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# Financial Week Newsletter

*Summarized by Smith Shellnut Wilson*

**May 4, 2026**

## *"The truth is always the strongest argument." Sophocles*

### MARKETS

**Macro Recap:** Last week's market tone was shaped largely by the Federal Reserve's policy meeting. As expected, the Fed left interest rates unchanged, but the meeting reinforced a data-dependent stance. Policymakers acknowledged that inflation pressures remain persistent, particularly those tied to energy prices, while stopping short of signaling any imminent policy shift. The cautious tone contributed to a more restrained risk appetite compared with the stronger momentum seen in prior weeks.

The decision also highlighted growing internal disagreement, with four of twelve officials dissenting from the policy statement. While rates were held steady, the dissents reflected differing views on the appropriate path forward. The meeting was likely Jerome Powell's final one as chair, though he indicated plans to remain on the Board of Governors after his term ends. Meanwhile, Kevin Warsh's nomination to succeed Powell advanced through a Senate committee, setting the stage for a full confirmation vote.

Economic data was mixed. U.S. GDP grew at a 2.0% annualized rate in the first quarter, rebounding from the prior quarter but coming in slightly below expectations and marking a slowdown from last year's stronger pace. Inflation data reinforced the Fed's caution, as core PCE inflation rose to 3.2% year over year in March, the highest level since November 2023, driven in part by higher energy costs.

Oil prices were especially volatile, briefly reaching their highest levels since early April before retreating late in the week. U.S. crude ended Friday around $102 per barrel, after trading as high as $110 during the week and rising sharply from levels near $84 just a few weeks earlier.

**Equity Market Recap**: U.S. equity markets ended the week modestly higher, extending gains for a second straight week as the S&P 500 and NASDAQ each rose about 1%, repeatedly setting new record highs, including a brief move by the S&P 500 above 7,200. The Dow added 0.5%, remaining slightly below its prior peak. April overall marked a strong rebound from a weaker first quarter, led by a 15.3% surge in the NASDAQ and a 10.4% gain in the S&P 500, supported by improving earnings expectations as results, particularly from mega-cap technology companies, came in better than anticipated, pushing projected first-quarter earnings growth sharply higher.

**Fixed Income and Rates Recap:** The bond market moved modestly higher in yields last week as investors digested the Federal Reserve's cautious tone and persistent inflation signals. The 2-year Treasury yield rose from 3.80% to 3.88%, reflecting continued sensitivity to near-term policy expectations, while the 10-year Treasury increased from 4.31% to 4.37%, pressured by elevated energy prices and ongoing uncertainty around inflation. The curve flattened slightly, with the 2s/10s spread narrowing from 52 basis points to 49 basis points, suggesting that markets continue to price restrictive policy conditions.

**Week Ahead:** Friday's upcoming jobs report will help determine whether the labor market's recent improvement carried into April. Hiring rebounded in March with job growth exceeding expectations after a sharp decline in February, but that strength followed a pattern of uneven momentum seen over the past year. Employment gains and losses have frequently alternated, suggesting the labor market remains resilient overall while still sensitive to shifting economic conditions.

### INDICES

| | April 27 Open | May 1 Close | Weekly Change | Dec 31 2025 | YTD Change |
|---|---|---|---|---|---|
| **DJIA** | 49,231 | 49,499 | 0.5% | 48,063 | 3.0% |
| **S&P 500** | 7,165 | 7,230 | 0.9% | 6,846 | 5.6% |
| **NASDAQ** | 24,837 | 25,114 | 1.1% | 23,242 | 8.1% |
| **Russell 2000** | 2,787 | 2,813 | 0.9% | 2,482 | 13.3% |
| **KBW Bank Indx** | 167.3 | 169.0 | 1.0% | 164.0 | 3.0% |
| **Bitcoin** | $77,727 | $78,593 | 1.1% | $87,648 | -10.3% |
| **Oil (WTI)** | $95.74 | $101.94 | 6.5% | $57.42 | 77.5% |
| **Gold** | $4,699 | $4,614 | -1.8% | $4,319 | 6.8% |
| **Prime** | 6.75 | 6.75 | 0.00 | 6.75 | 0.00 |
| **Effective Fed Funds** | 3.64 | 3.64 | 0.00 | 3.64 | 0.00 |
| **3m Tbill** | 3.67 | 3.65 | -0.02 | 3.63 | 0.02 |
| **2yr UST** | 3.80 | 3.88 | 0.08 | 3.47 | 0.40 |
| **10yr UST** | 4.31 | 4.37 | 0.06 | 4.17 | 0.20 |
| **2-10yr UST Spread** | 52 | 49 | -3 | 69 | -20 |
| **2y AAA Muni/10y UST** | 60.8% | 62.5% | 1.7% | 70.3% | -7.8% |
| **10y AAA Muni/10y UST** | 66.5% | 67.4% | 0.9% | 65.4% | 2.0% |
| **5yr Inflation Forecast** | 2.61 | 2.71 | 0.10 | 2.27 | 0.44 |

### Week Ahead

- **Monday:** Factory Orders
- **Tuesday:** JOLTS, Trade balance, New home sales, ISM non-man.
- **Wednesday:** ADP
- **Thursday:** Productivity & labor Construction spending, Consumer credit
- **Friday:** Non-farm payrolls, U of M consumer sent, Wholesale inv.

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