

# Multi-Asset Solutions Weekly Commentary

## Key Observations

U.S. equity indices turned out another week of gains as crude oil prices fell sharply and brought Treasury yields lower in sympathy. The S&P 500 finished higher for the ninth consecutive week but at times had the look of a tired market content to move sideways as it digested sizable gains from the prior eight weeks. Abroad, emerging markets outperformed developed markets and were again pulled higher by exposures to South Korea and Taiwan, specifically.

The information technology sector continued to lead the S&P 500, and while semiconductor stocks had another strong week, software also rallied as earnings results and guidance out of some high-profile names in the space gave investors comfort to increase exposure or forced them to cover short positions as cold water was thrown on the “SaaS-pocalypse” narrative making the rounds in recent months. Capital has rotated from semiconductors to software and back again on more than one occasion this year and it’s been rare for both industry groups to work at the same time, so both industry groups rising in tandem is a noteworthy emerging shift.

Sovereign bonds across the globe rallied as energy prices fell, with yields on U.S. Treasuries maturing 2 years or more in the future dropping between 8- and 15-basis points on the week. The drop in yields on Treasuries in the belly of the yield curve contributed to gains in higher quality, longer duration corporate bonds, while high yield corporates, which had outperformed year-to-date, posted a positive return but lagged.

## What We’re Watching This Week

The Institute for Supply Management (ISM) Services index for May is released Wednesday, with the reading expected to rise modestly to 53.8 from 53.6 in April. The Prices Paid component of the survey will be worth watching as a gauge on inflationary pressures, and that reading is expected to rise to 72.0 from an already elevated 70.7 in April. A reading above 50 indicates expansion or growth, while a reading below 50 is indicative of contraction.

The May Nonfarm Payrolls report is released Friday. The consensus estimate calls for 90k jobs to be created during the month and for the unemployment rate to remain static month over month at 4.3%. Average hourly earnings are expected to rise 0.3% month over month, which would be a modest acceleration relative to the 0.2% reading from April.

	Price/Yield			Total Return (%)			
	5/29/2026	1Week Ago	1Month Ago	Year to Date	1Year	3Years	5Years
S&P 500	7,580.06	1.44	6.35	11.27	29.78	23.36	14.15
NASDAQ 100	30,333.18	2.89	11.65	20.45	42.94	29.29	18.17
S&P Mid Cap 400	3,725.13	1.43	4.18	13.27	25.44	16.91	8.08
S&P Small Cap 600	1,684.54	0.86	2.88	15.48	32.89	15.88	5.94
MSCI World ex US	475.98	2.01	5.71	14.36	32.43	20.22	8.80
MSCI EM	1,752.15	3.96	8.46	25.61	52.65	24.65	7.79
Bloomberg U.S. Aggregate	4.67	0.83	0.43	0.38	5.36	4.08	0.17
Bloomberg Corporate	5.13	0.97	0.85	0.67	6.29	5.46	0.63
Bloomberg U.S.High Yield	6.96	0.55	0.62	1.68	7.58	9.33	4.39
Bloomberg EM USD Aggregate	6.01	1.09	0.78	1.46	9.58	8.84	2.05
Bloomberg Global Aggregate ex-USD (\$Hedged)	3.11	0.83	0.97	0.27	1.17	2.69	-0.13
Bloomberg Municipal Bond	3.67	1.03	0.37	1.34	6.68	3.86	0.92

  

	Price/Yield						
	5/29/2026	1Week Ago	1Month Ago	12/31/2025	1Year Ago	3Years Ago	5Years Ago
SOFR (yield)	3.62	3.55	3.63	4.49	4.33	5.06	0.01
30 Year Mortgage (average rate)	6.61	6.53	6.35	7.28	7.04	7.17	3.08
2 Year Treasury (yield)	4.00	4.12	3.95	4.24	3.94	4.56	0.14
10 Year Treasury (yield)	4.44	4.56	4.43	4.57	4.42	3.80	1.59
30 Year Treasury (yield)	4.97	5.06	5.00	4.78	4.92	3.96	2.28
WTI Crude (closing price)	87.36	96.60	106.88	71.72	60.94	72.67	66.32
Gold (NYM \$/oz)	4,560.50	4,523.20	4,561.50	2,641.00	3,317.10	1,944.30	1,902.50

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

Index returns are unmanaged, do not reflect the deduction of fees or expenses, and are not available for direct investment.

## Stocks

**Ceasefire Hopes Spur Drop In Crude Oil, Treasury Yields, Push U.S. Indices To Record Highs; Energy's Pain Is Consumer Discretionary's Gain; On Guard For Rotation Abroad Should Energy Prices Continue To Move Lower.**

**Breadth Quietly Improving, But Tech Remains Leadership.** Crude oil prices fell sharply last week amid hopes of a prolonged ceasefire in the Middle East or, perhaps more accurately, a continued lack of desire on either side to escalate tensions. The drop in crude oil put downward pressure on Treasury yields and lifted U.S. equity indices to record highs, with the S&P 500 rising 1.4% on the week, while the S&P Midcap 400 and Small Cap 600 indices produced weekly returns of 1.4% and 0.8%, respectively. The equally weighted S&P 500 again underperformed the market capitalization weighted S&P 500 by 0.4% on the week, but with a gain of 1% showed some modest improvement in the breadth profile of the index. At the sector level, information technology was again the leader within the S&P 500, rising 4.5% on the week, but we did see better performance out of some of the more economically sensitive sectors such as consumer discretionary, industrials, and materials, which is encouraging. However, one economically sensitive sector that we'd like to see participate to a greater degree continued to sit out the rally last week was the financial services sector, which finished the week lower by 0.7% and fell by 1% in May, underperforming the S&P 500's 5.2% monthly gain.

**Consumer Discretionary Stocks Catch A Bid As Energy Prices Drop And Positioning, Sentiment Could Provide Additional Tailwinds For The Sector.** West Texas Intermediate (WTI) and Brent crude oil closed out the

week at \$87.36 and \$91.12 per barrel, down from \$96.60 and \$103.54 at the close of trading on May 22 as the U.S. and Iran were rumored to extend the current ceasefire and reopen the Strait of Hormuz with shipping traffic "unrestricted." The steep weekly drop in crude oil prices unsurprisingly led to weakness in the S&P 500 energy sector which fell 5.4% on the week, contributing to a 6% drop in May. Consumer discretionary stocks, which had been one of the weakest sectors so far this year, were beneficiaries of falling energy prices with the sector rising 1.5% on the week and within the discretionary sector strength was broad-based. Tesla (TSLA), which carries a 20% weight in the sector, rallied 2.3% due to positive headlines related to the IPO of SpaceX in mid-June, but travel-related names, specifically airlines and cruise operators, along with a broad swath of retailers also received a tailwind from falling energy prices. Given most market participants are under exposed to the consumer discretionary sector, and with sentiment far from frothy, the sector could garner continued interest and inflows should energy prices moderate further in the coming weeks and/or the outlook for economic growth and consumer spending improve/stabilize.

**Drop In Energy Prices Could Spur Rotation Within EM Indices.** Year The MSCI Emerging Markets (EM) index tacked on a 3.9% gain last week, taking its May total return to an impressive 9.7%. Last week proved to be a continuation of what we've seen since the late March lows, with South Korea and Taiwan again leading while other large country exposures in the EM index such as Brazil, China, and India, among others, sat on the sidelines. Country indices tied to South Korea and Taiwan continued to ride the memory cycle to record highs, but if energy prices continue to come down and the outlook for global growth improves, we could see a rotation out of these markets and into some recent laggards that are more economically and/or commodity price sensitive. With South Korea and Taiwan together accounting for just shy of 48% of the MSCI EM index, this could be a painful event for index-linked vehicles and increases the



importance of having some exposure to active management when allocating to developing market stocks abroad. While we are on watch for some potential disruption at the headline index level due to rotation, we remain constructive on EM, broadly speaking. Falling crude oil prices could lead to a bout of weakness in the U.S. dollar and potentially provide two powerful tailwinds for developing economies as select central banks could again have cover to cut rates/ease monetary policy to spur economic growth.

futures market was pricing in a 95% likelihood of a hike by year-end.

## Bonds

### **Treasury Yields Fall Alongside Crude Oil Prices Amid Hopes For Prolonged U.S./Iran Ceasefire; Higher Quality Corporate Bonds Outperform Higher Yielding Issues On The Week; April Inflation Data Comes In As Expected But Yields Remain ‘Sticky.’**

**Hopes For Extended Middle East Ceasefire Generate Bids For Higher Quality Bonds.** Bets The U.S.10-year Treasury yield fell 12-basis points on the week and closed at 4.44% as hopes for a 60-day extension to the current ceasefire agreement between the U.S. and Iran put downward pressure on crude oil prices and allowed higher quality, longer dated bonds to catch a bid, broadly speaking. The Bloomberg Aggregate (Agg) Bond index finished the week with a 0.83% gain, while the Bloomberg U.S. Corporate Bond index, which is entirely investment grade and carries a duration profile that is almost a year above that of the Agg, did a bit better, posting a 0.97% return.

Riskier, higher yielding corporate bonds failed to keep pace with longer duration issues during the week as yields on longer-dated Treasuries fell more than did yields on shorter-term issues whose duration profiles are more like that of high yield credits. The credit spread on the Bloomberg U.S. Corporate High Yield index ended the week tighter by 4-basis points at 256-bps over the Treasury curve and is now less than 10-bps below year-to-date tight levels seen back in January. Should downward pressure on energy prices persist and the outlook for economic growth improve, we could see high yield spreads tighten in and approach the January lows around 245 to 250-bps, but investors shouldn't expect much upside from here.

**Yields ‘Sticky’ As April Inflation Data Comes In Largely As Expected.** Last Thursday, Personal Consumption Expenditure (PCE for April was released, and this closely watched inflation data came in mostly in-line with the consensus expectation. Headline PCE rose 0.4% month over month and 3.8% year over year, compared to consensus estimates of 0.5% and 3.8%, and March readings of 0.7% and 3.5%. Core PCE, which is more closely monitored and watched by monetary policymakers, rose 0.2% month over month and 3.3% year over year, versus the consensus which called for 0.3% and 3.3%, and April readings of 0.3% and 3.2%. All told, PCE readings were mostly in-line with expectations, but the FOMC is likely to remain focused on the fact that Core PCE, its preferred inflation gauge, remains entrenched above 3% on an annualized basis, a far cry from the Committee's stated 2% target. Fed funds futures closed out the week and the month pricing in a 57% chance of a rate hike prior to year-end, down from 95% just one week prior, but expectations remain in-flux and heavily dependent upon the direction of crude oil prices as on May 22 the

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