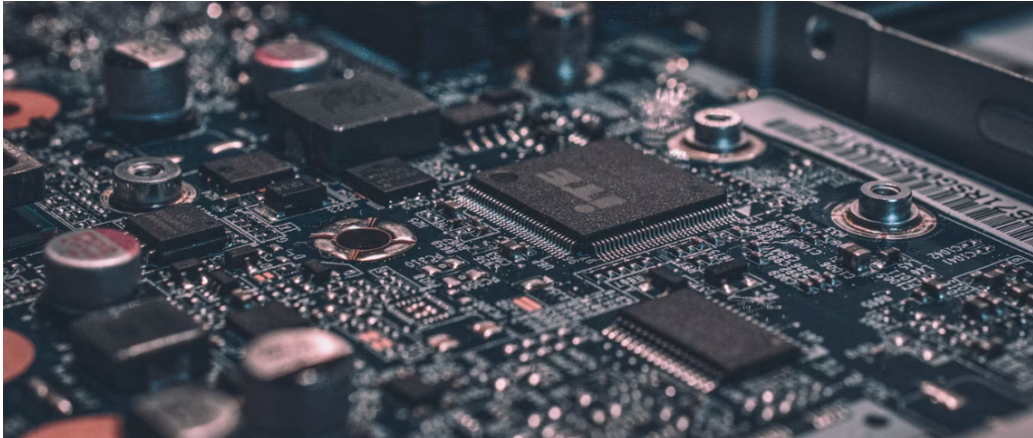


June 5, 2026

Weekly Investment Insights



Written as at 5 June 2026

The record-breaking streak among chipmakers paused on Thursday after the outlook from a prominent player cast some doubt on the AI theme. This catalysed a broadening out in market ownership, before Friday's strong jobs report fuelled bets that the still-strong economic backdrop will embolden the Federal Reserve to hike rates before the end of this year. Both stocks and bonds suffered.

Oil prices dipped after a conditional ceasefire between Israel and Lebanon appeared to pave the way towards a US-Iran peace deal. While Washington and Tehran have pencilled a framework to extend their truce by two months and reopen the Strait of Hormuz, some key sticking points remain.

Philadelphia Semiconductor Index



Source: Bloomberg, BIL. Disclaimer: Past performance is not a reliable indicator of future performance. It is not possible to invest directly in an index.

	5 Day Percentage Change	MTD Percentage Change	YTD Percentage Change
S&P 500	-0.96	-0.96	9.67
Nasdaq Composite	-2.49	-2.49	13.16
EuroStoxx 50	0.49	0.49	4.99
CAC40	0.75	0.75	1.17
DAX	-1.10	-1.10	1.38
CSI 300	-1.54	-1.54	4.04
US 10 Year Yield (%)	2.23	2.23	8.81
Germany 10 Year Yield (%)	3.20	3.20	6.20
Gold Spot (\$/Oz)	-3.87	-3.87	1.05

Source: Bloomberg, BIL as of 5 June 2026

MACRO SNAPSHOT

Flash data shows inflation rising further above the ECB's 2% target

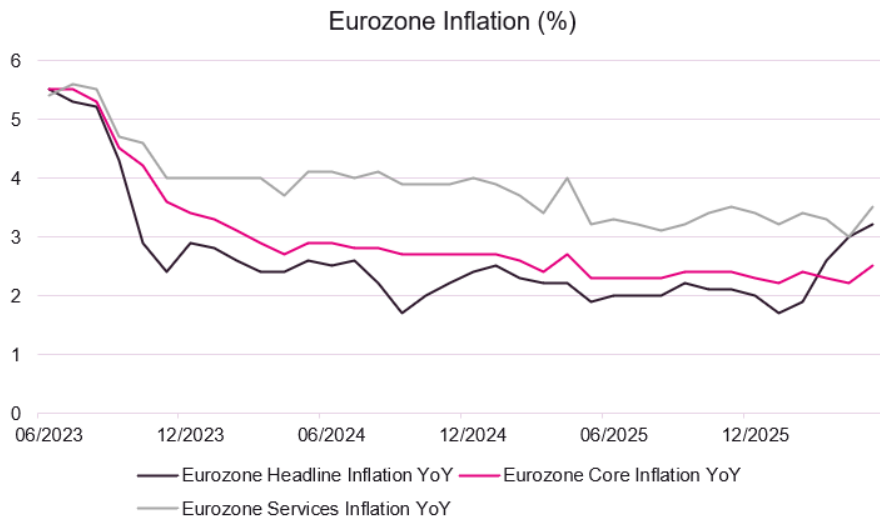
Eurozone inflation edged up to 3.2% in May 2026, marking its highest level since September 2023 and aligning with market expectations. The increase was driven largely by a sharp 10.9% surge in energy costs—the steepest rise since early 2023—while prices also picked up pace in services (3.5%) and non-energy industrial goods (0.9%). In contrast, inflation for food, alcohol, and tobacco eased slightly to 2.0%.

Core inflation climbed to 2.5% from 2.2%, signaling that price pressures are becoming more broad-based beyond energy alone.

As we wrote last week, inflation accelerated in Spain, the Netherlands, Italy, and France, though Germany saw a modest slowdown largely thanks to reduced VAT on fuels and lower food costs. In Luxembourg, HICP* inflation eased to 4.5% from 5.2% in April, yet it remains among the highest rates in the Eurozone.

Despite weak growth—revised data show the eurozone economy contracted by 0.2% in

Q1—markets are widely anticipating that the ECB will proceed with a 25 basis point rate hike at its June 10–11 meeting. Recent remarks from policymakers have reinforced this expectation. Isabel Schnabel noted that “given the scale and persistence of the current shock, looking through it is no longer an option,” while typically dovish Fabio Panetta acknowledged that the outlook now warrants a recalibration of monetary policy. He added that the ECB would act in a “timely and measured manner” to prevent the ongoing energy shock from embedding itself in inflation expectations.



Source: Bloomberg, BIL

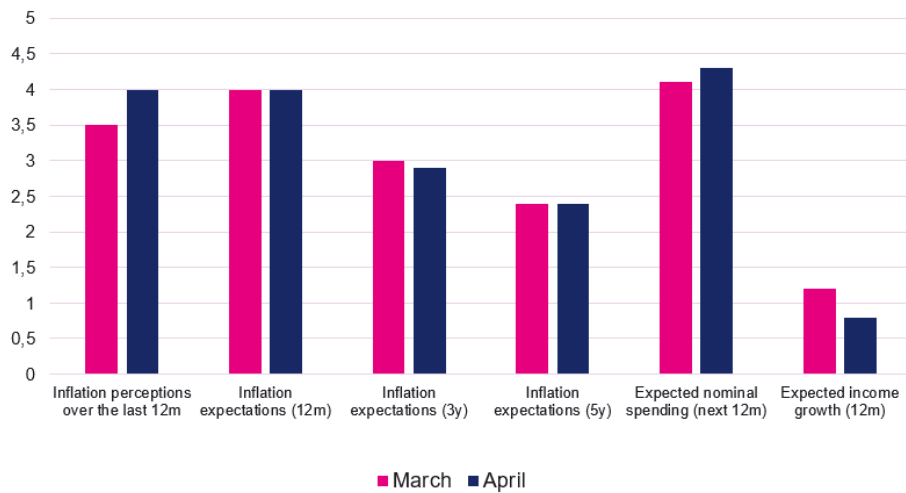
*HICP refers to the harmonized index of consumer prices used in the EU. It is calculated using the same methodology to allow for comparisons across countries.

ECB survey implies long-term inflation expectations remain anchored

The latest ECB Consumer Expectations survey reported a rise in perceived inflation over the past 12 months, with consumers estimating it at 4.0%, up from 3.5%. Looking ahead, however, expectations for inflation over the next year remained steady (albeit too high) at 4.0%. Longer-term expectations showed signs of stability and slight improvement: three-year inflation expectations edged down to 2.9% from 3.0%, while five-year expectations held at 2.4%, indicating that long-term inflation expectations remain anchored for now.

At the same time, consumers have grown less optimistic about income prospects, with expected nominal income growth over the next 12 months declining to 0.8% from 1.2%.

ECB Consumer Expectations Survey



Source: Bloomberg, BIL

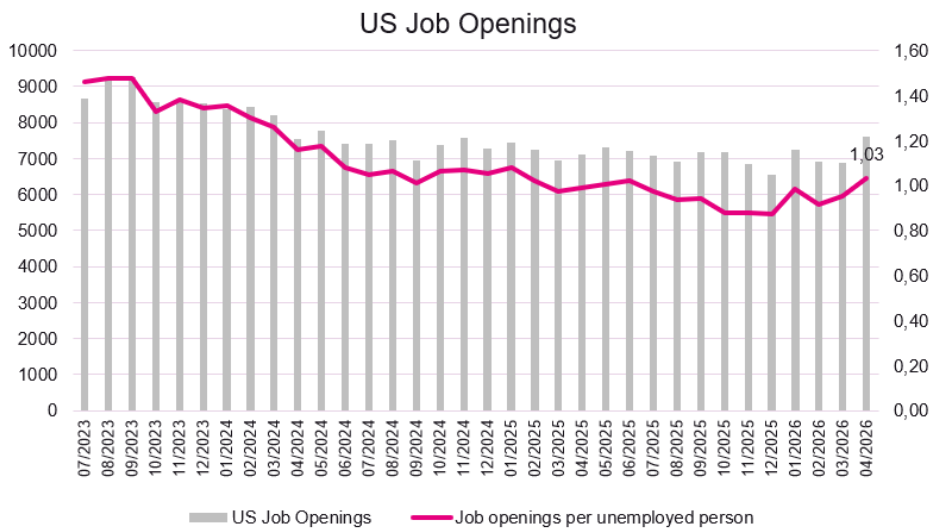
One notable point in the ECB survey was that expected spending for the year ahead increased slightly to 4.3% from 4.1%. However, digging deeper, it appears this was driven in a large part by low-income households anticipating elevated living costs.

On a volume basis, retail sales in the Eurozone fell 0.4% MoM in April, following an upwardly revised 0.8% jump in March. Among the bloc's largest economies, retail sales in Germany decreased 0.2% and in Spain sales dropped 1.5% while in France, sales rose 0.3%

Strength in the US labour market

US job postings rose by 731,000 in April, reaching 7.62 million - the highest level since November 2024 and well above market expectations of 6.88 million underscoring the continued resilience of the labour market.

The increase was driven largely by a surge in professional and business services (+668k). There were 1.03 jobs available per unemployed worker, the highest level since January 2024 and quite a cut above the 0.95 recorded in March (when there were fewer jobs than unemployed workers). Meanwhile, labour market stability was further reflected in a slight easing of layoffs, which fell to 1.1% of nonfarm employment in April from 1.2% the previous month.



Source: Bloomberg, BIL

On Friday, the nonfarm payrolls report corroborates the idea of labour market strength. The economy added 172K jobs in May, well above forecasts of 85K, and following an upwardly revised 179K gain in April. Job gains occurred in leisure and hospitality (70K), mainly food services and drinking places (48K); local government (55K), health care (35K) and manufacturing (7K). The unemployment rate remained at 4.3%, below the long-term average of 5.7%.

While this news is positive for the consumer and the broader economic outlook, signs of a labour market upturn also reduce the urgency for near-term Fed rate cuts, suggesting a prolonged period of stable rates. Market participants await the next FOMC outcome on June 17 to assess how hawkish the Fed is leaning in light of mounting price pressures and a stable economic backdrop.

CALENDAR FOR THE WEEK AHEAD

Monday – Germany Factory Orders. US Consumer Inflation Expectations.

Tuesday – China Balance of Trade. Germany Balance of Trade and Industrial Production. US NFIB Small Business Optimism and Existing Home Sales.

Wednesday – China Inflation. Italy Industrial Production. **US Inflation (May)**.

Thursday – ECB Monetary Policy Decision. US PPI and Weekly Jobless Claims.

Friday – UK GDP (April). Germany, France, Spain Inflation (Final, May). US Michigan Consumer Sentiment (Preliminary, June).

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