



Weekly market update: Tech-stock rally runs out of fuel while inflation cooks with gas.

The market and economy

- U.S. stocks saw mixed performance for the week ending May 15. A selloff on Friday amid fresh concerns about the Middle East war and its impact on inflation partially offset an earlier upturn in megacap technology stocks, particularly shares of chipmakers and artificial intelligence (AI)-related companies. The broad-market S&P 500 Index set a new record high on Thursday and posted a small gain for the week despite the market downturn the following day. The tech-heavy Nasdaq Composite Index closed at a record high on Thursday, but ended the week with a modest loss. Additionally, the Dow Jones Industrial Average rose above 50,000 for the first time in more than three months on Thursday before a decline on Friday drove the index into negative territory for the week.
- President Donald Trump and President Xi Jinping of China met in Beijing this week to discuss, among other topics, Xi's intentions regarding possible military action against Taiwan to force unification with China, and the war in the Middle East. Xi cautioned Trump that mismanagement of the Taiwan situation could result in an "extremely dangerous situation." Trump and Xi found some common ground regarding the Mideast conflict, agreeing that the Strait of Hormuz, a major shipping channel between the Persian Gulf and the Gulf of Oman, should be reopened and that Iran should not be allowed to produce a nuclear weapon. However, in a televised interview on Thursday, Trump said that the U.S. doesn't need the strait to reopen, triggering a spike in oil prices due to worries of dwindling supplies.
- Higher energy prices due to the blockade of the Strait of Hormuz led to a sharp upturn in inflation in the U.S. in April. According to the Department of Labor, the consumer-price index (CPI) increased 0.6% during the month, in line with expectations but below the 0.9% rise in March. Prices for fuel oil and gasoline posted corresponding gains of 5.8% and 5.4% for the month, while utility gas service costs edged down 0.1%. The CPI advanced 3.8% year-over-year in April, up from the 3.3% increase in March and exceeding expectations. Fuel oil and gasoline prices surged 54.3% and 28.4%, respectively, over the previous 12-month period. Core inflation, as measured by the CPI for all items less food and energy, rose 2.8% year-over-year in April, an uptick from the 2.6% increase in March and slightly above expectations. Costs for transportation services and apparel rose 4.3% and 4.2%, respectively, over the previous 12-month period. Conversely, prices for used cars and trucks declined 2.7% year-over-year.
- The Department of Labor also reported that U.S. inflation at the wholesale level, as measured by the producer-price index (PPI), rose 1.4% in April—well above expectations and higher than the 0.7% gain in March. (The PPI tracks the average change over time in selling prices received by domestic producers of goods and service providers.) The goods index advanced 2.0% for the month, while the index for services was up 1.2%. Costs for energy, transportation and warehousing services, and trade services (the sale of intangible services such as banking, consulting, and tourism) climbed 7.8%, 5.0%, and 2.7%, respectively, in April. The PPI advanced 6.0% year-over-year, up sharply from the 4.0% annual gain in March. Core wholesale inflation, as measured by the index for final demand less foods, energy, and trade services, increased by corresponding margins of 0.6% and 4.4% in April and over the previous 12-month period.
- The rising energy prices contributed to an increase in U.S. retail sales in April. The Census Bureau reported that retail and food services sales—a gauge of consumer spending, which comprises more than two-thirds of the nation's gross domestic product (GDP)—rose 0.5% for the month, in line with expectations and representing a downturn from the 1.6% gain in March. Sales for gasoline stations climbed 2.8% for the month, bolstered by higher prices. Sales for both electronics and appliance stores, and sporting goods, hobby, musical instrument and book stores advanced 1.4%. Conversely, department stores and furniture and home furnishing stores recorded sales declines of 3.2% and 2.0%, respectively, for the month. Retail sales increased 4.9% over the previous 12-month period. Gasoline station sales surged 20.9% compared to April 2025, while sporting goods, hobby, musical instrument and book stores, and nonstore retailers posted year-over-year sales gains of 13.4% and 12.8%, respectively. Sales for motor vehicle parts and dealers fell 1.2%.

Stocks

- Global equities garnered positive returns during the week. Emerging markets outperformed developed markets.
- U.S. equities ended mixed for the week. Energy and consumer staples were the top-performing sectors, while consumer discretionary and real estate were the primary market laggards.
- Growth stocks outperformed value stocks, while large caps surpassed small caps.

Bonds

- The 10-year U.S. Treasury note yield climbed to 4.60% during the week.
- The U.S. bond market declined for the week.
- High-yield bonds led the market, followed by corporate bonds and government bonds.

As of May 15, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	0.9%	10.0%	27.3%	1116.1
MSCI EAFE (\$)	-0.1%	6.2%	20.6%	3072.9
MSCI Emerging Mkts (\$)	0.3%	22.2%	46.3%	1716.8
US & Canadian Equities				
Dow Jones Industrials (\$)	-0.2%	3.0%	17.0%	49526.2
S&P 500 (\$)	0.2%	8.3%	25.3%	7415.4
NASDAQ (\$)	-0.1%	12.8%	37.2%	26225.1
S&P/TSX Composite (C\$)	-0.8%	6.6%	30.5%	33794.2
UK & European Equities				
FTSE All-Share (£)	-0.4%	2.4%	16.9%	5479.8
MSCI Europe ex UK (€)	0.6%	3.1%	10.5%	2117.0
Asian Equities				
Topix (¥)	0.9%	13.3%	41.1%	3864.0
Hong Kong Hang Seng (\$)	-1.6%	1.3%	10.7%	25962.7
MSCI Asia Pac. Ex-Japan (\$)	0.5%	22.3%	43.9%	883.1
Latin American Equities				
MSCI EMF Latin America (\$)	-3.3%	14.4%	36.3%	3100.6
Mexican Bolsa (peso)	-2.7%	5.7%	17.3%	67966.9
Brazilian Bovespa (real)	-3.7%	10.1%	27.3%	177349.0
Commodities (\$)				
West Texas Intermediate Spot	6.0%	76.2%	64.2%	101.2
Gold Spot Price	-3.6%	5.1%	41.0%	4544.7
Bond Indices (\$)				
Bloomberg U.S. Aggregate	-0.5%	-0.1%	5.1%	2346.9
Bloomberg Global Aggregate	-0.7%	0.0%	3.8%	501.2
JPMorgan Emerging Mkt Bond	-0.4%	1.7%	12.3%	1035.3
10-Year Yield Change (basis points*)				
US Treasury	24	43	16	4.60%
UK Gilt	26	70	51	5.17%
German Bund	16	31	55	3.17%
Japan Govt Bond	23	65	124	2.72%
Canada Govt Bond	22	26	55	3.69%
Currency Returns**				
US\$ per euro	-1.4%	-1.1%	3.9%	1.162
Yen per US\$	1.3%	1.3%	9.0%	158.79
US\$ per £	-2.3%	-1.2%	0.1%	1.332
C\$ per US\$	0.6%	0.2%	-1.4%	1.376

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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1 Freedom Valley Drive
P.O. Box 1100
Oaks, PA 19456
610-676-1000

