

# Monthly Recap

## At-A-Glance

The S&P 500 returned nearly 5.3% last month, ending May with four consecutive daily record-setting highs. There have been 22 all-time closing highs for the S&P 500 this year, 11 of them in May.

The Dow Jones Industrial Average gained 1,380 points in May (+2.93%), finishing at a new record of 51,032. After fully recovering from its March 27 low of 45,166, the Dow-30 is up 6.86% YTD.

Driven by continued strong earnings and record-setting investments into AI chips, the Nasdaq Composite advanced 8.43% in May. The Nasdaq is up 16.33% YTD.

Bloomberg's Commodities Index fell 3.56%, retracing much of April's 4.21% gain. The commodities index trimmed its YTD gain to 25.03%.

Gold futures edged 0.79% lower last month, ending at \$4,593 per troy ounce. Gold prices are up 5.80% so far this year.

U.S. West Texas Intermediate (WTI) crude oil futures tumbled 16.86% in May, finishing at \$87.36 per barrel. Despite ending at a six-week low, U.S. "black gold" oil is still up 52.1% YTD. The Brent crude oil global price measure, fell over 19% in May, its largest monthly pullback since March 2020.

Market Indices <sup>1</sup>	May	Year-to-Date
S&P 500	5.26%	11.27%
Russell 3000	5.07%	11.20%
Russell 2000	4.37%	18.15%
MSCI EAFE	3.07%	9.37%
MSCI Emerging Markets	9.69%	25.61%
Bloomberg U.S. Aggregate Bond	0.31%	0.38%
Bloomberg U.S. Municipal Bond	0.37%	1.34%
Bloomberg U.S. Corporate High Yield	0.49%	1.68%

<sup>1</sup>FactSet (all equity performance is total return, which includes dividends).

U.S. stocks extended gains in May, with the S&P 500 ending the month with seven straight daily gains and its ninth consecutive weekly gain, its longest winning streak since late 2023. Strong corporate earnings, especially among AI Big Tech firms, along with optimism that a then pending ceasefire agreement were the primary drivers of the historic run of weekly gains.

Gains were led by the tech-heavy Nasdaq Composite, advancing over 8.4% in May. Building on April's 15.3% surge, the Nasdaq Composite recorded its strongest two-month return since November 2002 (+25.04%). Within the S&P 500, 14 member firms finished May at new all-time highs, 9 of them Technology firms. In benchmark Big Tech performance, the S&P 500's Technology sector leapt nearly 16% in May after an 17.5% gain in April.

The Philadelphia Stock Exchange Semiconductor Index, also known as SOX, is on track for its best quarterly performance on record after soaring 69% in the past two months. Semiconductor chip manufacturing is the best-performing sub-sector within the S&P 500.

With the first quarter earnings season nearly complete, the year-over-year earnings growth rate for S&P 500 companies stands at 28.6%, well more than twice analysts' original 13.1% consensus growth forecast, according to FactSet. If maintained, the index will register its highest earnings growth rate since the fourth quarter of 2021.

In economic data, first quarter GDP was revised lower to +1.6% annualized growth from an initial +2.0% estimate, while remaining broadly higher from the +0.5% pace during the fourth quarter. Meanwhile, the Fed's preferred measure of inflation, the core personal consumption expenditure (PCE) price index, increased 0.2% M/M in April, less than the +0.3% consensus forecast and slowed from +0.3% in March. On a year-over-year basis, core prices matched forecasts at 3.3% but ticked up from +3.2% in March.

The ISM Manufacturing PMI surprised higher in May, climbing from 52.7 to 54.0, its highest level since May 2022 and surpassed economists' forecasts for 53.1. Notably, the key New Orders component rose a fifth month to 56.8 from 54.1, while Prices Paid eased to 82.1 from 84.6 in April.

Growth stocks of all sizes performed best in May, led by a 7.2% rally in Large Cap Growth. However, on a YTD basis, Small Cap stocks of all styles outperformed, with Small Cap Value performing best, up 18.3%.

### May Returns

	Value	Blend	Growth
Large Cap	2.95%	5.10%	7.20%
Mid Cap	2.32%	2.85%	4.75%
Small Cap	2.79%	4.37%	5.84%

### Year-to-Date Returns

	Value	Blend	Growth
Large Cap	13.68%	10.88%	8.23%
Mid Cap	14.13%	11.82%	4.45%
Small Cap	18.30%	18.15%	17.98%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 5/31/2026.

Only three sectors powered the S&P 500 higher in May, broadly dominated by Technology, followed by Consumer Discretionary and Health Care. Energy was the worst performing sector in May, down just over 5.5% during the month, following April's 3% decline. Somewhat paradoxically, Energy retained its #1 top performer crown on a YTD basis, up 26%. Despite a hefty May pullback in oil prices, it still leaves U.S. crude oil up over 52% so far this year.

Top Sector Performers – May <sup>1</sup>	Bottom Sector Performers – May <sup>1</sup>
Technology (+15.99%)	Consumer Staples (-3.17%)
Consumer Discretionary (+2.61%)	Utilities (-5.14%)
Health Care (+2.48%)	Energy (-5.56%)
Top Sector Performers – YTD <sup>1</sup>	Bottom Sector Performers – YTD <sup>1</sup>
Energy (+26.04%)	Consumer Discretionary (+4.11%)
Technology (+23.81%)	Health Care (-2.96%)
Industrials (+11.99%)	Financials (-5.32%)

<sup>1</sup> FactSet (all S&P 500 sector performance percentages are total return based, which include dividends).

Global stocks, as measured by the MSCI All Country World Index, also performed well in May, climbing 5.16% to end at a new all-time high. The global index is up 12.15% YTD. Foreign equities in developed markets continued to trail the U.S. in May. The MSCI EAFE Index gained 3.07% last month, underperforming the S&P 500 by 2.2%. Emerging markets, however, continued to record exceptionally stronger results, advancing 9.69% in May. MSCI indices for Korea (+35.28%) and Taiwan (+16.53%) gained the most in May, and are now up 117.9% and 60.45% YTD, respectively.

Turning to fixed-income markets, interest rates rose in May as the U.S.-Iran war kept oil prices volatile and inflation concerns were front and center. The April FOMC meeting minutes showed a majority of policymakers were prepared to raise rates if inflation failed to moderate, while economic data was mixed with employment holding up while consumer confidence slackened. For the month, two- and five-year U.S. Treasury yields rose around 0.13%, while longer-term 10- and 30-year rates climbed 0.07% and 0.01%, respectively. The yield on benchmark 10-year T-Notes ended May at 4.440%, up from 4.389% in April.

The Bloomberg U.S. Government Index rose 0.11% in May while the longer-duration Bloomberg U.S. Government Long-term Bonds Index advanced 0.51%. On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, rose 0.31% last month, while Bloomberg's U.S. Corporate High Yield Bond Index, representing holdings of below investment-grade (junk-rated) bonds, slightly outperformed with May gains of 0.49%. Bloomberg's U.S. Municipal Bond Index rose 0.37%.

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## Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983, and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

**West Texas Intermediate (WTI)** is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.