

Equity Focus

Waiting for Godot – Hormuz Edition

Summary

- 1. Godot Arrived**- Iran and the USA agreed on a memorandum of understanding to end the hostilities in the Middle East and to unblock the vital chokepoint. The outcome for markets and the economy is clear. The biggest tail risk has been cleared. We think this will unlock further upside for equities as the major drivers, i.e. strong AI spending and a robust US economy, should remain on top of investors' minds
- 2. A Resilient Economy**- Despite record disruptions in energy markets the global economy was surprisingly resilient, especially in the US. This economic strength was accompanied by a strong job market, which is not only supported by a recovery in open jobs but also by a pickup in new business formations.
- 3. Higher for Longer?**- Entrenched Inflation and strong growth could limit the potential for rates to fall. Higher rates would affect the stock market as it should reduce the potential for further multiple expansion. This is especially true as equity risk premia is already close to a 20-year low. Hence, earnings growth is likely to be the key determinant of upside potential for markets going forward.
- 4. Houston, we have a (growth) problem** - Europe lags a meaningful AI exposure which helps propelling other markets higher. Moreover, the old continent could suffer from higher energy prices for an extend period of time. We see the risk of downward pressure on European earnings. Thus, we would not chase any rally in European stocks.
- 5. Sector update**- We adjust several sector ratings to reflect the improved economic outlook. Generally speaking, we are turning more pro-cyclical in our preferences.

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CHART 1: WHAT ARE MEGA IPO’S TELLING ABOUT INVESTORS MINDS?

TO INFINITY AND BEYOND



Source: BNP Paribas, Google Gemini

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Waiting for Godot – Hormuz Edition

“You can always count on Americans to do the right thing - after they’ve tried everything else.” (Winston Churchill)

The most recent weeks almost felt like a market edition of the famous play "Waiting for Godot". Unlike with the play, where Godot never comes, the "Hormuz Edition" sees Godot arriving. Iran and the USA having agreed on a memorandum of understanding to end the hostilities in the Middle East and to unblock the vital chokepoint.

While some of the most critical points, such as the final storage of Iran’s enriched Uranium, are yet to be finalized within the coming 60 days, we believe that the terms of the deal are so beneficial to Iran. Thus, there is only a small risk of Teheran jeopardizing the deal at hand. The USA are also very unlikely to let tensions raise again. With inflation rising, approval ratings for Donald Trump close to record lows and the mid-term elections upcoming, the internal constraints for Donald Trump appear to be too high. Based on published information, one might be forgiven for thinking that the US might have won the battles, but that Iran has won the war.

While the (geo)political result is debatable, the outcome for markets and the economy is clear. The biggest tail risk has been removed. We think this will unlock further upside for equities as the major drivers, i.e. strong AI spending and a robust US economy, should remain on top of investors' minds. The current recovery should also encourage further inflows from systematic investors were positioning looks far from stretched.

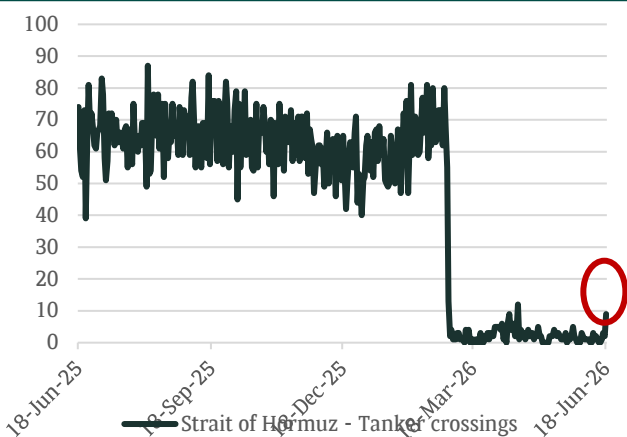
A final note of caution: We don’t think that this tide will lift all boats equally. Investors should thus stay selective. Inflation is likely to remain elevated and the AI arms race will see some losers, too.

A resilient economy

Despite record disruptions in energy markets, the global economy has been surprisingly resilient. This is evident from the global economic surprise index scoring the third longest streak of days in expansion territory of the last 20 years. A driving force of this strength was the US economy. After a shallow correction at the start of the conflict, the US economic surprise index recovered and reached a three-year high. This economic strength has been accompanied by a strong job market, supported not only by a recovery in job openings but also by a pickup in new business formations. New business formations usually indicate periods of more innovation and more labour demand. Looking at profits versus GDP, corporate America seems indeed to be in an excellent shape. The aforementioned trend should support a consumer which is suffering from an affordability crisis as a tightening of the labor market should lead to rising wages. In conjunction with lower energy prices the outlook for the consumer seems to be improving.

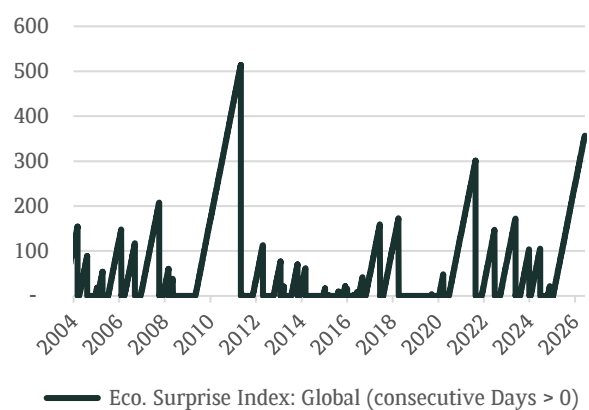
Another key driver of growth remains AI spending. Investments in equipment as percentage of GDP recently surpassed the highest of the Internet boom. While the spike looks impressive, it is worth noting that after the last two major inventions, the PC in the 1970s and the Internet in the 1990s, the spending cycle was lasting for at least five years. The impacts from the current investment boom is already visible in rising chip prices which is supporting earnings growth of semiconductor manufacturers. Historically, a healthy environment for

CHART 2: SHIPS OF THE WORLD, START YOUR ENGINES – HORMUZ REOPENS



Source: BNP Paribas, Bloomberg

CHART 3: THE GLOBAL ECONOMY REMAINED RESILIENT



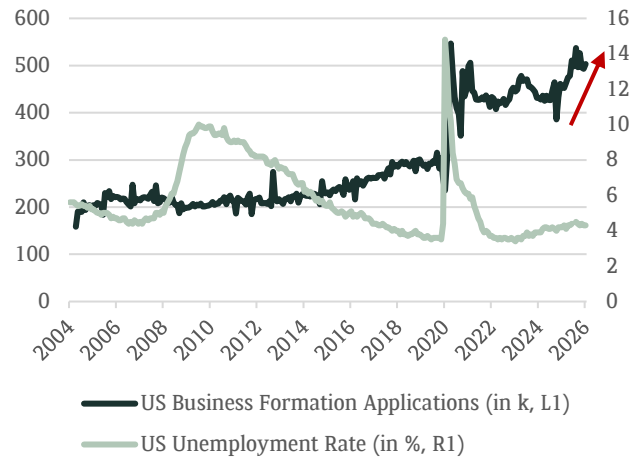
Source: BNP Paribas, Bloomberg

CHART 4: THE US ECONOMY SEEMS TO BE REACCELERATING



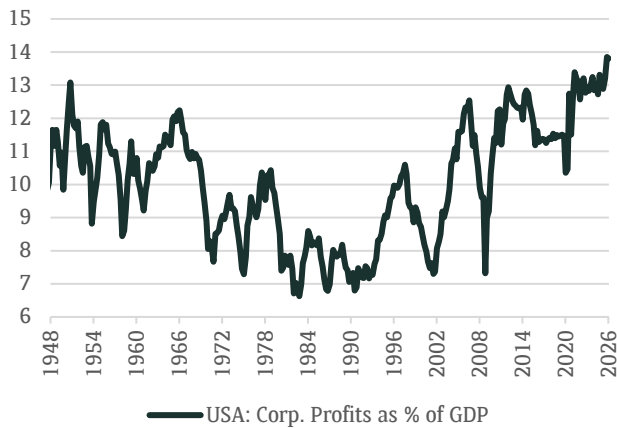
Source: BNP Paribas, Bloomberg

CHART 5: NEW BUSINESS FORMATIONS ON THE RISE AGAIN



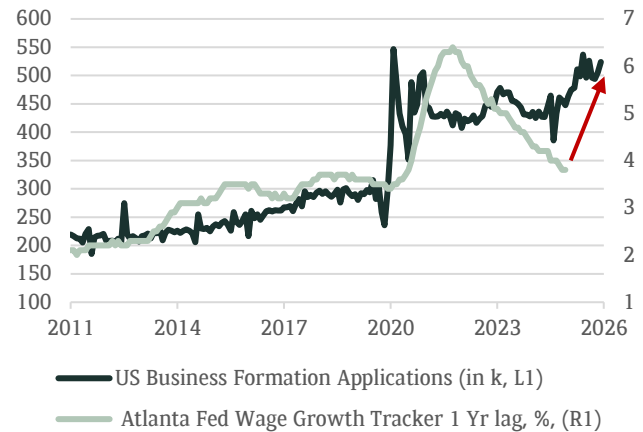
Source: BNP Paribas, Bloomberg

CHART 6: CORPORATE AMERICA IS IN AN EXCELLENT SHAPE



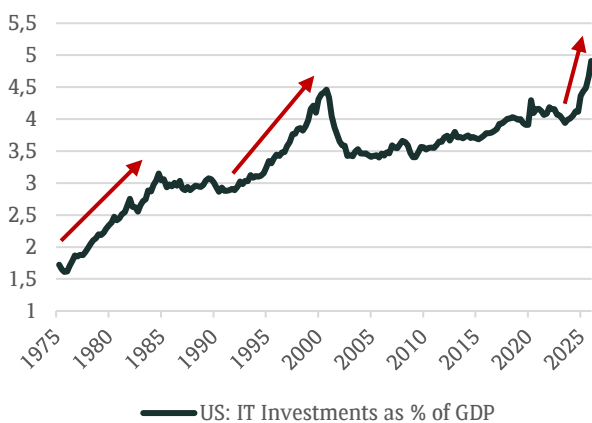
Source: BNP Paribas, Bloomberg

CHART 7: WAGES SHOULD PICK UP AGAIN



Source: BNP Paribas, Bloomberg

CHART 8: A NEW INVESTMENT CYCLE IS FORMING IN IT SPENDING



Source: BNP Paribas Bloomberg

CHART 14: GERMAN ECONOMIC ACTIVITY KEEPS FALLING



Source: BNP Paribas, Bloomberg

the chip sector is a good omen for economic activity as strong equity performance of this industry tends to coincide with rising manufacturing PMIs. This trend is confirmed by the ratio of new orders to inventories which is indicating further strength in the headline index.

While a strong economy in conjunction with an improving job market is good news per se, it still comes at the cost of potentially higher interest rates. Inflationary pressures might be reduced from falling energy prices, but it is not yet clear if this effect is strong enough to counterbalance the impact of improving growth. This is confirmed by the recent policy shift from the Fed, which dropped its dovish stance. Interest rates might thus stay higher for longer and the risks to our policy call of no hikes from the Fed are rising.

Higher rates would affect the stock market as it should potentially result in lower valuation multiples. This is especially true as the equity risk premium is already close to a 20-year low. Hence, earnings growth is likely to be the key determinant of upside potential for markets going forward. Looking at Taiwan exports, which can be seen as a bellweather for global economic activity, the outlook for global earnings growth remains positive. More specifically, Nasdaq earnings revisions this year have been the strongest in 15 years. Looking at valuations of the S&P 500, we can conclude that the P/E ratio is above average but well below the highs of the .com-bubble. More importantly, the earnings growth is above the levels seen back then.

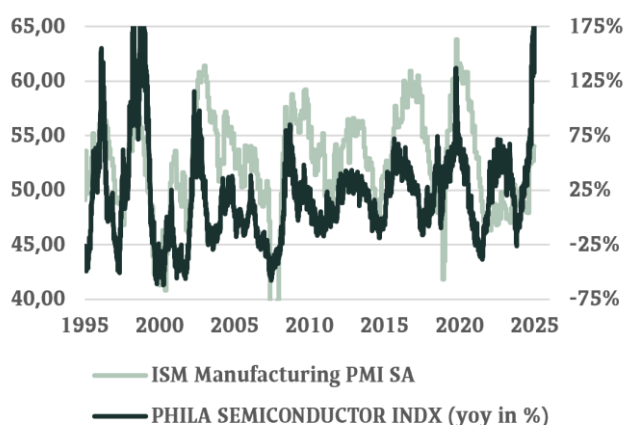
We continue to prefer a pick and shovels approach when investing in AI. While we don't know how the AI-arms race will end and who will win it - if there will be a clear winner at all, we do know what is needed by the competitors to run this race. As we mentioned before,

one man's capex is another man's revenue. As it turns out, it is still more profitable to sell the equipment in a gold rush than digging for gold oneself. The huge demand for compute is creating all sorts of bottlenecks within the supply chain, creating shortages for - among others - chips which is driving prices higher and allowing semiconductor companies to reap record margins. When looking at the rather mild loss of value even older chips experience, we don't believe this trend is about to change any time soon.

Amara's Law

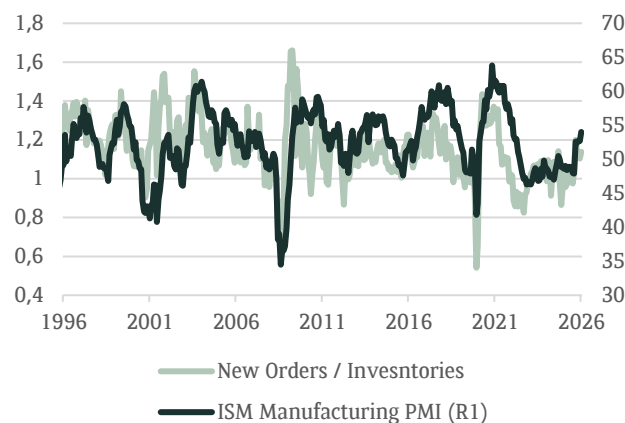
Amara's Law states that humans "tend to overestimate the effect of a technology in the short run and underestimate the effect in the long run". We believe that this is true for AI as well, at least in a sense of who the beneficiaries of AI are. The public debate was long focused on US hyperscalers, public and private, as they are arguably creating the most powerful AI models in the world. Sadly, that is an insanely costly endeavor as is evident from their capex spendings. As a result, the costs to run US state of the art models increased over time as their capabilities expanded. As we know since the launch of DeepSeek however, Chinese AI providers are rapidly catching up at much lower cost. While a recent [CAISI evaluation](#) is indicating that Chinese model capabilities would lag the frontier US models by roughly 8 months, Chinese models' much lower pricing and recent 'good enough' performance has the potential to transform the global landscape of AI leadership. As companies like OpenAI and Anthropic increasingly move towards usage-based pricing, the cost of running AI assistants for heavy users is rising sharply. Following [reports](#) that Microsoft and Uber are grappling with soaring AI bills, Meta is apparently also now looking for ways to rein in its

CHART 10: IF SEMICONDUCTORS ARE FINE, SO IS MANUFACTURING



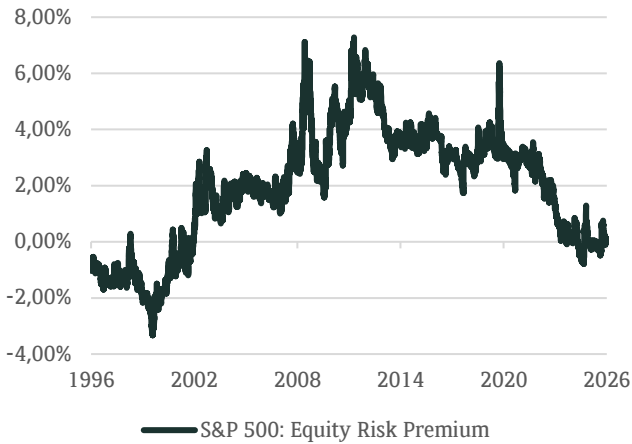
Source: BNP Paribas, Bloomberg

CHART 11: NEW ORDERS TO INVENTORY DATA INDICATES STRENGTH AHEAD



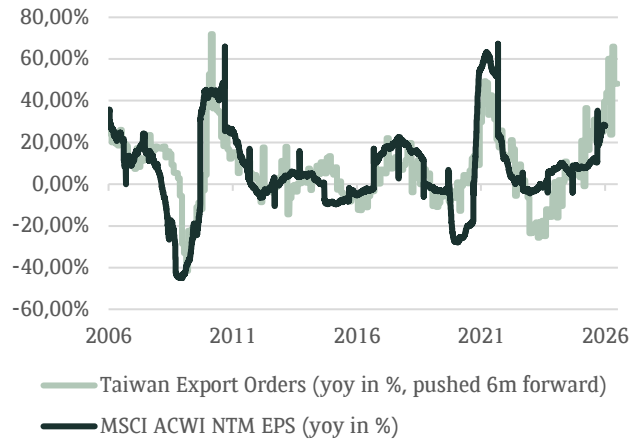
Source: BNP Paribas, Bloomberg

CHART 12: US EQUITY RISK PREMIUM IS AT A 20-YEAR LOW



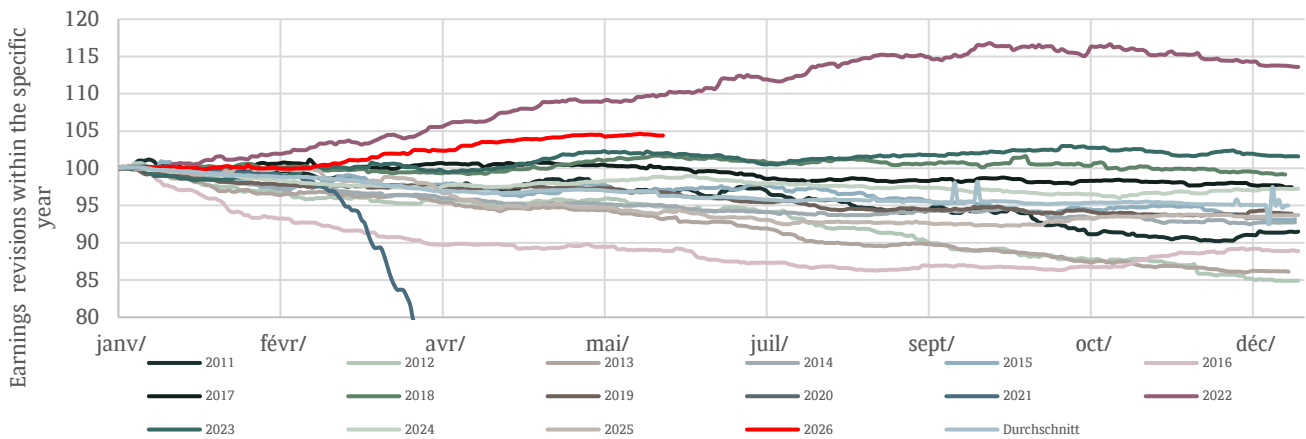
Source: BNP Paribas, Bloomberg

CHART 13: TAIWAN EXPORT ORDERS INDICATE SOLID EARNINGS GROWTH AHEAD



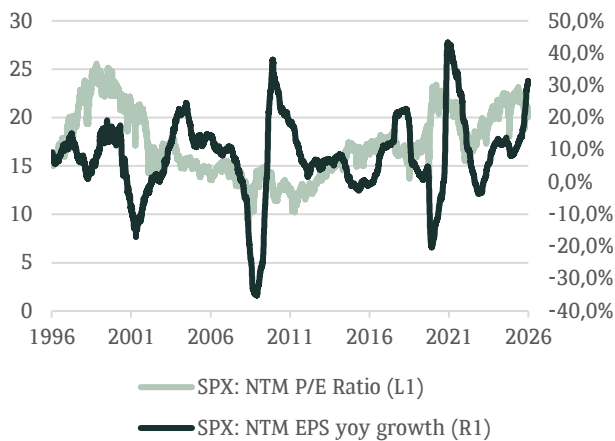
Source: BNP Paribas, Bloomberg

CHART 14: NASDAQ EARNINGS REVISIONS FOR 2026 ARE THE STRONGEST AT THIS POINT IN TIME IN 15 YEARS



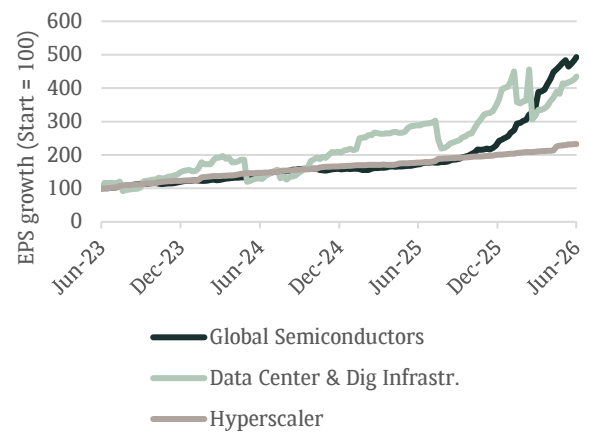
Source: BNP Paribas, Bloomberg

CHART 15: S&P 500 VALUATIONS ARE BELOW .COM LEVELS. EARNINGS ARE STRONGER



Source: BNP Paribas Bloomberg

CHART 16: CAPEX RECEIVER EARNINGS ARE OUTGROWING THOSE OF SPENDERS



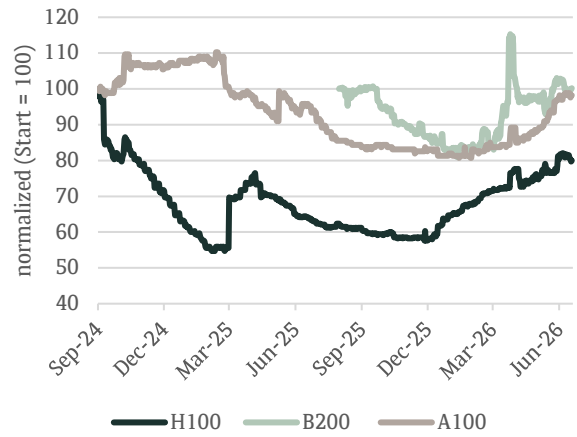
Source: BNP Paribas, Bloomberg

CHART 17: SEMICONDUCTOR COMPANIES ARE ENJOYING RECORD MARGINS



Source: BNP Paribas, Bloomberg

CHART 18: RENTAL RATES - EVEN FOR OLDER CHIPS - ARE GOING UP

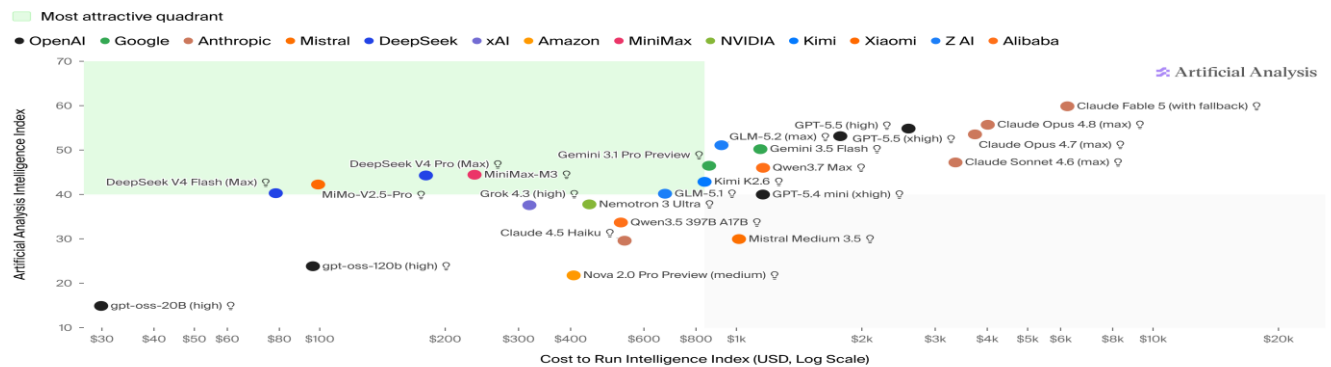


Source: BNP Paribas, Bloomberg

CHART 19: THE PRICE OS US SOTA AI MODELS IN INCREASING ALONGSIDE THEIR CAPABILITIES. CHINESE MODELS – ALBEIT NOT AS POTENT – SEEM TO OFFER BETTER VALUE FOR MONEY

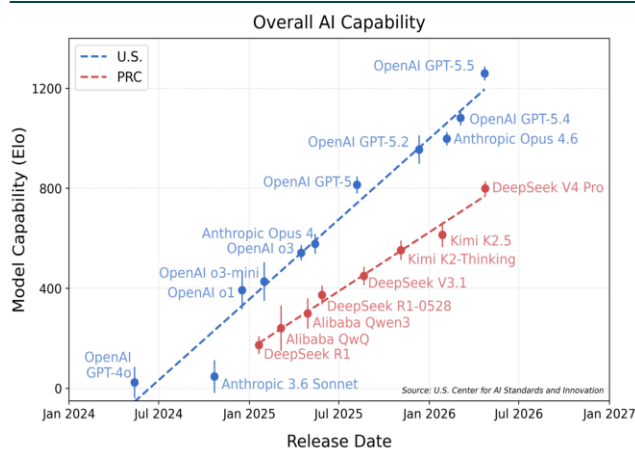
Intelligence vs. Cost to Run Artificial Analysis Intelligence Index

Artificial Analysis Intelligence Index - Cost to run Intelligence Index



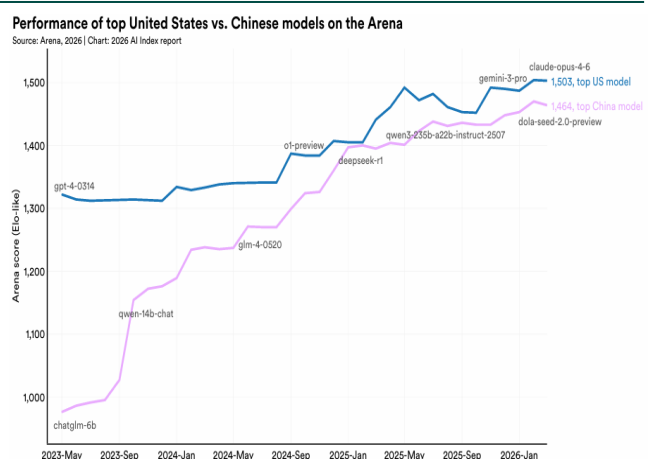
Source: artificialanalysis.ai

CHART 20: CHINESE MODELS ARE TRAILING US MODELS BY ~ 8 MONTHS



Source: nist.gov

CHART 21: CHINESE MODELS ALMOST CLOSED THE PERFORMANCE GAP



Source: 2026 AI Index Report, Stanford University

own spending. Costs can run out of control quickly, as the case of Uber is showing. [Reports](#) suggest that Uber exhausted its planned 2026 AI coding budget within just the first four months of the year because of soaring token consumption. In order to tackle the issue, even large US tech companies are now considering to team up with Chinese vendors. According to a [report by Axios](#), Microsoft is exploring the possibility of using DeepSeek, a Chinese open-source AI model, to power parts of its enterprise AI assistant, Copilot Cowork. Having to compete against cheaper and good enough models is thereby threatening the ability of US hyperscalers to monetize their huge investments within a timeframe and to an extent that would satisfy investor demands.

This changing landscape is already visible on platforms like OpenRouter which provides access to over 300 different models and is acting like "Expedia" for AI. Thereby it allows to see real-world usage because developers use it to switch between models instantly based on price and performance. Compared to 1 year ago, the use of LLM models is much more fragmented. For instance, the "other" models part has jumped from 2 to 13% within a year while new Chinese models such as z-ai emerged. So, in the world of developers, the market share of Chinese models went from 8% 1 year ago (Deepseek & Qwen) to at least 50% this month as there might be other Chinese LLMs in the 13% of the "others".

While we believe in AI and the AI infrastructure trade, we have much less confidence in the US hyperscalers. Thus, we would prefer to play the AI topic within US equities via the Nasdaq, relevant thematic / sector products or single names and less via the S&P 500.

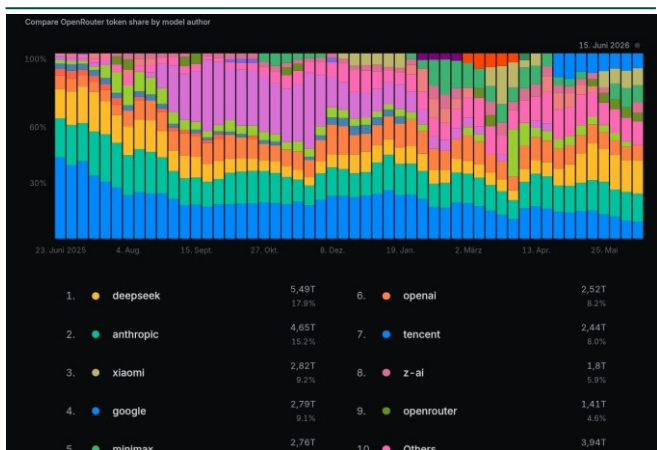
In order to get general large cap exposure, we prefer the S&P100 or the S&P500 as equal-weight indices. Moreover, the Dow Jones Industrial Average also looks increasingly attractive due to its exposure to traditional cyclical names which should benefit from the strength within the US economy.

The latter index is also a good example about where markets might underestimate the long-term impacts of AI. The adopters should be able to reap meaningful benefits from implementing AI and thereby becoming more efficient and eventually profitable. Moreover, traditional HALO companies do offer the benefit of facing no pressure from getting disrupted by AI. This fate is still haunting many software companies and other asset light businesses. While the concerns of the market are looking reasonable in some cases, we don't share them in cybersecurity. AI is not only a defensive weapon, but it also allows more sophisticated attacks. Given the stakes at play, we thus think that companies will keep investing in external cybersecurity products instead of implementing inhouse solutions. To us, the potential savings doesn't seem to justify the resulting risks.

Houston, we have a (growth) problem

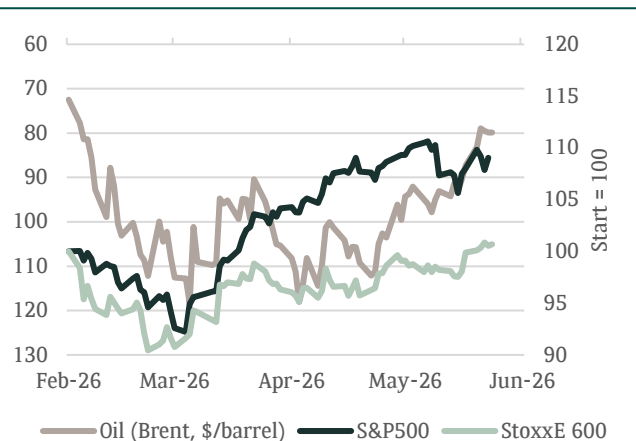
Europe is the obvious candidate for a relief rally. Due to its high dependence on energy imports, Europe's main benchmark, the StoxxE 600, corrected harder than the S&P 500. More importantly though, it only disproportionately benefitted from the fall in oil prices so far. Besides the potential for a relief rally, some structural headwinds remain. Europe lags a meaningful AI exposure which helps propelling other markets higher. Moreover, the old continent could suffer from higher energy prices for an extend period of time. Europe's gas storage levels are currently disproportionately low, meaning

CHART 22 : CHINESE AI MODELS ARE GAINING MARKET SHARE



Source: openrouter.ai

CHART 23: EUROPE LAGS THE RECENT RELIEF RALLY

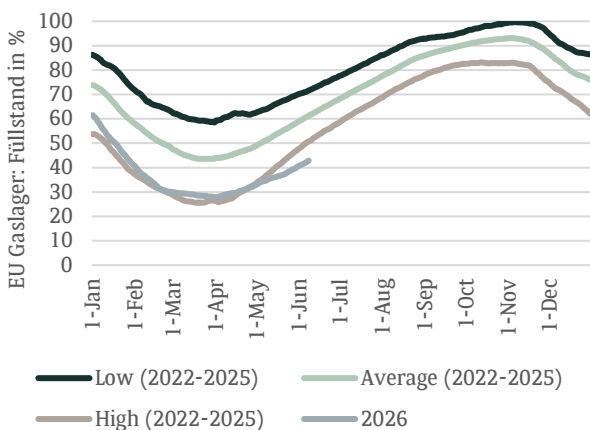


Source: BNP Paribas, Bloomberg

meaning that the continent is running out of time to refill it’s capacities in order to have sufficient reserves for the coming winter. With a normalization of flows from the Middle East weeks, if not months away, Europe has no choice but to start competing against Asian buyers who are also increasing imports as the summer is creating rising electricity demand for air conditioning in Asia. Elevated gas prices could contribute to a stickier inflationary environment, characterized by rising second rounds effects. Something, the ECB would already be perceiving, as [ECB President Mrs. Lagarde recently acknowledged](#). Thus, rates might remain elevated for longer than we currently expect and could put pressure on margins for European companies as they’re operating in an environment of sluggish growth.

Despite a rather bleak macro outlook, earnings expectations for European equities kept rising during the year. The energy sector was a major driver of this development. With oil prices falling, we expect earnings downgrades in the coming months as the earnings tailwind from gas should be insufficient to counter the headwinds from falling oil prices. Looking at the earnings growth expectations for many of the other sectors, we believe that the market was already pricing a positive outcome of the crisis in the Middle East. Thus, the potential of further earnings upgrades elsewhere should be limited. Taken together, this should result in downward pressure on European earnings. Thus, we would not chase any rally in European stocks. Within Europe, we continue to focus on selected sectors benefiting from higher rates (banks), rising electricity demand (utilities) or companies exposed to structural tailwinds such as increasing defense or infrastructure spendings.

CHART 24: EUROPEAN GAS STORAGE IS UNUSUAL LOW



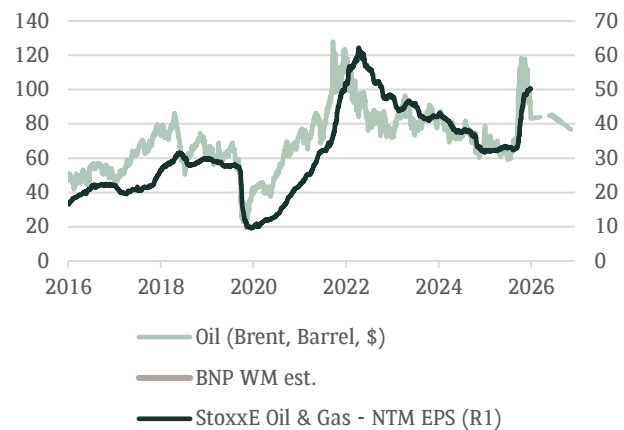
Source: BNP Paribas, Bloomberg

To infinity and beyond

Many investors seem to be concerned about whether a series of mega cap IPOs might be a sign that the market has reached the state of euphoria, in which bull markets tend to die. We would disagree with this interpretation. For a company, it appears to be logic to IPO in a positive market environment. Moreover, we should not forget that SpaceX, Anthropic and Open.AI are active in very capital intense business areas. As we discussed within this note, the AI arms-race requires ongoing investments which cannot be funded by bonds alone. Whether that’s money well spent is a different story but from a CFO’s perspective, raising capital looks prudent.

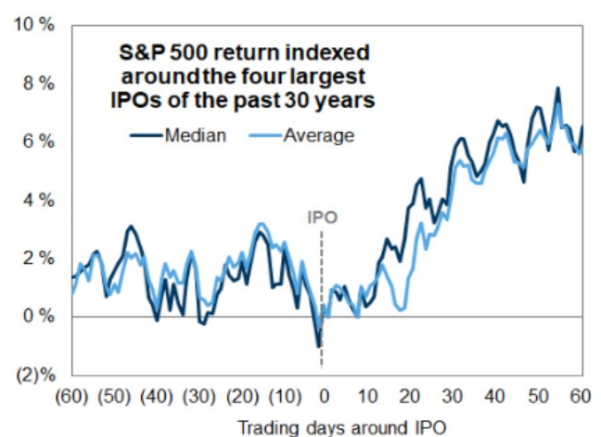
From a markets perspective large IPOs are no bad omen either. They’re rather a sign of positive momentum which is evident from the index performance around major IPOs in the past.

CHART 25: FALLING OIL PRICES COULD RESULT IN EARNINGS DOWNGRADES



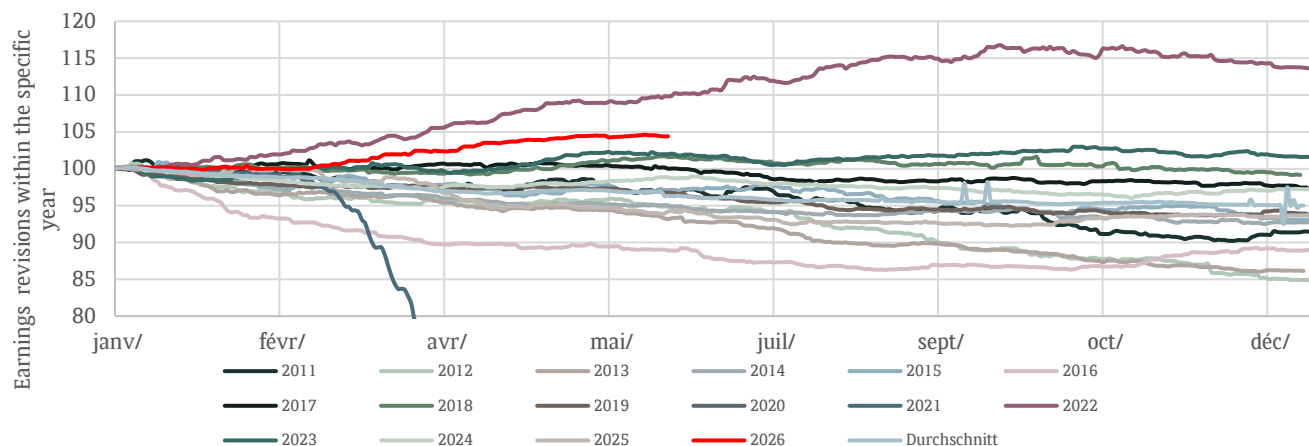
Source: BNP Paribas, Bloomberg

CHART 26: BIG IPOs ARE NO HEADWIND FOR MARKET PERFORMANCE



Source: FactSet, Goldman Sachs Global Investment Research

CHART 27: STOXXE 600 EARNINGS REVISIONS HAVE BEEN REMARKABLE STRONG THIS YEAR



Source: BNP Paribas, Bloomberg

TABLE 1: ENERGY WAS A KEY CONTRIBUTOR TO EARNINGS UPGRADES IN EUROPE. THIS MIGHT CHANGE SOON.

	Profit Margin		NMT EPS	
	current	Ytd (in bps)	Ytd (in %)	Ytd (in %-Points)
Stoxx Europe 600 Index	11,27%	38,74	8,47%	
STOXX Europe 600 Financials	19,77%	85,50	8,08%	1,94
STOXX Europe 600 Utilities	9,10%	50,35	2,69%	0,13
STOXX Europe 600 Industrials	7,92%	19,65	4,87%	0,96
STOXX Europe 600 Real Estate	52,09%	-121,35	2,38%	0,03
STOXX Europe 600 Health Care	19,92%	-3,28	2,30%	0,29
STOXX Europe 600 Cons.r Staples	8,52%	4,28	0,33%	0,03
STOXX Europe 600 Telecom.	8,23%	-6,15	1,12%	0,03
STOXX Europe 600 Technology	20,61%	144,43	20,06%	1,80
STOXX Europe 600 Cons. Disc.	6,33%	-35,25	-4,53%	-0,31
STOXX Europe 600 Energy	8,03%	154,95	52,09%	2,53
STOXX Europe 600 Basic Materials	6,92%	46,40	18,24%	1,08

Source: BNP Paribas, Bloomberg

US and Europe Equity Performances and Sector re-positioning

US equities: AI momentum dominates

In a global environment marked by elevated geopolitical risks and their tangible effects on growth and inflation, equity markets gravitated in May toward the AI-driven narrative, viewed as a relatively transparent and high-growth thematic. Over the month, the US IT sector performed the best, adding 16% to its gains — after April’s 17% surge. Year-to-date, the sector has risen 24%, closing in on US Energy, which remains the top performer (+29.7% YTD), despite a 6.1% decline in May.

The S&P 500 index gained 5,15% in May. Apart from IT (+16%), Consumer Discretionary (+2,6%) and Health Care (+2,3%), all other sectors recorded losses, with Utilities (-5,5%) and Energy (-6,1%) posting the steepest losses.

Year-to-date, the S&P 500 has gained 10.8%, with AI infrastructure related sectors (see chart below) top performers—a key thematic we proposed for 2026. However, following recent rallies and due to major AI IPOs and capital raises (e.g., SpaceX, Anthropic, OpenAI), we anticipate heightened volatility over the summer months. In this environment, we recommend buying on dips while trimming oversized positions to manage risk.

Stay diversified

Next to our current preference for cyclicals and infrastructure related stocks, we recommend maintaining exposure to relatively uncorrelated thematics and sectors. Following a period of consolidation, we see compelling technical signals in the healthcare sector, where select stocks—particularly in innovative healthcare and biotech—are now breaking above key resistance levels.

Europe also somewhat progressing in May

European equities (Stoxx 600: +2,4%) lagged their US counterparts in May, reflecting the region's lower exposure to AI and technology. Nonetheless, the EU IT sector gained +11.5%, while the weakest performers were Energy (-7.0%) and Utilities (-5.7%).

Other defensive sectors closed May in the red, i.e. Personal Care (-4,2%), Insurance (-2,2%) and Real estate (-1%). On the other hand, easing energy prices and optimism surrounding potential progress with the Hormuz reopening supported a rebound in consumer-related sectors.

Year-to-date, the Stoxx600 index is +5,45%. In Europe, basic materials, Energy and AI infrastructure-related sectors have recorded the biggest gains (see chart below).

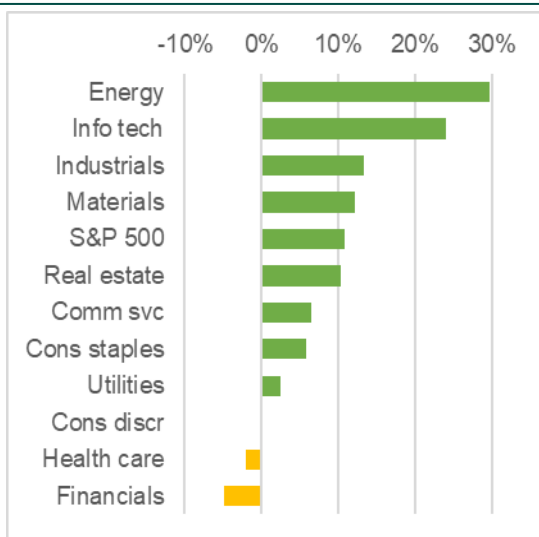
Conversely, Consumption-related sectors remain in negative territory, along with Healthcare, which has been weighed down by relatively weak Q1 results.

Sectors Repositioning Amid Geopolitical Shifts

On 14 June, US finally reached an agreement with Iran to re-open the Strait of Hormuz. Although there are still many unknowns, this brings relief on the oil & gas market (lower prices). **As we had anticipated a deal, early this month, we had globally downgraded the Energy sector - mainly Oil Majors - to Underweight.**

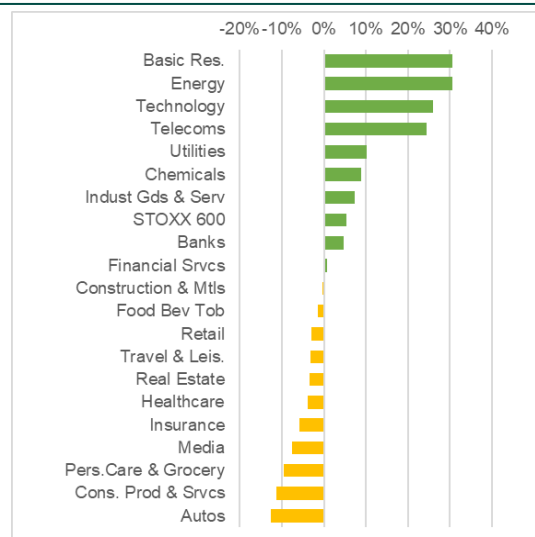
A gradual reopening of the Strait should allow for a more balanced offer-demand on the oil & gas market and shrinking risk premia. At the same time, the crisis has reinforced the strategic imperative for fossil fuel-dependent economies to accelerate energy independence.

CHART 28 : US SECTOR PERFORMANCE YTD: ENERGY, IT-RELATED SECTORS AND CYCLICALS LEAD; FINANCIALS AND HEALTH CARE STILL IN THE RED.



Source: S&P 500, 2026 performances as at 4th of June 2026.

CHART 29: EU SECTOR PERFORMANCE YTD: BASIC RESOURCES, ENERGY AND AI-RELATED LEAD; DISRUPTED SECTORS, EXPORTERS AND CERTAIN DEFENSIVES POST LOSSES.



Source: Stoxx600, 2026 performances as at 4th of June 2026.

So that contrary to oil majors, we expect renewable energy as well as energy infrastructure, equipment and services to do well in the current world. Repairing and developing energy infrastructure are very much needed. Critical materials needed in energy transition and in high-end aerospace and defense should also do well.

As the gradual reopening of the Strait of Hormuz materializes, globally, cyclical sectors sensitive to oil price fluctuations and broader economic momentum should do well. Our Overweight position on Industrials remains unchanged, as the sector continues to benefit from its close alignment with infrastructure development—a structural theme we believe will maintain its positive trajectory.

Thanks to lower energy prices, European consumption – particularly the discretionary part of it – now looks much less at risk (whereas the US consumption has been very resilient). Therefore, next to Retail and Consumer products & services, on which are neutral, we now upgrade European Travel & Leisure, Automobiles, and Media from Underweight to Neutral. We even expect the high-end segment of luxury to outperform in the short term: Consumers – particularly travelers – are poised to re-increase spending, while the persistent K-shaped recovery in the US continues to underpin demand for premium goods and services.

With inflation likely to stay controlled, and Western recession risks diminishing, we view the banking sector as increasingly compelling due to attractive valuations, M&A opportunities, and early adoption benefits from AI-driven efficiency gains. We upgrade European banks to Overweight (from Neutral) and US Financials from Underweight to Neutral. The good momentum on Investment banks is likely to go ahead thanks to large IPOs coming to the market, active trading and corporate activity in general. More details on the next page.

CHART 30: DISCRETIONARY CONSUMPTION SECTORS (NEUTRAL) SHOULD REBOUND AGAINST THE ENERGY SECTOR (UW)

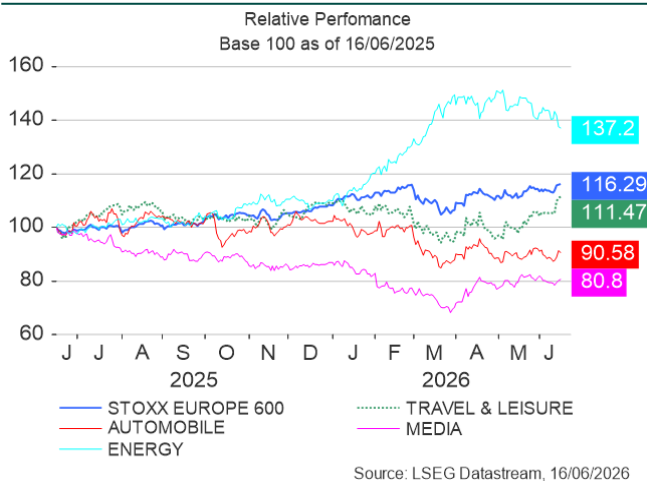


CHART 31: AFTER A CONSOLIDATION, INNOVATIVE HEALTH CARE/ BIOTECH (OW) NOW TRYING TO RESUME THEIR UPWARD TREND

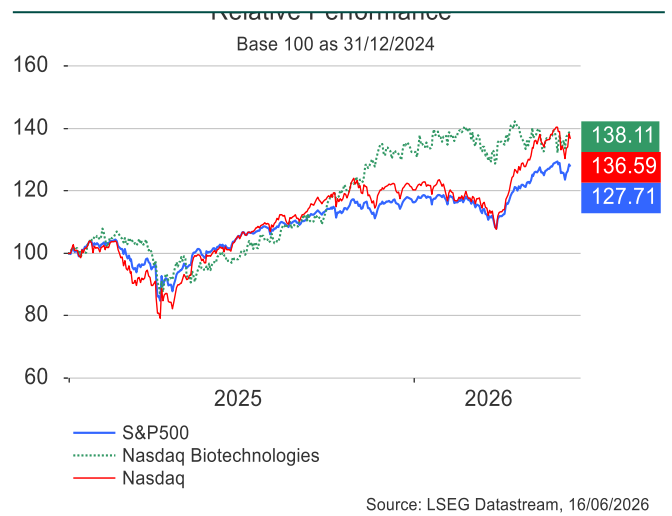


CHART 32: INDUSTRIALS (OW) POISED TO RESUME THEIR UPWARD TREND (THANKS TO THE RESILIENCE OF THE GLOBAL ECONOMY)

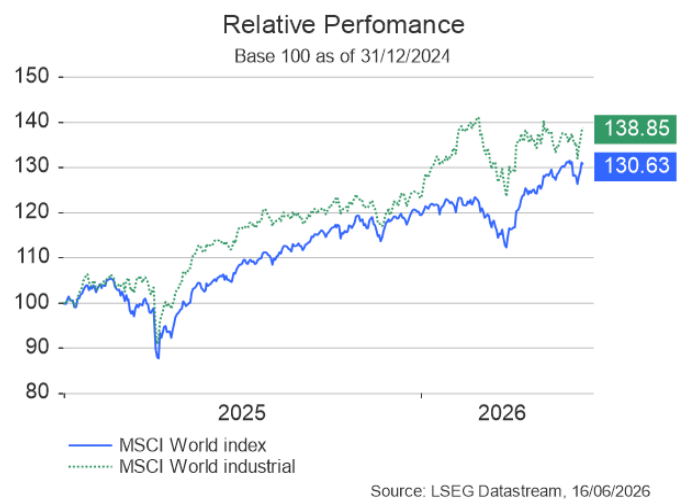
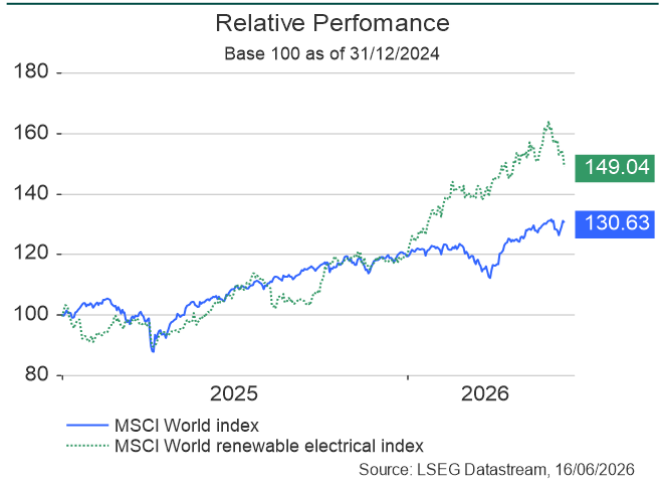


CHART 33: WE ALSO FAVOUR RENEWABLES, AS CRITICAL TO ENHANCE THE STRATEGIC ENERGY AUTONOMY OF MANY COUNTRIES



Focus on European Banks (from Neutral to OW)

European banks were already one of our favored sectors in 2025—a well-judged choice, as the sector saw the strongest rise that year across all industries. This was driven by extensive restructuring, efficiency gains, a supportive economic environment, and ultimately, better-than-expected results. We reaffirmed this preference at the start of the year. As of June 15, 2026, the sector is up 8.60%, outperforming the European Stoxx 600 index (+7.13%).

Key reasons for the upgrade back to Overweight:

- The economic environment and the bond yield curve remain relatively favorable for banks. However, we adopted a cautious stance from March to May when the Middle East conflict erupted (temporarily downgrading European banks to ‘neutral’ due to stagflation risks). Ultimately, the global growth slowdown should not be too severe, and inflation is expected to stay under control.
- New growth opportunities are emerging from Europe’s stimulus and infrastructure plans.
- Investment banks are highly active and profitable at present, driven by:
 - A surge in M&A activity (including within the banking sector itself),
 - Major IPOs (e.g., SpaceX, Anthropic, OpenAI),
 - Generally supportive financial/ trading markets.
- AI poses a threat to some financial firms due to fierce new competition, but overall, it should drive massive productivity gains in banking—a factor we believe the market is severely underestimating.
- European banking sector, once again, reported better-than-expected Q1 results. Only energy, tech and basic materials also did better than Q1 anticipations.

- Fundamentally, the sector’s valuations remain relatively attractive. Many investors underestimate the deep restructuring banks have undergone since 2008, which has dramatically improved profitability. Banks are now achieving profitability levels unseen since 2007, while their balance sheets have never been stronger. Comparing the price-to-book ratio (a key banking valuation metric) to return on equity (ROE) (cf. chart) reveals significant upside potential.
- We estimate that a forward P/E ratio between 11 and 12 would be more appropriate than the current level, which is slightly below 10 (see chart). This suggests an upside potential of roughly 15% at present.

In conclusion, given the sector’s untapped growth and efficiency opportunities—coupled with limited downside risks at present—we believe any exposure to European equities should include a core allocation to one of its most undervalued sectors: banking.

CHART 35: EUROPEAN BANKS STILL CHEAP ON A P/E RATIO BASIS. BESIDES, NEW GROWTH OPPORTUNITIES HAVE EMERGED.

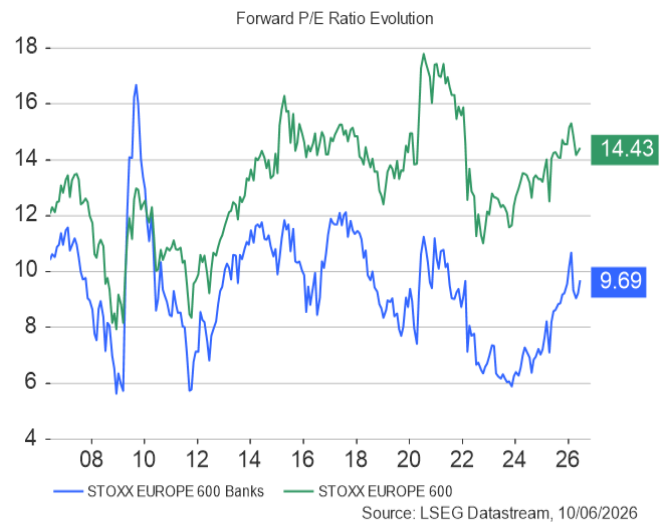


CHART 34: EUROPEAN BANKS’ PROFITABILITY REACHING LEVELS NOT SEEN SINCE 2007, BUT VALUATIONS ARE NOT REFLECTING THIS

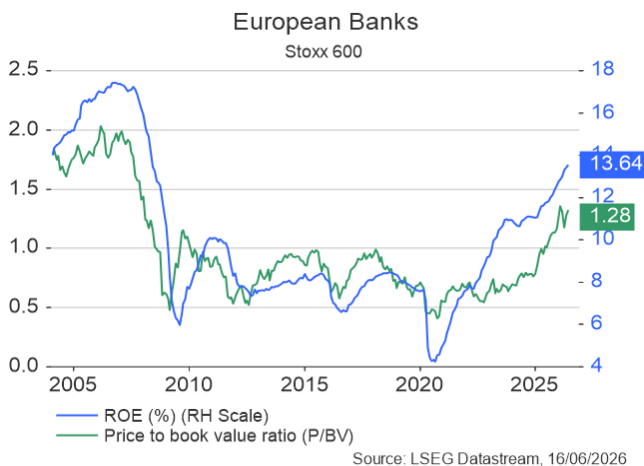
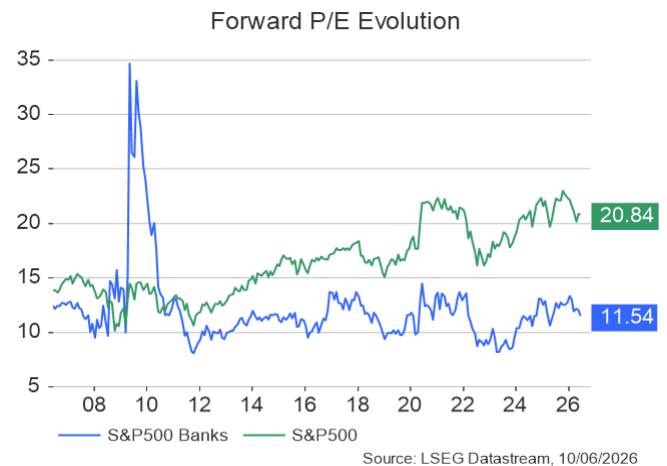


CHART 36: US BANKS (NEUTRAL) MORE FAIRLY VALUED ON A HISTORICAL BASIS AND CONSIDERING THE ECONOMIC ENVIRONMENT.



European and US Sectors in a nutshell

Sector (STOXX Europe 600)	View			YTD (4 June)	Out/ underperf. vs index	Our view at a glance
	UW	N	OW			
Banks		→	X	4,67%	-0,78%	Cheap valuations (avg P/E <10). Balance sheets are solid and profitability is still improving. New business opportunities. Stagflation and private credit risks are diminishing.
Health Care			X	-3,79%	-9,24%	Defensive compounder with attractive valuations. This sector should be a key AI beneficiary: expect efficiency gains in a structurally growing market (e.g. demographics, obesity etc). Key risks: weakening USD, tariffs. Negotiations with the US administration (lowering drug prices, etc) look more constructive now.
Industrial Goods & Services			X	7,40%	1,95%	A main beneficiary of infrastructure, defense spending, data centers construction, renewable energy projects, re-/nearshoring, and electrification although short term, there are some market frustrations that these investments are a bit slow to translate in new earnings. Higher energy prices could hurt profits in some instances.
Utilities			X	10,14%	4,69%	European infrastructure spending and energy independence willingness are tailwinds, whereas (green and AI-related) power demand continues to grow. Higher energy prices could hurt some names.
Auto & Parts	→		X	-12,63%	-18,08%	Automotives still weak due to rising competition with China, high EV investment costs and bad pricing. However, decreasing geopolitical tensions, lower stagflation risk and a more supportive European Union could now stabilize this industry.
Basic Resources			X	30,55%	25,10%	We have recommended energy transition commodities (huge needs due to AI & energy independence) and precious metals (cf. geopolitics) for a long time. Watch also metals/ rare earths necessary for (electronic) defense.
Chemicals			X	8,90%	3,45%	The sector should profit from EU infrastructure plans as well as from some end markets revivals. Competition from China, overcapacity, tariffs and now elevated energy prices are headwinds , except for some fertilizer and other chemical companies benefiting of the Iran conflict.
Construction Materials			X	-0,38%	-5,83%	(German) infrastructure and energy efficiency spending are catalysts for some. On the other hand, rebuilding Ukraine theme still looks distant. Energy prices has been a headwind for other companies. Be selective.
Cons. Products and Services			X	-11,37%	-16,82%	The sector has suffered from tariffs, geopolitical uncertainties and higher risks / costs of travelling. Globally, some end markets are recovering now (i.e. the USA and the-high end luxury). Be selective.
Financial Services			X	0,67%	-4,78%	Latest corporate results were fine but concerns have appeared relating to private credits/ equity businesses and possible AI disruption , i.e. AI startups aiming to automate some financial services' tasks (pressure on revenues and margins).
Insurance			X	-5,78%	-11,23%	Solid and rather defensive sector. Cash returns attractive but European insurance now looks fully priced at an avg fwd P/E around 11. Also, there is now a risk that some private loans exposure could turn sour. Be selective.
Media Price EUR	→		X	-7,64%	-13,09%	AI impact has been very negative for the sector as well as Meta Platforms entering and threatening many (European) media and ads businesses. The sector is now adapting and we expect a certain stabilisation now.
Real Estate			X	-3,49%	-8,94%	Defensive sector hit by rising bond yields. Logistics and data centers enjoy tailwinds from e-commerce/ AI. Be selective.
Retail			X	-2,96%	-8,41%	The sector has now found some capital discipline allowing for cash distribution. However, higher energy prices and other disruptions are putting pressure on margins.
Technology			X	25,91%	20,46%	Strong Q1-26 results in general. Software & services still lagging considering the risk of business loss to AI (although certain companies are integrating AI quite well in their programmes and solutions). Be selective.
Telecommunications			X	24,48%	19,03%	New business opportunities relating to AI. Furthermore, the industry's falling capital intensity driven by the fibre cycle & the sector's free M&A option are supporting performance. EU infrastructure plans are another support.
Travel & Leisure	→		X	-3,17%	-8,62%	Higher energy prices, travelling issues in some parts of the world, high competition and capacity expansion have been headwinds. But most big airline companies were hedged to a certain degree; adaptation happened relatively fast and oil prices are now decreasing. High demand is supportive.
Energy	X		←	30,54%	25,09%	The sector has profited from higher energy prices but Hormuz strait is now reopening (and oil & gas prices have recently decreased). Medium term, we like renewables, energy infrastructure, equipment and services. Necessity to rebuild and develop new energy sources as some others have become unreliable.
Food, Bev and Tobacco			X	-1,34%	-6,79%	Valuations high compared with the rest of the market and considering the sluggish earnings growth of the sector. Lack of upside catalysts except for its defensive profile. Favour 'self help' stories.
Personal Care			X	-9,46%	-14,91%	The sector still faces headwinds from rising input costs while consumers are increasingly price sensitive. Lack of upside catalysts.

Sector (S&P 500 Level 1)	View			YTD (4 June)	Out/ underperf. vs index	Our view at a glance
	UW	N	OW			
Health Care			X	-2,08%	-12,87%	Defensive compounder with attractive valuations in a structurally growing market (e.g. demographics, obesity etc). AI to bring more efficiency gains. Negotiations with the US administration (lower drug prices, etc) look more constructive now.
Industrials			X	13,34%	2,55%	Re-shoring, reindustrialization, defense, AI and other infrastructure (re)development are major tailwinds. But higher energy prices has been a headwind for some.
Communication Services			X	6,51%	-4,28%	The sector is dominated by 2 mega tech companies, growing fast, and now regularly raising new debt and equity. The rest of the sector is not cheap and is also facing challenges and opportunities. Be selective.
Consumer Discretionary			X	-0,14%	-10,93%	The sector is dominated by 2 expensive mega tech companies, facing various issues. However, their strong exposure to AI, automation and robotics keeps attracting interest. Other names in the sector could profit from a relatively resilient discretionary consumption in the US.
Financials	→		X	-4,92%	-15,71%	Although the sector is not cheap the risk of a sharp economic slowdown is now receding as well as problems in the private credits / equity sphere. Deregulation, numerous profitable corporate activities (e.g. big IPOs, M&As) and volatile/ active capital markets are bringing additional support.
Information Technology			X	24,01%	13,22%	Strong Q1-26 results in general, especially semiconductors. Some sub-sectors such as software and SaaS are however at risk of losing business to AI. Besides, huge capex spending is raising questions on hyperscalers' future ROIs and profitability. Be selective.
Materials			X	12,14%	1,35%	Medium term, the sector should generally benefit from reshoring and reindustrialization. In the short term, we prefer stocks with exposure to precious metals, rare earths and metals & mining necessary for (electronic) defense and energy transition.
Real Estate			X	10,32%	-0,47%	Activity is still sluggish in residential RE. New construction activity is still muted. Commercial RE stabilising. Momentum is better at some logistics and specialized REITs.
Utilities			X	2,52%	-8,27%	Solid growth in power demand due to AI & electrification but US utilities are not cheap anymore. Furthermore, there is now a growing risk of more controls or price caps on surging electricity prices in certain American states.
Consumer Staples			X	5,81%	-4,98%	The sector looks fully priced. Costs have risen due to tariffs and higher energy prices. Besides, consumers may continue to "trade down" due to inflation. However, some names exposed to emerging markets, or expected to strongly benefit of AI, have performed well recently.
Energy	X		←	29,74%	18,95%	With Hormuz Strait reopening, oil & gas prices are decreasing. We are mainly cautious on Oil Majors. We still like renewables, energy infrastructure, equipment and services as it is time to rebuild and develop new energy sources as some others have become unreliable.



Valuations

TABLE : GLOBAL INDICES

Index	Level	1yr Range	Forward													Composite	
			EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	vs. ACWI	5yr Z-Score
MSCI ACWI	1106	●●●●	61,20	●●●●	0,43	18,07	●●●●	3,42	●●●●	1,79	●●●●	18,10	●●●●	5,53	●●●●	n.a.	n.a.
MSCI World	4756	●●●●	245,25	●●●●	0,34	19,39	●●●●	3,69	●●●●	1,68	●●●●	18,05	●●●●	5,16	●●●●	1,07	●●●●
MSCI Emerging Markets	1717	●●●●	141,86	●●●●	1,04	12,11	●●●●	2,24	●●●●	2,54	●●●●	18,34	●●●●	8,26	●●●●	0,67	●●●●
S&P 500	7384	●●●●	352,96	●●●●	1,35	20,92	●●●●	4,87	●●●●	1,20	●●●●	21,86	●●●●	4,78	●●●●	1,20	●●●●
S&P 500 Equal Weighted	8398	●●●●	487,40	●●●●	0,69	17,23	●●●●	3,01	●●●●	1,89	●●●●	15,93	●●●●	5,80	●●●●	0,94	●●●●
Russell 2000	2834	●●●●	106,67	●●●●	0,13	26,56	●●●●	2,28	●●●●	1,85	●●●●	7,00	●●●●	3,76	●●●●	1,34	●●●●
NASDAQ 100	28958	●●●●	1207,60	●●●●	0,13	23,98	●●●●	7,41	●●●●	0,64	●●●●	28,38	●●●●	4,17	●●●●	1,46	●●●●
MSCI USA Growth	34793	●●●●	622,22	●●●●	-1,79	29,58	●●●●	11,13	●●●●	0,36	●●●●	35,35	●●●●	1,79	●●●●	1,89	●●●●
MSCI USA Value	17445	●●●●	280,45	●●●●	3,34	16,41	●●●●	3,17	●●●●	2,05	●●●●	18,01	●●●●	1,61	●●●●	0,91	●●●●
STOXX Europe 600	618	●●●●	41,56	●●●●	0,97	14,98	●●●●	2,22	●●●●	3,36	●●●●	14,53	●●●●	6,73	●●●●	0,80	●●●●
STOXX Europe Mid 200	650	●●●●	42,68	●●●●	0,63	15,34	●●●●	1,94	●●●●	3,44	●●●●	12,32	●●●●	6,56	●●●●	0,80	●●●●
STOXX Europe Small 200	394	●●●●	28,09	●●●●	13,59	14,14	●●●●	1,59	●●●●	3,76	●●●●	10,84	●●●●	7,14	●●●●	0,73	●●●●
DAX	24523	●●●●	1604,94	●●●●	0,09	15,43	●●●●	1,85	●●●●	2,98	●●●●	11,72	●●●●	6,54	●●●●	0,80	●●●●
FTSE 100	10325	●●●●	795,34	●●●●	0,85	13,04	●●●●	2,19	●●●●	3,39	●●●●	15,91	●●●●	7,70	●●●●	0,71	●●●●
CAC 40	8153	●●●●	572,37	●●●●	1,09	14,36	●●●●	1,92	●●●●	3,40	●●●●	12,99	●●●●	7,02	●●●●	0,76	●●●●
FTSE MIB	49779	●●●●	3906,55	●●●●	-0,34	12,77	●●●●	1,77	●●●●	4,62	●●●●	14,39	●●●●	7,85	●●●●	0,68	●●●●
Nikkei 225	64025	●●●●	2703,90	●●●●	2,56	24,63	●●●●	2,85	●●●●	1,41	●●●●	11,51	●●●●	4,22	●●●●	1,28	●●●●
Hang Seng	24642	●●●●	2293,07	●●●●	0,12	10,89	●●●●	1,21	●●●●	3,53	●●●●	10,82	●●●●	9,31	●●●●	0,56	●●●●

TABLE : EUROPEAN SECTORS

Index	Level	1yr Range	Forward													Composite	
			EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	Upside to 12M Target Price*	vs. SXXP 5yr Z-Score
STOXX Europe	618	●●●●	41,56	●●●●	0,97	14,98	●●●●	2,22	●●●●	3,36	●●●●	14,53	●●●●	6,72	●●●●	14%	1,00
STOXX 600 Consumer P&S	348	●●●●	15,21	●●●●	-0,74	23,20	●●●●	3,45	●●●●	2,34	●●●●	15,32	●●●●	4,37	●●●●	17%	1,55
STOXX 600 Energy	177	●●●●	17,67	●●●●	3,15	9,95	●●●●	1,75	●●●●	3,39	●●●●	17,58	●●●●	9,98	●●●●	12%	0,68
STOXX 600 Food, Bev and Tobacco	187	●●●●	12,14	●●●●	-4,66	15,37	●●●●	2,62	●●●●	3,39	●●●●	17,03	●●●●	6,50	●●●●	18%	1,05
STOXX 600 Personal Care	154	●●●●	10,89	●●●●	-0,02	14,23	●●●●	2,86	●●●●	3,81	●●●●	19,44	●●●●	7,05	●●●●	13%	1,00
STOXX 600 Chemicals	1201	●●●●	66,20	●●●●	3,24	18,30	●●●●	2,07	●●●●	3,34	●●●●	12,60	●●●●	5,51	●●●●	10%	1,18
STOXX 600 Utilities	545	●●●●	35,48	●●●●	-1,21	15,38	●●●●	1,95	●●●●	4,05	●●●●	12,58	●●●●	6,51	●●●●	3%	1,01
STOXX 600 Banks	367	●●●●	36,83	●●●●	0,95	10,04	●●●●	1,34	●●●●	5,30	●●●●	13,85	●●●●	10,02	●●●●	13%	0,66
STOXX 600 Real Estate	120	●●●●	8,49	●●●●	62,14	14,24	●●●●	0,77	●●●●	6,09	●●●●	7,81	●●●●	7,06	●●●●	22%	0,87
STOXX 600 Technology	1015	●●●●	38,33	●●●●	1,41	26,68	●●●●	5,43	●●●●	1,14	●●●●	20,86	●●●●	3,77	●●●●	14%	1,87
STOXX 600 Autom. & Parts	450	●●●●	54,06	●●●●	1,34	8,33	●●●●	0,55	●●●●	4,77	●●●●	6,47	●●●●	12,00	●●●●	21%	0,52
STOXX 600 Health Care	1100	●●●●	68,67	●●●●	0,04	16,19	●●●●	3,36	●●●●	2,63	●●●●	17,54	●●●●	6,24	●●●●	18%	1,14
STOXX 600 Financial Services	900	●●●●	56,82	●●●●	-3,78	15,97	●●●●	1,67	●●●●	2,90	●●●●	10,34	●●●●	6,31	●●●●	16%	1,03
STOXX 600 Insurance	483	●●●●	42,13	●●●●	1,50	11,45	●●●●	1,94	●●●●	5,34	●●●●	16,77	●●●●	8,73	●●●●	12%	0,78
STOXX 600 Telecom	313	●●●●	17,73	●●●●	-1,10	17,69	●●●●	1,95	●●●●	3,66	●●●●	10,04	●●●●	5,67	●●●●	7%	1,14
STOXX 600 Media	363	●●●●	27,24	●●●●	-0,45	13,43	●●●●	2,06	●●●●	3,37	●●●●	11,88	●●●●	7,50	●●●●	38%	0,90
STOXX 600 Ind. Goods & Services	1121	●●●●	51,02	●●●●	0,03	22,27	●●●●	4,17	●●●●	2,13	●●●●	17,31	●●●●	4,55	●●●●	16%	1,54
STOXX 600 Constrm & Materials	831	●●●●	50,00	●●●●	0,90	16,34	●●●●	2,46	●●●●	2,83	●●●●	13,74	●●●●	6,01	●●●●	17%	1,13
STOXX 600 Basic Resources	835	●●●●	98,30	●●●●	0,85	14,26	●●●●	1,81	●●●●	3,63	●●●●	12,21	●●●●	7,06	●●●●	3%	0,93
STOXX 600 Retail	470	●●●●	28,29	●●●●	0,35	16,83	●●●●	3,07	●●●●	2,95	●●●●	17,26	●●●●	6,02	●●●●	15%	1,16
STOXX 600 Travel & Leisure	269	●●●●	21,77	●●●●	-3,38	12,47	●●●●	2,69	●●●●	2,63	●●●●	20,01	●●●●	8,10	●●●●	14%	0,88

*BBG consensus, NOT an official BNP target price

TABLE : US SECTORS

Index	Level	1yr Range	Forward													Composite	
			EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	Potential Upside to 12M Target Price*	vs. S&P 500 5yr Z-Score
S&P 500	7384	●●●●	352,96	●●●●	1,35	20,92	●●●●	4,87	●●●●	1,20	●●●●	21,86	●●●●	4,78	●●●●	19%	1,00
S&P 500 Consumer Discretionary	1879	●●●●	73,95	●●●●	-0,20	25,41	●●●●	6,32	●●●●	0,68	●●●●	24,54	●●●●	3,94	●●●●	20%	1,25
S&P 500 Consumer Staples	930	●●●●	42,30	●●●●	-0,07	21,93	●●●●	6,12	●●●●	2,53	●●●●	27,51	●●●●	4,55	●●●●	12%	1,09
S&P 500 Energy	876	●●●●	74,53	●●●●	7,51	11,75	●●●●	2,13	●●●●	2,89	●●●●	18,23	●●●●	8,51	●●●●	14%	0,54
S&P 500 Financials	868	●●●●	56,48	●●●●	0,14	15,37	●●●●	2,14	●●●●	1,33	●●●●	13,57	●●●●	6,51	●●●●	15%	0,68
S&P 500 Health Care	1780	●●●●	97,94	●●●●	-1,28	18,17	●●●●	4,49	●●●●	1,77	●●●●	20,16	●●●●	5,50	●●●●	15%	0,88
S&P 500 Industrials	1472	●●●●	56,38	●●●●	0,48	26,11	●●●●	6,82	●●●●	1,31	●●●●	24,43	●●●●	3,83	●●●●	16%	1,27
S&P 500 Information Technology	6642	●●●●	256,47	●●●●	3,29	25,50	●●●●	11,06	●●●●	0,51	●●●●	40,43	●●●●	3,86	●●●●	27%	1,43
S&P 500 Materials	631	●●●●	36,42	●●●●	1,01	17,32	●●●●	2,34	●●●●	1,64	●●●●	16,53	●●●●	5,77	●●●●	13%	0,79
S&P 500 Real Estate	283	●●●●	7,32	●●●●	-0,04	38,73	●●●●	3,22	●●●●	3,27	●●●●	8,17	●●●●	2,58	●●●●	11%	1,63
S&P 500 Communication Services	474	●●●●	22,74	●●●●	-0,47	20,84	●●●●	4,56	●●●●	0,72	●●●●	20,37	●●●●	4,80	●●●●	24%	0,99
S&P 500 Utilities	448	●●●●	25,16	●●●●	0,08	17,82	●●●●	2,09	●●●●	2,95	●●●●	11,66	●●●●	5,61	●●●●	16%	0,77

*BBG consensus, NOT an official BNP target price

Source: BNP Paribas, Bloomberg

Z-Score: Defines the number of standard deviations a value is from the mean of a given distribution. Negative z-scores indicate the value lies below the mean. Positive z-scores indicate the value lies above the mean.

Date: 8 June 2026

Our key convictions at a glance (Neutral equity)

		USA	Europe	Japan	Emerging Markets
Relative view*		Neutral	Neutral	Positive	Neutral
What we (especially) like			Banks	Domestically exposed names benefiting from wage gains or GDP growth (including SMIDS)	Latin America
What we don't (really) like					
Preferred themes & trades	Regional basis		Strategic Autonomy (with selectivity)	Governance Reform achievers	Chinese tech
	Global basis	Infrastructure and Industrials exposed to Artificial Intelligence, Energy independence, Fiscal Spending and Re-shoring Innovation in Healthcare Metals & mining, particularly those critical for renewables, electrification and defense electronics			

* Relative view: against your benchmark

Economic, FX forecast tables

Resilient growth amid conflict and inflation shocks

BNP Paribas Forecasts

GDP Growth %	2025	2026	2025- Bloomberg Consensus	2027	2027- Bloomberg Consensus
United States	2.1	2.4	2.1	2.3	2.0
Japan	1.1	0.5	0.6	0.4	0.8
United Kingdom	1.4	0.7	0.8	1.2	1.1
Switzerland	1.4	0.8	1.1	1.3	1.4
Eurozone	1.5	1.0	0.8	1.3	1.3
Germany	0.3	0.8	0.6	1.1	1.2
France	0.9	0.8	0.7	1.1	0.9
Italy	0.7	0.7	0.5	0.8	0.7
Emerging					
China	5.0	4.6	4.6	4.5	4.4
India**	7.6	6.6	7.5	6.8	6.4
Brazil	2.3	2.0	1.8	1.6	1.8

** Fiscal year

Source : BNP Paribas, Bloomberg - 26.05.2026

Temporary inflation re-acceleration projected

BNP Paribas Forecasts

CPI Inflation %	2025	2026	2025- Bloomberg Consensus	2027	2027- Bloomberg Consensus
United States	2.7	3.8	3.5	3.0	2.4
Japan	3.1	2.4	2.1	3.4	2.1
United Kingdom	3.4	3.4	3.3	3.2	2.5
Switzerland	0.2	0.5	0.6	0.5	0.7
Eurozone	2.1	3.0	2.9	3.3	2.1
Germany	2.2	3.2	2.8	3.5	2.3
France	1.0	2.4	2.3	1.9	1.8
Italy	1.7	3.1	2.8	3.7	1.9
Emerging					
China	0.0	1.3	1.1	1.4	1.1
India*	2.1	4.5	2.0	4.2	4.9
Brazil	5.0	4.7	4.5	4.5	4.0

* Fiscal year

Source : BNP Paribas, Bloomberg - 26.05.2026

FX FORECASTS EUR

Country	Spot 27/05/2026	Trend	Target 3 months (vs. EUR)	Trend	Target 12 months (vs. EUR)
United States	EUR / USD 1.16	Neutral	1.14	Negative	1.20
United Kingdom	EUR / GBP 0.87	Neutral	0.87	Neutral	0.87
Japan	EUR / JPY 185.45	Positive	180	Neutral	186
Switzerland	EUR / CHF 0.91	Neutral	0.92	Neutral	0.92
Australia	EUR / AUD 1.63	Positive	1.56	Negative	1.69
New-Zealand	EUR / NZD 1.97	Positive	1.90	Neutral	2.00
Canada	EUR / CAD 1.61	Positive	1.57	Neutral	1.62
Sweden	EUR / SEK 10.80	Neutral	10.80	Neutral	10.60
Norway	EUR / NOK 10.79	Neutral	10.80	Neutral	10.75
Asia					
China	EUR / CNY 7.88	Neutral	7.75	Negative	8.16
India	EUR / INR 111.26	Positive	108.30	Negative	114.00
Latam					
Brazil	EUR / BRL 5.89	Negative	6.04	Neutral	6.00
Mexico	EUR / MXN 20.22	Neutral	19.95	Neutral	20.40

Source: BNP Paribas, LSEG

FX FORECASTS USD

Country	Spot 27/05/2026	Trend	Target 3 months (vs. USD)	Trend	Target 12 months (vs. USD)
Eurozone	EUR / USD 1.16	Neutral	1.14	Positive	1.20
United Kingdom	GBP / USD 1.34	Negative	1.31	Positive	1.38
Japan	USD / JPY 159.51	Neutral	158.00	Positive	155.00
Switzerland	USD / CHF 0.79	Negative	0.81	Positive	0.77
Australia	AUD / USD 0.71	Positive	0.73	Neutral	0.71
New-Zealand	NZD / USD 0.59	Neutral	0.60	Neutral	0.60
Canada	USD / CAD 1.39	Neutral	1.38	Positive	1.35
Asia					
China	USD / CNY 6.78	Neutral	6.80	Neutral	6.80
India	USD / INR 95.69	Neutral	95.00	Neutral	95.00
Latam					
Brazil	USD / BRL 5.06	Negative	5.30	Neutral	5.00
Mexico	USD / MXN 17.39	Neutral	17.50	Positive	17.00
EMEA					
South Africa	USD / ZAR 16.37	Neutral	16.50	Positive	16.00
USD Index	DXY 99.21	Neutral	100.66	Negative	96.23

Source: BNP Paribas, LSEG

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