



MAKING SENSE OF *THIS* WORLD



R&R Weekly Column
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18 May 2026



G2 Summit in Beijing: Trump Returns Empty-Handed From The Meeting With Xi

Donald Trump's state visit to Beijing from 13 to 15 May 2026, the first by a sitting US president in nearly a decade, was conceived both as a commercial endeavour and a diplomatic exercise. The US President arrived flanked by seventeen corporate leaders, among them Elon Musk (Tesla and SpaceX), Tim Cook (Apple), Jensen Huang (Nvidia), Kelly Ortberg (Boeing), Larry Fink (BlackRock), Stephen Schwarzman (Blackstone), David Solomon (Goldman Sachs), Jane Fraser (Citigroup), Brian Sikes (Cargill), and Jim Anderson (Coherent), alongside senior representatives from Mastercard, Micron, Qualcomm, Meta, Visa, and GE Aerospace. The optics were unmistakable: a transactional presidency seeking deliverables — aircraft, agricultural offtake, semiconductor licences — while Xi Jinping, receiving the delegation at the Great Hall of the People and later at Zhongnanhai, played the role of gracious host, promising that [China's door would only open wider to American capital](#).

Beneath the choreography, the substantive agenda turned on four irreducible problems. Regarding the closure of the Strait of Hormuz, which started soon after the American-Israeli attacks on 28 February, all issues remain unresolved. Reportedly, the two leaders agreed that the Strait of Hormuz must remain open to restore energy flows; Xi opposed any "militarisation" of the corridor and, crucially, any Iranian attempt to impose transit tolls, while signalling Chinese willingness to purchase more US oil to wean itself off its reliance on Middle Eastern crude. Subsequent reports from China specified that this was the US Administration's account of the events. China will continue siding with Iran.

On the war itself, the convergence was rhetorical rather than operational; both sides reiterated that Tehran can never have a nuclear weapon, and Xi reportedly offered to broker an end to hostilities, having already given prior assurances — confirmed by Defence Secretary Pete Hegseth in April — that Beijing would not transfer surface-to-air missiles or other military equipment to Iran. [Yet Trump's own remarks en route home, promising further "military decimation" of the Islamic Republic, betrayed how thin the ceasefire's foundations remain.](#)

Taiwan, predictably, produced the sharpest friction. Xi called it the most important issue in US-China relations and warned that mishandling the question risked clashes or conflict, with specific reference to the \$11 billion arms package Washington approved in December but has yet to deliver. Trump's response — "I heard him out, I didn't make a comment" — postponed rather than resolved the dilemma; [the arms sale now functions as a suspended bargaining chip.](#)

Regarding Ukraine, the readouts are studiously vague. The Chinese foreign ministry merely confirmed an exchange of views on the Ukraine crisis, alongside the Middle East and Korean peninsula. No joint position emerged, and Beijing's continuing role as the principal external prop of Russia's war economy, through dual-use components, machine tools, and energy purchases, [was left undisturbed.](#)

In sum, the summit delivered atmospheric stabilisation, a "constructive relationship of strategic stability" in Xi's formula, and a state visit to Washington pencilled for 24 September. But it postponed every structural decision. Markets read this as détente; strategists should read it as deferred reckoning. In effect, Trump returned empty handed: none of the most pressing issues was really resolved. The vast majority of media and commentators agreed that Xi emerged as the clear winner of the confrontation, especially as he met Trump at the time of his greatest weakness. Xi has time on his side and is not in a rush, whereas Trump needs to deliver some concrete results before the November mid-term elections.

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Looking Ahead

The Week Ahead: Headline Inflation Rate To Rise In EZ And Ease Off In UK; QoQ German GDP To Advance

In the US, in May, Michigan Consumer Sentiment is expected to fall to 48.2 (*p*: 49.8).

In the EZ, in April, headline inflation rate is likely to rise to 3.0% y-o-y (*p*: 2.6%), while core inflation is expected to cool off to 2.2% y-o-y (*p*: 2.3%). In May, consumer confidence is seen contracting to -21 (*p*: -20.6). Among the largest EZ economies, in Q1, GDP growth rate is likely to advance by 0.3% q-o-q (*p*: 0.2%) and 0.3% y-o-y (*p*: 0.4%).

In the UK, in April, headline and core inflation rates are expected ease off to 3.0% y-o-y (*p*: 3.3%) and 2.7% y-o-y (*p*: 3.1%). In March, unemployment rate is expected to remain at 4.9%. In May, Gfk Consumer Confidence is seen shrinking to -28 (*p*: -25). In April, retail sales are expected to contract by 0.6% m-o-m (*p*: 0.7%).

The Quarter Ahead: Hormuz Closure Drains Inventories; US Clears China AI Chips

Global oil inventories are rapidly declining as stockpiles absorb supply disruptions caused by the closure of the Strait of Hormuz. Analysts warn that inventories could near critical lows by late May, increasing the risk of sharp price spikes and supply chain stress ahead of peak summer demand.

The US approved around 10 Chinese firms, including Alibaba, Tencent, and ByteDance, to purchase Nvidia's H200 AI chips, but no deliveries have been made so far, leaving the deal stalled amid ongoing US-China tech tensions. Jensen Huang joined Donald Trump's China trip in hopes of advancing negotiations.

Last Week's Review

Real Economy: QoQ GDP Rose In UK And Advance Marginally In EZ; US Headline Inflation Increased

In the US, in April, headline and core inflation rates increased by 3.8% y-o-y (*c*: 3.7%; *p*: 3.3%) and 2.8% y-o-y (*c*: 2.7%; *p*: 2.6%). In April, Manufacturing Production rose by 1.3% y-o-y (*p*: 0.6%).

In the EZ, in Q1, according to the second estimates, GDP growth rate advanced marginally by 0.1% q-o-q (*c*: 0.1%; *p*: 0.2%) and 0.8% y-o-y (*c*: 0.8%; *p*: 1.2%). In May, ZEW economic sentiment index rose -9.1 (*c*: -20; *p*: -20.4). In March, IP shrank by -2.1% y-o-y (*c*: -1.7%; *p*: -0.8%). Among the largest EZ economies, in April, the headline inflation rate: *i*) rose to 2.9% y-o-y (*c*: 2.9%; *p*: 2.7%) in Germany; *ii*) increased to 2.2% y-o-y (*p*: 1.7%) in France; *iii*) increased to 2.7% y-o-y (*c*: 2.8%; *p*: 1.7%) in Italy.

In the UK, in Q1, according to the preliminary estimate, the economy advanced by 0.6% q-o-q (*c*: 0.6%; *p*: 0.1%) and 1.1% y-o-y (*c*: 0.8%; *p*: 1.0%). In March, IP stalled y-o-y (*c*: 0.2%; *p*: -0.5%) and Manufacturing Production rose by 1.2% y-o-y (*c*: 0.0%; *p*: -0.8%). In April, retail sales rose by 4.9% y-o-y (*p*: 4.2%).

Financial Markets: Stocks Mostly Declined; Yields Edged Up; US Dollar And Oil Prices Rose; Gold Prices Fell

Market Drivers: US equities ended the week lower as gains in large-cap tech and AI stocks were offset by concerns over rising inflation, higher Treasury yields, elevated oil prices, and ongoing geopolitical tensions. In Europe, stocks also fell as geopolitical risks and stalled US-Iran talks increased concerns that higher energy prices could fuel inflation and keep interest rates elevated, despite generally strong corporate earnings.

Global Equities: declined *w-o-w* (MSCI ACWI, -0.6%, to 1,099.00). The US S&P 500 index rose (+0.1% *w-o-w*, to 7,408.50). In the EZ, share prices were down (Eurostoxx 50, -1.4% *w-o-w*, to 5,827.76) In EMs, equity decreased (MSCI EMs, -2.5%, to 1,711.25) Volatility rose to 20.66 (VIX S&P 500, 52w avg.: 19.4; 10y avg.: 19.9).

Fixed Income: *w-o-w*, the 10-year US Treasury yields were up (+24 bps to 4.60%). The 2-year US Treasury yields increased (+19 bps to 4.08%). The German 10-year bund yields rose (+15 bp to 3.15%).

FX: *w-o-w*, the US Dollar Index increased (DXY, +1.4%, to 99.3; EUR/USD -1.4%, to 1.16). In EMs, currencies fell (MSCI EM Currency Index, -0.9% *w-o-w*, to 1,862.93).

Commodities: *w-o-w*, oil prices increased (Brent, +7.9% to 101.29 USD/b). Gold rose declined *w-o-w* (-3.6% to 4,561.90 USD/Oz).



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Abbreviations, Acronyms and Definitions

a	Actual	LN	Northern League, Italy
AKP	Justice and Development Party, Turkey	M5S	Five Star Movement, Italy
ann.	annualized	m-o-m	Month-on-month
ARS	Argentinian Peso	mb	Million barrels
avg.	Average	mb/d	Million barrels per day
bn	Billion	MENA	Middle East and North Africa
BoC	Bank of Canada	MHP	Nationalist Movement Party, Turkey
BoE	Bank of England	mn	Million
BoJ	Bank of Japan	MPC	Monetary Policy Committee
bpd	Barrels per day	NAFTA	North-American Free Trade Agreement
bps	Basis points	NATO	North Atlantic Treaty Organization
BS	Balance sheet	OECD	Organization for Economic Cooperation and Development
c	Consensus	Opec	Organization of Petroleum Exporting Countries
C/A	Current account	p	Previous
CB	Central bank	P2P	Peer-to-peer
CBB	Central Bank of Bahrain	PBoC	People's Bank of China
CBK	Central Bank of Kuwait	PCE	Personal Consumption Expenditures
CBT	Central Bank of Turkey	PE	Price to earnings ratio
CDU	Christian Democratic Union, Germany	PM	Prime minister
CNY	Chinese Yuan	PMI	Purchasing managers' index
CPI	Consumer Price Index	pps	Percentage points
DJIA	Dow Jones Industrial Average Index	pw	Previous week
DIEM	Dow Jones Emerging Markets Index	QCB	Qatar Central Bank
d-o-d	Day-on-day	QAR	Qatari Riyal
DXY	US Dollar Index	QE	Quantitative easing
EC	European Commission	q-o-q	Quarter-on-quarter
ECB	European Central Bank	RE	Real estate
ECJ	European Court of Justice	RBA	Reserve Bank of Australia
EIA	US Energy Information Agency	RRR	Reserve Requirement Ratio
EM	Emerging Markets	RUB	Russian Rouble
EP	European Parliament	SWF	Sovereign Wealth Fund
EPS	Earnings per share	tn	Trillion
EU	European Union	TRY	Turkish Lira
EUR	Euro	UAE	United Arab Emirates
EZ	Eurozone	UK	United Kingdom
Fed	US Federal Reserve	US	United States
FOMC	US Federal Open Market Committee	USD	United States Dollar
FRB	US Federal Reserve Board	USD/b	USD per barrel
FX	Foreign exchange	UST	US Treasury bills/bonds
FY	Fiscal Year	VAT	Value added tax
GCC	Gulf Cooperation Council	VIX	Chicago Board Options Exchange Volatility Index
GBP	British pound	WTI	West Texas Intermediate
GDP	Gross domestic product	WTO	World Trade Organisation
IMF	International Monetary Fund	w	Week
INR	Indian Rupee	w-o-w	Week-on-week
IPO	Initial public offering	y	Year
IRR	Iranian Rial	y-o-y	Year-on-year
JPY	Japanese yen	y-t-d	Year-to-date
k	thousand	ZAR	South African Rand
KSA	Kingdom of Saudi Arabia	2y; 10y	2-year; 10-year

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