

Market Month: May 2026

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The Markets (as of market close May 29, 2026)

The U.S. stock market continued its April momentum through May. Each of the benchmark indexes listed here posted notable monthly gains, with several indexes reaching historic highs. The May rally was largely dominated by the information technology sector, particularly AI shares. An exceptional Q1 corporate earnings performance helped support Wall Street's May surge. The S&P 500 and the NASDAQ each set new records in May, and while the Dow lagged somewhat behind those benchmarks, it nonetheless rose well past the 50,000 threshold. However, while headlines throughout May focused on stocks at record highs, the broader economy showed signs of stagflation.

Key Dates/Data Releases

6/1: S&P Global Manufacturing PMI

6/2: JOLTS

6/3: S&P Global Services PMI

6/5: Employment Situation

6/9: International trade in goods and services, existing home sales

6/10: Consumer Price Index, Treasury statement

6/11: Producer Price Index

6/15: Industrial production

6/16: Housing starts, import and export prices

6/17: Retail sales, FOMC meeting statement

6/24: New home sales

6/25: Durable goods orders, GDP, Personal Income and Outlays

6/26: International trade in goods

6/30: JOLTS

Stock Market Indexes

Market/Index	2025 Close	Prior Month	As of 5/29	Monthly Change	YTD Change
DJIA	48,063.29	49,652.14	51,032.46	2.78%	6.18%
NASDAQ	23,241.99	24,892.31	26,972.62	8.36%	16.05%
S&P 500	6,845.50	7,209.01	7,580.06	5.15%	10.73%
Russell 2000	2,481.91	2,799.91	2,919.34	4.27%	17.62%
Global Dow	6,169.34	6,664.36	6,899.16	3.52%	11.83%
fed. funds target rate	3.50%-3.75%	3.50%-3.75%	3.50%-3.75%	0 bps	0 bps
10-year Treasuries	4.16%	4.39%	4.45%	6 bps	29 bps
US Dollar-DXY	98.26	98.06	98.93	0.89%	0.68%
Crude Oil-CL=F	\$57.46	\$105.36	\$87.87	-16.60%	52.92%
Gold-GC=F	\$4,323.90	\$4,630.60	\$4,573.00	-1.24%	5.76%

Chart reflects price changes, not total return. Because it does not include dividends or splits, it should not be used to benchmark the performance of specific investments.

Wall Street's rally in May was driven by tech and AI stocks, which heavily dominated the market share of gains. Health care and consumer discretionary shares also helped drive the overall market, which also saw gains in communication services, industrials, and real estate. Utilities, energy, consumer staples, financials, and materials lagged.

While equities soared, the bond market exhibited anxiety over inflation and fiscal sustainability. The yield on 10-year Treasuries hovered around 4.30%-4.60% for most of the month, with yields reaching their highest levels since July 2025, evidencing a broad repricing on inflationary pressures, elevated energy prices, and uncertainty surrounding Federal Reserve leadership and policy direction. Yields on two-year notes hovered around 4.00% as markets soured on potential interest rate cuts for the remainder of 2026.

Price pressures accelerated in May. Both the personal consumption expenditures (PCE) price index (the preferred inflation indicator of the Federal Reserve) and the Consumer Price Index rose 3.8% since last April, well above the Federal Reserve's 2.0% target. Prices at the wholesale level increased by 6.0% over the past 12 months, their fastest pace of growth since 2022.

In addition to price pressures, the economy showed signs of slowing. First-quarter gross domestic product was revised downward to an annualized rate of 1.6% from an earlier estimate of 2.0%. While business and government spending provided some cushion, consumer spending decelerated from 1.9% to 1.4%. Slowing wage growth and higher fuel costs helped weaken consumer spending and disposable income, which fell to its lowest level since February 2025.

The labor market continued to show signs of moderate strengthening. Overall, the labor market presented a picture of stability, with signs of moderation, marked by steady unemployment and modest job gains. The Federal Reserve noted that the labor market remained stable but slower than in prior years.

Corporate earnings in Q1 showed very strong performance from S&P 500 companies, marking the fastest earnings growth since 2021, with gains spreading across several sectors. Earnings growth surged to 28.4% year over year according to FactSet, with 84% of S&P 500 companies beating earnings per share (EPS) estimates. All of the "Magnificent 7" companies beat EPS expectations, with their earnings exceeding estimates by 32.5%, roughly twice the S&P 500 average.

Crude oil prices experienced a sharp reversal in May, with prices falling over 16.5% as geopolitical uncertainty eased due to expectations of a U.S.-Iran ceasefire and improving prospects for the reopening of the Strait of Hormuz. The retail price of regular gasoline was \$4.475 per gallon on May 25, \$0.352 above the price a month earlier and \$1.315 higher than the price a year ago. The dollar showed resilience in May,

closing the month at about where it began, despite a myriad of domestic economic factors, including a slowing labor market and persistent inflationary pressures.

Latest Economic Reports

The following section contains a review of the latest economic data available as of April 30, 2026.

- **Employment:** Job growth exceeded expectations in April, as employment rose by 115,000 after increasing 185,000 (revised) in the previous month. The change in employment for February was revised down by 23,000, from -133,000 to -156,000, and the change for March was revised up by 7,000, from 178,000 to 185,000. With these revisions, employment in February and March, combined, was 16,000 lower than previously reported. The unemployment rate was 4.3% in April, unchanged from the previous month's rate but 0.1 percentage point above the April 2025 estimate. The number of unemployed persons in April, at 7.4 million, rose by 134,000 from the previous month and 218,000 more than the April 2025 figure. The number of long-term unemployed (those jobless for 27 weeks or more), at 1.8 million in April, was essentially unchanged from the March rate and accounted for 25.3% of all unemployed persons. The total number of long-term unemployed in April was about 161,000 above the estimate from April 2025. The labor force participation rate inched down 0.1 percentage point to 61.8% in April and was 0.8 percentage point below the rate from a year earlier. The employment-population ratio in April, at 59.1%, decreased 0.1 percentage point from March and 0.9 percentage point from April 2025. In April, average hourly earnings increased by \$0.06, or 0.2%, to \$37.41. Over the past 12 months ended in April, average hourly earnings rose by 3.6%. The average workweek edged up 0.1 hour to 34.3 hours last month.
- There were 215,000 initial claims for unemployment insurance for the week ended May 23, 2026. During the same period, the total number of workers receiving unemployment insurance was 1,786,000. The insured unemployment rate was 1.2%, unchanged from the rate a year earlier. A year ago, there were 236,000 initial claims, while the total number of workers receiving unemployment insurance was 1,917,000.
- **FOMC/interest rates:** The Federal Open Market Committee (FOMC) did not meet in May, thus the federal funds target rate range remained at its current 3.50%-3.75%. The Committee is scheduled to meet on June 17.
- **GDP/budget:** The rate of economic expansion accelerated somewhat in the first quarter of 2026, with gross domestic product (GDP) rising 1.6%, according to the second estimate from the Bureau of Economic Analysis. In the fourth quarter, GDP rose 0.5%. Compared

to the fourth quarter, the increase in GDP in the first quarter reflected advances in government spending (-5.6% to +4.4%) and exports (-3.2% to +13.1%) and a deceleration in consumer spending (+1.9% to +1.4%) that were partly offset by an acceleration in investment (+2.3% to +7.0%). Consumer spending, as measured by personal consumption expenditures, is the primary driver of GDP. In the first quarter, spending on goods rose 0.4%, while spending on services rose 1.8%.

- April 2026 saw the federal budget register a surplus of \$215 billion, driven by large individual tax deposits. A year earlier, the surplus was \$258 billion. In April, receipts totaled \$837 billion, while expenditures were \$622 billion. Over the seven months of the current fiscal year, the government deficit sits at \$954 billion, \$95 billion less than the cumulative deficit over the same period of the previous fiscal year. Over the same seven months, individual income taxes, at \$1,761 billion, accounted for nearly half of the total receipts of \$3,320 billion. Total expenditures for this fiscal year equal \$4,274 billion, of which Social Security (\$957 billion) was the largest outlay.
- **Inflation/consumer spending:** According to the latest Personal Income and Outlays report, personal income was unchanged in April from March, while disposable personal income (personal income less personal current taxes) decreased 0.1% for the month. Personal consumption expenditures increased 0.5%. Consumer prices, as measured by the PCE price index, rose 0.4% in April after advancing 0.7% in March. Excluding food and energy, the PCE price index increased 0.2% in April. From the same month one year ago, the PCE price index increased 3.8% (3.5% for the 12 months ended in March). Excluding food and energy, the PCE price index increased 3.3% from April 2025 (3.2% for the year ended in March).
- The Consumer Price Index advanced 0.6% in April and 3.8% over the last 12 months, 0.5 percentage point higher than for the 12 months ended in March. Energy prices rose 3.8% in April and 17.9% over the last 12 months. Gasoline prices increased 5.4% in April and 28.4% since April 2025. Shelter prices also increased 0.6% in April and 3.3% since April 2025. Food prices rose 0.5% in April and 3.2% over the last 12 months. Prices less food and energy rose 0.4% in April. Over the last 12 months, prices less food and energy increased 2.8%.
- The latest data reveals that the Producer Price Index increased 1.4% in April, twice as much as in March, and marked the largest monthly increase since March 2022. Producer prices increased 6.0% over the last 12 months, the largest 12-month advance since the 12 months ended December 2022. In April, prices for goods rose 2.0% from the previous month, while prices for services increased 1.2%. For the year, producer prices for goods rose 7.4%, while prices for services advanced 5.5%. Excluding foods and energy, prices increased 1.0% in April and 5.2% over the year. Excluding foods, energy, and trade services,

producer prices moved up 0.6% in April and 4.4% since April 2025.

- **Housing:** Existing home sales increased 0.2% in April but were unchanged from a year ago. Inventory of existing homes for sale in April, at a 4.4-month supply, ticked up from the prior month's estimate of 4.2 months. The median sales price in April was \$417,700, up 2.1% from the March estimate and 0.9% greater than the April 2025 price. Sales of existing single-family homes were flat in April (-0.3% over the last 12 months). The median sales price for existing single-family homes in April was \$422,300, up from the previous month's price of \$413,300, and higher than the April 2025 price of \$418,000.
- The most recent data shows sales of new single-family houses in April 2026 were 6.2% below the March rate and 11.3% under the April 2025 estimate. Inventory of new single-family homes for sale in April represented a supply of 9.4 months at the current sales rate, 8.0% above the March estimate and 9.3% over the April 2025 figure. The median sales price of new houses sold in April 2026 was \$422,500. This was 8.0% above the March price and 2.2% over the April 2025 price. The average sales price of new houses sold in April 2026 was \$508,800. This was 0.7% above the March price but 1.1% under the April 2025 price.
- **Manufacturing:** Industrial production (IP) increased 0.7% in April after falling 0.3% in March. IP was 1.4% above its year-earlier level. Manufacturing output rose 0.6% last month and increased 1.3% over the last 12 months. In April, the index for mining fell 0.1% but rose 0.2% for the year, while the index for utilities increased 1.9% in April and 2.7% over the last 12 months.
- According to the latest report from the Census Bureau, which was released May 28, new orders for durable goods increased \$25.5 billion, or 7.9%, in April following a 1.3% March advance. Excluding transportation, new orders increased 1.1%. Excluding defense, new orders increased 8.1%. Transportation equipment led the April increase, climbing \$23.1 billion, or 21.5%.
- **Imports and exports:** U.S. import prices increased 1.9% in April, according to the latest report from the Bureau of Labor Statistics, which was released May 14. Prices for exports increased 3.3% in April. Over the 12 months ended in April, import prices rose 4.2%, the largest over-the-year advance since import prices rose 4.2% in October 2022. Export prices increased 8.8% since April 2025, the largest over-the-year increase since export prices rose 9.8% in September 2022.
- The international trade in goods deficit was \$82.4 billion in April, down 3.4%. Exports of goods for April rose 4.0% since the previous month, while imports of goods increased 1.9%. Over the 12 months ended in April, the trade in goods deficit declined 4.0%. Over that same

period, exports increased 15.6%, while imports rose 9.6%.

- The latest information on international trade in goods and services, released May 5, 2026, was for March and revealed that the goods and services trade deficit was \$60.3 billion, an increase of \$2.5 billion, or 4.4%, from the February deficit. March exports were \$320.9 billion, \$6.2 billion, or 2.0%, more than February exports. March imports were \$381.2 billion, \$8.7 billion, or 2.3%, above the February estimate. Year to date, the goods and services deficit decreased \$211.2 billion, or 55.0%, from the same period in 2025. Exports increased \$100.2 billion, or 12.0%. Imports decreased \$111.0 billion, or 9.1%.
- **International markets:** The European stock market delivered strong gains in May, led by tech-driven momentum, AI earnings growth, and geopolitical optimism. Asian markets were much more diverse last month. While tech-heavy exporters rose to historic highs fueled by an AI surge, other markets, particularly in China, faced headwinds from shifting geopolitical events and energy market volatility. For May, the STOXX Europe 600 Index rose 2.4%; the United Kingdom's FTSE ticked up 0.4%; Japan's Nikkei 225 Index jumped 11.5%; while China's Shanghai Composite Index fell 1.1%.
- **Consumer confidence:** The Consumer Confidence Index dipped 0.7 point in May to 93.1 from 93.8 in April. The Present Situation Index, based on consumers' assessment of current business and labor market conditions, decreased by 3.2 points to 121.2. The Expectations Index, based on consumers' short-term outlook for income, business, and labor market conditions, rose by 1.0 point to 74.4.

Eye on the Month Ahead

Most of the attention in June will be focused on the employment and inflation data for May. The Federal Open Market Committee, with new Chair Kevin Warsh, meets in June for the first time since April.

Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates).

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The Nasdaq Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks worldwide. The U.S. Dollar Index is a geometrically weighted index of the value of the U.S. dollar relative to six foreign currencies. Market indexes listed are unmanaged and are not available for direct investment.

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