

Weekly Market Recap

The week in review

- Headline/core CPI rose 3.8%/2.8% y/y
- Retail sales were up 0.5% m/m

The week ahead

- FOMC minutes
- Consumer sentiment
- Housing starts

Thought of the week

While all eyes were on the impact of the U.S./Iran war on energy prices in the April CPI report, one area that grabbed investors' attention was the sharp rise in shelter inflation. Although shelter inflation was up a modest 3.3% y/y, it rose 0.6% m/m – double the 0.3% m/m increase from the March CPI print. However, this increase was not due to suddenly rising rents, but rather a mechanical adjustment stemming from the government shutdown last fall. During that period, the BLS was unable to gather data for October and instead used a carry-forward method, assuming no change in shelter costs from the previous panel survey date of April 2025. Since the BLS calculates changes in shelter costs using the percentage change over the previous six months from six rotating panels, every CPI report since October has missed a month of shelter cost inflation. The understatement was not corrected until the panel was surveyed again in April 2026.

So, should investors expect shelter inflation to accelerate in the months ahead? As shown in this week's chart, April's spike in shelter inflation should be viewed as an aberration caused by data distortions, rather than signs of a new trend. Leading indicators, such as the Zillow Observed Rent Index, indicate shelter inflation will likely continue its downward trajectory.

From both our and the market's perspective, April's hot CPI report has taken rate cuts off the table this year as the Fed contends with the war's impact on prices. Despite our expectation that shelter inflation will continue cooling, the longer the Iran conflict persists, the more upward pressure there will be on prices overall.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	7409	0.17	13.62	8.70	26.75	86.62
Dow Jones 30	49526	-0.11	7.05	3.63	19.05	57.02
Russell 2000	6942	-2.34	12.00	12.99	35.07	65.33
Russell 1000 Growth	3311	0.66	16.73	5.31	25.33	103.68
Russell 1000 Value	1409	-0.76	8.59	10.87	25.03	63.54
MSCI EAFE	3025	-1.53	7.43	6.23	22.29	55.50
MSCI EM	1668	-2.45	19.74	19.61	45.80	85.91
NASDAQ	26225	-0.06	21.54	13.07	38.06	116.61

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.81	-1.14	-0.66	-0.71	4.48	10.46
U.S. Corporates	5.28	-1.04	-0.07	-0.60	5.50	15.14
Municipals (10yr)	3.53	-0.59	0.62	-0.18	5.75	8.36
High Yield	7.42	-0.49	1.38	0.88	7.12	29.14

Key Rates	Levels (%)					
	5/15/26	5/8/26	3/31/26	12/31/25	5/15/25	5/15/23
2-yr U.S. Treasuries	4.09	3.90	3.79	3.47	3.96	3.99
10-yr U.S. Treasuries	4.59	4.38	4.30	4.18	4.45	3.50
30-yr U.S. Treasuries	5.12	4.95	4.88	4.84	4.91	3.84
10-yr German Bund	3.14	3.00	3.02	2.86	2.63	2.31
SOFR	3.56	3.60	3.68	3.87	4.31	5.06
3-mo. EURIBOR	2.23	2.23	2.08	2.03	2.13	3.36
6-mo. CD rate	1.79	1.79	1.85	1.88	1.90	1.90
30-yr fixed mortgage	6.46	6.44	6.48	6.25	6.86	6.91
Prime Rate	6.75	6.75	6.75	6.75	7.50	8.25

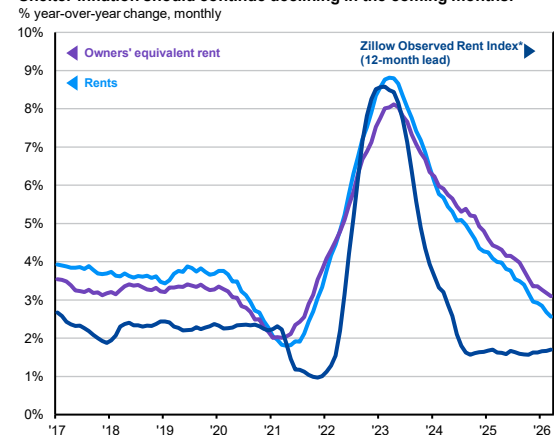
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
21.09	5.19	1.05	63474	
19.51	5.37	1.62	22798	
25.47	2.18	1.06	3217	
26.54	12.02	0.47	34323	
16.82	3.10	1.69	32768	
15.13	2.24	2.55	21327	
11.78	2.33	1.67	12191	
26.52	7.00	0.50	44545	

Currencies	Levels		
	5/15/26	12/31/25	5/15/25
\$ per €	1.16	1.17	1.12
\$ per £	1.33	1.35	1.33
¥ per \$	158.60	156.75	145.84

Commod.	Levels		
	5/15/26	12/31/25	5/15/25
Oil (WTI)	101.16	57.26	63.03
Gasoline	4.50	2.81	3.12
Natural Gas	2.90	4.00	3.20
Gold	4528	4368	3191
Silver	78.74	71.99	32.09
Copper	13554	12504	9538
Corn	4.50	4.37	4.46
BBG Idx	359.71	276.25	249.53

Chart of the Week

Shelter inflation should continue declining in the coming months.



Style Returns

	V	B	G
L	-0.8	0.2	0.7
M	-1.6	-1.5	-0.9
S	-2.8	-2.3	-1.9
	V	B	G
L	10.9	8.7	5.3
M	10.7	8.0	-0.5
S	13.9	13.0	12.1

S&P 500 Sector Returns

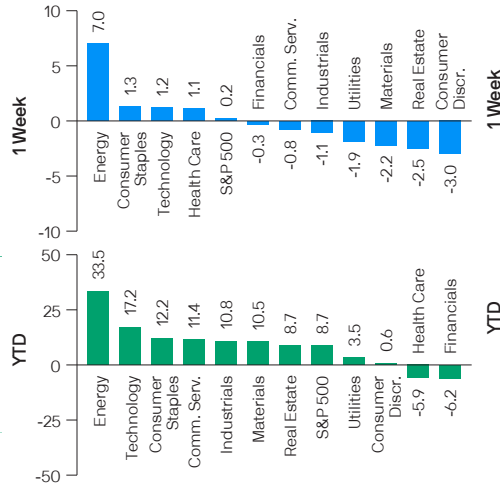




Chart of the Week: Source: BLS, FactSet, Zillow, J.P. Morgan Asset Management. *Zillow Observed Rent Index data is being led by 12 months. Latest Zillow Observed Rent Index data are as of March 2026. Data are based on availability as of May 15, 2026.

Thought of the week: Source: BLS, FactSet, Zillow, J.P. Morgan Asset Management. Data are as of May 15, 2026.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI – EAFE; provided by: MSCI – gross official pricing. Index: MSCI – EM; provided by: MSCI – gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by

Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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