

## GLOBAL MARKETS

**WEEKLY MARKET BRIEF****Highlights.**

U.S. equities posted their third consecutive week of gains, with the Nasdaq Composite leading the charge adding more than 6%, while the S&P 500 gained 4.54% in the week. For the third week in a row, large-cap growth stocks outpaced value stocks, buoyed in large part by continued excitement around companies linked to artificial intelligence. Developments in the Middle East remained front and center for investors throughout the week. Market confidence was bolstered by the ongoing ceasefire between the U.S. and Iran, as well as optimism surrounding continued diplomatic talks between the two nations. Sentiment received a further boost on Friday when Iran's Foreign Minister Abbas Araghchi announced that the Strait of Hormuz was fully open to commercial shipping, following a ceasefire agreement between Israel and Lebanon. This announcement also contributed to a steep drop in oil prices. On the corporate earnings front, the initial batch of first-quarter results from several of the country's largest banks was received positively. Bank executives also painted an encouraging picture of the current economic environment, with consumer spending drawing particular praise. Turning to economic data, wholesale inflation came in below expectations in March. The Bureau of Labor Statistics reported that its Producer Price Index climbed 0.5% on a monthly basis, falling short of the roughly 1% increase that had been forecast and matching February's upwardly revised figure. The muted reading was largely attributable to flat inflation in the services sector, even as a sharp jump in energy prices pushed goods inflation higher. Separately, the pan-European STOXX Europe 600 Index closed the week 2.12% higher, as investors processed incoming corporate earnings and reacted to Iran's pledge to reopen the Strait of Hormuz. The International Monetary Fund lowered its economic growth projection for the eurozone, cautioning that the Middle East conflict could spark a severe energy crisis if a lasting resolution is not reached in short order. The fund now expects the eurozone economy to expand by 1.1% in 2026, a downgrade from the 1.3% growth it had forecast back in January. On a more positive note, the UK economy surprised to the upside in February, expanding 0.5% on a monthly basis, far outpacing the 0.1% growth that economists had expected. However, despite the stronger monthly performance, the IMF cut its 2026 UK growth forecast to 0.8% from 1.3%, the largest downward revision the fund made to any G7 economy. In Asia, Japanese stock markets finished the week in positive territory. The Nikkei 225 Index rose 2.73% and reached a new all-time high. Stocks advanced through much of the week as investors grew cautiously hopeful that ceasefire progress could lay the groundwork for broader diplomatic engagement between the U.S. and Iran. However, the Bank of Japan appeared to step back from signalling an imminent rate hike, with Governor Ueda pointing to uncertainty around energy price shocks and the competing risks of inflation on one side and slower growth on the other. Finally, Chinese equities managed modest gains during the week, supported by stronger-than-expected economic data, though upside was limited as ongoing Middle East tensions and volatile oil prices kept investors somewhat cautious.

**Data highlights:** U.S. PPI YoY (Mar) rose +60bps to 4%, below the expected 4.6% landing. U.S. Core PPI YoY (Mar) stayed flat at 3.8%, against the expectation of an increase to 4.6%. U.S. Import Prices YoY (Mar) rose +110bps to 2.1%, higher than the expected 2%. U.S. Export Prices YoY (Mar) rose +180bps to 5.6%, less than the expected 5.9%. Britain's GDP YoY (Feb) rose +30bps to 1%, against the expected drop to 0.6%. Europe's Inflation Rate YoY (Mar) rose +70bps to 2.6%, above the expected 2.5% landing. Europe's Core Inflation Rate YoY (Mar) fell -10bps to 2.3%, in line with expectations. Australian Unemployment Rate (Mar) stayed flat at 4.3%, in line with expectations. China's GDP Growth Rate YoY (Q1) rose +50bps to 5%, above the projected 4.8%. Chinese Unemployment Rate (March) rose +10bps to 5.4%, against the expected drop to 5.2%.

**Week ahead:** CAD Inflation Rate YoY (Mar), CAD Core Inflation Rate YoY (Mar), CAD CPI YoY (Mar), CAD Core CPI YoY (Mar) - Monday | NZD CPI YoY (Q1) - Tuesday | GBP Unemployment Rate (Feb), GBP CPI YoY (Mar), GBP Core CPI YoY (Mar) - Wednesday | AUD Unemployment Rate (Feb) - Thursday | JPY CPI YoY (Mar), JPY Core CPI YoY (Mar) - Friday

## Global Markets Overview

**Treasury yields:** The U.S. 10-Year Treasury Note yield eased to 4.25%, nearing one-month lows, as a temporary reopening of the Strait of Hormuz helped calm near-term inflation fears. Traders have since increased bets on easing from the Federal Reserve, with pricing now implying roughly a 50% probability of a 25bps rate cut by year-end, up from about 30% previously, though still below pre-conflict expectations of two cuts. In Japan, the Japan 10-Year Government Bond yield held steady at 2.42% after several sessions of consolidation, as Kazuo Ueda, Governor of the Bank of Japan, refrained from offering clear forward guidance ahead of the upcoming policy meeting, instead emphasizing the delicate balance between inflation risks and growth headwinds. While the BOJ is expected to revise inflation forecasts higher due to elevated energy costs, the International Monetary Fund suggested the central bank may look through conflict-driven price pressures, viewing them as transitory and unlikely to derail its gradual tightening trajectory.

**Equities:** Global equities surged as risk sentiment rebounded sharply, with US indices hitting fresh record highs after Iran confirmed the reopening of the Strait of Hormuz to non-Iranian commercial vessels, easing fears of an energy-driven stagflation shock. Oil and refined product prices fell significantly after both Tehran and Donald Trump signalled that tanker traffic through the critical chokepoint had resumed, paving the way for a normalization of global energy supply following the recent disruption. Optimism was further reinforced by indications that Iran could shut down its nuclear program. Against this backdrop, AI-linked equities led gains as renewed risk appetite fuelled speculative sectors, driving the S&P 500 up 4.54%, the Nasdaq Composite 6.2%, and the Dow Jones Industrial Average 3.19%, marking a third consecutive week of gains above 3%. In Europe, Germany's DAX rallied 3.77% to 24,702, its highest level since late February, as improving geopolitical conditions and a 10-day ceasefire between Israel and Lebanon further underpinned the global equity recovery.

**Currencies:** The U.S. Dollar Index slipped to its lowest level since the Iran conflict began, extending a third straight weekly decline (-0.56%), as easing geopolitical tensions and a sharp drop in oil prices weighed on the greenback. As a result, markets ramped up expectations for policy easing from the Federal Reserve, now pricing in roughly a 50-50 chance of a 25bps rate cut by year-end, up from around 30% previously, though still below pre-conflict expectations of two cuts. The dollar weakened broadly, with the most pronounced declines against the Swiss franc, Australian dollar, Japanese yen, and the euro, which strengthened to its highest level since before the conflict—rising 0.36% on the week for a third consecutive gain. The euro's advance was further supported by growing expectations that the European Central Bank may tighten policy later this year, even as President Christine Lagarde acknowledged that elevated energy costs have disrupted the eurozone's baseline outlook without signalling any immediate rate hikes.

**Commodities:** WTI crude oil futures tumbled over 13.17% to \$83.85 per barrel, sliding to near five-week lows after Abbas Araghchi, Foreign Minister of Iran, confirmed that the Strait of Hormuz would remain fully open to commercial traffic during the ceasefire, fuelling optimism that one of the most severe global supply disruptions in recent history is beginning to unwind. After nearly 50 days of disruption that significantly constrained global oil flows, markets are now increasingly pricing in a normalization of supply conditions. In contrast, Copper futures rallied to \$6.115 per pound, their highest level in over two months, as improving trade flows through Hormuz boosted the outlook for global manufacturing and weighed on the dollar. Physical demand has also been reinforced by China entering a restocking cycle, alongside structural tailwinds from increased investment in electrification, including power grids, data centers, and electric vehicles, driving a 3.88% weekly gain in copper.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.25	-1.60	1.94
Bund 10Y	2.96	-3.20	3.68
Gilt 10Y	4.76	-1.51	6.32
Japan 10Y	2.42	-0.57	17.33

Indices	Close	% W/W	% YTD
S&P 500	7126	4.54	4.10
EU Stoxx 600	647	2.12	5.72
FTSE 100	10668	0.63	7.41
Nikkei 225	58476	2.73	16.16

Currencies	Close	% W/W	% YTD
EURUSD	1.1765	0.36	0.16
GBPUSD	1.3516	0.40	0.30
USDJPY	158.64	-0.40	1.23
USD Index	98.10	-0.56	-0.23

Commodities	Close	% W/W	% YTD
Gold	4830	1.70	11.83
Copper	611.45	3.88	7.61
WTI Crude	83.85	-13.17	46.03
Wheat	599.25	3.19	12.80

## Performance of Major Global Financial Assets

% Change.

W/W	-1.6	-3.2	-1.5	-0.6	0.6	-4.3	4.5	6.2	2.2	3.8	0.6	2.7	1.0	-0.6	0.4	0.4	-0.4	-0.2	-0.7	-13.2	1.7	3.9	-3.9	3.2
MTD	-1.6	-1.5	-3.1	3.0	0.4	-5.9	9.2	12.4	8.8	8.9	4.8	14.5	5.5	-1.9	1.8	2.2	-0.1	-1.1	-3.8	-17.3	3.5	8.9	-2.3	-4.3
YTD	1.9	3.7	6.3	17.3	5.4	3.6	4.1	5.6	4.6	0.9	7.4	16.2	2.1	-0.2	0.2	0.3	1.2	-2.4	-1.5	46.0	11.8	7.6	-12.8	12.8
	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
	GOV. BOND YIELDS						EQUITY INDICES							CURRENCIES					COMMODITIES					

KEY: -100%



+100%

Data Sources: Bloomberg, Investing.com, TradingEconomics, T.RowePrice, Standard Investment Bank

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