D+A Strategies

WEEKLY MARKET OUTLOOK

May 4, 2026 | D+A STRATEGIES | Research Team

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EXECUTIVE SUMMARY

Markets ended the week with moderate gains in the United States and a mixed picture elsewhere. The S&P 500 rose 0.9%, the Dow 0.5%, the Nasdaq 1.1%, and the Russell 2000 0.9%. Record closes in the S&P 500 and Nasdaq were supported by large-cap earnings and a late pullback in oil. Europe recovered from midweek weakness and finished the shortened week modestly firmer in broad benchmarks, while Japan was little changed and emerging markets slipped. India's equity benchmark was slightly higher on a close-to-close basis, but oil remained the main constraint on the rupee and local bonds. The Iran conflict remained the main external driver. Brent crude rose about 2.7% over the week despite a sharp fall on Friday, as the Strait of Hormuz remained disrupted and markets reacted to alternating signals on negotiations. Gold fell about 1.7%, the dollar index eased slightly, and bitcoin rose about 1.1%. U.S. Treasury yields ended the week below midweek highs, with the 10-year yield at 4.38% on Friday. The market finished the week in a better position than it had at midweek, but not in a stable one.

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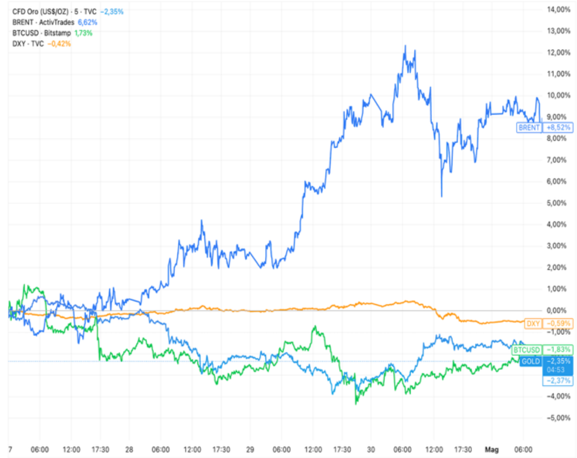
WEEK IN REVIEW

The United States had the strongest week among the major developed markets. Equity benchmarks held up through a difficult middle of the week and finished higher as earnings in technology and software offset pressure from energy and rates. Friday's move mattered because it came with lower oil and lower Treasury yields, which eased part of the strain created earlier by the war. Reuters also reported that crude fell after Iran sent a new proposal and the market reduced some of the immediate supply premium.

Europe was less steady. The STOXX 600 fell to a three-week low on April 29 as earnings, war-related growth concerns, and central-bank caution weighed on sentiment, then rebounded 1.4% on April 30 after the ECB left rates unchanged and markets responded to earnings and a partial easing in oil. By the end of the week, the region had recovered most of the earlier loss, but price action remained closely tied to crude and inflation expectations.

Asia and emerging markets were mixed. Japan ended the week close to flat on index proxies, while the broader emerging-market index edged lower.

Across asset classes, the week was defined by reversals rather than a single directional move. Oil rose sharply into Thursday, then fell on Friday. Gold did not offer consistent protection and finished lower. The dollar index drifted lower on the week, but the yen remained volatile enough to trigger renewed intervention speculation. Bitcoin rose, though the move was modest compared with the swings in oil and equities.



Oil remained the dominant move. Brent rose sharply over the period and finished well above the other assets, which kept energy and inflation risk at the centre of market pricing. Gold moved lower, the dollar index eased slightly, and bitcoin was softer, so the picture was not one of broad demand for traditional or alternative hedges

U.S. equities recovered into the end of the period, with the Nasdaq leading and the S&P 500 and Dow also finishing higher. Europe and Japan stayed weaker, with the Euro Stoxx 50 and Nikkei both ending in negative territory.

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MACRO OUTLOOK

Macro Outlook					March 2026 – Calendar Week 18
	Monday	Tuesday	Wednesday	Thursday	Friday
Eurozone/UK	-	UK and Euro Area Service and Composite PMIs	Euro Area Retail Sales	-	-
US/Canada	U.S. Factory Orders, ISM Manufacturing	U.S. Trade Balance, ISM Services	ADP Employment Report	U.S. Q1 Productivity and Costs & Consumer Credit	U.S. & Canada Employment Report
Asia	-	RBoA Policy Decision	-	-	-

What we're watching & why

The week is centered on U.S. labor-market data and PMI surveys, with the U.S. employment report at the center of the calendar, alongside global PMI releases, plus factory orders on Monday, trade and ISM services on Tuesday, ADP on Wednesday, productivity on Thursday, and payrolls with preliminary Michigan sentiment on Friday.

In Europe, the calendar is lighter, with retail trade and industrial import prices for 6 May, and euro area and UK services and composite PMIs during the week. In Asia, the main scheduled items are the Reserve Bank of Australia decision, the remaining PMI releases, and China's post-holiday read-through from official data.

What we're watching is whether payrolls, ISM services, and the PMI releases confirm that activity is slowing under higher fuel and freight costs. The second is whether oil remains near current levels. Brent was around $108 on Sunday and early Monday, OPEC+ agreed another symbolic quota increase for June, and Reuters reported that the physical effect remains limited while Hormuz stays disrupted.

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SECTOR COMMENTARY

Financials	+1.0%	The sector recovered with the broader market into Friday, but the weekly move remained limited by rate uncertainty and the continued pressure on credit-sensitive markets outside the United States
Industrials	+0.3%	The gain was small relative to the broad market because fuel, freight, and order-risk remained live issues through the week, particularly in Europe and Asia
Health Care	+0.7%	Healthcare lagged the main U.S. indices but held up better than several cyclical segments, showing that oil and policy sensitivity persists even during risk-ons
Information Technology	+1.0%	The sector remained supported by earnings and by the late-week decline in oil and yields, which helped growth stocks recover after a choppy middle of the week
Energy	+3.5%	It was again the strongest of the sectors listed here, which matched the weekly rise in Brent despite the late Friday pullback. The move remained tied to the Iran conflict and to uncertainty around shipping through Hormuz
Materials	-1.1%	Commodity support was not enough to offset concern over input costs, weaker demand outside the United States, and the effect of higher energy prices on industrial activity
Communication Services	+1.0%	The sector moved with the late-week rebound in large-cap U.S. equities, but the gain remained modest relative to the strongest parts of technology

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MARKET SOLUTIONS

Short-to-Medium Term Tactical Solutions

		Base Case	Key Risks
Investment Backdrop	**Macro**	▪ The base case is that markets continue to trade a combination of resilient U.S. earnings and elevated oil. That leaves payrolls, ISM services, and the PMI data in a position to influence rates and equity leadership quickly	▪ The main risk is that crude remains high enough to keep inflation pressure in the foreground even if activity softens
	Fixed Income	▪ Core sovereign exposure still has a place, but the week argues for caution on longer duration	▪ The main risk is a repeat of the recent pattern in which weaker growth signals do not translate cleanly into lower yields because the market is still dealing with an energy shock
	Equities	▪ U.S. large-cap equities remain the firmest part of the market, helped by earnings and a more stable domestic backdrop	• The main risk is that another rise in crude broadens the pressure from those markets to the wider equity complex
	Alternatives	▪ Oil remains a tactical position rather than a long-term one at current levels. Gold remains usable as diversification	▪ The main risk is that a diplomatic shift removes part of the oil premium quickly, while a renewed disruption in Gulf shipping pushes it back in
	FX	▪ A moderate dollar hedge still makes sense, but the cleaner expression of the conflict remains in oil-importing currencies	▪ The main risk is that another move higher in crude tightens conditions further across Asia before the macro data have time to clarify the growth picture

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REFERENCES AND SOURCES

Market commentary and cross-asset analysis are based on a combination of official macroeconomic releases, central-bank communications, and public market data. Macroeconomic calendars and policy references draw on publications and release schedules from the Federal Reserve, the European Central Bank, the Bank of England, the Bank of Canada, the Bank of Japan, the U.S. Bureau of Labor Statistics, the U.S. Bureau of Economic Analysis, Eurostat, the UK Office for National Statistics, and the relevant national statistical authorities in Asia. Survey and activity indicators refer, where applicable, to releases from S&P Global and other established data providers.

Market performance, sector returns, and asset-price comparisons are based on close-to-close public market data for major equity indices, regional benchmarks, sector ETFs, sovereign yields, foreign exchange, and key commodities. Reporting on geopolitical developments, energy markets, and cross-asset market moves is informed by major financial newswires and reference market coverage published during the period under review.

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