

Market Brief

- U.S. equities finished higher, with Friday's session pushing the major indexes to fresh record closing highs as AI-linked technology strength and hopes for progress toward a U.S.-Iran ceasefire extension supported risk appetite. The S&P 500 gained 1.80% on the week, the Nasdaq advanced 2.58%, the Dow rose 1.49%, and the Russell 2000 added 2.67%.
- European equities were mixed but broadly steadier. The Euro STOXX 50 rose 1.51% for the week to 6,050.54, while the FTSE 100 declined 0.33%, ending Friday at 10,409.28, as UK equities still finished the month modestly higher despite the weekly loss. The Dax and the CAC 40 finished the week up 0.87% and 0.83% respectively.
- Treasury yields moved lower on the week progress toward a potential U.S.-Iran truce eased some inflation concerns and supported government bonds. The benchmark 10-year Treasury yield finished around 4.44% on Friday as while declined for a fourth straight session into the close.
- WTI crude settled at \$88.02 per barrel, while spot gold traded around \$4,540/oz and silver finished near \$75.31. Oil posted a sharp weekly decline of roughly 9.61% from the prior Friday's settlement as ceasefire hopes reduced the war-risk premium, while gold rebounded on Friday and silver finished little changed.
- Volatility declined over the course of the week as equity markets advanced and lower oil prices reduced near-term hedging demand. The VIX finished at 15.32 on Friday, down from 16.70 a week earlier, reflecting improved risk sentiment despite continued uncertainty around final approval of a U.S.-Iran agreement.
- Global equity funds recorded \$457.57 million in net inflows in the week through May 27, including \$1.97 billion into U.S. equity funds and \$678 million into European equity funds. Global bond funds attracted \$18.15 billion for an eighth consecutive week of inflows, while money market funds recorded \$4.46 billion in net outflows.

Market Data Snapshot

Index	Value	WTD	1-Month	YTD
DOW JONES INDUS.	51,032.46	1.49%	4.44%	6.18%
S&P 500 INDEX	7,580.06	1.80%	6.22%	10.73%
NASDAQ COMPOSITE	26,972.62	2.58%	9.32%	16.05%
RUSSELL 2000 INDEX	2,919.34	2.67%	6.57%	17.62%
S&P 500/TSX COMPOSITE INDEX	34,769.14	0.86%	4.35%	9.11%
EURO STOXX 50 PR	6,050.54	1.51%	4.02%	4.39%
FTSE 100 INDEX	10,409.28	-0.33%	1.92%	4.81%
DAX INDEX	25,104.70	0.87%	4.80%	2.51%
CAC 40 INDEX	8,183.34	0.83%	1.38%	0.42%
NIKKEI 225	66,329.50	1.80%	10.70%	31.76%

Commodities	Value (\$)	WTD	1-Month	YTD
Crude Oil (WTI)	88.02	-9.61%	-17.64%	53.24%
Gold	4,540.01	0.73%	-0.05%	4.96%
Silver	75.3150	-0.18%	5.63%	5.39%
Natural Gas	3.29	10.08%	24.33%	-11.32%

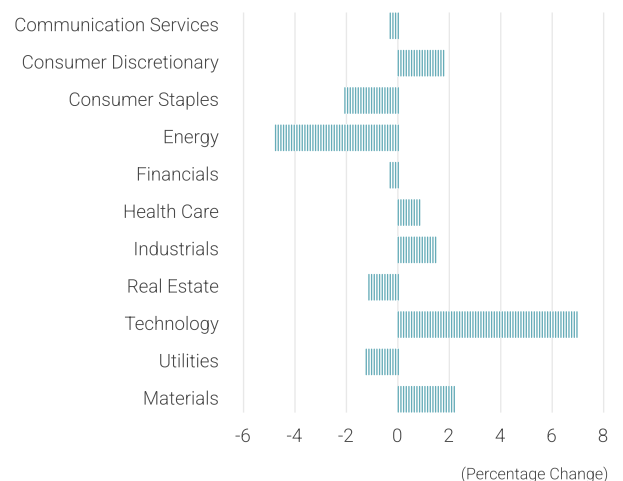
Fixed Income	Yield	WTD	1-Month	YTD
U.S. 2 Year Treasury	4.010%	-12.20	11.80	52.70
U.S. 10 Year Treasury	4.443%	-12.00	6.40	27.10
Germany 2 Year Bund	2.553%	-9.42	-9.66	42.01
Germany 10 Year Bund	2.942%	-10.17	-9.91	8.19

(Basis Point Change)

Currency	Value	WTD	1-Month	YTD
U.S. Dollar Index (DXY)	98.91	-0.33%	0.87%	0.64%
EUR/USD	1.1662	0.52%	-0.11%	-0.77%
USD/JPY	159.2665	0.05%	-0.73%	1.68%
GBP/USD	1.3460	0.17%	-0.13%	-0.15%
USD/CAD	1.3795	-0.16%	0.81%	0.50%
USD/CHF	0.7811	-0.49%	-1.31%	-1.40%
EUR/JPY	185.7385	0.58%	-0.81%	0.90%
EUR/CHF	0.9110	0.02%	-1.43%	-2.15%

Risk Free Rates	1M	3M	6M	12M
CHF (SARON)	-0.05%	-0.05%	-0.05%	-0.03%
EUR (EURIBOR)	1.98%	2.27%	2.55%	2.80%
USD (SOFR)	3.62%	3.66%	3.71%	3.84%
GBP (SONIA)	3.74%	3.75%	3.80%	4.00%
JPY (TORF)	0.73%	0.89%	0.95%	-

S&P 500 Weekly Sector Performance



Market Drivers

U.S. Markets

Wall Street ended the holiday-shortened week with another strong finish, with all three major indexes closing at record highs on Friday as AI-linked technology shares continued to lead the market higher. The S&P 500 gained 1.80% for the week, the Nasdaq rose 2.58%, and the Dow added 1.49%, while the S&P 500 posted its ninth straight weekly advance, its longest winning streak since December 2023. The rally was helped by a sharp move in Dell after the company raised its full-year outlook, lifting sentiment across hardware, chip, and AI infrastructure names. Fund flows also improved, with U.S. equity funds attracting \$1.97 billion in the week through May 27 after \$12 billion of outflows the prior week, while technology sector funds drew money for an eighth straight week. The mood was clearly better, but not completely risk-free. Investors were still watching the proposed U.S.–Iran ceasefire extension, the possible reopening of the Strait of Hormuz, and the inflation pressure created by months of elevated energy prices. For now, the U.S. market is still being supported by earnings momentum, AI enthusiasm, and hopes that geopolitical risks are starting to ease.

European Markets

European markets also finished the week in positive territory, though the tone was more restrained than in the U.S. The STOXX 600 rose 0.1% on Friday to 626 and secured a modest monthly gain, finishing May up 2.5%. The region benefited from the same Middle East peace hopes that helped global risk appetite, especially as crude prices eased and airline stocks such as Lufthansa and Air France gained on lower fuel-cost expectations. Technology and selected consumer discretionary names also helped, but Europe continued to lag the more AI-heavy U.S. and Asian markets because of its smaller exposure to the global tech trade. Fund flows were modestly supportive, with European equity funds attracting \$678 million in the week through May 27, but investors remained cautious. Inflation in the euro zone's four largest economies stayed above the European Central Bank's 2% target for a third straight month, keeping expectations for rate hikes alive and limiting enthusiasm for a broader rerating. Europe is participating in the global recovery, but the move still feels more cautious and macro-sensitive than the stronger AI-led momentum seen elsewhere.

Asia-Pacific Markets

Asia-Pacific markets remained one of the more important parts of the global rally, but the region's performance was still uneven beneath the surface. Japan stayed at the center of the story, with the Nikkei hitting fresh records during the week, including a sharp move to a new intraday high on Wednesday before some profit-taking showed how stretched parts of the AI trade had become. Foreign investors continued to buy Japanese stocks heavily, adding 1.08 trillion yen in the week through May 23, supported by lower oil prices and strong demand for AI-related shares. Taiwan also remained a major bright spot, with the government lifting its 2026 growth forecast to 9.64% because of booming AI, high-performance computing, and cloud infrastructure demand. Still, fund flows were not as convincing as the price action, with Asian equity funds recording \$3.92 billion of net outflows in the week through May 27. The region clearly continues to benefit from semiconductor strength and AI optimism, especially in Japan, Taiwan, and South Korea, but it remains vulnerable to oil-price shocks, stretched valuations, and any setback in U.S.–Iran negotiations.

Emerging Markets

Emerging markets ended the week with better price action, but the recovery was still selective rather than broad. MSCI's emerging market stock index rose 1.59% on Friday as global risk appetite improved and crude prices eased on hopes that the U.S. and Iran could extend their ceasefire and reopen shipping through the Strait of Hormuz. The drop in oil helped relieve some pressure on import-heavy economies and supported currencies, while lower Treasury yields also gave risk assets more breathing room. Fund flows, however, showed that investors were still cautious. Emerging-market equity funds saw \$4.45 billion of outflows for a fifth straight week, while emerging-market bond funds attracted \$1.08 billion, suggesting investors preferred income and relative safety over broad equity exposure. The backdrop is better than it was during the worst of the energy shock, but EM assets are still highly sensitive to oil, the dollar, and global rate expectations. This week showed signs of stabilization, but not yet the kind of broad -based confidence needed to call the recovery fully convincing.

Technical Update

The S&P 500 closed the holiday-shortened week at 7,580.06, extending the prior week's advance and finishing at another fresh high, though the move was steadier and more compressed than the prior week's wider swings. Monday was closed for Memorial Day, so the first cash session came Tuesday. The index opened at 7,511.79, traded as high as 7,539.09, dipped to 7,501.10, and closed at 7,519.12, immediately carrying the market above the prior Friday's close and showing that buyers were still willing to defend the breakout after the long weekend. On Wednesday, the S&P opened at 7,526.01, reached 7,530.72, slipped to 7,499.72, and finished at 7,520.36, leaving only a modest gain but also reinforcing the 7,500 area as the first level where buyers were prepared to step in. Thursday improved the picture as the index opened at 7,519.82, held above 7,508.04, pushed to 7,568.72, and closed at 7,563.63, giving the week its first meaningful upside separation and putting the market back into a more decisive continuation posture. Friday added to that strength, though the move began from an elevated opening print. The index opened at 7,579.33, held above 7,563.55, traded as high as 7,599.38, and closed at 7,580.06, preserving a new closing high but stopping just short of a clean break through the 7,600 level. That kind of finish remains technically positive, especially because every close of the shortened week was above the prior week's closing level, but the final push was still not as broad as the index-level price action implies. The primary support zone to keep an eye on is 7,560 to 7,580, which captures Thursday's close, Friday's low, Friday's opening area, and the latest closing high. Just below that, 7,515 to 7,530 becomes an important short-term shelf, anchored by Tuesday's close, Wednesday's close, Wednesday's high, and Thursday's opening area. Further down, 7,495 to 7,505 is the next meaningful support band, marked by the Tuesday and Wednesday downside probes and the area buyers defended before Thursday's breakout attempt. On the upside, the first resistance sits between 7,590 and 7,600, where Friday's intraday high and the round-number 7,600 level are clustered. A clean move above that zone would keep the breakout alive and shift attention toward 7,625 to 7,660 as the next upside checkpoint. Beyond that, 7,700 to 7,750 becomes the broader continuation zone if buyers can maintain leadership and avoid a quick reversal back below Friday's low. By Friday, roughly 52.28% of S&P 500 members were above their 50-day moving averages, down from 56.77% on May 22. That remains the main caution flag in this week's update. Volatility was more supportive, with the VIX finishing at 15.32 after ending May 22 at 16.70. The decline in volatility confirms a calmer tape at the index level, but it does not fully offset the narrower breadth backdrop.

Taken together, these readings point to a market that remains technically constructive and still in breakout mode, but with enough internal divergence to warrant a selective and watchful stance. The 7,560 to 7,580 zone is the key area to defend on any shallow pullback, with 7,515 to 7,530 serving as the more important short-term support shelf and 7,495 to 7,505 as the deeper fallback if momentum cools further. To the upside, 7,590 to 7,600 is the first checkpoint, followed by 7,625 to 7,660 and then 7,700 to 7,750 if buyers continue pressing the trend. Unless the index falls back below the 7,500 breakout area, the overall tone remains constructive, but the deterioration in breadth argues against treating the new high as a fully confirmed, broad-based advance.

S&P 500: 50 & 200 Day Moving Average



Source: WSJ

The Week in Focus

The coming week brings a labor-market-heavy U.S. macro calendar and another important test for a market that has continued to lean on resilient earnings, AI leadership, and expectations that growth can cool without breaking. The calendar includes May ISM manufacturing, April construction spending, April JOLTS job openings, May ADP employment, final May services PMIs, May ISM services, April factory orders, the Fed Beige Book, May Challenger job cuts, weekly jobless claims, revised Q1 productivity and unit labor costs, May nonfarm payrolls, the unemployment rate, average hourly earnings, and April consumer credit. On the earnings side, the week features several important read-throughs, including Science Applications, Credo Technology, Hewlett Packard Enterprise, Dollar General, Palo Alto Networks, Ulta Beauty, Macy's, Medtronic, Broadcom, CrowdStrike, Ciena, DocuSign, lululemon, and ABM Industries. With Friday's jobs report at the end of the week and Broadcom reporting Wednesday after the close, this week looks less like a traditional earnings gauntlet and more like a test of whether growth, labor, inflation, and AI leadership can continue to coexist without forcing a more difficult Fed-rate narrative.

Monday, June 1 starts with a meaningful read on the industrial side of the economy. Final May S&P Global manufacturing PMI is due at 9:45 a.m. ET, followed by May ISM manufacturing and April construction spending at 10:00 a.m. ET. The ISM headline will matter, but the employment, new orders, and prices paid components may matter just as much given the market's sensitivity to any combination of slower hiring and sticky input costs. Science Applications reports before the open, while Credo Technology and Hewlett Packard Enterprise report after the close, giving investors an early look at government services, AI networking exposure, and enterprise technology demand.

Tuesday, June 2 turns the focus more squarely to labor demand and the consumer. April JOLTS job openings are due at 10:00 a.m. ET, and the key issue is whether job openings continue to cool in an orderly way or whether the data point to a labor market that remains too tight for comfort. Earnings from Dollar General before the open, followed by Palo Alto Networks and Ulta Beauty after the close, add useful cross-currents across lower-income household pressure, cybersecurity spending, and discretionary demand.

Wednesday, June 3 is likely to be the most important midweek session. ADP employment is due at 8:15 a.m. ET, final services PMIs arrive at 9:45 a.m. ET, and ISM services plus April factory orders are due at 10:00 a.m. ET. The Fed Beige Book at 2:00 p.m. ET should add regional color on wages, pricing power, consumer demand, and business activity. Broadcom is the clear market centerpiece after the close, sitting directly at the intersection of AI infrastructure, semiconductors, and elevated expectations, while CrowdStrike, Five Below, PVH, and Veeva Systems round out a busy evening.

Thursday, June 4 keeps the labor theme in focus with May Challenger job cuts, weekly jobless claims, and revised Q1 productivity and unit labor costs all due at 8:30 a.m. ET. A stronger productivity reading would give investors more room to believe growth can stay firm without adding inflation pressure, while an elevated unit labor cost print would make the Fed discussion more complicated. Lululemon reports after the close and will likely draw particular attention for commentary on U.S. consumer demand, China trends, inventories, and margins.

Friday, June 5 is the main macro event of the week, with the May employment report due at 8:30 a.m. ET. A softer but not recessionary report would likely be the cleaner outcome for risk assets, supporting the idea that the labor market is cooling without breaking, while a very strong number could revive concerns that rates need to stay higher for longer. April consumer credit is expected later in the day, and ABM Industries rounds out the earnings week before the open.

The bar for another leg higher looks more complicated because the market has already absorbed a meaningful rally and now needs the data to cooperate. Broadcom will also need to reinforce the AI and semiconductor leadership story without suggesting expectations have run too far ahead of fundamentals. This week looks less like a routine early-June calendar and more like a coordinated test of the labor market, the services economy, the Fed outlook, consumer demand, and the durability of AI-led market leadership.