

Weekly Market Wrap

Week Ending 8th May 2026



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Executive Summary

Global markets rallied strongly in the week ending 8th May 2026, with major equity indices hitting record highs as U.S.-Iran peace framework signals advanced, oil fell 6.4% WoW, and April payrolls printed nearly double consensus expectations. AI and semiconductor earnings remained the primary market driver, with NASDAQ gaining 5.5% and Nikkei surging 5.4% WoW.

Key Themes:

- **Geopolitical De-escalation Driving Risk Re-rating, With Caveats:** Progress toward a U.S.-Iran peace framework, including a reported 14-point memorandum of understanding covering Hormuz reopening, nuclear enrichment limits, and sanctions reduction, drove oil lower and repriced risk premiums across equities, credit, and currencies. Neither the U.S. naval blockade nor Iran's counter-restrictions have been formally lifted, and vessel tracking confirms incomplete commercial normalisation.
- **AI Earnings Cycle Intact; Semiconductors Lead:** With ~89% of S&P 500 companies reporting, Q1 blended earnings growth is tracking ~28% YoY, the strongest since 2021. Tech and AI-linked names are the primary engine, with the Philadelphia Semiconductor Index posting ~10%+ WoW gains. AMD's blowout quarter during Japan's Golden Week triggered the Nikkei's largest single-day point gain in history (+3,320 points on 7 May).
- **Labour Market Resilience Complicates the Rate Narrative:** April nonfarm payrolls exceeded expectations at 115,000 versus a consensus estimate of 62,000, marking the first consecutive monthly improvement in nearly a year, while unemployment remained stable at 4.3%.
- **Oil: Narrative Ahead of Physical Reality:** The week's (6.4%) WoW decline is a risk premium release, not a fundamental resolution. Goldman Sachs noted that global crude inventories are not critically low but refined product buffers, naphtha, LPG, and jet fuel, are being depleted rapidly. Even a fully open Hormuz strait does not immediately restore refined product market balance, as that supply chain is harder to reroute than crude.
- **Trump-Xi Beijing Summit (14-15 May):** Trump's first visit to China in eight years is the dominant near-term risk event. A failed summit removes the diplomatic cover delaying further U.S. tariff action on China. With the IEEPA tariff mechanism struck down by the Supreme Court in February, the administration's remaining tools are Section 301 and 232 investigations already underway targeting Chinese overcapacity and forced labour violations. Deployment of these in H2 2026 would likely trigger Chinese retaliation through rare earth export restrictions, directly impacting semiconductor supply chains in Taiwan and Korea and weighing on trade-dependent EM currencies.

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%
YTD Return	7.9%	16.0%	2.5%	(9.8%)	24.6%	(10.3%)	8.8%	10.3%	66.5%	(23.8%)	(21.4%)

Asset Class Performance

Equity Market

Week ending >>>					
	1-May-26	8-May-26	YTD Returns	Growth for the month	Growth for the week
Equity Indices					
S&P 500 (USD)	7,230.1	7,398.9	7.9%	12.4%	2.3%
NASDAQ (USD)	27,710.4	29,235.0	16.0%	21.6%	5.5%
Dow Jones (USD)	49,499.3	49,609.2	2.5%	6.7%	0.2%
SENSEX (INR)	76,913.5	77,328.2	(9.8%)	5.5%	0.5%
Stoxx 600 (EUR)	611.6	612.1	2.7%	2.6%	0.1%
Nikkei (JPY)	59,513.1	62,713.7	24.6%	19.5%	5.4%
Hang Seng (HKD)	25,776.5	26,393.7	0.2%	5.1%	2.4%

- **US Equities:**

- S&P 500 rose 2.3% WoW to 7,398.9, a fresh all-time high, driven by the convergence of AI earnings momentum and geopolitical de-escalation. With ~84% of reporting companies beating EPS estimates by an average of ~19% and blended Q1 earnings growth tracking ~28% YoY, the fundamental backdrop is genuinely strong. The forward 12-month P/E of approximately 20.8x is elevated versus the 10-year average of ~18.9x but supportable against the structural earnings upgrade cycle.
- IT and Communication Services led, while Energy reversed sharply WoW as crude fell. This is the clearest cross-asset expression of the de-escalation trade: the same Hormuz de-risk narrative that inflated equities broadly deflated the one sector that had specifically benefited from the shock. Further oil normalization constitutes a sector headwind for Energy even as it benefits the broader market.
- AMD's ~20% post-earnings surge during Golden Week was the proximate semiconductor catalyst. Management guided confidently for H2 AI chip demand, implying hyperscaler customers have committed forward orders with supply-side visibility, a material shift from late 2025 when demand visibility beyond two quarters was routinely questioned. The Philadelphia Semiconductor Index's ~10%+ WoW gain and +65% YTD performance are now backed by actual order confirmation rather than capex announcement faith.

- **Sensex (India):**

- BSE Sensex rose 0.5% WoW, the weakest performance among major global indices in a week of broad growth. Both of India's primary structural macro headwinds eased during the week (oil -6.4% WoW, global risk appetite sharply positive), yet the index barely moved. The divergence is visible within the indices. Nikkei +5.4%, Hang Seng +2.4%, S&P 500 +2.3%, all destinations of the same FPI capital that has been leaving India.
- Global fund managers are making a deliberate, AI-driven reallocation. India offers 18% projected EPS growth at 19.5x forward P/E. Korea offers 220% EPS growth at 9.5x forward P/E; Taiwan offers 58% EPS growth at 19x forward P/E. Global markets are pricing 12-18x P/E for 20-40% EPS growth; India is asking investors to pay a comparable or higher multiple for less than a fifth of that earnings growth. Samsung is projected to earn ~\$250bn in profit this year, SK Hynix ~\$150bn, TSMC ~\$100bn. The entire Indian listed corporate system earns approximately \$200bn. Korea and Taiwan's AI chip companies alone are on track to out-earn India's entire market. The dominant EM trade on global desks is Long Korea/Taiwan, Short India.
- The scale of the FPI exit reflects this reallocation. Foreign ownership of Indian companies has fallen to a 14-year low. Since September 2024, foreign investors have pulled out \$53bn from Indian equities. Goldman Sachs estimates that after a record \$22bn outflow in 2026, incremental foreign selling is likely limited to \$4-5bn, a mildly constructive forward signal suggesting the bulk of the structural reallocation may already be behind.

- **Nikkei (Japan):**

- Nikkei surged 5.4% WoW to 62,713, a fresh all-time high. The index was closed for Golden Week (1-5 May) and when markets reopened on 7 May it absorbed five sessions of global advances in a single trading day, producing the largest single-day point gain in Nikkei history (+3,320 points, +5.6%). SoftBank Group surged +18.4%, Tokyo Electron +9%,

Advantest +7%. Friday 8 May saw modest consolidation (0.68%), confirming the move was a compressed catch-up repricing rather than a sustained momentum signal.

- Japan's equity market has functionally become a levered expression of the global AI semiconductor cycle. Tokyo Electron, Advantest, Lasertec, and Shin-Etsu Chemical are critical supply chain nodes for AI chip fabrication equipment, and their valuations now track NVIDIA and AMD earnings with high correlation. The Golden Week closure simply compressed that correlation into a single session, a qualitative shift from the Nikkei's earlier character as a yen-driven, export-competitive story.

Credit Market

Credit	Week ending >>>				
	1-May-26	8-May-26	YTD Change (bps)	Change for the Month (bps)	Change for the Week (bps)
US Bond Yield (%)	4.4	4.4	16.34	4.92	(1.57)
JGB yield (%)	2.5	2.5	41.90	9.00	(3.50)

Credit	Week ending >>>				
	1-May-26	8-May-26	YTD Returns	Growth for the month	Growth for the week
S&P BDC Index	51.5	49.5	(10.3%)	3.7%	(3.7%)

• US Bond Yield:

- US 10-year yield held at 4.4%, down just 1.57 bps WoW despite a week of significant macro inputs. Oil falling 6.4% should have compressed inflation expectations and pulled yields lower. April payrolls printing nearly double consensus should have pushed them higher. A surging risk appetite should have reduced safe-haven demand. The net result was near-zero movement because the forces offset each other. April CPI next week breaks that standoff: a print above 3.7% reopens the rate hike conversation; a soft print revives cut expectations that the FOMC has spent two months extinguishing.
- Markets price virtually zero probability of a June cut and less than 10% chance of any cut in 2026.

• JGB Yield:

- JGB 10-year eased 3.5 bps WoW to ~2.47%. At +41.90 bps YTD, the JGB reflects the most significant yield normalisation in decades, driven by BoJ's gradual rate hike cycle, structurally rising domestic inflation, and high global term premia. Japan's real wage growth turning positive for three consecutive months is a crucial data point for BoJ's normalisation trajectory. Lower oil simultaneously reduces the urgency of tightening to contain imported inflation, giving the BoJ cover to move gradually. BlackRock remains underweight JGBs, forecasting further yield rises from additional rate hikes, higher global term premia, and heavy bond supply.

• Private Credit / BDCs:

- The S&P BDC Index fell (3.7%) WoW to 49.5, a notable underperformance against the broader risk-on backdrop. At - (10.3%) YTD, private credit markets remain under structural stress. Middle-market borrowers with energy-linked cost exposures continue to face elevated refinancing pressure in a higher-for-longer rate environment, while redemption pressure from retail-oriented BDC investors has not abated.
- NAV discounts and PIK utilisation remain elevated across key managers including Ares Management, Apollo, and BlackRock. Growing dispersion of returns within the asset class means manager selection has become the primary performance variable rather than asset class beta.

Currencies

Week ending >>>					
	1-May-26	8-May-26	YTD Returns	Growth for the month	Growth for the week
Currency					
EUR/USD	1.1721	1.1787	0.6%	2.1%	0.6%
GBP/USD	1.3583	1.3631	1.3%	3.1%	0.4%
USD/INR	94.2920	94.4837	4.8%	1.5%	0.2%
CHF/USD	1.2787	1.2877	2.0%	2.9%	0.7%
USD/JPY	157.0100	156.6800	(0.1%)	(1.8%)	(0.2%)

- Currencies:**

- Major currencies broadly reflected improving global risk sentiment and USD softness, with EUR (+0.6% WoW to 1.20) and GBP (+0.4% WoW to 1.40) strengthening amid easing energy pressures and resilient economic data, although both remain constrained by tightening financial conditions and persistent inflation. INR weakened marginally to Rs.94.5 despite lower oil prices and strong risk appetite, reflecting limited FII inflows, likely RBI reserve rebuilding, and continued USD strength following robust U.S. payrolls data. Meanwhile, JPY remained largely stable near 156.7 as carry trade dynamics persisted, while CHF gained 0.7% WoW, retaining safe-haven demand amid unresolved geopolitical risks around Hormuz.

Commodities

Week ending >>>					
	1-May-26	8-May-26	YTD Returns	Growth for the month	Growth for the week
Commodities					
Gold (USD per troy ounce)	4,614.2	4,715.3	8.8%	0.8%	2.2%
Silver (USD per troy ounce)	75.4	80.3	10.3%	10.0%	6.6%
Oil (USD per barrel)	101.9	95.4	66.5%	(14.5%)	(6.4%)
Natural Gas (Henry Hub)	2.8	2.8	(23.8%)	(1.5%)	(0.8%)
Copper (US cents per pound)	593.2	624.9	9.8%	11.9%	5.3%
Aluminium (USD per metric tonne)	3,590.9	3,562.9	18.8%	0.9%	(0.8%)
Wheat (US cents per bushel)	624.5	607.5	19.9%	1.5%	(2.7%)
Sugar (US cents per pound)	15.0	14.7	0.6%	(2.1%)	(1.7%)

- Oil:**

- Oil fell (6.4%) WoW to \$95.4/bbl, the third consecutive week of decline from the intra-conflict peak near ~\$112/bbl. The primary driver is advancing U.S.-Iran peace framework signals, with the reported 14-point memorandum of understanding representing the closest both sides have come to agreement since the conflict began. At \$95.4/bbl, oil remains ~36% above pre-conflict levels. The residual risk premium of approximately \$15-20/bbl exits only when Hormuz commercial transits are physically confirmed at pre-conflict volumes, not when diplomatic frameworks are announced.
- Goldman Sachs (5 May) noted that while global crude inventories are not critically low, refined product buffers, naphtha, LPG, and jet fuel, are being depleted rapidly. These products are harder to reroute than crude and flow disproportionately through Hormuz-linked supply chains. Even a fully ratified Hormuz reopening does not immediately restore refined product market balance. The base case for a sustained ceasefire points toward further oil normalisation toward \$80-90/bbl, but the path is non-linear.

- Gold:**

- Gold rose 2.2% WoW to \$4,715.3/oz, the most counterintuitive move of the week. Declining geopolitical risk, surging equity sentiment, and stable yields should all have softened gold. None of those dampening effects materialised.
- Gold's persistent bid this cycle is not primarily safe-haven demand; it is structural inflation hedging by sovereign wealth funds, central banks, and institutional allocators who have concluded that the post-conflict inflation environment is not returning to the Fed's 2% target. With U.S. CPI at 3.3% YoY, core PCE at ~3.2%, and the Fed unable to price a

credible cut pathway, real yields remain deeply negative in purchasing power terms. Gold is functioning as the cleanest expression of the view that inflation will remain structurally elevated, and that thesis did not change because oil fell \$6 in a single week. At +8.8% YTD, gold is outperforming most asset classes on a risk-adjusted basis.

- **Silver:**

- Silver surged 6.6% WoW to \$80.3/oz, outperforming gold substantially. Silver's dual character as both precious metal and industrial input meant this week's combination of de-escalation and improving manufacturing data (U.S. factory orders +1.5% MoM, German factory orders +5.0% MoM) was particularly constructive: the industrial bid offset any softening in precious metal demand, while copper's +5.3% WoW gain supported the industrial demand outlook simultaneously. At +10.3% YTD, the structural demand story holds.

- **Natural Gas:**

- Henry Hub was essentially flat at \$2.8/MMBtu (WoW -0.8%), reflecting the U.S. domestic market's decoupling from global LNG dynamics. Strong domestic production and elevated storage absorb the demand signal that has driven Asian and European LNG spot prices volatile throughout the conflict period. Henry Hub's -23.8% YTD versus oil's +66.5% YTD is the clearest quantitative expression of this market segmentation.

- **Copper and Aluminium:**

- Copper rose 5.3% WoW to 624.9 US cents/lb, driven by improving China demand signals (services PMI 52.6) and continued AI infrastructure demand in data centres, power transmission, and EV charging. Copper is now a dual-demand story: traditional China industrial cycle plus AI capex cycle, creating structural upward demand pressure independent of the geopolitical trajectory. At +9.8% YTD, the structural demand story is asserting itself as the energy shock narrative partially recedes.
- Aluminium fell (0.8%) WoW to \$3,562.9/tonne against copper's +5.3%, the most analytically interesting commodity divergence of the week. Aluminium smelting is extraordinarily energy-intensive, meaning elevated energy costs during the oil shock had disproportionately impaired high-cost producers while protecting the relative economics of energy-efficient smelters. As oil falls, that cost advantage narrows. Paradoxically, cheaper energy is mildly negative for aluminium producers' relative cost positioning even as it benefits their absolute input costs. The metal's +18.8% YTD gain reflects the earlier energy shock premium; some of that premium is now being returned.

- **Wheat and Sugar:**

- Wheat fell (2.7%) WoW to 607.5 US cents/bushel, consistent with the de-escalation backdrop reducing near-term supply disruption risk premiums. The WoW decline is a risk premium release; the +19.9% YTD gain reflects a fundamental repricing of the energy-fertilizer cost linkage that does not reverse in a single week. Both can be true simultaneously. Sugar fell (1.7%) WoW to 14.7 US cents/lb as Brazilian supply normalisation continues to weigh.

Cryptocurrency

	Week ending >>>				
	1-May-26	8-May-26	YTD Returns	Growth for the month	Growth for the week
Crypto					
Bloomberg Crypto Index	2,062.6	2,112.4	(21.4%)	14.5%	2.4%
Bitcoin (USD)	77,870.6	80,124.0	(12.0%)	19.7%	2.9%
Ripple	1.4	1.4	(32.6%)	7.1%	2.0%
Solana	83.5	92.1	(31.2%)	16.4%	10.3%

- **Cryptocurrency:**

- Crypto markets advanced alongside the broader equity rally, with Bitcoin rising 2.9% WoW to ~\$80k and the Bloomberg Crypto Index gaining 2.4%, while Solana outperformed at +10.3% on improving DeFi activity. However, Bitcoin materially lagged the NASDAQ on a beta-adjusted basis, reflecting lingering supply overhang from earlier conflict-driven liquidations. At -12% YTD versus NASDAQ's +16% YTD, Bitcoin continues to behave as a high-beta liquidity-sensitive risk asset rather than an inflation hedge, with a sustained recovery likely requiring both lower oil prices and a clearer Fed easing pivot.

Updates in AI sector over the week

- **Pentagon Signs AI Deals with Seven Tech Companies on Classified Networks:** The U.S. Department of Defense announced on 3 May 2026 agreements with Google, Microsoft, AWS, NVIDIA, OpenAI, SpaceX, and Oracle to deploy AI capabilities on classified networks via the GenAI.mil platform, the broadest formal authorisation yet for commercial AI on classified DoD infrastructure. Anthropic's exclusion, reportedly over autonomous weapons policy disputes, is both a commercial setback and a signal that government AI procurement is being used as policy leverage. The precedent of defence contract access as a geopolitical instrument within the AI ecosystem is worth monitoring.
- **NVIDIA Surpasses \$40bn in AI Ecosystem Equity Commitments:** NVIDIA's total equity commitments have exceeded \$40bn in 2026, anchored by the \$30bn check to OpenAI, alongside new investment options in data centre operator IREN (\$2.1bn) and specialty glass and fibre maker Corning (\$3.2bn). The Corning investment is notable: Corning manufactures specialty glass and fibre used in data centre physical infrastructure, suggesting NVIDIA's capital allocation is extending into the non-silicon physical layer of the AI build-out, a sign of emerging bottlenecks below the chip level. CEO Jensen Huang's philosophy of "we don't pick winners; we support everyone" creates financial alignment across the entire AI stack.
- **CAISI Pre-Deployment AI Evaluation Framework Expands:** The Center for AI Standards and Innovation expanded pre-deployment evaluation agreements to Google DeepMind, Microsoft, and xAI, building on existing partnerships with OpenAI and Anthropic. This formalises regulatory oversight at the frontier model level and introduces a compliance cost layer previously absent. The structural implication: this regime may favour larger, well-capitalised incumbents over emerging challengers who lack resources to navigate formal government evaluation processes.

Geopolitical News & Outlook for the upcoming week

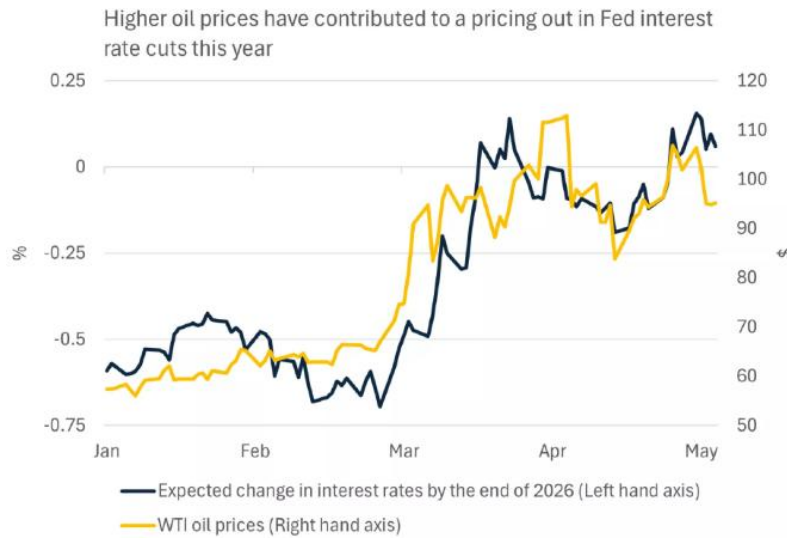
- U.S.-Iran peace framework optimism continues to support the risk-on rally, although physical supply normalisation remains incomplete and any setback could quickly reintroduce oil risk premiums.
- Markets expect the Trump-Xi summit to deliver managed stability and limited trade progress, with both sides incentivised to avoid renewed escalation despite unresolved structural tensions.
- Pakistan's diplomatic role in the U.S.-Iran negotiations creates a regional geopolitical risk overlay for India, although no material escalation emerged during the week.

Insights from the Street

- **Chart 1:** The Magnificent Seven delivered ~23% YoY EPS growth in Q1 2026, against ~10% for the remaining 493 S&P 500 members. Full-year 2026 consensus forecasts project that gap narrowing, suggesting earnings growth is expected to broaden as the year progresses. If that broadening materialises, the equity rally has a wider foundation than AI concentration alone.



- Chart 2:** Rising oil prices have materially reduced market expectations for Fed rate cuts, as higher energy prices continue to pressure inflation and reinforce the Fed’s hawkish stance. The limited recovery in cut expectations despite lower oil prices highlights persistent inflation concerns and explains the divergence between equity and bond market performance.



- Chart 3:** The Iran shock reshuffled market leadership. Pre-conflict returns were modest across the board. Post-conflict, NASDAQ, the Russell 2000, and S&P 500 led the recovery, driven by AI earnings momentum and a broad risk-on rebound. International developed markets, which had outperformed pre-conflict, gave back a significant portion of those gains as Europe and Japan absorbed the energy shock disproportionately. Emerging market equity leads YTD at ~21%, driven by commodity exporters and AI supply chain beneficiaries in Korea and Taiwan.



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