Market Commentary

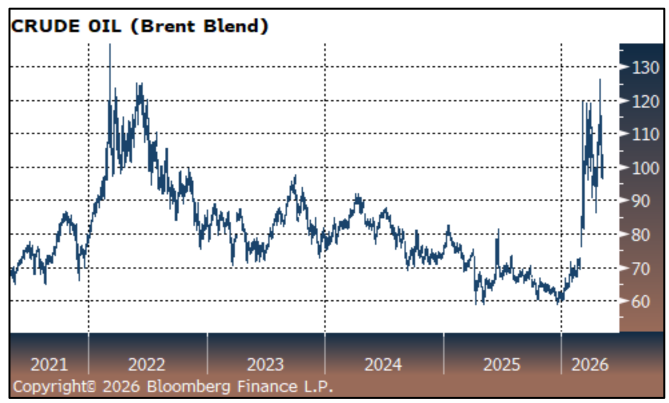
May 2026

Executive Summary:

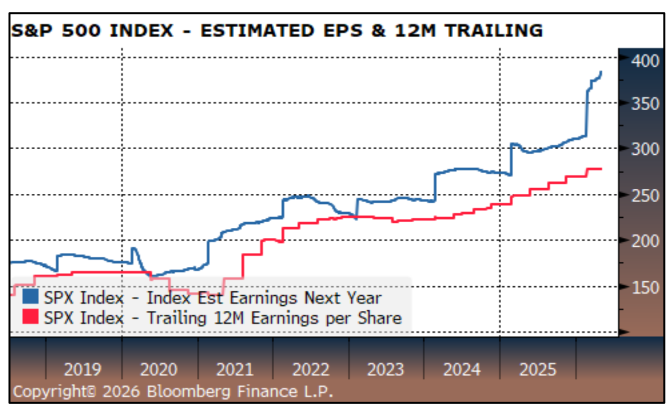
- **Equities hitting record highs – Again!**: April delivered a sharp risk-on rebound, with the S&P 500 up 10.4%. The rally in equities has been supported by strong corporate earnings.
- **Geopolitics remain:** The U.S.-Iran conflict has extended into a second month with no clear resolution.
- **Oil repriced higher**: Inflation pressures remain a key concern for central banks.

Stocks have continued to push to record highs after sliding to year-to-date lows in late March. The current rebound came despite persistent geopolitical tensions, higher oil prices, and mixed economic signals. The S&P 500 rose 10.4% in April, its strongest monthly gain since November 2020.

Geopolitics remain the primary worry in the near term, with the conflict involving Iran extending into a second month and no clear resolution. The closure of the Strait of Hormuz, which carries roughly one-fifth of global oil and gas flows, has been a key source of economic friction. Even so, both the U.S. and Iran have signaled a greater willingness to pursue negotiations.



Oil markets were exceptionally volatile in April. Brent crude climbed to its highest level since 2022, briefly reaching $126.41 per barrel on April 30 before ending the month at $114.01. WTI settled near $105.07 per barrel. In response, S&P Global Ratings raised its WTI and Brent price assumptions by $15 per barrel for the balance of 2026 and by $5 per barrel for 2027. Net crude supply losses were estimated at roughly 9 million barrels per day despite a surge in Atlantic Basin exports. Inflation pressures therefore remained a key concern for central banks globally.



Against this backdrop, corporate earnings proved resilient and helped power the equity rally. Notably, domestic economic data improved during the month, and solid earnings results contributed to a decline in the S&P 500's forward P/E multiple. Technology shares—particularly semiconductor and AI-related names—led the advance from the late-March lows, and the "Magnificent Seven" generally delivered favorable results.

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DIAMOND CAPITAL MANAGEMENT
A Division of The National Bank of Indianapolis

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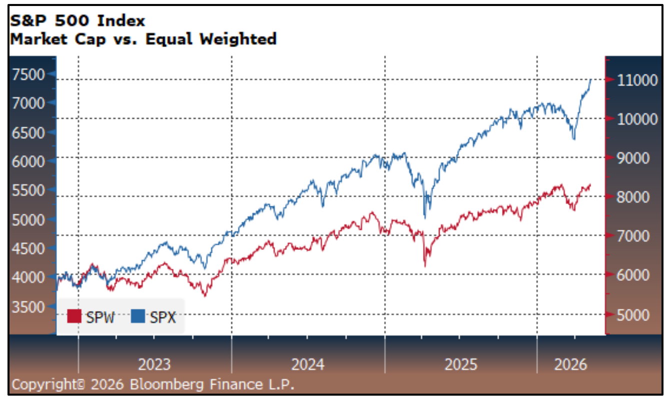
THE NATIONAL BANK of INDIANAPOLIS

The divergence between strong equity performance and deteriorating geopolitical and energy market conditions created an unusual market dynamic in April. Investors demonstrated remarkable optimism about corporate earnings growth, particularly in the technology and AI sectors, which overshadowed concerns about oil supply disruptions and inflation. The S&P 500's rally past the 7,000-level established new support levels, with analysts identifying 7,000 as a critical "line in the sand" for the current bull run.



SECTORS	2025	YTD
S&P 500 COMM SVC	33.56%	12.35%
S&P 500 CONS DISCRET IDX	6.04%	3.77%
S&P 500 CONS STAPLES IDX	3.90%	10.68%
S&P 500 ENERGY INDEX	8.68%	24.73%
S&P 500 FINANCIALS INDEX	14.97%	-6.05%
S&P 500 HEALTH CARE IDX	14.60%	-6.89%
S&P 500 INDUSTRIALS IDX	19.27%	12.05%
S&P 500 INFO TECH INDEX	24.04%	15.84%
S&P 500 MATERIALS INDEX	10.54%	12.95%
S&P 500 REAL ESTATE IDX	3.15%	11.56%
S&P 500 UTILITIES INDEX	16.04%	5.47%

EQUITY INDICES	TICKER	2025	YTD
S&P 500 INDEX	SPX	17.86%	8.48%
DOW JONES INDUS. AVG	INDU	14.92%	3.72%
NASDAQ COMPOSITE	CCMP	21.17%	13.14%
S&P 400 MIDCAP INDEX	MID	7.48%	12.40%
RUSSELL 1000 GROWTH INDX	RLG	18.55%	4.62%
RUSSELL 1000 VALUE INDEX	RLV	15.88%	11.66%
RUSSELL MIDCAP RT INDEX	RMC	10.59%	9.61%
RUSSELL 2000 INDEX	RTY	12.79%	15.81%
MSCI ACWI ex US	NDUEACWZ	32.39%	12.91%
MSCI EAFE	MXEA	32.03%	8.79%
MSCI EM	MXEF	34.33%	23.52%

COMM. & CURRENCIES	LAST CLOSE	YTD
WTI CRUDE FUTURE Jun26	94.81	66.48%
BRENT CRUDE FUTR Jul26	100.06	67.19%
NATURAL GAS FUTR Jun26	2.77	-19.97%
LME COPPER 3MO ($)	13,393.00	7.81%
Gold Spot $/Oz	4,735.80	9.50%
Silver Spot $/Oz	80.33	11.73%
Euro Spot	1.18	0.39%
British Pound Spot	1.36	1.45%
Japanese Yen Spot	156.40	-0.03%
DOLLAR INDEX SPOT	98.07	-0.46%

Source: Bloomberg As of: 5/8/2026

	Total Return					
Bloomberg Barclays Bond Indices	2024	2025	YTD	Effective Duration	Avg. Maturity	Yield-to-Worst
U.S. Aggregate	1.25%	7.30%	0.23%	6.00	8.26	4.62%
Intermediate	3.00%	6.97%	0.23%	3.86	4.34	4.27%
Global Agg ex USD	-4.22%	8.85%	1.05%	6.65	8.21	3.05%
Inv Grade Corporate	2.13%	7.77%	0.19%	6.95	10.53	5.13%
U.S. Corporate High Yield	8.19%	8.62%	1.35%	3.22	4.81	6.96%
Tax Exempt						
Muni 1-10 Yr Blend (1-12)	0.91%	5.14%	0.48%	4.13	6.32	3.13%

Key Rates	
Effective Fed Funds	3.63%
2-yr Treasury	3.89%
10-yr Treasury	4.36%
10-yr German Bond	3.00%
Prime Rate	6.75%
30 Year Fixed Mortgage	6.42%

Source: Bloomberg As of: 5/8/2026