




# USA OUTLOOK


WEEKLY NEWSLETTER  
MAY 18 TO MAY 22


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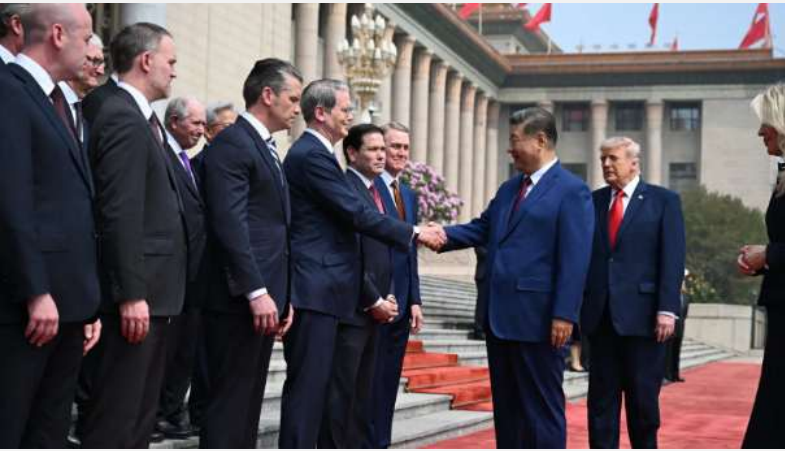


Photo: NY TIMES

## G7 Finance Ministers Look to Contain Iran Economic Fallout

Finance ministers and central bank officials from the Group of 7 nations convened in Paris to discuss the growing economic consequences of the war in Iran, which has driven energy prices sharply higher and increased concerns about inflation, financial instability, and slowing global growth. The meetings focused on sanctions policy, illicit finance, support for Ukraine, and the broader risks associated with disruptions in the Strait of Hormuz, a critical route for global oil shipments. Officials also addressed the **challenges posed by China's restrictions on critical minerals** and the need for greater international coordination in response to mounting geopolitical tensions.

The summit highlighted the increasingly complex relationship between the United States and its allies. Despite ongoing trade disputes and tariff tensions **under President Trump's administration**, Washington is relying more heavily on cooperation with G7 partners to confront the economic fallout from the Iran conflict and stabilize global markets. Treasury Secretary Scott Bessent called on allied nations to strengthen sanctions enforcement against Iran, while European officials stressed the importance of maintaining pressure on Russia and carefully managing inflationary risks linked to rising energy prices and bond market volatility.

Source: <https://www.nytimes.com/2026/05/18/business/g7-finance-ministers-meeting-iran-war-oil.html>

## Bond Yields Hit Highest Level Since 2007 as Inflation Fears Set In

Bond markets experienced significant volatility as investors grew increasingly concerned about rising inflation linked to the war in Iran and continued disruptions in global energy markets. The yield on the 30-year U.S. Treasury bond rose to 5.18 percent, its highest level since 2007, reflecting fears that prolonged instability in the Middle East and elevated oil prices could place additional pressure on the global economy. Similar increases in long-term government bond yields were recorded across Europe and Asia, while concerns over the continued blockade of the Strait of Hormuz further intensified uncertainty in global financial markets.

The rise in yields has increased borrowing costs for governments, businesses, and consumers, creating additional pressure on housing markets and economic growth. Investors were also disappointed that the recent summit between President Donald Trump and Chinese President Xi Jinping did not result in meaningful progress toward reopening the Strait of Hormuz or easing tensions related to the conflict. As inflation concerns continue to grow, markets are increasingly anticipating that the Federal Reserve may need to maintain higher interest rates for a longer period or potentially tighten monetary policy further to contain rising price pressures.

Bond yields in G7 economies

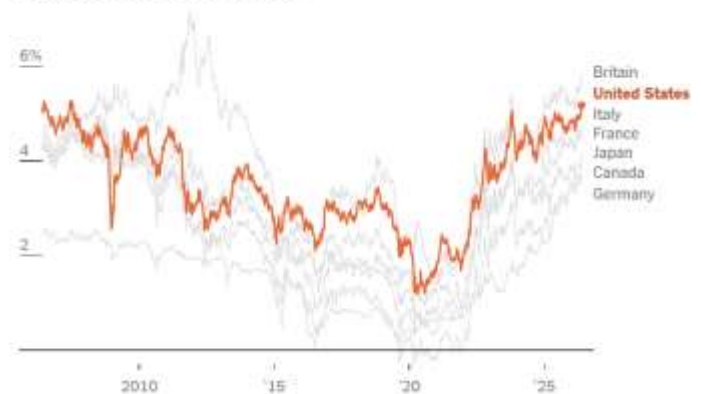


Photo: NYTIMES

Source: <https://www.nytimes.com/2026/05/19/business/bond-market-iran-war-inflation.html>



Photo: NY TIMES

## Rubio Moves Closer to Decades-Long Goal of Transforming Cuba

Secretary of State Marco Rubio has intensified efforts to push political and economic change in Cuba, pursuing a long-standing objective rooted in the anti-Communist politics of the Cuban American community in South Florida. Although his parents left Cuba **before Fidel Castro's 1959 revolution in search of economic opportunities rather than political exile**, Rubio has consistently supported policies aimed at **weakening Havana's Communist government**. In recent remarks directed at the Cuban people, Rubio blamed **the country's severe shortages of electricity, fuel, and food on corruption and mismanagement by Cuba's leadership rather than U.S. sanctions**.

Rubio has also played a central role in broader regional strategies designed to increase pressure on Cuba through actions targeting allied governments, **particularly Venezuela**. The Trump administration's campaign against Nicolás Maduro and efforts to restrict Venezuelan oil shipments to Cuba have **significantly worsened Cuba's economic crisis**. More recently, U.S. officials engaged in negotiations with members of the Castro family regarding potential economic reforms and political concessions, though frustrations have reportedly grown within the administration over the slow pace of progress and resistance from Cuban leadership.



Source:

<https://www.nytimes.com/2026/05/20/us/politics/marco-rubio-cuba.html>

## U.S. Plans to Invest \$2 Billion and Take Stake in Quantum Firms

The Trump administration announced preliminary agreements to invest \$2 billion in nine companies linked to the quantum computing industry, while also taking minority, noncontrolling equity stakes in each firm. Funded through the CHIPS and Science Act, the **initiative seeks to strengthen the United States' position in quantum computing**, an emerging technology expected to drive advances in medicine, science, cybersecurity, and business innovation. The Department of Commerce stated that the equity stakes are intended to provide greater returns for U.S. taxpayers while supporting domestic technological development.

A large portion of the funding will go to IBM and GlobalFoundries for facilities and technologies related to quantum computing components. IBM is expected to receive \$1 billion and plans to match that amount through a new company in Albany, New York, while GlobalFoundries will receive \$375 million. Additional investments will support companies working on engineering systems, materials, and technical challenges associated with **quantum computing, reflecting the administration's broader strategy of taking equity positions in strategic industries to promote innovation and economic growth**.



Photo: NYTIMES



Source:

<https://www.nytimes.com/2026/05/21/business/trump-quantum-computers-stake.html>

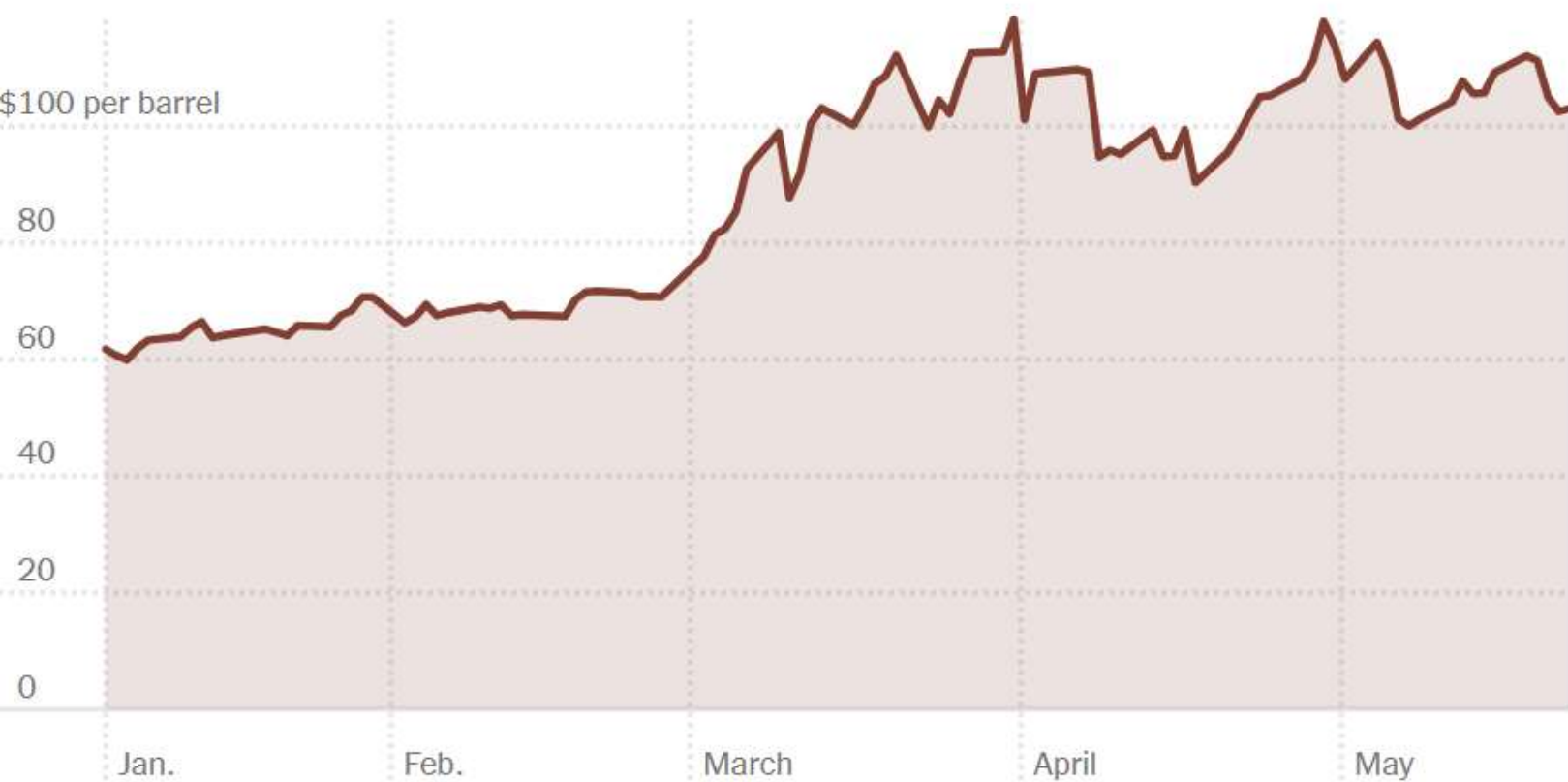


Photo: NYTIMES

## *Stocks Rise, Oil Prices Wobble on Impasse Over Reopening Strait of Hormuz*

Global markets reacted cautiously as negotiations between the United States and Iran showed limited progress toward reopening the Strait of Hormuz and securing a lasting peace agreement. Nearly three months after the conflict began, disagreements remain over **Iran's uranium stockpile and reports that Iran and Oman may impose transit fees on vessels crossing the strategically important waterway.** The Trump administration **has warned against imposing such charges, given the strait's critical role in global oil and gas transportation.**

Oil prices fluctuated amid continued uncertainty surrounding energy supplies and geopolitical stability. Brent crude traded around \$103 per barrel, while West Texas Intermediate hovered near \$96 per barrel. Although stock markets posted gains across the United States, Europe, and Asia, investors remained attentive to the broader economic risks associated with prolonged disruptions in the Middle East. The S&P 500 continued its upward trend, while Asian and European markets also advanced despite ongoing concerns over energy security.

Meanwhile, bond market volatility eased slightly after yields reached multi-decade highs earlier in the week. The 10-year U.S. Treasury yield moderated to 4.54 percent, though higher borrowing costs continue to affect mortgage rates and the broader housing market. Analysts warned that even if the Strait of Hormuz reopens, reduced energy flows and damage to oil infrastructure could sustain elevated oil prices and inflationary pressures for an extended period, with lasting implications for global economic growth, debt levels, and financial stability.

► Source:

<https://www.nytimes.com/2026/05/22/business/oil-stocks-bonds-gas.html>