

WEEKLY MARKETS ROUND-UP

Executive Summary

25th May 2026

Top news: Peace agreement imminent? Core PCE and Preliminary US GDP on Thursday – expectations of a US/Iran peace deal continue to push equity markets higher, with a further sharp rally this morning as the US administration is touting that a deal is near. The EuroStoxx50 did indeed play catch-up last week rising 5%, while the S&P500 and the Nasdaq100 respectively added another 2% and 3%. This rally extended despite the FOMC April minutes revealing a deeply fractured FED on Wednesday, with three distinct camps emerging: a hawkish one, which is open to hiking rates, the pause camp, which intends to hold rates waiting for further visibility, and a residual conditional dovish camp, which would be ready to cut rates again if the war came to an end and inflation receded quickly. This division leaves Chair Warsh with little room to maneuver at his first FOMC on 16-17 June. Focus then shifted to NVIDIA's earnings late that evening, which reported revenue of \$81.6bn (+85% YoY, above \$78.75bn consensus), EPS \$1.87 vs \$1.77 exp. and gross margin holding up well at around 75%. Market reaction was however muted, as much of the positive news seemed already priced in. With a spectacular earnings season now behind us, a potential peace agreement probably remains the main market driver this week. Macro-wise, Thursday will feature the US Core PCE inflation data (0.3% exp. MoM vs 0.3% prev.) as well as the Preliminary Q1 US GDP estimate (exp. at 2.1% annualized for Q1 vs 0.7% in Q4).

Equities: US equities remain Overbought and even more so today with a further gap up. While earnings justify current valuations, the market remains at risk of an adverse outcome in the US/Iran negotiations as well as to rising yields.

Fixed Income: benchmark yields did retrace slightly last week from Overbought conditions. Here also, developments in the Gulf are the main short term driver for now, influencing oil prices, inflation expectations and hence yields.

Forex: USD held early last week, retesting up vs EUR or CHF especially. Risk-on dynamics then returned, and USD gave back all these gains. USD hence remains hawkish and risk-off, while any solution in the Gulf would prove very dovish.

Commodities: Brent shifted gradually lower last week as discussions in the Gulf seemed to progress and dropped 5% today to 99 USD/bbl on the latest news of a deal. Inversely, Gold is correlated to risk assets, rising 2% on the news.

	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 %			
S&P500 Index	USD	7 477	May-25	5 803	28,9%	May-26	7 501	-0,3%	9,2%	up	slightly OB
Nasdaq100 Index	USD	29 506	May-25	20 916	41,1%	May-26	29 580	-0,3%	16,9%	up	OB
Dow Jones Industrials Index	USD	50 642	May-25	41 603	21,7%	May-26	50 642	0,0%	5,4%	neutral	neutral
EuroStoxx50	EUR	6 027	Aug-25	5 166	16,7%	Feb-26	6 173	-2,4%	4,1%	neutral	neutral
Swiss Market Index	CHF	13 503	Aug-25	11 755	14,9%	Feb-26	14 014	-3,6%	1,8%	neutral	neutral
Nikkei225	JPY	63 219	Jun-25	37 447	68,8%	May-26	63 272	-0,1%	25,6%	up	neutral
Shanghai Composite	CNY	4 114	May-25	3 340	23,2%	May-26	4 243	-3,0%	3,7%	neutral	neutral
US 10Y Treasury Yield	%	4,55%	Oct-25	3,95%	0,6%	May-26	4,67%	-0,1%	0,4%	up	OB
German 10Y Bund Yield	%	3,04%	Jun-25	2,48%	0,6%	May-26	3,19%	-0,2%	0,2%	up	slightly OB
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	85	May-25	79	6,6%	Feb-26	89	-5,3%	-1,2%	neutral	slightly OS
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	108	May-25	100	7,9%	Mar-26	110	-1,6%	0,2%	neutral	neutral
US High Yield (HYG ETF, 3-4Y duration)*	USD	80	May-25	74	8,0%	Apr-26	80	-0,5%	1,1%	neutral	neutral
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	95	May-25	85	11,5%	Mar-26	97	-1,6%	0,5%	neutral	neutral
EUR/USD		1,16	May-25	1,13	2,7%	Jan-26	1,20	-3,6%	-1,2%	neutral	slightly OS
GBP/USD		1,34	Nov-25	1,30	3,2%	Jan-26	1,38	-3,0%	-0,3%	neutral	neutral
USD/JPY		159	Jun-25	143	11,6%	Apr-26	160	-0,7%	1,6%	neutral	neutral
USD/CHF		0,79	Jan-26	0,76	2,9%	May-25	0,83	-5,1%	-0,9%	neutral	neutral
AUD/USD		0,71	Aug-25	0,64	11,0%	May-26	0,73	-1,8%	6,8%	neutral	neutral
Brent Oil (per Barrel)	USD	104	Dec-25	59	75,7%	Apr-26	118	-12,3%	70,2%	up	slightly OB
Gold Spot (per Ounce)	USD	4 508	Jun-25	3 274	37,7%	Jan-26	5 416	-16,8%	4,4%	neutral	neutral

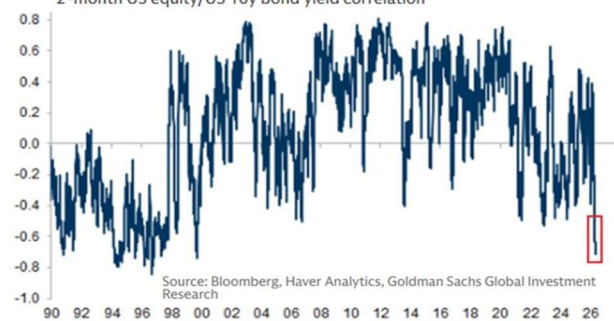
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Equity focus: strong earnings drive, yet rising yields could threaten the multiple

The recovery rally started with the ceasefire, yet the entire S&P500 performance YTD is justified by forward EPS growth (+14%), while forward P/E multiples have actually contracted (top-left graph). Hence, despite the ongoing war/peace headlines, the bull case is fundamentally driven by earnings growth. Going forward, such growth will need to be maintained to justify further gains and multiples will also need to hold. Structurally, this may prove more challenging, considering the recent shift in P/E valuation premiums towards asset heavy companies (hyperscalers, semis or any business activity, which could remain resilient to AI replacement due to its capital intensity). Indeed, their P/E premium to asset-light peers is now the highest since 2002 (top right), which could make the market more vulnerable to any funding stress. This negative factor is starting to appear in the current record negative Equity to bond yield correlation (bot-left). It implies that any further rate rises, in the absence of further earnings surprises, could weigh on valuations. This may be the case in coming weeks, as the peace deal feels very much priced in, while 30Y G7 yields keep frontrunning a potential reacceleration in inflation (bot-right).



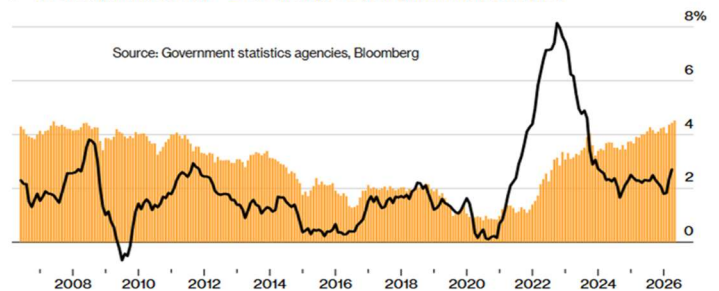
Exhibit 2: Equity/bond yield correlation has reached the most negative levels since the 1990s
2-month US equity/US 10y bond yield correlation



G7 Long-Term Borrowing Costs Climb Above Post-Covid Peak

Yields hit highs never reached even in worst phase of pandemic inflation

✓ G7 average inflation rate ■ G7 average 30-year government bond yield



Notes:

- 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".
- 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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