

MARKET MONITOR

Month in Review: May 2026

Index	Asset Class	2026		2025
		May	YTD	
Equity Indexes		Total Returns		
Russell 3000	U.S. Equity	4.78	11.20	17.15
S&P 500	Large Cap U.S. Equity	4.95	11.27	17.88
Russell 1000	Large Cap U.S. Equity	4.82	10.88	17.37
Russell 2000	Small Cap U.S. Equity	3.89	18.15	12.81
MSCI All Country World	Global Equity	4.20	11.14	21.57
MSCI All Country World (Ex U.S.)	International Equity	2.75	10.10	32.94
MSCI Europe, Asia & Far East (EAFE)	International Developed Market Equity	2.83	9.72	31.89
MSCI Emerging Markets (EM)	International Emerging Market Equity	9.62	25.65	34.36
Fixed Income Indexes				
Bloomberg U.S. Aggregate Bond	U.S. Investment Grade Bond	0.20	0.38	7.30
Bloomberg Municipal Bond	U.S. Investment Grade Muni Bond	0.36	1.34	4.25
Bloomberg Municipal Bond High Yield	U.S. Muni Bonds (Below Investment Grade)	0.58	2.72	2.46
Bloomberg U.S. Corp. High Yield	U.S. Corp Bonds (Below Investment Grade)	0.35	1.68	8.62
Index Blends: Stock/Bond				
80%/20%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		3.94	9.82	19.25
60%/40%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		3.01	7.48	16.21
40%/60%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		2.07	5.12	13.20
20%/80%: Global Equity (MSCI All Country World) / U.S. Investment Grade Bond (Bloomberg U.S. Agg)		1.14	2.76	10.23
Data as of 5/31/2026. Sources are Ycharts for Index returns, and Envestnet Tamarac for Index Blend returns, based on monthly rebalancing.				

Please see important disclosures at end of this report.

Market Overview

The S&P 500 gained approximately 5% in May 2026, reaching new record highs as investor sentiment improved. Strong corporate earnings, continued enthusiasm surrounding artificial intelligence, and easing geopolitical concerns helped drive the rally. Market gains also broadened beyond large-cap technology companies, with stronger participation from industrial, consumer, and small-cap stocks, reflecting improving market breadth.¹

International equities generated positive returns during May. Developed markets, represented by the MSCI EAFE Index, posted gains, while emerging markets outperformed on continued strength in technology-related sectors, particularly artificial intelligence and semiconductor companies in Asia. Overall, both developed and emerging markets contributed positively to diversified portfolios, with emerging markets exhibiting stronger momentum during the month.²

Bond markets remained focused on inflation trends and Federal Reserve policy expectations. Treasury yields rose and fluctuated throughout May as stronger economic data and persistent inflation led investors to reassess the timing of future rate cuts. The Federal Reserve maintained its policy rate while emphasizing a data-dependent approach, contributing to continued volatility across fixed-income markets.³

Economic data released during May continued to support the view of a resilient U.S. economy. First-quarter GDP grew at a 1.6% annualized rate, driven by consumer spending, business investment, exports, and government spending. Manufacturing activity strengthened to its highest level in four years, while the labor market remained healthy. Although inflation continued to moderate gradually, it remained above the Federal Reserve's target and was a key factor influencing market expectations and monetary policy.⁴

Reference(s):

- 1) "It's Not Just Tech Stocks." MarketWatch, 31 May. 2026,
<https://www.marketwatch.com/story/its-not-just-tech-stocks-the-broad-based-strength-of-the-market-right-now-gives-investors-reason-to-stay-the-course-4ef65de3>
- 2) "Emerging Market Stocks Rally." Barrons, 7 May. 2026,
<https://www.barrons.com/articles/emerging-market-stocks-how-to-play-the-rally-2d6c7e7f>
- 3) "May 2026 Review and Outlook." Nasdaq, 1 Jun. 2026,
<https://www.nasdaq.com/articles/may-2026-review-and-outlook>
- 4) "U.S. Manufacturing Activity Scales Four-Year High in May." Reuters, 1 Jun. 2026,
<https://www.reuters.com/business/us-manufacturing-activity-scales-four-year-high-may-ism-says-2026-06-01/>

Cross Border Financial Planning USA LLC is an SEC Registered Investment Advisor. This publication is reprinted with permission from NWAM, LLC dba Northwest Asset Management and RIA Innovations, an SEC registered investment adviser. NWAM, LLC and Cross Border Financial Planning USA LLC are unaffiliated entities. This publication is in no way a solicitation or offer to sell securities or investment advisory services. Statistical information, quotes, charts, references to articles or any other quoted statement or statements regarding market or other financial information is obtained from sources which we believe are reliable, but we do not warrant or guarantee the timeliness or accuracy of this information.

Reference to market index information is included for illustrative purposes only, as it is not possible to directly invest in an index. Indexes are unmanaged, hypothetical vehicles that serve as market indicators. Index total return performance data reflects the assumptions of the reinvestment of interest and dividends but does not include the deduction of fees or transaction costs which otherwise reduce performance of an actual portfolio. The blended indexes are shown for informational purposes only and are not representative of any particular investment or plan.

Index Definitions:

Russell 3000 – Index comprised of 3,000 largest U.S. stocks by market capitalization.

Russell 1000 – Index comprised of 1,000 largest U.S. stocks by market capitalization.

Russell 2000 – Index comprised of 2,000 smaller U.S. stocks by market capitalization within the Russell 3000.

S&P 500 – Compilation of 500 major U.S. stocks meeting certain criteria; market capitalization and float-weighted.

MSCI All Country World – Global equity index across market capitalizations with about 2,800 constituents, representing about 85% of the free float-adjusted market capitalization across 23 developed and 27 emerging markets.

MSCI All Country World ex USA – Global equity index across market capitalizations, which excludes the U.S., with about 2,300 constituents which represents free float-adjusted market capitalization across 22 developed and 27 emerging markets.

MSCI Europe, Asia & Far East (EAFE) – International equity index across market capitalizations, which excludes North America, with about 840 constituents which represents free float-adjusted market capitalization across 21 developed markets.

MSCI Emerging Markets (EM) – International equity index across market capitalizations with about 1,400 constituents which represents free float-adjusted market capitalization across 27 emerging markets.

Bloomberg U.S. Aggregate Bond – Widely followed bond benchmark comprised of investment grade, U.S. dollar denominated, fixed rate taxable bonds including Treasuries, government-related, corporate, mortgage-backed, and agency.

Bloomberg Municipal Bond – Broad benchmark of the US municipal tax-exempt investment grade bond market.

Bloomberg Municipal High Yield Bond – U.S. index of municipal bonds that are either not rated or rated below investment grade.

Bloomberg U.S. Corporate High Yield Bond – Index of fixed rate U.S. dollar denominated corporate bonds rated BB+ or below by Fitch and S&P.

All domestic and international rights are reserved. No part of this newsletter including text, graphics, et al, may be reproduced, copied or edited in any format, electronic, print, et al, without written consent from Northwest Asset Management or RIA Innovations. Neither Alyssa Miller, nor Northwest Asset Management or RIA Innovations provide legal or tax advice. Please be advised to consult your investment advisor, attorney, or tax professional before making any investment decisions.