



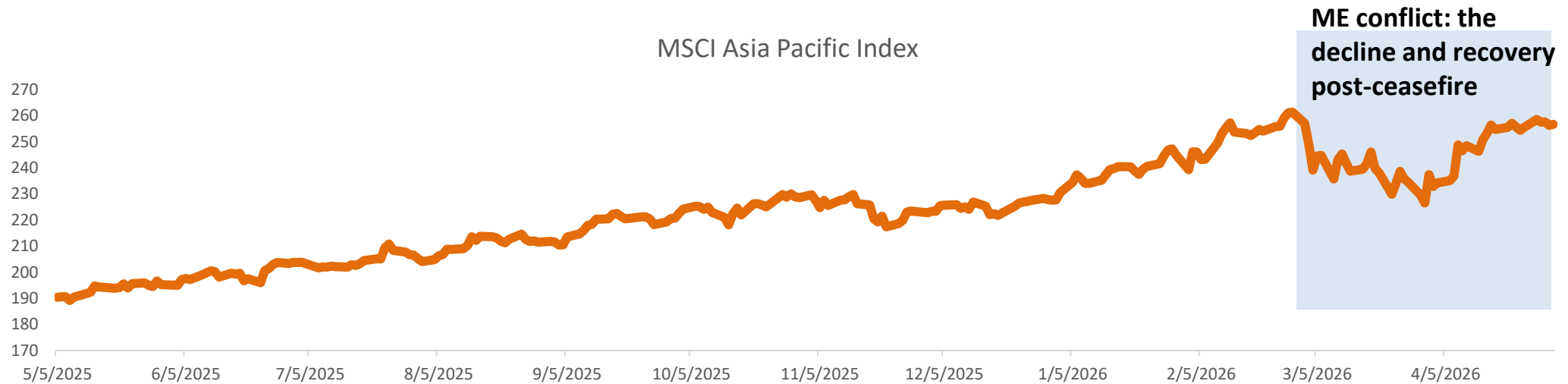
FLASH NOTE | ASIAN MARKET UPDATE

04.05.2026

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Asian market performance: indices reach record highs on AI drive

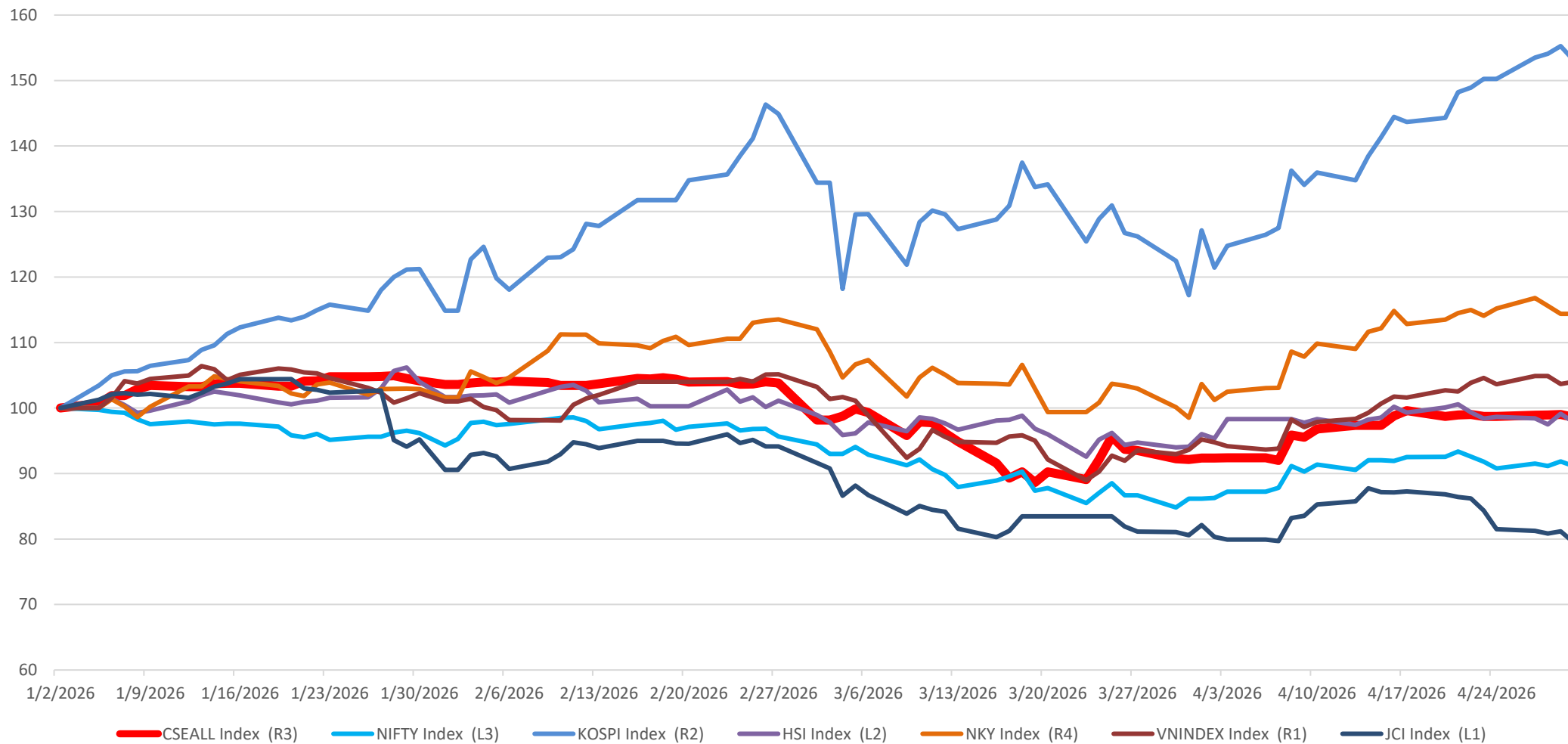


Key highlights

- Asian stocks climbed close to record highs, with the **MSCI Asia Pacific ex Japan Index** already reaching an **all-time high**, driven by strong interest in AI-related stocks.
- Markets in **South Korea and Taiwan led the gains**, with **tech-heavy indices rising more than 4%**.
- Investors are shifting back to riskier assets, largely looking past the Iran conflict and **focusing instead on the AI growth story**, supported by **solid recent earnings**.
- Asian markets, particularly South Korea, are performing strongly due to continued momentum in AI-related stocks.
- However, **overall sentiment remains cautiously optimistic**, as geopolitical tensions and high oil prices could act as constraints on further equity market gains.

Key market performance against ASPI since Jan 2026

Indexed Asian Market Performance

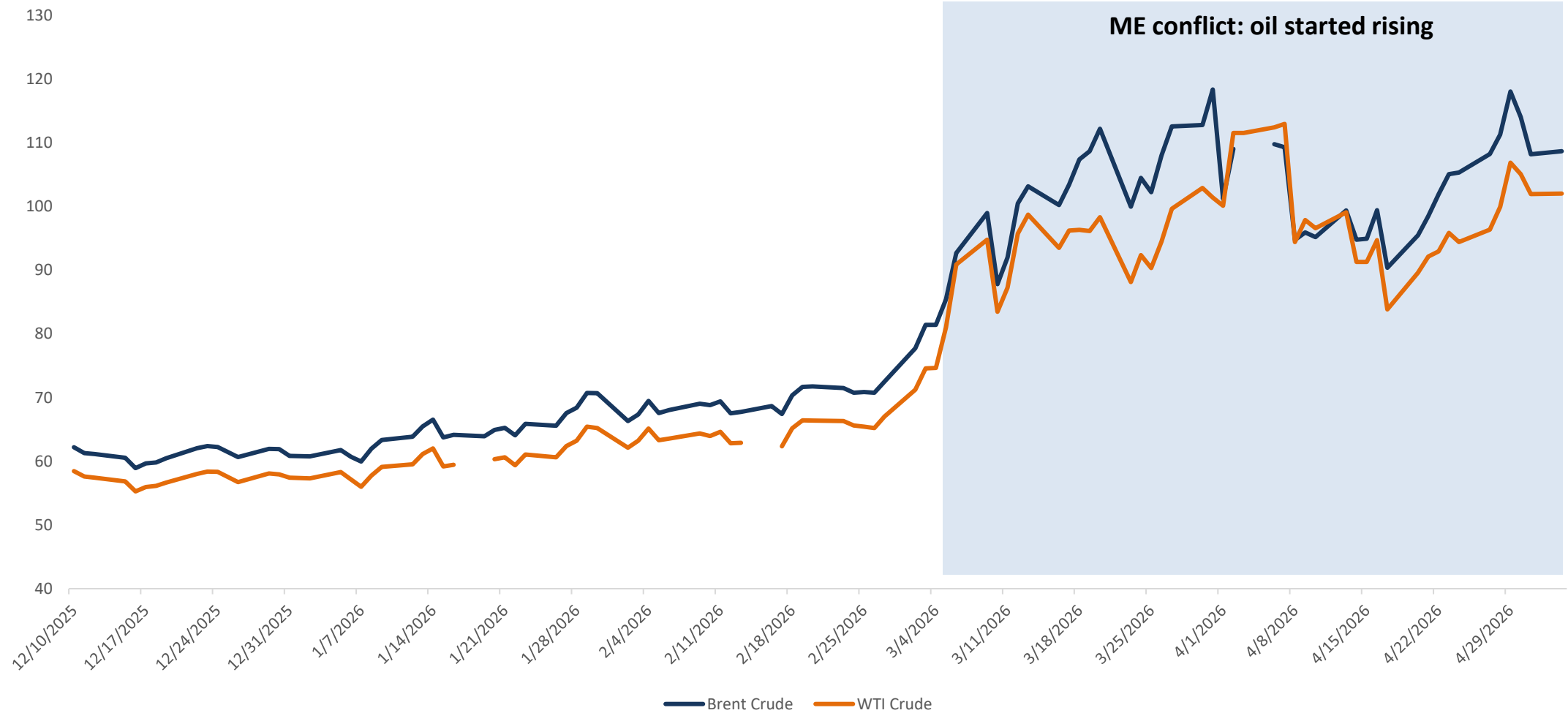


Sources: Bloomberg

Sources: Times of India, Reuters

Oil price performance

Oil prices (Jan 2026 - now)



Sources: Bloomberg

Sources: Times of India, Reuters

Oil price performance (cont'd)

Key Developments:

- The OPEC faces a shift as the United Arab Emirates exits to expand its oil production, signaling a move toward greater independence in energy policy.
- This reflects a broader global shift, with countries reassessing reliance on US-led financial systems and exploring alternative trade and settlement mechanisms.
- Oil prices remain elevated (WTI ~\$102, Brent ~\$108), supported by supply disruptions and ongoing geopolitical tensions.
- The Strait of Hormuz remains a critical bottleneck, with tanker disruptions and security risks adding uncertainty.
- Efforts by Donald Trump to secure shipping routes are underway, though their effectiveness is uncertain.
- The oil crisis is already having a significant economic impact across Asia-Pacific, with governments emphasizing energy security.

Bottom line:

The oil market is being driven less by fundamentals and more by geopolitics. Until there is a clear resolution to the Iran conflict and normalization of flows through Hormuz, elevated oil prices and volatility are likely to persist, with broader implications for global markets and economic stability.

Sources: Bloomberg

What It Means:

- **Oil prices likely to stay high:** As long as conflict with Iran continues and supply routes remain constrained, prices are expected to remain above \$100, with upside risk on any escalation.
- **Geopolitical risk premium is back:** Markets are pricing in sustained instability, particularly around key energy routes.
- **Shift in global power dynamics:** The UAE's move and broader trends suggest a gradual fragmentation of traditional alliances and systems, including reduced dependence on US influence.
- **Economic impact on Asia:** Energy-importing economies in Asia are especially vulnerable, facing inflationary pressure and growth risks.

Sources: Times of India, Reuters

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