



Weekly market update: Stocks rise on AI strength, tentative U.S.–Iran truce.

The market and economy

- Major U.S. equity market indexes moved higher in the shortened trading week ended May 29. The Dow Jones Industrial Average, the broad-market S&P 500 Index, and the tech-heavy Nasdaq Composite Index closed the week at record highs. U.S. financial markets were closed on Monday in observance of Memorial Day. Investors reacted positively on Thursday to news that the U.S. and Iran had reached a tentative agreement to extend their ceasefire, pushing up all three major U.S. indexes. Strong earnings announcements and guidance from technology firms linked to artificial intelligence (AI) also bolstered stocks over the period. The S&P 500 Index rose for the ninth consecutive week, marking its longest weekly winning streak since December 2023.
- Despite overnight military clashes and alleged truce violations by both sides, Axios reported on Thursday that the U.S. and Iran had reached a tentative agreement on a memorandum of understanding that would extend their ceasefire for another 60 days. While the report cautioned that President Trump still needs to approve the deal, investors reacted favorably to the news. Under the proposal, Iran would allow non-military vessels to travel through the Strait of Hormuz “unrestricted” and the U.S. would lift its naval blockade of Iranian ports. Diplomatic talks were also set to continue as part of the agreement, with a focus on the future of Iran’s nuclear program. This week marked three months since the beginning of the conflict.
- Technology shares rallied over the week, driven by continued AI-related demand and favorable earnings announcements and guidance. Memory chipmakers, seen as potential beneficiaries of the AI boom, propelled the S&P 500 Index and the Nasdaq Composite Index to new record highs on Tuesday after a notable brokerage house raised a chipmaker’s price target significantly. Meanwhile, better-than-expected results and upbeat guidance from other AI-adjacent firms later in the week, including server manufacturers and cloud-based data platform companies, helped sustain the rally.
- There was notable economic news during the week. According to the second estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annual rate of 1.6% for the first quarter of 2026, up from the 0.5% rise in the fourth quarter of 2025 but below the 2.0% advance estimate and market expectations. The increase in GDP reflected growth in exports, investment, consumer spending, and government spending, while the downward revision from the advance estimate primarily reflected weaker private nonfarm inventory investment and consumer spending.
- The Department of Commerce also reported that the personal-consumption expenditures (PCE) price index rose 0.4% in April, down from a 0.7% increase in March. The index advanced 3.8% over the previous 12-month period, up from the 3.5% annual increase the prior month and in line with expectations—though well above the Federal Reserve’s (Fed) 2% target. The core PCE price index, which excludes volatile food and energy prices, was up 0.2% in April, down from 0.3% in March. The index posted a year-over-year upturn of 3.3% in April following a 3.2% 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.
- The Conference Board’s Consumer Confidence Index® slipped 0.7 point to 93.1 in May, down from April’s upward revision of 93.8. A reading below 100 signals a decrease in consumer confidence regarding the future economic situation. The Expectations Index, an indicator of consumers’ short-term outlook for income, business, and labor market conditions, rose 1.0 point to 74.4 but remained below a reading of 80, which indicates that consumers anticipate a recession in the U.S. over the next 12 months. In its news release, the Conference Board stated, “Consumer confidence edged downward in May as the inflationary impacts of the war in the Middle East intensified.”

Stocks

- Global equities garnered positive returns during the week. Emerging markets outperformed developed markets.
- U.S. equities posted gains for the week. Information technology and consumer discretionary were the top-performing sectors, while energy and consumer staples were the primary market laggards.
- Growth stocks outperformed value stocks, while small caps surpassed large caps.

Bonds

- The 10-year U.S. Treasury note yield dipped to 4.44% during the week.
- The U.S. bond market ended the week in positive territory.
- Corporate bonds led the market, followed by government bonds and high-yield bonds.

As of May 29, 2026	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	1.1%	10.9%	27.8%	1124.7
MSCI EAFE (\$)	0.2%	6.9%	19.0%	3093.7
MSCI Emerging Mkts (\$)	2.3%	22.8%	47.4%	1724.7
US & Canadian Equities				
Dow Jones Industrials (\$)	0.9%	6.2%	20.9%	51032.5
S&P 500 (\$)	1.5%	10.8%	28.3%	7586.6
NASDAQ (\$)	2.4%	16.1%	40.7%	26972.6
S&P/ TSX Composite (C\$)	0.4%	9.2%	32.1%	34619.1
UK & European Equities				
FTSE All-Share (£)	-0.4%	4.7%	18.4%	5604.0
MSCI Europe ex UK (€)	0.3%	5.0%	12.7%	2157.6
Asian Equities				
Topix (¥)	1.7%	16.1%	40.7%	3957.2
Hong Kong Hang Seng (\$)	-1.7%	-1.7%	6.8%	25182.4
MSCI Asia Pac. Ex-Japan (\$)	1.9%	22.6%	44.3%	885.5
Latin American Equities				
MSCI EMF Latin America (\$)	0.2%	12.5%	34.9%	3048.9
Mexican Bolsa (peso)	0.4%	6.7%	17.1%	68612.0
Brazilian Bovespa (real)	-1.2%	8.0%	25.6%	174056.9
Commodities (\$)				
West Texas Intermediate Spot	-11.9%	54.8%	45.9%	88.9
Gold Spot Price	1.2%	5.7%	37.5%	4567.0
Bond Indices (\$)				
Bloomberg U.S. Aggregate	0.7%	0.3%	5.2%	2355.2
Bloomberg Global Aggregate	0.7%	0.2%	3.1%	502.5
JPMorgan Emerging Mkt Bond	0.9%	1.9%	12.1%	1037.0
10-Year Yield Change (basis points*)				
US Treasury	-12	27	2	4.44%
UK Gilt	-9	34	17	4.81%
German Bund	-10	8	43	2.94%
Japan Govt Bond	-10	60	114	2.67%
Canada Govt Bond	-12	-2	21	3.41%
Currency Returns**				
US\$ per euro	0.5%	-0.7%	2.6%	1.166
Yen per US\$	0.1%	1.6%	10.4%	159.26
US\$ per £	0.2%	-0.1%	-0.2%	1.347
C\$ per US\$	-0.2%	0.5%	-0.1%	1.379

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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