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GPS EMEA Investment Strategy

Market wrap

June 2026

Capital at risk. The value of investments and the income from them can fall as well as rise and are not guaranteed. Investors may not get back the amount originally invested.

Key takeaways:

- AI-linked companies are in the spotlight, with some major private companies such as SpaceX and Anthropic preparing to list on the stock market.
- Geopolitical risks remain a key source of market uncertainty, especially because Middle East tensions can feed into energy prices, inflation expectations and central bank interest rate decisions.
- In the weeks ahead, investors will likely be watching central banks, economic data and AI-related news closely.

AI-linked IPO momentum builds

An initial public offering, or IPO, is when a private company lists on a stock exchange and sells shares to the public for the first time, opening access to investors from large institutions through to individuals. After several quiet years, 2026 could see a wave of major IPOs, led by AI-linked companies such as SpaceX and Anthropic. These listings may be larger than in the past as companies are staying private for longer, scaling much more – and therefore growing in value – before they go public. For example, the average IPO valuation in 2026 is three times the size of last year's average and nearly 10 times the 2022 average.

Focus on tech companies is also broadening beyond large US tech names. Korean stocks, for example, have surged this year, as the country plays a central role in making semiconductors – the chips that power AI.[2] Overall, AI is becoming a more global investment theme, covering chips, infrastructure and software, with opportunities spreading across geographies.

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Geopolitics remains in focus

The stock market has been supported by hopes that ongoing negotiations could lead to a deal in the Middle East. However, recent instances of limited re-escalation have kept uncertainty elevated. The conflict has contributed to higher energy prices, which could make inflation harder to bring down and give central banks another reason to keep interest rates higher for longer. Central banks use interest rates to slow or support demand. Higher interest rates make borrowing more expensive, which can cool spending and help lower inflation. Lower rates can support borrowing, spending and economic growth.

For investors, this matters because interest rates could affect stock valuations – the price investors are willing to pay for a company's future profits. That's why markets have been reacting so strongly to economic data. Changes in inflation, hiring, wages and energy prices all give clues about whether central banks around the world may cut rates sooner or keep them elevated. Even small surprises can move markets, as investors quickly adjust how they think central banks might react and how this could impact what stocks are worth. The European Central Bank (ECB) became the first major central bank to raise interest rates since the conflict in the Middle East, lifting its key rate from 2.00% to 2.25%. This move wasn't unexpected, however, given that higher oil and gas prices had pushed eurozone inflation beyond 3% – above the ECB's 2% target – and the ECB had already signalled that higher borrowing costs could be needed.

Events on our radar in June

Geopolitical developments will likely continue to shape the overall market environment, particularly any signs of renewed tensions in the Middle East or progress toward a potential deal. At the same time, investors will be watching central bank meetings from the US Federal Reserve and the Bank of England, along with the key data releases mentioned above, for signs of the future path for interest rates. AI and technology developments, including potential IPO news, will also keep the sector in focus.

1 Source: BlackRock, Bloomberg, as of 4 June 2026. **2** Source: Bloomberg, as of 10 June 2026.

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Performance of financial markets, 2021–2026 YTD

	2021	2022	2023	2024	2025	2026 YTD
Oil (ICE Brent Crude)	50.15%	10.45%	-10.32%	-3.12%	-18.48%	51.27%
Korea stocks (MSCI Korea)	-8.39%	-29.36%	23.16%	-23.40%	99.85%	117.92%

The figures shown relate to past performance. Past performance is not a reliable indicator of current or future results. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Source: Bloomberg, as of 31 May 2026.

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