Weekly Market Report For 11 – 15 May 2026

Overview

- Global equities declined while bond yields climbed amid mounting inflation concerns, elevated oil prices and disappointment over the Trump–Xi meeting, which failed to deliver major breakthroughs on trade and AI cooperation.
- Stronger-than-expected U.S. inflation data pushed the 10-year Treasury yield to 4.59%, the highest level in more than a year, as energy prices and input costs remained elevated.
- South Korean equities slumped sharply following heavy selling in shares of Samsung Electronics and SK Hynix.
- Japanese stocks retreated on profit-taking in AI-related shares.
- China's economy showed signs of recovery, supported by improving PMI readings and stronger exports, while inflation accelerated alongside higher energy prices.
- Alibaba Group and Tencent Holdings posted slightly weaker-than-expected earnings due to rising AI capex, despite resilient growth in cloud and online advertising businesses.
- Thai equities advanced on strong first-quarter earnings and support from the MSCI rebalancing.

Market Brief

Last week, global capital markets and U.S. equities broadly moved lower, while bond yields continued to rise amid persistent inflation concerns and elevated oil prices. Investors have been disappointed with the meeting between Donald Trump and Xi Jinping. Although the talks were seen as constructive, they yielded no concrete agreements on trade or AI collaboration.

Key Takeaways from the Trump-Xi Meeting

o Xi warned the U.S. over Taiwan, stating that mishandling the issue could trigger conflict between the two superpowers, while Trump reaffirmed that Washington's Taiwan policy remains unchanged.

o The U.S. and China agreed that the Strait of Hormuz should remain open to avoid disruptions to the global economy and energy markets.

o China is reportedly preparing to purchase 200 aircraft from Boeing and increase imports of U.S. agricultural products, although no detailed agreements were announced.

o Investors closely watched Jensen Huang amid expectations surrounding chip exports to China, though no major deal materialized.

o Following the meeting, global equities weakened as investors reduced exposure to Asian and AI-related stocks after the absence of meaningful trade and AI agreements.

U.S. Economic Data

o Consumer inflation accelerated, with CPI rising 0.6% MoM and 3.8% YoY, marking the highest reading since May 2023, driven primarily by higher energy prices. Core CPI increased 0.4% MoM and 2.8% YoY, both above market expectations.

o Producer prices also accelerated, with PPI rising 1.4% MoM and 6.0% YoY, underscoring persistent cost pressures across the economy.

o Following the stronger inflation data, the U.S. 10-year Treasury yield climbed to 4.59%, its highest level in more than a year, reflecting investor concerns over inflation and sustained energy price pressures.

South Korea and Japan

o South Korean equities faced heavy selling pressure, falling more than 6% in a single session, led by declines of roughly 7–8% in Samsung Electronics and SK Hynix shares.

o Japanese equities also retreated, with the Nikkei 225 declining 2% week-on-week amid profit-taking in AI-related stocks.

China

o April economic data pointed to improving momentum. The Services PMI rose to 52.6 from 52.1 in March, while the Composite PMI Output Index came in at 53.1, indicating continued expansion in economic activity.

o Producer price index rose 2.8% YoY, the highest since July 2022, while consumer inflation increased 1.2% YoY, partly driven by higher energy prices.

o Exports expanded 14.1% YoY, with shipments to the U.S. rising 11.3%.

Alibaba and Tencent Earnings

o Alibaba reported revenue growth of 3% YoY, missing expectations, while net profit declined due to accelerated investment in AI and quick commerce initiatives. However, the Cloud business remains robust, with revenue growing 38% YoY, while the share of revenue from AI and Cloud services continues to increase.

o Tencent's total revenue grew around 9% YoY, slightly missing expectations, supported by its gaming and online advertising businesses. Online ad revenue rose 20%, driven by AI-powered advertising systems, despite ongoing pressure from increased AI capex.

Thailand's SET Index rose 1.2% to close at 1,517.95 points last week, supported by strong first-quarter earnings, positive sentiment from the MSCI rebalancing and continued foreign fund inflows. Foreign investors were net buyers of THB 9.2 billion.

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