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AIP

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One year of Trump 2.0

US President Trump has met some of his core 2nd-term objectives in Year One - US stocks are up since he assumed office on 20 January 2025, and bond yields and oil prices are down. That trend should continue as the president primes the economy in an election year, sustaining the rally in stocks this year. However, this is expected to come at the expense of a weaker dollar, potentially benefitting non-US assets more. The brief transatlantic spat over Greenland underscores the widening geopolitical fissures even among historical allies. At the same time, it reminded investors not to over-react but to build portfolio hedges. It is expected that such fissures to drive further demand for havens such as gold and alternative assets. Thus, remain overweight on gold and raise 3-month and 12-month gold targets to USD 4,850/oz and USD 5,350/oz, respectively.

Equities

The tight supply and the unprecedented demand growth for memory-intensive AI applications have led to firm memory pricing and a rally across major semiconductor producers. Memory price momentum is persisting, therefore lock in gains on Korea and Taiwan equities given the stretched investor positioning, and rotate into China and Indian equities - are the two Overweight markets in Asia.

Bonds

The recent JGB sell-off is fundamentally different from the 2022 UK Gilt crisis. Japan's pension funds are generally over-funded and do not rely on UK-type leveraged strategies. The impact from higher JGB yields is manageable for major Japanese financial institutions, given their strong credit fundamentals. Japanese financial sector USD bonds, with preference for 5-7-year maturity in the horizon.

Commodities

Overweight Gold. Target price raised to USD 4,850 (3-months) and USD 5,350 (12-months). Fundamentally, the structural case for gold remains intact. Ongoing geopolitical and fiscal uncertainty also underpin the interest in gold. However, the risk-reward is less compelling now in gold miners. 45.5% gain since 30 October 2025.

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