

Monthly Market Update

For the month ended May 31, 2026

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Last Month in the Markets: May 1st – 29th, 2026

	TSX	S&P 500	DOW	NASDAQ	ACWI	CAD/USD	GOLD (USD)	OIL (USD)	Govt CAN 10Y Yield
Month Close	34,769.14	7,580.06	51,032.46	26,972.67	1,130.75	72.50 ¢	\$ 4,593.00	\$ 87.36	3.412 %
month +/-	+ 804.81	+ 371.05	+ 1,380.32	+ 2,080.36	+ 53.65	- 1.14 ¢	+ 36.60	- \$ 17.74	- 0.131 pts
month +/- %	+ 2.37%	+ 5.15%	+ 2.78%	+ 8.36%	+ 4.98%	- 1.55%	+ 0.80%	- 16.88%	n/a
52 wk HIGH	34,846	7,599	51,094	27,095	1,132	74.16 ¢	\$ 5,586	\$ 119.48	3.737%
52 wk LOW	26,167	5,861	41,854	18,985	821	70.72 ¢	\$ 3,254	\$ 54.98	2.998%
YTD +/-	+ 9.64%	+ 10.73%	+ 6.18%	+ 16.05%	+ 11.45%	- 0.54%	+ 5.80%	+ 52.14%	- 0.020 pts
1Yr +/-	+ 32.83%	+ 28.22%	+ 20.73%	+ 41.12%	+ 28.57%	- 0.40%	+ 38.54%	+ 43.71%	+ 0.212 pts

Index returns based on index value (source: Bloomberg <https://www.bloomberg.com/markets>, MSCI <https://www.msci.com/end-of-day-data-search> and ARG Inc. analysis. Price returns are reflected)

What happened in May?

Just prior to the start of May, the Bank of Canada, the U.S. Federal Reserve and the European Central Bank held all their interest rates steady as rising inflation driven by increased energy prices began to register. Markets and President Trump have been hoping for rate reductions, and operating with higher interest rates typically slows the growth for equities. That was not the case last month.

Instead, the optimism for a de-escalation or end to the hostilities in the Middle East pushed North American equity indexes upward. In the final two weeks of May the price of oil fell 17 percent, and equity indexes set new record highs. Despite increasing inflation and slowing economic growth, the potential end of the war provided more positive movement for equities. The positive quarterly performance of S&P 500 constituents also helped to push values higher.

Gold and oil moved in opposite directions as negotiations for an end to Middle East conflict moved along. The prospect of increased shipments through the Strait of Hormuz caused the benchmark price of oil to drop about \$18 per barrel over the final two weeks of May.

What's ahead for June and beyond?

The next interest rate decisions by the Bank of Canada and Federal Reserve will arrive on June 10th and June 17th, respectively. The Federal Reserve will also deliver its Summary of Economic Projections, which will provide predictions by committee members for interest rates on the “dot plot” graph.

Currently, the prevailing opinion is that inflation will remain above target for central banks and continue to delay any downward adjustment in interest rates. Heightened inflation will be based on the elevated price of energy working its way through the economic system. Should the high price of oil persist, interest rates could be increased, not reduced, in the near term. Although it has not happened, eventually higher inflation and interest rates will trim equity values or delay their rise.

Close attention to the U.S./Iran war and its effect on global oil prices, local inflation and interest rates will provide a measure of understanding for the trajectory of equity portfolios. On June 1st, Iran suspended negotiations with the U.S. based on cease-fire violations and Israel's continued attacks on Lebanon. Iran has vowed to fully block the Strait of Hormuz. Immediately following Iran's announcement, the price of

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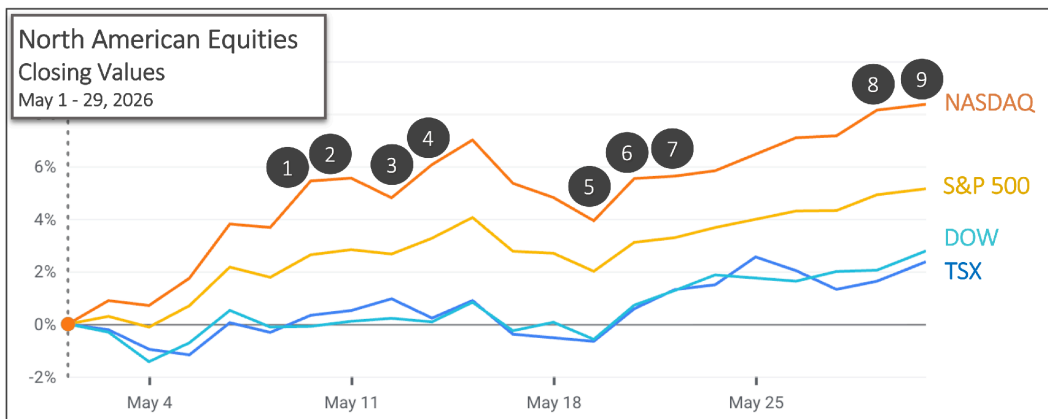
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oil jumped 7 percent. It is unlikely that any further negotiations will be straightforward and will likely lead to additional volatility in markets.

Events that influenced markets in May included:



[insert chart

here]

(source: Bloomberg <https://www.bloomberg.com/markets> and ARG Inc. analysis)

1. May 8th – S&P 500 delivered strong revenue and earnings growth

Much of the increasing value of the S&P 500 can be attributed to a solid earnings season. 89% of companies have reported, and 84% of them have reported a positive earnings-per-share surprise and 80% have reported a positive revenue surprise. Compared to one year ago, the blended earnings growth rate is 27.7%, the highest growth rate for quarterly earnings in nearly five years. [FactSet Earnings Insight](#)

2. May 8th – U.S. employment increased and Canadian jobs declined

American nonfarm employment moved up by 115,000 in April and the unemployment rate was unchanged at 4.3%. It was only the second consecutive monthly increase over the last year. “Job gains occurred in health care, transportation and warehousing, and retail trade. Federal government employment continued to decline” according to the [Employment Situation Summary](#).

Canadian employment and the employment rate fell slightly in April. The economy lost 18,000 jobs, and the employment rate dropped 0.1% to 60.5%. In March, 14,000 jobs were added, however 112,000 jobs have been lost so far in 2026. The unemployment rate rose 0.2% to 6.9%. Full-time employment fell 47,000, while part-time employment edged up by 29,000. [StatsCan release](#) [CBC and jobs](#)

3. May 12th – U.S. inflation grew almost 4% over the last year

After rising 0.9 percent in March, the U.S. Consumer Price Index (CPI) rose again in April by 0.6 percent. Nearly half of the increase in month-to-month inflation is attributed to the rising price of energy. Over the last 12 months, the all-items index increased 3.8 percent. The year-over-year inflation rate in March was 3.3 percent. The energy index increased 17.9 percent for the 12 months ending April, and the food index has increased 3.2 percent over the last year. [BLS release](#) [CNBC and CPI](#)

4. May 13th – Bank of Canada placed economic weight on tariffs and war





The Bank of Canada released its [Summary of Deliberations](#) from its interest rate announcement of April 29th when it left interest rates unchanged. Broadly, the Bank believes that the war in the Middle East will spur domestic and global inflation and slow economic growth and employment. “The outlook for growth and inflation in Canada was highly conditional on U.S. tariffs remaining unchanged and on lower oil prices, which would depend on developments in the war in the Middle East.”

5. May 13th – U.S. producer inflation continued to increase

The U.S. Producer Price Index, representing wholesale, not consumer prices, rose 1.4% percent in April, up from a 0.7 percent increase in March. On a year-over-year basis the PPI rose 6.0 percent, the largest increase since December 2022. [BLS PPI release](#)

6. May 19th – Canadian consumer prices moved further above target

Canada’s Consumer Price Index (CPI) increased 2.8% on a year-over-year basis in April, up from March’s increase of 2.4%. Energy prices, which have risen 19.2% over the past year, drove much of the increase. Additionally, one year ago, the consumer carbon tax was removed, and as of April that effect no longer reduces the result of the consumer inflation calculation. When gasoline is excluded, the CPI rose 2.0% in April, down from 2.2% in March. [StatsCan CPI release](#)

7. May 20th – Fed released its meeting minutes from latest “hold”

The Federal Reserve released meeting minutes from its interest rate decision of April 29th. Committee members discussed maintaining rates at their current levels longer than previous predictions and suggested that raising rates may be necessary if inflation remains above its 2% target. The typical, negative effect on equities from restrictive monetary policy did not materialize last week. [Fed minutes](#)

8. May 21st – S&P 500 values relied heavily on the Mag 7

Much of the performance success of the S&P 500 can be attributed to the Magnificent 7 (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla) who reported earnings growth of 63.2% in the first quarter versus 17.4% for the other 493 companies. The Magnificent 7 comprise only about 35% of the market capitalization of the S&P 500 but are lifting the index’s overall value. [FactSet Earnings Insight](#) [Mag 7 market cap](#)

9. May 28th – U.S. consumer inflation rose again

U.S. consumer inflation continued its recent, rapid rise according to the Federal Reserve’s preferred inflation indicator, the Personal Consumption Expenditures price index (PCE). In April, the index increased 0.4%, excluding food and energy Core PCE rose 0.2%. For the same month one year ago, the PCE price index increased 3.8%, excluding food and energy the PCE rose 3.3% compared to one year ago. Consumer inflation was last at this year-over-year level in November 2023. [BEA PCE release](#) [CNBC and PCE](#)

10. May 28th – American GDP slowed after revised estimate

For the first quarter of this year, the advance estimate for Gross Domestic Product (GDP) has been revised downward to an annual growth rate of 1.6%. [BEA GDP release](#)

11. May 29th – Canadian GDP disappointed

[Canadian Gross Domestic Product](#) (GDP) closely escaped the definition of a technical recession (two consecutive quarters of declining economic growth). In the first quarter of 2026, GDP shrank

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0.1 per cent, the result in the fourth quarter of 2025 was a contraction of 1 per cent on an annualized basis. [CBC and GDP](#) The largest influence on markets was the expanding conflict centred in Iran. Nearly twenty countries are directly involved, including NATO-member Turkey which could draw in many mo