

Global Macro News & Views

- Global Equities Surge Post-March 31 Lows.** After briefly declining 9% from its high in March, the S&P 500 has managed to post six consecutive weekly advances and has surged to new all-time highs. Driven by the boom in semiconductor chip stocks, the Mag-7, industrials and materials, the broader market is up more than 8% in 2026. The MSCI World Index – 71.9% invested in U.S. stocks – also continues to hit fresh highs. The action in the emerging markets has also been impressive (see chart). YTD, the MSCI Emerging Markets Index has surged 22%. Big tech stock components mainly in South Korea and Taiwan are driving the outperformance, but so are commodities. And some EM currencies are strong, including the Brazilian real, up 10% this year;

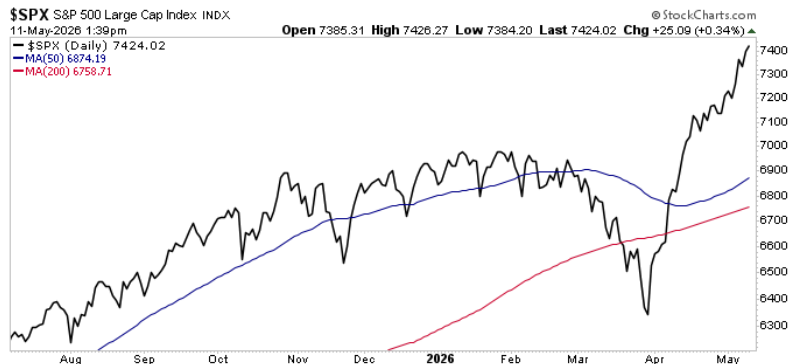


- Global Yields Spike.** Concerns about the protracted nature of the Middle East energy crisis are putting renewed upward pressure on bond yields: the US 2-year T-note hit 2% this week and the 10-year Treasury closed at its highest yield since last summer;
- U.S. National Debt Tops 100% of GDP.** As of March 31, the United States’ public debt was \$31.265 trillion while GDP over the preceding year was \$31.216 trillion, according to *The Wall Street Journal*. The nation’s national debt is on course to break the record in WW II as persistent deficits remain a central part of bipartisan politics (aka nobody cares about balancing the budget). The government is spending \$1.33 for every dollar it collects in revenue; the budget deficit is projected at \$1.9 this fiscal year. The United States now services one dollar in interest on the debt for every seven dollars it collects of 14.3% of revenues, according to the Congressional Budget Office or CBO);
- The U.S. hasn’t finished a fiscal year with debt above 100% of GDP since 1946. As recently as 2008 debt was below 40% of GDP. Since the financial crisis in 2008, the U.S. has borrowed enormously, including the credit crisis (2007-2009); the Covid-19 pandemic (2020-2021) and multiple tax cuts in 2013, 2017, and 2025; expanded government health coverage and veterans’ benefits;
- ENR Comment:** I don’t have to paint you a picture of where this is going. The U.S. isn’t the only country in the world carrying a huge debt load. Japan, France, Italy, Greece, Singapore, Bahrain and others carry substantial debt burdens. But because the U.S. is the largest economy and still the world’s reserve currency, it can extend this profligacy for some time. Investors are advised to maintain some exposure to physical gold as a hedge against a USD crisis or debt crisis, which seems inevitable in the absence of meaningful fiscal and entitlement reform. I strongly recommend reading Ray Dalio’s *The Changing World Order and Why Nations Succeed and Fail* (Simon & Shuster 2021) – a superb educational experience about money and the rise and fall of the great powers over the past 500 years;

- **AI Boom will Drive Disinflation Lower, Says Northern Trust.** Back in the mid-1990s, former Fed boss, Alan Greenspan, lamented the bullish factors supporting productivity growth. One of those factors was accelerated disinflation during the second half of the 1990s that drove inflation lower and boosted corporate profits. One of the largest investment firms in the United States, **Northern Trust**, believes a similar outcome is coming from Artificial Intelligence. CIO Mike Hunstad said many companies are talking about efficiency gains from AI. “If even a portion of those actually materialize on an economy-wide basis, it could be one of the biggest positive supply shocks we’ve ever seen, he told *The Financial Times* on April 21. Hunstad argued that AI “puts a lot of erratic behavior into the economy” and urged the Fed to assess the effects of new technologies before making changes to interest rates;
- **German Financial Sentiment Plummets to 2022 Levels.** Investor confidence in Europe’s largest economy declined to its weakest level in more than three years as companies were more cautious following the outbreak of the Iran conflict in late February. The ZEW Indicator of Economic Sentiment for Germany, fell to minus -17.2 in April compared to minus 0.5 in March and the lowest reading since December 2022. The German government in 2025 pledged more than \$1 trillion in investments on defense and infrastructure; despite the spending, data showed production output declined since the start of 2026. The Frankfurt DAX is unchanged in dollar terms YTD;
- **China Inflation Jolt.** China’s long deflationary experience has ended with a loud bang. Producer prices rose +2.8% year-over-year in April after inching ahead by +0.5% in March. This is a big swing from -2.7% a year ago and the fastest pace since July 2022. Factory gate prices also accelerated for the fifth time in as many months, to +1.5% from +0.9% in March and -2.3% a year earlier. YTD, the Shanghai Composite is up 8% in dollars.

Global Equities

- Most global stock markets are overextended into May with the S&P 500 and NASDAQ trading far above their respective 200-day trendlines (see S&P 500 below). Once again, the latest melt-up has been led by a handful of stocks like some in the Mag-7 and semiconductors/chip stocks. The dilemma of acute market concentration has not gone away, with just four mega-cap tech stocks -- **Alphabet, Amazon, Microsoft, and Meta** -- now collectively account for nearly 20% of the S&P 500’s market value. The new market darlings are **Micron Technology, Intel, SanDisk** and other chip companies. In May, **Nvidia’s** market-cap (\$5.4 trillion) exceeded the entire S&P 500 Healthcare sector for the first time (\$5.2 trillion);



- In April, only 24% of the S&P 500 members beat the index. Only 6 of the 11 sectors are within 5% of their highs. Barely more than 50% of the S&P 500 stocks are trading above their 200-day moving averages -- not that impressive for a market rallying more than +12% in little over a month. Both Dow Transports and Dow Industrials have failed to make new highs in this latest market rally, suggesting the narrow nature of the advance outside of technology and small-caps;
- **Michael Burry Compares Tech Mania like 1999-2000 Bubble.** Famous for calling the housing crash in 2008, former hedge fund manager, Michael Burry, is predicting another tech bubble will crash. Burry, who also warned of excessive AI bullishness last fall, correctly pinned the subsequent correction that followed where the Mag-7 fell 18.6% from its peak. “Absolutely non-stop AI. Nobody is talking about anything else all day,” Burry recently penned on *Substack*. “Stocks are not up or down because of jobs or consumer sentiment. They are going straight up because they have been straight up. On a two-letter thesis that everyone thinks they understand...Feeling like the last months of the 1999-2000 bubble.” Burry compared the recent trajectory of the Philadelphia Semiconductor Index or SOX with the run-up that preceded the collapse of technology stocks in March 2000;



- **Tech and Resources Propel Emerging Markets.** Emerging markets (EM) are leading global equities higher since the start of 2025. Tech Mania has also spread to the emerging markets. The KOSPI Index in Seoul has gone ballistic since last year, up a cumulative 218% since January 1, 2025. Last week, **Samsung Electronics** joined the \$1 trillion market-cap club. The chipmakers everywhere are skyrocketing over the past six weeks ahead of anticipated shortages. Increasingly, it looks like emerging markets have fallen into the same pattern as the American market with top-heavy Big Tech exposure like Samsung, TSMC, Tencent, SK Hynix and Alibaba. Ten years ago, the entire tech sector accounted for less than 20% of the MSCI Emerging Markets Index; today, just three chipmakers – TSMC, Samsung and SK Hynix – account for 21% of the benchmark. Natural resources, however, command only 10% of the total index with Brazil benefiting the most from surging energy exports and a strong currency that’s up another 10% so far this year;
- Instead of buying tech-heavy EEM, consider DVYE or the **iShares Emerging Markets Dividend ETF** (see chart, top next page). This income focused fund has lower volatility than EEM and pays a fat 5.08% trailing 12-month yield. The Fund is up 14% this year and holds more than 100 dividend-paying EM stocks, mostly concentrated in financials, natural resources and industrials. Technology is only 8.7% of the index;



- Record 1,097 ETFs Launched in 2025.** The greatest invention for investors, ETFs now outnumber listed stocks in the United States. As of April 2026, the number of U.S.-listed ETFs has surpassed the number of individual U.S. stocks with over 4,700 ETFs compared to about 4,200 public companies, according to *Bloomberg*. ETF owners pay taxes on dividend distributions, but they can usually defer capital gains until they sell. That helps to boost long-term returns and is far more lucrative than old-school mutual funds where big investors seeking redemptions can force a manager to sell and trigger realized gains for all unitholders. Unfortunately, the typical ETF lifespan fell to less than two years in 2025 from nearly five just a few years ago. Many smaller ETFs with less than \$100 million in assets are vulnerable to closure;



- Higher for Longer Oil Prices Bullish for Energy Stocks:** The United States and Israel failed to rid the Middle East of IRGC or the Islamic Revolutionary Guard Corps. Inflation has risen, oil prices have surged and food prices have increased markedly since February 28. Iran has furthermore been emboldened by the Allies' inability to open the Strait to shipping. Despite several assassinations, including murdering Iran's supreme leader, Ayatollah Ali Khamenei, the flow of oil out of the Strait of Hormuz remains a pittance. What is clear, however, is the resultant supply shocks to be felt across most of the world and the likelihood of higher oil prices until the next recession drives demand lower;
- Energy only 3.3% of S&P 500.** The energy sector represents just 3% of the broader market compared to 37.3% for information technology – the markets' largest sector. Investors are advised to maintain or increase their energy positions. This should include Upstream producers (exploration & production), oil equipment services, and refiners. As an offset, include renewables, which are also supported by an awakening in fossil fuel prices this year. See *Model Portfolio* for current energy recommendations.

Fixed Income & Credit

- Long-Term U.S. Treasury Yields Hit 5%.** U.S. intermediate and long-term bond yields continue to ratchet higher after bottoming recently at 3.95% on the ten-year Treasury. Long-term 30-year T-bonds hit the 5% threshold on May 11 and continue to rise this week as a higher inflation print in April sends global yields higher. TLT or the **iShares 20+ Year Treasury Bond ETF** is down 2.5% year. TLT trades 53% below its 10-year high. Government bond yields almost everywhere are climbing, and not just because of high oil prices; budget deficits are on the rise as some nations dole out stimulus measures to ease the pain at the pump. On May 13, U.S. PPI showed the highest producer prices at a 6% annualized rate – the highest since 2022;
- UK Bond Yields Rise to 1998 Heights.** The worst rout for Britain’s Labour party in local elections in 100 years has triggered calls for PM Keir Starmer to resign. Uncertainty has spilled into the gilt market where yields have increased to their highest level since 1998 as 30-year borrowing hits 5.79%. Markets fear a period of higher inflation as the Iran war heads into its 10th week. The yield on the UK 10-year gilt also climbed, reaching its highest level in 18 years to 5.12%. Britain’s rising borrowing costs, already the highest in the G-7, are an increasing strain on the public finances of a country whose debt interest costs exceed \$135 billion per annum. Meanwhile, the pound has remained relatively stable to the dollar, up 1.2% this year.

Currencies

- The **ENR Global Currency Sandwich** is up 5.5% in 2026 after scoring big gains over the past few weeks, mainly from silver and to a lesser extent, gold. Commodities have been soaring since the emergence of conflict in the Persian Gulf in late February; silver is up 13.9% over the past week, 10.8% over the past month, and up 23.6% YTD. Despite a big correction from its all-time high last winter, silver prices have gained a cumulative 173.4% over the last 12 months. Gold is up 8.4% YTD, down 3.3% over the past month, and up 47% year-over-year. None of our currencies in the basket have recorded sizable gains vs. the dollar;



- Foreign currencies have not posted the collective bull market gains in 2026 comparable to 2025. The USD Index, which rose sharply after February 28, has since retreated again to levels last winter. The USD Index is down 1% this year. Only a handful of currencies have logged meaningful gains versus the dollar, including the Brazilian real (+11%), Norwegian krone (+9%), Australian dollar (+8%), and the Hungarian forint (+7.7%)

following election losses for Viktor Orban last month. Most foreign currencies are either up modestly or flat in 2026;

- The **ENR Global Currency Sandwich** includes gold (or IAU/GLD), silver (or SLV/PSLV), the Swedish krona, the Swiss franc, the Polish zloty and the Singapore dollar equally weighted.

Commodities

Commodities Bull Market Red Hot. While the markets remain obsessed over AI and semiconductor stocks, the bull market in raw materials is heading into new territory. The Reuters-Jefferies CRB Index now trades at its highest levels since prior to the 2008 financial crisis, up 37.3% in 2026 and 40% over the past 12 months (see chart). The heavily energy-weighted Goldman Sachs Commodity Index (GSCI) is also up 37.7% in 2026 and 40% year-over-year;



- Several commodities emanating from Persian Gulf production and requiring transportation route passage in the Strait of Hormuz have skyrocketed, triggering supply shortages. Others are rallying sharply as shortages are created because of the closure of the Straits. Of these, sulfur is 97%, aluminum up 44.5%, naphtha has soared 84% (used for plastics), gasoline 115% and of course, Brent crude oil up 77% and West Texas crude 79%.

Model Portfolio

- With Q1 corporate earnings almost concluded, S&P 500 companies are exceeding profit estimates by 18.2% in aggregate, according to *FactSet*. This ranks as the best earnings season in five years. The market has once again rotated back into the AI trade and all peripheral trades tied to the development of LLMs and said technology. The flavor of the year thus far is chip stocks. Some of these companies have logged mind-blowing performance, namely **Micron Technologies**, up a blistering 716% over the past 12 months and 98% in the past month alone;
- Bull markets don't end because of extended or expensive valuation multiples. They usually end because the Federal Reserve raises interest rates and drains market liquidity in the process. That's what happened to the 1999-2000 NASDAQ bubble, which peaked in March 2000; the index subsequently crashed 83% from peak-to-trough until 2003;

- The S&P 500 has gained 110% since the October 2022 bear market low and 900% since the credit crisis low in March 2009. Earnings and liquidity continue to support this secular bull market, further aided in the 2020s by the AI productivity boom now underway. But valuations are above the 96th percentile of their 125-year history, retail cash sits at just 3.3% of total U.S. market-cap and margin debt continues to hit records. Nobody cares about valuations until they do. The MSCI World Index trades at a lofty 24.4x trailing P/E, 4x price-to-book and yields a paltry 1.56%;
- One indicator I’m tracking closely to foretell a possible market top is the initial public offerings market or IPOs. The Big Daddy of IPOs this year are **OpenIA** and **Anthropic** – two monster sized offerings that might mark the secular peak in this technology bubble. The U.S. IPO market is on the rebound after years of relative calm, thanks in part to offerings related to AI and defense. And the IPO market is already percolating; companies that went public this year are up an average 31% from their IPO prices with an average first day gain of 27%, according to *Dealogic*. This indicator is already flashing a warning sign;
- After a big rally off the March 30 lows, I am downgrading a host of open positions to HOLD in May. Seasonality combined with sentiment and risk indicators point to another correction this summer;
- **CBOE Global Markets Inc.**, plugged on March 31, is up 25% and now rated a HOLD; if you missed CBOE, buy **CME Group Inc.** (NASDAQ-CME). In addition to its great markets portfolio, CME also has a low correlation to the S&P 500 historically. Along with CBOE, it’s a good diversification strategy;
- CME Group Inc., together with its subsidiaries, operates contract markets for the trading of futures and options on futures contracts worldwide. It offers futures and options products based on interest rates, equity indexes, and foreign exchange; and agricultural, energy, and metals commodities, as well as fixed income and foreign currency trading services. The company provides clearing house services, including clearing, settling, and guaranteeing futures and options contracts, and cleared swaps products traded through its exchanges. In addition, the company offers a range of market data services, including real-time and historical data services;



- Best Buys in May include **CME Group Inc.**, **AbbVie Inc.**, **Health Care Select Sector SPDR Fund**, **Berkshire Hathaway Class B**, and **Microsoft**.

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 May 13, 2026

Security	Listed	Symbol	Entry Price	Date	Current Yield	Current Price	Gain/Loss	Advice
CME Group	NASDAQ	CME	\$282.58	May 11/26	1.84%	\$282.58	NEW	BUY
The Health Care Select Sector SPDR Fund	AMEX	XLV	\$131.65	Jun 2/25	1.72%	\$143.04	10.56%	BUY
AbbVie Inc	NYSE	ABBV	\$140.24	Nov 30/23	3.32%	\$202.78	56.16%	BUY
Microsoft Corporation*	NYSE	MSFT	\$256.72	Jul 5/22	0.84%	\$412.66	64.89%	BUY
The Southern Company	NYSE	SO	\$66.47	Dec 7/21	3.18%	\$93.10	57.06%	BUY
Berkshire Hathaway*	NYSE	BRK.B	\$197.73	Aug 5/19	0.00%	\$479.55	142.53%	BUY
Wheaton Precious Metals	NYSE	WPM	\$22.78	Jun 5/19	0.48%	\$143.80	545.35%	BUY
Apple Inc*	NASDAQ	AAPL	\$23.20	May 9/16	0.36%	\$292.68	1197.27%	HOLD
Newmont Corporation*	NYSE	NEM	\$17.99	Dec 31/15	0.84%	\$120.67	634.27%	HOLD
Hochtief AG	XETRA	HOT	€ 154.30	Apr 1/25	0.97%	€ 541.50	291.01%	HOLD
HSBC Holdings plc	LSE	HSBA	£4.74	Nov 9/22	3.61%	£13.30	277.50%	HOLD
Alphabet Inc.	NASDAQ	GOOGL	\$104.65	May 5/23	0.22%	\$388.64	272.75%	HOLD
Cameco Corporation	NYSE	CCJ	\$38.55	Sep 5/24	0.15%	\$120.14	212.38%	HOLD
iShares Russell Top 200 Value Index	NYSE	IWX	\$52.46	Jan 2/18	1.53%	\$102.07	117.16%	HOLD
Zurich Insurance Group	VTX	ZURN	CHF 411.20	Oct 4/22	4.76%	CHF 546.40	98.47%	HOLD
iShares Global Clean Energy ETF	NASDAQ	ICLN	\$11.37	Apr 1/25	1.30%	\$21.73	93.47%	HOLD
ConocoPhillips*	NYSE	COP	\$67.56	Sep 29/21	2.86%	\$115.55	90.59%	HOLD
Nestlé SA*	VTX	NESN	CHF 65.15	Dec 7/16	3.94%	CHF 76.10	84.74%	HOLD
Rio Tinto Group	NYSE	RIO	\$64.71	Apr 2/24	3.73%	\$107.90	75.69%	HOLD
Lazard Global Listed Infrastructure Portfolio	NASDAQ	GLIFX	\$14.04	Aug 4/20	2.90%	\$19.71	60.71%	HOLD
Vanguard Small Cap Value Index Fund	NYSE	VBR	\$157.50	Oct 2/23	1.78%	\$232.12	53.23%	HOLD
Energy Select Sector SPDR	NYSE	XLE	\$43.37	Feb 7/23	2.50%	\$57.17	51.25%	HOLD
iShares MSCI Hong Kong ETF	NYSE	EWK	\$18.35	Nov 5/24	4.68%	\$24.32	40.46%	HOLD
Invesco DB Commodity Index Tracking Fund	AMEX	DBC	\$23.00	Dec 9/25	2.40%	\$31.06	38.28%	HOLD
WisdomTree India Earnings Fund	NYSE	EPI	\$32.42	Mar 3/23	0.00%	\$42.55	31.80%	HOLD
Cboe Global Markets, Inc.	CBOE	CBOE	\$281.07	Mar 31/26	0.80%	\$350.48	24.69%	HOLD
iShares MSCI China A ETF	CBOE	CNYA	\$34.42	Dec 29/25	1.80%	\$38.39	11.53%	HOLD
Mondelez International, Inc.*	NASDAQ	MDLZ	\$58.69	Feb 2/26	3.21%	\$61.41	5.49%	HOLD
Dr. Ing. h.c. F. Porsche AG	XETRA	P911	€ 42.81	Sep 29/25	5.66%	€ 40.79	-4.55%	HOLD
Salesforce, Inc.	NYSE	CRM	\$192.95	Mar 2/26	0.95%	\$177.49	-7.78%	HOLD

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