

## Bond yields surge as inflation proves persistent

Global markets struggled for direction last week as investors weighed continued optimism surrounding artificial intelligence and large-cap technology stocks against growing concerns over inflation, rising bond yields, higher oil prices, and geopolitical uncertainty. While technology companies continued to provide pockets of resilience, most major US equity indices ended the week lower as markets reassessed expectations for interest rate cuts in the months ahead.

Bond markets came under pressure throughout the week, with US Treasury yields rising sharply across most maturities. The benchmark 10-year US Treasury yield climbed to approximately 4.59%, reaching its highest level in over a year. Headline Consumer Price Index (CPI) inflation rose 0.6% month-on-month in April, while the annual inflation rate accelerated to 3.8%, marking the highest reading since May 2023. Core CPI, which excludes food and energy prices, rose 0.4% over the month and 2.8% year-on-year, both above forecasts. The data further reduced investor confidence that the Federal Reserve will move quickly to lower interest rates.

European equity markets also finished the week lower despite another broadly encouraging corporate earnings season across the region. However, investor sentiment remained cautious as geopolitical tensions continued to dominate market focus. Signs that US-Iran peace talks may be stalling reignited concerns over global energy supply disruptions, contributing to higher oil prices and raising fears that inflationary pressures could remain elevated globally.

In the UK, Prime Minister Keir Starmer faced increasing pressure following the resignation of several senior ministers. The uncertainty weighed on both UK equities and sterling over the course of the week as investors monitored the potential implications for economic and fiscal policy.

Chinese equities ended the week flat after earlier gains faded later in the week. Markets initially responded positively to the closely watched summit between President Donald Trump and President Xi Jinping in Beijing. Both leaders reiterated support for stable relations, helping to ease fears of renewed escalation in trade and technology tensions between the world's two largest economies. However, broader global market weakness and renewed concerns surrounding inflation and interest rates ultimately weighed on sentiment by week-end.



### Fact of the week

The 30-year US Treasury yield climbed to 5.13% last week, its highest closing level since June 2007, as renewed inflation concerns weighed on bond markets.

Our regular market information continues on the next page.

### Snapshot



- World Equities
- Oil
- Copper



- Corporate Bonds
- Sovereign Bonds
- Gold

### The week ahead

<b>20 May</b>	Eurozone CPI data goes to print.
<b>21 May</b>	US and Eurozone PMI indices are published.
<b>22 May</b>	Japanese CPI data is released.



	1 Week Return 08.05.26 to 15.05.26		Year to Date Return 31.12.25 to 15.05.26	
	Local Currency	Euro	Local Currency	Euro
World	-0.3%	1.0%	7.6%	8.7%
U.S.	0.2%	1.4%	8.2%	9.3%
Europe	-0.5%	-0.5%	3.6%	3.6%
Ireland	-2.9%	-2.9%	-5.9%	-5.9%
U.K.	-0.1%	-0.8%	4.6%	4.8%
Japan	0.4%	0.4%	14.3%	14.1%
Hong Kong	0.0%	1.2%	13.9%	14.4%
Corporate Bonds	-0.4%	-0.4%	-1.0%	-1.0%
Sovereign Bonds	-1.4%	-1.4%	-1.1%	-1.1%

**Warning: Past performance is not a reliable guide to future performance.**  
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#### Equities

- Global stocks finished up 1.0% in euro terms and down -0.3% in local terms last week.
- Year-to-date global markets are up by 8.7% in euro terms and up by 7.6% in local terms.
- The U.S. market, the largest in the world, finished up at 1.4% in euro terms and at 0.2% in local terms.

#### Fixed Income & FX

- The U.S. 10-year yield finished at 4.6% last week. The German equivalent finished at 3.2%. The Irish 10-year bond yield finished at 3.4%.
- The Euro/U.S. Dollar exchange rate finished at 1.16, whilst Euro/GBP finished at 0.87.

#### Commodities

- Oil finished the week at \$105.4 per barrel and is up 85.5% year-to-date in euro terms.
- Gold finished the week at \$4,540 per troy ounce and is up 6.2% year-to-date in euro terms.
- Copper finished the week at \$13,503 per tonne and is up 9.6% year-to-date in euro terms.