WEST SHORE BANK

WEEKLY RECAP - May 4, 2026

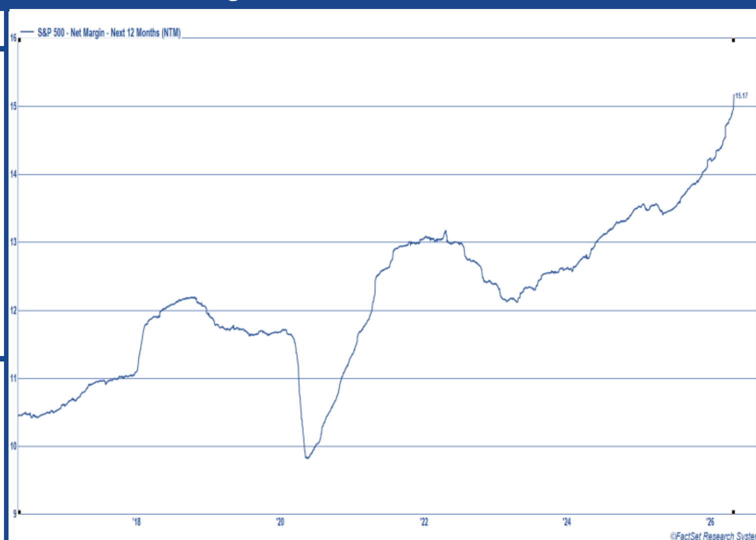
Economic & Market Commentary

Heading into April, stocks posted five consecutive weeks of losses due to the uncertainty surrounding the U.S. and Iran war. In April, markets posted their largest monthly gain since the pandemic. Strong earnings growth estimates along with conflict resolution optimism drove markets sharply higher, although oscillating war rhetoric from President Trump and actual war-related events made the path higher rather bumpy. Several stocks indices posted low to mid-teen total returns in April. At the start of this conflict, the consensus of many experts was that the duration would be short lived, and this remains the consensus. Indeed, amid contentious negotiations, cease fire agreements have been established and extended multiple times providing the fuel for investor optimism. Amongst all of this chaos, the U.S. economy continues to advance at a solid clip and many stock markets closed the month of April at new all-time highs. Interestingly, even as the conflict progressed, full-year 2026 S&P 500 earnings estimates have continued to consistently advance. Just prior to the start of the war on February 28th, the consensus was +14.4%, and as of the close last Friday, May 1st, it stood at +20.6%. One of the reasons for the strong earnings growth over the past two years is due to productivity growth. U.S. productivity has been notably stronger over the last two years (2024–2025) than during the prior decade's sluggish 1.4–1.5% average annual pace. This marks a rebound to near the long-term (1947–present) average of 2.1–2.2%. The primary reasons for the increased productivity were advances in AI, production technology, and increased worker capacity (getting more out of current workforce without new hires). These productivity increases are best seen in net corporate margins, which have been expanding the past two years as well and are at record levels (+13.4%) and expected to move modestly higher over the coming quarters (14.1% - 14.6%).

Index Total Returns - May 1, 2026

	1-Wk	YTD	1-Yr
MSCI-Emerging	-0.52	14.61	46.90
Russell 2000	0.94	13.73	44.22
S&P 400	-0.03	10.57	28.92
NASDAQ	1.12	8.25	42.69
MSCI-Developed	0.98	6.48	26.00
S&P 500	0.92	6.02	30.62
Dow Jones	0.55	3.49	23.53
Barclay's U.S. Bond Index			
High Yield	0.05	1.33	8.77
Municipal	-0.33	0.98	6.15
5-year Muni	-0.28	0.42	4.90
Int. Gov. Credit	-0.27	0.21	3.99
Aggregate	-0.39	0.18	4.52

S&P 500 - Net Margins - NTM



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.71	3.67	3.92
U.S. 2-Yr	3.89	3.78	3.70
U.S. 3-Yr	3.91	3.80	3.68
U.S. 5-Yr	4.03	3.92	3.80
U.S. 10-Yr	4.38	4.30	4.22
U.S. 30-Yr	4.97	4.91	4.72

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.53	3.44	3.83
U.S. AA	3.56	3.48	3.92
U.S. A	3.92	3.84	4.29
U.S. Baa	4.50	4.43	4.78
U.S. Municipal	3.68	3.60	4.03
Michigan	3.82	3.73	4.16

S&P 500 Sector Total Returns - May 1, 2026

Sector	1-Wk	YTD	1-Yr
Energy	3.25	31.71	49.84
Materials	-1.95	12.33	24.07
Industrials	0.25	11.86	32.65
Real Estate	1.04	11.49	12.19
Consumer Staples	1.18	10.93	9.05
Comm. Services	4.54	10.30	53.50
Utilities	0.76	9.80	20.91
Info Tech	0.11	8.25	47.99
Con. Discretion	0.39	1.98	24.63
Financials	0.93	-4.66	8.26
Health Care	0.66	-5.80	8.24

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.04	19.33	1.06
S&P 400 - Mid Cap	16.32	16.40	1.23
S&P 600 - Small Cap	15.71	16.47	1.43

Sources: FactSet