

May 2026 (covering April 2026)

Index	April (%)	YTD (%)
MSCI World	USD 9.6	5.8
S&P 500	USD 10.5	5.7
MSCI Europe	EUR 5.4	4.5
MSCI Asia Pac ex Japan	USD 15.1	14.5
Hong Kong Hang Seng	HKD 4.1	1.0
Hang Seng China Enterprises (H-shares)	HKD 3.8	-2.4
Topix	JPY 6.6	10.5

Source: Thomson Reuters Datastream, total returns in local currency unless otherwise stated. Data as of April 30, 2026. YTD refers to year-to-date.

Global Outlook

The S&P 500 and Nasdaq reached fresh record highs, buoyed by optimism about easing tensions in the Middle East and strong corporate earnings, particularly among large-cap technology stocks.

In a reversal from the previous month, European equities recorded a strong rebound over April, and MSCI Europe Index returned 5.4%. Despite the ongoing geopolitical backdrop causing stagflation and hawkish central bank rhetoric.

The MSCI Asia Pac ex Japan Index rallied by 15.1% as a Middle East ceasefire helped stabilise sentiment and eased some of the energy and inflation concerns that weighed on markets in March.

United States

- US equities delivered strong returns and outperformed their global peers. The Federal Reserve held rates steady in April meeting, but revealed increased internal division, reinforcing expectations that rates may remain higher for longer.
- US inflation rose sharply amid higher energy prices, from 2.4% to 3.3% in March while labour market data exceeded expectations, with the US economy adding 178,000 jobs in March.

Europe (including UK)

- European equities rebounded strongly, supported by resilience in technology and industrial sectors despite continued geopolitical uncertainty and elevated energy prices.
- Inflation rose further above target to 3.0%, while economic growth slowed to 0.1% in Q1, reflecting the drag from higher energy costs. The ECB kept rates unchanged at 2% but signalled a potential move higher, maintaining a hawkish bias as risks linked to the Middle East conflict intensified.

Asia Pacific (ex Hong Kong ex China ex Japan)

- Asia Pacific markets rallied sharply as improved geopolitical sentiment boosted investor confidence.
- Korea and Taiwan led regional gains, driven by continued strength in semiconductor stocks linked to AI demand. India remained under pressure as crude oil prices above \$100 per barrel weighed on one of the region's largest energy importers. A weakening rupee and accelerating foreign institutional outflows compounded the headwinds.

Hong Kong and Mainland China (H-shares)

- Hang Seng China Enterprises index rebounded 3.8% in the month, underpinned by solid Q1 GDP growth of around 5.0% YoY and stronger-than-expected industrial output growth of 5.3%.
- The April Politburo meeting reinforced a pro-growth policy stance, emphasizing support for domestic demand, the property sector, and strategic industries linked to technological innovation.

Japan

- Japanese equities gained during the month, supported by a moderation in geopolitical risk and strength in technology stocks.
- The Bank of Japan left its policy rate unchanged at 0.75%, continuing to emphasise a gradual approach to tightening as the Middle East conflict and surging oil prices clouded the growth outlook.

Fixed Income

- Rising inflation concerns, particularly across the UK and Europe, weighed on government bond markets during April. Long dated yields moved to new multi-year highs in several countries.
- In April, US treasuries returned 0.09%. In Europe, UK gilts returned 0.55% and German bunds were broadly flat (+0.02%).

Emerging Markets

- The MSCI Emerging Markets Index returned to record highs in April, led by Asian technology stocks riding the continued surge in semiconductor demand linked to AI.
- Fuel importing economies including India and Indonesia came under pressure as higher energy costs, currency weakness and foreign institutional outflows weighed.

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Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations), and investors may not get back the full amount invested.

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All data as of May 19, 2026, unless otherwise stated. This document is issued in:

Hong Kong

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