



Weekly Report



Global Equities



U.S. stocks rose last week. Moody's downgrades US credit rating to Aa1

Review: The S&P 500 Index rose 5.27% last week. International credit rating agency Moody's downgraded the US sovereign credit rating from the highest level Aaa to Aa1 due to the rising US federal debt of \$36 trillion.

Outlook: Although the current tariff situation shows signs of temporary easing, the relevant agreement is only for 90 days. Therefore, investors should remain cautious about US stocks in the short term and consider moderate reduction when the market rebounds to lock in profits and reduce potential risks.



European stocks rose last week. The initial value of employment in the euro area in the first quarter increased by 0.3%

Review: The MSCI Europe Index rose 2.09% last week. Employment in the eurozone rose 0.3% to 171.79 million in the first quarter from the previous quarter, exceeding market expectations by 0.1%.

Outlook: Despite the short-term tariff challenges from the United States, the European Central Bank's loose monetary policy and fiscal stimulus measures by governments are expected to support economic recovery in the medium term. Overall, the eurozone economy showed some resilience in 2025.



Chinese stocks closed higher last week.

Review: The Shanghai Composite Index rose 0.76% last week. Retail sales rose 5.1% year-on-year in April, slowing from 5.9% in March, indicating that consumer confidence still needs to be boosted.

Outlook: Despite the temporary easing of Sino-US relations, the long-term competitive landscape remains unchanged. However, even if tariffs may affect Chinese exports, we believe that China is likely to cut interest rates further to boost domestic demand and stabilize the economy.



Hang Seng Index rose last week.

Review: The Hang Seng Index rose 2.09% last week. Strong earnings reports from technology companies such as JD.com (9618.HK) have driven the Hang Seng Technology Index higher, further supporting the broader market.

Outlook: For now, the Hang Seng Index has risen due to the temporary easing of Sino-US tariffs, and the focus is on the 23,000 point level. In addition, many large domestic IPOs have recently come to Hong Kong to list, and support the continued strength of Hong Kong stocks.



Global Bonds



FTSE World Government Bond fell last week

Review: FTSE World Government Bond Index fell 0.60% last week. U.S. Treasury yields have fluctuated recently, with the 10-year Treasury yield rising to 4.5% at one point, reflecting market concerns about the government's fiscal situation.

Outlook: Thanks to the dollar's status as the world's reserve currency, demand for U.S. Treasuries remains robust. Given that yields are still relatively high, we recommend that investors take the opportunity to gradually increase their holdings, especially for medium- and long-term U.S. Treasuries.



Global high yield bond and EM bond rose last week

Review: The Bloomberg Barclays High Yield Bond Index rose 0.70% last week, while Bloomberg Barclays EM USD Aggregate Total Return Index rose 0.52%.

Outlook: Given that the uncertainty of US trade policy may put pressure on emerging market economies, and the volatile political situation in some countries may have a negative impact on the stability of the bond market and the default rate of corporate bonds, we recommend that investors be cautious about emerging market bond positions and consider moderate reductions to control risks.



Weekly Report



Commodities

WTI crude rose last week



Review: WTI crude oil rose to \$62.49 per barrel, or 2.41% last week. The International Energy Agency (IEA) predicts that global oil supply will increase by 1.6 million barrels per day to 104.6 million barrels per day in 2025, mainly from increased production in non-OPEC+ countries.

Outlook: The uncertainty surrounding trade tensions could lead to an economic recession, resulting in a slowdown in global oil demand. For now, more positive news is needed to stimulate oil prices.

Gold price fell last week



Review: Spot gold fell to US\$3203.65/oz last week, or 3.65%. Gold prices rebounded in mid-May, with spot prices recovering to around \$3,254 per ounce, mainly driven by a weaker dollar and technical buying.

Outlook: Despite a 90-day temporary tariff ceasefire between the United States and China, market uncertainty about long-term trade relations remains, prompting some investors to turn to gold for safe havens. If gold prices cannot stabilize above \$3,155 per ounce, they may face further downward pressure.

The Bloomberg commodity spot index fell last week



Review: The Bloomberg Commodity Spot Index fell to 527.87, or 1.73% last week.

Outlook: Trump's formal inauguration has brought great uncertainty to the market. Among them, a new round of tariff war may trigger an economic recession, which in turn will have a negative impact on the demand for commodities.



Currencies

US Dollar Index rose last week



Review: The U.S. Dollar Index rose 0.55% last week.

Outlook: Although US economic growth expectations remain strong and inflationary pressures persist, the market expects the Fed to cut interest rates in September and December 2025, which may limit the upside of the US dollar.

JPY/USD rose last week



Review: JPY/USD rose 0.28% last week. The Bank of Japan (BOJ) said that if the economy recovers from the negative impact of US tariffs and inflation remains near the 2% target, the BOJ will consider further interest rate hikes.

Outlook: In view of the current situation, the yen may continue to be supported by safe-haven demand and the policy stance of the Bank of Japan in the short term. The demand for the yen as a safe-haven asset may increase significantly, thereby driving its exchange rate to rebound.



Weekly Report



Major market indexes

Index Name	Price	Return (Weekly)	Return (Monthly)	Return (Annual)	Return (YTD)	Return (3Y)	Return (5Y)	Return (10Y)
Hang Seng Composite	23345.05	2.09	8.68	18.91	15.91	15.56	-4.66	-15.70
Hang Seng China Enterprise	8468.29	1.92	6.69	21.50	15.58	22.12	-14.75	-40.33
Shanghai Composite	3367.46	0.76	2.69	6.68	0.39	8.65	16.08	-23.77
Shenzen Composite	1986.50	0.80	5.50	11.14	1.38	1.63	8.82	-22.62
Dow Jones Industrial	42322.75	3.41	8.97	6.63	0.26	36.48	76.21	132.93
S&P 500	5916.93	5.27	12.79	12.35	1.30	52.75	103.85	180.02
NASDAQ COMPOSITE	19112.32	7.15	17.96	15.13	-0.52	68.69	109.16	278.91
FTSE 100	8633.75	1.52	4.94	3.14	6.26	18.92	44.69	24.15
DAX	23695.59	1.14	12.08	27.07	19.38	71.21	114.60	100.51
NIKKEI 225	37753.72	0.67	8.31	-3.02	-5.71	42.48	84.10	88.52

Source: Bloomberg 2025/5/16



Economic data

Country	Event	Previous	Forecast	Actual	Expectation
US	CPI YoY (April)	2.4%	2.4%	2.3%	Below
US	Industrial Production MoM (April)	1324K	1363K	1361K	Below
China	New Yuan Loans (April)	9780B	10474.6B	10060B	Below
Euro	GDP QoQ (Q1)	0.4%	0.4%	0.3%	Below
UK	GDP QoQ (Q1)	0.1%	0.6%	0.7%	Above
Japan	GDP QoQ (Q1)	0.6%	-0.1%	-0.2%	Below

Source: Bloomberg 2025/5/16



Bond/Forex

Bond Instrument	Price	Change(%)	Yield(%)
US Treasury 30Y	96.95	-1.71	4.95
US Treasury 10Y	98.16	-0.79	4.48
US Treasury 5Y	99.03	-0.33	4.09
US Treasury 2Y	99.53	-0.13	4.00
US Tbill 3M	4.24	0.89	4.34
China Govt Bond 10Y	99.31	-0.39	1.69
Japan Govt Bond 10Y	99.56	-0.78	1.45
German Bund 10Y	98.97	-0.19	2.62
UK Gilt 10Y	98.75	-0.54	4.66

Source: Bloomberg 2025/5/16

Currency	Price	Return (Weekly)	Return (Monthly)	Return (YTD)
USD/HKD	7.81	0.37	0.78	0.66
HKD/CNH	0.92	-0.14	-1.84	-2.30
USD/CNH	7.21	0.21	-1.07	-1.67
USD/JPY	145.70	-2.24	3.04	-7.67
USD/CAD	1.40	-0.05	0.90	-2.89
GBP/USD	1.33	0.93	-0.60	6.26
AUD/USD	0.64	0.69	0.02	3.68
EUR/USD	1.12	0.87	-2.87	8.02

Source: Bloomberg 2025/5/16

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