VIEWS | MAY 1, 2026

Weekly market update: Earnings retake the market driver's seat.

The market and economy

- U.S. stocks recorded positive returns during the week ending May 1,as investors' optimism regarding relatively strong corporate earnings reports offset concerns about ongoing geopolitical tensions in the Middle East. Both the broad-market S&P 500 Index and the tech-heavy Nasdaq Composite reached record highs during the week.
- The U.S. military maintained its blockade of the Strait of Hormuz, a major shipping channel between the Persian Gulf and the Gulf of Oman, during the week. On Tuesday, Iran (through intermediaries Pakistan and Oman) issued a proposal to reopen the strait and end the war. However, President Trump rejected the offer as it did not include any concessions regarding Iran's nuclear program.
- The West Texas Intermediate (WTI) crude oil price rose sharply early Thursday morning after digital news outlet Axios reported that President Trump would be briefed on new military options in an effort to break the impasse in peace negotiations. The oil price retreated somewhat later in the day.
- At Jerome Powell's final meeting as Federal Reserve (Fed) Chair on Tuesday and Wednesday, the Federal Open Market Committee (FOMC), in a split vote, maintained the federal funds rate in a range of 3.50%-3.75%. FOMC member Stephen Miran favored a 0.25% rate cut. Three other FOMC members supported the rate decision, but were not on board with the relatively dovish tone of the central bank's policy statement, implying that the members might support rate hikes going forward. The four dissents were the most at a Fed policy meeting since 1992.
- In its statement announcing the rate decision, the FOMC noted, "In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of [its] goals." The central bank also reiterated the Middle East conflict's possible risks to the U.S. economy. "Developments in the Middle East are contributing to a high level of uncertainty about the economic outlook," the FOMC commented.
- During a news conference on Wednesday afternoon following the FOMC meeting, Powell stated that the inflationary impact of the ongoing Mideast war would continue to weigh on the U.S. economy. "We're very well aware that people are experiencing higher gas prices all over the country now, and that hurts," he said. "Those hikes may continue to happen." Powell indicated that he would remain a Fed governor at least until the resolution of the Trump administration's legal proceedings regarding the Fed's renovation of two buildings at its headquarters in Washington, D.C. Powell's term as a Fed governor expires on January 31, 2028.
- There was notable economic news during the week. According to the advance estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annual rate of 2.0% for the first quarter of 2026—up sharply from the 0.7% rise in the fourth quarter of 2025, but below expectations. The increase in GDP for the quarter was attributable primarily to upturns in nonresidential fixed investment (purchases of equipment and software, and nonresidential structures), exports, and federal government spending. Conversely, residential fixed investment (purchases of private residential structures and residential equipment that property owners use for rentals) declined during the quarter.
- The Department of Commerce also reported that the personal-consumption expenditures (PCE) price index rose 0.7% in March (the most recent reporting period). The index advanced 3.5% over the previous 12-month period, up from the 2.8% annual increase in February. Both the monthly and year-over-year readings were in line with expectations. The core PCE price index, which excludes volatile food and energy prices, was up 0.3% in March, matching the increase in February. The index posted a year-over-year upturn of 3.2% in March following a 3.0% annual increase in the previous month. The PCE price index is widely considered the Fed's preferred measure of inflation as it tracks the prices that consumers pay for goods and services to reveal underlying inflation trends.

Stocks

- Global equities ended the week with mixed performance. Developed markets outperformed emerging markets, which declined.
- U.S. equities gained ground during the week. Communication services and energy were the top-performing sectors, while materials and information technology were the primary market laggards.
- Value stocks outperformed growth stocks, while small caps marginally surpassed large caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.38% during the week.
- The U.S. bond market recorded a modest loss for the week.
- High-yield bonds led the market, followed by government bonds and corporate bonds.

As of May 1, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.5%	6.2%	29.0%	1077.1
MSCI EAFE ($)	0.6%	5.0%	22.5%	3038.6
MSCI Emerging Mkts ($)	-0.6%	13.9%	43.9%	1600.2
US & Canadian Equities				
Dow Jones Industrials ($)	0.5%	3.0%	21.5%	49499.0
S&P 500 ($)	1.1%	5.8%	29.3%	7243.9
NASDAQ ($)	1.1%	8.1%	41.8%	25114.4
S&P/ TSX Composite (C$)	0.1%	7.1%	36.9%	33951.8
UK & European Equities				
FTSE All-Share (£)	-0.1%	3.9%	20.8%	5557.8
MSCI Europe ex UK (€)	-0.2%	1.9%	13.4%	2092.6
Asian Equities				
Topix (¥)	0.3%	9.4%	39.2%	3728.7
Hong Kong Hang Seng ($)	-0.8%	0.6%	16.5%	25776.5
MSCI Asia Pac. Ex-Japan ($)	-0.3%	13.8%	41.5%	821.9
Latin American Equities				
MSCI EMF Latin America ($)	-1.7%	17.3%	45.2%	3179.0
Mexican Bolsa (peso)	-2.0%	5.5%	20.6%	67858.1
Brazilian Bovespa (real)	-1.8%	16.3%	38.7%	187317.6
Commodities ($)				
West Texas Intermediate Spot	6.7%	83.0%	77.4%	105.1
90Gold Spot Price	-1.9%	7.3%	44.1%	4639.0
Bond Indices ($)				
Bloomberg U.S. Aggregate	-0.5%	0.1%	4.4%	2350.4
Bloomberg Global Aggregate	-0.1%	0.2%	3.1%	502.1
JPMorgan Emerging Mkt Bond	-0.3%	1.4%	12.5%	1031.7
10-Year Yield Change (basis points*)				
US Treasury	8	21	16	4.38%
UK Gilt	5	49	48	4.96%
German Bund	4	18	59	3.04%
Japan Govt Bond	8	45	126	2.52%
Canada Govt Bond	7	10	43	3.53%
Currency Returns**				
US$ per euro	0.0%	-0.2%	3.8%	1.172
Yen per US$	-1.5%	0.2%	8.0%	157.03
US$ per £	0.3%	0.7%	2.2%	1.357
C$ per US$	-0.6%	-1.0%	-1.9%	1.359

Source: Bloomberg. Equity-index returns are price only, others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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