Market Update – May 18, 2026

The Weekly Briefing

Equity markets were mixed last week and stocks slid on Friday as investor sentiment soured. The Nasdaq and S&P 500 both declined about -1.5% on Friday, and other notable declines include the Russell 2000 (-2.5%), the Philadelphia Semiconductor Index (-4.0%), and the South Korean KOSPI Index (-6.1%), which is heavily weighted towards beneficiaries of the AI trade.

Despite Friday's decline, the S&P 500 eked out its 7th consecutive weekly gain – the longest streak since late 2023. Other domestic and international benchmarks did not fare as well. The Nasdaq 100 slipped -0.3%, the Russell 2000 declined -2.3%, the MSCI EAFE Index fell -1.6%, and the MSCI Emerging Markets Index dropped -2.5%.

Oil rose sharply last week, reflecting renewed concerns about the situation in Iran. Front-month West Texas Intermediate Crude Oil rose +10%, ending the week at $105 per barrel. Brent Crude increased +7% to $109 per barrel. Reflecting the risk of increased inflation, bond yields rose across the curve. The 2-year US Treasury yield increased +18 basis points, the 10-year Treasury yield rose +24 basis points, and the 30-year Treasury yield added +18 basis points. The 30-year Treasury yield ended the week at 5.11%, its highest weekly close since 2007. The 10-year Treasury closed at 4.59%, up almost +50 basis points this calendar year.

Market jitters were driven by fears of inflation and renewed risk of escalation in the Middle East. A pointed remark about Taiwan by the Chinese government during the US-China diplomatic meeting in Beijing rattled investors further.

Last week included hot CPI and PPI inflation reports. The Consumer Price Index rose +0.6% month-over-month and +3.8% year-over-year in April on a headline basis. The core CPI, which excludes food and energy prices, increased +0.4% month-over-month, ahead of expectations for a +0.3% month-over-month increase. This measure of inflation rose +2.8% year-over-year, again faster than expected, and an acceleration from +2.6% in March. Notable year-over-year price increases include Transportation (+7.5%), which reflects +20% or higher increases in both Motor Fuel and Airline Fares, Apparel (+3.9%), and Housing (+3.5%).

The Producer Price Index increased +1.4% month-over-month and +6.0% year-over-year. This measure of prices came in well ahead of estimates, and accelerated sequentially. PPI has historically been more volatile than CPI, however it does tend to move directionally with consumer prices as producers pass along increased input costs to protect profit margins.

Traders continue to expect the Federal Open Market Committee's next move to be an interest rate hike, with interest rate futures expecting a 25-basis point increase in the overnight lending rate by early 2027. With Fed members now more concerned with inflation than the labor market and earnings season largely finished, investors may again become more sensitive to headlines from the Middle East.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
	Pending Home Sales	FOMC Minutes	Initial Jobless Claims Continuing Claims	WSM
	HD	ADI NVDA TJX	WMT	

Market Snapshot

	Last Week	YTD	1yr
S&P 500	0.2%	8.7%	25.9%
DJIA	-0.1%	3.6%	18.0%
Nasdaq 100	-0.3%	15.6%	36.8%
Russell 2000	-2.3%	13.0%	33.9%
S&P 500 E/W	-1.3%	5.7%	14.0%
2yr Yield	4.07%	0.60%	0.07%
10yr Yield	4.59%	0.43%	0.12%
VIX	18.43	3.48	1.19
WTI Crude	$105.4	83.6%	68.7%
Gold	$4,540	5.1%	40.6%
Bitcoin	$79,081	-9.8%	-24.0%

Economic Summary

	Actual	Expected	Prior (r)
CPI - m/m	0.6%	0.6%	0.9%
CPI - y/y	3.8%	3.7%	3.3%
Core CPI - m/m	0.4%	0.3%	0.2%
Core CPI - y/y	2.8%	2.7%	2.6%
PPI - m/m	1.4%	0.5%	0.7%
PPI - y/y	6.0%	4.8%	4.3%
Initial Jobless Claims	211k	205k	199k
Continuing Claims	1,782k	1,780k	1,758k

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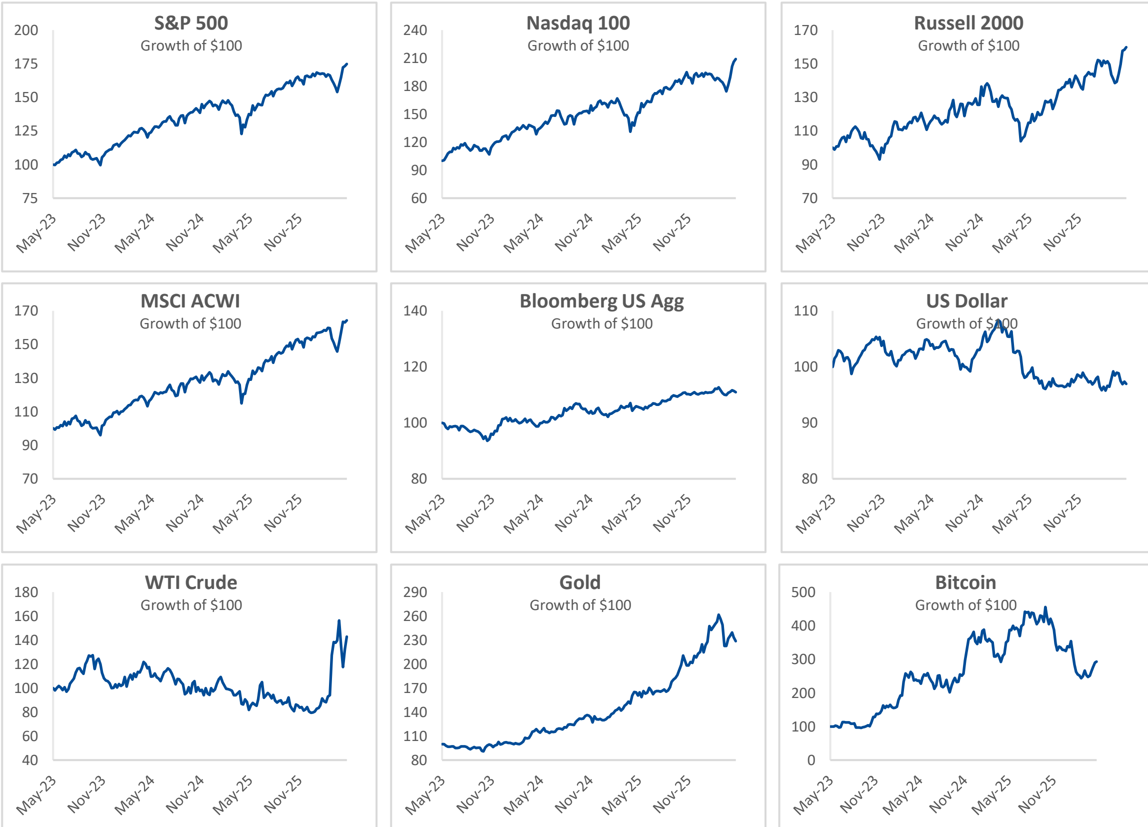
Markets Monitor



S&P 500 Sector Heatmap

Total Return YTD

S&P 500 8.7%	Comm. Services -1.1%	Cons. Discretionary -2.2%	Cons. Staples 9.6%
Energy 33.8%	Financials -6.2%	Healthcare -5.9%	Industrials 10.8%
Materials 11.4%	Real Estate 7.9%	Technology 22.6%	Utilities 3.5%

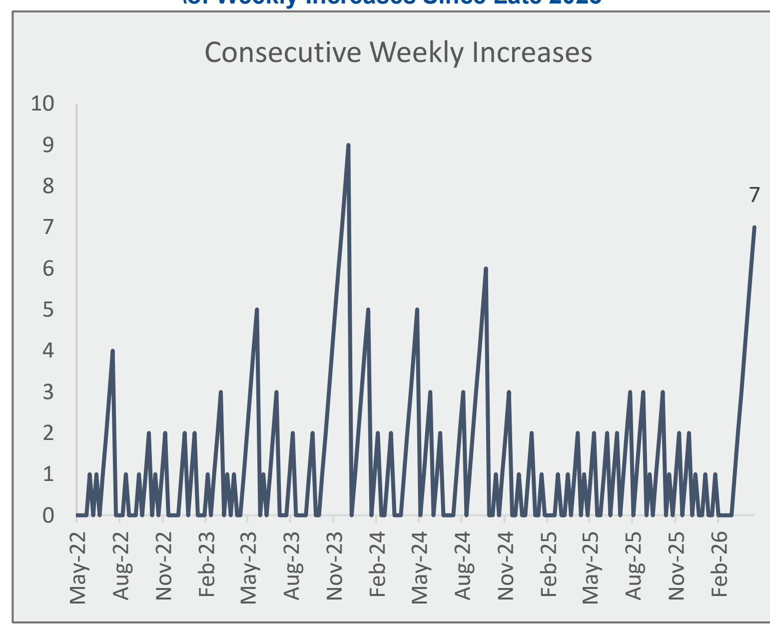
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
11-May	CEG	Beat	Beat	-1.3%
	MOS	Beat	Beat	-1.8%
13-May	AMAT	Beat	Beat	-0.9%
	CSCO	Beat	Beat	13.4%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	-0.5%	8.9%	26.5%
MSCI EAFE	-1.6%	5.9%	21.5%
MSCI EM	-2.5%	19.5%	45.1%
DXY Index	99.4	1.1%	-1.7%
EUR / USD	$1.16	-1.7%	1.8%
GBP / USD	$1.33	-1.2%	-0.3%
USD / JPY	158.8	1.4%	9.6%
USD / CNY	6.81	-2.5%	-5.5%

The S&P 500 is on its Longest Streak \of Weekly Increases Since Late 2023



As of 5/15/26.
Sources: Bloomberg, Sunflower Wealth Advisors, Sunflower Bank.

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