

MARKET INSIGHT WEEK 20

RISEON

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UPCOMING ECONOMIC EVENTS

	Time*	Forecast	Previous
Monday, May 11			
Tuesday, May 12			
<u>US</u> CPI (MoM) (Apr)	13:30	0.6%	0.9%
<u>US</u> CPI (YoY) (Apr)	13:30	3.7%	3.3%
Wednesday, May 13			
<u>US</u> PPI (MoM)(Apr)	13:30	0.5%	0.5%
<u>US</u> Crude Oil Inventories	15:30		-2.313M
Thursday, May 14			
<u>UK</u> GDP (YoY)(Q1) P	07:00		1.0%
<u>UK</u> GDP (MoM)(Mar)	07:00	-0.2%	0.5%
<u>US</u> Initial Jobless Claims	13:30	206K	200K
Friday, May 15			

*US moves forward one hour for daylight saving time.

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Weekly Recap - May 4 - 8, 2026 (W19)

Strong NFP Breaks the Range and Reignites USD Strength

Week 19 delivered exactly what markets had been waiting for: a clear macro catalyst after weeks of fragile consolidation. The U.S. Nonfarm Payrolls (May 8) came in stronger than expected, confirming labour-market resilience and triggering a decisive breakout across FX, rates, and risk assets.

The result was a clean transition from low-conviction trading to directional repricing, with markets firmly reacting to the strength of U.S. growth signals.

United States

Strong Labour Data Resets Expectations

The NFP report confirmed that:

- The labour market remains resilient and tight
- Growth concerns are not yet materialising
- The Fed has no urgency to ease policy

Market reaction was immediate:

- Treasury yields moved higher
- USD strengthened broadly
- Rate-cut expectations were pushed further out

This aligned with the "strong NFP" scenario, reinforcing a higher-for-longer rate environment.

Geopolitics

Remains Secondary

The Iran ceasefire held without escalation:

- No disruption to oil flows
- No major shift in risk sentiment

Geopolitics remained a background volatility factor, but had no impact on the dominant macro trend, which was driven by U.S. data.

Eurozone & United Kingdom

USD Dominates Again

As expected:

- EUR and GBP weakened following USD strength
- No domestic catalysts offset the move
- FX dynamics were driven almost entirely by rate differentials and USD flows

Both currencies confirmed their external dependence.

Asia-Pacific

Pressure Returns

Asia-Pacific currencies reacted negatively:

- Stronger USD and higher yields tightened global conditions
- AUD and NZD came under renewed pressure
- China remained inactive, offering no support

The region continued to behave as a rate-sensitive extension of USD dynamics.

Commodities

Gold Pressured, Oil Stable

Gold declined, as higher yields and a stronger USD reduced its attractiveness.

WTI crude remained relatively stable:

- Supported by geopolitical backdrop
- Capped by demand uncertainty and stronger USD

Commodities once again confirmed dependence on rates and USD direction.

Equities

Rotation Without Expansion

Equities reacted in line with expectations:

- Higher yields » valuation compression
- Strong USD » tighter financial conditions
- Growth resilience » limited downside

Markets experienced volatility and selective downside, rather than a full risk-off move.

Summary

Week 19 marked a clear break from consolidation into directional markets.

A strong NFP confirmed U.S. economic resilience, pushing yields higher, strengthening the USD, and reintroducing pressure on equities and gold.

The key takeaway:

- » The labour market remains the key macro anchor
- » Rate expectations have shifted further toward "higher for longer"
- » Markets are once again data-driven and directional, not range-bound

Market Outlook: Key Levels and Trends to Watch Across Major Pairs and Commodities

U.S. Dollar Index

DXY remains under bearish pressure, with price trading below the 50 EMA and failing to build on recent rebound attempts. The current move still looks corrective, while 98.15 acts as the key short-term resistance zone. As long as DXY stays below that level, downside pressure remains dominant, with 96.30 as the next support to watch.



EUR/USD

EUR/USD remains constructive within its broader uptrend, holding above the 1.1650-1.1680 support zone and ascending trendline. A sustained breakout higher could open room toward 1.18, while a move below 1.1640 would weaken the bullish structure.



GBP/USD

GBPUSD remains constructive after holding above the 1.3520-1.3550 support zone, with price still trading above the 50 EMA. The recent consolidation above looks corrective, and a sustained break above the current range would support another push toward the 1.36 area. As long as support holds, the bullish bias remains intact, while a break lower would weaken the short-term recovery structure.



USD/JPY

USDJPY is testing the 160 resistance zone again, but the latest rejection shows buyers are struggling to sustain a breakout. Price remains above the broader support structure, though short-term momentum has weakened after the sharp pullback. As long as the pair stays below 160, the risk is for a deeper correction toward 158.60-155.97, while a clean breakout would restore bullish continuation.



USD/CHF

USDCHF remains under broader bearish pressure, with price still trading inside the descending channel and below the recent recovery highs. The latest bounce failed again near 0.7860, reinforcing the idea that the move remains corrective rather than a true reversal. As long as the pair stays below that resistance, downside pressure may continue toward the 0.7700-0.7650 support zone.



USD/CAD

USDCAD remains under bearish pressure, with price still trading below the 50 EMA and unable to sustain the latest rebound. The current recovery looks corrective, while 1.3700 acts as the key short-term resistance zone. As long as the pair stays below that area, downside risk remains favored toward the 1.3480 support level.



AUD/USD

AUDUSD remains in a strong bullish structure, with price consolidating near the recent highs and well above the 50 EMA. The latest pullback looks corrective only, while 0.7165 acts as the key short-term support zone. As long as that area holds, the broader bias remains positive, with room for another push toward the 0.73 region.



NZD/USD

NZDUSD is trying to recover after defending the 0.5825 support zone, with price moving back above the 50 EMA. The short-term structure is improving, although the pair still needs to clear the nearby resistance area around 0.5910 to confirm stronger momentum. As long as support holds, the bias favors a continuation higher, while a break back below 0.5825 would weaken the recovery setup.



Gold (XAU/USD)

Gold remains under corrective pressure, with price still trading below the descending trendline and struggling to regain bullish momentum. The short-term structure favors further downside while the market stays below the recent rebound zone. If weakness continues, Gold may extend lower toward the 4,380 support area, which is the next key level to watch.



WTI Crude

WTI remains highly volatile after the breakout, with price now consolidating below the 100 resistance level. The broader structure is still bullish above the rising 50 EMA, but short-term direction remains unstable while price trades inside this wide range. As long as Oil stays below 100, the move looks corrective, while a break higher would reopen upside toward the 102-103 zone.



S&P 500

S&P 500 remains in a strong bullish structure, with price extending higher above the previous breakout area and staying well above the 50 EMA. Momentum is still positive, but the index is now approaching the 7,460-7,520 resistance zone, where short-term exhaustion may start to appear. As long as price holds above 7,400, the broader bias remains bullish, with room for one more push higher before any meaningful pullback.



EuroStoxx 50

EuroStoxx 50 remains constructive in the broader uptrend, with price rebounding strongly from the lower part of the rising channel and reclaiming the 50 EMA. The current recovery keeps upside pressure alive, with the index now targeting the 6,190 resistance zone near the channel highs. As long as price holds above 5,615, the bullish structure remains intact and favors another push higher.



Strategic Outlook

Week 20 (May 11 - 15, 2026)

Strong Labour Meets Inflation Test: CPI to Confirm or Challenge the "Higher for Longer" Narrative

Week 20 begins immediately after a strong NFP-driven breakout, which reinforced U.S. growth resilience and pushed rate-cut expectations further out. Yields moved higher, the USD strengthened, and markets exited the prior consolidation phase. The focus now shifts to the next critical macro catalyst: U.S. CPI (May 12).

This release will determine whether last week's labour strength is accompanied by persistent inflation, or whether price pressures are moderating despite a tight labour market.

Markets transition from growth confirmation to inflation validation, with CPI set to define the next phase of Q2 positioning.

Macro Themes

1. United States - CPI as the Decisive Macro Signal

Key Focus

- U.S. CPI (Tue, May 12)
- Core inflation components
- Services and wage-related inflation
- Shelter dynamics

Following a strong NFP, the inflation outcome becomes critical for policy expectations.

Strategic Scenarios

Hot CPI (inflation persistence)

- Reinforces "higher for longer"
- Yields move higher
- USD strengthens further
- Gold pressured
- Equities face valuation compression

Moderate CPI (inflation stabilising)

- Confirms balanced soft-landing
- Yields stabilise
- USD holds gains without extending
- Equities consolidate

Soft CPI (disinflation resumes)

- Challenges recent repricing
- Yields fall
- USD weakens
- Gold rallies
- Equities supported

After the NFP-driven move, markets are highly sensitive, making CPI a high-impact event.

USD Bias: Supported into CPI; direction depends on inflation outcome.

2. Geopolitics - Still Secondary but Relevant

The Iran ceasefire remains intact:

- No major escalation
- Oil supply stable
- Risk premium persists but contained risk

Geopolitics remains a background volatility factor, but not the primary trend driver unless tensions escalate.

3. Eurozone - Rate Differentials Drive EUR

Eurozone fundamentals remain weak:

- Industrial softness
- Low confidence
- ECB constrained

EUR direction remains driven by USD and yield spreads, particularly post-CPI. Without U.S. yield decline, euro upside remains limited.

4. United Kingdom - Sterling Follows USD Dynamics

UK backdrop unchanged:

- Growth soft
- Inflation persistent
- BoE cautious

GBP continues to behave as a high-beta USD proxy, with CPI-driven moves likely to dominate

5. Asia-Pacific - Exposed to CPI Outcome

Asia-Pacific currencies remain highly sensitive:

- Strong USD and yields » downside pressure
- Soft CPI » relief rally

China remains inactive, limiting structural upside. AUD and NZD remain rate- and USD-driven.

6. Commodities - CPI Drives Real Yields

Gold

Gold remains tightly linked to real yields:

- Hot CPI » yields rise » gold pressured
- Soft CPI » yields fall » gold rallies

WTI Crude

Oil remains range-bound:

- Supported by geopolitical backdrop
- Capped by demand uncertainty

Short-term moves will follow CPI-driven risk sentiment.

7. Equities - CPI as the Valuation Trigger

Equities enter the week under pressure from higher yields:

- Hot CPI » further valuation compression
- Soft CPI » relief rally
- Moderate CPI » consolidation

Markets remain selective, but CPI could drive a clear directional move.

Summary & Key Risks

Summary

Week 20 is defined by the transition from labour-driven strength to inflation confirmation. The U.S. CPI (May 12) will determine whether the “higher for longer” narrative strengthens or is challenged. USD direction, yield movement, and risk asset performance now depend directly on inflation data.

Key Risks

1. Strong core CPI » yields higher, USD stronger, equities pressured
2. Shelter/OER reacceleration » sticky inflation fears, Fed repricing
3. Hot services inflation » higher-for-longer narrative reinforced
4. Tariff-driven goods inflation » disinflation process weakens
5. Energy-driven headline spike » volatile / whipsaw market reaction
6. Soft CPI + weaker core » yields lower, USD weaker, equities supported

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