PACIFIC GLOBAL
Investment Management Company

Weekly*Recap*

May 22, 2026

Market*Returns*

INDEX[1]	CLOSE	WEEKLY CHANGE		YTD CHANGE
Dow Jones Industrial Avg.	50,579.70	1,053.53 /	2.13%	5.24%
S&P 500®	7,473.47	64.97 /	0.88%	9.17%
Nasdaq	26,343.97	118.83 /	0.45%	13.35%
Russell 2000®	2,869.23	75.93 /	2.72%	15.61%

	05/22/26 CLOSE	05/22/25 CLOSE
10-Year U.S. Treasury	4.56%	4.54%

Data: The Wall Street Journal, Federal Reserve

The*Bottom*Line

The equity markets rose on optimism that the U.S. has paused military action and that continuing negotiations between the U.S. and Iran may end the war. However, major disagreements over uranium stockpiles and tolls on the Strait of Hormuz remain. The Russell 2000® Index (2.72%) led the major indices followed by the Dow Jones Industrial Average (2.13%), the S&P 500® Index (0.88%) and the Nasdaq (0.45%). The yield on the 10-Year U.S. Treasury Note rose to 4.69% on Tuesday before ending the week at 4.56%, down from 4.60% last Friday. Notably, on Tuesday, the yield on the 30-year rose to 5.198%, the highest since 2007, due to renewed concerns about inflation.

NVIDIA's quarterly results handily exceeded expectations on sales and earnings and increased guidance for the year; and yet, heightened expectations caused a 4.5% selloff. Retailers such as *Walmart*, *Target* and *Lowe's* reported good sales and earnings; the companies expressed concerns about higher inflation as customers bargain shop and defer extra spending. Kevin Warsh was sworn in as the new Federal Reserve Chair this week; analysts are closely monitoring comments for indications of Fed policy changes. Several Fed spokespersons commented that elevated inflation and Middle East uncertainties may lead to rate increases if inflation stays above the 2% target.

The May **University of Michigan Consumer Sentiment Index** plunged to a record low of 44.8, well below consensus of 48.2 and April's 49.8; participants cited high prices eroding their personal finances. **Initial Jobless Claims** fell slightly to 209,000, below consensus (210,000); **Continuing Claims** of 1.782 million were also below consensus (1.790 million).

Uncertainties in Iran have tempered some of the momentum from better-than-expected first quarter earnings results. Even so, a positive outlook, and the seemingly insatiable demand for **AI**, continues to drive the economy. Other growth areas include construction, manufacturing and foreign investments, some of which are designed to avoid tariff concerns. Still, events in the Middle East will remain a wild card for the markets and overshadow much of the narrative on the U.S. economy.

[1]The Dow Jones Industrial Average is an unmanaged, price weighted measure of 30 U.S. stocks selected by the Averages Committee to represent the performance of all U.S. stocks outside the Transportation and Utilities sectors. The S&P 500® Index is an unmanaged, market capitalization weighted index which measures the performance of the large cap segment of the U.S. equities market, covering approximately 75% of the U.S. equities market. The Index includes 500 leading companies in leading industries of the U.S. economy. The Nasdaq Composite Index is an unmanaged, market capitalization weighted measure of all domestic and international common stocks listed on The Nasdaq Stock Market. The Russell Midcap® Index measures the 800 smallest companies within the Russell 1000® Index based on a combination of their market cap and current index membership. The Russell 2000® Index is an unmanaged, market-weighted measure of stock market performance. It contains stocks of the 2,000 smallest publicly traded companies of the Russell 3000® Index. It is not possible to invest in the Indices.

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