Monthly Market Recap

MONTH ENDED May 2026

Authored By: Jason Marino CFA, CAIA

Stocks

Most major stock indexes rose in May despite concerns on inflation and geopolitical uncertainty. The S&P 500® Index advanced for a second straight month, its best two-month return in six years, on strength out of the information technology sector. The strength of the tech sector was on display with the strong returns from the NASDAQ Composite, which is up more than 25% on a quarter-to-date basis. Looking abroad, emerging market stocks outperformed their developed market counterparts by a wide margin. Emerging market shares received a strong boost from South Korea where the share price of Samsung Electronics and SK Hynik appreciated sharply.

Bonds

Bonds produced modest gains in the month despite a modest rise in the 10-year U.S. Treasury yield, which despite peaking at 4.69% in the period closed the month at 4.44%; little more than 6bps higher than where it began. Longer duration bonds outperformed shorter duration issues in the period.

Macro

Risk assets continued to climb despite geopolitical shocks and persistent inflation. The U.S.-Iran conflict continued and disruptions in the Strait of Hormuz caused increased volatility in oil and gasoline prices. These higher energy prices were explicitly cited by policymakers as pushing inflation above the Federal Reserves' 2% target. The inflationary concerns paired with downside labor market risks to create concerns of stagflation despite U.S. GDP growing nearly 2% in the first quarter.

Earnings

According to FactSet, 97% of the companies in the S&P 500 have reported actual results and the blended year-over-year earnings growth rate of 28.6%. If this level holds, it will be the highest year-over-year growth rate since Q4 2021. The S&P 500 is currently trading above both its average 5- and 10-year price-to-earnings ratios.

This Week

S&P Global Manufacturing PMI, ISM Manufacturing PMI (Mon); Eurozone CPI, JOLTS Job Openings (Tues); S&P Global Services PMI, ADP Nonfarm Employment Change, Crude Oil Inventories (Wed); Initial Jobless Claims, Continuing Jobless Claims (Thurs); Eurozone GDP Nonfarm Payrolls, Unemployment Rate, Consumer Credit (Fri).

KEY TAKEAWAYS

Lead by information technology shares, stocks rallied strongly in the face of macroeconomic headwinds while corporate earnings remained strong with healthy margins.

INDEX RETURNS

Index Returns are as of 05/29/2026	Level	1 Month	QTD	YTD	1 Year	3 Year
S&P 500	7,580	5.26%	16.31%	11.27%	29.78%	23.61%
Dow Jones Industrial Average	51,032	2.93%	10.38%	6.86%	22.71%	17.84%
NASDAQ Composite	26,973	8.43%	25.04%	16.33%	41.98%	28.64%
Russell 2000	7,255	4.37%	17.11%	18.15%	43.08%	20.25%
MSCI EAFE	3,118	3.07%	10.75%	9.37%	22.80%	18.15%
MSCI Emerging Markets	1,752	9.69%	25.82%	25.61%	54.31%	25.15%
Bloomberg US Agg Bond Index	2,358	0.31%	0.42%	0.38%	5.13%	3.95%
Bloomberg US Corporate High Yield Index	2,964	0.49%	2.19%	1.68%	7.57%	9.36%

Source: Morningstar Direct℠

Past Performance is No Guarantee of Future Results

Indexes are unmanaged, do not incur fees or expenses, do not reflect any deduction for taxes, and cannot be purchased directly by investors.

The **S&P 500® Index** is a widely recognized, unmanaged index representative of common stocks of larger capitalized U.S. companies.

Dow Jones Industrial Average is a price-weighted average of 30 actively traded Blue Chip stocks, primarily industrials, but also including other service-oriented firms; may be used as a benchmark for large cap stocks

NASDAQ Composite is a broad-based index of over 3,000 companies, which measures all domestic, and non-U.S.-based common stocks listed on the NASDAQ Stock Market, Inc.

The **Russell 2000® Index** is a widely recognized, unmanaged index representative of common stocks of smaller capitalized U.S. companies.

The **MSCI EAFE Index** is a widely recognized, unmanaged index representative of equity securities in developed markets, excluding the U.S. and Canada.

The **MSCI Emerging Markets (EM) Index** is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of emerging stock markets throughout the world and excludes certain market segments unavailable to U.S.-based investors.

The **Bloomberg U.S. Aggregate Bond Index** is an unmanaged index of fixed-rate investment-grade securities with at least one year to maturity, combining the Bloomberg U.S. Treasury Bond Index, the Bloomberg U.S. Government-Related Bond Index, the Bloomberg U.S. Corporate Bond Index, and the Bloomberg U.S. Securitized Bond Index.

The **Bloomberg U.S. Corporate High-Yield Bond Index** covers the universe of fixed rate, non-investment-grade debt from corporate sectors.

The information provided represents the opinion of MassMutual Investments as of the date of publication and is subject to change without notice. It is not to be construed as tax, legal or investment advice. Past performance does not guarantee future results. Three-year returns are annualized.

MassMutual Investments is the marketing name for certain products and/or services of Massachusetts Mutual Life Insurance Company (MassMutual®) and its affiliates, including MML Investment Advisers, LLC (MML Advisers). Investment advisory services of MassMutual Investments are provided exclusively by MML Advisers.

For more information, visit **www.MassMutual.com**, **www.MassMutualfunds.com**, or "follow" us on LinkedIn.

RS10325 0626 MM202706-314437