

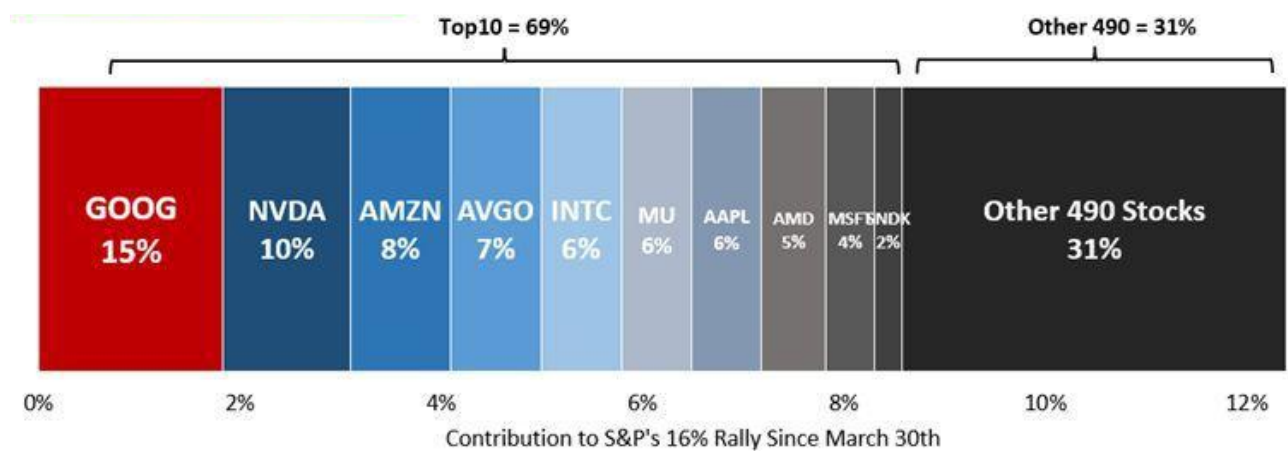
# Equity Weekly



Syz Equity Research – week from 1 May to 8 May 2026

## The Chart of the Week

S&P500 has rallied 16% since the March 30 lows. 10 stocks account for almost 70% of this rally



## What happened last week?

### Global markets

From Friday 1 May 2026 to Friday 8 May 2026, global equity markets posted a broad-based advance, extending a six-consecutive-week rally. The MSCI ACWI rose 2.4% led decisively by the growth factor: MSCI AC World Growth surged 3.6% against MSCI AC World Value's 1.4% gain, reaffirming the AI and semiconductor cycle as the dominant market theme of 2026.

Three forces drove the week. Post-earnings momentum from the Magnificent Seven sustained upward estimate revisions and amplified enthusiasm for AI capital expenditure. Geopolitical developments around the Strait of Hormuz provided a further tailwind: reports mid-week that the US had suspended its 'Project Freedom' naval escort operation, citing progress in negotiations with Iran, sent Brent crude sharply below USD 100 per barrel. A partial re-escalation late in the week capped the oil price move, but crude remained firmly negative on the week, relieving pressure on inflation-sensitive equities. Finally, US nonfarm payrolls for April came in at 115,000, well above the 55,000 consensus and the first back-to-back monthly gain in nearly a year, with the unemployment rate steady at 4.3% and year-on-year wage growth a contained 3.6%.

Technology was the clear global outperformer: the S&P Technology Select Sector gained 8.5%, driven by strong rallies across semiconductors and cybersecurity names. Energy was the

principal laggard, with the S&P Energy Select Sector off 5.3% on collapsing crude prices. Utilities fell 3.9% as the risk-on tone reduced appetite for defensive positioning.

## US

US equities posted their sixth consecutive weekly gain, with the S&P 500 up 2.4% and the Nasdaq 100 surging 5.5% as markets recalibrated to an AI-driven earnings growth path. The S&P 500 Equal Weighted index rose only 0.7%, confirming that the advance remained concentrated in mega-cap growth names. The Russell 2000 and S&P Mid Cap 400 each added 1.7%, pointing to modest broadening beneath the headline.

Semiconductors dominated sector performance: the SOX index gained 11.7%, driven in part by AMD's strong first-quarter results. Cybersecurity also outperformed, with the Global X Cybersecurity ETF up 13.9%, reflecting the view that accelerating enterprise AI adoption is directly supportive of cloud-security spending. Financials were the notable drag, with the S&P Financial Select Sector down 1.3% (banks -3.1%, insurance -1.6%), partly reflecting policy uncertainty following the 29 April FOMC decision. The Fed held rates unchanged at 3.50%-3.75% in an 8-4 vote, the most dissents since 1992, with three regional presidents objecting to the statement's easing bias. Chair Powell confirmed he would remain on the Board after Kevin Warsh assumes the chair, expected following a full Senate vote the week of 11 May. The stronger-than-expected payrolls print reinforced the case for an extended pause.

## Europe

The STOXX Europe 600 rose 0.3% in local currency terms, lagging the global advance as two idiosyncratic headwinds offset the broader risk-on impulse. Technology led European sectors at 4.1%, tracking global semiconductor optimism, while Consumer Discretionary gained 3.0% on solid earnings from BMW. Construction and Materials added 2.0% and Industrials rose 1.0%.

Against these, Europe faced distinct pressures. The UK was the clear regional underperformer, with MSCI United Kingdom falling 1.3%. Thursday's local elections delivered a heavy blow to Labour government and raised questions over political stability. The 30-year gilt yield briefly touched 5.8%, a 28-year high, before partially retracing. The EU's continuing failure to conclude a US trade deal added to the cautious tone for European exporters. Energy was the weakest sector at -4.6%, tracking crude lower, while the WisdomTree Europe Defense Fund declined 2.6% as Iran ceasefire progress reduced near-term urgency for defence procurement. Within the region, the FTSE MIB gained 2.5%, CAC 40 rose 0.8%, and the DAX added 0.6%, offering relative insulation from the UK-specific turbulence.

## Rest of the world

Emerging markets and Asia were the week's standout performers, with MSCI EM surging 6.9% and MSCI Korea advancing 17.9%, driven by ongoing inflows into Samsung Electronics and SK Hynix on AI memory demand. Taiwan's TAIEX rose 7.9%, propelled by TSMC and MediaTek as hyperscaler capex commitments translated directly into accelerating foundry demand. TSMC's weighting in MSCI EM has now reached 14.2%, surpassing India's 11.94% allocation, a structural benchmark shift with meaningful passive flow implications.

MSCI China gained 3.3%, supported by anticipation of an upcoming Trump-Xi summit focused on AI policy and trade normalisation, which prompted bullish options positioning in US-listed Chinese ETFs. MSCI Japan advanced 2.8%, catching up from the Golden Week closure. MSCI India

rose 2.1% while MSCI Brazil declined 1.4%, weighed by a firmer USD following the payrolls beat and the week's sharp fall in commodity prices.

## Our view on equities

### Equity asset class

We have slightly increased our equity exposure but remain neutral overall, as geopolitical risks and volatility are likely to persist. In this context, we have raised Europe to market weight and slightly increased our exposure to Japan and emerging markets.

### Earnings

The outlook has become more constructive, with a prolonged conflict now appearing less likely. Crude oil prices have eased, and natural gas - particularly relevant for Europe - has declined back toward its average levels of the past three years. 2026 EPS forecasts have been revised up and point to solid growth: approximately +22% for the S&P 500, +16% for the STOXX Europe 600 and +11% for MSCI Japan.

### Valuation

From a valuation perspective (12-month forward P/E), valuations have improved but remain above historical averages for the S&P 500 and the Nikkei, while they appear more attractive for the STOXX Europe 600 and Asia ex-Japan.

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