

Week in Review

Equity Markets:

This spring's bull run continued as all three of the major US stock markets closed last week at new highs. The S&P 500 recognized growth of 1.44% while the Dow Jones Industrial Average gained 0.91% and the Nasdaq marketplace shot up by 2.39%.¹ Indeed, last week saw the S&P 500 recognize its ninth consecutive week of appreciation. The Forward 12-Month Price Earnings Ratio for the index now stands at 21.2, above both its 5-Year Average [19.9] and its 10-Year Average [18.9].²

Robust earnings continued to propel broad market growth, particularly in the Information Technology sector, even as the quarter's Earnings Season has largely concluded. The markets were also encouraged by a perceived broader easing of geopolitical tensions in the Middle East, with the White House stating that an extension to the existing ceasefire was near. This led to crude oil prices declining for the second week in a row, capping off a double-digit price decline for the month of May.³

Fixed Income Markets:

Treasuries rebounded after multiple weeks of yield expansion and selloffs, doing so in tandem with declining oil prices and a month/month easing in inflation concerns. Yields on the 10-Year Treasury contracted by 12 basis points to 4.44% while the 30-Year Treasury came down by 9, closing below 5% at 4.97%. The Bloomberg US Aggregate Bond Index generated a 0.83% return while their Municipal Taxable Index delivered 0.99% last week. Investment-Grade Corporates produced a 0.97% weekly return as High-Yield Bonds appreciated by 0.55%.⁴

Economic Updates:

Personal Consumption Expenditures rose 0.4% in April to stand at 3.8% on a year/year basis. That was lower than March's 0.7% increase but up from that month's year/year rate of 3.5%. This signifies a slowing of the pace of inflation's growth while it continues to grow all the same. Core PCE [which removes food and energy costs] was up 0.2% for the month and is at 3.3% year/year.

Meanwhile, the Second Estimate for US Gross Domestic Product in the First Quarter came in at 1.6% annualized. That's a decline from the Initial Estimate of 2.0% but still better than the 0.5% GDP growth recognized in the Fourth Quarter of 2025. Durable Goods orders in April shot up 7.9%, driven by a 21.5% spike in orders for Transportation Equipment.⁵

Looking Ahead

Equity Markets:

Earnings Season for the First Quarter of 2026 has seen 97% of S&P 500 companies report actual results, with 85% recognizing a positive EPS surprise and 81% with a positive Revenue surprise. The blended year/year earnings growth rate so far is 28.6%, a very sound series of earnings appreciation. These results were very positive, validating the broader markets' bullish appreciation in the Second Quarter.

However, concerns remain elevated towards the Iran War. Despite last week's indications of progress from the White House towards an extension of the ceasefire, President Donald Trump did not sign off on it, instead resubmitting amended conditions to Tehran over the weekend. Monday began with Iran announcing it was ending negotiations with the US and will fully block the Strait of Hormuz until Israel withdraws from Lebanon and ends attacks in Gaza. Following this, weapons fire was exchanged in the Persian Gulf. Oil prices subsequently rose. A return to kinetic engagement could fully end the ceasefire and disrupt normal market activities.⁶

Fixed Income Market

The outlook for US interest rates remains uncertain. The Key Rate (Fed Funds rate) is elevated as core inflation remains well above the Federal Reserve's target of 2.0%. This is despite pullbacks to the price of oil and observed stability in the employment market. Notwithstanding resilient consumer spending and sustained investment in new technologies, including artificial intelligence, the bond markets seem to have already priced in a future interest rate hike, rather than an interest rate cut, being the Fed's next move.⁷

The CME Group's FedWatch tool indicates expectations for such a rate hike by December's meeting of the Open Market Committee.⁸

Economic Updates:

Important metrics for the upcoming week will center upon employment, and we can look forward to the US Nonfarm Payrolls report; ADP Private Payrolls; the Job Openings and Labor Turnover Survey; and the Challenger Layoffs report. The upcoming week will also begin with the ISM Manufacturing & Services Purchasing Managers Indices, as well as see delivery of the April Factory Orders and Construction Spending reports.⁹

**** See Important Disclosures on following page

Sources:

- 1) JP Morgan Asset Management
<https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/market-updates/weekly-market-recap/>
- 2) FactSet Earnings Insight
https://advantage.factset.com/hubfs/Website/Resources%20Section/Research%20Desk/Earnings%20Insight/EarningsInsight_052926.pdf
- 3) John Hancock Investment Management, LLC
<https://www.jhinvestments.com/weekly-market-recap#market-moving-news>
- 4) Nuveen, LLC
<https://www.nuveen.com/en-us/insights/investment-outlook/fixed-income-weekly-commentary>
- 5) T. Rowe Price
<https://www.troweprice.com/personal-investing/resources/insights/global-markets-weekly-update.html>
- 6) CNBC
<https://www.cnbc.com/2026/06/01/oil-prices-wti-brent-crude-israel-lebanon-hezbollah-iran-trump-us.html>
- 7) LPL Research
<https://www.lpl.com/research/blog/weekly-market-performance-may-29-2026.html>
- 8) CME Group FedWatch
<https://www.cmegroup.com/markets/interest-rates/cme-fedwatch-tool.html>
- 9) Charles Schwab
<https://www.schwab.com/learn/story/stock-market-update-open>

Important Disclosures:

Investment Advisory Services offered through Krilogy®, an SEC Registered Investment Advisor. Please review all prospectuses and Krilogy's Form ADV 2A carefully prior to investing. This is neither an offer to sell nor a solicitation of an offer to buy the securities described herein. An offering is made only by a prospectus to individuals who meet minimum suitability requirements.

All expressions of opinion are subject to change. This information is distributed for educational purposes only, and it is not to be construed as an offer, solicitation, recommendation, or endorsement of any particular security, products, or services. Diversification does not eliminate the risk of market loss. Investments involve risk and unless otherwise stated, are not guaranteed. Investors should understand the risks involved of owning investments, including interest rate risk, credit risk and market risk. Investment risks include loss of principal and fluctuating value. There is no guarantee an investing strategy will be successful. Past performance is not a guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. The S&P data is provided by Standard & Poor's Index Services Group.

Services and products offered through Krilogy® are not insured and may lose value. Be sure to first consult with a qualified financial advisor and/or tax professional before implementing any strategy discussed herein.