SERENIS

FAMILY CAPITAL

Monthly Markets Chronicle

May 2026

1995 - 2025

Three decades of trust, expertise, and serenity.

Security Before Efficiency

May offered investors yet another paradox. Despite persistent tensions between the United States and Iran, disruptions in the Strait of Hormuz, rising inflation and pressure on sovereign bond yields, equity markets continued to advance. This resilience can largely be explained by the strength of the U.S. economy, the quality of corporate earnings and the continued enthusiasm surrounding artificial intelligence. Yet beneath this apparent calm, the foundations of the global economic system continue to evolve.

For several decades, globalization rested on an implicit assumption: access to resources, technologies, capital and trade routes was largely guaranteed. Companies could optimize their supply chains, investors could prioritize economic efficiency, and governments could benefit from a relatively stable environment. This period is gradually coming to an end. Recent events serve as a reminder that access is never neutral and that certain dependencies can become instruments of power.

This is precisely what we explore in this month's Thinking Forward section, dedicated to "chokepoints." The term must first be defined, understood and then analyzed, as it can encompass several layers of reality: a physical passage, critical infrastructure, a scarce technology, a strategic resource or a lever of coercion. A chokepoint is therefore not merely a passageway, but a concentrated dependency that is difficult to substitute and whose control can influence the behavior of other actors. The Strait of Hormuz for energy, advanced semiconductors for artificial intelligence, rare earths for industry, or certain financial infrastructures for international flows all illustrate this reality: when access is essential, substitution is slow and control is concentrated, constraint becomes power.

This evolution is already reshaping value chains and the mechanisms of the global system. Governments and companies no longer think solely in terms of cost or efficiency, but also in terms of supply security, dependency management and resilience. In a world that is less optimized, more redundant and potentially more inflationary, understanding these points of constraint, analyzing their different layers and anticipating their consequences will become a major source of value creation.

Markets and Investment Committee Positioning

May extended the recovery that began in April, despite a backdrop that remained far from supportive. Tensions between the United States and Iran remain elevated, the Strait of Hormuz continues to operate under disrupted conditions, inflation is moving higher again, and sovereign yields remain under pressure. Despite this, equity markets advanced once more, demonstrating a remarkable capacity for resilience.

The resilience of the U.S. economy is the primary explanation for the strong performance of equity markets. Non-farm payrolls reached 115,000 in April, well above the consensus forecast of 65,000, while the unemployment rate remained stable at 4.3%. U.S. consumer spending continues to show resilience despite higher energy prices.

Equity Indices	Value	Month	2026
S&P 500 (USA)	7 580	5.1%	10.7%
Nasdaq 100 (USA)	30 333	10.5%	20.1%
Euro Stoxx 50 (Europe)	6 051	2.9%	4.5%
SMI (Switzerland)	13 543	3.1%	2.1%
Nikkei 225 (Japan)	66 330	11.9%	31.8%
CSI 300 (China)	4 892	1.8%	5.7%
Currencies	**Value**	**Month**	**2026**
EUR/USD	1.166	-0.6%	-0.7%
USD/CHF	0.781	-0.1%	-1.5%
EUR/CHF	0.910	-0.7%	-2.2%
GBP/USD	1.346	-1.1%	-0.1%
USD/JPY	159.270	1.7%	1.6%
Bond Indices		**Month**	**2026**
US Government		0.1%	0.0%
US Corporate IG		0.8%	0.7%
US Corporate HY		0.5%	1.7%
EU Government		1.3%	0.8%
EU Corporate IG		1.0%	0.9%
EU Corporate HY		0.9%	1.3%
Other Asset Classes	**Value**	**Month**	**2026**
Gold	4 540	-1.7%	5.1%
Oil	92	-19.3%	51.3%
Bitcoin	73 582	-3.8%	-16.0%
Rates / Indicators	**Value**	**Δ Month**	**Δ 2026**
US 10-Year Rate	4.44%	0.06%	0.27%
Germany 10-Year Rate	2.94%	-0.10%	0.08%
US Unemployment	4.3%	0.0%	-0.2%
Volatility Index (VIX)	15.3	-1.6	0.4

At the same time, inflationary pressures have strengthened significantly. Consumer prices rose by 3.8% year-on-year in April, their highest level since May 2023, while producer prices increased by 6.0%. This development places central banks in an uncomfortable position. On the one hand, strong economic activity and persistent price pressures justify maintaining a restrictive monetary policy; on the other hand, risks to growth call for caution. Whereas investors were still expecting a monetary easing cycle at the beginning of the year, the resurgence of inflation has led to a significant reassessment of expectations. The CME FedWatch Tool now assigns nearly a 50% probability to another rate hike by the end of 2026. The coming months will be decisive in determining whether these pressures are temporary or indicative of a more durable inflationary regime. One thing is certain: the risk of stagflation has once again emerged as a credible scenario for 2026.

A second factor behind the strong equity market performance has been the quality of corporate earnings releases. Earnings per share growth reached 23% year-on-year in the United States, generating a positive surprise of 18 percentage points relative to market expectations. In Europe, earnings growth came in at 5% year-on-year, with a positive surprise of 4 percentage points. Many companies maintained or even raised their full-year guidance despite macroeconomic uncertainties, reflecting confidence in their ability to preserve margins.

Artificial intelligence remained the key sector catalyst during the month. Semiconductors were among the best-performing sectors, with the S&P 500 Semi & Semiconductor Equipment Index gaining 15.2%, while the broader information technology sector advanced 15.9%. Conversely, the return of risk appetite weighed on defensive sectors, with utilities significantly underperforming on both sides of the Atlantic, while lower oil prices penalized the energy sector, which declined by 6.1% in the United States and 7.0% in Europe.

In the oil market, volatility remained elevated throughout the month, with WTI ultimately closing at USD 92 per barrel, down 19%. However, this decline should not obscure the reality of the energy market: oil remains up more than 51% since the beginning of the year, while production in the Gulf countries has been drastically reduced (-14.4 mb/d). In addition, global strategic petroleum reserves continue to decline, at times at a rapid pace.

Against this backdrop, bond markets continued to reflect these uncertainties. The yield on the U.S. 10-year Treasury briefly reached 4.67% during the month before ending at 4.44%, while the 30-year yield surpassed the 5.2% threshold, a level not seen since 2007.

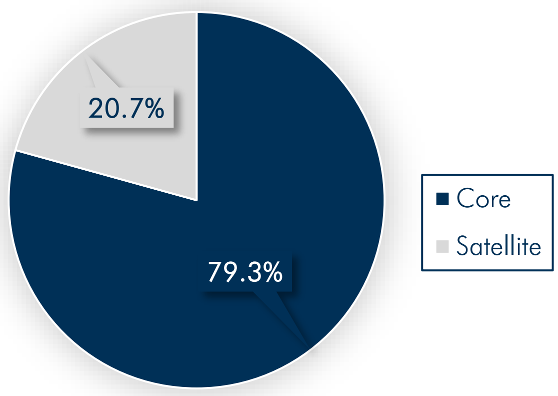
In light of these developments, the Investment Committee decided to reduce part of the caution adopted over recent months. Positions in high-yield bonds and European equities were upgraded to neutral, mechanically leading to a reduction of cash holdings to neutral as well. This adjustment reflects a nuanced assessment: market resilience and strong fundamentals justify a less defensive stance, without yet moving to an outright offensive positioning. Risks related to inflation, energy markets and developments in the Middle East remain sufficiently significant to warrant a balanced approach.

Finally, the core convictions within the satellite portfolio remain broadly unchanged. Nevertheless, several tactical adjustments were implemented. Profit-taking on certain energy-related positions, following their strong performance since the beginning of the year, allowed part of the capital to be redeployed into a more diversified basket of natural resources, including industrial metals, with the objective of broadening exposure to the commodities cycle. Within the “Strategic Partners” theme, exposure to Latin America was slightly reduced in favour of the Swiss market, reflecting a diversification effort and a preference for quality within developed markets.

Our Current Positioning

Core	*79.3%*
Cash	8.8%
US Market Equities	25.8%
European Market Equities	11.1%
Emerging Markets Equities	3.5%
Investment Grade Bonds	14.1%
Sovereign Debt Bonds	10.4%
High Yield Bonds	5.6%

Core - Satellite Repartition



Satellite	*20.7%*
Inflation Shield	5.4%
Inflation Shield aims to preserve long-term value by positioning the portfolio against inflationary pressures and monetary debasement, through resilient assets adapted to different economic regimes.	
Re-Care-Nation	2.2%
Re-Care-Nation combines exposure to healthcare and biotechnology in order to capture the long-term structural demand driven by demographics, innovation, and rising global health needs.	
Strategic Resources	3.6%
Strategic Resources focuses on energy resources and critical materials, targeting assets essential to energy security, supply chain resilience, and long-term strategic autonomy.	
Strategic Security	4.4%
Strategic Security focuses on defense, security infrastructure, and advanced technologies, benefiting from increased investment in protection and strategic resilience.	
Strategic Partners	2.6%
Strategic Partners offers diversified equity exposure to the main markets aligned with the United States.	
USD Debasement	2.4%
USD Debasement combines currency diversification and generous bond yields outside the dollar bloc, while limiting exposure to the long-term depreciation of the U.S. dollar.	

Thinking Forward : Chokepoints

« You keep using that word. I do not think it means what you think it means. »

Inigo Montoya, The Princess Bride, 1987

In 1453, the fall of Constantinople did not merely mark the end of the Byzantine Empire. It placed into Ottoman hands one of the most decisive passages of the Eurasian economy. The Bosphorus was not valuable because it was narrow; it was valuable because it commanded access to an essential portion of trade between East and West. Spices, silks, metals, luxury goods and high value-added merchandise converged upon this axis, which Europe could not easily do without. By controlling this gateway, the Ottoman Empire gained the ability to set the terms of a vital exchange: taxes, delays, intermediaries, authorisations and political pressure. The map became an instrument of power.

The deepest lesson of Constantinople is not, however, the rent it provided, but the reaction it provoked. When access to the old route became too costly, too uncertain and too political, European powers funded ocean navigation, deep-sea fleets, Atlantic ports and the innovations capable of opening new commercial routes. The circumnavigation of Africa and the discovery of the Americas were the unintended consequences of a system that refused to remain captive to an access that had become coercive. The objective was to find a new route to Asia; the result was the gradual shift of the world's centre of gravity toward the Atlantic.

This historical dynamic is fundamental to understanding contemporary stakes. If the concept of the chokepoint saturates today's public debate, this single piece of terminology obscures a plurality of strategic realities. A bottleneck cannot be reduced to mere logistical congestion; it constitutes a passage whose control allows an economic asymmetry to be converted into an instrument of political coercion. While some passages allow for agile substitution, others require decades of development, exceptional know-how, military peotection or a near-unattainable financial base. Analysis must therefore go beyond simply locating the bottleneck, and assess its capacity for activation, defence, monetisation or circumvention.

For four decades, the architecture of globalisation unfolded on the assumption that these infrastructures were neutral. Paradoxically, this deliberate concealment of constraint points fostered the emergence of new bottlenecks, without resolving the old ones. Corporate strategies long treated the world as a laboratory of pure optimisation: cost compression, just-in-time flows, fragmentation of value chains and dependence on abundant capital. While this logic was coherent in a cycle of stability, it becomes a factor of systemic fragility the moment access can no longer be taken for granted. Interdependence, far from fading, is mutating to become the preferred theatre of power confrontations.

The shift observed over the past six years illustrates this rupture perfectly. In 2019, the Huawei episode revealed that sovereignty over critical technologies could be used to disconnect a systemic actor from its vital ecosystem. In 2022, the sanctions against Russia proved that sovereign reserves, financial flows and payment protocols could be weaponised as instruments of pressure. Simultaneously, American restrictions on advanced computing architectures signalled an explicit intent to impede Beijing's technological rise. China's response, built around control of industrial inputs, along with the disruptions caused in the Red Sea by non-state actors, confirms that the vulnerability of global routes is now an activatable lever at multiple scales.

This cycle of coercive learning defines the new era. States are no longer content with merely observing dependencies; they are exploring their offensive use. Washington mobilises the hegemony of the dollar and export licences; Beijing capitalises on its manufacturing density; Moscow attempted to turn energy into a diplomatic lever. Each crisis redefines expectations and entrenches the idea that, in a fragmented world, every economic link carries within it the seed of a power relationship.

This return to the fore of constraint points is moreover no longer confined to physical geography alone. While historical examples — such as the Bosphorus, or the straits of Hormuz, Suez, Malacca and Gibraltar — have structured maritime and commercial power relations for centuries, new fragilities have emerged. These are not dictated by topography, but born of the extreme optimisation of value chains and of technological progress rendered ever more complex. Modern bottlenecks now manifest massively within technological, industrial and financial layers.

Faced with this proliferation, one conclusion is inescapable: not all chokepoints are equal. Hence the importance of rigorous analysis and granular understanding, for a systemic bottleneck can almost always be decomposed into multiple sub-dependencies. In the semiconductor industry, for example, the blockage does not reside solely in the final fabrication facility; it may be located, in isolation, in lithography, in design software, in the ultra-specialised maintenance of equipment, or even in the supply of a quartz so rare that only a single mine on the planet produces it. In artificial intelligence, the bottleneck fragments between access to abundant electricity, data centres, GPU production and cloud architectures. In critical materials, mastery of complex refining processes proves far more strategic than simple mining extraction. Likewise, in finance, dollar liquidity and clearing infrastructures constitute fractional but decisive layers of constraint.

This complexity and superposition make it imperative to rank risks. An asset only becomes truly strategic if it is difficult to replace, indispensable to other actors, activatable within a power relationship and sufficiently costly to circumvent. Without this capacity to analyse each sub-segment in depth and measure its real impact, the concept of a chokepoint loses its analytical value. It is precisely through this framework that the current confrontation between blocs must be read. The United States retains a dominant position across many intangible layers: reserve currency, capital markets, cloud, critical software, advanced semiconductors and military alliances. Their advantage lies in their ability to withdraw access to certain essential infrastructures. China possesses a different form of strength: manufacturing density, refining, intermediate chemistry, batteries and industrial components. Europe, for its part, retains significant normative power, but its material deficit limits its capacity for influence when tensions intensify.

However, the weaponisation of these advantages carries a major strategic risk. While the intensive activation of a bottleneck may yield undeniable immediate benefits — whether financial or geostrategic — its long-term consequences often prove entirely unpredictable, triggering systemic shockwaves that ultimately escape the control of the initiating actor. It is precisely in the face of this uncertainty that middle powers gain in importance. India, Mexico, Indonesia, Morocco, Australia, Kazakhstan and Brazil are becoming spaces of substitution, transformation or arbitrage. The Brazilian case is particularly structuring: its position of balance between the American and Chinese spheres of influence, coupled with its central role in global food security, perfectly illustrates this dynamic. The value of these actors is increasingly measured by their capacity to offer alternatives in a world where certainties of access are eroding. Running through all of this, military force remains the ultimate layer of truth. A maritime route is only strategic if it can be protected or denied. An undersea cable, a port, a gas terminal, a satellite constellation or a critical factory is not merely an economic asset; it is a security infrastructure. The link between economics and defence thus becomes inseparable.

This profound shift in the rules of the game now aligns the calculus of major corporations with that of states. For sovereign powers, economic optimisation has given way to the imperative of national security: the primary objective is to identify, secure or weaponise critical access points. This strategic redefinition at the state level structurally impacts the private sector. For many large corporations, margin optimisation, product architecture and customer base expansion were built on the postulate of a fluid, globalised world. In this new paradigm, where bloc confrontation dictates logistics, it is no longer sufficient to list an alternative supplier in an annual report. One must know whether that alternative truly exists, whether it can be activated quickly enough, whether it is itself dependent on another geopolitical bottleneck, and whether its cost remains compatible with the business model. A substitution capacity that is too slow is not a defence; it is a vulnerability deferred in time.

Another fundamental dimension to integrate into this calculus is the "boomerang" effect of coercion. This point is essential both for political calculation and for corporate strategy: the abuse of a lever very often produces the opposite of the intended effect. The more a state or dominant actor explicitly uses a dependency as an instrument of coercion, the more it alters the profitability equation of its rivals by pushing them to fund the alternative. What was previously perceived as an unprofitable or superfluous investment suddenly becomes a strategically and economically justified necessity. American restrictions are accelerating the funding of Chinese technological substitution. Chinese constraints on critical inputs now economically justify stockpiling, recycling, the reopening of allied mines and transformation capacities outside China. Maritime risks are redirecting the calculus of insurance premiums, route planning and port investment. The lesson of Constantinople remains perfectly relevant: he who controls the gate may enrich his empire, but if he makes access too costly or too political, he effectively subsidises the route that will ultimately marginalise him.

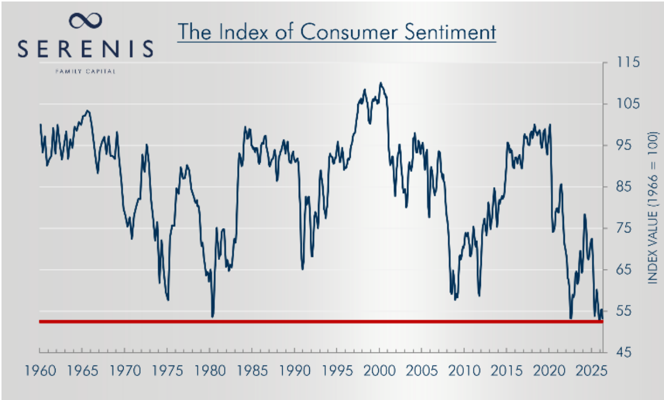
Investors, too, will need to consider and evaluate these paradigm shifts. In a world structured by constraint points, inflation ceases to be a mere cyclical accident and becomes a more entrenched reality. So long as supply chains operated in a fluid and optimised environment, disruptions could be absorbed and forgotten. That regime now belongs to the past. When critical access points are contested, secured or relocated, costs no longer dissipate: they settle. The building of strategic stockpiles, the redundancy of production capacities, the geographic diversification of suppliers, the strengthening of regulatory requirements and investments in resilience all add structural frictions that durably raise the cost of supply chains. This does not amount to a mechanical return to high inflation, but to a break with an era in which disinflation was carried by global optimisation. Henceforth, supply security has an explicit price — and that price always ends up diffusing through the economy.

It is furthermore essential to consider that a world defined by the omnipresence of these frictions could also be a world in which the global pace of technological progress slows significantly. The fragmentation of research ecosystems, the restriction of intellectual property transfers, the limitation of talent mobility and the inefficient duplication of technological infrastructures for national security reasons are breaking the synergies that accelerated innovation over the past several decades.

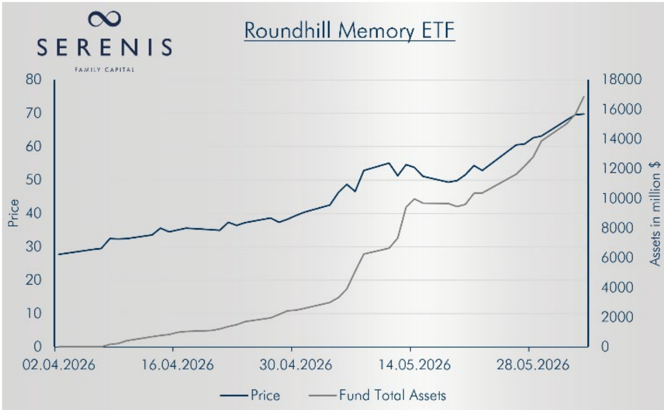
In this context, fundamental analysis changes in dimension. It is no longer sufficient to evaluate growth or margins: one must understand a company's actual position within the network of dependencies. The key question becomes that of pricing power in the face of shocks. This power belongs to actors who offer something that is difficult to replace: a product, a service or a capability for which alternatives are limited, imperfect or too costly. Conversely, companies dependent on critical inputs they do not control, or on a fragile supply chain, carry a latent risk that only reveals itself at the moment of rupture. In the economy of chokepoints, the quality of an asset is measured as much by its indispensability as by its resilience. Identifying dependencies, assessing substitution margins and stress-testing supply robustness become central dimensions of evaluation — a logic that applies with equal rigour at the sectoral level. Not all sectors are equal in a world where access becomes a strategic variable. Activities that control a critical resource, an essential infrastructure or an industrial capacity that is difficult to replicate benefit from a structural advantage, while highly competitive sectors dependent on complex chains remain dangerously exposed. Over the long term, value creation will no longer accrue to the most optimised actors in an ideal world, but to those capable of continuing to produce, deliver and impose their prices when reality hardens.

Three Charts

While Wall Street celebrates new highs, Main Street is mired in gloom. University of Michigan surveys reveal consumer confidence at a historic low, undermined by inflationary pressures fuelled by the war in Iran. How long can this divergence between market euphoria and the struggles of the American consumer remain sustainable?



Launched on April 2nd, the "Roundhill Memory" ETF arrives at the heart of a spectacular craze for memory chip-related stocks. Two months later, the fund has already accumulated over $17 billion in assets under management, a pace of inflows exceeding that seen at the launch of the "iShares Bitcoin" ETF. This meteoric success reflects a very strong market conviction: this segment has become one of the strategic bottlenecks of artificial intelligence. Is it sustainable?



While all eyes will be on the pitch, the economic impact of the World Cup in the United States and Mexico deserves equal attention. Estimates point to a $17 billion contribution to US GDP, nearly 200,000 full-time jobs created and over $3.4 billion in tax revenues.

Indicator	U.S.A
GDP Contribution	17,2 Mds USD
Gross Economic Output	30,5 Mds USD
Supported Jobs (FTE)	185 000
Tax Revenues (direct and indirect)	3,4 Mds USD
Tourist Spending / Consumption	6,4 Mds USD

On the pitch side, here at Serenis, we are backing Spain. And you — what is your prediction for this World Cup?

"Markets can only be understood backwards, but they must be invested thinking forward"

Serenis Family Capital
Esplanade de Pont-Rouge 1
1212 Grand-Lancy
+41 22 704 08 40
info@serenis.ch