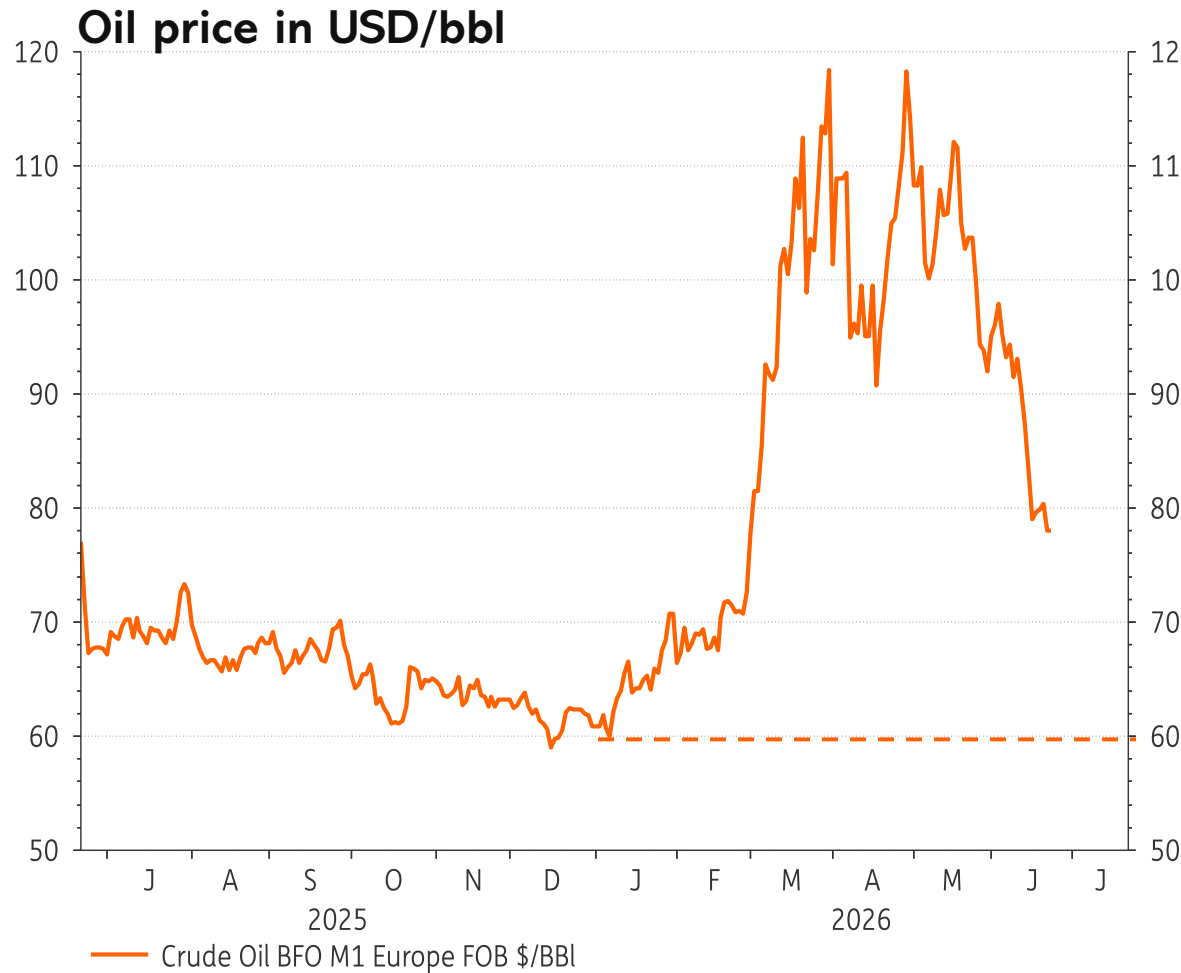




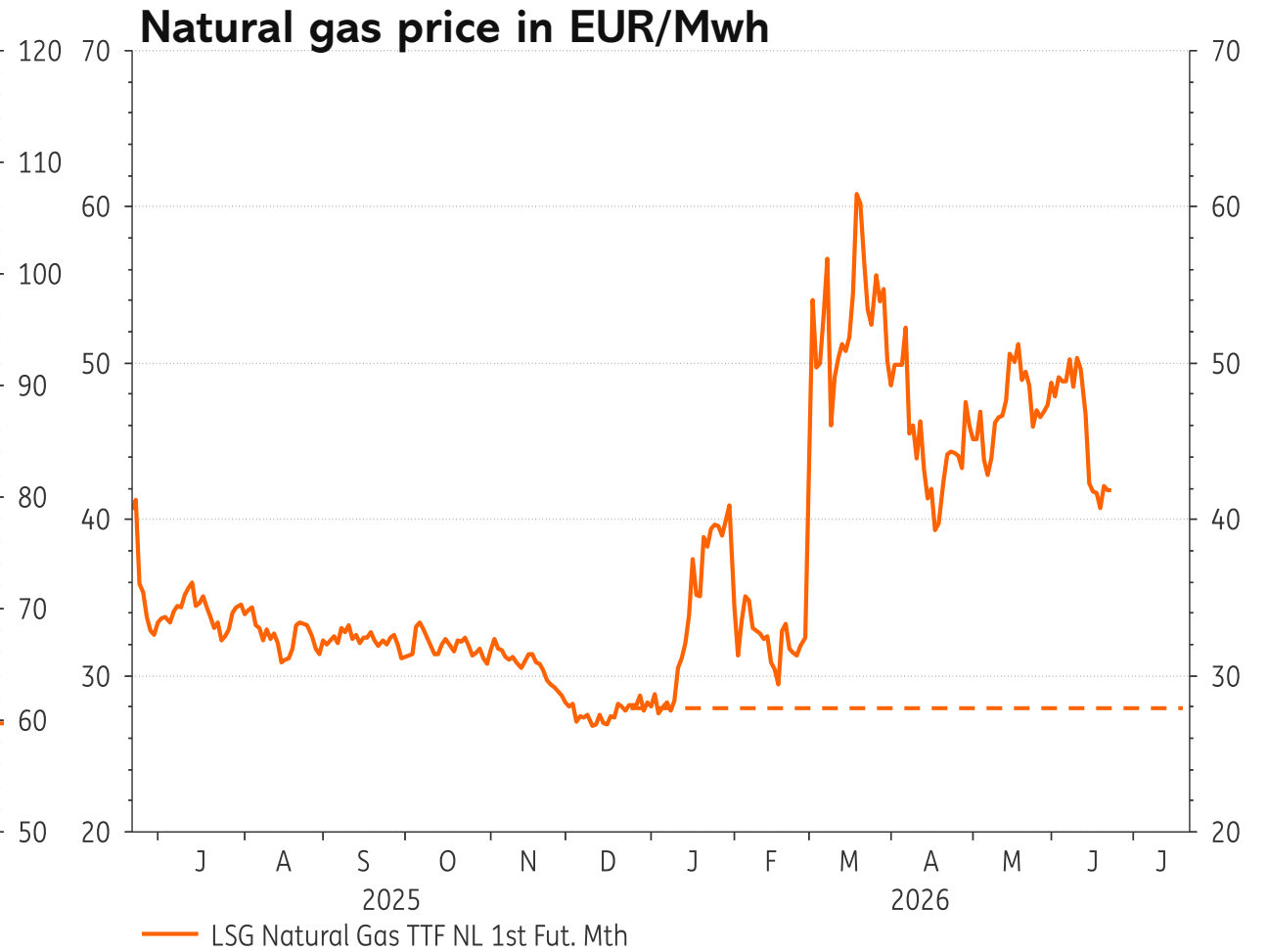
**Economic outlook:**

# Stagflation averted?

# Middle-East war had driven up oil and gas prices



Source: LSEG Datastream, ING Economic Research



Source: LSEG Datastream, ING Economic Research

# When will traffic in the Strait of Hormuz normalise?

Polymarket forecasts



Economy · Strait Of Hormuz

## Strait of Hormuz traffic returns to normal by July 31?



Past ▾

Jun 15

Jun 30

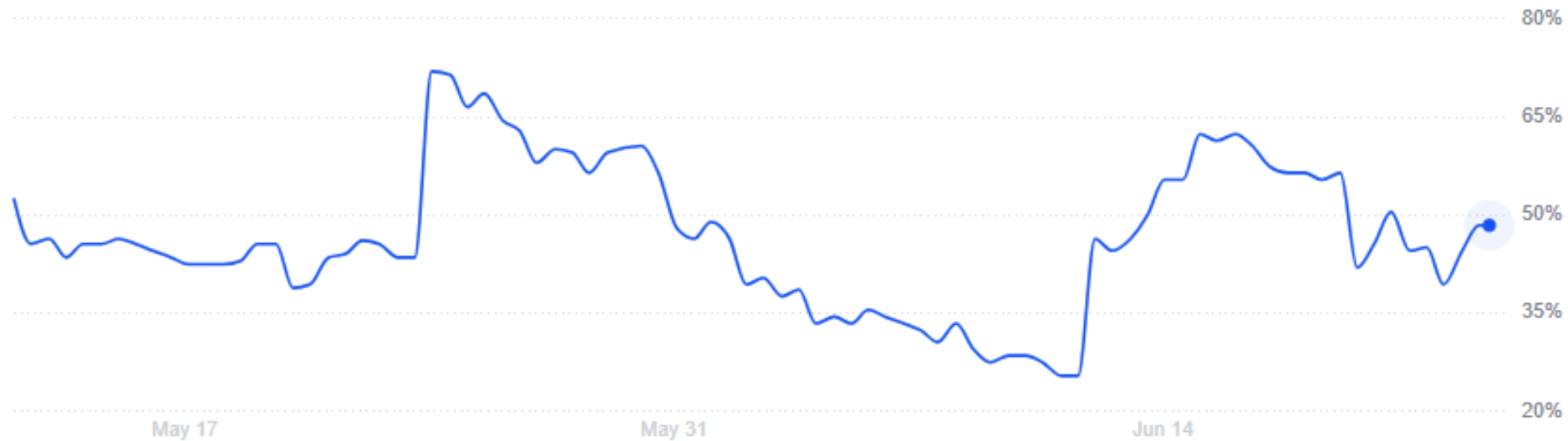
Jul 15

**Jul 31**

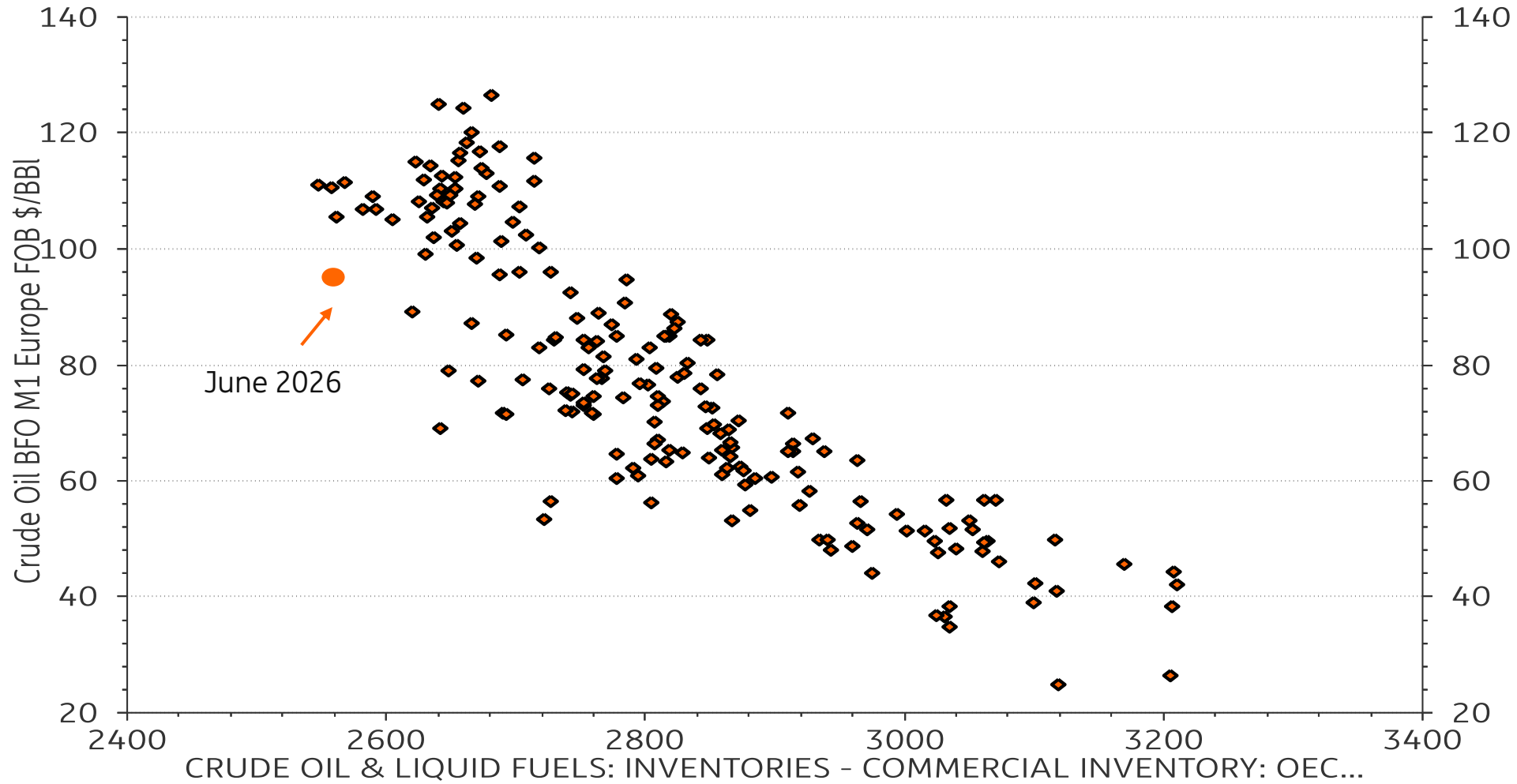
More ▾

**49% chance** ▼ 4%

Polymarket



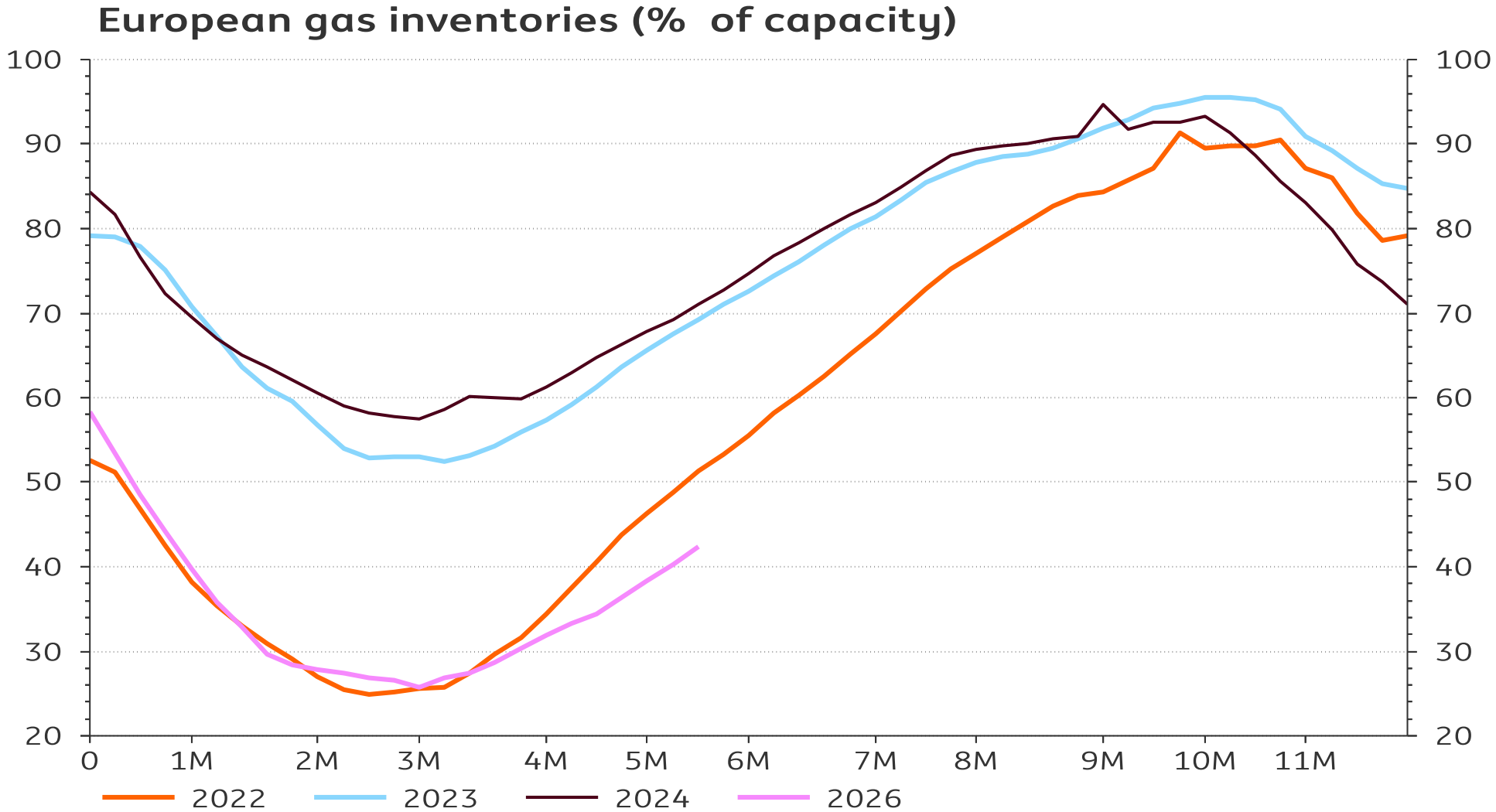
# Oil inventories have been reduced



◆ CRUDE OIL & LIQUID FUELS: INVENTORIES - COMMERCIAL INVENTORY: ...

Source: LSEG Datastream, ING Economic Research

# Natural gas inventories are currently low in Europe

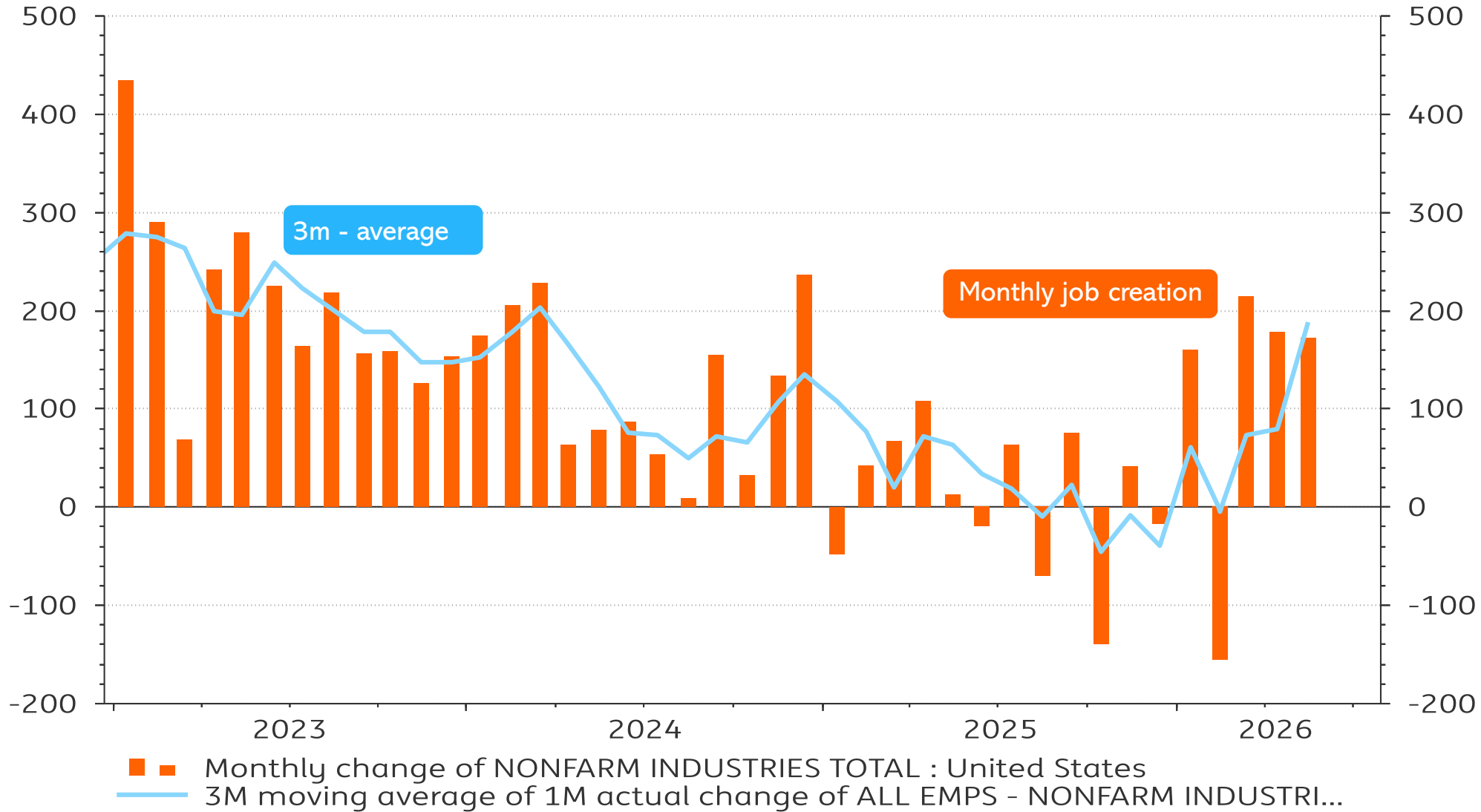


Source: LSEG Datastream, ING Economic Research

The image is a digital composition with a blue and purple color palette. In the top left, there is a stylized American flag with white stars on a dark blue field. The background is filled with a glowing keyboard, where several keys are highlighted with a bright blue light. A large, prominent key on the right side of the keyboard is labeled 'AI' in white, bold, sans-serif font. In the bottom left corner, there is a financial candlestick chart with several blue bars and a green line graph overlaid on it. The overall aesthetic is futuristic and tech-oriented.

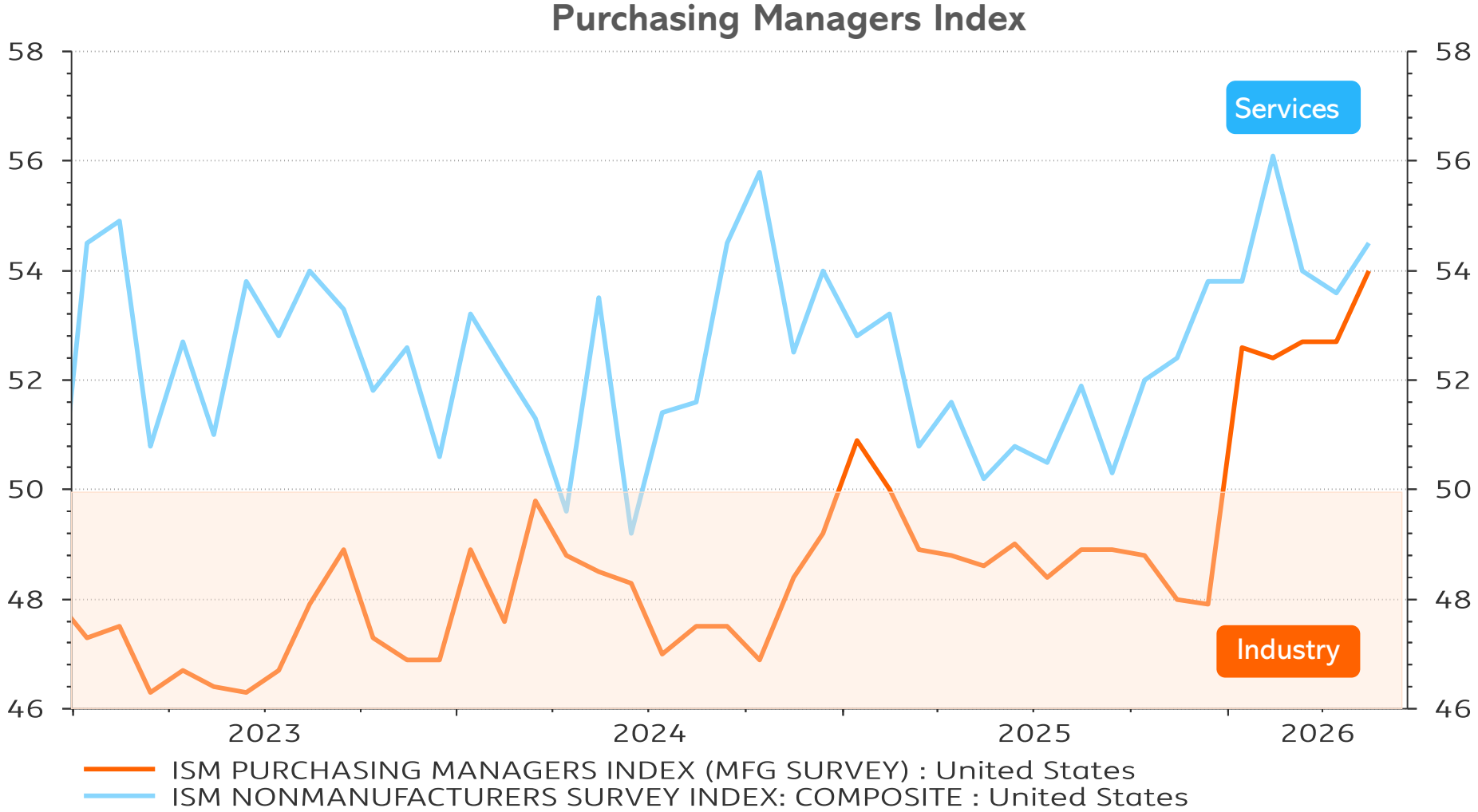
**Still decent growth in  
the US**

# US job market still OK...



Source: LSEG Datastream, ING Economic Research

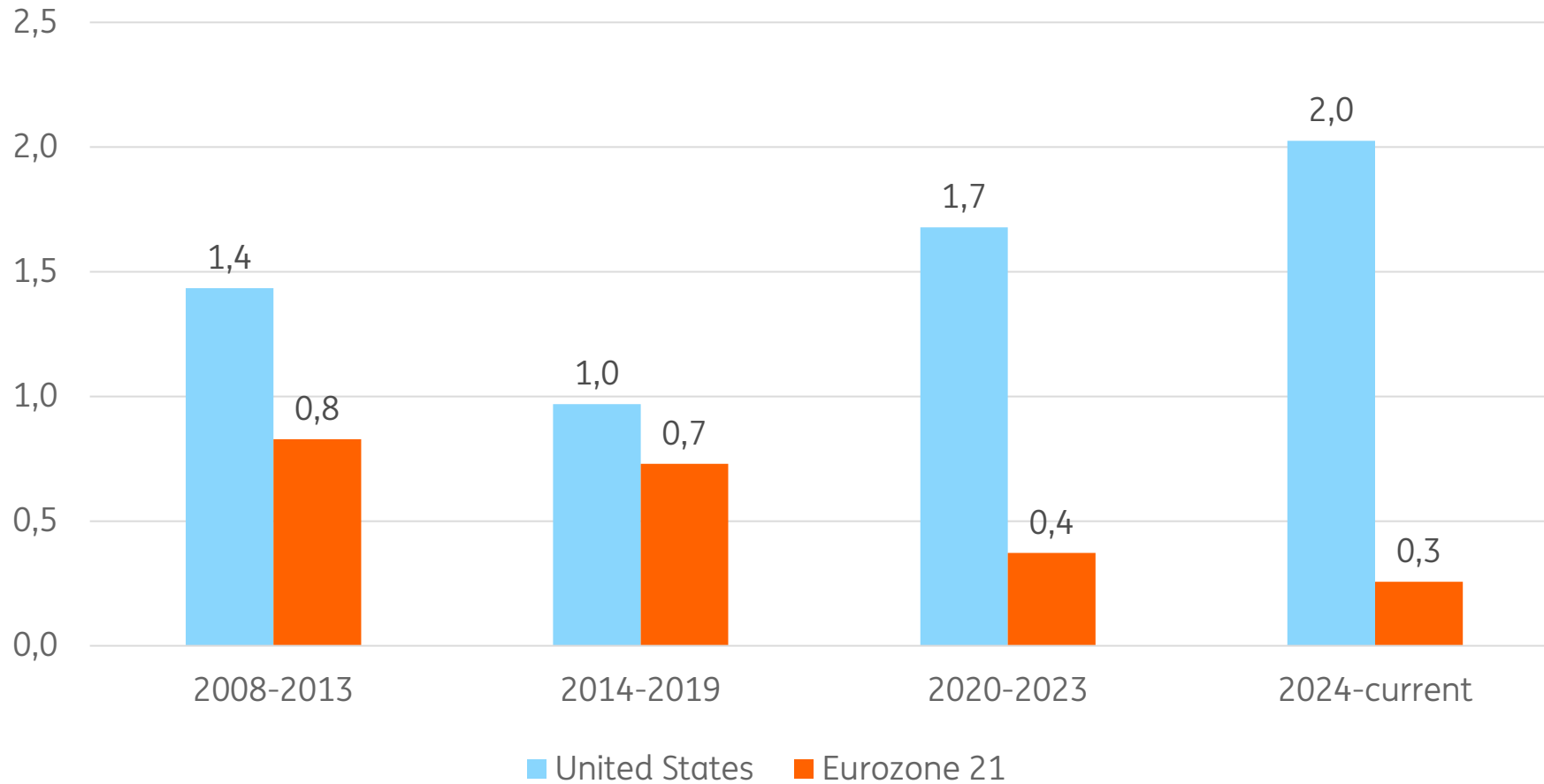
# ... and business surveys remain solid



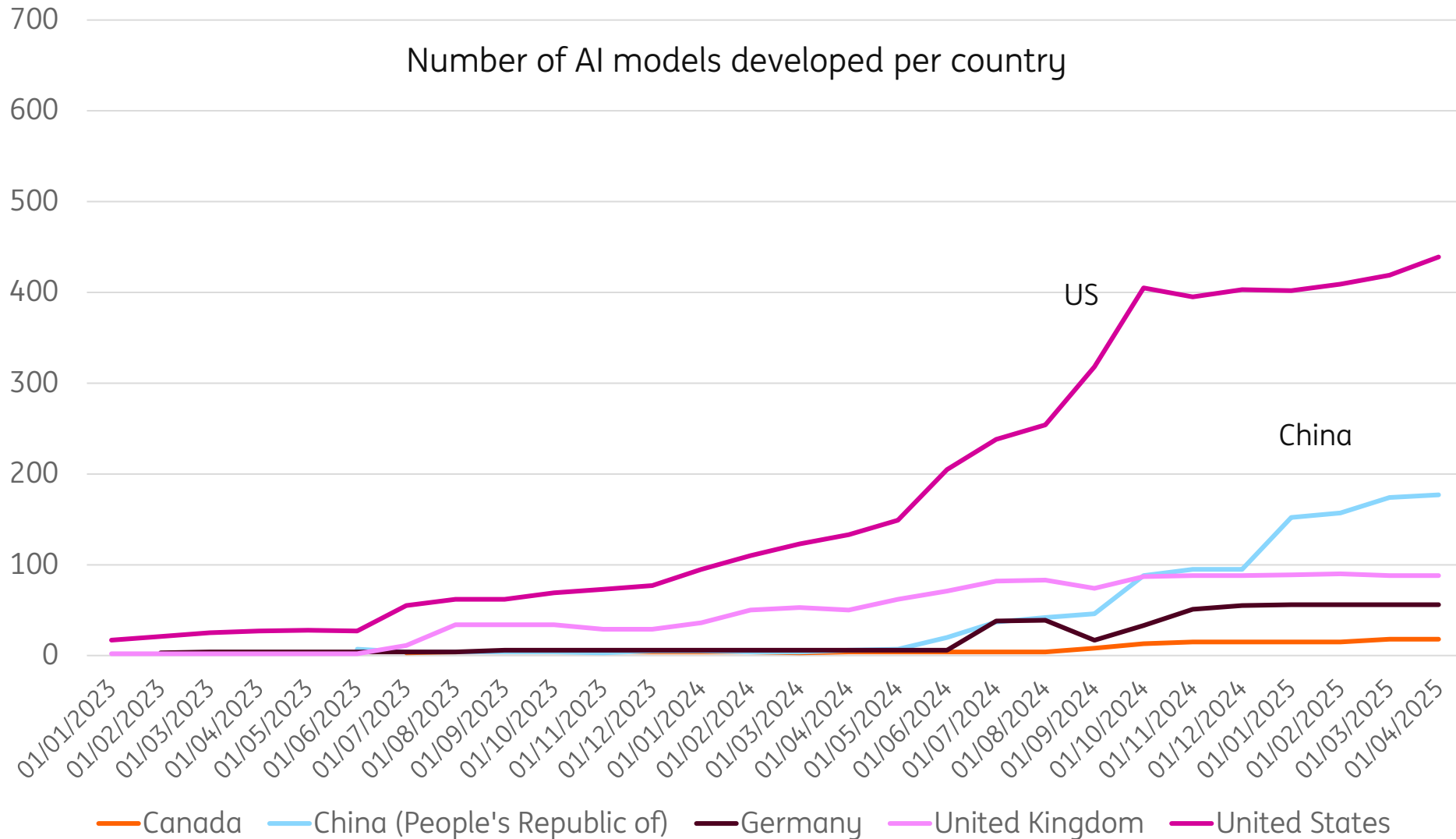
Source: LSEG Datastream, ING Economic Research

# A positive productivity shock in the US

Labor productivity evolution over time (annualized average growth, %)



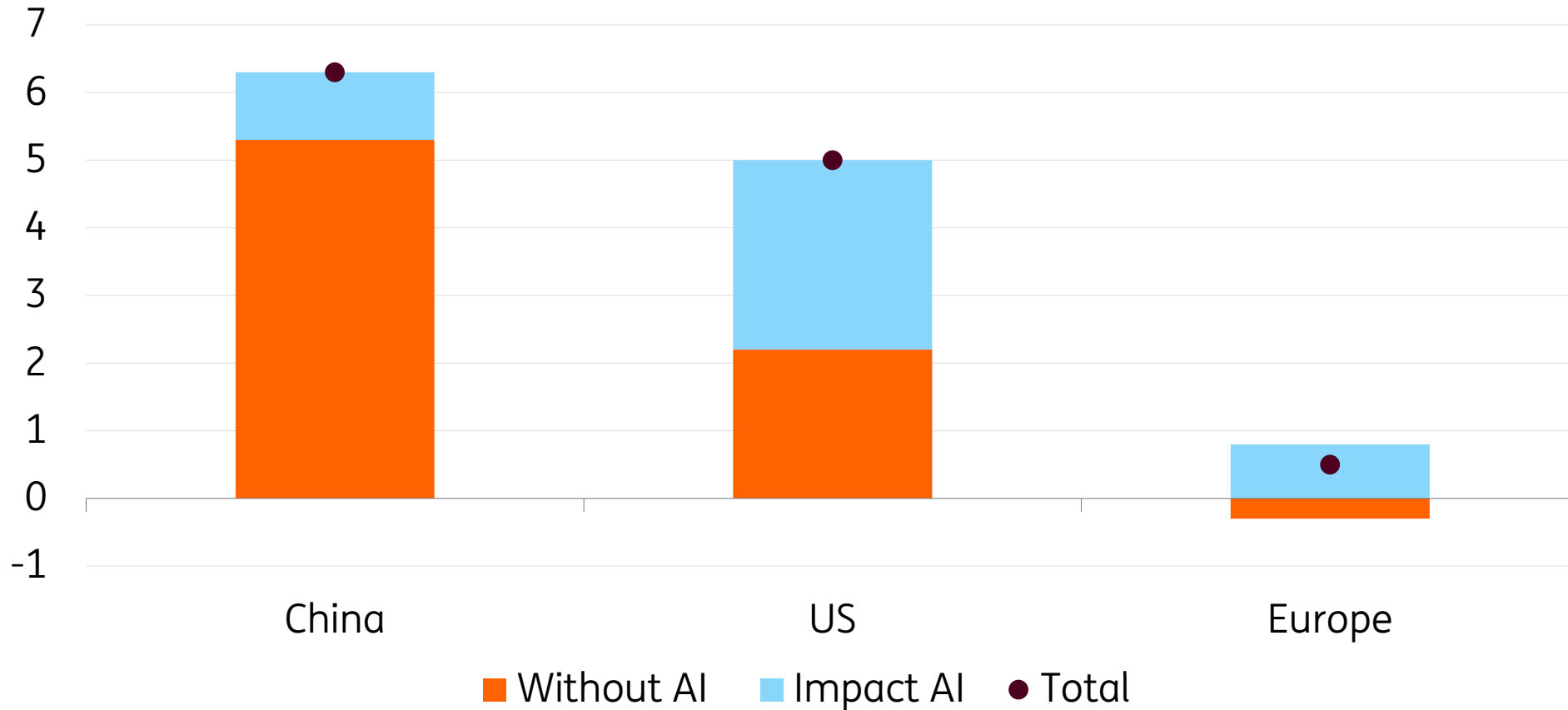
# Europe continues to lag in AI



Source: oecd.ai, ING economic research

# AI is having a bigger impact on productivity in the US

Productivity growth in 5 “AI sensitive” sectors 2023-2025 (%)

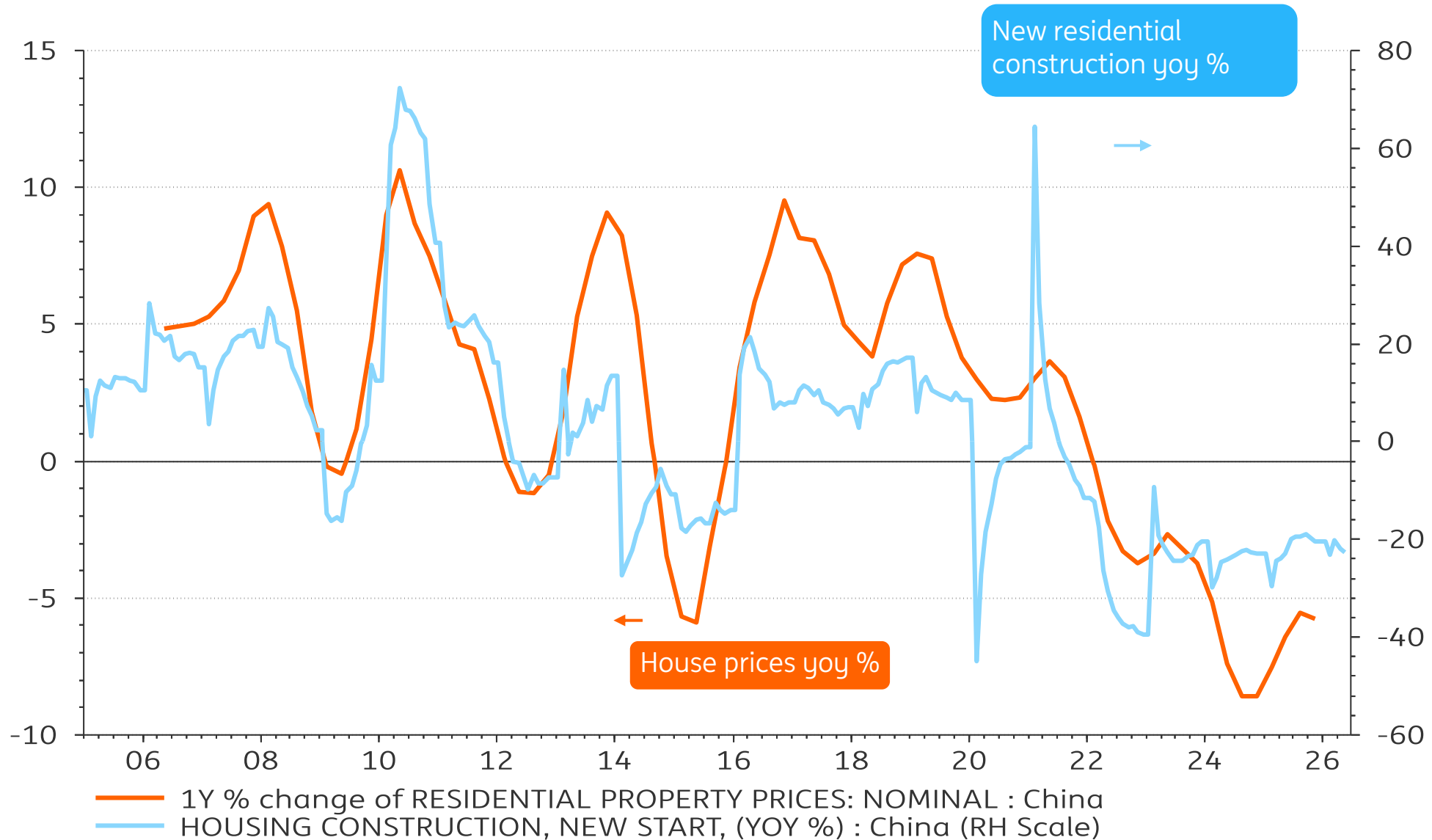


Source: Verschuere & Cameron (2026)

A conceptual image of two cargo ships, one blue with the EU flag and one red with the Chinese flag, chained together at sea. The ships are loaded with blue and red containers. The text "Towards a EU - China trade war?" is overlaid in white.

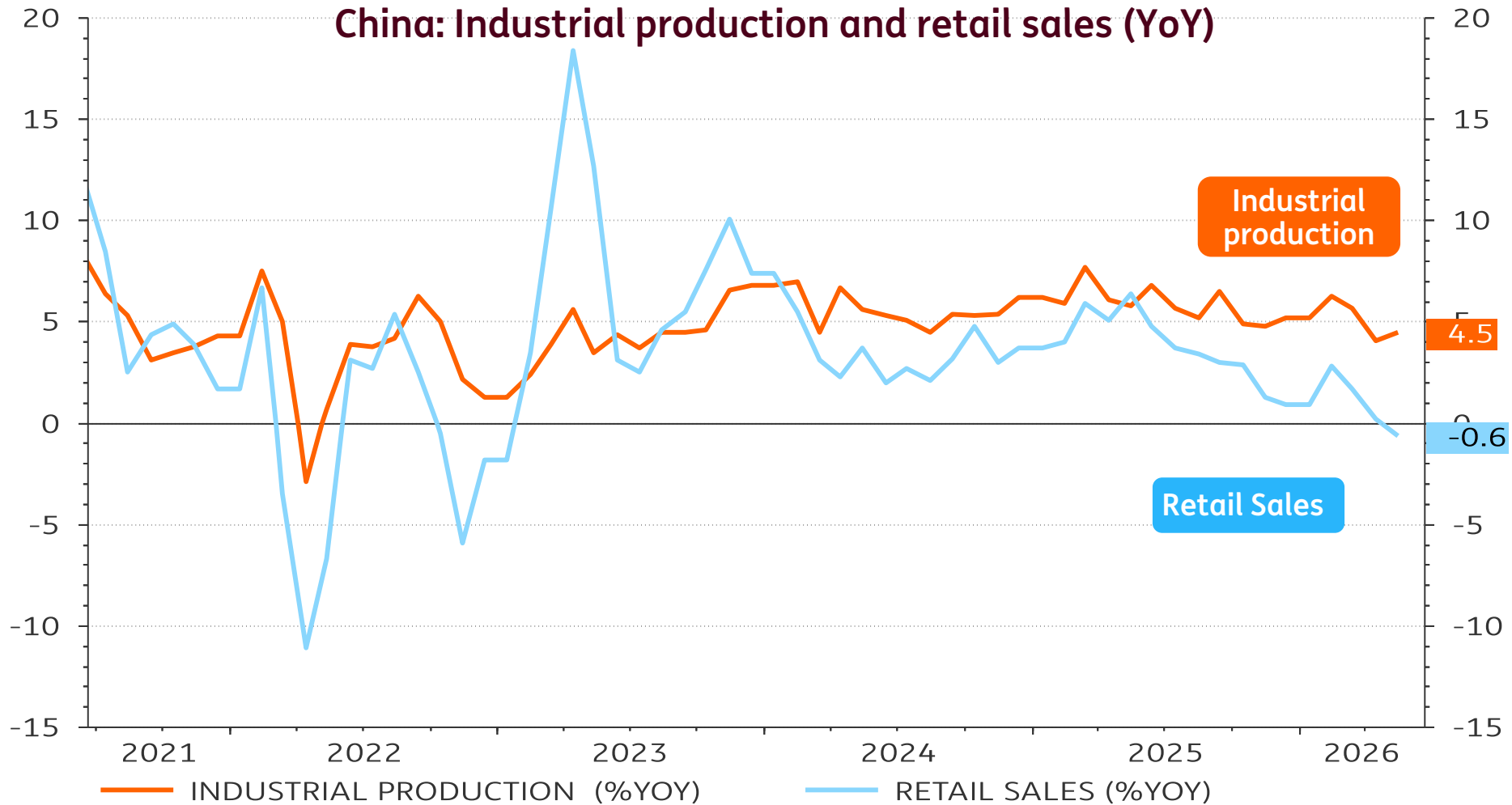
# Towards a EU - China trade war?

# Real estate weakness remains a drag on Chinese domestic demand



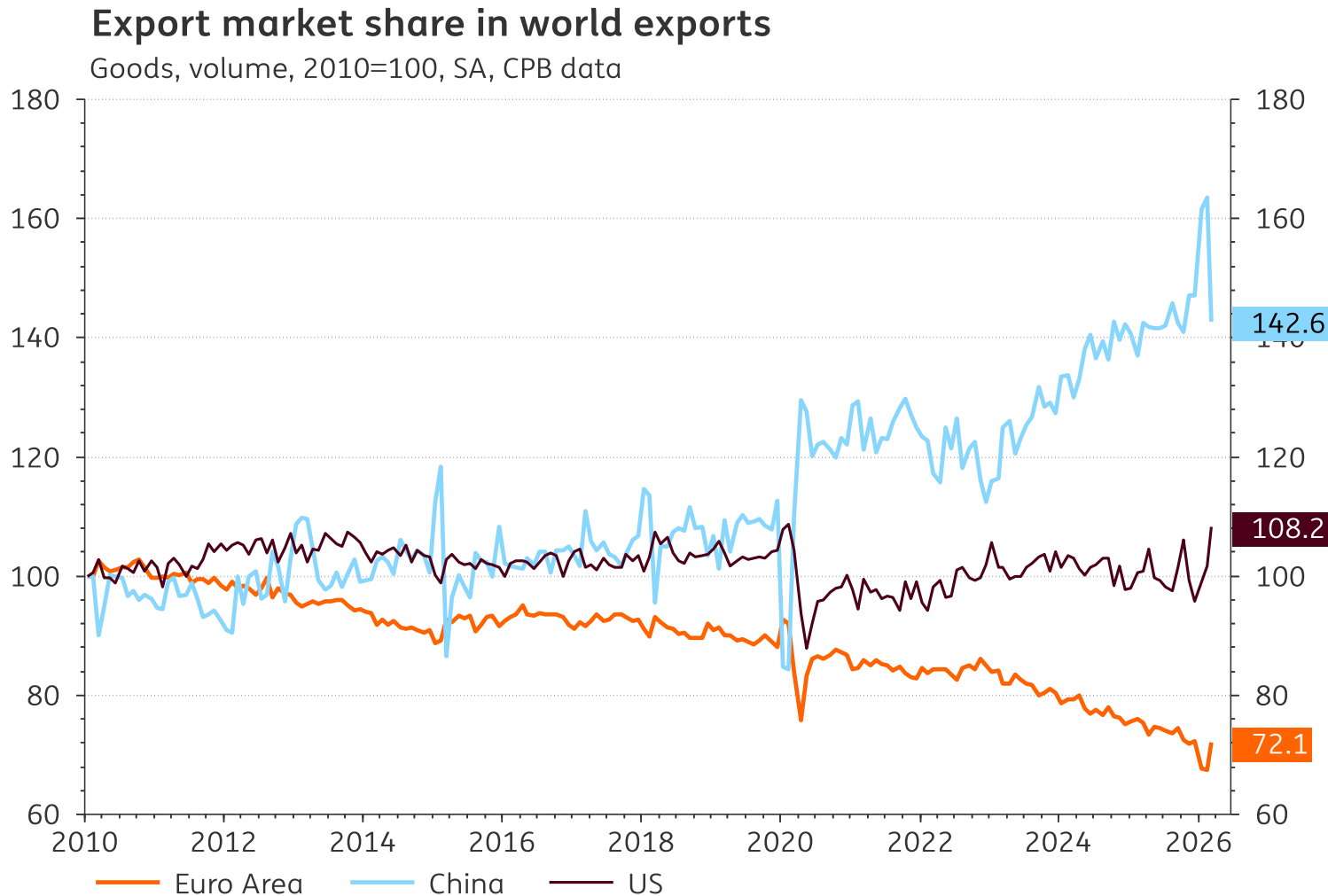
Source: LSEG Datastream, ING Economic Research

# Domestic demand still subdued, manufacturing (export) activity more resilient

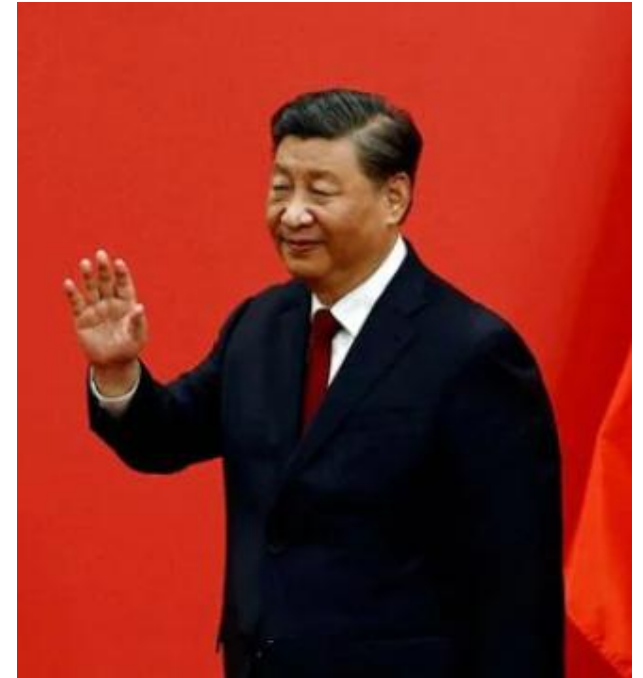


Source: LSEG Datastream, ING Economic Research

# China's export market share has strongly increased



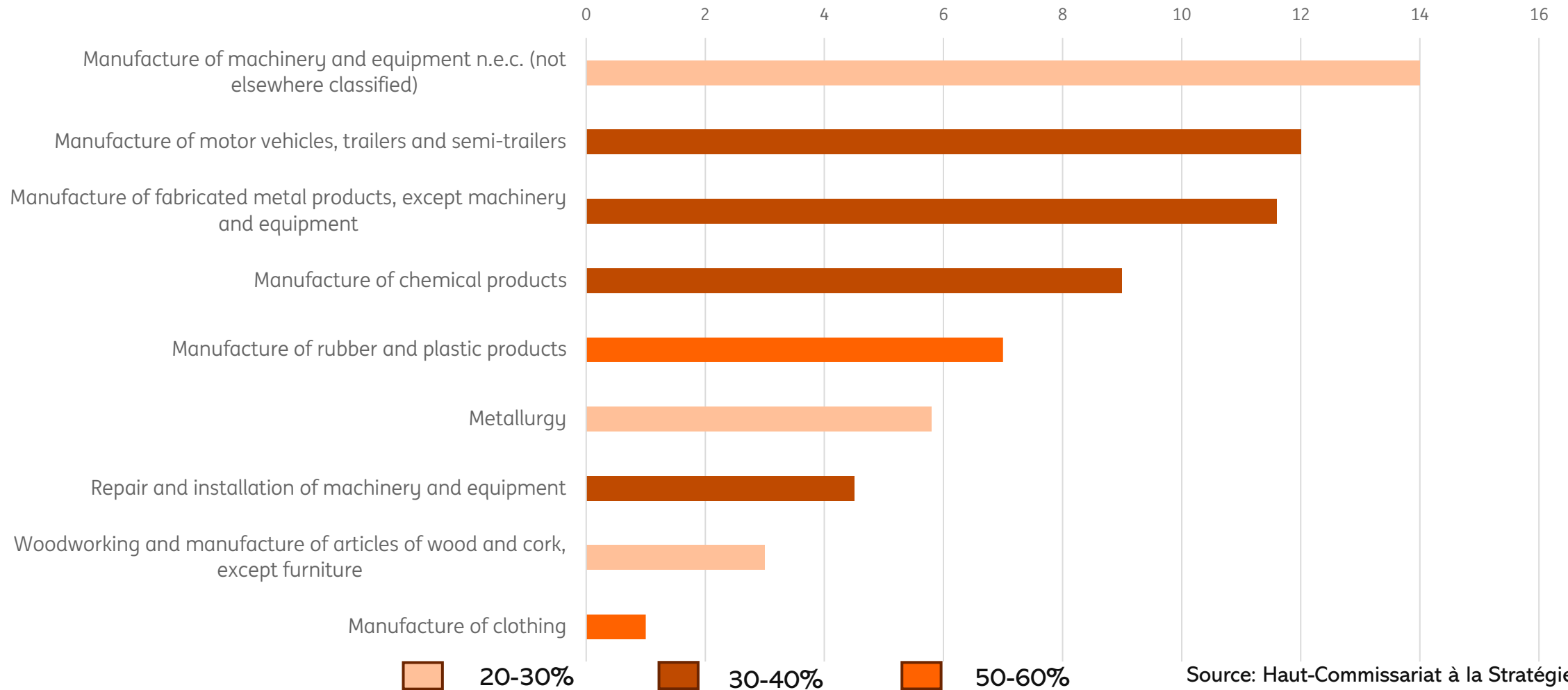
Source: LSEG Datastream, ING Economic Research



**"China aims for global technological supremacy in its five-year plan." (2026)**

# Cost disadvantage European industry vis-à-vis China

% share in European Union manufacturing

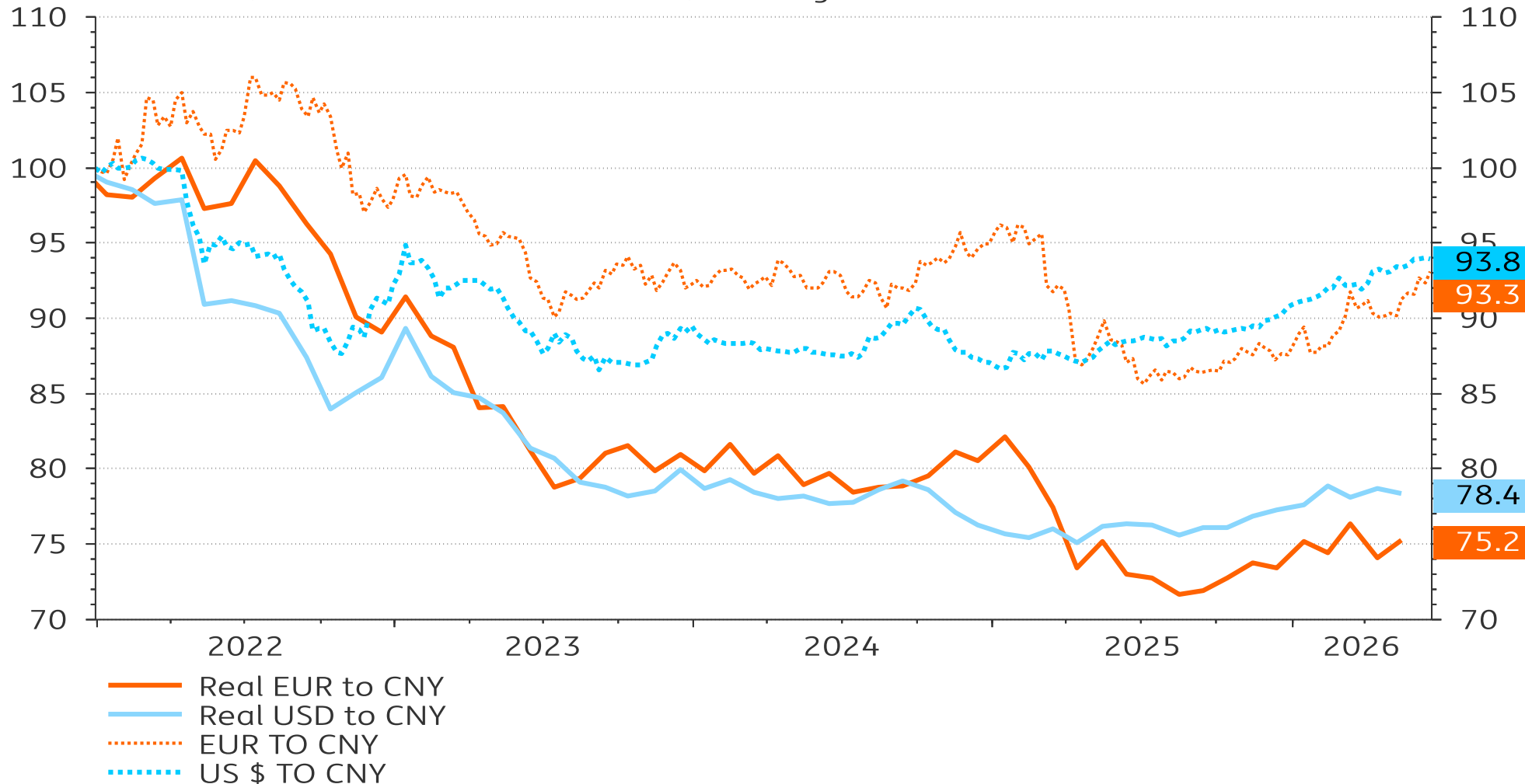


Source: Haut-Commissariat à la Stratégie et au Plan France

# CNY has weakened both in nominal and in real terms

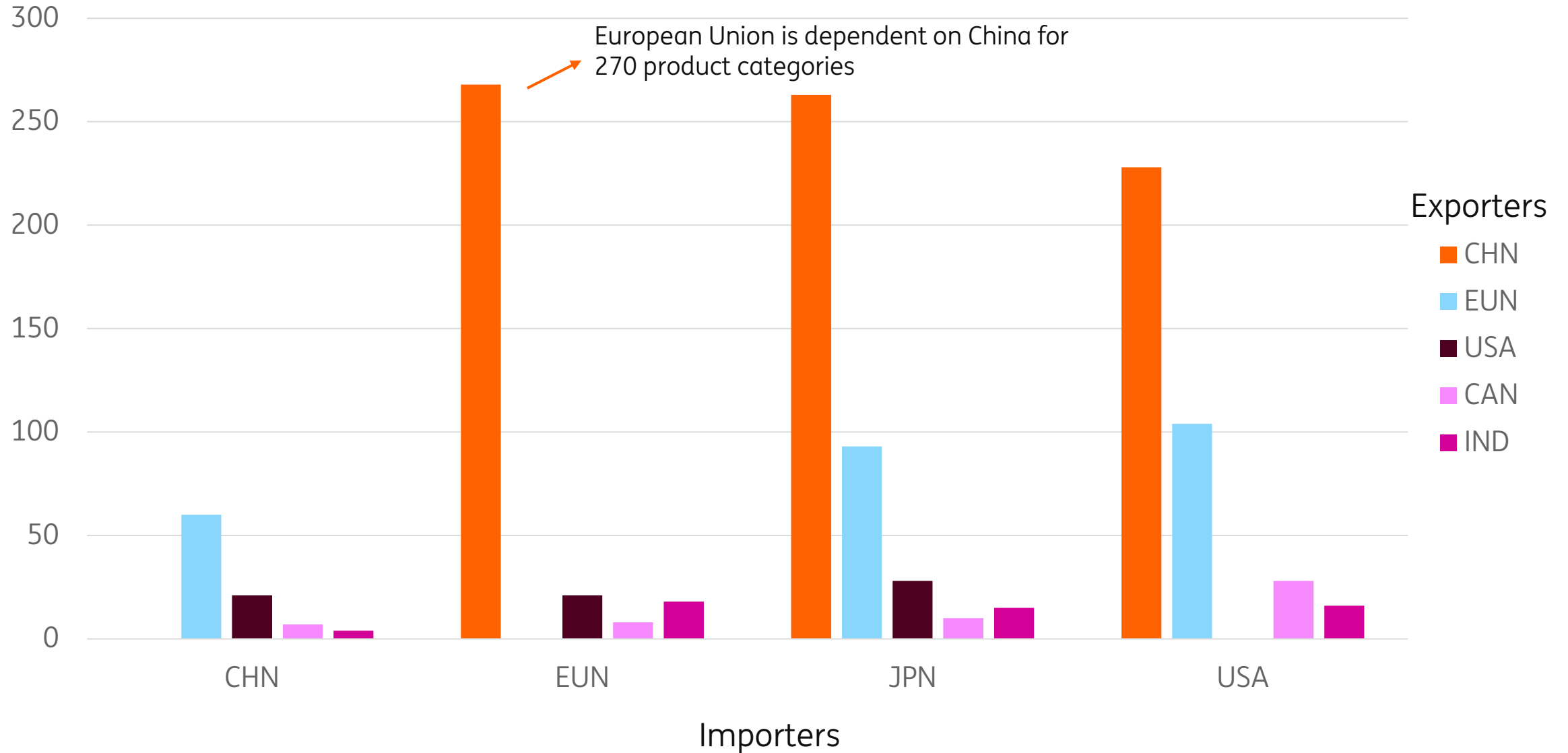
## Bilateral exchange rate of Renminbi

CPI based, EUR to CNY and USD to CNY, January 2022 = 100



Source: LSEG Datastream, ING Economic Research

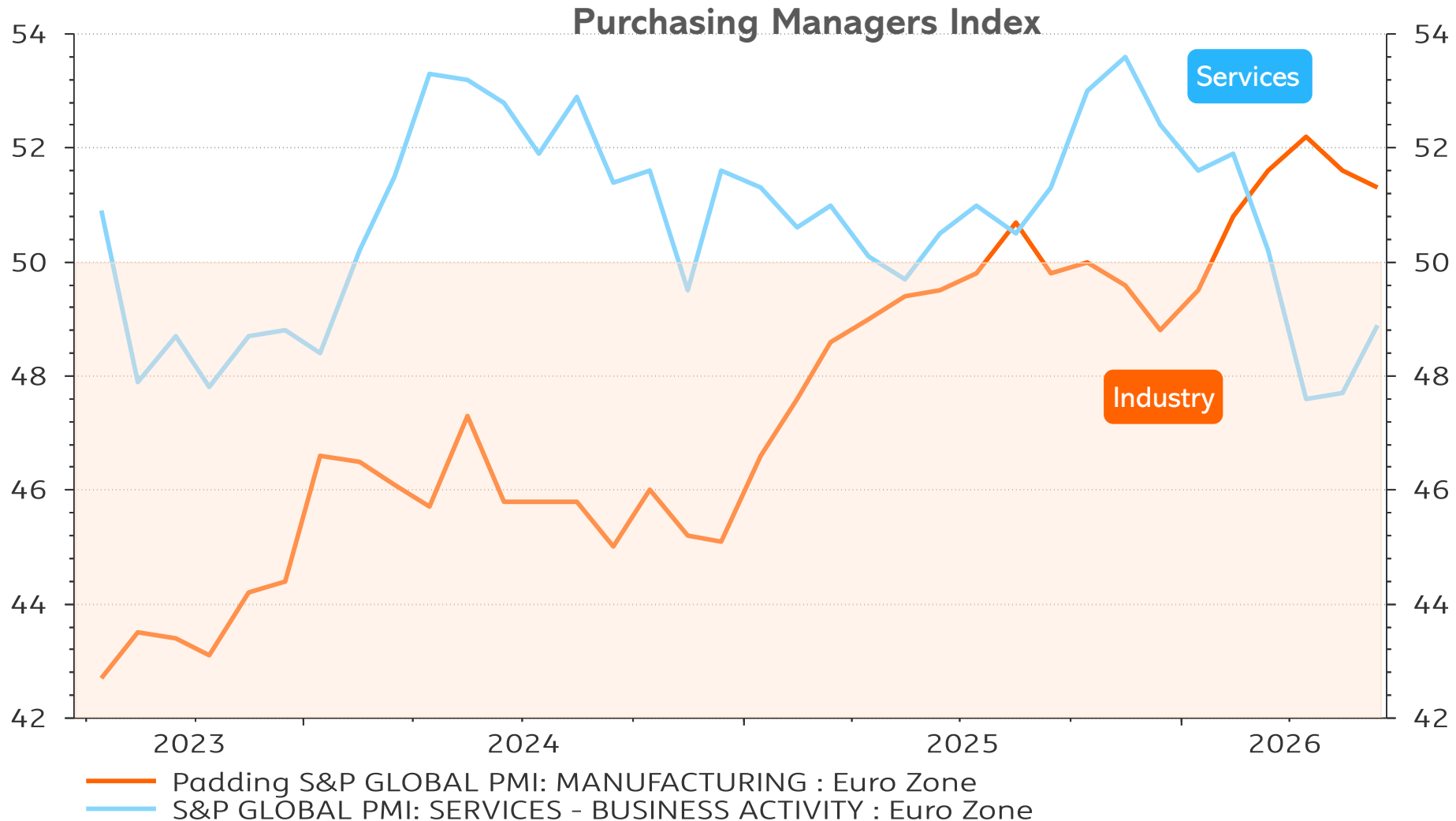
# Number of product dependencies



**Europe: recession  
averted, but growth  
remains subdued**

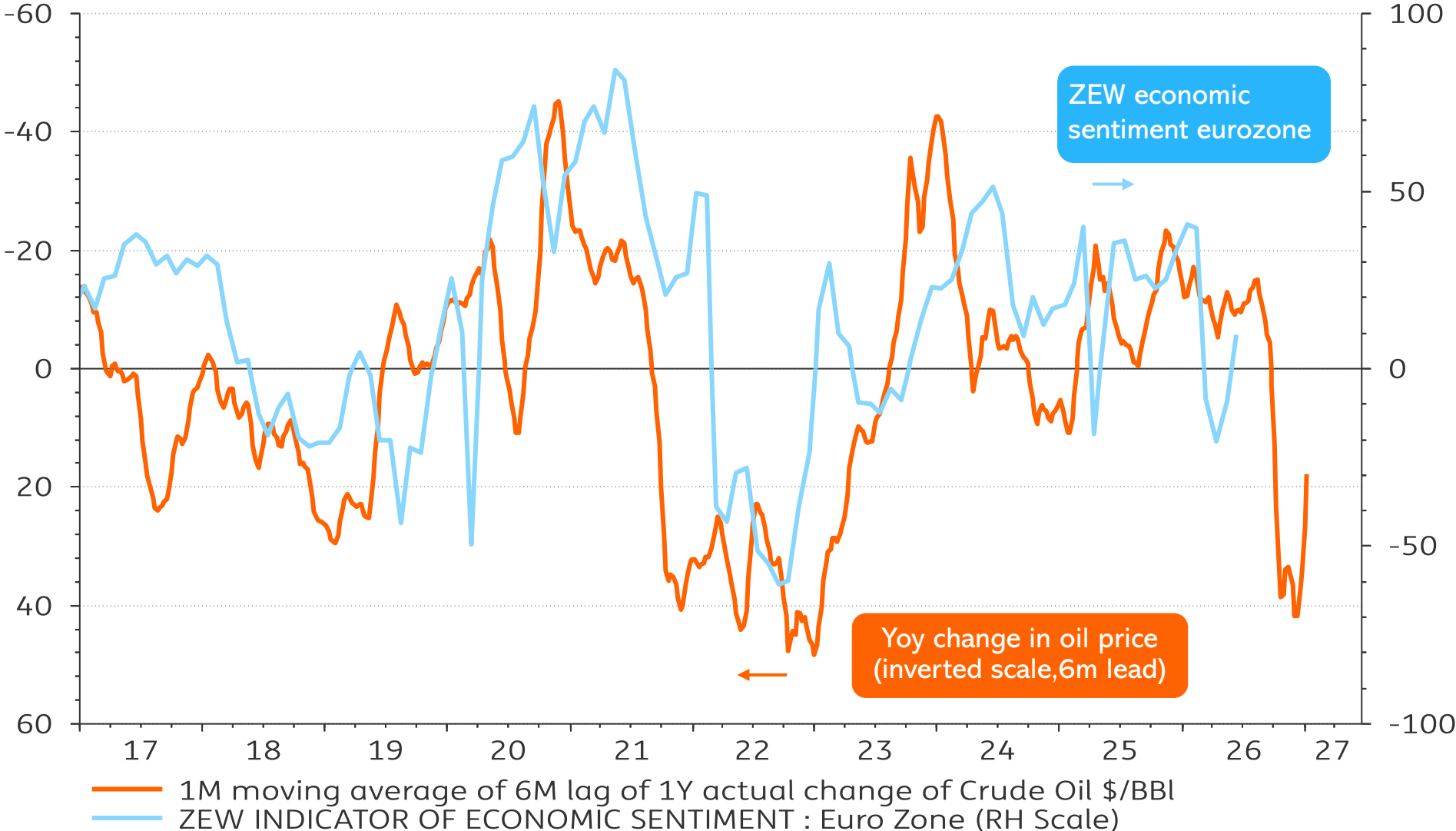


# EZ Services tanking, manufacturing boosted by inventory building (and less competition from Asia & Middle-East)



Source: LSEG Datastream, ING Economic Research

# Partial reversal of energy shock will prevent strong deterioration of economic sentiment



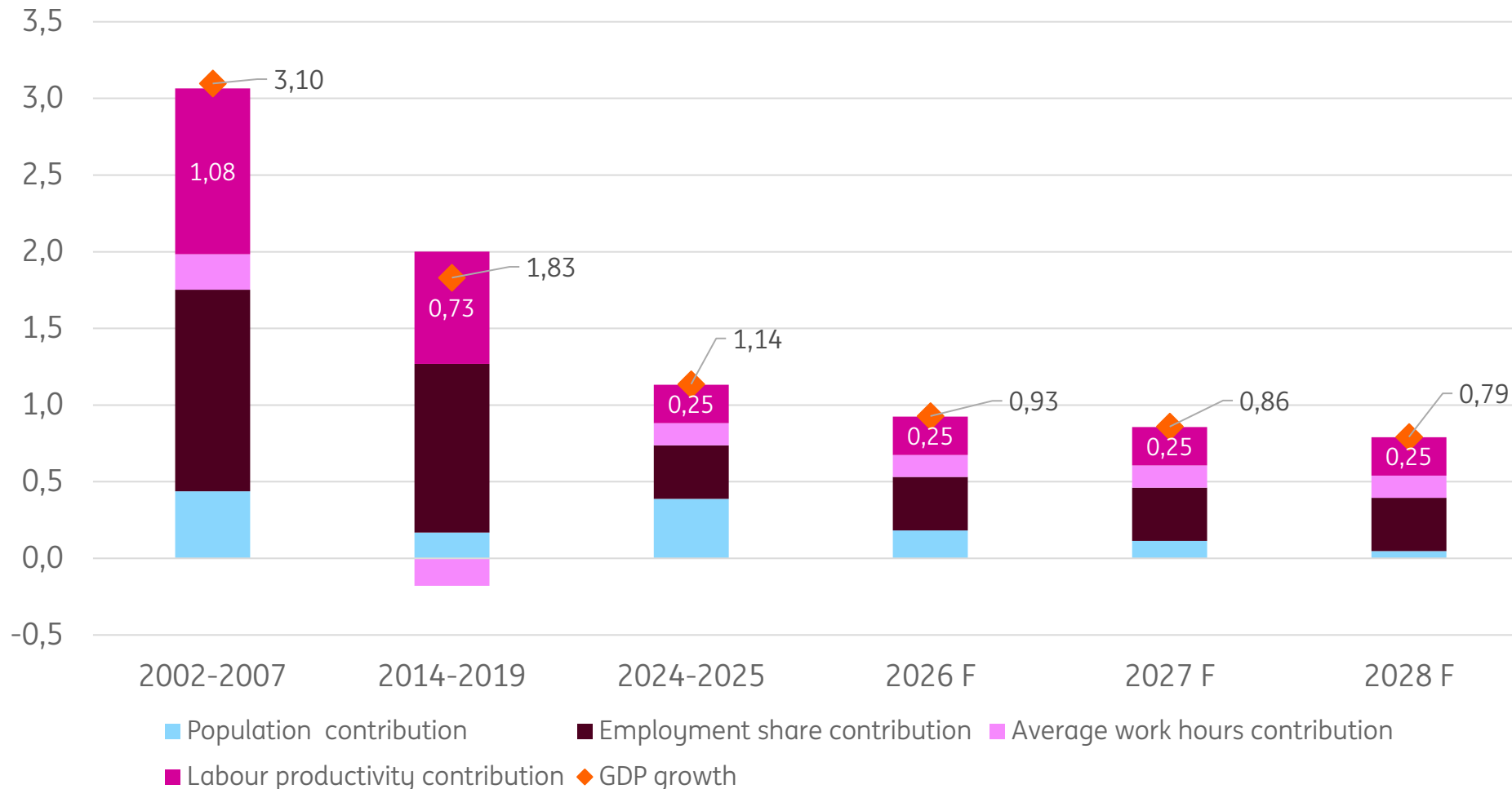
Yoy change in oil price  
(inverted scale, 6m lead)

ZEW economic  
sentiment eurozone

Source: LSEG Datastream, ING Economic Research

# Eurozone growth will structurally slow without strong productivity or employment impulse

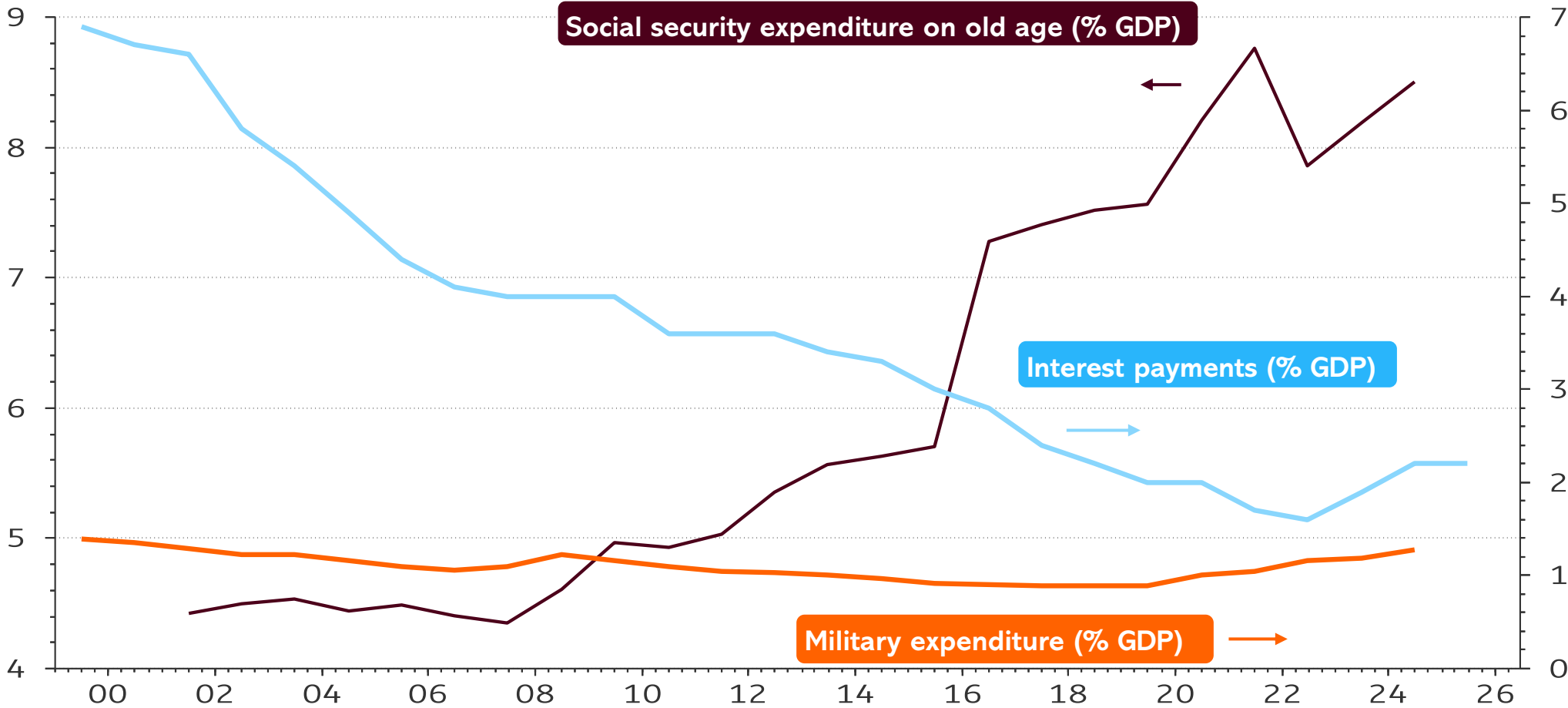
GVA growth forecast in the eurozone (annualised average growth, %)



# Belgium's challenging budget exercise



# Belgium's public expenditures increase “automatically”

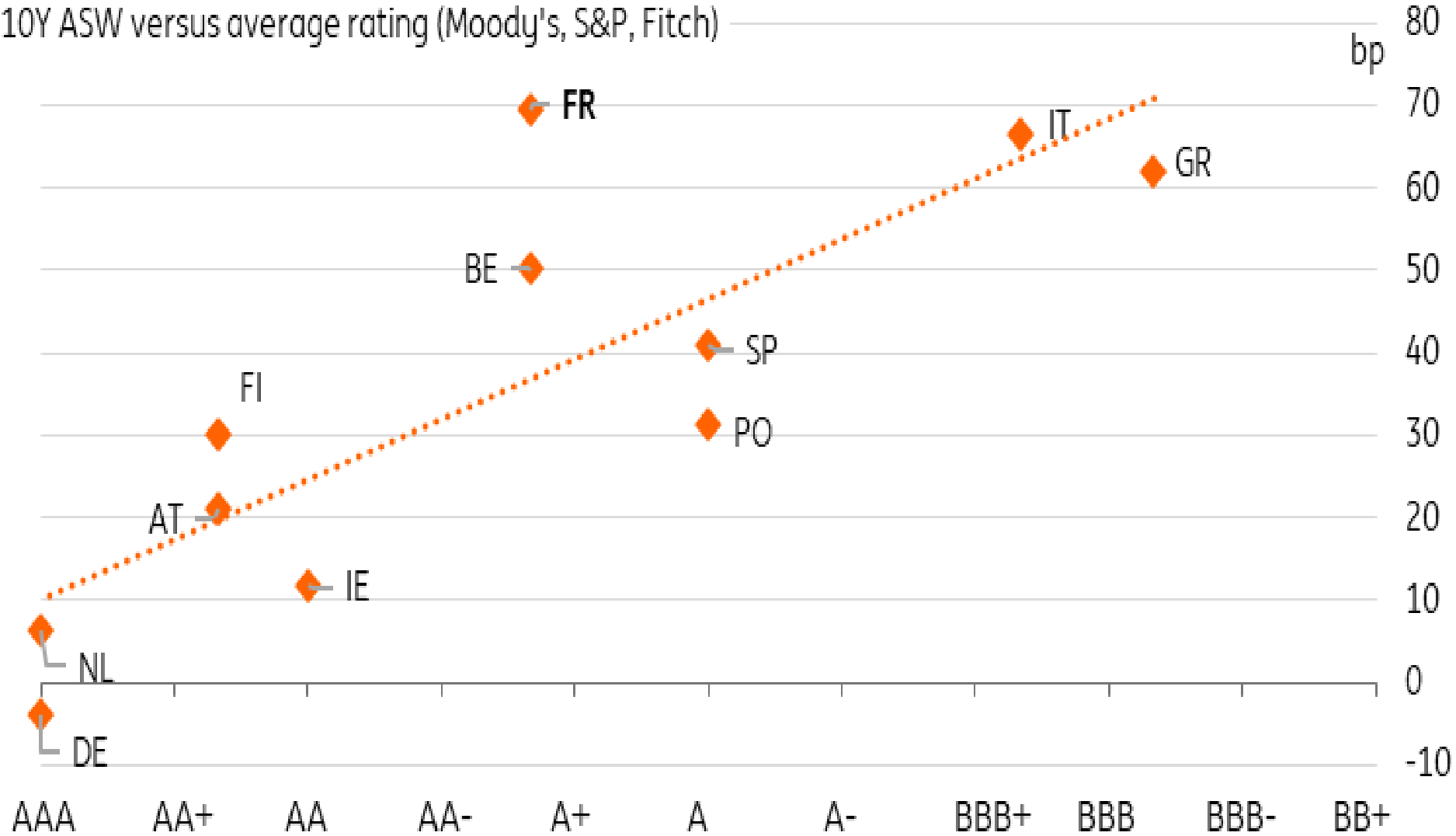


- MILITARY EXPENDITURE (% OF GDP) : Belgium (RH Scale)
- INTEREST, PAYABLE: GENERAL GOVERNMENT (% GDP) : Belgium (RH Scale)
- Social Security: EXPENDITURE ON OLD AGE (% OF GDP) : Belgium

Source: LSEG Datastream, ING Economic Research

# Belgian spread is still anticipating further downgrades

10Y ASW versus average rating (Moody's, S&P, Fitch)



# Outlook for real GDP growth

	2025	2026	2027
United States	2.2	2.2	2.0
Eurozone	1.4	0.3	1.3
United Kingdom	1.4	0.8	0.9
Belgium	1.0	0.7	1.2
Japan	1.1	0.7	1.0
China	5.0	4.6	4.4

Impact Ireland



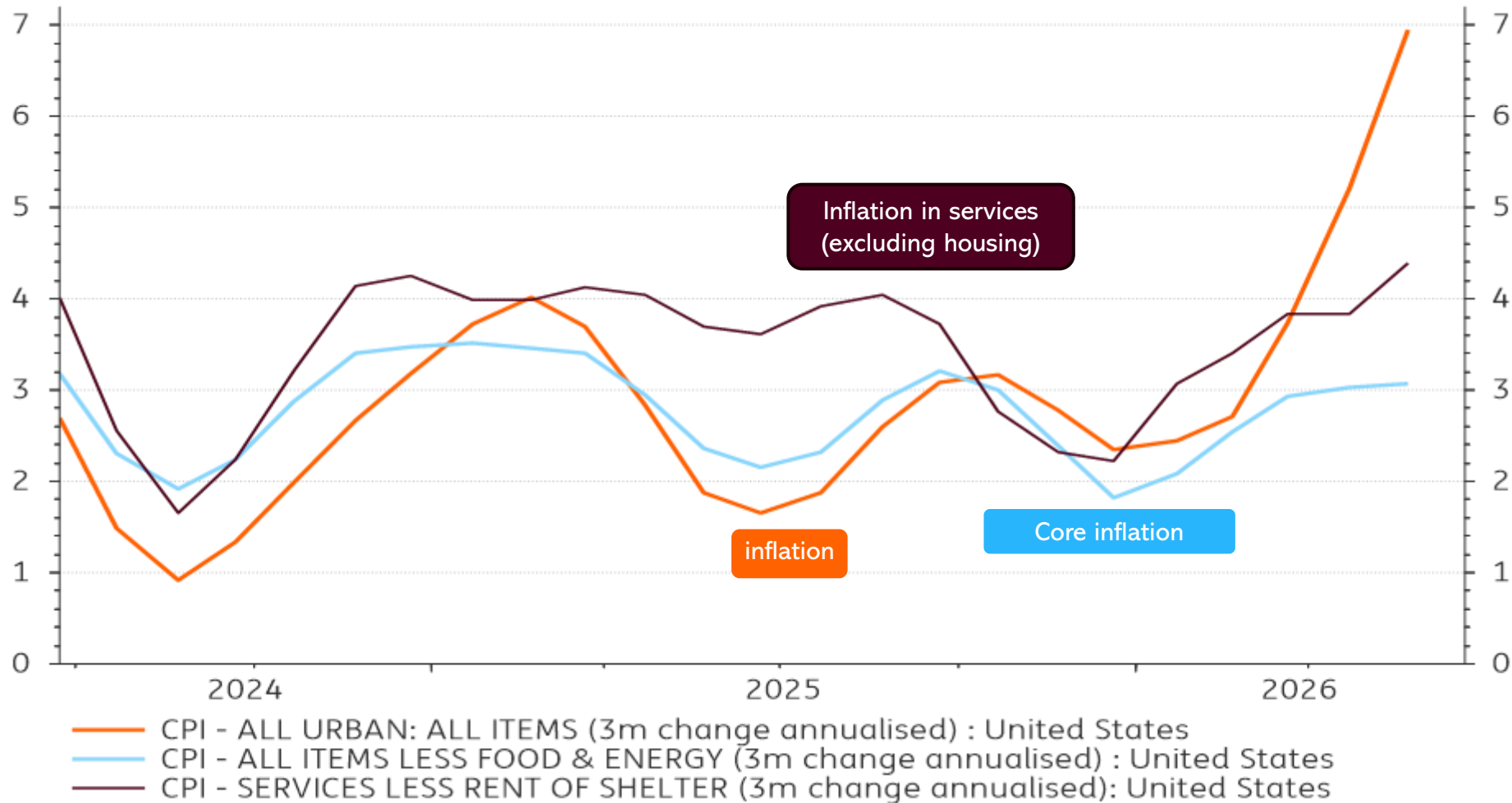
BUT, SERIOUSLY,  
IS IT REALLY  
A SURPRISE?



B. Rich  
HEDGEYE

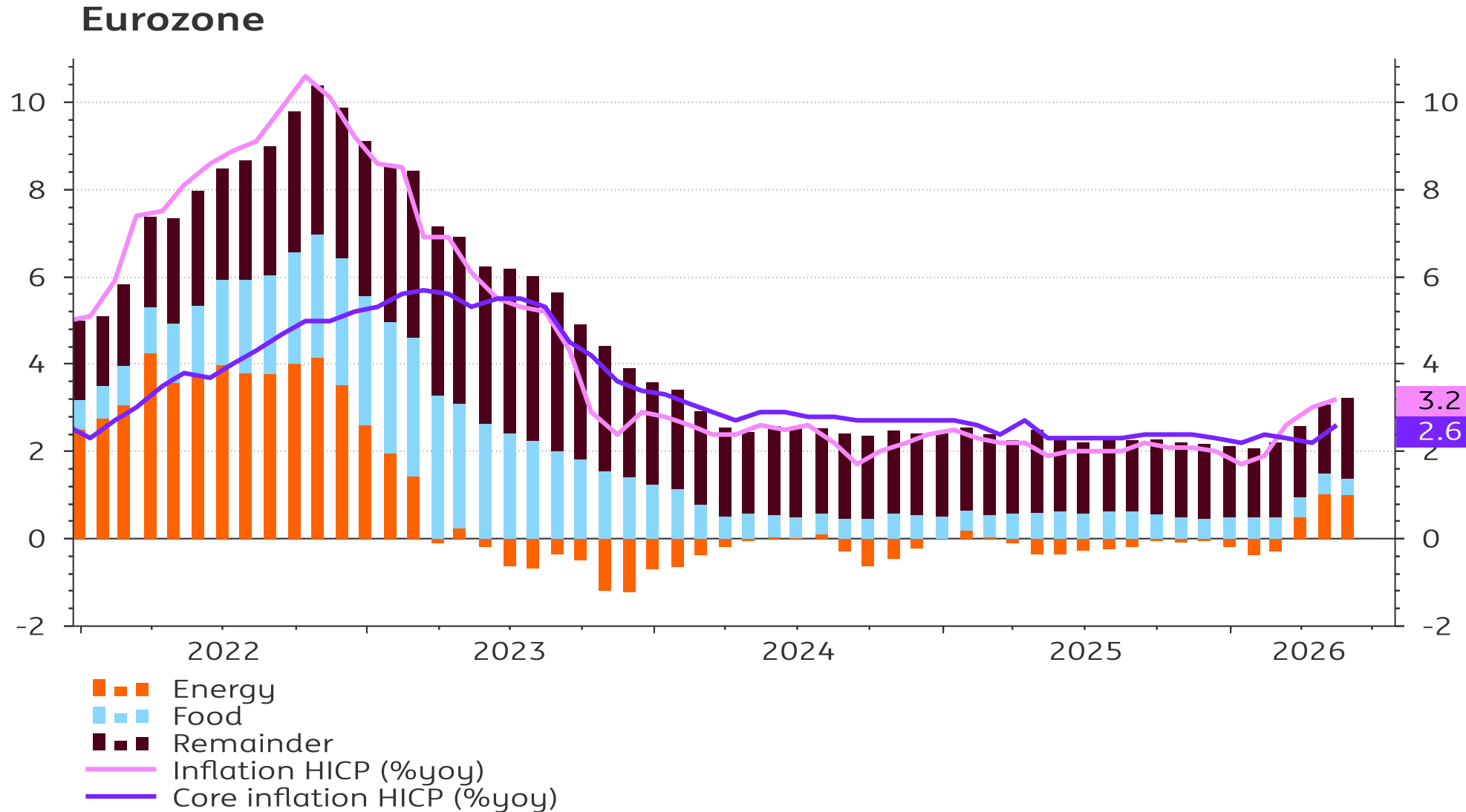
# Core U.S. inflation not moving in the right direction

3m on 3m annualised change in %



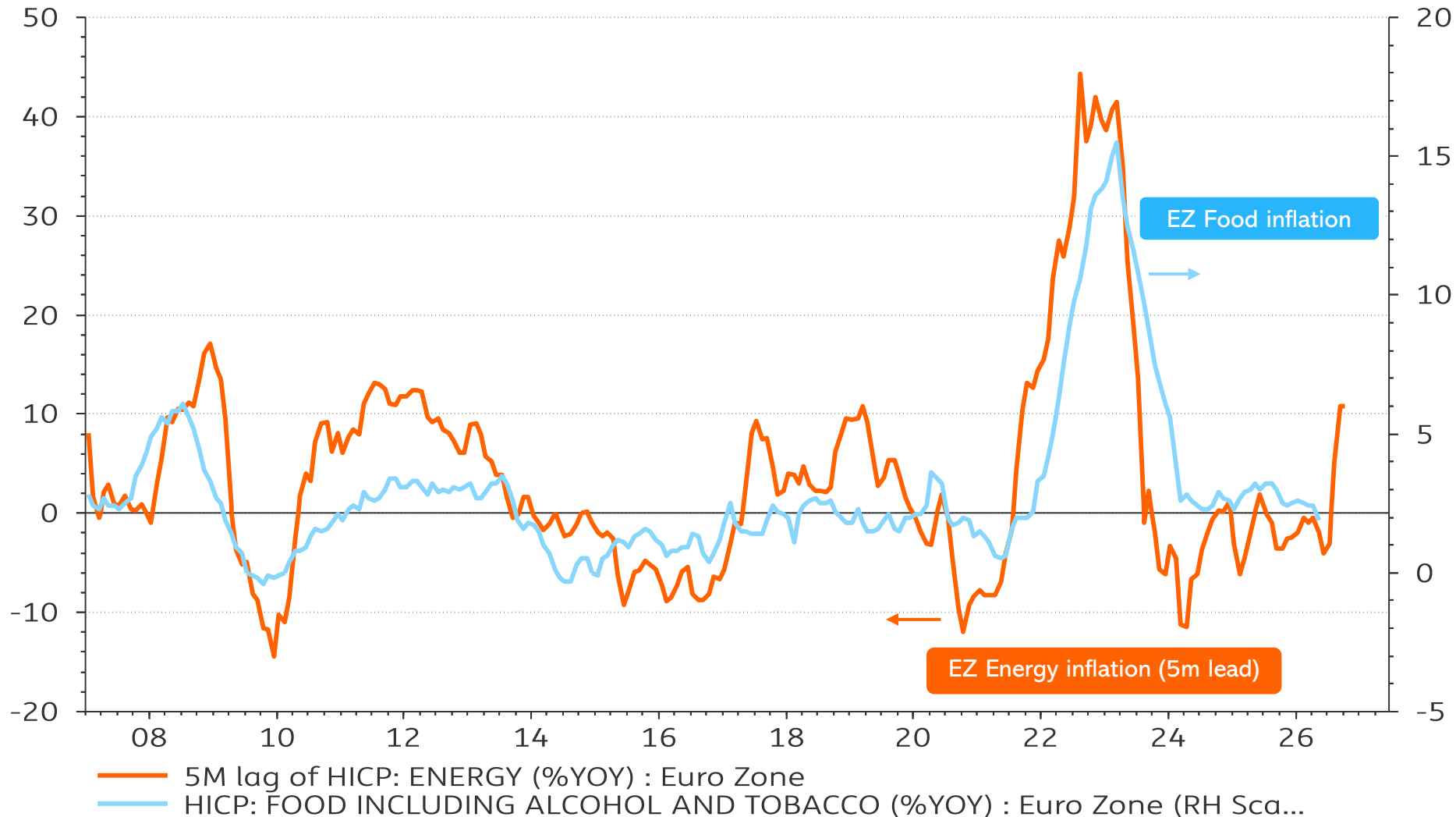
Source: LSEG Datastream, ING Economic Research

# Energy inflation has pushed Eurozone inflation higher



Source: LSEG Datastream, ING Economic Research

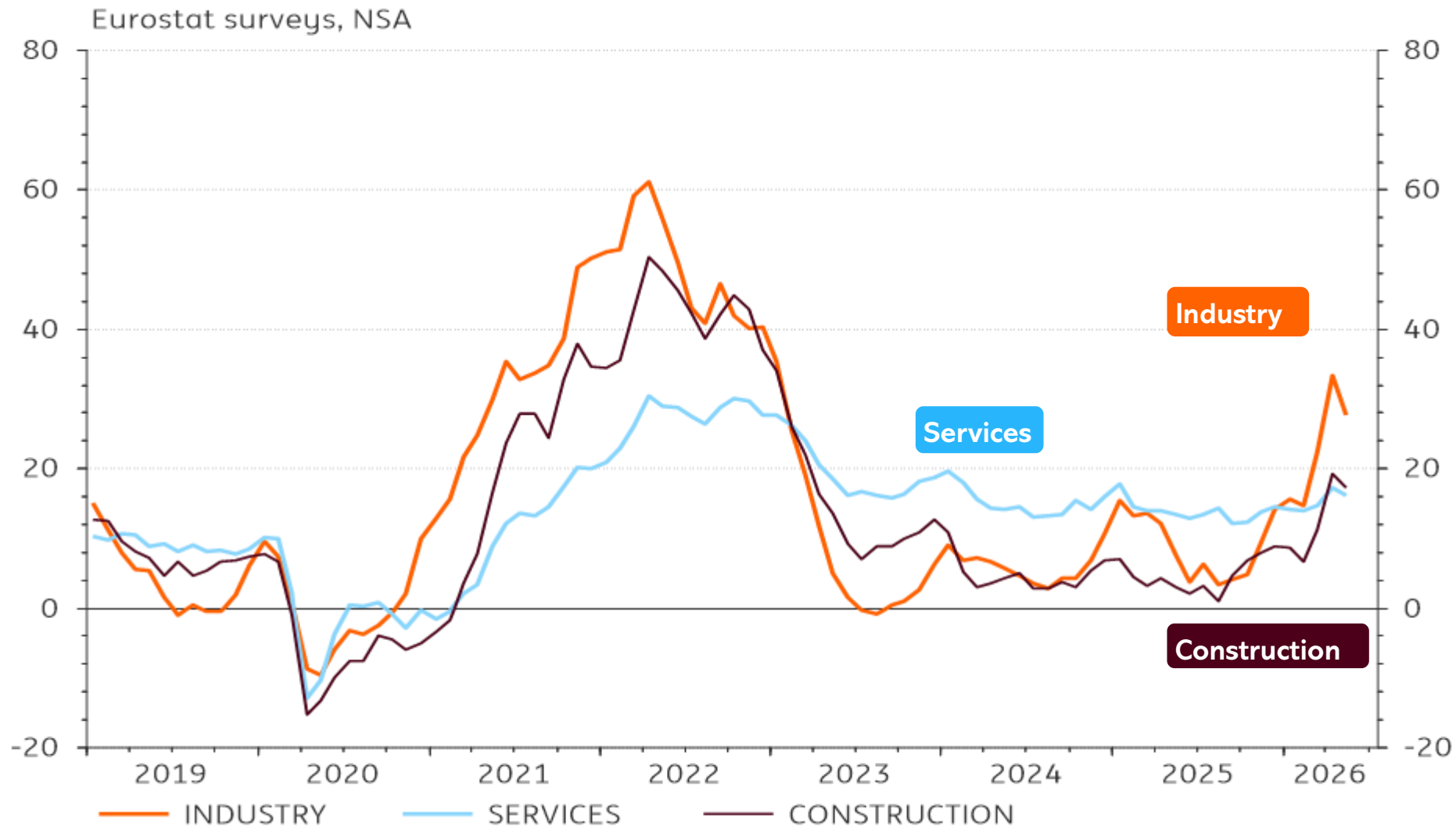
# Food price inflation is still likely to increase



Source: LSEG Datastream, ING Economic Research

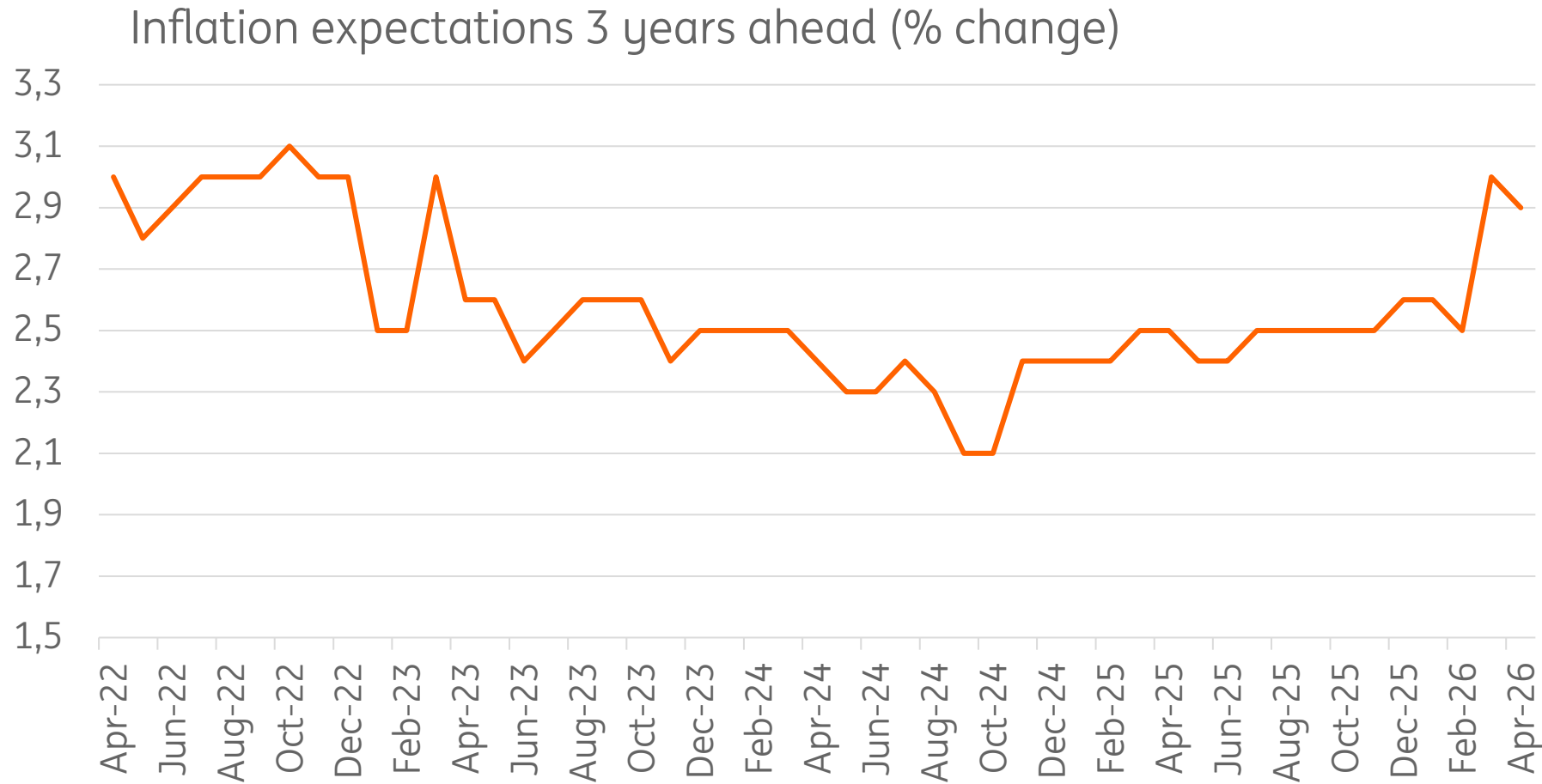
# Companies plan to increase sales prices (but not as in 21-22)

## Sales price forecasts for euro area companies



Source: LSEG Datastream, ING Economic Research

# Eurozone consumer inflation expectations have increased

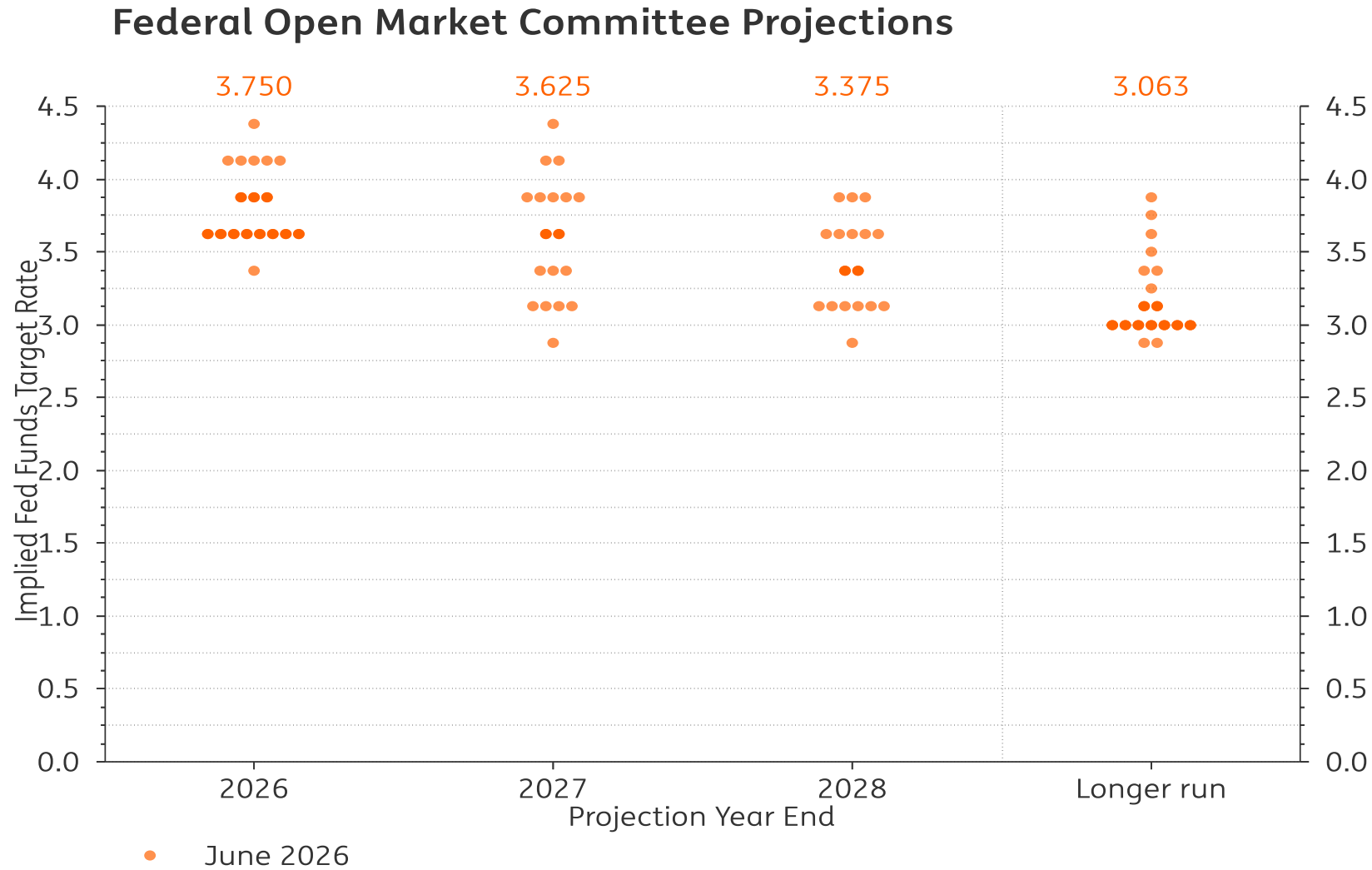


Source: ECB Consumer Expectations Survey

# What to expect from central banks ?

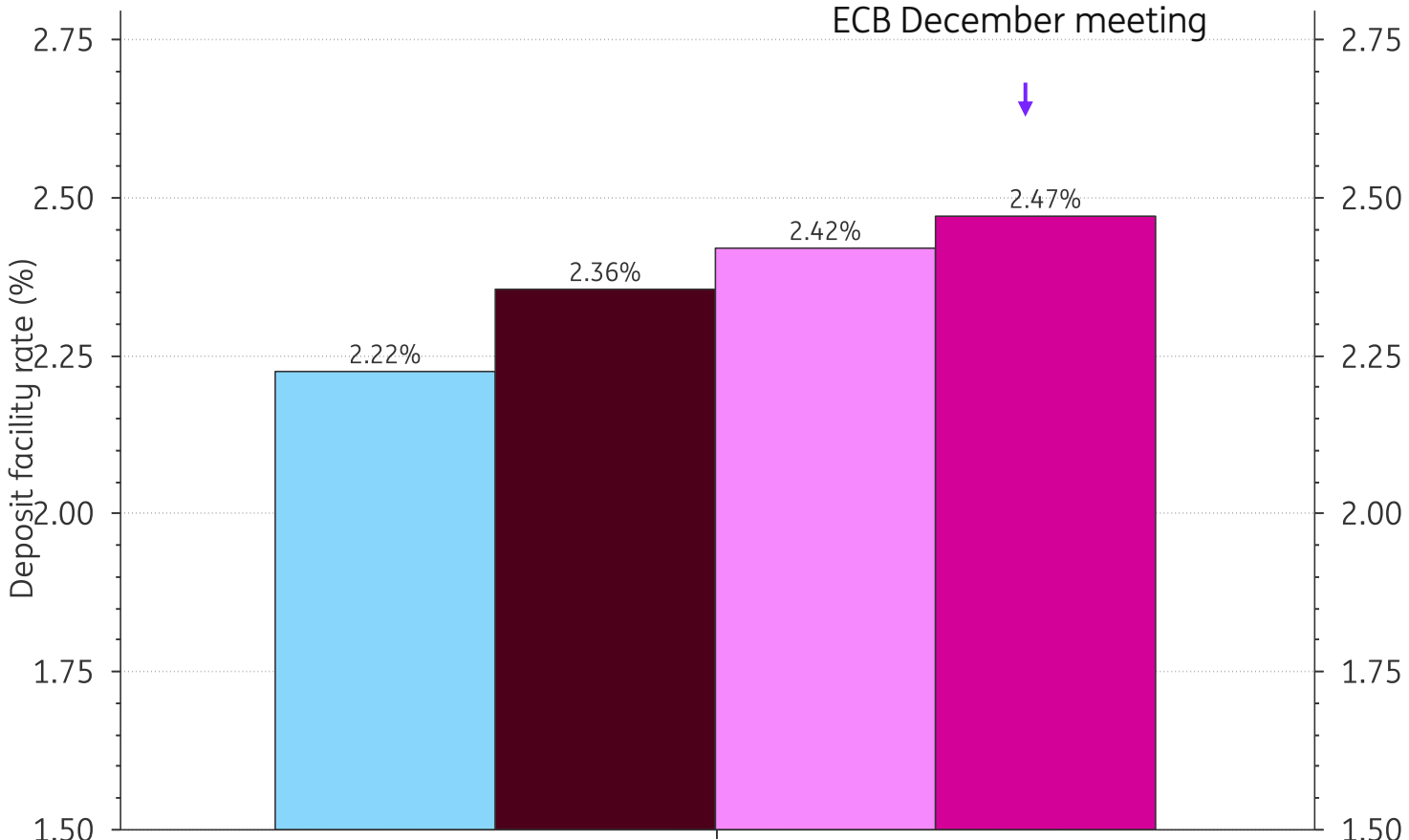


# Federal Reserve doesn't expect any rate cuts this year



Source: LSEG Datastream, ING Economic Research

# Markets still expect another rate hike by the ECB



Market expectations for rates at each ECB monetary policy meeting

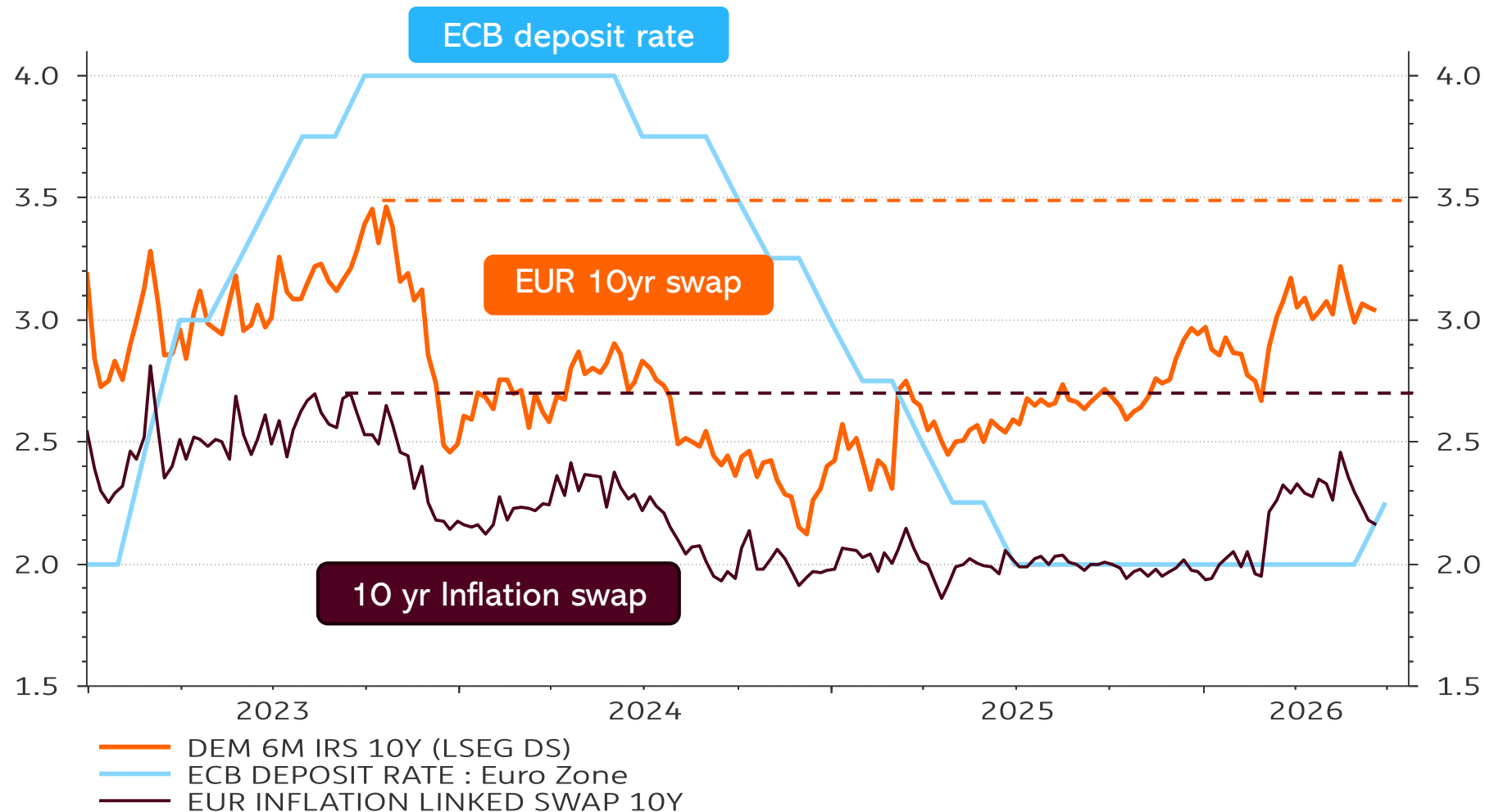
- 23 JUL
- 10 SEP
- 29 OCT
- 17 DEC

Source: LSEG Datastream, ING Economic Research



ECB Chief Economist Philip Lane said the **neutral interest rate could be as high as 2.5%**

# Long-term interest rate: only limited upside



EUR 10 yr yields peaked around 3.50% in 2023

At that time:

- 10yr inflation swap 2.70% (today 2.20%)
- ECB deposit rate 4% (today 2.25%, 2.50% expected)

Source: LSEG Datastream, ING Economic Research

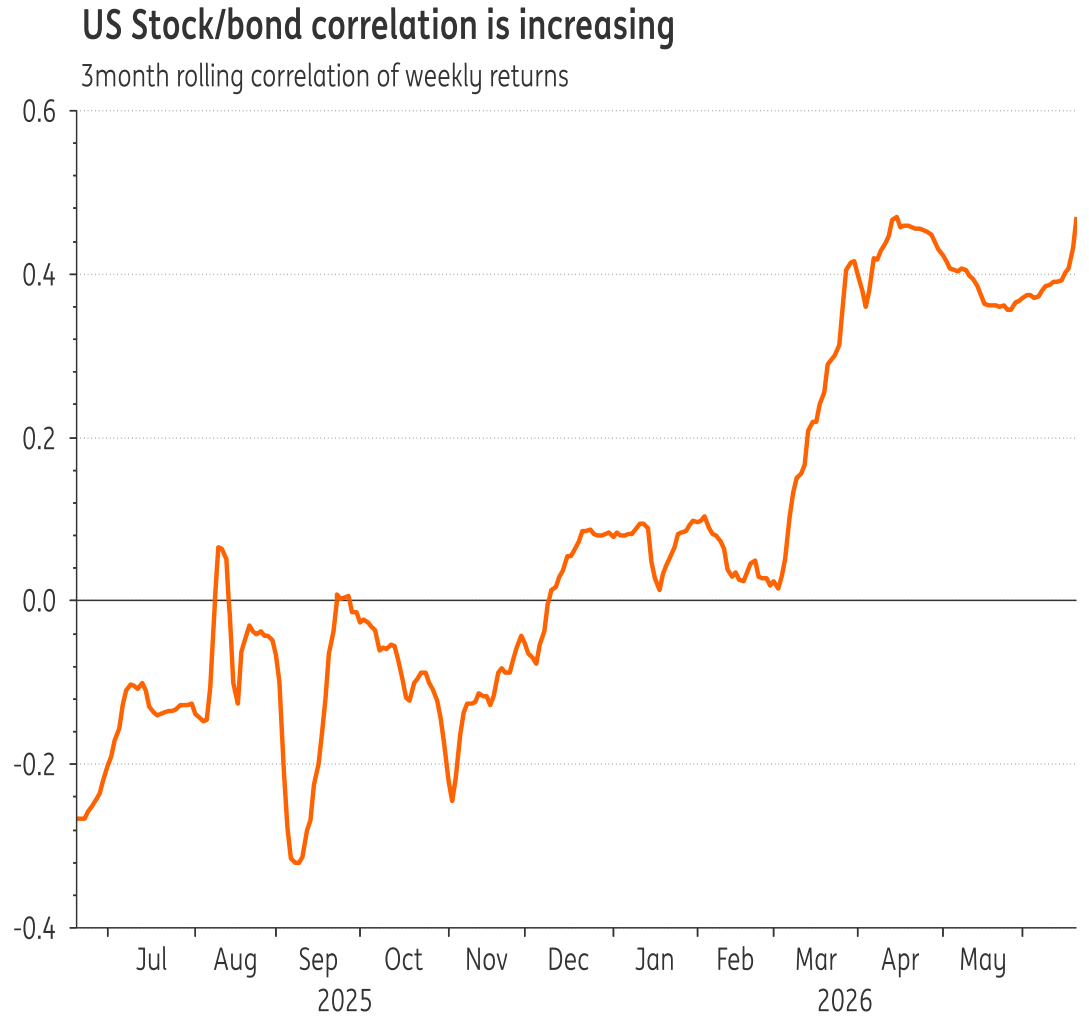


***“Balancing Macro Headwinds with Micro Tailwinds”***

**Vincent Juvyns**

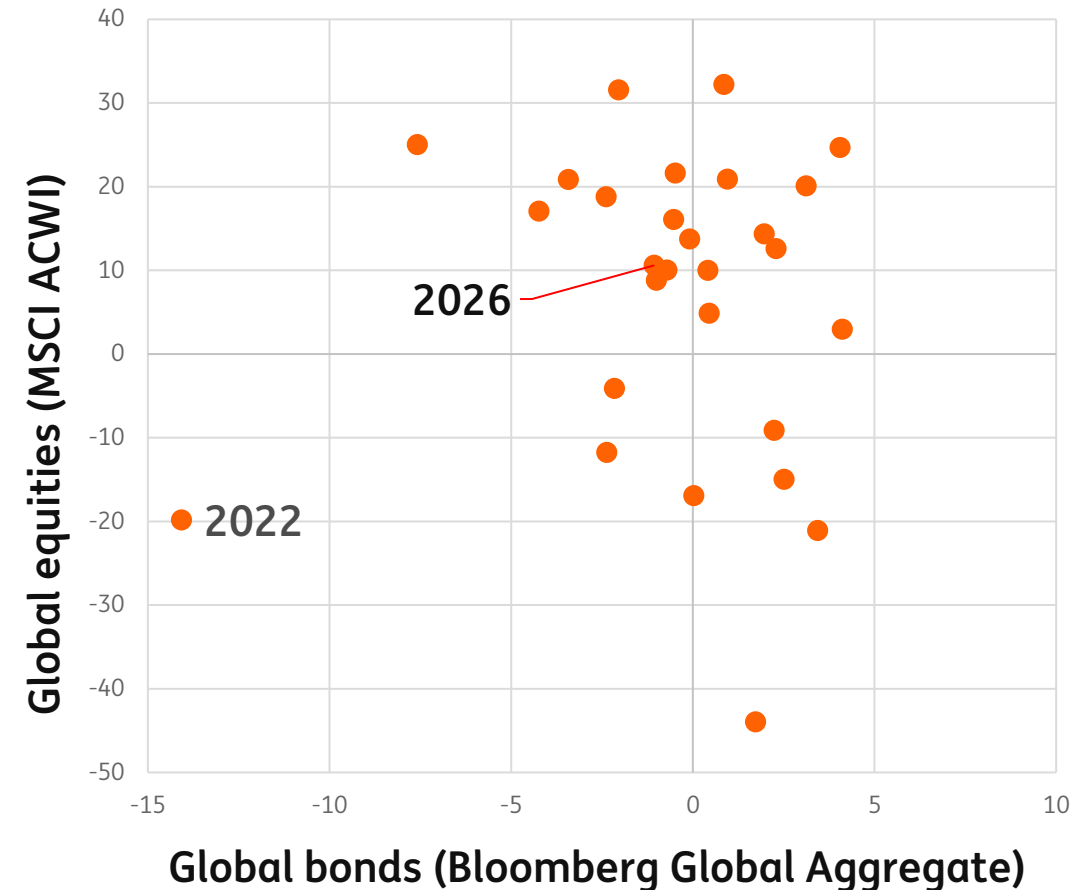
24 June 2026

# In “stagflationary” environments, equity and fixed-income markets fall in tandem and traditional diversification is challenged



Source: LSEG Datastream, ING Investment Office, 19/06/2026

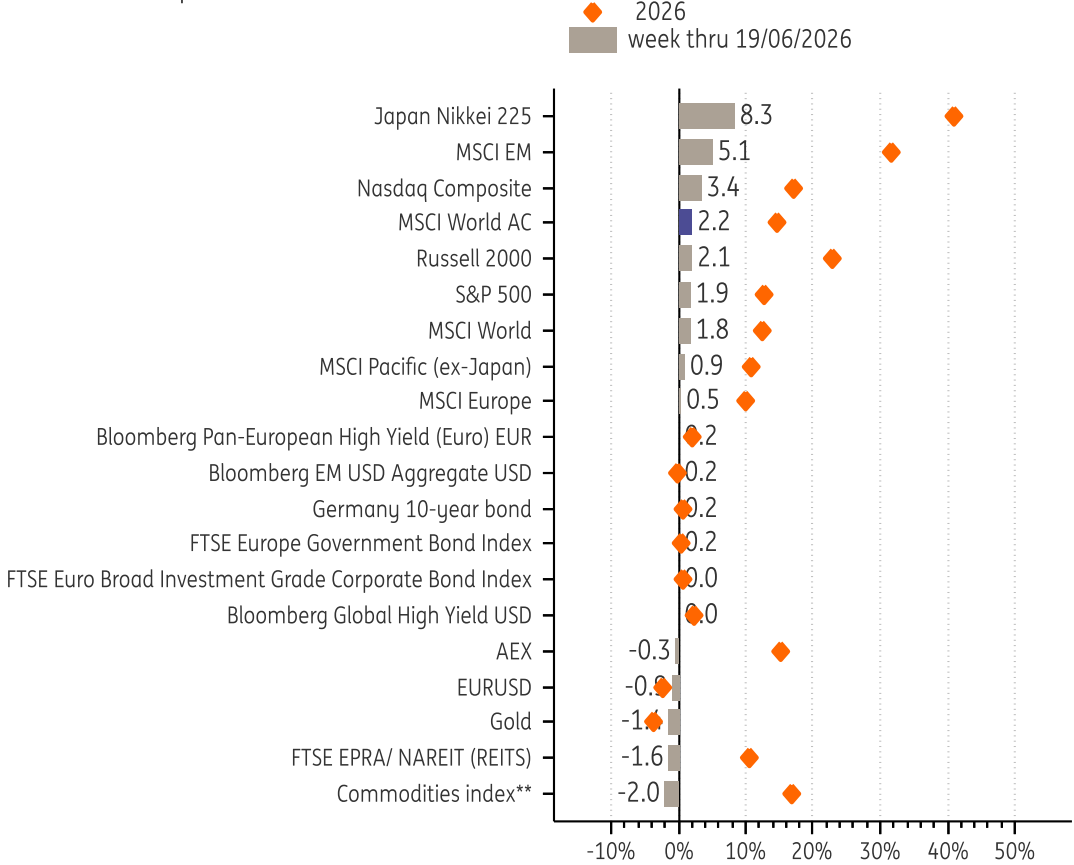
### Annual returns of global equities and bonds (%), since 1999



Source: LSEG Datastream, ING Investment Office, Most recent data as of June 2026

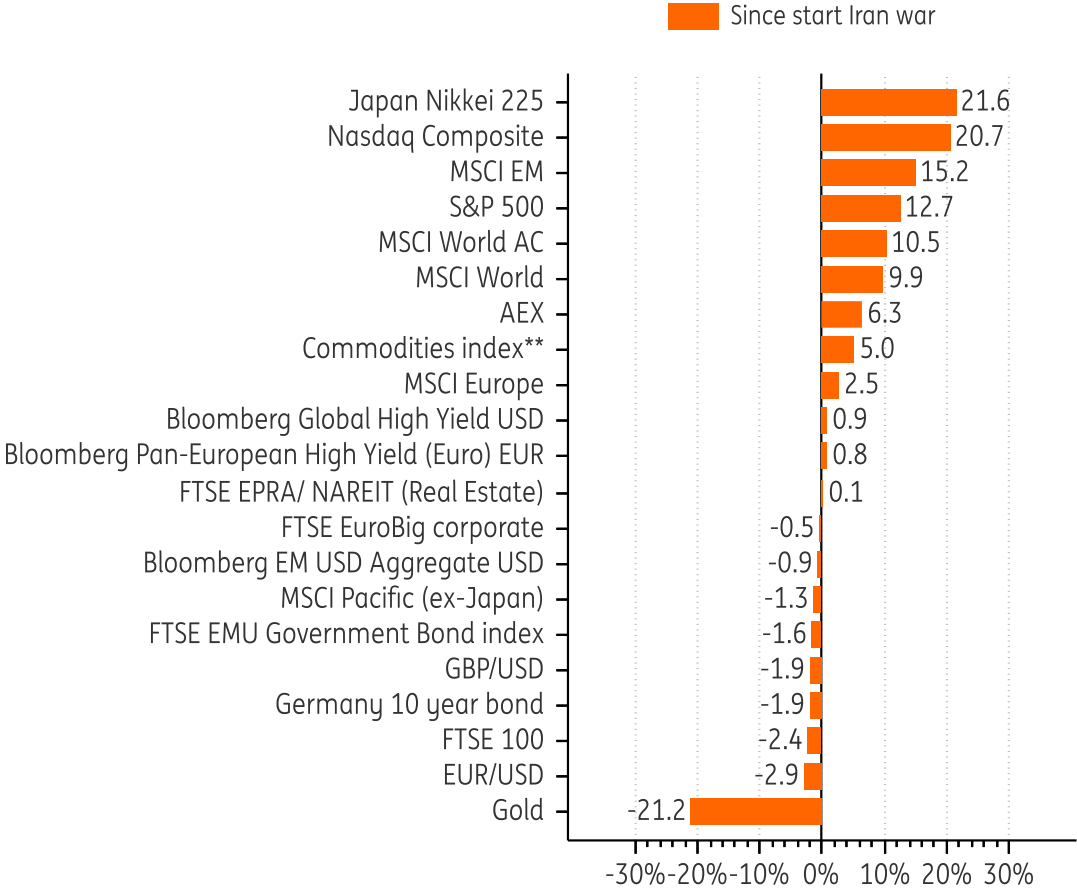
# Equity markets posted strong performances YTD supported by strong earnings growth, while sovereign bonds markets were under pressure

performance\*



\*Total return in euro, ex.Gold, EMD, Global HY and EURUSD. This is change of spot price/ index in USD.  
\*\* EUR hedged TR

returns up to 19/06/2026\*



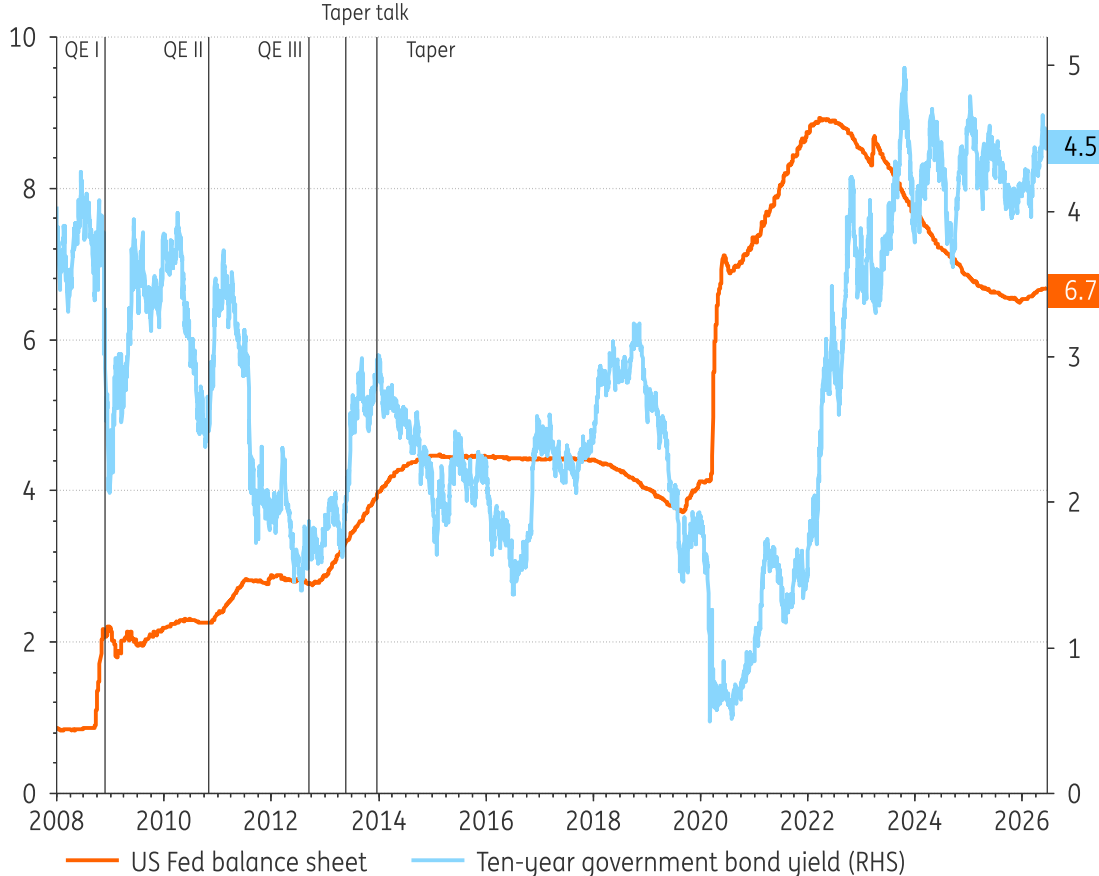
\* Total return in euro, excluding gold, EURUSD, EMD and Global HY. This represents the change in the spot price/bench  
\*\* EUR-hedged TR

# Agenda

- 1** *Fixed income markets: Investing in a rising yields environment*
- 2** *Equity markets: Balancing Macro Headwinds with Micro Tailwinds*
- 3** *TAA: Staying positioned for a “stagflationary” environment*

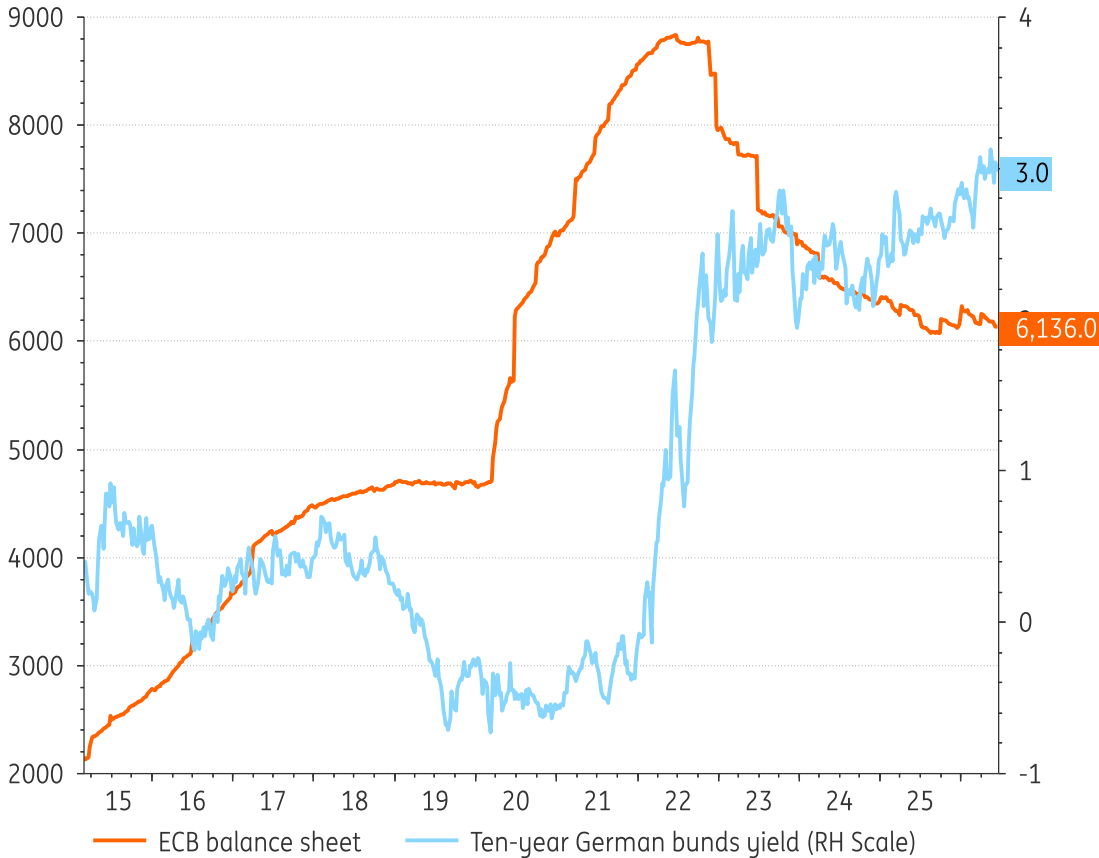
# Inflation is not the only force pushing yields higher. Quantitative tightening has also played a role

**US Fed balance sheet and gov. bond yields (USD, trillions)**



Source: LSEG Datastream, ING Investment Office, 17/06/2026

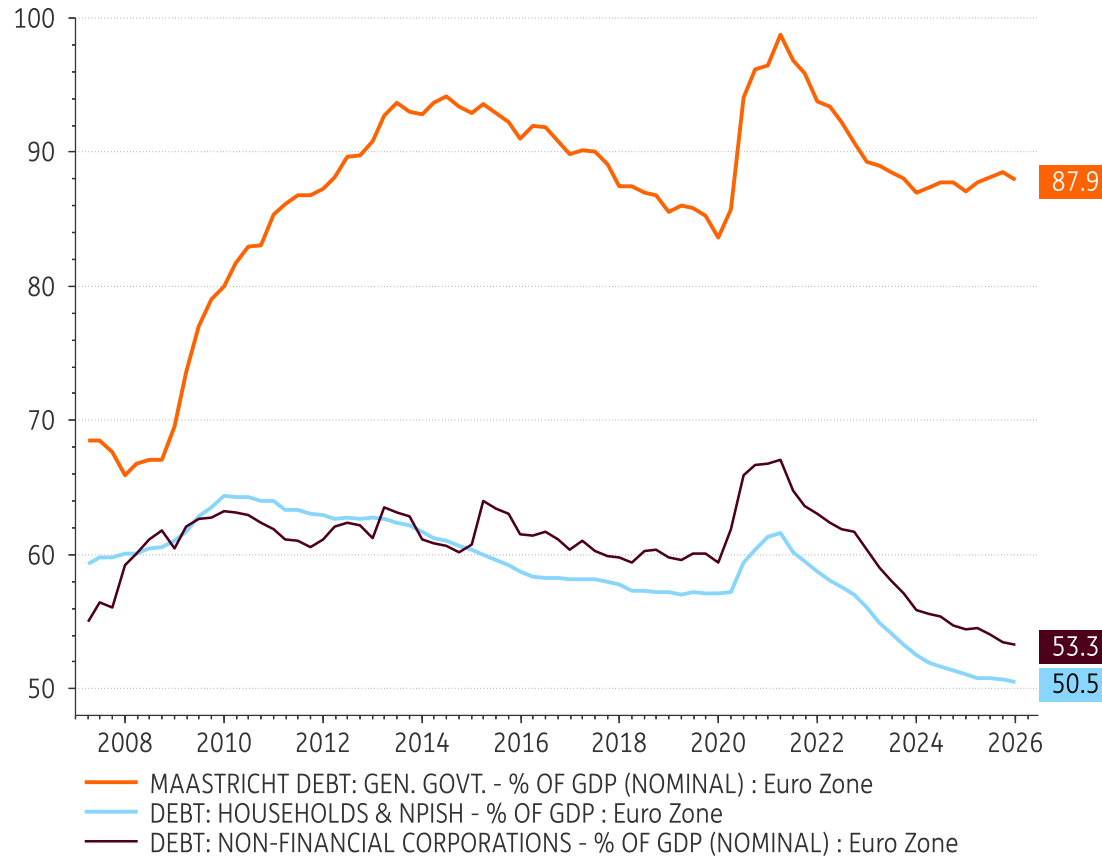
**ECB balance sheet and German 10y yield (EUR, billions)**



Source: LSEG Datastream, ING Investment Office, 22/06/2026

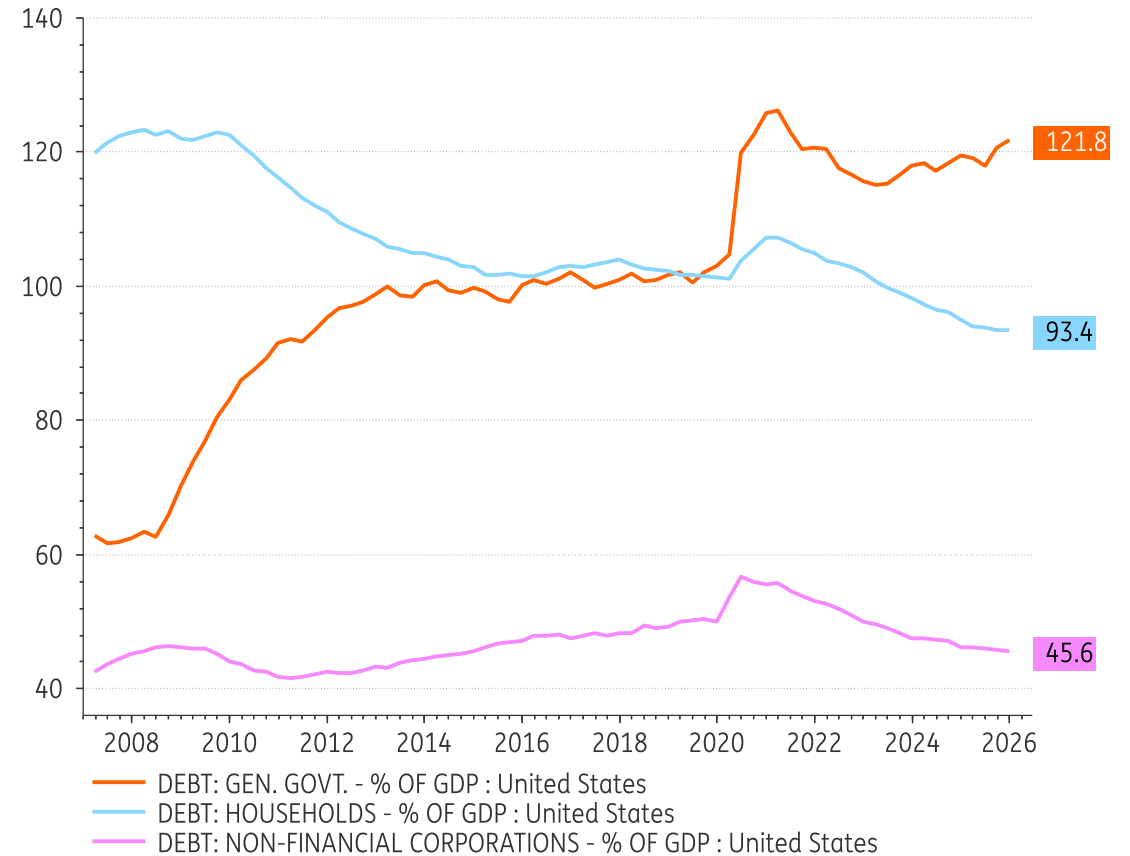
# This new energy shock is also a fiscal shock, which could lead investors to reassess fair value for sovereign bond yields

## Eurozone debt dynamics: Public vs Private (% of GDP)



Source: LSEG Datastream, ING Investment Office, Q4 25

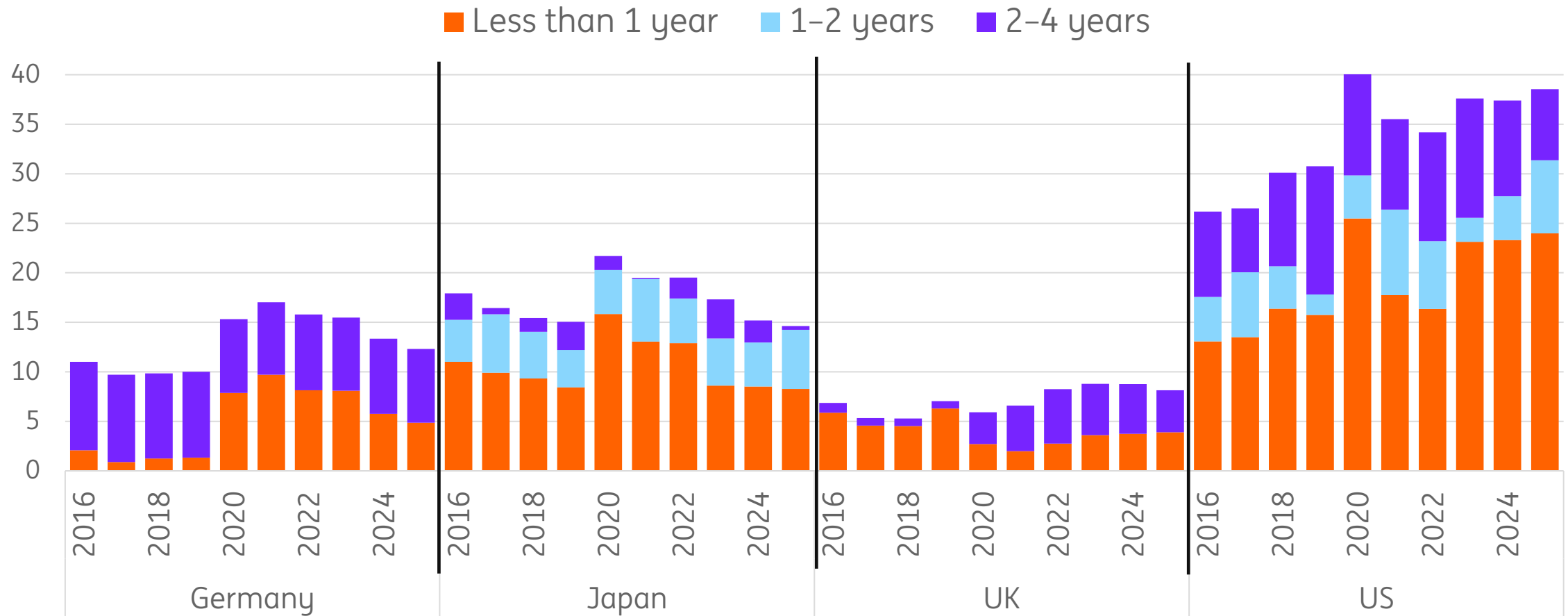
## US debt dynamics: Public vs Private (% of GDP)



Source: LSEG Datastream, ING Investment Office, Q4 25

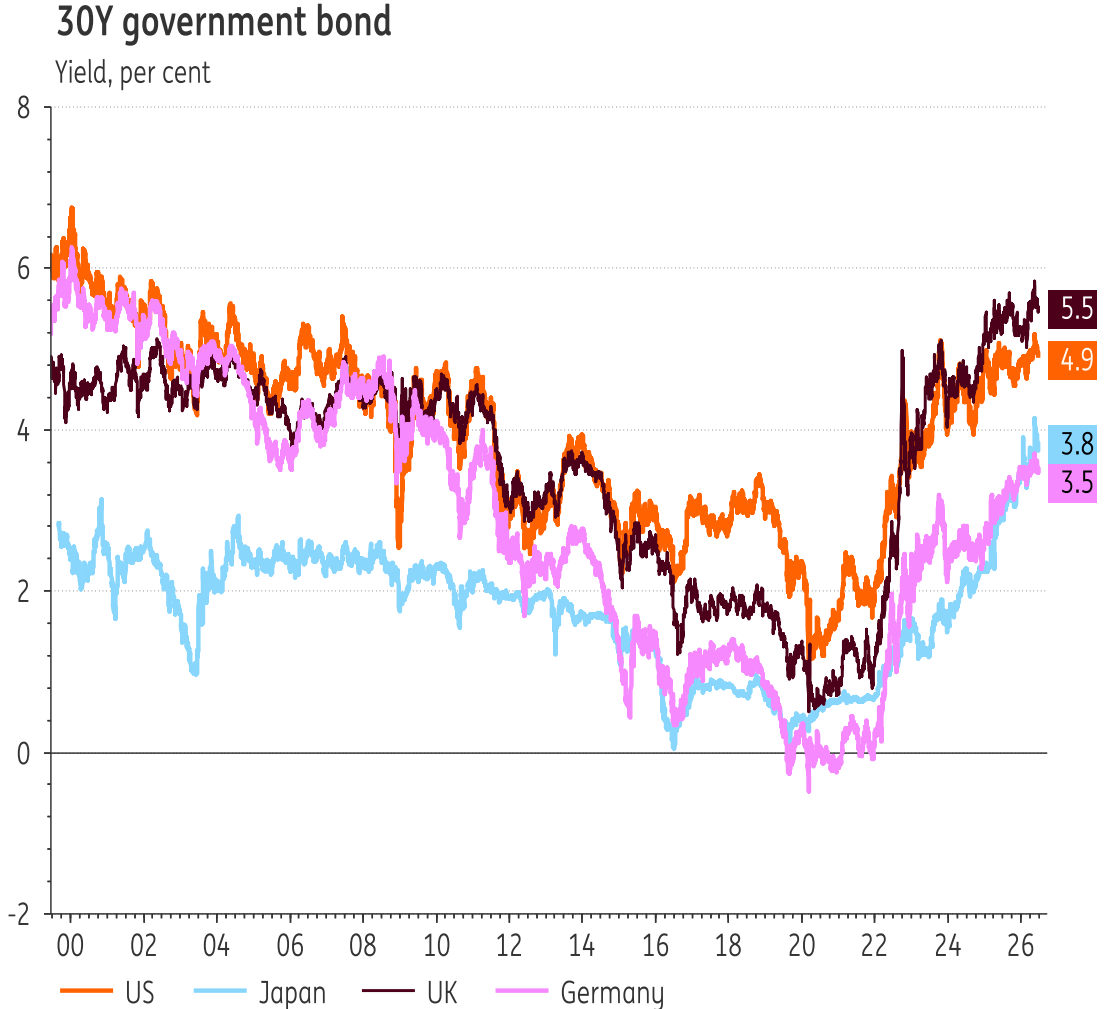
# Governments need to refinance trillions of debt in the coming years

## Short-Term Debt in Advanced Economies (Percent of total outstanding)



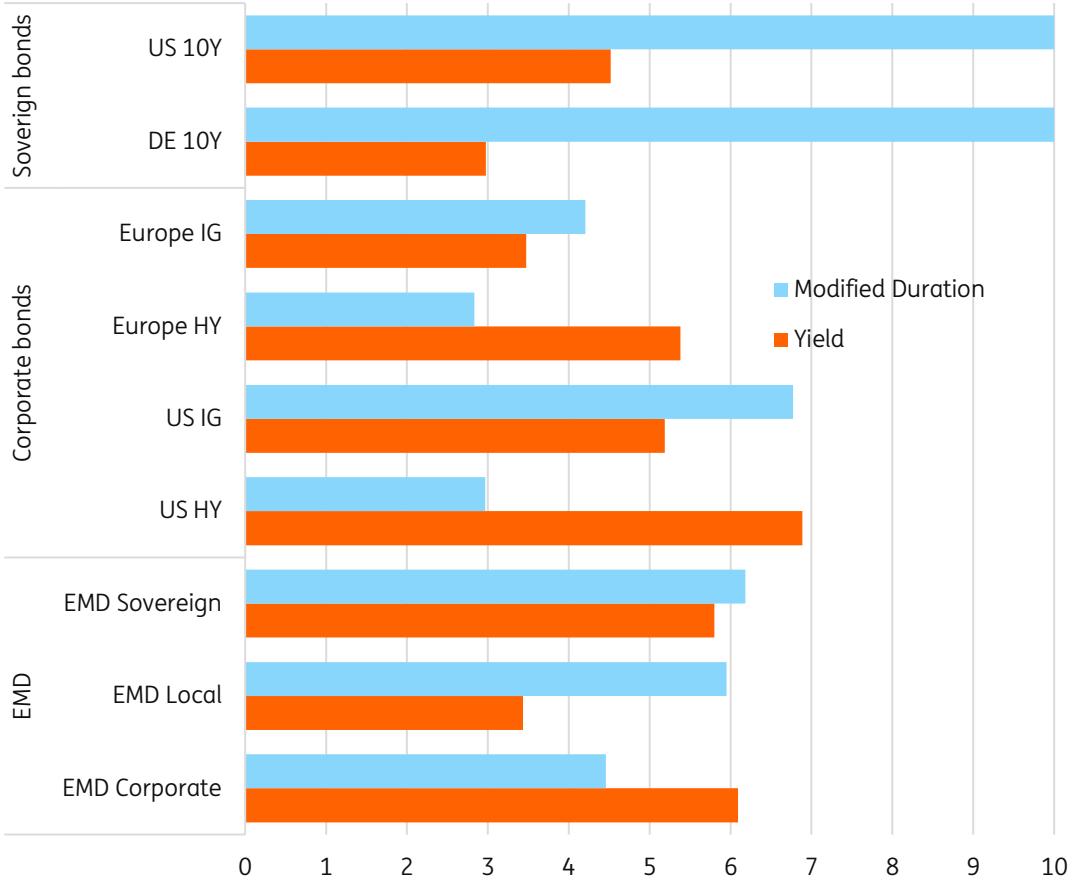
Sources: IMF Fiscal Monitor, ING Investment Office, April 2026

# Inflation, quantitative tightening, and elevated refinancing needs have already pushed long-term sovereign yields higher. As a result, we continue to prefer credit and EMD over sovereign bonds



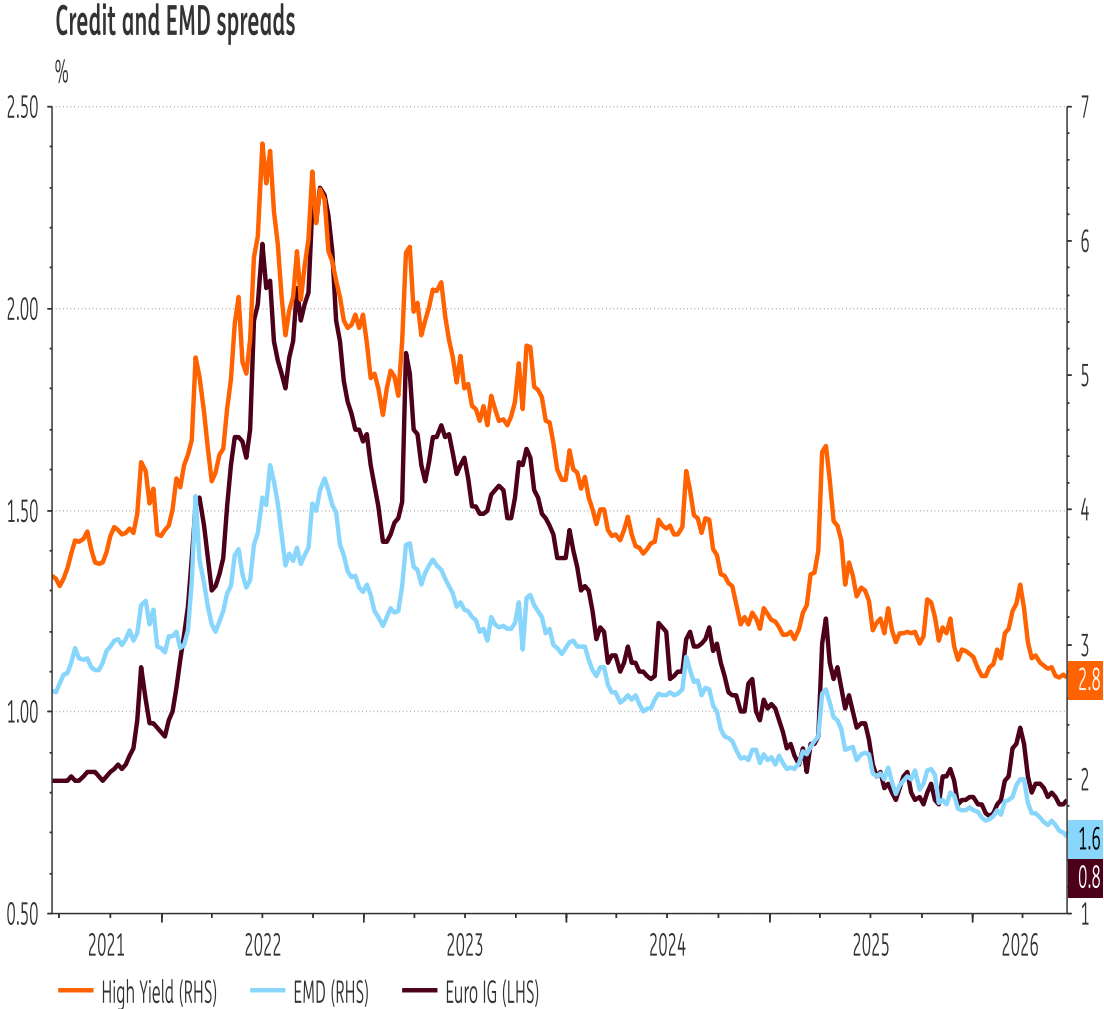
Source: LSEG Datastream, ING Investment Office, 22/06/2026

### Yields and Duration of main fixed income index

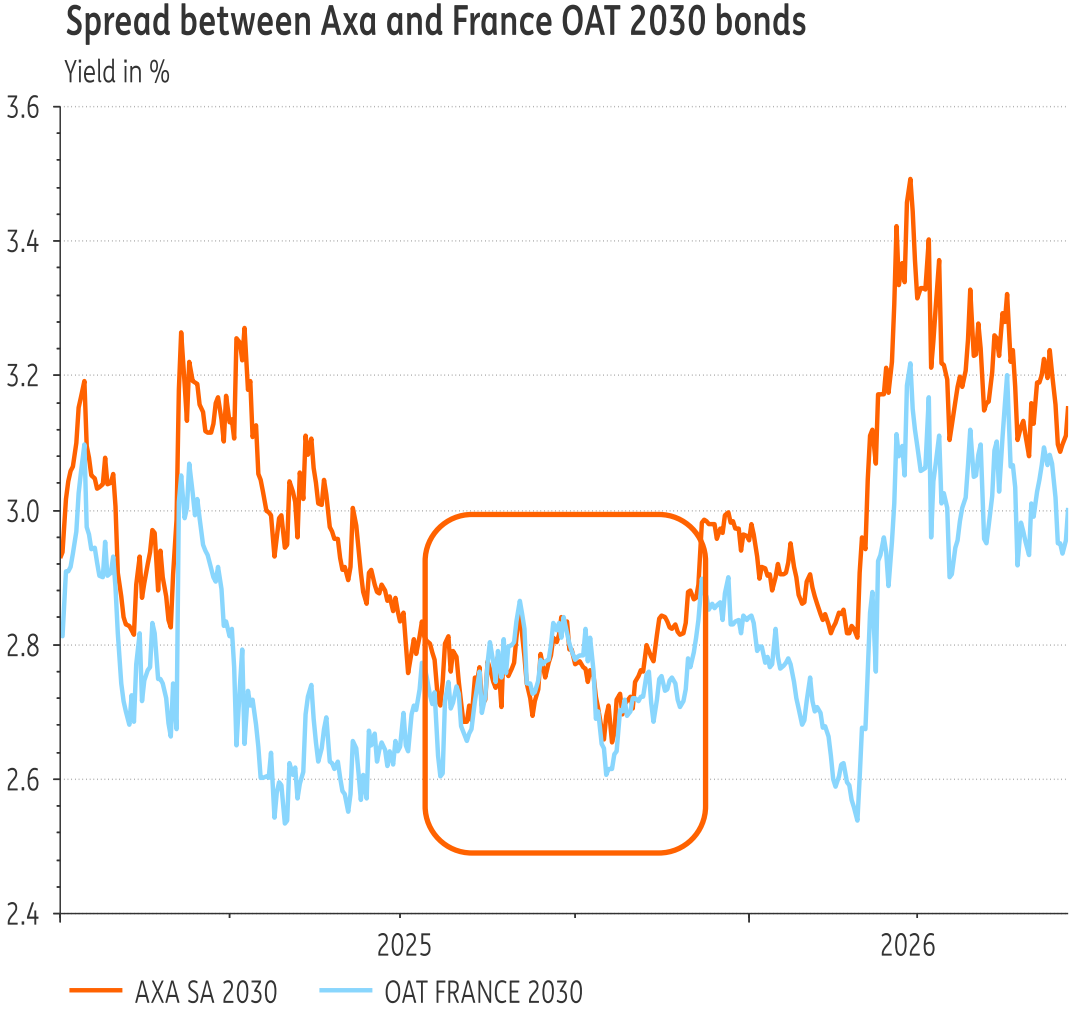


Source: Bloomberg, ING Investment Office, most recent data as of May 2026

# Spreads are tight — but there is no zero lower bound



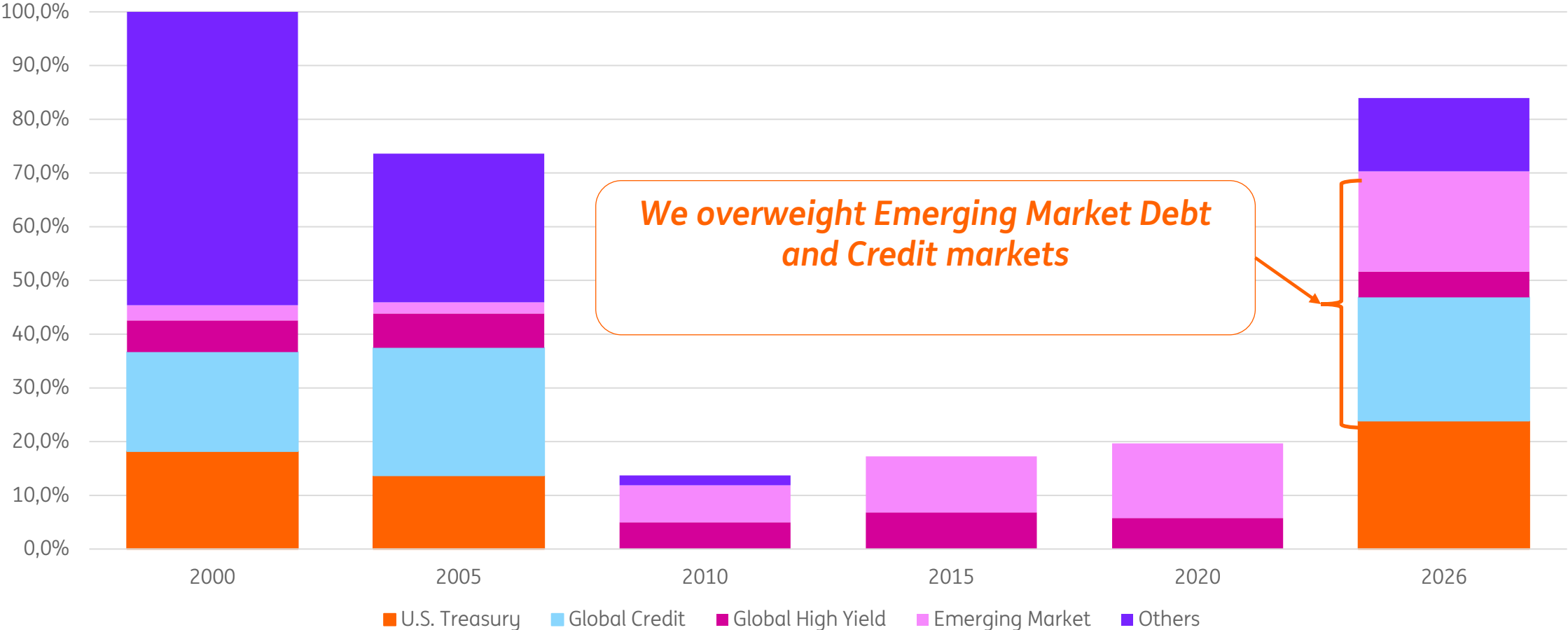
Source: LSEG Datastream, ING Investment Office, 19/06/2026



Source: LSEG Datastream, ING Investment Office, 22/06/2026

# Overall, the recent rise in interest rates offers the most attractive opportunity set for fixed income investors in 20 years

% of Fixed income assets yielding over 4%



Sources: BlackRock Investment Institute, with data from LSEG Datastream, date ('March 2026'). Note: For full calendar years, the bars show market capitalization weights of assets with an average annual yield over 4% in a select universe that represents about 70% of the Bloomberg Multiverse Bond Index. Euro Core is based on French and German government bonds indexes. Euro periphery is based on an average of government debt indexes for Italy, Spain and Ireland. Emerging markets combine external and local currency debt. Current calendar year data is not averaged and reflects month-end yield for the month indicated only.

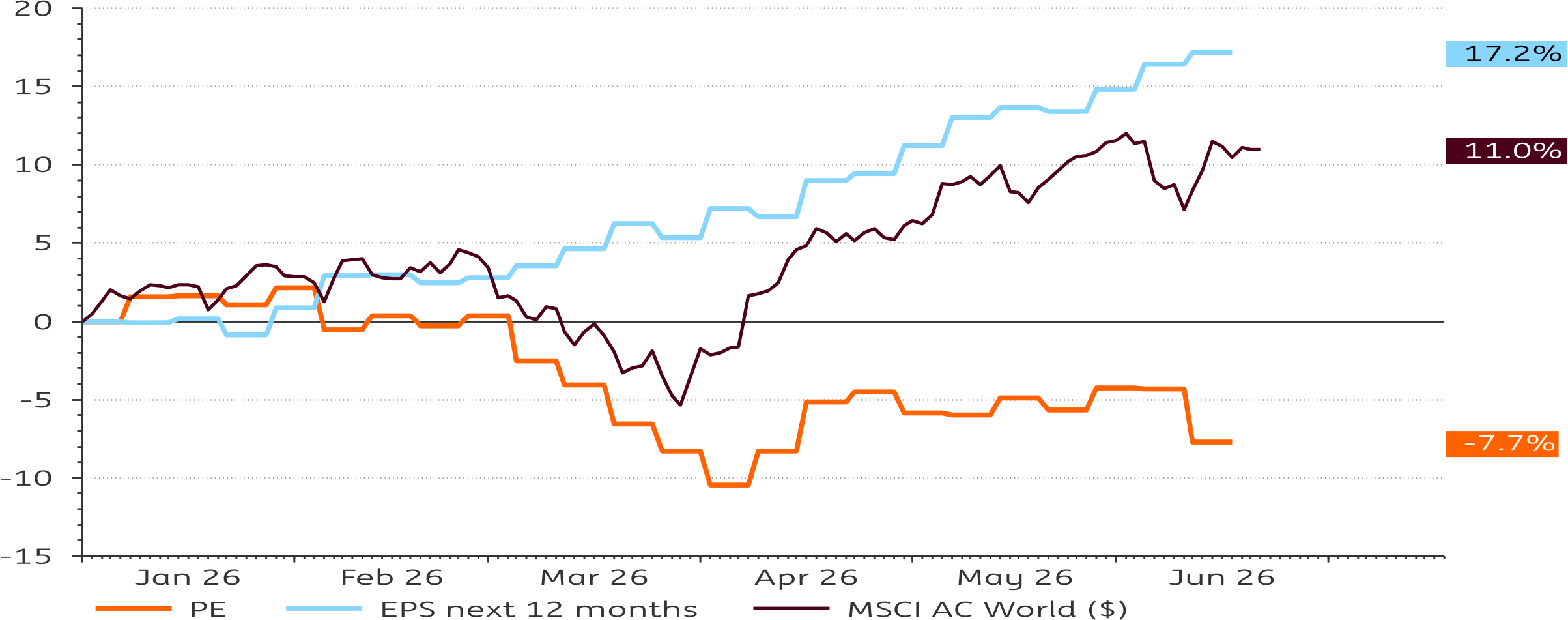
# Agenda

- 1 *Fixed income markets: Investing in a rising yields environment*
- 2 *Equity markets: Balancing Macro Headwinds with Micro Tailwinds***
- 3 *TAA: Staying positioned for a “stagflationary” environment*

# Equity market performance has been driven primarily by earnings growth rather than valuation expansion

## MSCI World AC

Course change, Earnings expectations (next 12 months) and Price-to-earnings ratio (PE)

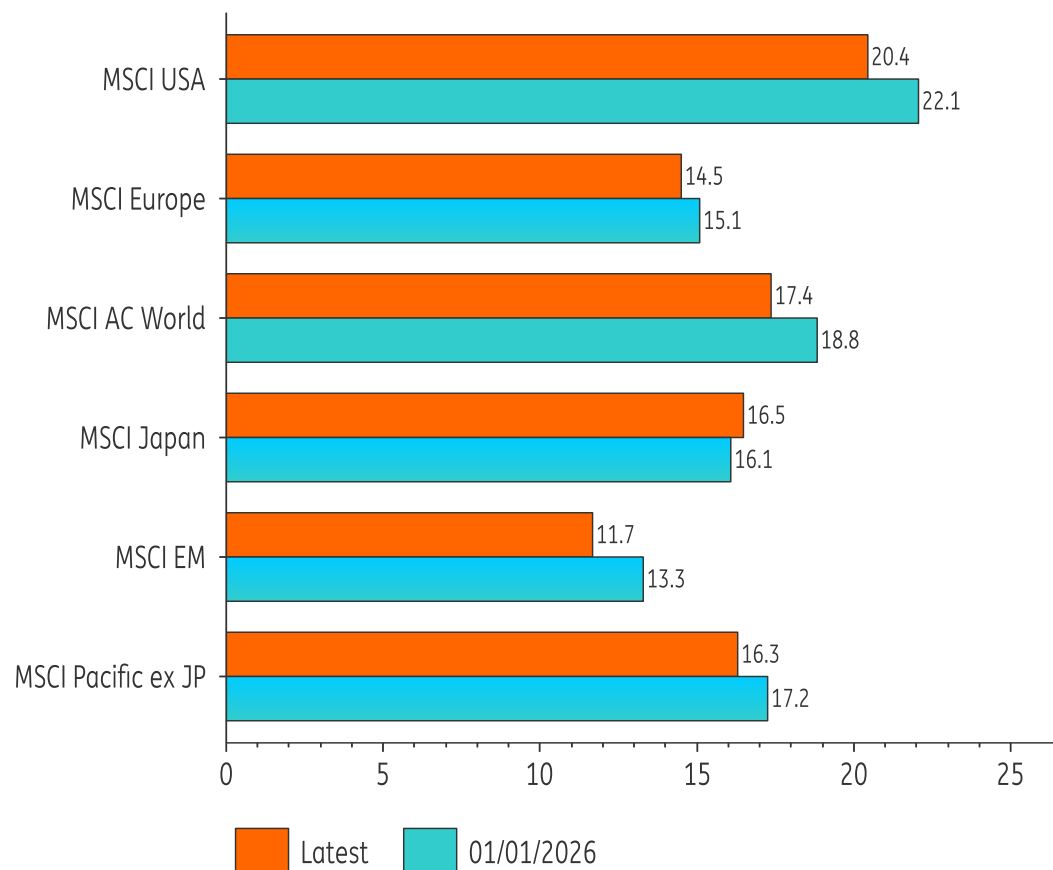


Source: LSEG Datastream, ING Investment Office , 17/06/2026

# Overall regional valuations have become more attractive, particularly in emerging markets, where EPS growth expectations have improved the most

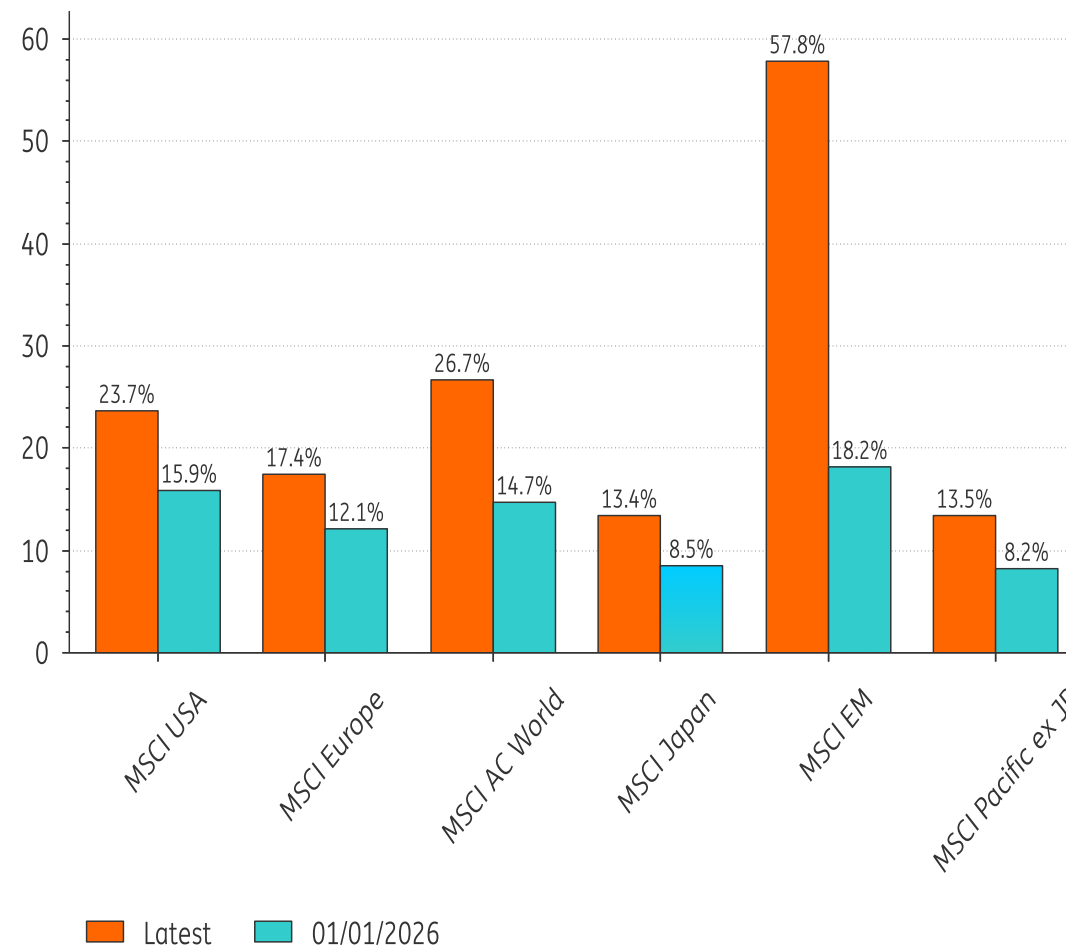
PE next 12 months evolution for main regions

IBES, MSCI



Source: LSEG Datastream, ING Investment Office, 11/06/2026

2026 earnings growth expectations evolution for main regions

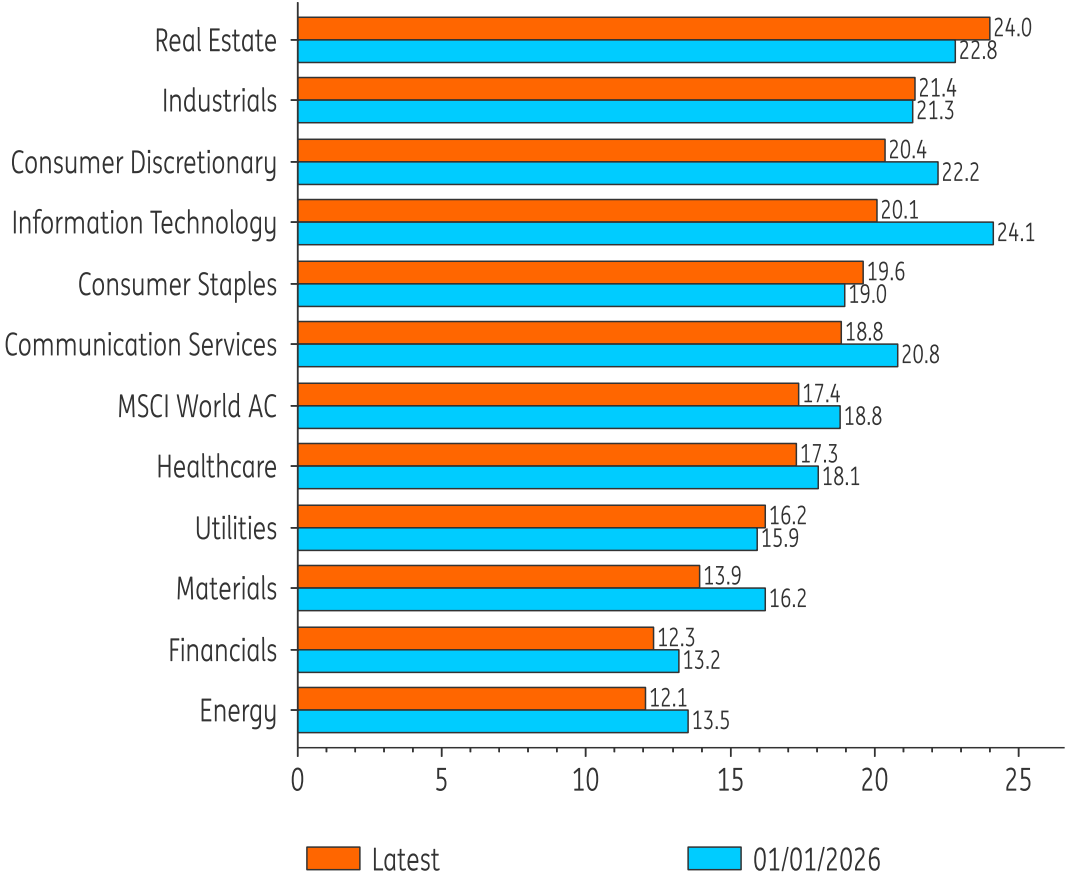


Source: LSEG Datastream, ING Investment Office, 11/06/2026

# At a sector level, valuations have come down as well, especially in IT, while the energy sector valuation has increased

PE next 12 months evolution by sector

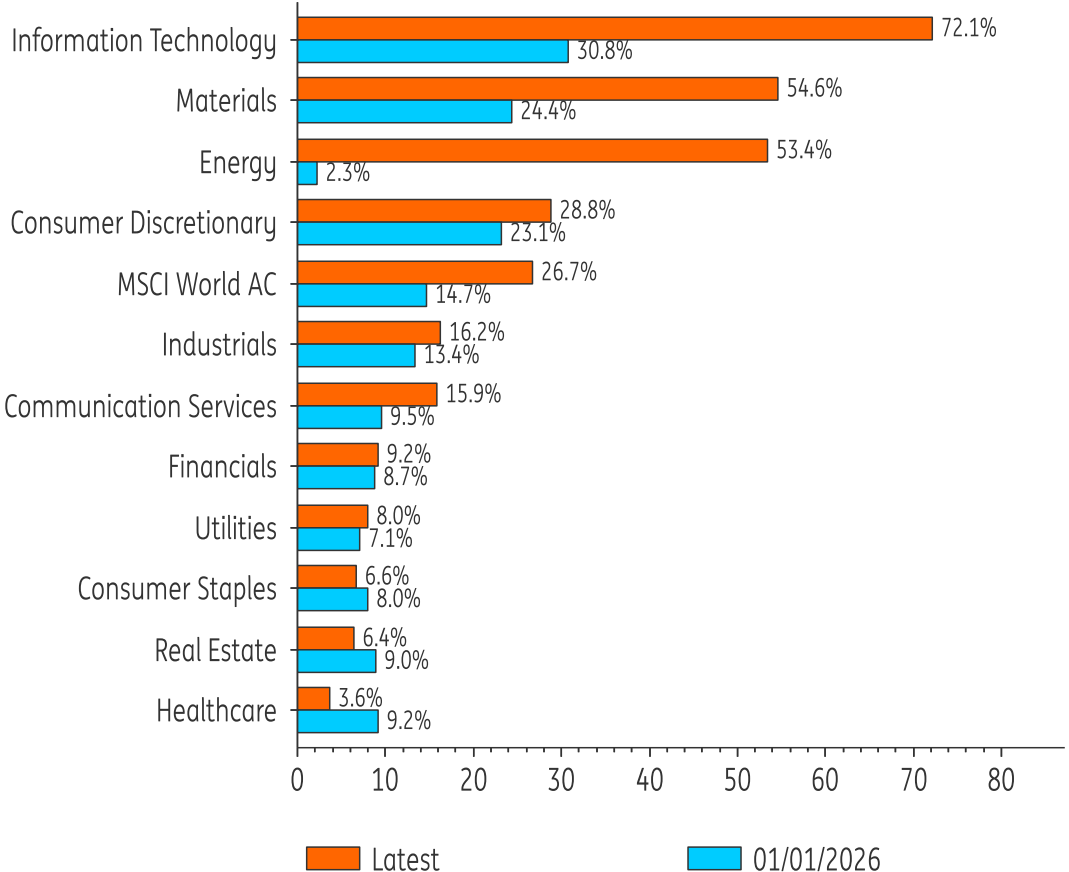
IBES, MSCI AC World



Source: LSEG Datastream, ING Investment Office, 11/06/2026

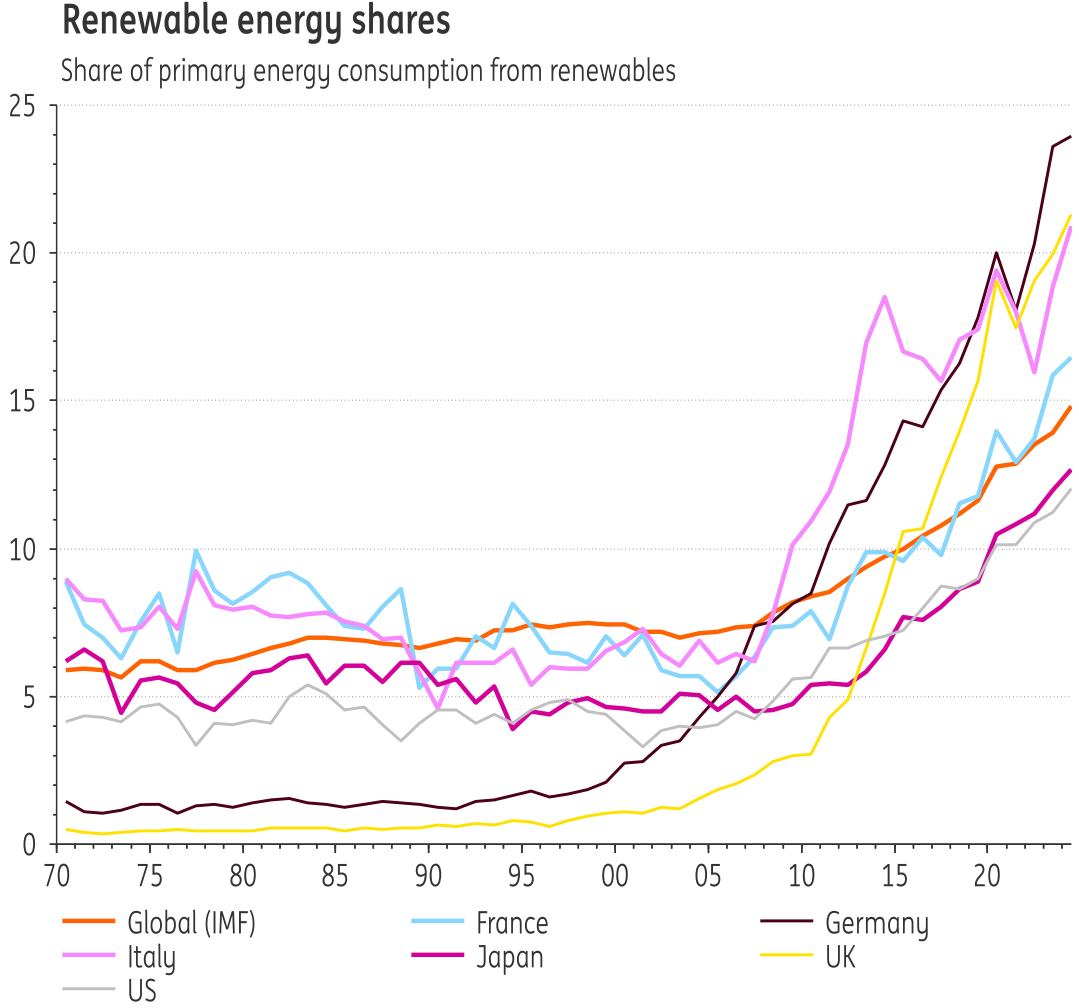
2026 earnings growth evolution by sector

IBES, MSCI AC World

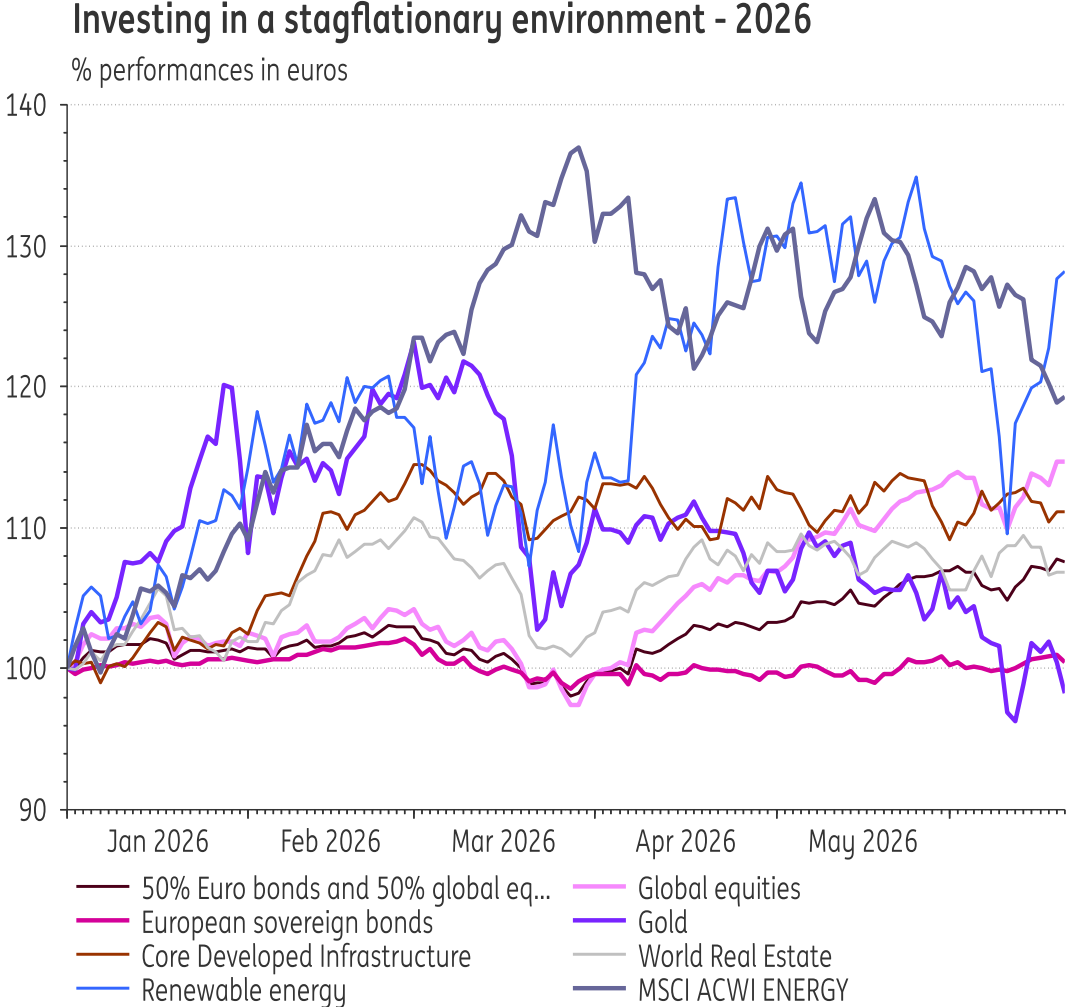


Source: LSEG Datastream, ING Investment Office, 11/06/2026

# Rather than chasing the recent outperformance of the energy sector, we favour renewable energy and sectors with low energy intensity



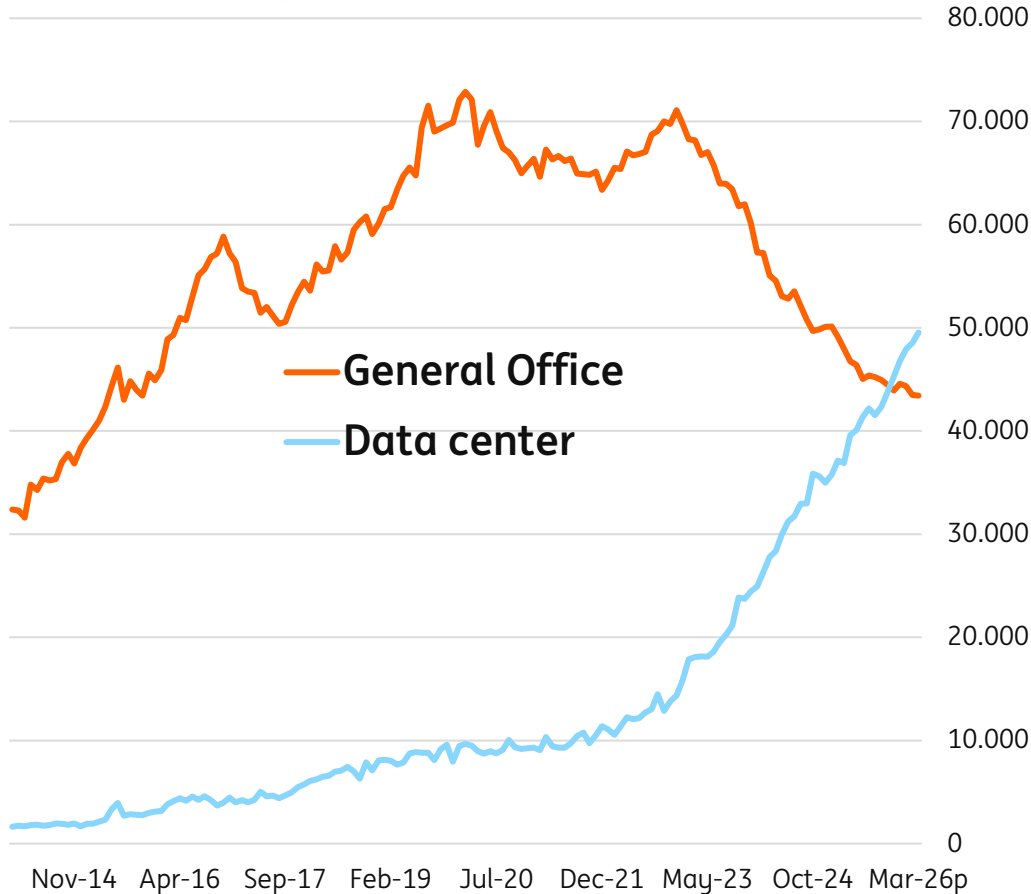
Source: LSEG Datastream, ING Investment Office , 24



Source: LSEG Datastream, ING Investment Office , 19/06/2026

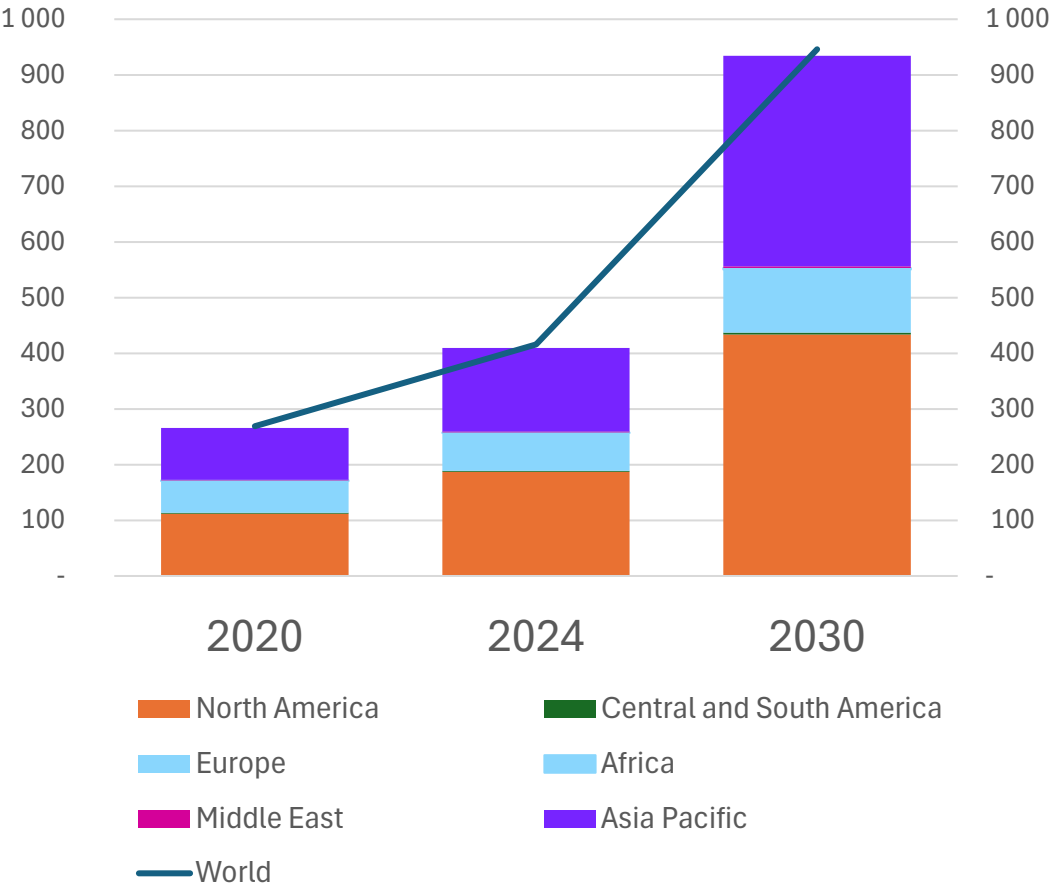
# In addition, the construction of data centers, which is overtaking office construction in the US, further increase the (renewables) power demand

US Construction spending (saar in \$mln)



Source: US Census Bureau, ING Investment Office, May 2026

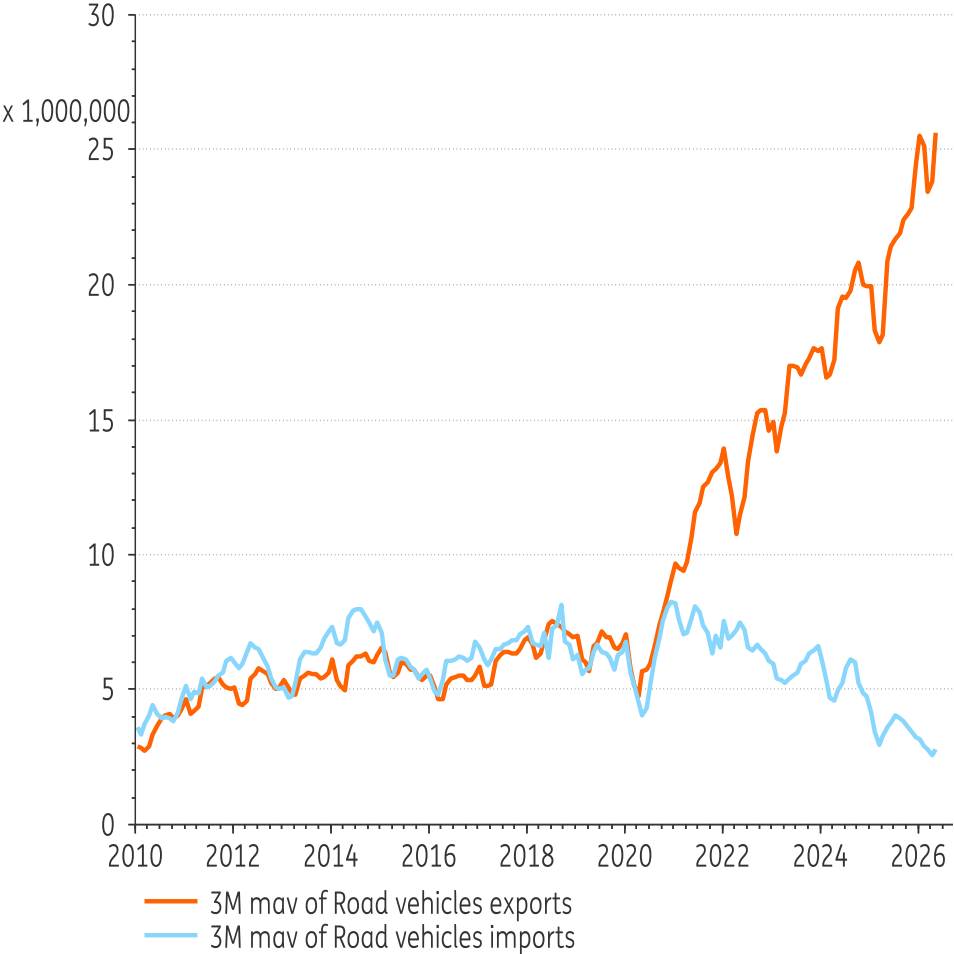
Datacenters total electricity consumption in TWh



Source: International Energy Agency, ING Investment Office, November 2025

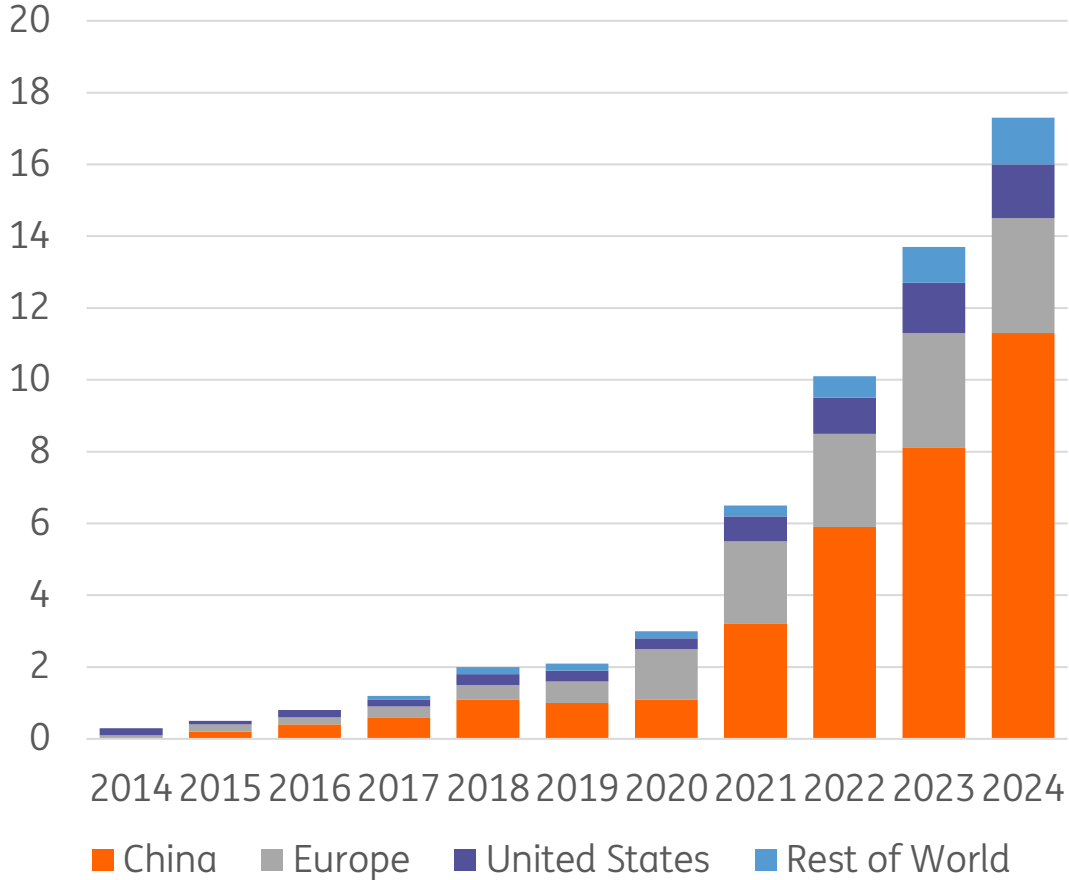
# China now sells more EVs than the rest of the world

China vehicles exports and imports evolution



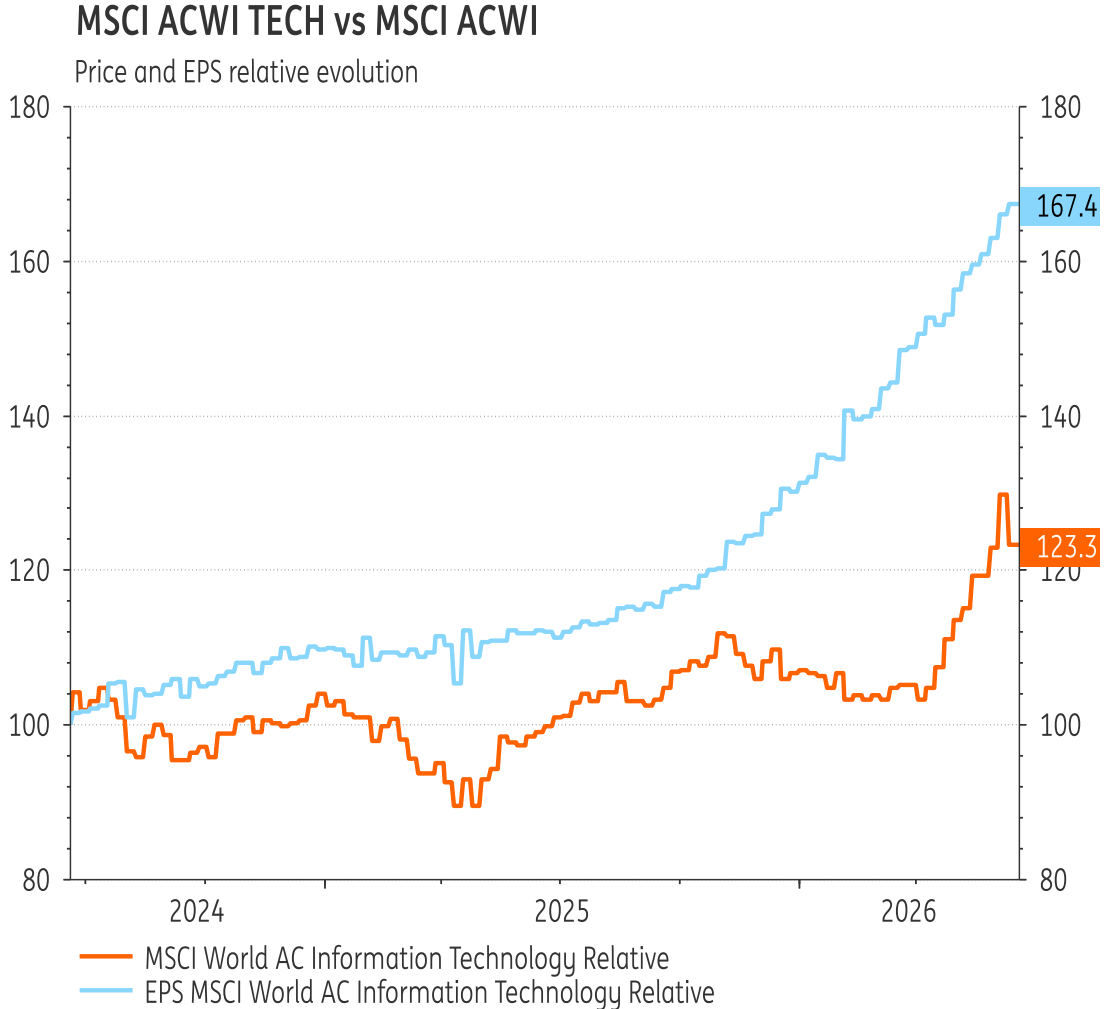
Source: LSEG Datastream, ING Investment Office, May 26

Sales of battery-electric and plug-in hybrid vehicles (in millions)

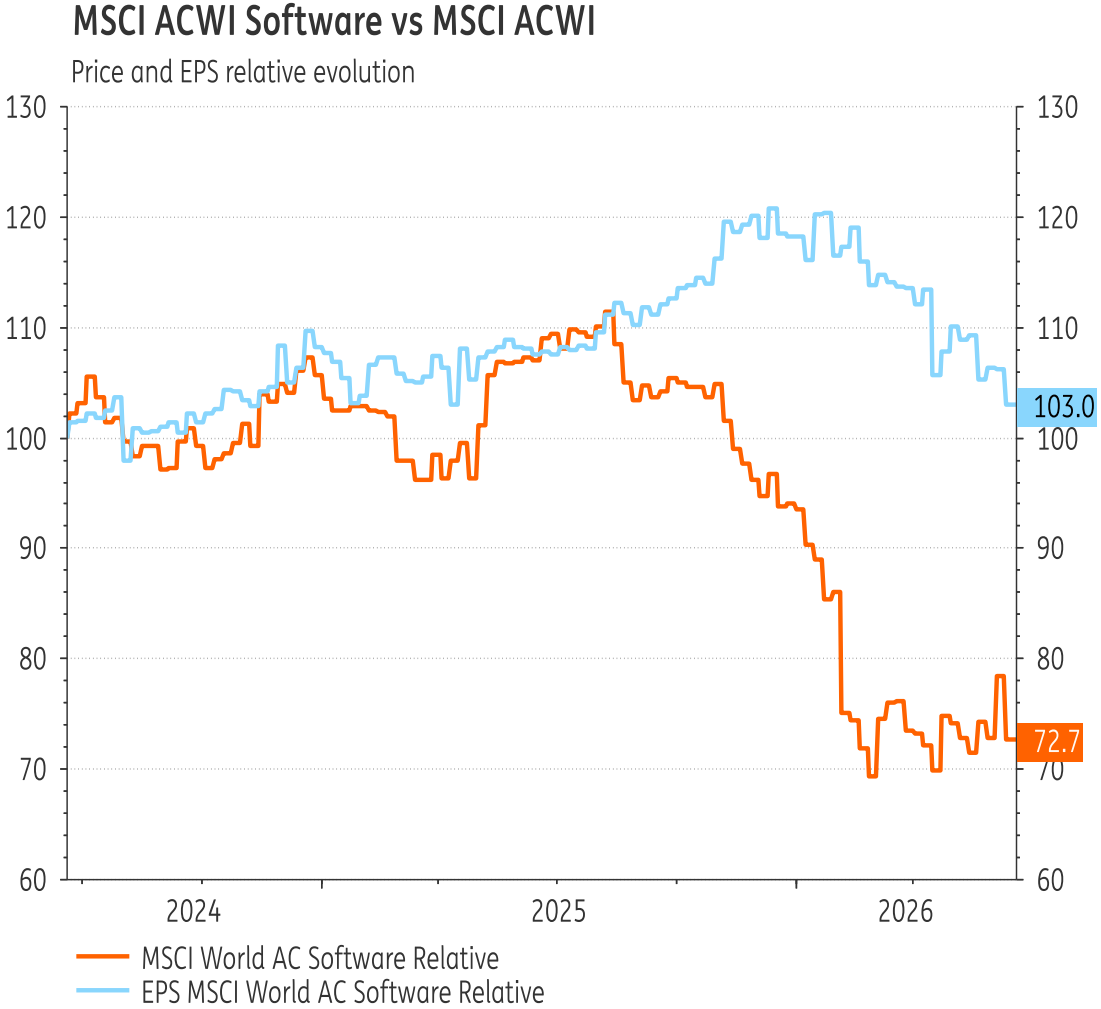


Source: International Energy Agency, ING Investment Office, Most recent data as of April 2026

# Tech/software sell-off : “The reports of my death are greatly exaggerated”, especially when looking at the relative earnings momentum!



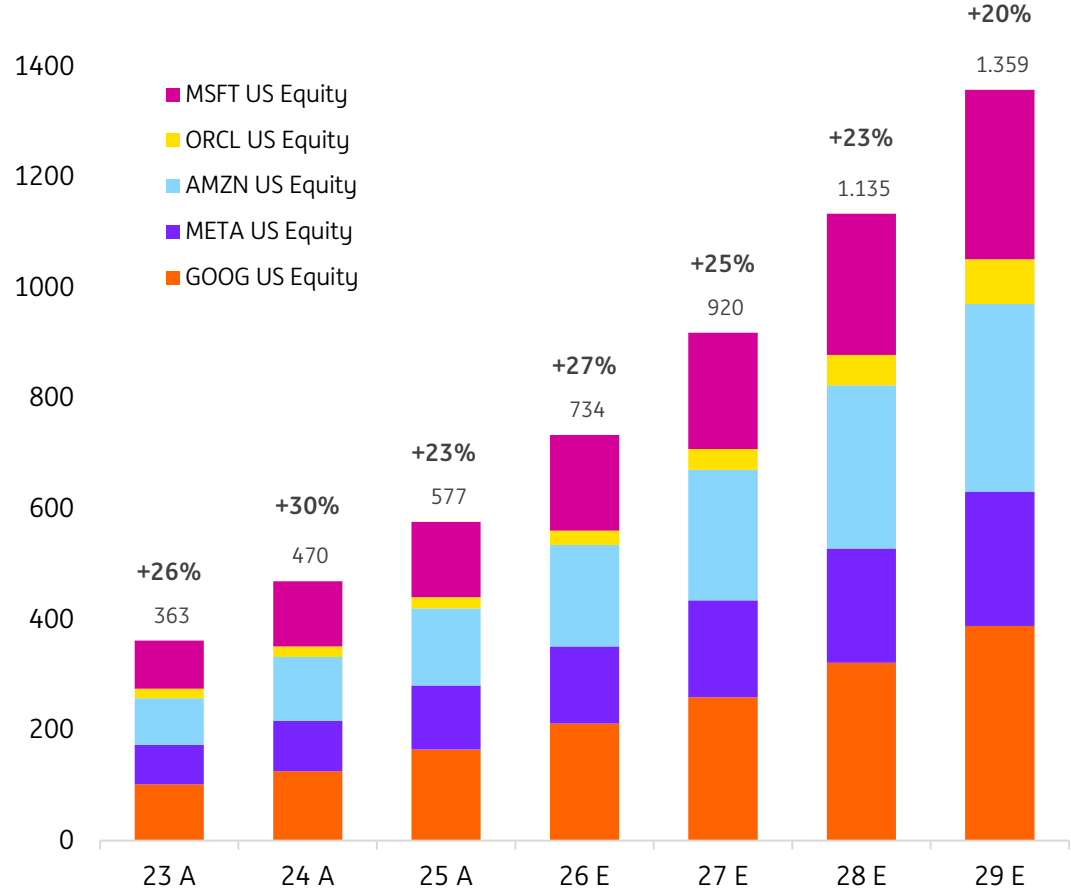
Source: LSEG Datastream, ING Investment Office , 11/06/2026



Source: LSEG Datastream, ING Investment Office , 11/06/2026

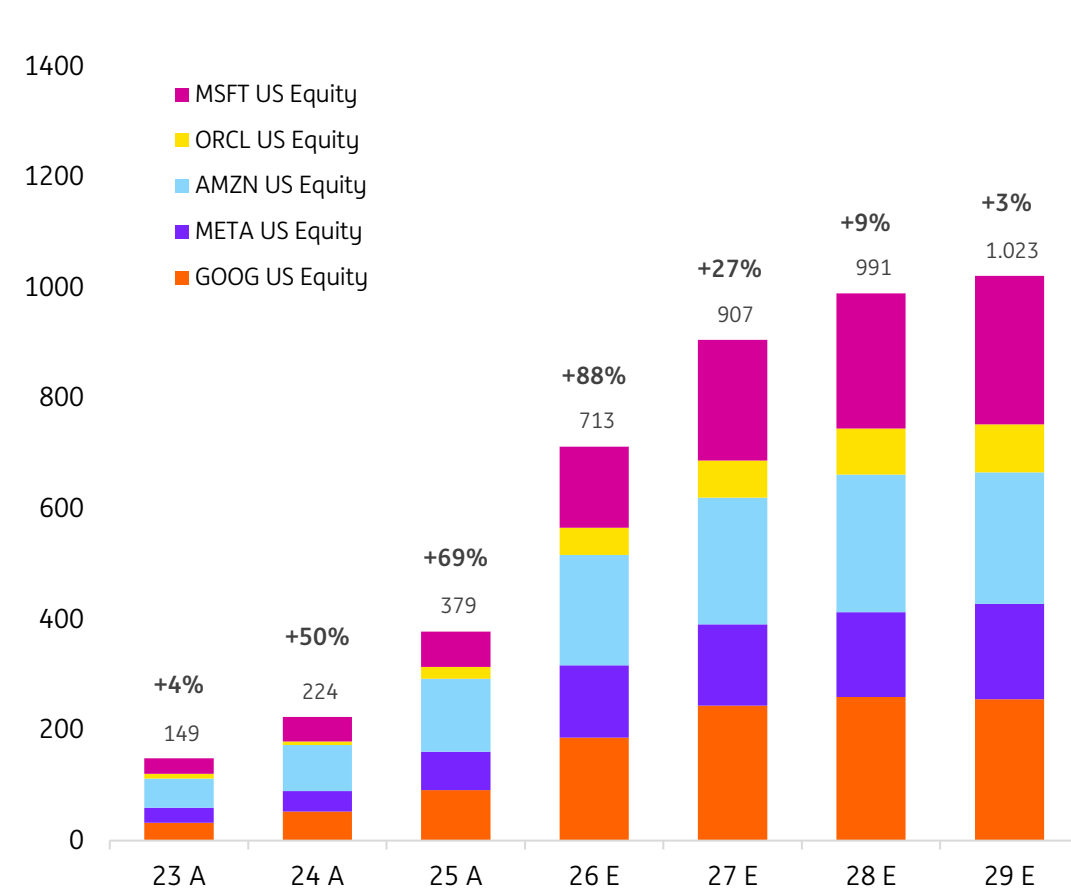
# Capex should continue to drive stronger Tech EPS growth, and despite elevated valuations, concerns about a bubble remain premature

Operating cash flow hyperscalers (\$bln)



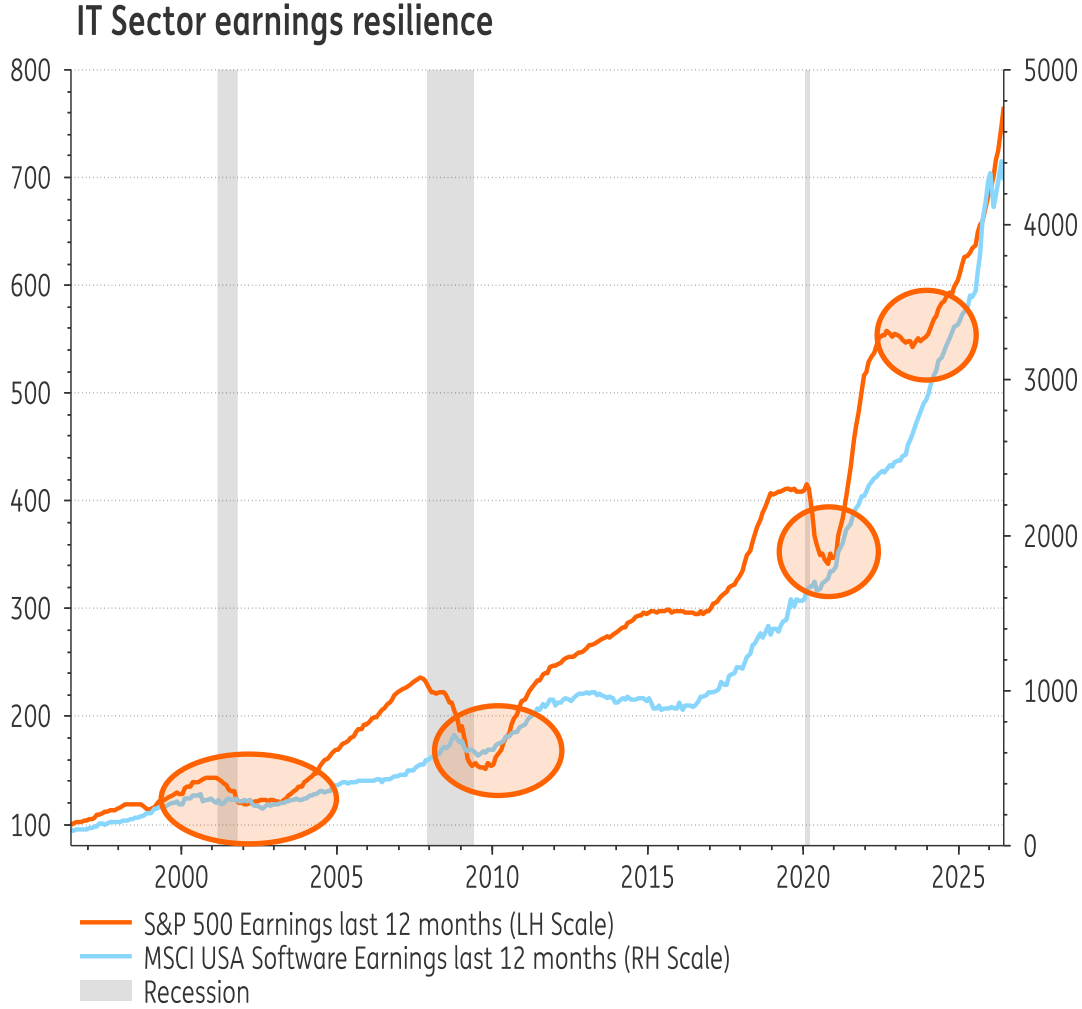
Source: Bloomberg, ING Investment Office, Data as of May 2026

Capital expenditures hyperscalers (\$bln)



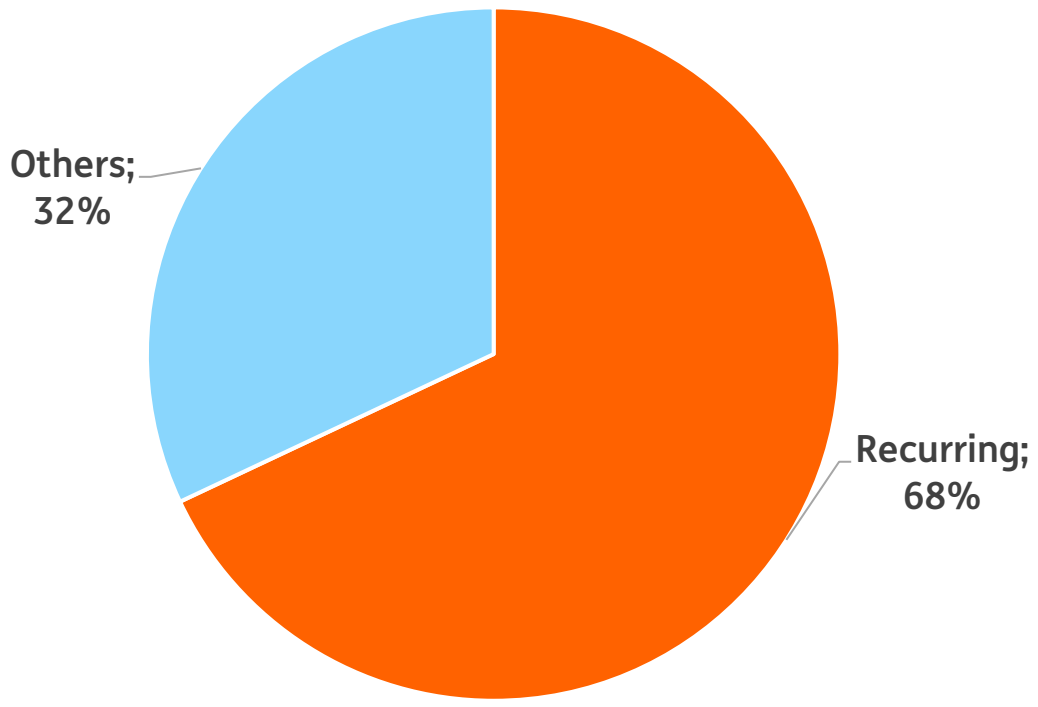
Source: Bloomberg, ING Investment Office, Data as of May 2026

# Tech companies have pricing power, and their earnings have a relatively low sensitivity to the economic cycle



Source: LSEG Datastream, ING Investment Office, 11/06/2026

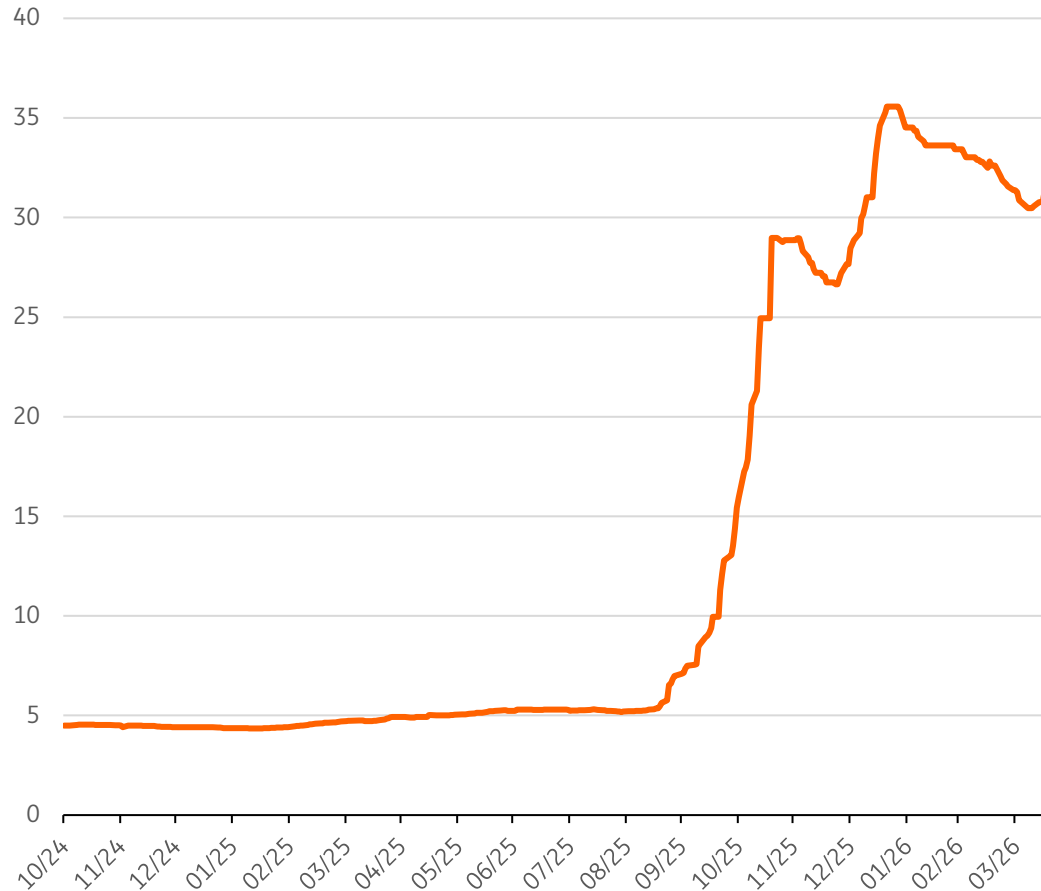
### Software sector recurring revenues as % of total



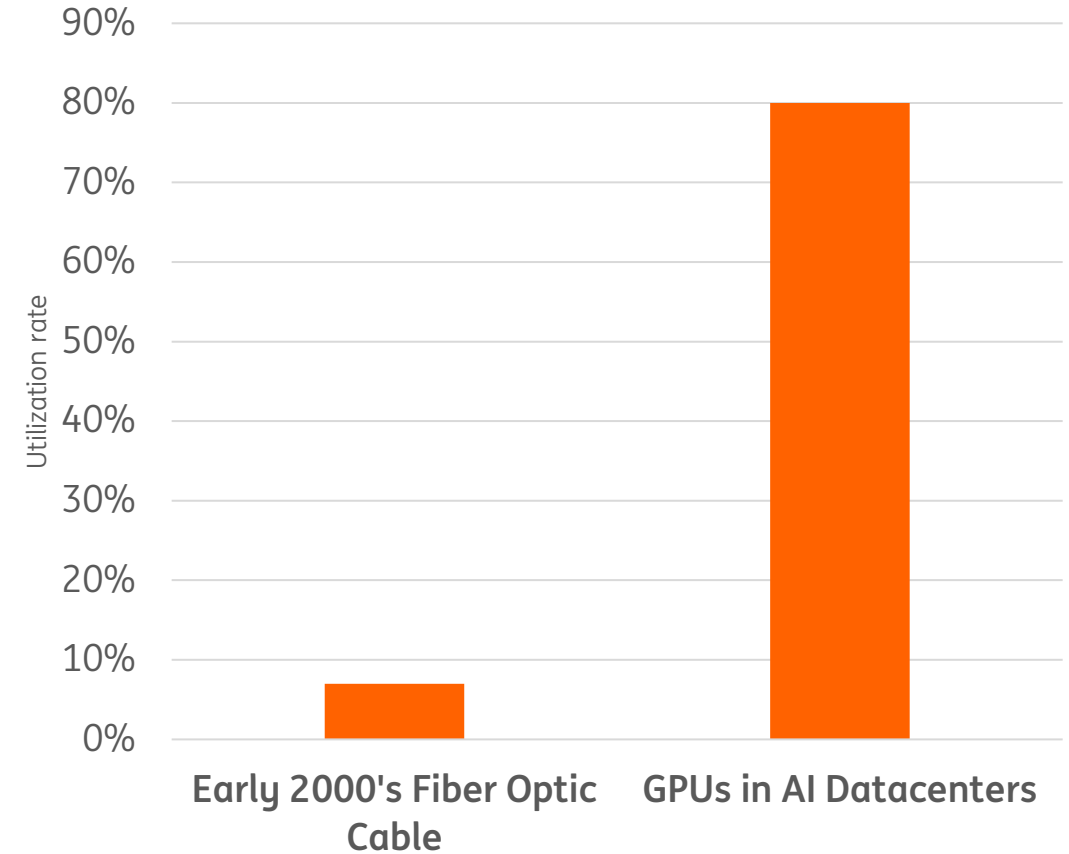
Source: ING Equity Research, May 2026

# The Tech industry is nevertheless facing bottlenecks which could hurt EPS growth going forward

The cost of memory rocketed up  
(Spectrum DRAM spot price, in \$)

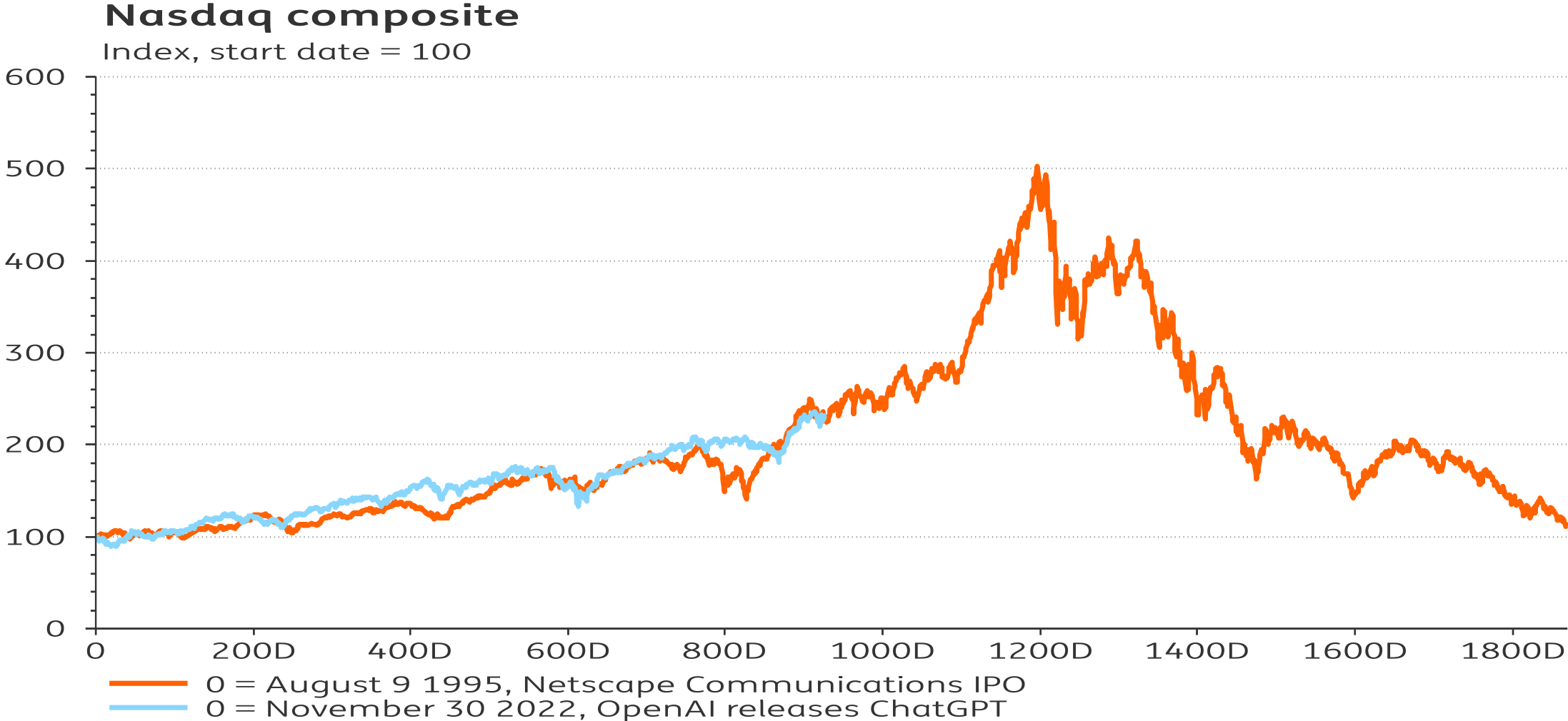


AI infrastructure is operating at near-full capacity—unlike the underutilized fiber-optic networks of the early 2000s



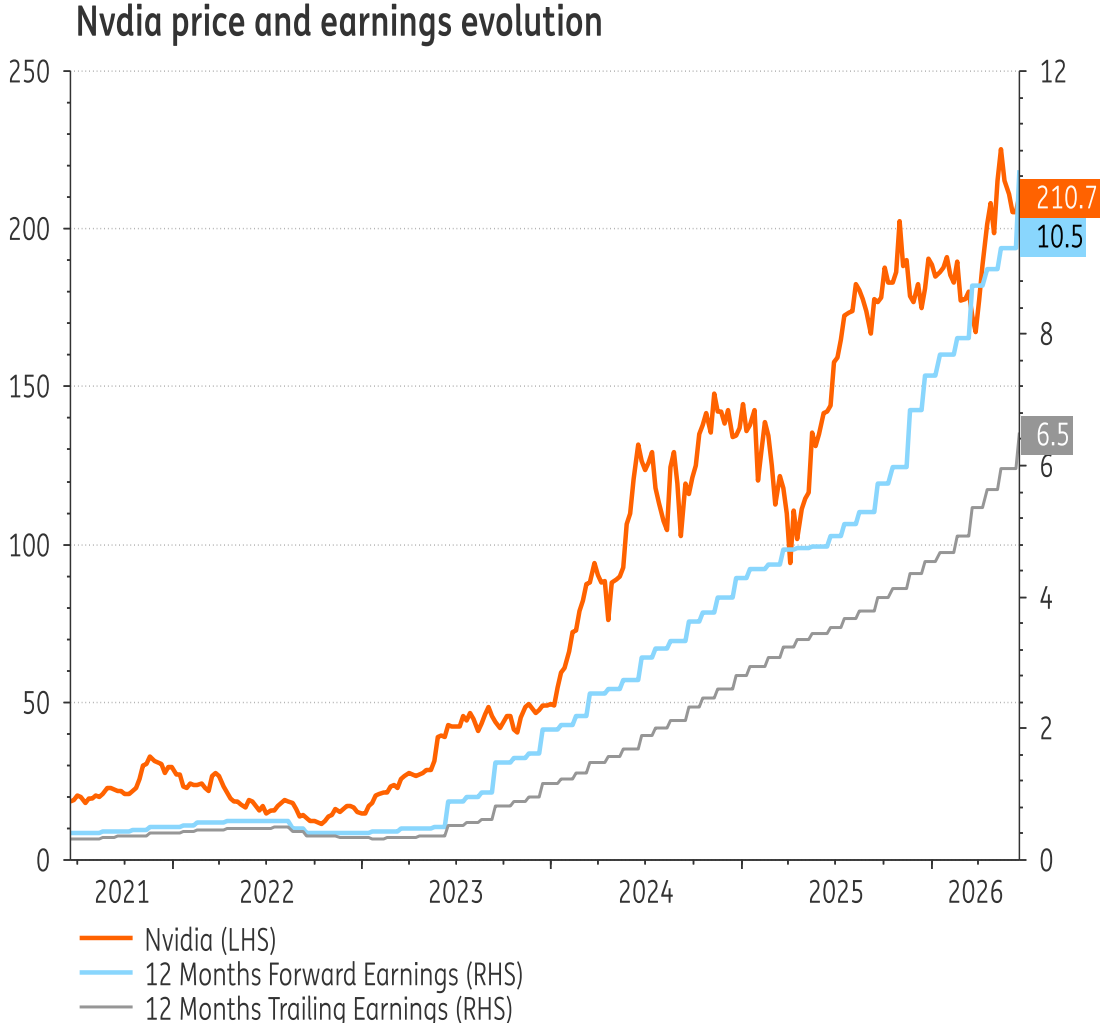
Source: (Left) Bloomberg, ING Investment Office, Most recent data as of April 2026. (Right) Fiber optic cable utilization sourced from Harvard Business School study "Level (3) Communications in 2001: The 'Pivotal Year'" published on April 2001; GPU utilization sourced from NBER paper "Flexible Data Centers and the Grid: Lower Costs, Higher Emissions?" published in July 2025; J.P. Morgan Asset Management assumptions of data center capacity from company reports.

# Irrational exuberance? Tech : are we in 1998 or in 2000?

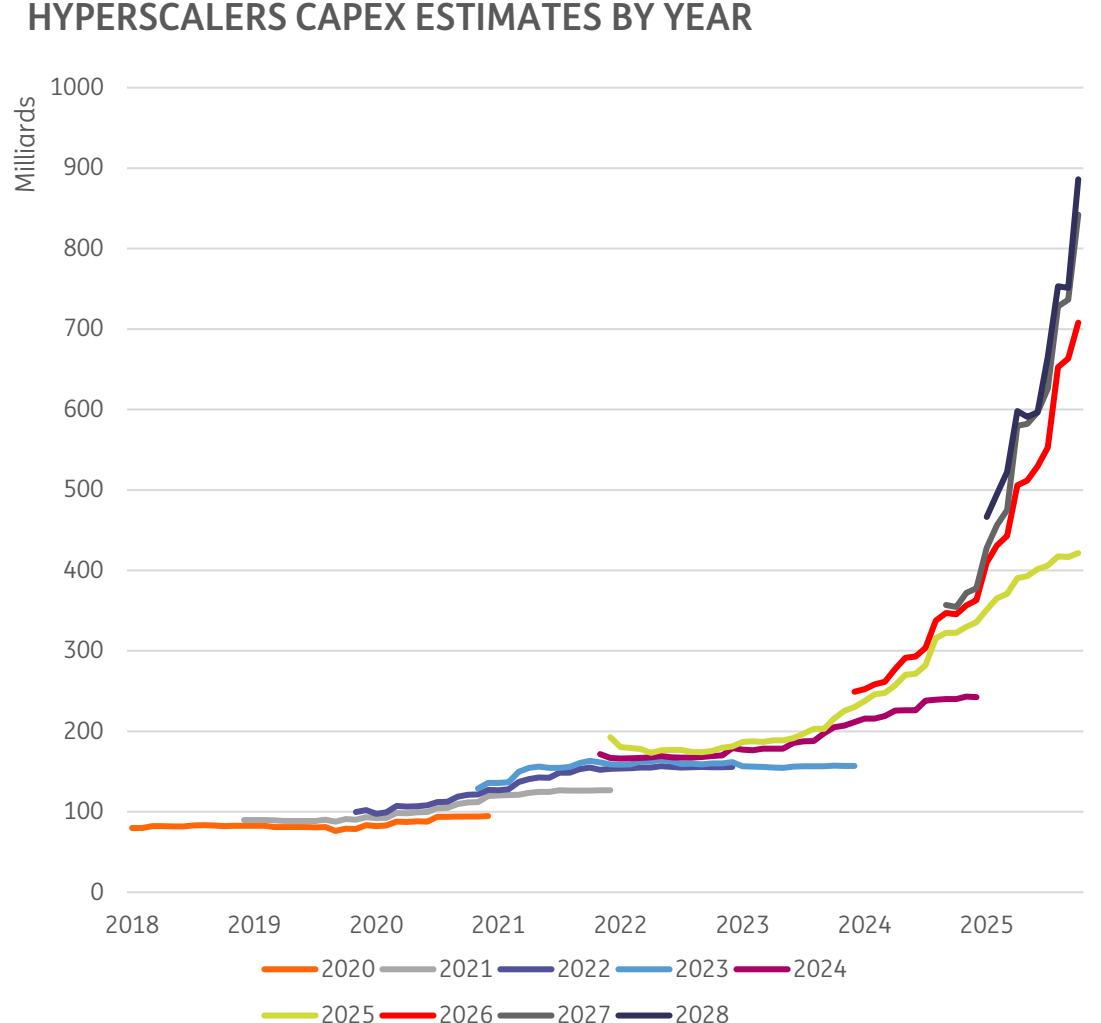


Source: LSEG Datastream, ING Investment Office , 19/06/2026

# NVIDIA and other chipmakers results continue to be supported by rising hyperscaler's capex

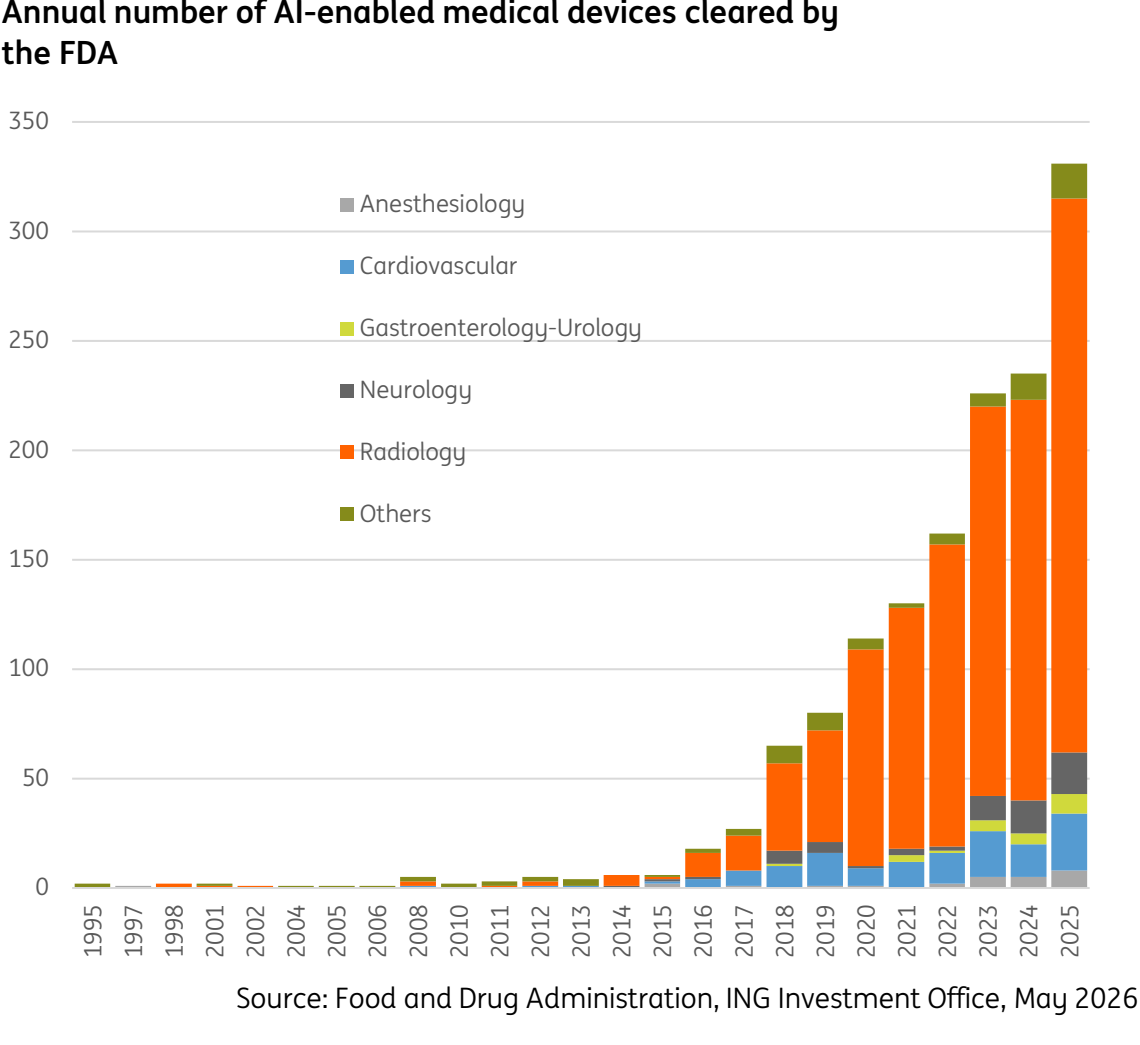


Source: LSEG Datastream, ING Investment Office, 18/06/2026



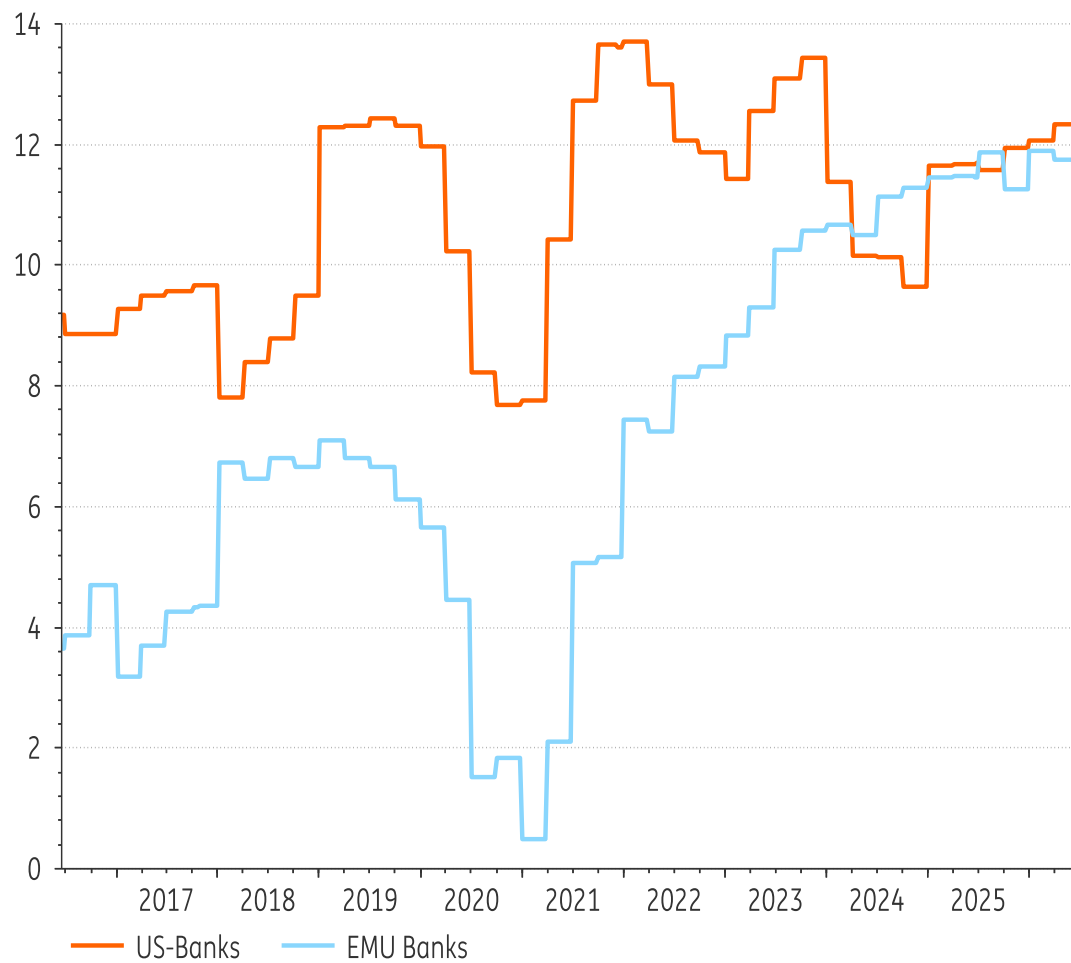
Source: BCA, ING Investment Office, most recent data as of 13/05/2026

# We have diversified our exposure to the technology sector through China, and to sectors outside the tech space, like healthcare, where AI could drive disruption



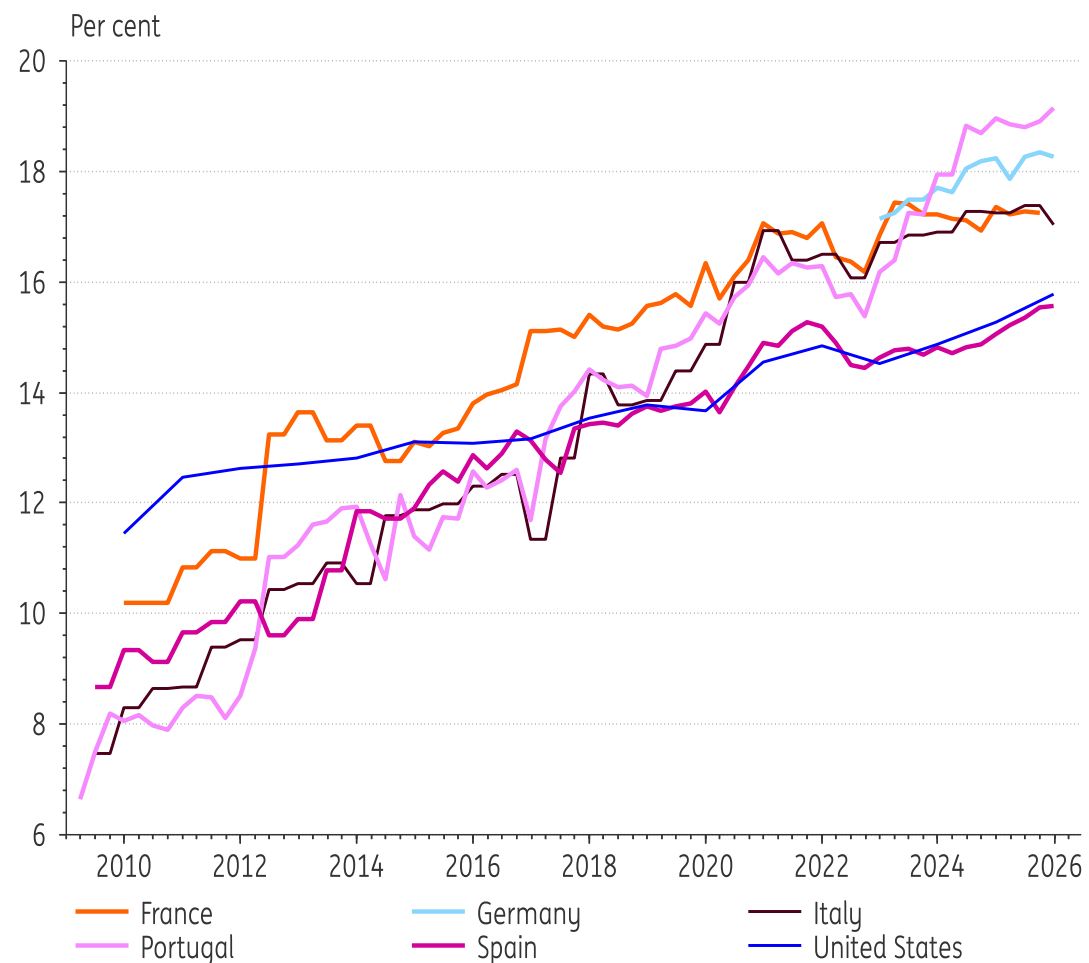
# US and Euro Area banks are showing strong fundamentals and could benefit from deregulation

US and Euro area banks return on equity in %



Source: LSEG Datastream, ING Investment Office, 19/06/2026

Ratio of regulatory tier 1 capital to risk-weighted assets

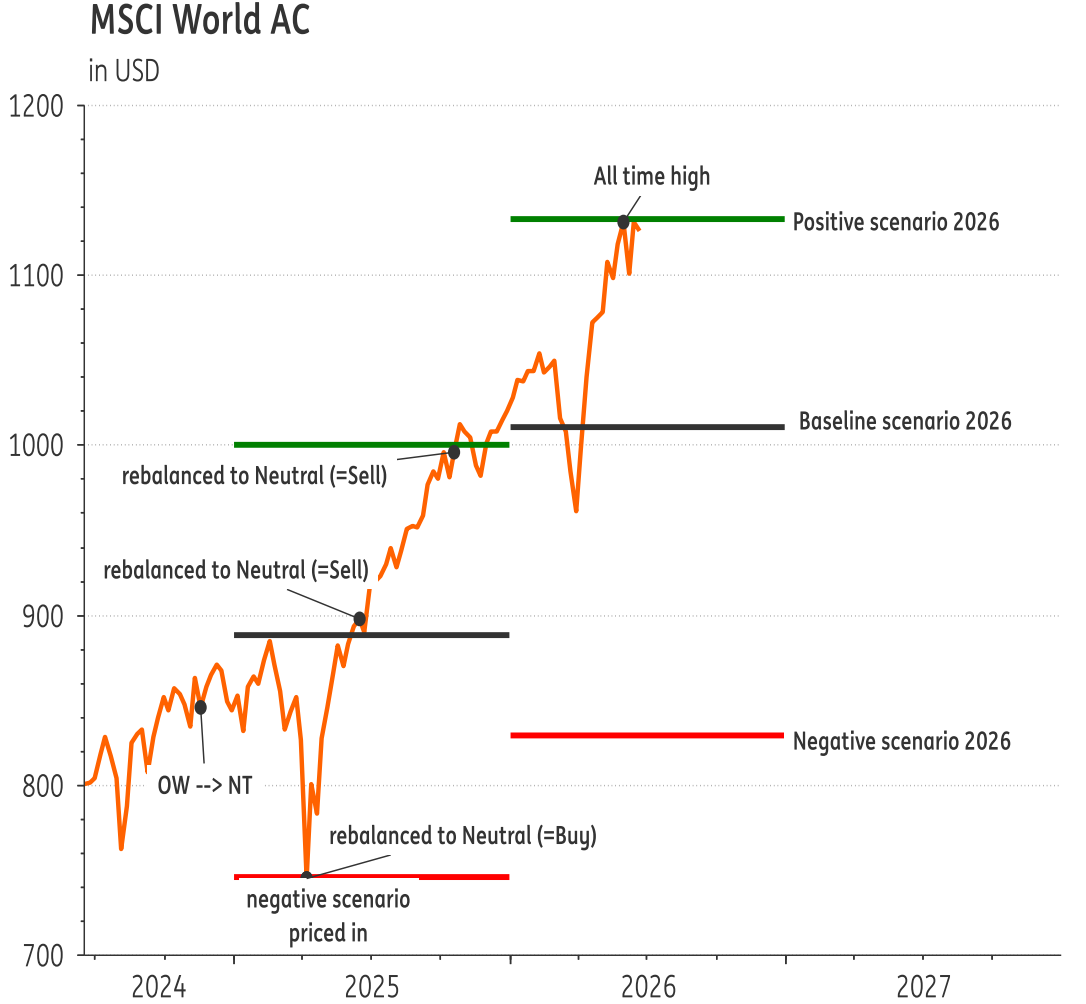


Source: LSEG Datastream, ING Investment Office, Q3 25

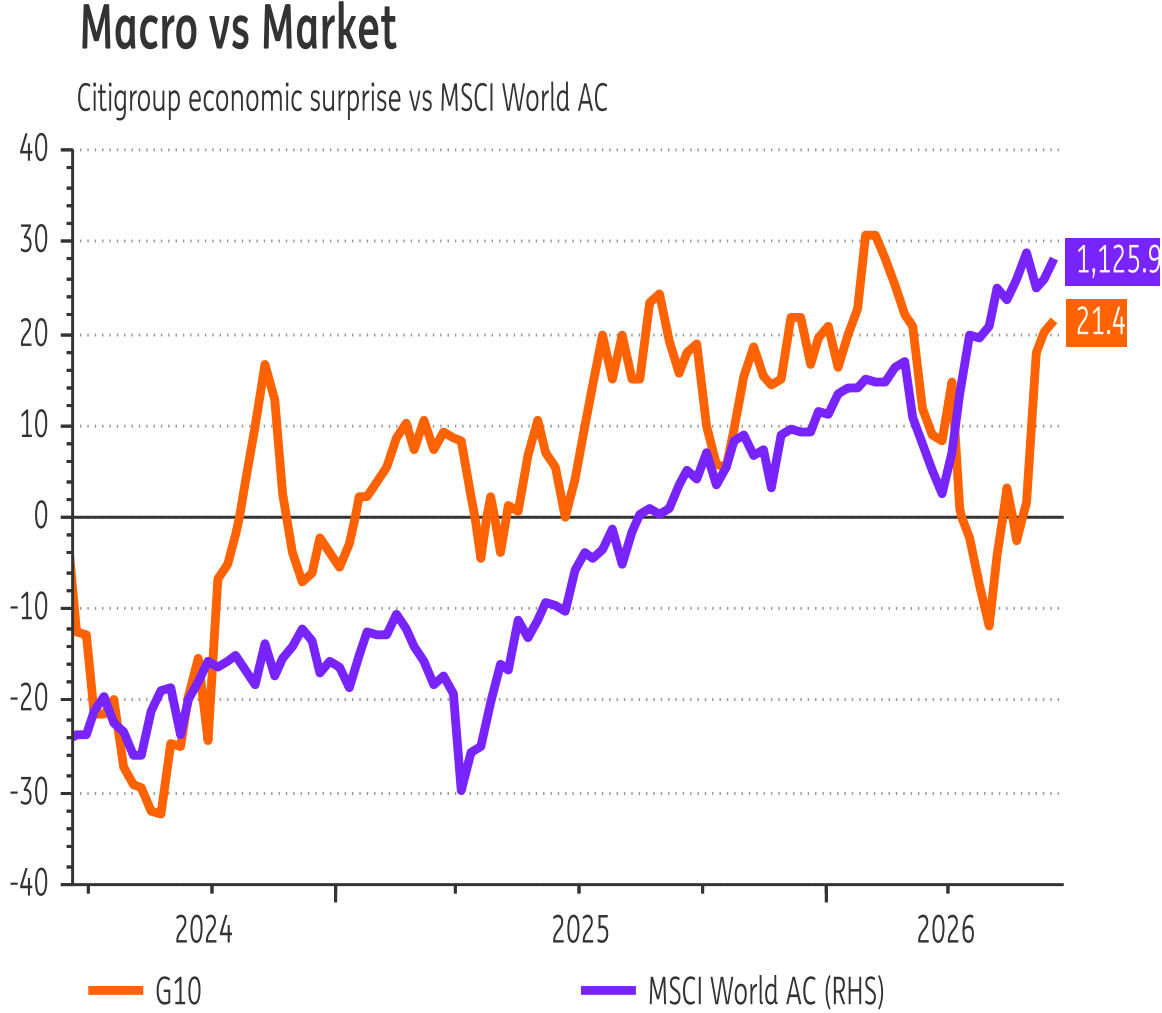
# Agenda

- 1 *Fixed income markets: Investing in a rising yields environment*
- 2 *Equity markets: Balancing Macro Headwinds with Micro Tailwinds*
- 3 **TAA: Staying positioned for a “stagflationary” environment**

# Despite strong EPS growth, we keep a neutral positioning on equity markets overall as the macro backdrop has deteriorated since the beginning of the year



Source: LSEG Datastream, ING Investment Office , 23/06/2026



Source: LSEG Datastream, ING Investment Office , 22/06/2026

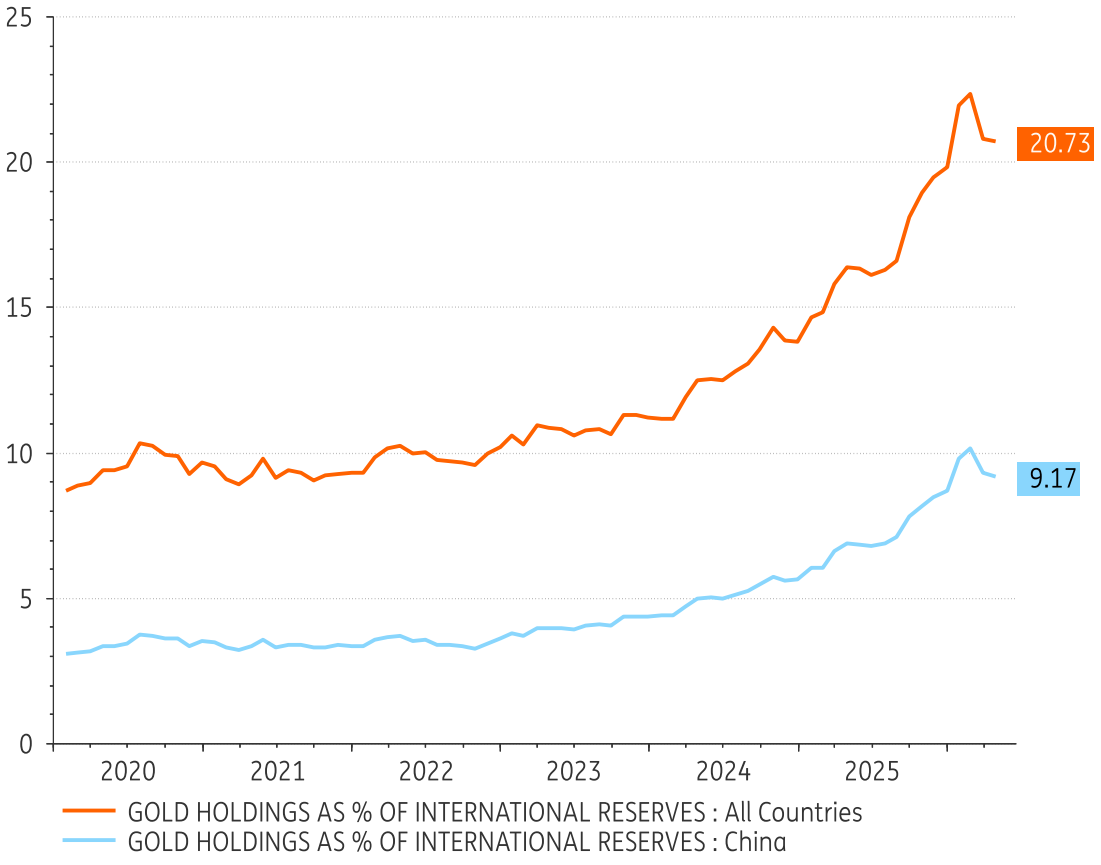
# Despite this year's sell-off, gold remains a good hedge against geopolitical uncertainties, while central bank buying remains supportive

## Real US 10-year Treasury yield vs. gold



Source: LSEG Datastream, ING Investment Office , 18/06/2026

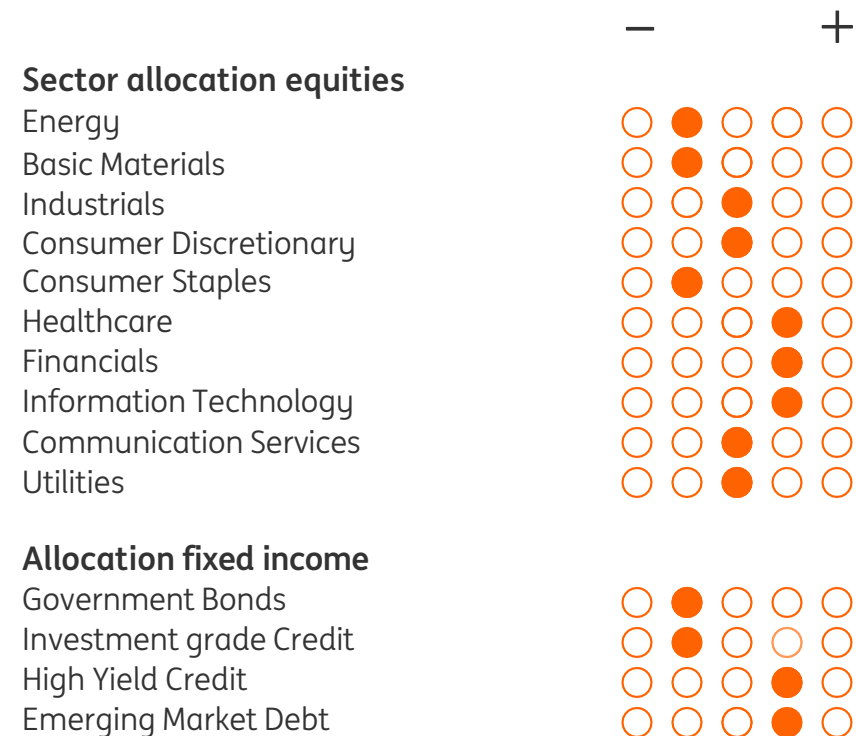
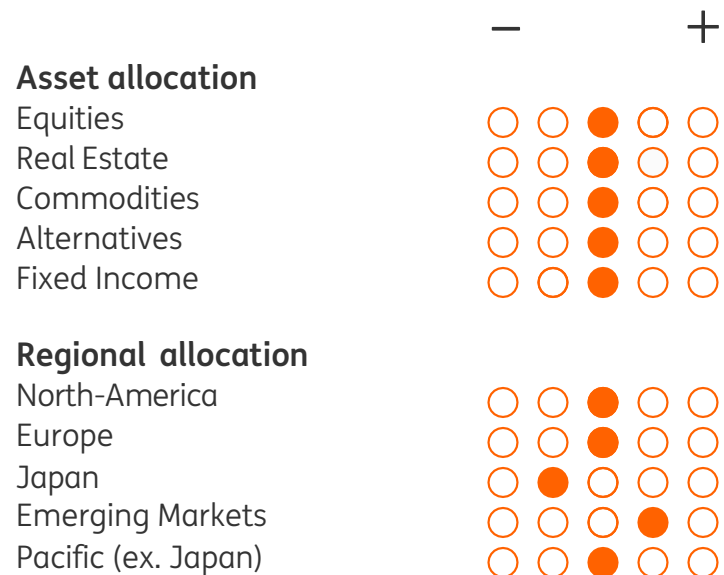
## Gold as % of FX reserves: All countries vs China



Source: LSEG Datastream, ING Investment Office , Apr 26

# Tactical asset allocation June 2026:

## We remain invested while avoiding highly directional bets



# Thank you for your attention

## Disclaimer

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