

# Market Commentary

May 2026



## Key Points:

- The Strait of Hormuz remains effectively closed, and oil prices continue to stay elevated despite the ceasefire
- The summit between Xi and Trump could also become a key event in May, including discussions relating to Iran and the US
- Global equity markets reached new all-time highs, supported strongly by the US equity market

### Market Outlook

#### Stock Market – Overweight ↗

Global equity markets rose sharply in April, with the US equity market recording its fourth-best month in more than 25 years. Equity markets appear to be taking the potential risk of further increases in oil prices lightly, while the earnings season, particularly in the US, has been strong. We have taken some profits and reduced equity exposure in global, Swedish and emerging market equities, but remain overall overweight equities.

#### Bonds – Neutral Weight →

Global government bonds were broadly unchanged in April. Yields have fluctuated in line with oil prices and inflation expectations, and much suggests that the European Central Bank (ECB), together with Norges Bank, is preparing to raise interest rates further going forward. We remain neutral duration across all markets and continue to hold an overweight allocation to credit exposure.

#### Money Market – Underweight ↘

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## The allocation group notes that AI and technology equities made a comeback in April.

### The allocation group in Storebrand Asset Management:

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### Sail in May

Two months after the attack on Iran, the Strait of Hormuz remains effectively closed and oil prices continue to stay elevated. Although a ceasefire was agreed in early April, subsequent negotiations between the parties have so far failed to produce any meaningful progress. The US has also implemented a blockade outside the Strait of Hormuz in an effort to weaken Iran's economy and prevent vessels from passing through the strait on Iran's terms. As a result, oil prices fluctuated between USD 90 and USD 120 per barrel (Brent) throughout April, trading towards the upper end of the range by month-end. There are increasing reports of rationing and declining inventories of aviation fuel, gas and other goods in parts of the world as a consequence of the closure of the strait. Several commentators have suggested that unless shipping traffic resumes during May, inventories may be depleted and oil prices could surge sharply higher. This would place even greater pressure on the global economy, where growth expectations have already weakened and inflation expectations have risen. Many markets, and equities in particular, have nevertheless normalised, despite recession risks having increased and likely to rise further should the Strait of Hormuz remain closed to shipping throughout May.

### Negotiations continue

On a more positive note, there still appear to be genuine negotiations and a ceasefire in place between Iran and the US, although the parties remain far apart. The summit between Xi and Trump in China on 14-15 May is also likely to become an important event in relation to the Iran conflict and ongoing negotiations, provided the meeting is not postponed further. Speculation has centred around China having influenced Iran both to enter into a ceasefire and to

push for the reopening of the Strait of Hormuz. China is a net importer of oil and has no interest in seeing the global economy damaged as a result of the crisis. Although China holds substantial coal reserves and strategic oil inventories sufficient for three to six months, both the economy and trade with the rest of the world would be severely impacted should the conflict become prolonged. Trade and tariff negotiations between China and the US are also likely to feature prominently on the agenda. In many respects, there is also a "ceasefire" in the trade war between the superpowers after rare earth minerals were used by China as leverage.

### Equity markets at all-time highs

Global equity markets reached new all-time highs in April following a sharp rally and one of the strongest monthly gains seen in recent years. In addition to TACO, the ceasefire and ongoing negotiations, the earnings season — particularly in the US — has also started strongly. While the energy sector has delivered the strongest performance year-to-date, the technology sector staged a strong comeback in April. This is despite interest rates having risen and remaining elevated due to increased energy prices. Corporate earnings have exceeded expectations, and there are signs that the massive investments, particularly in AI, are beginning to generate returns. The key question, however, is whether higher energy prices will ultimately weigh heavily enough on the economy to reduce willingness to continue investing at current levels. We are unlikely to receive any clear indications of this before next quarter.

# Market Outlook

## Global Equities – Overweight ↗

Global equities, as measured by MSCI World in local currency terms, rose by as much as 9 percent in April. The US equity market, measured by the S&P 500, recorded its fourth-best month since the turn of the millennium, rising by more than 10 percent. Equity markets now appear to have priced in a normalisation of the Strait of Hormuz situation in the near future, although the risk of a prolonged conflict remains present. At the same time, companies continue to deliver solid earnings growth, particularly in the US. We have taken some profits and reduced equity exposure, but remain overall overweight global equities.

## Emerging Markets (EM) – Overweight ↗

Emerging market equity markets in local currency terms also rose sharply in April, outperforming developed markets. Asian equity markets in particular, including South Korea and Taiwan, posted strong gains during the month, partly driven by renewed optimism surrounding AI and related supply chains. In local currency terms, the respective equity markets are up more than 70 percent and 40 percent year-to-date. This is despite both economies also being net importers of oil and therefore exposed to higher oil prices. We have taken some profits in EM equities as well, but remain overall overweight emerging markets.

## Global Bonds – Neutral Weight →

Global government bonds (JPM GBI) were broadly unchanged in April. Bond yields continue to fluctuate largely in response to oil prices and, consequently, inflation expectations. Many central banks have returned to tightening mode or remain on hold. Markets are now pricing in an ECB rate hike in June and as many as three further hikes before year-end. Although recession risks have increased, they have not risen sufficiently for bond markets and central banks to shift their primary focus away from inflation expectations. We remain neutral

## Key Figures as of 30.04.2026

(measured in local currencies)

Global Stocks (MSCI)	April	2026
All Countries	9.4 %	6.6 %
Developed Markets	8.9 %	5.4 %
Emerging Markets	13.3 %	15.7 %

### Regions (MSCI)

North America	10.2 %	5.5 %
Europe	4.7 %	3.7 %
Asia and Oceania	5.8 %	8.4 %
Nordic	5.0 %	4.0 %

### Countries

USA (S&P 500)	10.5 %	5.6 %
Japan (Nikkei 225)	16.1 %	17.8 %
United Kingdom (FTSE 100)	2.0 %	4.5 %
Germany (GDAX)	7.1 %	-0.8 %
France (CAC)	3.8 %	-0.4 %
Finland (HEX25)	8.3 %	10.9 %
Denmark (OMXC25GI)	3.7 %	-2.7 %
Sweden (OMXS30GI)	5.3 %	8.1 %
Norway (OSEBX)	-2.4 %	19.6 %

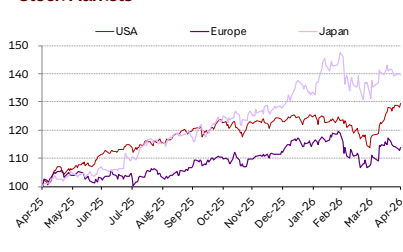
### Currency (increase equals EUR appreciation)

EUR pr USD	1.8 %	-0.1 %
EUR pr GBP	-1.2 %	-1.1 %
EUR pr JPY	0.3 %	-0.1 %

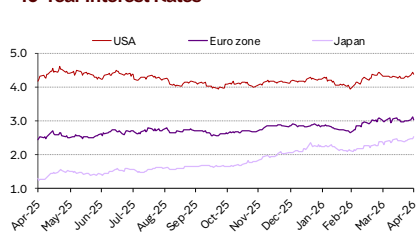
### Currency (increase equals USD appreciation)

USD pr EUR	-1.8 %	0.1 %
USD pr GBP	-3.0 %	-1.0 %
USD pr JPY	-1.5 %	0.0 %

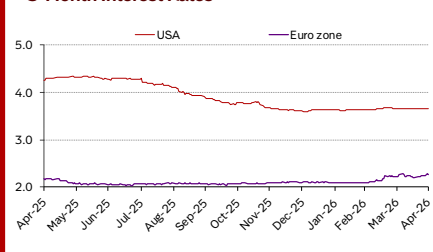
Stock Markets



10-Year Interest Rates



3-Month Interest Rates



Central Bank Rates

