



## Global Markets

### Global Equities Extend Gains as AI Momentum Remains Strong

Global markets continued to advance in May as investors looked beyond geopolitical tensions and focused on resilient economic growth, strong corporate earnings, and the accelerating adoption of artificial intelligence. Developed market equities gained +4.6% during the month, while the S&P 500 rose +5.3%, supported by strong performance from technology and semiconductor companies. Emerging markets outperformed, with the MSCI Emerging Markets Index advancing +9.7%, led by Taiwan and South Korea as investors continued to position for growth across the global AI supply chain.

### Corporate Earnings Reinforce Confidence in Risk Assets

A robust earnings season remained the primary catalyst for equity markets. In the US, first-quarter earnings growth reached approximately 30% year-on-year, driven largely by technology companies benefiting from continued AI infrastructure spending. Growth stocks outperformed value stocks, returning +7.0% versus +2.3%, as investors favored companies with strong earnings visibility and exposure to structural growth themes. In Asia, earnings growth was even stronger at around 40%, although gains remained concentrated within technology and semiconductor sectors.

### Fixed Income Stabilizes as Inflation Concerns Moderate

Global fixed income markets delivered modest gains, with the Bloomberg Global Aggregate Bond Index rising +0.3% in May. Corporate bonds outperformed government bonds as credit spreads tightened amid improving risk sentiment. The decline in oil prices below USD 100 per barrel helped alleviate inflation concerns, although central banks remain cautious given resilient economic activity and inflation that remains above long-term targets. Overall, markets increasingly reflected confidence in a soft-landing scenario, balancing policy uncertainty against improving corporate fundamentals and stable growth prospect.



## Regional Markets

### Saudi Equities Consolidate after a Strong Start to the Year

Saudi equities delivered a modest pullback in May as investors digested lower oil prices and reduced trading activity following the market's strong performance earlier in the year. The Tadawul All Share Index (TASI) declined by -1.0% during the month to close at 11,078, although it remains up +5.6% year-to-date, continuing to outperform several regional peers. Sector performance was mixed, with Software & Services (+11.1%), Food & Beverages (+8.0%), and Utilities (+7.9%) leading gains, while Capital Goods (-7.8%) and Healthcare (-6.6%) lagged. The market's resilience continues to be supported by strong domestic fundamentals and ongoing progress under Vision 2030.

### Resilient Domestic Economy Continues to Support Investor Confidence

Saudi Arabia's economic backdrop remained constructive despite softer oil prices. The PMI rose to 52.8 in May from 51.5 in April, signaling continued expansion in non-oil private sector activity. Consumer spending remained robust, increasing 17.5% year-on-year, while point-of-sale transactions grew 11.8% and mortgage activity rebounded sharply, with mortgage contracts rising nearly 50% month-on-month. Inflation remained well contained at 1.7%, among the lowest globally, while banking system liquidity stayed healthy, with deposits growing 10.5% year-on-year and money supply (M3) expanding 10.0%, providing continued support for economic growth, credit creation, and corporate earnings.



## Global Market Indices

Global Data: As End Of: 29-May-26

Saudi Market Data: As End Of: 31-May-26

Region/sector	Index	Quote	MTD (%)	YTD (%)	1Y (%)	2Y (%)	3Y (%)	5Y (%)	10Y (%)	2023 (%)	2024 (%)	2025 (%)
World	DJIM World TR	15,143.93	7.4	16.2	37.5	22.2	22.4	11.9	14.4	27.0	18.0	19.4
Developed	DJIDEV TR	8,697.74	7.6	15.9	37.2	21.9	22.5	12.8	14.9	29.4	18.5	19.2
Emerging Markets	DJIEMG TR	7,686.05	6.0	19.8	40.6	24.9	21.1	4.1	10.3	6.4	13.3	21.8
Saudi	TASI	11,077.91	(1.0)	5.6	0.8	(2.7)	0.2	1.0	5.6	14.2	0.6	(12.8)
NAREIT	All REITS TR	3,606.61	(0.7)	8.7	14.5	14.1	11.3	2.1	4.4	9.8	1.6	11.0
GSCI	All Commodities	694.57	(9.6)	26.6	31.6	8.7	8.3	6.0	6.4	(12.2)	2.6	(0.2)
Currencies	Euro	1.17	(0.6)	(0.7)	2.5	3.9	2.9	(0.9)	0.5	3.1	(6.2)	13.4
	Yen	159.27	(1.7)	(1.6)	(9.5)	(0.5)	(4.1)	(7.2)	(3.6)	(7.0)	(10.3)	0.3
	GBP	1.35	(1.1)	(0.1)	(0.3)	2.9	2.9	2.9	2.4	5.4	(1.7)	7.7

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