Market Commentary on the Q2'2026 Results Season:

With Flywheel Activity Being Close to as Good as It Gets?

Against the backdrop of leading technology companies describing agents as the "next big step in AI" (Lisa Su, CEO of AMD) and estimating 60 per cent of global AI capacity being now used for inference,[i] there was a **growing investor unease about not only the massive capacity ramp-up for AI-related capital expenditures** but also, more importantly, the **concentration risk within a narrow AI ecosystem** (chipmakers, hyperscalers, data centre operators and infrastructure groups around them) and **valuation risk with an earnings backdrop being less robust** than aggregate data on consumption, inflation and even labour might suggest.[ii] With the **current profit cycle and market narrative all leaning on the same narrow pillar**,[iii] while further **volatility has been added through the ongoing war in Iran and renewed US tariffs**,[iv] the claim of the market being "close to as good as it gets" had to be quickly qualified by saying **"we don't know how long it continues"** (Jamie Dimon, CEO of JPMorgan Chase).[v] With clear warning signals being on the wall, notably higher bond yields despite the Federal Reserve keeping interest rates steady in late July,[vi] there is a **growing investor anxiety about central banks not being able to contain inflationary pressure** from the conflict in the Middle East and erratic US tariff policy.[vii]

With markets having remained **extremely risk-on and the desire for scale and strategic dealmaking leading to "flywheel activity"** (David Salomon, CEO of Goldman Sachs),[viii] market sentiment during the Q2'2026 reporting season is better described as a **lack of conviction and confidence as the big themes at the start of the year have abruptly fizzled out**,[ix] with professional fund managers and analysts looking at the following hotspots and chokepoints: a) despite repeated claims of having no crystal ball, companies' expectations for the end of the war in Iran and hence a **more clear guidance for H2'2026 and 2027 remain crucial**;[x] b) while there was broad agreement that there will be resets and recalibrations in the current AI investment cycle, there was no doubt about its **strategic significance for companies to achieve higher efficiency and long-term growth** (Sharon Yeshaya, CFO of Morgan Stanley);[xi] c) **frontier chip replacement is within a year** instead of the usual 4-5 years' depreciation schedule, implying that **"frontier spend was never meant to clear at return on capital"** (Craig Tindale);[xii] d) there is a **continuing "gap in the price/cost balance"** (Morten Wierod, CEO of ABB) as higher costs for components, commodities, tariffs, R&D and even SG&A (labour) can **only be offset by price increases with a certain time lag**;[xiii] e) with the "IPO exit route [becoming] real" and a "healthy competition between financial sponsors and investors" (Ted Pick, CEO of Morgan Stanley), **governments are now competing for capital** given their growing deficits (Jamie Dimon, CEO of JPMorgan Chase).[xiv]

With this in mind - and reflecting on disruptions caused by the Middle East conflict - we start first looking at the **race for new renewable energy technologies and then focus on the currency impact**, which was aggravated by trade tensions but also high equity trading in Asia (South Korea, Japan). This will be followed by a **special case study of the global fertiliser industry**, which faced a dramatic setback after the closure of the Strait of Hormuz, with implications for the entire global agricultural industry. We then analyse **latest developments in the IPO market and M&A activities** to further elaborate on the current “flywheel activity“, and implicitly reflect on the “known unknowns“ of a very complex market and geopolitical situation (Ted Pick, CEO of Morgan Stanley). Finally, as the **corporate focus on social values seems to drive current ESG campaigns**, we scrutinise some of the pitfalls when companies overclaim and risk their reputation.

RENEWABLE ENERGY TECHNOLOGY

With the war in Iran escalating, investors started to pile into clean energy funds (reportedly at the fastest pace in five years) as the previous political agenda for climate change has now largely been replaced by the race for energy security, diversification and autonomy, a resilient infrastructure and the security of supply (Lorenzo Simonelli, CEO of Baker Hughes).[xv] With energy security now being a “central issue“, it has also become clear that building reserves and diversifying supply will take time, with North America remaining critical for the rest of the world (Jeff Miller, CEO of Halliburton).[xvi] In this context, offshore wind is perceived as a key beneficiary in Europe, being not only “supercritical“ for energy sovereignty (Jose Luis Blanco Dieguez, CEO of Nordex SE), but also offering an alternative for “affordability, security and sustainability“ (Henrik Andersen, CEO of Vestas Wind Systems).[xvii]

As China has become the global powerhouse in renewable energy technologies, supplying more than 90 per cent of the world’s solar panels and dominating battery supply chains,[xviii] it is perhaps no surprise that the key focus in Europe is on wind turbine manufacturing, where it still might have a technological edge but no comprehensive industrial strategy yet.[xix] Various companies were still complaining about red tape for permits (Vestas Wind Systems) and inflationary pressure on labour and materials, with the key concern remaining security of supply (Nordex SE), something which the Chinese are thoroughly managing as a matter of national industrial strategy,[xx] including the processing of rare earth materials critical for the industry.[xxi]

Whereas consumer demand for installing solar panels and buying electric cars has surged in Western economies since the war in Iran started, it is now the industry trying to convince government decision makers that renewables are not only the cheapest source of energy but also the fastest to deploy and the most domestic in terms of industrial content, helping to build additional energy independence.[xxii]

CURRENCY IMPACT

While the US dollar had significantly weakened in 2025 and during the first few weeks of 2026, following a reappraisal of US allocations and hedging positions in the wake of aggressive US geopolitical actions and pressure on institutions such as the Federal Reserve,[xxiii] the start of the war in Iran in late February has reinvigorated the debate about the pros and cons of US dollar hegemony against a fragmented currency system that might intensify financial panic in the absence of a dominant global currency, what some academics called a “currency doom loop“.[xxiv]In this context, while the accumulation of new reserves in US currency had plateaued in 2015, the US twin deficit continues to be funded through off-the-book holdings on the balance sheet of China’s state banks and private foreign investors acquiring US assets.[xxv]

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However, with the US dollar losing its attraction as a reserve currency, there were two interesting developments in the wake of the conflict in the Middle East. Most importantly, the use of the Chinese renminbi has been boosted by the Iran war, with the adoption of Beijing's cross-border payment system reportedly surging since the conflict started.[xxvi] While there is a broad consensus that the renminbi might never become a global reserve currency, Chinese authorities have made considerable efforts by setting up a new central bank digital currency platform, cutting transfer costs dramatically, and keeping the focus on deeper, broader and more liquid capital markets.[xxvii]

At the same time, Asian currencies went through a frenzy of speculative trading in recent weeks, partly driven by stock market exuberance for semiconductor companies (South Korea, Japan),[xxviii] but also due to the Iran-war induced energy shock (India, Indonesia, Vietnam, Philippines).[xxix] As the Japanese yen had fallen to its lowest level against the US dollar in almost four decades due to investor anxiety about the economic impact of the Iran war and the authorities struggling to tame inflation,[xxx] one interesting development was the intervention by the US Treasury through a dollar-yen rate check by the New York Federal Reserve helping to strengthen the Japanese currency.[xxxi]

CASE STUDY: FERTILISER INDUSTRY

Over the last few months, we have closely followed the global fertiliser industry as shipping disruption in the Strait of Hormuz hit global supplies of sulphur – required to make phosphate fertilisers used for crops like corn, soyabeans and others – resulting in global production cuts (China even banned exports) and a massive price increase of sulphur from $150 to $180 a year ago to as much as $850 to $900.[xxxii] As a result, crop nutrition deliveries were down by 17 per cent year-on-year, with demand destruction due to deferral of fertiliser usage and price rationing (Bertil Sletvold, CIO of Yara International),[xxxiii] and massive safety, warehouse and logistics costs for Gulf producers (Ahmed El-Hoshy, CEO of UAE-based Fertiglobe).[xxxiv]

In this context, the broader debate on the implications of the closure of the Strait of Hormuz for longer is particularly revealing as about one third of the global seaborne fertiliser trade is handled through the narrow Gulf waterway (compared with one fifth of global oil and LNG exports),[xxxv] implying a future risk premium for shipping out of the Middle East (including repair of infrastructure) and, more importantly, huge supply shocks for farmers in the Northern hemisphere (Ken Seitz, CEO of Nutrien).[xxxvi] The continuing military conflict in the Middle East is not only weighing on crop yields, pushing up food prices and having a severe impact on the 2027 crop cycle, but there are also following consequences a) growing competition for sulphur from higher-value industrial uses such as copper smelting; and b) governments amplifying the supply shock by building reserves for supply security (India, Pakistan) and, at the same time, tightening global availability and driving up prices.

Consequently, while higher sulphur prices are seen as unsustainable - "something needs to give" (Bruce Bodine, CEO of The Mosaic Company) – companies started to revise their production plan given limited availability and affordability of sulphur and expect a "structural shift how the world views low cost" (feedstock, LNG, transport), with a geopolitical risk premium leading to an "enduring structural change" (Chris Bohn, CEO of CF Industries).[xxxvii]

IPO MARKET

While most of the public interest in the latest IPO developments has centred around SpaceX, further supported by the IPO preparations of OpenAI and Anthropic,[xxxviii] the market has generally been more buoyant – even in Europe and Asia – and not only driven by "AI ripple effects" (David Salomon, CEO of Goldman Sachs).[xxxix] With market valuations reaching new record levels in June, investor confidence was growing as 2026 was up to a good start in Europe already in January, with five listings having raised a quarter of the amount of money achieved in 2025 as a whole.[xl]

In Europe, the Czech ammunition maker CSG had a phenomenal start, becoming Amsterdam's biggest listing of the past decade,[xli] but its fortune turned quickly after the publication of the Hunterbrook short seller's report about limited IPO disclosure and the general allegation that the CSG's business model relies more on reselling ammunition than producing it.[xlii] This had implications for investor appetite for other defence companies, notably German-French tank producer KNDS,[xliii] but raised also concerns about production bottlenecks of established players like Rheinmetall.[xliv]

The blockbuster listing of SpaceX has raised a number of critical themes, notably a) whether it actually implies more of a transfer of investment risk to retail investors;[xlv] b) the sheer size of mega IPOs (SpaceX raised $86bn which compares with almost $40bn of sixty US companies having gone public earlier in 2026) forcing investors to sell other stocks to make way for fresh equity in their portfolio;[xlvi] c) corporate governance concerns as SpaceX has a dual-class share structure that grants its founder control rights;[xlvii] d) there were billions of dollar rewards for Musk loyalists, notably hedge funds like D1 Capital Partners and Darsana;[xlviii] and e) how indices should incorporate these mega flotations amid claims that IPO structures, and even index inclusion rules, are being engineered to take advantage of passive flows (Rodney Comegys, CIO of Vanguard).[xlix]

M&A ACTIVITY

There were a number of factors supporting recent M&A activity, particularly a) the AI boom transforming the scale, structure and logic of dealmaking;[l] b) US asset managers going through a new phase of consolidation and spending a record $38bn on M&A in 2025;[li] and c) the planned overhaul of the EU merger rule book to achieve "pro-competitive scaling up that strengthens Europe's global competitiveness", especially in sectors like banking and telecoms.[lii] The latter applies to both in-market and cross-market consolidation, with European banking deals increasing to EUR 17bn in 2025 compared with EUR 3.4bn the previous year, largely driven by UniCredit but also the sale of Spain's Banco Santander's Polish business to Austrian Erste Bank, Portugal's Novo Banco to France's BPCE and Germany's OLB to France's Credit Mutuel.[liii] Despite the opposition of Commerzbank,[liv] UniCredit managed to increase its stake to 41 per cent, above the 30 per cent threshold it wanted to cross, and at a discount to what Commerzbank's equity traded in June.[lv]

In Europe, Italian companies became particularly active in M&A dealmaking, with Intesa Sanpaolo preparing a joint bid with BPER for Monte dei Paschi di Siena (MPS) to outbid the EUR 50bn offer from local rival Banco BPM, with Intesa intending to acquire the Mediobanca unit (and implicitly the 13 per cent stake in insurer Generali), while BPER would take MPS's banking activities.[lvi] When making the announcement to analysts and investors, Intesa management aimed for the ambition to "be the Italian UBS", with EUR 1.7trn customer financial assets, and a particular "focus on young people in Italy" (Carlo Messina, CEO of Intesa Sanpaolo).[lvii] In terms of cross-sector consolidation, Poste Italiane made a EUR 10.8bn bid for Telecom Italia, aiming to create a "national champion", what some investors perceived as an "opportunistic attempt at renationalisation by the Italian government with a low-cost premium".[lviii] After agreeing on the terms of the deal and when presenting the strategy update, the CEO of Poste Italiane, Matteo del Fante, claimed a "new chapter" for the company based on "record results and a clear platform and ambition".[lix]

In total, global M&A transactions amounted to $2.8trn during the first six months of 2026 (compared with $2.74trn in post-pandemic H1'2021), largely driven by mega deals, with 47 deals worth more than $10bn by end of June and particularly US M&A activity being helped by lowering antitrust guardrails and AI opportunities.[lx] While technology, energy & power and industrials were so far the main sectors of mega-deals this year, the news that AstraZeneca was holding talks with Bristol Myers Squibb to create the world's fourth largest drugmaker by market value ($400bn), was a clear sign that pharmaceuticals are also in consolidation mode.[lxi] Given the level of market confidence, there is also a strong belief that this kind of M&A activity will continue into 2027.

SOCIAL VALUES

For those companies where the CEO was handing over to his successor (Ericsson, OMV) a very common question during Q2'2026 analyst Q&A was what the biggest challenge for the next CEO would be. Interestingly, while the outgoing CEOs elaborated on extensive details what they had achieved during their own tenure, they were struggling to answer the actual question about the "biggest challenge".[lxii] On previous occasions, others had taken more time for outlining social values, answering similar analyst questions with a focus on "safe and reliable operations" as well as "confidence and clarity" in the new management team (Meg O'Neill, CEO of bp).[lxiii]

Still, while European companies have substantially toned down on their ESG commitment when presenting to investors and analysts, social values had been elevated since the new US administration came to power as we had shown in our previous analysis of CMDs in Europe in 2025.[lxiv] Half a year later a few new themes to that debate can be added: a) professional accountancy firms have hugely undermined their reputation after evidence of AI hallucination in their published reports (with bogus case studies) was provided;[lxv] b) Western consumer brands continued to be mired in controversy while, at the same time, Chinese companies were going shopping for the likes of Everlane and Puma;[lxvi] and c) labour abuse continues to be an issue in Europe even for well-known brands and listed companies.[lxvii]

With all the passion for international football shown in this year's World Cup 2026, FIFA's attempt to sell a commercial stake to private investors and the backlash it caused for investment banks involved, perhaps works as a reminder that social values should not be underestimated when running a business – or in this case an international football association.[lxviii]

Peter and Irina Kirkow
3 August 2026

APPENDIX

3Q'26 and FY'26 Guidance

Guidance Assumptions

KEY ASSUMPTIONS
- **Chart** segment guidance **not included**
- **Middle East** activity remain broadly consistent through year-end
- **Logistics cost inflation and supply chain challenges** remain consistent with recent trends

OFSE
- **2H'26 Middle East revenue** broadly in line with 2Q'26 levels
- **Modest OFS growth** across markets outside the Middle East
- **Robust SSPS growth** in 2H'26 compared to 1H'26

IET
- Continued **modest impact** from Middle East-related **disruptions**
- **No significant** impact from Middle East **projects delays** or local **supply chains constraints**
- Announced **Waygate** divestiture **to close at year-end**

3Q'26 Guidance

BKR	Low Range	Midpoint	High Range
REVENUE ($M)	6,570	6,870	7,170
ADJUSTED EBITDA[1,2] ($M)	1,115	1,205	1,295
OFSE			
REVENUE ($M)	3,400	3,550	3,700
EBITDA ($M)	575	625	675
IET			
REVENUE ($M)	3,170	3,320	3,470
EBITDA ($M)	620	660	700

OTHER	
CORPORATE COSTS ($M)	Approx. 80
D&A ($M)	Approx. 340

FY'26 Guidance

BKR	Low Range	Midpoint	High Range
REVENUE ($M)	26,650	27,350	28,050
ADJUSTED EBITDA[1] ($M)	4,600	4,850	5,100
OFSE			
REVENUE ($M)	13,500	13,850	14,200
EBITDA ($M)	2,300	2,425	2,550
IET			
ORDERS ($M)	17,500	18,500	19,500
REVENUE ($M)	13,150	13,500	13,850
EBITDA ($M)	2,600	2,725	2,850

OTHER	
CORPORATE COSTS ($M)	Approx. 320
D&A ($M)	Approx. 1,350
FCF Conversion[1,3](%)	Approach 50%
Adjusted Effective Tax Rate[1](%)	22% - 26%

Company revenue and Adjusted EBITDA to modestly exceed our previous expectations

1. Adjusted EBITDA, Free Cash Flow (FCF) and Adjusted Effective Tax Rate are non-GAAP measures – see appendix for GAAP to non-GAAP reconciliations. Management cannot reliably predict or estimate, without unreasonable effort, the impact and timing on future operating results arising from items excluded from Adjusted EBITDA. We therefore do not present a guidance range or reconciliation to the nearest GAAP financial measure.
2. Adjusted EBITDA for BKR assumes Other EBITDA for 3Q'26 is immaterial and approximately $20M of Other EBITDA for FY'26.
3. FCF Conversion is defined as FCF divided by Adjusted EBITDA and excludes interest expense and other cash costs associated with the closing of the Chart acquisition.

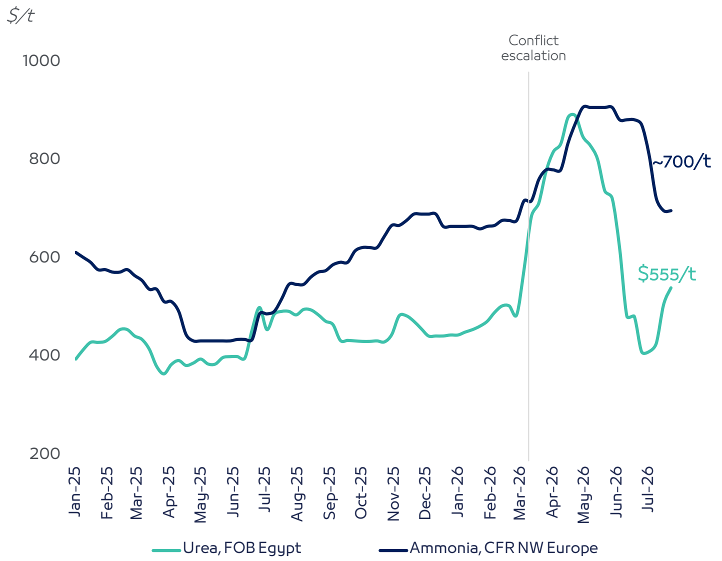
Baker Hughes
Rewriting The Energy Equation™

Urea Prices Trend Upwards in Q3 2026 Post Reset

Fertiglobe
An ADNOC Company

Recent urea price reset and higher crop prices improve farmer affordability, supporting demand

Ammonia and urea prices



Source: CRU, Argus.

Key market drivers

Ammonia
- 20% of global ammonia exports from the Middle East curtailed since the conflict
- CFR NW Europe peaks at over $900/t in May and remains elevated at $700/t in Q3 2026
- TTF rises to $20/MMBtu, amidst renewed geopolitical tensions in Q3, raising European production costs above CFR NW Europe

Urea
- Urea prices reached high $800's/t FOB Egypt during the war
  - 30% of global exports limited via the Strait of Hormuz
  - Indian production impacted by gas cuts + need for stocks, driving three successful tenders in H1 2026
  - US, Europe + Australia in buying season in H1 2026
- Urea price reset and higher grains prices, significantly improve farmer affordability, combined with recent conflict re-escalation encourages buying in Europe. FOB Egypt uptick to $555/t.
- In France, farmer financial support for N fertilizers of at least €50/t active until 30th September 2026
- Brazil + India purchasing to continue into Q3, before European season onset
- EU duty on Russian N and P increased to €60/t in July 26

6

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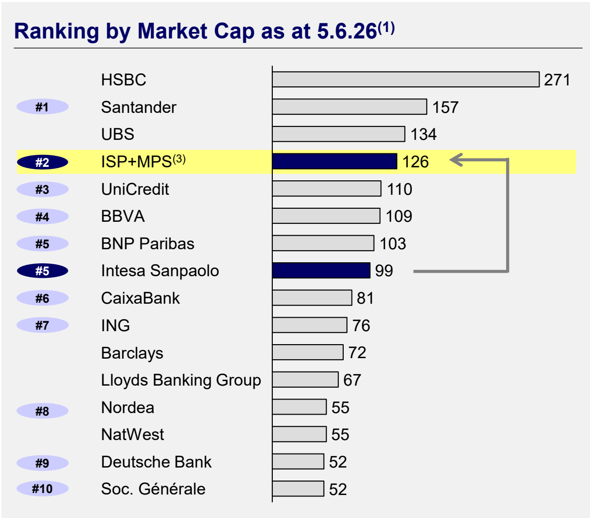
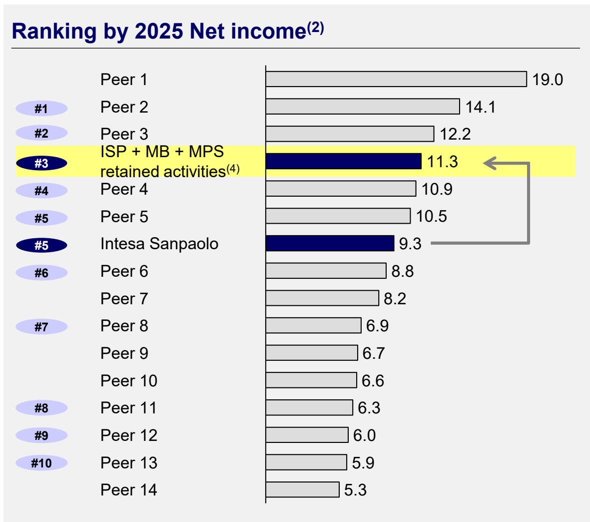
Reinforcing leadership in Italy and improving ranking in Europe…

Main European Banks, € bn

\# Eurozone ranking



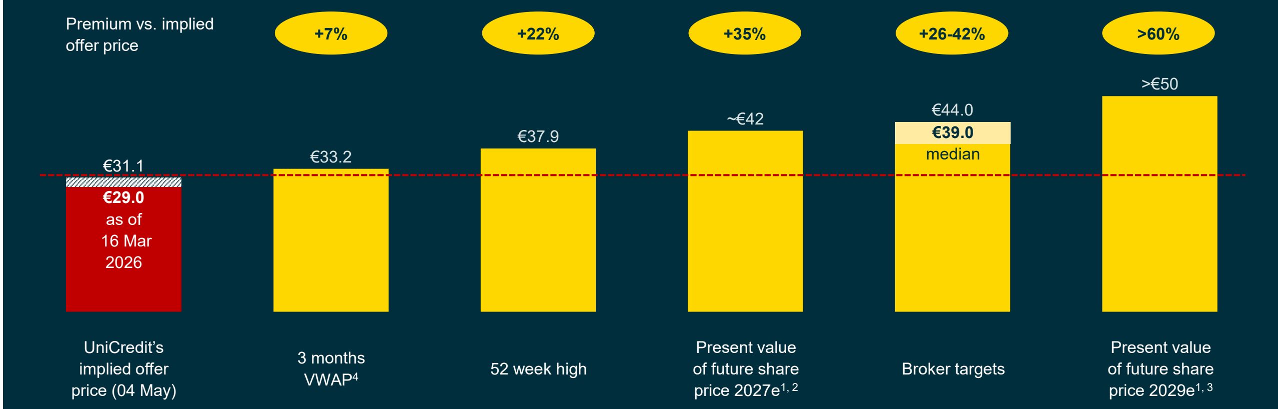


Source: ISP 2025 financial report and MPS 2025 presentation (including 12 months of Mediobanca)
(1) Source: Bloomberg data
(2) Source: Investors' presentations, press releases, conference calls and financial statements. Sample: Barclays, BBVA, BNP Paribas, Crédit Agricole Group, CaixaBank, Deutsche Bank, HSBC, ING, Lloyds Banking Group, NatWest, Santander, Soc. Générale, UBS and UniCredit
(3) Calculated as the sum of ISP market cap + MPS market cap. Illustrative
(4) ISP + MPS + Mediobanca 2025 data (net of the Agreement with Unipol to sell the carved-out banking legal entity as defined in the section "Agreement with Unipol" of this presentation)

17 INTESA SANPAOLO

UniCredit's offer fundamentally undervalues Commerzbank

Value per share
(€)



Source: FactSet as of 04 May 26. Commerzbank company consensus (24 Apr 26)
1) Based on current Commerzbank NTM P/E multiple, including cumulative dividends, present value discounted at 10%
2) Based on Commerzbank company consensus 2028e estimates
3) Based on announced Momentum 2030 Strategy targets. For calculation purposes assumes that all capital return is attributed to dividends after 2028e
4) 3 months VWAP as presented in UniCredit's offer document

8 May 2026 Commerzbank, Bettina Orlopp, Frankfurt 22

ENDNOTES

[i] AMD Advancing AI 2026, San Francisco, 23 July 2026. At this developers' event, the CEO of AMD, Lisa Su, provided a new TAM forecast for the AI accelerator market increasing to $1.4 trillion by 2030 (previously $500bn), which was widely discussed during the Q2'2026 results season but not necessarily confirmed by other technology companies (Intel Q2'2026 analyst call on 23 July 2026). Still, others emphasised a "strong end market demand" resulting in "revised capital plans" and "aggressive capacity ramp-up" (Roger Dassan, CFO of ASML, at the Q2'2026 analyst call on 15 July 2026). Being asked about potential bottlenecks for capacity expansion, TSMC seems not to face any of them (CFO Wendell Huang), with the CEO of TSMC, C.C.Wei, saying that "the new AI industry will impact all other industries" (TSMC Q2'2026 analyst call on 16 July 2026).

[ii] Chris Watling, *'America's AI boom is carrying more than investors admit'*, Financial Times, 2 June 2026. For an interesting observation of US corporate profits being at a record high as a percentage of GDP, implying "awkward trade-offs" for higher government budget deficits and lower personal savings rates, see: Philipp Coggan, '*The profits boom is a mixed blessing*', Financial Times, 25 June 2026.

[iii] The sudden change of fortune of memory and storage chip companies in investor sentiment has been a good example, even though senior management claimed that the "role of memory in the AI world [has been] elevated to a strategic asset" as "supply is structurally constrained in growth" (Sanjay Mehrotra, CEO of Micron Technologies, at the Q3'FY26 analyst call on 24 June 2026). Others declared a "critical inflection point" given the "structural and durable shift in AI technology" (David Goeckeler, CEO of Sandisk, at the Q3'FY26 analyst call on 30 April 2026). This has largely been explained by 1) data generation being at an inflection point moving from training to inference (Irving Tan, CEO of Western Digital, at the Q3'FY26 analyst call on 30 April 2026); and 2) AI moving beyond data centres into physical AI like robotics and autonomous vehicles (Dave Mosley, CEO of Seagate Technology, at the Q3'FY26 analyst call on 29 April 2026). Despite memory chip companies achieving massive price increases over the last few months – DRAM ASPs for Micron being up by low 60% qoq and NAND ASPs by mid-80% qoq (Mark Murphy, CFO of Micron Technology, at the Q3'FY26 analyst call on 24 June 2026) – memory stocks were heavily sold in June and July 2026, see: George Steer, *'Chip and memory stocks slide in fresh bout of Wall Street tumult'*, Financial Times, 17 July 2026. The remarkable development was that all the memory chip companies we had followed have now long-term customer agreements in place described as a "new paradigm to strengthen customer relations" (Sanjay Mehrotra, CEO of Micron Technologies, at the Q3'FY26 analyst call on 24 June 2026), variously defined as Strategic Customer Agreement (Micron Technology), New Business Model (Sandisk) or simply Long-Term Agreement (Western Digital, Seagate Technology), which helped long-term visibilty and capital allocation even into 2028-29. As a result, these companies apply a 40% growth target for the current Q4'FY26 period (Western Digital, Seagate Technology), 20% annual growth targets for FY2027 (Seagate) and a cash dividend increase of 20%, which was payable in June 2026 (Western Digital)

[iv] Aime Williams, *'US hits 60 countries with new duties as Donald Trump rebuilds tariff wall'*, Financial Times, 24 July 2026. On an interesting debate how the oil market managed to absorb the supply shock from the closure of the Straight of Hormuz, see: Christof Rühl, *'How long can oil markets absorb the Hormuz shock?'*, Financial Times, 18 July 2026 and Malcolm Moore, *'How the oil market shrugged off the Iran crisis'*, Financial Times, 18 June 2026.

[v] JPMorgan Chase Q2'2026 analyst call on 14 July 2026. One reason for the current bull market defying high valuations, rising interest rates, trade wars and geopolitical tensions has been seen in "a meaningful amount of public equity supply coming down the track" (re-equitisation), not least through the recent IPO of SpaceX while OpenAI and Anthropic are also exploring IPOs, see: Robert Buckland, *'AI boom could end the de-equitisation 'put''*, Financial Times, 16 May 2026.

[vi] Claire Jones, Myles McCormick and Kate Duguid, *'US borrowing costs hit 19-year high as Fed defies inflation fears'*, Financial Times, 30 July 2026. Interestingly, the $25bn bond sale of newly listed SpaceX was described by the Chief Investment Officer of Allianz, Ludovic Subran, as a clear sign for markets entering "bubble territory", see: Ian Smith and Antoine Gara, *'SpaceX bond sale signals markets are in 'bubble territory', warns Allianz CIO'*, Financial Times, 26 June 2026. About first critical voices about the new Federal Reserve leadership, see: Claire Jones, '*Bond sell-off sent warning on Federal Reserve's credibility, say top central bank official*', Financial Times, 1 August 2026.

[vii] With markets reaching record highs in June 2026, strong warning signals for a stock market correction were already

expressed in May, see: Harriet Clarfelt, Kate Duguid and Emily Herbert, *'Investors warn of 'correction' risk as high-flying stocks defy bond gloom'*, Financial Times, 19 May 2025. While a tech rotation started in June, notably the Magnificent Seven (Nvidia, Meta, Apple, Microsoft, Alphabet, Amazon, Tesla) being down by 10 per cent in June, the Philadelphia Semiconductor Index was up by 93 per cent over the first half of 2026 as hyperscalers' relentless demand for hardware and constrained supply sent profits soaring, see: Emily Herbert and Tim Bradshaw, *'Magnificent Seven stocks shed $2.3tn in Wall Street tech rotation'*, Financial Times, 30 June 2026. As discussed above, memory stocks took a particular heavy beating as investors increasingly questioned exuberant demand projections not necessarily materialising in higher profits, see among others: Song Jung-a, *'Stock markets slide again after SK Hynix profits disappoint'*, Financial Times, 29 July 2026.

[viii] Goldman Sachs Q2'2026 analyst call on 14 July 2026.

[ix] Katie Martin, *'Prepare for a perilous summer in markets'*, Financial Times, 12 July 2026.

[x] This may be more relevant for specific industries like oil & gas services, chemicals and fertilisers but it has direct implications for most other sectors. During the Q2'2026 reporting season, many companies had blamed directly or indirectly the Middle East conflict for deteriorating results, with numerous profit warnings in Europe but the majority maintaining the outlook for the time being. Interestingly, Baker Hughes first assumed the war in Iran to come to an end by late June (Q1'2026 results on 24 April 2026) but has now adjusted its full-year guidance 2026 with the Middle East conflict ending by close 2026 (see Appendix, Q2'2026 results on 27 July 2026). A similarly optimistic outlook was taken by SLB, assuming a gradual recovery in the Middle East in Q3'2026 and production there being back to 95% compared with the prior year in Q4'2026 (Olivier Le Peuch, CEO of SLB, at the Q2'2026 analyst call on 24 July 2026).

[xi] Morgan Stanley Q2'2026 analyst call on 15 July 2026.

[xii] Craig Tindale, The Metabolism of Artifical Intelligence, San Francisco, 27 July 2026. As the author eloquently explained, this has implications for the valuation of technology companies and is in stark contrast to mainstream investor fears of huge capex investments in data centres, infrastructure, compute capacity and physical AI (robotics, autonomous driving) not achieving attractive returns – as hyperscalers and semiconductor manufacturers are faced with an unprecedented speed and scale of frontier chip replacement, which is now within one year at best. While investor anxiety about massive spending by hyperscalers and data centre operators might be justified traditional return on investment metrics need to be revised.

[xiii] ABB Q2'2026 analyst call on 16 July 2026. The CEO of Ericsson, Börje Ekholm, explained that the "AI boom is driving up component costs" and they had to find ways around through product substitution, price increases, supply chain action, cost reduction and further structural measures (Ericsson Q2'2026 analyst call on 14 July 2026). That will only make an impact in H2'2026 and 2027, which explains the time lag various corporate executives are talking about. Schindler expects further cost inflation from logistics, fuel, energy, commodities and tariffs in H2'2026, as a result of which they left FY2026 guidance unchanged (Schindler H1'2026 analyst call on 21 July 2026). In terms of higher pricing, the CEO of Trelleborg, Peter Nilsson, explained that there is "an acceptance [among customers] for price increases" given raw materials' inflation but uncertainty remains and they have to build more inventories (Trelleborg Q2'2026 analyst call on 16 July 2026). Similarly, given the conflict in the Middle East and trade tensions, "supply chain risk is broad based" leading to a "significant change in pricing" (Justin Hotard, CEO of Nokia, 23 July 2026).

[xiv] Morgan Stanley Q2'2026 analyst call on 15 July 2026 and JPMorgan Chase Q2'2026 analyst call on 14 July 2026.

[xv] Baker Hughes Q2'2026 analyst call on 27 July 2026. For more detail on the strong inflow of funds into renewable energy since the start of the war in Iran, see: Emily Herbert and Ramsay Hodgson, '*Investors pile into clean energy as Iran war drives push for energy security'*, Financial Times, 3 May 2026.

[xvi] Halliburton Q2'2026 analyst call on 21 July 2026.

[xvii] Nordex SE Q1'2026 analyst call on 27 April 2026 and Vestas Wind Systems Q1'2026 analyst call on 6 May 2026.

[xviii] Rachel Millard, Alice Hancock and Nic Fildes, *'How the west fell behind the green tech race'*, Financial Times, 13 January 2026.

[xix] For central bankers in Europe calling for more decisive investments into advanced renewable energy technologies in the wake of the Middle East conflict, see: Sabine Mauderer, '*Urgent clarity on policy needed on the energy transition'*, Financial Times, 29 May 2026.

[xx] For an extensive analysis of how China controls critical parts of the chemicals supply chain, from raw materials to processing in refineries, see: Craig Tindale, The Hidden Subsidy: Who Owns the Chemistry That Turns Metall Into Power, San Francisco, 17 June 2026. On China backing strategic businesses while Western countries support old sectors with political clout (agriculture), see: Gillian Tett, *'China is smarter about subsidies than everybody else'*, Financial Times, 31 July 2026.

[xxi] Whether it helps to designate Chinese wind turbine manufacturers a high risk under European cyber security rules, as the CEO of Nordex SE, Jose Luis Blance Dieguez, suggested, remains to be seen but it reflects a key concern about critical infrastructure in Europe, see: Rachel Millard, Barney Jopson and Ian Johnston, '*Top European wind turbine maker calls 'non-western' rivals a security threat'*, Financial Times, 26 May 2026.
[xxii] Attracta Mooney and Rachel Millard, *'Wartime jolt pushes buttons on renewable power'*, Financial Times, 18 June 2026.
[xxiii] Ian Smith, Rachel Rees, Emma Dunkley and Claire Jones, *'Fund managers take most bearish stance on dollar for a decade'*, Financial Times, 16 February 2026.
[xxiv] Eswar Prasad, *'We are stuck in a currency doom loop'*, Financial Times, 14 April 2026.
[xxv] Adam Tooze, '*Welcome to the age of the Profit Dollar'*, Financial Times, 6 July 2026.
[xxvi] William Sandlund, Edward White and Elettra Ardissino, *'Iran war opens 'golden window' for China's renminbi'*, Financial Times, 21 May 2026. For limits of China's currency controls, see: Ruchir Sharma, *'How China enables American domination'*, Financial Times, 18 May 2026.
[xxvii] Diana Choyleva, *'Why China's renminbi push matters even if it never rivals the dollar'*, Financial Times, 13 March 2026. With oil trading becoming so much more important in the wake of the conflict in the Middle East but also the Chinese economic model being heavily dependent on the accumulation of US dollar assets, the US dollar gained another edge against the "petroyuan", see: Robin Harding, *'Why sinodollars outweigh the petroyuan'*, Financial Times, 22 June 2026.
[xxviii] William Sandlund and Daniel Tudor, *'Why South Korea's won is falling despite a chip export earnings bonanza'*, Financial Times, 29 May 2026 and Daniel Tudor and William Sandlund, *'Why South Korea's won is one of the world's best performers'*, Financial Times, 1 August 2026.
[xxix] Arvind Subramanian, *'India's rupee problem has been misdiagnosed'*, Financial Times, 20 July 2026.
[xxx] Leo Lewis, Ian Smith and Kate Duguid, *'Yen weakens to 40-year low'*, Financial Times, 30 June 2026.
[xxxi] David Keohane and Song Jung-a, *'Asian stocks rebound and yen jumps on signs of intervention'*, Financial Times, 31 July 2026.
[xxxii] Susannah Savage, *'Fertiliser groups cut production as Iran war squeezes sulphur supplies'*, Financial Times, 25 May 2026. On prices as US farmers entered their spring planting season, see: Susannah Savage, *'Fertiliser price surge due to Iran war coincides with US planting season'*, Financial Times, 27 March 2026.
[xxxiii] Yara International Q2'2026 analyst call on17 July 2026.
[xxxiv] As a result of the closing of the Strait of Hormuz, Fertiglobe still managed to ship 56% of products in H1'2026, using contingency plans and alternative routes, with additional safety costs amounting to $9mn (logistics, warehouses) and $6mn for production safety (Andrew Tait, CFO of Fertiglobe, at the Q2'2026 analyst call on 28 July 2026). The CEO of German K+S, Christian H. Meyer, estimated a "low double-digit million burden each" for energy and logistics in the Middle East (K+S Q1'2026 analyst call on 11 May 2026). Similarly, the CFO of Engro Fertilizers, Imran Ahmed, maintained that "even if the war [in Iran] would stop tomorrow, prices will go back only gradually" (Engro Fertilizers Q1'2026 analyst call on 24 April 2026).
[xxxv] Susannah Savage, Malcolm Moore and Verity Ratcliffe, '*Hormuz disruption raises risk of global food shock, traders warn'*, Financial Times, 22 April 2026.
[xxxvi] Nutrien Q1'2026 analyst call on 6 May 2026. There was broad agreement among major fertiliser companies that "there is no substitute for phosphate" (Bruce Bodine, CEO of The Mosaic Company, at the Q1'2026 analyst call on 11 May 2026) and that "nitrogen is one nutrient you can't skip on" (Chris Bohn, CEO of CF Industries, at the Q1'2026 analyst call on 6 May 2026).
[xxxvii] Much has been written about the growing global food crises in the context of the escalating conflict in the Middle East but there is another element from El Nino potentially deteriorating farmers' situation, see: Delphine Strauss, Sam Fleming and Susannah Savage, *'World Bank warns El Nino risks driving up global food prices'* Financial Times, 11 June 2026. On the global food crisis, see: Susannah Savage, Jana Tauschinski, Eva Xiao and Andres Schipani, *'The global food crisis unleashed by the war'*, Financial Times, 27 March 2026 and Adam Hanieh, '*The coming global food crisis'*, Financial Times, 18 April 2026.
[xxxviii] George Hammond and Arash Massoudi, *'OpenAI readies IPO filing to list as soon as September'*, Financial Times, 21 May 2026 and George Hammond, '*Anthropic files for blockbuster initial public offering'*, Financial Times, 2 June 2026.

[xxxix] Goldman Sachs Q2'2026 analyst call on 14 July 2026.
[xl] Ivan Levingston, Emily Herbert and Florian Müller, *'European IPO market starts 2026 at a record pace, sparking hope of revival'*, Financial Times, 26 January 2026.
[xli] Emily Herbert and Ivan Levingston, *'Shares in Czech ammunition group surge 29% on stock market debut'*, Financial Times, 23 January 2026.
[xlii] Raphael Minder, *'Defence group CSG rejects short-seller's IPO disclosure claims after shares slide'*, Financial Times, 5 May 2026. For the original Hunterbrook investigation, see: https://hntrbrk.com/csg/ (published on 4 May 2026).
[xliii] Laura Pitel and Leila Abboud, *'The reclusive heirs in line for billions when Europe's top tankmaker lists'*, Financial Times, 16 June 2026.
[xliv] During Q1'2026 analyst Q&A, Rheinmetall faced numerous questions on production capacity and supply chains, with the company being perceived to move into too many non-core business areas at the same time (naval shipyard, truck business, multi-autonomy strategy in terms of UAVs, UGVs and USVs), and the CFO, Klaus Neumann, conceding that, in terms of supply chains, they have to engage in "active stockpiling, supplier diversification and price indexation" (Rheinmetall Q1'2026 analyst call on 7 May 2026).
[xlv] Joachim Klement, '*The impossible maths of the AI boom*', Financial Times, 20 May 2026.
[xlvi] Kate Duguid and Emily Herbert, '*Wall Street's IPO boom threatens era of shrinking US stock supply*', Financial Times, 10 June 2026.
[xlvii] Sujeet Indap, *'SpaceX to drive a cybertruck through corporate governance norms'*, Financial Times, 26 May 2026. For other governance shortcomings in the SpaceX prospectus, see: Ryan McMorrow, George Hammond, George Steer and Stephen Morris, *'What's in SpaceX's IPO prospectus?'*, Financial Times, 21 May 2026.
[xlviii] Amelia Pollard and George Hammond, *'SpaceX IPO set to hand $20bn stake to one hedge fund'*, Financial Times, 19 May 2026.
[xlix] Rodney Comegys, *'Index investing will evolve with mega IPOs'*, Financial Times, 3 June 2026. For other concerns on index inclusion, widening the valuation gap between the constituents of indices and the companies outside them, see: Rob Arnott, *'SpaceX will not break capital markets but add to strains'*, Financial Times, 8 June 2026.
[l] James Fontanella-Khan et.al, *'How AI has changed M&A'*, Financial Times, 23 May 2026. The CEO of Goldman Sachs, David Salomon, described this new phenomenon as "CEOs are dreaming about large-scale opportunities" and this is leading to "significant strategic dealmaking" (Goldman Sachs Q2'2026 analyst call on 14 July 2026).
[li] Sun Yu, *'US asset managers break M&A spending record'*, Financial Times, 5 January 2026.
[lii] Barbara Moens, *'EU weighs curbs on national powers to block mergers'*, Financial Times, 18 March 2026.
[liii] Martin Arnold and Simon Foy, *'EU cross-border banking deals jump to highest since 2008 crisis'*, Financial Times, 16 February 2026.
[liv] Commerzbank Q1'2026 analyst call on 8 May 2026, with a new strategy presentation trying to fend off the UniCredit offer made on 20 April 2026 (UniCredit Presentation on Commerzbank).
[lv] Olaf Storbeck, Ortenca Aliaj and Simon Foy, '*Milanese magic: how UniCredit won support for its lowball Commerzbank bid*', Financial Times, 15 June 2026.
[lvi] Silvia Sciorilli Borrelli, Simon Foy and Lee Harris, *'Intesa prepares Monte dei Paschi bid to gatecrash BPM's €50bn bank merger'*, Financial Times, 8 June 2026.
[lvii] Intesa Sanpaolo MPS Transaction, analyst call on 8 June 2026. With the Intesa bid perceived by MSP management as being hostile, the CEO of MPS, Luigi Lovaglio, reportedly started to explore alternative options, including a potential takeover of Banco BPM, see: Silvia Sciorilli Borrelli and Sarah White, '*Monte dei Paschi explores Banco BPM takeover after 'merger of equals' talks collapsed*', Financial Times, 3 August 2026.
[lviii] Silvia Sciorilli Borrelli and Kieran Smith, *'Poste Italiane launches €10.8bn bid for Telecom Italia'*, Financial Times, 23 March 2026.
[lix] Poste Italiane Q2'2026 Results & Strategy Update, analyst call on 24 July 2026.
[lx]Ivan Levingston and Oliver Barnes, *'Mega takeovers drive record $2.8tn in dealmaking'*, Financial Times, 2 July 2026.
[lxi] Oliver Barnes, James Fontanella-Khan, Aaron Kirchfeld and Arash Massoudi, '*AstraZeneca holds talks with Bristol Myers Squibb over $400bn tie-up*', Financial Times, 3 August 2026.
[lxii] The outgoing CEO of Ericsson, Börje Ekholm, simply concluded that it is an "exciting time to get back to growth" (Ericsson Q2'2026 analyst call on 14 July 2026). The outgoing CEO of OMV, Alfred Stern, talked extensively about the benefits of the integrated model but no answer on the actual question what the "biggect challenge" for the new CEO would be (OMV Q2'2026 analyst call on 31 July 2026).
[lxiii] bp Q1'2026 analyst call on 28 April 2026. Interestingly, the new CEO of Barry Callebaut, Hein Schumacher, focused

more on operational and financial issues, without spending much time on “softer“ social capital (Barry Callebaut Focus for Growth Strategy presentation and analyst call on 2 June 2026). Similarly, the new CEO of Lenzing, Georg Kasperkovitz, whose “key objectives are profitability, competitiveness, resilience and less earnings volatility“, but no mentioning of how he intends to rally his employees‘ support behind this new strategy (Lenzing Strategy Announcement and analyst call on 28 July 2026).

[lxiv] For greater detail on that debate against the prevailing inputs from strategy consultants, see: https://kirkow-consulting.com/application/files/1517/6607/4028/Analysis_CMDs_2025_Kirkow_Consulting_GmbH_und_Co_KG_final.pdf

[lxv] For two relevant recent examples, see: Elizabeth Bratton and Stephen Foley, ‘*KPMG report contained AI hallucinations on benefits of ... AI‘*, Financial Times, 12 June 2026 and Stephen Foley, ‘*PwC published ‘thought leadership‘ reports marred by AI hallucinations‘*, Financial Times, 29 July 2026.

[lxvi] For Chinese corporates targeting Western consumer companies, see: Thomas Hale, Arjun Neil Alim, Adrienne Klasa and William Langley, *‘China Inc goes shopping for Western consumer brands‘*, Financial Times, 23 May 2026. In turn, for Adidas’s philantropic foundation highlighting social values after it ended its partnership with Yeezy (formerly known as Kanye West), following a series of antisemitic and racist remarks, see: Florian Müller, *‘Adidas Foundation highlights sport’s social value as Yeezy controversy fades‘*, Financial Times, 16 January 2026.

[lxvii] Some representative examples include: Silvia Sciorilli Borrelli, ‘*Prada cuts ties with over 200 suppliers aftrer labour abuse audit‘*, Financial Times, 29 January 2026 and Silvia Sciorilli Borrelli, *‘Italy labour abuse crackdown spreads to US group building Milan consulate‘*, Financial Times, 1 June 2026.

[lxviii] Josh Noble, *‘Fifa faces fierce backlash over plans for $20bn commercial stake sale‘*, Financial Times, 29 July 2026 and Arash Massoudi, James Fontanella-Khan and Samuel Agini, ‘*How JPMorgan walked into another football firestorm‘*, Financial Times, 31 July 2026.