

Weekly Market Directions



Trust must be earned



“Bond yields at the short end of the curve moved up as markets repriced central bank action in response to inflation. Long-end yields rose mainly because of higher risk premium, as the war in the Middle East continues to create uncertainty.”

Monica Defend
Head of Amundi Investment Institute

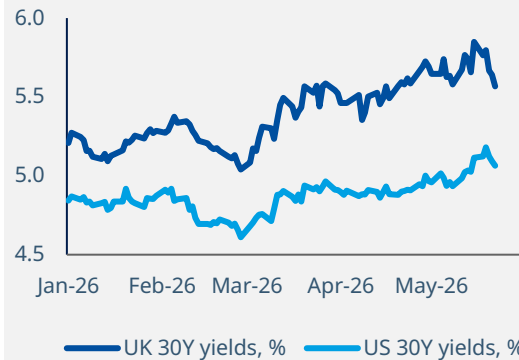
Rising yields, rising uncertainty

The US 30Y yields rose to 5.19%, the highest from 2007, while the 10Y moved above 4.5%. Yields across Europe and Japan also rose.

Pressure on global long-term bonds has been driven by uncertainty over inflation, monetary policy and fiscal spending.

All these factors support a more nuanced view of fixed income, with a close eye on the evolution of inflation and economic growth

Major developed market long-term rates



Source: Amundi Investment Institute, Bloomberg, data as of 22 May 2026.

Global yields have risen sharply this year as the Middle East crisis has led to increased price pressures. This, coupled with changing views on central bank policy and persistently high fiscal deficits (the excess of government expenditure over revenues), has pushed long-end yields higher — US 30Y yields have reached their highest levels since 2007-08. Looking ahead, strains on public finances and heavy bond supply could continue to put pressure on yields. On the inflation front, we think the pass-through of the energy shock to the broader economy requires closer scrutiny. The key risk is not only the surge in energy prices, but also how long they remain elevated and their second-round effects on the economy. This is, of course, affecting central bank policy in the near term.

Hence, although we are constructive on bonds, we prefer to express this view differently across the curve, favouring short- and medium-maturity bonds.

Key dates



26 May

US Conference Board Consumer Confidence

28 May

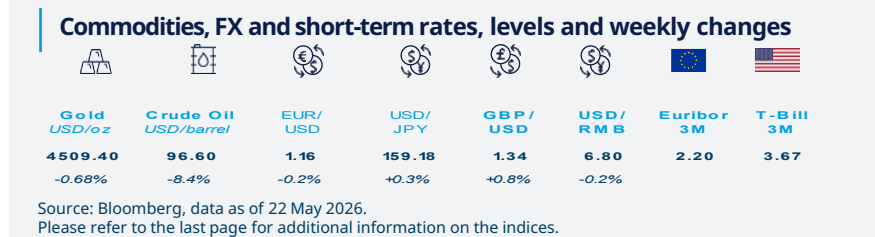
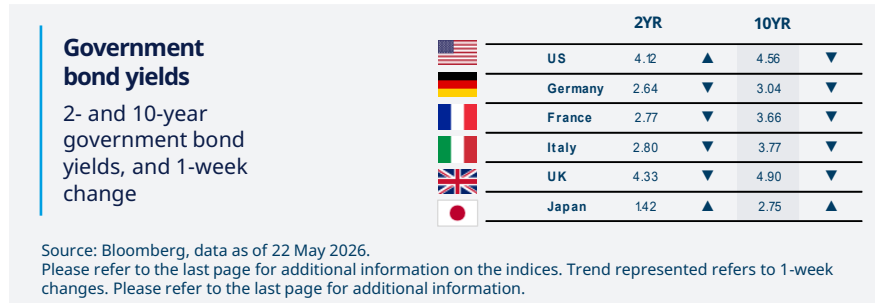
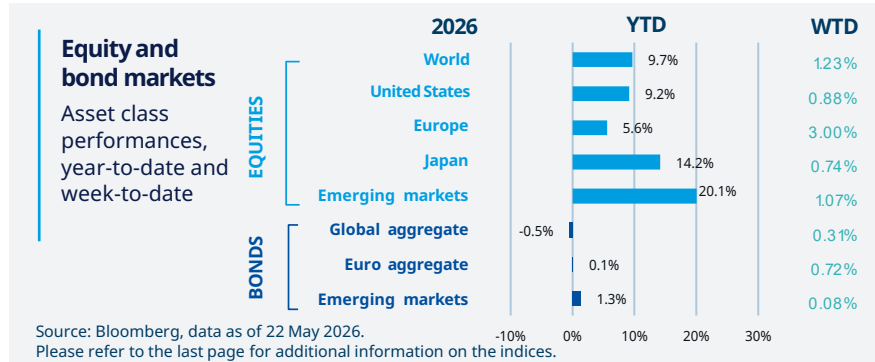
Europe Economic Confidence, US Personal Spending, PCE price index and durable good orders

29 May

Japan Retail Sales and Industrial Production, Brazil GDP Q1

This week at a glance

Global equities continued to rise on hopes of a possible deal between the US and Iran to remove the blockade of Strait of Hormuz. Persistent enthusiasm for the success of the artificial intelligence narrative also lifted the sentiment. Bond yields tested their multi-year highs in the first part of the week before eventually easing. The dollar remained unchanged against the euro, while oil prices fell.



Amundi Investment Institute Macro Focus

Americas



US PMIs show mixed signals as price pressures build
The US services PMI edged down to 50.9 in May, slightly below expectations, with mixed components: employment declined while new business increased. The manufacturing PMI rose to 55.3, with output and employment improving, though new orders softened. Price pressures intensified in both sectors, as both input and output prices rose further. Expectations for output over the next year fell in services but improved in manufacturing. Overall, both PMIs remain above 50, indicating expansion, but the mixed signals and rising prices suggest demand could come under pressure.

Europe



Eurozone PMI falls as services take the hit
The EZ Composite PMI fell to 47.5 in May, missing expectations. Services weakened sharply, likely reflecting cautious consumers amid the Iran conflict, while manufacturing held up better thanks to frontloaded orders. However, falling new orders suggest this resilience may not last. Input prices continued to rise strongly, but the increase in output prices was much more limited, indicating only partial pass-through. Meanwhile, confidence indicator rose slightly in May, but remains at very weak levels. Overall, weak surveys and collapsing consumer confidence point to stagnation risks in Q2.

Asia



Japan GDP Beats in Q1, But Growth May Slow
Japan's GDP grew at an annualized rate of 2.1% in Q1, surpassing expectations. Solid performance was supported by moderate growth in domestic demand and a sharp rebound in exports. Private consumption expanded for the fifth consecutive quarter, after nearly stalling in the previous quarter. However, the recent strength in growth has yet to fully reflect the impact of the Middle East conflict. Consumer sentiment has weakened as inflation expectations rise and willingness to spend declines. We expect growth to ease in Q2.

NOTES

Page 2

Equity and bond markets (chart)

Source: Bloomberg. Markets are represented by the following indices: World Equities = MSCI AC World Index (USD) United States = S&P 500 (USD), Europe = Europe Stoxx 600 (EUR), Japan = TOPIX (YEN), Emerging Markets = MSCI Emerging (USD), Global Aggregate = Bloomberg Global Aggregate USD Euro Aggregate = Bloomberg Euro Aggregate (EUR), Emerging = JPM EMBI Global Diversified (USD).

All indices are calculated on spot prices and are gross of fees and taxation.

Government bond yields (table), Commodities, FX and short-term rates.

Source: Bloomberg, data as of **22 May 2026**. The chart shows the price of gold.

*** Diversification does not guarantee a profit or protect against a loss.**

GLOSSARY

CPI: Consumer Price Index

EZ: Euro Area

FED: Federal Reserve

FOMC: Federal Open Market Committee

GDP: Gross Domestic Product

Q1: First quarter

MoM: Month-on-Month

YoY: Year-on Year

PMI: Purchasing Manager Index, it is a monthly economic indicator based on surveys of private-sector business executives

PCE: Personal consumption Expenditures

Stagflation: An economic environment of low growth, high inflation.

US: United States of America

UK: United Kingdom

YTD: Year to date

WTD: Week to date

Discover more insights from the Amundi Investment Institute.



IMPORTANT INFORMATION

This document is solely for informational purposes.

This document does not constitute an offer to sell, a solicitation of an offer to buy, or a recommendation of any security or any other product or service. Any securities, products, or services referenced may not be registered for sale with the relevant authority in your jurisdiction and may not be regulated or supervised by any governmental or similar authority in your jurisdiction.

Any information contained in this document may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices.

Furthermore, nothing in this document is intended to provide tax, legal, or investment advice.

Unless otherwise stated, all information contained in this document is from Amundi Asset Management SAS and is as of **22 May 2026**. Diversification does not guarantee a profit or protect against a loss. This document is provided on an “as is” basis and the user of this information assumes the entire risk of any use made of this information. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The views expressed regarding market and economic trends are those of the author and not necessarily Amundi Asset Management SAS and are subject to change at any time based on market and other conditions, and there can be no assurance that countries, markets or sectors will perform as expected. These views should not be relied upon as investment advice, a security recommendation, or as an indication of trading for any Amundi product.

Investment involves risks, including market, political, liquidity and currency risks.

Furthermore, in no event shall any person involved in the production of this document have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages.

Date of first use: **22 May 2026**.

Document ID: **5516584**

The content of this document is approved by Amundi Asset Management, a French société par actions simplifiée, a portfolio management company approved by the “Autorité des marchés financiers” or “AMF” under the number GP 04000036 whose registered office is located 91-93 boulevard Pasteur, 75015 Paris – France –, under the Paris trade register number 437 574 452 RCS - www.amundi.com

Photo credit: ©iStock/Getty Images Plus

MSCI Disclaimer available [here](#)