WEST SHORE BANK

WEEKLY RECAP - May 11, 2026

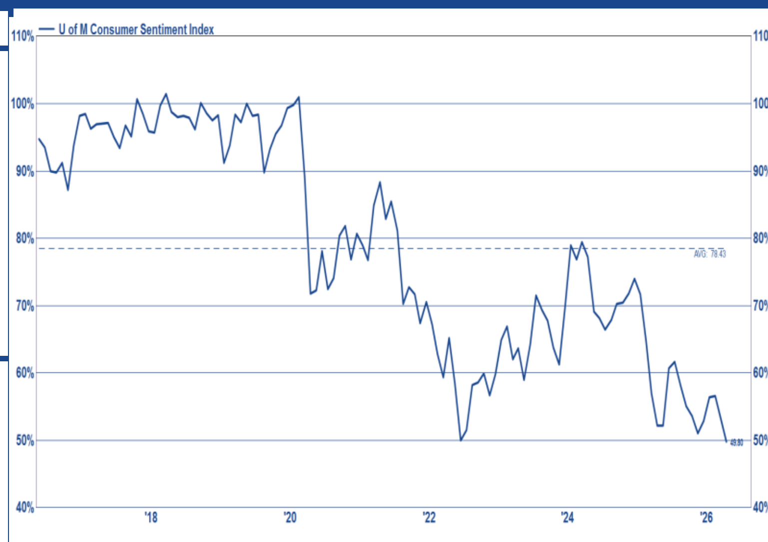
Economic & Market Commentary

Equity markets extended their rally to a sixth consecutive week, with major indices reaching new highs as investors focused on supportive fundamentals despite ongoing geopolitical uncertainty. Momentum remains driven by a combination of easing geopolitical concerns, strong earnings, and continued enthusiasm around artificial intelligence. The primary catalyst this week was increased optimism surrounding the Iran conflict. Reports suggesting progress toward a potential diplomatic resolution helped ease concerns about energy supply disruptions, leading to lower oil prices and improved investor sentiment. Markets once again demonstrated a willingness to look through geopolitical risk when there are signs of de-escalation. The AI narrative continues to dominate market leadership, particularly across large-cap technology and semiconductor stocks. Strong guidance and ongoing capital investment tied to AI infrastructure have reinforced the view that this theme will remain a key driver of earnings growth. From an economic standpoint, the April nonfarm payroll report came in better than expected, with job growth of 115,000 exceeding forecasts and the unemployment rate holding steady at 4.3% . While hiring trends are moderating, the labor market remains stable—supportive of continued economic expansion without signaling overheating. Corporate earnings have also been a key pillar of support. Results have broadly exceeded expectations, reinforcing the strength of underlying fundamentals and validating current market levels. Strong earnings, particularly within AI-sensitive sectors, continue to provide upside momentum. Offsetting some of the positives was the latest University of Michigan consumer sentiment report, which missed expectations and reflected ongoing concerns around inflation. This highlights a continued divergence between resilient financial markets and a more cautious consumer. Markets remain supported by strong earnings, a stable labor backdrop, and the AI growth theme, while largely discounting geopolitical risks and consumer-level concerns. Inflation expectations and geopolitical developments will remain key factors in determining the durability of the current rally.

Index Total Returns - May 8, 2026

	1-Wk	YTD	1-Yr
MSCI-Emerging	6.90	22.51	53.96
Russell 2000	1.73	15.70	43.03
NASDAQ	4.52	13.14	47.33
S&P 400	1.67	12.41	27.30
S&P 500	2.36	8.52	32.27
MSCI-Developed	1.05	7.59	25.38
Dow Jones	0.25	3.75	21.99
Barclay's U.S. Bond Index			
High Yield	0.05	1.37	8.48
Municipal	0.20	1.18	6.34
5-year Muni	0.12	0.54	4.92
Aggregate	0.26	0.44	5.53
Int. Gov. Credit	0.14	0.36	4.67

U of M Consumer Sentiment



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.73	3.71	4.05
U.S. 2-Yr	3.89	3.89	3.89
U.S. 3-Yr	3.92	3.91	3.87
U.S. 5-Yr	4.01	4.03	4.00
U.S. 10-Yr	4.37	4.38	4.38
U.S. 30-Yr	4.95	4.97	4.85

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.50	3.53	3.84
U.S. AA	3.54	3.56	3.91
U.S. A	3.90	3.92	4.29
U.S. Baa	4.47	4.50	4.77
U.S. Municipal	3.66	3.68	4.03
Michigan	3.81	3.82	4.16

S&P 500 Sector Total Returns - May 8, 2026

Sector	1-Wk	YTD	1-Yr
Energy	-5.30	24.73	40.75
Info Tech	7.02	15.84	56.14
Materials	0.55	12.95	23.50
Comm. Services	1.86	12.35	55.64
Industrials	0.19	12.07	29.28
Real Estate	0.06	11.56	12.43
Consumer Staples	-0.19	10.72	8.65
Utilities	-3.89	5.52	14.92
Con. Discretion	1.76	3.78	25.09
Financials	-1.29	-5.89	4.54
Health Care	-1.11	-6.85	9.03

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.21	19.35	1.04
S&P 400 - Mid Cap	16.37	16.40	1.22
S&P 600 - Small Cap	15.68	16.47	1.43

Sources: FactSet