

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. equity markets ended the week lower, led by weakness in technology stocks. The Nasdaq Composite posted the largest decline, falling 4.53%, and the S&P 500, which recorded its first weekly loss since March, shedding 2.59% and ending a tremendous 9-week winning streak. The Dow Jones Industrial Average was the most resilient, slipping just 0.21%. Markets initially benefited from optimism surrounding artificial intelligence, but those gains faded as investors grappled with volatile oil prices linked to souring developments in the Middle East, lofty expectations for AI-related companies, an increasing number of AI-focused equity offerings, and stronger-than-expected employment data. While robust payroll growth reinforced confidence in the economy's strength, it also fuelled concerns that inflation could remain persistent and keep the Federal Reserve's monetary policy restrictive for longer. The week's most significant economic release was the May nonfarm payrolls report, which surprised to the upside. The U.S. economy added 172,000 jobs, substantially above forecasts of roughly 80,000. In addition, April payroll growth was revised upward to 179,000 from 115,000. The unemployment rate remained unchanged at 4.3%. However, some indicators suggested underlying softness. Initial unemployment claims increased to 225,000, the highest level since early February, while announced layoffs rose for a third consecutive month. Further, economic data generally portrayed a resilient economy alongside ongoing price pressures. The Institute for Supply Management's manufacturing PMI climbed to 54.0 in May, its highest level in four years and above expectations. Similarly, the Federal Reserve's Beige Book indicated that economic activity increased in most regions of the country, while businesses continued to report moderate to strong price increases. Moving across the Atlantic, European markets were mixed as investors weighed progress in U.S.-Iran negotiations, reports of a potential Israel-Lebanon ceasefire, and plans by the Trump administration to impose new tariffs ranging from 10% to 12.5% on many countries. The pan-European STOXX 600 was lower by a modest 0.11% while the Euro STOXX 50 closed 0.19% higher for the week. Economic data showed that the eurozone economy contracted by 0.2% in the first quarter, a downward revision from earlier estimates. Meanwhile, retail sales also weakened across the euro area, though France recorded a modest increase. In France, industrial production was broadly stable and the country's trade deficit narrowed thanks to stronger exports. In the UK, new vehicle registrations rose to their highest May level since 2019, driven by strong demand for electric and plug-in hybrid vehicles, while sales of petrol and diesel cars continued to decline. Markets also digested political developments, where Andy Burnham announced plans to challenge Keir Starmer for the leadership, contingent on securing a parliamentary seat through the upcoming Makerfield by-election. In Asia, Japanese stocks delivered mixed performance, with the Nikkei 225 edging higher by 0.39% while the broader TOPIX slipped slightly. Investor sentiment remained cautious amid uncertainty surrounding the fragile ceasefire between the U.S. and Iran and the implications of higher energy prices for inflation and interest rates. Bank of Japan Governor Kazuo Ueda emphasized that policymakers should remain particularly vigilant regarding inflation risks stemming from supply disruptions linked to the Middle East conflict. Finally, Chinese equities moved lower as investors assessed signs of an uneven economic recovery. Mainland markets and Hong Kong stocks both declined, although gains among technology companies helped limit losses.

Data highlights: USD Unemployment Rate (May) stayed the same at 4.3%, as expected. CAD Unemployment Rate (May) fell -30bps, from 6.9% to 6.6%, against a flat consensus of 6.9%. CHF GDP Growth Rate YoY (Q1) fell -80bps, from 1.1% to 0.3% against the expected -10bps drop to 1%. CHF Inflation Rate YoY (May) stayed the same at 0.6%, -20bps from the 0.8% expectation. CHF Unemployment Rate (May) stayed the same at 3%, consensus wrongly expected a -10bps drop to 2.9%. EUR Unemployment Rate (Apr) stayed the same at 6.3%, against the expected a -10bps drop to 6.2%. EUR Inflation Rate (Apr) rose +20bps, from 3% to 3.2%, as expected. EUR PPI YoY (Apr) rose +290bps, from 2% to 4.9%, +10bps from the softer 4.8% expectation. EUR GDP Growth Rate YoY (Q1) fell -90bps, from 1.2% to 0.3%, -40bps from the 0.8% expectation. AUD GDP Growth Rate YoY (Q1) stayed the same at 2.5%, versus an expected +20bps to 2.7%.

Week ahead: JPY GDP Growth Annualized (Q1) - Monday | JPY PPI YoY (May), CNY PPI YoY (May), CNY Inflation Rate YoY (May), USD Inflation Rate YoY (May), USD Core Inflation Rate YoY (May), CAD BoC Interest Rate Decision - Wednesday | EUR ECB Interest Rate Decision, USD PPI YoY (May), USD Core PPI YoY (May) - Thursday | EUR Inflation Rate YoY (May), GBP GDP YoY (Apr) - Friday

Global Markets Overview

Treasury yields: The U.S. 10-Year Treasury Note yield climbed to 4.53%, its highest level in weeks, as a robust US employment report strengthened the case for further monetary tightening and pushed markets to almost fully price in a 25-basis-point Federal Reserve rate hike by year-end. The US economy added 172,000 jobs in May, comfortably surpassing expectations of 85,000, while payroll figures for March and April were revised upward, reinforcing the view that labour market conditions remain resilient. Across the Atlantic, the UK 10-Year Gilt yield returned to 4.9%, tracking the move higher in US yields as investors reassessed the global interest-rate outlook. On the monetary policy front, investors are now pricing in nearly two rate hikes from the Bank of England this year, with the first widely expected as early as September.

Equities: US equities retreated sharply as a broad selloff in semiconductor and AI-related shares unsettled investors late in the week, erasing much of the market's recent momentum. The Nasdaq Composite tumbled 4.53%, recording its worst session since April 2025, while the S&P 500 fell 2.59%. The Dow Jones Industrial Average proved more resilient, slipping just 0.21% despite touching a record high on Thursday. Technology stocks led the decline, with Broadcom shedding more than 7% on Friday after a double-digit drop the previous session, sparking a broader rotation out of AI infrastructure plays. In Europe, markets were more resilient but still struggled for direction amid the ongoing impasse between the United States and Iran, as well as growing expectations of tighter monetary policy. The EURO STOXX 50 edged 0.19% higher to 6,062, while the STOXX Europe 600 surrendered earlier gains to finish marginally lower at 649. With the European Central Bank widely expected to raise rates next week and markets increasingly pricing in a potential Federal Reserve hike later this year, higher-for-longer rate expectations continued to weigh on sentiment, particularly across growth-oriented and technology sectors.

Currencies: The U.S. Dollar Index climbed to 100.07, securing a 1.14% weekly gain as robust labour market data reinforced expectations that the Federal Reserve may need to maintain a restrictive policy stance—or potentially tighten further—to contain inflation. The US economy added 172,000 jobs in May, far exceeding forecasts of 85,000, while unemployment remained steady at 4.3%, underscoring the resilience of the labour market. Geopolitical uncertainty also supported safe-haven demand, with Donald Trump signalling that peace negotiations were approaching a critical stage while remaining cautious about escalating tensions with Iran. Meanwhile, the euro surrendered earlier gains to trade at \$1.1522, its weakest level since April 6, heading for a 0.7% weekly decline as investors rotated into the dollar following the stronger US employment report. Markets are now fully pricing in a Federal Reserve rate hike by year-end, while simultaneously anticipating a 25-basis-point increase from the European Central Bank at its June 11 meeting, with as many as two to three additional hikes expected this year.

Commodities: WTI crude oil futures advanced 3.64% to \$90.54 per barrel on Friday as markets balanced persistent geopolitical uncertainty against mounting evidence of slowing global demand. While Donald Trump maintained that negotiations between the United States and Iran are progressing, disagreements surrounding Lebanon continued to hinder prospects for a broader settlement. At the same time, concerns over consumption intensified after China reported its lowest crude import volumes in a decade, reflecting weaker refinery activity and softer underlying demand, prompting several analysts to downgrade expectations for global oil demand growth this year. Meanwhile, Silver slumped to \$67.83 per ounce, its lowest level since late March, extending losses to 9.91% for the week as stronger-than-expected US labour data and lingering Middle East tensions reinforced concerns over inflation and interest rates.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.53	2.14	8.72
Bund 10Y	3.04	3.40	6.41
Gilt 10Y	4.90	1.89	9.47
Japan 10Y	2.67	0.19	29.33

Indices	Close	% W/W	% YTD
S&P 500	7384	-2.59	7.86
EU Stoxx 600	649	-0.11	5.94
FTSE 100	10368	-0.40	4.40
Nikkei 225	66588	0.39	32.28

Currencies	Close	% W/W	% YTD
EURUSD	1.1522	-1.18	-1.91
GBPUSD	1.3342	-0.85	-0.99
USDJPY	160.29	0.64	2.28
USD Index	100.07	1.14	1.78

Commodities	Close	% W/W	% YTD
Gold	4328	-4.67	0.21
Copper	628.45	-1.64	10.60
WTI Crude	90.54	3.64	57.68
Wheat	580.00	-5.00	9.18

Performance of Major Global Financial Assets

% Change.

W/W	2.1	3.4	1.9	0.2	1.6	4.1	-2.6	-4.5	0.2	-1.4	-0.4	0.4	-0.9	1.1	-1.2	-0.8	0.6	0.3	2.1	3.6	-4.7	-1.6	-7.2	-5.0
MTD	2.1	3.4	1.9	0.2	1.6	4.1	-2.6	-4.5	0.2	-1.4	-0.4	0.4	-0.9	1.1	-1.2	-0.8	0.6	0.3	2.1	3.6	-4.7	-1.6	-7.2	-5.0
YTD	8.7	6.4	9.5	29.3	3.5	7.0	7.9	14.7	4.7	1.1	4.4	32.3	-2.6	1.8	-1.9	-1.0	2.3	-2.9	0.0	57.7	0.2	10.6	-24.4	9.2
	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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