WEEKLY GLOBAL MARKETS WATCH

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GLOBAL ASSETS SNAPSHOT

Source: Bloomberg

RETURN IN LOCAL CURRENCY (%)			
EQUITY INDICES	WEEKLY	MONTHLY	YTD
SP500 (US)	0.9%	4.7%	9.2%
STOXX50 (EA)	3.3%	1.9%	3.9%
FTSE100 (UK)	2.7%	-0.1%	5.4%
TOPIX (JAPAN)	0.7%	3.9%	14.2%
CSI300 (CHINA)	-0.3%	0.9%	4.6%

Source: Bloomberg

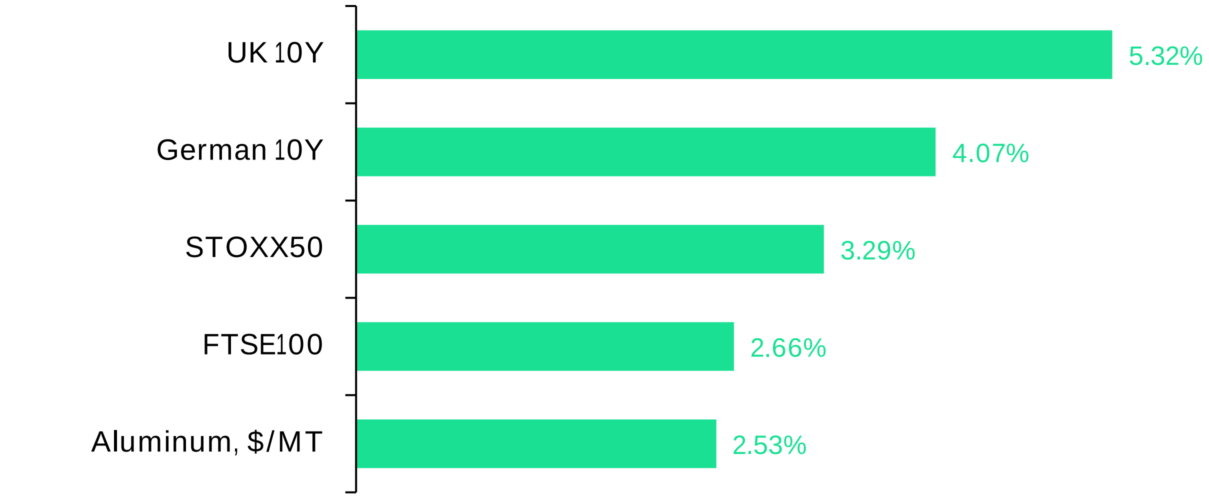
10-YEAR GOVERNMENT BOND YIELD, %			
REGIONS	CURRENT	1W AGO	1M AGO
UNITED STATES	4.56	4.59	4.30
UNITED KINGDOM	4.90	5.17	4.91
GERMANY	3.04	3.17	3.01
JAPAN	2.75	2.71	2.39
CHINA	1.75	1.76	1.73

Source: Bloomberg

COMMODITY PRICES			
COMMODITIES	CURRENT	1W AGO	1M AGO
BRENT CRUDE OIL, $/BRL	104	109	102
GOLD SPOT, $/OZ	4509	4540	4740
SILVER SPOT, $/OZ	76	76	78
COPPER SPOT, $/MT	13615	13503	13374
ALUMINUM SPOT, $/MT	3720	3628	3671

BEST & WORST PERFORMING ASSETS

5 BEST PERFORMERS FOR THE PAST WEEK



Source: Bloomberg

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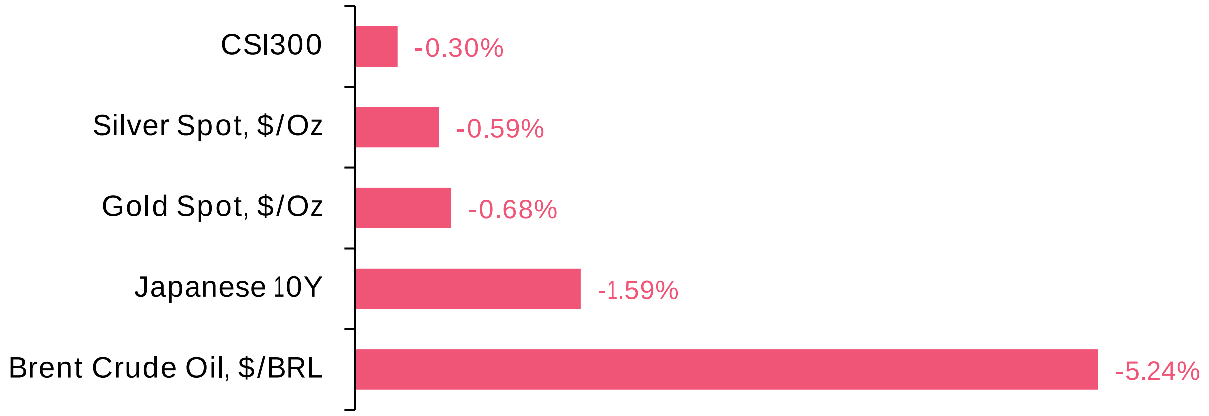
5 WORST PERFORMERS FOR THE PAST WEEK

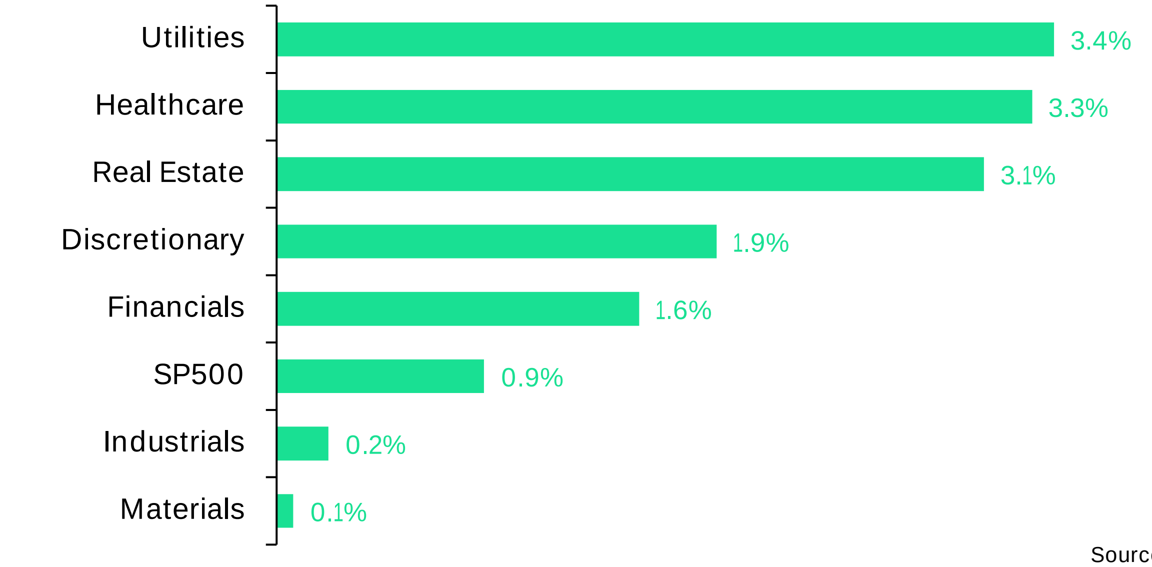


OVERVIEW OF THE PERFORMANCES

Over the past week, the dominant market story was a global duration selloff driven by war-related inflation fears, higher oil-price pass-through concerns, and fiscal/debt anxiety. That is why UK 10Y and German 10Y yields rose sharply, with the UK hit harder because gilts were facing a mix of inflation, political and borrowing-risk concerns. Germany also reflected the broader euro-area repricing, where Bund yields had recently reached multi-year highs as investors questioned monetary policy. At the same time, risk assets improved because markets began pricing a lower probability of a prolonged Strait of Hormuz disruption and a possible US–Iran deal. That explains the sharp fall in Brent crude, while STOXX50 and FTSE100 gained as lower oil prices eased inflation pressure and supported energy-importing European equities. Gold and silver weakened modestly because safe-haven demand faded and higher yields made non-yielding metals less attractive. Aluminium was the exception among commodities: it remained supported by physical supply and logistics concerns linked to Middle East disruptions, so it rose even as oil fell.

BEST & WORST PERFORMING US SECTORS

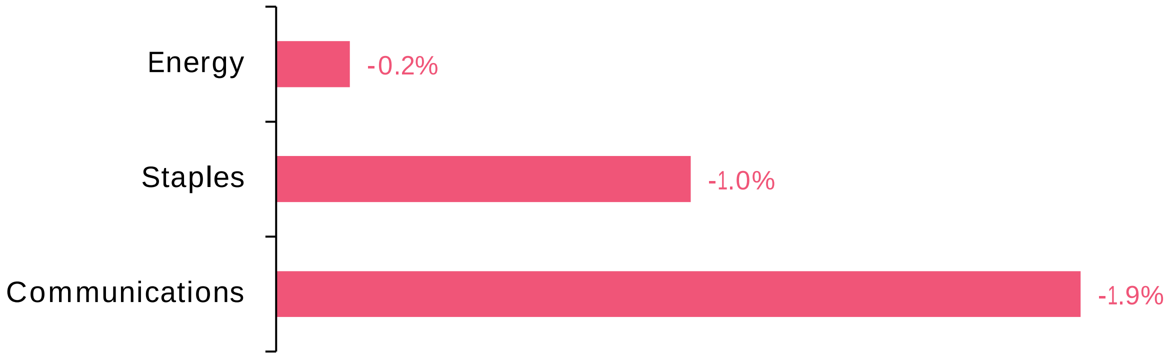
US SP500 SECTORS – WEEKLY GAINERS



Source: Bloomberg

Source: Bloomberg

US SP500 SECTORS – WEEKLY LOSERS



OVERVIEW OF THE PERFORMANCES

The sector snapshot shows a risk market that improved, but with a defensive tilt. The S&P 500 gained around 0.9%, while the strongest sectors were Utilities, Healthcare and Real Estate — sectors that usually benefit when investors want equity exposure but still prefer stable cash flows, defensive earnings, and less cyclicality. This fits the macro backdrop: markets were still digesting a sharp bond-yield repricing caused by war-related inflation fears and fiscal concerns, so investors were not simply buying high-beta growth across the board. Utilities also had extra support from the ongoing power-demand/AI infrastructure theme, while Healthcare looked like a defensive catch-up trade after earlier weakness. The losers make the geopolitical story clearer. Energy underperformed because Brent fell sharply as the US and Iran appeared to move closer to a deal that could reopen the Strait of Hormuz and ease oil-supply disruption fears. That also helped Consumer Discretionary, since lower oil/gasoline prices reduce pressure on households and inflation expectations. Communication Services lagged because expensive mega-cap/AI-linked and ad-sensitive names were more vulnerable to profit-taking in a higher-yield environment, while Staples underperformed as investors rotated away from slower-growth defensive consumer names.

MACRO-GEOPOLITICAL UPDATE

US AND IRAN INCH TOWARDS A DEAL

Recent US–Iran mutual comments suggest that both sides are moving closer to an interim agreement, but it is not yet finalized: the proposal would reportedly reopen the Strait of Hormuz, extend the fragile ceasefire for around 60 days, allow Iran to resume oil sales, and create a negotiation window for a broader nuclear arrangement. Washington says Iran has agreed in principle to dispose of highly enriched uranium and that sanctions relief would depend on compliance, but Tehran has not confirmed those terms and is still pushing for concessions such as unfreezing assets. Trump has said he will not rush the deal and that the US blockade will remain until an agreement is completed. Markets reacted immediately, with Brent falling sharply as investors priced in lower risk of a prolonged Hormuz disruption, though the deal remains fragile because major unresolved issues include enrichment limits, sanctions relief, Iran's missile program, and whether Israel/Hezbollah-related clauses can realistically be accepted.

US COMPOSITE PMI STALLS IN MAY

U.S. PMI Composite index was unchanged month-over-month at 51.7 in May, according to preliminary data released by S&P Global on Thursday. Business activity growth held steady in May at a modest rate compared to earlier in the year, as an improved performance in manufacturing was countered by a sluggish service sector. Manufacturing PMI index stood at 55.3, vs. 53.5 consensus and 54.5 prior. Services PMI index was 50.9, vs. 51.2 consensus and 51.0 prior. Surging input costs, which jumped in May at the steepest rate since late 2022 on the back of rising war-related supply constraints and steep energy cost increases, were not only cited as causing lower sales but also contributed to steepening job losses and a further rise in selling price inflation to its highest since August 2022.

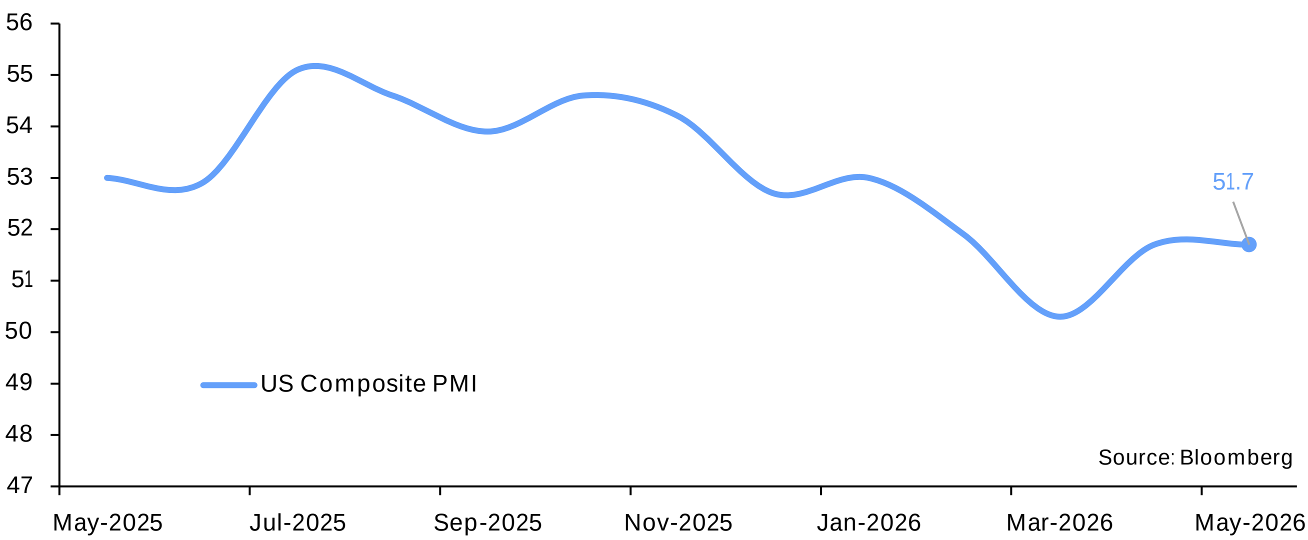


CHART OF THE WEEK

APRIL WAS THE BEST MONTH FOR GLOBAL MOMENTUM PICKS, EVER

The AI boom is giving momentum investors their best return in decades, as the world's hottest stocks power ahead despite worries over potentially slower growth due to the Iran war.

MSCI Inc.'s global momentum gauge has beaten the MSCI All Country World Index by 17 percentage points since the end of March, on track for its strongest two-month outperformance on record, in data compiled by Bloomberg back to 1991.

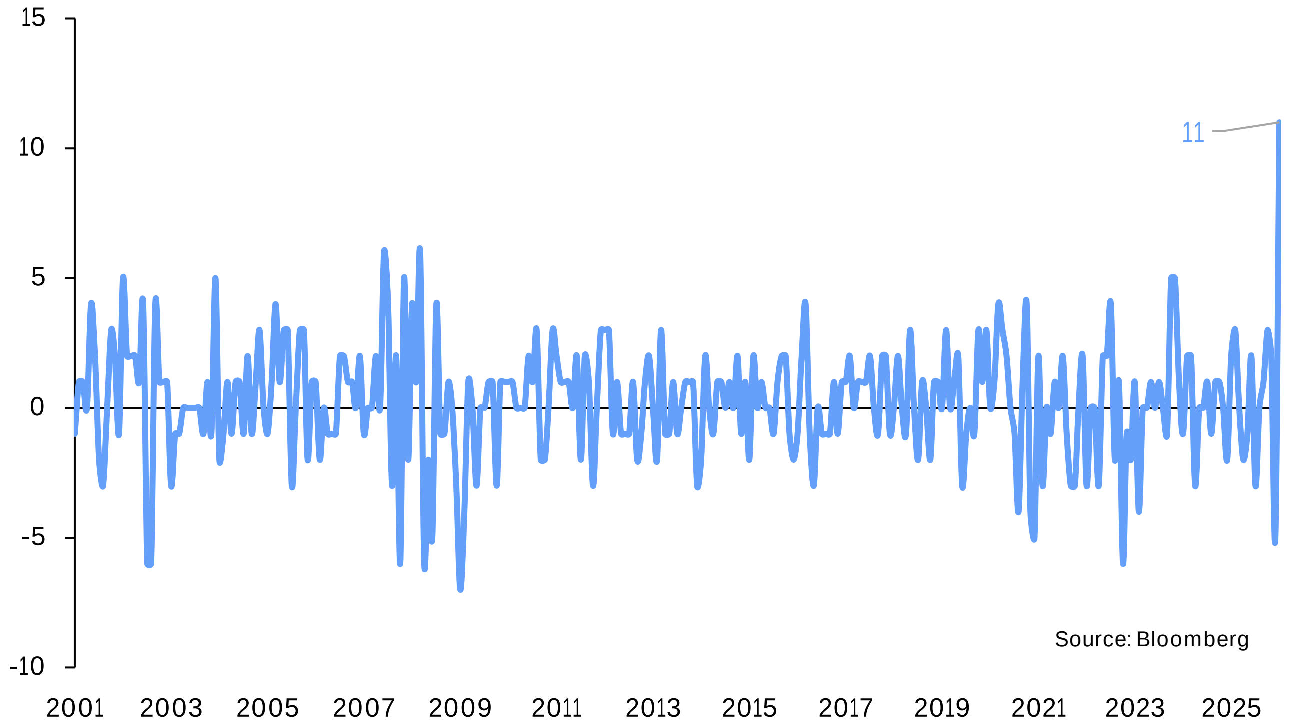
Bulls say the AI frenzy can continue luring money into the market's biggest winners, though some caution that the scale of the outperformance is a warning sign. The longer investors crowd into the same stocks, the more exposed markets are to a sudden reversal if hot inflation causes the Federal Reserve to tighten policy or if earnings weaken.

“The momentum story will persist for another few months, with significant volatility in between, till it finally sees a climax,” said Hao Hong, chief investment officer at hedge fund Lotus Asset Management Ltd. “If inflation expectations continue to run higher, then the Fed would have to make a bigger-than-expected move, and that will stall the momentum trade.”

Continuous inflows into tech stocks have made momentum this year's dominant global style, with investors brushing aside economic risks and chasing an expanding wave of AI winners.

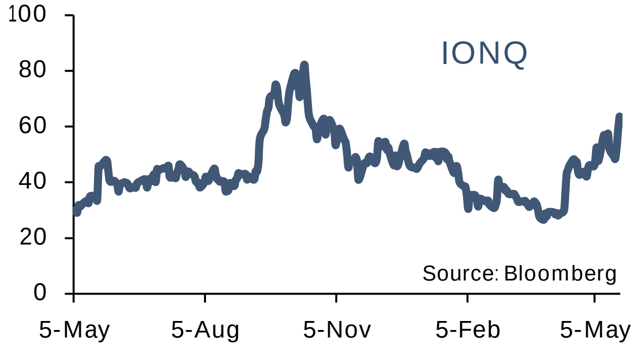
“It's risky — we are seeing bubbles forming in a number of areas, and the AI-led basket clearly has ignored all macro development,” said Jun Bei Liu, co-founder and lead portfolio manager at hedge fund Ten Cap Investment. While an end to the war would further boost sentiment near term, slower US growth is likely to impact earnings in the next six months, she added.

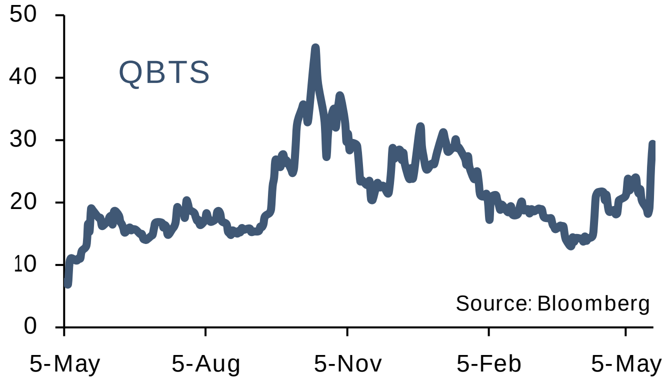
SPREAD BETWEEN MSCI ACWI($) MOMENTUM PICKS VS REST,
MONTHLY RETURN, %



MARKET MOVERS

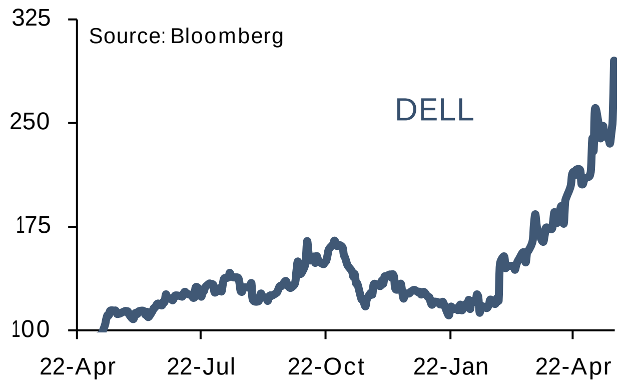
IonQ (IONQ) gained 27.5% as quantum-computing stocks moved higher after government funding news boosted the whole sector. IonQ benefits from investor interest in quantum computing, advanced computing infrastructure, and long-term demand for more powerful problem-solving technology, and the stock is also supported by hopes that quantum computers could eventually be useful in other important areas.

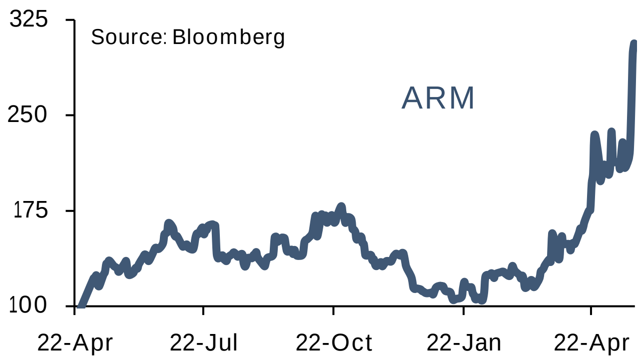




D-Wave Quantum (QBTS) jumped 46.2% last week after it signed a Letter of Intent with the U.S. Department of Commerce for $100 million in proposed funding. The stock benefits from excitement around quantum computing, government support, and the race to build next-generation computing systems. This move shows how quickly investors are rewarding companies tied to advanced computing technologies.

Dell Technologies (DELL) increased 24.0% after analysts raised price targets ahead of earnings, helped by optimism around AI-server demand. Dell benefits from companies spending heavily on AI infrastructure, especially servers, storage, and enterprise hardware for data centers. Its AI-server business has become a major growth driver as enterprises and cloud providers continue upgrading their computing capacity.





Arm Holdings (ARM) rose 46.1% as AI and semiconductor stocks rallied after strong Nvidia-related optimism and continued data-center momentum. Arm benefits from demand for efficient chip designs used across smartphones, servers, AI devices, and data centers. Its business is important because many major chipmakers rely on Arm's architecture to build power-efficient processors.

WEAK AHEAD

UPCOMING EARNINGS

DAY	BEFORE OPEN	AFTER CLOSE
Monday		
Tuesday	AUTOZONE [AZO] ELBIT SYSTEMS [ESLT]	ZSCALER INC [ZS]
Wednesday	PDD HOLDINGS [PDD] DICKS SPORTING GOODS [DKS]	SNOWFLAKE [SNOW] MARVELL [MRVL] SALESFORCE [CRM] SYNOPSYS [SNPS]
Thursday	PHOTRONICS [PLAB]	COSTCO [COST] DELL [DELL]
Friday		

ECONOMIC CALENDAR

EVENT	DATE	FORECAST	PREVIOUS
Chicago Fed National Activity Index	Tuesday	-	-0.2
Fed Logan Speech	Wednesday	-	-
MBA 30-Year Mortgage Rate	Wednesday	-	6.56%
Core PCE Price Index MoM	Thursday	0.3%	0.3%
Personal Income MoM	Thursday	0.4%	0.6%
Personal Spending MoM	Thursday	0.5%	0.9%

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