



We Deliver Precision®

ECONOMIC UPDATE

Number 72 • May 2026

EXECUTIVE SUMMARY

ECONOMY: U.S. MANUFACTURING ACTIVITY HELD STEADY IN APRIL, as the **ISM Manufacturing PMI remained at 52.7** for a fourth straight month while the **prices index jumped to 84.6**, its highest since April 2022. **Factory output dipped 0.1% in March** and **overall industrial production fell 0.5%**, yet **factory orders rose 1.5%**, the strongest monthly gain since November. **Core capital goods orders jumped 3.3%**, the largest increase since June 2020, while **core shipments advanced 1.2%**. **Retail sales rose 1.7% in March**, the biggest increase in a year, largely reflecting a record 15.5% surge in gasoline station receipts as fuel prices climbed. **The Conference Board Consumer Confidence Index edged up 0.6 points to 92.8** in April, as the **Present Situation Index slipped to 123.8** and the **Expectations Index rose to 72.2**, still below the recession-warning threshold of 80. New home sales rose 7.4%, while the median new home price dropped 6.2% from a year earlier to \$387,400. **The Conference Board Leading Economic Index fell 0.6% in March to 97.3**, more than reversing February's gain. Inflation accelerated sharply, with **CPI rising 0.9% in March** and 3.3% over the prior 12 months, led by a 10.9% jump in energy prices and a 21.2% surge in gasoline, while **producer prices rose 0.5% on the month** and 4.0% year-over-year. **Private payrolls rose by 109,000** as the **unemployment rate held at 4.3%** in April.

STEEL: TRADE PRESSURE, DOMESTIC REINVESTMENT, AND SUPPLY-CHAIN LOCALIZATION KEPT STEEL IN FOCUS, as North American policy moves expanded through new tariff-relief rules, Canadian aid and antidumping actions, Mexican support for domestic steel, and fresh duties on Algerian long products. Producers also advanced capacity, restart, and expansion plans across key U.S. steel hubs, including Arkansas, Indiana, West Virginia, and Louisiana. Globally, Baosteel and POSCO activity underscored how geopolitical risk and decarbonization continue to shape long-term steel strategy.

AUTOMOTIVE: TARIFF RISK, RECALLS, AND NEXT-GENERATION MOBILITY SHAPED THE AUTO STORY, as U.S. trade pressure, Chinese market concerns, and shifting production strategies continued to affect automakers. Major recalls kept safety in focus, while robotaxi investment, China expansion, and the widening EV price gap added further competitive pressure.

ENERGY: FUEL DISRUPTION, POWER-MARKET STRESS, AND SECURITY-OF-SUPPLY DOMINATED ENERGY DEVELOPMENTS, as the International Energy Agency said the Iran war had become the biggest energy crisis in history, U.S. gas prices climbed sharply year-over-year, and Washington expanded Strategic Petroleum Reserve lending to help calm oil markets. PJM is considering a market overhaul as data center demand rises, Microsoft is reassessing its 2030 clean energy target, Europe has warned gas storage may miss its winter goal, and Australia is committing A\$10B (\$7.22B USD) to fuel reserves and energy resilience.

MEDICAL: DRUG APPROVALS, PIPELINE DEALS, AND FASTER-DEVELOPMENT TOOLS DROVE MEDICAL NEWSFLOW, as Pfizer, Merck, Axsome, and Regeneron advanced or won new approvals across oncology, HIV, Alzheimer's-related agitation, and genetic hearing loss, while Cytokinetics, Mirum, Revolution Medicines, and Moderna posted important late-stage or access-related progress. Dealmaking remained active through Eli Lilly, Biogen, Sun Pharma, LEO Pharma, and Profluent, manufacturing investment expanded through AbbVie, Amgen, and AstraZeneca, and regulators added to the shift through real-time trial monitoring, psychedelic research support, and a looser medical marijuana framework.

AEROSPACE: DEFENSE BUILDOUTS, SATELLITE INVESTMENT, AND ALLIED REARMAMENT KEPT AEROSPACE ACTIVE, as the U.S. accelerated Golden Dome missile defense work, hypersonic and launcher awards to Castelion and Leidos, and broader satellite positioning through Boeing's new platform and Amazon's \$11.57B Globalstar deal. Allied cooperation also deepened through Japan's defense export overhaul and potential U.S. weapons sales to Germany and the Netherlands. Joby also advanced commercial air taxi testing in New York, pointing to continued momentum in next-generation aerospace mobility.

COMMODITIES: CRITICAL MINERALS, METALS VOLATILITY, AND FOOD-SUPPLY RISK MOVED COMMODITY MARKETS, as aluminum volatility, U.S.-EU minerals coordination, new strategic mineral projects, and China's partial reopening of yttrium exports kept raw materials in focus. Agricultural pressure also intensified, with rice supplies strained by higher input costs and El Niño risk.

OVERSEAS: TRADE REALIGNMENT, INDUSTRIAL INVESTMENT, AND TECHNOLOGY PARTNERSHIPS SHAPED GLOBAL MARKETS, as the U.S. and EU worked to stabilize trade and critical minerals ties, Britain secured new life sciences investment, and Stellantis deepened its AI alliance with Microsoft. Across Asia and Europe, activity from Hyundai, Xpeng, Samsung Biologics, Tesla, and Univy showed how companies are repositioning for a more fragmented global market.

THE AMERICAS:

President Trump has threatened to raise EU auto tariffs to 25%, up from 15%, unless European automakers produce cars and trucks in U.S. plants. The proposed increase would mark a sharp escalation in transatlantic trade tensions and follows the 2025 U.S.-EU framework deal that set the current tariff rate while outlining comprehensive trade concessions. European Commission President Ursula von der Leyen pushed back on the threat, saying the EU expects reliability under the agreement and is prepared for any scenario.

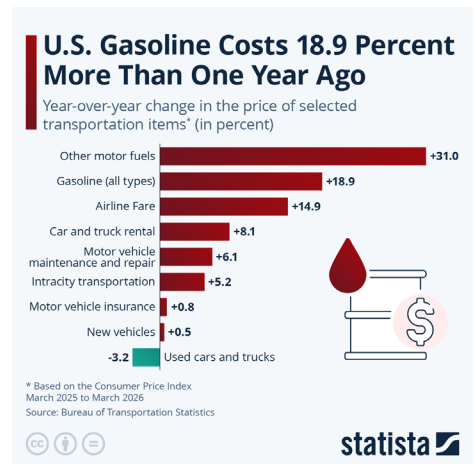
Canada is offering CA\$1.5B (\$1.1B USD) in aid to companies affected by U.S. metals tariffs, including a new CA\$1B financing program through the Business Development Bank of Canada for manufacturers and exporters that use steel, aluminum, or copper, along with an additional CA\$500M through the Regional Tariff Response Initiative. The support is intended to help businesses manage near-term financial strain and adapt to shifting trade conditions as Canadian steel and aluminum remain subject to 50% U.S. Section 232 tariffs. Canadian industry groups said the funding is especially important as Washington's revised derivative tariff rules now apply duties to the full value of many imported goods containing steel and aluminum.

Ferrous is set to begin operations in August at its new processing facility on the Big River Steel Works campus, bringing a more than \$70M investment to Arkansas and adding an integrated steel processing model designed to reduce freight costs, shorten transit times, and simplify logistics for downstream customers. The facility will support more than 40 direct full-time jobs at steady-state operation and more than 100 total jobs in the state, while offering processing for products including galvanized, Galvalume, galvanized, pre-painted, and cold-rolled steel. Ferrous said the site's zero-inbound-freight model is intended to improve delivered cost and speed to market for manufacturers and distributors across the central United States.

Algerian long steel products are facing new U.S. trade pressure, as rebar imports are now subject to anti-dumping duties of 127.32% following a final injury ruling by the U.S. International Trade Commission and the formal issuance of an order by the Commerce Department on April 29. Algerian rebar shipments to the U.S. totaled 83,124 metric tons in 2025, while wire rod imports reached 29,805 metric tons before shipments of both products stopped last summer. Wire rod from Algeria is now also under investigation after a coalition of U.S. producers petitioned for countervailing duties.

U.S. gasoline prices were 18.9% higher in March than a year earlier, reflecting a sharp rise in transportation costs as crude oil prices surged following disruption tied to the

Strait of Hormuz. Statista, citing Bureau of Labor Statistics CPI data, also showed a 21.2% month-over-month jump in gasoline prices from February to March, the largest monthly increase on record, while other motor fuels rose 31.0% year over year. The increase added pressure to U.S. consumers and larger transportation costs, including airline fares.



Mexico has signed a new pact with its steel industry to strengthen domestic production, positioning the sector as a central part of the country's expansive industrial strategy through higher public procurement of Mexican-made steel, expanded financing support, and encouragement of new investment. The agreement is tied to expected demand from public works and passenger-rail construction, while Canacero said it helps protect nearly 90,000 direct jobs and supports \$8B in ongoing steel-sector investment. Industry leaders and the government said the pact is intended to reinforce national supply chains, improve competitiveness, and raise domestic steel content in infrastructure projects.

U.S. Steel and the United Steelworkers will begin contract talks later this summer, after discussions about starting bargaining early broke down over healthcare-related assurances. The union said negotiations will proceed on the usual timetable ahead of the Sept. 1 expiration of four-year labor agreements covering both U.S. Steel and Cleveland-Cliffs. The talks will unfold against a more complicated backdrop than the last round, following Nippon Steel's acquisition of U.S. Steel, President Trump's "golden share" veto rights, and a recent leadership change at the union.

A coalition of U.S. steel and manufacturing groups is urging the government to keep China out of the domestic auto market, framing the issue as one of economic security, industrial competitiveness, and national defense ahead of President Trump's anticipated meeting with Chinese leader Xi Jinping. Signatories including AISI, SMA, USW, and the Alliance for American Manufacturing warned that expanded Chinese access to the U.S. auto sector could deepen exposure to unfair trade practices and strategic risk. Their letter

THE AMERICAS:

called on the administration to approach any auto-related discussions with China through the lens of economic and national security.

Turner Industries is expanding its Louisiana pipe fabrication operations, dedicating facilities in New Iberia and Port Allen to produce high-precision modules and nuclear-grade piping for advanced reactor projects. The move is aimed at supporting the rollout of small modular reactors by supplying specialized piping systems tied to reactor safety and cooling. Turner said the investment strengthens Louisiana's role in the next phase of U.S. nuclear energy development.

U.S. Steel is investing \$1.9B in a new direct-reduced iron facility at Big River Steel Works, creating what the company said will be the first project of its kind in the United States and strengthening a more vertically integrated steelmaking model from Minnesota iron ore through Arkansas production. The investment will connect U.S. Steel's direct reduced-grade pellet capabilities at Keetac with EAF feedstock production at Big River, reducing transport needs and improving sourcing efficiency as the company expands its electric arc furnace footprint. U.S. Steel also said support from Nippon Steel helped accelerate the project, which is expected to create about 2,000 construction jobs at peak and support roughly 235 ongoing site and contractor roles.

Nucor's West Virginia sheet mill is about 85% complete, with commissioning now underway and expected to continue through 2026 before commercial shipments begin in early 2027. The 3M-ton-per-year facility is designed to expand Nucor's presence in the Midwest and Northeast and will add advanced sheet capabilities for automotive and consumer-durable customers. Company executives said ramp-up will continue through 2027 and 2028, with utilization potentially reaching about 50% by the end of 2027 depending on market conditions.

Cleveland-Cliffs has formalized an AI partnership with Palantir, with the steelmaker planning to deploy Palantir's enterprise AI platform across production planning, order entry, and operational workflows to improve data integration, coordination, and risk mitigation. The move reflects Cliffs' wider push to modernize manufacturing processes and shift away from more manual operating models. Company executives said pilot work with Palantir supported the decision to expand the technology across commercial and operations functions.

The U.S. has opened a new Section 232 tariff-relief path for certain Canadian and Mexican producers, allowing

reduced steel and aluminum tariff rates for companies that already serve the U.S. automotive and heavy-vehicle sectors and commit to building new primary production capacity in the United States. Eligible imports must meet USMCA requirements and be melted and poured or smelted in Canada or Mexico, while any tariff reduction is tied to limited quarterly volumes linked directly to the new U.S. capacity being built. Commerce said companies will have to submit detailed project plans and quarterly progress reports, with missed milestones potentially triggering suspension, revocation, or retroactive application of the full tariff rate.

Canada has issued a final antidumping determination on OCTG imports, finding that certain oil country tubular goods from Mexico, South Korea, Turkey, and the Philippines caused material injury to the domestic industry and will now face duties for five years. Dumping margins were set at 30.7% for Mexico's Tubos de Acero de Mexico, 13.6% for South Korea's Hyundai Steel Pipe, 11.0% for Turkey's Borusan, 16.7% for the Philippines' HLD Clark Steel Pipe, and 57.5% for other Philippine exporters. The case was filed in 2025 by InterPro Pipe + Steel and Welded Tube of Canada and covers welded and seamless casing, tubing, and green tubes across a wide range of OCTG sizes.

MISA is planning a \$37M flat-rolled steel processing plant in Osceola, Arkansas, expanding its North American footprint with a new specialty processing and service center adjacent to Big River Steel. Operated by MISA Specialty Processing, the facility will serve customers across the South-Central U.S., including the automotive sector, and is expected to create 35 jobs. The investment adds to the growing concentration of steel-related operations in Mississippi County, which continues to strengthen its position as a major U.S. steelmaking and processing hub.

Cleveland-Cliffs is advancing a series of modernization and footprint optimization moves, including idling smaller and less efficient plate operations in Indiana, restarting its Tek and Kote electro-galvanizing line in New Carlisle to support stronger automotive demand, and continuing DOE-backed upgrades at Middletown Works and Butler Works. Company executives said the changes are aimed at improving utilization, lowering costs, and strengthening output in higher-value steel products without sacrificing capability.

Steele Solutions plans to accelerate growth through its acquisition of Maysteel Industries, adding a Wisconsin-based manufacturer of engineered metal solutions with exposure to data centers, critical infrastructure, and electrical end markets. Backed by Revelar Capital, Steele said the deal expands its platform through a combination

THE AMERICAS:

of complementary capabilities, stronger scale, and greater access to fast-growing markets tied to automation, electrification, and digital infrastructure. Financial terms of the acquisition were not disclosed.

Varsteel has acquired Pacifica Steel's structural steel division, advancing its coast-to-coast expansion strategy and strengthening its position as the largest steel distributor in Western Canada. The acquisition adds a structural steel facility in British Columbia and broadens Varsteel's product offering, including access to jumbo width flange beams up to 44 inches wide. Company leadership said the deal is intended to expand geographic reach while giving customers a wider selection of structural steel products across Canada and the U.S.

Rocky Mountain Steel has signed a seven-year supply agreement with Union Pacific Railroad, securing a long-term commitment to domestically produced steel rail as the company prepares to begin operations this year at its new long rail mill in Pueblo, Colorado. Backed by more than \$1B in investment, the facility is expected to remain the only dedicated steel rail mill in the United States. The deal also signals Union Pacific's intention to source a majority of its rail from a U.S. manufacturer.

U.S. Steel plans to restart tin production at Gary Works in early 2027, bringing back its roughly 500,000-short-tons-per-year Gary Tin Mill after an idling that began in 2022 due to weak demand. Restart costs are estimated at about \$15M-\$20M and are expected to support 225 jobs, with the timing intended to align with annual contracting for tin mill products and growing customer interest in dependable domestic supply. The announcement also follows a new trade case filed by U.S. Steel and the United Steelworkers seeking steep dumping margins on tin mill imports from China, Taiwan, and Turkey.

Thyssenkrupp Materials Services has acquired a majority stake in Mexico-based Aceroteca Trading, expanding its North American processing footprint as customers continue to localize supply chains and pursue nearshoring strategies. The Santa Catarina service center adds flat-rolled carbon steel processing capacity in a key industrial region and is expected to help shorten lead times, support localized processing, and improve supply chain responsiveness. Aceroteca's founder, Héctor Morales, will retain a minority stake and continue leading the business.

Hyundai Steel and Fives Group have signed a contract for coil finishing lines at the proposed Louisiana steel mill, advancing development of the Hyundai-POSCO joint

venture and adding momentum to one of the largest planned automotive steel investments in the United States. The facility, estimated at \$5.82B, is expected to produce 650,000 metric tons of hot-rolled coil and 2.05 million metric tons of cold-rolled coil annually, with operations projected to begin in 2029. Fives said the project will help expand domestic automotive steel production capacity in the U.S.

Algoma Steel and Roshel have formed a new Canadian defense joint venture, creating Roshel Algoma Defence to produce sovereign ballistic steel solutions in Ontario for domestic use and export to allied countries. Operations will include fabricating, forming, welding, and machining ballistic steel for defense applications, along with work tied to infrastructure, marine, aerospace, and security markets. RADS said the initiative could create about 500 new jobs as Canada looks to strengthen its domestic defense manufacturing base.

Spirit Airlines is moving ahead with a wind-down after a proposed U.S. government bailout collapsed, leaving the carrier without a viable path out of bankruptcy as sharply higher jet fuel prices tied to the Iran war added to its financial strain. A bankruptcy judge approved the company's shutdown plan, which includes retention bonuses for remaining employees and expedited sales of aircraft and equipment, while allowing lenders and lessors to reclaim some assets. Spirit said it had no credible merger or acquisition options remaining, making it the first airline industry casualty linked to the latest energy shock.

The U.S. Space Force has awarded contracts worth up to \$3.2B for Golden Dome missile defense development, selecting 12 companies to advance space-based interceptor systems designed to detect, track, and potentially neutralize missile threats earlier in flight. These awards support President Trump's broader Golden Dome plan, which is expected to cost about \$185B and combine expanded ground-based defenses with new orbital capabilities. Space Force said the effort is intended to demonstrate an integrated space-based missile defense capability by 2028.

Hypersonic weapons startup Castelion is moving closer to deployment, after winning a \$105M U.S. Navy contract to integrate its Blackbeard missile with carrier-based F/A-18 fighter jets. Work under the award includes software and hardware integration, flight testing, and carrier-use certification, while Navy planning documents show demand for 4,500 air-launched hypersonic missiles over the next five years at an average unit cost of about \$384,000. Castelion also said it is building a \$250M manufacturing campus in New Mexico to support future large-scale production.

THE AMERICAS:

Leidos has secured another major U.S. Army air defense award, receiving a \$617M contract for additional launchers tied to the Indirect Fire Protection Capability Increment 2 system. Combined related Army orders for the program now total nearly \$1.2B, and the latest work will support continued development, testing, and launcher deliveries as the Pentagon works to rebuild and expand missile defense capacity. Company officials said the contract also positions the program for potential follow-on orders through 2029.

Boeing is ramping up satellite production with a new mid-class platform, as the company and Millennium Space Systems work to expand capacity and address a growing backlog tied to defense and internet connectivity demand. Boeing said it is targeting 26 satellite deliveries in 2026, up from 11 in 2025, and introduced the new Resolute platform for missions requiring more capability than a traditional small satellite with greater speed and flexibility than a typical large satellite program.

Amazon is buying satellite firm Globalstar in an \$11.57B deal, strengthening its effort to expand Project Kuiper and compete more directly with Starlink in satellite-based connectivity. The acquisition adds Globalstar's two dozen satellites to Amazon's network, supports Amazon's planned direct-to-device rollout beginning in 2028, and preserves Globalstar's role in powering Apple services such as Emergency SOS and Find My. Regulators will still need to approve the transaction, which is expected to close next year.

Cytokinetics reported positive late-stage results for its heart disease drug in non-obstructive hypertrophic cardiomyopathy, with aficamten significantly improving symptoms, physical limitations, quality of life, exercise capacity, and heart function in the study. The drug, already approved as Myqorzo for obstructive hypertrophic cardiomyopathy, could strengthen its position in a broader treatment market where unmet need remains high. Cytokinetics said it plans to share more data and discuss the results with the U.S. FDA and other regulators.

Mirum Pharmaceuticals said its experimental rare liver disease drug met the main goal of a mid-stage study, with volixibat significantly reducing severe itching in patients with primary sclerosing cholangitis, a condition that can lead to liver damage and failure. Company officials said the results support the potential for volixibat to become the first treatment for cholestatic pruritus in PSC patients. Mirum plans to meet with the U.S. Food and Drug Administration in summer 2026 and aims to file for approval in the second half of the year.

Amgen is adding \$300M to expand its manufacturing footprint in Puerto Rico, increasing investment in its U.S. biologics network as drugmakers respond to the threat of steep tariffs on imported branded medicines. The new spending will expand Amgen's Juncos facility, which supplies medicines to more than 60 countries, and builds on the company's previously announced \$650M Puerto Rico investment expected to create 750 jobs. The move is part of a wider U.S. manufacturing push that also includes announced investments in Ohio, California, and North Carolina.

U.S. regulators advanced several notable therapies in oncology and neurology, as the U.S. Food and Drug Administration approved Pfizer and Arvinas' breast cancer drug Veppanu for certain ESR1-mutated advanced breast cancer patients, authorized early access to Revolution Medicines' pancreatic cancer pill daraxonrasib for previously treated metastatic patients, and approved Axsome's Auvelity for agitation related to Alzheimer's disease. Together, the decisions expanded treatment options across high-need categories, with Veppanu backed by late-stage data showing improved progression-free survival, daraxonrasib moving closer to broader use after trial results showing survival gains versus chemotherapy, and Auvelity offering a new alternative to antipsychotic medicines for Alzheimer's-related agitation.

The U.S. Food and Drug Administration has launched a pilot to monitor clinical trial data in real time, aiming to shorten drug development timelines by giving regulators earlier visibility into safety and efficacy signals without requiring access to raw patient records. The program is designed to reduce administrative delays, with the FDA receiving aggregated trial indicators such as adverse event rates and tumor response percentages while trial sponsors retain underlying patient data. Officials said the effort could help speed approvals and strengthen U.S. competitiveness as China continues expanding its role in early-stage clinical research.

Merck has received U.S. approval for a new once-daily HIV treatment, with the U.S. Food and Drug Administration clearing Idivynso, a two-drug oral combination of doravirine and islatravir, for certain adults with HIV-1 infection. The approval gives patients another treatment option and follows late-stage studies showing the regimen significantly suppressed HIV-1 replication in adults already receiving therapy. Analysts said the commercial impact may build gradually, though the decision marks an important step in Merck's longer-term HIV strategy.

AI firm Profluent has entered a genetic medicine collaboration with Eli Lilly worth up to \$2.25B, focusing

THE AMERICAS:

on AI-designed enzymes that could enable larger and more precise DNA changes for hard-to-treat inherited diseases. Under the agreement, Lilly will receive exclusive rights to develop selected enzymes and commercialize any resulting medicines, while Profluent will receive upfront funding, research support, milestone payments, and potential royalties. The deal reflects continued pharmaceutical investment in AI-driven gene-editing platforms aimed at expanding the reach of genetic medicine.

Moderna has launched a late-stage bird flu vaccine trial in the U.S. and UK, marking the first time an mRNA-based pandemic bird flu vaccine has advanced to that stage of testing. The study will enroll about 4,000 healthy adults and is supported by a \$54M investment from the Coalition for Epidemic Preparedness Innovations, as Moderna looks to strengthen preparedness for future outbreaks. Company officials also said any future regulatory filing for the vaccine would be supported by data from Moderna's seasonal flu vaccine program.

Biogen has agreed to pay up to \$850M for exclusive Greater China rights to felzartamab, giving the U.S. drugmaker full worldwide rights to develop and commercialize the experimental immune disease treatment. Chinese biotech TJ Biopharma will receive \$100M upfront and could earn up to \$750M in sales and commercial milestones, along with royalties in Greater China. Felzartamab is being studied in late-stage trials for several immune-related kidney diseases, adding to Biogen's push to strengthen its pipeline.

President Trump has signed an executive order aimed at accelerating access to psychedelic drug treatments, directing the U.S. Food and Drug Administration to fast-track review of substances such as ibogaine and allocating \$50M for federal research into the drug. Administration officials said decisions on ibogaine could come as soon as this summer, while supporters argue the treatment could help address conditions such as post-traumatic stress disorder and depression, particularly among military veterans. The move also adds momentum to larger efforts to reclassify certain currently restricted substances for medical use.

Johnson & Johnson said artificial intelligence is cutting the time needed to generate new drug development leads by half, as the company applies AI across compound screening, regulatory documentation, manufacturing, and clinical trial planning. Executives said the technology has already helped accelerate work on two compounds—one in oncology and one in immunology—and reduced the time needed to prepare clinical trial reports from hundreds of hours to minutes. J&J is also using AI in its medical device

business to improve heart mapping and surgical precision, demonstrating a bigger push to use the technology across both pharmaceuticals and medtech.

The U.S. Drug Enforcement Administration is opening a medical marijuana registration portal, allowing companies to begin applying as dispensaries after the Trump administration moved to loosen restrictions on some cannabis products and advance marijuana's reclassification. Applicants will have to pay an annual \$794 fee and provide information on licensing history and security measures at proposed dispensary locations. The change does not legalize marijuana nationwide, but it marks another step in the federal shift toward a less restrictive medical cannabis framework.

Eli Lilly has agreed to acquire Ajax Therapeutics in a deal worth up to \$2.3B, expanding its oncology pipeline with an experimental oral treatment for myelofibrosis and related blood disorders. Ajax's lead asset, AJ1-11095, is designed to target JAK2 differently from existing therapies, which could improve durability or effectiveness in patients who stop responding to older treatments. Lilly said the transaction includes an upfront payment plus additional clinical and regulatory milestone payments.

Rivian expects to receive up to a \$4.5B U.S. Department of Energy loan for its Georgia plant, a smaller amount than previously approved but one the company says it can access sooner as it prepares to scale production of its lower-cost R2 SUV. The revised structure covers a single phase of the project and removes the need for Rivian to fund a large share of costs upfront, helping support a first-phase capacity target of 300,000 vehicles. Rivian also reported first-quarter revenue of \$1.38B, beat expectations, and reaffirmed its full-year delivery outlook despite ongoing supply-chain and cost pressures.

Ford is recalling multiple vehicles in the U.S. over separate safety issues, including about 1.4M F-150 pickup trucks for a gearshift problem that can trigger unintended downshifts, 179,698 vehicles for a front seat frame issue involving a loose bolt that could reduce occupant restraint in a crash, and 140,201 Ranger vehicles for damaged wiring that could create an electrical short and raise the risk of fire in the A-pillar area. The F-150 recall covers certain 2015-2017 models equipped with 6R80 transmissions, while the seat-frame recall affects certain 2024-2026 Ranger and Bronco models and the wiring recall involves Rangers with improperly positioned or excessively taped sun visor or headliner harnesses. Dealers will update software, inspect affected components, and replace parts as needed at no cost.

THE AMERICAS:

General Motors is directing about \$1.4B toward gas-engine, transmission, and casting operations in the U.S. and Canada, reinforcing internal-combustion production as EV demand cools and the company prepares for its next generation of trucks and full-size SUVs. Planned spending includes \$300M in Romulus, Michigan, \$150M in Saginaw, Michigan, \$40M in Toledo, Ohio, and CA\$691M (\$504.9M USD) in Ontario for future V-8 engine production. GM said the move adds to roughly \$6B invested in U.S. factories over the past year.

Thermo Fisher Scientific plans to sell its microbiology business to Astorg for about \$1.08B, continuing its portfolio reshaping while freeing up capital for other uses. The business, which supplies antimicrobial susceptibility testing and culture media products for clinical, pharmaceutical, and food safety applications, generated \$645M in revenue in 2025. Thermo Fisher said the deal includes cash and a \$50M seller note and is expected to close in the second half of 2026.

Regeneron has won FDA approval for the first gene therapy for genetic hearing loss, clearing Otarmeni for a rare form of deafness tied to OTOF gene variants and marking a new step in genetic hearing-loss treatment. The therapy delivers a working copy of the OTOF gene directly to the inner ear and will be provided free to patients in the United States, according to the company. Approval also gives Regeneron an early lead in a developing field where other companies are still testing similar therapies.

AbbVie is making its largest single-site investment to date, committing \$1.4B to build a manufacturing campus in North Carolina that will serve as its main U.S. hub for injectable drug production. The 185-acre Durham site will make medicines for immunology, oncology, and neuroscience markets, with construction expected to begin in 2026 and finish by the end of 2028. AbbVie said the project will create 734 permanent jobs over four years and support more than 2,000 construction jobs.

Whirlpool is investing more than \$60M in a new Ohio parts facility, expanding its U.S. manufacturing footprint to support washer and dryer production while creating an estimated 100 to 150 jobs. The project would become Whirlpool's 11th U.S. manufacturing site and its sixth in Ohio, adding to a separate \$300M investment the company announced last year for its existing laundry-related operations. Company leadership said the move mirrors a larger commitment to domestic manufacturing.

Joby Aviation has begun point-to-point air taxi flight tests in New York City, using existing heliports and JFK Airport routes as it moves closer to commercial deployment of its

electric vertical takeoff and landing aircraft. The week-long demonstrations are part of an FAA pilot program and are designed to show how the company's aircraft could connect Manhattan and JFK in under 10 minutes, far faster than ground travel in city traffic. Joby said the tests also support its progress toward final FAA certification, a key step before launching passenger service.

Mitsubishi Motors is recalling 108,046 vehicles in the U.S., after regulators said a ruptured gas spring cylinder or unexpectedly falling liftgate could increase the risk of injury. The recall affects certain Outlander and Outlander plug-in hybrid SUVs, and the company will replace the left and right liftgate gas springs at no cost.

Jaguar Land Rover is recalling 170,169 vehicles in the U.S. after regulators warned of a potential loss of drive power, with the issue tied to a failing DC-DC converter that can prevent the 12-volt system from charging and may also disable exterior lighting. The recall affects multiple models, including Range Rover, Discovery, Range Rover Sport, and Defender vehicles. U.S. safety regulators said a remedy is still being developed.

Honda is recalling 440,830 Odyssey minivans in the U.S. over an airbag software issue, after regulators said a programming error could cause the side and side-curtain airbags to deploy unexpectedly. Dealers will correct the problem by reprogramming the software.

Uber is reportedly committing more than \$10B to robotaxis, marking a strategic shift away from its traditional asset-light model as it seeks to avoid disruption from autonomous vehicles. The Financial Times said the company plans to buy thousands of robotaxis and take stakes in their developers, building on partnerships with companies such as Baidu, Rivian, and Lucid, with services targeted for at least 28 cities by 2028. Much of the spending is tied to deployment milestones, reflecting Uber's extensive efforts to position itself as a marketplace for multiple robotaxi operators.

PJM is considering a major overhaul of its power market structure, as the largest U.S. grid operator weighs changes to how electricity is bought and sold amid rising strain from data center demand and warnings of possible supply shortfalls as early as 2027. PJM said it is reviewing several reform paths, including greater use of long-term contracts, limits on capacity payments tied to lower reliability, and a smaller role for the current capacity market. The discussion follows record capacity price increases and growing political scrutiny over rising power costs across the Mid-Atlantic and Midwest.

THE AMERICAS:

Microsoft is weighing changes to its 2030 clean energy target, as surging electricity demand from AI-related data centers raises questions about whether the company can still match its hourly power use with renewable energy purchases on its original timeline. Reports said no final decision has been made, and Microsoft pointed to recent carbon-free energy agreements in Wisconsin as evidence it is still pursuing the goal. The discussion highlights how the rapid buildout of AI infrastructure is complicating climate commitments across the technology sector.

The U.S. plans to loan energy companies up to 92.5M barrels of Strategic Petroleum Reserve crude, expanding its role in a coordinated International Energy Agency effort to calm oil markets disrupted by the U.S.-Israeli war on Iran. If fully taken up, the new offer would help complete the U.S. share of a 172M-barrel commitment under a 400M-barrel global release pact. Companies borrowing the crude would return it with up to a 24% premium in extra barrels, with deliveries scheduled from June through August and repayment deadlines extending to mid-2029.

EUROPE, AFRICA, & THE MIDDLE EAST:

Rafael has agreed to acquire Volkswagen's Osnabrueck plant in Germany, signaling a further shift of European industrial capacity toward defense production as automaking assets are repurposed for military supply chains. Sources said the Israeli defense company plans to use the site to produce missile components rather than explosives, while Volkswagen continues restructuring its core automotive operations. The proposed deal also echoes Germany's push to rebuild defense capabilities and retain control over key military technologies.

AerCap, the world's largest aircraft leasing company, said prolonged high oil prices could create new opportunities for lessors, even as sustained fuel inflation would put more pressure on airline profitability and balance sheets over the next three to six months. The company said demand for leased aircraft has remained strong so far, but a longer period of elevated jet fuel costs could accelerate retirements of older aircraft and drive more sale/leaseback activity as airlines look to preserve cash. AerCap also raised its full-year outlook after first-quarter earnings topped expectations.

Univerty has raised €27M (\$32M USD) in new funding as it pursues an ambitious satellite expansion plan, with the French startup aiming to build a fleet of up to 3,400 satellites in very low Earth orbit and position itself as Europe's largest

satellite operator. Combined with a separate €31M (\$36.4M USD) contract from the French space agency, the company said secured funding now totals €68M (\$79.9M USD). Univerty is targeting telecom operators rather than direct consumer sales, reflecting Europe's campaign to strengthen independent satellite communications capabilities.

The U.S. State Department has approved a potential \$200M Hellfire missile sale to the Netherlands, marking another European effort to strengthen near-term missile and defense readiness. Lockheed Martin would serve as the principal contractor for the proposed sale.

Germany could move forward with an \$11.9B integrated combat system purchase from the United States, after the U.S. State Department approved the potential sale of the system along with related equipment and support. Lockheed Martin and RTX were named as the principal contractors.

The UK government has awarded Boeing an £879M (\$1.19B USD) military helicopter support contract, covering a three-year program to maintain and support British Army Apache attack helicopters and Royal Air Force Chinook heavy-lift helicopters. The award reinforces Boeing's role in the UK defense supply chain as Britain continues investing in operational readiness and military support capabilities.

Zambia said proposed U.S. health funding must be separated from minerals access talks, objecting to efforts to link a health agreement worth up to \$2B over five years to a separate critical minerals framework. Officials also raised concerns about data-sharing provisions in the health proposal and preferential treatment for U.S. companies in the minerals agreement, saying both deals should be evaluated independently. The dispute offers new insight into why negotiations with Washington have stalled.

German researchers have reported that a modified CAR-T cell approach may allow some blood cancer patients to avoid chemotherapy, with early-stage trial results showing stronger complete response rates and lower rates of a serious inflammatory reaction than standard CAR-T treatment given without preconditioning. The method uses T memory stem cells, which can renew themselves and function longer, potentially opening a new path for CAR-T design in patients with relapsed or hard-to-treat blood cancers.

Danish drugmaker LEO Pharma has agreed to buy U.S. developer Replay for \$50M upfront, adding an experimental gene therapy platform for rare genetic skin diseases to its dermatology business. Replay's lead candidate, a gel-based gene therapy for dystrophic epidermolysis bullosa, remains in preclinical development, while the deal also brings the company's virus design and manufacturing team into LEO Pharma. Management said the acquisition strengthens LEO

EUROPE, AFRICA, & THE MIDDLE EAST:

Pharma's push into rare skin diseases as it looks to expand future growth opportunities.

EU energy ministers are set to discuss the role of domestic gas production, an unusual shift in focus as governments look for ways to limit the economic fallout from the Iran war and LNG market volatility. A preparatory document circulated ahead of the meeting asks how indigenous gas resources could support price stability without derailing long-term climate goals, reflecting growing openness to domestic supply as part of Europe's energy security strategy. Cyprus said the discussion is about preparedness and balance rather than reversing the energy transition.

AstraZeneca is investing £300M (\$405M USD) in the UK, restarting a major life sciences commitment after previously scaling back projects and tying the move to the recently finalized U.S.-UK pharmaceutical agreement. The investment will be used to complete the Rosalind Franklin building at AstraZeneca's Cambridge campus and develop a digitally enabled lab intended to support future drug development. British officials said the project will help protect about 1,000 jobs in Cambridge and Macclesfield.

Britain's lifetime smoking ban is set to become law, permanently barring anyone born on or after January 1, 2009, from buying cigarettes through a rolling age restriction that increases the legal purchase age by one year each year. The Tobacco and Vapes Bill also tightens rules on vaping and other nicotine products, particularly around marketing and display, as the government aims to push smoking rates among future age groups close to zero over time. Debate over the policy's likely effectiveness remains, but supporters say its gradual phase-in could meaningfully reduce long-term health damage and pressure on the UK healthcare system.

Flanders is weighing a fast-track approval for Tesla's supervised self-driving software, after regulators in the Netherlands became the first in the EU to provisionally allow the system on public roads. Officials in the Belgian region said they are reviewing Tesla's documentation to determine whether the software can also be approved there, while Wallonia is considering a similar request. The move could give Tesla added momentum in Europe even as regulators in several other countries remain cautious about the technology's safety and deployment.

EU countries are pressing to finalize the bloc's side of its U.S. trade deal, as officials try to avoid a threatened increase in U.S. auto tariffs to 25% and reduce pressure on Europe's car industry. Negotiators are resuming talks on legislation to lower EU duties on imported U.S. goods, with

some lawmakers seeking added safeguards before giving final approval. German Chancellor Friedrich Merz has urged a quick resolution, while others in the European Parliament say the bloc should not rush into an agreement under pressure.

Stellantis and Microsoft have signed a five-year strategic partnership focused on AI, with the automaker aiming to accelerate software development, cybersecurity, engineering capabilities, and extensive digital transformation as it competes with more technology-driven rivals. The companies said they plan to co-develop more than 100 AI initiatives spanning product development, predictive maintenance, testing, and digital services, while also modernizing Stellantis' IT infrastructure on Microsoft Azure. Stellantis added that the effort is expected to help reduce its data center footprint by 60% by 2029.

The Paris-based International Energy Agency said the Iran war is now expected to shrink both global oil supply and demand, reversing earlier forecasts for growth as disruption tied to the Strait of Hormuz reshapes the energy outlook. The agency said supply could fall by 1.5 million barrels per day this year, while projected demand growth has turned into a decline, with the sharpest consumption pressure emerging in the Middle East and Asia-Pacific. Even under its base case, the IEA said restoring regular flows through Hormuz remains the most important factor in easing pressure on energy markets and the broader global economy. The IEA has called the Iran war the biggest energy crisis in history.

The EU is not on track to fill gas storage to 90% before winter, with European regulators warning that disruption tied to the Iran war has tightened global LNG supply and made refilling targets harder and more expensive to achieve. ACER said member states should still be able to reach the lower 80% level allowed under difficult market conditions, though doing so would carry premium costs and remain vulnerable to further supply shocks. Low current inventories and stronger competition with Asian buyers for flexible LNG cargoes are adding to the challenge.

Mercuria says the aluminum market is facing a "black swan" supply shock, as disruption tied to the Middle East war threatens to create a deficit of at least 2 million metric tons this year and pushes prices and physical premiums sharply higher. The commodity trader said the scale of the disruption could mark the largest single supply shock in a base metals market since 2000, with limited global inventories available to cushion the shortfall. Europe and the U.S. are seen as especially exposed because Gulf supply cannot be easily replaced and domestic spare capacity remains limited.

EUROPE, AFRICA, & THE MIDDLE EAST:

The U.S. and EU have expanded their critical minerals cooperation, moving beyond a preliminary partnership into a larger effort to coordinate trade policy, diversify supply chains, and reduce dependence on Chinese-dominated processing for materials used in semiconductors, EVs, and advanced weapons. Officials also outlined a separate action plan that could lead to pilot projects, price-floor mechanisms, stockpiling coordination, and eventually a wider plurilateral trade framework with like-minded partners.

ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

Baosteel is re-evaluating its planned steel plate joint venture in Saudi Arabia, citing added uncertainty from the war in the Middle East and higher logistics costs tied to regional disruption. The Chinese steelmaker said it has become more cautious about the investment, recalled 13 employees from Saudi Arabia, and noted that port difficulties have contributed to inventory buildup, though the broader impact on operations remains manageable. Even so, Baosteel said it still expects to export 10 million metric tons of steel products this year on anticipated growth in overseas demand.

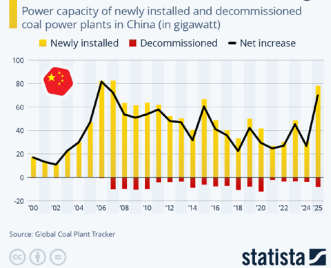
POSCO has signed a joint development agreement with Electra to advance clean iron technology, combining the South Korean steelmaker's decarbonization efforts with Electra's system for producing 99% pure iron feedstock for electric-arc furnace steelmaking. Electra also said it received an investment from POSCO Investment, the venture capital arm of POSCO Group, though financial terms were not disclosed. Company officials said the partnership will focus on testing how the two technologies can be integrated at commercial scale.

China approved a sharp increase in March exports of yttrium oxide to the United States, raising hopes that supply shortages affecting aerospace and semiconductor producers may be starting to ease. Customs data showed a 60-metric-ton shipment to the U.S., roughly 50% larger than the total volume shipped since China imposed export controls last April, though exports over the past 12 months still remain 75% below the prior-year level. Yttrium oxide is a critical input for high-temperature coatings used in jet engines and turbines, and previous restrictions had contributed to severe shortages and record price increases.

China drove the largest electricity demand increase in 2025, as global electricity use rose 2.8%—or 849 TWh—to a record 31,779 TWh, according to Ember, with China alone

accounting for 503 TWh of the increase, or more than half of the global total. The United States ranked second at +131 TWh and India third at +49 TWh, while Ember said the pace of demand growth slowed from 2024 and was fully covered by clean power sources.

China's New Coal Power Installations Reach 18-Year High



Japan has overhauled its defense export rules, removing most long-standing restrictions on overseas arms sales and opening the door to exports of warships, missiles, and other military equipment. The change is intended to strengthen Japan's defense industrial base, expand cooperation with partners in Asia and beyond, and reduce reliance on U.S. production at a time when global conflicts are straining weapons supply chains. Potential early deals could include warship exports to the Philippines, while the move also signals a broader shift away from the postwar limits that shaped Japan's security policy for decades.

Takeda said its next-generation immune therapy performed comparably to HyQvia in a mid- to late-stage study, showing similar infection protection and immune response in patients with primary immunodeficiency disease while offering the potential for lower infusion volume and shorter administration time. The experimental drug, TAK-881, is being developed as a more convenient follow-on to HyQvia for patients who require lifelong treatment. Takeda also said it plans to file regulatory applications in the United States, European Union, and Japan this year.

Samsung Biologics said an ongoing strike has already cost about 150B won (\$101.90M USD), as a labor dispute involving roughly half of its workforce continues to disrupt production and raise concerns about orders, expansion plans, and customer retention. Union members are seeking higher pay, profit-linked bonuses, and additional cash-equivalent benefits, while management said it has offered a 6.2% wage increase. Both sides are expected to resume talks as the dispute adds to broader labor pressure across the Samsung Group.

Sun Pharma has agreed to buy U.S. drugmaker Organon in an \$11.75B deal, marking the largest overseas acquisition ever by an Indian pharmaceutical company and accelerating Sun's push into higher-margin specialty medicines. The transaction is expected to broaden Sun's reach in women's health, biosimilars, and branded medicines while adding Organon's portfolio across roughly 140 countries. Analysts said the deal could significantly increase Sun's scale and earnings power as it looks to offset pressure in the U.S. generics market.

ASIA/PACIFIC, JAPAN, AUSTRALIA, & INDIA:

China's ultra-low EV prices are widening the gap with the U.S. auto market, with Reuters noting that the average price of a new car in the United States—\$51,456 in March—would be enough to buy five new Chinese electric vehicles from leading domestic brands. More than 200 battery-powered models in China, including hybrids, are priced below the equivalent of \$25,000, reflecting intense competition and rapid cost compression in the world's largest car market. The pricing contrast highlights how Chinese automakers such as Geely, Wuling, and BYD are pushing affordable EV adoption at a scale not currently matched in the United States.

Hyundai Motor plans to launch 20 new models in China over the next five years, marking its most aggressive product expansion in the market as it works to rebuild share amid intense competition from domestic automakers. The South Korean company said the campaign includes the China-specific all-electric IONIQ V and supports a goal of reaching 500,000 annual vehicle sales in China by 2030, including exports. Hyundai is also deepening local partnerships with companies such as Momenta and CATL as part of a broader localization strategy.

China's Xpeng expects to begin full-scale delivery of its flying cars in 2027, as the electric vehicle maker pushes beyond autos into aerial mobility, humanoid robots, and robotaxis. Company executives said Xpeng has already received more than 7,000 orders for the flying vehicles, expects early deliveries to begin later this year pending regulatory approval in China, and plans to start robotaxi testing in Guangzhou this year while scaling humanoid robot production in late 2026. Xpeng also said it sees room to deepen cooperation with Volkswagen and expand partnerships in other regions.

Indonesia is in talks with Toyota on a potential bioethanol investment, as the government looks to expand domestic renewable fuel production and reduce reliance on imported energy. Discussions involve a possible \$200M-\$300M bioethanol plant in Lampung province with annual capacity of 60,000 kiloliters, supported by a new 6,000-hectare sorghum plantation for feedstock. Officials said construction could begin in the second half of 2026 if an agreement is reached, with production targeted for 2028 as Indonesia prepares for a 10% bioethanol gasoline mandate.

Australia's trucking industry is showing stronger interest in electric trucks as fuel disruption worsens, with the Middle East conflict driving diesel shortages and boosting prices above A\$3 (\$2.14 USD) per liter in one of the world's most road-freight-dependent markets. Electric truck companies said inquiries from customers, investors, and government

groups have increased as operators look for ways to reduce fuel exposure, even though Australia still has only about 1,000 electric trucks compared with roughly 800,000 diesel vehicles. Industry participants said high upfront costs and charging limitations remain barriers, but rising fuel pressure is accelerating interest in electrification.

Australia is committing A\$10B (\$7.22B USD) to strengthen fuel security, expanding national stockpiles and creating a permanent government-owned reserve of about 1 billion liters as the country responds to supply disruptions and high import dependence. Officials said the package will raise Australia's onshore fuel coverage to at least 50 days and includes funding for additional diesel, aviation fuel, and fertilizer storage and supply support. The move marks a significant shift in energy policy as Australia seeks greater resilience against future supply shocks.

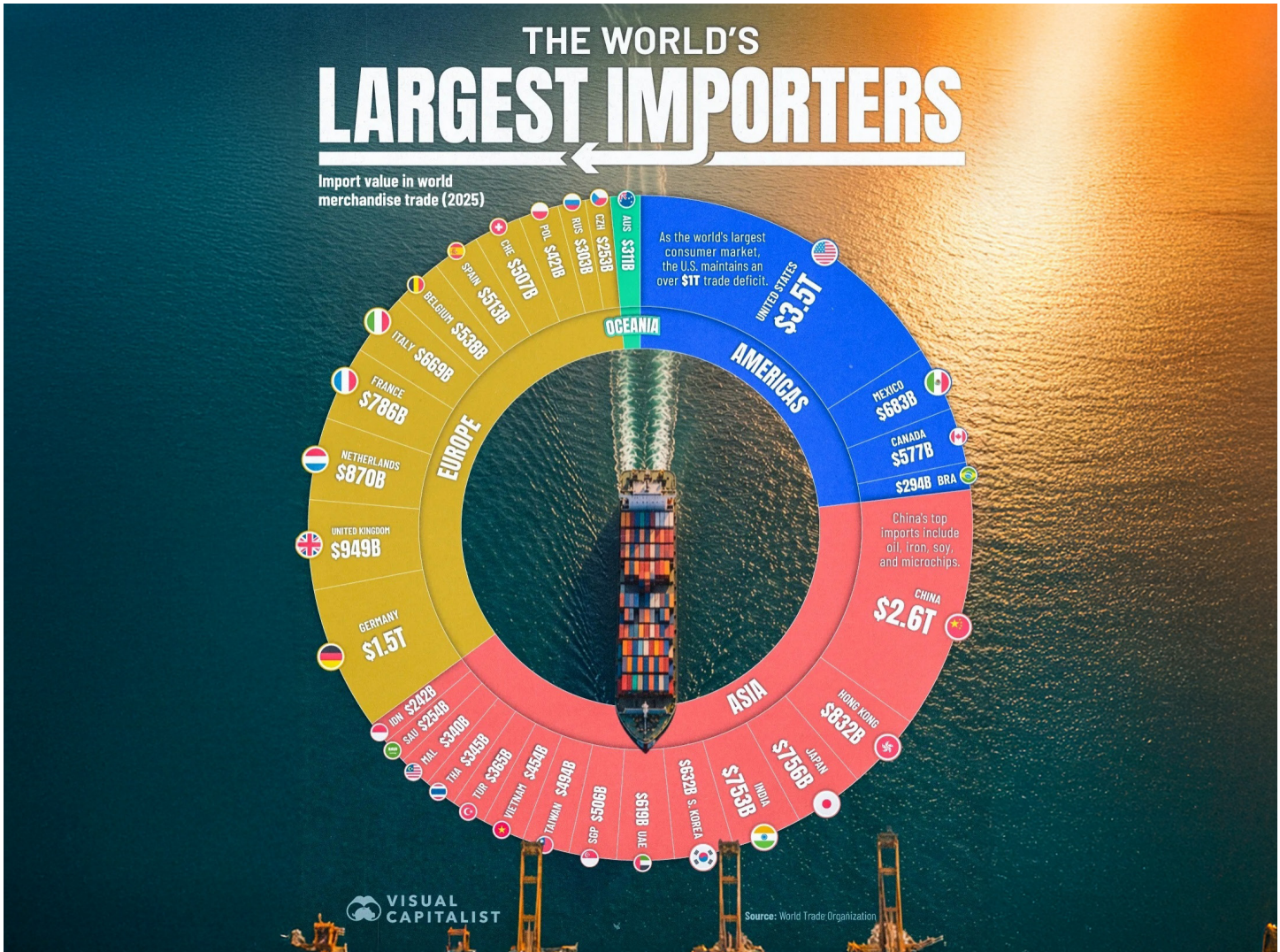
Sinopec has turned to Russian crude to replace disrupted Middle East supply, with the Chinese refiner purchasing an estimated 8 to 10 cargoes of ESPO blend after a temporary U.S. sanctions waiver allowed some seaborne Russian oil trade. Sources said the move reflects Sinopec's heavy exposure to Middle Eastern barrels at a time when Strait of Hormuz disruption has tightened global supply and forced the company to cut refinery runs. The purchases also show how the Iran conflict is reshaping Asian crude sourcing patterns as refiners look for alternative feedstock.

Australia and Japan are strengthening critical minerals cooperation with A\$1.67B (\$1.20B USD) in sector support, deepening collaboration on mining, refining, and manufacturing projects aimed at reducing supply chain vulnerabilities. Australia said it could provide up to A\$1.3B, while Japan has already committed about A\$370M and signaled more investment could follow as projects advance. Potential funding targets include Australian projects tied to gallium, magnesium, fluorite, mineral sands, and nickel-cobalt development, underscoring a shared effort to build alternative supply chains outside China.

Rice supply across Asia is coming under pressure, as higher fertilizer and fuel costs tied to the Iran war are prompting farmers in countries such as Thailand, Vietnam, the Philippines, and Indonesia to cut planting or reduce inputs, while El Niño is expected to further strain output later this year. Reuters reported that the tightening outlook could ripple through global food markets because rice remains a staple for much of Asia and Africa, even though large inventories in India may help cushion some of the shock.

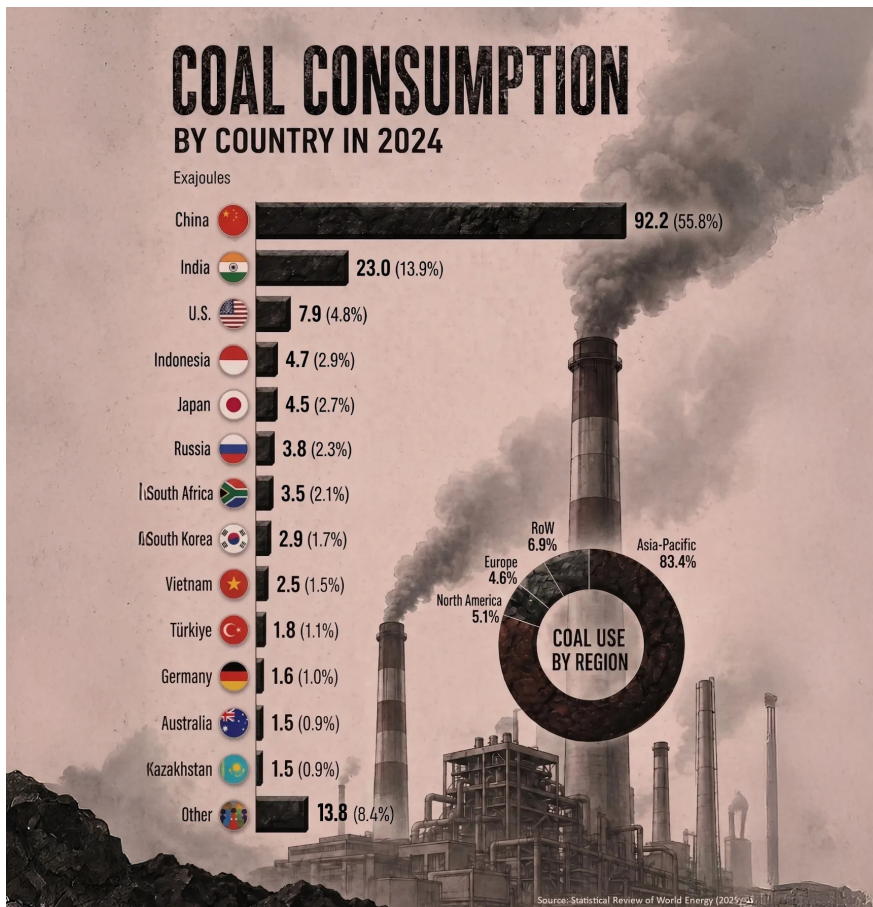
ECONOMIC UPDATE: APPENDIX TO THE MAY 2026 ISSUE

ECONOMY: GLOBAL GOODS IMPORTS REMAIN HIGHLY CONCENTRATED IN A HANDFUL OF MAJOR MARKETS



The world's largest economies remained deeply dependent on imported goods in 2025, with the United States holding its position as the top importer at roughly \$3.5T, well ahead of China at \$2.6T and Germany at \$1.5T. Together, the top 30 importers accounted for about \$21.9T in merchandise imports, or 82.5% of the global total, showing how heavily world trade is concentrated in a relatively small group of countries. Asia and Europe made up most of that list, while the U.S. alone represented more than 13% of global goods imports and continued to run a trade deficit above \$1T. The breakdown also highlights how import dependence differs across economies: U.S. demand is tied more heavily to consumer and finished goods, China's import mix is more focused on raw materials and industrial inputs, and Germany stands out for importing far more relative to the size of its economy than other major powers. Even amid rising trade tensions and reshoring efforts, the data reinforces how central global supply chains remain to manufacturing, consumption, and industrial output.

ENERGY: COAL CONSUMPTION REMAINS HEAVILY CONCENTRATED IN ASIA



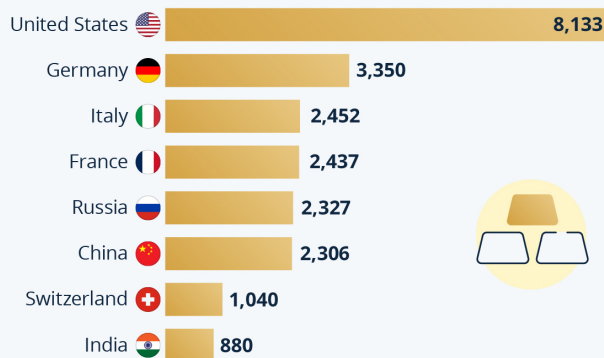
Global coal use remained highly concentrated in 2024, with China alone consuming 92.2 exajoules, or 55.8% of the world total, meaning it used more coal than the rest of the world combined. India ranked a distant second at 23.0 exajoules, and together China and India accounted for nearly 70% of total global coal demand, underscoring how strongly the coal market is tied to the energy needs of Asia’s two largest economies. The United States ranked third at 7.9 exajoules, while Indonesia, Japan, Russia, and South Africa also remained significant users. Regional data shows the same imbalance, with Asia-Pacific representing 83.4% of total coal consumption, compared with just 5.1% for North America and 4.6% for Europe. The figures also highlight the uneven pace of the global energy transition, as coal use continued to rise in several emerging economies, including Vietnam, Indonesia, Turkey, and India, even while many advanced economies have been moving in the opposite direction.

COMMODITIES: GOLD RESERVES REMAIN CONCENTRATED, BUT ASIAN BUYING CONTINUES TO GAIN GROUND

Gold reserves remained heavily concentrated in a relatively small group of countries at the end of 2025, with the United States holding by far the largest stockpile at 8,133 metric tons, more than double Germany’s 3,350 tons and well ahead of Italy, France, Russia, and China. Much of the U.S. and European total reflects long-established holdings built up over decades, underscoring gold’s continued role as a source of monetary credibility and a buffer during periods of inflation, market stress, and geopolitical tension. More recent momentum, however, has been strongest in Asia. China has added roughly 350 tons since 2020, lifting its reserves to 2,306 tons, while India increased its holdings by more than 200 tons over the same period to about 880 tons. The pattern suggests that although legacy reserve powers still dominate the rankings, newer accumulation is increasingly being driven by countries looking to diversify away from the dollar and strengthen confidence in their own currencies.

Stockpiling Gold

Countries with the largest gold reserves in the world as of December 2025 (in metric tons)



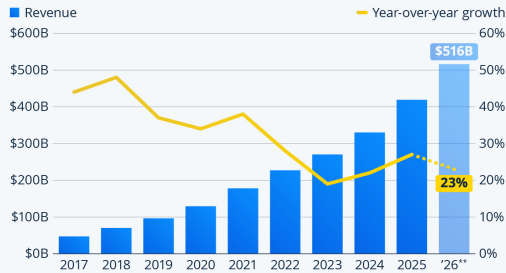
Source: Trading Economics



TECHNOLOGY: AI IS RE-ACCELERATING CLOUD INFRASTRUCTURE GROWTH

AI Boom: Global Cloud Market to Exceed \$500 Billion in 2026

Worldwide cloud infrastructure service revenues*



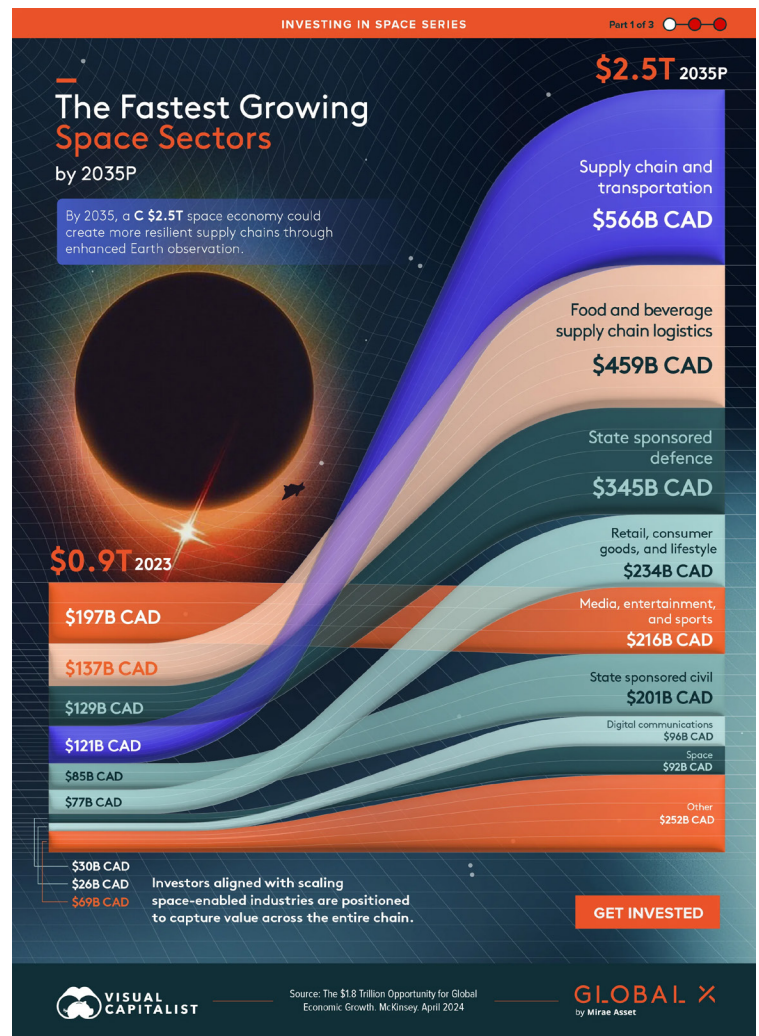
* Includes platform as a service (PaaS) and infrastructure as a service (IaaS) as well as hosted private cloud services
 ** Current revenue run rate after Q1 2026, actual figure will likely be higher
 Source: Synergy Research Group



Global cloud infrastructure service revenue is on track to exceed \$500B in 2026, demonstrating how generative AI is reshaping demand for computing capacity even as the market has already grown to enormous scale. According to Synergy Research, cloud infrastructure revenue reached \$419B in 2025, up nearly ninefold from 2017, and growth accelerated again after dipping below 20% in 2023. First-quarter 2026 results put the market on a run rate of about \$516B, with year-over-year growth projected at roughly 23% for the full year and 35% in Q1 alone. The data suggests that AI is no longer just adding incremental demand to the cloud market—it is helping drive a new phase of expansion across platform, infrastructure, and hosted private cloud services. Amazon and Microsoft remain the dominant players, with AWS alone holding 28% of the market in the latest quarter and continuing to serve as a major profit engine for Amazon overall.

AEROSPACE: SPACE ECONOMY GROWTH IS EXPECTED TO COME MOSTLY FROM EARTH-BASED INDUSTRIES

The projected growth of the space economy through 2035 is expected to come less from rockets and launch activity alone and more from the wider use of space-enabled technologies across major industries. Based on McKinsey data cited in the infographic, the global space economy could expand from about C\$871B in 2023 to C\$2.5T by 2035, with the largest gains tied to supply chain and transportation, which is projected to grow from C\$121B to C\$566B. Food and beverage supply chain logistics is expected to rise from C\$137B to C\$459B, while state-sponsored defense could reach C\$345B, reflecting growing reliance on satellite data, navigation, communications, and surveillance. Other sectors such as retail and consumer goods, digital communications, and civil government activity are also projected to expand, suggesting that the long-term economic value of space is increasingly tied to how satellite and data infrastructure support activity back on Earth.



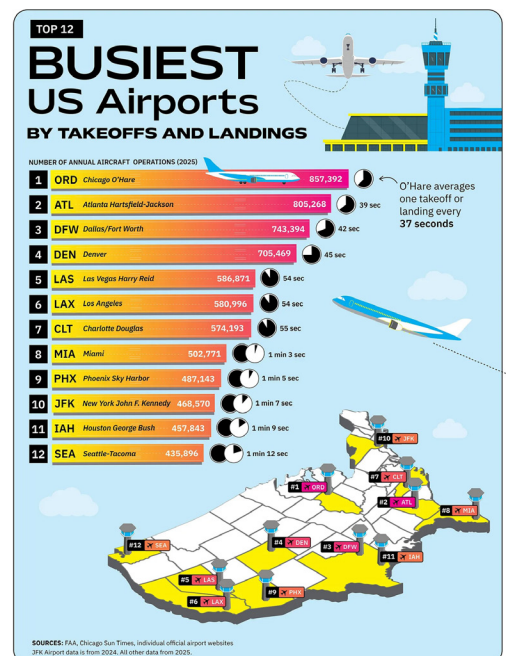
ENERGY: CLEAN ELECTRICITY HAS EXPANDED MEANINGFULLY SINCE 2015, BUT THE PACE VARIES WIDELY BY COUNTRY



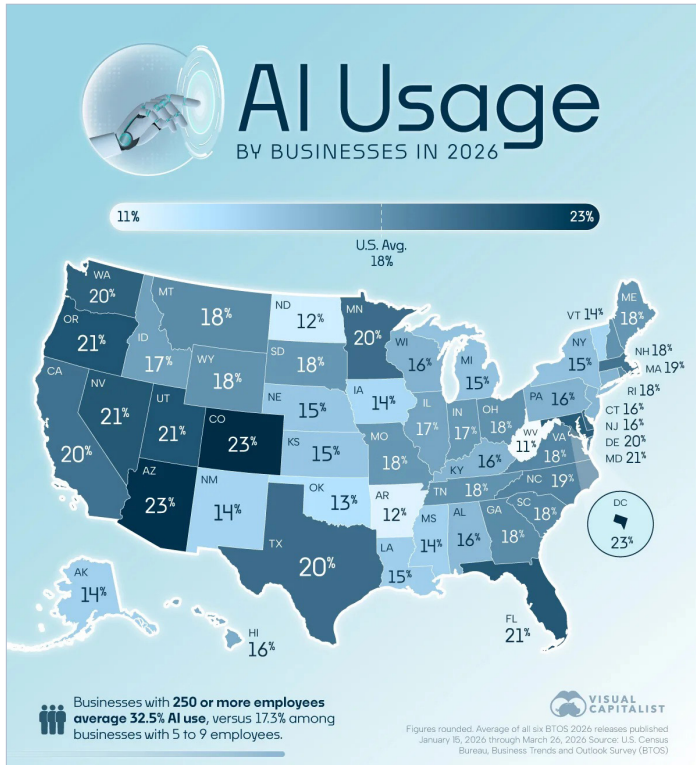
The share of clean electricity has risen across most of the world's largest economies since 2015, though progress has been far from even. Among the top 10 economies by GDP, the United Kingdom posted the largest gain, increasing its clean power share by 19.5 percentage points, followed by Japan at 15.9 and Germany at 14.6, while Brazil and Italy also recorded double-digit gains. France remained the cleanest major electricity system by a wide margin, with 94.9% of power generation coming from clean sources in 2024, largely because of its long-established nuclear base. China also made notable progress, lifting its clean share from 26.9% to 38.2%, but rising electricity demand has meant coal use has still continued to grow in absolute terms. At the other end of the spectrum, India and Russia showed the slowest improvement, highlighting how the energy transition is advancing at very different speeds depending on national energy mix, policy choices, and the scale of underlying power demand.

AEROSPACE: U.S. AIRPORT ACTIVITY REMAINS CONCENTRATED IN A SMALL GROUP OF MAJOR HUBS

U.S. flight activity remained heavily concentrated in a relatively small number of major airports in 2025, with Chicago O'Hare leading the country at 857,392 takeoffs and landings, followed by Atlanta at 805,268, Dallas/Fort Worth at 743,394, and Denver at 705,469. Those four airports each handled more than 700,000 annual aircraft operations, underscoring how much of the national aviation system depends on a handful of large hub-and-connection networks. Measured by flight movements rather than passenger volume, airports such as O'Hare and Denver rise to the top because they handle aircraft at a faster and more continuous pace, even when other airports may move more travelers on larger planes. O'Hare averaged a takeoff or landing every 37 seconds, compared with every 39 seconds in Atlanta and every 42 seconds at Dallas/Fort Worth, showing how small differences in operating tempo can translate into tens of thousands of flights over a full year. The ranking highlights the operational importance of major hub airports, where airline scheduling, air traffic control, and ground coordination all have to function at extremely high frequency.



TECHNOLOGY: BUSINESS AI ADOPTION IS SPREADING BEYOND TRADITIONAL U.S. TECH HUBS



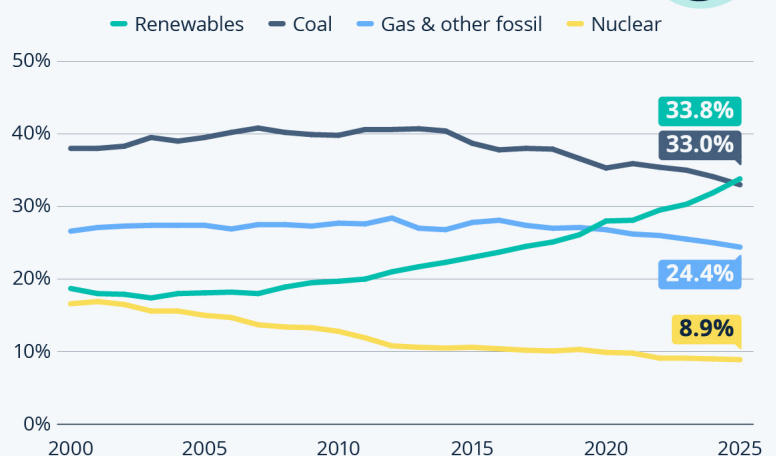
Business use of AI is becoming more geographically widespread across the United States, with adoption in 2026 no longer concentrated only in the country’s largest legacy tech centers. Based on U.S. Census Bureau data, Colorado ranked first with 23.2% of businesses reporting AI use in at least one business function, followed closely by Arizona at 22.9% and Washington, D.C. at 22.5%, while the national average stood at 18.2%. Several Western and Sun Belt states—including Oregon, Utah, Nevada, Florida, and Texas—also posted relatively strong adoption rates, suggesting that AI uptake is increasingly tied to broader business formation, professional services growth, and digital readiness rather than geography alone. At the same time, the data shows clear laggards, with West Virginia, Arkansas, North Dakota, and Oklahoma well below the national average. Perhaps the biggest divide, however, is not between states but between firm sizes, as businesses with 250 or more employees reported AI usage of 32.5%, compared with 17.3% among businesses with 5 to 9 employees. This gap suggests organizational scale, technical resources, and workflow maturity still matter more than location when it comes to deploying AI at the business level.

ENERGY: RENEWABLES HAVE NOW MOVED AHEAD OF COAL IN THE GLOBAL POWER MIX

Renewables became the world’s largest source of electricity generation in 2025, reaching 33.8% of global output and narrowly surpassing coal at 33.0%, according to Ember data. The shift marks a symbolic milestone in the energy transition, especially given that renewables accounted for less than 19% of global generation in 2000 and remained below 20% until around 2010 before accelerating sharply over the past decade. Solar was the biggest driver of that change in 2025, contributing 636 TWh and accounting for roughly 75% of the net increase in global electricity demand during the year. Coal’s share, by contrast, has fallen from a peak of roughly 41% in the early 2010s, while gas and other fossil fuels declined more gradually to 24.4%. Even with renewables now in first place, fossil fuels still made up about 57% of global electricity generation in 2025, underscoring that the transition is advancing, but that the global power system remains far from fully decarbonized.

Renewables Overtake Coal in Global Electricity Mix

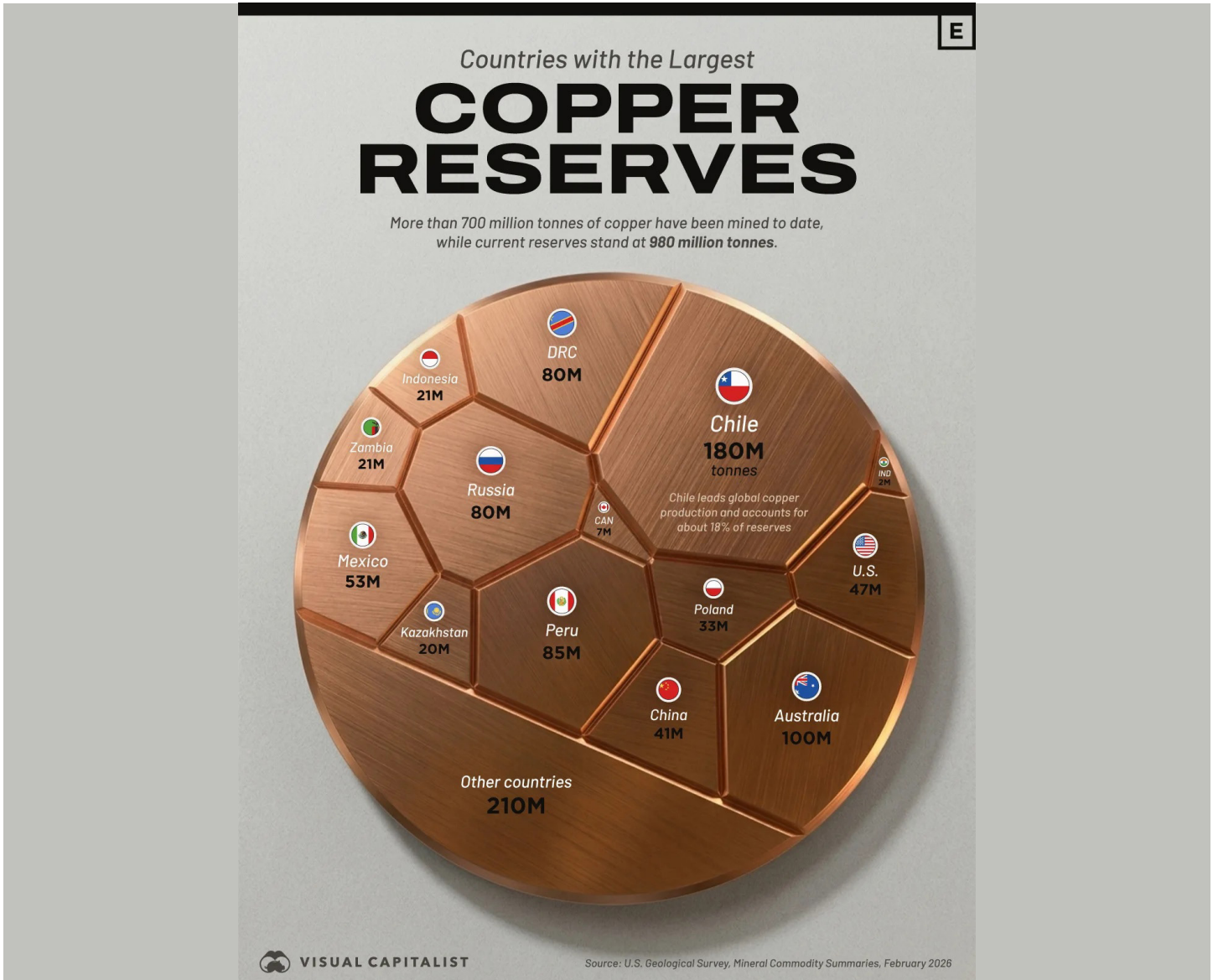
Share of global electricity generation by source



Source: Ember



COMMODITIES: COPPER RESERVES REMAIN HIGHLY CONCENTRATED IN A SMALL GROUP OF COUNTRIES



Global copper reserves remain heavily concentrated, with Chile alone holding about 180M metric tons, nearly double Australia’s 100M tons and well ahead of Peru, the Democratic Republic of the Congo, and Russia. Together, those top five countries account for more than half of the world’s known copper reserves, highlighting how much future supply is tied to a relatively small number of mining regions. Total identified reserves stand at about 980M tons, which is greater than the roughly 700M tons of copper mined throughout history, showing that substantial resources remain available. Even so, much of that remaining copper is expected to be more difficult and costly to extract, which makes reserve location increasingly important as demand rises from electrification, grid expansion, renewable energy systems, and AI-related infrastructure.

Wide-Width, Light-Gauge Precision Strip

ROLLED FOR PEAK PERFORMANCE

From titanium and stainless to high-performance nickel and cobalt alloys, Ulbrich provides the right material, rolled to precise specifications, to meet the most demanding requirements in aerospace, automotive, medical, semiconductor, and many other critical industries.

START BUILDING WITH PRECISION

CONTACT US WITH ANY SPECIFIC NEEDS

Ulbrich Stainless Steels & Special Metals, Inc., has highly trained and experienced engineers, product managers, metallurgists, and sales executives available to assist you in all aspects of material selection and production of your stainless steel or special metals requirements.

Call | 800-243-1676 or 203-239-4481

Email | economicupdate@ulbrich.com

ULBRICH CORPORATE HEADQUARTERS

153 Washington Avenue, P.O. Box 294
North Haven, CT 06473

NEWSLETTER DISCLAIMER: This report is for informational purposes only and should not be considered or construed as representations or advice by Ulbrich Stainless Steels & Special Metals, Inc. To the best of our knowledge, the information contained herein is accurate and reliable as of the date of publication; however, it should not be used or relied upon regarding any specific facts or circumstances. The views set forth herein are the personal views of the authors and do not necessarily reflect those of Ulbrich. Further, the Company does not assume any liability whatsoever for the accuracy and completeness of the information contained in this report. This issue and previous Economic Updates are archived on Ulbrich's website:

www.ulbrich.com/blog



We Deliver Precision[®]

ULBRICH.COM