

Weekly Market Newsletter

The Divergence: Fading Sentiment vs. Record Earnings

+0.9%	4.56%	\$4,507.97	\$96.48	16.83
S&P 500 (1W)	US10-YR	Gold / oz	WTI Crude	VIX

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SNAPSHOT (2 min. read)

- **Consumer Sentiment Reaches All Time Low:** The final University of Michigan Consumer Sentiment Index for May plunged to a historic low of 44.8, collapsing under the weight of severe energy costs.
- **Long Run Inflation Fears Accelerate:** Driven heavily by soaring retail gasoline prices, consumers year ahead inflation expectations grew to 4.80 percent, while long term 5-10 year expectations marched upward to 3.90 percent.
- **Labor Market Tightness Sustained:** Defying the drop in consumer confidence, US Initial Jobless Claims fell ahead of schedule to a tight 209k, confirming deep structural resilience in employment that keeps the macro picture firmly conflicted.
- **NVIDIA Beats Estimates:** Semiconductor heavyweight NVIDIA Corporation dominated corporate updates, reporting first quarter earnings of 1.87 per share over the forecasted 1.77, while lifting next quarter revenue guidance to 91 billion.
- **Retail Earnings Anchor Core Sentiment:** Major defensive and discretionary retail names across the consumer sector managed to beat or firmly match expectations, helping to provide an essential valuation baseline for equity indexes amidst macro headwinds.

WEEKLY RECAP

The past trading week delivered a complex mix of economic indicators and corporate performance that left markets balancing sticky inflation anxieties against resilient corporate fundamentals. On the macroeconomic front, the preliminary University of Michigan consumer sentiment reading plunged to a disappointing 44.8, widely missing forecasts as both current conditions and future expectations pulled back sharply. Driving this pessimistic consumer outlook was a notable uptick in inflation expectations, with the one-year outlook climbing to 4.8 percent and the five-to-ten-year outlook rising to 3.90. Conversely, the labor market showed continued tightness as initial jobless claims for the week ending May 16 fell to 209k, coming in below expectations and reinforcing the narrative that the employment sector remains robust despite broader consumer caution.

Meanwhile, corporate earnings reports painted a much more stable picture of economic activity, driven by standout results from major retail and technology heavyweights. In the consumer sector, major brands demonstrated strong pricing power and operational resilience, with Home Depot, Lowe's, Walmart, and Target all beating or matching their respective earnings per share estimates. This retail strength extended into the apparel and other segments, where Ralph Lauren, Williams Sonoma, and Ross Stores comfortably outpaced expectations. The biggest market catalyst came from the technology sector as NVIDIA delivered another dominant performance, posting actual earnings per share of 1.87 against the 1.77 estimate.

Across asset classes, the combination of strong corporate earnings and elevated long term inflation expectations created a mixed backdrop for performance. Equity indices found crucial technical support from the blockbuster tech and retail earnings, helping to offset the downward pressure generated by the negative consumer sentiment survey. In fixed income markets, the combination of lower jobless claims and rising long term consumer inflation expectations pushed treasury yields higher as market participants adjusted to the reality of a patient

Federal Reserve. Looking ahead, this past weeks tension between deteriorating consumer confidence and exceptionally strong corporate profits sets up a critical tug of war for asset valuations as institutional investors reposition for the upcoming macro data cycle.

NEXT WEEK PREVIEW

The upcoming trading week centers squarely on the intersection of core inflation data and corporate consumer health metrics, forcing investors to weigh whether sticky pricing pressures will alter the Federal Reserve interest rate trajectory. The primary macroeconomic focal point is Fridays Core PCE Price Index release, the Feds preferred inflation gauge, which is projected at 3.30% year over year. Any hotter than expected reading on this metric, or the month over month calculation, is highly likely to trigger an immediate spike in Treasury yields and put severe downward pressure on growth equities. Coupled with a projected first quarter annualized GDP rate of 2.10%, market participants will be closely parsing the data to determine if the economy is settling into a regime of moderate expansion alongside persistent, sticky prices.

The corporate calendar features a heavy block of retail and enterprise tech earnings that will serve as a crucial diagnostic for both consumer and corporate spending health. High profile retail updates from discount and discretionary players like Costco, Best Buy, Dollar Tree, and Burlington Stores will reveal whether middle class consumers are aggressively trading down to discount options or maintaining discretionary spending power. On the corporate side, Wednesday's software results from Salesforce and Snowflake will be heavily scrutinized to gauge whether the massive corporate spending boom on artificial intelligence infrastructure is translating into real, bottom line software revenue, or if enterprise IT budgets are beginning to constrict in the face of elevated interest rates.

Across broader financial assets, these catalysts are expected to generate elevated volatility. The S&P 500 and Nasdaq remain highly sensitive to macro data, with hotter inflation threatening to push index averages down toward near-term technical support lines. Meanwhile, fixed income markets are bracing for upside yield pressure if initial jobless claims continue to signal employment resilience alongside sticky inflation. Finally, the US Dollar Index, also known as the DXY, is expected to maintain its strong positioning, supported by a combination of defensive safe haven flows and relative weakness in international economic gauges like the Eurozone Economic Confidence index.

MARKET MONITOR

Global Investment Market Dashboard

Equities	Level	1 Week	QTD	YTD	1 Year	3 yr (cum.)
S&P 500	7,473	0.9	14.5	9.2	27.9	78.3
NASDAQ Composite	26,344	0.5	22.0	13.3	39.2	107.1
Russell 2000	2,869	2.7	14.9	15.6	40.3	59.8
Euro Stoxx 600	625	3.0	7.2	5.6	13.6	33.3
German DAX	24,889	3.9	9.7	1.6	3.7	53.4
Nikkei 225	63,339	3.1	24.0	25.8	70.4	105.6
CSI 300	4,845	-0.3	8.9	4.6	24.8	25.8
Hang Seng	25,606	-1.4	3.3	-0.1	8.8	30.1
MSCI World	4,777	0.8	12.2	7.8	25.1	67.9
MSCI EM (USD)	1,676	0.4	19.9	19.3	43.8	70.4

NTM P/E	P/B	Div. Yld	Mkt. Cap (bn)
22.2	5.7	1.1	66.2
28.4	8.4	0.5	46.0
31.2	2.5	1.2	3.9
15.4	2.4	3.0	16.0
16.0	2.0	2.6	2.0
22.4	3.0	1.3	1,009.3
15.3	1.9	2.3	55.4
11.5	1.4	3.0	29.9
20.3	4.1	1.5	97.7
12.5	2.5	2.0	29.4

Fixed Income	Yield	1 Week	QTD	YTD	1 Year	3 yr (cum.)
U.S. Aggregate	4.79	0.26	-0.40	-0.45	5.29	12.08
U.S. Corporate	5.26	0.31	0.24	-0.29	6.30	16.78
U.S. High Yield	7.12	0.25	1.63	1.13	7.63	29.72
Euro Aggregate	3.50	1.01	1.00	0.15	1.46	10.34
Euro High Yield	5.86	0.11	2.41	0.87	4.00	24.83

Commod.	22/05/2026	15/05/2026	08/05/2026
WTI Crude	96.48	105.42	95.42
Brent Crude	103.58	109.26	101.29
Natural Gas	2.91	2.96	2.76
Gold	4,507.97	4,540.08	4,715.25
Silver	75.50	75.99	80.34

Key Rates	22/05/2026	15/05/2026	08/05/2026	30/04/2026	24/04/2026	17/04/2026
VIX Index	16.83	18.43	17.19	16.89	18.71	17.48
30-Year Fixed Mortg.		7.09	6.44	6.35	6.36	6.41
Fed Funds Target	3.75	3.75	3.75	3.75	3.75	3.75
SOFR	4.28	3.55	4.31	3.66	4.31	3.65
ECB Deposit Rate	2.00	2.00	2.00	2.00	2.00	2.00

Currencies	22/05/2026	15/05/2026	08/05/2026
Euro	1.16	1.16	1.18
Pound	1.34	1.33	1.36
Japanese Yen	159.17	158.74	156.68
Swiss Franc	1.27	1.27	1.29
Bitcoin	75,879	79,081	80,124

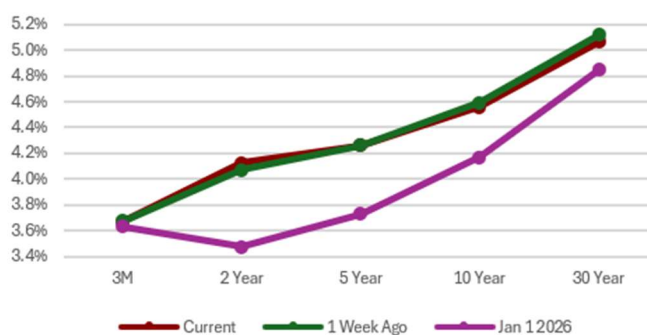
S&P 500 Weekly Sector

Sector	% Change
Health Care	3.3%
Utilities	3.3%
Real Estate	3.0%
Consumer Discretionary	1.9%
Financials	1.6%
Information Technology	1.0%
Industrials	0.2%
Materials	0.0%
Energy	-0.4%
Consumer Staples	-1.0%
Communication Services	-1.9%

Fed Rate Hike/Cut Probability

Meeting	#Hikes/Cuts	Implied Rate
17-Jun-26	0.00	3.63
29-Jul-26	0.19	3.67
16-Sep-26	0.48	3.75
28-Oct-26	0.67	3.79
29-Dec-26	0.99	3.87
27-Jan-27	1.17	3.92
17-Mar-27	1.42	3.98
28-Apr-27	1.53	4.01
09-Jun-27	1.49	4.00

US Treasury Yield Curve



US Treasury Curve	3M	2 Year	5 Year	10 Year	30 Year
Current	3.67	4.12	4.26	4.56	5.07
1 Week Ago	3.67	4.07	4.26	4.59	5.12
1 Month Ago	3.63	3.48	3.73	4.17	4.85

S&P 500 Leaders & Laggards

Stock	1 Week %	Stock	1 Week %
Dell Technologies	+21.9%	Intuit Inc	-18.6%
HP Inc	+21.3%	Vertiv Holdings	-11.7%
Skyworks Solutions	+20.3%	EchoStar Corp	-9.5%

RF ASSET ALLOCATION

Cash & Money Market		Neutral
Cash	Neutral	Our outlook for 2026 remains Neutral on cash, as we believe the peak in policy rates presents a window to migrate liquidity into short-dated fixed income and the belly of the curve. By prioritizing 1-5 year maturities over pure cash, we aim to lock in attractive yields before the anticipated easing in H1 2027, while simultaneously avoiding the duration risk at the long end of the curve driven by a challenging US fiscal outlook.
Government Bills	Neutral	
Commercial Paper	Neutral	
Credit & Duration		Negative
Investment Grad	Neutral	The current macroeconomic outlook suggests that interest rates will likely remain on hold throughout 2026, with only modest easing expected in the first half of 2027 as the Fed maintains a cautious, neutral stance. This transition is complicated by a deteriorating US fiscal situation, where persistent deficits and high debt issuance are expected to keep the long end of the yield curve elevated, making short-dated maturities and a selective exposure to the "belly" of the curve the more reasonable play. Furthermore, while credit spreads have moved off their 2024 lows, they remain historically tight, leaving High Yield debt vulnerable to any economic softening and justifying a negative stance on the sector.
High Yield	Negative	
Sovereign	Neutral	
Corporate	Neutral	
Short-dated Duration	Positive	
Long-dated Duration	Negative	
Equities		Positive
United States	Positive	The US market is enjoying the tailwinds from the AI-driven super cycle. This is fueling record capital expenditure and rapid earnings expansion. This momentum is expected to spread beyond big tech into utilities, healthcare, and industrials. Robust and accelerating earnings growth (+25% Q1) is keeping valuations attractive. After years of corporate reforms focused on increasing profitability and capital efficiency, we are now seeing increased interest in Japanese equities from international and institutional investors. There is also a structural economic pivot under the new government, focused on "pro-growth" policies emphasizing economic security, defense, and AI. Emerging Market equities should continue to benefit from its concentration in critical AI tech. South Korea is the worlds largest memory chip player, Taiwan is the largest semi conductor manufacturer and China is in direct competition with the US in building out its AI ecosystem.
Europe	Negative	
Japan	Positive	
Emerging Markets	Positive	
Alternatives		Positive
Gold	Positive	Gold as an intrinsic asset remains attractive as global central banks (especially China, India, and Turkey) have been buying gold at record rates to diversify away from the US Dollar. This creates a "structural floor" under the price. We are positive on silver in the context of its dramatic pullback from its all time high in January. Silver as an industrial metal should continue to see structural demand particularly for EV and AI development. Like Silver, Bitcoin and Ethereum are well off their highs and provide uncorrelated returns and a debasement hedge against the increasingly deteriorating US fiscal situation.
Silver	Positive	
Bitcoin	Positive	
Ethereum	Positive	
Oil	Neutral	

THE WEEK IN REVIEW

Economic Data

Country	Indicator	Event	Period	Actual	vs. Expectations
United States	Housing	Pending Home Sales MoM	Apr	1.40%	Above Expectations
United States	Employment	Initial Jobless Claims	16-May	209k	Below Expectations
United States	Housing	Housing Starts MoM	Apr	-2.80%	Above Expectations
United States	Housing	Building Permits MoM	Apr P	5.80%	Above Expectations
United States	Industrial Production	S&P Global US Manufacturing PMI	May P	55.3	Above Expectations
United States	Services	S&P Global US Services PMI	May P	50.9	Below Expectations
United States	Confidence	U. of Mich. Sentiment	May F	44.8	Below Expectations
United States	Confidence	U. of Mich. Current Conditions	May F	45.8	Below Expectations
United States	Confidence	U. of Mich. Expectations	May F	44.1	Below Expectations
United States	Inflation	U. of Mich. 1 Yr Inflation	May F	4.80%	Above Expectations
United States	Inflation	U. of Mich. 5-10 Yr Inflation	May F	3.90%	Above Expectations
Eurozone	Industrial Production	S&P Global Eurozone Manufacturing PMI	May P	51.4	Below Expectations
Eurozone	Services	S&P Global Eurozone Services PMI	May P	46.4	Below Expectations
Eurozone	Inflation	Labour Costs YoY	1Q P	3.40%	--
Eurozone	Confidence	Consumer Confidence	May P	-19	Above Expectations
Eurozone	Inflation	Negotiated Wages	1Q	2.46%	Below Expectations
Japan	Growth	GDP Annualized SA QoQ	1Q P	2.10%	Above Expectations
Japan	Growth	GDP Nominal SA QoQ	1Q P	0.80%	In Line w/ Expectations
Japan	Inflation	GDP Deflator YoY	1Q P	3.40%	Above Expectations
Japan	Consumption	GDP Private Consumption QoQ	1Q P	0.30%	Above Expectations
Japan	Consumption	GDP Business Spending QoQ	1Q P	0.30%	In Line w/ Expectations
Japan	Trade	Exports YoY	Apr	14.80%	Above Expectations
Japan	Investment	Core Machine Orders MoM	Mar	-9.40%	Below Expectations
Japan	Investment	Core Machine Orders YoY	Mar	5.90%	Above Expectations
Japan	Growth	S&P Global Japan PMI Composite	May P	51.1	--
Japan	Industrial Production	S&P Global Japan PMI Mfg	May P	54.5	--
Japan	Services	S&P Global Japan PMI Services	May P	50	--
Japan	Inflation	Natl CPI YoY	Apr	1.40%	Below Expectations
Japan	Inflation	Natl CPI Ex Fresh Food, Energy YoY	Apr	1.90%	Below Expectations

Company Earnings

Company Name	Estimate EPS	Actual EPS	Company Name	Estimate EPS	Actual EPS
Home Depot Inc/The	3.414	3.43	NVIDIA Corp	1.773	1.87
Keysight Technologies Inc	2.32	2.87	Deere & Co	5.704	6.55
Cava Group Inc	0.177	0.20	Advance Auto Parts Inc	0.506	0.77
Toll Brothers Inc	2.586	2.72	Walmart Inc	0.66	0.66
Lowe's Cos Inc	2.965	3.03	Ralph Lauren Corp	2.541	2.80
Target Corp	1.431	1.71	Williams-Sonoma Inc	1.808	1.93
Analog Devices Inc	2.917	3.09	Ross Stores Inc	1.72	2.02
TJX Cos Inc/The	1.013	1.19	Zoom Communications Inc	1.418	1.55
Intuit Inc	12.543	12.80	Deckers Outdoor Corp	0.827	0.96
Urban Outfitters Inc	1.152	1.30	Take-Two Interactive Software	0.563	0.80
elf Beauty Inc	0.301	0.32	BJ's Wholesale Club Holdings I	1.034	1.10

THE WEEK AHEAD

Economic Data

Country	Indicator	Event	Period	Estimate
United States	Confidence	Conf. Board Consumer Confidence	May	92
United States	Consumption	Personal Spending	Apr	0.50%
United States	Inflation	PCE Price Index MoM	Apr	0.50%
United States	Inflation	PCE Price Index YoY	Apr	3.80%
United States	Inflation	Core PCE Price Index MoM	Apr	0.30%
United States	Inflation	Core PCE Price Index YoY	Apr	3.30%
United States	Employment	Initial Jobless Claims	23-May	210k
United States	Investment	Durable Goods Orders	Apr P	3.20%
United States	Investment	Durables Ex Transportation	Apr P	0.40%
United States	Investment	Cap Goods Orders Nondef Ex Air	Apr P	0.40%
United States	Investment	Cap Goods Ship Nondef Ex Air	Apr P	0.60%
United States	Growth	GDP Annualized QoQ	1Q S	2.10%
United States	Consumption	Personal Consumption	1Q S	1.70%
United States	Inflation	GDP Price Index	1Q S	3.60%
United States	Inflation	Core PCE Price Index QoQ	1Q S	4.30%
United States	Housing	New Home Sales MoM	Apr	-3.50%
Eurozone	Confidence	Economic Confidence	May	92.6
Japan	Inflation	PPI Services YoY	Apr	3.00%
Japan	Inflation	Tokyo CPI YoY	May	1.60%
Japan	Inflation	Tokyo CPI Ex-Fresh Food, Energy YoY	May	1.80%
Japan	Employment	Jobless Rate	Apr	2.70%
Japan	Consumption	Retail Sales YoY	Apr	1.30%
Japan	Consumption	Retail Sales MoM	Apr	0.40%
Japan	Industrial Production	Industrial Production MoM	Apr P	-0.50%
Japan	Housing	Housing Starts YoY	Apr	14.80%
Japan	Confidence	Consumer Confidence Index	May	32.6

Company Earnings

Date	Company Name	Ticker	Estimate EPS	Date	Company Name	Ticker	Estimate EPS
Tuesday	AutoZone Inc	AZO US	36.19	Wednesday	HEICO Corp	HEI US	1.331
Tuesday	Semtech Corp	SMTC US	0.452	Thursday	Best Buy Co Inc	BBY US	1.218
Tuesday	Modine Manufacturing Co	MOD US	1.551	Thursday	Dollar Tree Inc	DLTR US	1.55
Tuesday	Zscaler Inc	ZS US	1.011	Thursday	Burlington Stores Inc	BURL US	1.786
Wednesday	Dick's Sporting Goods Inc	DKS US	2.883	Thursday	Gap Inc/The	GAP US	0.378
Wednesday	Everpure Inc	P US	0.398	Thursday	Dell Technologies Inc	DELL US	2.986
Wednesday	Abercrombie & Fitch Co	ANF US	1.277	Thursday	Costco Wholesale Corp	COST US	4.914
Wednesday	Synopsys Inc	SNPS US	3.142	Thursday	Autodesk Inc	ADSK US	2.847
Wednesday	Agilent Technologies Inc	A US	1.411	Thursday	Okta Inc	OKTA US	0.852
Wednesday	HP Inc	HPQ US	0.714	Thursday	American Eagle Outfitters	AEO US	0.121
Wednesday	Snowflake Inc	SNOW US	0.319	Thursday	MongoDB Inc	MDB US	1.192
Wednesday	Marvell Technology Inc	MRVL US	0.799	Thursday	NetApp Inc	NTAP US	2.266
Wednesday	Salesforce Inc	CRM US	3.125				

NEW ISSUES/IPO'S & ADDITIONAL EQUITY OFERINGS

USD New Issue Monitor

Date	Issuer	Identifier	Coupon	Maturity	Spread	Currency	Outstanding (M)
05/20	ANGOLA REP OF	DH284085 Corp	9.875	03/31/37		USD	1.9B
05/21	ANGOLA REP OF	YK842171 Corp	9.244	01/15/31		USD	1.6B
05/19	ONTO INNOVAT	DK871015 Corp	ZERO	06/01/31		USD	1.3B
05/21	FMC CORP	DK916705 Corp	8.000	06/01/31	+371	USD	1.2B
05/18	NORTHWESTERN MUT	DK873080 Corp	6.050	06/30/56	+93	USD	1.25B
05/19	SOCIETE GENERALE	DK916887 Corp	VAR	05/27/32	+105	USD	1.25B
05/19	KUNTARAOHITUS	DK869274 Corp	4.250	05/27/31	+8.08	USD	1000
05/19	ABU DHABI GOVT	DK913757 Corp	4.750	09/22/36		USD	1000
05/21	FINNVERA PLC	DK974861 Corp	4.250	05/29/31	+7	USD	1000
05/20	RR DONNELLEY	DK870221 Corp	11.000	06/01/31	+811	USD	900
05/21	FIBRA SOMA 6185	DL032430 Corp	7.125	05/28/36	+255.3	USD	800
05/18	LONG POINT RE IV	DK896435 Corp	FRN	06/03/30		USD	750
05/19	CAISS DESJARDINS	DK917161 Corp	5.021	05/27/31	+70	USD	750
05/20	COLUMBIA PIPE OC	DK974481 Corp	5.507	05/15/36	+92	USD	750
05/19	MOBILITY GLOBAL	DK917590 Corp	6.050	06/15/36	+142	USD	700
05/19	VEON MIDCO BV	DK903144 Corp	6.950	06/01/31		USD	700
05/19	VEON MIDCO BV	DK903146 Corp	7.450	06/01/33		USD	700
05/19	MOBILITY GLOBAL	DK917588 Corp	5.450	06/15/31	+115	USD	650
05/19	MOBILITY GLOBAL	DK917592 Corp	5.050	06/15/29	+88	USD	650
05/18	GRANITE CONSTR	DK872229 Corp	6.375	06/15/34	+189	USD	600
05/18	RGA GLOBAL	DK870965 Corp	5.100	05/26/31	+88	USD	500
05/20	YAPI KREDI BANKA	DK959463 Corp	VAR	PERPETUAL	+509.3	USD	500
05/19	PRICOA GLOB FUND	DK917554 Corp	5.000	05/27/31	+68	USD	450
05/19	HIMS & HERS	DK871613 Corp	ZERO	06/01/32		USD	350
05/18	EVERGY MISSOURI	DK872039 Corp	4.700	05/21/29	+60	USD	300
05/18	KODIT GLB 2026-1	DK847589 Corp	4.591	05/28/29	+45	USD	300
05/21	OSISKO DEVELOPLE	DL007875 Corp	4.125	06/15/31		USD	225
05/19	STRETCH UK LTD	DK924949 Corp	13.500	05/20/33		USD	209.05
05/18	INT BK RECON&DEV	DK893154 Corp	FRN	05/23/30		USD	200
05/21	SANDERS RE III	DL059393 Corp	FRN	06/07/30		USD	200

IPO & Additional Offerings

Issuer Name	Issuer Ticker	Offer Size (m)
Rocket Lab Corp	RKLB US	3,000
Medline Inc	MDLN US	2,685
ACS Actividades de Construccion	ACS SM	2,402
Cia de Saneamento de Minas Gerais	CSMG3 BZ	1,802
Energa SA	ENG PW	1,398
CenterPoint Energy Inc	CNP US	1,000
Kokusai Electric Corp	6525 JP	954
Vanguard International Semiconductor	5347 TT	774
Sinomine Resource Group Co Ltd	002738 CH	763
American Healthcare REIT Inc	AHR US	706

Issuer Name	Issuer Ticker	Offer Size (m)
Vallourec SA	VK FP	668
Holding Co ADMIE IPTO SA	ADMIE GA	615
IDACORP Inc	IDA US	600
China Nuclear Engineering & Con	601611 CH	589
Amplifon SpA	AMP IM	525
CareTrust REIT Inc	CTRE US	509
BioMar Group A/S	4469639Z DC	423
JSW Energy Ltd	JSW IN	414
Doosan Robotics Co Ltd	454910 KS	360
RENK Group AG	R3NK GR	304

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