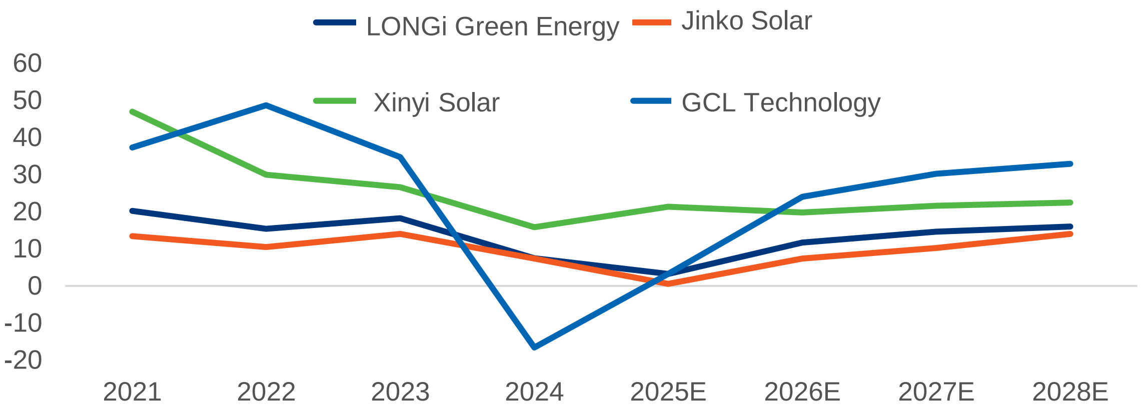
► Shift Toward Global Expansion

Looking into 2026, after years of rapid domestic growth, China's solar expansion is expected to moderate, with a greater focus on technology exports. Tariffs remain a key challenge, as solar products are largely intermediate goods (e.g., wafers, cells), prompting potential overseas capacity build-outs to bypass trade barriers. Export-oriented players are likely to outperform domestically focused peers.

Solar Panel Export Trends



Changes in Corporate Gross Margins



Source: Bloomberg

KGI

JinkoSolar (JKS)

Closing Price US $25.52 **Target Price** US -

A manufacturer of solar modules, distributing solar products and providing solutions and services to a diversified global base of utility, commercial, and residential customers.

High-Efficiency Product Shift and Technology Premium

Leveraging its leadership in N-type TOPCon technology, JinkoSolar is accelerating product mix upgrades. The share of high-premium modules (640W+) is expected to rise from 5% in 2025 to over 50% in 2026. The company is also collaborating with XtalPi to develop new perovskite materials. Using AI-driven R&D, development cycles can be shortened by 70%, with commercialization targeted for 2028. The new materials are expected to enhance conversion efficiency and overcome current physical limitations.

Strong Global Footprint and Export Resilience

Amid intense domestic competition, JinkoSolar leverages its global sales network to sustain strong export performance. Through capacity optimization and promotion of high-efficiency products, the company is actively addressing industry overcapacity. Southeast Asia is expected to be a key growth driver in 2026, while the Middle East and Latin America are projected to grow by around 10%. A diversified global footprint mitigates policy risks from any single market, while higher pricing power and acceptance overseas support margin expansion and operating cash flow. Exports account for around 70% of total revenue.

Energy Storage as a Second Growth Engine

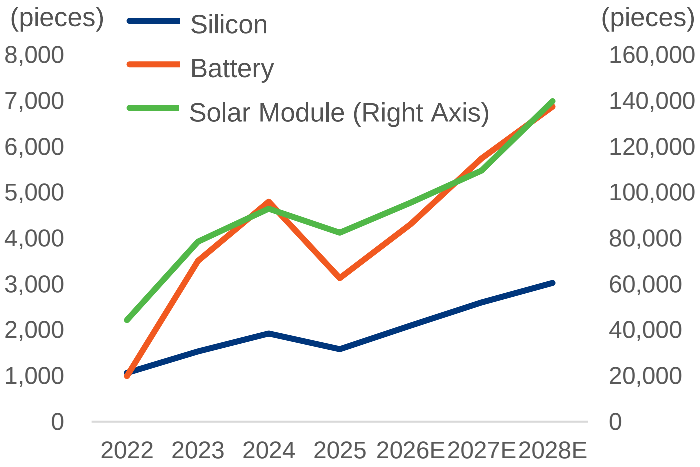
Energy storage (ESS) is emerging as JinkoSolar's second growth driver, with shipments rising from 1GWh in 2024 to 6GWh in 2025. With 80% of orders coming from higher-margin overseas markets, the segment is expected to reach breakeven by 4Q25 and contribute meaningful profits in 2026. Integration with solar channels enables a "solar + storage" solution. ESS is set to drive earnings growth and valuation re-rating through scale effects and overseas exposure, while also addressing curtailment issues..

Financials

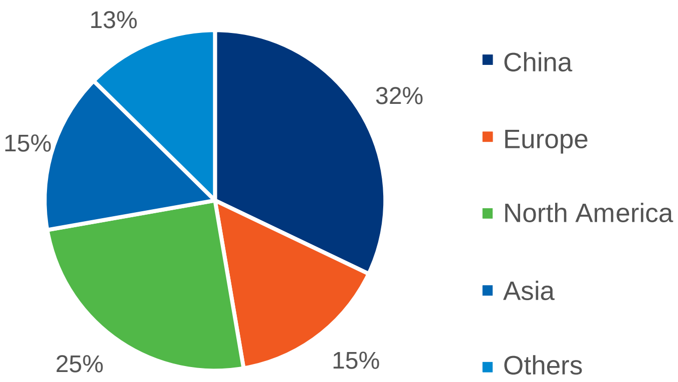
	2022	2023	2024	2025F	2026F
Revenue (CNY b)	82.6	118.7	92.5	70.2	85.5
Revenue YoY	103	43	-22	-24	21
EPS (CNY)	0.3	0.74	0.01	-0.51	0.06
EPS YoY	114	146	-98	-	-
ROE(%)	14.6	24.4	0.3	-17.9	1.4

2027 Forecast EV/EBITDA(x)

Product Sales



Regional Revenue



Source: Bloomberg

GCL Technology (3800)

Closing Price HK $0.9 **Target Price** HK -

Primarily engaged in the manufacturing and sale of polysilicon and wafers, as well as the development, ownership, and operation of downstream solar power plants.

Core Technology Breakthrough and Cost Leadership

Demonstrates strong technological leadership in polysilicon, particularly through its Fluidized Bed Reactor (FBR) granular silicon technology, developed over more than a decade. Compared with traditional rod silicon, granular silicon offers significant cost advantages. The company's cash production cost has declined to around RMB24/kg, well below the industry average of over RMB30/kg, securing its position as a cost leader. This structural cost advantage enabled the company to return to profitability ahead of peers in 2025, despite severe industry overcapacity and losses, reinforcing a strong competitive moat across cycles..

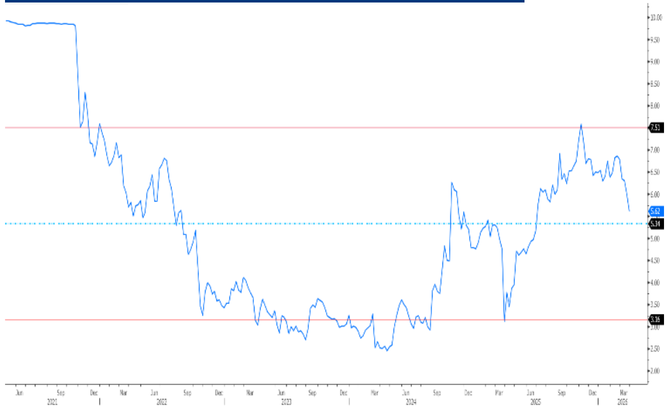
Resilient Financials and Capacity Consolidation Advantage

GCL Technology maintains a solid balance sheet and flexible operating strategy, allowing it to stand out during industry consolidation. Amid the oversupply environment in 2025, the company demonstrated strong operational resilience, keeping inventory at a healthy level of շnլnշ 10kt—well below the industry's often excessive stockpiles. Ample cash reserves provide strategic flexibility through the downcycle. Regardless of policy developments, GCL is well-positioned to gain market share during capacity consolidation, leveraging its cost leadership, and to deliver strong earnings leverage as prices recover, underscoring its ability to survive and expand through cycles.

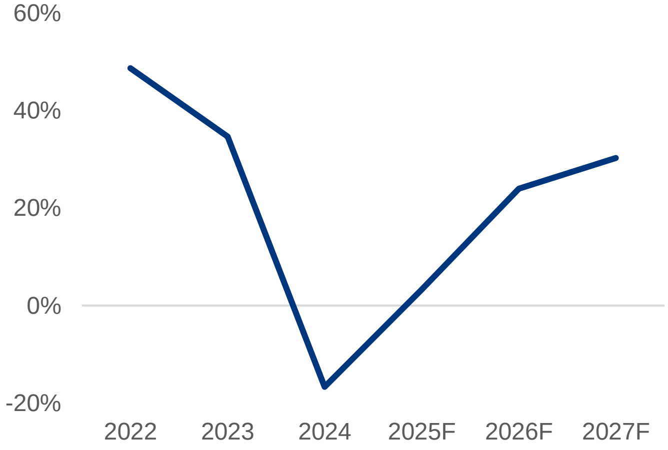
Financials

	2022	2023	2024	2025F	2026F
Revenue (CNY b)	35.9	33.7	15.0	13.8	18.7
Revenue YoY	82.4	-6.2	-55.2	-8.0	34.6
EPS (CNY)	0.61	0.09	-0.18	-0.05	0.04
EPS YoY	215.1	-84.5	-	71.4	173
ROE(%)	44.7	5.9	-11.9	-4.3	3.6

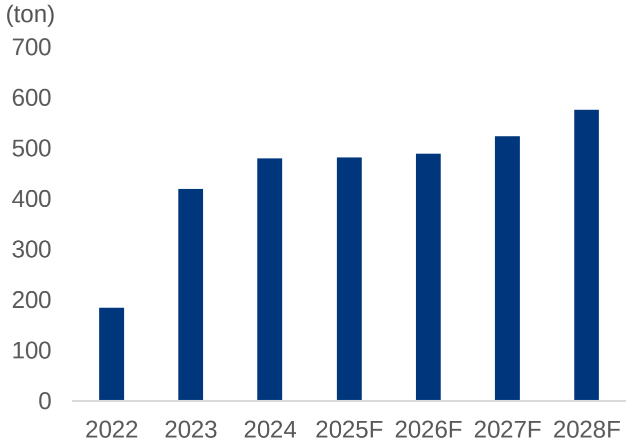
2027 Forecast EV/EBITDA(x)



Gross Margin



Production Capacity



Source: Bloomberg

US Equities

Rate-Cut Expectations Weaken, Large Banks Undervalued

- The March S&P Global U.S. Manufacturing PMI was 52.4, higher than the previous reading of 51.6 and above market expectations of 51.5.
- The March S&P Global U.S. Services PMI was 51.1, lower than the previous reading of 51.7 and below market expectations of 52.0.
- The final reading of the University of Michigan U.S. Consumer Confidence Index for March was 53.3, lower than the previous reading of 55.5 and below market expectations of 54.0.
- The U.S.–Iran conflict continues, with crude oil prices fluctuating at high levels. Although both sides have shown willingness to start peace talks, differences remain significant. Shipping through the Strait of Hormuz has partially recovered but remains far below pre-war levels. Previously, Iran attacked neighboring oil and gas facilities, and affected producers are expected to need several months to more than a year to recover. Therefore, even if the Strait of Hormuz reopens after a ceasefire, Middle Eastern oil and gas supply will not recover in the short term. The expected global supply gap will keep oil and gas prices elevated. Related sectors and companies are projected to see significantly improved earnings over the next several quarters. Moreover, the global energy supply landscape will be fundamentally reshaped, with the U.S. expanding its market share in oil and gas. Relevant companies are expected to be the biggest beneficiaries, likely maintaining strong performance this year.

U.S. Department of Energy Forecast as of March 10

Notable Forecast Changes	2026	2027
Brent crude oil spot price (dollars per barrel)	$79	$64
Previous forecast	$58	$53
Percentage change	*37%*	*22%*
Global oil inventory change (million barrels per day)	1.9	3.0
Previous forecast	3.1	2.7
Change	*-1.2*	*0.3*
U.S. crude oil production (million barrels per day)	13.6	13.8
Previous forecast	13.6	13.3
Percentage change	*0.1%*	*3.8%*
Retail diesel price (dollars per gallon)	$4.12	$3.78
Previous forecast	$3.43	$3.47
Percentage change	*20.1%*	*9.1%*
Retail gasoline price (dollars per gallon)	$3.34	$3.18
Previous forecast	$2.91	$2.93
Percentage change	*14.7%*	*8.4%*
Henry Hub spot price (dollars per million British thermal untis)	$3.76	$3.85
Previous forecast	$4.31	$4.38
Percentage change	*-12.8%*	*-12.1%*

The current STEO forecast was released March 10.
The previous STEO forecast was released February 10.

Source: EIA

Cheniere Energy (LNG)

Closing Price	US $296.91	Target Price	US $320

LNG infrastructure provider serving global utilities, energy firms, and traders.

Defensive Upside from LNG Disruptions

Iran conflict disrupting the Strait of Hormuz and Qatar supply has lifted Asian LNG prices, supporting U.S. exports. Cheniere benefits via long-term, Henry Hub-linked contracts, with expansion (Corpus Christi Stage 5) driving 2026 growth.

Strong Contract Visibility

New deal with CPC Corporation (up to 1.2 mtpa, 2026–2050) adds to ~52 mtpa operating capacity and >9 mtpa under construction, underpinning stable demand and cash returns.

Earnings and Growth Outlook

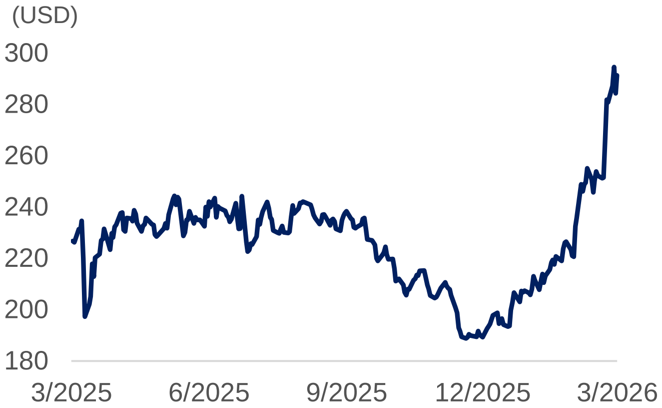
4Q revenue +22.7% YoY to $5.45bn; EPS $10.68 beat. Buyback target >$10bn by 2030. FY26 exports seen at 51–52 mtpa; EBITDA $6.75–7.25bn.

Valuation Consensus

Bloomberg's 12-month average target price is $293.39, with a high of $340 and a low of $255.

Source: Bloomberg, Company presentation

1-Year Price



Financials

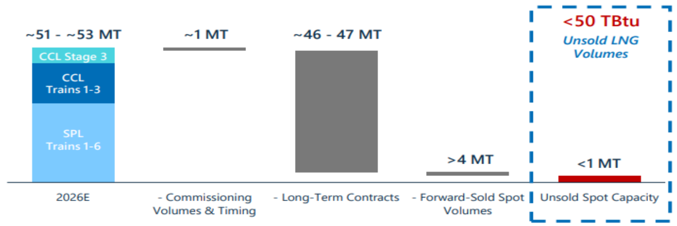
	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-39.0	-23.0	27.2	5.4	6.5
EBITDA (%)	85.4	51.9	56.1	35.4	33.8
EPS(USD)	14.63	9.70	11.20	14.97	15.50
Net Profit Margin(%)	-38.64	-33.69	15.37	33.68	3.56

Source: Bloomberg; 2026/27F are market estimates

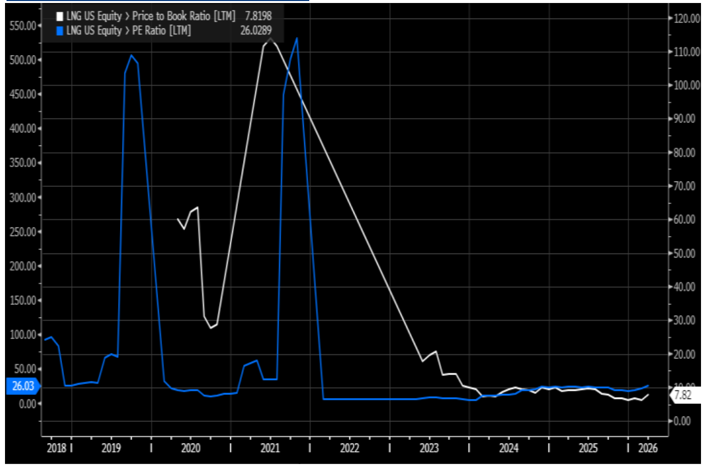
2026 Outlook

($ billions, except per unit data)	FY 2026
Consolidated Adjusted EBITDA	$6.75 - $7.25
Distributable Cash Flow	$4.35 - $4.85
CQP Distribution per Unit	$3.10 - $3.40

2026 LNG Volume Forecast



P/E & P/B



KGI

Occidental Petroleum (OXY)

Closing Price US $65.32	Target Price US $75

Engaged in the exploration, production, and sale of oil and gas, alongside chemicals manufacturing and midstream operations.

Geopolitical Supply Risks Support Oil Prices

Ongoing Middle East tensions disrupting the Strait of Hormuz and Russia-Ukraine supply risks are tightening global supply. With Brent above $100/bbl, OXY's upstream portfolio benefits via higher realized prices and stronger cash flow.

OxyChem Sale Enhances Oil Leverage

The $9.7bn sale of OxyChem to Berkshire Hathaway improves balance sheet flexibility and sharpens focus on core upstream/midstream, increasing sensitivity to oil prices.

Mixed 4Q25; Output Growth in FY26

4Q revenue -5.2% YoY to $5.42bn; adj. EPS $0.31 beat. Realized oil price fell to $59.22/bbl, while production rose to 1.48m boe/d. FY26 capex guided at $5.5–5.9bn, with production at 1.42–1.48m boe/d

Valuation Consensus

Bloomberg's 12-month average target price is $58.11, with a high of $72 and a low of $45.

1-Year Price

Financials

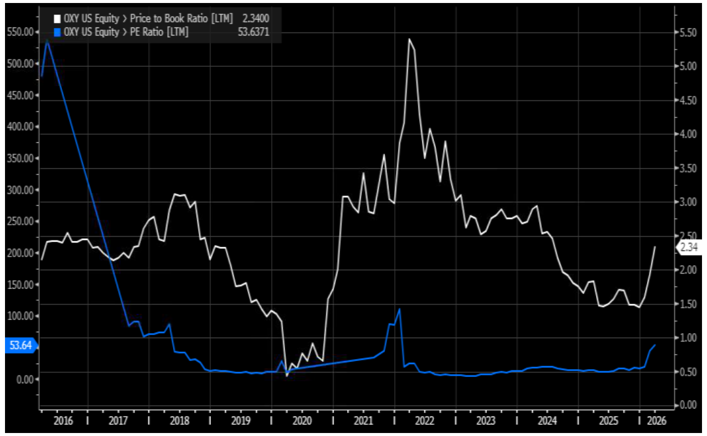
	2023	2024	2025	2026F	2027F
Revenue Growth(%)	-22.9	-22.1	-1.9	7.7	1.3
EBITDA (%)	48.4	55.0	54.4	58.3	57.9
EPS(USD)	3.69	2.60	1.20	2.61	2.75
Net Profit Margin(%)	-68.88	-29.48	-53.89	117.18	5.68

Source: Bloomberg; 2026/27F are market estimates

2026FY Outlook

OIL & GAS	1Q26	FY26
Total Company Production (Mboed)	1,385 - 1,425	1,420 - 1,480
Permian Production (Mboed)	766 - 786	798 - 830
Rockies & Other Production (Mboed)	264 - 270	263 - 273
Gulf of America Production (Mboed)	126 - 134	129 - 137
International Production (Mboed)	229 - 235	230 - 240
Domestic Operating Cost $ / boe	$8.30	$8.10
Domestic Transportation Cost $ / boe	$3.50	$3.30
Total Company Production Oil %	49.7%	50.5%
Total Company Production Gas %	27.3%	27.0%
Exploration Expense[1]	~$100 MM	~$290 MM

P/E & P/B



Source: Bloomberg

KGI

TW Equities Israel-Iran Conflict Drives Market Volatility; Export Orders Signal Resilient Supply Chain

Taiwan Equities Were Led Higher by Tech Stocks, but Israel-Iran Tensions Continue to Drive Choppy Market Conditions

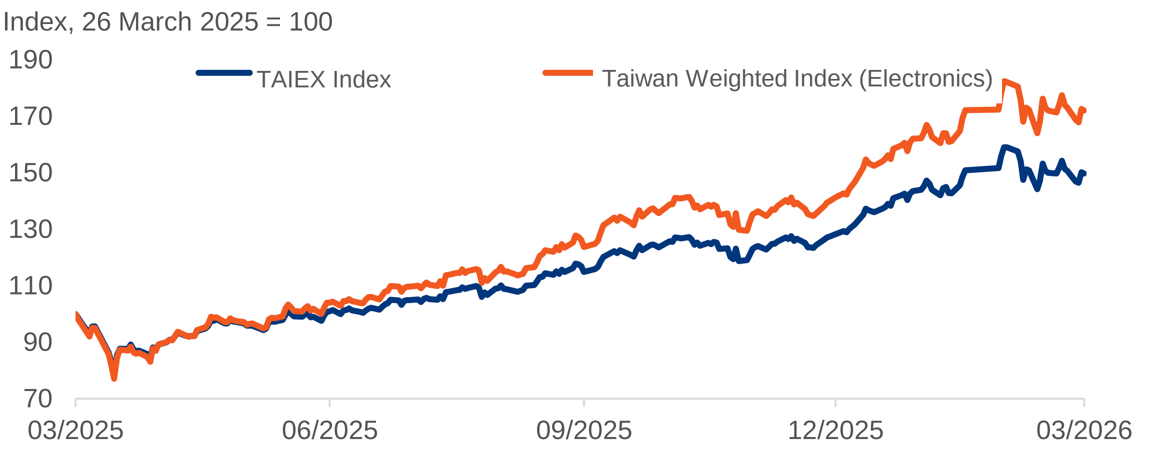
Recent reports suggest the U.S. has proposed a 15-point ceasefire plan to Iran via Pakistan, alongside a potential one-month truce to facilitate negotiations. While this briefly lifted sentiment, trading volumes remain subdued amid uncertainty, with markets trending sideways on low liquidity. Near term, focus remains on late-March negotiations. A formal ceasefire could support capital inflows, with preference for tech names showing strong revenue/earnings momentum and trading above the 1M moving average.

February Export Orders Beat Forecasts; US–Iran War Clouds Transport Outlook

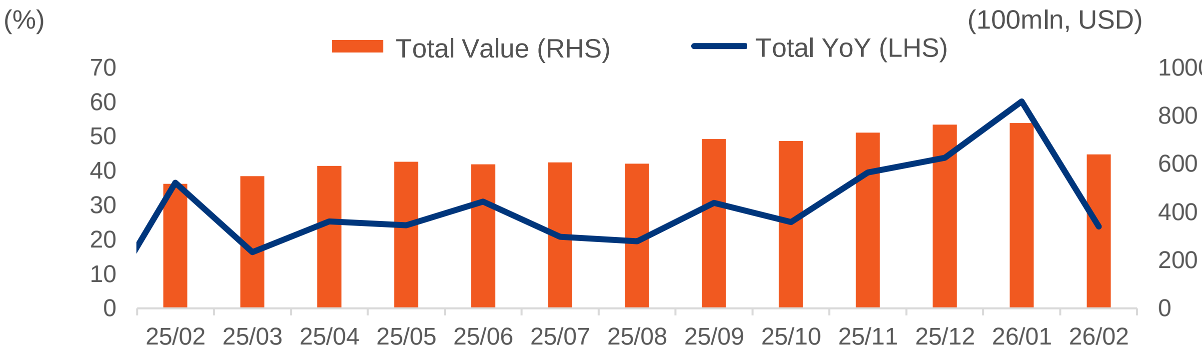
February export orders remained well above expectations at $63.88bn, up 23.8% YoY (vs. we estimate 11.8%). Within key segments, electronics stayed robust: ICT orders rose 55.2% YoY to $22.72bn, driven by strong capex from major CSPs supporting demand for servers and networking products. Electronic products reached $26.25bn (+26.2% YoY), supported by AI and high-performance computing demand, boosting IC manufacturing, distribution, and memory orders.

However, the late-February outbreak of the Israel-Iran conflict may weigh on March export orders, particularly via potential disruptions to logistics. That said, February data underscores resilient external demand, supporting Taiwan's economic outlook. The AI supply chain remains underpinned by structural growth tailwinds.

TAIEX Index and Taiwan Electronics Sector Trends



Export Orders Value & YoY



Source: Bloomberg

LOTES (3533 TT)

Engaged in the manufacturing and sale of connectors, terminals, and related components.

Key Features

Stronger Server Outlook to Drive 2026 Growth

Post-Lunar New Year, server demand remains robust, with visibility exceeding prior expectations. 2026 server revenue guidance has been raised to >30% YoY (vs. 20% prior), with CSP shipments up 30–50% and enterprise 15–20%, despite some component tightness. Higher pin-count CPU platforms are also lifting ASP. We estimate server revenue to grow 30–40% YoY, driving total revenue growth of 15–20% in 2026.

Sequential Growth Through 2026; Stronger 2H

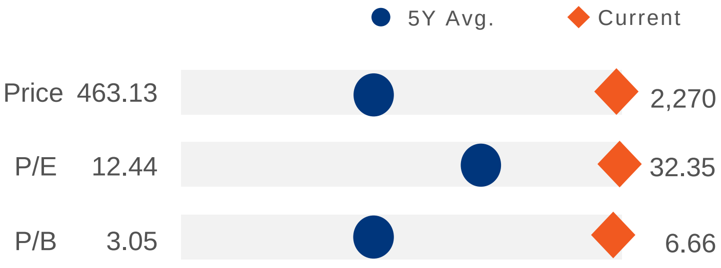
March revenue eased from January highs; we expect 1Q26 revenue to decline 2% QoQ. However, 2Q26 should grow 7% QoQ, supported by ramp-up of new platforms (e.g., Venice CPU). Additional products—including high-speed connectors, cables, SOCAMM, and quick connectors—will support continued growth into 2H26, with 2H outperforming 1H. On improved product mix, we raise 2026–27 EPS estimates to NT$97.73 and NT$122.25.

Financials

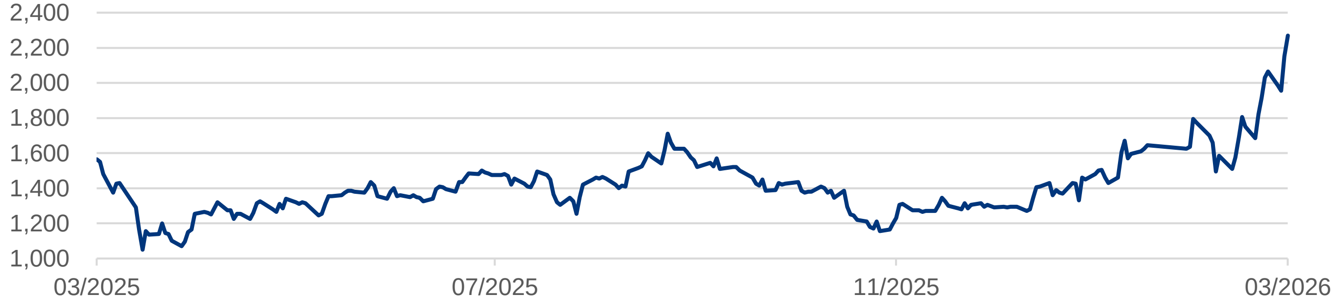
	2023	2024	2025F	2026F	2027F
EPS (NTD)	50.65	82.77	70.17	97.73	122.25
EPS Growth (%)	-13.7	63.4	-15.2	39.3	25.1
P/E Ratio	35.6	21.8	25.7	18.5	14.8
ROE (%)	22.1	29.1	20.7	25.7	28.0

Source: Company data, estimates of KGI analyst

Valuations

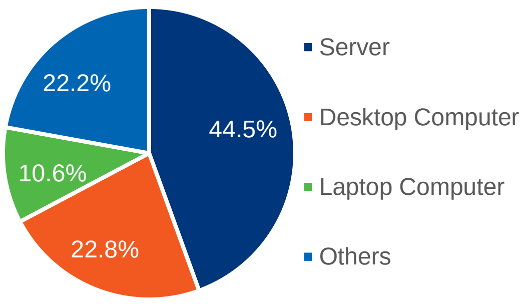


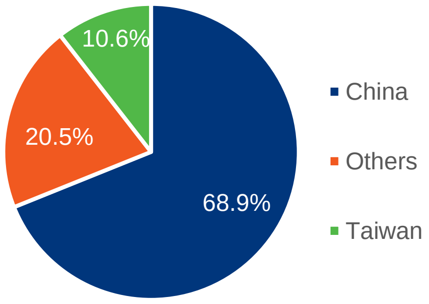
1-Year Price



As of 26 Mar 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	11.82	27.89	75.97	49.34	75.29	45.05

Revenue Sources and Regions





Source: Bloomberg

Wistron (3231 TT)

Wistron, a Taiwan-based ODM, specializes in laptops, desktops, servers, storage, ICT appliances, communications, cloud, and green technologies.

Key Features

Stronger-than-Expected 1H26 Momentum

Revenue rose 165% YoY in the first two months, with March remaining strong. We raise 1Q26 revenue to +10% QoQ, driven by AI server demand. GB300 rack shipments are expected at 3.5–4k units (vs. ~2.4k in 4Q25), implying 50–60% QoQ growth and reflecting robust customer demand.

Positive 2026 Outlook Driven by AI

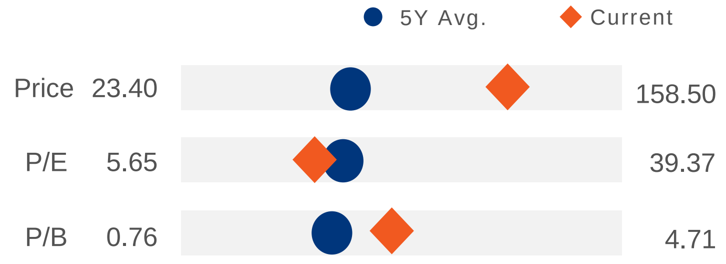
Beyond AI servers, growth drivers include: (1) general servers via Wiwynn, Meta Helios AI server shipments from 2H26, and ASIC AI servers; (2) switch orders from Cisco, expected to grow >10x YoY (still <2% of revenue); and (3) potential demand from neocloud, sovereign clients, and inference AI (robotics, LEO satellites). AI will be the key earnings driver for 2026–27; we raise 2026 EPS to NT$13.6 (+50% YoY).

Financials

	2023	2024	2025	2026F	2027F
EPS (NTD)	4.08	6.11	9.04	13.60	18.17
EPS Growth (%)	1.7	49.8	47.9	50..4	33.6
P/E Ratio	32.8	21.9	14.8	9.9	7.4
ROE (%)	11.4	14.7	17.7	21.4	24.3

Source: Company data, estimates of KGI analyst

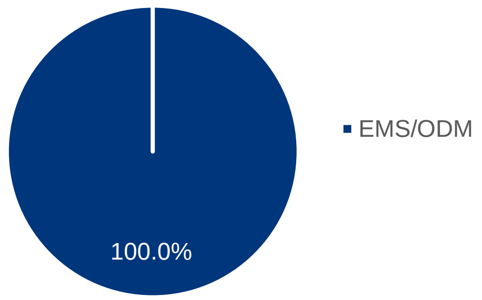
Valuations

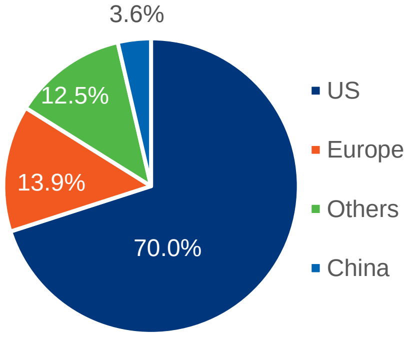


1-Year Price

As of 26 Mar 2026	1Wk	1M	3M	6M	YTD	1Y
Return (%)	-0.39	-6.62	-13.31	-0.78	-15.61	20.38

Revenue Sources and Regions





Source: Bloomberg

Mutual Funds/ETFs

Attractive Asia Valuations; Oil Shock Impact Varies by Country

► JPMorgan Asia Equity High Income Fund

- Enhanced Yield Generation – Seeks higher income via dividends from an Asia ex-Japan equity portfolio, supplemented by option premiums through covered call strategies on regional indices and futures, effectively converting potential capital gains into income.

- Lower Volatility Profile – Relatively lower market sensitivity, with dividend income and option premiums helping cushion downside risk during periods of elevated volatility.

- Monthly Income Distribution – Offers monthly payouts with a target yield of 7–9%; USD share class (monthly distribution) currently delivers an annualized yield of 8.25%.

Product	JPMorgan Asia Equity High Income Fund	
Features	■ Fund gains from Asian equity dividends and call option premiums ■ Lower market sensitivity, volatility ~10% below Asian equities.	
AUM	2.521 USD billion	
3M/YTD Return	2.37% / 1.79%	
Top 5 Industry Allocation (%)	Financials IT Communication Services Consumer Discretionary Industrials	26.6 26.3 12.9 11.2 5.2
Top 5 Regions Allocation (%)	China Taiwan South Korea Australia India	24.0 18.7 17.3 15.5 6.5
Top 5 Holdings (%)	TSMC Tencent Holdings Samsung Electronics Alibaba Group Telstra Group	9.7 6.8 4.6 3.2 3.0

Source: Bloomberg

JPMorgan Asia Equity High Income Fund

Profile

Invests primarily (≥70%) in Asia ex-Japan equities, with selective use of derivatives to generate high income while maintaining long-term capital growth potential.

■ Enhanced Yield

Generates income from dividends and covered call strategies on Asia ex-Japan indices and futures, converting potential capital gains into additional yield.

■ Lower Volatility

With relatively low market sensitivity and a dividend-paying portfolio, combined with additional income from option premiums, the fund helps hedge part of the downside risk when market volatility intensifies. Since inception, its volatility has been about 10% lower than that of Asian equities.

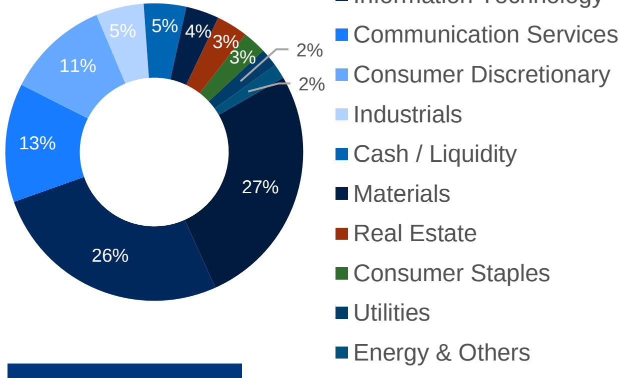
■ Monthly Distribution

Offers monthly payouts with a target yield of 7–9%; USD share class (monthly) currently yields 8.25%, suitable for income-focused investors.

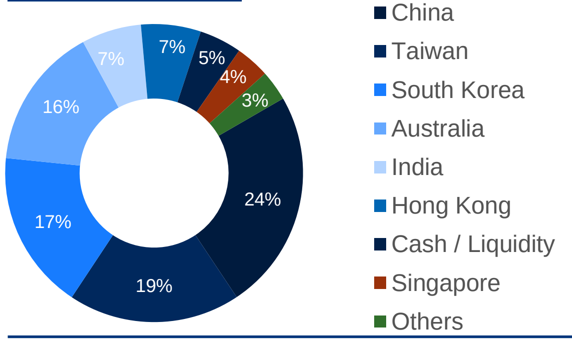
Inception	2023/12/21	**AUM**	2.521 bln USD
Morningstar Category	Asia Ex Japan	**Fund Type**	Equities
Morningstar Rating	-	**3Y SD (Ann.)**	-

Source: Bloomberg

Sectors



Regions



Top-5 Holdings (%)

TSMC	9.7
Tencent Holdings	6.8
Samsung Electronics	4.6
Alibaba Group	3.2
Telstra Group	3.0

Last 3 Years NAV

As of 24 Mar 2026	1M	3M	YTD	1Y	3Y	5Y
Cumulative Return(%)	-6.43	2.37	1.79	26.08	37.01	-
Similar Fund Quartile Ranking	1	4	4	3	3	-

Bonds AI-Driven Power Demand Supports Allocation to High-Quality Utility Bonds

► EDF 5.75 01/13/35 (Electricite de France) (USD)

- EDF is the world's second-largest and Europe's largest integrated utility, with a dominant position in France and strong presence in the UK and Italy. It accounts for 70–75% of France's power generation, with ~70% residential and ~50% non-residential market share. EDF plays a key role in France's energy transition through nuclear expansion. As of 2023, low-carbon sources account for 90% of generation (78% nuclear, 9% hydro), positioning it as a leader in decarbonization.
- EDF was fully renationalized in June 2023 and is now 100% owned by the French government. Nuclear energy remains a core policy priority across political parties, reinforcing EDF's strategic role and strong state backing.
- EDF delivered solid performance in 2023–24. Despite easing energy prices, the company raised its 2024 nuclear output guidance twice (Sep and Dec), supporting earnings resilience.

Products	EDF 5.75 01/13/35 (Electricite de France) (USD)
ISIN	USF29416AF53
Highlight	The company completed re-nationalization in June 2023 and is now 100% owned by the French government
Maturity Date	2035/1/13
Next Redemption Day	2034/10/13
Coupon (%)	Fixed/5.75/Semi-annual
Currency	USD
Years to Maturity	8.08
Rating (Moody's/ Fitch/S&P)	Baa1/BBB+/BBB+
Seniority	Senior Unsecured
YTM/YTC (%)	5.09/5.08

Source: Bloomberg

Electricite de France (EDF 5.75 01/13/35)

EDF is the world's second-largest and Europe's largest integrated utility, with a dominant position in France and strong presence in the UK and Italy. It accounts for 70–75% of France's power generation, with ~70% residential and ~50% non-residential market share.

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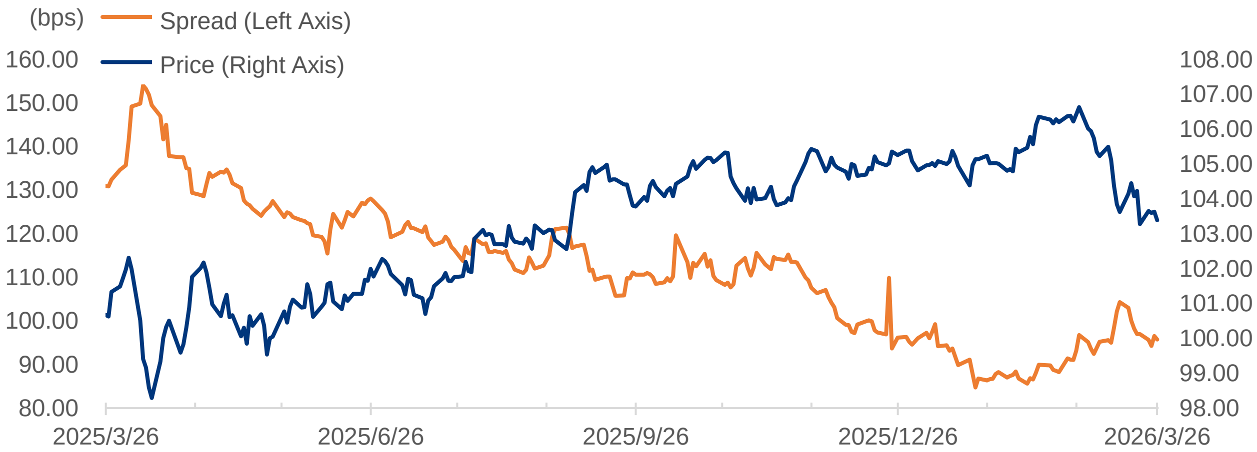
- EDF delivered solid performance in 2023–24. Despite easing energy prices, the company raised its 2024 nuclear output guidance twice (Sep and Dec), supporting earnings resilience.

Financials	2023	2024	2025
Net Debt/EBITDA (x)	1.59	1.64	1.91
Interest Coverage Ratio	3.27	4.60	1.93
EBITDA Margin (%)	22.40	27.26	24.10

Overview

Name	EDF 5.75 01/13/35	**ISIN**	USF29416AF53
Maturity Date	2035/1/13	**Remaining Maturity**	8.80
Coupon(%)	Fixed/5.75/Semi-annual	**YTM/YTC(%)**	5.09/5.08
Currency	USD	**Min. Subscription/ Increment**	100,000/1,000
Ratings (Moody's/Fitch/S&P)	Baa1/BBB+/BBB+	**Seniority**	Senior Unsecured

Price (New Issued Bond)



Source: Bloomberg

Bonds Solid Bank Earnings and Stable NIM Support Allocation to Leading Names to Enhances Returns

- **BAC 2.087 06/14/2029 (Bank of America) (USD)**
- **BAC 5.468 01/23/2035 (Bank of America) (USD)**
  - Bank of America is the second-largest U.S. bank by assets, offering retail banking, lending, wealth management, and capital markets services. Consumer banking is its core earnings driver, followed by global banking, markets, and wealth management. Deposits exceeded $2tn as of 4Q25.
  - With rates expected to stay higher for longer, net interest income (NII) should remain resilient. Solid consumer credit demand, loan growth, wealth management fees, and trading activity are set to support 2026 earnings.
  - 4Q25 results beat expectations, with EPS at $0.98 (+18% YoY) and revenue ex-interest expense at $28.4bn (+7% YoY), driven by higher NII, strong fee income, and disciplined cost control.
  - A broad retail network, strong digital capabilities, diversified client base, and ample liquidity provide a stable funding profile and earnings resilience.

Products	BAC 2.087 06/14/2029 (Bank of America) (USD)	BAC 5.468 01/23/2035 (Bank of America) (USD)
ISIN	US06051GJZ37	US06051GMA49
Highlight	U.S. banks' net interest income (NII) is expected to remain resilient, and the latest reported Q4 2025 results also exceeded market expectations.	
Maturity Date	2029/6/14	2035/1/23
Next Redemption Day	2028/6/14	2034/1/23
Coupon (%)	Float/2.087/Semi-annual	Float/5.468/Semi-annual
Currency	USD	USD
Years to Maturity	3.22	8.83
Rating (Moody's/ Fitch/S&P)	A1/AA-/A-	A1/AA-/A-
Seniority	Senior Unsecured	Senior Unsecured
YTM/YTC (%)	4.24/4.04	5.03/5.00

Source: Bloomberg

Bank of America (BAC 2.087 06/14/2029)

Bank of America is the second-largest U.S. bank by assets, offering retail banking, lending, wealth management, and capital markets services. Consumer banking is its core earnings driver, followed by global banking, markets, and wealth management. Deposits exceeded $2tn as of 4Q25.

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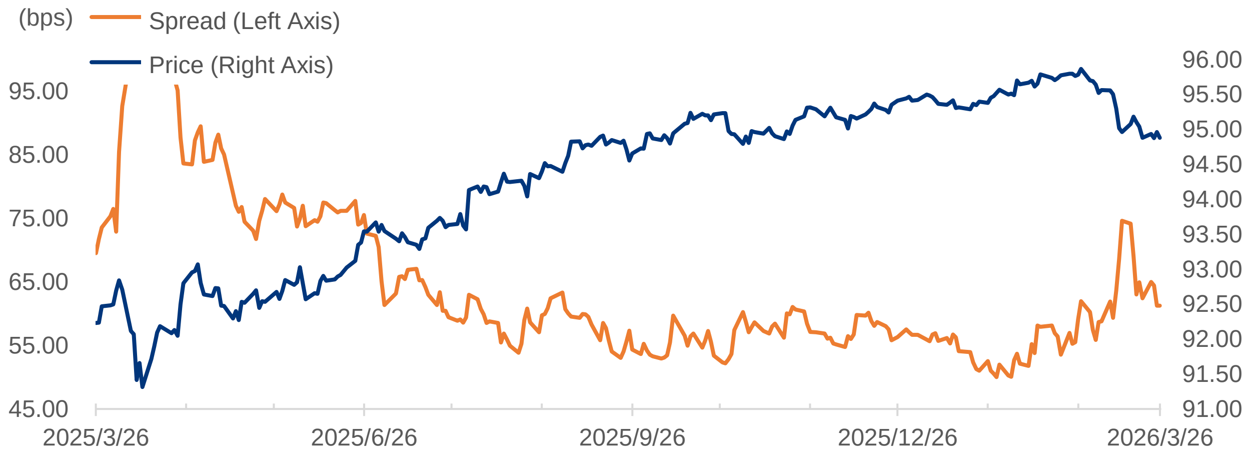
- A broad retail network, strong digital capabilities, diversified client base, and ample liquidity provide a stable funding profile and earnings resilience.

Overview

Name	BAC 2.087 06/14/2029	**ISIN**	US06051GJZ37
Maturity Date	2029/6/14	**Remaining Maturity**	3.22
Coupon(%)	Float/2.087/Semi-annual	**YTM/YTC(%)**	4.24/4.04
Currency	USD	**Min. Subscription/ Increment**	2,000/1,000
Ratings (Moody's/Fitch/S&P)	A1/AA-/A-	**Seniority**	Senior Unsecured

Financials	2025Q2	2025Q3	2025Q4
Net Interest Income (100 USD Mln)	146.70	152.33	157.50
CET1 Ratio (%)	11.50	11.60	11.40
Liquidity Coverage Ratio (%)	114.00	113.00	112.00

Price (New Issued Bond)



Source: Bloomberg

Bank of America (BAC 5.468 01/23/2035)

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- With rates expected to stay higher for longer, net interest income (NII) should remain resilient. Solid consumer credit demand, loan growth, wealth management fees, and trading activity are set to support 2026 earnings.
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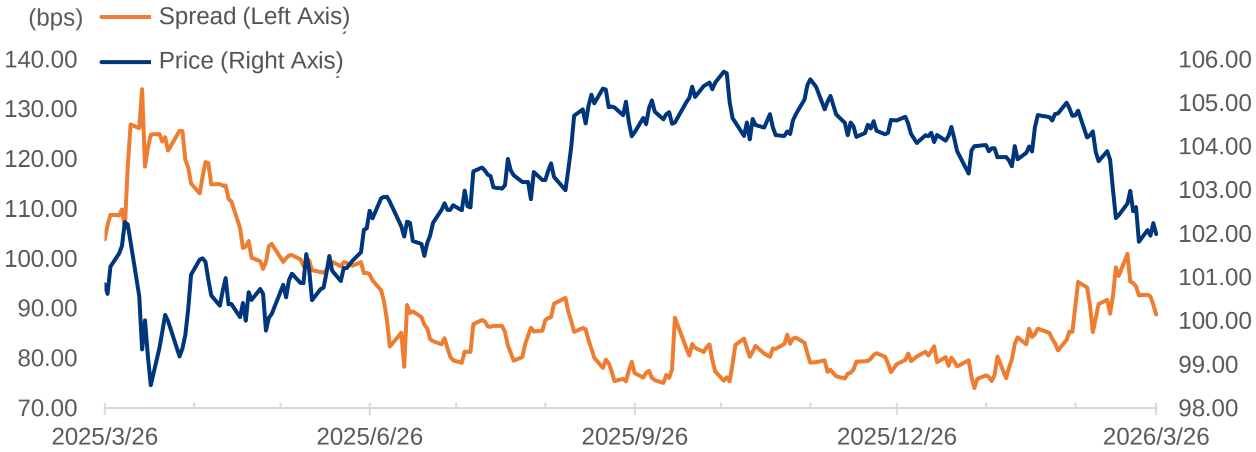
- A broad retail network, strong digital capabilities, diversified client base, and ample liquidity provide a stable funding profile and earnings resilience.

Financials	2025Q2	2025Q3	2025Q4
Net Interest Income (100 USD Mln)	146.70	152.33	157.50
CET1 Ratio (%)	11.50	11.60	11.40
Liquidity Coverage Ratio (%)	114.00	113.00	112.00

Overview

Name	BAC 5.468 01/23/2035	**ISIN**	US06051GMA49
Maturity Date	2035/1/23	**Remaining Maturity**	8.83
Coupon(%)	Float/5.468/Semi-annual	**YTM/YTC(%)**	5.03/5.00
Currency	USD	**Min. Subscription/ Increment**	2,000/1,000
Ratings (Moody's/Fitch/S&P)	A1/AA-/A-	**Seniority**	Senior Unsecured

Price (New Issued Bond)



Source: Bloomberg

Appendix | Key Economic Data / Events

MAR 2026

23 Monday	24 Tuesday	25 Wednesday	26 Thursday	27 Friday
• Eurozone Mar Consumer Confidence (Prelim) (Act:-16.3 Est:-14.2 Prev:-12.3)	• US Mar S&P Global Mfg PMI (Prelim) (Act:52.4 Est:51.5 Prev:51.6) • US Mar S&P Global Services PMI (Prelim) (Act:51.1 Est:52.0 Prev:51.7) • Japan Feb CPI YoY (Act:1.3% Est:1.5% Prev:1.5%). • Japan Mar S&P Global Mfg PMI (Prelim) (Act:51.4 Prev:53.0) • Eurozone Mar S&P Global Mfg PMI (Prelim) (Act:51.4 Est:49.6 Prev:50.8)	• Japan Feb Machine Tool Orders YoY (Final) (Act:24.2% Prev:25.3%)	• US Initial Jobless Claims (Act:210k Est:210k Prev:205k)	• US Mar U. Michigan Consumer Sentiment (Final) (Est:54.0 Prev:56.6)

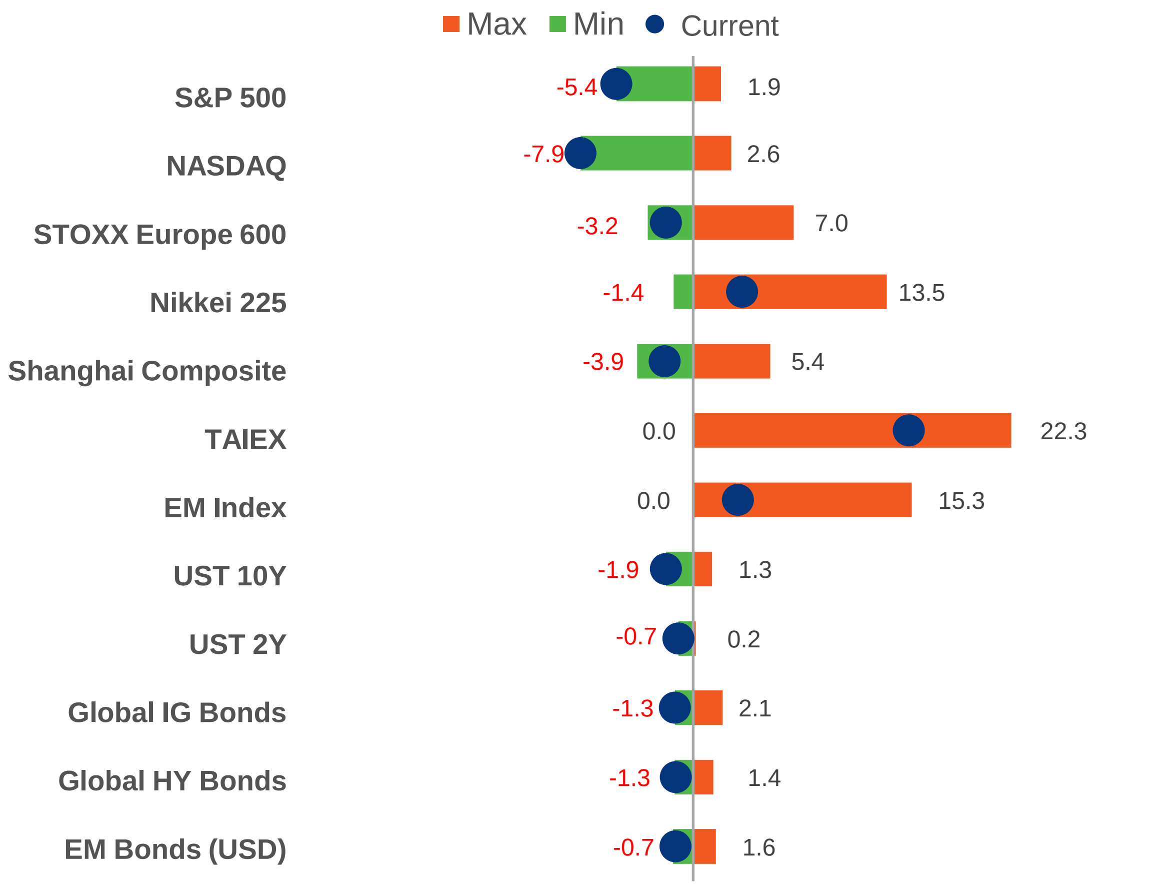
APR 2026

30 Monday	31 Tuesday	1 Wednesday	2 Thursday	3 Friday
• Eurozone Mar Consumer Confidence (Final) (Prev:-12.3)	• US Mar Conference Board Consumer Confidence (Est:88.0 Prev:91.2) • US Feb JOLTS Job Openings (Prev:6,946k) • Japan Feb Unemployment Rate (Est:2.7% Prev:2.7%) • China Mar Mfg PMI (Est:50.2 Prev:49.0) • China Mar Services PMI (Est:50.0 Prev:49.5)	• US Feb Retail Sales MoM (Est:0.4% Prev:-0.2%) • US Mar ADP Employment Change (Est:40k Prev:63k) • US Mar S&P Global Mfg PMI (Final) (Prev:51.6) • US Mar ISM Mfg (Est:52.3 Prev:52.4) • Japan Mar S&P Global Mfg PMI (Final) (Prev:53.0) • Eurozone Feb Unemployment Rate (Est:6.1% Prev:6.1%)	• US Initial Jobless Claims (Prev:210k)	• US Mar Nonfarm Payrolls (Est:51k Prev:-92k) • US Mar Unemployment Rate (Est:4.4% Prev:4.4%) • US Mar S&P Global Services PMI (Final) (Prev:51.7)

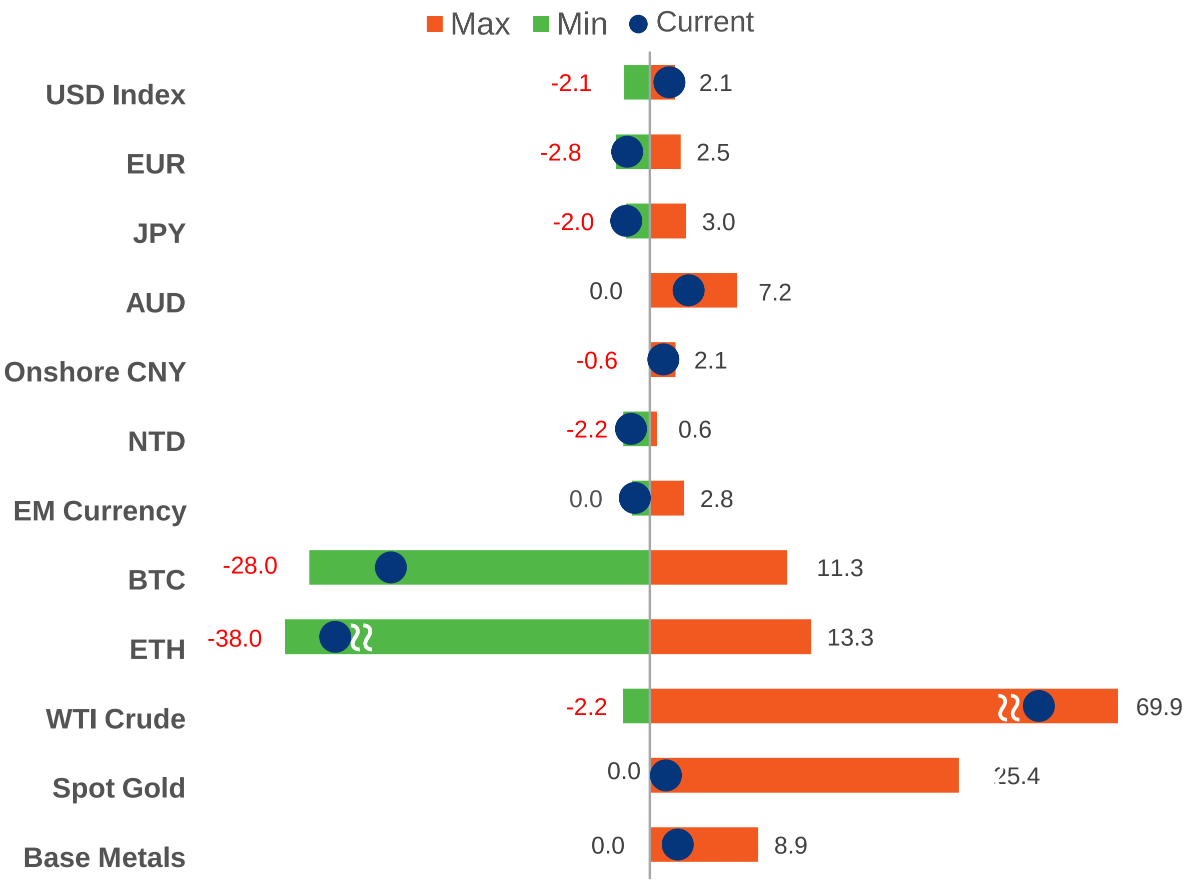
Source: Bloomberg

Major Market / Asset YTD Performance

Equities & Bond Markets YTD Performance (%)



Currencies and Commodities Market YTD Performance (%)



Source: Bloomberg

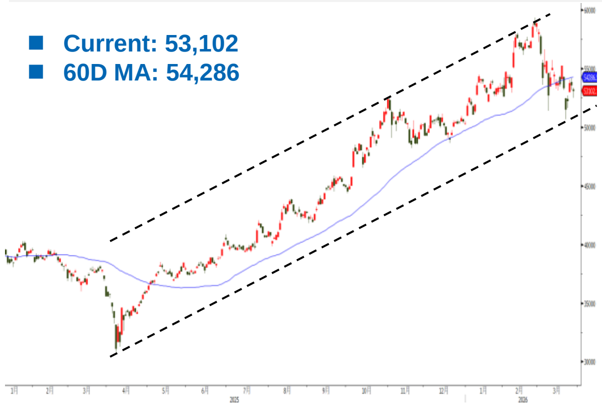
Technical Analysis

S&P 500 Index

NASDAQ Index

STOXX Europe 600 Index

Nikkei 225 Index

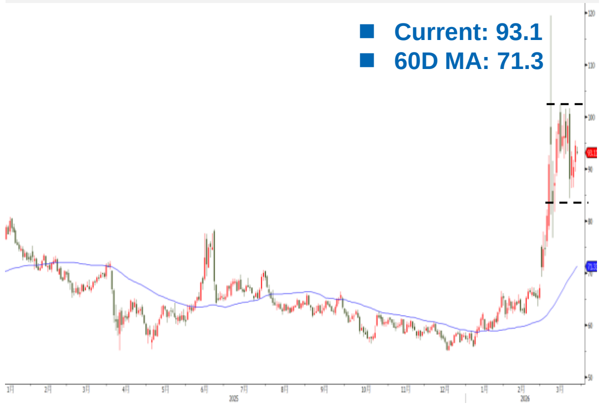


Shanghai Composite Index

MSCI Emerging Markets Index

Gold

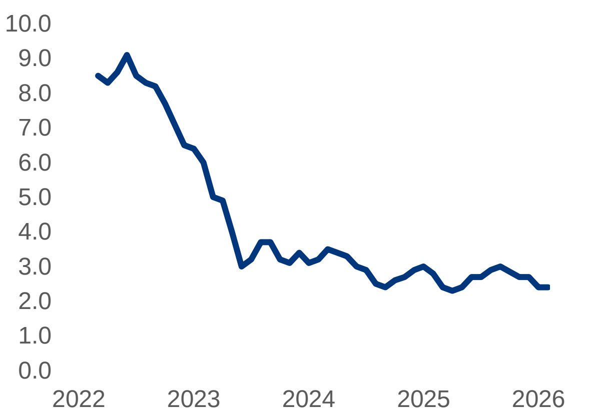
WTI Crude



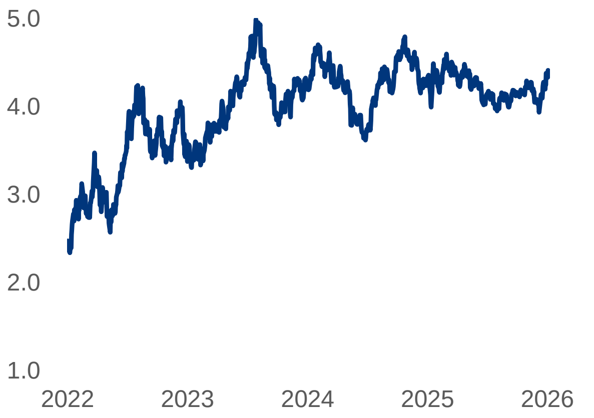
Source: Bloomberg

Market Monitor

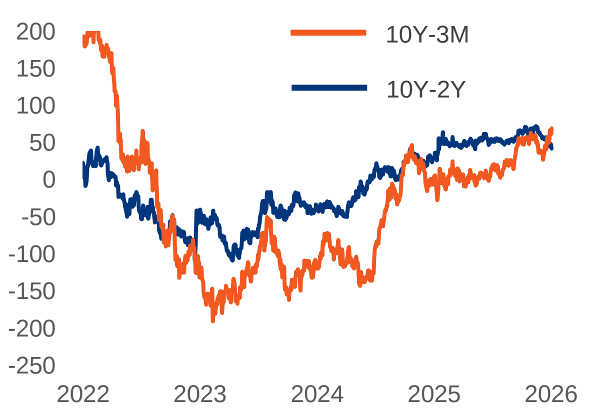
U.S. CPI YoY (%)



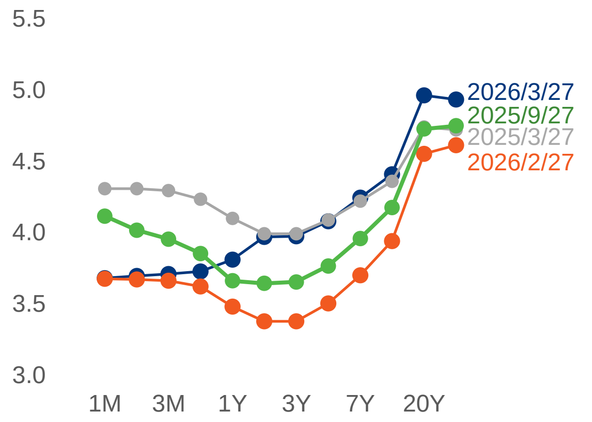
U.S. 10-Year Treasury Yield (%)



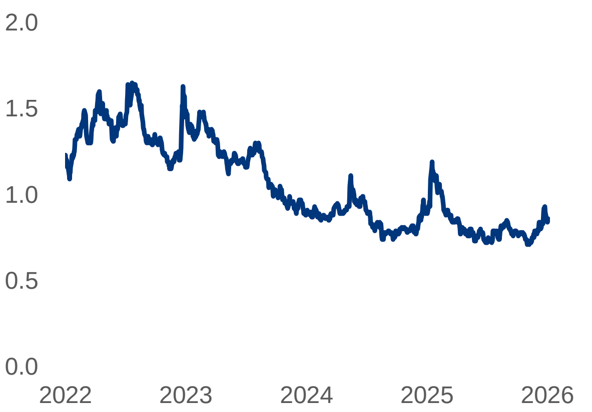
U.S. Treasury Yield Spread (bps)



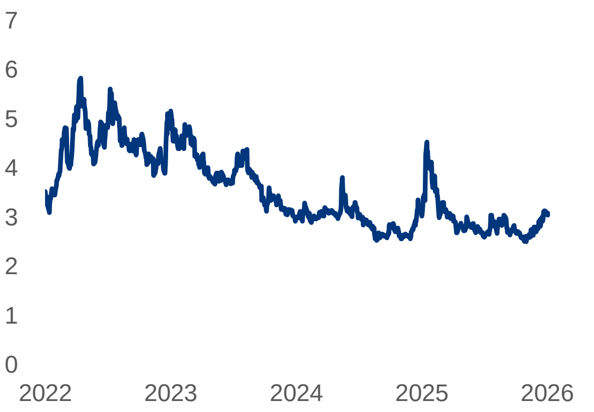
U.S. Treasury Yield Curve (%)



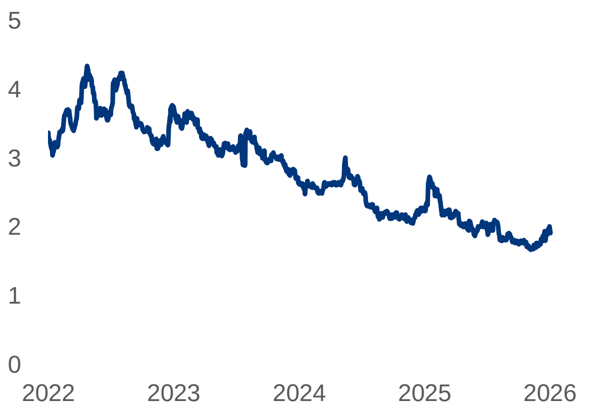
USD IG Credit Spread (%)



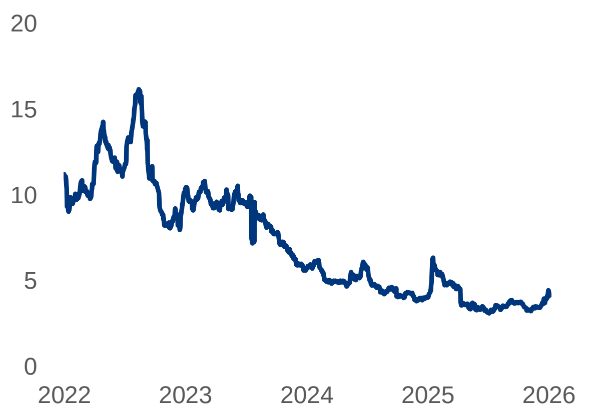
USD HY Credit Spread (%)



USD EM Credit Spread (%)

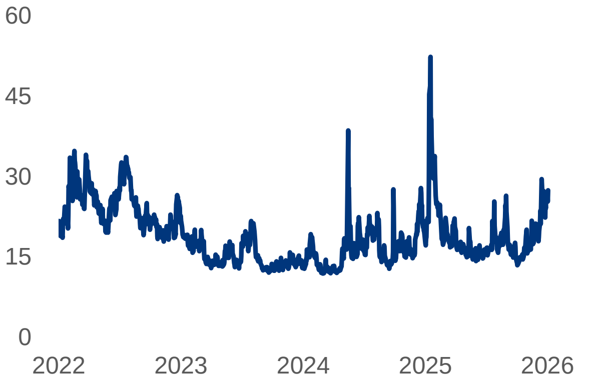


USD Asia Credit Spread (%)

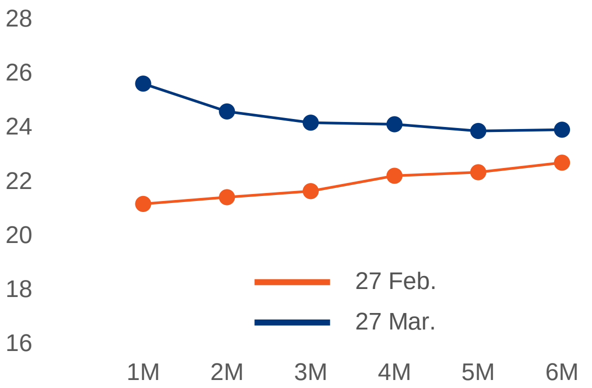


Market Monitor

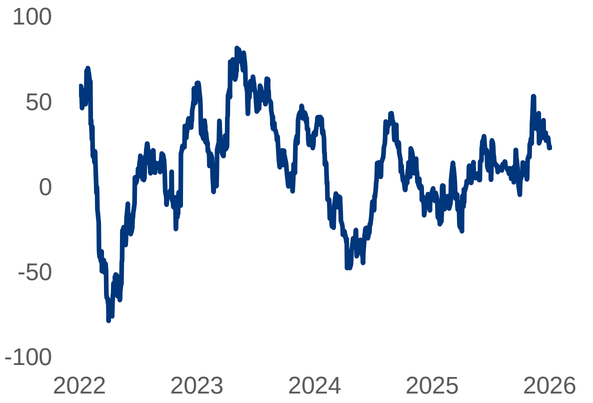
VIX Index



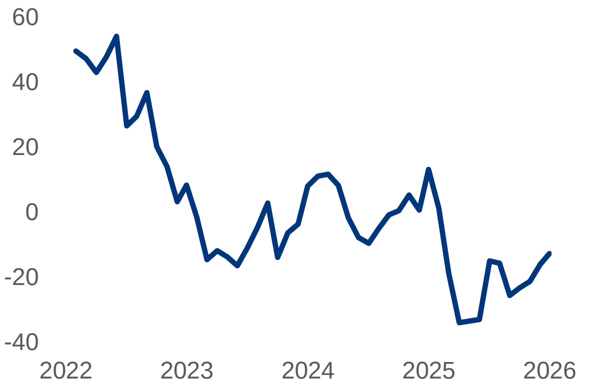
VIX Term Structure



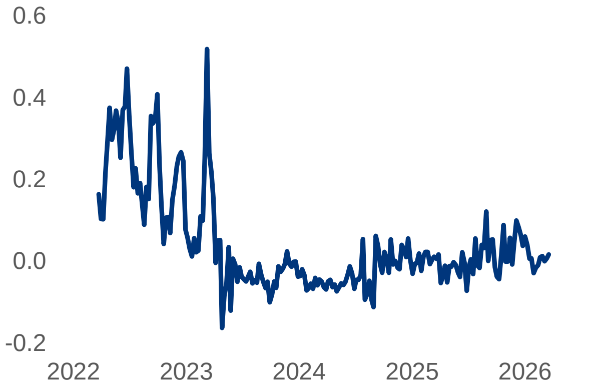
U.S. Citi Economic Surprise Index*



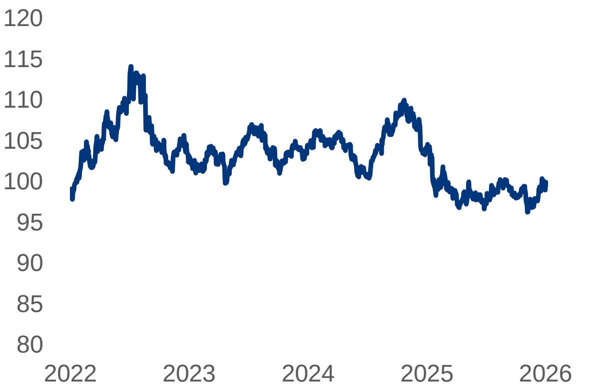
U.S. Citi Inflation Surprise Index*



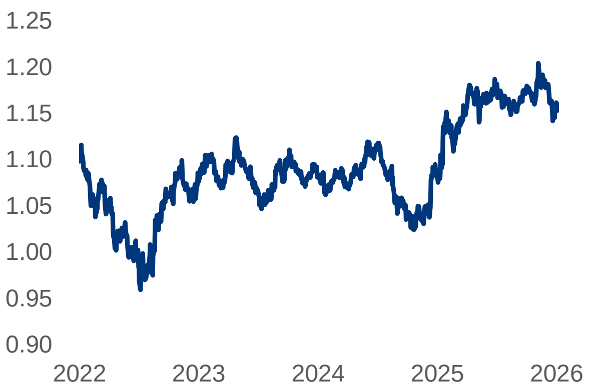
TED Spread (bps)



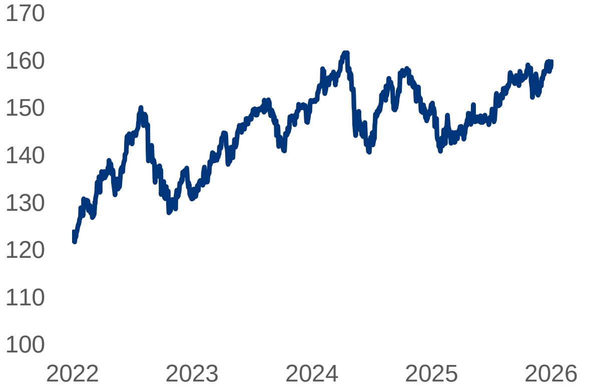
U.S. Dollar Index



EUR to USD



USD to JPY



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