

May 11, 2026

# Weekly Investment Insights



## MARKET SNAPSHOT

Oil prices rose again over the weekend as Washington and Tehran failed to come to an agreement to end the war in the Middle East. Despite ongoing geopolitical uncertainty, US equity markets rallied last week, driven by strong corporate earnings. Results show broad-based earnings growth, with Technology and Communication Services leading on robust AI and cloud driven demand. Health Care and Energy performance has been more mixed, driven by idiosyncratic factors including drug patent expirations and commodity price volatility. Despite strong overall results, guidance has varied, with greater confidence among companies benefiting from high revenue visibility and more caution among those exposed to geopolitical risks.

In comparison, European earnings results have been more uneven. Although Technology and Industrials have shown relatively more optimistic guidance, earnings growth continues to trail the US, reflecting Europe's greater exposure to war related risks and limited exposure to the AI theme driving the rally in the US.

	5 Day Percentage Change	MTD Percentage Change	YTD Percentage Change
<b>S&amp;P 500</b>	2,33	2,63	8,08
<b>Nasdaq Composite</b>	4,51	5,44	12,93
<b>EuroStoxx 50</b>	2,09	0,04	1,60
<b>CAC40</b>	0,69	-1,03	-1,45
<b>DAX</b>	1,26	0,00	-0,81
<b>CSI 300</b>	2,94	3,01	6,95
<b>US 10 Year Yield (%)</b>	-1,21	0,31	5,21
<b>Germany 10 Year Yield (%)</b>	-2,07	-0,46	5,88
<b>Gold Spot (\$/Oz)</b>	2,91	0,77	7,73

Source: Bloomberg, BIL as of May 11

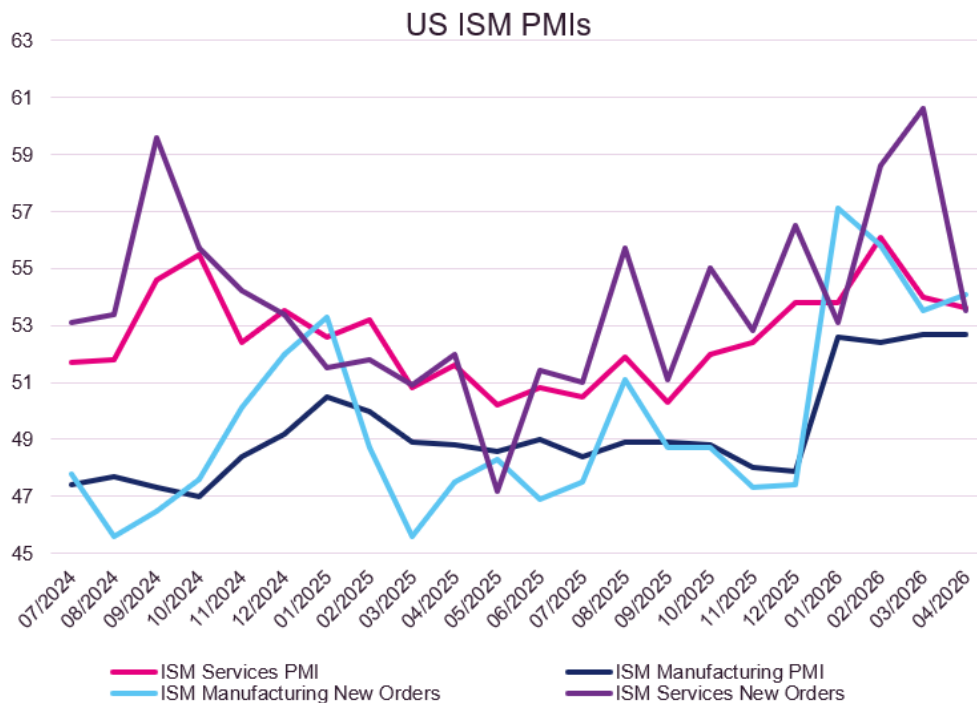
## MACRO SNAPSHOT

### ISM PMIs cool as prices heat up

The US ISM Manufacturing PMI remained unchanged at 52.7 in April, matching its highest level since August 2022. 50 is considered the line of demarcation between contraction and expansion. New orders strengthened, rising to 54.1 from 53.5 in March, while supplier delivery times lengthened further (60.6 vs. 58.9). However, production growth eased somewhat (53.4 vs. 55.1), while input prices surged at the fastest pace since late 2021, largely driven by higher oil and diesel costs linked to the Middle East conflict.

The ISM Services PMI fell to 53.6 from 54.0. Business activity showed continued strength, with the output index rising by two points to 55.9, highlighting the resilience of the US economy. Price pressures intensified further, with the prices index climbing to 70.7—its highest level since 2022. Service providers reported higher costs for fuel, gasoline, diesel, copper, and freight, alongside increases in aluminum and lumber prices linked to tariffs. To keep an eye on is the fact that new orders declined sharply, falling by 7.1 points to 53.5.

Overall, employment across the private sector continued to contract.



Source: ISM, Bloomberg, BIL

## AI's Impact on the US Labour Market Becomes Increasingly Evident

Recent data highlight the growing influence of artificial intelligence on the US labour market. Mid-week, the Job Openings and Labor Turnover Survey (JOLTS) reported that job openings declined by 56,000 to 6.866 million in March, slightly above market expectations of 6.84 million. While openings increased in finance and insurance (+98,000), they dropped significantly in professional and business services (-318,000).

The latter is widely considered as one of the sectors most exposed to AI-driven disruption. This adds to a mounting body of evidence pointing to AI's tangible impact on employment trends. For instance, for a second month in a row, the Challenger layoffs report indicated that roughly one quarter of US job cuts cited AI as a contributing factor.



Source: Bloomberg, BIL

Although history does not repeat itself exactly, it often rhymes. The current shift mirrors past technological transformations: an initial wave of disruption, near-term job losses in vulnerable sectors, followed by offsetting gains that help stabilize overall employment levels. While AI-driven automation may reduce demand for certain white-collar roles, for example, in legal, accounting, and consulting, economic theory suggests a broader, compensating effect. In particular, the Jevons paradox implies that lower production costs can ultimately stimulate greater demand.

Early signs of this dynamic are already visible. Business formation in the US is accelerating, underscoring entrepreneurial responses to new technological opportunities. It is also worth

recalling that roughly half of employment growth since 1980 (when the personal computer revolution began) has come from roles that did not previously exist, highlighting the economy's capacity to adapt and evolve.

Importantly, the adoption of AI is unlikely to follow a linear trajectory. Instead, it will likely unfold unevenly, as organizations navigate strategic priorities, organizational potholes, data readiness, and practical use cases. As a result, labour market adjustments are expected to be gradual rather than abrupt.

In summary, while AI is already reshaping parts of the labour market, it is also poised to create new opportunities, potentially more than offsetting the jobs it displaces today.

### **US labour market adds 115,000 jobs in April**

Looking at actual job creation in the US, it does remain robust for now. Payrolls rose by 115,000 in April, well above economists' forecasts, and unemployment remained at 4.3%. The data suggests the labour market is holding up despite economic pressure from the war in the Middle East and higher energy costs.

Job gains were concentrated in healthcare, retail, transportation and warehousing, while federal government employment and tech jobs declined. Although hiring slowed from March levels, the energy-price shock has not yet translated into broader job losses.

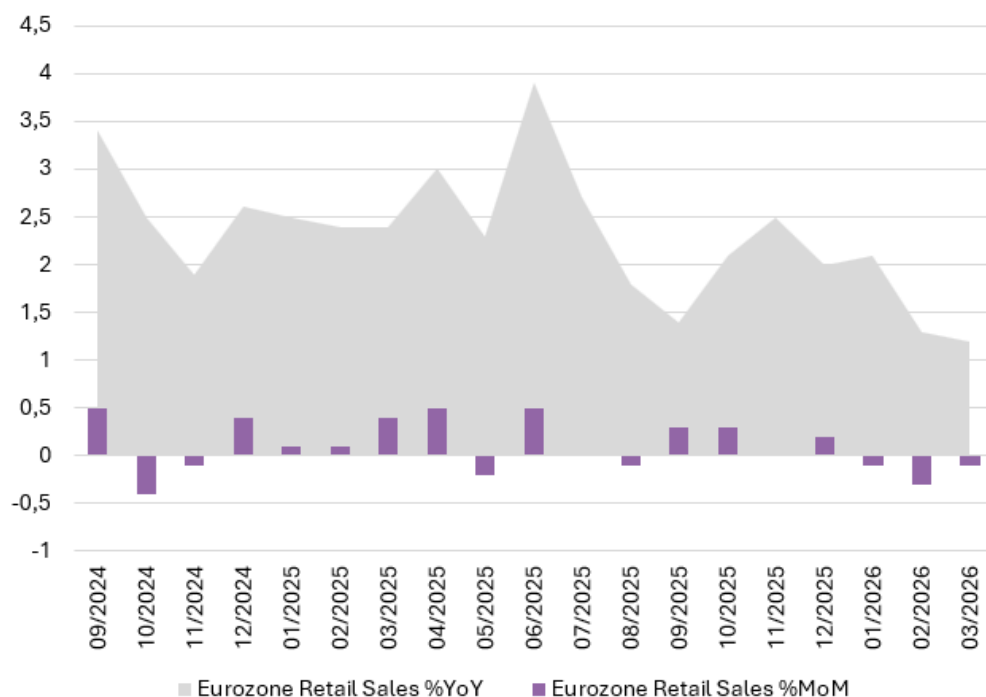
The resilience of the labour market is also reducing the likelihood of interest rate cuts by the Fed, as solid job growth suggests the broader economy is continuing to hold up. With employment remaining strong, policymakers' attention has shifted toward assessing how sharply the energy shock will feed into inflation and whether higher fuel costs will keep price pressures elevated.

Markets reacted positively to the report, with US equity futures moving higher.

### **Eurozone Retail Sales fall for a third month**

Eurozone retail sales volumes edged down by 0.1% MoM in March, marking a third consecutive decline. The drop was mainly driven by fuel sales, which fell by 1.6%, their sharpest decrease since August 2023, amid higher fuel prices linked to tensions in the Middle East. Food sales also weakened, declining by 0.3% after a 0.5% fall in the previous month. In contrast, non-food sales provided a bright spot, rising by 0.6% and recording their first increase since November.

## Eurozone Retail Sales fall for a third consecutive month



Source: Bloomberg, BIL

### Calendar for the week ahead

**Monday** – China Inflation data. US Existing Home Sales.

**Tuesday** – Japan Household Spending and BoJ Summary of Opinions. Germany Inflation (Final, April). Italy Industrial Production. Germany & Eurozone ZEW Economic Sentiment. US NFIB Small Business Optimism Index. **US CPI Inflation (April)** and Total Household Debt. China Vehicle Sales.

**Wednesday** – France Unemployment Rate and Inflation (Final, April). Eurozone GDP Growth (Q1, 2<sup>nd</sup> Estimate), Industrial Production. US PPI. OPEC Monthly Report.

**Thursday** – GDP Growth (Q1, Preliminary), Industrial Production and Balance of Trade. Spain Inflation (Final, April). China M2 Money Supply. **US Retail Sales**, Export & Import Prices, Business Inventories

**Friday** – Italy Inflation (Final, April). US Industrial Production. Spain Consumer Confidence.

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