GIS INSIGHTS
WEEKLY PODCAST

LOCAL INSIGHT INVESTORS

DATE: May 29th, 2026
TITLE: **Gulf Markets Are Pricing the Future. The Bill Is Arriving Today.**

TRANSCRIPT:
Host:
Eric, when you look back on this week, what do you think investors are missing?
Eric:
I think investors are becoming increasingly comfortable with a narrative that may be a little too neat.
Over the last few weeks we've seen markets rally on hopes that tensions in the Middle East are easing. The reported ceasefire extension between the US and Iran helped oil prices come down, volatility has fallen sharply, and equity markets continue to push towards record highs.
All of that is positive.
What I'm not sure investors fully appreciate is that while the probability of a major geopolitical shock may have fallen, the economic consequences of the last few months haven't disappeared.
Brent crude is still above $90 a barrel. Shipping routes haven't magically returned to normal. Insurance costs remain elevated. Businesses are still dealing with higher energy and transportation costs.
Markets can remove a risk premium in a day. Economies usually take much longer to recover.
So while investors are celebrating a reduction in uncertainty, I think there's a danger they're assuming that the economic impact disappears just as quickly.

Host:
And that feeds directly into inflation?
Eric:
Exactly.
The inflation data this week was broadly in line with expectations. US PCE inflation came in at 3.8%, with core inflation at 3.3%.
The market was relieved because there wasn't a surprise.
But if you're sitting at the Federal Reserve, those numbers don't really give you a reason to start cutting rates.
Inflation remains above target. Energy prices remain elevated. Growth is softening, but not collapsing.
That's a difficult combination because central banks now have to worry about inflation and growth at the same time.
The market still wants to believe rate cuts are coming. The Fed is looking at the same data and thinking they may need to stay patient for longer.
I think that's one of the biggest disconnects in markets today.

Host:
Yet stocks keep going higher.
Eric:
And that's because almost every road currently leads back to AI.
The big headline this week was Anthropic's latest funding round and the extraordinary valuation attached to it.
But the story that caught my attention was actually Uber.
Apparently Uber burned through its entire annual AI budget in just four months.
And I think that tells us something important.
Everyone is talking about AI as a productivity revolution, and I suspect it will become one eventually.
But today it looks more like a capital spending revolution.

The companies making money immediately are the semiconductor companies, the memory suppliers, the cloud providers, the data-centre operators and the power companies.
They're collecting the revenue today.
The companies adopting AI are still spending heavily while trying to work out exactly what the return on that investment will be.
That doesn't mean AI won't transform business. I think it probably will.
But every major technological revolution starts with a huge investment phase before the productivity benefits show up.
The market is already pricing the productivity boom. What many companies are experiencing right now is simply the cost.

Host:
You also highlighted some developments in Asia this week.
Eric:
Yes, and I think this is a theme that will become increasingly important over the next decade.
Japan and the Philippines strengthened their strategic partnership this week, and while that sounds like a diplomatic story, I actually think it's an investment story.
We're seeing countries reorganise supply chains, defence relationships and industrial policies around security rather than pure efficiency.
For thirty years the world focused on building the cheapest supply chains possible.
Today governments are focused on building the most resilient supply chains possible.
That benefits defence companies, cybersecurity firms, energy infrastructure, advanced manufacturing and strategic technologies.
What we're witnessing is security becoming industrial policy.
And I suspect that theme will outlast many of the shorter-term market narratives we focus on day to day.

Host:
Final thought?
Eric:
If I had to leave listeners with one idea this week, it's that markets may be underestimating the cost side of the equation.
The world is spending more on energy security, more on defence, more on resilient supply chains and more on AI.
Those investments may ultimately generate tremendous benefits.
But before they generate benefits, they generate costs.
That's why I think the most important question for investors isn't whether these trends are real.
They clearly are.
The real question is who captures the value and who pays the bill.
And right now, the companies providing the infrastructure appear to be capturing most of the value, while everyone else is still writing the cheque.

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