

Weekly Market Update

The week marked a decisive return of geopolitical risk to the centre of global markets. Oil, inflation, and sovereign borrowing costs moved sharply higher, while investors increasingly questioned whether central banks can contain inflation without triggering deeper political and economic instability.

US

Donald Trump's Beijing summit with Xi Jinping dominated foreign-policy headlines, producing symbolic trade and diplomatic wins but little substantive progress on tariffs, Taiwan, or Iran.

The Federal Reserve turned noticeably more hawkish after stronger-than-expected inflation data, with markets beginning to price in the possibility of further rate hikes later in 2026.

Markets remained resilient despite geopolitical shocks, with Wall Street continuing to climb even as investors grappled with higher oil prices, tariff uncertainty, and concerns over renewed inflation pressure.

Republican politics continued to revolve around Trump's influence, including high-profile primary battles and pressure campaigns against intra-party critics.

UK

UK government borrowing costs surged to post-1998 highs as investors reacted negatively to mounting political instability around Prime Minister Keir Starmer.

Sterling weakened amid fears of Labour Party fragmentation and speculation over leadership challenges from figures including Wes Streeting and Andy Burnham.

Rising oil prices tied to Middle East tensions intensified inflation concerns and worsened the outlook for households, manufacturing, and public finances.

Markets increasingly focused on whether political turmoil could derail investment plans, fiscal credibility, and future IPO activity in London.

Europe

The EU approved sanctions against violent Israeli settlers in the West Bank, reflecting a tougher foreign-policy posture and growing internal pressure for broader measures.

European economies faced worsening growth concerns linked to elevated energy costs and Middle East-related supply disruptions.

Brussels continued expanding sanctions and security coordination, including renewed cyberattack restrictions and additional Ukraine-related defence support.

Policymakers accelerated work on industrial resilience, transport infrastructure, and critical medicines supply chains amid broader concerns over strategic autonomy.

Global

Xi Jinping emerged from the Trump summit appearing politically confident, emphasizing stability while avoiding major concessions on trade, Taiwan, or Iran. China maintained a careful balancing act diplomatically, seeking improved ties with Washington while reinforcing links with Russia and the broader Global South.

Beijing continued positioning itself as a global clean-energy superpower, strengthening its leadership in renewables, EVs, and critical minerals.

Japan's Prime Minister Sanae Takaichi's government continued pushing a more expansionary fiscal and security agenda, including discussion of higher defence spending.

Middle East tensions and Strait of Hormuz fears drove oil volatility, reigniting global inflation and supply-chain concerns.



Performance

| Asset Class/Region | Currency | | | | |
|-------------------------------------|----------|----------------------------|------------------|----------|-----------|
| | | Week ending 15 May 2026 | Month to date | YTD 2026 | 12 Months |
| Developed Market Equities | | | | | |
| United States | USD | 0.2% | 2.8% | 8.6% | 26.3% |
| United Kingdom | GBP | -0.1% | -1.6% | 4.6% | 22.6% |
| Continental Europe | EUR | -0.5% | 0.4% | 3.6% | 12.1% |
| Japan | JPY | 0.9% | 3.7% | 14.5% | 44.4% |
| Asia Pacific (ex Japan) | USD | -2.0% | 4.8% | 19.9% | 42.9% |
| Australia | AUD | -1.2% | -0.1% | 0.4% | 7.4% |
| Global | USD | -0.3% | 1.8% | 7.6% | 25.0% |
| Emerging Markets Equities | | | | | |
| Emerging Europe | USD | -2.5% | 0.9% | 12.6% | 38.9% |
| Emerging Asia | USD | -2.1% | 5.8% | 22.5% | 49.0% |
| Emerging Latin America | USD | -5.7% | -4.9% | 12.4% | 38.7% |
| BRICs | USD | -3.5% | -1.1% | -5.6% | 2.4% |
| China | USD | -2.5% | 0.7% | -5.0% | 7.1% |
| MENA countries | USD | -1.6% | -1.5% | 0.9% | 0.8% |
| South Africa | USD | -5.4% | -0.6% | -1.3% | 43.9% |
| India | USD | -3.7% | -2.5% | -15.0% | -14.9% |
| Global emerging markets | USD | -2.5% | 4.4% | 19.5% | 45.0% |
| Bonds | | | | | |
| US Treasuries | USD | -1.1% | -0.9% | -0.9% | 3.2% |
| US Treasuries (inflation protected) | USD | -0.7% | -0.4% | 1.0% | 4.8% |
| US Corporate (investment grade) | USD | -1.0% | -0.5% | -0.4% | 5.7% |
| US High Yield | USD | -0.5% | -0.3% | 0.8% | 7.0% |
| UK Gilts | GBP | -1.7% | -0.8% | -3.1% | 1.0% |
| UK Corporate (investment grade) | GBP | -1.3% | -0.4% | -2.1% | 3.5% |
| Euro Government Bonds | EUR | -1.0% | -0.5% | -0.8% | -0.1% |
| Euro Corporate (investment grade) | EUR | -0.5% | -0.2% | -0.2% | 1.9% |
| Euro High Yield | EUR | 0.0% | 0.5% | 0.7% | 4.0% |
| Global Government Bonds | USD | -1.7% | -1.1% | -1.3% | 1.0% |
| Global Bonds | USD | -1.6% | -1.0% | -0.9% | 3.6% |
| Global Convertible Bonds | USD | -0.5% | 2.8% | 15.8% | 33.5% |
| Emerging Market Bonds | USD | -1.3% | -0.5% | -0.1% | 10.1% |

Performance

| Asset Class/Region | Currency | | | | |
|---------------------------------------|----------|----------------------------|------------------|----------|-----------|
| | | Week ending 15 May 2026 | Month to date | YTD 2026 | 12 Months |
| Property | | | | | |
| US Property Securities | USD | -2.1% | -1.7% | 12.0% | 14.4% |
| Australian Property Securities | AUD | 1.6% | 1.7% | -8.4% | -2.7% |
| Global Property Securities | USD | -2.7% | -1.6% | 6.8% | 14.7% |
| Currencies | | | | | |
| Euro | USD | -1.2% | -0.8% | -0.9% | 4.0% |
| UK Pound Sterling | USD | -2.1% | -1.8% | -0.9% | 0.3% |
| Japanese Yen | USD | -1.3% | -1.3% | -1.2% | -8.2% |
| Australian Dollar | USD | -1.2% | -0.3% | 7.3% | 11.8% |
| South African Rand | USD | -1.6% | 0.2% | -0.7% | 8.1% |
| Swiss Franc | USD | -1.2% | -0.5% | 0.9% | 6.4% |
| Chinese Yuan | USD | -0.2% | 0.2% | 2.6% | 5.8% |
| Commodities & Alternatives | | | | | |
| Commodities | USD | 2.3% | 1.1% | 39.7% | 50.3% |
| Agricultural Commodities | USD | -1.0% | -0.6% | 10.6% | 4.9% |
| Oil | USD | 7.9% | -4.2% | 79.6% | 69.3% |
| Gold | USD | -3.6% | -1.4% | 5.2% | 41.0% |

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



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