PRIMIS INVESTMENT

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WEEKLY MARKETS ROUND-UP

Executive Summary

11th May 2026

Top news: Iran rejects latest peace proposal, US CPI and PPI expected on Tuesday and Wednesday - last week, US markets made new highs again, the 6th consecutive week. The rally was driven by Gulf de-escalation as well as blowout AMD earnings on Tuesday (Q1 revenue +38% YoY with strong Q2 guidance), followed by a further surge for Intel as a new foundry deal was announced with AAPL on Friday. Both lifted the whole SemiConductors complex further. On the macro front, the ISM Services PMI held on Tuesday at 53.6 in April (exp. 53.7) along with the March JOLTS job openings (6.87M vs 6.86M exp.). Friday's US Payrolls then delivered a strong beat (115k new jobs in April vs. +62k exp.). Unemployment was stable at 4.3% and average hourly earnings rose just +0.2% MoM (vs +0.3% exp.), easing near-term wage inflation fears. Finally, over the weekend, Iran formally rejected the latest US peace proposal, Oil jumped a measured 3% this morning and for now, Europe is down slightly and US Futures are flat. Going forward, tomorrow's April CPI will monopolize macro attention. Headline is exp. at +0.6% MoM (+3.7% YoY) as US Gasoline prices have surged in the past 2 months, and Core at +0.3% MoM (+2.7% YoY). Wednesday will then see the April US PPI with Headline exp. at +4% YoY and Core at +3.8%, and Thursday, the April Retail Sales, exp. at 0.6% (down from 1.7% in March). On Friday, Powell is due to step-down as Fed Chair, while Warsh should be confirmed by the Senate. As for earnings, Alibaba and Cisco report Wednesday (pre and post close), Applied Materials on Thursday (post close).

Equities: US markets are now Overbought following their recent bullish streak. Participation seems quite narrow and speculative (see page 2) while the Gulf conflict risks reigniting. A hot US CPI could also add further reversal pressure.

Fixed Income: benchmark yields were flat last week. Again, Tuesday's US CPI will be the main focus in order to gauge the conflict's inflationary impact. US High Yield just held last week (+0.1%) contrasting with surging equity markets.

Forex: USD dropped back 0.5% last week and is barely holding. Any flight to safety bid will probably prove temporary.

Commodities: Brent dipped below 100 last week yet is back around 107 $/bbl today and remains very sensitive to the Gulf's geopolitics. Gold dropped to 4'500 $/oz early last week yet also bounced back and is stabilizing around 4'700.

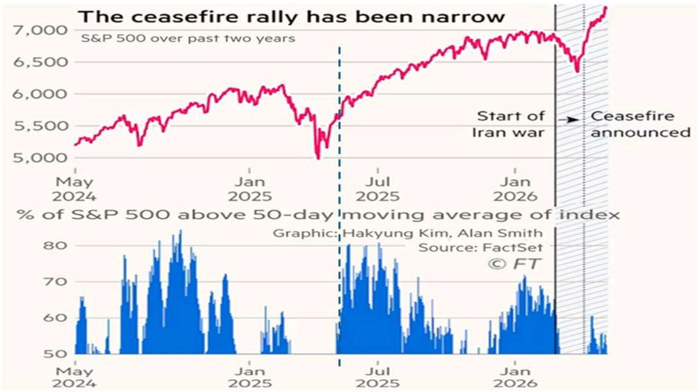
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %	YTD in %	last 6m[1]	OB / OS[2]
S&P500 Index	USD	7'399	May-25	5'803	27.5%	May-26	7'399	0.0%	8.1%	neutral	slightly OB
Nasdaq100 Index	USD	29'235	May-25	20'868	40.1%	May-26	29'235	0.0%	15.8%	up	OB
Dow Jones Industrials Index	USD	49'609	May-25	41'603	19.2%	Feb-26	50'188	-1.2%	3.2%	neutral	neutral
EuroStoxx50	EUR	5'912	Aug-25	5'166	14.4%	Feb-26	6'173	-4.2%	2.1%	neutral	neutral
Swiss Market Index	CHF	13'101	Aug-25	11'755	11.4%	Feb-26	14'014	-6.5%	-1.3%	neutral	neutral
Nikkei225	JPY	62'658	May-25	36'986	69.4%	May-26	62'834	-0.3%	24.5%	up	slightly OB
Shanghai Composite	CNY	4'180	May-25	3'340	25.2%	Mar-26	4'185	-0.1%	5.3%	neutral	neutral
US 10Y Treasury Yield	%	4.36%	Oct-25	3.95%	0.4%	May-25	4.61%	-0.2%	0.2%	up	slightly OB
German 10Y Bund Yield	%	3.01%	Jun-25	2.48%	0.5%	Mar-26	3.10%	-0.1%	0.1%	up	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	86	May-25	79	9.1%	Feb-26	89	-3.7%	0.4%	neutral	neutral
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	109	May-25	100	9.3%	Mar-26	110	-0.9%	1.0%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	80	May-25	74	8.5%	Apr-26	80	-0.2%	1.4%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	96	May-25	85	13.1%	Mar-26	97	-0.6%	1.5%	neutral	neutral
EUR/USD		1.18	May-25	1.11	6.3%	Jan-26	1.20	-2.0%	0.3%	neutral	neutral
GBP/USD		1.36	Nov-25	1.30	4.7%	Jan-26	1.38	-1.5%	1.2%	neutral	neutral
USD/JPY		157	May-25	143	9.9%	Apr-26	160	-2.3%	-0.0%	neutral	neutral
USD/CHF		0.78	Jan-26	0.76	1.8%	May-25	0.85	-8.2%	-2.0%	neutral	neutral
AUD/USD		0.72	May-25	0.64	13.7%	May-26	0.72	0.0%	8.6%	neutral	slightly OB
Brent Oil (per Barrel)	USD	101	Dec-25	59	71.9%	Apr-26	118	-14.2%	66.5%	up	slightly OB
Gold Spot (per Ounce)	USD	4'715	May-25	3'177	48.4%	Jan-26	5'416	-12.9%	9.2%	neutral	neutral

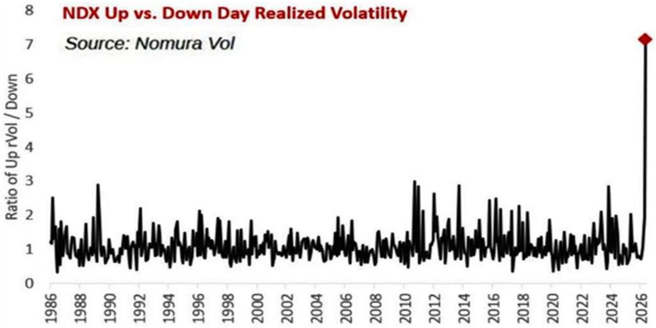
* These large fixed income ETFs are used as proxies to assess the state of duration trades as well as of credit markets

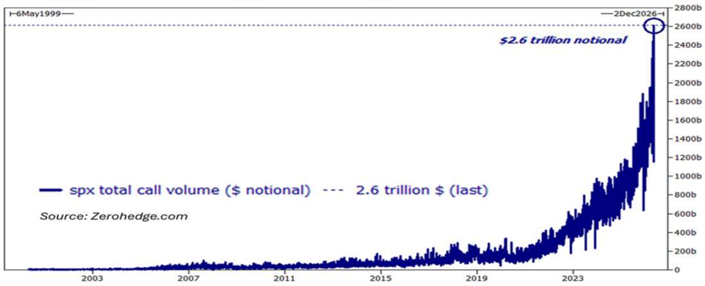
Source: Primis Investment (Suisse) SA

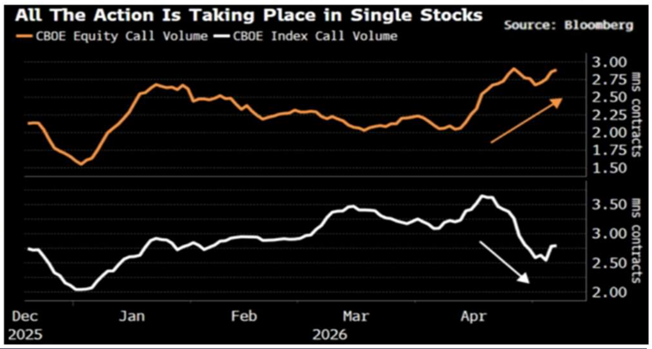
Equity focus: ATHs, yet narrow breadth in unprecedented mechanical squeeze

The S&P500 is hitting all-time highs (ATHs), yet only 50% of its constituents are trading above their short term 50-day moving average (top-left). Given the strength of the rally, this is very narrow and in stark contrast to last year's breakout, when breadth exploded after circa 3 weeks (added dotted-line). For now, this rally is carried by just a few names. On the surface, though, it feels exceptionally dynamic with volatility on up days outpacing down days by roughly 7:1 (top-right). Such behaviour is typical of a broad option "gamma squeeze", where underweighted investors and momentum speculators rush into short-dated call options to keep up with a surging market. Dealers who sell them those calls, then have to hedge their exposure by buying stocks as prices continue to rise, creating an aggressive positive feedback loop. This instance is way above any previous episodes as SPX call volume has gone parabolic hitting a record $2.6 trillion notional in a single day (bot-left). At the same time, single-stock call volume has surged even more dramatically (orange line up +50% since early April, bot-right) and is extremely concentrated in a few AI and semiconductor names (e.g. NVDA, AVGO, MU, INTC). Historically, such narrow and mechanically driven rallies are unsustainable. They either broaden out (as in May-25 - the dotted line, top-left) or break. Should the latter prevail, the gamma squeeze could then reverse as dealers then need to sell exposure on any bounce.









Notes:

1. **Trend last 6 months:** this Primis original algorithm, weighs the slope of the trend over the last 6 months vs the slope of the trend over the last 3 months yet factorised by the Fibonacci retracement ratio (0.618). Values are normalised using the average price over each period. If this combined slope is above +0.08% the trend is then "up", below -0.08% then "down", otherwise it is "neutral".
2. **Overbought (OB) / Oversold (OS) measures:** this Primis original algorithm is computed by comparing the difference between the 8 days moving average and the 100 days combined with the 3 days vs the 15 days one and normalises this difference by dividing it by the 1 year standard deviation (circa 260 open market days). Values above 225% or under -225% are Overbought "OB", resp. Oversold "OS", values above 100% or under -100% are "slightly OB", resp. "slightly OS", otherwise there is no relevant exaggeration and the situation is then "neutral".

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