22 May 2026 – 29 May 2026

WEEKLY
MARKET INSIGHTS

Heritage wealth

THE WEEK'S BIG THEMES

ECONOMY

- **April US PCE shows that inflation remains resilient**, with headline PCE at 3,8% YoY, up from 3,5% in March. Core PCE rose to 3,3%, the hottest reading since November 2023. Fed officials also kept a cautious tone on inflation. **First-quarter growth was revised lower**, but the economy still expanded faster than in the prior quarter, supported by public spending and external demand. **Durable goods were lifted by a sharp jump in transportation orders**, although weakness in core capital goods suggests business investment remains uneven. The **savings rate fell to 2.6% in April**, its lowest level since 2022.
- **ECB minutes from late April showed a notably hawkish bias**, with some members backing a rate hike as the energy shock proved more persistent than initially expected. **German unemployment fell to** 6,3% in May from 6,4% in April. **Italy's economy is till expanding,** with Q1 GDP growing 0,3%. **Inflation accelerated in France, Italy, and Spain** in May.
- **UK shop price inflation surprised to the upside** at 1.2% y/y in May, lifted by higher shipping and raw material costs linked to the Middle East conflict, **while food inflation eased** to 2.7% from 3.1%..
- **Inflation data in Japan Softened**, with Tokyo's core CPI rising 1,3% YoY in May, down from 1,5% in April, and below the BoJ's target. It marked the sixth consecutive month of deceleration. The Prime Minister also announced a supplementary budget of c. $19bn to help offset rising living costs.
- **Industrial profits in China surged** 24,7% YoY in April, up from 15,8% in March, supported by energy and raw materials earnings as well as resilient tech exports. Some other consumer-facing sectors, including furniture and autos, remained weaker, underscoring that **China's recovery is still uneven**.
- **South Africa's central bank (SARB) raised its main rate** by 25 basis points to 7%, the first hike in three years, as Iran-related energy costs heightened inflation risks. Moody's also revised the sovereign outlook to positive from stable (Ba2 unchanged) citing better fiscal performance and reform progress.

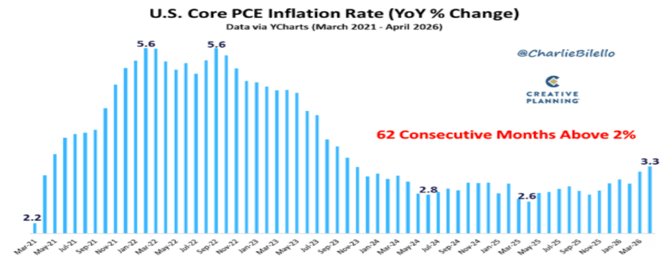
GEOPOLITICAL TENSION

- While a potential diplomatic deal to halt the conflict remained in play, including a 60-day ceasefire extension, **US-Iran tensions escalated,** keeping the Strait of Hormuz operationally constrained.
- **China–Japan tensions,** highlighted by the 2026 Shangri-La Dialogue and defense policy disputes, as well as **China–Taiwan frictions** following coast guard incidents in Kinnen waters, **continued to rise**
- The **war in Ukraine remained a high-intensity**, attritional conflict, with no major breakthroughs on the battlefield

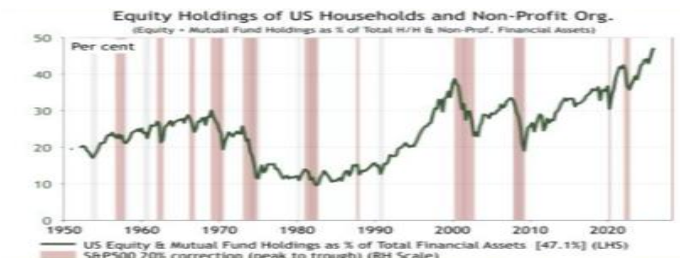
REPORTING SEASON

- 97% of the S&P 500 companies having reported results. According to FactSet: 85% have reported a positive EPS surprise and 81% a positive revenue surprise. The blended YoY earnings growth rate is 28,6%

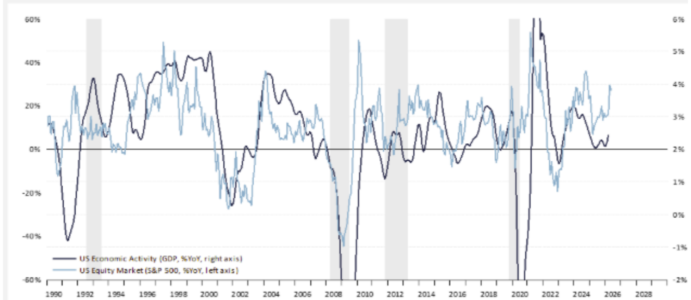
CHARTS OF THE WEEK



Source C. Bilello



Source I. Harnett, LinkedIn



Source Altitude IS

ECONOMIC EVENTS TO WATCH

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
• S&P Global Manufacturing PMI (UK) • S&P Global Manufacturing PMI, ISM Manufacturing (US)	• Inflation (ID, KR, EA) • Mortgage approval, Money supply (UK) • Jolts Job Openings (US)	• S&P Global Composite (JP & AU) • S&P Global Composite, PPI (EA) • GDP (AU)	• S&P Global Construction PMI, Retail Sales (EA) • Nonfarm Productivity & Unit labor cost QoQ (US)	• Leading Economic index (JP) • Non Farm Payrolls, Unemployment rate, Average Hourly Earnings (US)

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MARKET'S REACTION

EQUITY

- In a holiday-shortened week in some countries, **global equities hit new all-time highs**, supported by rising hopes for a deal agreement in Middle East and the ensuing falling oil prices. The MSCI Emerging Markets (+4,1%) outperforming the MSCI World (+1,1%).
- **Major US stock indexes closed the week at record highs,** with the heavy-tech Nasdaq leading the performance (+2,9%). AI-driven gains propelled the S&P 500 to nine consecutive weeks of gains, with a return of 1,4%. The small caps index posted solid gains (+1,7%). Of note that Micron's market valuation rose above $1tr on strong demand for its memory chips. Anthropic raised $65bn in funding round, bringing its value to $965bn ahead of its expected public listing.
- **European equities more modest gains,** with the Stoxx Europe 600 advancing +0,1%. Among most major stock indexes, the German's Dax closed +0,9% higher and its French peer rose +0,8%. The UK's Footsie drifted down 0,5%.
- **Asian equity markets saw mixed results:** Japanese Nikkei climbed 4,7%, with Technology and AI-related shares leading the rally. Mainland Chinese equities edged up 1% on higher industrial profit, while the Hong Kong markets retreated 1,7%.

FIXED INCOME

- **Global bond yields fell across the board:** US Treasury yields drifted down just below the 4,45% threshold from about 4,57% at the end of the prior week, as oil prices drifted down and core PCE inflation rose slightly less than consensus expected. German Bund yields fell as well, with the 10-year benchmark ending the week at 2,94%, even though inflation accelerated in some European countries, bolstering the case for rate hikes. Softer inflation helped the Japanese sovereign yields to decline to 2,66% from 2,76%, reversing part of the strong correction seen by the benchmark yield which reached its highest level in approx. three decades.
- **Corporate bonds posted positive returns,** outperforming government bonds. Credit spreads were modestly tighter, underscoring resilient credit demand. Emerging debt outperformed, both in hard and local currency.

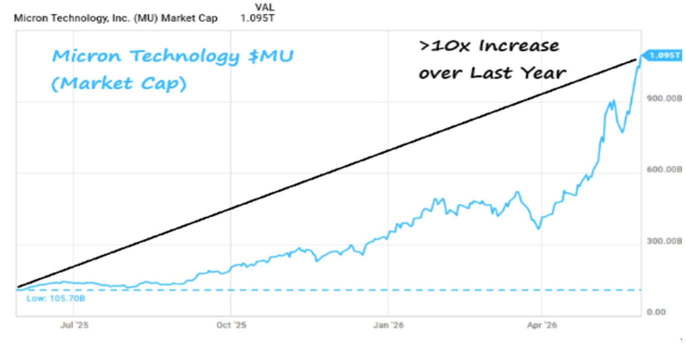
COMMODITIES

- **Oil prices drifted strongly down,** as Brent and WTI both sold off sharply (respectively -11,1% and -9,6%)., as the geopolitical risk premium faded on rising hopes for a U.S.-Iran peace agreement.
- **Natural gas edged up** 13,2% on tighter supply expectations and weather-driven demand.
- **Gold consolidated last week**, closing the session slightly up (+0,9%). **Silver drifted slightly down (-0,4%)** on profit taking.
- **Copper remained firm last week (+0,3%),** supported by supply tightness and resilient demand.

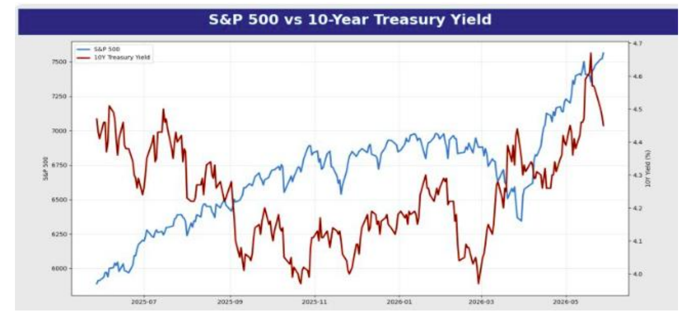
CURRENCIES & CRYTO

- **The US dollar index ended slightly lower** (-0,4%) on the news of a potential US-Iran ceasefire extension. The yen was little changed over the week (+0,2%). The Ministry of Finance published its monthly FX intervention data, showing the extent of yen-buying operations carried out during Golden Week (c. $75bn). It was the highest amount since 1991, spent in a single month to curb the yen's decline.
- **Crypto assets ended the week softer,** with the Bitcoin edging down by 2,8%, as did the Ethereum (-2,6%), and the Ripple (-0,4%).

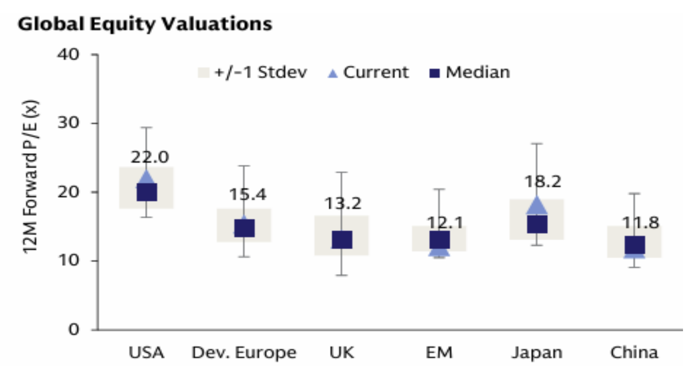
CHARTS OF THE WEEK



Source: C. Bilello



Source: T. Feirrera, LinkedIn



Source: Goldman Sachs AM

WEEKLY MARKET INSIGHTS

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WEEKLY MARKETS REVIEW (As of 1 June 2026)

EQUITY MARKETS

	WoW	MTD	YTD
MSCI World (USD)	+1.1%	+0.0%	+9.9%
MSCI Emerging (USD)	+4.1%	+0.0%	+25.4%
S&P 500 (USD)	+1.4%	+0.0%	+10.7%
NASDAQ 100 (USD)	+2.9%	+0.0%	+20.1%
RUSSELL 2000 (USD)	+1.7%	+0.0%	+17.6%
STOXX 600 (EUR)	+0.1%	+0.0%	+5.6%
DAX (EUR)	+0.9%	+0.0%	+2.5%
CAC 40 (EUR)	+0.8%	+0.0%	+0.4%
FTSE 100 (GBP)	-0.5%	+0.0%	+4.8%
NIKKEI (JPY)	+4.7%	+0.0%	+31.8%
CSI 300 (CNY)	+1.0%	+0.0%	+5.7%
BOVESPA (BRL)	-1.4%	+0.0%	+7.9%
HANG SENG (HKD)	-1.7%	+0.0%	-1.7%

FIXED INCOME MARKETS

	WoW	MTD	YTD
Global Aggregate USD (Hedged)	+0.8%	+0.0%	+0.6%
Global Aggregate EUR (Hedged)	+0.8%	+0.0%	-0.1%
US Investment Grade	+0.9%	+0.0%	+0.8%
US High Yield	+0.5%	+0.0%	+1.6%
EU Investment Grade	+0.7%	+0.0%	+1.0%
EU High Yield	+0.7%	+0.0%	+1.2%
EM Local Ccy. Gov (Unhedged)	+1.4%	+0.0%	+1.2%
EM Hard Ccy. Aggregate (Unhedged)	+1.5%	+0.0%	+1.8%

CRYPTO CURRENCY MARKETS

	WoW	MTD	YTD
Bitcoin	-2.8%	+0.0%	-16.2%
Ethereum	-2.6%	+0.0%	-32.2%
Ripple	-0.4%	+0.0%	-27.8%

COMMODITY MARKETS

	WoW	MTD	YTD
Gold	+0.9%	+0.0%	+5.4%
WTI Crude	-9.6%	+0.0%	+52.1%
Brent Crude	-11.1%	+0.0%	+51.3%
Silver	-0.4%	+0.0%	+7.8%
Natural Gas	+13.2%	+0.0%	-10.7%
Copper	+0.3%	+0.0%	+13.0%

CURRENCY MARKETS

	WoW	MTD	YTD
US Dollar Index (DXY)	-0.4%	+0.0%	+0.6%
EURUSD	+0.3%	+0.0%	-0.8%
GBPUSD	+0.1%	+0.0%	-0.2%
AUDUSD	+0.2%	+0.0%	+7.0%
USDCHF	-0.4%	+0.0%	-1.0%
USDJPY	+0.2%	+0.0%	+1.8%

Source: Yahoo Finance

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