

THE WEEK AHEAD, 22 MAY 2026

# AI euphoria meets inflation concerns

Capital markets continue to move between enthusiasm for artificial intelligence (AI) and concerns over persistent inflation. Robust corporate earnings, multibillion-dollar investment in AI and hopes of productivity gains are providing support to markets. At the same time, geopolitical tensions, sticky inflation and worries about a cooling economy are weighing on sentiment. As a result, the new trading week is likely to yield further evidence of just how resilient the economy and markets really are.

The **United States**, in particular, remains the pace-setter for international equity markets as **corporate earnings** momentum there remains solid. Technology stocks are benefiting especially from the expansion of AI infrastructure, with major companies investing heavily in data centres, semiconductors and data capacity. At the same time, the debate is intensifying over whether the high valuations of some

beneficiaries of the boom in AI can be sustained by rising profits over the longer term. The enthusiasm surrounding key technology companies is a reminder that even powerful long-term trends do not preclude speculative excess. Overall, the backdrop for equities remains supportive, with inflows into equity funds and share buybacks acting as an additional tailwind. Meanwhile, stock selection is becoming increasingly important: Markets are no longer rising uniformly, with gains concentrated instead among companies offering convincing earnings prospects.

From a **regional** perspective, many arguments continue to favour the US and major Asian technology hubs. In **Europe**, hopes of a strong earnings recovery have recently faded somewhat. Concerns over energy supply, compounded by the effects of tensions in the **Middle East**, are proving a particular burden for industry. The prospect also remains that additional public investment – above all from Germany – could lend fresh momentum to growth over the course of the year. It is also worth keeping an eye on Japan, where a

## PUBLICATIONS

### → **Fixed Income Forward**

Geopolitical shock and diverging paths.

### → **Dividends – your second income**

The world is undergoing a profound and unprecedented transformation. While populations in industrialised countries have become wealthier and enjoy longer life expectancies, intelligent algorithms and robotics are increasingly permeating everyday life and the workplace. Against this backdrop, it is prudent to consider developing an additional source of income...

### → **Five questions on reshaping infrastructure debt**

Five questions on how digitalisation, the energy transition and geopolitics are reshaping infrastructure debt.

still-accommodative monetary policy stance, fiscal stimulus programmes and progress on corporate governance are creating a relatively favourable environment. Emerging markets are likewise benefiting from AI demand and a generally weaker US dollar, although they appear somewhat overheated in the short term.

At **sector level**, technology continues to dominate the picture, but some investors are cautiously reducing their overweight positions in particularly highly valued AI stocks. Traditional



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industrials, though, are attracting greater attention as companies in the mechanical engineering, chemicals and commodities segments indirectly capitalise on the expansion of digital infrastructure as well as on war-related shortages. Banks are being lifted by robust lending growth and stable net interest margins. Defensive sectors such as food and telecommunications remain more in the background for now but could come back into favour if market volatility rises again.

**Fixed income** markets are also sending out mixed signals and **inflation** is proving sticky. In the US in particular, higher tariffs and rising energy prices could add renewed upward pressure to prices (see our chart of the week). For this reason, market observers continue to warn of stagflationary risks should weaker growth coincide with elevated inflation. Investment-grade corporate bonds and selected emerging market paper still appear attractive. At the same time, the combination of high government deficits, geopolitical tensions and ambitious valuations remains a risk factor.

The conflict with Iran remains a key focus, particularly because of its potential impact on **global energy supply**. Although markets have recently absorbed geopolitical crises surprisingly well, a more prolonged increase in oil prices could noticeably disrupt the fragile balance between growth and inflation. Several recent outlooks point to precisely this tension between AI-driven growth and energy-related risks.

**Market-based long-term inflation expectations and oil price developments**



Source: LSEG Datastream, AllianzGI Global Capital Markets & Thematic Research, 19.05.2026. Past performance does not predict future returns.

**UPCOMING POLITICAL EVENTS 2026**

|            |     |                        |
|------------|-----|------------------------|
| 31 May     | COL | Presidential elections |
| 7 June     | PER | Presidential runoff    |
| 11 June    | ECB | Central Bank Meeting   |
| 15–16 June | BoJ | Central Bank Meeting   |
| 15–17 June | FRA | G7 summit              |
| 16–17 June | FED | Central Bank Meeting   |

**The week ahead**

Tuesday sees publication of the US Conference Board Consumer Confidence Index for May and the Case-Shiller House Price Index for March. Both releases will provide indications of how resilient consumption and the housing market have remained despite high financing costs.

On Thursday, the European Commission’s sentiment indicators for May will take centre stage in the **euro area**. The release of April Personal Consumption Expenditures (PCE) data in the **United States** will be closely watched, particularly as the core price index remains one of the US Federal Reserve’s main inflation gauges. The second estimate of first-quarter gross domestic product (GDP) and weekly initial jobless claims are also due.

Friday is likely to be the most data-heavy day of the week. In **Japan**, Tokyo consumer price data for May, as well as labour market and retail sales figures for April, are scheduled for release. This will be followed in **Germany** by import prices for April, unemployment figures for May and preliminary inflation data for the same month. Friday will also see publication of the Chicago Purchasing Managers’ Index for May in the US.

In an environment of elevated stagflationary risks, economic signals should not be underestimated – regardless of geopolitics and AI.

Wishing you unequivocal signals in the week ahead.

Yours,  
*Dr Hans-Jörg Naumer*

## Calendar Week 22

| <b>Monday</b>    |                             |             | <b>Consensus</b> | <b>Previous</b> |
|------------------|-----------------------------|-------------|------------------|-----------------|
| UK               | Nationwide house price yy   | May         | --               | 3.0%            |
| <b>Tuesday</b>   |                             |             |                  |                 |
| UK               | CBI Distributive Trades     | May         | --               | -68             |
| US               | CaseShiller 20 YY NSA       | Mar         | --               | 0.9%            |
| US               | Consumer Confidence         | May         | --               | 92.8            |
| <b>Wednesday</b> |                             |             |                  |                 |
| JN               | Service PPI                 | Apr         | --               | 3.10%           |
| <b>Thursday</b>  |                             |             |                  |                 |
| EC               | Economic Sentiment          | May         | --               | 93.0            |
| EC               | Industrial Sentiment        | May         | --               | -7.7            |
| EC               | Services Sentiment          | May         | --               | 0.9             |
| EC               | Consumer Confid. Final      | May         | --               | --              |
| US               | Core PCE Price Index YY     | Apr         | --               | 3.2%            |
| US               | PCE Price Index YY          | Apr         | --               | 3.5%            |
| US               | Durable Goods               | Apr         | --               | 0.8%            |
| US               | Durables Ex-Transport       | Apr         | --               | 0.9%            |
| US               | GDP 2nd Estimate            | Q1          | --               | 2.0%            |
| US               | GDP Deflator Prelim         | Q1          | --               | 3.6%            |
| US               | Core PCE Prices Prelim      | Q1          | --               | 4.3%            |
| US               | New Home Sales-Units        | Apr         | --               | 0.682M          |
| US               | Initial Jobless Clm         | 18 May, w/e | --               | --              |
| US               | Cont Jobless Clm            | 11 May, w/e | --               | --              |
| <b>Friday</b>    |                             |             |                  |                 |
| JN               | CPI, Overall Tokyo          | May         | --               | 1.5%            |
| JN               | Jobs/Applicants Ratio       | Apr         | --               | 1.18            |
| JN               | Unemployment Rate           | Apr         | --               | 2.7%            |
| JN               | Retail Sales YY             | Apr         | --               | 1.7%            |
| JN               | Large Scale Retail Sales YY | Apr         | --               | 2.0%            |
| JN               | Housing Starts YY           | Apr         | --               | -29.3%          |
| GE               | Import Prices YY            | Apr         | --               | 2.3%            |
| GE               | Unemployment Chg SA         | May         | --               | 20k             |
| GE               | Unemployment Rate SA        | May         | --               | 6.4%            |
| GE               | CPI Prelim YY               | May         | --               | 2.90%           |
| GE               | HICP Prelim YY              | May         | --               | 2.90%           |
| US               | Chicago PMI                 | May         | --               | 49.2            |

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.

**If not mentioned otherwise data and information sources are from LSEG Datastream.**

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