Global Markets Bulletin: May 2026

END OF MAY UPDATES: 3 KEY TAKEAWAYS

IRAN NEGOTIATIONS: A DEAL IS ON THE TABLE


Source: The White House Gallery

Three months into the US-Iran conflict, a tentative agreement has finally emerged: a 60-day ceasefire extension paired with the lifting of Strait of Hormuz shipping restrictions, while the harder nuclear and missile talks are deferred to a second phase. The deal matches the interim structure the White House had been signalling, but it has not yet received Trump's sign-off, and Iranian state media has declined to confirm finalisation. Tit-for-tat attacks during the existing ceasefire underscore how fragile the truce remains.

US EQUITIES: EIGHTH STRAIGHT WEEK OF GAINS AS MARKETS BET ON PEACE

The S&P 500 extended its longest winning streak since 2023, up roughly 18% from its war-driven lows, as investors increasingly priced in a Hormuz deal and a "peace dividend" rally. The mood is risk-on: traders added to long positions going into a long weekend rather than cutting exposure, a clear sign of conviction. The offset is on rates: two-year Treasury yields hit their highest since early 2025 as Fed Governor Waller signalled the next move could just as easily be a hike as a cut. Markets now fully price at least one rate increase this year. The bottom line is that equities are running on deal optimism, but the rate environment is tightening underneath.

CHINA CAPITAL CONTROLS: BEIJING SLAMS THE OFFSHORE DOOR

China has launched its most aggressive cross-border tax crackdown in decades. In a coordinated action across nine government bodies, regulators moved against Futu Holdings, Tiger Brokers, and Long Bridge Securities, wiping out more than a quarter of their market value in a single session. The fiscal motive is clear: local government property revenues collapsed 48% over five years through 2025, and Beijing is reaching offshore to plug the gap. HK$250B of Hong Kong-held assets are in scope per Citic Securities, and major lenders have suspended wealth management account openings for mainland residents, and QFLP tax rates have been quietly doubled from 10% to 25%.

Equities	Price / Level	Monthly Returns	YTD Returns
S&P 500	7,520.36	+4.83%	+9.86%
NASDAQ Composite	26,674.73	+7.18%	+14.77%
Straits Times Index	4,994.53	+2.09%	+7.52%
Hang Seng Index	24,959.50	-3.76%	-2.64%

Commodities	Price / Level	Monthly Returns	YTD Returns
WTI Jul 2026	90.86	-1.74%	+37.22%
Brent Jul 2026	96.66	-6.21%	+37.70%
Gold ($/oz)	4,502.93	-2.04%	+4.19%

FX	Price / Level	Monthly Returns	YTD Returns
DXY (USD Index)	99.03	+0.42%	-0.43%

NOTABLE EVENTS ACROSS THE MONTH OF MAY

US ECONOMY / POLITICS

- Kevin Warsh was confirmed as Fed Chair on May 13 (54-45, most divisive in Fed history), inheriting a deeply fractured FOMC, rates held at 3.50%-3.75% for a third straight meeting with an 8-4 vote at April's sitting, as the committee remains gridlocked between tariff-driven inflation and slowing growth.
- The Trump-Xi Beijing summit (May 14-15) produced preliminary deals including $17B/year in US agricultural purchases through 2028 and an initial 200-aircraft Boeing order, alongside new bilateral Boards of Trade and Investment, though Beijing's readout diverged from Washington's on key volumes and timelines, with China describing outcomes as "preliminary."
- The House-passed "One Big Beautiful Bill Act" was scored by CBO to add $2.4T to primary deficits over a decade, pushing the fiscal deficit toward 7.0% of GDP by 2026 and doubling interest costs to $1.8T by 2034.

Source: The White House Gallery

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EMEA ECONOMY / POLITICS

- The IMF warned of European recession risk if the Iran conflict persists, cutting the eurozone's 2026 growth forecast to just over 1% (from 1.4%).
- Germany faces a potential fourth recession in four years as GDP stagnated in 2025, growth projected at just 0.6% in 2026, and HICP inflation spiking to 2.9%, compounded by structural industrial decline with VW cutting 35,000 jobs and output down 15% from peak.
- The OECD cut the UK's 2026 growth forecast to 0.7% (from 1.2%), the sharpest G7 downgrade, while raising the inflation outlook to 4.0%, citing fiscal tightening and Iran war energy spillovers on already-fragile domestic demand.

APAC ECONOMY / POLITICS

- Singapore GDP beat expectations in Q1 with 6% annual growth, driven by wholesale trade, manufacturing, finance and insurance sectors, supported by AI-related demand.
- China's industrial profits surged at their fastest pace in over two years through April 2026, shrugging off Iran-war jitters, though the rebound remains export-driven with domestic consumption still weak.
- Bank of Korea held rates at 2.50% (5-2 vote), but a hawkish dot plot pointing toward 3.00% and two dissents signal hikes are imminent, and analysts have penciled in at least one move by end-September.

Major Global Economic Calendar

Date	Event
5th June	US Nonfarm Payrolls
9th June	US CPI (Inflation Rate)
17th June	FOMC Interest Rate Decision
18th June	BOE Interest Rate Decision
23rd June	ECB Interest Rate Decision
26th June	US PCE Price Index

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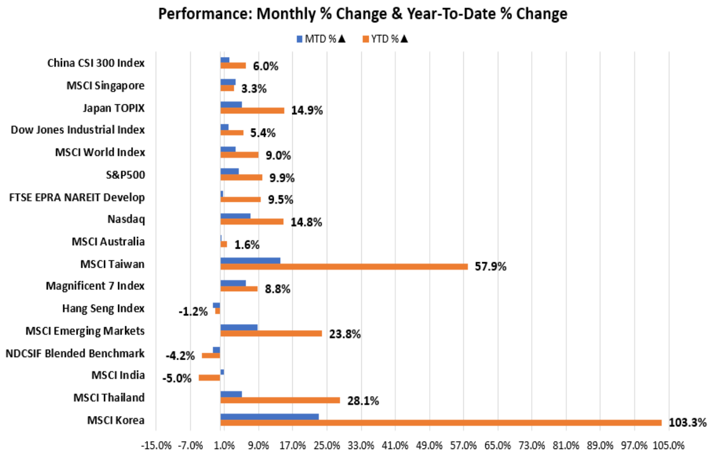
NEW DIMENSIONS CAPITAL

MONTHLY DATA MONITOR



- **MSCI Korea surges to a commanding YTD lead of +103.3%**, a reflection of the AI-driven memory chip supercycle, with SK Hynix and Samsung both crossing $1 trillion in market cap this month on surging HBM demand.
- **MSCI Taiwan follows at +57.9% YTD**, similarly anchored by semiconductor exposure to the AI infrastructure buildout.
- **MSCI Thailand (+28.1% YTD) and MSCI Emerging Markets (+23.8% YTD)** are the next-strongest performers.
- **Japan TOPIX posts a solid +14.9% YTD**, with the Nasdaq close behind. The **Magnificent 7 Index has recovered to +8.8% YTD**, confirming the rotation back into AI-exposed mega-caps.
- **MSCI India remains in negative territory at -5.0% YTD**, a marginal improvement from -5.5% prior, but still a notable underperformer relative to broader Asian and EM peers.
- **Monthly performance is broadly positive across most indices**, with MSCI Korea visibly posting the largest MTD gain consistent with the HBM rally.

FUND COMMENTARIES

I. Private Credit

A simulated severe shock to private credit markets reveals insurers and pension funds as the most vulnerable. European insurers carry €211B in private credit exposure (roughly 2.3% of assets), pension funds €52B (1.4%), while banks' losses were contained below 1.3% of equity thanks to senior positioning. The ECB stops short of flagging systemic risk but flags out concentrated exposures and contagion linkages, particularly through correlated leveraged loans to AI-exposed software firms.

II. Real Estate

AvalonBay and Equity Residential have agreed to a $50B+ all-stock merger, creating a residential REIT behemoth with 185,000 units across 17 states and a $69B enterprise value. The deal targets $175M in gross synergies through operational scaling, with $4.4B in active development representing 10,800 units in the pipeline.

III. Infrastructure

AMD is committing $10B+ across Taiwan's semiconductor ecosystem spanning TSMC foundry, advanced packaging with ASE, and chip assembly, in order to scale production for surging AI infrastructure demand. The investment centres on next-generation CPU architecture and advanced packaging technology, as the industry pivots from monolithic processors to multi-chip designs optimised for generative and agentic AI workloads.

CHART OF THE WEEK

US crude exports hit a record 6.4mb/d as aggressive Strategic Petroleum Reserves (SPR) releases 172 million barrels on loan, with half exported directly. This positions the US as the world's last-resort supplier to Europe and Asia displacing sanctioned Middle Eastern barrels. SPR stockpiles have dropped to 365mb (lowest since April 2024), with commercial inventories sitting 10.28mb below the five-year average, and analysts are already debating export restrictions ahead of peak summer demand.