

June 1, 2026

Weekly Investment Insights



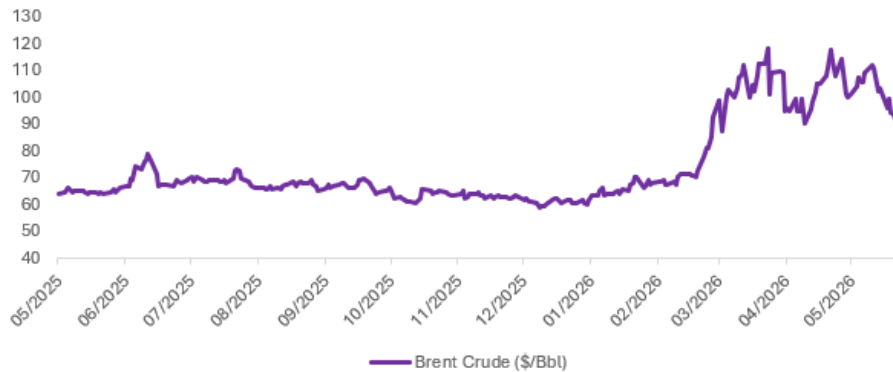
Written as of 1 June 2026

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

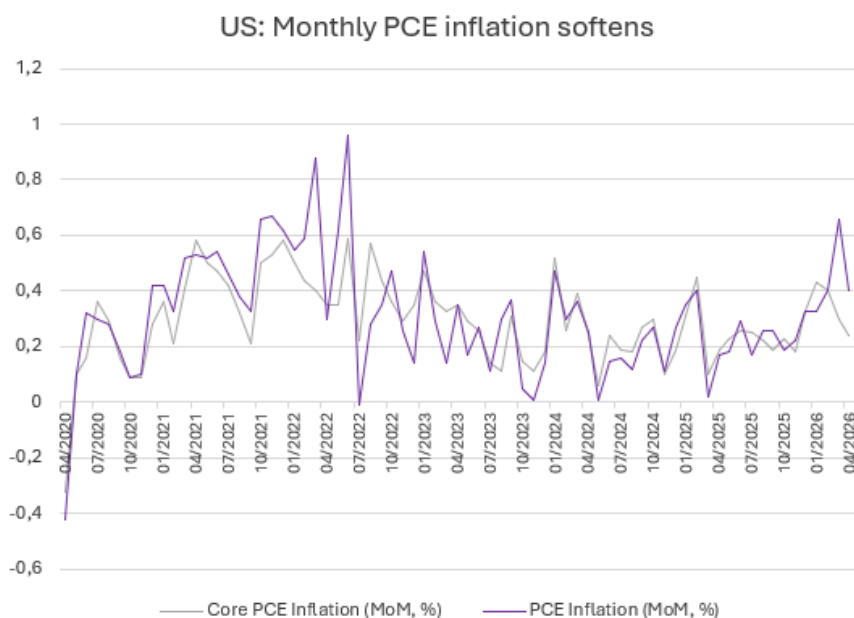
Fed's preferred inflation measure eases slightly

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

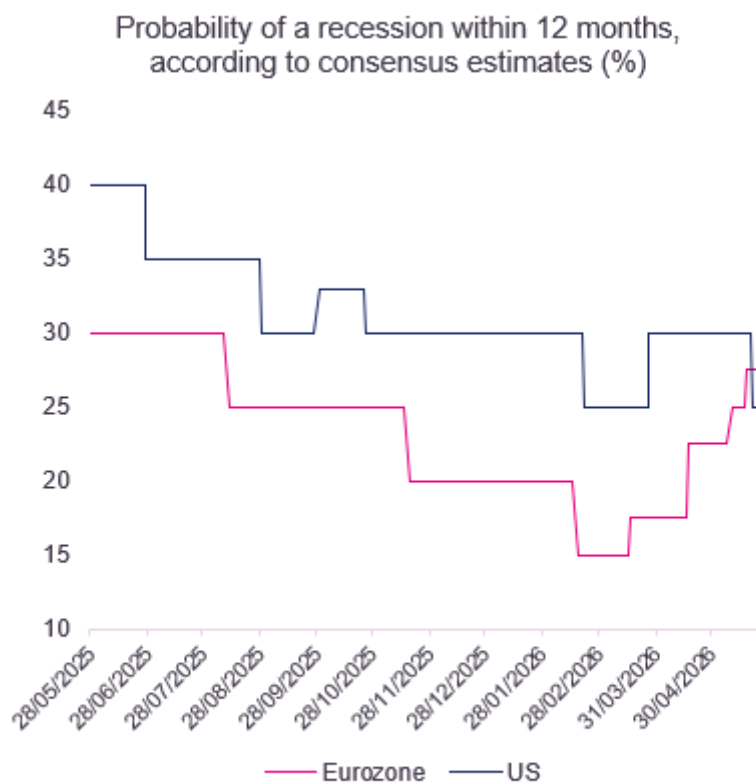
ECB Financial Stability Report flags growth concerns

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

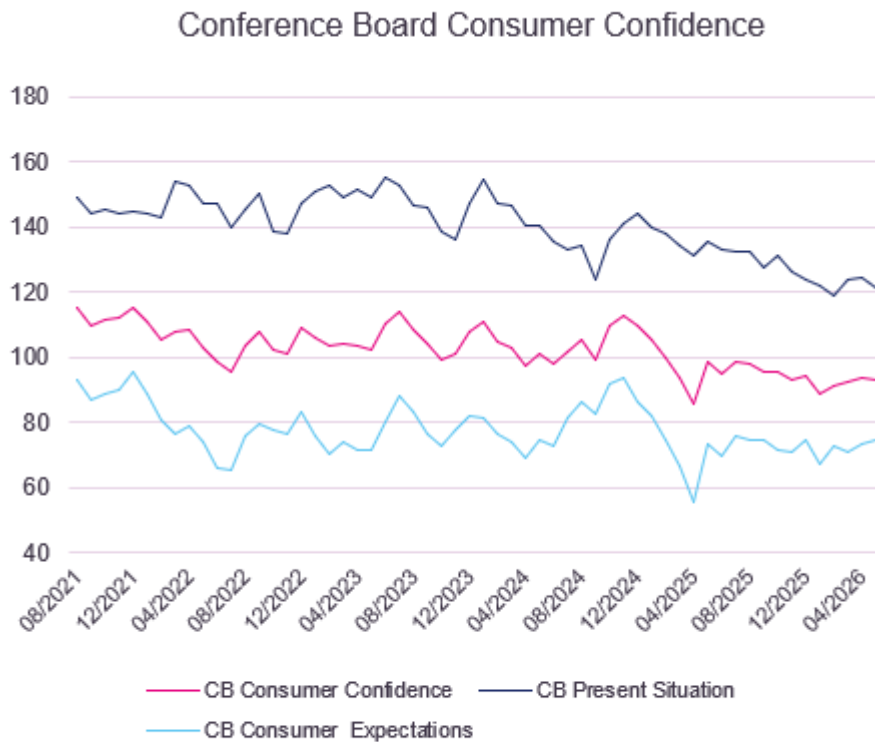
3.0% to 3.3%.

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

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