

By the numbers

Chart of the week (May 1, 2026)



The initial reading of first-quarter 2026 gross domestic product (GDP) is 2%, which shows that the economy reacted as anticipated. The U.S. entered the new year with growth moving higher from the shut-down depressed state it was in the fourth quarter of 2025, when the reading was only 0.5%. We know much of the impact of the Iran conflict remains ahead of us, but March's numbers could have been impacted in this report.

As has been true for the last few quarters, the overall story of the U.S. economy is one of resilience. The U.S. has taken quite a few shocks to the economy, yet the U.S. consumer has remained strong, the job market has remained supportive and, now, business investment looks to broaden beyond AI to additional sectors of the economy.

Speaking of the AI capex super-cycle, the total announced investments for 2026 have totaled about \$600 billion so far. Given that U.S. GDP is around \$30 trillion dollars, these announced investments represents 2% of GDP in AI capex. The last time we had a single part of our economy show similar levels of investment compared to GDP was in the 1870s when the railroads connected our country as never before. In addition to the huge investment, there were worries about the railroad's impact on jobs, as there are today with AI. However, looking back, we now know that the railroad's impact on the U.S. and its economy were materially positive. We feel similarly about the short-term versus long-term impacts on jobs from AI.

Speaking of jobs, weekly jobless claims, an important marker for us as we think about the health of the labor market, fell last week to 189,000, the lowest figure since 1969—and that's without any adjustment based on the size of the labor force, which is much larger today. Continuing claims are slowly improving as well, so while hiring remains a bit slower, the evidence suggests that companies are retaining the vast majority of workers.

Within the GDP number, we also get some important readings on inflation. On this front, we can see the impact of the Iran conflict on energy prices and headline level inflation. The surge in energy prices led to a 0.7%-increase in inflation and year-over-year inflation increasing to 3.5%, from 2.8%. At the core level, however, the gains were more subdued as rents and wages remain constrained, which resulted in an increase of 0.3% and 3.2% year-over-year. We are watching the conflict in Iran closely from this perspective, as the longer the conflict continues, the greater the risk of higher energy prices for longer which will eventually lead to higher core inflation, too.

The change in chairmanship at the Fed notwithstanding, the coming impulse towards higher inflation will make the idea of interest rate cuts very difficult to consider. The vote to leave interest rates the same at the Fed's April meeting was 11-1. The one dissenting vote was from recent President Trump-nominee Stephen Miran who wanted to see a 0.25% cut in rates. Miran's consistent call for more and larger cuts than the consensus helps illustrate the potential risks the markets see to the change taking place at the Fed. The President has been clear in his thoughts to lower rates, so it is hard to imagine Kevin Warsh got the nod to be the next Fed Chair without some sort of at least ideological agreement on rates. The opposition to that idea was reflected in a push to remove the "easing bias" from the Fed's statement, as well as in current Chair Jay Powell's announcement he will stay in his seat as a board member after his term as chairman expires. This breaks with past protocol but Powell specifically pointed to the risk of politicizing the Fed as his reason for doing so. Fed watching is getting a bit more interesting.

Contributors to Real GDP Growth

Seasonally Adjusted at Annual Rates

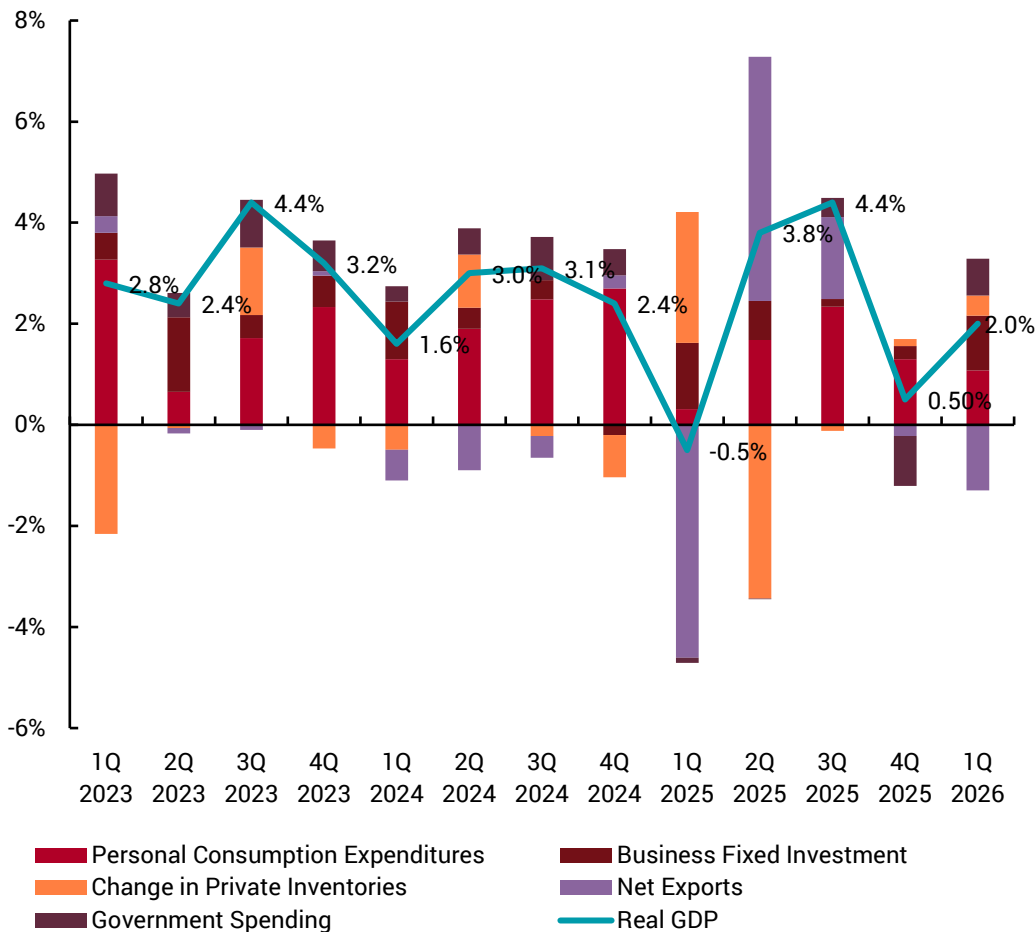


Chart data source: Bureau of Economic Analysis.
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By the numbers



Commentary (May 1, 2026)

Domestic Equities

- U.S. equities closed the month of April at record highs. The S&P 500 Index returned 10.5%, its best month since 2020. Small caps outperformed with the Russell 2000 Index returning 12.2%. The technology sector drove performance, and the NASDAQ Composite Index returned 15.3%.
- April's rally was anchored by a strong first-quarter earnings season, with over 80% of S&P 500 companies beating expectations as of late April. Mega-cap technology and semiconductor names were central contributors, as investors refocused on earnings power, AI-driven revenue visibility and productivity gains despite elevated capital spending.
- Ceasefire extensions and reduced escalation fears in the Middle East improved risk appetite, allowing equities to rally even as oil prices stayed elevated. Energy stocks have negative returns for the month.
- Equities advanced during the week even as investors digested a highly divided Federal Reserve decision to hold rates steady. While inflation risks tied to energy remained a concern, expectations shifted toward delayed—but not abandoned—easing later in 2026.

Bonds

- U.S. Treasury yields were mostly higher on rising oil prices and most major central banks tilting hawkish during the week's round of policy announcements. As for the Fed, the FOMC left rates unchanged at 3.50-3.75% (as expected), but the vote was split 8-4, with dissent in both hawkish and dovish directions. This, coupled with Powell's speech tilting slightly hawkish, soured rate-cut expectations. As of week-end, Fed Fund futures were pricing in only a slight probability of a cut in 2026.
- Meta announced a \$25 billion bond sale this week, with investors placing \$96 billion in orders for the transaction.
- One-Year USD Zero Coupon Inflation Swaps made new highs for the year Wednesday but ended the week little changed on renewed hopes for a U.S.-Iran deal.
- Globally, most major central banks left policy rates unchanged but signaled a hawkish shift in their outlook. This contributed to a rise in rate-hike expectations. Most notably, swap markets closed the week pricing in three hikes from the ECB, 2.4 hikes from BoE and 1.5 hikes from the BoJ in 2026.

International Equities

- Foreign stock investors continued to digest recent corporate earnings announcements and new economic data while keeping an eye on multiple central bank policy meetings across key regions.
- Developed-market stocks moved higher this week, with gains across Japan and European markets. The eurozone economy grew 0.1% in the first quarter, a decline from 0.2% growth in the previous quarter. Investors are increasingly concerned about future growth due to rising energy prices, particularly as the region's inflation rate reached 3% in April, its highest level since 2023.
- Emerging markets experienced another volatile week of trading. The MSCI Emerging Markets Index rose 14.7% in April, recovering from a 13% loss in March. Technology stocks have been a major driver of returns, surging over 32% in April and over 47% year-to-date through April. Companies involved in manufacturing memory chips, semiconductors and other hardware for AI development have been the big winners. Taiwan's economy saw its fastest growth since 1987, with GDP expanding 13.7% in the first quarter, largely fueled by strong technology exports driven by AI demand.

Economics

- On Tuesday, the Consumer Confidence Index for April rose to 92.8, outperforming the consensus estimate of 89.4 and ticking up from March's reading of 92.2. The report suggests that while concerns about gasoline prices persist, a temporary ceasefire in the Middle East and a rebound in equities helped stabilize sentiment.
- On Thursday, the advance estimate for first-quarter GDP showed the economy expanded at an annual rate of 2.0%. This was slightly below the 2.1% expected by economists but marked a sharp acceleration from the 0.5% growth seen in the fourth quarter of 2025. The data indicates that the economy bounced back as the impact of the government shutdown faded.
- On Thursday, the Personal Income and Outlays report showed that the Core Personal Consumption Expenditures (PCE) index rose 0.3% in March and 3.2% year-over-year. This continues to point towards persistent inflation pressure that will make future rate cuts challenging.

Weekly Market Update

For Week Ending May 01, 2026

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	49,499.27	0.5%	3.5%	23.5%
S&P 500 Index	7,230.12	0.9%	6.0%	30.6%
NASDAQ Composite	25,114.44	1.1%	8.2%	42.7%
S&P 400 Midcap Index	3,639.84	0.0%	10.6%	28.9%
S&P 600 Smallcap Index	1,672.78	0.8%	14.5%	38.3%
MSCI EAFE	11,291.49	1.0%	6.5%	26.0%
MSCI Emerging Markets	878.49	-0.5%	14.6%	46.9%
Bloomberg US Agg	2,352.99	-0.4%	0.2%	4.5%
Bloomberg Municipal 5 Yr	521.63	-0.3%	0.4%	4.9%
Bloomberg US Corporate	3,547.31	-0.4%	0.1%	5.8%
Bloomberg Glb Agg ex US Hdg	611.18	-0.2%	0.3%	1.7%
Bloomberg High Yield	2,953.13	0.0%	1.3%	8.8%
MSCI US REIT Index	2,670.74	1.1%	13.7%	17.6%
Bloomberg Commodity Index	357.46	3.1%	29.4%	44.7%

Key Rates

	Last Price/Yield	Prior Week	Year End	Year Ago
Fed Funds Target	3.75%	3.75%	3.75%	4.50%
3-Month Treasury	3.65%	3.67%	3.63%	4.29%
1-Year Treasury	3.70%	3.66%	3.47%	3.92%
2-Year Treasury	3.88%	3.78%	3.47%	3.70%
5-Year Treasury	4.01%	3.91%	3.73%	3.80%
7-Year Treasury	4.19%	4.10%	3.94%	4.00%
10-Year Treasury	4.37%	4.30%	4.17%	4.22%
30-Year Treasury	4.96%	4.91%	4.84%	4.72%

Consumer Rates

30-Year Mortgage	6.38%	6.36%	6.25%	5.83%
BOKF National Prime Rate	7.50%	7.50%	7.50%	8.25%
SOFR	3.64%	3.66%	3.71%	4.39%

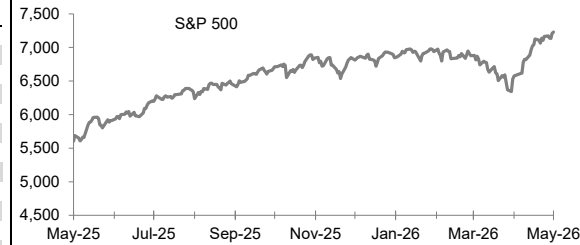
Commodities

Gold (spot)	4,614.21	4,709.50	4,319.37	3,239.20
Crude Oil WTI	101.94	94.40	57.42	59.24
Gasoline	4.43	4.09	2.83	3.18
Natural Gas	2.78	2.52	3.69	3.48
Copper	5.93	6.03	5.68	4.58

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.54	22.37	5.60	1.60
S&P 500	20.74	26.09	5.64	1.16
S&P 500 Value	18.45	20.73	3.80	1.87
S&P 500 Growth	23.23	33.61	9.70	0.55
NASDAQ	12.69	37.07	7.96	0.62
S&P Midcap 400	16.90	20.29	2.91	1.61
S&P Smallcap 600	16.06	19.01	2.12	2.15
MSCI EAFE	15.70	17.88	2.30	2.98
MSCI Emerging Markets	11.35	18.28	2.40	2.42

Source: Bloomberg

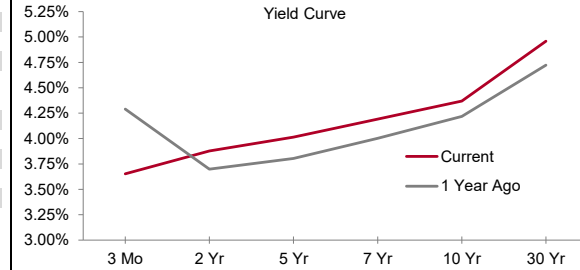
Equity Style



1 Month*			Year to Date*		
Value	Core	Growth	Value	Core	Growth
Large					
5.71	10.03	13.99	5.85	6.00	6.11
Mid					
6.63	6.95	7.26	8.26	10.57	12.78
Small					
9.13	10.04	10.97	14.00	14.52	15.10

*S&P Indices

Fixed Income Style



1 Month*			Year to Date*		
Short	Interm.	Long	Short	Interm.	Long
Govt					
0.22	0.14	-0.28	0.48	0.16	-0.77
Corp					
0.36	0.45	0.53	0.70	0.30	-0.45
HY					
1.13	1.43	2.43	1.44	1.31	1.43

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	3.3%	2.4%
CPI Core Inflation	2.6%	2.8%
Personal Consumption Exp (PCE) Core	3.2%	2.7%

Jobs

Unemployment Rate (U3)	4.3%	4.2%
Broader Unemployment Rate (U6)	8.0%	7.9%
JOLT Survey (in millions)	6.88	7.24
Jobless Claims (000's)	189	239
Change in Non-Farm Payroll (000's)	178	67
Average Hourly Earnings (Y/Y % Change)	3.5%	4.2%

Consumer & Spending

Consumer Confidence (Conf Board)	92.8	85.7
Consumer Spending (\$ Bil)	21,861	20,683
Consumer Credit (\$ Bil)	5,117	4,959
Retail Sales (\$ Bil)	752	723

Housing

Housing Starts (000's)	1,502	1,355
Case-Shiller Home Price Index	327.31	325.14

U.S. Productivity

Real Gross Domestic Product (\$ Bil)	24,175	23,548
Quarter over Quarter Change	2.0%	-0.6%
Year Over Year Change	2.7%	2.0%
ISM Manufacturing	52.70	48.80
Capacity Utilization	75.66	76.13
Markit US Composite PMI	52.00	50.60

U.S. General

Leading Economic Indicators	97.3	100.4
Trade Weighted Dollar Index	118.7	122.9
EUR / USD	1.17	1.13
JPY / USD	157.01	145.39
CAD / USD	0.74	0.72
AUD / USD	0.72	0.64

S&P 500 Sector Returns

	1 Month	YTD
Energy	-0.88%	31.71%
Materials	1.16%	12.33%
Industrials	5.19%	11.86%
Real Estate	8.09%	11.49%
Consumer Staples	3.62%	10.93%
Communication Services	16.57%	10.30%
Utilities	0.97%	9.80%
Information Technology	17.78%	8.25%
Consumer Discretionary	11.28%	1.98%
Financials	5.16%	-4.66%
Health Care	-1.76%	-5.80%

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