VIEWS | MAY 22, 2026

Weekly market update: Stocks rise on hopes for stability in the Mideast.

The market and economy

- Major U.S. equity market indexes moved higher for the week ending May 22. The upturn was supported by expectations that the ongoing Middle East conflict would remain contained, along with strength in the technology sector, particularly artificial intelligence (AI)-related companies. The Dow Jones Industrial Average reached a record high, while the broad-market S&P 500 Index rose for the eighth consecutive week—its longest streak of positive returns since December 2023.
- President Donald Trump announced on Monday that he had canceled a military attack on Iran, which was scheduled for the following day, because there were "serious negotiations" on a peace plan that would be acceptable to the U.S. and countries in the Middle East. On Friday, U.S. Secretary of State Marco Rubio said that there had been "a little bit of movement" in negotiations for a deal to end the war. However, Rubio cautioned that there were disagreements over Iran's uranium-enrichment program and its plan to implement tolls on shipping in the Strait of Hormuz.
- There was notable news during the week regarding the Federal Reserve (Fed). On Friday, Kevin Warsh was sworn in as Fed chair, succeeding Jerome Powell, who will continue to serve on the Board of Governors. Minutes from the Federal Open Market Committee's (FOMC) April 28-29 meeting—Powell's last as Fed chair—indicated that members began to consider the need for interest-rate hikes. The committee voted to maintain the federal funds rate in a range of 3.50% to 3.75%. FOMC member Stephen Miran favored a 0.25% rate cut. Three other committee members supported the rate decision but were not on board with the relatively dovish tone of the central bank's policy statement.
- The FOMC meeting participants cited the continued economic impact of the Middle East war, as higher energy prices have fueled a rise in inflation. "A majority of participants highlighted…that some policy firming would likely become appropriate if inflation were to continue to run persistently above 2 percent," according to the meeting minutes. "To address this possibility, many participants indicated that they would have preferred removing the language from the post-meeting statement that suggested an easing bias regarding the likely direction of the Committee's future interest rate decisions."
- The University of Michigan's final Index of Consumer Sentiment for May fell 5.0 points (-10.0%) to 44.8, and declined 7.4 points (-14.2%) year-over-year. Consumers' expectations for inflation over the next 12 months edged up 0.1 percentage point to 4.8% in May, while long-run inflation expectations rose 0.4 percentage point to 3.9%. In a statement announcing the survey results, the University of Michigan commented, "Consumer sentiment fell for the third straight month as supply disruptions in the Strait of Hormuz continue to boost gasoline prices. Sentiment is now just below the previous historical trough seen in June 2022."
- There were mixed data reports this week concerning the health of the U.S. residential real-estate market. New housing starts fell 2.8% to an annual rate of 1,465,000 in April, but increased 4.6% year-over-year, according to the Census Bureau. The downturn in April was attributable mainly to an 11.0% decline in new construction activity in the South region. New housing starts in the West region surged 49.0% over the previous 12-month period, offsetting decreases of 3.2%, 9.6%, and 3.2% in the Northeast, Midwest, and South, respectively. The number of building permits, an indicator of new construction activity in the near term, rose 5.8% in April, but edged down 0.2% over the previous 12-month period.
- According to the Federal Home Loan Mortgage Corporation (Freddie Mac), the average interest rate on a 30-year fixed-rate mortgage climbed 15 basis points (0.15%) to a nine-month high of 6.51% during the week ending May 21. The Mortgage Bankers Association (MBA) reported that mortgage applications in the U.S. fell 2.3% during the week ending May 15 compared to the previous week. The MBA's Refinance Index inched down 0.1% for the week but was up 35.0% over the previous 12-month period. The Purchase Index recorded a weekly decline of 5.0% but increased 8.0% year-over-year.

Stocks

- Global equities garnered positive returns during the week. Developed markets outperformed emerging markets.
- U.S. equities posted gains for the week. Healthcare and utilities were the top-performing sectors, while communication services and consumer staples were the primary market laggards.
- Value stocks outperformed growth stocks, while small caps surpassed large caps.

Bonds

- The 10-year U.S. Treasury note yield dipped to 4.56% during the week.
- The U.S. bond market ended the week in positive territory.
- Corporate bonds led the market, followed by high-yield bonds and government bonds.

As of May 22, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.7%	9.1%	27.1%	1106.9
MSCI EAFE ($)	1.2%	5.9%	18.9%	3062.1
MSCI Emerging Mkts ($)	0.4%	19.3%	43.8%	1675.5
US & Canadian Equities				
Dow Jones Industrials ($)	2.1%	5.2%	20.8%	50579.7
S&P 500 ($)	0.8%	9.1%	27.9%	7469.7
NASDAQ ($)	0.5%	13.3%	39.2%	26344.0
S&P/ TSX Composite (C$)	2.0%	8.8%	33.5%	34503.8
UK & European Equities				
FTSE All-Share (£)	2.6%	5.1%	18.7%	5623.9
MSCI Europe ex UK (€)	2.0%	3.9%	11.0%	2134.3
Asian Equities				
Topix (¥)	0.7%	14.2%	43.3%	3892.5
Hong Kong Hang Seng ($)	-1.4%	-0.1%	8.8%	25606.0
MSCI Asia Pac. Ex-Japan ($)	0.3%	19.5%	41.3%	863.0
Latin American Equities				
MSCI EMF Latin America ($)	1.7%	13.3%	36.8%	3070.4
Mexican Bolsa (peso)	0.5%	6.2%	18.0%	68307.0
Brazilian Bovespa (real)	-0.7%	9.3%	28.2%	176048.6
Commodities ($)				
West Texas Intermediate Spot	-5.3%	73.9%	61.5%	99.9
Gold Spot Price	-0.7%	4.5%	36.8%	4515.0
Bond Indices ($)				
Bloomberg U.S. Aggregate	0.3%	-0.5%	5.3%	2338.3
Bloomberg Global Aggregate	0.2%	-0.6%	3.1%	498.2
JPMorgan Emerging Mkt Bond	-0.2%	0.8%	11.6%	1025.7
10-Year Yield Change (basis points*)				
US Treasury	-4	39	3	4.56%
UK Gilt	-27	42	15	4.90%
German Bund	-13	18	40	3.04%
Japan Govt Bond	5	70	119	2.76%
Canada Govt Bond	-16	10	16	3.53%
Currency Returns**				
US$ per euro	-0.2%	-1.2%	2.9%	1.161
Yen per US$	0.3%	1.6%	10.5%	159.17
US$ per £	0.9%	-0.3%	0.2%	1.344
C$ per US$	0.5%	0.7%	-0.3%	1.382

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.

IMPORTANT INFORMATION

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