

## MARKET HIGHLIGHTS

- Equity markets have recently been driven more by Iran conflict news and its effect on oil prices**, as investors remain comfortable that the AI investment theme will continue fueling outsized earnings growth in a US economy expected to expand through 2027.
- Optimism over an imminent deal to end the conflict pushed oil prices lower and equity markets to fresh all-time highs** last week, even as U.S. forces shot down four Iranian drones in a defensive action amid Iran's targeting of commercial ships in the Strait of Hormuz.
- Federal Reserve board members continue to lean hawkish**, with growing concern that supply-driven inflation could become entrenched if consumer spending holds at current levels. The prevailing view is that upside inflation risk now outweighs labor market risk.
- April Core Personal Consumption Expenditures Inflation came in below expectations at 0.2%**. Notably, a meaningful share of April's inflation stemmed from AI-related software—a demand-driven dynamic the Fed may treat more forcefully than supply-constrained inflation, if it proves persistent.

## MARKET PERFORMANCE

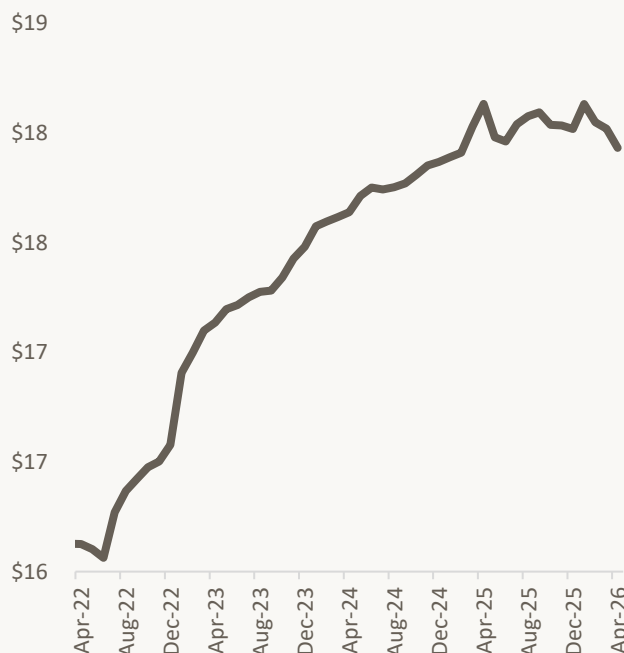
| ASSET CLASS               | 1-WEEK  | YTD    |
|---------------------------|---------|--------|
| U.S. Aggregate Bond (Agg) | 0.83%   | 0.38%  |
| Municipal Bonds 1-10Y     | 0.67%   | 0.59%  |
| U.S. High Yield           | 0.53%   | 1.62%  |
| S&P 500                   | 1.44%   | 11.27% |
| Russell 2500 (SMID cap)   | 1.75%   | 18.36% |
| MSCI EAFE (International) | 1.07%   | 9.37%  |
| MSCI Emerging Markets     | 3.96%   | 25.61% |
| MSCI ACWI (Global)        | 1.66%   | 12.15% |
| Crude Oil (NYMEX WTI)     | -12.88% | 52.67% |
| Gold LBMA PM              | 0.88%   | 4.08%  |
| 60/40 ACWI/Agg Portfolio  | 1.33%   | 7.44%  |

## WHAT CAUGHT OUR EYES THIS WEEK

### Consumers Are Still Hanging in There

Real disposable personal incomes (i.e. after-tax, after-inflation incomes) have been flatlining recently, and in fact are down a bit over the past year. This is a relative rarity for non-recessionary periods. It seems the combination of slowing wage growth and sticky inflation has been keeping a lid on purchasing power. Even still, consumption data continues to be decent, increasing 2.2% year-over-year on an after-inflation basis. Part of the explanation is a dwindling savings rate, with consumers using a bigger portion of their take-home pay to maintain their spending patterns. Another could be the wealth effect, as the disposable income calculation doesn't incorporate gains from the sale of stocks or houses, both of which have largely enjoyed hefty appreciation in recent years. The impact of the wealth effect on consumption could grow over time as baby boomers begin to retire en masse, rendering their spending patterns less susceptible to trends in labor markets and more susceptible to trends in asset prices.

### Real Disposable Personal Income (Trillions)



Please see important disclosures and other key information on page 4.

# What's on Our Minds

## OUR CURRENT OUTLOOK

- > **The U.S. economy is resilient**, but softer labor markets translate into slower (albeit still positive) trends for consumer spending.
- > **Our current expectations of a recession in the next 12 months are moderately low**, which should allow credit spreads to remain tight.
- > **Benefits from the One Big Beautiful Bill Act will accelerate in 2026**, providing a tailwind for consumer spending and capital expenditures.
- > **The Federal Reserve is still looking to cut interest rates**, but progress will likely be stalled for the rest of the year by the impacts of the Iran War.
- > **We expect S&P 500 profits to continue with their momentum from 2025**, growing in the low to mid-teens again in 2026, and broadening to create new sector leaders in the equity markets.
- > **AI capital spending, driven by the hyperscalers, should continue to boost the U.S. economy**, fueling productivity gains and infrastructure growth.
- > **Potential risks to our outlook include** disappointments in return on investment for AI spending, growing signs of speculative excess in certain pockets of equity markets, continued geopolitical uncertainty, and further deterioration in foreign sentiment for U.S. dollar assets.

## IN CASE YOU MISSED IT

### INSIGHTS

[Own Stock in a Company Undergoing an IPO? Here's Answers to FAQs](#)

[Video: May 2026 Economic and Market Outlook](#)

[Financial Planning for DINK \(Dual Income, No Kids\) Households](#)

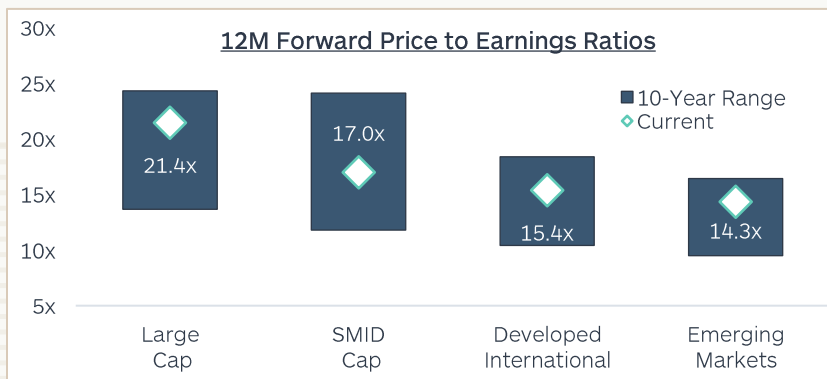
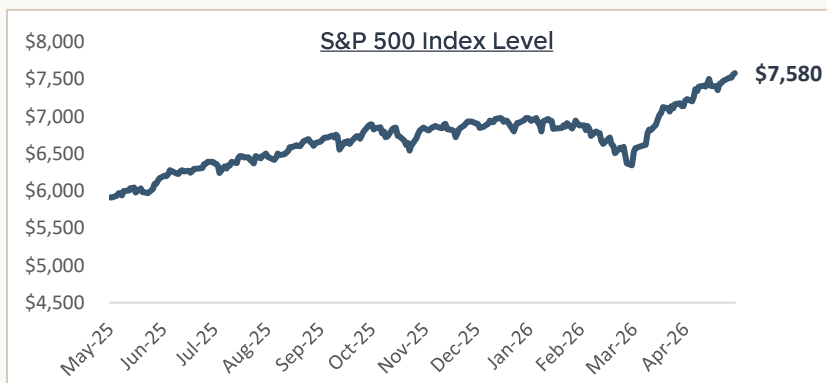
### ARCHIVE

[Historical Economic and Market Outlooks Insights](#)

### WEBINARS

[Recording: Q2 2026 Market & Economic Outlook](#)

## EQUITIES



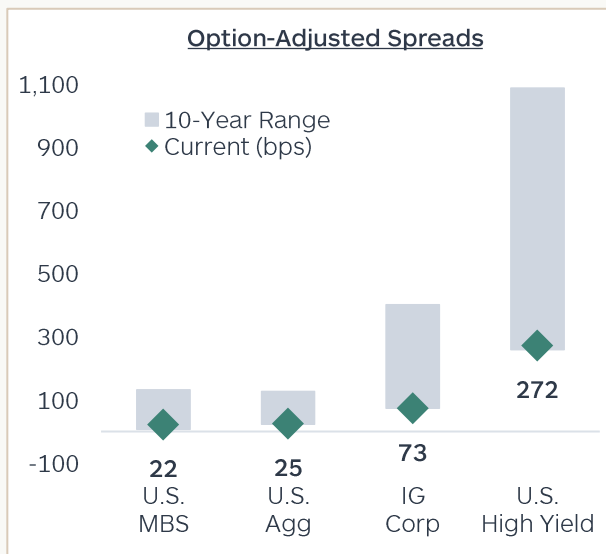
| S&P 500 SECTOR         | 1-WEEK | YTD    |
|------------------------|--------|--------|
| Information Technology | 4.56%  | 23.81% |
| Consumer Discretionary | 1.51%  | 4.11%  |
| Materials              | 1.27%  | 11.94% |
| Industrials            | 0.82%  | 11.99% |
| Comm. Services         | -0.01% | 9.31%  |
| Health Care            | -0.22% | -2.96% |
| Financials             | -0.69% | -5.32% |
| Real Estate            | -1.34% | 10.59% |
| Utilities              | -2.04% | 4.84%  |
| Consumer Staples       | -3.23% | 7.49%  |
| Energy                 | -5.43% | 26.04% |

Please see important disclosures and other key information on page 4.

# What's on Our Minds

## FIXED INCOME

| KEY INTEREST RATES           | 5/29/2026 | Δ YTD  |
|------------------------------|-----------|--------|
| Municipal Bonds 1-10Y        | 3.14%     | 0.17%  |
| Effective Federal Funds Rate | 3.62%     | -0.02% |
| 3M T-Bill                    | 3.67%     | 0.04%  |
| 10Y Treasury Yield           | 4.44%     | 0.27%  |
| U.S. Aggregate               | 4.67%     | 0.35%  |
| 30Y Mortgage Rate            | 6.63%     | 0.38%  |
| Prime Rate                   | 6.75%     | 0.00%  |
| U.S. High Yield              | 7.30%     | 0.23%  |



## COMMODITIES, CURRENCIES, CRYPTO

| Asset Class       | 5/29/2026   |
|-------------------|-------------|
| Crude Oil         | \$87.42     |
| Gold              | \$4,545.95  |
| U.S. Dollar Index | \$98.91     |
| Bitcoin           | \$72,766.96 |

From headlines to horizon, discover how smart insights can shape your financial future. Visit the [Cerity Partners website](#) for more information.

## THE WEEK AHEAD



Please see important disclosures and other key information on page 4.

# What's on Our Minds

**ABBREVIATIONS:** Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

**CHART OF THE WEEK:** Real Disposable Personal Income, Billions of Chained 2017 Dollars, Monthly, Seasonally Adjusted Annual Rate, Cerity Partners, FRED, 6/1/2026

**MARKET PERFORMANCE:** All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 5/29/26. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

**EQUITIES:** Top Left-hand Chart, S&P 500 Index Level as of 5/29/26 and provided by Standard & Poor's. Bottom Left-hand Chart, Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 5/29/26. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table, Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 5/29/26.

**FIXED INCOME:** Top Table, Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table, Option Adjusted Spreads as of 5/29/26. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

**COMMODITIES, CURRENCIES, CRYPTO:** WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

## GENERAL DISCLOSURES

This material discusses general market activity, industry or sector trends, or other broad-based economic, market, or political conditions and should not be construed as research or investment advice. It is provided for informational and educational purposes only and does not constitute personalized investment, tax, or legal advice. The views and opinions expressed are those of Cerity Partners LLC ("Cerity Partners") as of the date indicated and are subject to change without notice.

This material is not financial research and was not prepared in accordance with legal requirements designed to promote the independence of financial analysis. The views expressed may differ from those of other professionals at Cerity Partners. Investors should consult with their financial advisors before making any investment decisions.

This content may contain forward-looking statements or forecasts that reflect assumptions and expectations as of the date indicated. These statements are inherently subject to change and involve uncertainties that may cause actual results to differ materially. These forecasts do not consider the specific investment objectives, financial situation, or particular needs of any specific person or organization and should not be relied upon as a guarantee of future performance.

**Past performance is not indicative of future results.** All investments involve risk, including the potential loss of principal. The value of investments and the income derived from them may fluctuate over time.

Index performance is shown for illustrative purposes only. Investors cannot invest directly in an index. Case studies and examples, if any, are for illustrative purposes only and do not guarantee future outcomes.

Any links to third-party websites are provided for convenience and informational purposes only. Cerity Partners does not endorse or guarantee the accuracy or completeness of any information provided by these third parties.

Cerity Partners LLC is an SEC-registered investment adviser with offices located throughout the United States. Registration does not imply a certain level of skill or training. For additional information about Cerity Partners, including our services and conflicts of interest, please refer to our Form CRS and ADV Part 2, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This material is intended for general informational purposes only. Redistribution or reproduction, in whole or in part, is not permitted without prior written consent from Cerity Partners LLC.

© 2026 Cerity Partners LLC. All rights reserved.