Capital Markets Strategy

Essential inCights for the C-Suite

MUFG

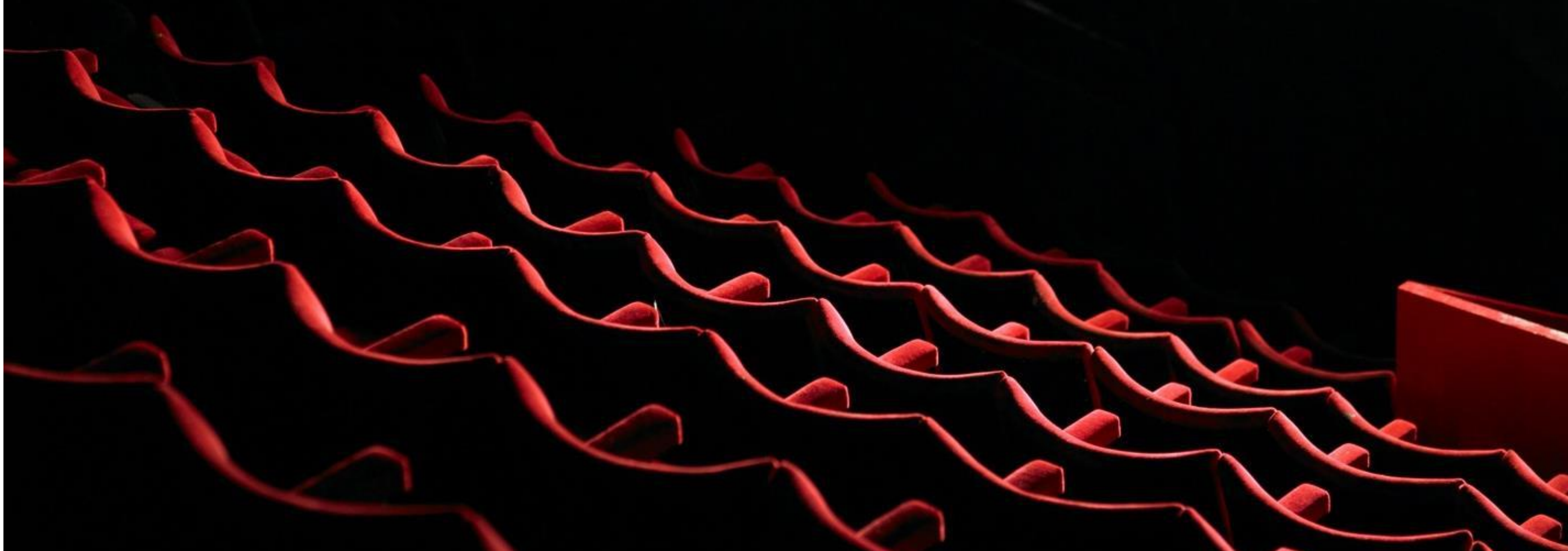
When Everything Happened at Once

Historic Milestones in Financing & Strategic Activity in 1H 2026

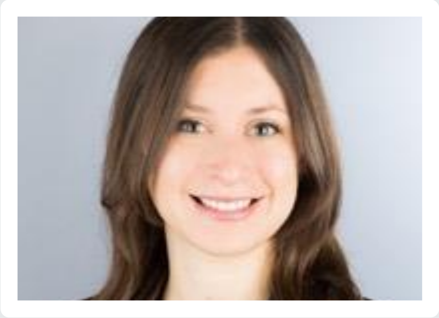
JUL 2026

“They were no longer separate entities, but part of one colossal organism.”

H.G. Wells, prolific English writer,
in his science fiction classic, *The War of the Worlds* (1898)



Global Corporate & Investment Bank
Capital Markets Strategy Team



Tom Joyce

Managing Director
Capital Markets Strategist
New York, NY

Tom.Joyce@mufgsecurities.com
(212) 405-7472

Stephanie Kendal

Director
Capital Markets Strategist
New York, NY

Stephanie.Kendal@mufgsecurities.com
(212) 405-7443

Angela Sun

Associate
Capital Markets Strategist
New York, NY

Angela.Sun@mufgsecurities.com
(212) 405-6952

AUTHORS

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The Resilience Paradox
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The Resilience Paradox

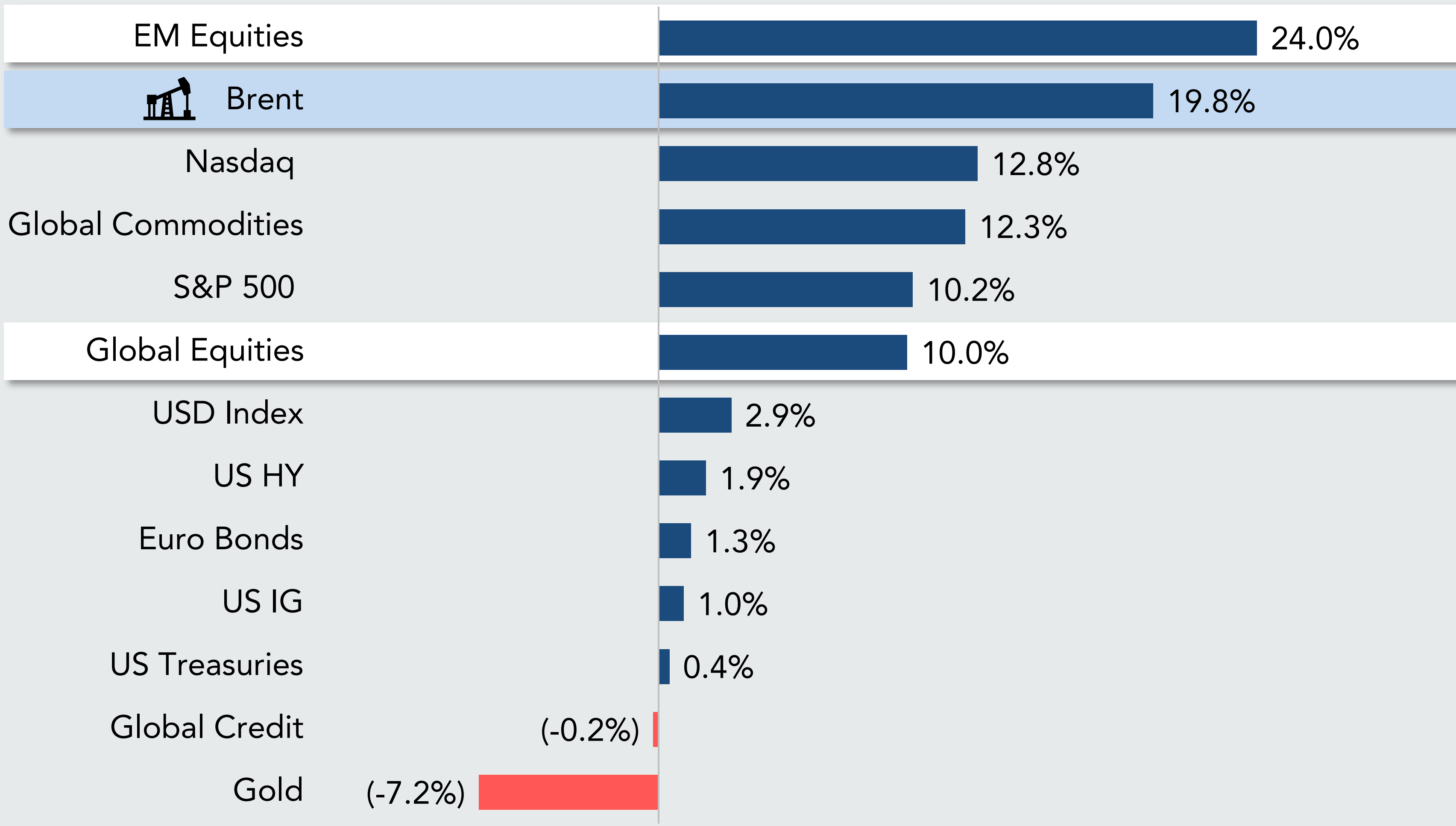
The core tension of the 1H 2026 was that markets delivered historic returns *despite*, ***not*** *because of*, the macro environment. By nearly any conventional framework, the setup for the 1H 2026 should have been bearish. Instead, the traditional relationship between macro risk and asset prices broke down.

1H 2026 developments that may have historically been bearish

1. ***Middle East regional war***
2. ***Historic Strait of Hormuz shutdown***
3. ***Largest oil supply shock in history***
4. ***Continued US trade war escalation***
5. ***Failure to renew & extend the USMCA***
6. ***Sticky inflation reasserting itself > 4%***
7. ***Contentious Fed Chair regime change***
8. ***Yen at 40 year lows; JGB curve stress***
9. ***US deficits eclipsing WW2 era levels***
10. ***Stretched market valuations & concentration***

Global & EM Equities Outperformed in 1H 2026

Performance in 1H 2026



Source: (1) Bloomberg. Data as of June 30, 2026.

US Equities Outperforming Credit Since GenAI Inflection Point

Annual relative total returns, USD markets

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1H 2026
High Yield 17.5%	S&P 500 21.8%	Munis 1.1%	S&P 500 31.5%	S&P 500 18.4%	S&P 500 28.7%	Loans (-0.8%)	S&P 500 26.3%	S&P 500 25.0%	S&P 500 17.9%	S&P 500 10.2%
S&P 500 11.9%	EM Sov 10.0%	Mortgages 1.0%	High Yield 14.4%	High Grade 9.8%	Loans 5.4%	Munis (-9.0%)	Loans 13.7%	EM Sov 9.7%	EM Sov 14.5%	EM Sov 2.9%
Loans 10.3%	High Yield 7.5%	US Gov't 0.8%	High Grade 14.2%	US Gov't 8.2%	High Yield 5.4%	High Yield (-11.2%)	High Yield 13.4%	Loans 9.2%	High Yield 8.5%	Munis 2.2%
EM Sov 10.1%	High Grade 6.5%	Loans 0.6%	EM Sov 13.0%	High Yield 6.2%	Munis 1.8%	Mortgages (-11.9%)	EM Sov 13.2%	High Yield 8.2%	Mortgages 8.3%	High Yield 1.9%
High Grade 6.0%	Munis 5.4%	High Grade (-2.2%)	Loans 8.7%	Munis 5.3%	High Grade (-1.0%)	US Gov't (-12.9%)	High Grade 8.4%	High Grade 2.8%	High Grade 7.8%	Loans 1.2%
Mortgages 1.7%	Loans 4.3%	High Yield (-2.3%)	Munis 7.7%	Mortgages 4.1%	Mortgages (-1.2%)	High Grade (-15.4%)	Munis 6.5%	Mortgages 1.4%	US Gov't 6.2%	Mortgages 1.2%
US Gov't 1.1%	Mortgages 2.4%	S&P 500 (4.4%)	US Gov't 7.0%	EM Sov 3.9%	US Gov't (-2.4%)	S&P 500 (-18.1%)	Mortgages 5.0%	Munis 1.1%	Loans 6.0%	High Grade 1.0%
Munis 0.4%	US Gov't 2.4%	EM Sov (-5.2%)	Mortgages 6.5%	Loans 3.5%	EM Sov (-3.0%)	EM Sov (-18.3%)	US Gov't 3.9%	US Gov't 0.6%	Munis 3.9%	US Gov't 0.4%

Source: (1) CreditSights. Bloomberg. Data as of June 30, 2026. BAML, S&P LSTA. Bloomberg EM Sov is USD EM Sovereign BBB & lower index.

Global Market Math

AI Tailwinds > Iran War & Trade War Headwinds

If oil < $120


Equities:
Chaos Bought, Not Sold
2

Key Themes for Equities in 1H 2026

1. **Geopolitical resilience:**
   March equity correction erased with full V-shaped recovery by June

2. **Unprecedented upward earnings revisions:**
   S&P full year 2026 earnings growth forecast revised from 15% y/y in January to 24% y/y by June

3. **AI capex spillover:**
   Industrials, materials and energy match pace with tech

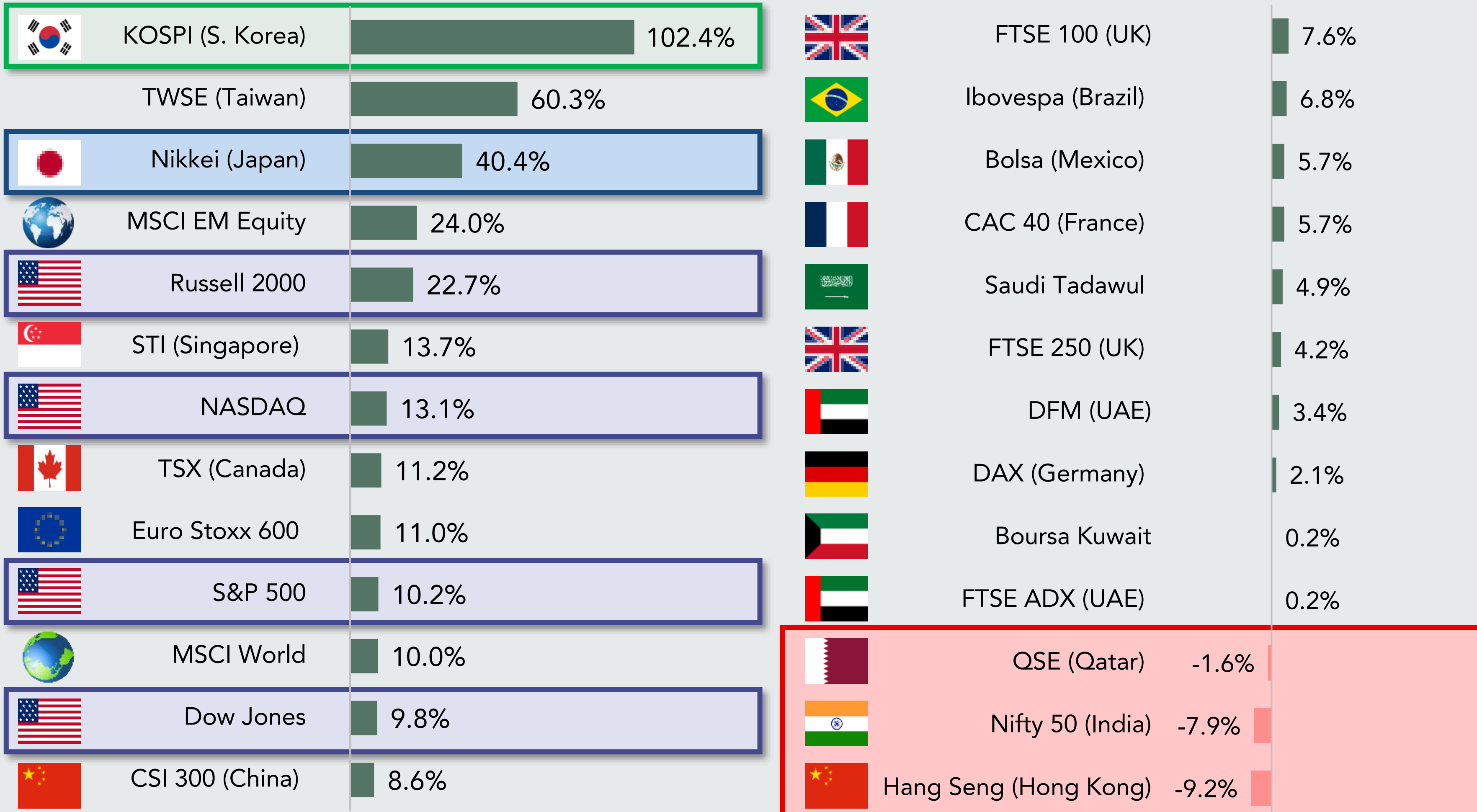
4. **Small cap catch-up trade:**
   Signals early rotation beyond narrow AI-driven leadership

5. **AI leadership inversion:**
   Capital shifts to physical infrastructure (semis, hardware, memory) away from software and mega-cap hyperscalers

6. **Tech-driven EM outperformance:**
   Taiwan and South Korea lead EM returns

Equities: Chaos Bought, Not Sold

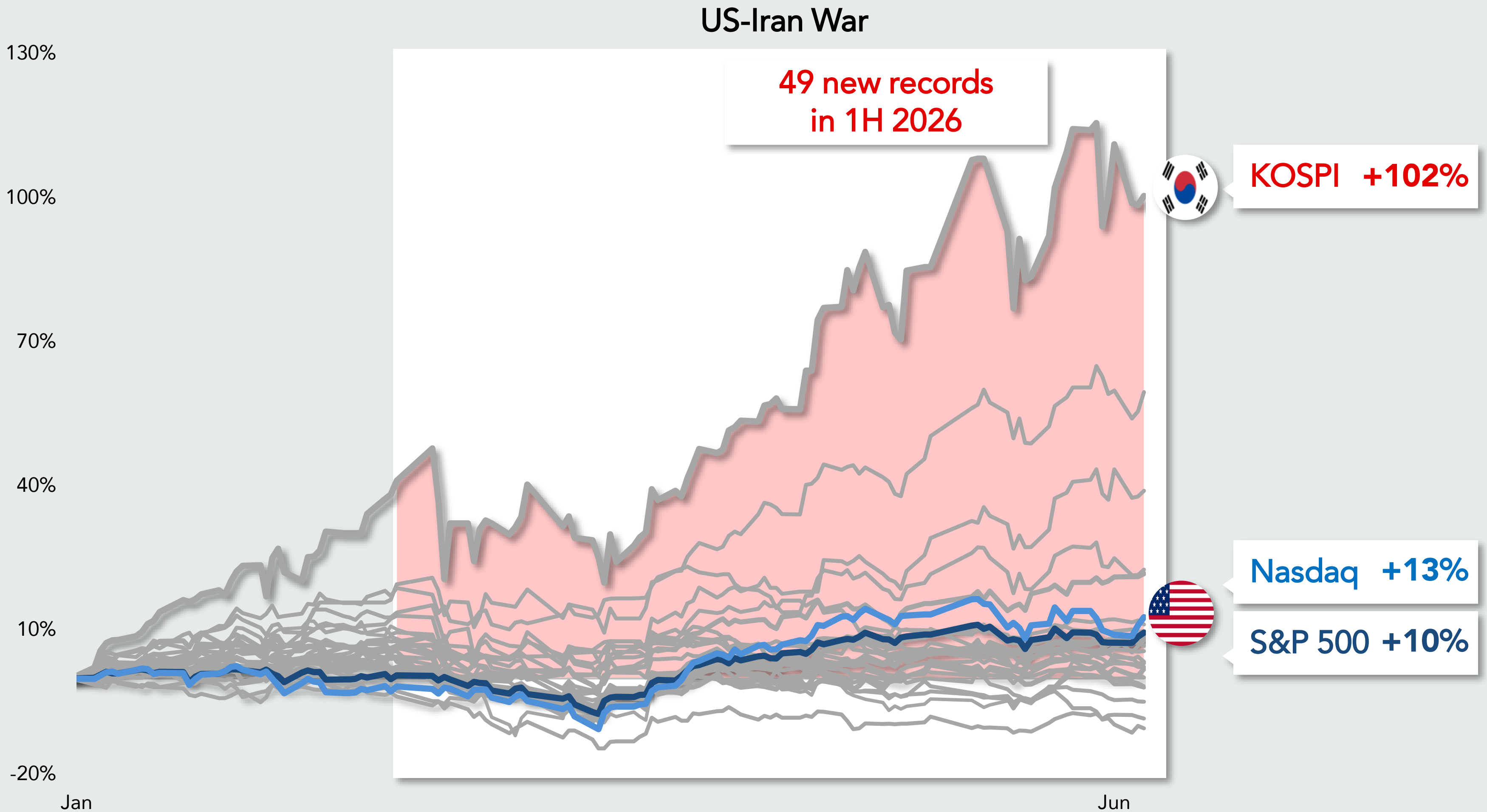
Regional equity market performance in 1H 2026 (total return)



Source: (1) Bloomberg. Data as of June 30, 2026. Equity market performance is total returns.

South Korea Becomes the Epicenter of AI Rally

Regional equity market performance in 1H 2026

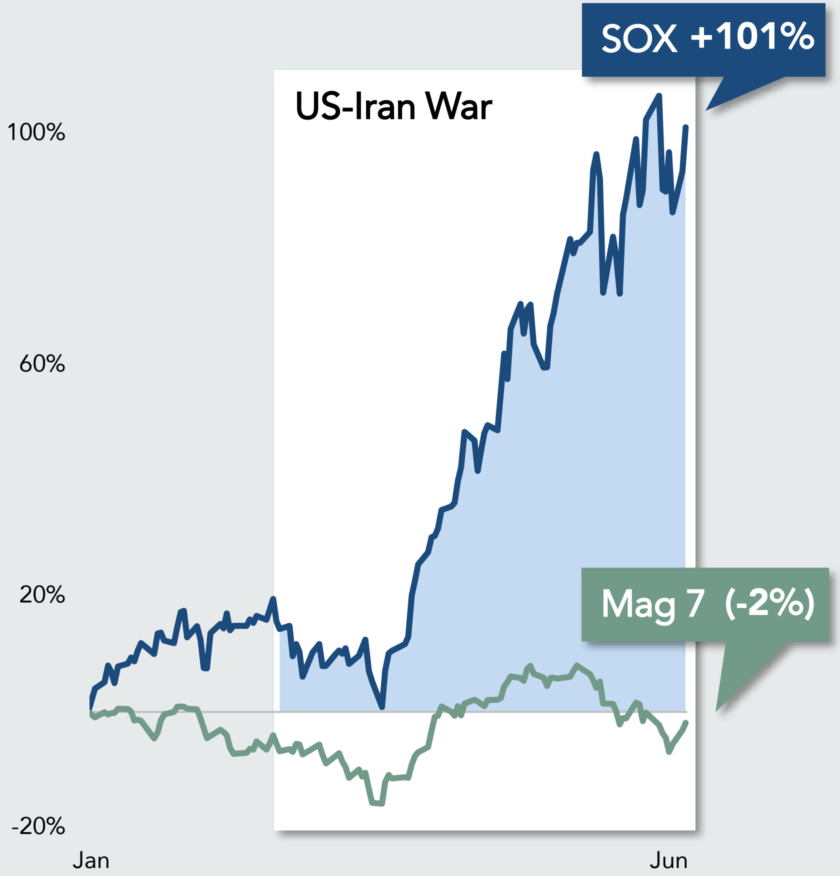


Source: (1) Bloomberg. Data as of June 30, 2026. Grey lines show other regional equity markets, including: TWSE, Nikkei, MSCI EM, STI, Euro Stoxx 600, MSCI World, CSI 300, FTSE 100, Ibovespa, Bolsa, CAC 40, Saudi Tadawul, FTSE 250, DFM, DAX, Boursa Kuwait, FTSE ADX, QSE, Nifty 50, and Hang Seng.

Semis and Memory Outpaced the Market

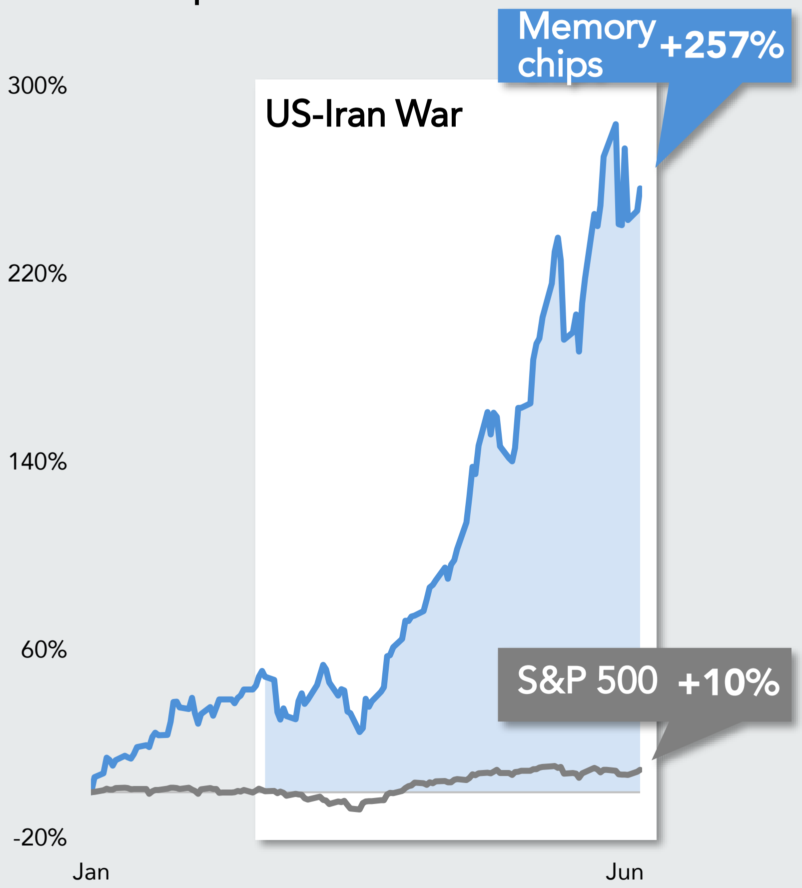
Semiconductors displace Mag 7

PHLX semiconductor index (SOX) vs. Mag 7 performance



Memory stocks lead everything

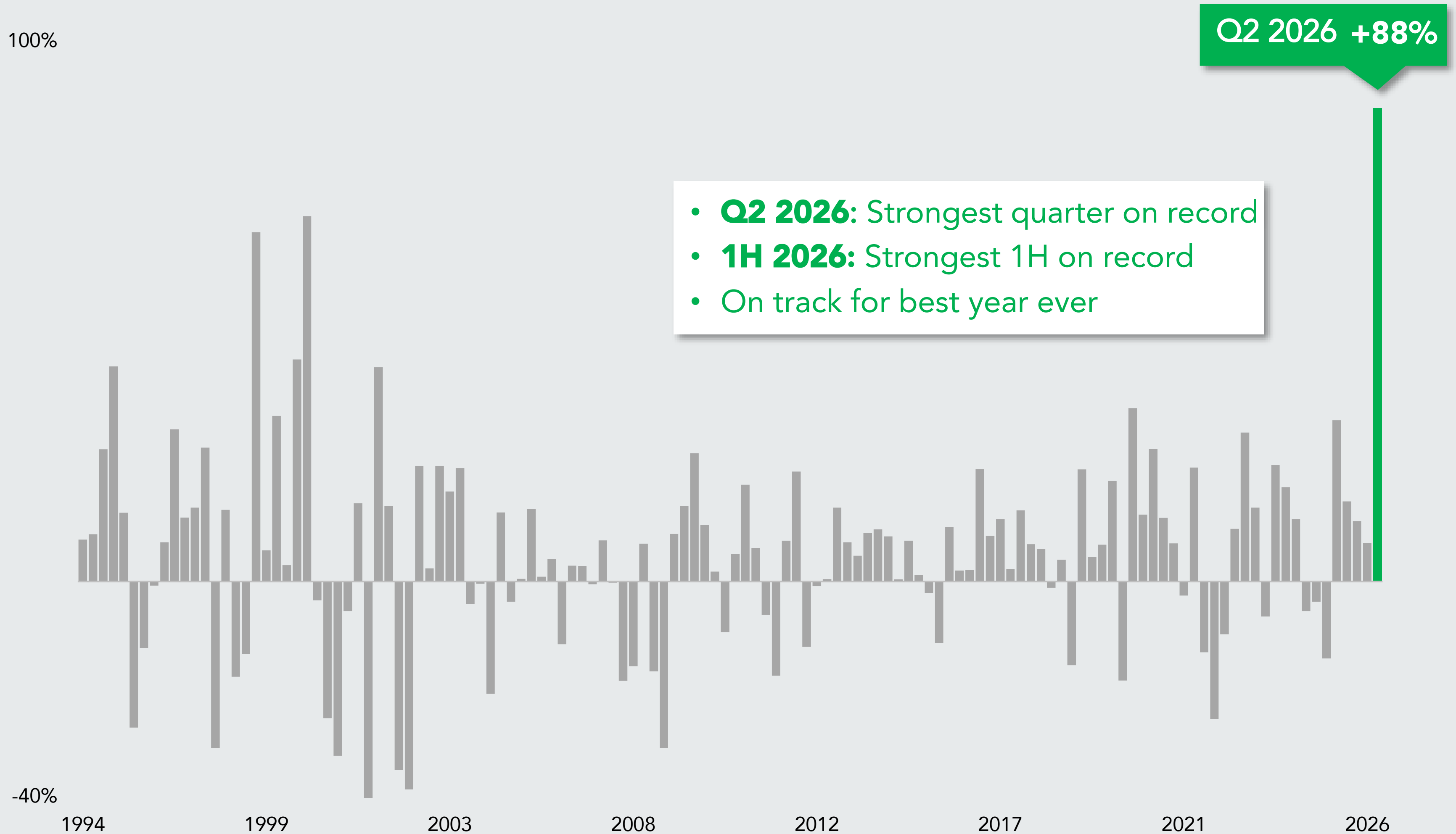
Solactive global memory chip index vs. S&P 500 performance



Source: (1-2) Bloomberg. Data as of June 30, 2026.

Semiconductors on Pace for Historic Year

PHLX semiconductor index (SOX), quarterly performance

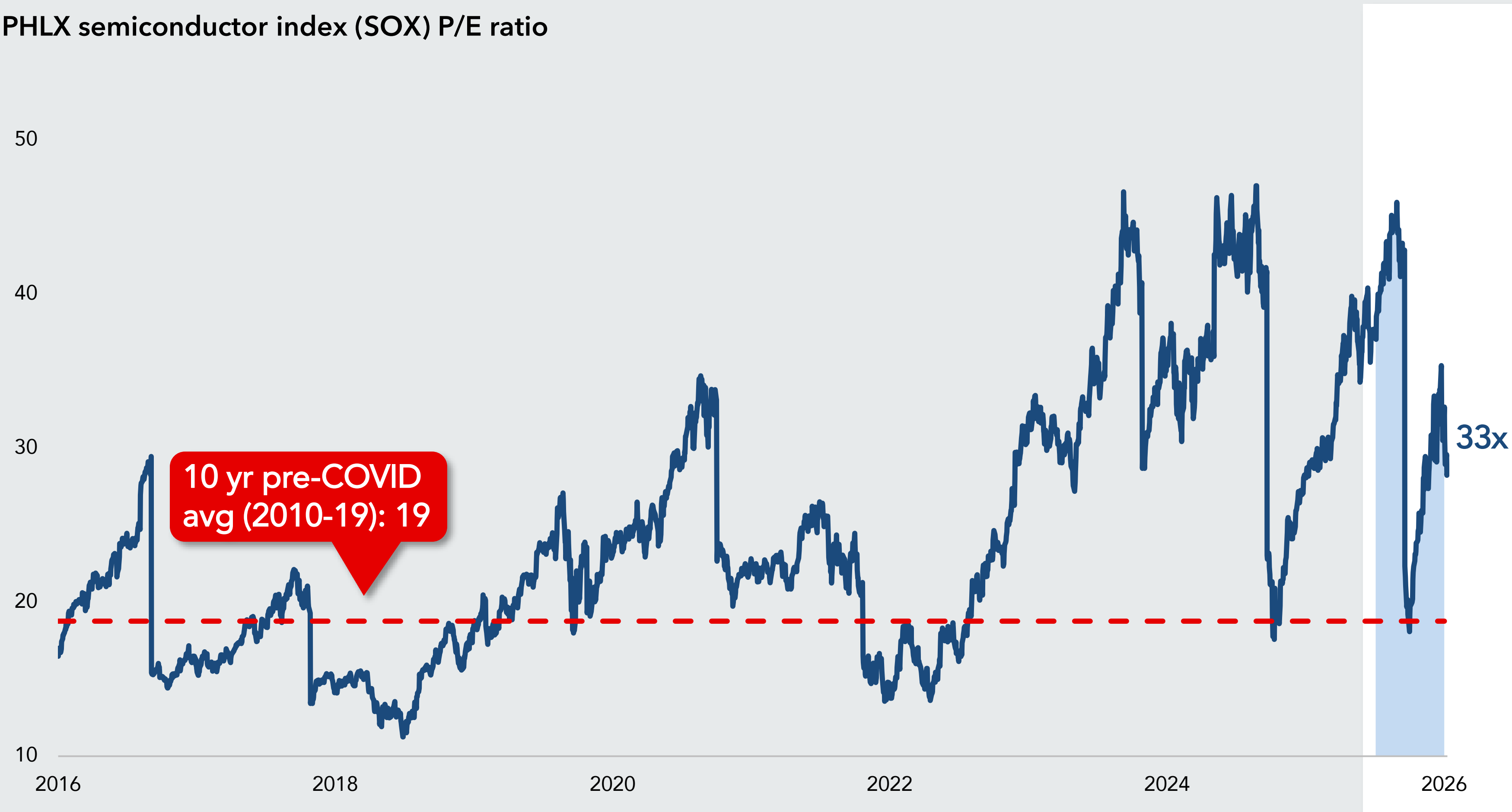


Source: (1) Bloomberg. Data as of June 30, 2026.

Chip Rally More Earnings Than Multiple-Driven

While semiconductor valuations are well above long-term averages, the rally in equity prices has been overwhelmingly earnings-driven rather than multiple-driven. The SOX index doubled in 1H 2026, but the P/E ratio declined.

PHLX semiconductor index (SOX) P/E ratio

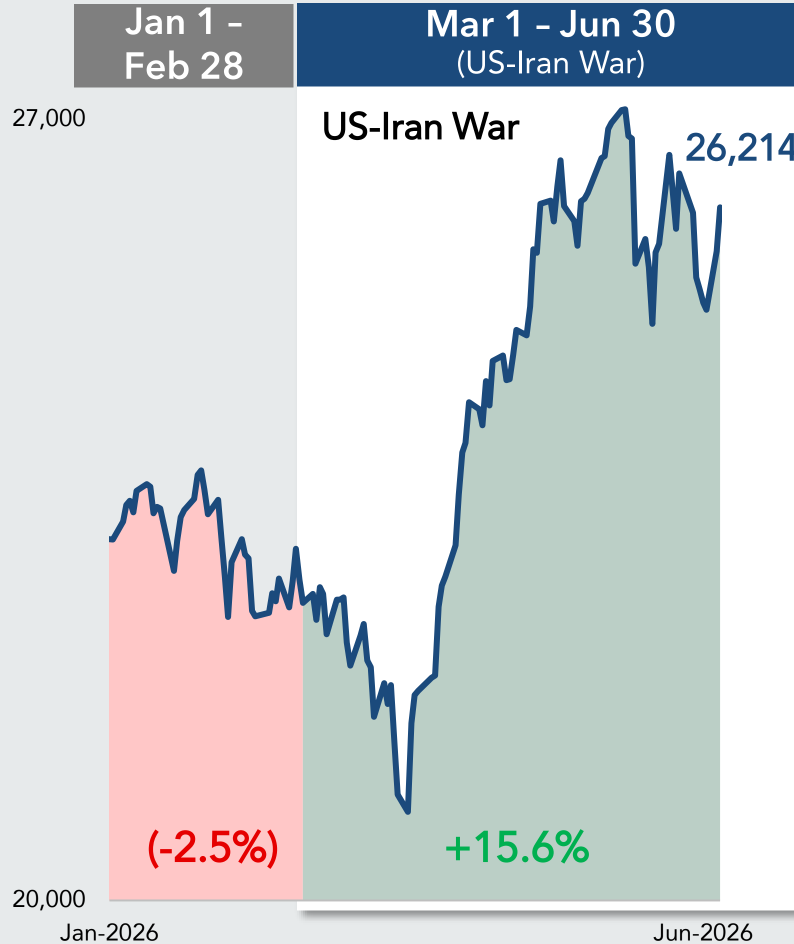


Source: (1) Bloomberg. Data as of June 30, 2026.

US Equity Bounceback Unexpectedly Strong

S&P 500

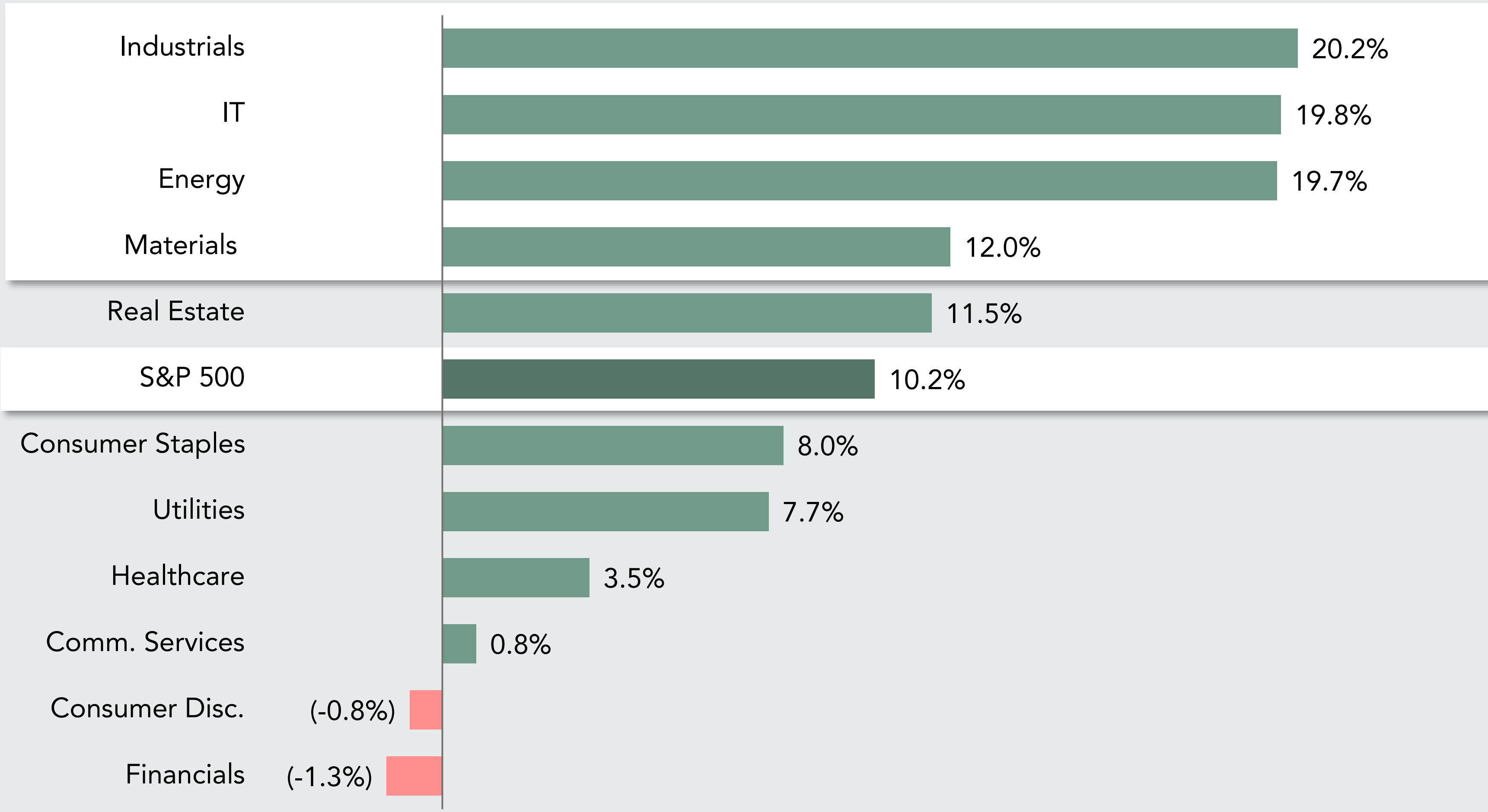
Nasdaq



Source: (1-2) Bloomberg. Data as of June 30, 2026.

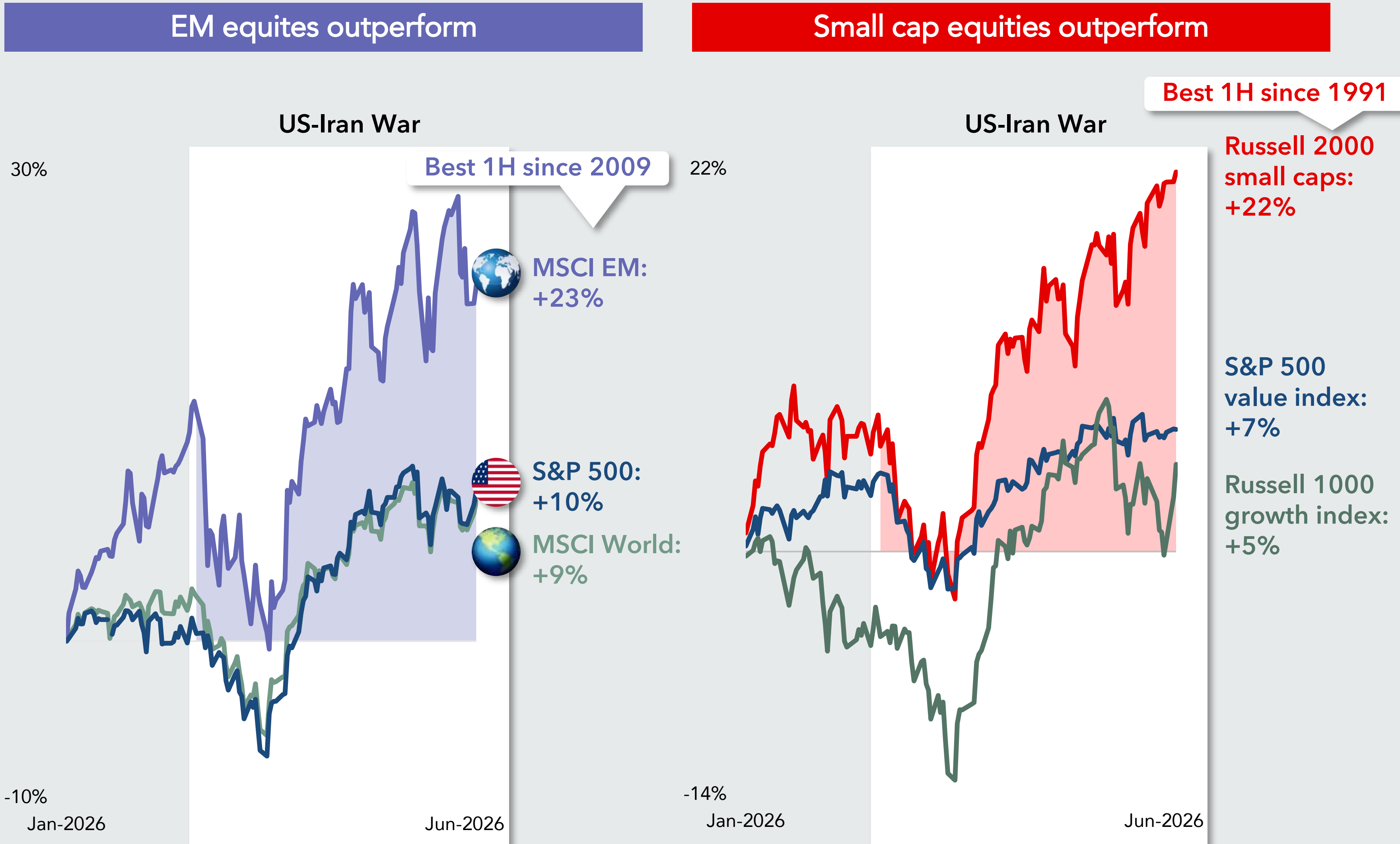
AI Spillover into Industrials, Materials & Energy

S&P 500 industry sector performance in 1H 2026 (total return)



Source: (1) Bloomberg. Data as of June 30, 2026.

EM Equities & Small Caps Outperforming



Source: (1-2) Bloomberg. Data as of June 30, 2026. MSCI world includes only developed markets.

Rates: *Passing the Baton Back to Fiscal*

3

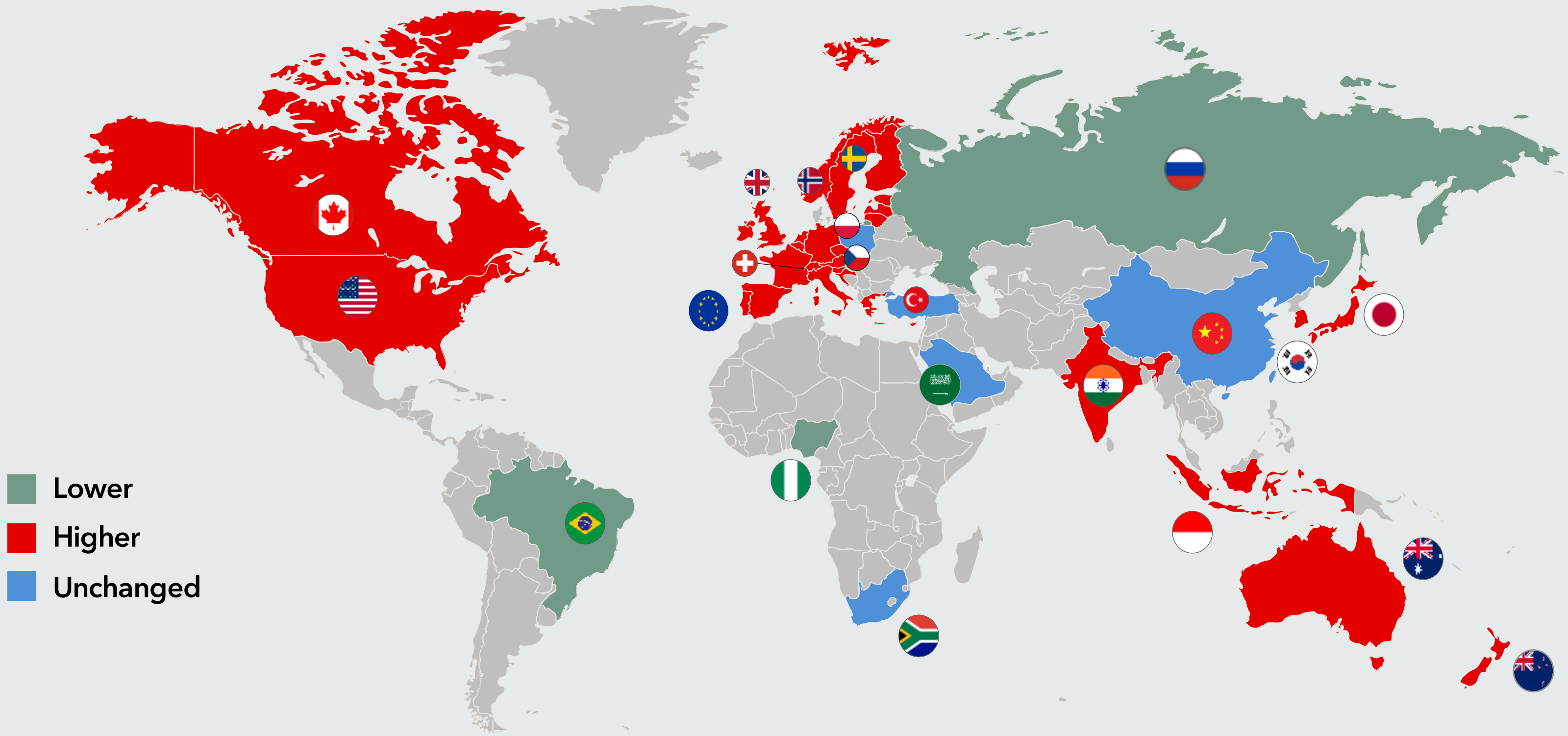
Key Themes for Rates in 1H 2026

1. Headline **inflation reaccelerates** on energy pass-through; core remains sticky
2. Yields driven by **Fed repricing**, breakdown from historical oil-yield transmission channel
3. Front-end hawkish repricing driving **bear flattening** in UST markets
4. **Global central bank policy shift** from easing bias to “higher for longer”
5. Term premium re-emerges as **fiscal supply concerns** pressure long end yields
6. **JGB regime shift** as BoJ normalization accelerates

Asynchronous Defensive Pivot Toward Policy Tightening

Just six months ago, markets had been pricing synchronized global policy easing in 2026, with only Australia and Japan expected to modestly increase rates during the year. At the time, more than 70 global central banks had been actively cutting interest rates, an easing cycle whose momentum has since completely abated. Today, driven more by a supply side, war-induced inflation shock and increased defense & fiscal spending (as opposed to overheating demand), an expanding universe of advanced economy central banks have adopted a more defensive posture in favor of cautious tightening.

Expectations for YE 2026 central bank policy rates

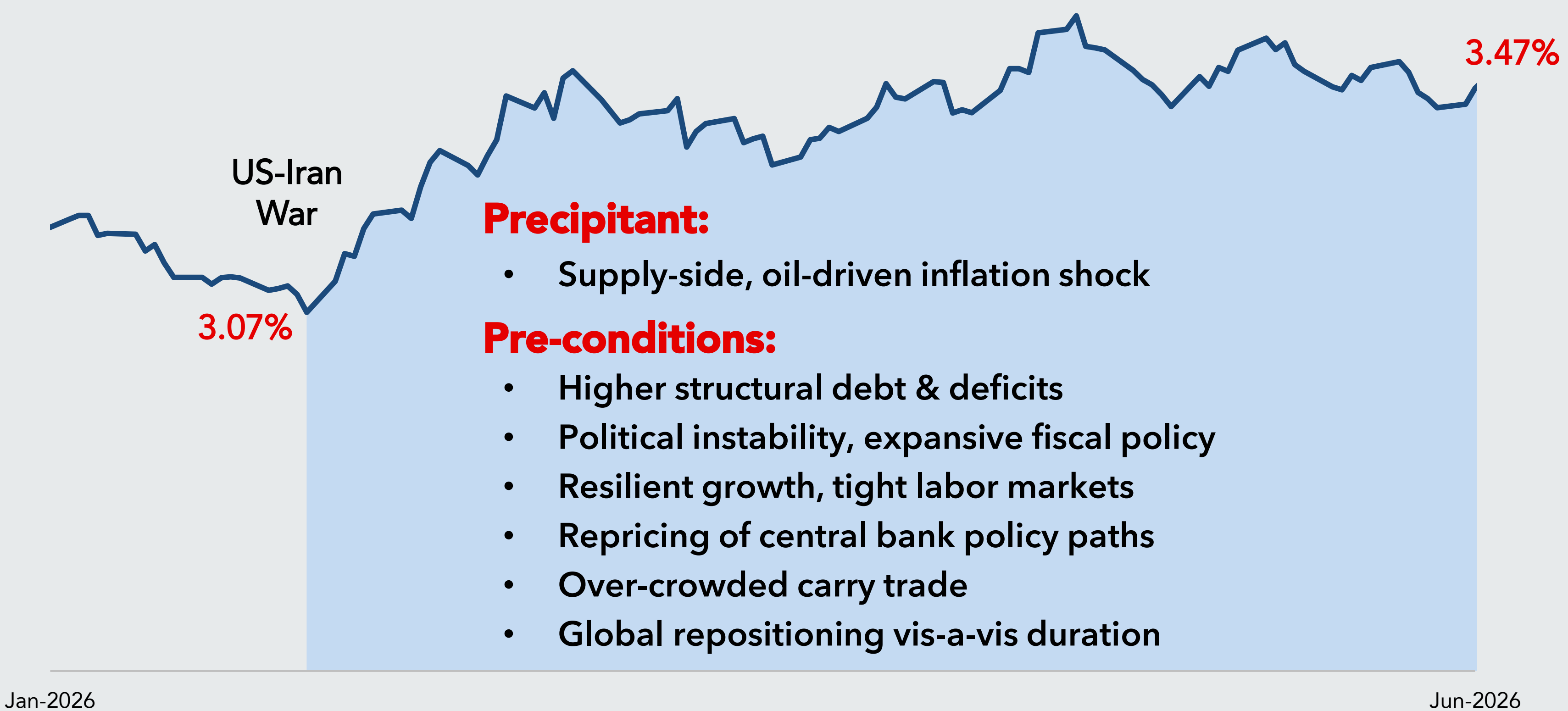


Source: (1) Bloomberg. Data is based on economic forecasts, market-implied rates, and global central banks. Data as of June 30, 2026.

Hormuz Quagmire Triggered Global Rates Selloff

The AI super-cycle, economic resilience, elevated deficits and policy uncertainty created the **pre-conditions** for a global rates selloff. The supply-side inflation shock became the **precipitant**. Though energy prices have improved significantly following the cease-fire, global rates have disconnected and remained high.

Global aggregate treasury index, YTW

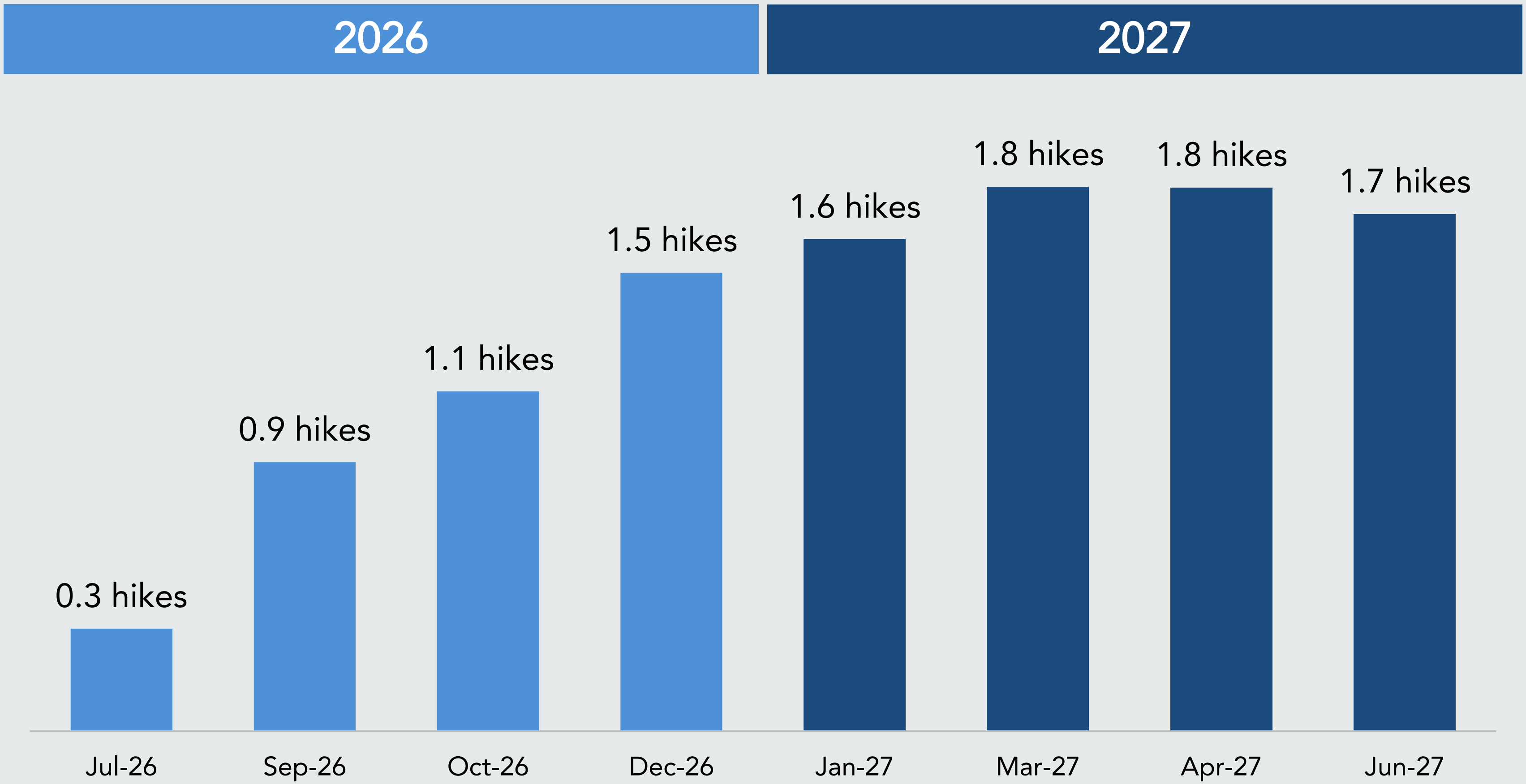


Source: (1) Bloomberg. Data as of June 30, 2026. Global aggregate index is yield to worst.

Markets Reprice for Modest Fed Tightening

The market is now pricing in 1-2 **rate hikes** by year-end 2026, a reversal from the 2-3 **rate cuts** expected in January 2026.

Market implied Fed Funds rate moves, # of hikes

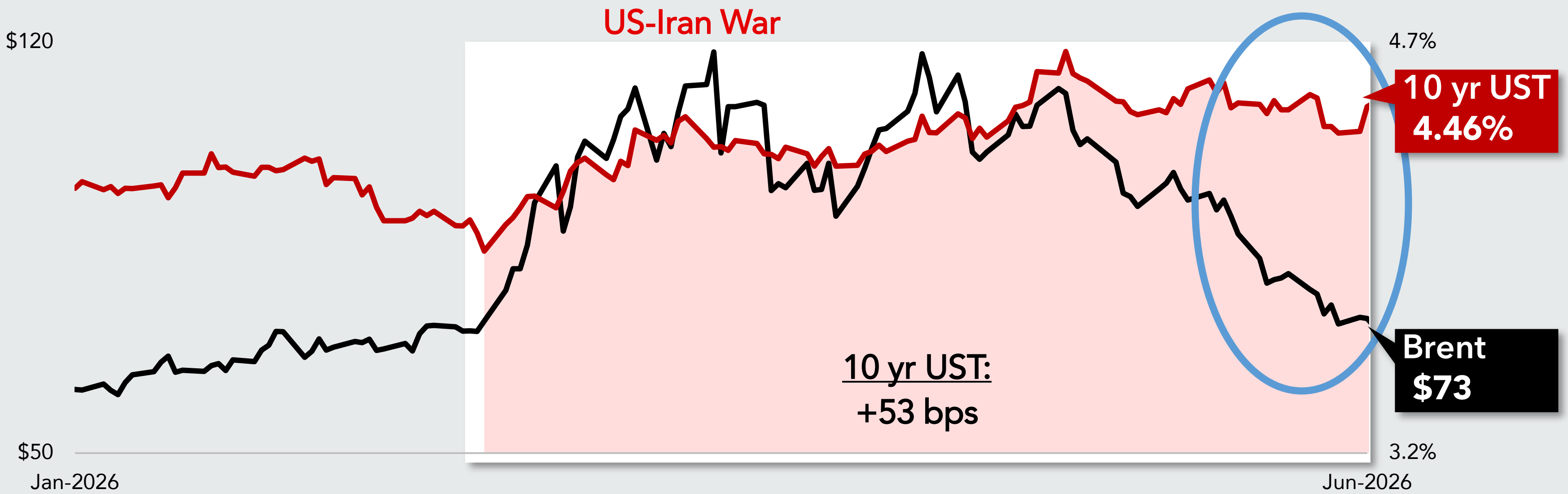


Source: (1) Bloomberg. Data as of June 30, 2026.

US Rates Decouple from Oil

Historically, rising oil prices have pushed nominal US Treasury yields and breakevens higher by augmenting both realized and expected inflation. As the US-Iran ceasefire has driven oil prices lower, UST yields have not declined in tandem. Rather, the rates curve is now taking its cue from the Fed's reaction function, term premium, fiscal concerns and election-related policy risk. While the war may have precipitated a higher structural premium in rates markets, the ceasefire has not paved the way for a cyclical move lower in yields in lockstep with oil.

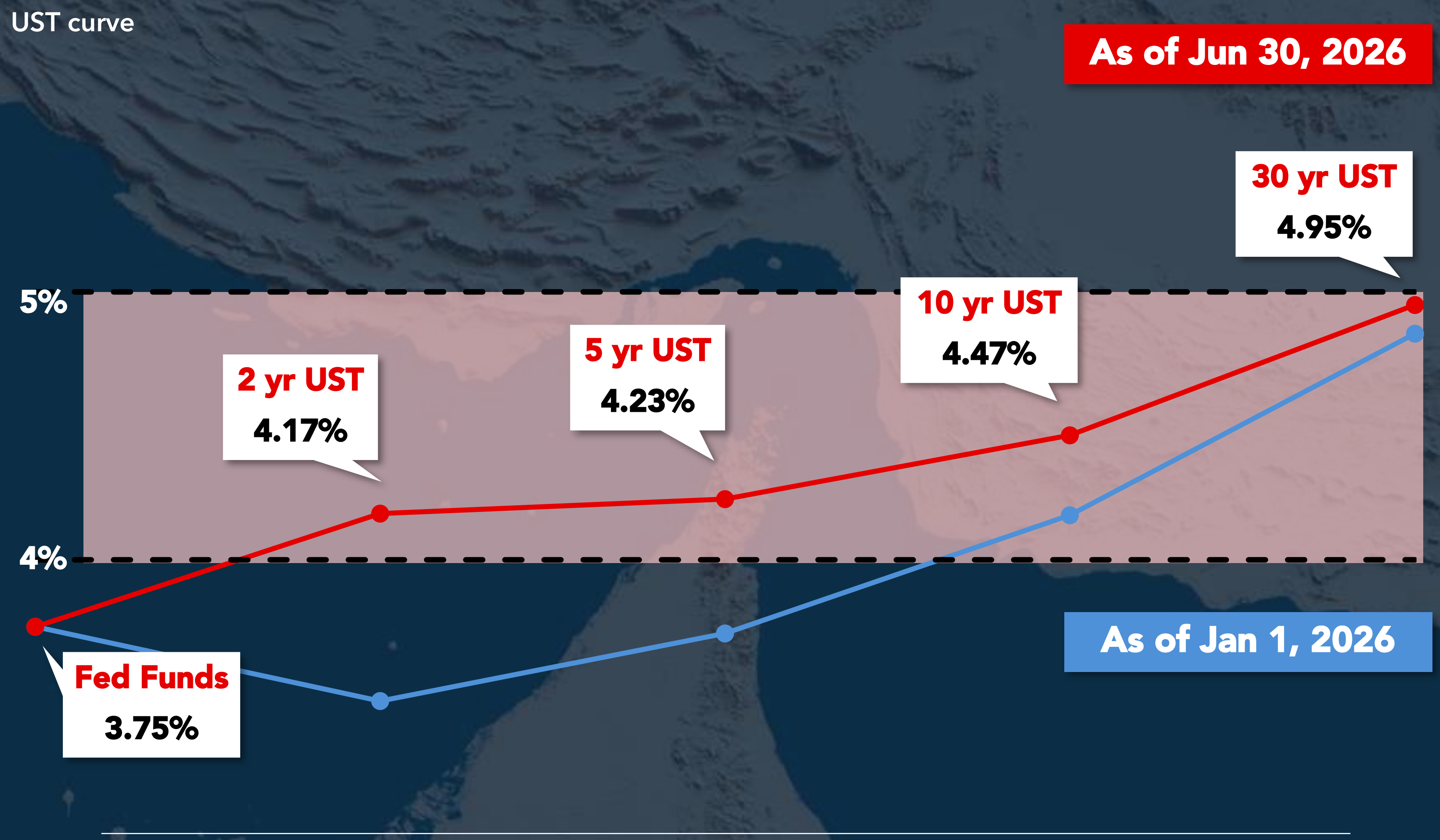
Brent (LHS) vs. 10 yr UST (RHS)



This disconnect was reinforced by Kevin Warsh's inaugural FOMC meeting as Fed Chair on June 17. Though communication was sparse by design, Warsh signaled an unambiguous return to orthodoxy and the Fed's mission to safeguard price stability.

Source: (1) Bloomberg. Data as of June 30, 2026.

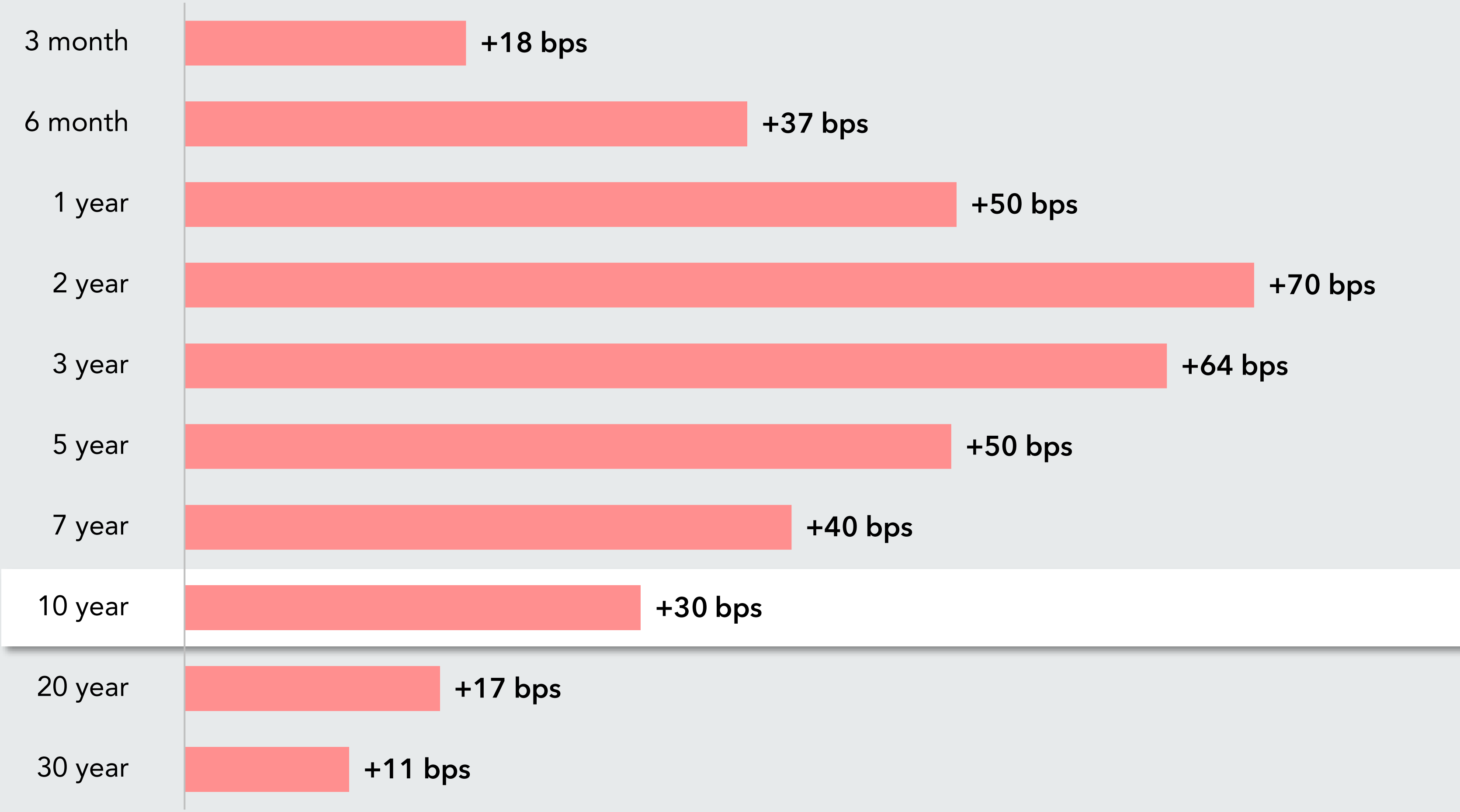
UST Curve Repriced Higher



Source: (1) Bloomberg. Data as of June 30, 2026. Fed funds is upper bound.

UST Yields Widened Across the Entire Curve

Change in UST rates in 1H 2026

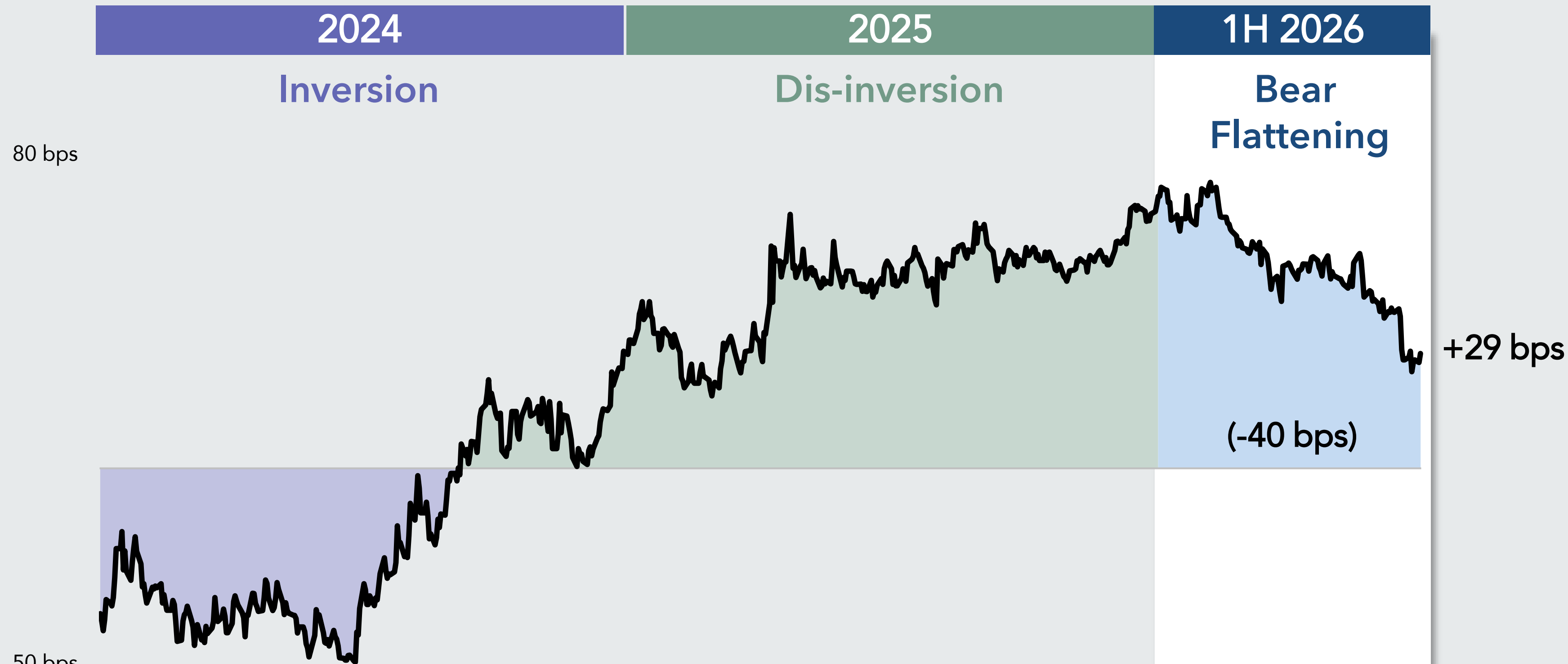


Source: (1) Bloomberg. Data as of June 30, 2026.

Bearish Flattening of UST Curve Signaling "Higher for Longer"

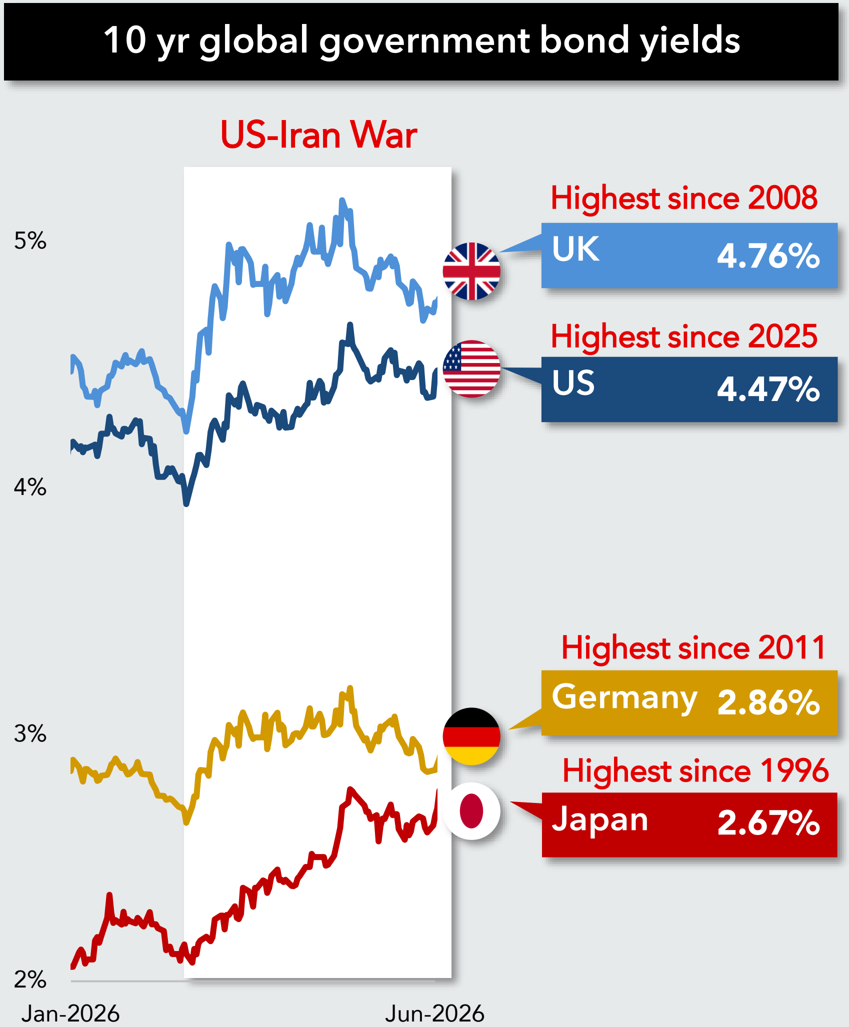
The benchmark 2s10s UST yield curve, after a period of dis-inversion that began in late 2024, commenced its rapid descent into a "bear flattening" during the 1H 2026, though not necessarily for benign reasons. With a supply-side inflation shock driving front end 2yr UST yields up more rapidly than 10yr UST yields, the market has become more focused on "higher for longer" policy risk than war-induced stagflation concerns.

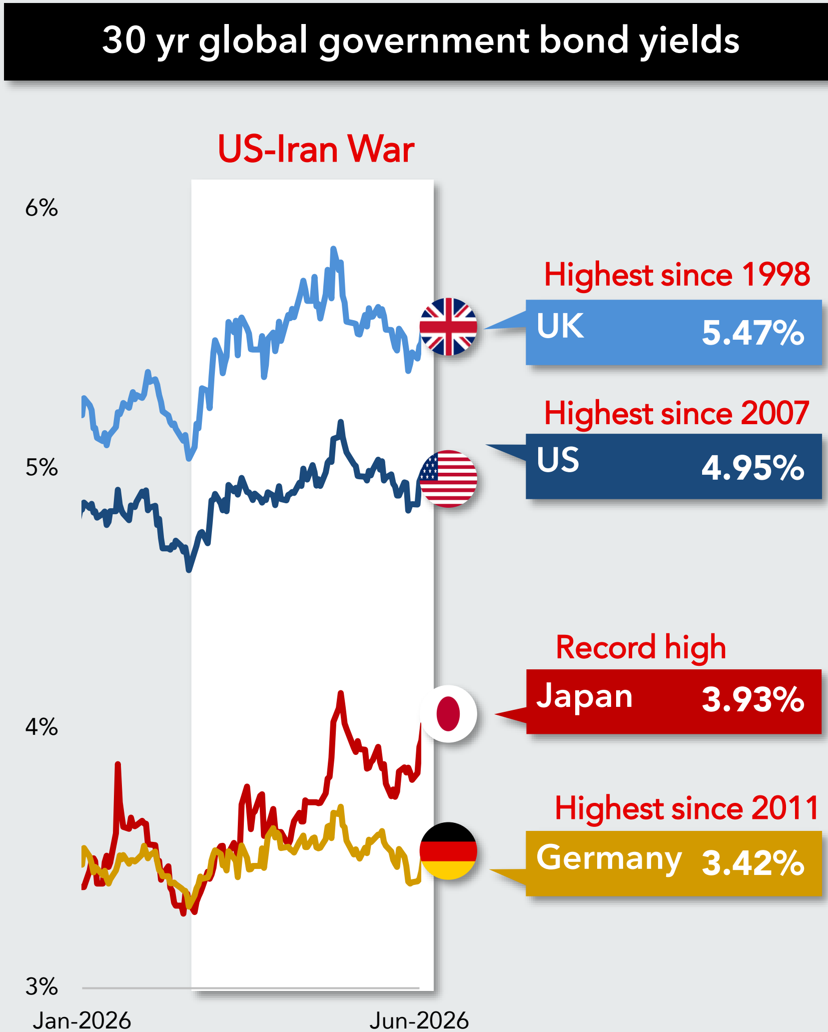
2s10s curve



Source: (1) Bloomberg. Data as of June 30, 2026.

Global Markets Repriced Duration Risk

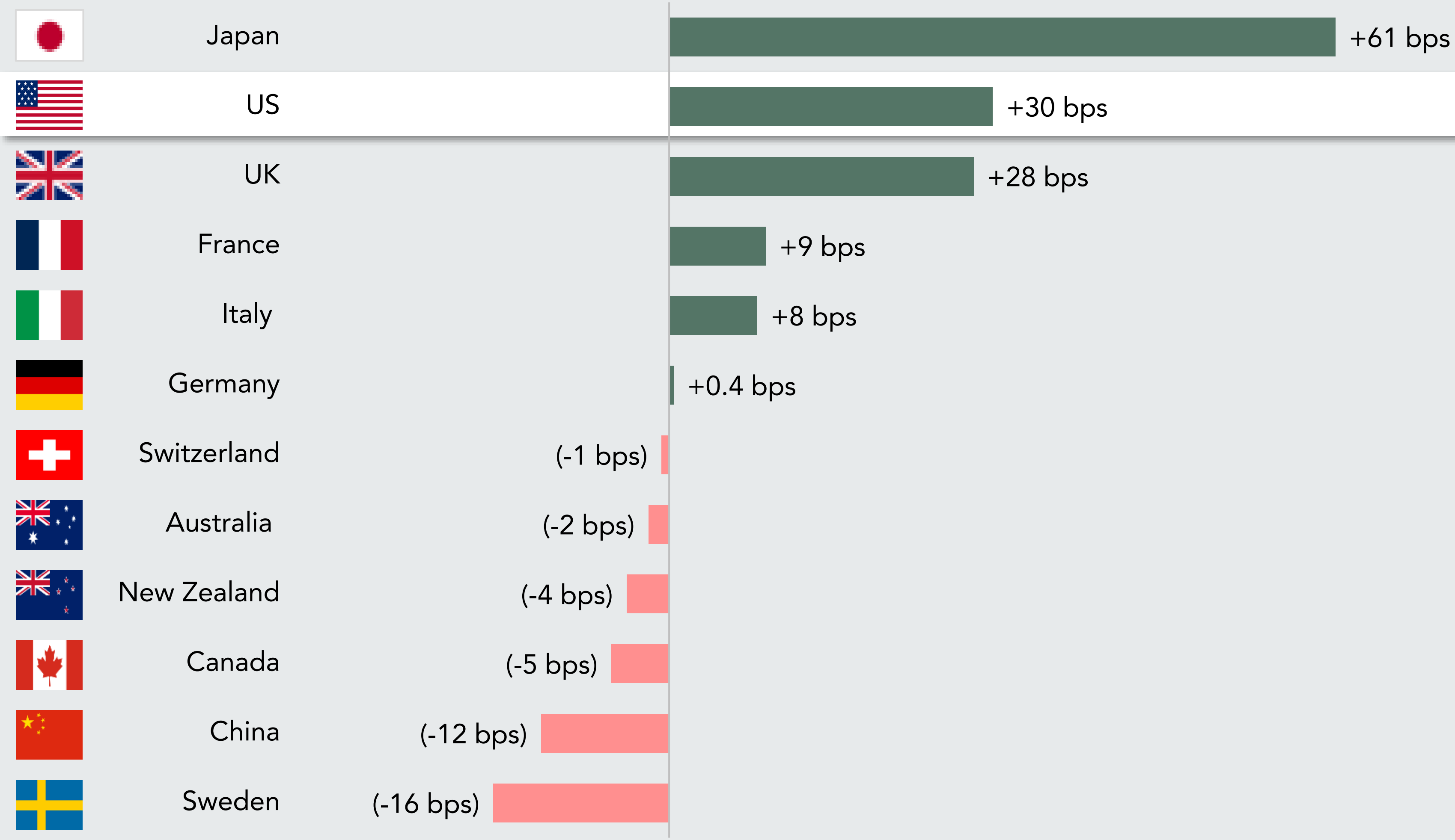




Source: (1) Bloomberg. Data as of June 30, 2026.

Global 10 Year Yields Diverged Sharply

Change in global government 10 year yields in 1H 2026



Source: (1) Bloomberg. Data as of June 30, 2026.

FX:
Structural Dollar Strength, Cyclical Reinforcement

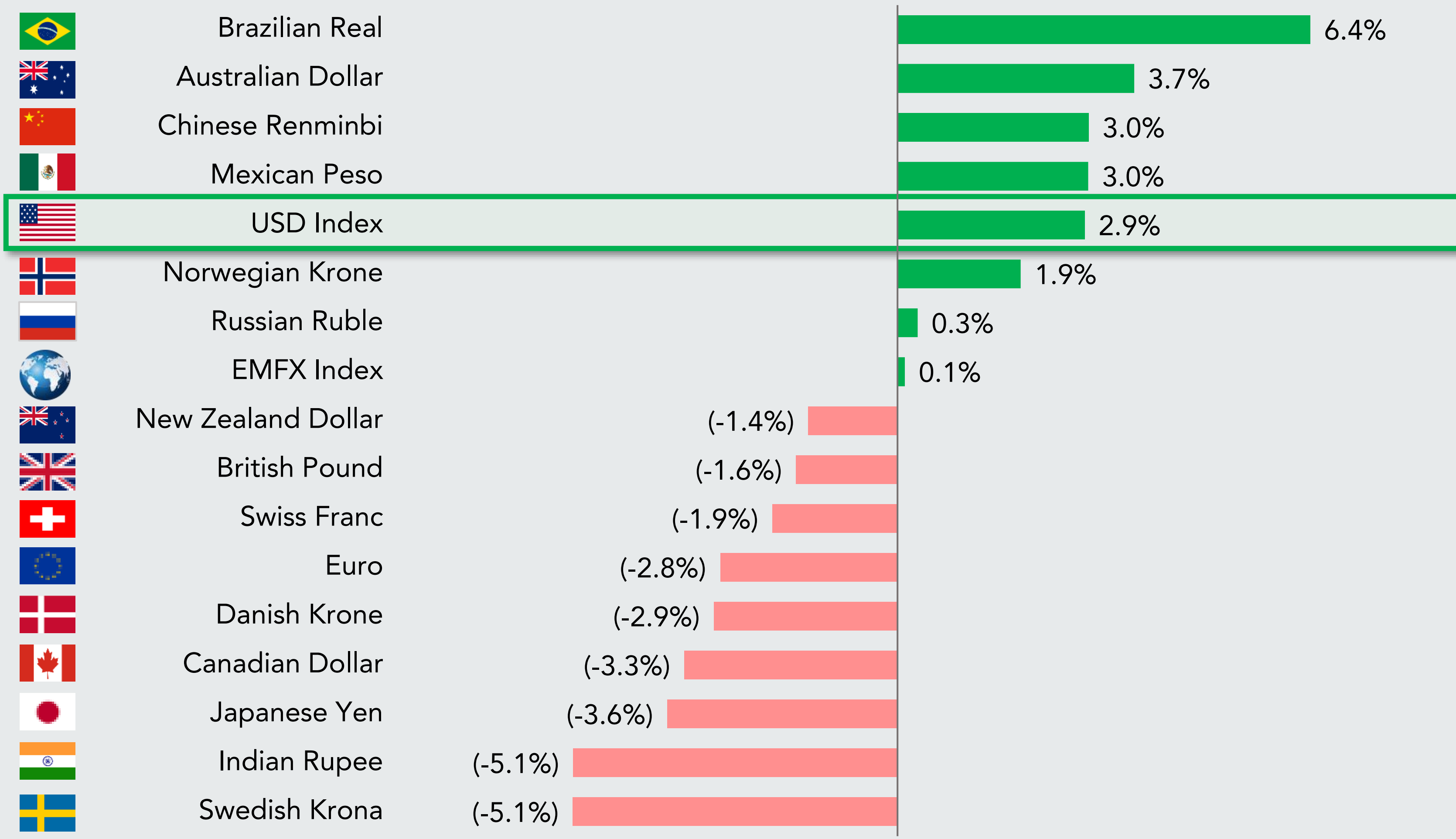
4

Key Themes for Global FX in 1H 2026

1. US Dollar pivots from structural decline to **cyclical strength**
2. Historic Yen weakness & **carry unwind pressure**
3. EUR softens on **ECB / Fed policy divergence;** GBP proves more resilient
4. **EMFX bifurcation** on fiscal quality
5. Middle East conflict as a source of **FX volatility**

Modest but Broad-Based Dollar Strength

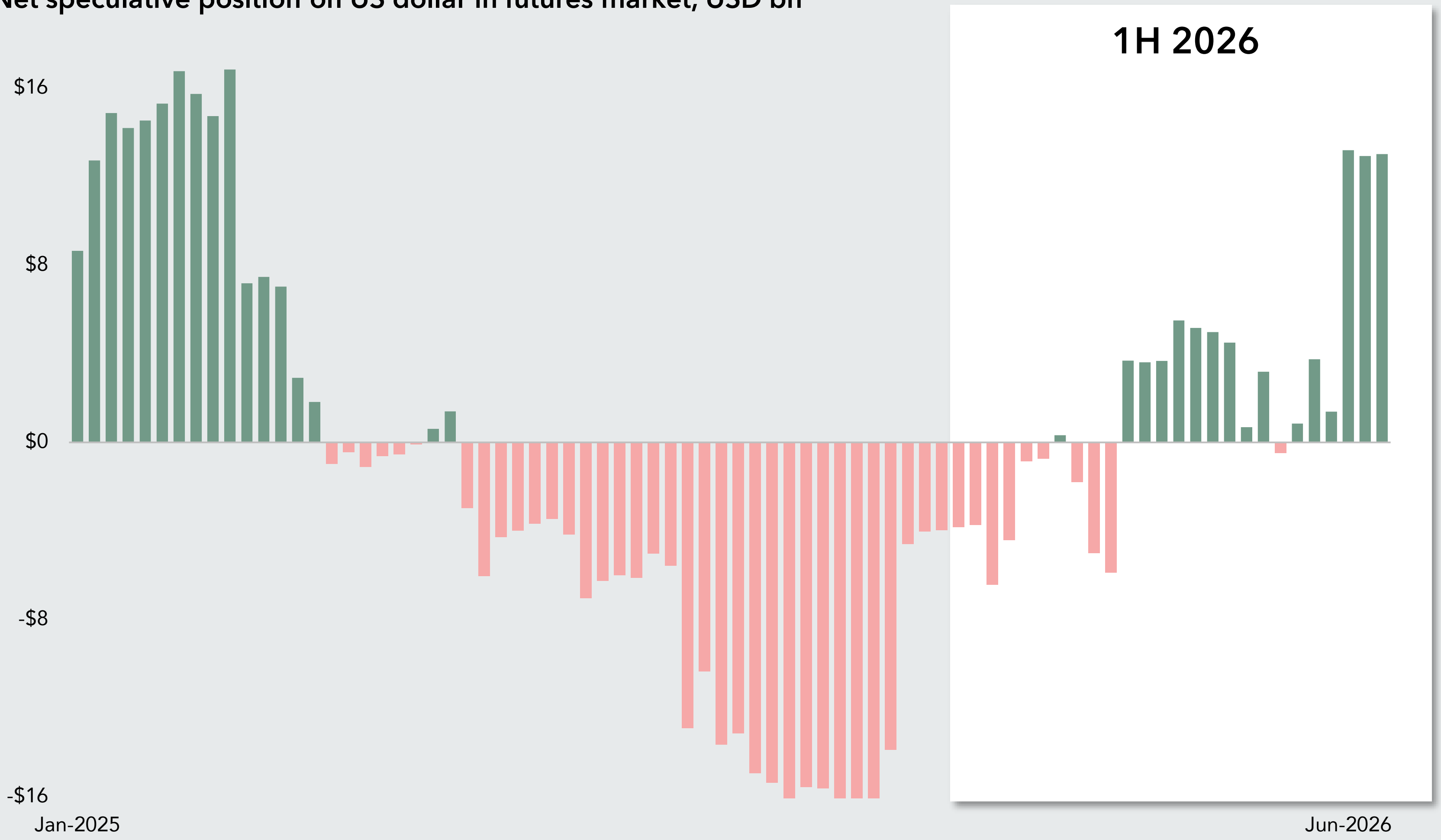
Currency performance vs. USD in 1H 2026



Source: (1) Bloomberg. Data as of June 30, 2026.

US Dollar Positioning Turned Bullish

Net speculative position on US dollar in futures market, USD bn

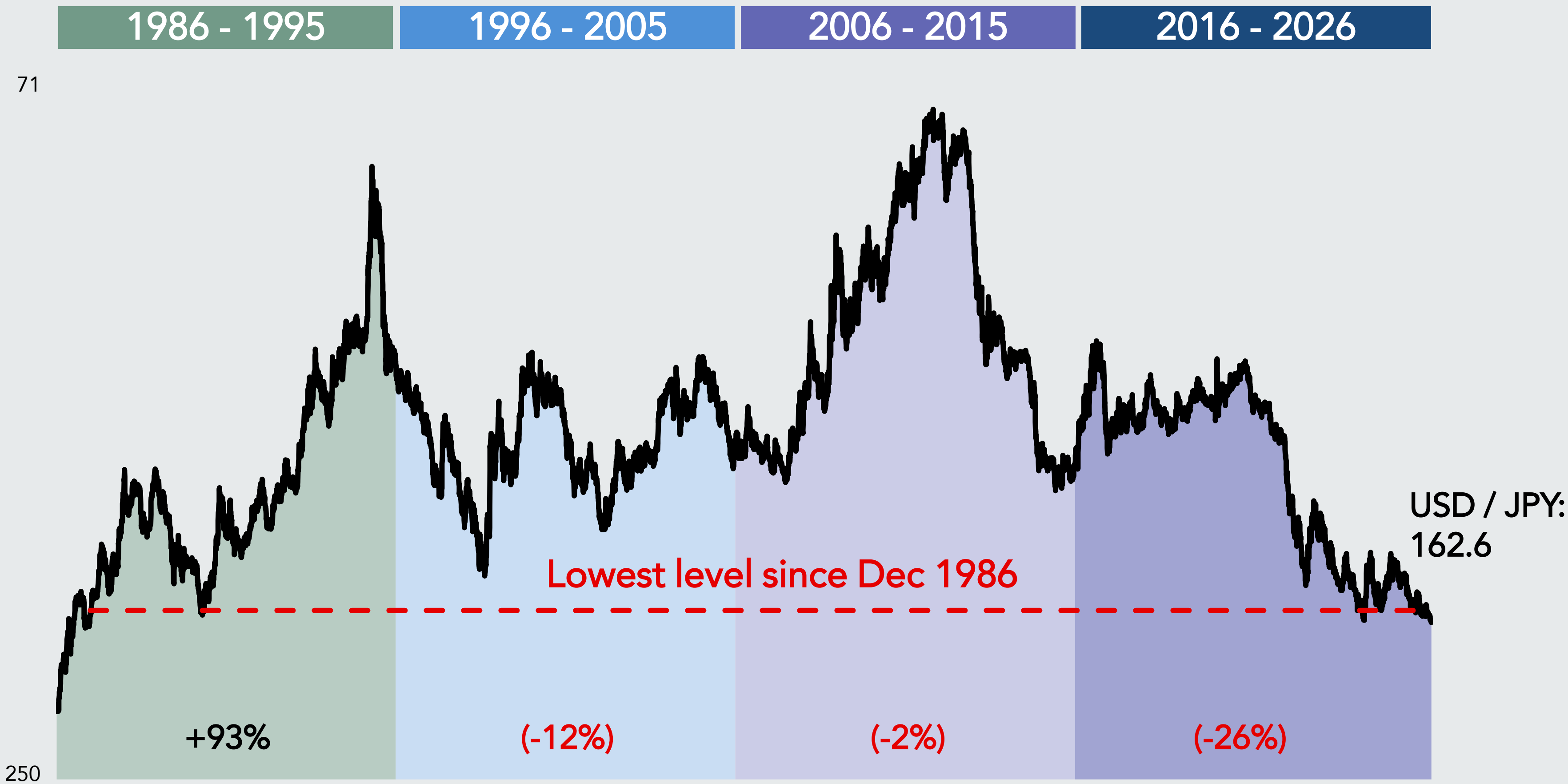


Source: (1) Bloomberg. Data as of June 30, 2026. Index is Bloomberg CFTC US Dollar index net non-commercial futures positions.

Yen Declined to Lowest Level Since 1986

Driven by entrenched policy and yield differentials, USD/JPY's drop to the low 160s marks a four-decade low with Yen trading at its weakest level since December 1986.

USD / JPY

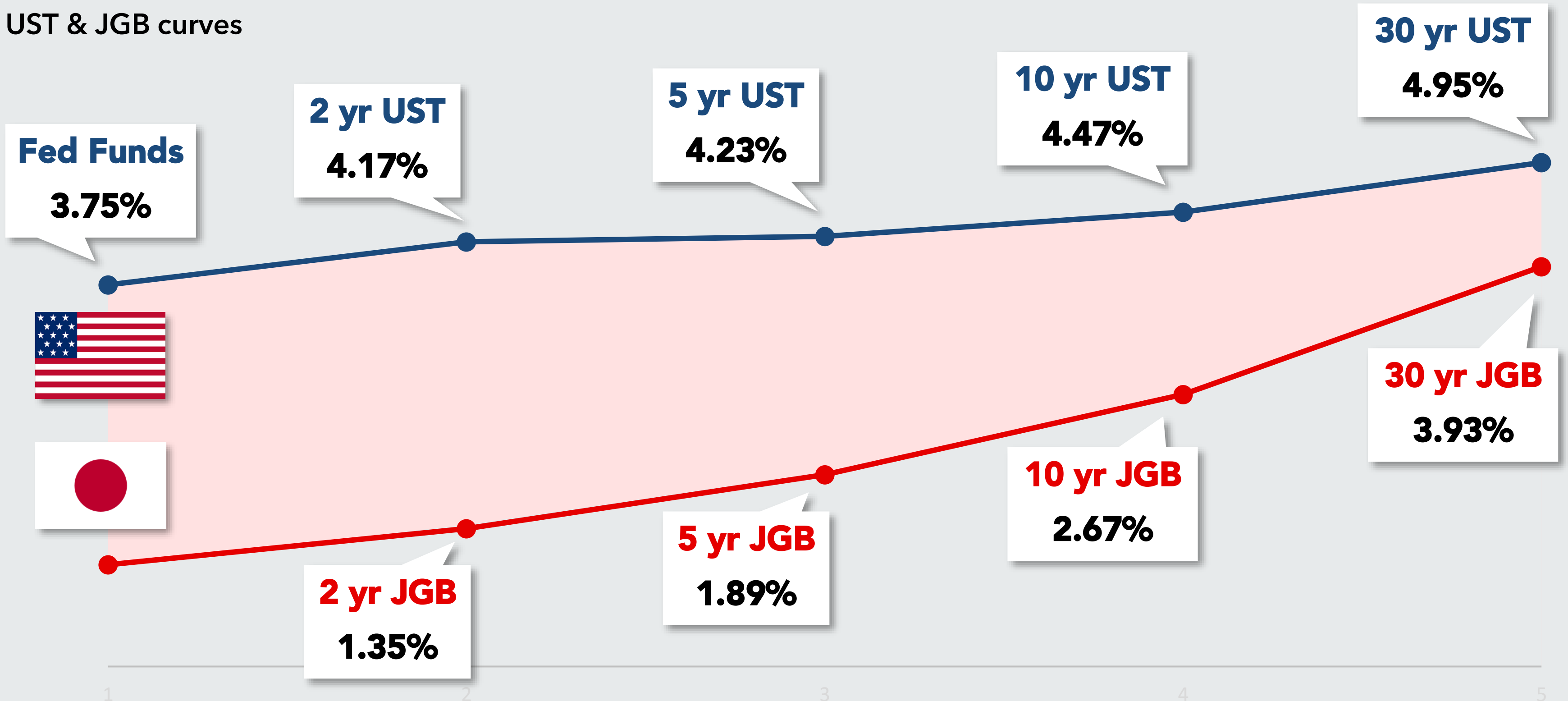


Source: (1) Bloomberg. Data as of June 30, 2026. Appreciation & depreciation data is JPY vs. USD. Graph shows USD vs. JPY, inverted.

Wide & Persistent UST-JGB Rate Differentials

Among numerous drivers of Yen's weakness, rate differentials are a core structural problem. Wide interest rate and yield gaps between Japan and the US continue to fuel carry trades – borrow cheaply in Yen, invest in higher-yielding assets elsewhere – that have driven persistent outflows. Despite large Ministry of Finance interventions in April-May, and a BOJ tightening in June that moved rates to the highest level since the mid-1990s, Yen weakness remains a core global macro theme going into the 2H 2026.

UST & JGB curves



Source: (1) Bloomberg. Data as of June 30, 2026.

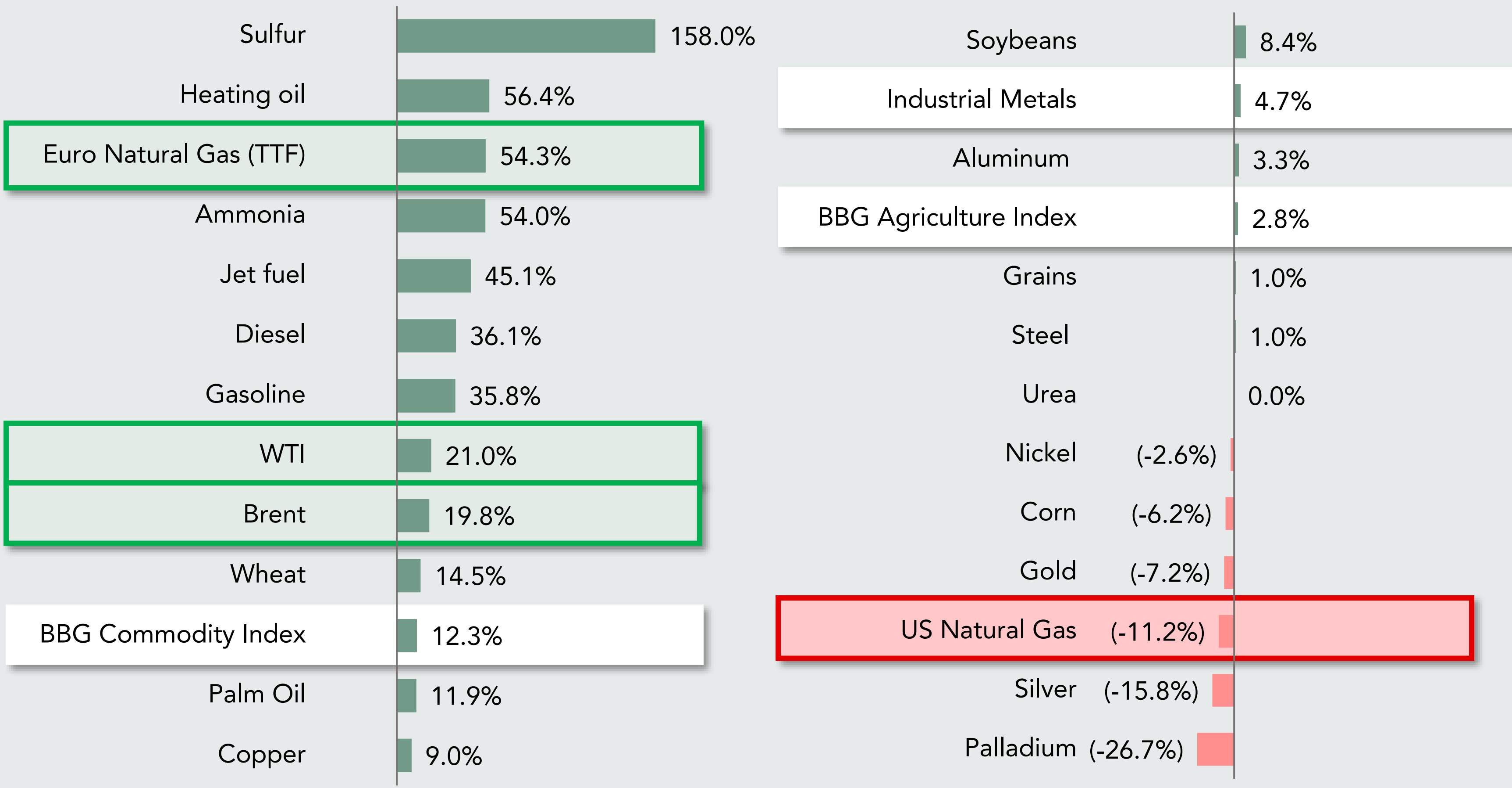
Implications of Yen Weakness for Global Markets

1. Super-charges an **over-crowded global carry trade** (G10 & EMFX, higher beta equities such as tech, EM & HY credit, structured & leveraged risk assets)
2. **Heightened MoF / BoJ policy & intervention risk**, disorderly carry unwind & forced deleveraging across global risk assets
3. Reinforces US Dollar strength, **tightening financial conditions** for dollar-exposed economies
4. Higher FX-hedging costs can adversely impact **demand for US Treasuries**
5. Increased **volatility & correlation shifts in G10 FX**; Asian currency contagion
6. Stronger Japanese export earnings driving **repatriation flows into Japanese equities** (at expense of DM equities)
7. Nudges **EM central banks** in more hawkish policy direction
8. BOJ policy credibility, domestic inflation pressure, **disorderly moves in critically important JGB market**


Energy:
Largest Supply Shock in History
5

Uneven Commodity Rally as Geopolitical Risk Rose

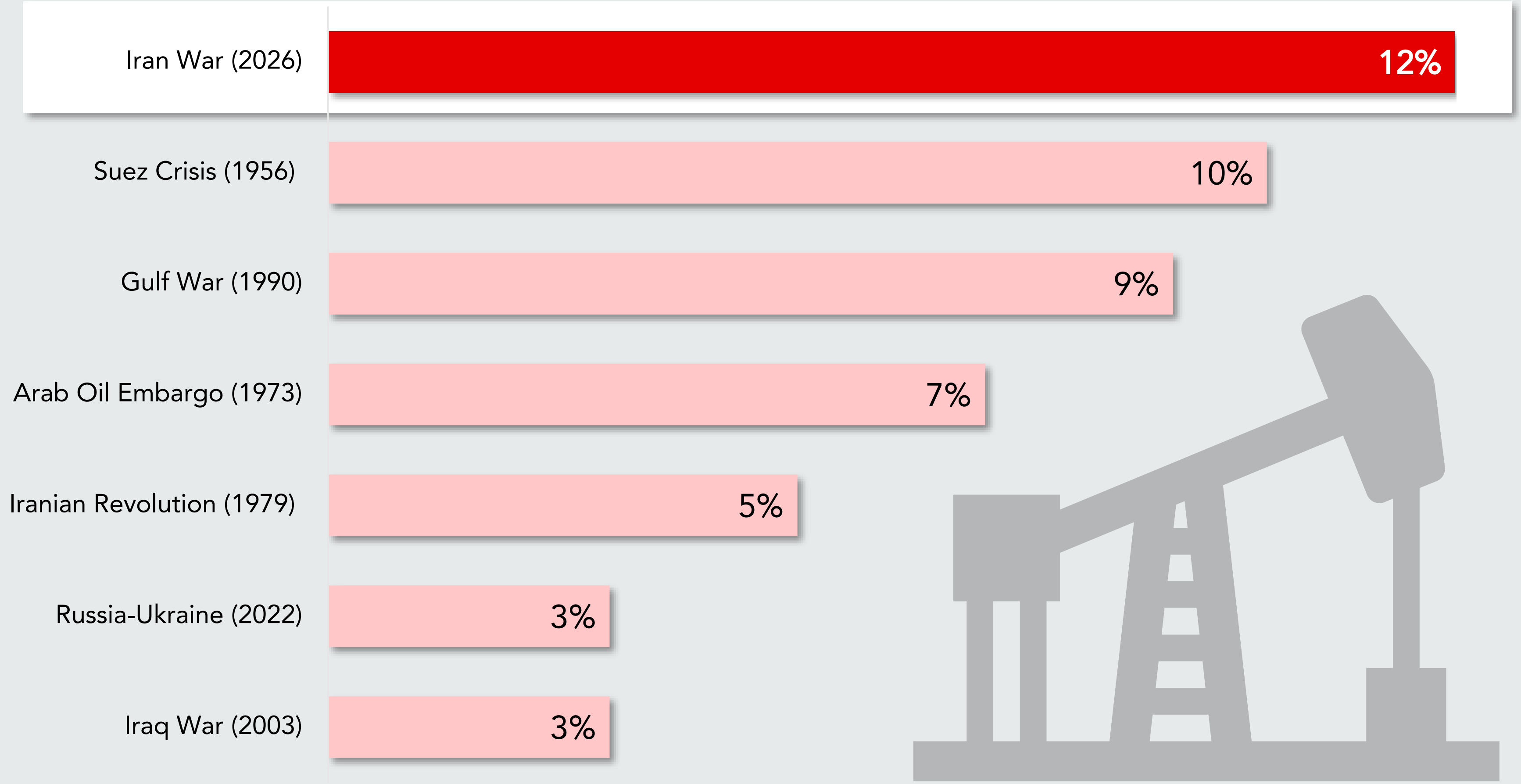
Commodity market performance in 1H 2026



Source: (1) Bloomberg. Data as of June 30, 2026. Commodities Index and Agriculture Index are total return.

Largest Historic Global Oil Supply Disruption

Size of shock to the global oil market, % of total global oil

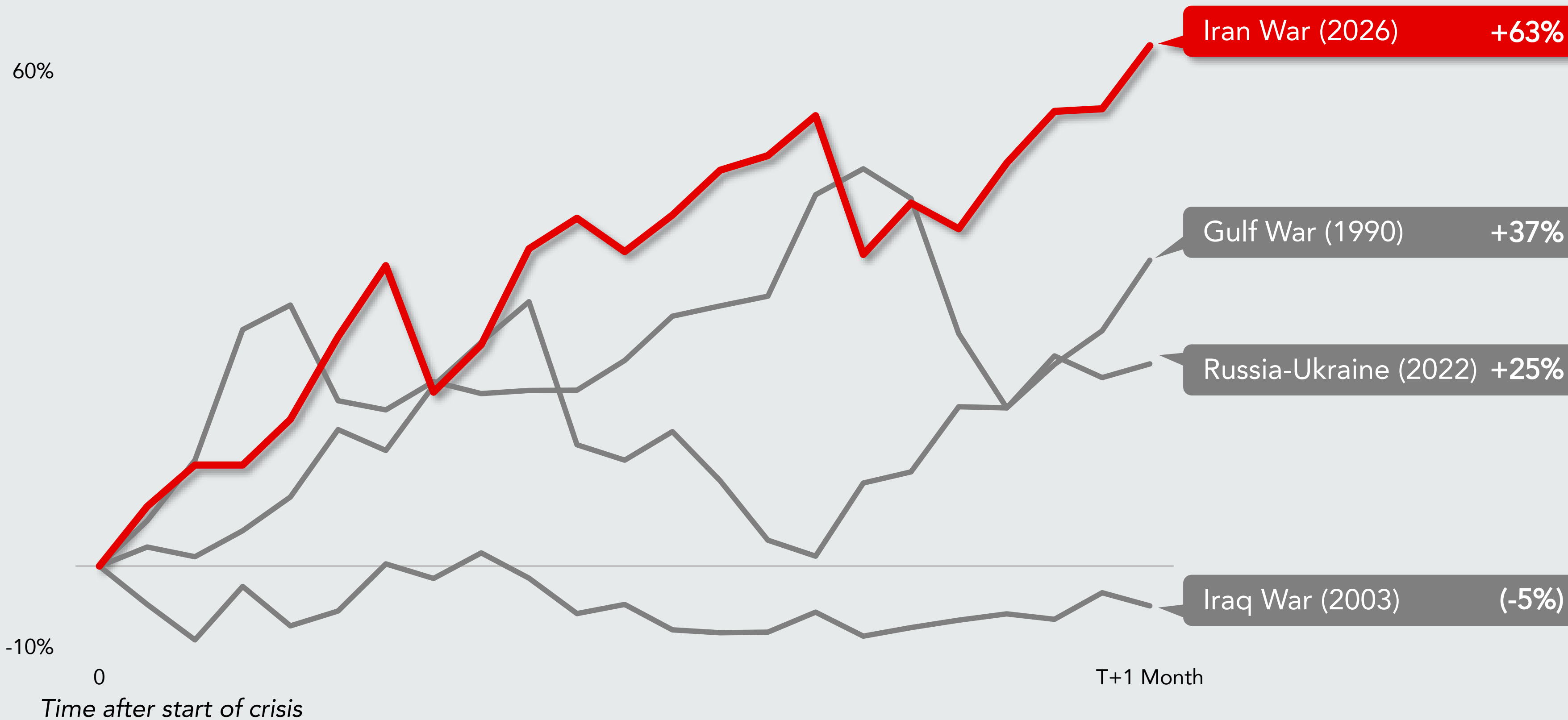


Source: (1) Rapidan Energy Group. WSJ, "How the Iran War Compares With Past Market Shocks" (David Uberti & Jared Mitovich).

Largest Oil Price Shock on Record

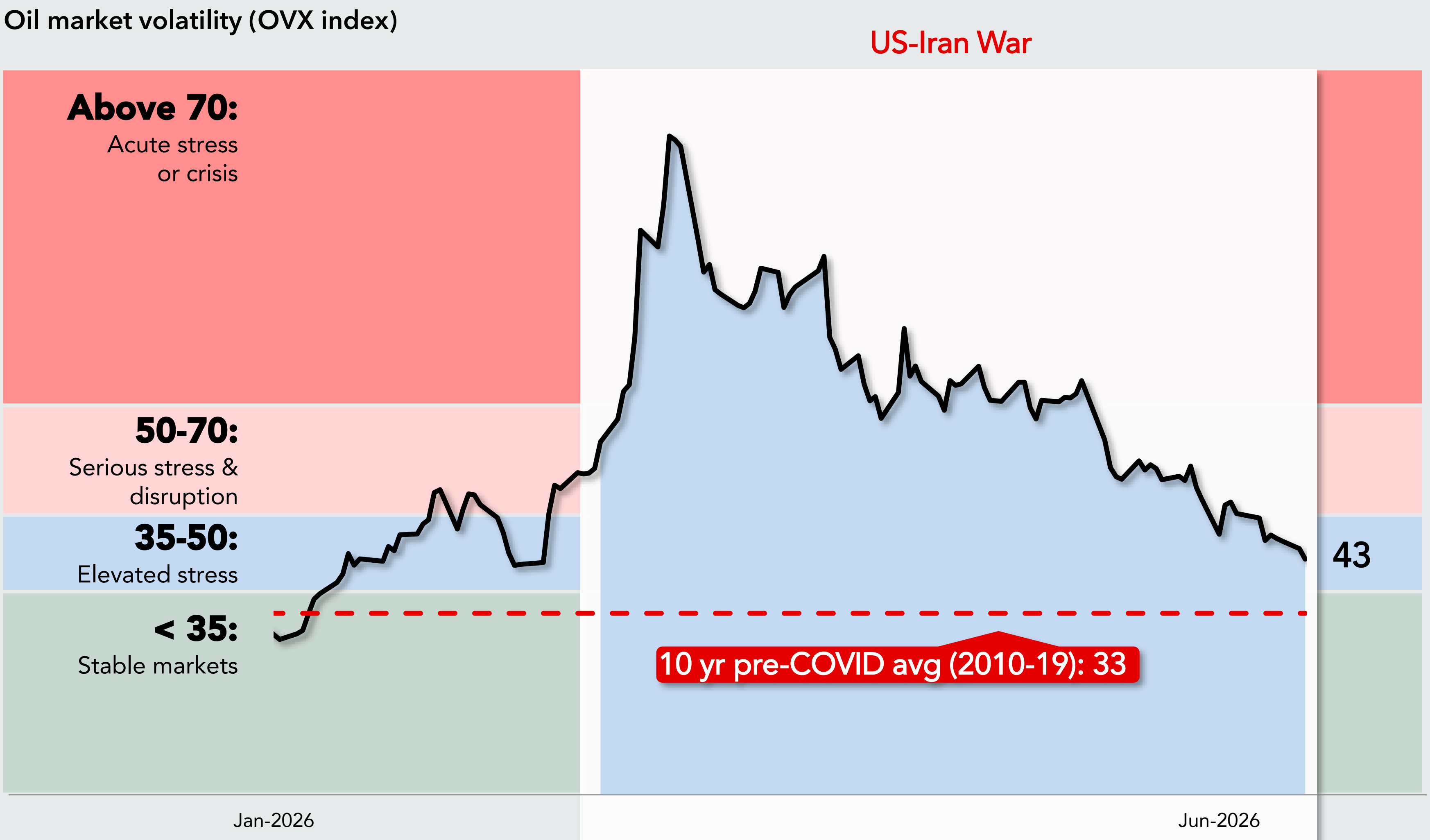
Due to the unprecedented closure of the Strait of Hormuz, the US-Iran War triggered the **largest monthly increase in Brent prices**, surpassing the previous record set during the Gulf War in 1990.

Brent oil performance after energy market shocks



Source: (1) Bloomberg. Data as of March 31, 2026. T+0 is market close day before the crisis started.

Oil Market Volatility Still at Elevated Stress

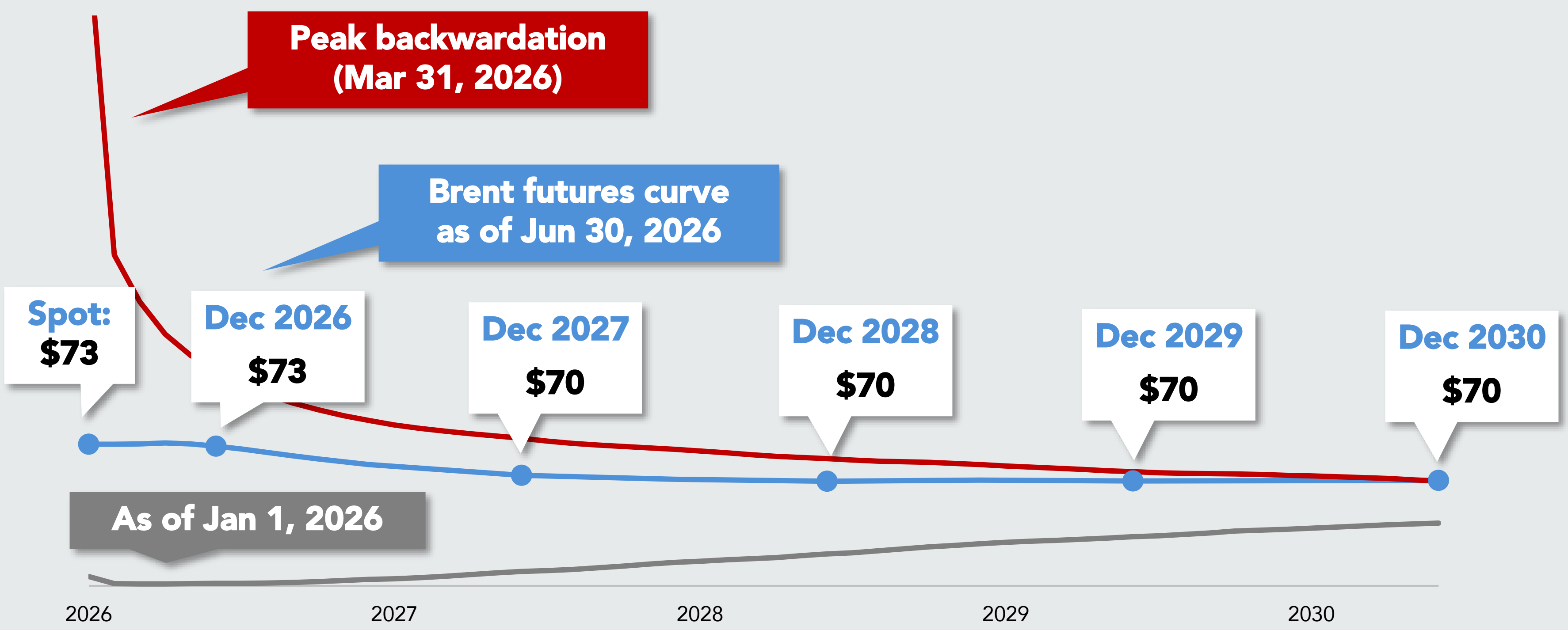


Source: (1) Bloomberg. Data as of June 30, 2026.

Oil Term Structure in Pronounced Backwardation

In a normal **contango market**, futures prices for later delivery are higher than spot, reflecting storage costs and the time value of money. Since the war began, the term structure of global oil markets inverted toward **extreme backwardation**, which signals acute near-term tightness and/or risk premia in physical barrels, with important implications for inventories, macro and returns. **Hormuz closure created a routing-crisis more so than a volume-crisis** for the 2,000 vessels shut-in, rendering their trapped inventory and floating storage uneconomical.

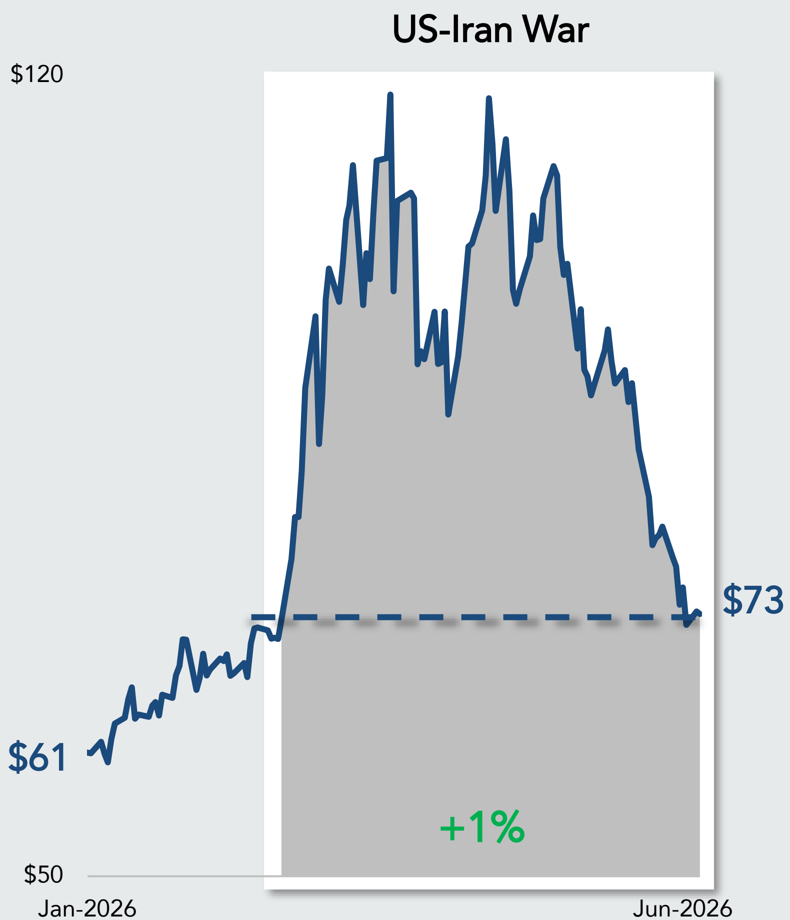
Brent futures curve



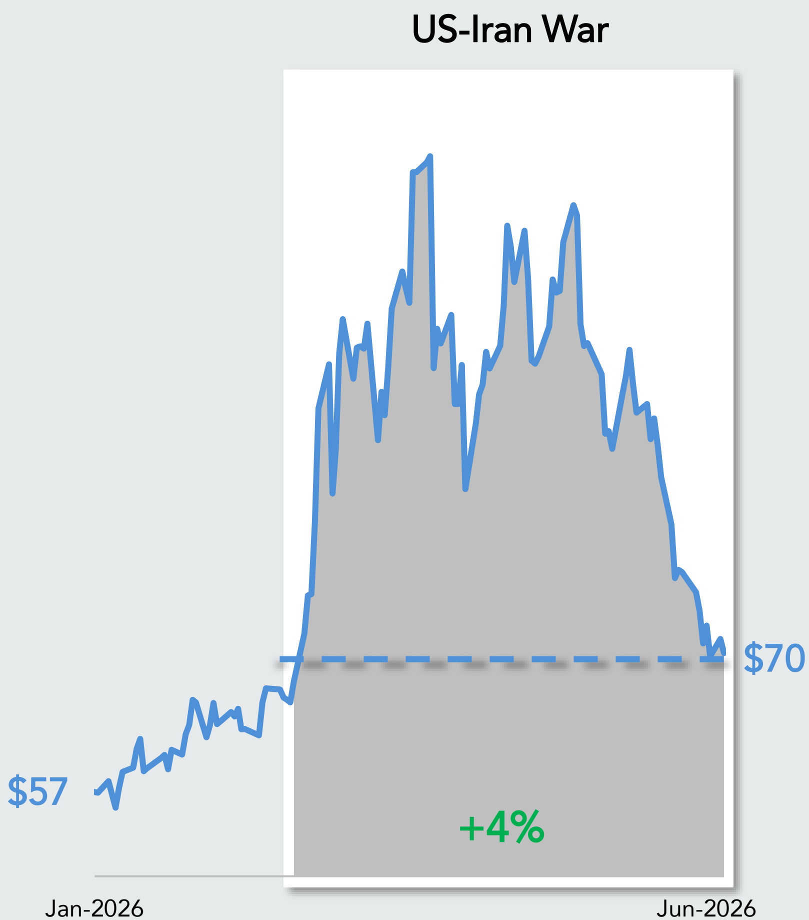
Source: (1) Bloomberg. Data as of June 30, 2026.

Roundtrip for Oil Prices Since Iran War

Brent in 1H 2026



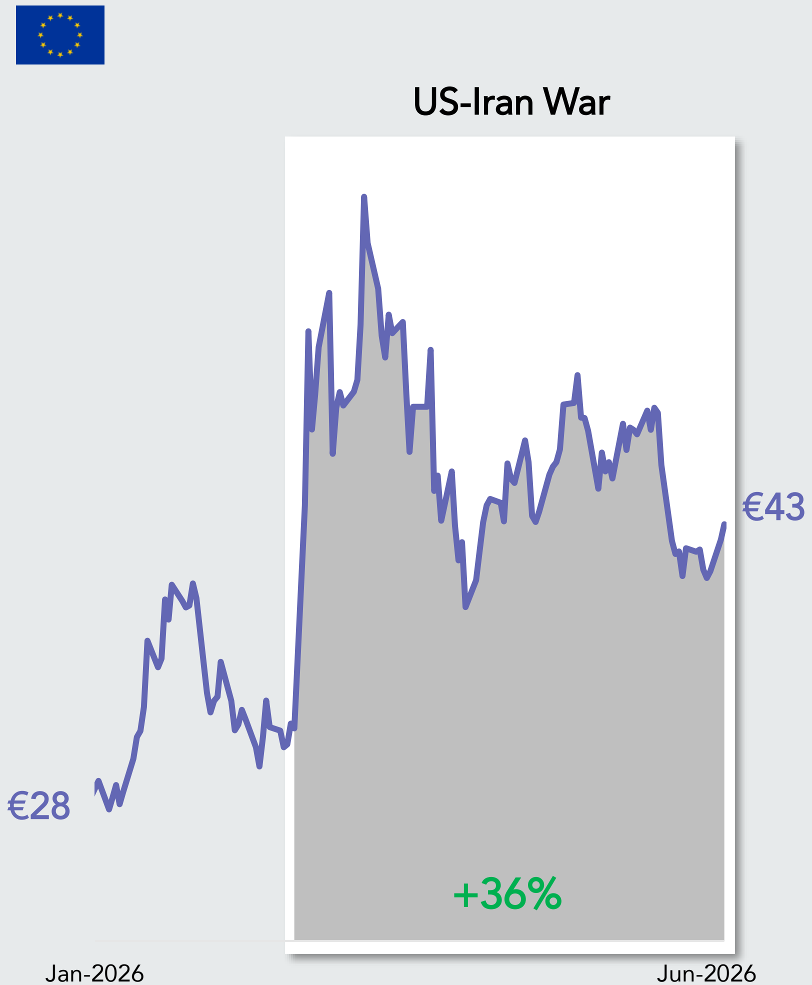
WTI in 1H 2026



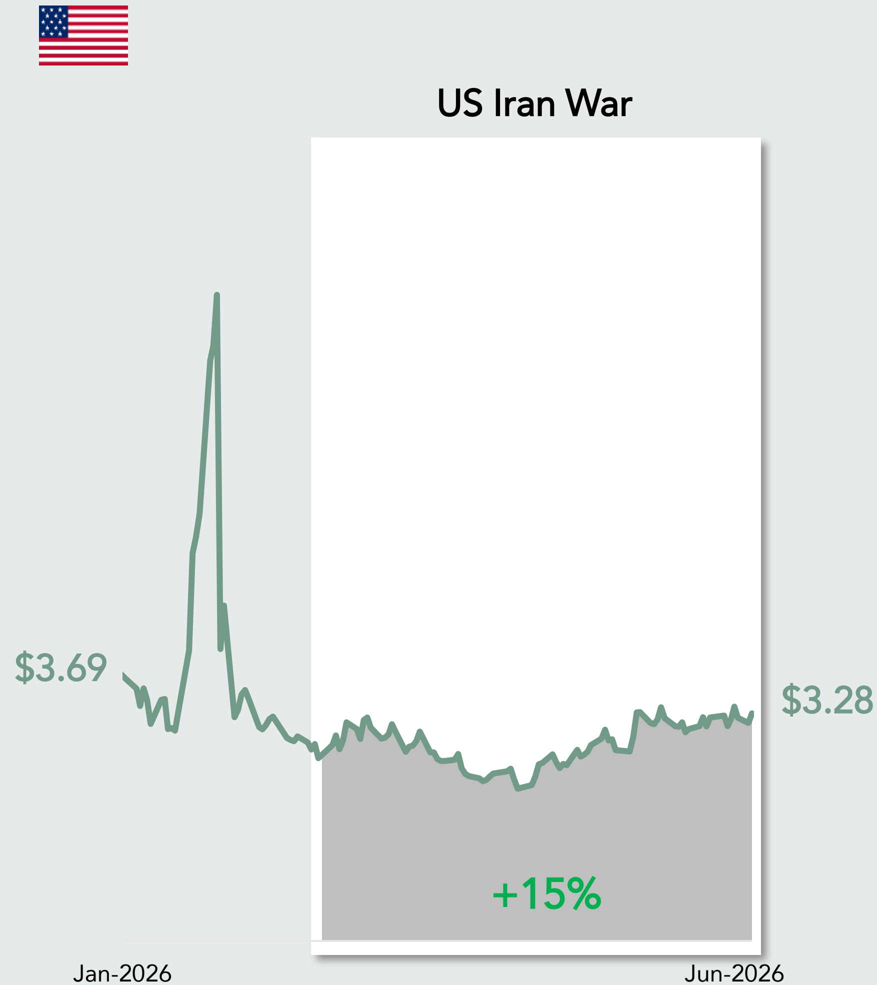
Source: (1-2) Bloomberg. Data as of June 30, 2026.

More Risk Premium in European Nat Gas

EU nat gas in 1H 2026

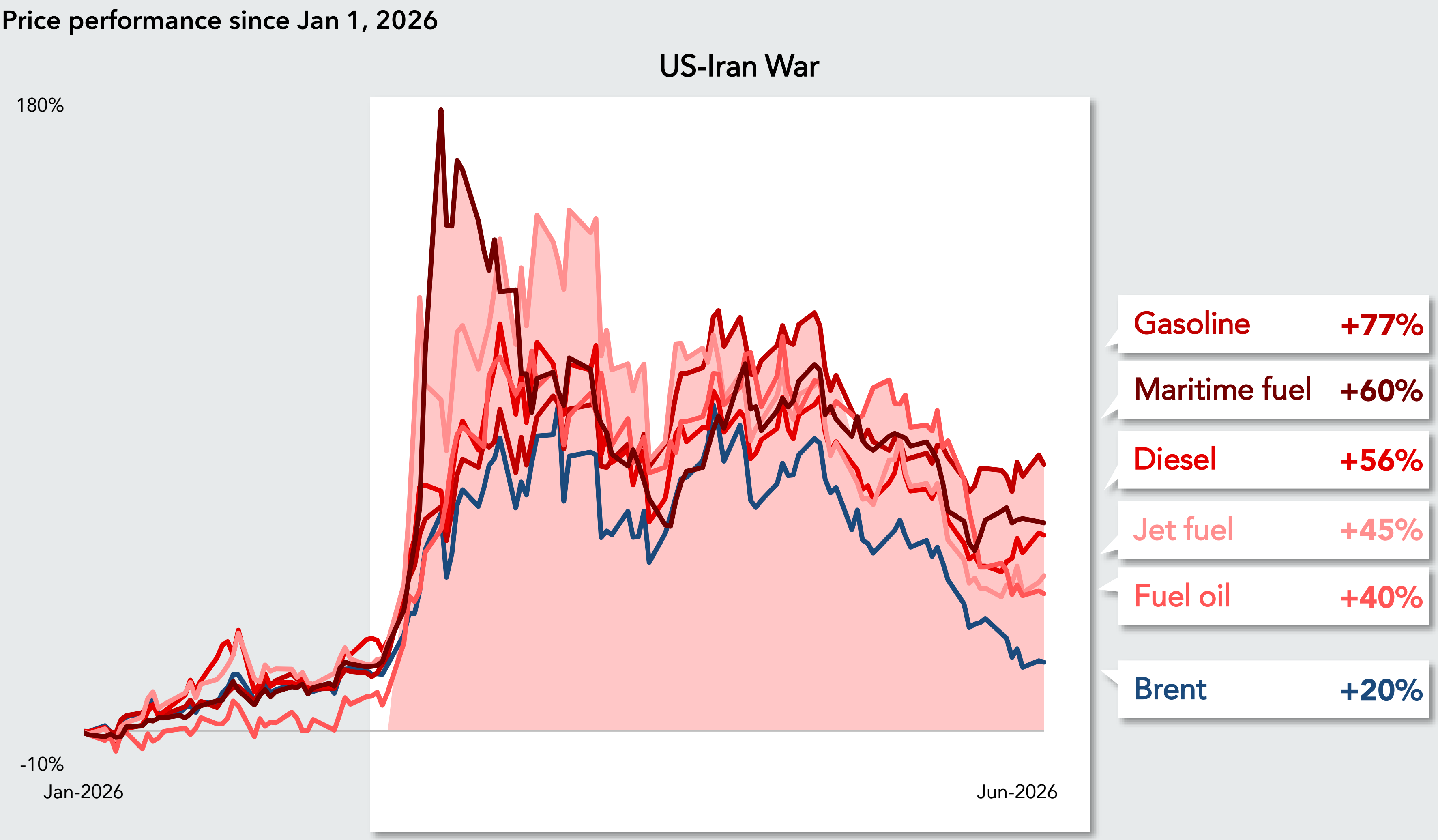


US nat gas in 1H 2026



Source: (1-2) Bloomberg. Data as of June 30, 2026.

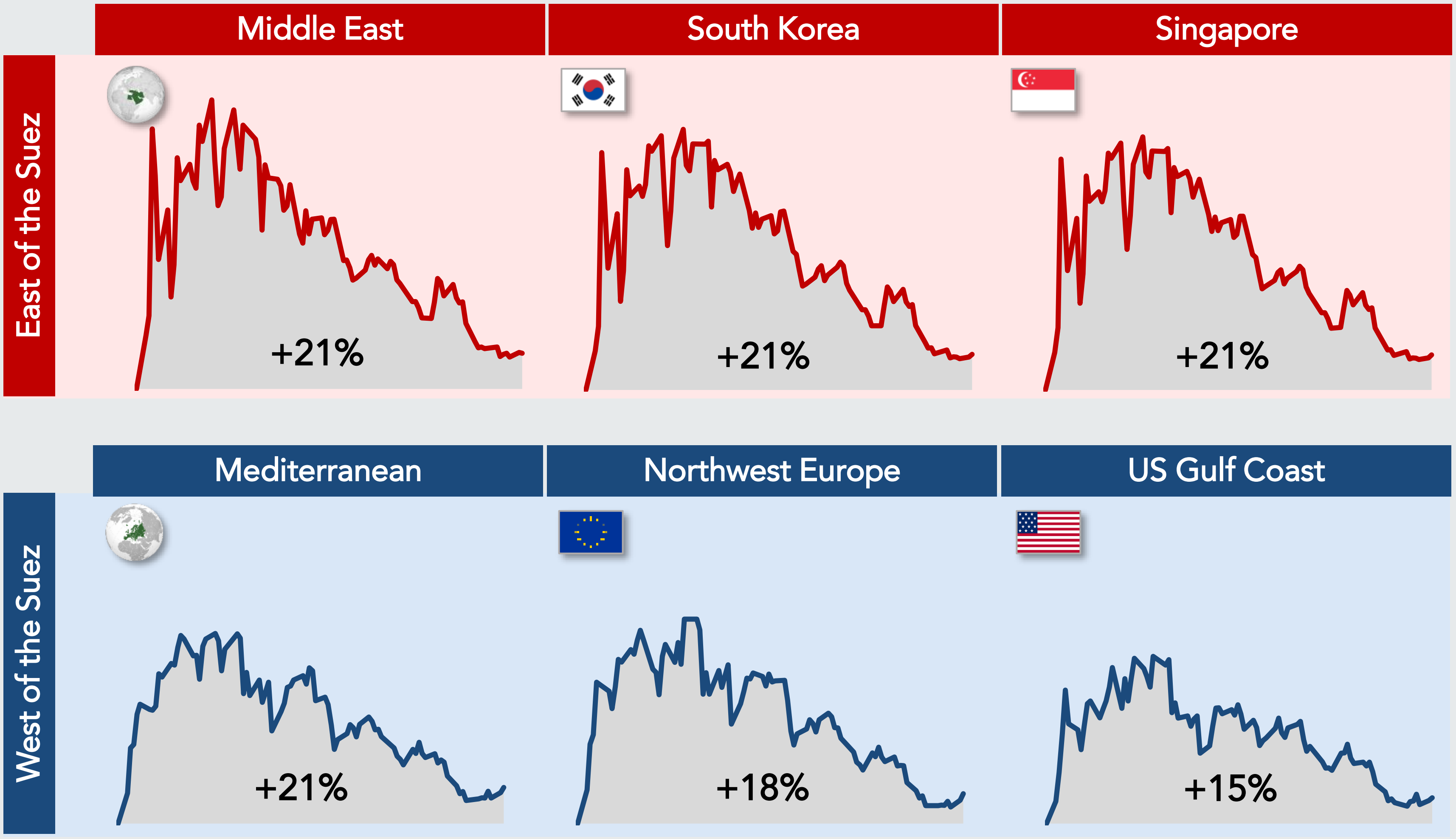
Refined Products Outrunning Crude



Source: (1) Bloomberg. Data as of June 30, 2026.

Jet Fuel Prices Still Modestly Higher

Jet fuel price performance (March-June 2026)



Source: (1-6) Bloomberg. Data is since February 27, 2026 and as of June 30, 2026. Middle East (Fujairah), South Korea, & Singapore jet fuel are FOB cargoes. Mediterranean is FOB cargoes fair value balance of month. NWE is CIF cargoes. US Gulf Coast is 54 Colonial Pasadena MOC.

Diesel Prices Off Crisis Highs, but Still Elevated

Automobile gas & diesel price performance (March-June 2026)

Source: (1-10) Bloomberg. Data since February 27, 2026 and as of June 30, 2026. South Korea, Singapore, and Middle East (Fujairah) diesel are 10 ppm gasoil FOB cargoes. Mediterranean diesel is 0.1% gasoil CIF cargoes. Singapore gasoline is 92 RON FOB cargoes. Japan gasoline is 92 RON CIF cargoes. US diesel is NY Harbor ULSD. Mediterranean gasoline is 95 RON FOB cargoes. NWE gasoline is Eurobob non-oxy FOB barges. US LA gasoline is CARBOB Kinder Morgan.

Credit:
Solid, Income-Driven Resilience

6

Key Themes for Global Credit in 1H 2026

1. **Record global issuance,** continuing a multi-year run

2. **AI capex supercycle** remains defining global credit theme

3. **Spreads near historic tights** globally despite supply wave

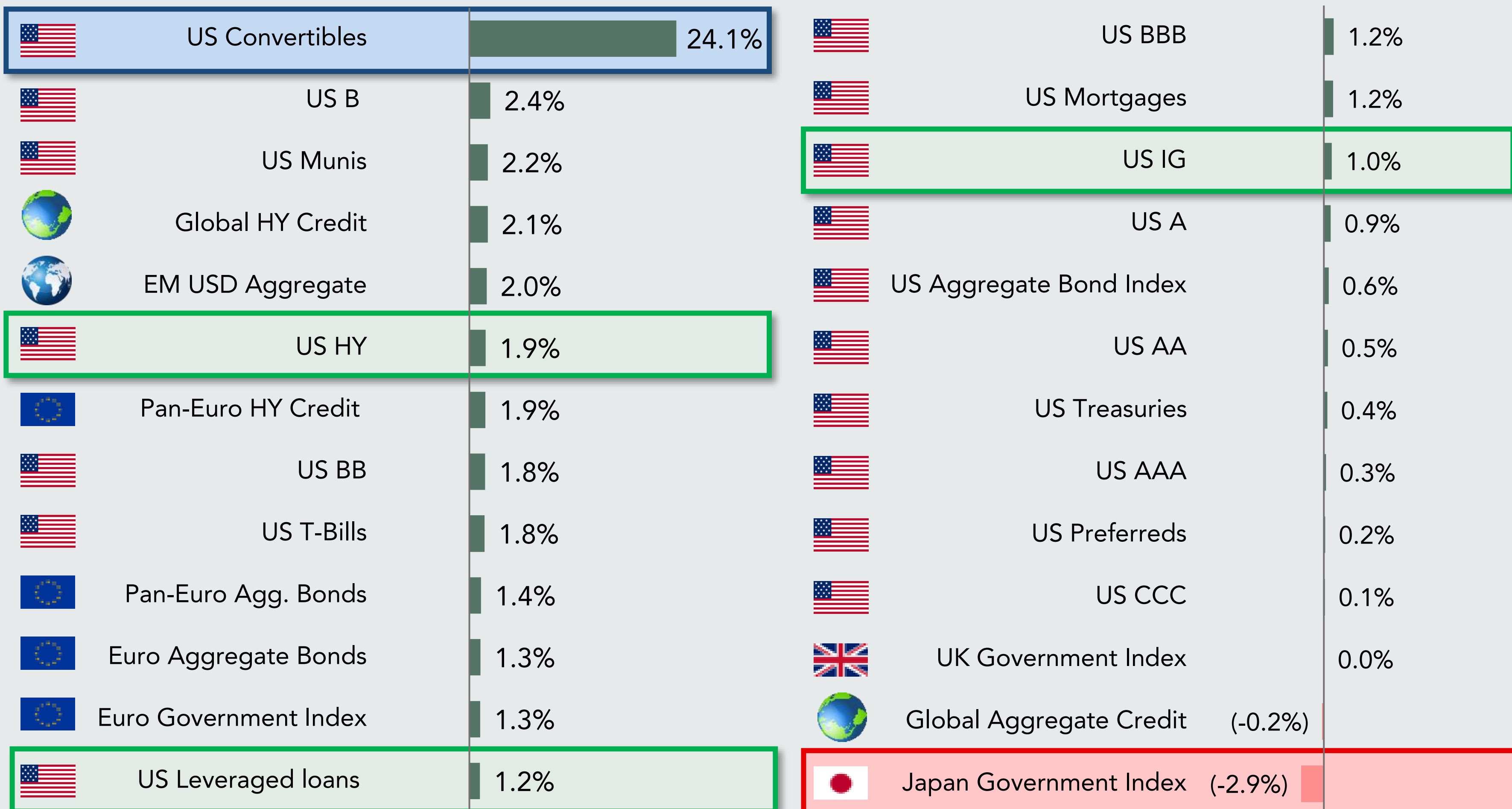
4. Return of **dispersion by sector** and credit quality

5. **Resilient fundamentals** (leverage stable, default rates near historical lows)

6. Resurgence in **equity-linked debt** (converts)

Modest Returns Across Global Credit Spectrum

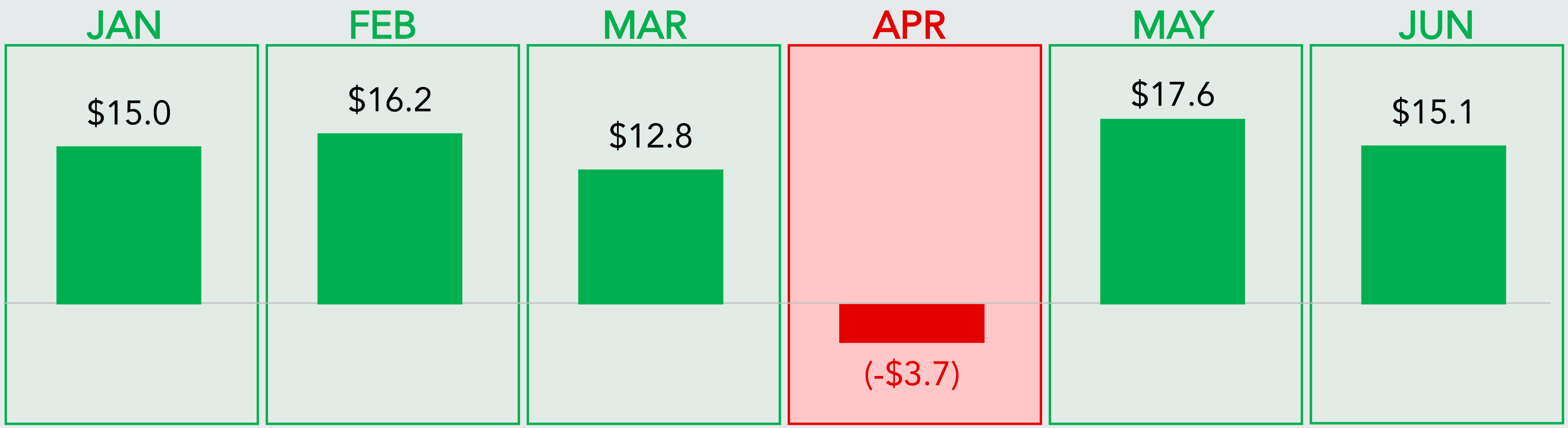
Credit market total returns in 1H 2026



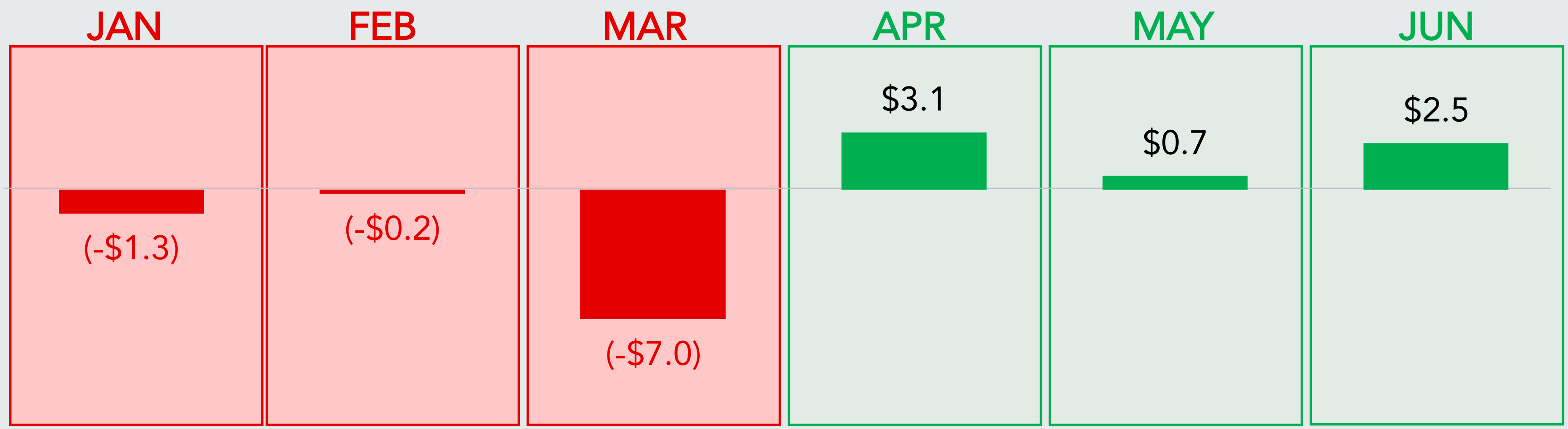
Source: (1) Bloomberg. Data as of June 30, 2026.

IG & HY Inflows Improved After Ceasefire

Monthly IG fund flows since January 2026, USD bn



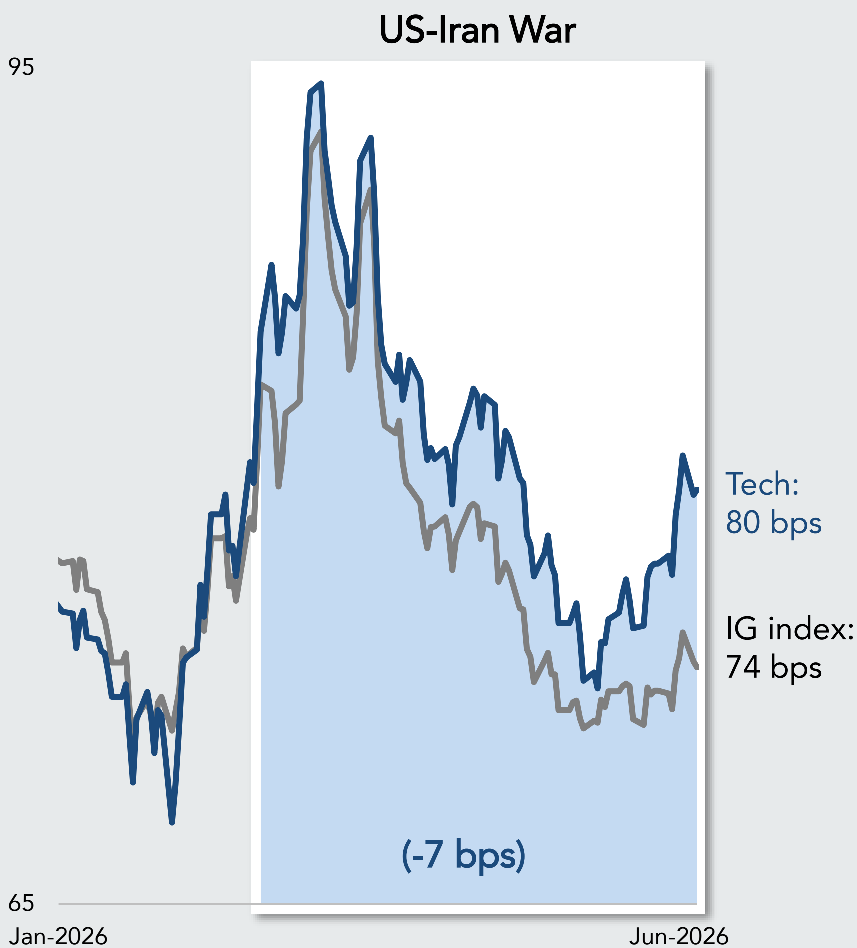
Monthly HY fund flows since January 2026, USD bn



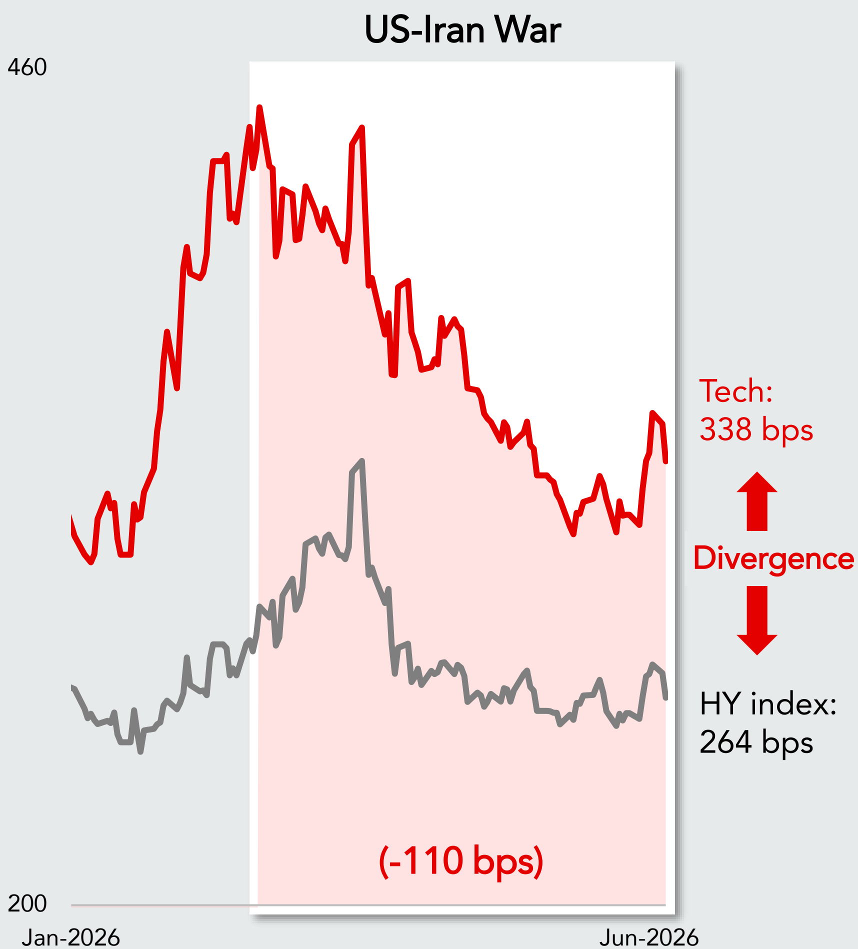
Source: (1-2) IFR. Data through the week ending June 24, 2026.

Differentiation & Resilience in Tech Credit Spreads

IG index vs. IG tech spreads



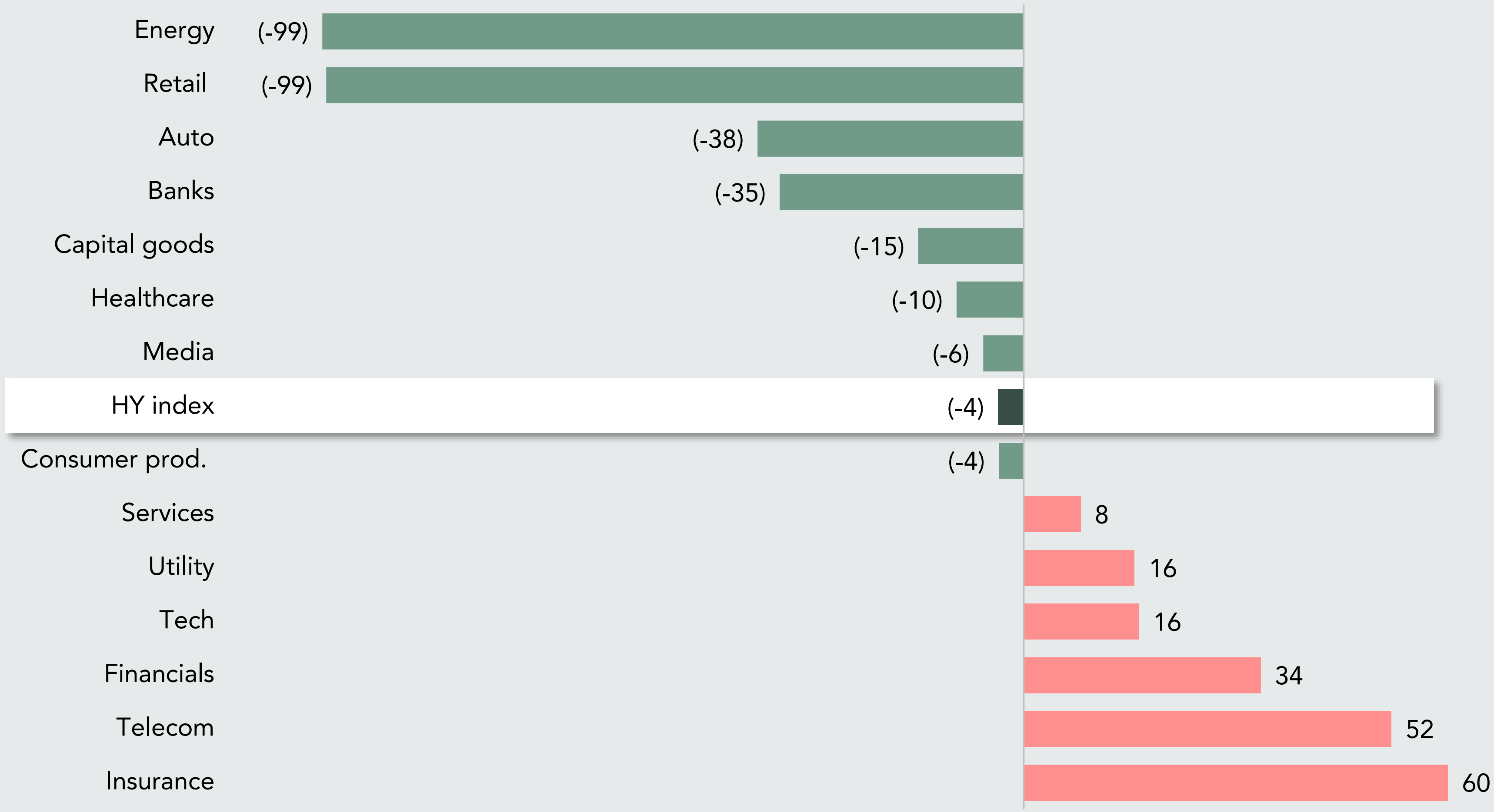
HY index vs. HY tech spreads



Source: (1-2) Bloomberg. Data as of June 30, 2026. Index OAS to Treasury.

Credit Spread Tightening Varied Sharply by Sector

Change in HY spreads by sector in 1H 2026, bps



Source: (1) Bloomberg. Data as of June 30, 2026.

Credit Spreads Remained Remarkably Tight Across the Ratings Spectrum

USD credit spreads in 1H 2026

Source: (1) Bloomberg. Data as of June 30, 2026.

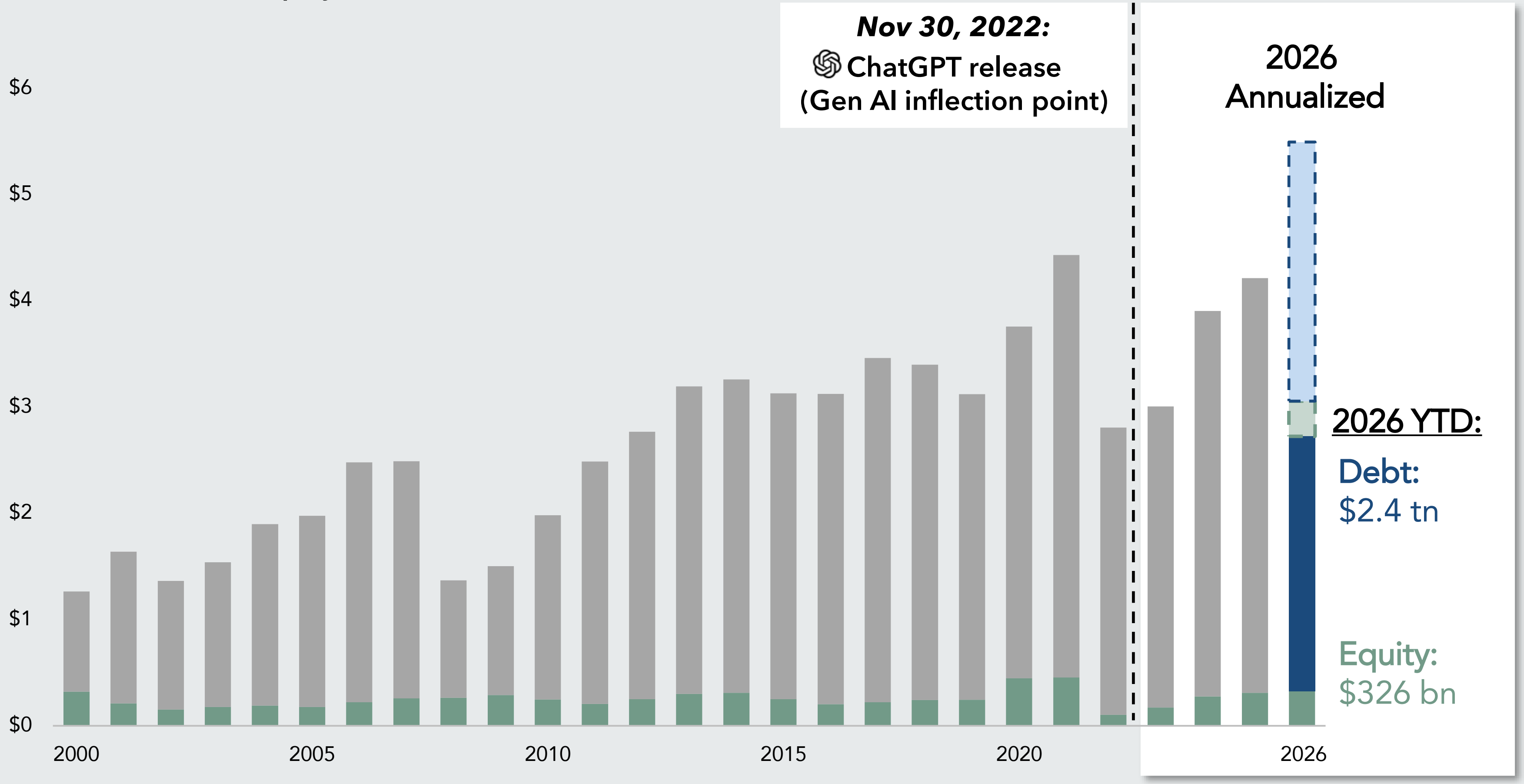
Financing: Setting New Milestones, Redefining Mega-Deals

7

Inflection Point for Global Capital Markets

AI's historic expansion is pushing global capital markets into a new regime where a single secular theme can drive debt and equity new issue volumes to unprecedented level.

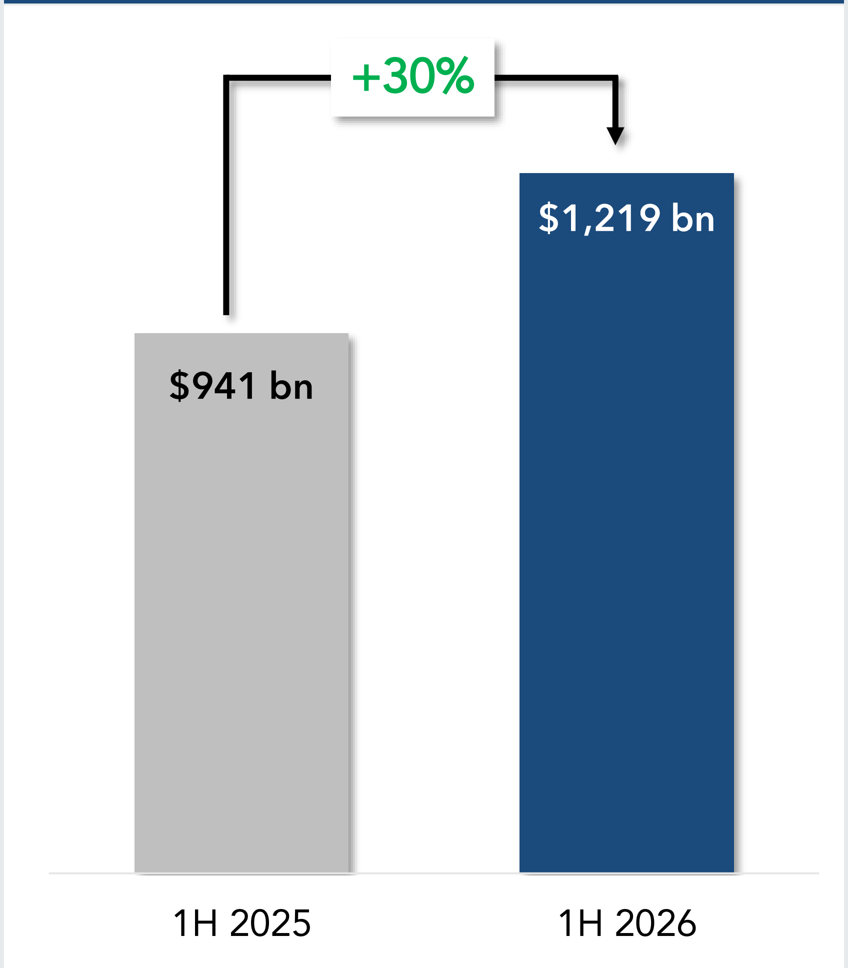
Total annual debt & equity issuance, USD tn



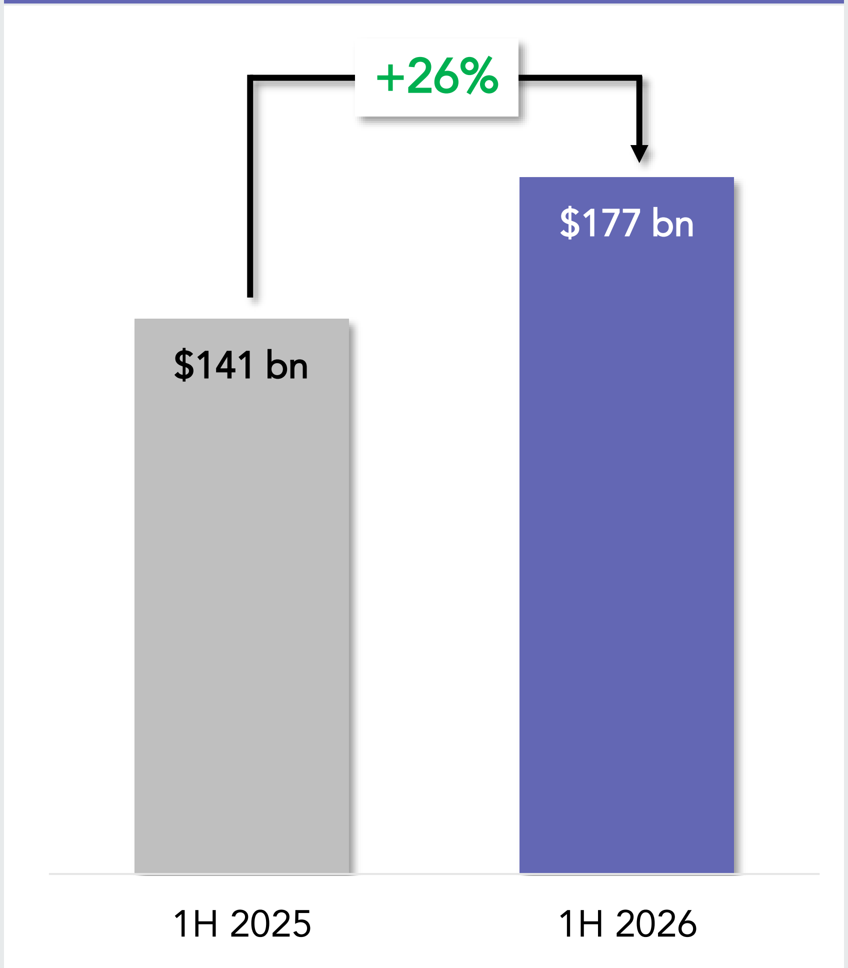
Source: (1) Equity issuance is Dealogic. Data as of June 30, 2026. Includes IPOs, follow-ons, and convertibles. Debt issuance is sum of IG & HY bonds, leveraged loans, and IG loans. IG & HY bond data are CFR. IG loan is LSEG. Data as of June 30, 2026. Leveraged loan is LCD. Data as of June 30, 2026.

Largest 1H for USD Bond Issuance on Record

1H 2026 IG deal volume, USD bn



1H 2026 HY deal volume, USD bn



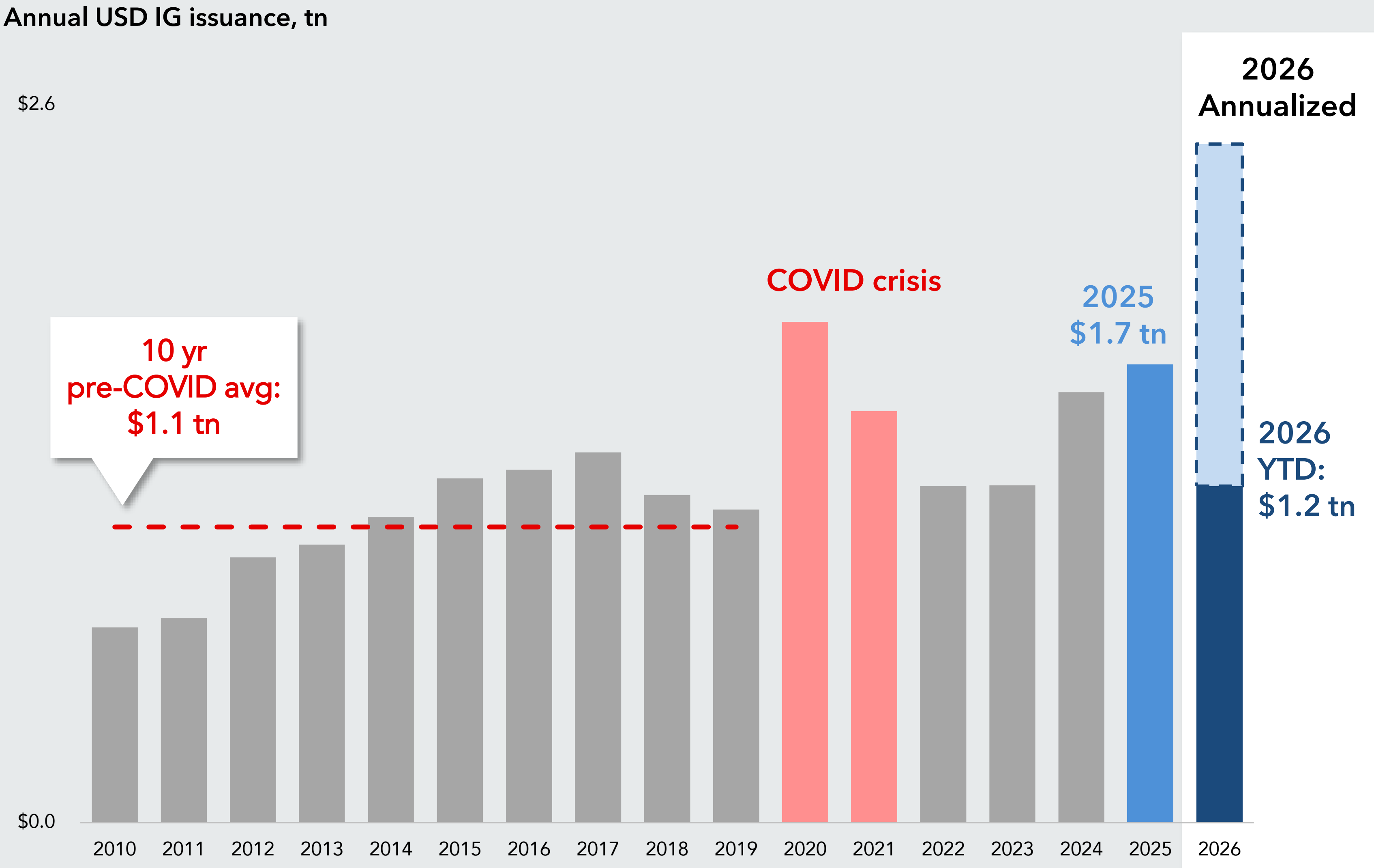
Source: (1-2) IG and HY bond data are CFR. Data as of June 30, 2026.

Notable 1H 2026 USD Issuance Milestones

Largest 1H on record (1H 2026: $1.22 tn)	Largest Q1 on record (Q1 2026: $658 bn)	Largest Q2 on record (Q2 2026: $562 bn) *Ex-2020 COVID Yr	Largest quarter on record (Q1 2026: $658 bn) *Ex-2020 COVID Yr
Fastest year to reach $1 tn (2026: 147 days)	Largest month on record (Mar 2026: $242 bn) *Ex-2020 COVID Yr	Largest week on record (Mar 13: $115 bn) *Ex-2020 COVID Yr	Largest volume day on record (Mar 10: $66 bn)
Largest January on record (Jan 2026: $223 bn)	Largest June on record (Jun 2026: $223 bn)	Largest non-M&A deal on record (Amazon: $37 bn)	Largest final book on record (Amazon: $119 bn)

Source: (1) CFR. Data as of June 30, 2026.

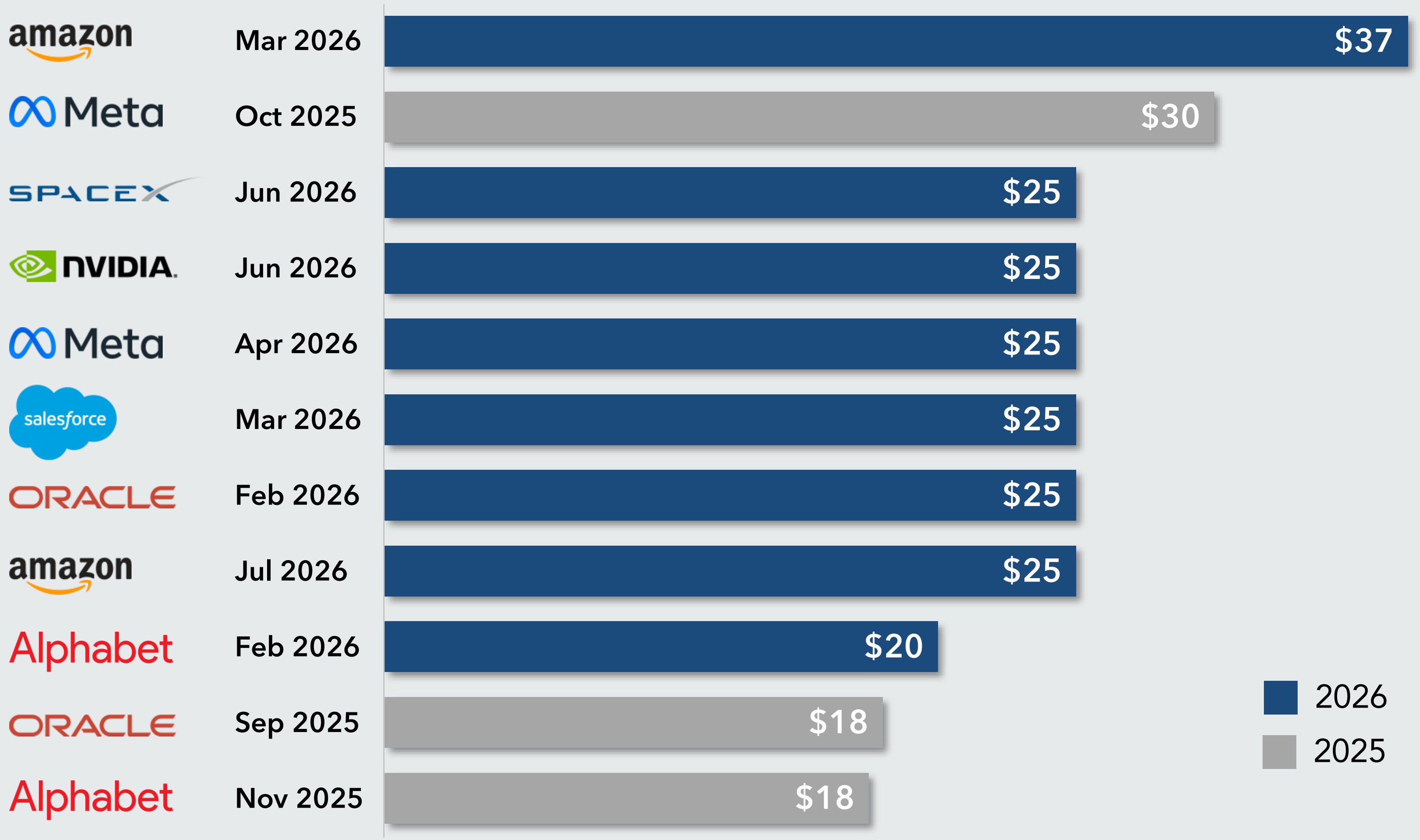
Big Tech Driving Record USD IG Issuance



Source: (1) CFR. Data as of June 30, 2026.

Big Tech Issued USD Bonds in Unprecedented Size

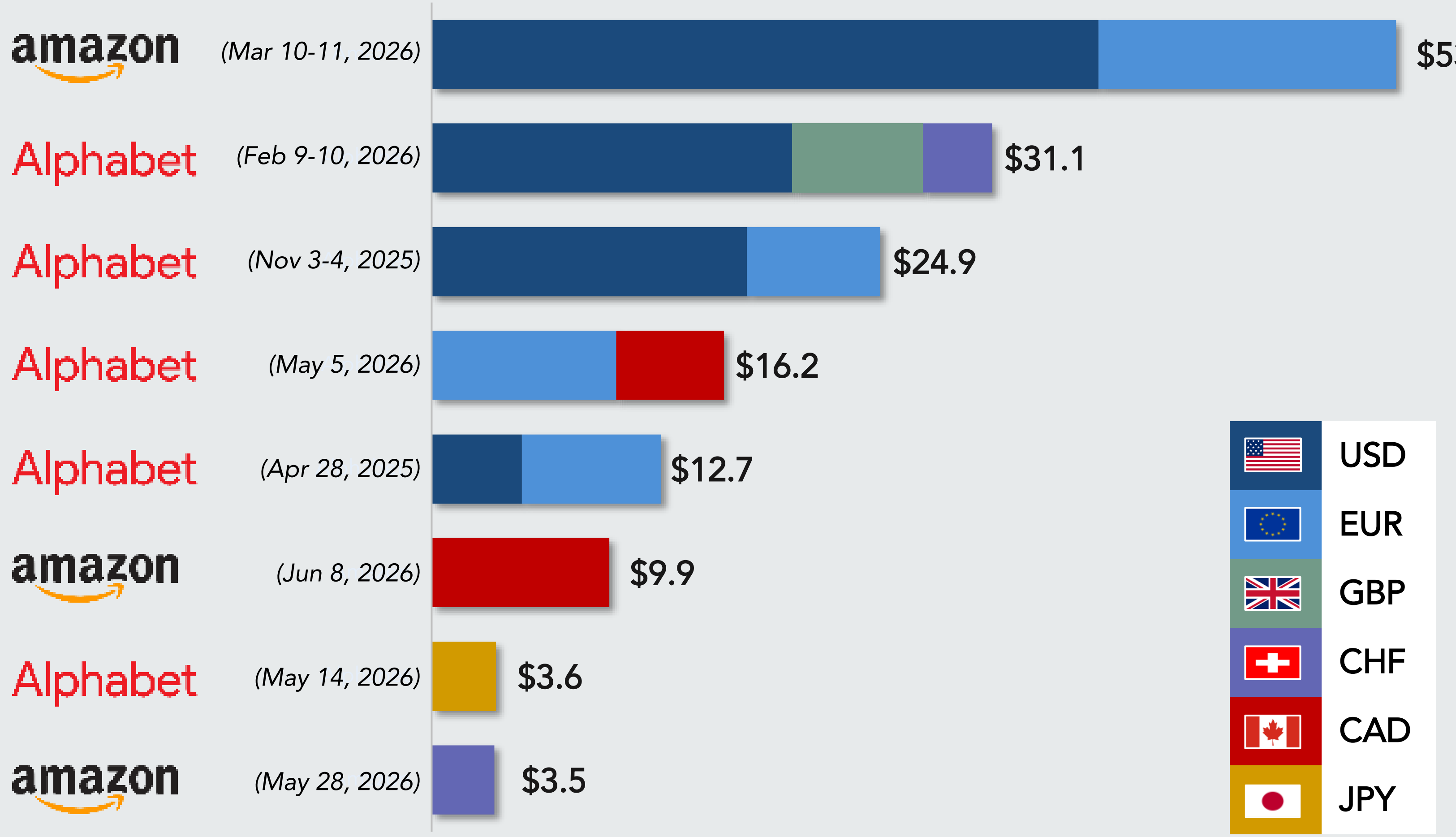
Largest USD IG tech deals since Jan 2025, bn



Source: (1) CFR. Data as of July 8, 2026.

Big Tech Tapped Multiple Currencies to Achieve Scale

Selected multi-currency IG deals since January 2025, USD bn

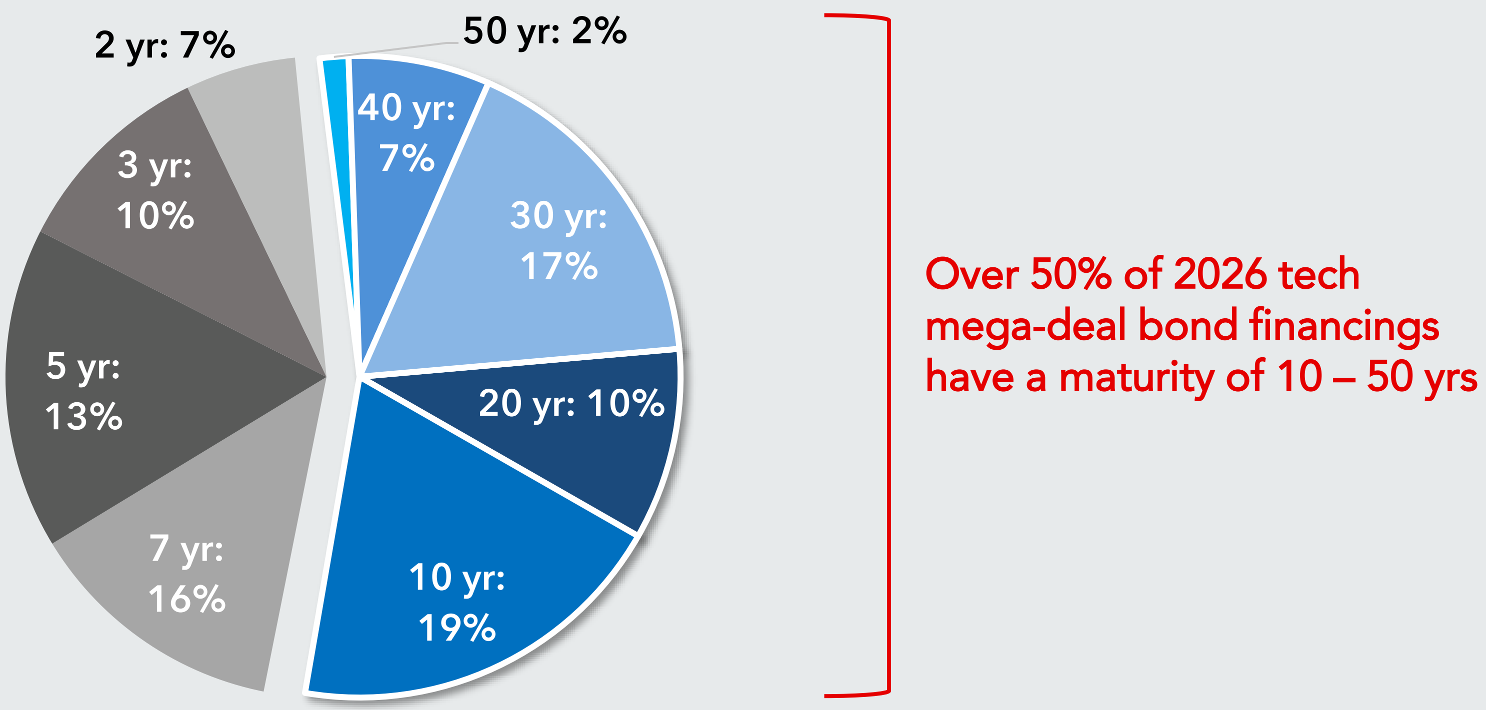


Source: (1) CFR. Data as of June 30, 2026. Total size calculated using current USD exchange rates.

Scale Capital Issuance Extending Duration

For public US dollar IG bond financings, AI-driven scale capital has reset the upper boundaries of deal size, redefined the composition of core bond index pillars and substantively extended average duration. Of the more than $200 billion of hyperscaler mega-deal USD bond financings in 2026, more than 50% of total volume has had maturities between 10 – 50 years. With tech maturity profiles materially skewed long, IG market duration has extended beyond its historical pre-AI composition, reshaping the long end of credit curves. To date, investors remain willing to warehouse this longer-dated hyperscaler risk, as evidenced by oversubscribed order books and spreads tight to the index.

2026 average tenor for IG hyperscaler financings, % of total

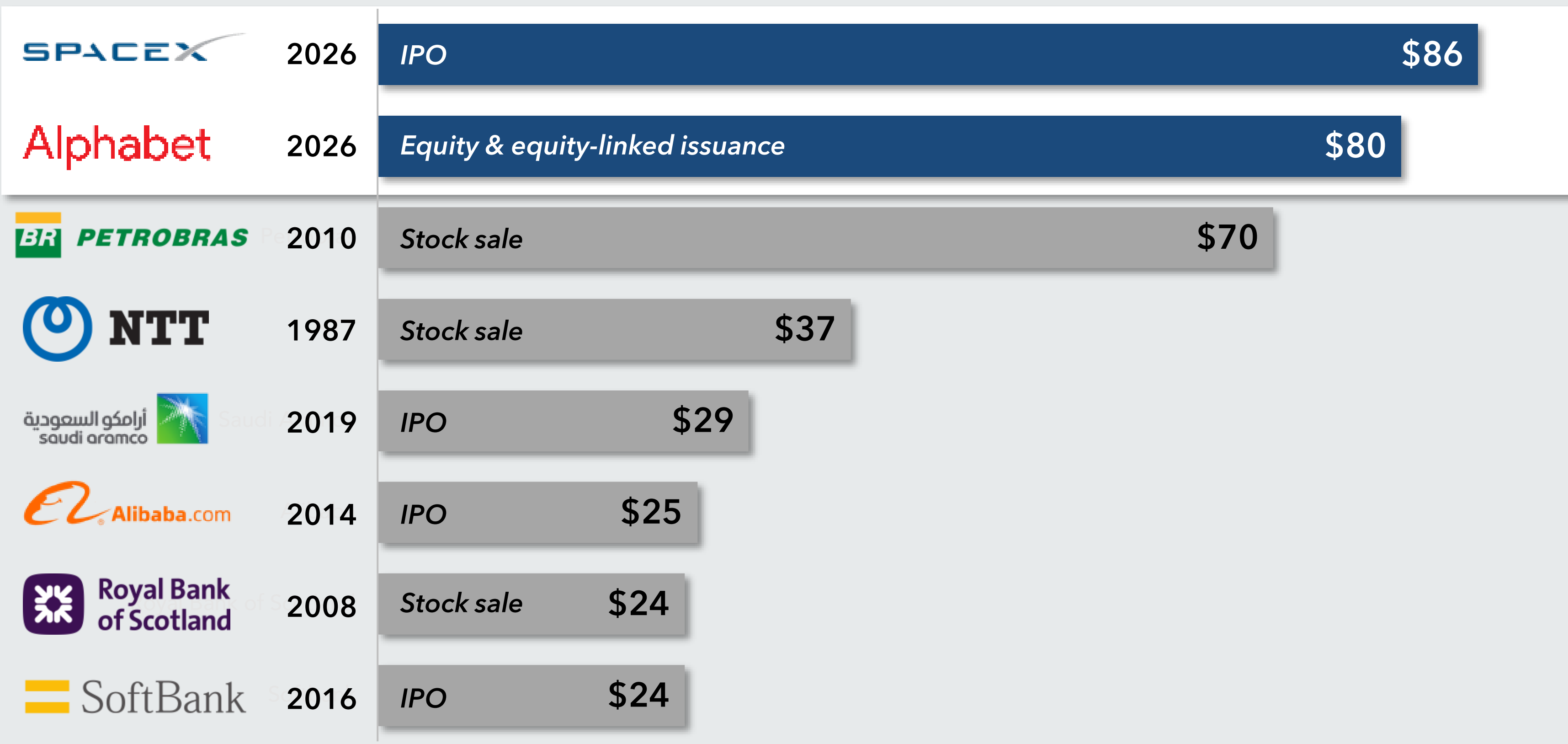


Source: (1) Bloomberg. Data as of July 8, 2026. Based on 2026 IG issuance from Amazon, SpaceX, Nvidia, Meta, Salesforce, Oracle, & Alphabet. Numbers may not add up to 100% due to rounding.

Big Tech Redefined Scale of Equity Financing

The magnitude of big tech IPO, secondary and equity-linked financings in early 2026 has not only revitalized the IPO market, but have pushed global equity markets into unchartered territory, redefining what is possibly for both valuations and capital raising. The massive growth in equity issuance has also reversed the de-equitization of recent years, the long-standing tech mega-trend of net buybacks and shrinking market float.

All-time largest equity financings, USD bn

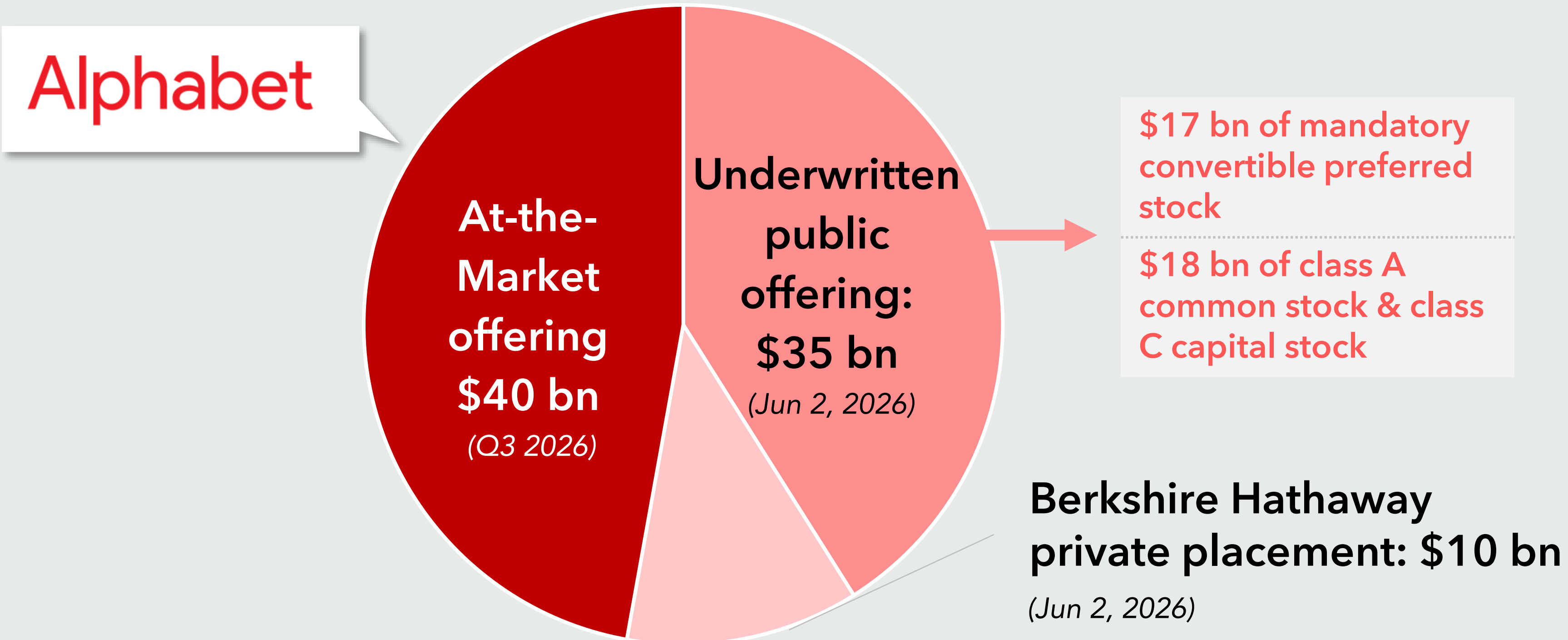


Source: (1) Company filings. All IPO offerings include greenshoe option.

Alphabet's Historic $85 Bn Equity Capital Raise

Alphabet's announced $85 bn capital raise in early June was extraordinary in context of historic patterns for public company equity issuance. The blended structure of the financing also redefined the path forward for other big tech companies – a mix of primary common stock, dual-class issuances, private placements to strategic investors, ATM programs and equity-linked / convertible components. Alphabet's equity financing was also designed as a single scale capital plan, but will be exercised over multiple quarters to optimize execution.

Breakdown of Alphabet's equity capital raise

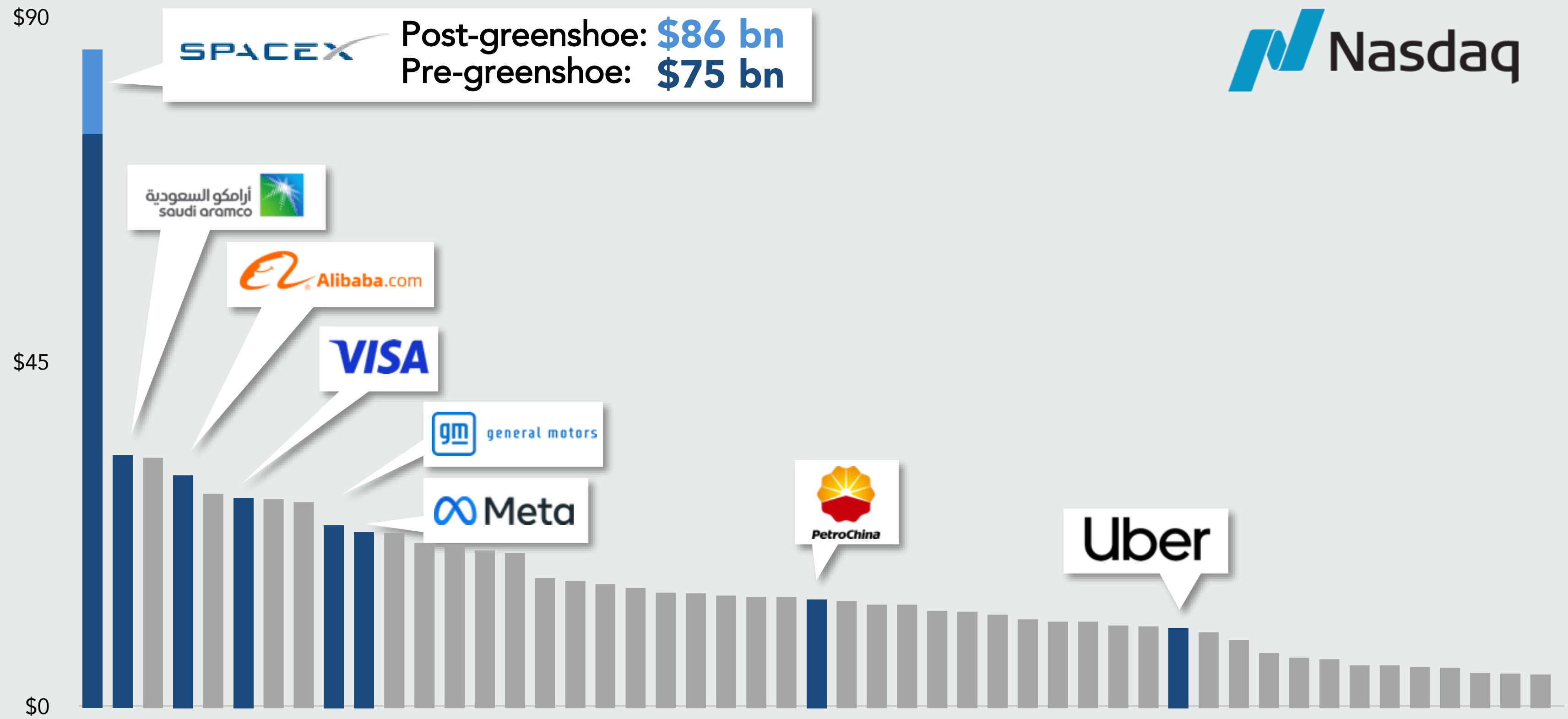


Source: (1) Company announcements. News sources. Alphabet initially announced $80 bn in equity raise but exercised a greenshoe option. Allocations to investors in the common & capital stock portion were split 50/50.

SpaceX Reset the Upper Bound for IPOs

SpaceX raised over $75 billion dollars in the largest IPO on record, more than 2x the prior record set by Saudi Aramco, and 3x the largest US IPO to date. The market's ability to absorb the size of the offering, with a 20% first-day pop, represented a clear inflection point for global capital markets' risk appetite, scale and orderly execution. The deal also crystallized the intense investor demand for long duration, AI-adjacent infrastructure and growth.

50 largest IPOs in history by offer size, USD bn

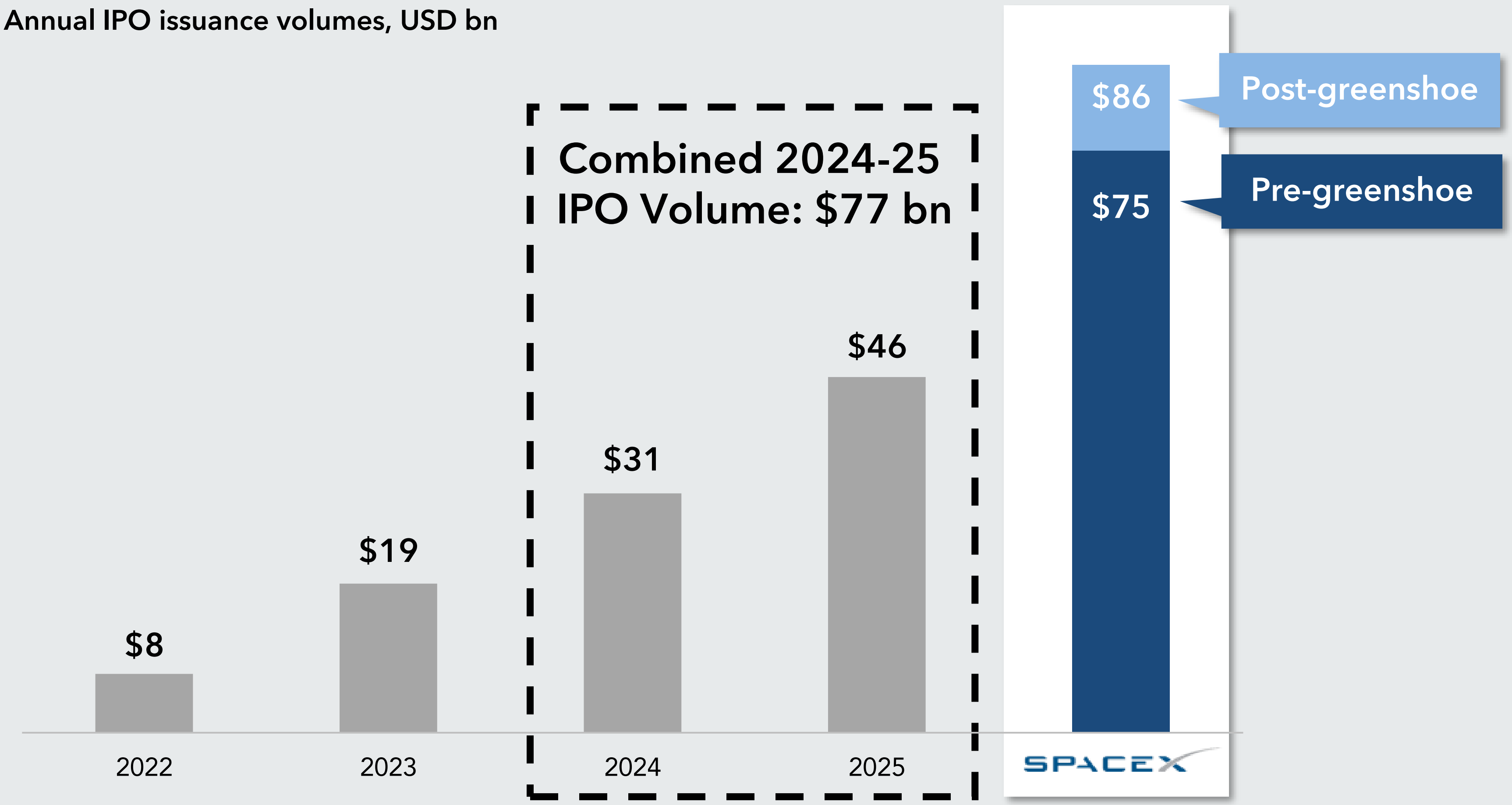


Source: (1) Company filings. Offer size is 2026 US dollars. Data as of June 2026.

SpaceX IPO Eclipsed Prior Full Year IPO Volumes

SpaceX's $86 bn IPO was not only the largest IPO ever, but exceeded aggregate global IPO volumes over the two preceding years. By virtue of its unprecedented size and pioneering execution strategy, SpaceX's IPO demonstrated how AI-linked platforms can dominate capital formation cycles.

Annual IPO issuance volumes, USD bn

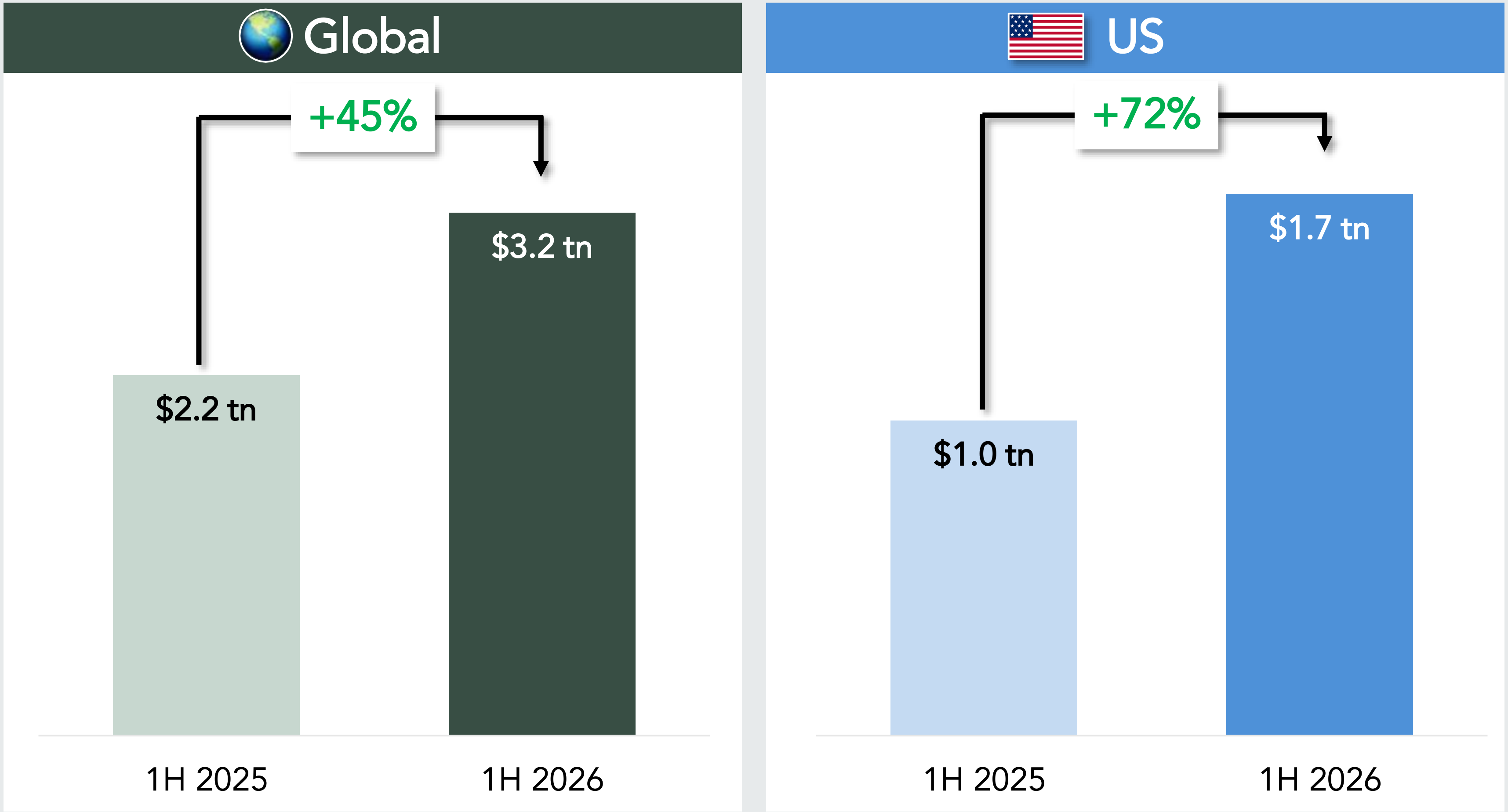


Source: (1) Dealogic. Data as of June 2026.


M&A:
Deal Economy at
Historic Velocity
8

Largest 1H for Global M&A on Record

M&A volumes in 1H 2025 vs. 1H 2026 (USD)



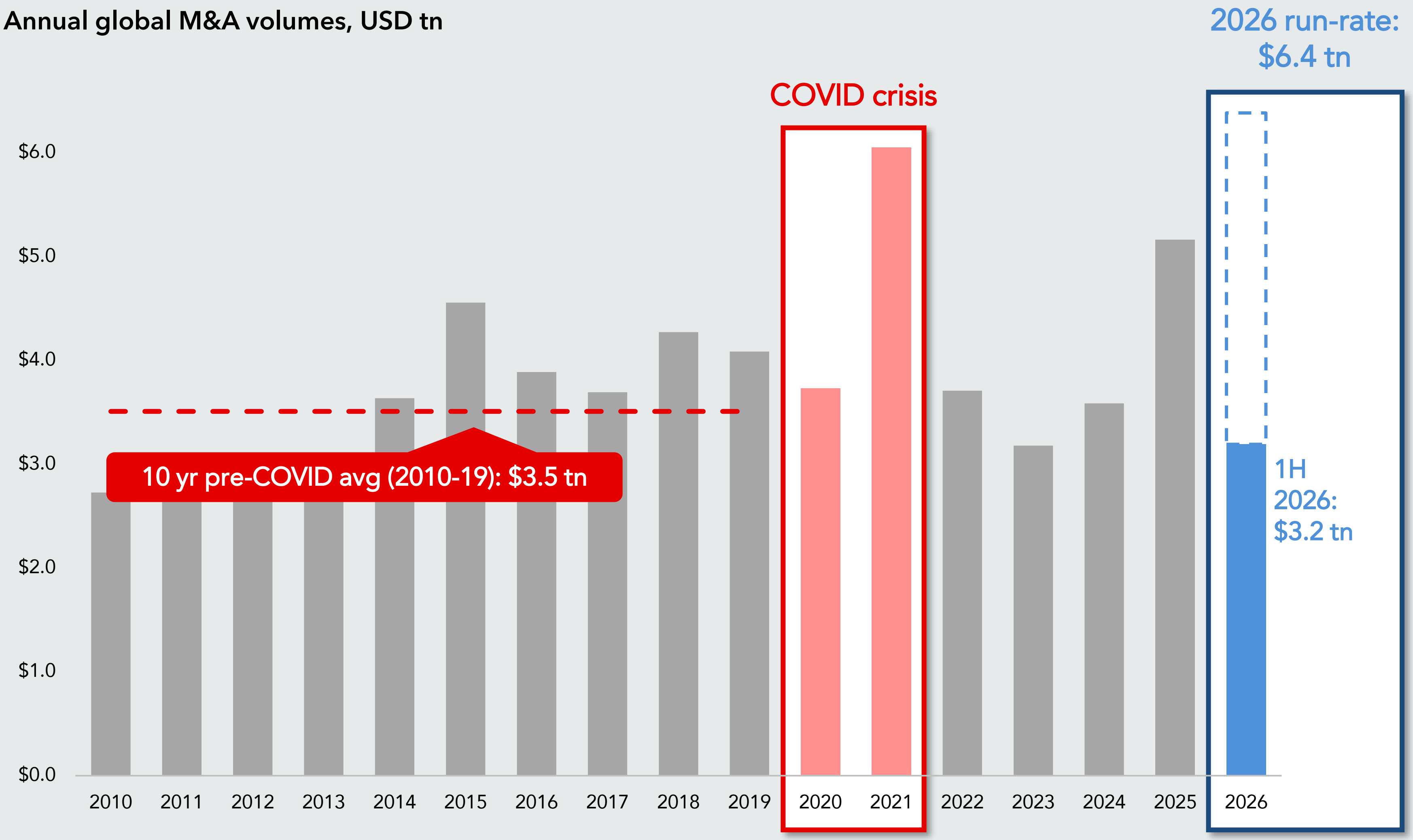
Source: Dealogic. Cortex. Data through June 30, 2026, accessed on July 7, 2026. Region is by target.

Notable 1H 2026 M&A Milestones

Largest half-year on record: (1H 2026: $3.2 tn)	Largest quarter on record (Q2 2026: $1.8 tn)	Largest month on record (May 2026: $668 bn)
Largest 1H for tech M&A on record (1H 2026: $879 bn)	Largest Q1 VC deal volume on record: (Q1 2026: $333 bn)	Strongest start to the year for cross-border M&A since 2007 (1H 2026: $830 bn)
Highest 1H mega-deal (> $10bn) concentration on record: (1H 2026: 41%)	Largest M&A deal on record (SpaceX / xAI: ~$250 bn*)	Largest P&U M&A deal on record (NextEra / Dominion: $119 bn

*Source: (1) Pitchbook. LSEG. Morningstar. Dealogic. Pitchbook, "Q2 2026 Global VC First Look." Data as of June 30, 2026. M&A total deal value based on announced deals. NextEra/Dominion deal includes net debt. *SpaceX / xAI $250 billion number is xAI's standalone equity value at deal terms; excludes SpaceX's own $1tn valuation at time of deal. Largest deal on record refers to nominal amount.*

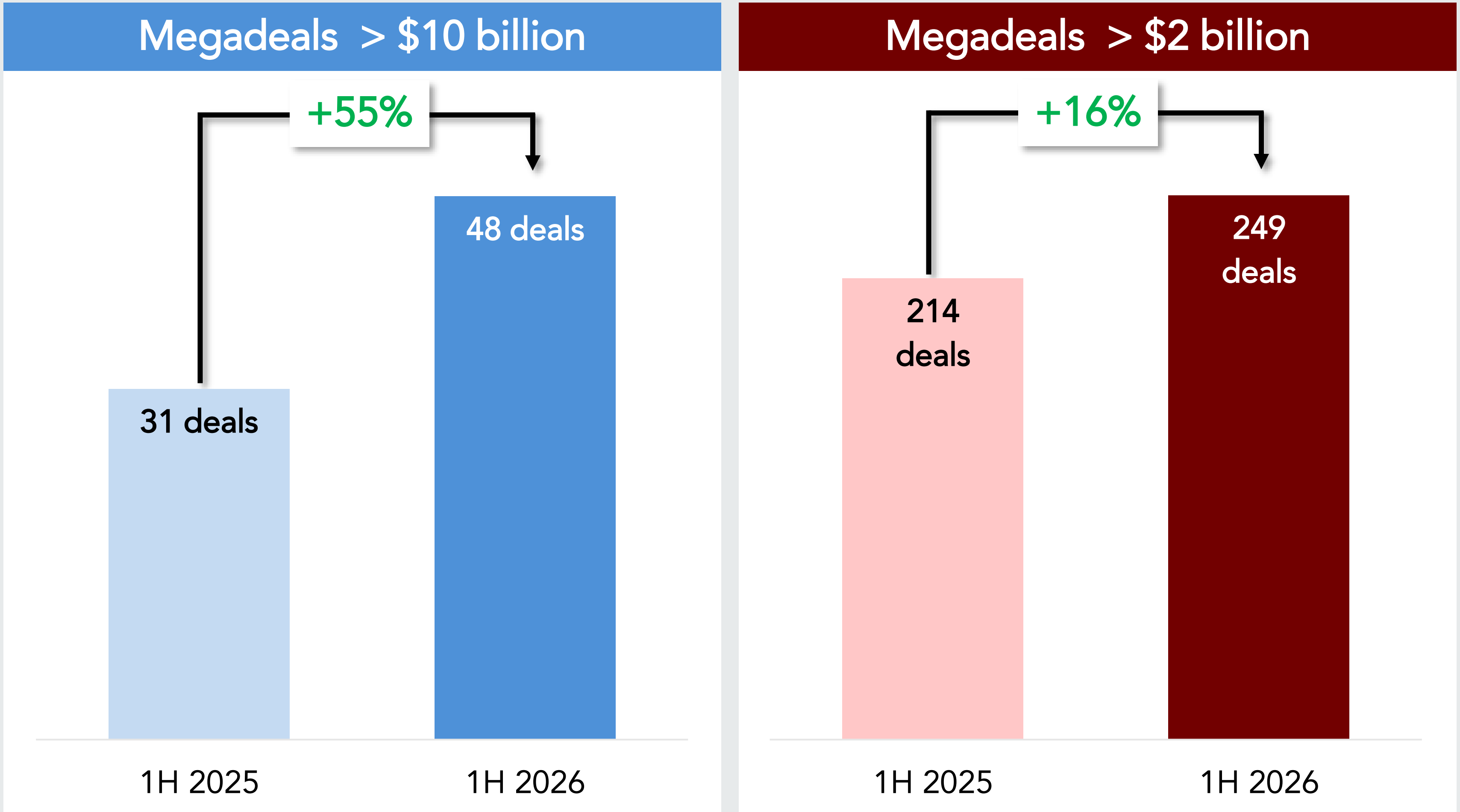
Global M&A Continued its Torrid Pace



Source: (1) Dealogic. Cortex. Data through June 30, 2026, accessed on July 7, 2026.

Megadeals Drove Resurgent Deal Activity

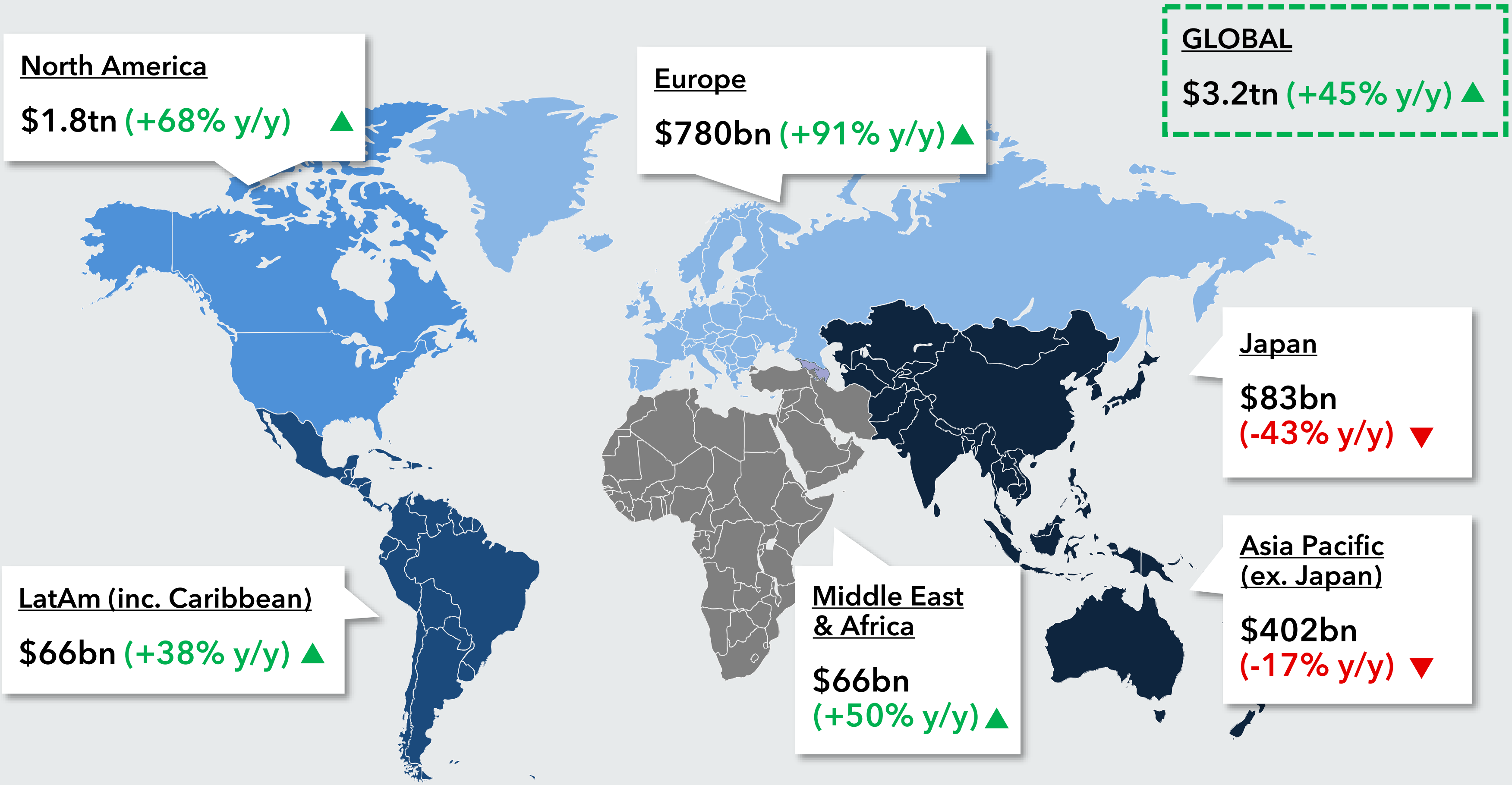
Global M&A Megadeals 1H 2025 vs. 1H 2026 (# of deals)



Source: Dealogic. Cortex. Data through June 30, 2026, accessed on July 7, 2026. Region is by target. Greater than or equal to $2bn and $10bn.

1H 2026 Global M&A Activity by Region

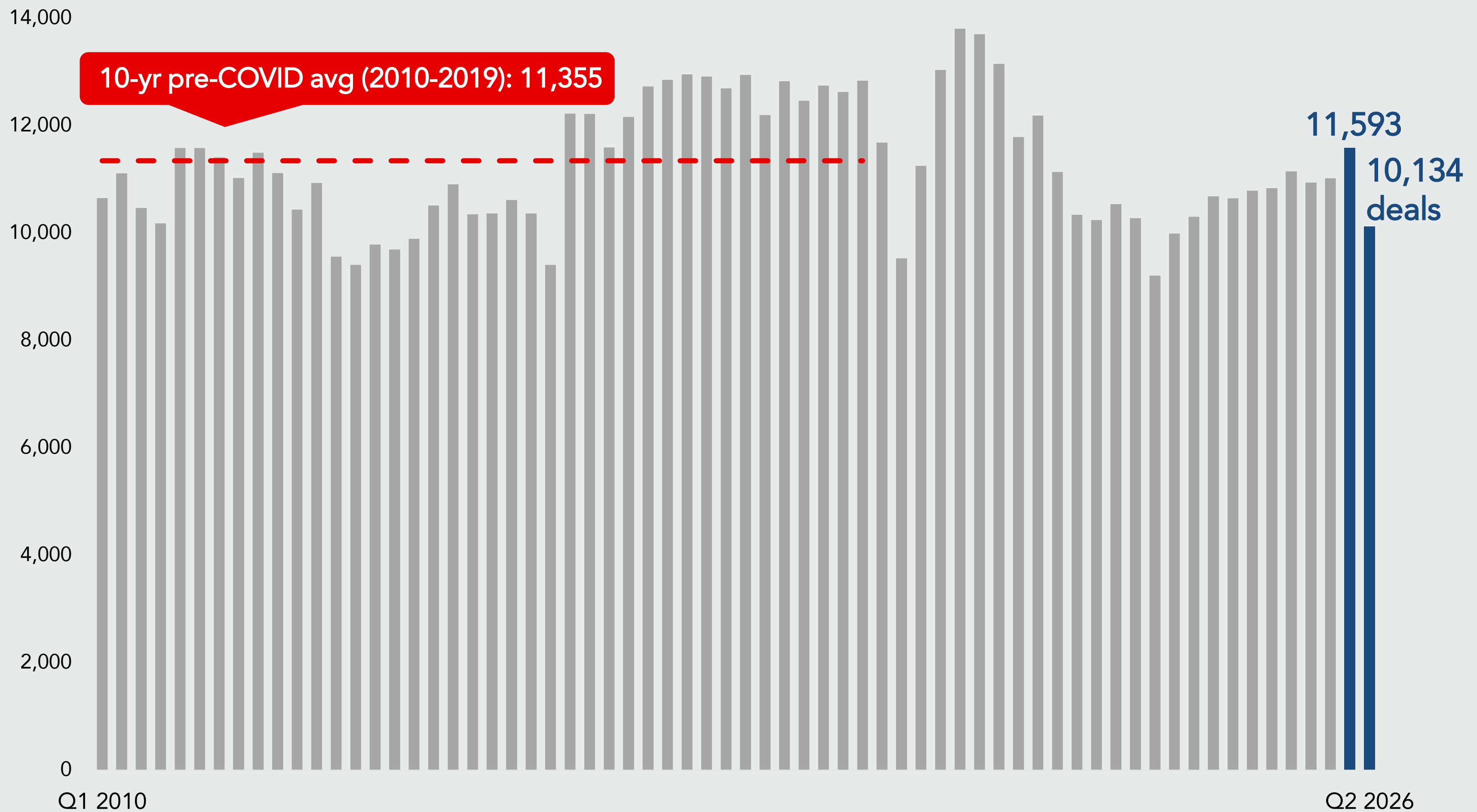
M&A volumes in 1H 2026 vs. 1H 2025 and y/y increase (based on target region)



Source: (1) Dealogic. Cortex. Data through June 30, 2026, accessed on July 7, 2026. Region is by target.

Quarterly Deal Count Below Historical Averages

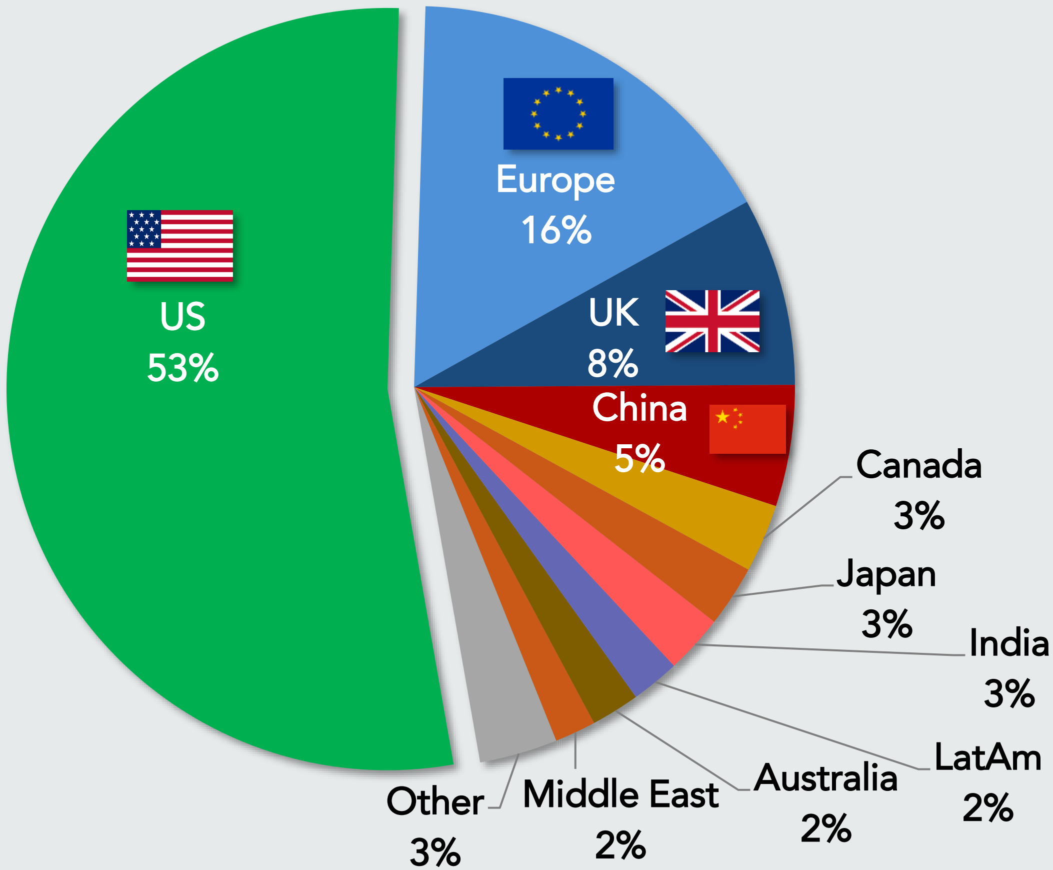
# of global M&A deals, quarterly



Source: (1) Dealogic. M&A volumes includes eligible deals, excluding carveouts. Data through June 30, 2026. Data accessed on July 7, 2026.

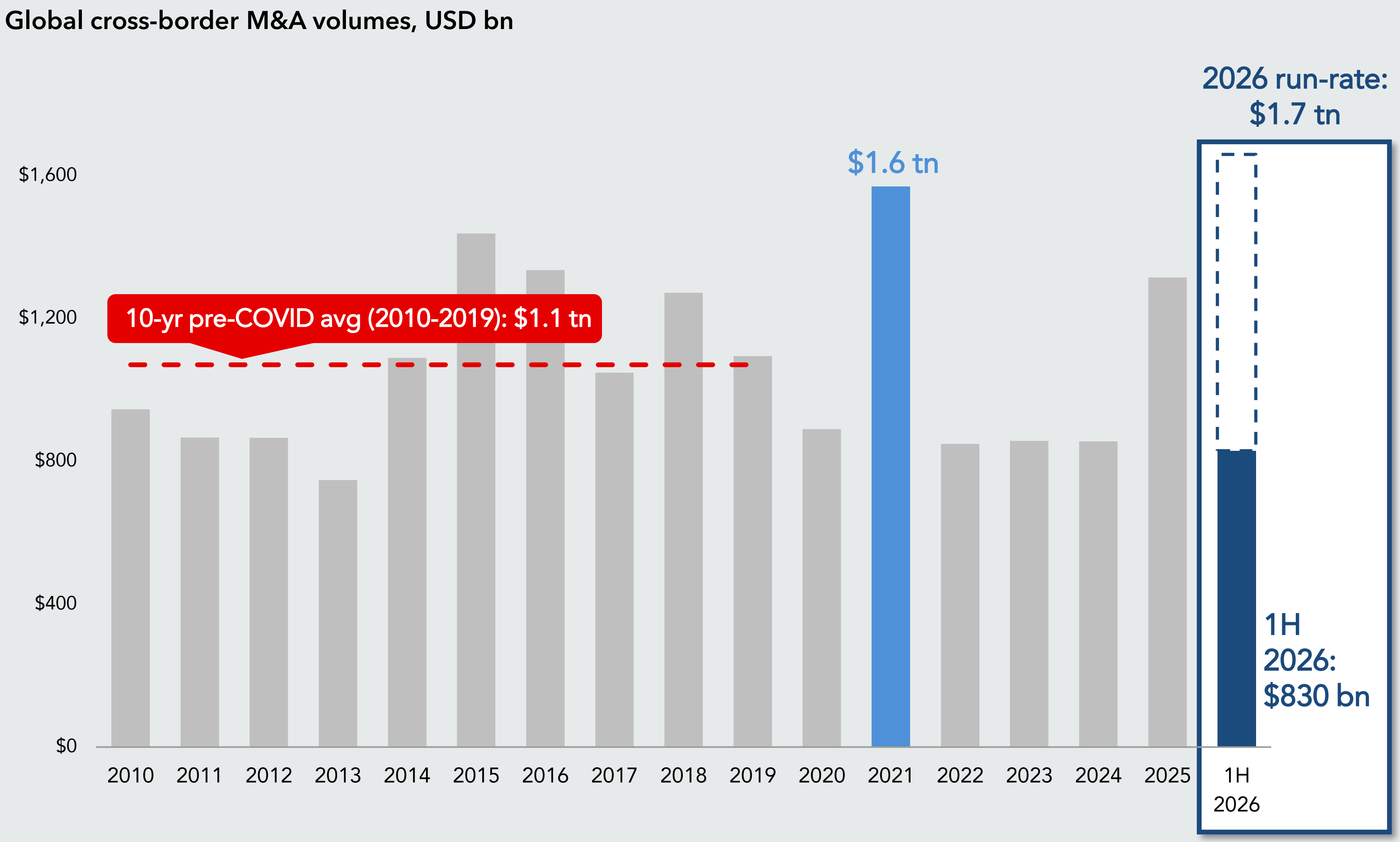
US Over 50% of YTD Deal Activity

Global M&A activity, by region (1H 2026)



Source: (1) Cortex. Dealogic. Data through June 30, 2026. Data accessed July 7, 2026. Includes rank eligible, M&A deals. China includes HK. LatAm includes Caribbean. By target region.

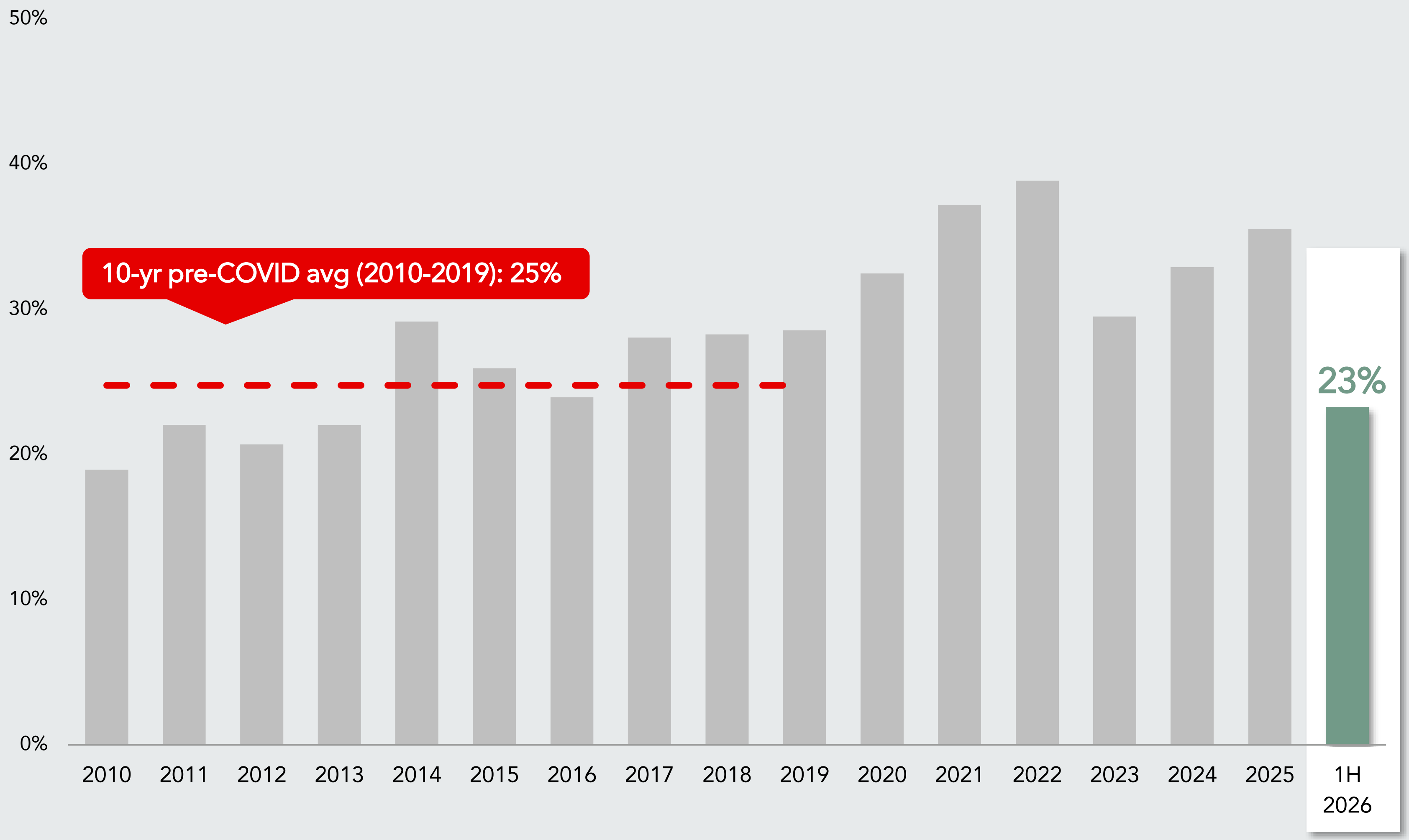
Strongest 1H for Cross-Border M&A Since 2007



Source: (1) Cortex. Dealogic. Data through June 30, 2026. Data accessed July 7, 2026. Includes rank eligible, M&A deals.

Modest Slowdown in Private Equity Activity

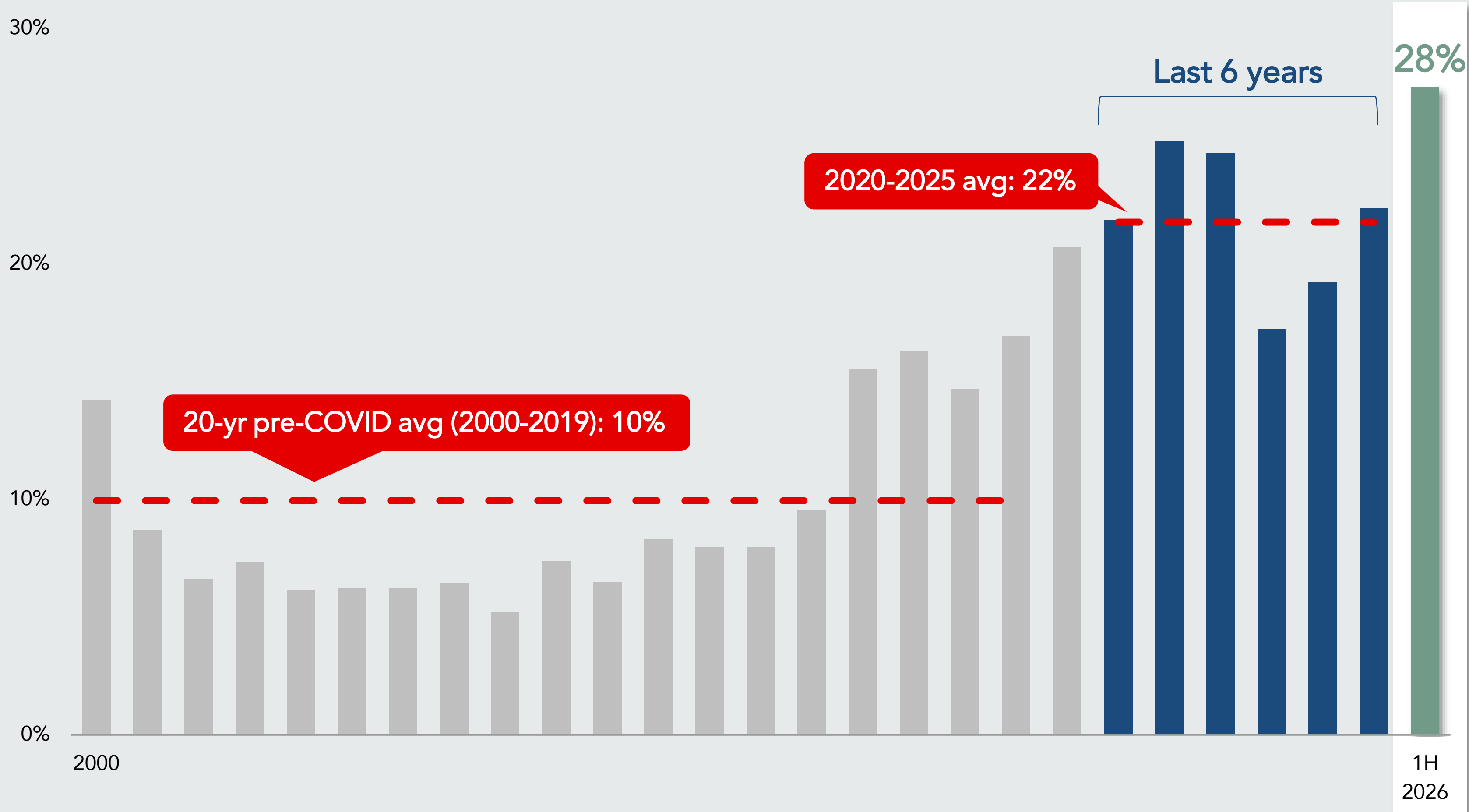
Sponsor-backed share of global M&A volumes



Source: (1) Cortex. Dealogic. Data through June 30, 2026. Data accessed July 7, 2026. Includes rank eligible, M&A deals.

Technology Was a Pervasive M&A Driver

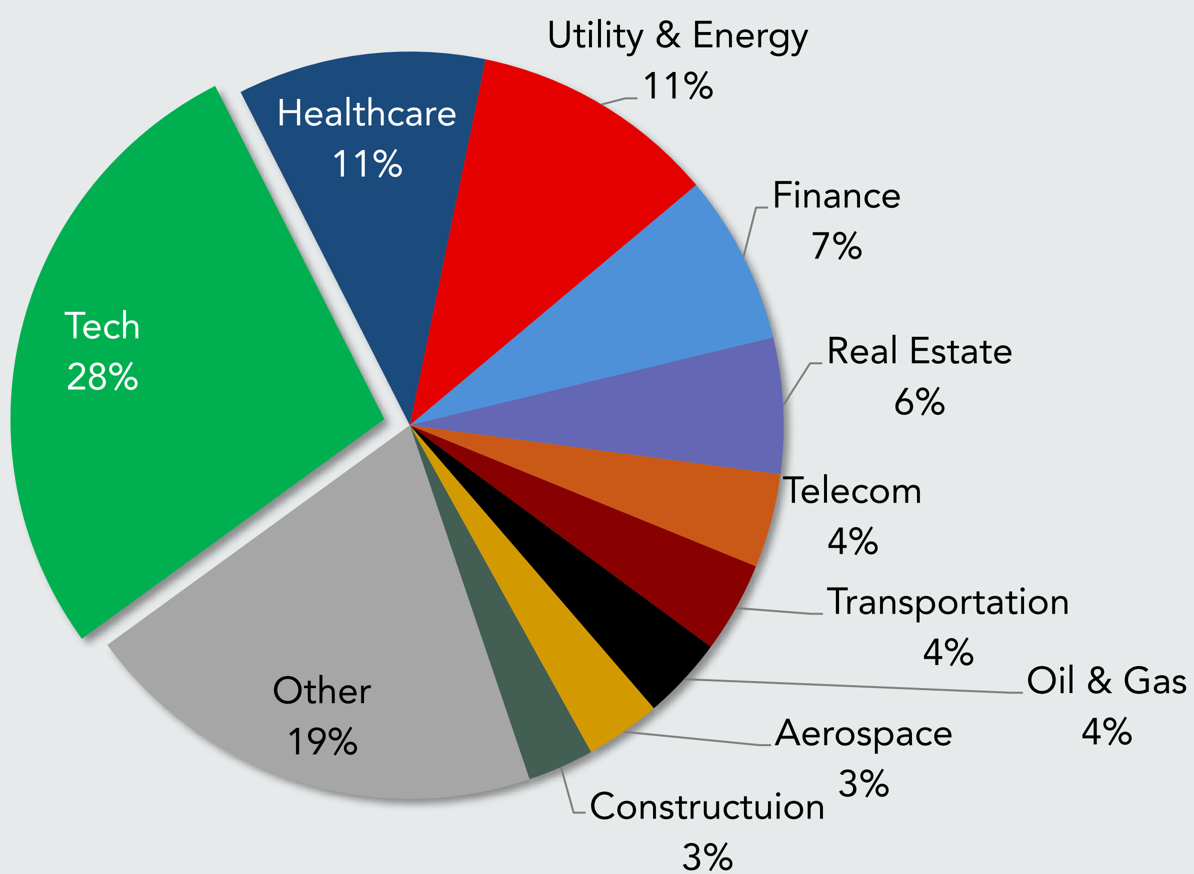
Tech as a % of global M&A



Source: (1) Cortex. Dealogic. Data is through June 30, 2026. Data accessed July 7, 2026. Includes rank eligible, M&A deals. Technology is computers and electronics as target sector.

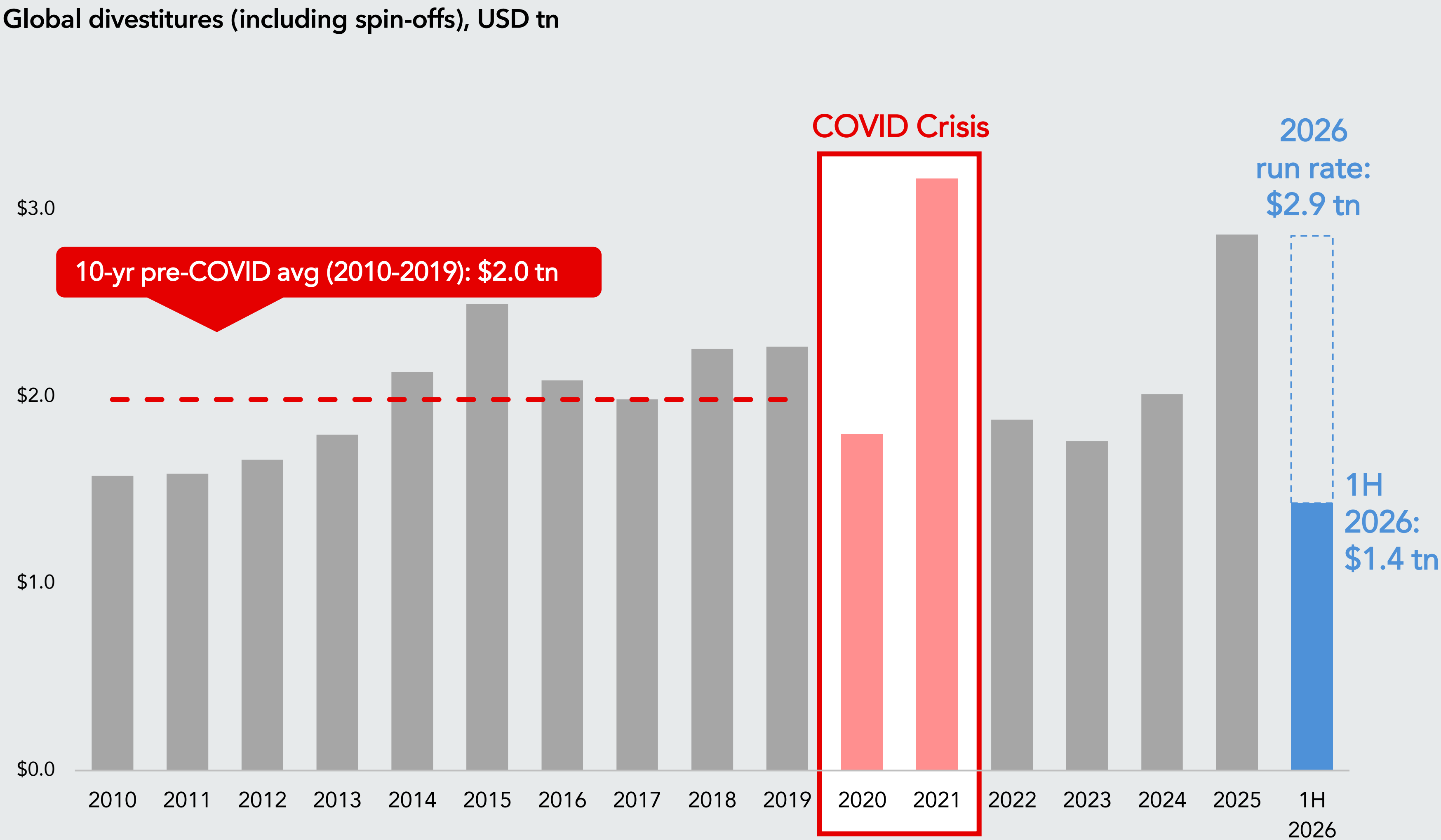
Tech Sector Nearly 30% of M&A

Global M&A activity, by sector (1H 2026)



Source: (1) Dealogic. Cortex. Data through June 30, 2026, accessed on July 7, 2026.

Divestiture Activity Remained Resilient



Source: (1) Cortex. Dealogic. Data through June 30, 2026. Data accessed on July 7, 2026. Includes rank eligible, M&A deals.


"Well, at least the Constitution is safe for the summer."
John Roberts, 17th Chief Justice of the US Supreme Court, at the end of the Court's term, prior to summer break

2026 Global Growth Revised Lower

GDP growth forecasts, y/y (January 2026 vs. July 2026)

Region	Jan 2026	Jul 2026	
North America			
US	2.5%	**2.3%**	↓
Mexico	1.4%	**0.9%**	↓
Canada	0.9%	**0.7%**	↓
Eurozone	0.9%	**0.6%**	↓
Spain	2.4%	**2.7%**	↑
Italy	0.6%	**0.8%**	↑
France	0.8%	**0.5%**	↓
Germany	0.7%	**0.5%**	↓
Other Europe			
Poland	3.8%	**3.5%**	↓
Sweden	2.4%	**2.0%**	↓
Norway	2.2%	**1.3%**	↓
Switzerland	0.9%	**1.2%**	↑
UK	1.0%	**0.9%**	↓
Russia	(-0.1%)	**0.5%**	↑
LatAm			
Colombia	3.0%	**2.9%**	↓
Argentina	2.3%	**2.8%**	↑
Brazil	1.6%	**1.8%**	↑
Chile	2.2%	**0.9%**	↓

Region	Jan 2026	Jul 2026	
MENA			
Iran	2.1%	**?**	↓
Israel	4.2%	**3.3%**	↓
Saudi Arabia	4.3%	**0.5%**	↓
UAE	4.5%	**(-0.04%)**	↓
Qatar	6.4%	**(-24.5%)**	↓
Kuwait	3.4%	**(-19.3%)**	↓
Oman	2.3%	**2.1%**	↓
Bahrain	3.0%	**(-16.0%)**	↓
Egypt	4.9%	**4.5%**	↓
Türkiye	3.0%	**2.3%**	↓
APAC			
India	6.5%	**6.7%**	↑
Indonesia	5.1%	**5.0%**	↓
China	4.5%	**4.8%**	↑
Philippines	5.4%	**3.5%**	↓
Singapore	3.1%	**3.4%**	↑
South Korea	2.1%	**2.5%**	↑
Australia	2.5%	**2.0%**	↓
Thailand	1.5%	**2.0%**	↑
Japan	0.7%	**0.5%**	↓

Source: (1) Oxford Economics. Data as of July 7, 2026. Bahrain, Iran, Israel Jan 2026 forecast is Bloomberg consensus.

Global Currency Forecasts

Currency pair	Spot (Jul 9)	Q3 2026	Q4 2026	Q1 2027	Q2 2027
EUR / USD	**1.14**	1.16	1.18	1.20	1.20
GBP / USD	**1.34**	1.33	1.34	1.36	1.35
USD / JPY	**162**	160	158	156	154
USD / CNY	**6.79**	6.70	6.65	6.60	6.60
AUD / USD	**0.69**	0.70	0.71	0.72	0.73
NZD / USD	**0.57**	0.57	0.58	0.59	0.60
USD / CAD	**1.42**	1.40	1.38	1.36	1.35
USD / NOK	**9.73**	9.74	9.49	9.33	9.25
USD / SEK	**9.67**	9.48	9.24	9.00	8.92
USD / CHF	**0.81**	0.79	0.78	0.76	0.76
USD / MXN	**17.55**	17.50	17.50	17.25	17.25
USD / BRL	**5.14**	5.20	5.10	5.00	4.90
USD / CLP	**931**	900	890	880	870

Source: (1) Bloomberg. MUFG Foreign Exchange Outlook – July 2026 (Derek Halpenny). Data as of July 9, 2026.

MUFG Global Rates Forecasts

	Spot (Jul 9)	Q3 2026		Q4 2026		Q1 2027		Q2 2027	
		MUFG	Consensus	MUFG	Consensus	MUFG	Consensus	MUFG	Consensus
Fed Funds	3.75%	3.75%	3.76%	3.50%	3.74%	3.25%	3.68%	N/A	3.57%
2 yr UST	4.18%	4.00%	3.95%	3.63%	3.85%	3.25%	3.78%	N/A	3.72%
5 yr UST	4.29%	4.13%	4.10%	3.88%	4.03%	3.63%	3.98%	N/A	3.93%
10 yr UST	4.56%	**4.25%**	**4.41%**	**4.13%**	**4.38%**	**4.00%**	**4.34%**	N/A	**4.33%**
30 yr UST	5.07%	4.50%	4.90%	4.50%	4.85%	4.38%	4.84%	N/A	4.85%

Source: (1) MUFG Global Macro Research (George Goncalves). Bloomberg. Data as of July 9, 2026. Fed funds is upper bound.

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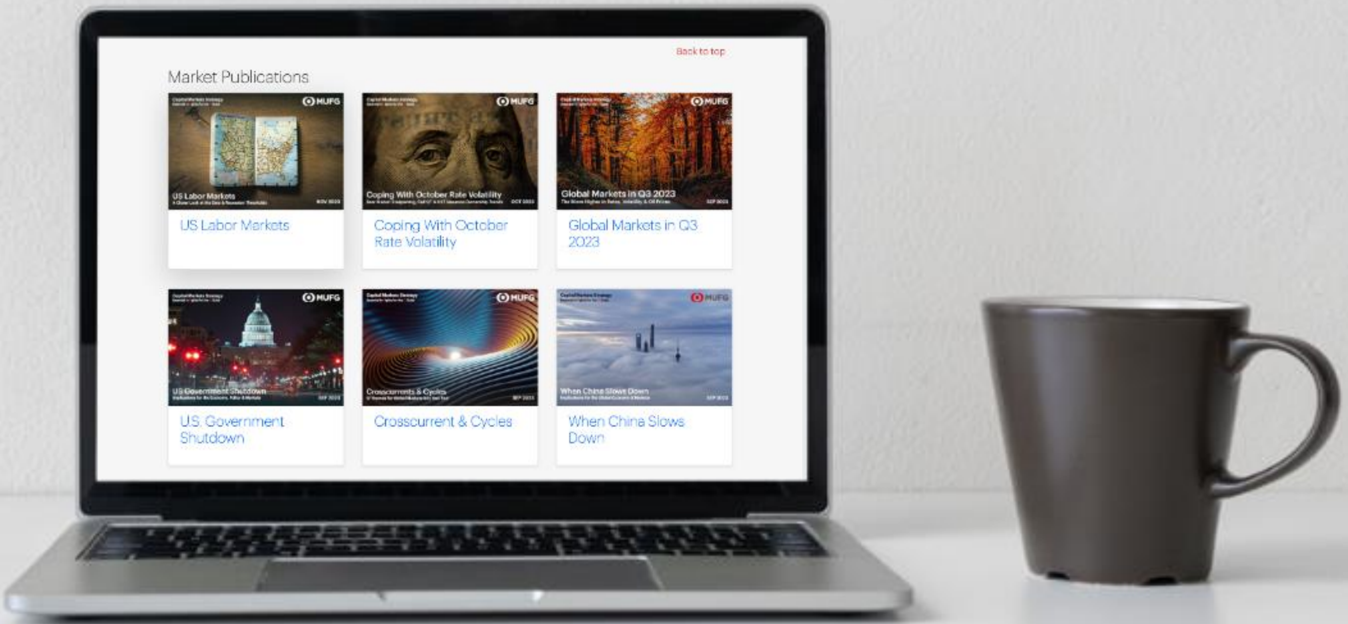

About the Authors

Tom Joyce
Managing Director
Capital Markets Strategist
New York, NY

Tom.Joyce@mufgsecurities.com
(212) 405-7472

Role

Tom Joyce is a Managing Director and Capital Markets Strategist within MUFG's global capital markets and investment banking business. Based in New York, Tom heads a team that creates customized analytical content for multi-national S&P 500 companies. His team provides in depth analysis on the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Tom has over 30 years of Investment Banking experience in New York, London, Hong Kong, and San Francisco. Tom created and built the Capital Markets Strategy role, advising corporate C-Suite executives (Boards, CEOs, CFOs, and Treasurers) on the pervasive macro forces driving markets. Tom also presents at dozens of corporate events each year including Board meetings, CEO ExCo sessions, CFO and Treasury off-sites, corporate leadership events and conferences.

Education

Tom's educational background includes a year of study at Oxford University from 1991 - 1992, a Bachelor of Arts in Political Science from Holy Cross College in 1993, and a MBA from Kellogg Business School, Northwestern University in 2000.

Personal

Tom resides in New Canaan, CT with his wife and four sons, where he previously served on the Board of Trustees of the New Canaan Library. Tom also serves on the President's Council of Holy Cross College.

About the Authors

Stephanie Kendal

Director
Capital Markets Strategist
New York, NY

Stephanie.Kendal@mufgsecurities.com
(212) 405-7443

Role

Stephanie Kendal is a Director in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Stephanie has spent nearly 10 years as a Capital Markets Strategist. She is an active member of the University of Michigan recruiting team and is focused on the diversity recruiting effort at MUFG. Stephanie is also a part of MUFG's DEI, Culture & Philanthropy (DCP) Council.

Education

Stephanie graduated with honors from the University of Michigan's Ross School of Business with a BBA .

Personal

Stephanie is involved in NYC's iMentor program, mentoring high school students with their journey to college graduation. She also volunteers at Experience Camps, a free summer camp program for grieving children, as the associate program director.

Angela Sun

Associate
Capital Markets Strategist
New York, NY

Angela.Sun@mufgsecurities.com
(212) 405-6952

Role

Angela Sun is an Associate in MUFG's Capital Markets Strategy group within the global capital markets and investment banking business. The team provides market based content for corporate clients to assist in strategic decision making. Focus areas include the impact of economic, political, public policy and regulatory dynamics on the US credit, foreign exchange, rates and commodities markets.

Experience

Angela previously interned at MUFG working in Capital Markets within the Equity Capital Markets and Leveraged Finance divisions. She is also an active member of the Carnegie Mellon University recruiting team.

Education

Angela graduated with honors from Carnegie Mellon University's Tepper School of Business with a BS in Business Administration with an additional major in Statistics and a minor in Media Design. She was a member of Alpha Kappa Psi business fraternity and the Undergraduate Entrepreneurship Association.

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