SMITH SHELLNUT WILSON
AN AFFILIATE OF 61BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"It's better to be an optimist who is sometimes wrong than a pessimist who is always right." Mark Twain

MARKETS

Macro Recap: Market sentiment last week was shaped largely by geopolitical developments and volatility in energy markets. Ongoing uncertainty surrounding the Middle East drove sharp swings in oil prices. U.S. crude rose sharply early in the week, briefly touching $107 per barrel on Monday, before retreating to near $89 by Wednesday. Prices stabilized into the end of the week, with oil trading around $95 on Friday, down roughly 5% over the period.

Rising energy costs weighed on consumers. The University of Michigan's May survey showed consumer sentiment slipping to 48.2, down from an April reading of 49.8. That marked a continued deterioration from the cycle high of 56.6 in February, underscoring growing strain on households.

The labor market showed improved consistency. The U.S. added 115,000 jobs in April, exceeding expectations and following March's upwardly revised gain of 185,000. It marked the second consecutive month of growth after nearly a year of uneven results. The unemployment rate held steady at 4.3%, signaling a labor market that remains relatively resilient.

Equity Market Recap: U.S. equity markets continued to push higher, with both the S&P 500 and NASDAQ posting their sixth consecutive weekly advance and closing at new record levels. Momentum was driven largely by stronger-than-expected corporate earnings, with technology shares leading across the major indexes.

The NASDAQ surged 4.5% for the week, reflecting broad strength in large-cap and growth-oriented technology names. The S&P 500 followed with a solid 2.4% gain, while the Dow Jones Industrial Average underperformed, finishing the week modestly higher.

Earnings momentum remained a key support for equities as the reporting season moved into its final phase. Profit growth expectations have improved meaningfully over the past several weeks. Based on results reported to date and estimates for the remaining companies, first-quarter earnings for the S&P 500 are now projected to grow approximately 27.7% year over year, the strongest pace since the fourth quarter of 2021.

Fixed Income and Rates Recap: Treasury markets were volatile early in the week as a sharp spike in oil prices renewed inflation concerns. On Monday, the move briefly pushed the 30-year U.S. Treasury yield above 5.00%, marking its first time above that level in nearly ten months. The rise, however, proved short-lived.

Yields eased as the week progressed, and longer-dated Treasuries ultimately finished modestly lower. By Friday, the 10-year Treasury yield had settled at 4.37%, while the 30-year closed at 4.95%, both slightly below their prior-week levels.

Week Ahead: Investors will be closely watching Tuesday's release of the CPI for signs that inflation pressures carried into April following recent strength in energy prices. The prior report showed headline inflation rising to 3.3% year over year in March, up from 2.4% the month before. Energy prices were a key contributor, with the energy component of CPI climbing 12.5% year over year in March. The upcoming release should provide further insight into whether higher fuel costs are translating into broader inflation persistence.

INDICES

	May 4 Open	May 8 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	49,499	49,609	0.2%	48,063	3.2%
S&P 500	7,230	7,399	2.3%	6,846	8.1%
NASDAQ	25,114	26,247	4.5%	23,242	12.9%
Russell 2000	2,813	2,861	1.7%	2,482	15.3%
KBW Bank Indx	169.0	165.8	-1.9%	164.0	1.1%
Bitcoin	$78,593	$81,255	3.4%	$87,648	-7.3%
Oil (WTI)	$101.94	$95.42	-6.4%	$57.42	66.2%
Gold	$4,614	$4,715	2.2%	$4,319	9.2%
Prime	6.75	6.75	0.00	6.75	0.00
Effective Fed Funds	3.64	3.63	-0.01	3.64	-0.01
3m Tbill	3.65	3.68	0.02	3.63	0.05
2yr UST	3.88	3.88	0.01	3.47	0.41
10yr UST	4.37	4.35	-0.02	4.17	0.19
2-10yr UST Spread	49	47	-2	69	-22
2y AAA Muni/10y UST	62.5%	62.1%	-0.4%	70.3%	-8.2%
10y AAA Muni/10y UST	67.4%	67.1%	-0.3%	65.4%	1.7%
5yr Inflation Forecast	2.71	2.63	-0.08	2.27	0.36

Week Ahead

- **Monday:** Existing home sales
- **Tuesday:** CPI, Federal budget
- **Wednesday:** PPI
- **Thursday:** Retail sales, Business inventories, EX/Im prices
- **Friday:** Industrial production, Housing market index

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