

TALKING POINTS

Data through May 2026

Climate

The Iranian conflict raged on in May, with seemingly little progress being made towards peace. Pressures to global trade and energy supply chains remain, with elevated crude oil prices pushing inflation to levels not seen in some time. In the U.S., the trailing 12-month rate of change in the consumer price index (CPI) surged to a nearly three-year high of 3.8% in April 2026. Data show the U.S. is not alone in this battle. In total, eight of the 11 countries that comprise the so-called "Group of 10" are currently experiencing inflation in excess of their central bank target rates. In the U.S., expectations regarding upcoming Federal Reserve ("Fed") policy rate decisions have turned decidedly hawkish, with the federal funds rate futures market currently forecasting an interest rate hike by year's end. For comparison, at the start of the year the same market revealed that investors expected at least two interest rate cuts in 2026. Governments have undertaken little-used tactics to reduce the impact of surging oil prices. In the U.S., a record 9.92 million barrels of crude oil were withdrawn from the Strategic Petroleum Reserve (SPR) during the week ended May 15, 2026, according to MarketWatch. The withdrawal is part of an agreement between the U.S. and the International Energy Agency (IEA) designed to counter the Iranian war's impact on energy prices. A total of 172 million barrels of crude are expected to be withdrawn from the SPR, reducing the reserve to nearly 300 million barrels (less than half of its 714-million-barrel capacity). Other IEA member countries agreed to follow suit, with a collective 400 million barrels expected to be released from global reserves. The plan appears to be working, with the per-barrel price of WTI crude declining by 16.9% in May 2026 alone.

Stock Market

The S&P 500 Index ("Index") closed at a record 7,580.06 on 5/29/26, representing an increase of 28.22% (price-only) year-over-year (y-o-y), according to data from Bloomberg. The Index now stands 52.13% above its most recent low of 4,982.77, which occurred on 4/8/25. The Index posted a total return of 5.26% in May 2026. Just three of the 11 major sectors that comprise the Index registered positive total returns for the month. Information Technology was the top-performing sector, increasing by 15.99% over the period. Energy had the worst showing, declining by 5.56%. Equity gains were widespread across market capitalizations during the month, as investors continued to broaden their allocations. The S&P MidCap 400 and S&P SmallCap 600 Indices increased by 2.45% and 1.04% (total returns), respectively, in May 2026, adding to an already impressive showing so far in the year. The S&P MidCap 400 and S&P SmallCap 600 Indices registered total returns of 13.27% and 15.55% year-to-date (YTD) through 5/29/26. For comparison, YTD total returns for the S&P 500 and Bloomberg Magnificent 7 Indices were 11.25% and 7.76%, respectively, over the period. Concerns of an equity market bubble persist, despite continued improvement in corporate efficiency and capital deployment revealed by earnings results. The Index's blended, y-o-y Q1'26 earnings growth rate came in at a staggering 28.6% on 5/29/26, according to John Butters, Senior Earnings Analyst at FactSet. Should this hold, it will mark the highest y-o-y earnings growth rate recorded by the Index since Q4'21, when Index earnings increased by 32.0% amidst highly favorable comparisons due to COVID lockdowns. Net profit margins surged as well, reaching a record 14.8% in Q1'26, 1.6 percentage points above the previous quarter's record of 13.2%.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 4.44% at the close of trading on 5/29/26, an increase of just four basis points (bps) from its 4.40% close on 5/30/25, according to data from Bloomberg. The 4.44% yield stood 165 bps above its 2.79% average for the 10-year period ended May 2026 and 55 bps below its most recent high of 4.99% set on 10/19/23. The yield on the 2-year T-note stood at 4.00% on 5/29/26, up 10 bps from 3.90% on 5/30/25. Government debt yields have increased rapidly since February 2026, reflecting rising inflation's impact on expected near-term central bank policy decisions. In the U.S., the 10-year and 2-year T-note yields increased by 50 bps and 63 bps, respectively, since the start of the Iranian war on 2/28/26. Similar pressures appear to be mounting across the globe, with each of the 11 countries that comprise the G10 seeing an increase in their 2-year and 10-year tenors over the same time frame. Tellingly, six of the eight indices we track in the "Bloomberg Fixed Income Indices" to the right suffered losses over the trailing three-month period since the war began.

Takeaway

Investor demand remains resilient despite ongoing geopolitical challenges and an increase in the pace of rising prices. ETFGI reported that total assets invested in ETFs/ETPs listed globally totaled a record \$21.9 trillion at the end of April 2026, up from \$19.8 trillion in December 2025. While a portion of the increase is the result of market movement, new money is being added in record amounts as well. Investors allocated an unparalleled \$856.4 billion into these products YTD through April 2026, with April representing the 83rd consecutive month of positive net flows into the category. While earnings growth and continued exuberance regarding the impact of artificial intelligence (AI) were among the catalysts propelling the Index to record levels in May 2026, revenues were also highly compelling, in our opinion. FactSet reported that the Index's blended, y-o-y revenue growth rate was 11.8% at the end of May 2026, the metric's highest level since Q2'22. Each of the Index's 11 sectors saw y-o-y revenue growth during the quarter, led by Information Technology and Communication Services at 31.7% and 15.1%, respectively. That said, companies appear to be struggling to quantify burgeoning AI investment. In a report from April 2026, consultancy firm PwC found that 74% of AI's economic gains are being captured by just 20% of the companies incorporating the technology. How long will investors be willing to wait for AI's impact to translate more broadly to the bottom line? Time will tell.

Sources: Bloomberg, FactSet, and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index. There can be no assurance past trends will continue or estimates will be realized.

Open-End Net Fund Flows (\$)	4/26	3/26	YTD (April)
Equity	-69.5B	-50.2	-267.9B
Taxable Bond	10.8B	-12.6B	59.7B
Municipal Bond	1.8B	1.1B	16.7B
Hybrid	-5.7B	-11.0B	-25.8B
Taxable Money Market	-113.8B	-31.9B	-125.2B

Key Interest Rates/Yields	5/29/26	4/30/26	5/30/25
Federal Funds Target Rate	3.75%	3.75%	4.50%
2-Year T-Note	4.00%	3.87%	3.90%
5-Year T-Note	4.14%	4.01%	3.96%
10-Year T-Note	4.44%	4.37%	4.40%
Bond Buyer 40	4.63%	4.62%	4.95%

Commodities/U.S. Dollar	5/26	YTD	12 Mo.
U.S. Dollar Index (DXY)	0.90%	0.63%	-0.39%
FTSE/CC CRB Excess Ret.	-3.71%	27.33%	31.00%
Crude Oil/WTI (per Barrel)	-16.86%	52.14%	43.71%
Natural Gas (per million BTUs)	18.90%	-10.74%	-4.55%
Gold Bullion (Ounce)	-1.68%	5.11%	38.03%

S&P 500 Full-Year Earnings Estimates	2026	2027
5/29/26	337.82	390.19
4/30/26	332.10	379.37
12/31/25	311.25	357.46

Total Return Performance

U.S. Stock Indices	5/26	YTD	12 Mo.
S&P 500	5.26%	11.25%	29.75%
DJIA	2.93%	6.86%	22.92%
Nasdaq 100	10.58%	20.45%	42.94%
S&P MidCap 400	2.45%	13.27%	25.42%
Russell 2000	4.37%	18.27%	42.66%
Russell 3000	5.07%	11.19%	29.42%

U.S. Styles/Market Caps	5/26	YTD	12 Mo.
S&P 500 Growth	8.09%	14.00%	35.90%
S&P 500 Value	1.96%	7.96%	22.80%
S&P MidCap 400 Growth	4.94%	17.89%	30.19%
S&P MidCap 400 Value	-0.12%	8.54%	20.58%
Russell 2000 Growth	5.84%	18.06%	41.52%
Russell 2000 Value	2.78%	18.46%	43.85%

Foreign Stock Indices (USD)	5/26	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	2.81%	9.38%	24.13%
MSCI Emerging Markets NET	9.69%	25.61%	52.64%
MSCI Europe NET	2.63%	6.81%	20.23%
MSCI BRIC NET	-3.01%	-7.43%	1.22%
MSCI EM Latin America NET	-4.21%	13.18%	40.15%
Nikkei 225	10.04%	30.41%	59.06%

Bloomberg Fixed Income Indices	5/26	YTD	12 Mo.
U.S. Treasury: Intermediate	0.01%	0.14%	3.55%
GNMA 30 Year	0.23%	1.03%	6.67%
Municipal Bond (22+)	0.59%	2.20%	8.17%
U.S. Aggregate	0.31%	0.38%	5.13%
Intermediate Corporate	0.37%	0.62%	5.38%
U.S. Corporate High Yield	0.49%	1.68%	7.57%
Global Aggregate	0.34%	0.50%	3.26%
EM Hard Currency Aggregate	0.71%	1.35%	9.28%

HIGH/LOW SNAPSHOT

Data through May 2026

Index	10-Yr. High Value		10-Yr. Low Value		Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
	High Value	Date	Low Value	Date				
S&P 500	7580.06	5/29/2026	2000.54	6/27/2016	7580.06	0.00%	11.25%	1.06%
S&P 500 Growth	5654.64	5/29/2026	1119.47	6/27/2016	5654.64	0.00%	14.00%	0.49%
S&P 500 Value	2246.22	5/28/2026	814.98	3/23/2020	2242.95	-0.15%	7.96%	1.77%
S&P MidCap 400	3730.12	5/6/2026	1218.55	3/23/2020	3725.13	-0.13%	13.27%	1.30%
S&P MidCap 400 Growth	1848.26	5/29/2026	610.53	3/23/2020	1848.26	0.00%	17.89%	0.69%
S&P MidCap 400 Value	1152.01	2/6/2026	373.28	3/23/2020	1136.79	-1.32%	8.54%	1.96%
S&P 100	3773.34	5/29/2026	887.38	6/27/2016	3773.34	0.00%	10.41%	0.92%
DJIA	51032.46	5/29/2026	17140.24	6/27/2016	51032.46	0.00%	6.86%	1.53%
Nasdaq 100	30333.18	5/29/2026	4201.06	6/27/2016	30333.18	0.00%	20.45%	0.55%
Russell 2000	2936.57	5/28/2026	991.16	3/18/2020	2919.34	-0.59%	18.27%	1.19%
Russell 2000 Growth	1952.69	5/28/2026	655.13	6/27/2016	1945.02	-0.39%	18.06%	0.55%
Russell 2000 Value	3217.47	5/28/2026	1067.63	3/23/2020	3191.70	-0.80%	18.46%	1.89%
Russell 3000	4296.98	5/29/2026	1177.35	6/27/2016	4296.98	0.00%	11.19%	1.08%
MSCI World Net (ex U.S.) (USD)	11923.38	2/27/2026	4246.27	3/23/2020	11882.51	-0.34%	9.38%	2.66%
MSCI Emerging Markets Net (USD)	962.86	5/29/2026	345.76	6/27/2016	962.86	0.00%	25.61%	1.94%
Bovespa/Brazil (USD)	39888.63	4/14/2026	12513.21	3/23/2020	34368.45	-13.84%	17.36%	6.34%
RTS/Russia (USD)	1919.58	10/25/2021	742.91	2/24/2022	N/A	N/A	N/A	N/A
S&P BSE 500/India (USD)	461.76	9/26/2024	129.66	3/23/2020	373.30	-19.16%	-9.98%	1.20%
Shanghai Composite/China (USD)	624.77	5/13/2026	358.39	10/18/2018	601.32	-3.75%	6.32%	2.29%
KOSPI/South Korea (USD)	5.63	5/29/2026	1.16	3/19/2020	5.63	0.00%	93.81%	0.80%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	3213.27	-24.23%	-1.48%	3.09%
MSCI Euro (USD)	2363.34	2/25/2026	865.50	3/18/2020	2319.53	-1.85%	7.59%	2.73%
S&P 500 Consumer Discretionary	2024.18	5/28/2026	594.49	6/27/2016	2002.94	-1.05%	4.11%	0.61%
S&P 500 Consumer Staples	1003.08	2/27/2026	500.59	12/24/2018	921.47	-8.14%	7.49%	2.42%
S&P 500 Energy	962.27	3/27/2026	179.94	3/18/2020	854.93	-11.16%	26.04%	2.79%
S&P 500 Utilities	482.91	2/27/2026	227.75	3/23/2020	449.71	-6.87%	4.84%	2.78%
S&P 500 Financials	937.48	1/6/2026	289.62	6/27/2016	856.67	-8.62%	-5.44%	1.62%
S&P 500 Banks	640.17	1/6/2026	191.12	6/27/2016	584.06	-8.76%	-4.05%	2.35%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	841.47	-14.14%	13.31%	3.72%
S&P 500 Health Care	1864.30	2/27/2026	763.33	11/3/2016	1739.78	-6.68%	-2.96%	1.75%
S&P 500 Pharmaceuticals	1406.43	2/27/2026	551.81	11/3/2016	1361.87	-3.17%	6.17%	2.08%
NYSE Arca Biotechnology	7751.03	5/29/2026	2818.70	6/27/2016	7751.03	0.00%	8.48%	0.20%
S&P 500 Information Technology	7021.77	5/29/2026	680.23	6/27/2016	7021.77	0.00%	23.81%	0.42%
Philadelphia Semiconductor	12876.91	5/26/2026	648.32	6/27/2016	12829.38	-0.37%	81.53%	0.40%
S&P 500 Communication Services	508.66	5/13/2026	130.86	12/24/2018	493.15	-3.05%	9.31%	0.64%
S&P 500 Industrials	1512.33	3/2/2026	412.06	3/23/2020	1463.53	-3.23%	11.99%	1.23%
S&P 500 Materials	675.69	2/27/2026	241.67	3/23/2020	638.95	-5.44%	11.94%	1.61%
Philadelphia Gold & Silver	470.37	2/27/2026	61.84	11/13/2018	372.47	-20.81%	9.47%	1.07%
FTSE/CC CRB Excess Return	406.18	5/19/2026	106.29	4/21/2020	380.45	-6.33%	27.33%	N/A
ICE BofA Perpetual Preferred	345.64	2/19/2026	224.97	3/23/2020	340.81	-1.40%	0.52%	6.92%
ICE BofA U.S. High Yield Constrained	627.32	5/29/2026	356.76	6/27/2016	627.32	0.00%	1.62%	7.30%

Source: Bloomberg

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