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Creating Sustainable Value

MONTHLY MARKET
REVIEW & OUTLOOK
June 2026

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in a nutshell

Key events – May 2026

- **Iran:** Procrastination continues over the draft resolution to the conflict between the US and Iran.
- **Markets:** Semiconductors, AI and technology drove the indices, following strong performances in the US and Asia.
- **Central banks:** On both sides of the Atlantic, the stance remains firm, with a determination to limit the rise in inflation and prevent the rise in energy prices from spreading to the rest of the economy.

Number of the month¹

5.18%

The level reached in May for the 30-year US Treasury, a threshold not seen since 2007.

Macro outlook

- **IA:** Capital expenditure continues to underpin economic activity and stock market indices. The massive IPOs planned for the coming months are worth keeping a close eye on. Will there be any disappointments?
- **United States:** The economy remains robust, even though growth is increasingly dependent on the digital sector and the positive wealth effects for the most affluent households.
- **Eurozone:** The ECB is set to implement a 25bp rate hike as early as June to curb inflation expectations. Beware of adverse effects in the event of a prolonged upward cycle.



The Long View

Ukraine: Russia is stalling; will it escalate?

- The “drone de guerre”
- The armed forces are stalling, the economy is stagnating
- Escalation: a prelude to de-escalation?
- Anatomy of an escalation

¹ Source: Bloomberg, May 2026.



Semi-conductors are sexy

The semiconductor sector delivered an incredible performance on the stock market this May. The US Philadelphia Semiconductor Index rose by 22%, bringing its year-to-date performance to +82% as of early June. This is a global phenomenon. In South Korea, the Kospi, driven by Samsung and SK Hynix, is up 28% and has risen by over 100% since the start of the year. These figures highlight the strength of the AI sector on the stock market, which continues to drive the markets and, more broadly, economic activity. The major indices ended the month in positive territory, with the S&P 500¹ up 5.3% for the month – hitting a new all-time high – and the Nikkei up nearly 12%. In Europe, the rise was more modest – at 3.2% for the Stoxx 600 – as exposure to tech and semiconductors is lower there.

One could almost forget that the war in the Middle East is still raging. Yet May was full of twists and turns. On the 6th, according to Axios, the US and Iran were on the verge of agreeing on a memorandum for a peace deal and the future of Iran's nuclear program. This had an immediate impact on the price of oil, which fell by \$15 a barrel. It took just four days for the situation to reverse, with Trump taking offence at what he deemed unacceptable terms. The prospect of a reopening of the Strait of Hormuz receded, the price of a barrel of oil rebounded, and the markets once again speculated on an escalation of the conflict before changing their minds at the end of the month.

Technology continues to pay off

The indices therefore ended the month with strong gains, despite a protracted conflict. This is attributable, as the figures show, to the continued strength of the AI sector, as well as solid corporate results. The earnings season ended in mid-May and demonstrated companies' remarkable resilience. Within the S&P 500, 74% of companies beat expectations on sales and 82% on profits – exceptional figures by historical standards. Full-year EPS growth forecasts now stand at +25%, up 5% following the results. On the Stoxx 600, EPS growth expectations for 2026 are lower at +14%, up 2%. Looking at sectors, the outperformance of cyclicals over defensives was very marked in the US, at +14% over the month. The gap is less pronounced in Europe, at just +6%. ... In the US, too, the rise is more concentrated, with the technology sector alone up 16%. Energy, unsurprisingly, is down, by 6% across the Atlantic and 7% in Europe.

Macroeconomic statistics also had an impact on market performance during the month. On 8 May, there was good news on the US jobs front. Job creation figures came in well above expectations, including revisions to figures from previous months. At this stage, therefore, AI does not appear to be leading to the mass job losses that had been feared. The strength of macroeconomic data (industrial production, aggregate consumer spending, etc.) and the resilience of leading indicators such as the PMI point to a scenario that remains favorable for the United States.

¹ S&P 500 (Standard & Poor's 500): A stock market index comprising 500 major companies listed on US stock exchanges



Interest rates looking a bit wobbly

On the sovereign bond front, hopes of a peace deal in the Middle East helped ease yields. This trend was quickly halted by contradictory statements from Iran and the US. Then, the release of inflation figures, which showed no sign of easing, combined with solid macroeconomic data, led to a rise in rates in mid-May, pushing back the prospect of monetary policy easing.

The 30-year US Treasury yield thus reached 5.18%, its highest level since 2007; the German Bund peaked at 3.19%, a level not seen since 2011. Even more astonishingly, in Japan, the 10-year yield hit 2.78%, a threshold not seen for nearly 30 years! The UK gilt rose to 5.17%, a level not seen since 2008. This level is also explained by political factors. Keir Starmer's position as Prime Minister is under threat following poor results in the local elections. Speculation about his replacement by Andy Burnham has intensified, yet Burnham is known for his unorthodox views on debt. Views he has sought to tone down to allay market concerns.

Towards the end of the month, renewed prospects of an agreement between Washington and Tehran, falling oil prices – which ended up losing 19% over the month! – and some less favorable statistics contributed to an easing of European rates, which were 10 to 20 basis points lower than at the end of April, whilst US rates rose slightly, reflecting an economy that continues to surprise on the upside and inflation that is holding firm.

Like oil, gold ended the month down.

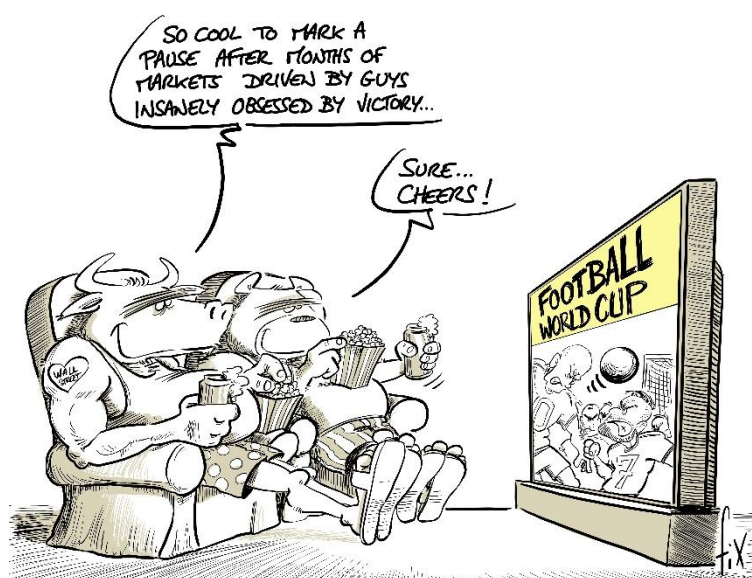
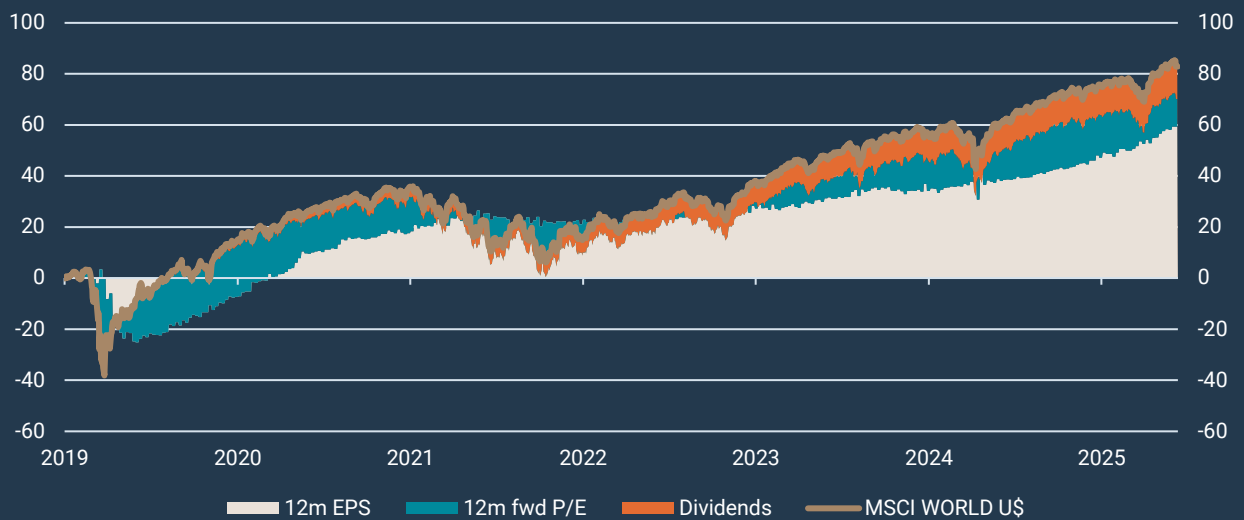
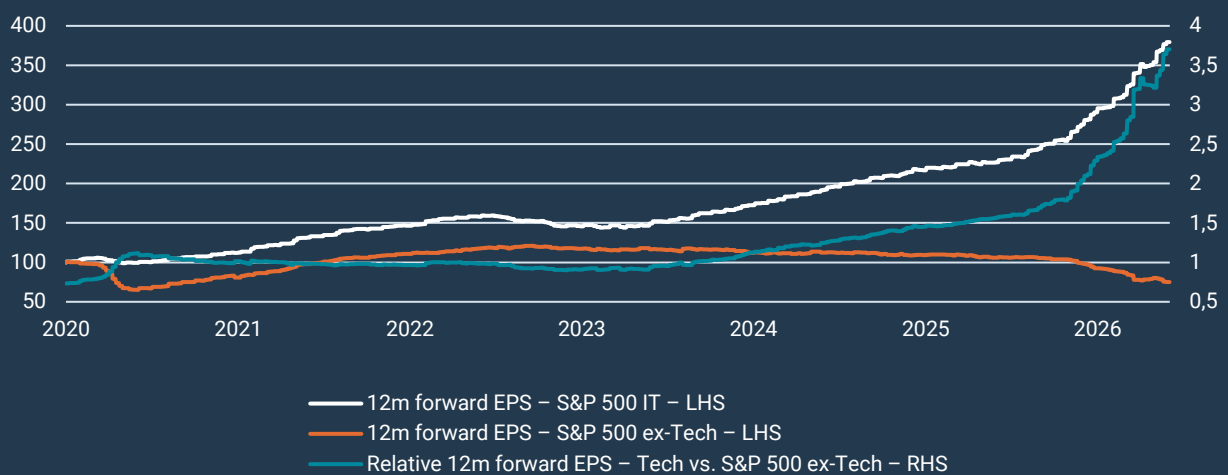


Chart of the month

World: MSCI World since early 2020 (in USD)
Contribution of valuations, forward EPS and dividends



Tech vs. S&P 500 ex-Tech: 12-month forward EPS in USD
Base 100 = Jan 2020



Source: Bloomberg.



Macroeconomic review and outlook

The repercussions of the conflict between Iran and the United States highlight the divergence in trajectories between the US and Europe. One is asserting its resilience, whilst the other appears to be losing ground in terms of competitiveness. Their only common ground is a heightened focus on the effects of inflation. Will central banks take different paths in their proposed responses?

United States: inequalities in the tech nation

The United States appears to have put any fears of a recession behind it and is demonstrating its resilience, despite rising energy prices and high interest rates. Growth for the first quarter has been revised downwards to 1.6%, but economic indicators remain positive. Q2 looks set to post growth of close to 3% on an annualized basis, whilst macroeconomic surprises are clearly on the upside

Nevertheless, the subtleties of the US situation must be understood. Consumption is holding up, but its dynamics are undergoing a profound shift. Wealthy households are taking full advantage of the wealth effect linked to the markets and are spending, whilst those on lower incomes are also the hardest hit by inflation. This is referred to as a K-shaped curve. Credit must also be given to the Big Beautiful Bill for having supported consumption in recent months, by injecting nearly \$100 billion in the form of tax cuts and cash transfers. However, this is not enough to halt the decline in the savings rate and the reliance on credit to sustain consumption among a section of the population whose real net wages are falling.

The good news comes from the labor market, with job creation figures that are positive and above expectations. High profit margins are enabling companies to maintain their workforce levels. This situation is supporting consumption, even if it is also slowing down the disinflationary process.

The main driver of US growth lies in investment. Spending on artificial intelligence and its infrastructure continues to rise – read our focus. Outside the technology sector, the picture is more mixed, meaning that US growth is becoming increasingly dependent on a specific investment cycle.

The US is less affected by the oil blockade in the Strait of Hormuz than Europe and Asia, but is by no means immune to inflation. Rising energy prices are a reality, and there is also significant pressure on the prices of computing and memory chips, with a direct upward impact on core inflation, which is now approaching 3%. On this front, a notable and positive development is the peace agreement including the reopening of the Strait of Hormuz announced on June 14 between the United States and Iran, with a signature scheduled for June 19 in Geneva. This is good news for the US inflation outlook and an additional argument in favour of the Fed's status quo. Nevertheless, we remain vigilant: the two parties have described the terms of the agreement in significantly different terms, and 60 days of negotiations remain to be conducted on the substantive issues. Moreover a possible scenario – hoped for by the Fed and its new chairman Kevin Warsh – would be for productivity gains driven by AI to limit inflationary pressures. This is worth watching closely.

As for the Fed, our central scenario remains that of the status quo until the mid-term elections, whilst the markets have completely abandoned the idea of a rate-cutting cycle. However, a resumption of



monetary tightening does not seem to us to be a foregone conclusion. Inflation expectations appear firmly anchored and no major imbalances threaten the labor market. In addition, the reopening of Hormuz, if confirmed, would be an additional argument in favour of the status quo.

Ultimately, we remain positive on the US economy – and anticipate growth of around 2.4% in 2026, with inflation stabilizing at around 3.5% by the end of the year. The economy is better shielded from the energy shock than elsewhere in the world – but it is also more fragile than it appears: its growth and consumption base has narrowed, and it is increasingly dependent on the AI sector, which underpins growth, the markets and consumption among affluent households.

Is the ECB the eurozone's best enemy?

In Europe, the environment remains challenging. The Old Continent is more sensitive than the United States to repercussions of the conflict in the Middle East. The latest indicators suggest that activity in the second quarter is likely to be weak (GDP growth excluding Ireland close to zero), confidence indicators are deteriorating (composite PMI comfortably below 50), the momentum of consumption and lending is running out of steam, and inflation remains above the ECB's target. This complicates the ECB's task: the economy would welcome monetary easing, but inflationary pressures do not allow for it.

Indeed, headline inflation stood at 3.2% in May and core inflation at 2.5%, driven by a rise in services inflation to 3.5%. For the time being, pressures are concentrated in the energy sector and related services. However, inflation expectations remain on an upward trend, which is a cause for concern for the ECB.

Added to this is a structural loss of competitiveness: European industry pays up to six times more for energy than the United States, hampered by an overly strong euro – whereas Asia, also exposed to the energy shock, benefits from currencies that are weakening against the dollar. The adoption of AI and productivity gains are lagging behind the rest of the world, and political instability is holding back investment. National divergences persist but converge on shared vulnerabilities: Germany is benefiting from its fiscal plan but remains weighed down by weak domestic demand; France has seen its first-quarter GDP revised down to -0.1%, which is becoming somewhat worrying, even if it is less penalized by the strong euro; Italy, exposed to the energy shock, will no longer be able to benefit from the European plan in 2027; Spain is showing signs of running out of steam, particularly in retail sales.

Against this backdrop of quasi-stagflation – we expect 0.6% growth this year – the ECB has signaled a 25-basis-point hike in June, and possibly further tightening thereafter. The market is anticipating up to two further hikes by the end of the year: excessive, in our view.

On a more positive note, it is worth noting that investment in energy independence, the electrification of end-use sectors, networks and infrastructure continues to gain momentum. Assuming a sustained easing of energy prices with the agreement announced on 14 June and the reopening of the Strait of Hormuz, European markets should benefit from a catch-up effect, especially as valuations and investor positioning remain relatively low.



When events prove China right

China, an importer of Iranian oil, is also affected by the conflict in the Middle East and the blockade of the Strait of Hormuz. Beyond this negative aspect, however, the conflict could present some opportunities. The rise in energy prices is helping to accelerate electrification strategies in several regions of the world. A sector in which the country has a clear lead across several segments of the value chain: batteries, electric vehicles, solar panels, strategic raw materials... This should enable it to strengthen its industrial presence in international markets. Not to mention the beneficial effects of this situation for Beijing. In its power struggle with the United States, any reduction in the world's dependence on petrodollars is good news.

The country can, moreover, always rely on its exports, whilst domestic consumption remains sluggish. This is bad news for Europe, which is beginning to signal its intention of protecting itself against the flood of Chinese goods onto its soil.

FOCUS – EuphorIA

In the US, the earnings season has once again confirmed the dominant role of AI in market dynamics and the growing influence of hyperscalers in the economy. It is worth noting that the five largest tech companies have forecast \$750 billion in capital expenditure (capex) by 2026 on infrastructure related to artificial intelligence, up from \$550 billion at the start of the year. That is an increase of \$200 billion in just four months. Over 2026–2027, their capital expenditure is expected to account for around 5% of US GDP. This should provide support for all companies exposed to AI infrastructure, which are also expected to contribute 40% to S&P 500 EPS growth in 2026.

Behind these figures, several trends are unfolding in the tech sector and deserve the utmost attention. On the one hand, financing models are evolving, while cash flows do not always keep pace with capital expenditure. Some companies are therefore opting for debt, as Meta has done. The company issued \$25 billion in bonds, a move the stock market immediately penalized. Investors prefer the strategy of Amazon and Google, which finance their investments from their own cash flow. Not everyone is making this choice, however, and tech bond issues have risen from \$130 billion last year to \$200 billion this year. We do not see any immediate risk in this, but it does create a new sensitivity to financing conditions.

The other major topic is that of IPOs – and it is no longer just prospective. SpaceX completed the largest IPO in history this month: \$75 billion, for an initial valuation of around \$1.8 trillion. This amount introduced is almost double that raised by Saudi Aramco in 2019, until now the absolute reference. Demand exceeded supply four times, with more than \$100 billion in orders from retail customers alone. Placement remains very American: barely 10% of the book has been allocated outside the United States. The first day of trading confirmed the craze: the stock closed at +19% – propelling SpaceX to the rank of the sixth largest publicly traded company in the United States with a capitalization exceeding 2,000 billion. Beyond the craze, the valuation is striking: SpaceX is trading at around 94 times its sales, the highest multiple ever observed among the major technology IPOs. However, history is unambiguous on this point: the higher the price-to-sales ratio at IPO, the greater the probability of long-term underperformance.

SpaceX is only the first wave. With the expected listings of Anthropic and OpenAI, plus Google's \$85 billion raise, the total supply of securities is expected to reach \$250 billion to \$300 billion. Compared to share buybacks, the net supply of paper remains negative, but significantly less favourable than last



year. Finally, it should be noted that the proportion of IPOs in relation to total market capitalization has now reached levels comparable to the end of the 1990s – one of the classic indicators of the end of the cycle. The market was not mistaken: the busy schedule of IPOs was one of the triggers for the unwinding of Momentum strategies at the beginning of June, with a 9% correction in AI infrastructure stocks (which nevertheless remain +42% since the beginning of the year). The Nasdaq has also adapted its rules to allow SpaceX to be included in the Nasdaq 100 after only two weeks of trading: passive flows will quickly amplify the movement – and further accentuate the technological overweight of the major indices. While the success of SpaceX's first day has provided the short-term tactical support that the history of large IPOs has suggested, these mainly inject volatility in the medium term, without this necessarily proving to be positive for the companies listed themselves. To follow

As for currently listed technology companies, valuations remain at reasonable levels for the time being. US tech is trading at around 21 times earnings, whereas it was close to 30 last autumn. Earnings have grown faster than share prices. Hyperscalers therefore remain attractive on a PEG ratio, unlike semiconductors, which have been heavily re-rated.

Behind all these movements, we note the growing concentration of the US market around technology, with capital flows focusing on semiconductors, hardware and the AI value chain. While a bubble does not appear to be about to burst, it continues to inflate, and so do the risks of a correction.



The Long View

Ukraine: Russia is stalling; will it escalate?

A few days ago, Keir Starmer stated that Russia would attack NATO by 2030. The markets paid no heed; yet, although not without ulterior motives, the Prime Minister's remarks do make some sense. They might even be optimistic, as the Kremlin could opt for a tighter timeline. Indeed, we believe that continuing the war remains the option Mr Putin will settle on, at least for the time being, given the objectives driving him, while his troops are once again stalling in Ukraine. Moscow is stubbornly pursuing a conflict that is becoming less favorable and too costly for it: it is approaching a deadlock. It must therefore seek a way out. Could military escalation offer one? The market, fixated on the Middle East and Artificial Intelligence, is paying little heed to this. Is it right to do so?

The "drone de guerre"

As a reminder, the Russian offensive in early 2022 aimed at a swift outcome, hence the structure of the invasion, for which Moscow had not deemed it necessary to provide logistics tailored for the long haul. Having failed, Russia has reconfigured its operations for the long term, with developments favorable to its forces from late 2023 to early 2026. By 2025, the Russian forces had captured several strongholds of the Ukrainian defense line, thereby gaining significant ground in several oblasts, with genuine military feats at Chasiv Yar and Pokrovsk, at great cost in human lives. The momentum seemed to be on their side, with a significant reduction in Ukrainian defensive capabilities.

However, the 'iron belt' of the Donbas, despite Kostiantynivka coming under attack, was not breached and is unlikely to be, given the vast resources Russia would have to sacrifice to capture this defensive line established as early as 2014. Furthermore, in recent months Ukraine has deployed a dense defensive system in the Donetsk and Zaporizhzhia oblasts, enabling it to repel Russian offensives with a significant saving in manpower thanks to a network of trenches, anti-tank ditches, dragon's teeth and other minefields that are difficult to breach or bypass. Unlike the northern 'iron belt', these more recent defensive lines do not completely block the passage of Russian armed forces; however, they hinder them sufficiently to influence the course of events from now on.

Finally, Ukraine's expertise in drone technology enables it to launch strikes deep into Russian territory, particularly using medium-range drones. These operations undermine the Russian military's ability to supply its troops with personnel, ammunition, fuel and equipment, and also disrupt Moscow's civilian economy, notably through the repeated destruction of energy infrastructure, which ultimately takes its toll on the Russian population.

Added to all this is a factor whose effects seem impossible to measure, but which is hampering the Russians' ability to take the initiative: the loss of all or part of their access to Starlink, whose terminals which they had managed to obtain through back channels, but which SpaceX is now managing to cut off. As a result, information is no longer reaching Moscow's armed forces at the same speed or with the same quality, causing them to lose a significant portion of their ability to coordinate offensives.

Under these circumstances, it is no surprise that the Ukrainian armed forces, despite the attrition they have suffered, managed for the second consecutive month, in May, to regain ground in the Donbas.



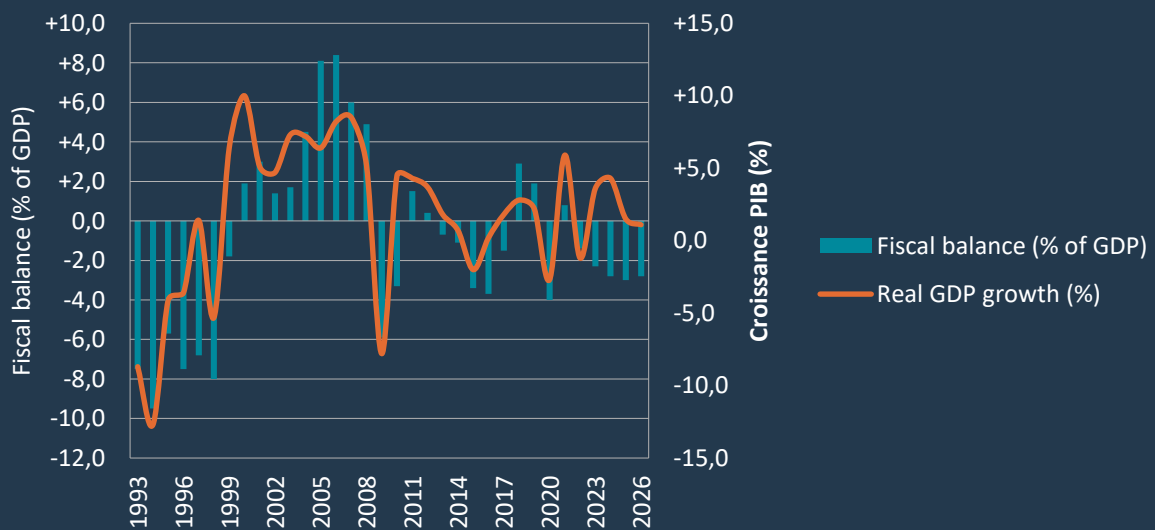
The armed forces are stalling, the economy is stagnating

Last week also saw the St Petersburg Economic Forum, a far cry from its former glories. For whilst the Russian economy initially withstood Western sanctions fairly well, countering them with measures it had prepared in advance, it has begun to show increasing signs of strain in recent months. The destruction of refineries and other economic infrastructure by the Ukrainians is ultimately weighing on trends.

Russia remains a country with low debt, with public debt below 20% of GDP, following years of budget surpluses – sometimes substantial – since the early 2000s, peaking in 2005 when they reached 10%, largely thanks to oil and gas sales. It therefore has more than enough resources to maintain deficits at their current levels, around 2.5% of GDP, as in 2025 and probably in 2026.

Mr Putin may well go to great lengths to compare these figures with those of France, but he cannot hide the fact that the economic trajectory is eroding, with budgetary and political implications. Public support for the operation in Ukraine, and for the Russian government, is gradually fraying. Weariness is setting in among the Russian public, even if, for the moment, the labor market is holding up remarkably well against the early signs of an economic downturn; it should be noted, however, that official Russian employment rate statistics are effectively inflated by the proportion of men conscripted into the army – and thus removed from the labor market – especially as the demographic structure, with the population ageing rapidly, also helps to keep underemployment at relatively low levels.

Russia: Real GDP Growth and Fiscal Balance (1993–2026)



Sources: IMF WEO April 2026 | World Bank (ILO) | Rosstat | CEIC Data | United Nations WPP 2025 – * 2025–2026: IMF forecasts

Escalation: a prelude to de-escalation?

The Russian equation now looks like this:

- either Moscow devotes more resources – financial, productive and human – to attempting to breach the new Ukrainian defenses, even as its economy buckles and its losses are already estimated to exceed several hundred thousand men, in order to confront an adversary



supported by other adversaries, in this case European ones, who do not expose themselves to reprisals;

- or it decides to circumvent the obstacle by targeting those European adversaries more directly to undermine the comfort of their current position, that of proxy fighters who wear down the enemy without losing any men themselves.

The Kremlin will make this calculation, and it will follow the reasoning that leads to attempting the second option.

However, Article 5 of the NATO Treaty effectively offers it the opportunity to trigger a direct conflict with Europe, no more than the latter is currently waging through Ukraine as an intermediary: since Europe is providing a significant portion of the resources for the Ukrainian resistance, it might as well attack it directly. This presents an interesting choice from the Russian perspective, as it increases the cost of the conflict for the Europeans.

Attacking the Baltic states, or—less likely—Romania or even Poland, could prove a more rational option for Moscow than it might seem at first glance. Admittedly, if Russia is already unable to subdue Ukraine, by what stroke of luck would it manage to defeat NATO, which, even without US support, would retain the equipment and resources capable of deterring it from attempting a head-on assault? No doubt because it believes that European public opinion will be ostensibly reluctant to engage in a direct war with Russia. Mr Putin has already shown that he is not averse to bluffing; he might risk doing so once again by testing the strength of European support. The limitation, of course, is that his bluff in February 2022 did not work, and there is no reason to believe that the United States would withdraw its support from NATO in the event of Article 5 being invoked. In short, escalation could quickly give way to de-escalation if NATO were to send a clear and unequivocal signal of unity.

Anatomy of an escalation

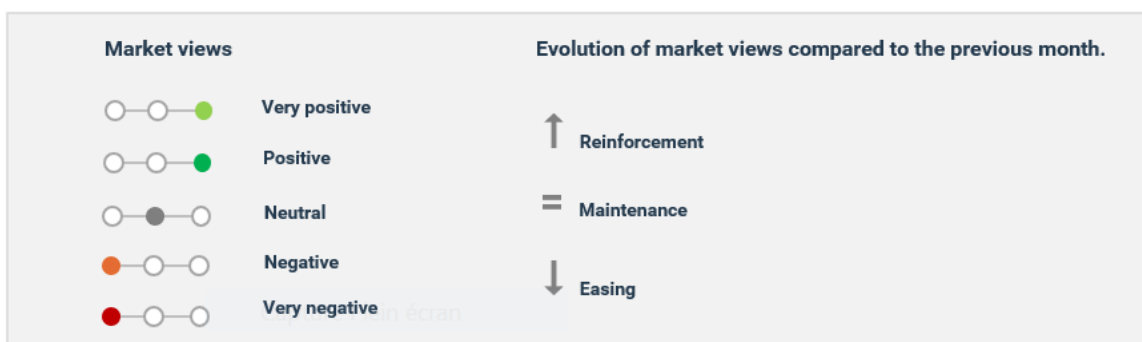
There are many factors suggesting that Russia will want to assess the merits of escalating the conflict, to test the reactions of European countries and, by extension, their unity and determination, at a time when several NATO members are struggling to restore their public finances, while Germany finds itself in a much less stable political situation than before. We do not believe the probability of such an outcome is zero, and the markets appear entirely unprepared for it. We find ourselves, moreover, in a persistently difficult market environment: how does one price an event with disastrous consequences but a low probability of occurrence? Historically, the market has struggled to prepare for such scenarios. The recent months of strong performance in risky assets leave them particularly vulnerable to this type of shock.

Are markets wrong to overlook this risk? Perhaps not entirely: the plausible scenario of a sudden resurgence of tensions at a higher level may, in fact, contain its own antidote. While Mr Putin may challenge a divided NATO, it would be far more difficult for him to sustain a prolonged conflict if it were to respond in a coordinated manner.



Summary of Market views

Summary				
ASSET CLASSES	MEDIUM TERM	PREVIOUS MONTH VIEW	MONTHLY CHANGE	COMMENTS
EQUITY			=	<ul style="list-style-type: none"> Global growth remains solid and the stagflationary shock linked to the war in Iran should gradually ease with the reopening of the Strait of Hormuz. Nevertheless, the massive re-risking since the end of March has mainly focused on the AI theme. Search for diversification.
CREDIT			=	<ul style="list-style-type: none"> Fairly resilient macro-financial fundamentals (low default rates, high corporate profitability). Robust across different scenarios and fairly attractive carry.
DURATION			=	<ul style="list-style-type: none"> Long duration, mainly on the short end. The rise in breakeven inflation rates and the increase in policy rate expectations following the sharp rise in energy prices are likely behind us. This should gradually normalize with the reopening of the Strait of Hormuz.
CASH			=	<ul style="list-style-type: none"> Reduced defensive appeal of cash, preference for bonds.



EQUITY				
ASSET CLASSES	MEDIUM TERM	PREVIOUS MONTH VIEW	MONTHLY CHANGE	COMMENTS
US			=	<ul style="list-style-type: none"> • Solid growth and still positive EPS momentum, largely confirmed by the earnings season. • However, extreme concentration and positioning, with a pipeline of mega-IPOs around the AI theme likely to generate volatility.
EURO			=	<ul style="list-style-type: none"> • Macro momentum still deteriorating. • Attractive valuation and positioning on a relative basis. Potential catch-up in the event of a sustained easing in energy prices.
UNITED KINGDOM			=	<ul style="list-style-type: none"> • Political risk.
JAPAN			=	<ul style="list-style-type: none"> • Expansionary fiscal policy and favorable governance reform. • Still long financials in a context of monetary normalization. • Nevertheless, upside potential is limited after YTD outperformance.
EMERGING MARKETS			=	<ul style="list-style-type: none"> • Attractive valuation and EPS momentum, confirmed by the earnings season, with a search for geographical diversification.
GROWTH VS. VALUE			=	<ul style="list-style-type: none"> • Overall preference maintained for value companies with positive earnings revision momentum, particularly banks and companies with tangible assets. • At the same time, maintain the overweight in US Tech while being more selective. Attention to downside risk on certain names following the strong rerating.
QUALITY VS. HIGH VOLATILITY			=	<ul style="list-style-type: none"> • The underperformance of quality/low-volatility equities has continued with the AI rally and expectations of a peace agreement. The potential unwinding of Momentum strategies remains the main catalyst for this theme.
SMALL VS. LARGE CAPITALIZATIONS			=	<ul style="list-style-type: none"> • Small-cap valuations remain relatively attractive, but financial conditions have tightened and uncertainty around growth in Europe persists.
CYCLICAL VS. DEFENSIVE			=	<ul style="list-style-type: none"> • Overall positioning remains balanced. A tactical rebound in cyclicals (notably consumer) to be played in the context of a peace agreement in Iran.



CREDIT				
ASSET CLASSES	MEDIUM TERM	PREVIOUS MONTH VIEW	MONTHLY CHANGE	COMMENTS
INVESTMENT GRADE US			=	<ul style="list-style-type: none"> Robust macro momentum and earnings dynamics.
HIGH YIELD US			↑	<ul style="list-style-type: none"> Stress in private credit is negative for sentiment, offset by a favorable environment for risk assets.
INVESTMENT GRADE EURO			=	<ul style="list-style-type: none"> Quality assets at reasonable prices. Preference for financials.
HIGH YIELD EURO			=	<ul style="list-style-type: none"> BB too tight relative to IG, and a negative net supply effect offset by a return of risk appetite.
DURATION				
2 YEARS US			=	<ul style="list-style-type: none"> Activity remains well oriented (including employment), while inflation is edging up slightly. However, the risk of a de-anchoring of inflation expectations remains limited at this stage. A Fed under Warsh should favor a wait-and-see approach until the mid-term elections, in order to assess the situation.
10 YEARS US			=	<ul style="list-style-type: none"> The recent decline in breakeven inflation rates has been offset by the increase in real rates (positive activity surprises, expected rise in the budget deficit). Should stabilize in H2
2 YEARS GERMAN			=	<ul style="list-style-type: none"> The market still prices in one or two ECB rate hikes by year-end. Employment and domestic demand remain weak in the euro area, and the inflation shock is primarily energy-driven. Potential for a decline in short-term rates.
10 YEARS GERMAN			=	<ul style="list-style-type: none"> Breakeven inflation rates have declined recently, while real rates have stabilized. Upward pressure linked to the fiscal spending plan, political risk in Germany, and the overhaul of the Dutch pension system.
PERIPHERAL DEBT EUROPE			=	<ul style="list-style-type: none"> Unfavorable environment due to the energy shock. Neutral on Italy, overweight maintained on Spain.
UNITED KINGDOM			=	<ul style="list-style-type: none"> Attractive carry but high risk linked to the energy shock and chaotic political situation.
JAPAN			=	<ul style="list-style-type: none"> The market appears to be anticipating a "behind the curve" scenario for the BoJ, as inflation and wages are coming in above expectations.
EMERGING MARKETS			=	<ul style="list-style-type: none"> Emerging market sovereign debt in USD is unattractive, with sovereign spreads very tight. In local currencies, the near-term FX outlook remains uncertain.
CASH				
EUR/USD EXCHANGE RATES			=	<ul style="list-style-type: none"> Bearish outlook on the USD over the medium/long term. In the short term, US macro outperformance argues for neutrality.



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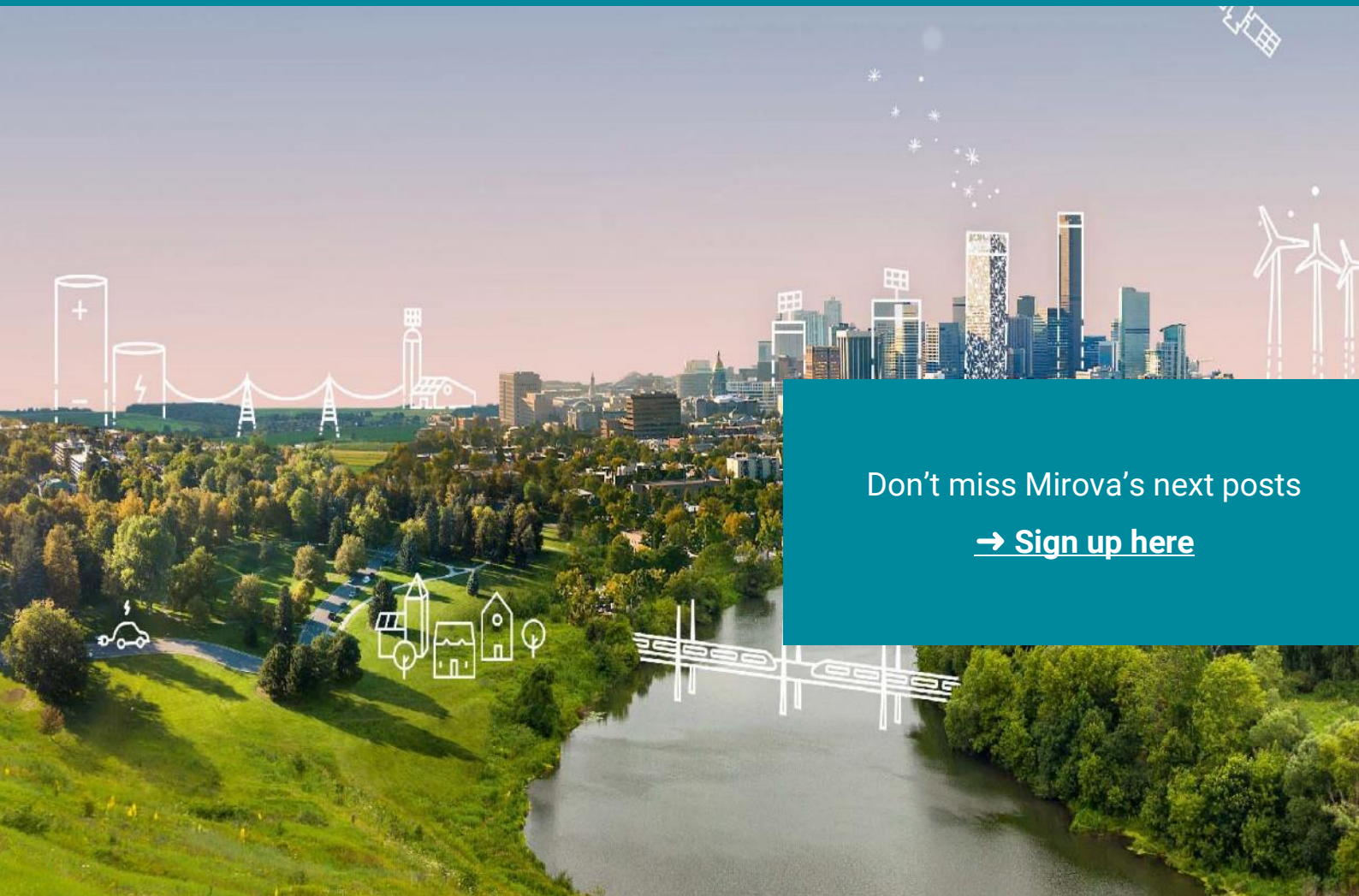
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Head of Fixed Income

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Mirova is a global asset management company dedicated to sustainable investing and an affiliate of Natixis Investment Managers. At the forefront of sustainable finance for over a decade, Mirova has been developing innovative investment solutions across all asset classes, aiming to combine long term value creation with positive environmental and social impact. Headquartered in Paris, Mirova offers a broad range of equity, fixed income, multi-asset, energy transition infrastructure, natural capital and private equity solutions designed for institutional investors, distribution platforms and retail investors in Europe, North America, and Asia-Pacific. Mirova and its affiliates had €34.2 billion in assets under management as of March 31, 2026. Mirova is a mission-driven company, labeled B Corp*.

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