THE WEEK AHEAD, 8 MAY 2026

Still bending – not breaking

Capital markets currently appear to be walking a tightrope: While the global economy continues to show remarkable resilience, headwinds – notably from oil prices – are becoming increasingly visible. Investors are operating in an environment shaped in equal measure by confidence and caution. And this is precisely where the real challenge for the weeks ahead lies.

The central issue remains the ongoing **conflict in Iran**. Markets have learned to live with geopolitical tensions, but that does not mean these risks have disappeared. Quite the contrary: Recent developments show that the ceasefire remains extremely fragile and that there is almost no end to the crisis in sight. Crucially, the risks linked to energy markets have not receded, with the blockade of the Strait of Hormuz adding a noticeable premium to oil prices. In turn, this is spilling over into **inflation** – and ultimately into **monetary policy** and valuations in capital markets.

Indeed, inflation in the US is proving stickier than expected just a few months ago, as rising energy costs continue to exert upward pressure on prices. Economic growth has remained resilient in this environment, although the Iran war has not left it entirely unscathed. In the US, growth has barely slowed. In the eurozone, gross domestic product (GDP) growth has weakened, but only slightly. “Still bending – not breaking” therefore remains an apt paradigm for describing the current state of the global economy (see also our updated → **House View**).

A key stabilising factor remains the investment cycle in future-focused technologies. In the **US** in particular, strong spending on infrastructure and new technologies is supporting economic activity. At the same time, however, signs of cooling in the labour market are increasing. This development deserves particular attention, as the labour market has historically often provided early signals of turning points in the economic cycle.

A more mixed picture can be seen in **Europe**. The domestic economy is being underpinned by public spending and rising investment, while political uncertainty – including over budgetary issues in certain member states – persists. **China**, meanwhile, is engaged in a balancing act: After a brief recovery, there are increasing signs of renewed weakness, prompting the government to launch targeted countermeasures.

PUBLICATIONS

→ **House View Update**
Still bending – not breaking

→ **The Investment Multiverse**
The world is being transformed at unprecedented speed. While the global economy is being decarbonised in an effort to achieve net zero emissions, trade wars are driving a trend towards deglobalisation and demographic change is leading to a shrinking workforce, the advancing pace of digitalisation is nothing but breathtaking. For investors, this means ensuring that their investments are broadly diversified across a constantly shifting “multiverse” of opportunities.

→ **Stewardship Report 2025**
Our Sustainable Investing and Stewardship Report 2025 demonstrates our sustained conviction to sustainability and highlights our priorities, progress and key activities across sustainable investing, impact investing and stewardship.

Dr Hans-Jörg Naumer
Director
Global Capital Markets & Thematic Research

The **monetary policy** backdrop has also shifted, with the previous phase of clear expectations for interest rate cuts seemingly over for now. Central banks are treading more cautiously, closely monitoring developments and avoiding any firm commitments. For markets, this means support from looser monetary policy can no longer be taken for granted.

Adding to the challenges are **renewed tensions over trade policy**. After US President Donald Trump announced plans to raise tariffs on car exports from the European Union to the US to 25 %, Washington justified the move by pointing to what it views as insufficient implementation of last year's Turnberry trade deal. Trump invoked Section 232 of the Trade Expansion Act of 1962, citing national security concerns, so the higher levy would not be affected by the US Supreme Court ruling earlier this year that struck down tariffs imposed under the International Emergency Economic Powers Act (IEEPA). Since the introduction of a 15 % tariff in April 2025, car exports from the EU to the US have already fallen by around a third to an annualised level of about € 25 billion, or roughly 0.1 % of GDP in the EU. The impact of this move would mainly be felt in Germany, which accounts for around two-thirds of EU car exports to the US – equivalent to about 0.4 % of German GDP (see our chart of the week). The risk to the economy could increase further if the EU were to retaliate.

In this context, the current market environment can best be described as "**still bending – not breaking**." The resilience is there – but is being increasingly tested.

German Vehicle Exports to the United States, seasonally adjusted EUR

Source: LSEG Datastream, AllianzGI Global Capital Markets & Thematic Research, 04.05.2026. Past performance does not predict future returns.

The week ahead

The same is likely to hold in the coming week, keeping macroeconomic data firmly in focus. The week kicks off in **Japan**, where attention will turn to data on economic activity in the third quarter. Having previously shown positive momentum, the market will be looking for any confirmation of initial signs that the economy is slowing down.

The spotlight shifts to the **euro area** in the middle of the week: Publication of final consumer price data will provide insight into how recent price pressures have evolved and whether any indications of stabilisation are emerging.

This will be followed on Thursday by weekly jobless claims from the **US**. These will shed light on the state of the labour market and are typically watched closely by markets.

In addition to new inflation data, capacity utilisation in the US economy also merits close scrutiny. The key question is whether the economy can remain resilient – or whether the headwinds will become too strong.

Wishing you a resilient week ahead.

Yours,
Dr Hans-Jörg Naumer

UPCOMING POLITICAL EVENTS 2026

17 May	ESP	Andalusian regional elections
31 May	COL	Presidential elections
7 June	PER	Presidential runoff
11 June	EZB	Central Bank Meeting

Calendar Week 20

Monday			Consensus	Previous
CN	CPI YY	Apr	0.8%	1.0%
US	Existing Home Sales	Apr	4.05M	3.98M
US	Exist. Home Sales % Chg	Apr	--	-3.6%
CN	M2 Money Supply YY	Apr	8.5%	8.5%
Tuesday				
GE	CPI Final YY	Apr	--	2.9%
GE	HICP Final YY	Apr	--	2.9%
GE	ZEW Economic Sentiment	May	--	-17.2
GE	ZEW Current Conditions	May	--	-73.7
US	Core CPI YY, NSA	Apr	--	2.6%
US	CPI YY, NSA	Apr	--	3.3%
US	CPI Wage Earner	Apr	--	323.500
Wednesday				
JN	Current Account Bal SA	Mar	--	2,709,000M
JN	Trade Bal Cust Basis SA	Mar	--	-317,085.00M
EC	Employment Flash YY	Q1	--	0.7%
EC	Employment Flash QQ	Q1	--	0.2%
EC	GDP Flash Estimate QQ	Q1	--	0.1%
EC	GDP Flash Estimate YY	Q1	--	0.8%
EC	Industrial Production YY	Mar	--	-0.6%
US	PPI Machine Manuf'ing	Apr	--	196.2
US	PPI Final Demand YY	Apr	--	4.0%
US	PPI exFood/Energy YY	Apr	--	3.8%
Thursday				
JN	Broad Money	Apr	--	2,280.3T
UK	GDP Est 3M/3M	Mar	--	0.5%
UK	GDP Estimate YY	Mar	--	1.0%
UK	Services YY	Mar	--	1.4%
UK	Industrial Output YY	Mar	--	-0.4%
UK	Manufacturing Output YY	Mar	--	-0.5%
UK	Goods Trade Balance GBP	Mar	--	-18.791B
UK	GDP Prelim QQ	Q1	--	0.1%
UK	GDP Prelim YY	Q1	--	1.0%
UK	Business Invest QQ Prelim	Q1	--	-2.5%
UK	Business Invest YY Prelim	Q1	--	2.0%
US	Import Prices YY	Apr	--	2.1%
US	Initial Jobless Clm	4 May, w/e	--	--
US	Cont Jobless Clm	27 Apr, w/e	--	--
US	Retail Control	Apr	--	0.7%
Friday				
UK	RICS Housing Survey	Apr	--	-23
JN	Corp Goods Price YY	Apr	--	2.6%
EC	Reserve Assets Total	Apr	--	1,908.13B
US	NY Fed Manufacturing	May	--	11.00
US	Capacity Utilization SA	Apr	--	75.7%

The calendar data for the current week comes directly from LSEG Datastream. They are published in the week in which "The Week Ahead" appears. These are economic data that come from official sources. Where available, the previous figure is collected together with the consensus estimate. The consensus estimate is collected by LSEG Datastream through a survey of analysts and economists. It is the average of all estimates submitted.

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