



A WEEKLY NEWSLETTER PUBLICATION OF BECKER WEALTH MANAGEMENT LLC

## Fresh record for the S&P despite no end in sight of war.

**C**ontrasting market forces of robust earnings/capex and inflation waves from the war in Iran war netted a fresh record high for the S&P but only marginally higher as markets took a breather at the end of the week. Equity markets reflected pressure from rising bond yields moving notably higher thanks to persistent inflation and no end in sight to the war. Increasing pipeline (PPI) and headline (CPI) inflation drove 10yr yields 21bps higher to 4.59% while 2yr yields closed up 19bps as probabilities of Fed rate cuts continued to fall. With no breakthroughs on Iran, developed (-1.9%) and emerging (-4.2%) equity markets lost more meaningful ground.

### Financial Market Highlights

- The U.S. stock market has bucked historical inflation regime trends thanks to an AI driven surge in earnings and tech capex, instead choosing to look past geopolitical, commodity, and economic stress as temporary. Bond markets have responded more predictably with long UST yields breaching 5% for first time since 2007.
  - The clock continued to tick last week on the Iran war and commodity prices as political/fiscal costs mount, world oil inventories draw down, and negotiations remain in stalemate.
- Economic Highlights
- Key economic reports on the week saw energy prices drive CPI inflation up to 3.8%, healthy April retail sales, and marginally deteriorating small business sentiment.



### Policy Highlights

- Tides of change and a newly appointed Fed Chair have markets bracing for a transition period where market rate cut expectations differ significantly from Fed forecasts, member comments, and economist forecasts.
- The Trump-Xi summit was modestly positive but missed on progress with Iran situation, commercial/trade progress, and any veritable strategic reset.
- The U.S. Court of International Trade ruled POTUS tariffs enacted under Section 122 of the Trade Act of 1974 illegal given the U.S. does not have a balance of payments deficit as specified in the Act, a fifth consecutive loss in the courts for POTUS tariff policies. Appeals and tax refunds appear likely.

### Bullish Asset Allocation Narratives

- Robust U.S. corporate fundamentals including strong earnings growth, upward revisions to street estimates, and positive guidance from management.

- AI infrastructure builds, earnings momentum (ROI), and projected productivity gains.
- Growth conducive policies across fiscal (elevated deficit spending) and regulatory landscapes.
- Resilient consumption with low unemployment and under levered consumer balance sheets.

### Bearish Asset Allocation Narratives

- Energy price shock and associated risks to inflation (bond yields) and growth (demand destruction).
- AI momentum given current equity market concentration, narrow earnings breadth, a shift toward heavy asset/capex intensive business models, circular investment deals, increased debt financing, and disruptive forces on some business models and pockets of the labor market.
- Tariff (trade) policy uncertainty and impacts on business uncertainty, price levels, and supply chains.

# INSIGHT

## SUMMARY OF ECONOMIC REPORTS

Economic Report	Release	Period	Prior	Estimate Range	Consensus	Actual
CPI (Headline/Core YoY)	5/12/26	April	3.3% / 2.6%	2.6% to 4.0%	3.8% / 2.7%	3.8% / 2.8%
CPI (Headline/Core MoM)	5/12/26	April	0.9% / 0.2%	0.2% to 0.9%	0.6% / 0.3%	0.6% / 0.4%
Retail Sales (Headline/Core)	5/14/26	April	1.7% / 0.6%	-0.3% to 0.8%	0.5% / 0.4%	0.5% / 0.5%
NFIB Small Biz Optimism	5/12/26	April	95.8	95.4 to 96.8	96.1	95.9
Industrial Production (MoM)	5/15/26	April	-0.5%	-0.4 to 0.4%	0.2%	0.7%
Existing Home Sales	5/11/26	April	3.98M	4.01M to 4.11M	4.05M	4.02M
ISM Services	5/5/26	April	54.0	53.2 to 55.0	53.9	53.6
ISM Manufacturing	5/1/26	April	52.7	51.9 to 56.0	53.0	52.7
Payrolls (MoM)	5/8/26	April	185,000	0 to 150,000	63,000	115,000
Unemployment Rate	5/8/26	April	4.3%	4.2% to 4.4%	4.3%	4.3%
JOLTS	5/5/26	Mar	6.882M	6.625M to 6.83M	6.656M	6.866M
New Home Sales (AR)	5/5/26	Mar	636k	618k to 700k	668k	682k
UofM Consumer Sentiment	5/8/26	May	49.8	48.0 to 53.0	49.3	48.2
PCE YoY (Headline/Core)	4/30/26	Mar	2.8% / 3.0%	2.9% to 3.5%	3.5% / 3.2%	3.5% / 3.2%
PCE MoM (Headline/Core)	4/30/26	Mar	0.4% / 0.4%	0.3% to 0.8%	0.7% / 0.3%	0.7% / 0.3%
Personal Income / PCE (MoM)	4/30/26	Mar	-0.1% / 0.5%	0.2% to 1.0%	0.3% / 0.9%	0.6% / 0.9%
Personal Consumption (QoQ AR)	4/30/26	Q1	1.9%	1.0% to 1.6%	1.5%	1.6%
U.S. GDP (QoQ AR)	4/30/26	Q1	0.5%	1.0% to 2.8%	2.1%	2.0%
Employment Cost Index (QoQ/YoY)	4/30/26	Q1	0.7% / 3.4%	0.7% to 0.9%	0.8% / N/A	0.9% / 3.4%
Durable Goods Orders (Orders)	4/29/26	Mar	-1.4%	0.3% to 1.2%	0.5%	0.8%
Consumer Confidence	4/28/26	April	92.2	87.0 to 90.4	89.4	92.8
Case-Shiller HPI (YoY)	4/28/26	Feb	1.2%	N/A	N/A	0.9%
Housing Starts & Permits (M)	4/29/26	Mar	1.36M / 1.54M	1.32M to 1.44M	1.40M / 1.40M	1.50M / 1.37M
PMI Services	4/23/26	April	49.8	N/A	50.0	51.0
PMI Manufacturing	4/23/26	April	52.3	52.1 to 53.5	52.5	54.5
Pending Home Sales (MoM)	4/21/26	Mar	1.8%	-0.5% to 1.0%	0.9%	1.5%
Housing Market Index (MoM)	4/15/26	Apr	38	36 to 38	37	34



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# INSIGHT

## MARKET ANALYSIS

Equity	Level	1 Wk	1 Mo	3 Mo	YTD	1 Yr	Commodities	Current	3/31/26	12/31/25	9/30/25
Dow Jones	49526	(0.11)	2.31	0.47	3.63	19.05	Oil (WTI)	101.56	102.86	57.26	63.17
NASDAQ	26225	(0.06)	9.25	16.51	13.07	38.06	Gold (Mo-End)	4723.88	4723.88	4289.48	3665.20
S&P 500	7409	0.17	5.57	8.70	8.70	26.75	<b>Currencies</b>				
Russell 1000 Growth		0.66	6.13	11.38	5.31	25.33	Current	3/31/26	12/31/25	9/30/25	
Russell 1000 Value		(0.76)	3.63	4.18	10.87	25.03	USD/Euro (\$/€)	1.16	1.15	1.18	1.17
Russell 2000		(2.34)	3.00	5.87	12.99	35.07	USD/GBP (\$/£)	1.36	1.36	1.34	1.34
Russell 3000		(0.12)	4.92	7.87	8.32	25.93	Yen/USD (¥/\$)	156.64	156.64	156.80	147.97
MSCI EAFE		(1.53)	(1.04)	(1.48)	6.23	22.29	<b>Treasury Rates</b>				
MSCI Emg Mkts		(2.45)	5.55	7.93	19.61	45.80	Current	3/31/26	12/31/25	9/30/25	
<b>Fixed Income</b>	<b>Δ Yield</b>	<b>1 Wk</b>	<b>1 Mo</b>	<b>3 Mo</b>	<b>YTD</b>	<b>1 Yr</b>	3 Month	3.69	3.70	3.67	4.02
US Aggregate	4.00	0.05	0.07	0.15	0.11	0.17	2 Year	4.09	3.79	3.47	3.60
High Yield	6.65	0.06	0.07	0.11	0.11	0.02	5 Year	4.26	3.92	3.73	3.74
Municipal	3.49	0.03	0.06	0.18	0.17	0.34	10 Year	4.59	4.30	4.18	4.16
Treasury	3.59	0.12	0.16	0.28	0.27	0.43	30 Year	5.12	4.88	4.84	4.73

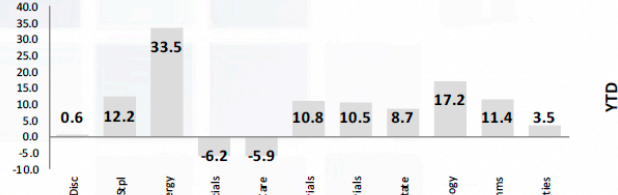
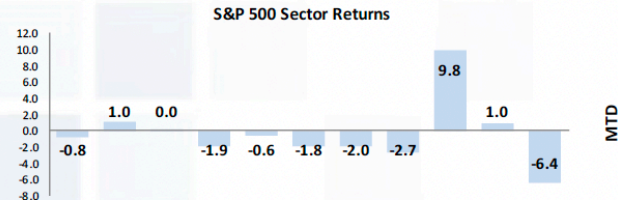
**Style Returns**

	V	B	G
L	0.41	2.46	4.32
M	-0.80	-0.66	-0.17
S	-0.99	-0.19	0.56

MTD

	V	B	G
L	10.87	8.10	5.31
M	10.66	8.01	-0.46
S	13.95	12.99	12.10

YTD



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