



May 26, 2026

## A New Fed Chair Is In Town

**Kevin Warsh was sworn in as the 17th Chair of the Federal Reserve (Fed) last Friday with President Donald Trump presiding over the official swearing-in ceremony at the White House, where Supreme Court Justice Clarence Thomas administered the oath of office.**

Warsh succeeds Jerome Powell, who had served as Fed chair since 2018. Warsh takes the helm at a moment when renewed inflation concerns are putting upward pressure on interest rates.

As Fed Chair, Warsh wants a "reform-oriented" Fed defined by what he calls a "regime change" in policy, shifting the central bank away from its decade-long practices toward a quieter, less interventionist posture. Looking to model his approach after the Alan Greenspan era, Warsh envisions a Fed that stays in the background, acts with strategic unpredictability, and focuses strictly on price stability and growth rather than social commentary.

## Warsh Faces Early Test

History shows that new Fed chairs often confront a crisis early in their tenure. Kevin Warsh starts his tenure amid elevated bond yields, geopolitical oil risks, and sticky inflation. Markets currently price in few or no rate cuts for the rest of 2026. His first policy meeting in June will be watched closely for signals of how the Fed will balance growth risks against inflation.

*So, all eyes will be on Warsh's first steps in reshaping the Fed, as well as any commentary that could signal the future path of interest rates.*

# Kevin Warsh Wants to Remake the Fed. Here's What He Is Up Against.

The new chair's framework has been consistent for two decades. The question now is how much of it his colleagues will accept.

By [Nick Timiraos](#) [Follow](#)

May 21, 2026 9:00 am ET



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## Iran And Oil Prices Continue to Dominate Headlines And Market Behavior

Geopolitical headlines around the U.S.-Iran conflict continue to dominate Wall Street trading. Oil prices swung sharply lower on the hopes for a peace deal, helping to rally stocks. On the corporate side, Nvidia (NVDA) delivered strong 1Q26 earnings last Wednesday, with revenues up 85% year-over-year and a huge share buyback announcement, helping lift tech and semiconductor shares. Conversely, Walmart (WMT) shares sold off hard after its results showed rising fuel costs squeezing margins. Executives stressed they cannot absorb the total magnitude of cost increases without passing some of the pressure on to consumers. Overall, the market showed strong resilience with the Dow Jones Industrial Average (DJIA) hitting an all-time high.

### Quantum Computing Gets A Boost

The Trump administration announced a major new investment this week: \$2 billion in grants and equity stakes across nine quantum computing companies, including significant support for IBM. Quantum computing holds enormous long-term potential. It could solve complex problems in drug discovery, materials science, and optimization far faster than classical computers. However, major technical hurdles remain, such as error correction, maintaining stable qubits at scale, and building practical systems beyond current prototypes.

## Billion and Take Equity Stakes

Trump administration hopes to spur 'a new era of American innovation,' Commerce Secretary Lutnick says

By [Amrith Ramkumar](#) [Follow](#) and [Heather Somerville](#) [Follow](#)

Updated May 21, 2026 10:17 pm ET

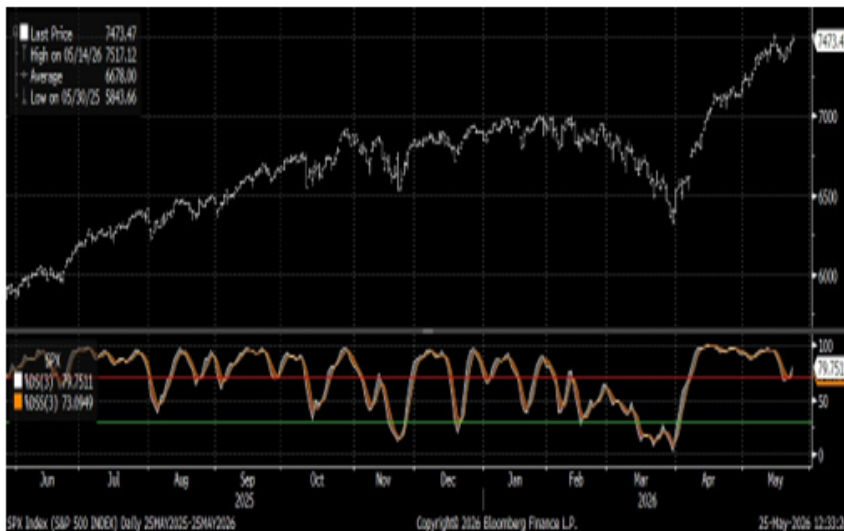
### Equities Remain Overbought Causing Continued Volatility

Equities have remained resilient despite the war with Iran and elevated oil prices. Stocks are performing well because first quarter earnings have come in significantly better than expected and earnings estimates continue to rise. Technology remains the leading growth sector, which supports its outperformance. According to FactSet, the "Magnificent 7" companies reported actual earnings growth of 63.2% for the first quarter, which is the highest earnings growth rate reported by these seven companies since 2Q 2021 (89.2%). On the other hand, the blended earnings growth rate for Q1 for the other 493 companies in the S&P 500 is 17.4%. That is also the highest earnings growth rate reported by this group of companies since 4Q 2021 (32.3%). Strong earnings growth rates support new highs within the market.

Our forecast has been for the S&P 500 to reach 7,500 by year-end. The index achieved that target earlier this month, crossing that mark for the first time during intraday trading on May 14. However, with equities now so stretched and technically overbought, we are not raising our target at this time. The market appears to be respecting current levels, and a near-term correction could be around the corner, in our view. Even so, we continue to believe equities are in a secular bull market, and we maintain our long-term targets of 10,000-13,000 by the end of the decade.

Therefore, we remain buyers of equities on pullbacks.

### S&P 500 With 14-Day Stochastic With Overbought Reading



Source: Bloomberg. Annotations by Sanctuary Wealth, May 25, 2026



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### 10-Year Treasury Yields Respecting Resistance At 4.6%

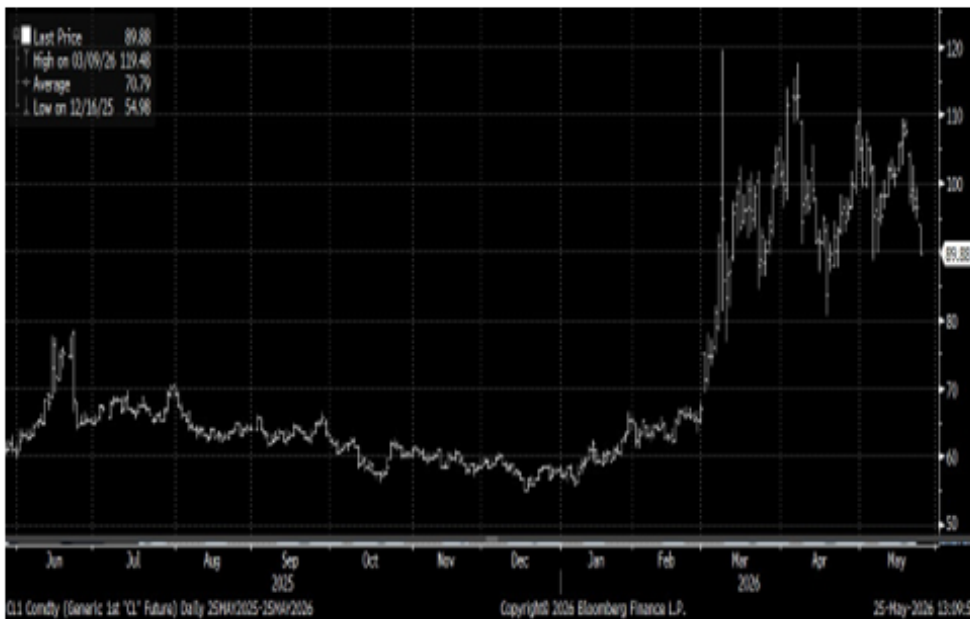
We have been watching a triangle formation on the weekly chart of the 10-year Treasury yield with a major breakout point at 4.6% to the upside. The yield has tested this level several times and has not been able to break out. Oil prices have fallen sharply, helping the interest rate environment. If oil prices remain low, interest rates at the long end should not break to the upside.

### 10-Year Treasury Yield Holding 4.6%



Source: Bloomberg, Annotations by Sanctuary Wealth, May 25, 2026

### WTI Oil Prices Trading Below \$100



Source: Bloomberg, May 25, 2026



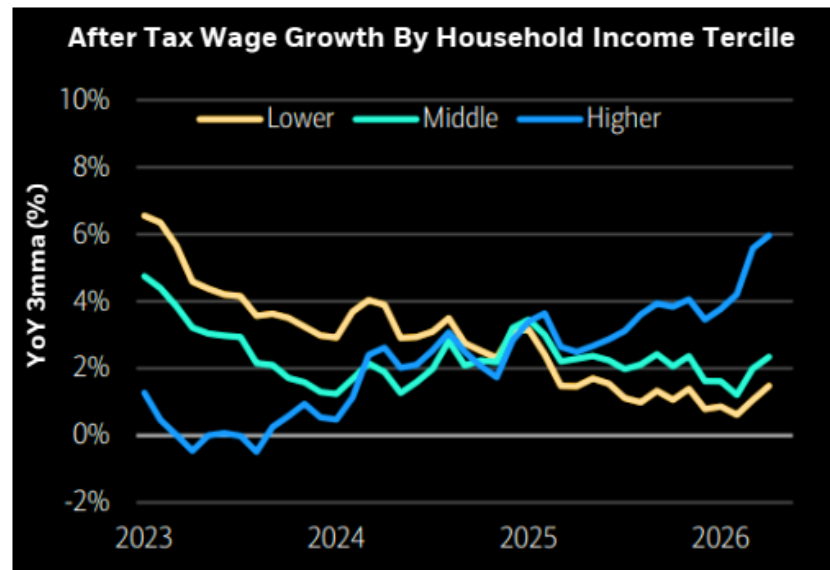
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## Consumer Still Resilient But Divided

Rising fuel costs and persistent inflation continue to pressure American shoppers. Gasoline prices have climbed sharply due to the Iran conflict, acting like an extra tax on household budgets. This squeezes spending power, especially for lower- and middle-income families, even as overall retail sales have held up so far.

*The consumer remains resilient but divided. Higher-income households continue spending comfortably. Lower-income groups are pulling back on discretionary items and trading down to value options.* Higher fuel prices are forcing consumers to spend more at the pump, leaving less money available for other goods, according to comments from major retailers. This shift benefits discount and off-price stores while pressuring traditional retailers.

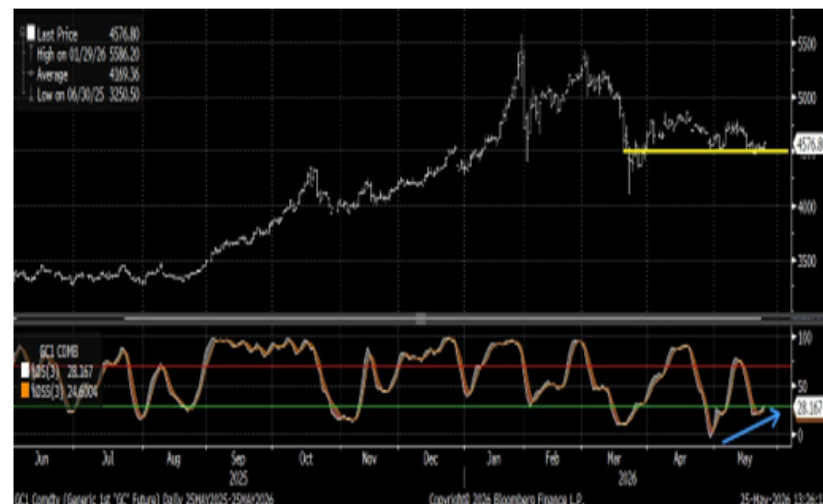
## K-Shaped Consumer Picture



Source: BlackRock, May 20, 2026

## Gold With Improving Price Momentum

Gold has corrected over 20% and is holding support at \$4500. Price momentum appears to have bottomed and is improving. We maintain that portfolios should have Gold as a hedge against inflation. We remain buyers of Gold with a long-term target of \$10,000. The primary risk to Gold would be a sharp rise in interest rates, as Gold and rates typically move in opposite directions. For now, however, Gold appears to be signaling that rates are unlikely to move significantly higher. This week, we will receive important inflation data with the release of April Core Personal Consumption Expenditures (PCE).



Source: Bloomberg. Annotations by Sanctuary Wealth, May 25, 2026



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## Sector Readings: Energy Strongest, Followed By Information Technology And Communication Services; Healthcare Weakest, Followed By Financials

Energy is in first place, followed by Information Technology and Communication Services, same as last week. Healthcare fell to last place, followed by Financials, then Utilities, both of which have considerable exposure to rising rates. Financials have now been among the two weakest sectors for 15 weeks.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1 to 11, with 1 being the strongest and 11 the weakest.

### Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	May 22	May 15	May 8	May 1	Apr 24	Apr 17	Apr 10	Apr 3
Consumer Discretionary	5	7	6	9	9	8	10	11
Consumer Staples	8	6	8	8	8	9	7	5
Energy	1	1	3	1	1	1	1	1
Financials	10	11	11	11	11	11	11	10
Healthcare	11	9	10	10	10	10	8	8
Industrials	4	4	5	5	5	3	3	4
Information Technology	2	2	2	3	4	5	9	9
Materials	7	5	4	4	3	4	2	2
Communication Services	3	3	1	2	2	2	4	6
Utilities	9	10	9	6	6	7	5	3
Real Estate	6	8	7	7	7	6	6	7

Source: Bloomberg, Sanctuary Wealth, May 22, 2026



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**OBOS List: Information Technology Is Overbought; Industrials, Healthcare, Materials, Consumer Staples, Financials, And Utilities Are Oversold; Real Estate Is New Oversold. Expect Continued Sector Rotation.**

The market has an extreme oversold reading. This setup suggests we can get an extreme rebalancing in the weeks or months ahead. Information Technology remained overbought last week, with Communication Services again near overbought. Industrials, Healthcare, Materials, Consumer Staples, Financials, and Utilities were all oversold, while Real Estate was near oversold. We note that Industrials are unusually oversold. There is still considerable volatility in the movement of the sectors relative to one another.

Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

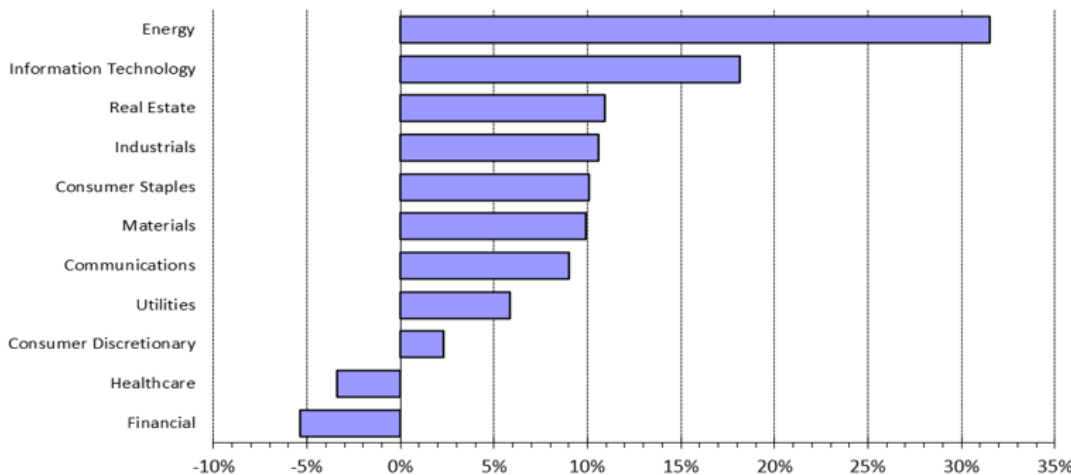
Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this over 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

**Sector Overbought / Oversold List as of 22 May 2026**

rank	S&P Sector	normalized Oscillator	
1	Information Technology	1.7944	Overbought
2	Communication Services	0.2396	Neutral
3	Energy	-0.0285	
4	Consumer Discretionary	-0.4599	Neutral
5	Real Estate	-0.6915	Near Oversold
6	Utilities	-1.2295	Oversold
7	Financials	-1.3336	
8	Consumer Staples	-1.6333	
9	Materials	-1.9618	
10	Healthcare	-1.9995	
11	Industrials	-2.6522	

Source: Bloomberg, Sanctuary Wealth, May 22, 2026

**Year-To-Date Performance Of The S&P 500 Sectors**



Source: Bloomberg, Sanctuary Wealth, May 22, 2026



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## Market Performance: Energy Remains Best Performing Asset Year-To-Date, Followed By Information Technology, Then Nasdaq 100; Bitcoin Remains Weakest Year-To-Date

	Last 5/22/2026	Month End 4/30/2026	Month to Date	Quarter End 3/31/2026	Quarter to Date	Year End 12/31/2025	Year to Date	Year Ago 5/22/2025	Year To Year
S&P 500	7473.47	7209.01	3.7%	6528.52	14.5%	6845.50	9.2%	5842.01	27.9%
NASDAQ Composite	26343.97	24892.31	5.8%	21590.63	22.0%	23241.99	13.3%	18925.73	39.2%
NASDAQ 100	717.54	667.74	7.5%	577.18	24.3%	614.31	16.8%	514.00	39.6%
Russell 2000	2869.23	2799.91	2.5%	2496.37	14.9%	2481.91	15.6%	2045.56	40.3%
S&P Consumer Discretionary Sector	1973.32	1953.03	1.0%	1748.22	12.9%	1928.43	2.3%	1704.21	15.8%
S&P Consumer Staples Sector	952.32	952.85	-0.1%	925.56	2.9%	864.89	10.1%	898.46	6.0%
S&P Energy Sector	904.02	910.23	-0.7%	943.30	-4.2%	687.34	31.5%	620.24	45.8%
S&P Financial Sector	862.71	866.90	-0.5%	822.22	4.9%	911.60	-5.4%	834.39	3.4%
S&P Healthcare Sector	1744.71	1700.55	2.6%	1710.39	2.0%	1805.89	-3.4%	1519.35	14.8%
S&P Industrials Sector	1452.06	1477.85	-1.7%	1369.67	6.0%	1313.14	10.6%	1194.84	21.5%
S&P Information Technology Sector	6715.34	6057.71	10.9%	5158.06	30.2%	5684.00	18.1%	4479.60	49.9%
S&P Materials Sector	631.35	644.42	-2.0%	627.82	0.6%	574.41	9.9%	540.89	16.7%
S&P Real Estate Sector	282.91	282.37	0.2%	259.98	8.8%	255.03	10.9%	254.51	11.2%
S&P Communications Sector	493.26	497.72	-0.9%	420.28	17.4%	452.39	9.0%	348.77	41.4%
S&P Utilities Sector	459.31	475.96	-3.5%	466.42	-1.5%	433.81	5.9%	405.28	13.3%
S&P 500 Total Return	16694.89	16088.56	3.8%	14560.75	14.7%	15220.46	9.7%	12891.95	29.5%
3 month Treasury Bill Price	99.08	99.08	0.0%	99.08	0.0%	99.09	0.0%	98.91	0.2%
3 month Treasury Bill Total Return	271.89	271.21	0.3%	270.38	0.6%	268.01	1.4%	261.24	4.1%
10 Year Treasury Bond Future	109.25	110.59	-1.2%	111.05	-1.6%	112.44	-2.8%	109.86	-0.6%
10 Year Treasury Note Total Return	312.23	315.37	-1.0%	315.71	-1.1%	316.61	-1.4%	301.78	3.5%
iShares 20+ Year Treasury Bond ETF	84.68	85.62	-1.1%	86.69	-2.3%	87.16	-2.8%	84.41	0.3%
S&P Municipal Bond Total Return	290.68	292.56	-0.6%	289.48	0.4%	290.00	0.2%	274.63	5.8%
iShares S&P National Municipal Bond NAV	105.87	106.90	-1.0%	106.04	-0.2%	106.85	-0.9%	103.56	2.2%
S&P 500 Investment Grade Corporate Bond Total Return	499.21	499.56	-0.1%	496.96	0.5%	499.46	-0.1%	469.74	6.3%
S&P Investment Grade Corporate Bond	91.14	91.48	-0.4%	91.32	-0.2%	92.75	-1.7%	89.74	1.6%
S&P Investment Grade Corporate Bond Total Return	533.23	533.72	-0.1%	530.81	0.5%	532.99	0.0%	501.74	6.3%
SPDR Bloomberg High Yield Bond ETF	96.25	96.83	-0.6%	95.72	0.6%	97.21	-1.0%	95.16	1.1%
iShares iBoxx High Yield Corporate Bond ETF	79.91	80.38	-0.6%	79.56	0.4%	80.63	-0.9%	78.97	1.2%
Gold	4509.40	4617.85	-2.3%	4668.06	-3.4%	4319.37	4.4%	3294.52	36.9%
Bitcoin	75905.35	76466.34	-0.7%	68193.95	11.3%	87647.54	-13.4%	111092.22	-31.7%
Silver	75.54	73.75	2.4%	75.17	0.5%	71.66	5.4%	33.06	128.5%

Source: Bloomberg, Sanctuary Wealth, May 22, 2026

## Key Inflation Report Drops Thursday

**This week it's all about inflation data and new Fed Chair's first moves – or non-moves.**

The Core Personal Consumption Expenditures (PCE) price index for April comes out Thursday morning. This is the Fed's preferred measure of inflation. Analysts expect a slight pickup in the core reading to 4.3% from 4.2%. A hotter-than-expected number could reinforce the view that rates will stay higher for longer under the new Fed leadership. Other data to be released this week includes jobless claims, durable goods orders, ISM manufacturing, new home sales, and the second estimate of first-quarter GDP. These prints will help gauge consumer health and economic resilience amid oil and inflation pressures.

Earnings reports this week include Salesforce (CRM), Snowflake (SNOW), Dell (DELL), Costco (COST), Best Buy (BBY) and several cybersecurity names. Investors will look closely for AI spending trends and consumer demand signals following last week's mixed retail results.

Ongoing Iran negotiations remain a major focus. Any headlines on peace talks or disruptions in the Strait of Hormuz could move oil prices and the broader markets quickly. *Investors need to remain fearless in the face of an ongoing war and volatility.*



# Calendar

<b>Mon.</b>	None scheduled, Memorial Day holiday
<b>Tue.</b>	9:00 am S&P Case-Shiller home price index (20 cities) 10:00 am Consumer confidence
<b>Wed.</b>	Earnings Salesforce*
<b>Thu.</b>	8:30 am Initial jobless claims 8:30 am Durable-goods orders 8:30 am Durable-goods minus transportation 10:00 am New home sales Earnings Dollar Tree
<b>Fri.</b>	8:30 am GDP (second revision) 8:30 am Personal income 8:30 am Personal spending 8:30 am PCE index 8:30 am PCE (year-over-year) 8:30 am Core PCE index 8:30 am Core PCE (year-over-year) 8:30 am Advanced U.S. trade balance in goods 8:30 am Advanced retail inventories 8:30 am Advanced wholesale inventories 9:45 am Chicago Business Barometer (PMI)

Source: MarketWatch/CNBC/Kiplinger's

\*Earnings reflect highlights

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