

# Weekly Market Wrap

Week Ending 15<sup>th</sup> May 2026



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## Executive Summary

The week ending 15<sup>th</sup> May 2026 was defined by an energy-driven inflation shock that repriced sovereign yields globally and forced markets to confront the possibility of rate hikes, not cuts. WTI crude surged ~10.5% WoW to ~\$105/bbl as US-Iran peace talks collapsed post the Trump-Xi Beijing summit, feeding directly into April CPI (3.8% YoY, highest since May 2023) and PPI (+6.0% YoY, highest since December 2022). US 10Y yields rose to ~4.59%, the highest in over a year. Simultaneously, Kevin Warsh was confirmed as Fed Chair (54-45 Senate vote), adding policy uncertainty. Despite all of this, the S&P 500 printed a seventh consecutive weekly gain, briefly touching fresh all-time highs, insulated by AI-driven earnings momentum.

### Key Themes

- **Energy shock into rates:** WTI at ~\$105/bbl drove April CPI to 3.8% YoY and PPI to 6.0% YoY. CME FedWatch now prices ~50% probability of a Fed rate hike by December 2026. Rate cuts fully priced out.
- **Fed leadership transition:** Kevin Warsh confirmed as 17th Fed Chair (54-45 Senate vote, the narrowest in modern history). First FOMC meeting June 16-17. Markets uncertain on his policy stance against a backdrop of re-accelerating inflation.
- **AI earnings shield:** S&P 500 touched record highs mid-week on Q1 EPS growth tracking ~27.7% YoY (strongest since Q4 2021) and revenue growth of 11.4%. Energy sector led the week (+7.0%). But breadth deteriorated: only ~55% of S&P 500 members above their 200-day MA, pointing to narrow leadership.
- **Gold's counterintuitive selloff:** Gold fell (3.7%) WoW to \$4,540 despite elevated geopolitical risk. Mechanism: oil shock drives inflation expectations higher, raises real yields, strengthens USD, pressures gold. Oil is now a headwind to gold, not a tailwind.
- **Trump-Xi Beijing summit:** Two days of talks (May 14-15) produced limited deliverables. China committed to buy ~200 Boeing aircraft and increase agricultural/energy purchases. No tariff announcements, no export control rollback. The Busan trade truce (Oct 2025) framework holds through at least September. Structural rivalry intact.
- **India under compound stress:** Sensex (2.7%) WoW; rupee at record ₹96/USD, worst-performing Asian currency YTD (down 6.1%); cumulative FPI outflows crossing ₹2 lakh crore (~\$24 Bn); first fuel price hike in 4 years (₹3/litre). The RBI's toolkit is being activated sequentially.
- **UK political risk premium:** PM Starmer's leadership under acute threat. 30-year gilt yields touched 5.81%, highest since 1998. GBP fell (2.2%) WoW, the largest weekly decline in the currency table.

Week Ending	S&P 500	NASDAQ	Dow Jones	Sensex	Nikkei	S&P BDC	Gold	Silver	Oil	Nat Gas	Crypto Index
2-Jan	(1.0%)	(1.7%)	(0.7%)	0.8%	(0.8%)	0.1%	(4.4%)	(8.1%)	1.0%	(17.1%)	5.1%
9-Jan	1.6%	2.2%	2.3%	(2.5%)	3.2%	0.0%	4.1%	9.7%	3.1%	(12.4%)	0.9%
16-Jan	(0.4%)	(0.9%)	(0.3%)	(0.0%)	3.8%	1.1%	1.9%	12.9%	0.5%	(2.1%)	4.9%
23-Jan	(0.4%)	0.3%	(0.5%)	(2.4%)	(0.2%)	(0.9%)	8.5%	14.5%	2.7%	70.0%	(8.7%)
30-Jan	0.3%	(0.2%)	(0.4%)	(1.0%)	(1.0%)	(2.3%)	(1.9%)	(17.4%)	6.8%	(17.5%)	(7.9%)
6-Feb	(0.1%)	(1.9%)	2.5%	3.5%	1.7%	(4.6%)	1.4%	(8.6%)	(2.5%)	(21.4%)	(19.4%)
13-Feb	(1.4%)	(1.4%)	(1.2%)	(1.1%)	5.0%	(0.0%)	1.6%	(0.5%)	(1.0%)	(5.2%)	(1.5%)
20-Feb	1.1%	1.1%	0.3%	0.2%	(0.2%)	(2.8%)	1.3%	9.3%	5.6%	(6.0%)	(1.6%)
27-Feb	(0.4%)	(0.2%)	(1.3%)	(1.8%)	3.6%	(4.0%)	3.4%	10.8%	0.9%	(6.2%)	(3.4%)
6-Mar	(2.0%)	(1.3%)	(3.0%)	(2.9%)	(5.5%)	1.3%	(2.0%)	(9.9%)	35.6%	11.4%	2.6%
13-Mar	(1.6%)	(1.1%)	(2.0%)	(5.5%)	(3.2%)	(3.1%)	(2.9%)	(4.7%)	8.6%	(1.7%)	4.9%
20-Mar	(1.9%)	(2.0%)	(2.1%)	(0.0%)	2.6%	1.0%	(10.5%)	(15.7%)	(0.4%)	(1.1%)	0.3%
27-Mar	(2.1%)	(3.2%)	(0.9%)	(1.3%)	(3.4%)	(2.2%)	0.0%	2.7%	1.3%	-	(6.3%)
3-Apr	3.4%	3.9%	3.0%	(0.4%)	(1.7%)	2.3%	4.1%	4.7%	11.9%	(9.5%)	1.1%
10-Apr	3.6%	4.5%	3.0%	5.8%	8.5%	0.0%	1.6%	3.9%	(13.4%)	(5.4%)	8.0%
17-Apr	4.5%	6.2%	3.2%	1.2%	2.7%	6.9%	1.7%	6.6%	(13.2%)	1.0%	6.9%
24-Apr	0.5%	2.4%	(0.4%)	(2.3%)	2.1%	(4.0%)	(2.5%)	(6.4%)	12.6%	(5.6%)	(2.4%)
1-May	0.9%	1.5%	0.5%	0.3%	(0.3%)	4.9%	(2.0%)	(0.5%)	8.0%	10.2%	(0.8%)
8-May	2.3%	5.5%	0.2%	0.5%	5.4%	(3.7%)	2.2%	6.6%	(6.4%)	(0.8%)	2.4%
15-May	0.1%	(0.4%)	(0.2%)	(2.7%)	(2.1%)	(2.1%)	(3.7%)	(5.4%)	10.5%	7.4%	(2.2%)
<b>YTD Return</b>	<b>8.0%</b>	<b>15.5%</b>	<b>2.4%</b>	<b>(12.3%)</b>	<b>22.0%</b>	<b>(12.1%)</b>	<b>4.8%</b>	<b>4.4%</b>	<b>83.9%</b>	<b>(18.2%)</b>	<b>(23.1%)</b>

## Asset Class Performance

### Equity Market

Week ending >>>					
	8-May-26	15-May-26	YTD Returns	Growth for the month	Growth for the week
<b>Equity Indices</b>					
S&P 500 (USD)	7,398.9	7,408.5	8.0%	8.7%	0.1%
NASDAQ (USD)	29,235.0	29,125.2	15.5%	16.0%	(0.4%)
Dow Jones (USD)	49,609.2	49,526.2	2.4%	3.4%	(0.2%)
SENSEX (INR)	77,328.2	75,238.0	(12.3%)	(3.0%)	(2.7%)
Stoxx 600 (EUR)	612.1	606.9	1.8%	(1.3%)	(0.9%)
Nikkei (JPY)	62,713.7	61,409.3	22.0%	7.9%	(2.1%)
Hang Seng (HKD)	26,393.7	25,962.7	(1.4%)	0.3%	(1.6%)

#### • US Equities:

- S&P 500 closed at 7,408.5 (+0.1% WoW), its seventh consecutive weekly gain, touching all-time highs mid-week before Friday's sell-off on spiking yields. Q1 EPS growth tracking ~27.7% YoY (strongest since Q4 2021); revenue growth 11.4% (highest since Q2 2022) provides the fundamental anchor.
- Sector breakdown: Energy led (+7.0%), a direct pass-through of WTI's ~10% surge. Consumer Staples (+1.3%) and IT (+1.2%) also gained. Consumer Discretionary (3.0%), Real Estate (2.2%), and Materials (2.2%) were the worst performers; rate-sensitive and cyclical sectors absorbing the yield shock. This is a stagflationary rotation pattern, not a broad risk-on rally.
- Market breadth deteriorated despite new highs: only ~55% of S&P 500 members trading above their 200-day MA (from ~57% the prior week). New index highs driven by a narrow set of names historically underperform broad-based rallies. 52-week highs included Apple (\$297.77) and Cisco (\$117.53); 52-week lows hit 80 names including Home Depot (\$299.51) and Best Buy (\$56.42).
- NASDAQ closed at 29,125.2 (0.4%) WoW. PHLX Semiconductor Index hit an all-time high early in the week before profit-taking accelerated as the 30Y Treasury crossed 5.0%. Software showed relative strength: Figma delivered a beat-and-raise quarter, and Bill Ackman disclosed a new Microsoft stake via Pershing Square, citing compelling valuation.
- Dow Jones closed at 49,526.2 (0.2%) WoW. Rate-sensitive components including Home Depot at 52-week lows highlight the squeeze on housing-adjacent sectors from elevated mortgage rates.

#### • Sensex (India):

- Sensex fell (2.7%) WoW to 75,238. YTD at (12.3%), the worst performer in the equity table. India is absorbing a compound macro shock: oil, currency, capital outflows, and now a domestic fuel price hike simultaneously.
- FPI outflows: Cumulative 2026 FPI equity outflows have crossed ₹2 lakh crore (~\$24bn), exceeding full-year 2025's ₹1.66 lakh crore record. Foreign ownership of Indian equities at a 14-year low of 14.7%. DII absorption is insufficient to offset the scale.
- Fuel price hike (first in 4 years): State-run OMCs raised petrol and diesel prices ₹3/litre. Industry demanded ₹10+/litre; the calibrated hike reflects inflation and political constraints. Wholesale inflation hit 8.3% in April, the highest in 3.5 years.
- Indian IT: Aggregate market cap of India's top 10 IT companies has fallen \$186bn (45%) from their December 2024 peak of \$413bn to \$227bn. TCS and Wipro individually down >50% from peak; Infosys (46.5%), HCLT (43.6%), Hexaware (45.6%). In absolute terms, this exceeds the dot-com and subprime episodes. OpenAI's DeployCo launch (\$4bn+ enterprise AI deployment company) is seen as a direct disintermediation threat to Indian IT's core AI integration services offering.
- Sectoral pattern: Realty (8.2%), IT (5.7%), Consumer Durables (4.7%), Auto (4.4%), PSU Bank (4.1%) led declines. Defensives outperformed: Pharma (+2.2%), Healthcare (+2.2%), Metal (+1.9%). India VIX rose to 18.79 from 16.84.

- Strategic petroleum reserves: India's SPR amounts to less than 2% of China's reserve levels. Unlike China and South Korea, which built reserves through export surpluses, India is a capital-flow-dependent economy with negligible supply-side buffers against an extended oil shock.
- RBI levers pulled: Gold import restrictions; PM Modi's public austerity directive (non-essential domestic and foreign travel restricted; consumers urged to cut fuel use); RBI spot and forward FX intervention; restrictions on speculative FX derivative positioning; deep-sea oil exploration and underwater pipeline projects accelerated.
- RBI levers pending: NRI deposit scheme; direct FX intervention if ₹97-98 is breached; withholding tax reduction on external commercial borrowings; selective import restrictions; rate hike (the US-India rate differential has narrowed from >5 percentage points to ~2.5 percentage points, compressing carry incentive for foreign capital).
- **Stoxx 600 (Europe):**
  - Stoxx 600 closed at 606.9 (0.9%) WoW. Europe is structurally the most exposed major market to the Hormuz disruption: high energy import dependence, compressing margins, feeding inflation, and constraining ECB policy. Markets now price approximately three ECB rate hikes over the medium term.
  - Country divergence: Germany's DAX (1.59%), France's CAC 40 (1.97%), Italy's FTSE MIB (0.35%), UK's FTSE 100 (0.37%). Germany's ZEW Indicator rose to -10.2 (from -17.2 in April), still negative but recovering. Eurozone industrial production grew only 0.2% MoM in March vs 0.3% expected; France's Q1 unemployment at 8.1%, highest since 2021.
  - UK: PM Starmer's government in acute distress. Health Secretary Streeting resigned; Andy Burnham entered the Makerfield by-election, explicitly signalling a leadership challenge. UK 30-year gilt yields touched 5.81%, highest since 1998, as investors priced risk that any Labour successor would loosen fiscal rules. NatWest and Lloyds fell at least 3%. UK retail sales (3.0%) YoY in April. Rabobank: 'Gilts will remain under pressure, regardless of today's outcome.
- **Nikkei (Japan):**
  - Nikkei fell (2.1%) WoW to 61,409.3, but the broader TOPIX gained +0.9% — a split that captures rotation within Japan: semiconductor/AI names sold after recent gains; financials and value sectors benefited from rising JGB yields and growing BoJ normalisation expectations.
  - JGB 10Y rose to 2.72% intraday, highest since 1997. Japan's April corporate goods price index surged 4.9% YoY (vs consensus 3.0%), driven by petroleum and chemicals. The BoJ's April meeting Summary of Opinions explicitly flagged rate hikes could begin as early as the next meeting. Household spending fell 2.9% YoY in March, more than expected.
  - JPY weakened to ~158/USD from ~156.7. Late-April intervention was temporary. The fundamental driver: Fed/US yield divergence from still-accommodative BoJ settings. Intervention risk elevated above 160.
- **Hang Seng (Hong Kong/China):**
  - Hang Seng fell (1.6%) WoW to 25,962.7. Initial optimism from the Trump-Xi summit faded as no structural breakthroughs materialised. The summit concluded without rollback of semiconductor export controls or Taiwan concessions.
  - China macro data was constructive: services PMI rose to 52.6 in April (composite 53.1); exports +14.1% YoY; imports +25.3% YoY; PPI +2.8% YoY (fastest since July 2022, AI-related demand a driver); CPI +1.2% YoY.
  - Trump-Xi summit (May 14-15): China committed to purchase ~200 Boeing aircraft (first official government order in nearly a decade) and increase US agricultural/energy purchases. No tariff announcements; the word 'tariff' reportedly did not arise in bilateral conversations. The Busan trade truce framework (Oct 2025) extends through at least September. Subsequent meetings: September (Washington), November (Shenzhen), December (G20, Miami) - tougher conversations likely deferred to these.
  - The power dynamic was instructive: Trump brought 17 CEOs including Jensen Huang, Elon Musk, Tim Cook, and Larry Fink - a delegation CFR analysts characterised as projecting commercial eagerness rather than leverage, allowing Beijing to 'play hardball.' China's rare earth/magnet control remains its structural 'break glass' lever; until the US develops alternative supply chains, this constrains escalation options.

## Credit Market

Week ending >>>					
	8-May-26	15-May-26	YTD Change (bps)	Change for the Month (bps)	Change for the Week (bps)
<b>Credit</b>					
US Bond Yield (%)	4.4	4.6	40.27	27.64	23.93
JGB yield (%)	2.5	2.6	56.20	23.10	14.30

Week ending >>>					
	8-May-26	15-May-26	YTD Returns	Growth for the month	Growth for the week
<b>Credit</b>					
S&P BDC Index	49.5	48.5	(12.1%)	1.5%	(2.1%)

- **US Bond Yield:**

- US 10Y rose to 4.6% (+23.93 bps WoW, +40.27 bps YTD). The 2Y closed at ~4.08%; the 30Y at 5.12% (highest since 2007), breaching a key technical threshold on Friday's close.
- The proximate drivers stacked: April CPI at 3.8% YoY (0.1% above consensus) and PPI at 6.0% YoY (largest annual increase since December 2022; monthly PPI +1.4%, largest since March 2022). Energy drove both: PPI final demand energy +7.8% MoM (after +10.1% in March). Core CPI 2.8% YoY and Core PPI 5.2% YoY indicate pipeline inflation independent of energy.
- The Fed leadership transition added a yield premium: Warsh confirmed 54-45 (most divided Senate vote in modern Fed history), taking over on 15 May. His first FOMC is June 16-17. Rate futures now price ~50% probability of a hike by December 2026.
- Global sovereign yield context: Japan 10Y at 29-year highs, UK 30Y at 1998 highs, France 10Y at 2009 highs. This is a coordinated global yield shock, not a US-specific event.

- **JGB Yield:**

- JGB 10Y rose to 2.6% (+14.30 bps WoW, +56.20 bps YTD). Intraday reached 2.72%, highest since 1997. Japan's corporate goods price inflation at 4.9% YoY removes the deflationary justification for sub-neutral policy. BoJ April Summary of Opinions explicitly flagged imminent rate hikes.

- **S&P BDC Index:**

- The index fell to 48.5 (from 49.5), (12.1%) YTD. Private credit is absorbing rate pressure from two directions: floating-rate loan portfolios benefit from higher base rates, but redemption pressures and refinancing risk are building. The YTD (12.1%) return represents cumulative NAV discount widening. As markets price potential rate hikes rather than cuts, the structural mismatch between illiquid assets and fund terms becomes more acute.

## Currencies

Week ending >>>					
	8-May-26	15-May-26	YTD Returns	Growth for the month	Growth for the week
<b>Currency</b>					
EUR/USD	1.1787	1.1625	(0.8%)	(0.8%)	(1.4%)
GBP/USD	1.3631	1.3326	(1.0%)	(1.0%)	(2.2%)
USD/INR	94.4837	95.9688	6.4%	3.5%	1.6%
CHF/USD	1.2877	1.2709	0.7%	0.2%	(1.3%)
USD/JPY	156.6800	158.7400	1.2%	(0.3%)	1.3%

- **Currencies:**

- EUR/USD: Fell (1.4%) WoW to 1.200. EUR weakness reflects Europe's disproportionate energy exposure, soft industrial data (eurozone IP +0.2% MoM, Germany contracting), and ECB policy uncertainty. YTD (0.8%) consistent with terms-of-trade deterioration.

- GBP/USD: Fell (2.2%) WoW to 1.300 -- the largest weekly decline in the table. UK domestic political crisis (Starmer leadership challenge, Streeting resignation), UK 10Y at highest since 2008, and weak retail sales (3.0% YoY in April) converge. GBP intraday touched ~\$1.3523. Structural risk: any new Labour leader is expected to loosen fiscal rules, raising borrowing concerns.
- USD/INR: Rose 1.6% WoW to ₹96.0. INR down 6.1% YTD. The US-India rate differential has compressed to ~2.5 percentage points (from >5 pts), reducing carry incentive. The feedback loop is self-reinforcing: oil shock widens current account deficit, FPI outflows reduce capital account support, rupee weakens, crude import bill rises further in INR terms. RBI's NRI deposit scheme (if launched at 6.0-6.25% deposit rate + 2.75-3.0% funding support) is the most potent near-term lever available, but costs ~\$700-850mn per \$10bn raised. ₹97-98 cited as threshold for more aggressive RBI action.
- CHF/USD: Fell (1.3%) WoW to 1.300. CHF's traditional safe-haven role is underperforming, consistent with gold's selloff. Dollar broad strength on rate differentials and Warsh-premium is overriding safe-haven flows.
- USD/JPY: Rose 1.3% WoW to 158.7. Despite BoJ moving toward rate normalisation, the US-Japan rate differential remains extreme. Intervention risk elevated; late-April intervention had only a temporary impact.

## Commodities

Week ending >>>					
	8-May-26	15-May-26	YTD Returns	Growth for the month	Growth for the week
<b>Commodities</b>					
Gold (USD per troy ounce)	4,715.3	4,540.1	4.8%	(4.4%)	(3.7%)
Silver (USD per troy ounce)	80.3	76.0	4.4%	0.2%	(5.4%)
Oil (USD per barrel)	95.4	105.4	83.9%	9.2%	10.5%
Natural Gas (Henry Hub)	2.8	3.0	(18.2%)	11.8%	7.4%
Copper (US cents per pound)	624.9	625.2	9.8%	6.2%	0.0%
Aluminium (USD per metric tonne)	3,562.9	3,626.1	20.9%	1.8%	1.8%
Wheat (US cents per bushel)	607.5	635.8	25.5%	11.3%	4.7%
Sugar (US cents per pound)	14.7	14.8	1.4%	7.6%	0.7%

- **Oil:**
  - WTI surged +10.5% WoW to ~\$105.4/bbl; Brent closed ~\$107-108/bbl. This is the dominant macro story of the week and the key transmission mechanism for all other asset class moves. The Hormuz closure has removed ~4 million bpd from global supply. IEA warns markets could remain undersupplied through October even if the conflict is resolved next month.
  - The week was characterised by sharp intraday swings: Trump-Xi summit language supporting an open Strait briefly capped oil mid-week; Iran's rejection of the US peace proposal pushed prices back higher. Trump's contradictory messaging - 'we want the Strait open' vs earlier statements suggesting the US does not need it open as it created additional volatility. EIA crude inventory draw of 4.31 million barrels reinforced tightening.
  - Saudi Aramco CEO Amin Nasser warned oil market normalisation could take until 2027 if the Strait stays blocked beyond mid-June. WTI futures curve prices oil back in the low \$80s by year-end (implying market expectation of eventual resolution), but the near-term supply picture is extremely tight.
- **Gold:**
  - Fell (3.7%) WoW to \$4,540.1 - a counterintuitive move in a week featuring active conflict, above-consensus inflation, and a Fed leadership transition. The mechanism is the real yields / dollar feedback loop: oil rises, inflation rises, rate cuts priced out and hikes priced in, dollar strengthens, real yields rise, gold sold. Gold is pricing the monetary policy implications of the oil shock, not the geopolitical risk itself.
  - Gold is down (4.4%) for the month and ~16% below its January 2026 ATH of ~\$5,589. PBOC made its largest gold purchase in 17 months, reinforcing that structural central bank demand remains intact even as tactical positioning unwinds.
- **Silver:**
  - Fell (5.4%) WoW to \$76.0. Underperforming gold reflects silver's dual industrial/precious role: the precious component is pressured by the same real yield/dollar dynamic; the industrial component is not providing countervailing support as

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demand-destruction fears in ex-US economies weigh. Less central bank demand support than gold amplifies the decline.

- **Natural Gas:**

- Rose +7.4% WoW to \$3.0, +11.8% for the month. Henry Hub is recovering from YTD losses of (18.2%) as broader energy market tightening spills into domestic gas pricing. EIA reported +85 bcf injection. Henry Hub dynamics remain US-domestic rather than global LNG-linked.

## Cryptocurrency

Week ending >>>					
	8-May-26	15-May-26	YTD Returns	Growth for the month	Growth for the week
<b>Crypto</b>					
Bloomberg Crypto Index	2,112.4	2,066.1	(23.1%)	3.7%	(2.2%)
Bitcoin (USD)	80,124.0	79,081.2	(13.2%)	7.8%	(1.3%)
Ripple	1.4	1.4	(31.6%)	5.1%	1.6%
Solana	92.1	89.2	(33.3%)	4.4%	(3.1%)

- **Cryptocurrency:**

- Bloomberg Crypto Index: Fell (2.2%) WoW to 2,066.1. YTD at (23.1%). Crypto's behaviour this week was textbook: sold off alongside NASDAQ on Friday as Treasury yields spiked, showing near-perfect correlation with duration-sensitive risk assets. The geopolitical safe-haven narrative for crypto remains absent from actual price action.
- Bitcoin: Fell (1.3%) WoW to \$79,081.2. Bitcoin's relative resilience vs altcoins (BTC (1.3%) vs Solana (3.1%)) reflects institutional adoption providing a partial floor. At (13.2%) YTD, Bitcoin is trading as a risk asset. The real yield / dollar headwind suppressing gold applies equally here.
- Ripple (XRP): +1.6% WoW to \$1.4 -- a standout in a risk-off crypto week. Likely idiosyncratic, possibly regulatory or payment network adoption news. Not indicative of broader altcoin recovery.
- Solana: Fell (3.1%) WoW to \$89.2. Higher beta vs BTC remains a drag in risk-off conditions. YTD at (33.3%).

## Updates in AI sector over the week

- OpenAI vs Indian IT: OpenAI launched DeployCo, a \$4bn+ enterprise AI deployment platform backed by major consulting and PE firms, directly challenging Indian IT's AI integration business. Markets reacted sharply, with Nifty IT falling 3.7% as investors reassessed the sector's ability to build proprietary AI capabilities versus competing on implementation alone.
- Novo Nordisk-OpenAI Partnership: Novo Nordisk partnered with OpenAI to integrate AI across drug discovery, trials, manufacturing, and supply chains by end-2026, highlighting AI's expansion from infrastructure spending into pharma R&D acceleration.
- AI in Trump-Xi Talks: Jensen Huang joined the US delegation in Beijing as AI chip export controls featured in discussions. The US is expected to maintain its current freeze on additional AI chip restrictions through at least September as part of the broader trade truce framework.

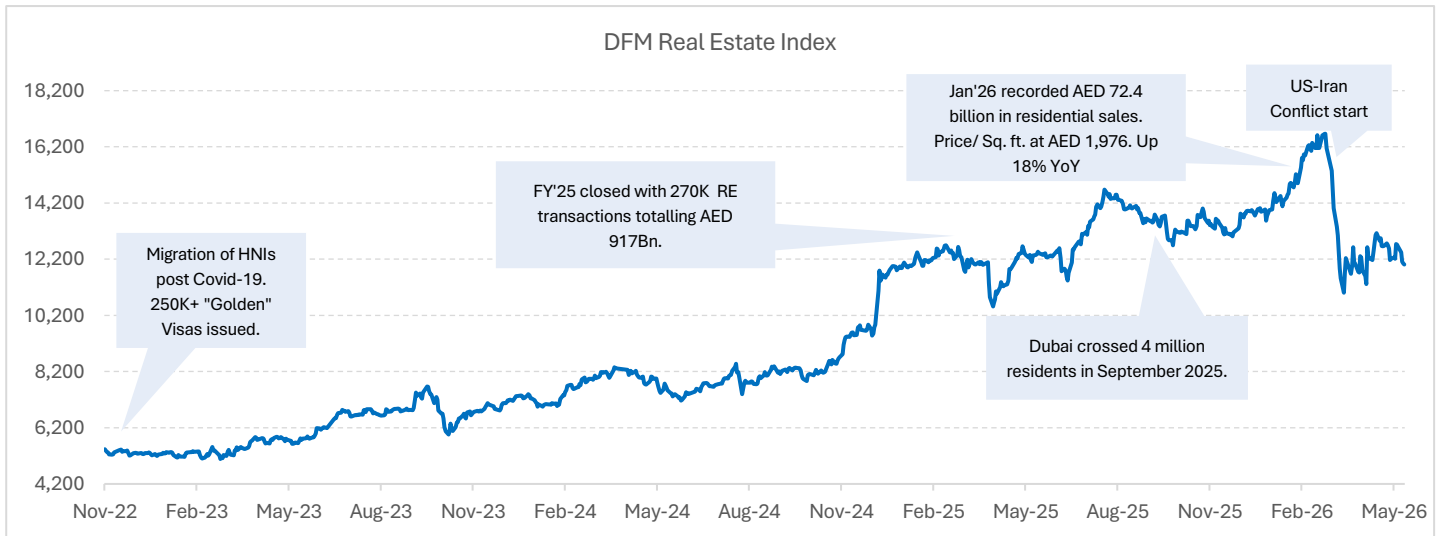
## Geopolitical News & Outlook for the upcoming week

- Iran-US / Hormuz: US-Iran talks collapsed, with both sides hardening rhetoric. Effective Hormuz disruption has removed ~4mbpd from supply, with the IEA warning markets may remain undersupplied through October even if tensions ease next month.
- Trump-Xi Summit: The May 14-15 Beijing summit produced no structural breakthroughs. China pledged major Boeing and commodity purchases, but tariffs and export controls remain unchanged. Current tariff freeze likely holds through September, with fresh US tariffs on Chinese trade practices expected in H2 2026.
- UAE Real Estate: Hormuz-related supply disruptions are materially impacting Dubai's property pipeline. Around 45,000 residential units face 6-12 month delays as construction costs rise 18-28% and financing conditions tighten. ANAROCK estimates AED 366bn of active projects are at risk, with early-stage developments facing the greatest liquidity pressure.
- UK Political Risk: PM Starmer faces growing leadership pressure following senior Labour resignations and succession speculation. Markets are beginning to price in higher UK political risk, contributing to GBP weakness and sustained pressure on gilts.

## Insights from the Street

**Recovery of GCC Real Estate:** Dubai's real estate market is in recovery following the geopolitical shock of late February 2026. The DFM Real Estate Index has gained 9.1% from its 16 March trough, April total transactions recovered to AED 68.6 billion (up 20% month-on-month), and property viewing activity surged 75% within days of the 17 April ceasefire. The Dubai Holding acquisition of a 29.73% Emaar stake at current prices on 12 May is the clearest available signal that state-level conviction in the recovery is high.

However, the recovery is demand-side only. The conflict has generated material second-order supply chain disruptions: 45,000 units targeted for 2026 handover face 6-12 month delays, construction input costs are up 18-28% across aluminium, ceramics, and mechanical/electrical components following strikes on key Gulf producers including Emirates Global Aluminium's Al Taweelah facility, and approximately 58% of projects in the 0-20% construction phase are facing tightening liquidity access. This pipeline pressure is concentrated in smaller private developers and early-stage projects and is not yet reflected in transaction data or equity prices - making it a lagged but material risk for investors with off-plan exposure beyond the large-cap developers.



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