WEEKLY GLOBAL MARKETS WATCH

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Rati Tsiklauri
Senior Analyst, Global Market Research

Gega Kakhiani
Senior Analyst, Global Market Research

GLOBAL ASSETS SNAPSHOT

Source: Bloomberg

RETURN IN LOCAL CURRENCY (%)				
EQUITY INDICES	WEEKLY	MONTHLY	YTD	ANNUAL
SP500 (US)	0.1%	5.5%	8.2%	24%
STOXX50 (EA)	-1.4%	-1.9%	0.6%	7%
FTSE100 (UK)	-0.4%	-3.4%	2.7%	17%
TOPIX (JAPAN)	0.9%	2.5%	13.3%	41%
CSI300 (CHINA)	-0.3%	3.7%	5.0%	25%

Source: Bloomberg

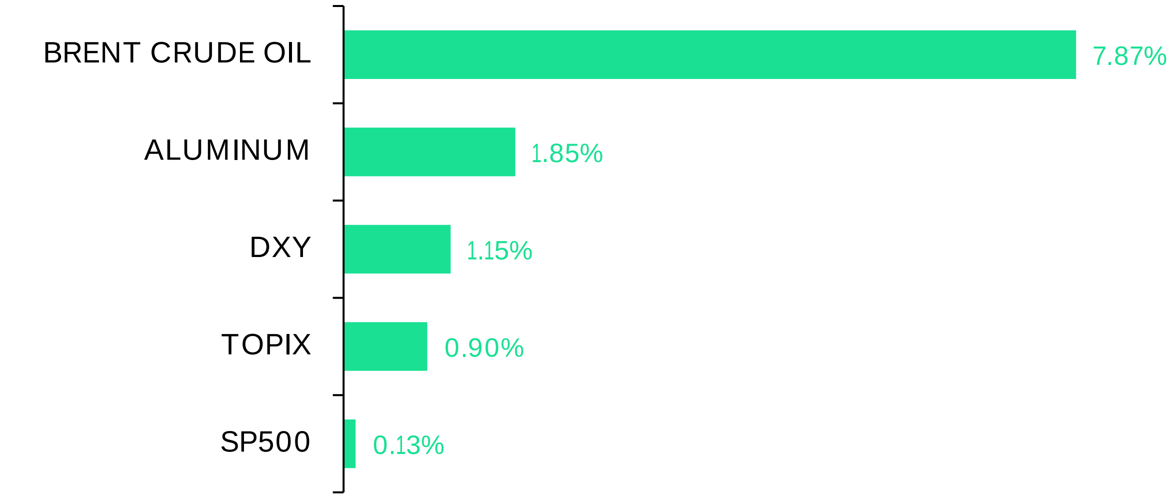
10-YEAR GOVERNMENT BOND YIELD, %				
REGIONS	CURRENT	1W AGO	1M AGO	1Y AGO
UNITED STATES	4.59	4.35	4.28	4.45
UNITED KINGDOM	5.17	4.91	4.81	4.66
GERMANY	3.17	3.00	3.04	2.59
JAPAN	2.71	2.47	2.41	1.48
CHINA	1.76	1.76	1.78	1.66

Source: Bloomberg

COMMODITY PRICES				
COMMODITIES	CURRENT	1W AGO	1M AGO	1Y AGO
BRENT CRUDE OIL, $/BRL	109	101	95	66
GOLD SPOT, $/OZ	4,540	4,715	4,791	3,230
SILVER SPOT, $/OZ	76	80	79	32
COPPER SPOT, $/MT	13,503	13,515	13,189	9,539
ALUMINUM SPOT, $/MT	3,628	3,563	3,659	2,451

BEST & WORST PERFORMING ASSETS

5 BEST PERFORMERS FOR THE PAST WEEK



Source: Bloomberg

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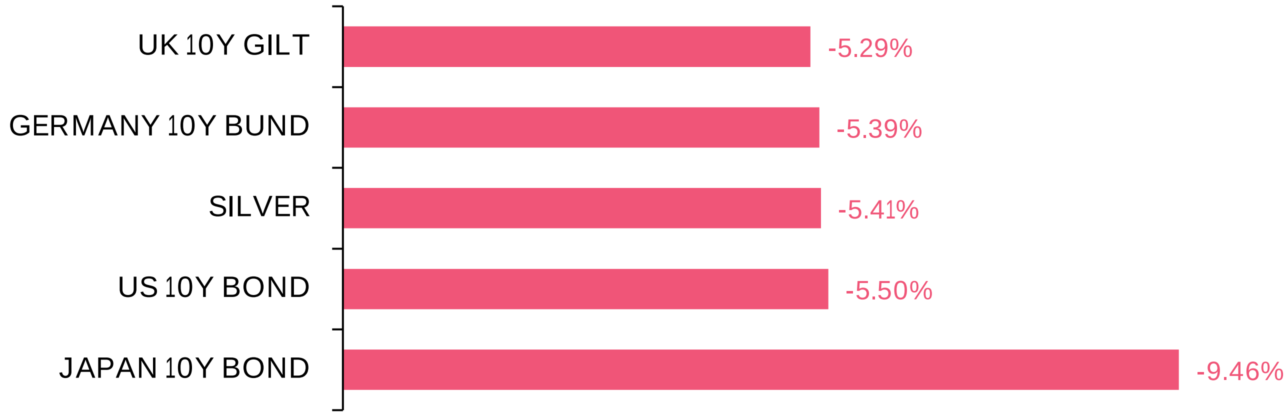
5 WORST PERFORMERS FOR THE PAST WEEK

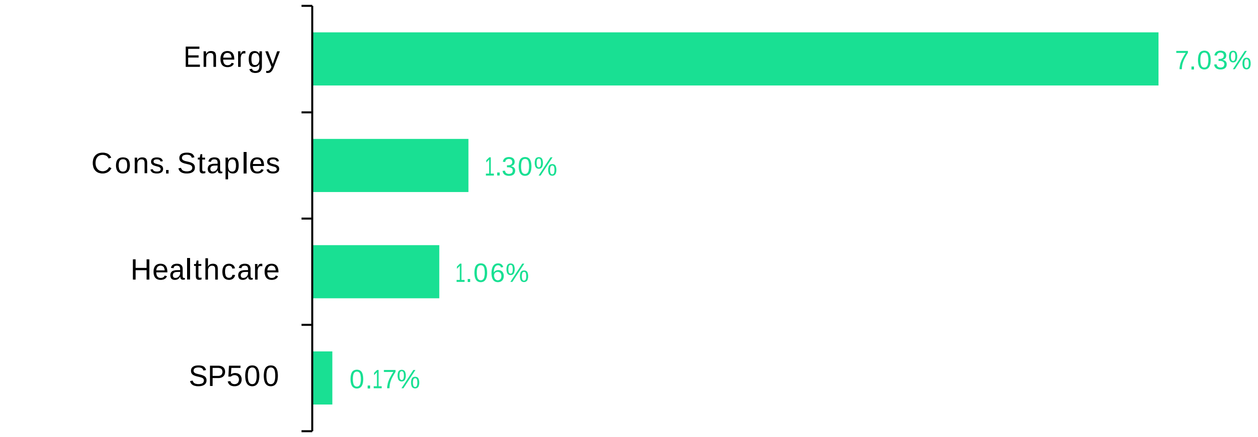


OVERVIEW OF THE PERFORMANCES

The past week was defined by a clear geopolitical inflation scare. Brent crude jumped nearly 8% as the Iran conflict continued and the Strait of Hormuz remained unresolved, raising fears of a more prolonged disruption to global energy flows; aluminum also gained on broader supply-chain concerns, while the US dollar strengthened as investors sought safety and reassessed the path for interest rates. Equities were far more resilient, with TOPIX and the S&P 500 still ending slightly higher, but the deeper market stress appeared in long-dated government bonds, which sold off sharply across Japan, the US, Germany and the UK. Investors pushed yields higher because sustained oil strength could keep inflation elevated, delay central-bank rate cuts and worsen already-sensitive fiscal concerns. Overall, the week’s performance suggests markets are becoming increasingly uneasy that the war may spill over into a wider inflation and rates problem.

BEST & WORST PERFORMING US SECTORS

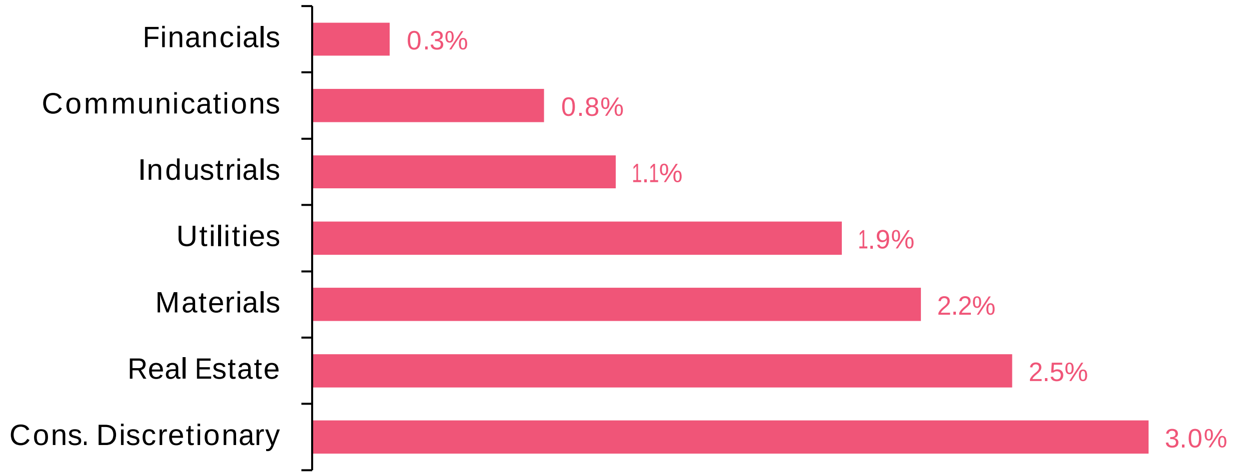
US SP500 SECTORS – WEEKLY GAINERS



Source: Bloomberg

Source: Bloomberg

US SP500 SECTORS – WEEKLY LOSERS



OVERVIEW OF THE PERFORMANCES

The past week's S&P 500 sector performance reflected a market shaped by higher oil prices, inflation concerns and rising bond yields. Energy surged as the Iran conflict continued and the Strait of Hormuz remained unresolved, supporting crude prices and energy stocks, while consumer staples and healthcare outperformed as investors leaned toward more defensive sectors. By contrast, consumer discretionary posted the largest decline as higher fuel and living costs threatened household spending, while real estate and utilities were pressured by higher yields, which make their dividend-heavy profiles less attractive and raise financing concerns. Materials and industrials also weakened as investors worried that a prolonged energy shock could hurt growth and corporate margins.

MACRO-GEOPOLITICAL UPDATE

US HAS A NEW FED CHAIR

Kevin Warsh is set to take over the Fed with a clear preference for a smaller, less interventionist central bank. He has argued that the Fed should shrink its $6.7 trillion balance sheet more aggressively, rely more on its traditional interest-rate tool rather than large-scale asset purchases, and reduce what he sees as excessive market guidance. He has also signaled support for fewer policy meetings, fewer press conferences and less frequent hints about the future path of rates.

His first FOMC meeting as Fed chair is scheduled for June 16–17, 2026. That meeting will be closely watched because it comes at a difficult moment: inflation risks are rising again, partly due to the oil shock linked to the Iran conflict, while markets are trying to judge whether Warsh will lean toward caution on rate cuts despite his reputation for wanting a leaner Fed. The June meeting also includes the Fed's economic projections, making it the first chance for investors to read his policy instincts.

US INFLATION NUMBERS COME OUT SCORCHING HOT IN APRIL

April's US inflation data came in hotter than expected: CPI accelerated, while PPI posted a record monthly jump, showing that price pressures were building both for consumers and businesses. The main driver was the oil and energy shock linked to the Iran conflict, which pushed up fuel, transport and other input costs. For households, this threatens higher everyday living expenses and weaker purchasing power; for the Fed, it makes near-term rate cuts much less likely, as policymakers will want clearer evidence that inflation is cooling again.

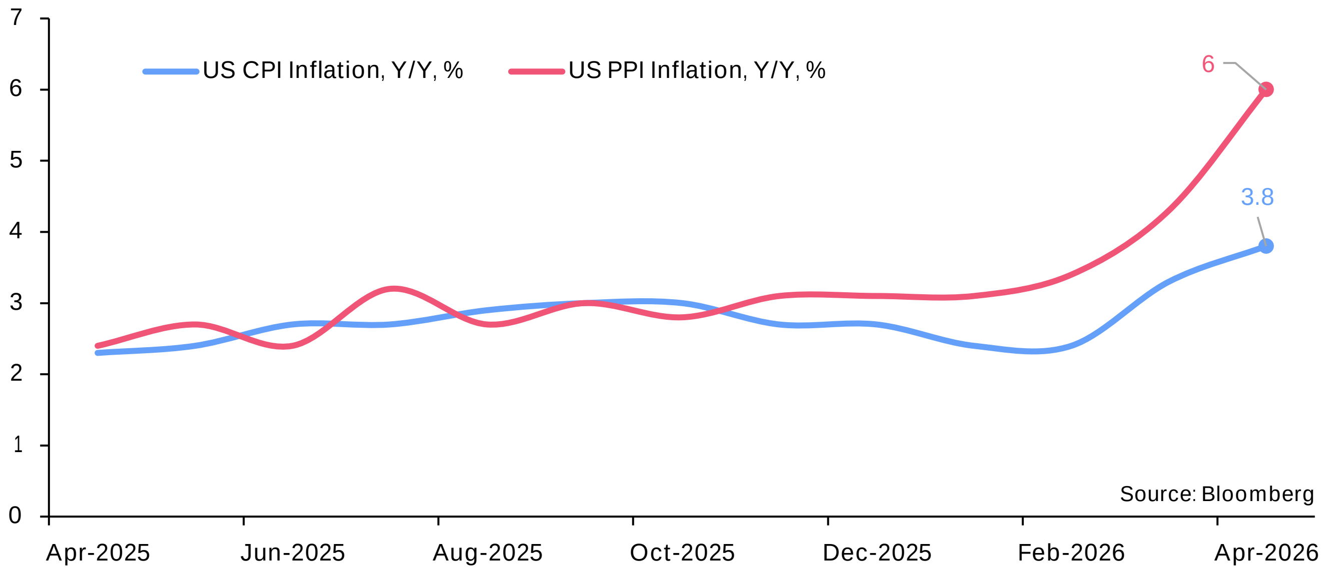


CHART OF THE WEEK

LONG-DATED BONDS ARE GETTING SOLD OFF

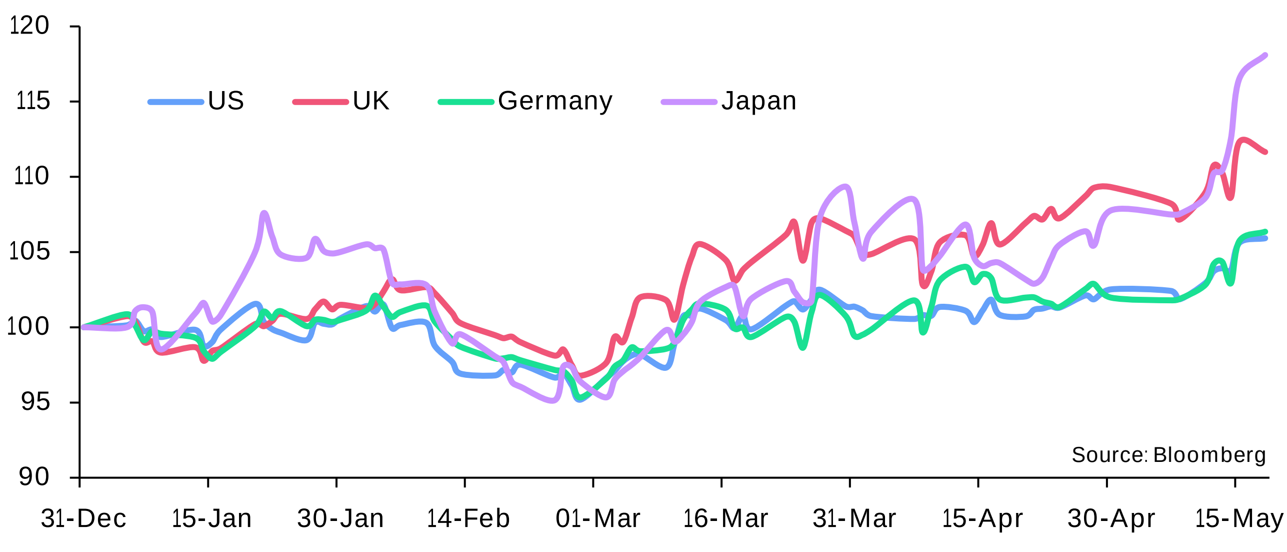
Global long-dated sovereign bonds endured a severe selloff over the past week, with the pressure intensifying again on Monday, May 18. Yields rose sharply across the US, Europe, the UK and Japan as investors aggressively repriced the outlook for inflation, central-bank policy and fiscal risk. The implied yield on G7 government debt with maturities of 10 years or more moved above 4.6% for the first time since 2004, while 30-year US Treasury yields pushed back above 5%, UK 30-year gilt yields reached their highest levels since the 1990s, and Japanese super-long yields approached or hit record highs. The message from markets is clear: long bonds are struggling to find buyers in an environment where inflation risk, debt issuance and geopolitical uncertainty are all rising at once.

The immediate trigger has been the growing fear that the Iran war and the unresolved closure of the Strait of Hormuz are turning into a more persistent global inflation shock. Oil prices climbed above $109–111 per barrel as hopes for a durable breakthrough faded, and investors increasingly worried that prolonged disruption to a critical energy artery would push fuel, transport and broader consumer prices higher. That concern was reinforced by a run of hotter inflation readings across major economies, especially in the US, which made markets reconsider the entire interest-rate path: rather than expecting policy easing, investors have begun pricing a meaningful risk of renewed rate hikes by the Fed, ECB and others.

The bond market's anxiety is no longer just about oil; it is becoming a broader stagflation-and-fiscal-stress trade. Higher energy prices threaten to weaken growth while keeping inflation elevated, an ugly mix for government bonds. At the same time, investors are becoming less forgiving of large public deficits and additional borrowing needs. Japan has been a focal point, with expectations of fresh debt issuance to cushion the war's economic impact adding to pressure on already-fragile long-dated JGBs. In Europe, energy vulnerability and worries about public finances have lifted Bund and French yields, while UK gilts have also been hit by domestic political and fiscal concerns. Even US Treasuries, the core of global fixed income, have seen soft auction signals and rising real yields, suggesting that the market is demanding a higher compensation to hold duration.

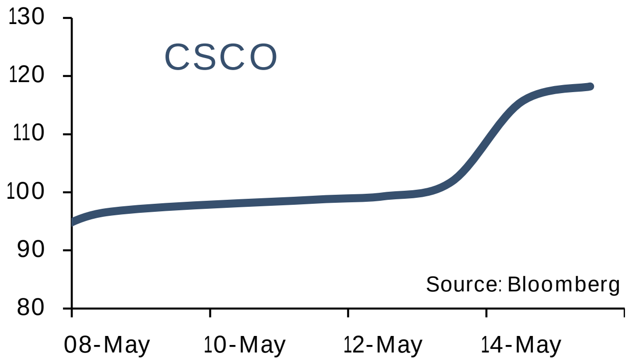
The biggest takeaway is that markets are becoming genuinely nervous that the war is not being contained and that the Hormuz issue remains dangerously unresolved. Until investors see credible progress toward reopening the strait, easing oil prices and reducing the inflation spillover, long-dated bonds are likely to remain under pressure.

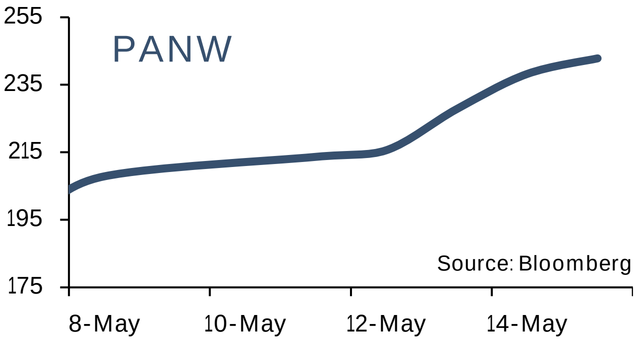
CHANGES IN 30-YEAR GOVERNMENT BOND YIELDS (31-DEC=100)



MARKET MOVERS

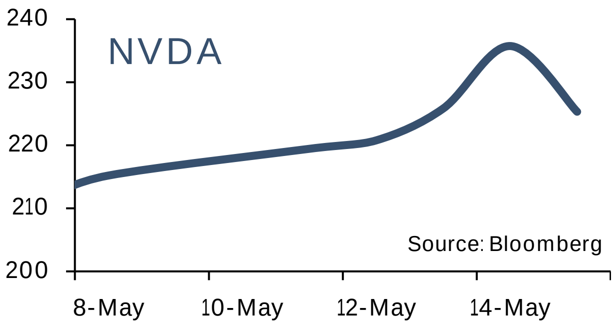
Cisco Systems surged approximately +22% after posting strong earnings, better guidance, and management raising its AI infrastructure order outlook. The shares hit a record high and had their biggest one-day gain in more than 20 years after the AI-driven update. Cisco is benefiting from demand for products like Silicon One networking chips, Acacia optics, switching systems, and other infrastructure.

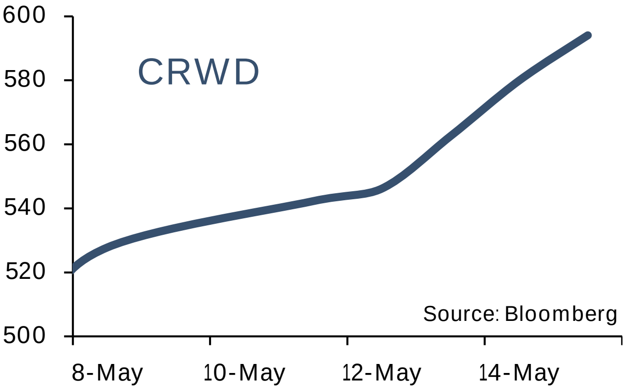




Palo Alto Networks had a strong week because cybersecurity sentiment improved sharply, with the stock closing around a +16% gain, and breaking out into a new technical buy zone. Increasing analyst and investor sentiment, as well as its Next-Generation Security ARR rising over 33% YoY helped propel the stock upwards.

Nvidia remains one of the most important leaders within the AI semiconductor trade, with the stock rising due to notable reports of US clearing sales of its high quality H200 chips to certain Chinese firms, as well as Nvidia shares surging +36% since March. Investors are focused on continuing demand for Blackwell and Rubin GPUs as well as AI servers, propelling Nvidia further.





CrowdStrike moved approximately +13% as there was a large rally in cybersecurity and other software related assets. As the leader in endpoint security, cloud security, identity protection, and various other cybersecurity needs, CrowdStrike lists among the top software firms that gained massively from a rebound in sentiment towards software and the potential for AI to undermine their traditionally high margin moats.

WEAK AHEAD

UPCOMING EARNINGS

DAY	BEFORE OPEN	AFTER CLOSE
Monday		
Tuesday	HOME DEPOT [HD]	
Wednesday	ANALOG SERVICES [ADI]	NVIDIA [NVDA] INTUIT [INTU]
Thursday	WALMART [WMT] DEERE & COMPANY [DE]	
Friday		

ECONOMIC CALENDAR

EVENT	DATE	FORECAST	PREVIOUS
MBA Mortgage Applications	Wednesday		1.7%
EU April Final - CPI	Wednesday	3.0%	3.0%
UK - CPI	Wednesday	3.0%	3.0%
S&P Global US Manufacturing PMI	Thursday	53.8	54.5
Initial Jobless Claims	Thursday	210k	211k
U. of Mich. Sentiment	Friday	48.2	48.2

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7 Marjanishvili Str., Tbilisi 0102, Georgia Email: research@tbccapital.ge
Tel: +995 32 2 272727 | +995 32 2 272733 Email: macro@tbcbank.com.ge

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