

Multi-Asset Solutions Weekly Commentary

Key Observations

U.S. equities continued their recent advance fueled by narrow strength from a sector perspective as information technology sector and semiconductors specifically boasted runaway leadership, while headlines around prospective peace in the Middle East served as a tailwind for risk assets broadly.

The melt up in semiconductors was magnified in emerging markets, with memory-heavy markets like South Korea and Taiwan driving outsized gains, on strong momentum and earnings from technology hardware leaders including Samsung and SK Hynix, but sustainability is an ongoing risk if they memory cycle turns.

Treasury yields drifted lower alongside softening oil prices after pressing against the top of their range mid-week, but market participants likely hold skepticism that persistent inflation pressures from elevated energy costs will dissipate near-term.

What We're Watching This Week

U.S. Consumer Price Index (CPI) for April is released Tuesday with the headline reading expected to rise 0.6% month over month and 3.7% year over year, compared to 0.9% and 3.3% readings in March. Core CPI, which is more closely watched by policymakers, is expected to rise 0.3% month over month and 2.7% year over year, which compares to 0.2% and 2.6% readings from the prior month.

U.S. Producer Price Index (PPI) for April is released Wednesday with final demand expected to rise 0.6% month over month and 5.0% year over year, compared to 0.5% and 4.0% readings in the prior month. PPI is worth watching as a gauge on how wholesale price increases could flow through into consumer prices (CPI, PCE) in the following months.

U.S. retail sales for April are released on Thursday with the control group reading expected to rise 0.4% month over month, compared to a 0.7% rise in March versus February.

	Price/Yield			Total Return (%)			
	5/8/2026	1 Week Ago	1 Month Ago	Year to Date	1 Year	3 Years	5 Years
S&P 500	7,398.93	2.36	9.16	8.52	32.27	23.24	13.45
NASDAQ 100	29,234.99	5.52	17.42	16.03	46.72	31.35	17.24
S&P Mid Cap 400	3,699.83	1.67	5.05	12.41	27.30	16.60	7.60
S&P Small Cap 600	1,683.38	0.65	6.64	15.26	35.40	16.35	5.88
MSCI World ex US	467.96	2.79	4.74	12.17	34.70	18.42	8.62
MSCI EM	1,711.25	6.90	11.28	22.51	53.96	23.17	7.47
Bloomberg U.S. Aggregate	4.59	0.26	0.03	0.44	5.53	3.38	0.20
Bloomberg Corporate	5.10	0.38	0.19	0.44	6.74	5.22	0.63
Bloomberg U.S.High Yield	6.94	0.05	0.58	1.37	8.48	9.12	4.33
Bloomberg EM USD Aggregate	5.94	0.41	1.27	1.33	10.30	8.58	2.09
Bloomberg Global Aggregate ex-USD (\$Hedged)	3.13	0.41	-0.20	-0.06	0.67	2.54	-0.19
Bloomberg Municipal Bond	3.66	0.20	0.26	1.18	6.34	3.28	0.90

	Price/Yield						
	5/8/2026	1 Week Ago	1 Month Ago	12/31/2025	1 Year Ago	3 Years Ago	5 Years Ago
SOFR (yield)	3.60	3.64	3.59	4.49	4.29	5.06	0.01
30 Year Mortgage (average rate)	6.42	6.36	6.53	7.28	6.89	6.87	3.06
2 Year Treasury (yield)	3.88	3.88	3.79	4.24	3.87	4.00	0.14
10 Year Treasury (yield)	4.35	4.37	4.29	4.57	4.38	3.51	1.58
30 Year Treasury (yield)	4.93	4.96	4.88	4.78	4.84	3.82	2.28
WTI Crude (closing price)	95.42	101.94	94.41	71.72	59.91	73.16	64.90
Gold (NYM \$/oz)	4,730.70	4,644.50	4,749.50	2,641.00	3,306.00	2,033.20	1,831.30

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

U.S. Indices Remain In Melt-Up Mode As Hopes For A Middle East Peace Deal Boosts Risk Appetite; South Korea Semi Names Entering Rarified Air While Foreign Developed Stocks Prove Susceptible To Geopolitical Uncertainty.

More Gas In The Tank For U.S. Indices On Iran Conflict Deal Chatter, Semiconductor Rally Drives Continued Melt-Up. The U.S. equity market continued to charge ahead last week amid news of progress on a peace deal between the U.S. and Iran, which along with further strength out of the information technology sector, propelled the S&P 500 to a 2.4% weekly gain. The information technology sector rose 7.0% on the week and was again the top performer in the S&P 500, but we're on the lookout for a shakeout in semiconductor stocks which have been on a tear, evidenced by the Philadelphia Semiconductor Index, or SOX, rising 11.2% thus far in May and 55.52% since the end of March. Should semiconductor stocks correct, it would be difficult for the S&P 500 to maintain its footing, but we wouldn't rule out rotation back into software or some economically sensitive sectors that have lagged as of late, potentially extending the runway for risk assets. Outside of technology stocks, the sector leadership makeup was promising, with consumer discretionary, industrials, and materials all pushing higher over the course of the week. The one blemish we continue to focus on is the poor relative performance out of the financials as the sector was down 1.3% on the week despite other more economically sensitive sectors performing well. The underperformance is at least partially driven by flattening in the yield curve, but a decline in energy prices could boost the economic growth outlook and by extension boost the sector outlook.

Unsurprisingly, the energy sector was the worst performer last week as it fell 5.3% due to the sharp drop in West Texas Intermediate (WTI) and Brent crude oil. As we noted in last week's commentary, despite upward revisions to earnings estimates for energy stocks throughout April, the sector still finished the month lower. In hindsight, that was likely a 'tell' on where the sector was headed should tensions in the Middle East ease, as energy prices drifting lower would likely spur a reversal of fortune for the sector and downward earnings revisions in the months to come. Outside of energy, classically defensive sectors including health care and utilities underperformed the broader S&P 500 on the week, with both finishing the week in negative territory. All told, the leadership profile of the market is a reason to remain constructive even as breadth has tailed off since mid-April. That could improve at the margin if energy prices continue to fall in the near-term, or the economic growth outlook brightens, spurring inflows into more cyclical sectors and helping to broaden out the rally beyond technology.

Emerging Market Stocks Trending With Tech As Semiconductors Soar Higher Still.

The melt up in domestic hardware and semiconductors was amplified in emerging markets last week, with the broader MSCI EM index rising 6.9% as countries tied to memory and semiconductor fabrication led the way. The 'DRAM darlings' including Samsung and SK Hynix in the South Korean equity market continue to see rampant investor demand, as the MSCI Korea index rose 17.4% last week, while the MSCI Taiwan index delivered a 6.2% gain. After last week, South Korea is now the seventh largest equity market in the world—overtaking Canada according to data compiled by Bloomberg. To put that into perspective, Samsung is the largest stock within the South Korea index, and at the time of this writing has a market capitalization of over \$1 trillion dollars—roughly the same market cap as Walmart, larger than Berkshire

Hathaway, Eli Lilly, and JP Morgan Chase. Year to date the MSCI Korea index is up 95.6%, a truly parabolic rise that should give most investors heartburn but at the same time we're reminded of the market adage 'don't fight the tape' as momentum is a powerful force especially in this instance when it's backed by earnings. In the most recent quarter Samsung and SK Hynix beat earnings estimates by 31.1% and 42.9% respectively, even after those expectations have been rising in recent quarters. The risk here remains that those earnings prove unsustainable or something disrupts the supply or demand side of the equation in memory components, but no one knows when or if that will come to fruition.

International Equities See Strength Fade As Fragile Ceasefire Creates Uncertainty.

Early in the week, the MSCI EAFE Index was accelerating as hopes for a near-term deal to end the current conflict around the Strait of Hormuz were in the final innings, but as the ceasefire was tested later in the week the sub-asset class ultimately settled at a modest 1.1% advance. That midweek setback in expectations brought on a divergence in international markets, as the MSCI Eurozone index finished the week below the index at 0.6% while the MSCI Japan index rose by over 4.4% during that period. Both areas are impacted by the potential energy shock, but Japan has far more companies integrated in the AI supply chain that more than offset geopolitical concerns last week. On balance the market seems to be keying in on the fact Europe is disproportionately impacted, without commensurate tech exposure to buoy investor sentiment. As of late, any further talk of ushering ships out of the Strait via escort has been interpreted by the market as an admission that resolution may be further than it appears, and we've seen euro area returns moving with those headlines. European equities may not look overly appealing on the surface, but we'd caution against being underweight given the potential upside should we see a surprise resolution in the Middle East.

Bonds

Modest Downward Bias To Yields As Crude Oil Prices Drop, But Rates Likely To Remain Sticky As Skepticism Remains; Duration Sensitive Fixed Income Rallying, Led By Emerging Markets Debt; Continued Signs Of Stabilization In The U.S. Labor Market.

Treasury Yields Fall Alongside Energy Prices Amid Hopes That A U.S./Iran Peace Deal Is Close, But Sticky Yields Evidence Of Some Healthy Skepticism.

There was a downward bias to yields last week with U.S. Treasury prices moving higher as energy prices fell due to hopes that a U.S./Iran deal could be imminent but given the magnitude of the move lower in crude prices, we would have expected yields to be down even more than they were. This is likely a result of market participants maintaining a healthy level of skepticism regarding the path forward for any deal that might materialize between the U.S. and Iran, along with the understanding that even if the Strait of Hormuz opens relatively soon, gas and chemical prices are unlikely to fall materially in the near-term, thus keeping upward pressure on inflation and inflation expectations. National average retail gas prices ended the week above \$4.50 for the first time since 2022, and we are beginning to see that impact on the consumer as lower income households are seeing higher spending expectations.

With the 10-year Treasury yield closing out the week at 4.35%, the trading range that has been in place since mid-March continued to hold. It was notable that the 10-year yield again bumped up against 4.44% last Monday before reversing course and moving lower. That level is worth watching as buyers stepped in at that level in late March and again in late April, so until further notice that appears to be near-term support for the 10-year bond yield. On the other side of the ledger, given our view that crude oil prices are unlikely to fall much below \$85 per barrel for WTI and \$90 per barrel for Brent, we expect fixed income investors to remain fixated on inflation data and preserving purchasing power. As a result, we would expect 4.20% on the 10-year to be met with sellers, or perhaps more appropriately, fewer buyers, thus keeping rates range bound in the belly of the curve for longer still.

Long Duration Fixed Income In Favor As Yields Bounce Off Year To Date Highs.

The reprieve in rates last week brought a welcome advance for the duration sensitive fixed income sectors, while positive equity returns and strong economic readings pushed valuations tighter at the margin. Investment grade corporates, longer duration treasuries, and emerging market bonds were the leading sub-asset classes over the course of last week with each rising by over 0.3%. The gain in emerging market bonds stood out to us, as the Bloomberg EM USD index generated a 0.4% total return with spreads grinding tighter by 5bps on the week to 166bps over like treasuries. A portion of that mover tighter in valuations can be attributed to weakness in the dollar last week, that led the MSCI Emerging Currency index to its second largest weekly gain in the last 12 months. From our perspective this recent rally in emerging credit has been exceptional, but doesn't strike us as euphoric yet, with the index still boasting a yield of 5.94% reasonably above the 52-week low of 5.65%.

Largely Positive Labor Data Leading Yields Lower As Fed Expected To Leave Rates Static.

The move lower in yields last week found confirmation on Friday as Nonfarm Payrolls surprised to the upside, with a 115K change with expectations closer to 65K for April. The report also delivered an upward revision to last month's data, going from 178k to 185k for the March reading, reinforcing the belief that the FOMC can exercise patience to see how pending inflationary forces play out with less pressure on the labor market. Initial Jobless Claims and Continuing Claims also reflect a labor market that's far from the brink of collapse as both came in below consensus estimates. The only contrary datapoint we saw last week came in the Challenger Job Cuts, as survey expectations had the reading rising to 70,000 but the actual datapoint landed at 83,387. That reading stirred markets momentarily, but the interpretation when considered alongside the lower claims data suggests that job seekers are either quickly getting back into the labor force or not substantial enough to show up in the supporting data yet.

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