Monthly **Market Commentary** - May 2026

Global equity markets remained robust in May, rising by 6.0% as geopolitical tensions shifted. Towards the end of the month, negotiations between Iran and the United States appeared to be nearing a conclusion, although President Trump indicated he was in 'no hurry' to finalise an agreement. Global bonds rose modestly by 0.6%, whilst UK gilts fared slightly better gaining 1.8% with lower-than-expected domestic inflation.

US large cap equities continued to post strong gains over the month, returning 6.1%. A robust earnings season bolstered returns from US large cap technology names, which returned 9.3% and sparked a clear divergence between AI leaders and laggards.

Emerging markets rose by 10.6%, driven by strong performance in Korea and Taiwan. These markets benefited from their role in the AI supply chain and attractive valuations relative to the US. Conversely, China had a more difficult month, falling by 2.1% as it faced higher oil prices alongside weakening retail sales and industrial production.

Japan delivered another strong month of gains, returning 5.8%. This was supported by first quarter GDP growth that exceeded expectations and expansionary policies introduced by the new prime minister.

Europe faced a challenging macroeconomic environment characterised by slower growth indicators. However, European equities rebounded by month-end as geopolitical tensions eased, returning 4.3%.

Crude oil fell sharply by 16.3% to move below $100 per barrel amidst mounting hopes that the Strait of Hormuz would reopen. Gold also declined by 1.4% as investors sought returns in higher bond yields and a fluctuating US dollar.