MARKET INSIGHT WEEK 22

RISEON

INDEX

UPCOMING ECONOMIC EVENTS

	Time*	Forecast	Previous
Monday, May 25			
Tuesday, May 26			
US CB Consumer Confidence (May)	15:00	91.9	92.8
Wednesday, May 27			
AU CPI (YoY) (Q2)	02:30		4.1%
NZ RBNZ Interest rate Decision	03:00	2.25%	2.25%
EU ECB Press Conference			
Thursday, May 28			
US Core PCE Price Index (MoM)(Apr)	13:30		0.3%
US GDP (QoQ)(Q1) P	13:30	2.0%	2.0%
US Initial JobLess Claims	13:30	209K	209K
US Crude Oil Invetoires	17:00		-7.863M
Friday, May 29			
CA GDP (MoM)(Mar)	13:30	0.1%	0.2%

*US moves forward one hour for daylight saving time.

Weekly Recap – May 18–22, 2026 (W21)

Markets Shift from Repricing to Absorption as Elevated Yields Test Stability
Week 21 unfolded largely in line with expectations, marking a transition away from aggressive macro repricing and into a more nuanced phase of financial-condition management. Following the strong NFP and persistent CPI backdrop, markets spent the week assessing whether elevated yields and tighter financial conditions could be absorbed without destabilising broader risk sentiment.
The answer, for now, was broadly yes – but with clear signs of fragility beneath the surface.

United States

Elevated Yields Stabilise, USD Holds Firm

The dominant theme was not a fresh macro shock, but the market's ability to adapt to higher yields, delayed easing expectations, and restrictive financial conditions.
Key developments:

- Treasury yields remained elevated but broadly stabilised
- Fed communication stayed cautious and consistent with a "higher for longer" stance
- Secondary data continued to point to resilient, but not overheating, growth

As a result, the USD remained structurally supported, although bullish momentum slowed as positioning became increasingly stretched.
The week confirmed that markets are now focused less on whether inflation exists, and more on whether economies and valuations can tolerate current rates.

Geopolitics

Volatility Layer Without Structural Impact

The Iran ceasefire remained fragile but stable:

- No major escalation occurred
- Oil flows remained uninterrupted
- Middle East headlines continued to generate short-lived volatility spikes

Geopolitics remained a secondary market driver, influencing sentiment intraday but failing to override the dominant rates narrative.

Eurozone & United Kingdom

Externally Driven Remain the Theme

Both EUR and GBP continued to trade primarily as functions of:

- U.S. yields
- USD direction
- Relative rate expectations

Europe's weak industrial backdrop and the UK's soft growth environment offered no internal support, reinforcing external dependency.

Asia-Pacific

Structural Pressure Continues

Asia-Pacific assets remained constrained:

- Elevated U.S. yields tightened global conditions
- China remained passive and failed to deliver meaningful stimulus
- AUD and NZD stayed vulnerable and unable to generate sustained recovery

Commodity-linked FX continued to reflect the absence of both Chinese momentum and a weaker USD.

Commodities

Gold Capped, Oil Supported but Contained

Gold remained trapped in the expected dynamic:

- Higher real yields capped upside
- Geopolitical uncertainty supported dips

The metal failed to establish a sustained directional move.
WTI crude remained range-bound:

- Supported by geopolitical premium
- Capped by demand concerns and strong USD

Energy markets continued trading more on sentiment and positioning than structural demand shifts.

Equities

Consolidation Under Valuation Discipline

Equities remained constrained by:

- Elevated yields prevented broad upside expansion
- Markets rotated internally rather than trending strongly
- Defensive and quality positioning continued outperforming

Importantly, no systemic stress emerged despite tighter financial conditions, suggesting markets are still absorbing the higher-rate regime – albeit cautiously.

Summary

Week 21 confirmed that markets are entering a mature "higher for longer" phase, where the key challenge is no longer macro repricing itself, but the sustainability of elevated financial conditions.
Yields remained the central anchor, the USD stayed supported without accelerating, equities consolidated under valuation pressure, and commodities remained heavily influenced by rates and geopolitics.
» Markets are adapting to higher rates, but fragility is increasing
» Directional momentum slowed as positioning became stretched
» Financial-condition tolerance is now the main macro question going forward

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

U.S. Dollar Index

DXY is still trading in a broader weak structure, but the latest bounce keeps the short-term recovery attempt alive. Price is moving between 97.95 support and 99.65 resistance, which defines the current range. As long as DXY remains below 99.65, the rebound looks corrective, while holding above 97.95 keeps room for another push higher inside the range.

EUR/USD

EURUSD is approaching a key support confluence around 1.1550–1.1600, where the lower channel boundary and rising trendline are intersecting. The short-term structure has weakened, but this zone may still trigger a rebound if buyers defend it. As long as price holds this support area, the broader bullish structure remains valid, with scope for a recovery back toward 1.17.

GBP/USD

GBPUSD remains under short-term bearish pressure, with price rejecting the upper boundary of the descending channel and slipping back below the 50 EMA. The latest rebound failed near 1.3560 resistance, reinforcing the corrective downside structure. As long as the pair stays below that level, the bias favors a continuation lower toward the 1.33 area.

USD/JPY

USDJPY remains constructive above the 50 EMA, with price rebounding from the recent pullback and holding above the 157.95 support zone. The broader structure is still bullish, and a sustained move higher could retest the 160.30 resistance area. As long as 157.95 holds, the bias remains for upside continuation, while a break lower would weaken the recovery structure.

USD/CHF

USDCHF remains under broader bearish pressure, but the latest rebound suggests a short-term recovery attempt from the 0.7780 support zone. Price is still trading inside the descending channel, so the move higher looks corrective rather than a confirmed reversal. As long as the pair stays below the channel resistance, upside should remain limited, while holding above 0.7780 keeps room for a rebound toward 0.79.

USD/CAD

USDCAD is attempting a short-term rebound, but the move still looks corrective within the broader bearish structure. Price is now testing the 1.3820 resistance zone, while 1.3730 acts as the key support for the current recovery. As long as the pair stays below 1.3820, downside risk remains favored, with room for another move lower once the rebound fades.

AUD/USD

AUDUSD remains in a broader bullish structure, but price is now testing the 0.7140 support zone, which is a key short-term pivot. The latest pullback still looks corrective, and holding above this area would keep the recovery setup alive. As long as 0.7140 holds, the pair can still rebound toward 0.7180; a break lower would expose the 0.7085 area.

NZD/USD

NZDUSD remains range-bound and fragile, with price struggling to build momentum above the 0.5900 resistance zone. The pair is still trading around the 50 EMA, which confirms a neutral-to-corrective short-term structure rather than a clean bullish reversal. Unless NZD/USD breaks above 0.5900, the bias stays slightly bearish, with risk of another move back toward the 0.5695 support area.

Gold (XAU/USD)

Gold remains under bearish corrective pressure, with price trading below the 50 EMA and still capped by the descending trendline. The latest recovery attempt is weak, and the structure continues to suggest another downside leg toward the 4,380 support zone. As long as Gold stays below the recent lower-high area, the bias remains negative, with sellers still controlling the short-term move.

WTI Crude

WTI remains in a volatile consolidation phase after the sharp breakout, with price now pulling back toward the 93.70 support zone and the rising 50 EMA. The broader structure is still constructive while that support holds, but upside momentum has clearly cooled below the 103–104 resistance area. As long as Oil stays above 93.70, the bullish structure remains valid, with scope for another rebound toward the recent highs.

S&P 500

S&P 500 remains firmly bullish, with price consolidating just below the 7,539 resistance zone after the latest impulsive leg higher. The structure still favors buyers while the index holds above 7,381, which now acts as the key short-term support. As long as that level holds, the bias remains for another upside attempt toward and potentially above 7,539.

EuroStoxx 50

EuroStoxx 50 is still trading within the broader rising channel, but the latest rejection near the highs shows short-term corrective pressure building. Price remains above the major structural support at 5,607, which is the key level keeping the broader bullish trend intact. As long as that zone holds, the pullback can remain corrective, but failure there would increase the risk of a deeper move lower from the top of the channel.

Strategic Outlook
Week 22 (May 25–29, 2026)

Markets Enter a More Fragile Phase as Yield Stability Faces Its First Real Test

Week 22 begins after markets absorbed elevated yields, persistent inflation, and delayed easing expectations without systemic stress.

However, conditions are becoming more delicate. Positioning is stretched, valuations remain constrained, and markets now need continued macro stability to avoid broader repricing.

The "higher for longer" regime is accepted. The key question is whether markets and economic activity can continue absorbing elevated rates without visible deterioration. Focus now shifts toward:

- *Financial-condition resilience*
- *Yield stability*
- *Signs of macro fatigue*
- *Early cracks in growth-sensitive sectors*

Macro Themes

1.United States - Elevated Yields Become the Main Driver

With inflation and labour catalysts behind us, markets now focus on whether the economy can absorb tighter financial conditions.

Key Focus

- Consumer confidence
- Durable goods / capex
- Housing data
- Jobless claims
- Treasury behaviour

Framework

Stable activity + stable yields: soft-landing resilience, supported USD, selective equities.

Economic fatigue: lower yields, weaker USD, gold support, higher equity volatility.

Higher yields again: tighter conditions, stronger USD, renewed equity pressure.

USD Bias: structurally supported, but dependent on yields extending higher.

2.Geopolitics - Iran Risk Remains Contained but Active

The Iran ceasefire remains intact, though still fragile:

- No major supply disruption
- Shipping risk premium persists
- Oil markets remain sensitive to headlines

Geopolitics continues acting as a volatility layer, not yet a structural trend driver.

However, markets are becoming more vulnerable to external shocks as positioning grows more fragile.

3.Eurozone - USD Keeps Pressure On Weakness

Europe remains constrained by:

- Weak industrial activity
- Fragile business confidence
- Limited ECB flexibility

EUR continues to trade primarily through:

- USD direction
- Yield differentials
- Global risk sentiment

Without a meaningful decline in U.S. yields, euro upside remains structurally limited.

4.United Kingdom - Sterling Lacks Momentum

The UK backdrop remains unchanged:

- Growth soft
- Inflation elevated
- BoE cautious

GBP continues to function mainly as a high-beta USD trade, with limited domestic catalysts capable of changing direction independently.

5.Asia-Pacific - Pressure Builds on Commodity FX

Asia-Pacific markets remain vulnerable because:

- U.S. yields remain elevated
- USD remains firm
- China continues to avoid aggressive stimulus

Without:

- Stronger Chinese demand
- Or a meaningful USD correction

AUD and NZD remain structurally vulnerable, while industrial metals continue struggling to establish momentum.

6.Commodities - Gold Watches Yields, Oil Watches Gold

Gold remains trapped between opposing forces:

- Elevated real yields » bearish
- Growing macro fragility » supportive

If yields stabilise:

- Gold likely consolidates
- If growth concerns emerge:
- Gold could regain strong defensive demand.

WTI Crude

Oil remains highly sensitive to:

- Iran headlines
- Global demand expectations
- USD direction

Without escalation or stronger China demand, upside remains capped despite geopolitical support.

7.Equities - Stability Holds, But Fragility Increases

Equities continue trading under:

- Higher discount rates
- Narrow leadership
- Valuation discipline

Markets remain stable for now, but increasingly vulnerable to:

- Yield spikes
- Growth disappointments
- Credit stress signals

Selective rotation continues to dominate over broad risk expansion.

Summary & Key Risks

Summary
Week 22 marks the beginning of a more fragile stage in the "higher for longer" cycle.
Markets have largely absorbed elevated yields and persistent inflation, but tolerance for tighter financial conditions is now being tested more directly.
The USD remains supported, equities remain selective, gold trades real yields versus macro fragility, and oil continues to depend heavily on geopolitical headlines.
The market now needs continued economic resilience to prevent a broader deterioration in sentiment.

Key Risks
1. U.S. growth softens » yields fall, USD weakens, volatility rises
2. Yields rise again » tighter conditions, equity pressure intensifies
3. Credit or housing stress emerges » broader risk-off repricing
4. Iran tensions escalate » oil spike, safe-haven flows increase
5. China inactivity » ongoing weakness in commodity FX and metals

For additional Information and Contacts:

www.riseon.io

Phone
+44 20 4587 3861

E-mail
inquiries@riseon.io

Address
Capital Office, 124 City Road
London, EC1V 2NX
England