



**KCM Trade**  
KOHLE CAPITAL MARKETS

# H1 2026

## GLOBAL MARKETS REVIEW

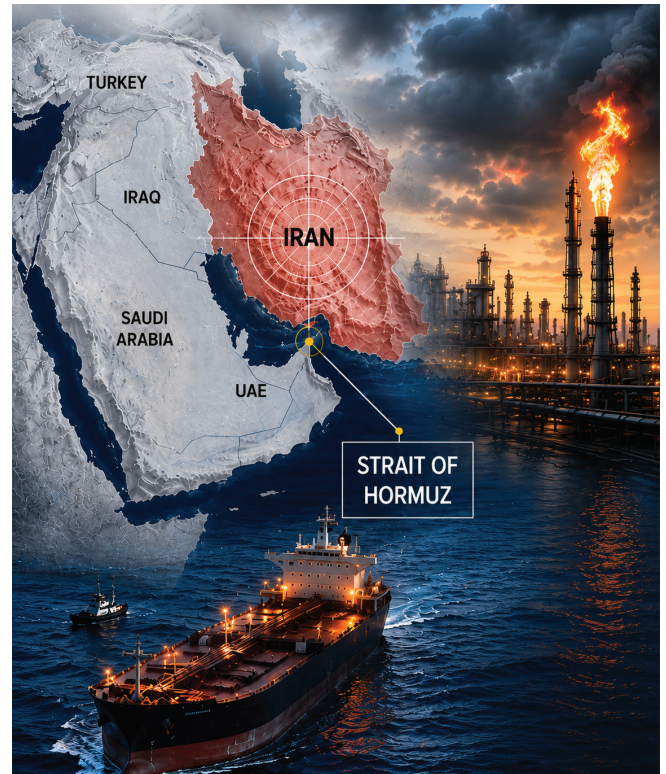
Geopolitics, Oil Shocks, and Tech Resilience

Jan - June 2026



## The Defining Conflict

The US-Iran war was the defining event for financial markets in the first half of 2026. The four-month effective closure of the Strait of Hormuz, coupled with damage to oil infrastructure across the Middle East, kept markets on edge for much of the period. Yet the first half also saw a significant diplomatic milestone: on June 17, President Trump signed a Memorandum of Understanding with Iran, followed by tense but productive negotiations in Switzerland that produced a “roadmap” toward a full peace deal. This provided intermittent relief rallies, but the underlying uncertainty never fully dissipated.



### JAN - APR 2026

Rising tensions and infrastructure attacks keep markets on edge.



### APR - MAY 2026

Strait of Hormuz effectively closed, oil prices surge.



### JUN 17, 2026

President Trump signs MoU with Iran.



### LATE JUN 2026

Negotiations in Switzerland produce roadmap toward a full peace deal.



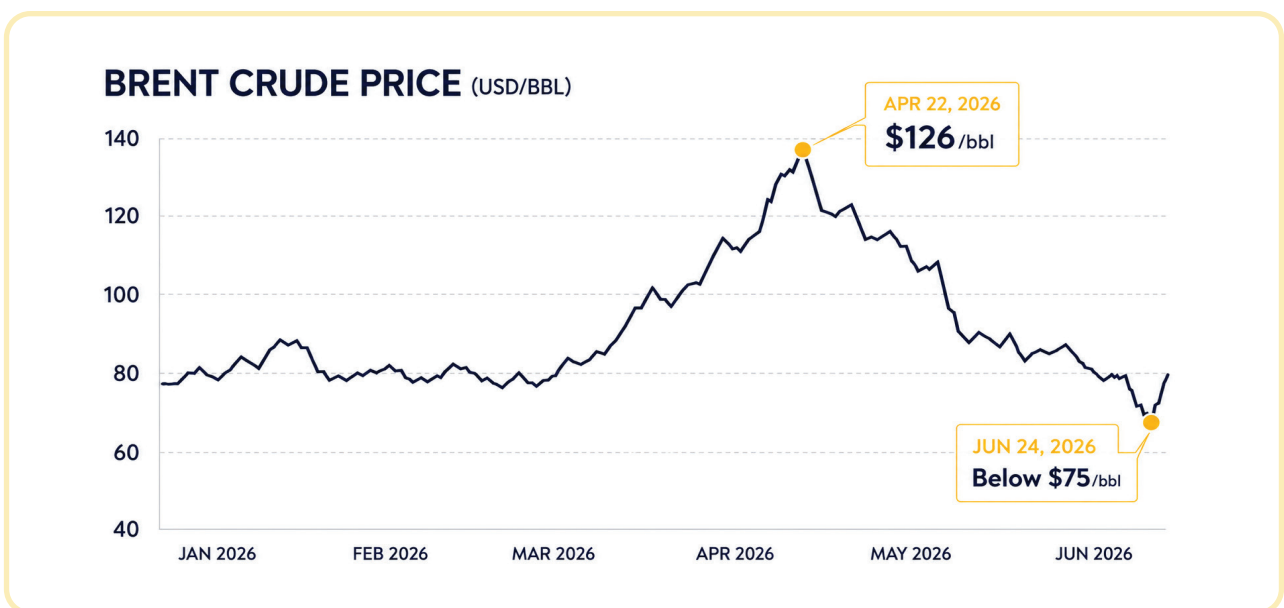
### Key Takeaway

Despite diplomatic progress, geopolitical uncertainty remained the defining risk for global financial markets throughout H1 2026.



## Oil's Wild Ride

Oil prices careened through dizzying volatility as the Strait of Hormuz remained effectively sealed and Middle Eastern energy facilities took hits. Brent crude, the world's benchmark, rocketed to a four-year pinnacle of \$126 per barrel in late April, sending shockwaves through economies and stoking inflation nightmares. The MoU and pledges to reopen the vital chokepoint, coupled with anticipation that Iranian barrels could soon flow freely once sanctions ease, triggered a breathtaking reversal. Prices plunged below \$75 by late June. With global stockpiles drained to worrying lows after months of disruption, nations are now racing to refill reserves as insurance against the next supply tremor. This restocking wave may underpin demand, even as supply flows from the Middle East start to normalise.

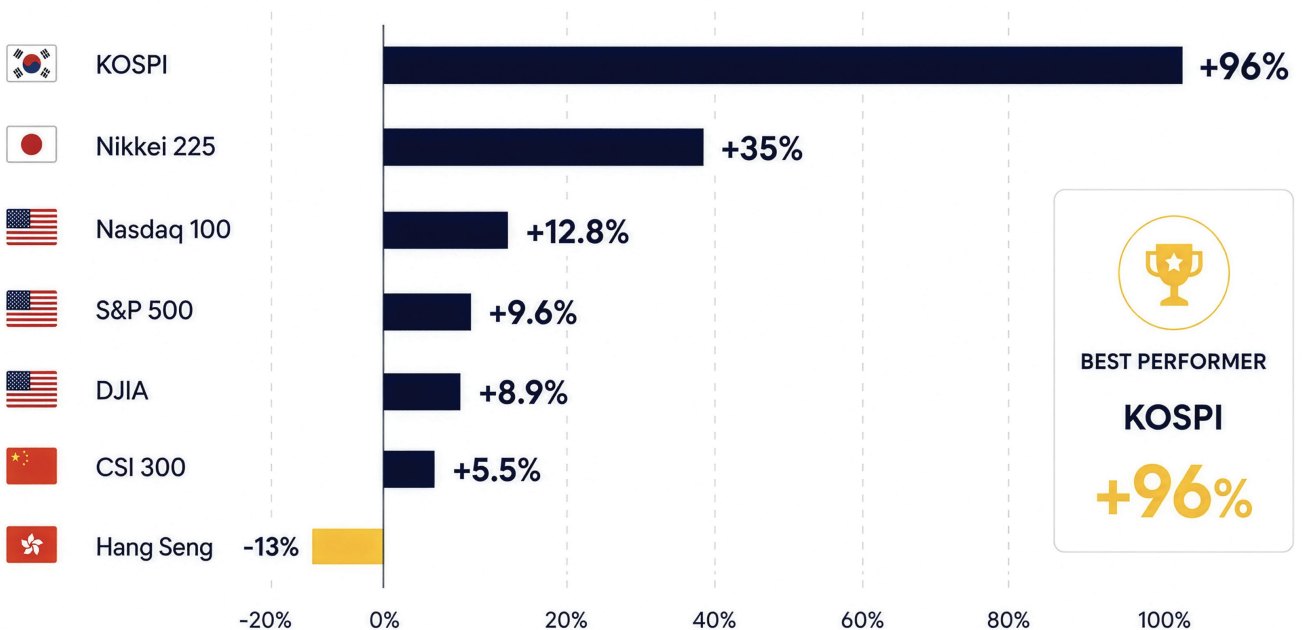


## Equities Defy the Odds

Despite the US-Iran conflict, several major stock indices managed to hit record levels during H1 2026. The Dow Jones, S&P 500, Nasdaq, Nikkei 225, and KOSPI all reached new highs at various points. Tech sector enthusiasm, particularly for chip manufacturers and AI-related companies, provided a powerful cushion against geopolitical risks and high oil prices. South Korean and Japanese stocks were among the outperformers among global indices. It wasn't all smooth sailing though, with lofty valuations triggered periodic rotations into other parts of the market. Still, the resilience of equities highlighted the market's ability to compartmentalise geopolitical noise when corporate earnings and future growth narratives remained compelling.



### YTD % GAIN AS OF JUNE 30TH, 2026



## New Fed Chair Kevin Warsh Takes the Helm

Q2 2026 also saw Kevin Warsh take the helm as the new Fed Chairman and chair his first FOMC meeting in June. Warsh broke from tradition somewhat by refusing to submit his forward projections or “Dot Plots,” arguing that the practice does not allow the Fed enough flexibility. Even though other board members submitted theirs, Warsh’s approach underscored his desire for greater policy agility.

The market had expected Trump to appoint a policy dove given the President’s desire for lower rates, but Warsh’s decidedly hawkish tone at his first meeting in charge was anything but dovish, with getting inflation back down to 2% still the stated goal. As of mid-year, markets are now expecting at least one rate hike this year from the Fed and maybe more with US CPI on the ascent. One wonders whether Trump will show patience with his new Fed pick even if rates are going higher. Trump’s relationship with the prior Chairman Jerome Powell soured significantly, and it remains to be seen if his relationship with Kevin Warsh could suffer a similar fate if the President doesn’t get his desired lower interest rates.



**Kevin Warsh**

Chairman, Federal Reserve

Since Q2 2026

## SpaceX Launches IPO



SpaceX delivered the undisputed marquee IPO of the period, with shares listing on June 12, 2026, at \$135. The deal valued the company at a precise \$1.77 trillion, crowning it the largest IPO in stock market history. Surging first-week demand sent the stock soaring, catapulting its market capitalization past \$2.9 trillion before a healthy pullback set in. The spectacular debut underscored insatiable investor hunger for visionary space and tech plays.

However, profitability and spending concerns soon dulled some of the initial euphoria. Questions around Starlink’s monetisation path, heavy capital expenditure on Starship development, and the long timeline to consistent free cash flow prompted investors to take a more measured view. SpaceX closed the quarter at around \$171 per share, comfortably above its IPO price of \$135 but well below the intra-quarter peaks that briefly exceeded \$200. Hot on its heels, AI titans Anthropic and OpenAI are gearing up for their own public debuts possibly in H2 2026 or H1 2027.



## Gold's Volatile Journey

Gold got off to a rocket start in 2026, hitting an all-time high on January 28 with an intraday peak near \$5,589 per ounce. Silver followed suit, reaching a nominal record of \$121. However, the onset of the US-Iran conflict, combined with rising oil prices and a stronger US Dollar, brought about a sharp reversal. Hawkish central bank rhetoric, particularly from the Fed under new Chair Kevin Warsh, hurt gold from a yield perspective. The metal has since traded in a volatile range, struggling to maintain its safe-haven premium as inflation concerns and higher yields dominated. Essentially, gold and silver were both brought undone by the dovish to hawkish pivot of the Fed which boosted the Dollar. If precious metals are to make a comeback in the second half of the year, it will likely depend on a scaling back of interest rate expectations for the US occurring and a downward move in the USD.



## The Dollar's Dominance

The US Dollar benefited significantly from the period of elevated oil prices, both through its petrodollar status and the inflation implications of higher energy costs. Entering the year with consensus expectations of multiple Fed rate cuts, markets have since witnessed a dramatic pivot. US CPI jumped from 3.8% in April to 4.2% in May, prompting a repricing toward potential rate hikes. This, along with a hawkish tone from Chairman Warsh at his first FOMC meeting, gave the Dollar a strong tailwind. The DXY began the year near 98.20, dipped to 96 in late January, and by late June had climbed to above 101.50, before closing the month with a 2.7% year-to-date gain. USDJPY trading above 161 despite the Bank of Japan's rate hike to 1% (its highest since 1995) further underscored the greenback's strength.



# LOOKING AHEAD

## KEY THEMES EXPECTED IN H2 2026

### Overview

As we shift into H2 2026, the market's focus narrows to two key drivers: persistent US inflation and the evolving geopolitical landscape between Washington and Tehran.

### Near-term Watchpoint

Commercial shipping through the Strait of Hormuz will be the first major indicator of whether global energy supply conditions are truly normalizing.

### Market Outlook

Global equities have shown remarkable resilience, yet the inflationary effects left by months of conflict continue to pose upside risks.

### Key Risk

The biggest wildcard remains central bank tolerance. A renewed cycle of aggressive rate hikes could significantly reshape the outlook for global risk assets.



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