“K-shaped world”

Our Opinion
May 2026

Dear Reader

In the article ″K-shaped world″ we show how the growing divergence between winners and losers is manifesting itself in the economy and financial markets. It is now shaping both the business cycle and developments in equity, bond, currency and commodity markets. We wish you an engaging read.

Your advisory team

Neue Bank

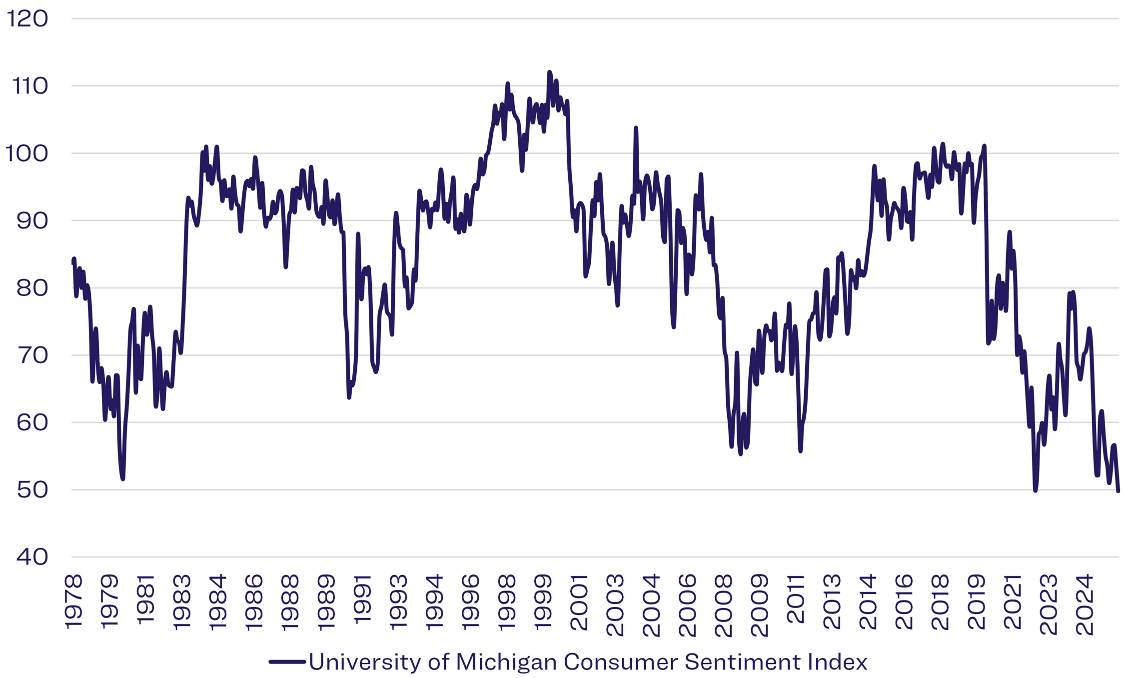
Neue Bank traffic light

- strongly bearish
- bearish
- neutral
- slightly bullish
- bullish
- strongly bullish

Economic outlook

The latest data from the United States illustrate the K-shaped economy particularly clearly. Optimism dominates on the stock markets: the S&P 500 is reaching new highs, driven by robust earnings growth among large companies and expectations that economic momentum will continue. At the same time, consumer sentiment is signalling a markedly different picture. The index compiled by the University of Michigan has fallen to a record low, and households' expectations for the next twelve months have deteriorated noticeably.

US Consumer Sentiment at an All-Time Low



Source: Bloomberg and Neue Bank AG

This divergence between financial markets and consumers is a core feature of the K-shaped development. On the one hand are companies and investors benefiting from rising corporate profits, productivity gains and continued liquidity in the financial system. On the other hand are broad segments of the population suffering from higher living costs, uncertain employment prospects and rising inflation expectations. Households with low incomes are particularly affected, as they must devote a disproportionately large share of their budgets to energy and mobility. At the same time, wealthier households with substantial assets continue to support a significant share of consumption. The top ten per cent of the US population account for around half of consumer spending and are less sensitive to price changes, as long as financial markets remain stable. This reinforces the K-shaped structure: one part of the economy benefits from rising asset prices, while another faces real income losses. For the economic outlook, this implies a fragile equilibrium in which the development of corporate profits and labour markets remains crucial.

Equities

In equity markets, the K-shaped development is evident in a pronounced divergence between winners and losers. A key driver is the ongoing AI hype, which has led, particularly in the United States, to a strong concentration of price gains in a few large, technology-driven companies. Stocks in the semi-conductor, cloud infrastructure and generative AI sectors have in some cases recorded doubledigit gains within a short period, while many traditional industrial and consumer names are lagging significantly behind. This trend reinforces the existing market segmentation. On the upper "line" of the K are companies that dominate AI development thanks to economies of scale, data advantages and substantial investment budgets, and are able to expand their margins. On the lower "line" are firms whose business models are coming under pressure from automation, changing consumer behaviour or higher financing costs. For investors, this means that index performance is increasingly being driven by a small group of stocks, while the broader market is showing considerably weaker momentum.

The ten largest positions in the MSCI All Country World Index are all technology companies and together account for almost a quarter of the entire equity market.

Companies	Country	Market cap in USD bn	Index weight
NVIDIA	USA	4'237.92	4.72%
Apple	USA	3'730.19	4.15%
Microsoft	USA	2'613.68	2.91%
Amazon.com	USA	2'003.81	2.23%
Alphabet A	USA	1'673.54	1.86%
Alphabet C	USA	1'395.95	1.55%
Broadcom	USA	1'394.10	1.55%
Taiwan Semiconductor	Taiwan	1'356.25	1.51%
Meta Platforms	USA	1'246.24	1.39%
Tesla	USA	1'050.92	1.17%
Total		**20'702.60**	**23.04%**

Source: Bloomberg and Neue Bank AG

Regional, the AI-driven boom is also reinforcing the K-shaped structure. US equity markets are benefiting disproportionately from the dominance of large technology companies, while many other regions without comparable "AI champions" are lagging behind. At the same time, within markets the divergence between largecap growth stocks and smaller, more cyclical companies is increasing. For strategic equity allocation, this argues in favour of deliberate diversification across regions, sectors and styles in order not to become overly dependent on a narrow segment of winners. The key question remains whether the high earnings expectations for AI beneficiaries will be sustainably met or whether a normalisation of valuation premiums will occur.

Bonds

In the bond market, the K-shaped economy is reflected in increasing differentiation between issuers and maturities. On the one hand, governments with high and still rising debt ratios are bringing a growing supply of bonds to market to finance their deficits. This tends to exert upward pressure on yields, particularly at the long end of the curve. On the other hand, weaker consumer momentum and increasing strain on lower-income households signal a higher risk of economic slowdown, which would generally argue for lower interest rates. These opposing forces are typical of a K-shaped phase: while parts of the economy remain resilient and justify higher yields, the risk simultaneously rises that weaker segments suffer under debt burdens and real income losses. In corporate bonds, this is reflected in diverging credit spreads. Issuers with solid balance sheets, stable cash flows and pricing power can benefit from easing input cost pressures and digitalisation. By contrast, highly leveraged companies with limited pricing power come under increasing pressure in an environment of higher financing costs and more selective demand. For investors, this means that focusing solely on the level of interest rates is insufficient. The quality of issuers and positioning along the yield curve are decisive. A bal-anced duration profile that takes into account both the risk of rising public debt and the potential for an economic slowdown remains central. Selective opportunities exist in high-quality corporate bonds, while caution is warranted in lower-rated segments.

Currencies

The foreign exchange markets also reflect the K-shaped economy through increasing segmentation. Currencies of countries with large and persistent current account and fiscal deficits, political uncertainty and heavy reliance on global capital flows tend structurally to weaken. The US dollar is emblematic of this tension: on the one hand, it benefits from its role as the global reserve currency and the high liquidity of US capital markets; on the other hand, high fiscal deficits and recurring political uncertainty weigh on its longterm credibility. In contrast stand safe-haven currencies such as the Swiss franc, which are in demand during periods of heightened uncertainty and geopolitical tension. In a K-shaped world, where economic pro-spects diverge further across regions and population groups, the demand for stability anchors increases. This supports currencies of countries with sound public finances, stable institutions and credible monetary policy. At the same time, the uneven impact of the K-shaped economy increases divergence within currency blocs: export-oriented economies face stronger exchange rate volatility when their key trading partners grow at different speeds. For investors, currency allocation remains a key component of risk management. In an environment where individual sectors and regions perform very differently, selective exposure to safe-haven currencies can help reduce portfolio volatility. At the same time, strong currencies can weigh on export com-petitiveness, which may feed back into growth and monetary policy over time.

Alternative investments

In alternative investments, the K-shape is particularly evident in commodity markets. The sharp rise in oil prices in the context of the Iran war illustrates how geopolitical tensions and supply risks can rapidly drive up energy costs. For commodity-exporting countries and energy companies, this translates into higher revenues and margins in the short term, placing them clearly on the upper "line" of the K. For energy-intensive industries and households, however, costs increase, reducing real purchasing power and widening the gap between winners and losers. Oil plays a dual role in this environment: as a cyclical commodity sensitive to demand expectations, and as a geopolitical risk indicator. The recent price increase reflects less a broad-based global growth dynamic and more concerns about supply disruptions and further escalation in the Middle East. In a K-shaped economy, such shocks amplify existing imbalances: countries and companies with access to cheap energy benefit, while import-dependent economies and lower-income households are disproportionately burdened.

PRIMUS–AKTIV

With the PRIMUS-AKTIV mandate, we offer you the opportunity to invest your assets according to the tradi-tional principles of well-known portfolio theories. We place particular emphasis on broad diversification, both in the strategic allocation of asset classes and in security selection. In addition, we take into account that financial markets are subject to long-term cycles and trends and aim to use these fluctuations to your ad-vantage. The client advisors of Neue Bank AG look forward to presenting the specific features of this asset management solution to you in a personal meeting

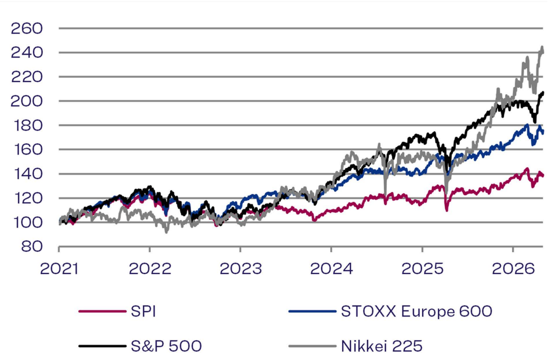
Performance key figures PRIMUS-AKTIV equities global EUR1

	30.04.2026	2025	2024	2023	2022	2021
PRIMUS–AKTIV Equities Global	9.56%	16.00%	27.14%	14.93%	-29.11%	31.66%
Peergroup	0.96%	5.42%	6.01%	10.04%	-13.78%	17.17%

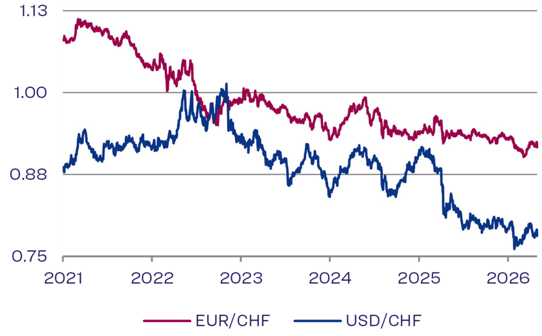
[1] This is a marketing communication and does not constitute investment advice or an offer or solicitation to buy or sell financial instruments. Investments in financial instruments involve risks. Past performance is not an indicator of future performance and offers no guarantee of future success. The performance figures shown are gross values and do not take into account your individual tax liability. Net performance is lower due to fees. You can also find our opinion on our homepage: www.neuebank.li S.E.& O.

Market data

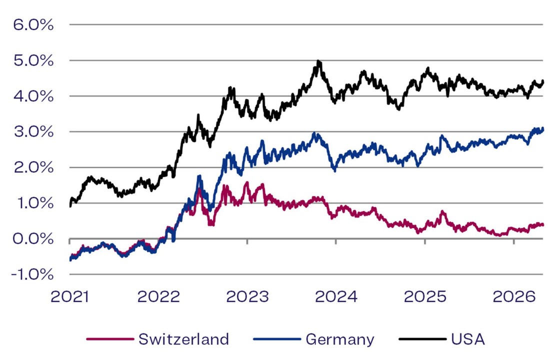
Stock market (indexed)



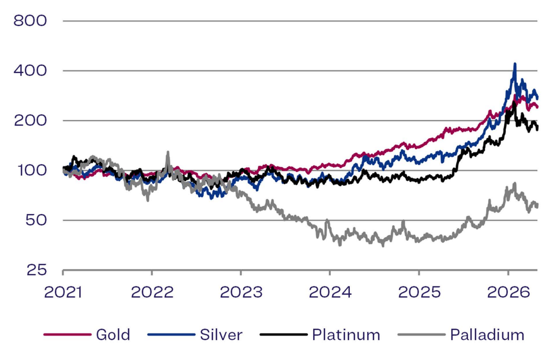
EUR/CHF and USD/CHF



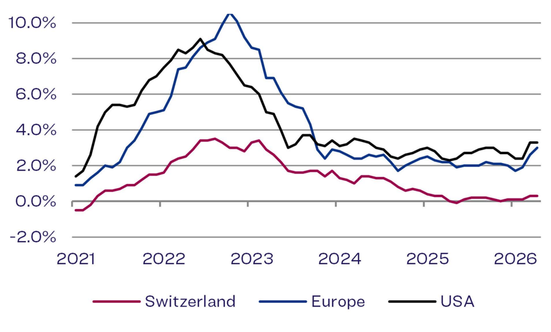
10-year government bond yield



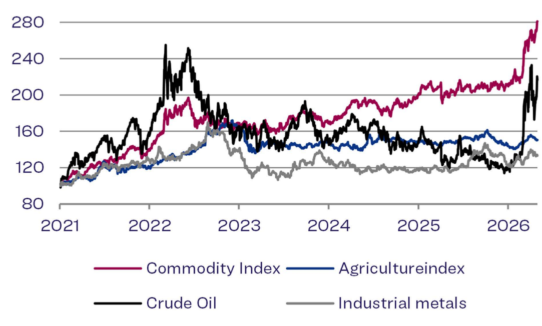
Precious metals (indexed)



Inflation rate



Raw materials (indexed)



The price developments are shown over 5 years.

You can reach us at

Neue Bank AG
T +423 236 08 08
F +423 236 07 35
info@neuebank.li