

Weekly Market Update

The defining global macro theme was the inflationary energy shock caused by geopolitical tensions, which delayed expected monetary easing across many major economies.

US

Investors sharply reduced expectations for Federal Reserve rate cuts as inflation concerns intensified, especially due to higher oil prices and tariff uncertainty.

President Donald Trump renewed public pressure on the Fed to lower interest rates, increasing focus on central bank independence.

Oil prices moved above \$100/barrel amid the Iran conflict and Strait of Hormuz disruption fears, pushing Treasury yields higher and weighing on global risk sentiment.

US trade policy remained volatile as courts challenged parts of the administration's global tariff programme while Washington warned the EU over future tariff escalation.

UK

Prime Minister Keir Starmer faced major political pressure after Labour suffered heavy local election losses across Britain.

Bond investors closely monitored UK elections amid concerns political fragmentation could undermine fiscal credibility and destabilise gilt markets.

Reform UK's electoral gains reshaped the political landscape and intensified debate around future coalition or tactical arrangements on the British right.

The FTSE 100 recorded another weekly decline as investors weighed Middle East risks, energy prices, and UK political instability.

Europe

European Central Bank officials signalled that a June rate hike was increasingly possible if inflation pressures continued to worsen.

ECB policymakers warned that elevated energy prices linked to the Iran conflict could keep inflation higher for longer across the eurozone.

European regulators pushed for stronger centralised financial supervision and tighter oversight of bank capital requirements.

EU competitiveness and sustainability policy came under renewed debate amid concerns Europe was losing ground relative to the US and China.

Global

China's export performance improved significantly in April despite ongoing trade tensions with the United States.

Beijing continued balancing economic stimulus with financial stability concerns as authorities attempted to support weak domestic demand and the property sector.

Japanese policymakers remained under pressure from yen weakness and rising imported energy costs as oil prices surged globally.

Global markets were dominated by Middle East geopolitical tensions, especially fears over disruption to oil shipments through the Strait of Hormuz.



Performance

Asset Class/Region	Currency				
		Week ending 08 May 2026	Month to date	YTD 2026	12 Months
Developed Market Equities					
United States	USD	2.4%	2.7%	8.4%	31.8%
United Kingdom	GBP	-1.3%	-1.5%	4.7%	24.4%
Continental Europe	EUR	0.8%	0.9%	4.2%	15.3%
Japan	JPY	2.7%	2.7%	13.5%	45.2%
Asia Pacific (ex Japan)	USD	6.8%	7.0%	22.3%	51.1%
Australia	AUD	0.4%	1.1%	1.7%	10.3%
Global	USD	1.8%	2.1%	7.9%	30.0%
Emerging Markets Equities					
Emerging Europe	USD	3.0%	3.5%	15.5%	46.4%
Emerging Asia	USD	8.1%	8.1%	25.1%	58.3%
Emerging Latin America	USD	0.4%	0.8%	19.2%	51.3%
BRICs	USD	2.4%	2.4%	-2.2%	9.7%
China	USD	3.2%	3.2%	-2.6%	13.1%
MENA countries	USD	0.0%	0.1%	2.5%	3.3%
South Africa	USD	4.3%	5.1%	4.4%	55.1%
India	USD	1.3%	1.3%	-11.7%	-8.5%
Global emerging markets	USD	6.9%	7.0%	22.5%	54.0%
Bonds					
US Treasuries	USD	0.2%	0.3%	0.3%	4.1%
US Treasuries (inflation protected)	USD	0.0%	0.3%	1.7%	5.3%
US Corporate (investment grade)	USD	0.4%	0.5%	0.6%	6.9%
US High Yield	USD	0.1%	0.2%	1.3%	8.3%
UK Gilts	GBP	0.5%	0.9%	-1.5%	1.7%
UK Corporate (investment grade)	GBP	0.6%	0.9%	-0.8%	4.4%
Euro Government Bonds	EUR	0.5%	0.5%	0.2%	0.3%
Euro Corporate (investment grade)	EUR	0.3%	0.3%	0.3%	2.2%
Euro High Yield	EUR	0.5%	0.5%	0.7%	4.5%
Global Government Bonds	USD	0.4%	0.6%	0.4%	2.0%
Global Bonds	USD	0.4%	0.6%	0.7%	4.6%
Global Convertible Bonds	USD	2.6%	3.2%	16.4%	36.0%
Emerging Market Bonds	USD	0.5%	0.8%	1.2%	11.9%

Performance

Asset Class/Region	Currency				
		Week ending 08 May 2026	Month to date	YTD 2026	12 Months
Property					
US Property Securities	USD	0.7%	0.5%	14.4%	18.1%
Australian Property Securities	AUD	-0.9%	0.1%	-9.9%	-7.0%
Global Property Securities	USD	1.1%	1.1%	9.7%	18.2%
Currencies					
Euro	USD	0.3%	0.4%	0.3%	4.9%
UK Pound Sterling	USD	0.1%	0.3%	1.2%	2.6%
Japanese Yen	USD	0.2%	-0.1%	0.1%	-7.0%
Australian Dollar	USD	0.4%	0.8%	8.5%	12.9%
South African Rand	USD	1.2%	1.8%	0.9%	11.0%
Swiss Franc	USD	0.4%	0.7%	2.1%	6.9%
Chinese Yuan	USD	0.4%	0.4%	2.8%	6.5%
Commodities & Alternatives					
Commodities	USD	-1.0%	-1.2%	36.5%	48.6%
Agricultural Commodities	USD	-0.3%	0.4%	11.8%	6.6%
Oil	USD	-6.4%	-11.2%	66.5%	61.2%
Gold	USD	1.6%	2.3%	9.0%	42.4%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.



Global Matters Weekly

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