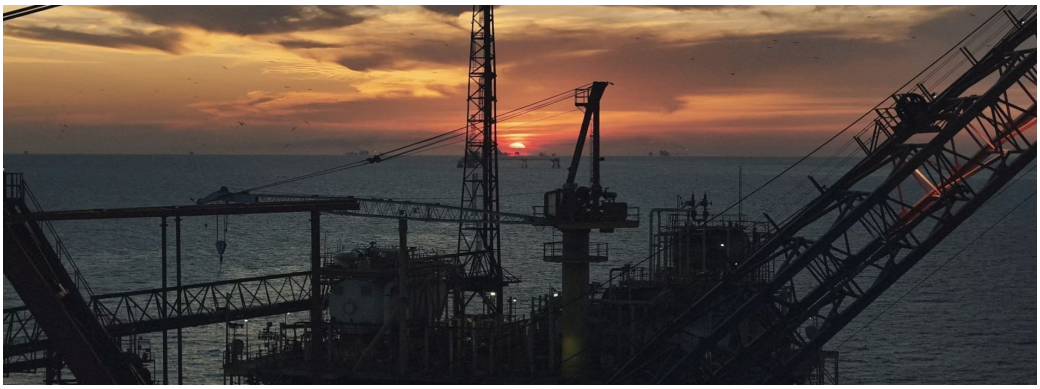
June 1, 2026

Weekly Investment Insights



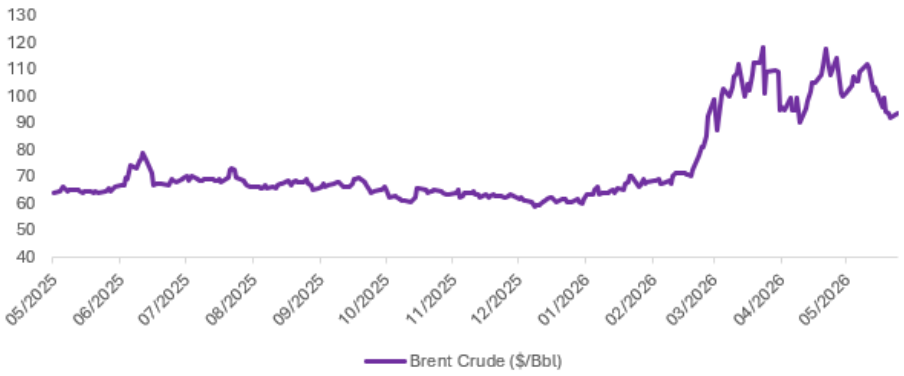
Written as of 1 June 2026

US stock indices recorded new highs last week with investor optimism around AI serving as the driving force. The tech-heavy Nasdaq led the way, leaving it with 8% gains for the month of May as a whole. The broader S&P 500 index closed around 7,580, having risen 5% over the month, consistently hitting fresh records driven by strong corporate earnings and hopes of easing geopolitical tensions in the Middle East.

Oil troughed and crested last week, retreating as news broke that America and Iran had reached a preliminary deal to extend a ceasefire by 60 days, before rising again over the weekend as it emerged that the two sides were still seeking amendments to the draft. Meanwhile, forces clashed near the Strait of Hormuz. Key sticking points between the two sides are Iran's highly-enriched uranium, its frozen assets and whether the ceasefire includes Lebanon.

From an economic standpoint, much hinges on maritime traffic returning to the Strait of Hormuz – a vital conduit for Middle Eastern energy, fertilizer and other critical inputs. A quick return of activity in the Strait could avert a spiral whereby higher energy prices feed into the broader economy and inflation becomes embedded. But time is ticking. Brent crude was trading around $93/ barrel on Monday. It fell by around 15% across the month of May as hopes rose that a peace deal could be reached. On Sunday evening President Trump posted that an interim peace deal will "work out well".

Brent fell by around 15% in May on hopes of a peace deal



Source: Bloomberg, BIL

The pan-European Stoxx 600 index recorded more muted gains through May, just above 2%. This was despite relatively strong corporate earnings, with sentiment tarnished by Europe's dependence on global energy markets. Tensions rose between Beijing and Brussels after the EU held discussions on expanding sectoral input quotas and tariffs to tackle rising competition from Chinese imports. China said it would retaliate "resolutely" if the bloc were to move ahead with new trade restrictions, but communication channels between the two sides remain open.

	Friday Close	5 Day Percentage Change	MTD Percentage Change	YTD Percentage Change
S&P 500	7580,06	1,80	0,00	10,73
Nasdaq Composite	26972,62	2,58	0,00	16,05
EuroStoxx 50	6050,54	-1,37	0,04	4,51
CAC40	8183,34	-0,87	0,04	0,45
DAX	25104,7	-0,99	0,13	2,64
CSI 300	4892,121	-1,57	-0,98	4,63
US 10 Year Yield (%)	4,4355	-2,04	0,67	7,15
Germany 10 Year Yield (%)	2,938	1,32	1,60	4,55
Gold Spot ($/Oz)	4540,26	-1,57	-0,92	4,15

Source: Bloomberg, BIL as of June 1

Macro Snapshot

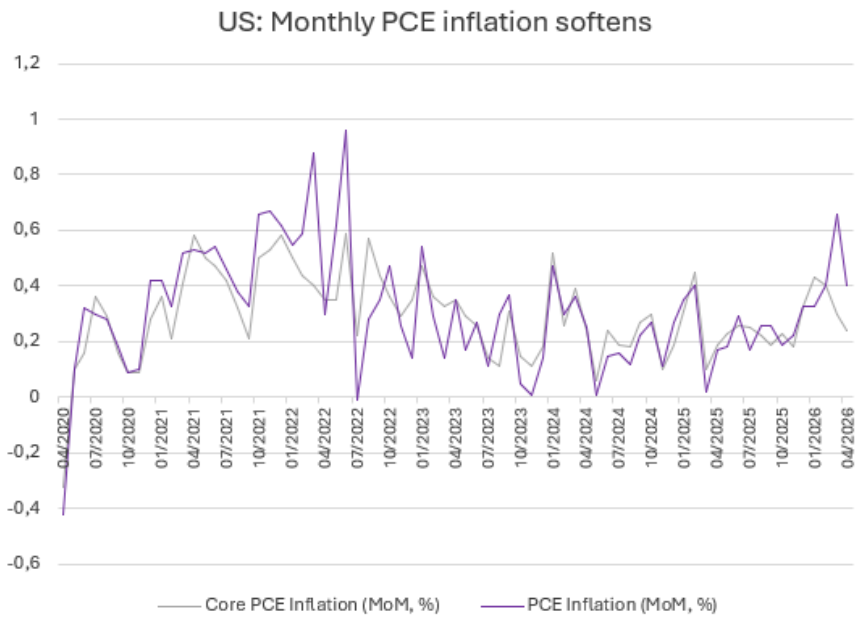
Fed's preferred inflation measure eases slightly

The latest data showed that the US Personal Consumption Expenditures (PCE) price index rose by 0.4% month-over-month in April, easing from March's 0.7% surge—the steepest increase since mid-2022—and coming in slightly below market expectations. On an annual basis, inflation stood at 3.8%.

Core PCE inflation, which excludes food and energy and is closely watched by the Fed, increased by a more modest 0.2% in April and 3.3% year-over-year.

While inflation is well above the Fed's 2% target, the softer monthly readings offer some cautious optimism that inflationary pressures could be easing after recent spikes. This squares with Bloomberg consensus expectations which suggest we are now in the worst patch with regard to the inflationary spike, and that prices should begin to cool again after the second quarter.

While economic growth in Q1 was less than originally reported, at just 1.6% annualised, versus an earlier estimate of 2%, the market still sees price containment as being the Fed's key priority for now. Traders no longer see Fed interest rate cuts as plausible while betting that a hike is a real possibility by next Spring.



Source: Bloomberg, BIL

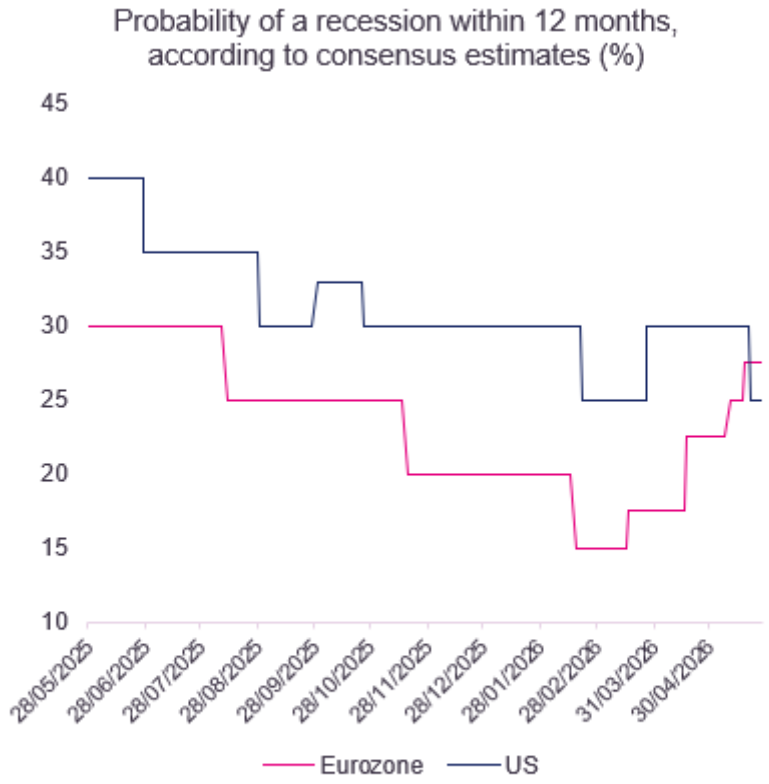
ECB Financial Stability Report flags growth concerns

On 27 May, the ECB released its bi-annual Financial Stability Review. It warned that ongoing geopolitical tensions, particularly the war in Iran, could weigh on Eurozone growth. Risks highlighted by the ECB include escalating geopolitical tensions which could strain public finances and lead to a repricing of sovereign risk, especially in highly indebted euro area countries, and vulnerabilities in the non-bank financial sector that could amplify stress.

Trade uncertainty was also mentioned. While the US Supreme Court has struck down tariffs, the

Administration has used Section 122 to impose a "temporary" import surcharge of 10% which can last for up to 150 days. It is yet to be seen what will occur after it expires. The report commented that “tariff announcements, pauses and reversals have become a structural feature of the global environment.”

Overall, the somewhat gloomy report concludes that the prolonged and uncertain environment raises the likelihood of these interconnected risks materializing and posing a broader threat to financial stability. While economists were discussing stagflation risks in the Eurozone, “recession” is being mentioned more frequently as the bloc finds itself at the heart of another exogenous shock.



Source: Bloomberg, BIL as of 28 May 2026

Meanwhile, the ECB is somewhat stuck between a rock and a hard place, with growth prospects fading and inflation heating up. Data released on Friday showed inflation above the 2% target in the bloc’s largest four economies. Harmonised inflation in France, Italy and Spain came in at 2.8%, 3.3% and 3.6% on the year, respectively, while it eased in Germany to 2.7%, largely thanks to reduced VAT on fuels and lower food costs. Markets bet that inflation will force the ECB’s hand in delivering a quarter-point hike in June, and another before 2026 draws to a close.

The Eurozone CPI print for May will be delivered on Tuesday. Consensus expects it to rise from

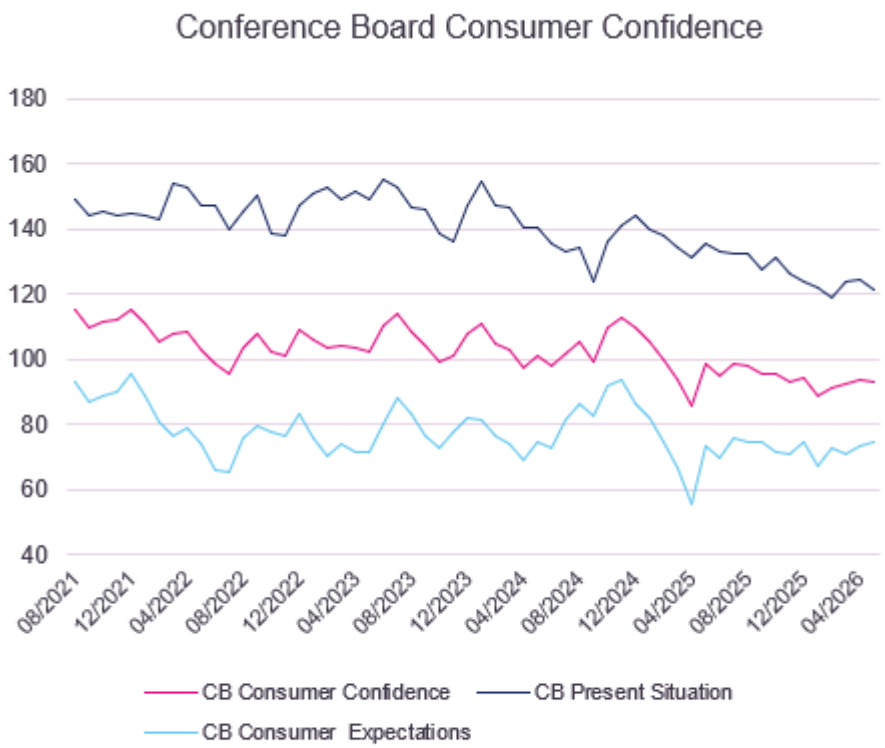
3.0% to 3.3%.

US consumers want more bang for their buck

US consumers have weathered the current macroeconomic storm rather well and continue to spend until now, albeit more discerningly. Last week, data showed that personal spending rose 0.5% MoM in April (or 0.1% in real terms), while discount retailers reported better-than-expected earnings, with customers across all income levels reportedly prioritizing affordability and value for money.

Tying in with this, the Conference Board Consumer Confidence Index declined slightly to 93.1 in May, from 93.8, as higher oil prices took a toll on morale. Perceptions of current economic conditions softened, driven in part by higher prices. This report also suggested that many are buying fewer items, postponing major purchases, or opting for cheaper alternatives. Buying intentions for big-ticket items such as cars, homes, and certain appliances declined, although vacation plans showed a slight improvement.

While respondents noted a marginal softening in the current labour market, expectations for labour demand over the next six months improved. Continued spending will very much depend on the resilience of the job market. For now, consumption is being supported by elevated tax refunds paid throughout Spring (a one-off), the wealth effect from stock markets (not guaranteed), and a further drawdown of savings (the savings rate is just 2.6%. well below the long-run average of 8.38%) which is not sustainable...



Source: Bloomberg, BIL

Calendar for the week ahead

Monday – US, Eurozone, UK, China and Japan Manufacturing PMI (Final, May). Germany Retail Sales. Eurozone Unemployment Rate. US ISM Manufacturing PMI. ECB Consumer Inflation Expectations.

Tuesday – Eurozone Inflation (flash, May). US JOLTs Job Openings.

Wednesday – US, Eurozone, UK, China, Japan Composite PMI (final, May). US ISM Services PMI, Factory Orders, Fed Beige Book.

Thursday – Eurozone Retail Sales. S&P Global Construction PMIs. US Weekly Jobless Claims.

Friday – Japan Household Spending and Earnings. UK House Price Index. France Industrial Production and Balance of Trade. Eurozone GDP Growth (Q1, 3rd Est.). Italy Retail Sales. US Nonfarm Payrolls, Average Hourly Earnings, Participation Rate, Unemployment Rate

Disclaimer

All financial data and/or economic information released by this Publication (the "Publication"); (the "Data" or the "Financial data and/or economic information"), are provided for information purposes only, without warranty of any kind, including without limitation the warranties of merchantability, fitness for a particular purpose or warranties and non-infringement of any patent, intellectual property or proprietary rights of any party, and are not intended for trading purposes. Banque Internationale à Luxembourg SA (the "Bank") does not guarantee expressly or impliedly, the sequence, accuracy, adequacy, legality, completeness, reliability, usefulness or timeless of any Data. All Financial data and/or economic information provided may be delayed or may contain errors or be incomplete. This disclaimer applies to both isolated and aggregate uses of the Data. All Data is provided on an "as is" basis. None of the Financial data and/or economic information contained on this Publication constitutes a solicitation, offer, opinion, or recommendation, a guarantee of results, nor a solicitation by the Bank of an offer to buy or sell any security, products and services mentioned into it or to make investments. Moreover, none of the Financial data and/or economic information contained on this Publication provides legal, tax accounting, financial or investment advice or services regarding the profitability or suitability of any security or investment. This Publication has not been prepared with the aim to take an investor's particular investment objectives, financial position or needs into account. It is up to the investor himself to consider whether the Data contained herein this Publication is appropriate to his needs, financial position and objectives or to seek professional independent advice before making an investment decision based upon the Data. No investment decision whatsoever may result from solely reading this document. In order to read and understand the Financial data and/or economic information included in this document, you will need to have knowledge and experience of financial markets. If this is not the case, please contact your relationship manager. This Publication is prepared by the Bank and is based on data available to the public and upon information from sources believed to be reliable and accurate, taken from stock exchanges and third parties. The Bank, including its parent,- subsidiary or affiliate entities, agents, directors, officers, employees, representatives or suppliers, shall not, directly or indirectly, be liable, in any way, for any: inaccuracies or errors in or omissions from the Financial data and/or economic information, including but not limited to financial data regardless of the cause of such or for any investment decision made, action taken, or action not taken of whatever nature in reliance upon any Data provided herein, nor for any loss or damage, direct or indirect, special or consequential, arising from any use of this Publication or of its content. This Publication is only valid at the moment of its editing, unless otherwise specified. All Financial data and/or economic information contained herein can also quickly become out-of- date. All Data is subject to change without notice and may not be incorporated in any new version of this Publication. The Bank has no obligation to update this Publication upon the availability of new data, the occurrence of new events and/or other evolutions. Before making an investment decision, the investor must read carefully the terms and conditions of the documentation relating to the specific products or services. Past performance is no guarantee of future performance. Products or services described in this Publication may not be available in all countries and may be subject to restrictions in some persons or in some countries. No part of this Publication may be reproduced, distributed, modified, linked to or used for any public or commercial purpose without the prior written consent of the Bank. In any case, all Financial data and/or economic information provided on this Publication are not intended for use by, or distribution to, any person or entity in any jurisdiction or country where such use or distribution would be contrary to law and/or regulation. If you have obtained this Publication from a source other than the Bank website, be aware that electronic documentation can be altered subsequent to original distribution.

As economic conditions are subject to change, the information and opinions presented in this outlook are current only as of the date indicated in the matrix or the publication date. This publication is based on data available to the public and upon information that is considered as reliable. Even if particular attention has been paid to its content, no guarantee, warranty or representation is given to the accuracy or completeness thereof. Banque Internationale à Luxembourg cannot be held liable or responsible with respect to the information expressed herein. This document has been prepared only for information purposes and does not constitute an offer or invitation to make investments. It is up to investors themselves to consider whether the information contained herein is appropriate to their needs and objectives or to seek advice before making an investment decision based upon this information. Banque Internationale à Luxembourg accepts no liability whatsoever for any investment decisions of whatever nature by the user of this publication, which are in any way based on this publication, nor for any loss or damage arising from any use of this publication or its content. This publication, prepared by Banque Internationale à Luxembourg (BIL), may not be copied or duplicated in any form whatsoever or redistributed without the prior written consent of BIL 69, route d'Esch ı L-2953 Luxembourg ı RCS Luxembourg B-6307 ı Tel. +352 4590 6699 ı www.bil.com.