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WEALTH MANAGEMENT

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FEBRUARY 2026

Investment Navigator
Asia Edition

Navigating Volatility

Equity markets, particularly Asian equities, had a strong start to the year despite heavy geopolitical newsflows, including developments in Venezuela, Greenland and Iran, while the USD Index was down by 3.2% peak-to-trough in January. Precious metals also saw a "boom and bust" within two weeks of January 2026. In this edition, we hope to help investors navigate market volatility by addressing two key questions: **(1) whether the bull cycle for precious metals remains intact, and (2) why investors should focus on policy, not politics.**

1

Bullion Bloodbath: A Healthy Market Correction or the End of the Gold Rush?

The precious metals market has entered 2026 not just with a "sparkle" but with a full-blown roar. **After a historic 2025 that saw gold gain over 40% and silver more than double, the first few weeks of 2026 have delivered a masterclass in market volatility.** Gold surged past the psychological $5,000/oz mark in January 2026, peaking near $5,608 on January 30. Silver, having ended 2025 near $80, rocketed to a record $120/oz in late January. Then came the "crash". **On Friday, January 31, gold suffered its sharpest one-day decline in decades, down by around 11% intraday, while Silver plummeted 31%, falling as low as $78,** and reminding traders of the infamous Hunt Brothers collapse of 1980. **The massive "liquidation event" wiped out trillions in market capitalisation.** Despite investors having to cautiously navigate such a landscape where record highs are being met with historic single-day crashes, **the increasingly greater risk is simultaneously creating immense opportunity.**

Prashant BHAYANI
Chief Investment Officer
Asia
BNP Paribas
Wealth Management

Grace TAM
Chief Investment Adviser
Hong Kong
BNP Paribas
Wealth Management

Dannel LOW
Investment Strategist
Asia
BNP Paribas
Wealth Management

What are the reasons for the precious metals "crash"?

The vertical move upwards in precious metals has been the result of a perfect concoction of geopolitical instability, shifting US economic policies, central bank accumulation, weakening USD, surge in ETF inflows *(see Figure 1)* and a supply-demand mismatch (notably the "Silver Squeeze"). Likewise, **the sharpest decline in the precious metal space we have seen in decades is also the result of a "perfect storm" of macroeconomic and technical factors.**

The "Warsh" shock

The market viewed Kevin Warsh as an inflation hawk who favours a smaller Fed balance sheet. Hence, concerns about the Fed's independence eased, and the greenback saw some level of recovery. Delays and reductions in Fed rate cuts are also priced in, and this traditionally strengthens the US Dollar and hurts non-yielding assets like gold and silver.

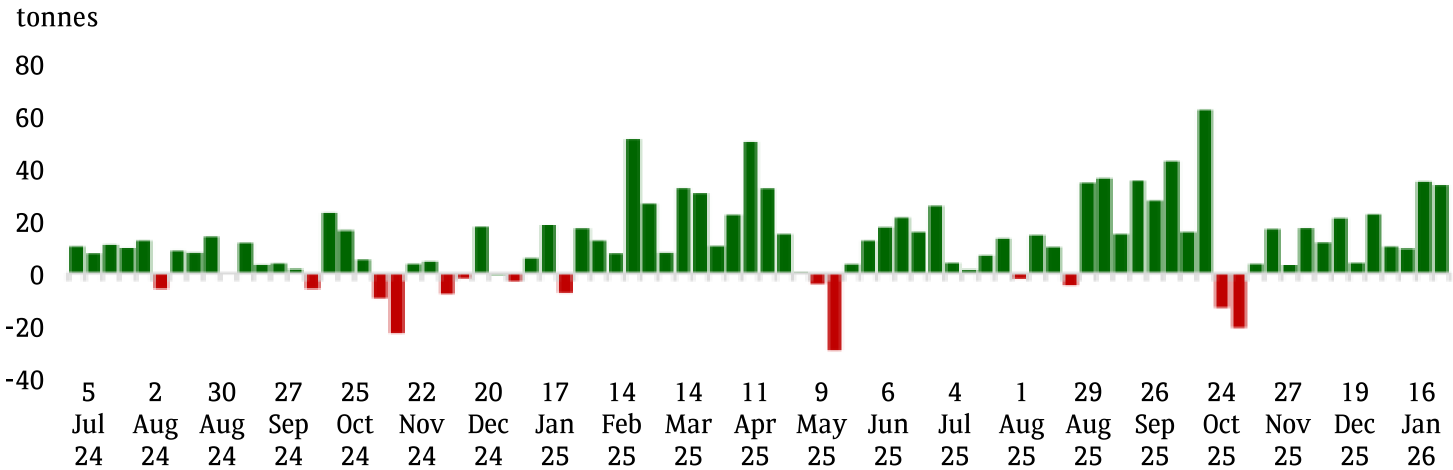
Profit taking

After a blistering rally where silver rose nearly 70% and gold 30% in January 2026 alone, the market was clearly overbought. Compared to the start of 2025, gold and silver were up by more than 2x and 4x respectively. Unsurprisingly, traders rushed to lock in such unprecedented profits, initiating the start of the downward move.

Extreme margin calls and deleveraging

Aside from being overbought, the precious metal market was also overly leveraged. To curb volatility, the CME Group significantly raised margin requirements for gold and silver futures. This resulted in a liquidation cascade as leveraged traders who were unable to meet the new requirements were forced to sell, triggering a waterfall sell-off.

Figure 1: **Weekly change in global gold ETF holdings**

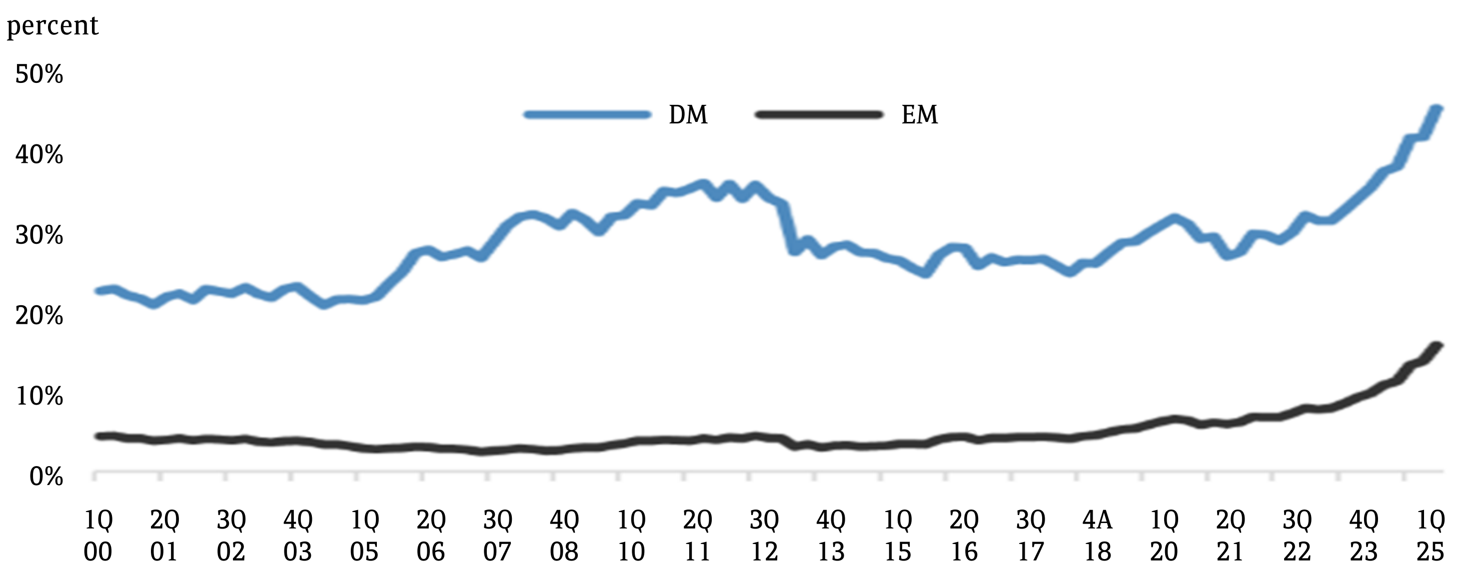


Source: Bloomberg, World Gold Council, BNPP WM, as of 6 Feb 2026.
Past performance is not indicative of current or future performance.

What is our outlook for gold and silver?

Despite gold experiencing its steepest decline in 13 years, it's still up by 17.5% this year. Likewise, silver remains the best-performing asset class this year with a 21.5% gain, even after the historic collapse of approximately 30%, which firmly surpasses the 1980 "Silver Thursday" collapse. **While the recent volatility is stomach-churning, the underlying fundamentals suggest that the "glitter" isn't going away anytime soon.**

Figure 2: **Gold holdings as a share of total reserve**



Source: World Gold Council, BNPP WM, as of 6 Feb 2026.
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On the monetary front, we are still expecting two more rate cuts from the US Federal Reserve this year. In short, the **Fed's policy direction is unlikely to change** — which has historically triggered the end of bull markets for gold — in the near to mid-term. **Therefore, we remain buyers of gold on dips. The trend of "de-dollarisation"** (particularly in emerging markets) suggests a continuation of central banks accumulating gold as an alternative "sanction-proof" reserve *(see Figure 2)*. This **should provide a high floor to the yellow metal.**

On the other hand, silver is more speculative than gold. However, like other commodities, **silver seems to be going through an industrial "super-cycle,"** and is no longer just a "monetary" metal. The aggressive push into solar energy, EVs, and AI-linked semiconductors has created a much stronger demand than expected. Furthermore, **silver mining investment has experienced a "winter" of nearly 10 years.** Although this has finally ended, **lead times for new silver mining projects are typically very long (7-10 years from discovery to production).** The result is a structural supply deficit, and this reason alone should help to support the silver price. **Therefore, we remain constructive on silver in the longer term but turn neutral tactically following the "blow-off" top experienced in late January.**

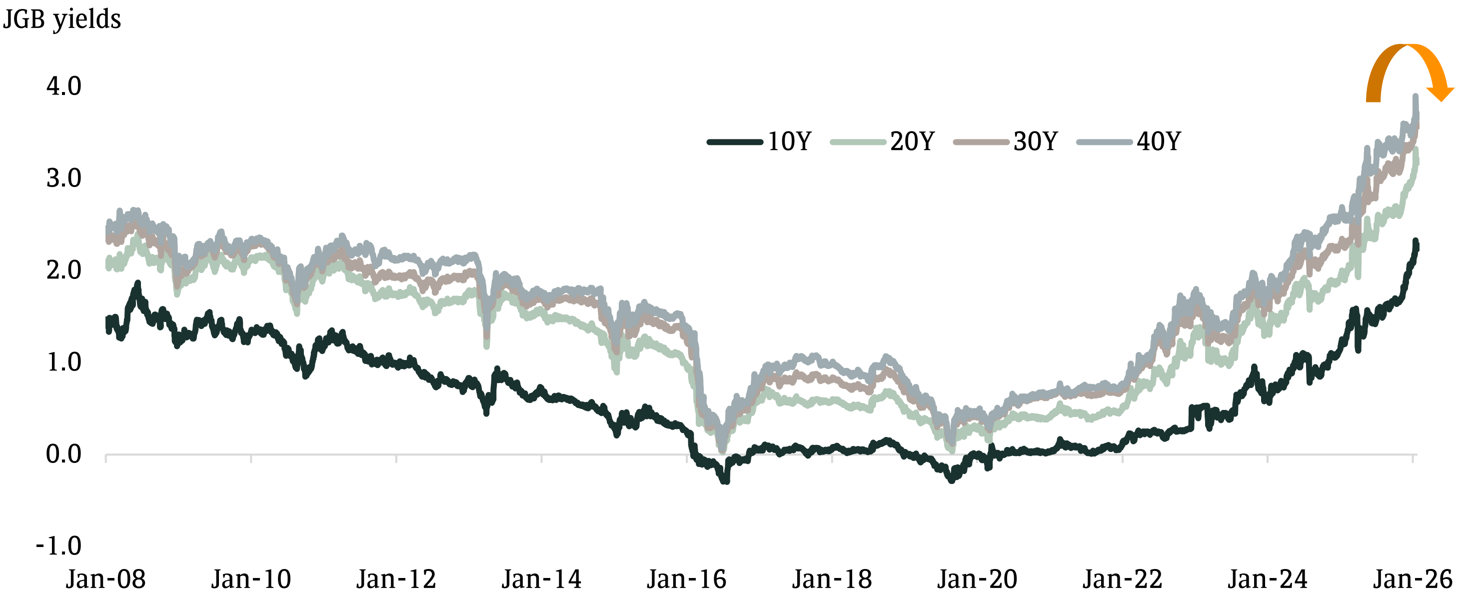
2

Why Focus on Policy, Not Politics…

Risk assets are far more strongly correlated at this current juncture in the market cycle. **Global risk-on sentiment carried through to January**, following the "Santa Rally" in December 2025. Familiar narratives returned, including looser monetary policies, AI optimism and cash positioning. **Markets heated up rapidly, and by then, de-risking was a matter of "when", not "if". The canary in the coal mine was the USD/JPY and JGB yields' move in the second half of January 2026.**

JPY and JGB already flashed warning signals on de-risking

Figure 3: **JGB yields spiked on worries of fiscal indiscipline**



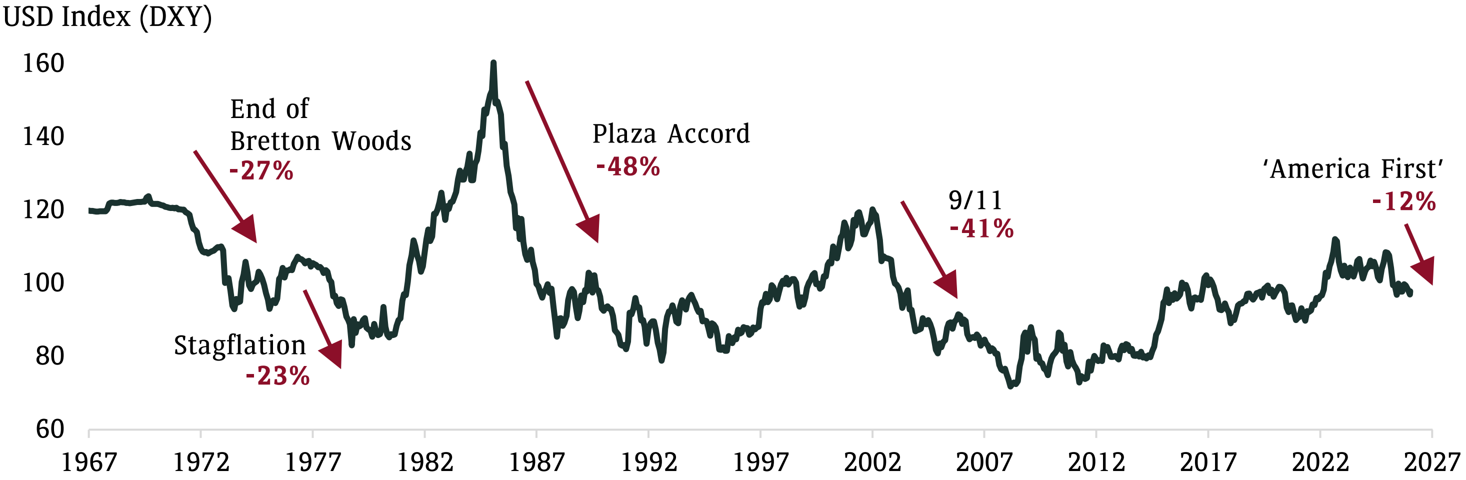
Source: Bloomberg, BNPP WM, as of 6 Feb 2026.
Past performance is not indicative of current or future performance.

Taking advantage of a high approval rating among the Japanese population, **Prime Minister Sanae Takaichi called for an early snap general election. Her push for looser fiscal and monetary policies drew criticism for fiscal ill-discipline and should continue to pressure the JPY further.** Following the announcement, the **yen weakened and JGB yields rose.** The 40-year yields moved above 4%, while 30-year yields moved above 3% *(see Figure 3).* **This resulted in the "yen repatriation scare", which was the first warning shot for global risk assets**, and in particular US treasuries where Japan is the largest foreign holder. As the JPY neared 160, we finally got a more hawkish BoJ. **The Yen-strengthening that followed invited speculations about an intervention from the BoJ and the Fed. We expect the BoJ to raise rates at least twice this year. With Takaichi's landslide election win and pushing forward the consumption tax cut, we expect JPY weakness in the short term, with our 3-month target of USDJPY at 158, and 12-month target at 155.**

Is the weaker USD a "disruption by design"?

History shows that some **Asian currencies have generally been managed by local governments to be weaker compared to the US Dollar.** This was typically done to boost export competitiveness. However, it also drove global imbalances, export and import deficits, and encouraged populism. **While we do not expect a repeat of the 1985 Plaza Accord where several central banks intervened to weaken the US Dollar, an alternate version (Trump's very own "New Plaza Accord 2.0") could emerge. In this scenario, Asian governments might face greater pressure to allow modest, market-driven appreciation of Asian currencies.**

Figure 4: **We are at the beginning of a cyclical USD downtrend**



Source: Bloomberg, BNPP WM, as of 6 Feb 2026.
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The current restructuring of the global trading system, driven by higher US tariffs, is boosting re-industrialisation in the US and the West. Over time, this restructuring could lead to lower populism, rising real wages, and higher incomes. It will also help reduce trade deficits, thereby lowering global imbalances. In our view, this should lead to a soft dollar, and we have a **12-month target of 93.9 for the DXY index.**

Importantly, appreciating currencies and equity markets go together. In this context, **Asian equities should benefit from likely Asian FX appreciation, aligning with our bullish conviction.** Japan will continue to benefit from improving corporate governance, while India remains focused on longer-term growth. **In addition, Asian technology—which forms the foundation of the AI build-out, particularly through companies in Korea, Taiwan, and China—continues to benefit from the AI capex cycle.**

Overall, we also expect the trend of moving away from US assets to continue. Majority of investors are heavily overweight in US equities due to their strong outperformance in the past years. This rebalancing is already underway, as evidenced by the **massive inflows recently seen in regions such as Europe and Japan. Chinese equities will likely benefit** from this shift, given the low position of global fund managers. **That said, investors are not abandoning US assets entirely but are merely rebalancing their portfolios to manage risk and reduce high exposures.**

Overview of our CIO Asset Allocation for February 2026

	Views		Constituents	We like	Comments
	Current	Prior			
EQUITIES	+	+	Markets	UK, Japan, Brazil, Mexico, China, Singapore, India	■ We **remain Overweight on global equities**. The overall backdrop still supports equities as global growth is solid while financial conditions remain supportive.
			Sectors	Overweight Healthcare, Industrials. For Europe: Financials, Healthcare, Industrials, Utilities	■ We **like China techs and high dividend plays (banks, telecom).** We favour selected foreign (US) exposed large cap companies in Japan, including those that benefit from AI and from wage gains or GDP growth
			Styles/ Themes	Megatrend Themes	■ Diversification, income, AI, infrastructure, commodities and Asian themes.
BONDS	=	=	Govies	UK, US TIPs	■ We are Neutral on US and German government bonds, favouring maturities less than 5 years. ■ Our 12-month US 10Y yield target remains unchanged at 4.25%.
	+	+	Segments	EUR and GBP Investment grade	■ **We are Overweight EM bonds (local currency)** and remain Neutral on US IG, EM bonds (USD) and High Yield
CASH	-	-			
COMMO-DITIES	=	=		Copper Aluminium	■ **Precious Metals** – Positive for **Gold ($5,000/oz) and Neutral Silver ($80/oz)** ■ **Oil** – Underweight. Brent target range is **$60-70.** ■ **Base Metals** – Overweight, especially like **Copper target at $14,000**. **Aluminium target at $3,500.**
FOREX			EURUSD		■ 12-month target at 1.24
			USDJPY		■ 12-month target at 155
ALTER-NATIVE	+	+		Hedge funds (global macro, long-short equities, event driven)	■ Neutral on relative value

Note: + Overweight / = Neutral / - Underweight

GDP & CPI Forecasts

		GDP (YoY%)			CPI (YoY%)		
		2025	2026f	2027f	2025	2026f	2027f
Developed	US	2.3	2.9	1.8	2.7	2.7	2.7
	Japan	1.2	0.7	0.8	3.1	2.0	2.5
	Eurozone	1.5	1.6	1.6	2.1	1.9	2.3
	UK	1.4	1.1	1.3	3.4	2.4	2.2
North Asia	China	5.0	4.7	4.5	0.1	0.9	1.0
	Hong Kong*	2.4	2.1	2.0	1.7	2.1	2.3
	South Korea	2.0	1.0	2.0	2.3	2.1	2.0
	Taiwan	4.6	6.6	2.8	2.2	1.7	1.4
South Asia	India	6.8	6.5	6.6	2.4	4.1	4.3
	Indonesia*	4.9	4.9	5.0	1.8	2.9	2.5
	Malaysia*	4.5	4.0	4.0	1.6	2.2	2.0
	Philippines*	5.4	5.7	6.0	1.6	2.6	2.8
	Singapore*	2.2	1.8	2.5	0.9	1.3	1.9
	Thailand*	2.0	1.6	2.2	0.2	0.7	1.1

Source: BNP Paribas Group Economic Research, BNP Paribas Global Markets forecasts as of 31 January 2026
Note: India's forecasts are for the fiscal year (April–March).
** IMF data and forecasts as of 31 January 2026*

GROWTH

- Global growth remains resilient but varies by region. Our US growth forecast has been revised upwards, largely due to incoming tax cuts and a significant surge in AI investment. Meanwhile, for the EU, we continue to expect fiscal stimulus to drive stronger growth in the EU than many other forecasters do.
- GDP expectations in Japan have been revised higher per the latest BoJ meeting, which exuded a slightly more hawkish tone. Elsewhere, we forecast 4.7% for China GDP growth amid a shift toward higher quality and high-tech manufacturing, while the recent India budget projects a robust 7.4% growth, fueled by a massive capital expenditure push and strategic manufacturing missions.

INFLATION

- We now expect less downside for US inflation, even if it remains above target due to the pass-through effects of recent tariffs. In the EU, inflation dipped to a flash estimate of 1.7%, largely driven by energy base effects. Meanwhile, China continues to struggle with deflationary risks, as prices rose by only 0.7% as sluggish domestic demand is offsetting its manufacturing strength.

Equities

OVERWEIGHT NEUTRAL UNDERWEIGHT

OVERALL GLOBAL: OVERWEIGHT

	Overweight	Neutral	Underweight
COUNTRY	UK, Japan Emerging Mkt	US Eurozone	
SECTOR	Healthcare ▲ Industrials	Comms. Real Estate Financials Materials Consum. Discre. Technology ▲ Energy ▼ Utilities	Consumer Staples

OVERALL ASIA: OVERWEIGHT

	Overweight	Neutral	Underweight
COUNTRY	China Singapore India	Taiwan Indonesia South Korea	Thailand
SECTOR	Comms. Consum. Discre. Technology Healthcare	Materials Real Estate Financials Utilities Consumer Staples	Industrials Energy

- **We remain Overweight on global equities** – The overall backdrop still supports equities, as global growth remains solid while financial conditions stay supportive. **We stay Neutral on US equities, given that valuations continue to look stretched, and we continue to prefer non-US** such as Japan, UK, Asia (particularly Asia tech), and even LATAM.
- Sector changes: **We upgrade US industrials to Overweight**, driven by procyclical US policies, tax credits, robust capex, reshoring and strategic autonomy initiatives. A weaker USD now provides an additional tailwind. **We also downgrade US utilities to Neutral and upgrade the global energy sector from Underweight to Neutral.**

- **We remain Overweight on China A-shares and Hong Kong/China H-shares** – The economy is stabilising as the 15th Five-Year Plan prioritises "new-quality productive forces" like AI and green tech. Despite headwinds in the property sector, a bull case for equities is still on the cards. Corporate earnings are rebounding, supported by "anti-involution" policies that curb overcapacity and boost margins. Valuations remain at historic discounts, while global funds are still significantly underweight. The PBoC is also likely to remain accommodative. **We continue to favour China tech sector and high-dividend stocks in the HK/China financial and China telecom sectors.**

		1-month (%)	2025 (%)	Dividend Yield (%)	12M Fwd PE (x)	Trailing PB (x)	12M Forward ROE (%)	EPS Growth Past 12M (%)	EPS Growth 12M Fwd (%)
Developed	US	2.0	16.9	1.1	24.9	4.9	38.8	29.5	20.4
Developed	Japan	4.2	24.3	2.1	18.7	1.7	12.2	19.2	8.4
Developed	Eurozone	6.8	36.2	2.6	17.3	2.2	17.9	20.3	20.2
Developed	UK	6.0	35.6	2.9	15.0	2.1	20.7	20.2	13.4
North Asia	China	2.9	26.6	1.1	23.7	3.0	14.9	20.7	37.6
North Asia	Hong Kong	2.7	33.5	2.9	12.2	1.4	14.4	24.5	17.9
North Asia	South Korea	17.4	80.9	1.0	10.6	1.9	21.9	53.3	114.6
North Asia	Taiwan	8.6	36.8	2.0	20.1	3.5	27.5	33.2	31.0
South Asia	India	-5.7	2.4	1.1	22.6	3.2	18.7	19.5	9.1
South Asia	Indonesia	-11.8	8.8	2.1	19.1	3.2	11.4	12.8	-1.8
South Asia	Malaysia	7.3	16.0	3.3	17.2	1.7	12.7	9.8	20.6
South Asia	Philippines	1.6	-2.1	3.2	10.9	1.4	18.6	8.0	6.7
South Asia	Singapore	5.9	37.2	3.9	16.7	1.5	12.4	56.9	5.7
South Asia	Thailand	6.2	2.9	3.1	15.1	1.5	17.4	17.9	17.1

Source: Macrobond Indices in USD terms, BNP Paribas (WM), as of 31 January 2026

Fixed Income

OVERWEIGHT NEUTRAL UNDERWEIGHT

OVERALL GLOBAL: NEUTRAL		
Overweight	Neutral	Underweight
UK Gilts EUR and GBP IG EMD (LC)	US Treasuries German Bunds US IG High Yield EMD (HC)	-

OVERALL ASIA (USD): NEUTRAL		
Overweight	Neutral	Underweight
Japan Singapore	South Korea Philippines Indonesia Hong Kong India, China Australia	

		Total Return (%) 1-month	YTD	2024	Yield-to-Worst (%)
Asia	Asia USD Bond	0.2	0.2	8.1	4.7
	Asia Local Currency Bond	-0.5	-0.5	9.7	3.8
	China	0.3	0.3	7.3	4.6
	Hong Kong	0.2	0.2	8.4	4.5
	India	0.7	0.7	9.6	5.2
	Indonesia	-0.6	-0.6	8.9	5.1
	Singapore	0.1	0.1	6.6	4.2
	South Korea	0.3	0.3	7.1	4.1
	Philippines	-0.2	-0.2	9.1	4.9
Other Regions	US 10-year Treasuries	-0.2	-0.2	7.8	4.3
	US Investment Grades (IG)	0.1	0.1	7.3	4.4
	US High Yield (HY)	0.5	0.5	8.6	6.6
	Emerging Market USD Bond	0.3	0.3	8.3	4.9

Source: Barclays indices, Bloomberg, BNP Paribas (WM) as of 31 January 2026

US Treasury 12-month Yield Targets (%)	2Y	5Y	10Y	30Y
	3.60	3.75	4.25	4.90

- **Rate forecasts: We still expect the Fed to cut rates twice this year, 25bps in June and September (revised from March and June previously), and a terminal rate of 3.25%** as their focus shifts towards the recent weak payrolls. We expect the ECB to remain on hold this year and hike rates in late 2027.
- **Govies: Our 10-year yield targets stand at 4.25% for the US, 2.75% for Germany, and 4.30% for the UK.** Further global bond sell-offs cannot be ruled out, even as an aftermath of the Japanese election (8 February). Hence, we stay **Neutral on US and German government bonds, favouring maturities less than five years. We prefer US TIPS and UK gilts.**
- **Corporate IG: We prefer EUR and GBP IG corporate bonds (Overweight view) over USD IG bonds (Neutral view),** given supply dynamics and current spread levels. USD IG technicals are at risk of deterioration due to the massive increase of bond supply from tech giants.
- **Emerging Market (EM) Bonds:** We remain **Overweight on EM local currency debt**, given elevated yields, EM central banks' capacity to cut rates and expected USD weakness. **We are Neutral on EM hard currency bonds**, as valuations are highly compressed.

Forex & Commodities

OVERWEIGHT NEUTRAL UNDERWEIGHT

12-MONTH FOREX VIEW

Overweight	Neutral			Underweight
EUR GBP	JPY CNY INR PHP	NZD KRW IDR SGD	CAD TWD MYR	USD THB AUD

COMMODITIES

Overweight	Neutral	Underweight
Gold Base Metal	▼ Silver	Oil

- **JPY:** As expected, PM Takaichi won a landslide victory in the snap general election, reinforcing the idea of looser fiscal and monetary policy going forward. Weakness was already reflected before the election, and the event turned out to be a "buy the rumour, sell the news" event. In fact, a more hawkish BoJ (we see two hikes this year, terminal rate of 2% in 2028), along with speculation about FX intervention, had already begun strengthening the JPY. **Nonetheless, concerns about rising government debt ratios are expected to cap the upside. We revise our 3-month target to 158 and our 12-month target to 155.**
- **EUR:** We remain long-term bullish, driven by stronger Eurozone growth fundamentals and interest rate differentials. Uncertainty from Fed's leadership transition, geopolitical tensions, and a possible Supreme Court ruling on tariffs adds downside pressure on the USD. Meanwhile, a softening labour market should prompt the Fed to cut rates. **We revise our 3-month target to 1.18 and maintain our 12-month target of 1.24.**
- **PRECIOUS METALS: Overweight** - We maintain our target prices of **USD 5,000/oz for gold** and **USD 80/oz for silver**. After substantially exceeding these targets in January, the recent correction again offers sufficient upside for **gold (Overweight) in the long term. We downgrade silver from Overweight to Neutral in the short term.**
- **OIL: Underweight – We maintain our target range of USD 60-70.** As we consider both the cold wave and Iran-related supply threats to be temporary, we expect the brent price to pull back, in view of the current high oversupply (3 mbd).
- **BASE METALS: Overweight** – We remain Overweight on industrial metals over the next years, given structurally high demand growth for energy transition and infrastructure, combined with limited supply growth. **For copper, we have a 12-month LME target price of USD 14,000. For aluminium, we have a 12-month target price of USD 3,500.**

Forex Forecasts

		Spot	3-month		12-month	
		As of 10 Feb 2026	View	Target	View	Target
Developed	USD Index*	96.80	=	98.1	-	93.9
	Japan	154.4	=	158	=	155
	Eurozone	1.190	=	1.18	+	1.24
	UK	1.364	=	1.36	+	1.43
	Australia	0.708	-	0.66	-	0.68
	New Zealand	0.604	=	0.60	=	0.60
	Canada	1.355	=	1.38	=	1.35
Asia Ex-Japan	China	6.912	=	7.00	=	7.00
	South Korea*	1,458	=	1,450	=	1,430
	Taiwan*	31.56	=	31.3	=	31.3
	India	90.58	=	90.0	=	90.0
	Indonesia*	16,800	=	16,700	=	16,900
	Malaysia*	3.924	-	4.10	=	4.03
	Philippines*	58.47	=	59.0	=	59.5
	Singapore*	1.265	=	1.30	=	1.28
	Thailand*	31.16	-	32.3	-	32.5

Source: BNP Paribas (WM) as of 10 February 2026
**BNP Paribas Global Markets forecast as of 31 January 2026*

Note: + Overweight / = Neutral / - Underweight

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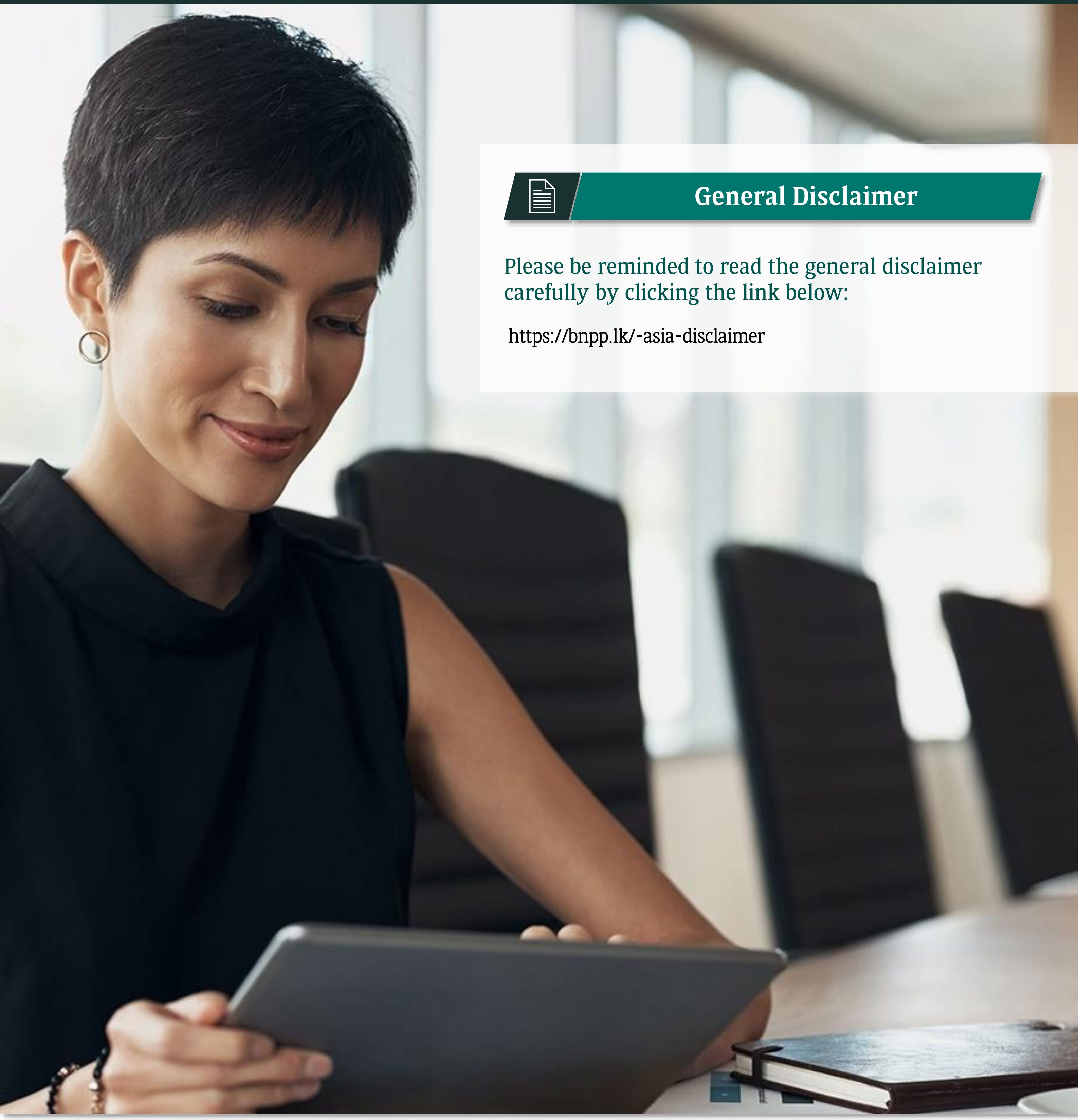

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