

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. equities recorded mixed performances for the week. The S&P 500 extended its winning streak to the 7th consecutive week, edging higher by 0.13% and achieving a new all-time high within the week, while the Nasdaq snapped its streak of gains inching lower by 0.38%. The Dow Jones Industrial Average also shed 0.11%. Enthusiasm for large-cap technology and artificial intelligence (AI) was eclipsed by anxieties regarding stubborn inflation, surging Treasury yields, high oil prices, and international friction. Within the S&P 500, the energy sector led gains, whereas consumer discretionary, real estate, and materials sectors experienced the sharpest declines. On Tuesday, the Bureau of Labor Statistics (BLS) revealed that the consumer price index (CPI) on an annualized basis, prices jumped 3.8%, representing the sharpest 12-month expansion since May 2023. Energy costs remained a primary inflation driver, climbing 3.8% for the month after a 10.9% spike in March. Wholesale pricing data published on Wednesday further compounded anxieties regarding sticky inflation. The BLS reported that the producer price index (PPI) accelerated by 1.4% in April, marking the most substantial monthly jump since March 2022, while increasing 6.0% over the last 12 months. Following the CPI release, Chicago Fed President Austan Goolsbee acknowledged that the U.S. is dealing with an "inflation problem" and that price increases are moving in the wrong direction across more than just oil-related and tariff-impacted areas. This heightened market worries that the Federal Reserve could prolong its restrictive monetary policy. Separately, U.S. retail sales expanded by 0.5% in April, aligning with market expectations but marking a deceleration from March's downwardly adjusted 1.6% gain. Across the Atlantic, the pan-European Euro STOXX 600 closed the week 1.15% lower. Although European corporate financial results for the quarter generally indicated healthy profit growth, geopolitical friction continued to dampen market sentiment across the continent. Faltering U.S.-Iran peace negotiations sparked concerns that elevated energy costs could aggravate inflationary pressures and prompt higher interest rates. Eurozone industrial output edged up 0.2% month-over-month in March 2026, narrowly missing the projected 0.3% growth rate. However, it was the U.K. that took the front and center during the week as Prime Minister Keir Starmer faced heavy calls to resign following the departure of several government ministers, triggering widespread speculation that Andy Burnham might mount a challenge for the Labour Party leadership. This political instability weighed heavily on investor confidence, driving down both equity markets and the British pound. On the data front, UK retail sales plunged 3.0% year-over-year in April, falling significantly below the 12-month average growth rate of 1.8%. In Asia, Japanese stock markets recorded divergent outcomes over the week, with the Nikkei 225 Index shedding 2.08% while the broader TOPIX Index climbed 0.90%. Tech and AI-related shares experienced profit-taking after recent robust advances, whereas financial institutions and value-driven sectors rallied on the back of climbing domestic bond yields and anticipation that the Bank of Japan (BoJ) will press ahead with monetary policy normalization. Meanwhile, Chinese stocks closed the week lower as initial gains tied to macro data and the Trump-Xi summit dissipated. The CSI 300 Index ticked down 0.25%, and the Shanghai Composite Index fell 1.07% in local currency terms. Market sentiment initially drew support from hopes of steadying U.S.-China dynamics alongside stable April trade and inflation figures, though a lack of major policy progress at the summit capped subsequent buying interest.

Data highlights: USD Inflation Rate YoY (Apr) rose +50bps, from 3.3% to 3.8%, slightly above the expected 3.7%. USD Core Inflation Rate YoY (Apr) also rose +20bps, from 2.6% to 2.8%, +10bps above the expected 2.7%. USD PPI YoY (Apr) was up +170bps, from 4.3% to 6%, much higher than the expected 4.9%. USD Core PPI YoY (Apr) also rose +120bps, from 4% to 5.2%, +90bps above the expected 4.3%. GBP GDP YoY (Mar) pleasantly rose +10bps, from 1% to 1.1%, while consensus had wrongly expected a -20bps drop to 0.8%. EUR GDP Growth Rate YoY (Q1) fell -40bps, from 1.2% to 0.8%, in line with expectations. JPY PPI YoY (Apr) rose +200bps, from 2.9% to 4.9%, much higher than the expected +10bps rise to 3%. CNY Inflation Rate YoY (Apr) rose +20bps, from 1% to 1.2%, while consensus wrongly expected a -20bps drop to 0.8%. CNY PPI YoY (Apr) rose +230bps, from 0.5% to 2.8%, +130bps higher than the expected rise to 1.5%.

Week ahead: CNY Unemployment Rate (Apr) - Monday | JPY GDP Growth (Q1), GBP Unemployment Rate (Mar), CAD Inflation Rate YoY (Apr), CAD Core Inflation Rate YoY (Apr) - Tuesday | GBP Inflation Rate YoY (Apr), GBP Core Inflation Rate YoY (Apr), EUR CPI (Apr) - Wednesday | AUD Unemployment Rate (Apr) - Thursday | JPY Inflation Rate YoY (Apr), JPY Core Inflation Rate YoY (Apr) - Friday

Global Markets Overview

Treasury yields: The yield on the US 10-year Treasury note climbed to 4.59%, marking a fresh one-year high as markets grew increasingly concerned that the escalating Middle East conflict will fuel a new wave of inflation. Diplomatic efforts also yielded little progress, with the Trump-Xi summit ending without any major breakthroughs or signs that China would help mediate the conflict. Against this backdrop, both CPI and PPI data pointed to mounting inflationary pressure from the energy shock, prompting traders to fully price in a Federal Reserve rate hike by March next year, alongside growing expectations of additional tightening before the end of 2026. In Europe, Germany's 10-year Bund yield surged to 3.17%, its highest level since May 2011, as investors braced for faster interest-rate hikes and weaker economic growth linked to the fallout from the Iran war. Markets are fully pricing in three rate hikes from the European Central Bank.

Equities: US equity futures pulled back from the record highs reached in the previous session as elevated energy prices and the prospect of a more hawkish Federal Reserve shifted market focus away from the recent AI-driven rally. Nasdaq futures fell 0.38%, while Dow futures declined 0.11%, with contracts tied to the broader market edging just 0.13% higher. The weakness was concentrated in AI hyperscalers and infrastructure-linked names following an extended surge fuelled by strong earnings and upbeat guidance. Broader sentiment was also weighed down by fears that rising energy costs could reignite inflation and keep interest rates restrictive for longer, particularly as resilient economic data continued to support hawkish voices within the Fed. In the UK, the FTSE 100 slipped 0.37% as investors navigated growing concerns around inflation, monetary policy uncertainty, and rising political tensions. Sentiment was further dampened by speculation that Greater Manchester Mayor Andy Burnham could mount a challenge for national leadership in Westminster, adding another layer of uncertainty to the domestic outlook.

Currencies: The dollar index climbed to 99.28, its strongest level in roughly a month, as escalating concerns over war-driven inflation boosted demand for the greenback. Meanwhile, both CPI and PPI data pointed to mounting inflationary pressure from the energy shock, prompting markets to fully price in a Federal Reserve rate hike by March next year and assign more than a 50% probability of additional tightening before the end of 2026. The dollar strengthened broadly, posting its largest gains against the Australian dollar and the British pound, and ending the week up 1.41%. The euro fell to \$1.1625, its weakest level since early April, bringing its weekly decline against the dollar to 1.39%. Investors increasingly expect the Iran conflict to weigh on European growth while simultaneously fuelling inflation through higher energy prices.

Commodities: WTI crude oil futures surged to \$105.42 per barrel, posting a sharp 10.48% weekly gain as the continued closure of the Strait of Hormuz kept global supply concerns firmly in focus. Efforts to resolve the conflict showed little progress, with ongoing disruptions across energy markets intensifying inflation fears worldwide. Tensions remained elevated after President Trump dismissed the opening terms of Iran's latest proposal as "unacceptable," while the continued closure of the Strait of Hormuz drove oil prices sharply higher on fears of prolonged supply disruptions. The International Energy Agency warned that oil markets could remain critically undersupplied until October even if hostilities end next month. Meanwhile, inventories continued to tighten and tanker movements through Hormuz remained severely restricted, with only a limited number of vessels able to exit the Persian Gulf since the conflict began. Separately, Silver lost its shine in the week, falling more than 5.41% to \$75.9921 per ounce, extending losses for a second straight session as rising US inflation pressures and growing expectations of tighter monetary policy weighed on sentiment.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.59	5.50	10.23
Bund 10Y	3.17	5.39	10.93
Gilt 10Y	5.17	5.29	15.47
Japan 10Y	2.72	9.42	31.51

Indices	Close	% W/W	% YTD
S&P 500	7409	0.13	8.22
EU Stoxx 600	628	-1.15	2.50
FTSE 100	10195	-0.37	2.66
Nikkei 225	61409	-2.08	21.99

Currencies	Close	% W/W	% YTD
EURUSD	1.1625	-1.37	-1.03
GBPUSD	1.3326	-2.24	-1.11
USDJPY	158.74	1.31	1.30
USD Index	99.28	1.41	0.98

Commodities	Close	% W/W	% YTD
Gold	4540	-3.71	5.11
Copper	625.15	0.04	10.02
WTI Crude	105.42	10.48	83.59
Wheat	635.75	2.71	19.67

Performance of Major Global Financial Assets

% Change.

W/W	5.5	5.4	5.3	9.4	1.7	5.9	0.1	-0.4	-1.4	-1.6	-0.4	-2.1	-1.6	1.4	-1.4	-2.2	1.3	0.2	1.9	10.5	-3.7	0.0	-2.9	2.7
MTD	5.1	4.3	3.2	7.6	0.2	2.3	2.8	6.1	-0.9	-1.4	-1.8	3.6	0.7	1.3	-0.9	-2.0	1.4	-0.2	0.1	0.3	-1.7	5.5	-6.5	-0.2
YTD	10.2	10.9	15.5	31.5	7.0	11.2	8.2	15.3	0.6	-2.2	2.7	22.0	1.3	1.0	-1.0	-1.1	1.3	-2.5	0.8	83.6	5.1	10.0	-18.1	19.7
	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, Trading Economics, T. RowePrice, Standard Investment Bank

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