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The Markets

Looking beneath the surface of the rally.

Stock markets in the United States moved higher last week on enthusiasm for artificial intelligence (AI), strong corporate earnings, and signs of resilience in the U.S. economy, reported Connor Smith of Barron's and Michael Msika of Bloomberg.

What makes this rally interesting is not just its momentum, but also how unusual it is from a historic perspective. It's rare for the Standard & Poor's (S&P) 500 Index to deliver four consecutive years of double-digit gains. "For stocks, such prolonged...advances only played out in World War II, the period of peace that followed a few years after that conflict and in the bubble of 1995-1999," according to sources cited by Msika.

Much of the market's recent rise has been propelled by a relatively small group of large technology and AI-related companies, while other stocks across the broader market have lagged. "Through [last] Monday, four out of five closing records for the S&P 500 happened with more stocks declining on those days than gaining. During the April rally, only 23 [percent] of S&P 500 members beat the index," explained Edward Harrison of Bloomberg.

A team of strategists cited by Msika says there are signs the rally may be widening. In particular, smaller company stocks and emerging markets stocks may be entering a period of stronger performance after many years of lagging behind.

The current environment is a reminder that stock markets rarely move in predictable patterns. Historically, they've tended to have periods of strength and weakness. Today, market momentum remains powerful, and earnings growth remains strong.

Last week, 89 percent of companies in the S&P 500 had shared performance for the first three months of 2026. "Ten of the eleven sectors are reporting year-over-year earnings growth. Seven of these ten sectors are reporting double-digit earnings growth, led by the Information Technology, Communication Services, Materials, and Consumer Discretionary sectors," reported John Butters of FactSet. Overall profits were up 27.7 percent for the quarter.

Last week, major U.S. stock markets finished higher. U.S. Treasuries rallied, too. Yields on most maturities of U.S. Treasuries moved lower over the week.

Data as of 5/8/26	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	2.3%	8.1%	30.6%	21.4%	12.1%	13.7%
Dow Jones Global ex-U.S. Index	2.7	11.1	31.6	15.3	5.6	7.1
10-year Treasury Note (yield only)	4.4	N/A	4.4	3.5	1.6	1.8
S&P GSCI Gold Index	2.2	9.3	43.0	32.5	20.9	14.1
Bloomberg Commodity Index	-1.3	26.2	36.2	10.1	8.2	5.4

S&P 500, Dow Jones Global ex-US, S&P GSCI Gold Index, Bloomberg Commodity Index returns exclude reinvested dividends. The three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WAIT, WHAT? This has been a crazy year, marked by rising inflation, geopolitical turbulence, and a stock market that can't seem to make up its mind. Amid the challenges and uncertainty, people are making the old new again. Here are brief recaps of three stories that recently caught our attention:

Pikachu was worth about \$16 million. If you have a pristine trading card featuring the big-eared, red-cheeked mouse with a lightning bolt tail, you may be holding something surprisingly valuable. A few of those iconic trading cards from the '80s and '90s have become sought-after alternative assets, similar to art and other types of collectibles. Recently, a single rare card sold for more than \$16 million. Brandon Gomez of CNBC reported:

“During key periods like the pandemic boom and another surge in 2025, trading card indexes...posted gains that far exceeded the S&P 500's long-term average annual return of 10 [percent] to 12 [percent], according to [a] trading card valuation tool...The comparison isn't perfect — stock data spans decades, while trends in trading card values are shorter and more volatile — but the outperformance in certain windows is still striking.”

The landline is having a moment. The humble landline is making a comeback. Parents are discovering that corded phones are a surprisingly practical tool, one that helps protect kids from smartphone addiction, social media bullying, and other difficult issues, reported Rheanna Murray of The Atlantic. Landlines also are valuable in emergencies. Ian Sherr of CNET News reported:

“...[L]andlines were once a staple in every home. While they may seem like ancient technology, they still might have a role to play today in your home – especially during a major mobile network outage.” If your smartphone can't make calls, you may be cut off from normal lines of communication.

Barter is back. In the past, when money was less available, people would exchange goods and services to get what they needed. The practice started making a comeback in 2018, reported Gillian Tett of the Financial Times. In part, that's because technology has made it easier to swap things online. Here's a remarkable example:

Recently, an investment banker offered to exchange his multi-million-dollar estate in Mill Valley California for privately held shares of a prominent San Francisco startup in the artificial intelligence space, reported Kiri Blakeley of Realtor.com. The 13-acre property “comes with an infinity-edge pool, a spa, a putting green, and sweeping sightlines toward San Francisco Bay, Mount Tamalpais, and the city skyline,” reported Cris Tolomia of Quartz. Even better, it's just a 20-minute commute from the AI company's San Francisco office.

Human ingenuity is probably one of the most valuable assets in the world.

WEEKLY FOCUS – THINK ABOUT IT

“It is not the strongest of the species that survives, not the most intelligent that survives. It is the one that is the most adaptable to change.”

— *Charles Darwin, Naturalist and author*

Best regards,



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- Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
- Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
- The Standard & Poor’s 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
- All indexes referenced are unmanaged. The volatility of indexes could be materially different from that of a client’s portfolio. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. You cannot invest directly in an index.
- The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.
- The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- The Dow Jones Industrial Average (DJIA), commonly known as “The Dow,” is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
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