

Weekly Market Commentary

MAY 18, 2026

MARKET UPDATES

May 15, 2026:

[Recorded Leadership Discussion Featuring: Regions Chief Economist, Chief Investment Officer, and Chief Market Strategist.](#)

May 29, 2026:

For access to this call please contact your Regions Wealth Advisor or Portfolio Manager.

WHAT WE'RE WATCHING



Semiconductor behemoth Nvidia (NVDA) is set to post quarterly earnings on Wednesday after the market close. Nvidia's guidance/outlook could lead to either a continuation of the sharp move higher for semiconductor and other AI-related stocks in recent months or bring about a much-needed rest for these leading industry groups.



S&P Global releases its preliminary purchasing managers indices (PMI) for May on Friday. The Composite PMI reading is expected to fall to 51.2 from 51.7 the prior month, while Manufacturing PMI is expected to fall to 53.7 from 54.5 in April and the Services PMI is expected to remain steady at 51.0. A reading above 50 indicates expansion or growth, while a reading below 50 indicates contraction.



Minutes from the Federal Open Market Committee's April meeting will be released Wednesday. Market participants will be looking to the minutes for more color or granularity surrounding what was said regarding a more explicit stance toward a move to a more balanced or neutral stance between rate cuts and rate hikes.

KEY OBSERVATIONS



Optimism throughout much of the week gave way to pessimism on Friday as energy prices resumed their ascent, leading to a breakout to the upside for U.S. Treasury yields, with yields on many tenors reaching year-to-date highs. The sharp rise in Treasury yields rattled market participants and weighed on valuations for longer duration sectors, specifically information technology, leading to profit taking and rotation with software laggards receiving a boost from flows out of semiconductor leaders.



Abroad, emerging markets succumbed to profit taking with high-flying semiconductor names in South Korea and Taiwan taking center stage. Weakness was broad-based within emerging market indices, and even developing markets viewed as potential beneficiaries of higher energy prices such as Brazil and Mexico traded sharply lower into the weekend.



Global sovereign bond yields broke higher into the weekend, with the 10-year Treasury yield jumping 10-basis points on Friday to close at 4.56%, a year-to-date closing high. Not to be overlooked, yields on 10-year German bunds and 10-year U.K. gilts also rose sharply, with the former rising 8-basis points and the latter 17-basis points on Friday alone. Sovereign yields across the globe remain beholden to the path taken by crude oil prices, and by those lights, the path of least resistance appears to be higher in the near-term.

	Price/Yield			Total Return (%)			
	5/15/2026	1 Week Ago	1 Month Ago	Year to Date	1 Year	3 Years	5 Years
S&P 500	7,408.50	0.17	5.57	8.70	26.75	23.38	13.80
NASDAQ 100	29,125.20	-0.35	11.20	15.62	37.43	30.44	17.72
S&P Mid Cap 400	3,609.80	-2.40	1.24	9.71	19.83	16.08	7.44
S&P Small Cap 600	1,629.28	-3.17	1.29	11.61	26.29	15.42	5.49
MSCI World ex US	459.04	-1.81	0.99	10.13	29.54	17.95	8.60
MSCI EM	1,668.17	-2.45	5.53	19.51	44.99	22.27	7.59
Bloomberg U.S. Aggregate	4.81	-1.14	-1.30	-0.71	4.48	3.45	0.04
Bloomberg Corporate	5.27	-1.04	-1.17	-0.60	5.50	4.94	0.52
Bloomberg U.S.High Yield	7.17	-0.49	-0.35	0.88	7.12	9.02	4.28
Bloomberg EM USD Aggregate	6.15	-0.99	-0.67	0.32	8.75	8.32	1.93
Bloomberg Global Agg ex-USD	3.28	-1.19	-1.00	-1.24	0.13	2.08	-0.33
Bloomberg Municipal Bond	3.77	-0.58	-0.45	0.59	5.81	3.12	0.82

Source: Bloomberg (3- and 5-Year Returns Annualized)

	Price/Yield						
	5/15/2026	1 Week Ago	1 Month Ago	12/31/2025	1 Year Ago	3 Years Ago	5 Years Ago
SOFR (yield)	3.56	3.60	3.72	4.49	4.31	5.06	0.01
30 Year Mortgage (average rate)	6.46	6.44	6.45	7.28	6.92	6.91	3.06
2 Year Treasury (yield)	4.07	3.88	3.76	4.24	3.96	4.01	0.15
10 Year Treasury (yield)	4.59	4.35	4.28	4.57	4.43	3.50	1.63
30 Year Treasury (yield)	5.12	4.93	4.90	4.78	4.89	3.84	2.34
WTI Crude (closing price)	105.42	95.42	91.29	71.72	61.62	71.11	65.37
Gold (NYM \$/oz)	4,561.90	4,730.70	4,800.00	2,641.00	3,226.60	2,022.70	1,838.10

Source: Bloomberg (3- and 5-Year Returns Annualized)

WHAT HAPPENED LAST WEEK?

Stocks

Jump In Treasury Yields Spurs Rotation, Weighs On Risk Appetite Into The Weekend; Closely Watched IPO Met With Insatiable Demand With Additional High-Profile New Issues In The Pipeline; South Korean Equities Close Lower As Samsung, SK Hynix Drop.

• **Jump In Treasury Yields Spurs Rotation, Weighs On Risk Appetite Into The Weekend.** U.S. equity indices drifted higher throughout much of last week, with the S&P 500 rising 1.4% from Monday through Thursday, before giving the bulk of that gain back on Friday as energy prices rose, pushing Treasury yields to the highest levels seen in almost a year. The S&P 500 ultimately eked out a 0.1% gain, and the index is still higher by 2.8% in May. The index has risen 13.6% since the end of March, so a period of consolidation or sideways prices would likely be healthy. At the sector level, information technology stocks, specifically semiconductor names, remained in focus for investors, and the sector still managed to rise by 1.2% on the week even after a 1.6% drop on Friday. Again, we saw more rotation out of semiconductor winners and into software laggards as opposed to wholesale selling of recent AI-related plays. This is encouraging and a sign that market participants are hesitant to take profits in these names even after sizable rallies as the fear of missing out on additional upside dominates.

• **‘Too Much Of A Good Thing’ Coming For The IPO Market?** Last week, Cerebras Systems (CBRS), a semiconductor manufacturer at the center of the AI infrastructure conversation, went public. The issue was by some estimates more than 10 times oversubscribed, and after pricing at \$185 per share which would value the company around \$55B, the stock immediately jumped to \$385 before closing around \$311, delivering a quick 68% one-day gain for investors able to get in on the offering. The Cerebras IPO was being closely watched by unicorns such as Anthropic, OpenAI, and SpaceX, all of which are expected to go public within the next year. The initial success of the Cerebras offering could encourage other companies even remotely linked to the AI infrastructure buildout to expedite the IPO process, which could pull forward the timeline for Anthropic and OpenAI, among others.

On the heels of the Cerebras IPO, we now turn our attention toward the release of the SpaceX IPO prospectus in the coming week(s) as the company’s roadshow is expected to kick off on June 8. SpaceX is targeting the largest IPO ever and is looking to raise between \$70B and \$75B, which could value the company at \$1.25T-plus. While an active IPO market is a sign of corporate confidence and robust risk appetite on the part of investors, we are on guard for too much of a good thing as market participants may look to raise cash by selling existing holdings to participate in some of these offerings. What areas prove to be sources of funds remain to be seen, but investors selling S&P 500 index names to buy out-of-index IPOs could lead to some weakness at the index level in the coming months.

• **South Korean Equities Close Sharply Lower As Samsung, SK Hynix Succumb To Profit Taking.** Year-to-date, the story abroad has been the surge out of equity markets tied to South Korea and Taiwan, with the MSCI Korea jumping 91.2% and the MSCI Taiwan gaining 51.5% through the first week of May. Semiconductor names Samsung, SK Hynix, and Taiwan Semiconductor generated the lion’s share of those gains, rising 126%, 154%, and 37%, respectively year-to-date through May 8. However, last week we saw a modest reversal of fortune as the MSCI Korea index fell by 1.3%, with the index jumping 4.8% on Monday as semiconductor memory names Samsung and SK Hynix spiked alongside U.S. semi names, but the index gave back 3.7% on Tuesday as market participants took profits.

The motivation for the pullback was initially attributed to news that South Korean policymakers were considering a tax on semiconductor company profits, but closely watched talks between a Korean labor union and national champion Samsung appeared to be going poorly, increasing the likelihood that around 50,000 workers would ultimately go on strike. With Samsung and SK Hynix accounting for over 51% of the MSCI Korea index, this is a ‘live by the sword, die by the sword’ situation, and while painful, after parabolic moves in both names so far this year, a cooling off period would likely be healthy and allow for sentiment and positioning in these names to reset.



Bonds

Treasury Yields Move Sharply Higher Into The Weekend As Inflation Readings, Rising Energy Prices Boost Bets On Rate Hikes Later This Year.; The Devil Is In The Details When It Comes To April Inflation Readings.

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Bets on rate hikes out of the FOMC rose sharply following the release of the April CPI and PPI last week, and Fed funds futures placed a 62% likelihood on a quarter-point rate hike by December at the end of last week, up from around 24% entering the week. The 2-year Treasury yield jumped 19-basis points on the week to close at 4.07% and is now well above the upper-bound of the Fed funds target range. The 2-year yield at 3.88% at the start of last week was already above the 3.625% midpoint of the Fed funds target range, and the sharp move higher in the 2-year last week is evidence that market participants are increasingly of the view that the FOMC may already be behind the curve when it comes to combatting inflation.

The closely watched 10-year Treasury yield broke above 4.50% on Friday for the first time since last June, rising 12-bps on the day to close the week at 4.59%, a 24-basis point move higher on the week as crude oil prices resumed their climb. The 10-year yield had traded between 3.95% and 4.45% since last July, so a break above that level is notable and likely an acknowledgement by market participants that energy prices are unlikely to fall much in the near-term, thus keeping upward pressure on inflation and inflation expectations. With the 10-year yield closing above 4.55%, from a technical perspective, the next levels we are watching are 4.60% - the May 2025 high yield close, and then 4.80% - the January of 2025 high close. With Kevin Warsh taking over as FOMC Chair this week, the bond market appears set to put him to the test in the lead-up to the Committee's June 16-17 meeting. How buyers respond at the 4.60% level on the 10-year yield in the next week could be a good early 'tell' as to the path of least resistance for yields over the next month.

• April Inflation Readings Provide Additional Support For Treasury Yields.

It was a busy week for economic data, with the April Consumer Price Index (CPI) and Producer Price Index (PPI) at the top of our list of releases worth watching. On Tuesday, April headline CPI rose 0.6% month over month and 3.8% year over year, compared to the consensus estimate of 0.6% and 3.7%, while Core CPI rose 0.4% and 2.8%, respectively, versus the consensus estimate of 0.3% and 2.7%. On the surface, CPI came in hotter than expected, but this was a 'noisy' release with an adjustment to the calculation for rents one reason last month's CPI figures were upwardly biased, and as a result the April monthly release falls short as a gauge of underlying inflation pressures.

On Wednesday, April PPI was released, with the final demand reading rising 1.4% month over month and 6.0% year over year, well above the consensus estimates of 0.5% and 4.8%. Final demand goods prices jumped 2.0% month over month, while final demand services prices rose 1.2%, driven in large part by higher margins for wholesalers and retailers. Notably, a 7.8% month over month jump in the price of final demand energy drove over 75% of the increase in final demand goods prices as prices of gasoline, jet fuel, and diesel fuel all rose sharply month over month.

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