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## Weekly Market Report For 18 – 22 May 2026



### Overview

- U.S. equities rebounded despite continued pressure from higher bond yields and escalating tensions in the Middle East.
- AI-related stocks remained a key driver of global markets after NVIDIA reported stronger-than-expected earnings.
- Asian equities outperformed, led by Japan and South Korea, supported by gains in technology shares.
- European and Chinese economies continued to slow amid persistent inflationary pressure and weak demand.
- Thai equities advanced on stronger-than-expected GDP growth and additional government stimulus measures.

### Market Brief

- U.S. equities moved higher last week:**
  - The Dow Jones rose 2.1%, the S&P 500 gained 0.9%, and the NASDAQ advanced 0.5%.
  - Early in the week, markets were pressured by concerns over escalating tensions between the U.S. and Iran, which could fuel inflation through higher energy prices. U.S. 30-year Treasury yields climbed above 5.18%, the highest level in nearly 20 years, while 10-year yields rose to 4.69%.
  - Markets also responded to the appointment of new Fed Chair Kevin Warsh, as investors assessed that the Federal Reserve may need to maintain a tighter monetary stance amid persistent inflationary pressures.
  - Sentiment improved in the middle to late part of the week following optimism over a temporary ceasefire framework between the U.S. and Iran. Oil prices declined and moved back below \$100 per barrel, while the 10-year Treasury yield eased to 4.56% by week's end.
- AI-related stocks continued to underpin global markets:**
  - NVIDIA reported revenue of \$81.6 billion, up 85% YoY, while earnings per share came in at \$1.87, above market expectations of \$1.77.
  - The company also delivered strong guidance for the next quarter and announced an increase in its quarterly dividend. Although Nvidia shares consolidated following the earnings release amid elevated investor expectations, the stronger-than-expected results continued to support market sentiment and reinforced momentum in AI-related equities.
- U.S. economic data continued to point to expansion, though inflationary pressure persisted:**
  - May manufacturing PMI rose to 55.3, the highest level in four years.
  - Services PMI slowed to 50.9, the lowest level in two months.
  - Input costs increased at the fastest pace since late 2022, while consumer sentiment fell to a record low amid elevated living costs.
- Asian equities rebounded strongly on continued AI enthusiasm:**
  - South Korean equities were supported by gains in NVIDIA. Samsung Electronics shares surged more than 7% after reaching an agreement with its labor union.
  - Japan's Nikkei 225 rose 3.14%, driven by strong gains in SoftBank Group amid AI-related optimism and expectations surrounding a potential listing of OpenAI. Meanwhile, Arm Holdings, in which SoftBank holds a major stake, was increasingly viewed as a critical long-term AI infrastructure player, contributing to a re-rating of SoftBank shares.
- European equities also advanced, with the STOXX 600 gaining 3% on hopes that Middle East tensions may gradually ease. However, Europe's economic outlook remained under pressure after the EU lowered its GDP growth forecast for this year to 0.9% from 1.4%, while raising its inflation forecast to 3.0% from 1.9%.**
- China's economy continued to show signs of slowing:**
  - April industrial production rose 4.1% YoY, moderating from the previous month.
  - Retail sales increased just 0.2% YoY, the weakest pace since late 2022.
  - Fixed-asset investment contracted 1.6%.
  - The People's Bank of China kept both the 1-year and 5-year Loan Prime Rates unchanged, signaling a preference for targeted stimulus measures rather than broad-based monetary easing.
- Thai equities continued to strengthen, with the SET Index rising 1.4%, supported by strong first-quarter earnings, better-than-expected GDP growth, and additional government stimulus measures:**
  - Thailand's first-quarter GDP expanded 2.8% YoY, above market expectations of 1.7%.
  - The Cabinet approved the THB173 billion "Thai Help Thai Plus" stimulus package, which includes expanded co-payment subsidy programs and increased support for state welfare card holders to boost domestic consumption.

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