



# Weekly Market Recap

## The week in review

- Pending home sales rose 1.4% m/m
- Housing starts fell 2.8% m/m
- Consumer sentiment improved to

## The week ahead

- Consumer confidence
- PCE
- 1Q GDP (second estimate)

## Thought of the week

Bonds have had a rough start to 2026. 10-year Treasury yields are ~40 bps higher year-to-date, with moves through April driven by higher inflation expectations. The leg up in May, however, has been driven by rising real yields.

Rising real yields are typically associated with expectations for a more hawkish Fed and stronger growth. Rate cuts were the base case for 2026 ahead of the conflict in the Middle East. Today, markets are pricing in a full rate hike by March 2027. But have economic prospects actually improved? In recent weeks, readings on industrial production, retail sales, nonfarm payrolls and PMIs have delivered upside surprises. In fact, the April S&P manufacturing PMI delivered its best print since 2022. However, the tone under the hood is less reassuring. Some of the "strength" looks like companies pulling demand forward to get ahead of potential supply-chain disruptions, not a clean reacceleration in end demand. The May flash PMI release echoed that sentiment. The flash manufacturing PMI hit a 4-year high, supported by precautionary stockbuilding, while supplier delivery times stretched to their longest since 2022.

Still, markets appear more concerned about inflation risks than growth risks from higher energy prices. But energy costs are up, elevated yields could tighten financial conditions and the savings rate is low. As a result, a sustainable pickup in growth would be tough to come by absent additional fiscal support. As inflation slows alongside growth through mid-2027, the Federal Reserve could very well deliver a more dovish policy path than what is currently priced in. Investors should use the backup in yields to secure higher income and ballast against any growth shocks that may lie ahead.

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             | 7473  | 0.91              | 14.66 | 9.69  | 29.50  | 85.69      |
| Dow Jones 30        | 50580 | 2.18              | 9.39  | 5.89  | 22.89  | 60.50      |
| Russell 2000        | 7131  | 2.75              | 15.08 | 16.10 | 42.07  | 66.62      |
| Russell 1000 Growth | 3326  | 0.47              | 17.28 | 5.81  | 27.38  | 100.09     |
| Russell 1000 Value  | 1433  | 1.79              | 10.54 | 12.86 | 29.08  | 65.67      |
| MSCI EAFE           | 3087  | 2.20              | 9.79  | 8.56  | 23.40  | 58.51      |
| MSCI EM             | 1686  | 1.11              | 21.07 | 20.95 | 48.32  | 86.71      |
| NASDAQ              | 26344 | 0.48              | 22.12 | 13.62 | 40.06  | 111.47     |

| Fixed Income      | Yield | Levels (%) |       |       |        |            |
|-------------------|-------|------------|-------|-------|--------|------------|
|                   |       | 1 week     | QTD   | YTD   | 1 year | 3-yr. Cum. |
| U.S. Aggregate    | 4.79  | 0.26       | -0.40 | -0.45 | 5.29   | 12.08      |
| U.S. Corporates   | 5.26  | 0.31       | 0.24  | -0.29 | 6.30   | 16.78      |
| Municipals (10yr) | 3.60  | -0.30      | 0.32  | -0.47 | 5.73   | 9.37       |
| High Yield        | 7.40  | 0.25       | 1.63  | 1.13  | 7.63   | 29.72      |

| Key Rates             | Levels (%) |         |         |          |         |         |
|-----------------------|------------|---------|---------|----------|---------|---------|
|                       | 5/22/26    | 5/15/26 | 3/31/26 | 12/31/25 | 5/22/25 | 5/22/23 |
| 2-yr U.S. Treasuries  | 4.13       | 4.09    | 3.79    | 3.47     | 4.00    | 4.29    |
| 10-yr U.S. Treasuries | 4.56       | 4.59    | 4.30    | 4.18     | 4.54    | 3.72    |
| 30-yr U.S. Treasuries | 5.07       | 5.12    | 4.88    | 4.84     | 5.05    | 3.97    |
| 10-yr German Bund     | 3.03       | 3.14    | 3.02    | 2.86     | 2.65    | 2.44    |
| SOFR                  | 3.51       | 3.55    | 3.68    | 3.87     | 4.26    | 5.05    |
| 3-mo. EURIBOR         | 2.20       | 2.23    | 2.08    | 2.03     | 2.05    | 3.41    |
| 6-mo. CD rate         | 1.79       | 1.79    | 1.85    | 1.88     | 1.89    | 1.95    |
| 30-yr fixed mortgage  | 6.53       | 6.46    | 6.48    | 6.25     | 6.92    | 7.03    |
| 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) |
| 21.07                 | 5.21  | 1.04      | 64030         |
| 19.85                 | 5.41  | 1.59      | 22804         |
| 26.04                 | 2.21  | 1.03      | 3303          |
| 26.26                 | 12.01 | 0.47      | 34478         |
| 17.09                 | 3.11  | 1.66      | 33341         |
| 15.40                 | 2.26  | 2.50      | 21763         |
| 11.73                 | 2.33  | 1.65      | 12322         |
| 26.43                 | 7.02  | 0.50      | 44749         |

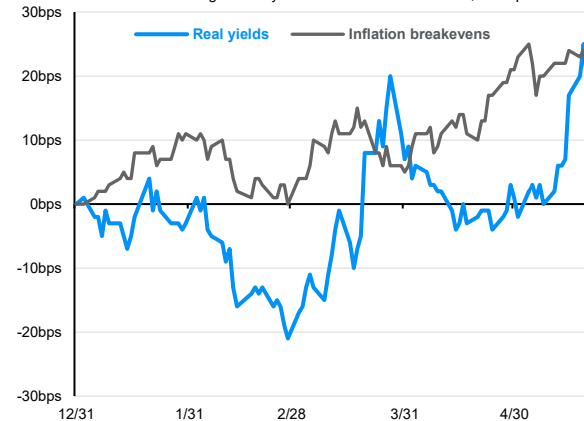
| Currencies | Levels  |          |         |
|------------|---------|----------|---------|
|            | 5/22/26 | 12/31/25 | 5/22/25 |
| \$ per €   | 1.16    | 1.17     | 1.13    |
| \$ per £   | 1.34    | 1.35     | 1.34    |
| ¥ per \$   | 159.12  | 156.75   | 143.76  |

| Commod.     | Levels  |          |         |
|-------------|---------|----------|---------|
|             | 5/22/26 | 12/31/25 | 5/22/25 |
| Oil (WTI)   | 96.75   | 57.26    | 62.55   |
| Gasoline    | 4.49    | 2.81     | 3.17    |
| Natural Gas | 2.91    | 4.00     | 3.00    |
| Gold        | 4506    | 4368     | 3284    |
| Silver      | 75.84   | 71.99    | 32.73   |
| Copper      | 13545   | 12504    | 9493    |
| Corn        | 4.58    | 4.37     | 4.59    |
| BBG Idx     | 354.23  | 276.25   | 250.33  |

## Chart of the Week

### 10-year Treasury yield drivers

Year-to-date cumulative change in real yields and inflation breakevens, basis points



## Style Returns

|   | V    | B    | G    |
|---|------|------|------|
| L | 1.8  | 0.9  | 0.5  |
| M | 2.1  | 2.2  | 2.5  |
| S | 2.6  | 2.7  | 2.9  |
|   | V    | B    | G    |
| L | 12.9 | 9.7  | 5.8  |
| M | 13.0 | 10.3 | 2.0  |
| S | 16.9 | 16.1 | 15.3 |

## S&P 500 Sector Returns

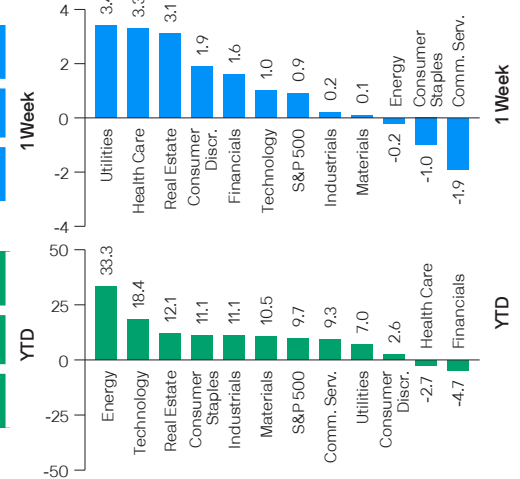




Chart of the Week: Source: FactSet, S&P Global, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, S&P Global, J.P. Morgan Asset Management.

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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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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