

Global Markets Bulletin

May 2026 · Issue #2

May Updates: 3 Key Takeaways

1. US-China Unveil "Strategic Stability" Framework to Guide Trade and Tech

The high-stakes Beijing summit between President Trump and President Xi Jinping culminated in a new "strategic stability" framework, designed to enforce a **period of managed cooperation** over the next three years. Following preparatory talks in South Korea led by US Treasury Secretary Scott Bessent and Chinese Vice Premier He Lifeng, both sides reported balanced and positive outcomes on commercial engagement. The diplomatic thaw was underscored by a push for expanded market access, with Xi promising visiting American business leaders, including Tesla's Elon Musk and Nvidia's Jensen Huang, that China's doors will open wider to US enterprises.

2. Beijing Pivots to US Crude as Hormuz Disruptions Linger

In a significant pivot for global energy markets, China expressed a **clear intent** to ramp up purchases of US crude oil, seeking to aggressively wean off its reliance on Middle Eastern imports. The strategic shift arrives as the Strait of Hormuz remains contested, prompting Trump and Xi to align on the necessity of keeping the critical waterway open to restore global energy flows. Beijing formally opposed the militarization of the energy artery and the imposition of any transit tolls, while both nations reaffirmed a rigid consensus against a nuclear-armed Iran. This bilateral alignment on energy security promises a massive reallocation of global crude flows as the US cements its position as a primary supplier to the world's largest importer.

3. Treasuries Lead Global Bond Rout on 'Sticky' Inflation Fears

US Treasuries led a synchronized **global debt selloff** as surging oil prices threaten to embed inflation and keep interest rates elevated. The two-year Treasury yield climbed to 4.05%, while the benchmark 10-year breached 4.52%, both hitting one-year highs. The core catalyst remains the closed Strait of Hormuz, pushing Brent crude above \$107/barrel. This fixed-income weakness is spilling over internationally, with Japanese 10-year yields jumping on surprise producer price spikes that add rate-hike pressure on the BOJ. With Australian and European bonds also retreating, analysts warn that persistent, war-driven energy shocks could force global central banks into a prolonged period of tighter monetary policy.

US Treasury 2 Year Yields have tracked oil moves

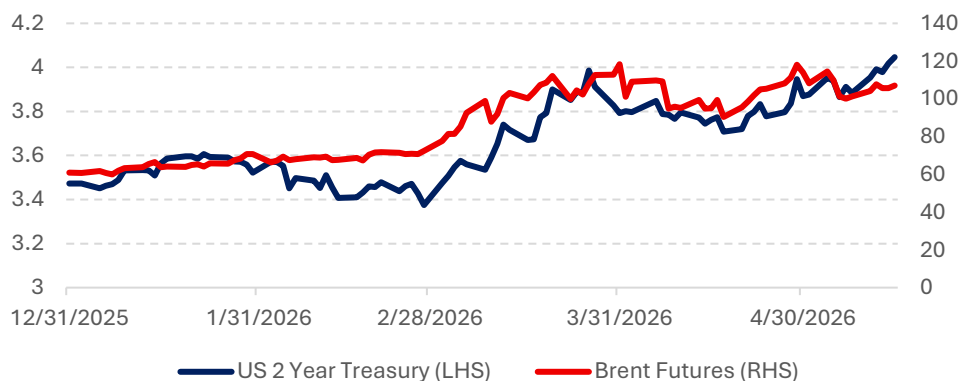


Chart: US 2-Year Treasury Yield vs. Brent Crude Futures (YTD 2026)

Broad Performance Recap by Asset Class

Asset	Price / Level	Monthly Returns	YTD Returns
S&P 500	7,502.04	+8.94%	+9.59%
NASDAQ Composite	26,635.22	+14.89%	+14.60%
Straits Times Index	4,995.94	-0.46%	+7.29%
Hang Seng Index	26,388.45	+2.00 %	+2.97%
WTI June 2026	102.09	+11.91%	+77.72%
Brent July 2026	107.31	+13.06%	+76.12%
Gold (\$/oz)	4,613.23	-2.71%	+6.67%
DXY (USD Index)	98.99	+0.64%	+0.73%

Notable Events: May 8 – 15, 2026

US Economy/Politics

- **Inflation Surprises on the Upside:** April CPI rose 0.6% month-on-month and 3.8% year-on-year, the highest since May 2023 and above the 3.7% consensus, with core CPI up 0.4% on the month and 2.8% on the year, keeping inflation clearly above the Fed's 2% target and pushing front-end Treasury yields higher as markets trimmed the number of cuts priced for 2026.
- **Earnings Strength with Record Margins:** For Q1 2026, the S&P 500 is on track for about **13% year-on-year EPS growth**, marking a sixth consecutive quarter of double-digit earnings expansion, while the blended net profit margin has reached roughly 13.4%, the highest level in more than 15 years, led by outsized margin gains in **technology** and **utilities**.
- **Policy and Fiscal Risk Under Scrutiny:** The combination of stickier inflation and stronger earnings has reduced near-term recession probabilities but sharpened focus on the Fed's reaction function and the ongoing budget negotiations in Washington, where the prospect of late-2026 funding disputes and additional defence outlays is a growing consideration for rates and credit investors.

EMEA Economy/Politics

- **UK Political Turmoil:** The British pound suffered its biggest drop in over three months (falling nearly 1%) after Manchester Mayor Andy Burnham signalled he would run for Parliament, mounting a leadership challenge against Prime Minister Keir Starmer. Fears of increased government spending under Burnham pushed 30-year UK gilt yields to **nearly 5.7%**.
- **ECB Path to Cuts Still Intact:** Economists continue to expect the European Central Bank to start cutting its deposit rate, currently in the high-2% range, with survey consensus centred on a series of 25 basis point moves over coming meetings that would take rates below 2% in 2026, even as recent data highlight weak German manufacturing against relatively resilient services and employment.

APAC Economy/Politics

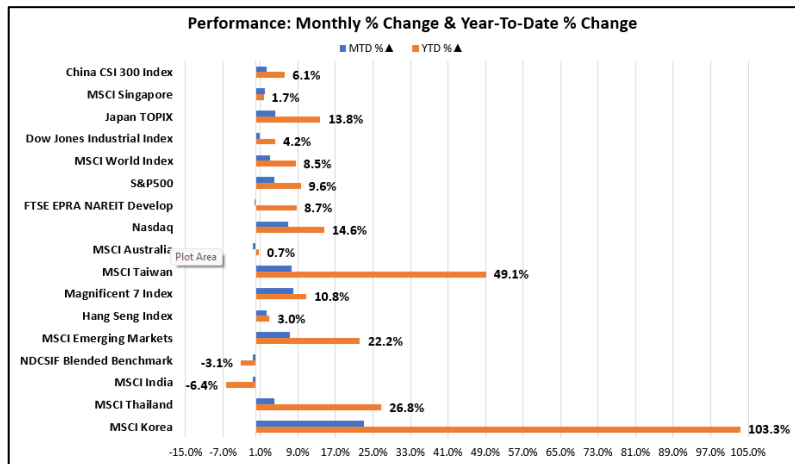
- **China Balances Support and Rebalancing:** Official releases and policy guidance out of Beijing over the past week have stressed efforts to stabilise the property market and local government finances, against a backdrop of mid-single-digit GDP growth, softer export volumes, and only gradual improvement in household consumption, leaving investors focused on the scale and timing of any additional targeted easing.

Global Economic Calendar: May 18 – 22, 2026

Date	Country	Economic Event
18 th May	United States	NAHB Housing Market Index
19 th May	Japan	Gross Domestic Product for Q1 2026
	United Kingdom	Unemployment Rate
	Canada	Consumer Price Index (CPI) for April
20 th May	United States	FOMC Meeting Minutes (<i>Critical watch for forward-looking signals on the Federal Reserve's interest rate trajectory.</i>)
	United Kingdom	Consumer Price Index (CPI) and Producer Price Index (PPI) for April
	Eurozone	Harmonised Index of Consumer Prices (HICP) Final Inflation Reading for April
	China	People's Bank of China (PBOC) 1-Year and 5-Year Loan Prime Rate (LPR) Decisions
	Indonesia	Interest Rate Policy
21 st May	United States	<ul style="list-style-type: none"> Flash Purchasing Managers' Index (PMI) for Manufacturing and Services Housing Starts and Building Permits Weekly Initial Jobless Claims
22 nd May	Germany	Gross Domestic Product for Q1 2026

Monthly Data Monitor

- **MSCI Korea** retains its commanding YTD lead at **+103.3%**, closely followed by **MSCI Taiwan** at **+49.1%**, both being key markets poised to benefit from AI.
- **MSCI India** is the laggard on a YTD basis at **-6.4%**, while **NDCSIF Blended Benchmark** is also in negative territory at **-3.1%**.



- Monthly performance is broadly positive across the chart, less the **FTSE EPRA/ NAREIT Developed Index**, **MSCI Australia**, and **MSCI India**.
- The **Magnificent 7** has continued to recover on a YTD basis at **+10.8%**, while the **Nasdaq** posts a robust YTD gain of **+14.6%**.

Fund Commentaries

I. Private Credit: Market Consolidation Accelerating Amid AI Financing Boom

Ongoing market volatility is now differentiating established private credit operators from smaller competitors, positioning **Apollo Global Management** as a standout winner. Earlier this year, sector-wide concerns about liquidity strains, credit deterioration, and pricing opacity triggered significant losses across the space. Apollo has **capitalized** on this dislocation by bolstering its liquidity position, expanding secondary trading volumes, and advocating for improved asset pricing through real-time valuations on its credit holdings. Company leadership views this moment as analogous to the post-2008 financial crisis, **when leading institutions expanded share during an industry reckoning** as weaker players exited. With over US\$1 trillion under management, Apollo continues building capital reserves to seize distressed deals if credit spreads spike further.

Simultaneously, private credit is evolving beyond conventional middle-market financings toward becoming a **critical funding channel for major AI infrastructure deployments**. **Apollo** and **Blackstone** have reportedly begun working together on a potential US\$35 billion financing package for **Broadcom** to fund AI chip manufacturing capacity backed by multiyear commitments from Google and Anthropic. This deal would represent **one of the largest private credit arrangements to date** and reflects how alternative fund managers now serve as principal capital providers supporting the global AI expansion.

II. Real Estate

Singapore’s residential property market continues to hold up well, though government policy is now pivoting toward housing affordability and curbing investor activity. Recent restrictions on Executive Condominiums (ECs) to **lengthen the minimum occupation period (MOP) from five to ten years** and tighten early purchase eligibility primarily to first-time owners demonstrates that authorities remain concerned about runaway price growth in the volume housing segment. These measures are expected to dampen investor participation and moderate price growth within the EC category, while cementing owner-occupation as the primary market force. EC projects grandfathered under the prior regime may experience a temporary surge in sales as purchasers rush to avoid stricter condition.

Chart of the Week

Asia Manufacturing Still Holding Up For Now

Despite ongoing Hormuz energy disruptions, **Asia’s manufacturing PMIs** across its major economies remain **surprisingly expansionary**, temporarily buffered by inventory stockpiles, government subsidies, and strong AI-driven electronics demand.

However, underlying vulnerabilities are emerging through deteriorating supplier delivery times and building inflation. Should elevated oil prices persist, the delayed hit to transport costs, corporate margins, and consumer demand will inevitably drag on the region's broader industrial cycle.



Chart: Asia PMI Index (2025-2026)
Source: S&P Global, Bloomberg Economics