SOLLINDA
CAPITAL MANAGEMENT

Market Down & Dirty

May 25, 2026

The Data

- Equity markets shook off a rough start to finish the week higher.
  - S&P 500 +0.88% Dow +2.13% Russell 2000 +2.71%, Nasdaq +0.45%.[1]
    - The All-Country World Index rose +1.24%.[1]
  - S&P 500 sub-sectors were mixed last week.
    - Recent laggards Utilities, Real Estate, & Healthcare led with gains over 3%.[1]
    - Energy led to the downside with a loss of -0.20%.[1]
  - The CBOE Volatility Index (VIX) declined -9% to close at 16.70.[1]

- US Treasury bond yields stabilized last week after a recent significant run higher.
  - US 2yr +0.04% at 4.12%, 10yr -0.03% to 4.56%, 30yr -0.05% to 5.07%.[1]
  - Yields retreated from highs during the week but remain elevated.

- Commodities as an aggregate asset class were lower last week.
  - WTI Crude sank -8.17% to end at $96.81/barrel.[1]
  - Gold lost -0.68%.[1]
  - The US Dollar index ended flat.[1]

- In our opinion, U.S. economic data was mixed last week.
  - Pending home sales rose yet continue to hover near all-time lows.[1]
  - Building permits rise by +5.8% as the housing market continues to send mixed signals.
  - Consumer sentiment fell to a new all-time low as the current conditions & future expectations components both collapsed.[1]

- An index of equities outside the US (FTSE All-World ex-US) rose +1.74%.[1]

[1] Source: Bloomberg – 5/22/2026

Conclusion

- Equities ended the week on a positive note following fresh headlines of a potential resolution to the conflict in the Middle East with Iran.
    - All major indices closed higher last week, led by the Dow Jones Industrial Average and small-caps which both posted gains over 2%.[1]
        - The S&P 500 closed higher by +0.88% for its 8th weekly gain in a row; the longest streak since 2023. [1]
- Investors have largely shrugged off concerns that disruptions to energy flows could reignite inflation pressures.
    - Instead, they have focused on signs of economic resilience and the growing breadth of AI-related spending across corporate America.
    - The Mag7 mega-cap technology stocks outsized earnings are having a massive impact on the broader S&P 500.
        - These 7 companies 1st quarter earnings growth rate was +63% vs 17% for the other 493 constituents of the index.[1]
        - It was the highest quarterly growth rate for these companies in 6 years.[1]
- S&P 500 sub-sectors mostly closed higher on the week.
    - Utilities and Real Estate led to the upside[1] after recent underperformance following the run higher in yields.
    - The Energy sector followed oil prices lower on the week.
- US Treasury yields shot higher to begin the week only to close lower by Friday.
    - Treasuries on the long-end retreated from multi-decade highs but remain elevated.
    - The 10yr & 30yr at higher levels put funding pressure on businesses and consumers alike as they are a major input to the global economy.
    - While bond volatility & rates have been elevated, spreads have remained tight & financial conditions loose which indicates there isn't any true funding stress at this time.
- Commodities as a broad asset class declined last week.
    - Oil sank as renewed hopeful headlines of peace hit towards the end of the week.
    - Copper continues to trade around all-time highs.
    - Gold declined just under 1% as upside contract volume has completely disappeared relative to downside protection which has only happened once in the last 6 years.[1]
- Economic data last week was overall fairly negative.
    - Consumer sentiment fell in May to a new record low as the current conditions and future inflation expectations worsened notably.[1]
        - Additionally, measures of housing continued to bounce around near their historic low levels.
    - BUT…
        - Fresh data showed capex spending on AI projects by hyperscalers could exceed $1 Trillion dollars in 2027[1] ***AND***
        - Headlines of a potential Iran deal that would get oil back flowing through the Straight of Hormuz hit.

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