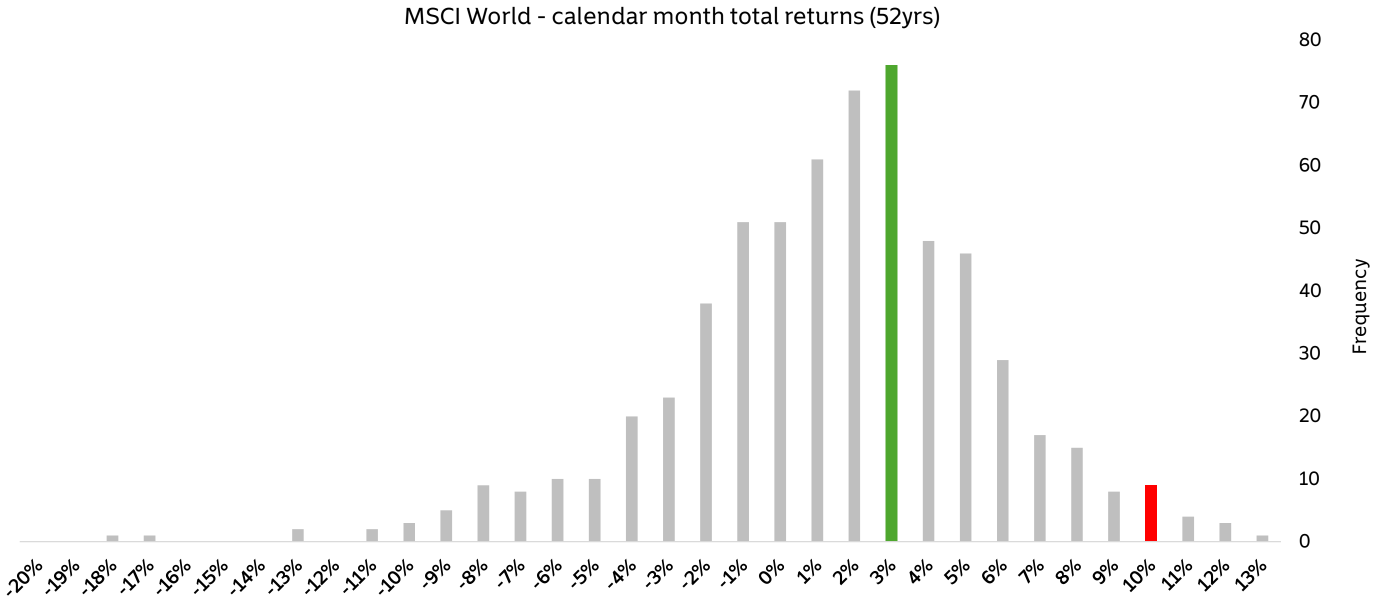
Chart of the Week

11 May 2026

momentum
global investment management



Source: Bloomberg Finance L.P., Momentum Global Investment Management, data to 30 April 2026.

Not normal, but welcome

Alex Harvey, CFA
Senior Portfolio Manager & Investment Strategist

What does the chart show?

The chart shows the frequency of global equity calendar month returns for the past 52 years (since my birth in May 1974). The highest frequency monthly return is a positive 2-3% which has occurred 76 times and is represented above as the green bar. The red bar shows the return in April 2026 which was 9.6% and ranks 11th in the league of calendar month returns since my inception, sitting in the 98th percentile of monthly returns. In other words, April was a very strong month.

We also see the 'skew' in the chart showing that equity returns are not 'normally' distributed. Kurtosis is the technical term for the 'tailedness' of a return distribution. The global equity returns above are leptokurtic, meaning they exhibit a fatter (left) tail than a standard, or normal, distribution and a higher, if infrequent, probability of large negative calendar month returns.

Why is it important?

The chart serves as a reminder that markets can turn sharply, especially when the Commander in Chief himself changes his strategy almost daily. Timing the markets is notoriously difficult and for most investors a buy and hold approach is best. Had you missed out on April's near 10% return – and the 10 best months ahead of it from the last 52 years – then your total return since my inception (4,000%) would be less than one third of your return from leaving it alone (12,700%). Even though the cumulative missed returns amount to only around 120 percentage points, the compounding effect results in an opportunity cost measured in thousands of percentage points (the highest calendar month return over the period occurred in January 1975 when global equities returned 14.6%).

The chart also demonstrates how periodicity is important. The reason April looked so good, was that the market bottomed on 30th March, having previously peaked near the end of February. It is only really by luck (call it Presidential fortune) that this return profile is observed, with the market turning in line with the fall of the calendar month ends. Rolling 30d returns would look very different.

The leptokurtic left tail events are a reminder that extreme negative returns can and do occur. This is what pulls the average month return (0.9%) below the most frequently observed return (+2-3%). The worst calendar month for global equities observed during my lifetime was during 'peak GFC*' in October 2008 when global equities fell 19%, eclipsing October 1987's 17% loss following the 'Black Monday' crash.

**GFC refers to the Global Financial Crisis.*

Weekly market update

Week ending 8 May 2026

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The defining global macro theme was the inflationary energy shock caused by geopolitical tensions, which delayed expected monetary easing across many major economies.

US

- Investors sharply reduced expectations for Federal Reserve rate cuts as inflation concerns intensified, especially due to higher oil prices and tariff uncertainty.
- President Donald Trump renewed public pressure on the Fed to lower interest rates, increasing focus on central bank independence.
- Oil prices moved above $100/barrel amid the Iran conflict and Strait of Hormuz disruption fears, pushing Treasury yields higher and weighing on global risk sentiment.
- US trade policy remained volatile as courts challenged parts of the administration's global tariff programme while Washington warned the EU over future tariff escalation.

UK

- Prime Minister Keir Starmer faced major political pressure after Labour suffered heavy local election losses across Britain.
- Bond investors closely monitored UK elections amid concerns political fragmentation could undermine fiscal credibility and destabilise gilt markets.
- Reform UK's electoral gains reshaped the political landscape and intensified debate around future coalition or tactical arrangements on the British right.
- The FTSE 100 recorded another weekly decline as investors weighed Middle East risks, energy prices, and UK political instability.

Europe

- European Central Bank officials signalled that a June rate hike was increasingly possible if inflation pressures continued to worsen.
- ECB policymakers warned that elevated energy prices linked to the Iran conflict could keep inflation higher for longer across the eurozone.
- European regulators pushed for stronger centralised financial supervision and tighter oversight of bank capital requirements.
- EU competitiveness and sustainability policy came under renewed debate amid concerns Europe was losing ground relative to the US and China.

Rest of the World/Asia

- China's export performance improved significantly in April despite ongoing trade tensions with the United States.
- Beijing continued balancing economic stimulus with financial stability concerns as authorities attempted to support weak domestic demand and the property sector.
- Japanese policymakers remained under pressure from yen weakness and rising imported energy costs as oil prices surged globally.
- Global markets were dominated by Middle East geopolitical tensions, especially fears over disruption to oil shipments through the Strait of Hormuz.

Weekly market data

Week ending 8 May 2026

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Asset Class / Region	Currency	Cumulative returns: Week ending 8 May	Month to date	YTD 2026	12 months
Developed Markets Equities					
United States	USD	2.4%	2.7%	8.4%	31.8%
United Kingdom	GBP	-1.3%	-1.5%	4.7%	24.4%
Continental Europe	EUR	0.8%	0.9%	4.2%	15.3%
Japan	JPY	2.7%	2.7%	13.5%	45.2%
Asia Pacific (ex Japan)	USD	6.8%	7.0%	22.3%	51.1%
Australia	AUD	0.4%	1.1%	1.7%	10.3%
Global	USD	1.8%	2.1%	7.9%	30.0%
Emerging Markets Equities					
Emerging Europe	USD	3.0%	3.5%	15.5%	46.4%
Emerging Asia	USD	8.1%	8.1%	25.1%	58.3%
Emerging Latin America	USD	0.4%	0.8%	19.2%	51.3%
BRICs	USD	2.4%	2.4%	-2.2%	9.7%
China	USD	3.2%	3.2%	-2.6%	13.1%
MENA countries	USD	0.0%	0.1%	2.5%	3.3%
South Africa	USD	4.3%	5.1%	4.4%	55.1%
India	USD	1.3%	1.3%	-11.7%	-8.5%
Global emerging markets	USD	6.9%	7.0%	22.5%	54.0%
Bonds					
US Treasuries	USD	0.2%	0.3%	0.3%	4.1%
US Treasuries (inflation protected)	USD	0.0%	0.3%	1.7%	5.3%
US Corporate (investment grade)	USD	0.4%	0.5%	0.6%	6.9%
US High Yield	USD	0.1%	0.2%	1.3%	8.3%
UK Gilts	GBP	0.5%	0.9%	-1.5%	1.7%
UK Corporate (investment grade)	GBP	0.6%	0.9%	-0.8%	4.4%
Euro Government Bonds	EUR	0.5%	0.5%	0.2%	0.3%
Euro Corporate (investment grade)	EUR	0.3%	0.3%	0.3%	2.2%
Euro High Yield	EUR	0.5%	0.5%	0.7%	4.5%
Global Government Bonds	USD	0.4%	0.6%	0.4%	2.0%
Global Bonds	USD	0.4%	0.6%	0.7%	4.6%
Global Convertible Bonds	USD	2.6%	3.2%	16.4%	36.0%
Emerging Market Bonds	USD	0.5%	0.8%	1.2%	11.9%
Property					
US Property Securities	USD	0.7%	0.5%	14.4%	18.1%
Australian Property Securities	AUD	-0.9%	0.1%	-9.9%	-7.0%
Global Property Securities	USD	1.1%	1.1%	9.7%	18.2%
Currencies					
Euro	USD	0.3%	0.4%	0.3%	4.9%
UK Pound Sterling	USD	0.1%	0.3%	1.2%	2.6%
Japanese Yen	USD	0.2%	-0.1%	0.1%	-7.0%
Australian Dollar	USD	0.4%	0.8%	8.5%	12.9%
South African Rand	USD	1.2%	1.8%	0.9%	11.0%
Swiss Franc	USD	0.4%	0.7%	2.1%	6.9%
Chinese Yuan	USD	0.4%	0.4%	2.8%	6.5%
Commodities & Alternatives					
Commodities	USD	-1.0%	-1.2%	36.5%	48.6%
Agricultural Commodities	USD	-0.3%	0.4%	11.8%	6.6%
Oil	USD	-6.4%	-11.2%	66.5%	61.2%
Gold	USD	1.6%	2.3%	9.0%	42.4%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

For more information, please contact:
Distribution Services

E: distributionservices@momentum.co.uk
T: +44 (0)207 618 1829