RobustQuant Weekly Detailed

Weekend Edition | May 17, 2026 | Prediction for May 22

📋 COMPASS FOR EMOTIONAL DISCIPLINE — NOT TRADING ADVICE Weekly boundaries to help reduce fear and greed in market decisions

1 | At a Glance

Asset	Range	Width	Track Record
S&P 500 (SPX)	7,087 – 7,859	±5.2%	68/72 (94.4%)
Gold (GLD)*	374.9 – 459.1	±10.1%	41/43 (95.3%)
REITs (XLRE)*	40.5 – 45.2	±5.5%	32/33 (97.0%)

*Newsletter-exclusive coverage

Target: ~95% of weekly closes fall within these ranges Track record details → robustquant.com/predictions

2 | This Week's Summary

Bonds breaking. Numbers hold.

The US 30-year bond auctioned at 5.00% — first time since 2007. CPI printed +3.8% y/y. PPI +6.0%. The Fed cut narrative for 2026 is gone. Kevin Warsh was confirmed as the 17th Fed Chair. Powell's term expired Friday. Trump and Xi met in Beijing for two days and produced no joint communiqué, no tariff deal, no Hormuz resolution. Brent closed at $109.

Key Results:

• S&P 500: 7,408.5 (lower half)

• Gold: 417.29 (lower half)

• REITs: 43.23 (lower half)

Pattern of the week: All three assets closed in the lower half for the second consecutive week. The long end of the global bond market moved sharply — 30-year UST at 5.00%, 10-year JGB at a 29-year high — while equity, gold, and REIT closes remained inside predicted boundaries.

3 | What Moved Markets (May 11–17)

Inflation and the Bond Market:

April CPI printed +0.6% m/m, +3.8% y/y — the strongest annual reading since May 2023. Core CPI +0.4% m/m, +2.8% y/y. PPI followed: +1.4% m/m, +6.0% y/y, the largest monthly gain since March 2022. The $25 billion 30-year Treasury auction on May 13 priced at 5.00% — the first 5-

handle stop on the long bond since 2007. By Friday, the 10-year UST yielded 4.60% and the 30-year 5.12%. Markets moved from pricing Fed cuts to pricing a meaningful probability of hikes by year-end.

Warsh Confirmed, Powell Exits:

Kevin Warsh was confirmed as Fed Chair by 54–45 on May 13 — the narrowest confirmation margin since 1977. Powell's term as Chair expired May 15; the Board named him Chair pro tempore pending Warsh's swearing-in. Warsh's first FOMC is scheduled June 16–17. No major Fed policy speeches occurred during the week, consistent with the transition period.

Trump–Xi Beijing Summit:

Trump arrived in Beijing on May 13 for the first US presidential state visit to China since 2017. Two days of meetings produced competing readouts, no joint communiqué, no formal tariff changes, no chip export deal, no rare-earth pledge, and no Hormuz roadmap. Trump claimed Xi agreed to purchase 200 Boeing aircraft; MOFCOM declined to confirm. Soybean, wheat, and corn futures fell sharply Friday on disappointment. The Busan trade truce remains in place through November 2026.

→ *For detailed regional breakdowns and economic data, see Appendix at end of newsletter*

4 | S&P 500 (SPX) Boundaries (May 22)

🎯 **Range: 7,087–7,859** 📊 **Hit Rate: 68/72 weeks (94.4%)**

Last Week's Performance:

Last week: Range 7,058–7,830, closed **7,408.5** (lower half)

Current range: 7,087–7,859

SPX closed 7,408.5 in the lower half. Range shifts marginally higher whilst maintaining width at ±5.2%. Track record holds at 94.4% (68/72).

For Your Planning:

- Lower zone (7,087–7,330): Where fear often peaks
- Middle zone (7,330–7,573): Normal trading area
- Upper zone (7,573–7,859): Where excitement builds

Remember: These are weekly movement boundaries, not buy/sell signals.

5 | Gold (GLD) Coverage (Newsletter-Exclusive)

🎯 **Range: 374.9–459.1** 📊 **Containment: 41/43 weeks (95.3%)**

Last Week's Performance:

Last week: Range 389–481, closed **417.29** (lower half)

Current range: 374.9–459.1

GLD closed 417.29, edging down from prior week's 433.8. Range shifts lower and narrows slightly (±10.1% vs ±10.6%). Track record at 95.3% (41/43).

For Your Planning:

- Lower zone (374.9–405): Where consolidation may emerge
- Middle zone (405–432): Current close territory
- Upper zone (432–459.1): Where safe-haven demand peaks

6 | REITs (XLRE) Coverage (Newsletter-Exclusive)

🎯 **Range: 40.5–45.2** 📊 **Containment: 32/33 weeks (97.0%)**

Last Week's Performance:

Last week: Range 42.4–47.1, closed **43.23** (lower half)

Current range: 40.5–45.2

REITs closed 43.23, down from prior week's 44.4. Range shifts lower (40.5–45.2 vs 42.4–47.1). Track record at 97.0% (32/33).

For Your Planning:

- Lower zone (40.5–42.0): Where rate-hike fears typically pressure sector
- Middle zone (42.0–43.5): Current close territory
- Upper zone (43.5–45.2): Where rate-cut optimism drives positioning

7 | Psychology & How to Read

The hardest week to stay systematic is not when markets crash. It's when the thing that's supposed to anchor you — the bond market, the Fed, the geopolitical process — breaks its own rules.

This week, the 30-year US Treasury auctioned at 5.00%. That's not a headline number. For most of the last 15 years, that yield was considered impossible without a crisis. It arrived quietly, midweek, between a summit and a confirmation vote. No crash. No panic. SPX closed 7,408.5.

What They Show:

Weekly boundaries where markets typically move — set before the week's events, not after. The range for May 22 was calculated without knowing how the summit would end, what Warsh would say, or where Brent would close.

What They Don't Show:

Buy/sell signals, price targets, or guaranteed outcomes.

The Retail Trap:

When the bond market moves like it did this week — 30-year at 5%, 10-year JGB at a 29-year high — the instinct is to reposition. To do something. The compass doesn't tell you what to do. It tells you where the close landed relative to the range that was set before any of it happened.

Professional Approach:

- Stay systematic within boundaries
- Lower ranges: Fear creates opportunities for planned strategies
- Upper ranges: Excitement may warrant risk review
- Outside ranges: Market behaviour shifting beyond normal parameters

Key Point:

Bonds moved. Ranges held. The two things don't cancel each other — they coexist. The compass measures one of them.

8 | Track Record

Performance Since Launch:

- S&P 500: 68 hits in 72 weeks (94.4%)
- Gold: 41 hits in 43 weeks (95.3%)
- REITs: 32 hits in 33 weeks (97.0%)

What This Means:

SPX at 94.4% (68/72). Lower-half close at 7,408.5. Range shifts marginally higher, width unchanged at ±5.2%.

GLD at 95.3% (41/43). Lower-half close at 417.29. Range narrows to ±10.1% from ±10.6%.

REITs at 97.0% (32/33) — well above design parameters. Lower-half close at 43.23. Range shifts lower (40.5–45.2 vs 42.4–47.1).

Transparency:

All ranges published before each week starts. No retroactive changes. Complete history available on our website.

9 | Method and Limitations

How Ranges Work:

The model combines current volatility patterns, trend direction, and momentum indicators to target ~95% weekly containment. It tracks Friday closes only — not intraday bond auction prints, not summit readout reactions, not confirmation vote swings.

When Ranges Break:

Breakouts signal markets transitioning beyond normal parameters. They aren't failures — they're information. The model adapts; subsequent ranges reflect what the prior breach revealed.

Current Environment:

A 30-year UST at 5.00% and a 10-year JGB at a 29-year high mark a structural shift in the long end of global bond markets. For discretionary approaches that require a coherent macro story — cuts coming, or rates stable — this week had no clean answer. The model doesn't require one. It produced ranges before the auction, before the summit, before the confirmation vote. It observed the close. All three assets closed inside. The bond market and the weekly close are two separate data points. The compass measures one of them.

Questions About Your Situation:

Q: The 30-year bond is at 5% for the first time since 2007 — should I be reducing equity exposure?

A: The compass doesn't answer that question. It tells you that SPX closed 7,408.5 inside a range of 7,058–7,830. Whether the long-end move ultimately pressures equities further is a question for your financial plan and the strategic rules you established before this week's headlines arrived.

Q: The Trump–Xi summit produced nothing concrete — does that change the market outlook?

A: The range for May 22 was set before the summit concluded. The compass measures where prices close, not whether diplomatic outcomes matched expectations. Your actions depend on your financial plan and rules established before emotional moments arrive.

Next Week: Ranges for May 22 close Updates: Quick social media notes if exceptional volatility occurs

This is a hobby project providing market context. Not investment advice. Past performance doesn't guarantee future results. Consult qualified professionals for personal financial decisions.

Systematic over emotional. Structure over speculation.

APPENDIX | Detailed Market Review (May 11–17)

For readers who want comprehensive economic data and regional breakdowns

---

United States: Inflation Returns, Bonds Break, Fed Transitions

Inflation: CPI and PPI Hottest in Years

April CPI (BLS, May 12) printed +0.6% m/m, +3.8% y/y — the strongest annual reading since May 2023. Core CPI rose +0.4% m/m, +2.8% y/y, the highest monthly core since January 2025. Energy +3.8% m/m (+17.9% y/y); gasoline +5.4% m/m (+28.4% y/y); shelter +0.6% m/m; airfares +2.8% m/m. Real average hourly earnings fell −0.5% m/m.

PPI (BLS, May 13) followed with headline final demand +1.4% m/m, +6.0% y/y — the largest monthly gain since March 2022 and the largest annual since December 2022. Core PPI +1.0% m/m, +5.2% y/y. Final demand goods +2.0%, driven by energy +7.8% and gasoline +15.6%. March PPI was revised higher to +0.7% from +0.5%.

Other releases: April retail sales +0.5% m/m, +4.9% y/y (Census, May 14); control group +0.5%. April industrial production +0.7% m/m (Fed G.17, May 15), manufacturing +0.6%, capacity utilisation 76.1%. Empire State Manufacturing May printed +19.6 — the highest in four-plus years. Weekly jobless claims (DOL, May 14): initial 211,000, continuing 1,782,000.

The Bond Market: 30-Year at 5.00%

The $25 billion 30-year Treasury auction on May 13 priced at 5.00% — the first 5-handle stop on the long bond since 2007. By Friday, the 10-year UST yielded 4.60% (+~14 bp on the week, highest since May 2025) and the 30-year yielded 5.12% (+~11 bp). The 2-year UST reached 4.08%, highest since February 2025. CME FedWatch moved to price approximately 30–45% probability of a Fed hike by year-end, against near-zero probability of a cut at the June meeting.

Fed Transition: Warsh Confirmed, Powell Exits as Chair

Senate cloture on the Warsh nomination passed 49–44 on May 11. Warsh was confirmed to the Board of Governors 51–45 on May 12 and confirmed as Fed Chair 54–45 on May 13 — the narrowest confirmation margin since 1977. Only Senator Fetterman crossed party lines. Powell's term as Chair expired May 15; the Board named him Chair pro tempore pending Warsh's swearing-in. Powell retains his Governor seat (term to January 2028). Warsh's first FOMC meeting is scheduled June 16–17. The April FOMC minutes are calendared for release May 20. No major monetary policy speeches occurred during the transition week.

Earnings: Cisco and Applied Materials Beat

Cisco (May 13, after close): Q3 FY26 revenue $15.84 billion (+12% y/y); raised AI infrastructure orders forecast to $9 billion from $5 billion, AI revenue forecast to $4 billion from $3 billion; announced approximately 4,000 layoffs (~5%). Shares +13.4% on May 14. Applied Materials (May 14, after close): Q2 FY26 record revenue $7.91 billion (+11% y/y); sees semiconductor equipment growth above 30% in CY26. Walmart, Home Depot, and Deere report in the following week.

Trade and Tariffs

The administration's motion to stay the CIT's Section 122 ruling at the Federal Circuit resulted in a temporary administrative stay while the full motion is considered. CBP continues collecting Section 122 duties from all importers other than the original plaintiffs. Section 122 expires by statute July 24, 2026 absent Congressional extension. The Financial Times reported the Trump administration is pushing for a 15–20% minimum tariff on all EU goods.

Trump–Xi Beijing Summit (May 14–15)

The first US presidential state visit to China since November 2017. Trump arrived May 13; the bilateral ran approximately two hours and fifteen minutes on May 14 at the Great Hall of the People, followed by a Temple of Heaven visit and state banquet. A Zhongnanhai garden meeting concluded proceedings on May 15.

What was agreed: Both sides agreed the Strait of Hormuz must remain open. Xi accepted Trump's invitation for a state visit to Washington on September 24, 2026. The US and China agreed to set up a protocol against non-state-actor access to advanced AI models (no signed document). Reports emerged that Commerce had cleared approximately ten Chinese firms to purchase up to 75,000 Nvidia H200 chips each under specific conditions — no chips have shipped, and Beijing reportedly told firms to pause and favour Huawei alternatives.

What was not agreed: No joint communiqué. No formal tariff changes — Trump stated tariffs "did not come up." The Busan trade truce (US tariff on Chinese goods ~30%, Chinese on US ~10%) was not formally extended; it expires November 2026. The Board of Trade and Board of Investment proposals outlined by Bessent remain proposals, not established frameworks. Trump claimed Xi agreed to 200 Boeing aircraft purchases; MOFCOM declined to confirm. Soybean, wheat, and corn futures fell sharply Friday on disappointment over the absence of specific agricultural commitments. No rare-earth pledge was made; April 2025 controls on seven heavy rare earths remain in force.

Taiwan: Xi called Taiwan "the most important issue in China–US relations." Trump said a pending $14 billion arms package to Taiwan is "in abeyance" and described it as "a very good negotiating chip."

European Union: Weak Growth, Hawkish ECB, Energy Pressure

The eurozone Q1 2026 GDP second estimate (Eurostat, May 13) confirmed +0.1% q/q, +0.8% y/y, with Q4 2025 revised down to +0.2% from +0.3%. Germany +0.3%, France 0.0%, Italy +0.2%, Spain +0.6%. Eurozone industrial production for March printed +0.2% m/m, −2.1% y/y.

ECB communication tilted hawkish. Kazaks (Latvia, May 14) stated the ECB "would need to raise borrowing costs if rising crude prices feed into inflation expectations." Markets moved to price three ECB hikes by year-end. Lagarde's Karlspreis speech (May 13) focused on EU institutional reform without specific rate signals. Schnabel, de Guindos, and others maintained a tone consistent with the Council's April 30 statement that upside inflation risks had "intensified."

EU gas storage stood at 34.3% full as of May 13 — approximately 20 percentage points below the five-year seasonal norm of ~55%. TTF Dutch front-month closed at €49.84/MWh on May 15, up more than 11% on the week. The EU 20th sanctions package entered into force May 14, adding transaction bans on 20 additional Russian banks and establishing a legal framework for a maritime services ban on Russian crude pending Council decision. The Ukraine ceasefire brokered for Russian Victory Day (May 9–11) produced a 1,000-prisoner exchange but no durable extension; by May 12 Trump described it as "on life support."

China: Credit Contracts, Summit Produces Atmospherics

China's April CPI printed +1.2% y/y (vs +1.0% March), with PPI surging +2.8% y/y — the fastest since July 2022, driven by mining +10.8% and non-ferrous metals +38.9%. April credit data (PBOC, May 14) showed new yuan loans of −CNY 10 billion — a net contraction, the first since July 2025. Aggregate financing stock grew +7.8% y/y, M2 +8.6%. Outstanding yuan loans +5.6% y/y, a record low growth rate.

PBOC LPR was unchanged: 1-year 3.00%, 5-year 3.50% (held eleven straight months). The PBOC MPIR (May 11) pledged "appropriately accommodative" stance. USD/CNY daily fixings ran stronger than Reuters poll estimates each session, signalling tolerated gradual yuan strength; the yuan touched a three-year high mid-week (~6.7873). April passenger vehicle NEV retail penetration reached 61.4% — a record, the first time above 60%. April NBS activity data (industrial production, retail sales, fixed asset investment) are scheduled for May 18 and were not released during the week.

Japan: BOJ Hawks Signal June, JGBs at 29-Year High

The BOJ Summary of Opinions from the April 27–28 meeting (released May 12) was distinctly hawkish. Three dissenters argued for an immediate hike to 1.0%. Anonymised quotes included: "It is quite possible that the bank will raise the policy interest rate from the next monetary policy meeting onward, even if the future course of the situation in the Middle East remains unclear." OIS pricing moved to approximately 70–77% probability of a June 16 hike.

BOJ Board member Kazuyuki Masu (May 14, Kagoshima): "If statistical data do not indicate clear signs of an economic downturn, I believe it is desirable to raise the policy rate at the earliest stage possible." Masu said Japan has "clearly entered an inflationary phase" and flagged the neutral rate at 1.1–2.5%. April PPI (BOJ, May 15) printed +4.9% y/y — fastest since May 2023 — and +2.3% m/m, the strongest monthly rise since April 2014.

The 10-year JGB yield reached approximately 2.70% — a 29-year high. USD/JPY rose five consecutive sessions to an intraday high of 158.78 on May 15. No confirmed MOF intervention occurred during the week. The Katayama–Bessent meeting (May 12, Tokyo) produced language on FX coordination consistent with the September 2025 joint statement. Q1 GDP (scheduled May 19) and April national CPI (scheduled ~May 22–23) were not released during the week.

Geopolitics and Energy

The Iran–US war entered its eleventh week with Hormuz effectively closed. The EIA May Short-Term Energy Outlook (May 14) assumes effective closure through late May, with pre-conflict trade patterns not returning until late 2026 or early 2027. IEA estimates crude and fuel flows through Hormuz fell approximately 4 million barrels per day in March and April.

On May 14–15, the Honduras-flagged vessel Hui Chuan was seized approximately 38 nautical miles northeast of Fujairah and taken toward Iranian waters. An Indian-flagged cargo ship sank off the Oman coast after an attack the same day. Iran simultaneously stood up a tolling agency charging ships transiting Hormuz; the US stated it would "never support" Iranian tolling. Reports indicated approximately 30 vessels, mostly Chinese, transited Hormuz from May 13 under new Iranian protocols. Trump stated on Air Force One that the US "doesn't need the Strait of Hormuz open at all" — a comment that contributed to Brent's +3.35% move on May 15.

Trump's statement that China would not supply military equipment to Iran was cited as a "big statement." Both sides agreed at the summit that Hormuz must remain open; the Chinese and US readouts diverged on specifics.

Brent (Jul 26) closed at $109.26 on May 15, up approximately 8% on the week. WTI (Jun 26) at $105.42. The Trump administration allowed a sanctions waiver on seaborne Russian crude to lapse on May 16, removing a prior source of supply-side relief. OPEC+ next meeting is June 7; no new ministerial production statement emerged during the week.