

**Michael Gibbs, Managing Director, Lead Portfolio Manager** | (901) 579-4346 | michael.gibbs@raymondjames.com

**Joey Madere, CFA** | (901) 529-5331 | joey.madere@raymondjames.com

**Richard Sewell, CFA** | (901) 524-4194 | richard.sewell@raymondjames.com

**Mitch Clayton, CMT, Senior Technical Analyst** | (901) 579-4812 | mitch.clayton@raymondjames.com

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## Weekly Market Guide

**The S&P 500 is up a sharp +15% in 25 days, as March nervousness gets replaced by optimism.**

### Why?

- Signs of flexibility**/willingness to negotiate. The US-Iran war remains a very fluid situation, but investors have the precedent of President Trump’s negotiation style- where initial aggression provides a shock that is walked back over time toward an agreement (with the aim to end on more favorable terms than otherwise). President Trump also seems to have a pulse on the market and has typically softened rhetoric when markets are pressured.
- Resilient economic data** through the disruptions – bidding more time as investor concerns on immediate economic impacts are dampened.
- Strong earnings season** – This is the big one. Q1 earnings season is set to produce 26% y/y EPS growth, which is double the estimate coming in. The degree of earnings beats has been very impressive and broad throughout the market. Forward estimates are rising, now reflecting 22% earnings growth in 2026 and 14.3% in 2027.

**The overarching market narrative has not been derailed**-> i.e. Healthy economic backdrop buoyed by last year’s OBBB. Individual tax refunds are providing consumer aid this Spring, and massive domestic investment spending continues (stimulus to economic growth). Add in deregulation and 175bp worth of Fed rate cuts over the last 1.5 years. All of this is fueling strong earnings growth, which is the #1 driver of stocks over the long-term.

**Maintain a positive stance overall.** Due to the positive offsets, investors are willing to under-price the potential risks of oil for now. No one knows when the Iran war will end, but it will. The backdrop provides a buffer through the disruption and allows investors to look through some of the smoke. Technically, the strength of the rally increases the odds that the lows are in.

**In the same breath, we would refrain from unbridled enthusiasm** with Oil still \$95+/barrel and in an uptrend. President Trump may be more emboldened in his stance with the market weathering the volatility so well. Risk has not evaporated overnight.

**Long-term diversified investors are well-positioned.** Be patient, accumulate as needed, and be more constructive on consolidations/pullbacks. Additionally, market rotation is allowing for waves of opportunity under the hood, which bodes well for diversification and active management.

Equity Market Indices	Price Return	
	Year to Date	12 Months
Dow Jones Industrial Avg	2.6%	19.6%
S&P 500	6.0%	28.5%
S&P 500 (Equal-Weighted)	6.0%	18.6%
NASDAQ Composite	9.0%	41.9%
Russell 2000	14.6%	41.9%
MSCI All-Cap World	6.9%	28.1%
MSCI Developed Markets	4.6%	19.4%
MSCI Emerging Markets	17.4%	44.6%
NYSE Alerian MLP	18.7%	23.0%
MSCI U.S. REIT	12.5%	12.8%

S&P 500 Sectors	Price Return	Sector
	Year to Date	Weighting
Energy	32.0%	3.5%
Real Estate	12.6%	1.8%
Materials	11.9%	1.9%
Industrials	11.1%	8.6%
Consumer Staples	9.8%	4.9%
Communication Svcs.	9.7%	10.9%
Information Technology	9.7%	35.8%
Utilities	8.6%	2.3%
<b>S&amp;P 500</b>	<b>6.0%</b>	-
Consumer Discretionary	1.9%	10.0%
Financials	-5.9%	11.8%
Health Care	-6.2%	8.4%

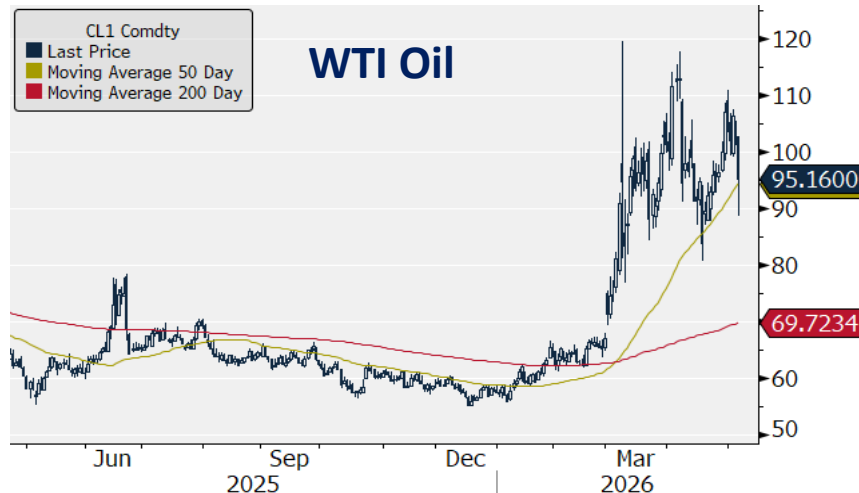
Source: FactSet

## Economic Buffers to the Oil Costs Right Now... Mindful of the Headwind if it Persists Over Time

### Updated RJ Oil Price Forecast (5/4/2026):

Raymond James' Oil Price Forecast					
2025	Q1 25A	Q2 25A	Q3 25A	Q4 25A	2025A
RJ WTI	\$71.30	\$63.55	\$64.85	\$59.09	\$64.70
RJ Brent	\$74.79	\$66.46	\$67.96	\$62.94	\$68.04
2026	Q1 26A	Q2 26E	Q3 26E	Q4 26E	2026E
RJ WTI	\$72.64	\$100.00	\$100.00	\$92.50	\$91.00
RJ Brent	\$77.61	\$110.00	\$110.00	\$100.00	\$99.00
2027	Q1 27E	Q2 27E	Q3 27E	Q4 27E	2027E
RJ WTI	\$92.50	\$85.00	\$82.50	\$80.00	\$85.00
RJ Brent	\$97.50	\$90.00	\$87.50	\$85.00	\$90.00
Long-Term Forecast					L-T
RJ WTI					\$75.00
RJ Brent					\$80.00

Source: Bloomberg, FactSet, Raymond James research

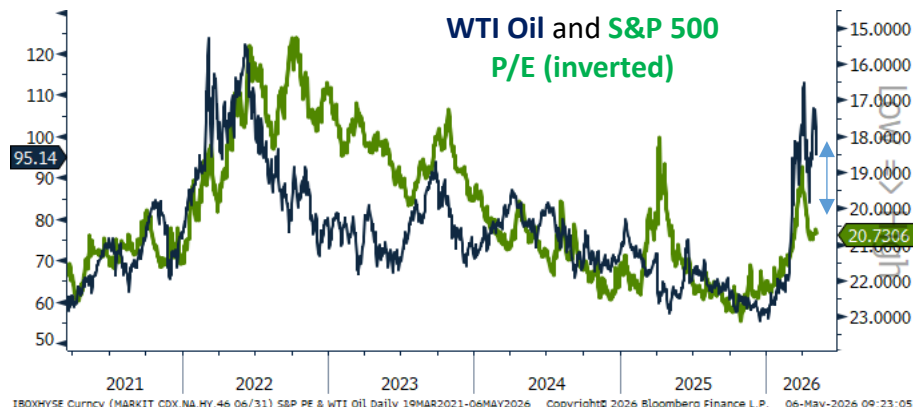


CL1 Comdty (Generic 1st 'CL' Future) WTI Crude Oil Daily 22APR2025-06MAY2026 Copyright© 2026 Bloomberg Finance L.P. 06-May-2026 09:23:36

The Raymond James Energy team updated its oil price forecast to \$100 WTI in Q2-Q3 before pulling into \$92.50 in Q4, and then trending lower toward \$80 by year-end 2027.

According to the Bloomberg Shock Model, this Oil forecast would shave Real GDP by ~0.8% in 2026 and ~0.4% in 2027 (all else equal). Of course, not all else may be equal- the longer oil stays high, the greater the odds of unintended consequences and ripple effects. Nonetheless, there are important offsets (i.e. the capex boom) helping to support the economy. Despite higher oil costs, the Raymond James estimate for 2026 GDP is still 2.4%.

The market P/E multiple has decoupled from its inverse correlation with WTI oil prices this year. We agree that the oil impact should be manageable, but there is a gap between current oil prices and the market's perception of where oil is going that we need to be mindful of.

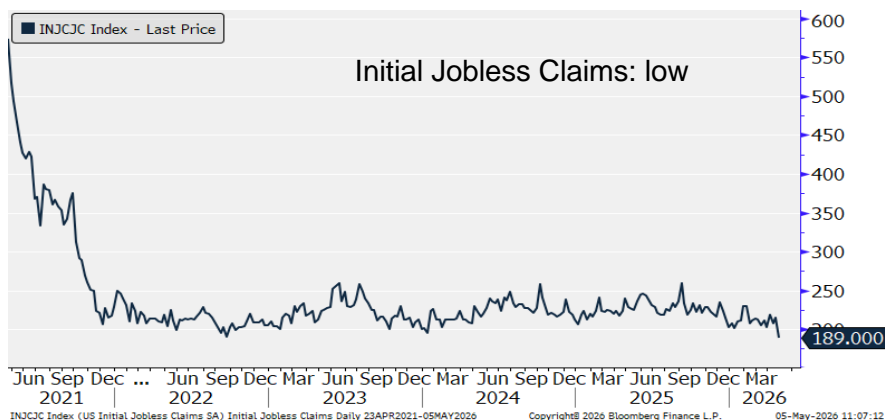
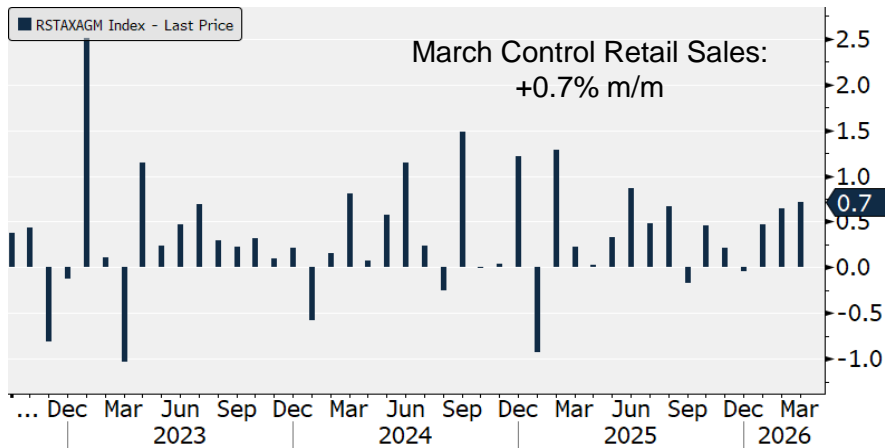


IBOXYSE Currency (MARKIT CDX.NA.HY.46 06/31) S&P PE & WTI Oil Daily 19MAR2021-06MAY2026 Copyright© 2026 Bloomberg Finance L.P. 06-May-2026 09:23:05

Source: Bloomberg, FactSet

## Economic Resilience

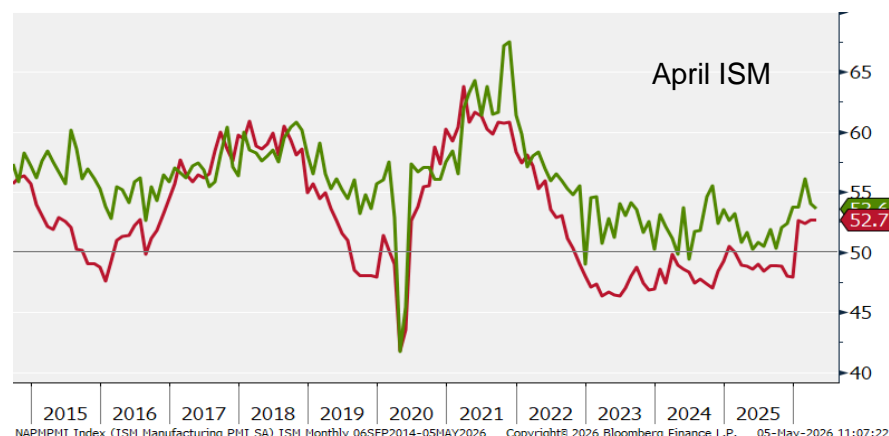
Economic data has been resilient through the disruptions so far, bidding more time as investor concerns on immediate economic impacts are dampened. Retail sales were solid in March (lack of demand destruction), jobless claims are very low, Q1 GDP showed healthy activity (in particular strong domestic capex), and April ISM surveys remained in expansion (the manufacturing improvement is notable after years of weakness).



Q1 GDP: Final Sales to Domestic Purchasers +2.5% y/y  
Strong Domestic Capex

**Data Table**

Series	Q3-2025	Q4-2025	Q1-2026
▼ Gross Domestic Product	4.400	0.500	2.000
▼ Personal Consumption Expen...	3.500	1.900	1.600
▶ Services	3.600	2.700	2.400
▶ Goods	3.000	0.300	-0.100
▶ Net Exports			
▶ Change in Private Inventories			
★ Fixed investment	0.800	1.500	6.200
▶ Nonresidential	3.200	2.400	10.400
▶ Residential	-7.100	-1.700	-8.000
▶ Government consumption ex...	2.200	-5.600	4.400



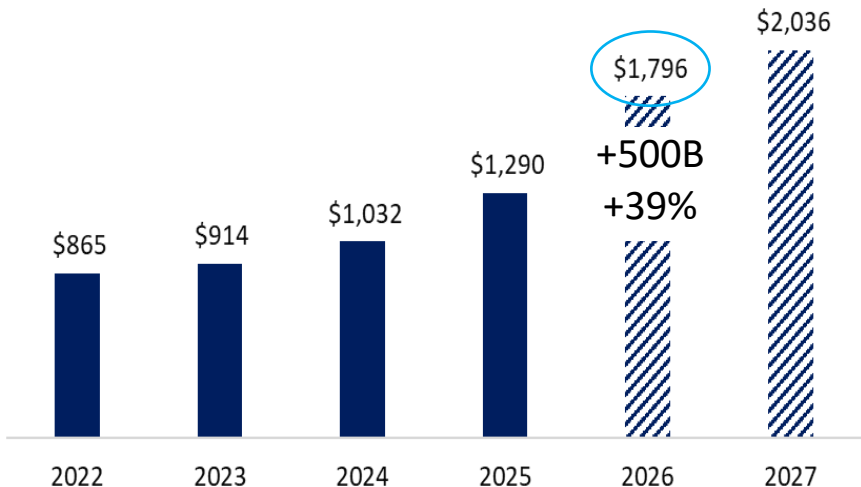
Source: Bloomberg, FactSet

## Capex Is A Driving Force For the Economy

Diversification of global supply chains, AI/Tech advancements, power/energy infrastructure, along with US incentives to invest domestically, are driving a surge in capital expenditures-> **stimulative to economic growth ahead**

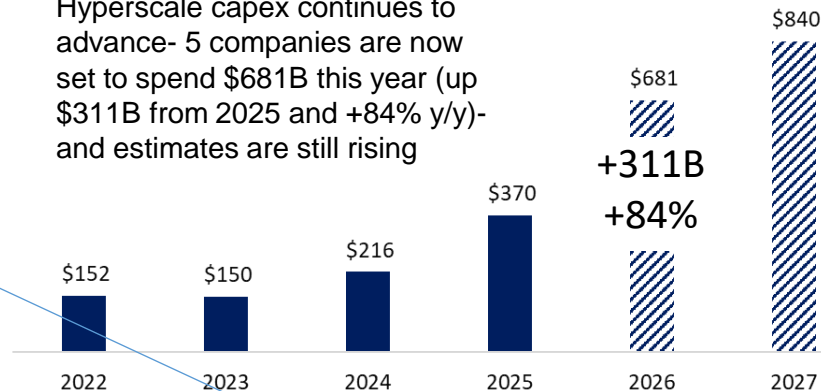
S&P 500 companies are expected to spend \$1.8T in capex this year, up \$500B from 2025 and +39% y/y. This is an enormous number, i.e. 5.7% as a % of GDP which is the equivalent of a 1.5% boost from 2025 and 2.2% higher than the mid-3% level seen in 2022-2024.

**S&P 500 Capex (\$ Billions)**

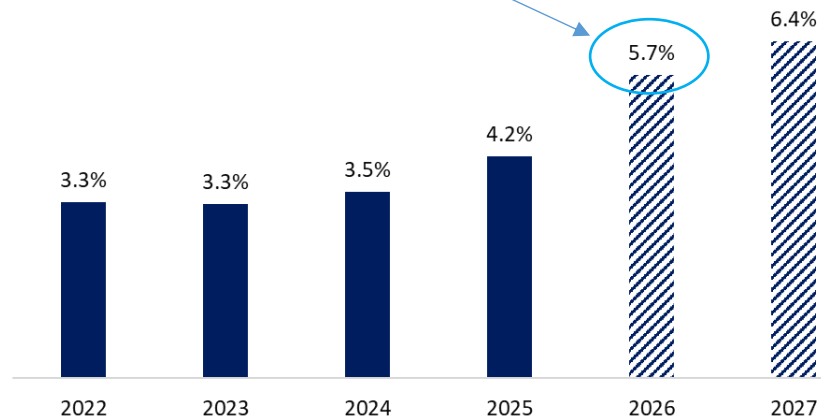


**Hyperscale Capex (\$ Billions)**

Hyperscale capex continues to advance- 5 companies are now set to spend \$681B this year (up \$311B from 2025 and +84% y/y)- and estimates are still rising



**S&P 500 Capex as % of GDP**



Source: Bloomberg, FactSet

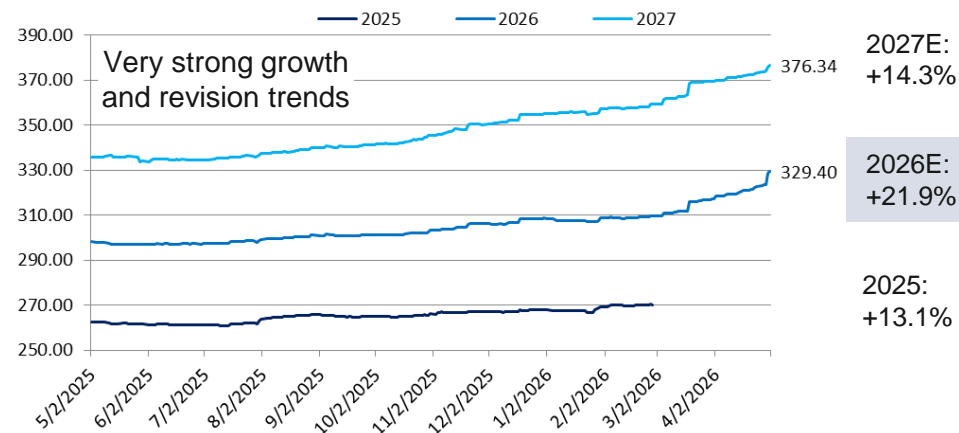
## Strong Q1 Earnings Season

### Key takeaways:

- S&P earnings growth is booming- set to be twice as high as expected in Q1 (26% vs. 13% estimate)
- The beat level and forward revision trends are very impressive
- Earnings growth is broadening out, Tech remains dominant
- AI buildout is still exceeding expectations, adoption is here across industries
- Commodity-sensitive tailwinds- Energy & Materials
- “Old economy” industrials showing promise- freight cycle upturn

**In sum:** A lot of positives across the market. Benefits diversification and active management

Earnings Estimate Revisions - over Past Year

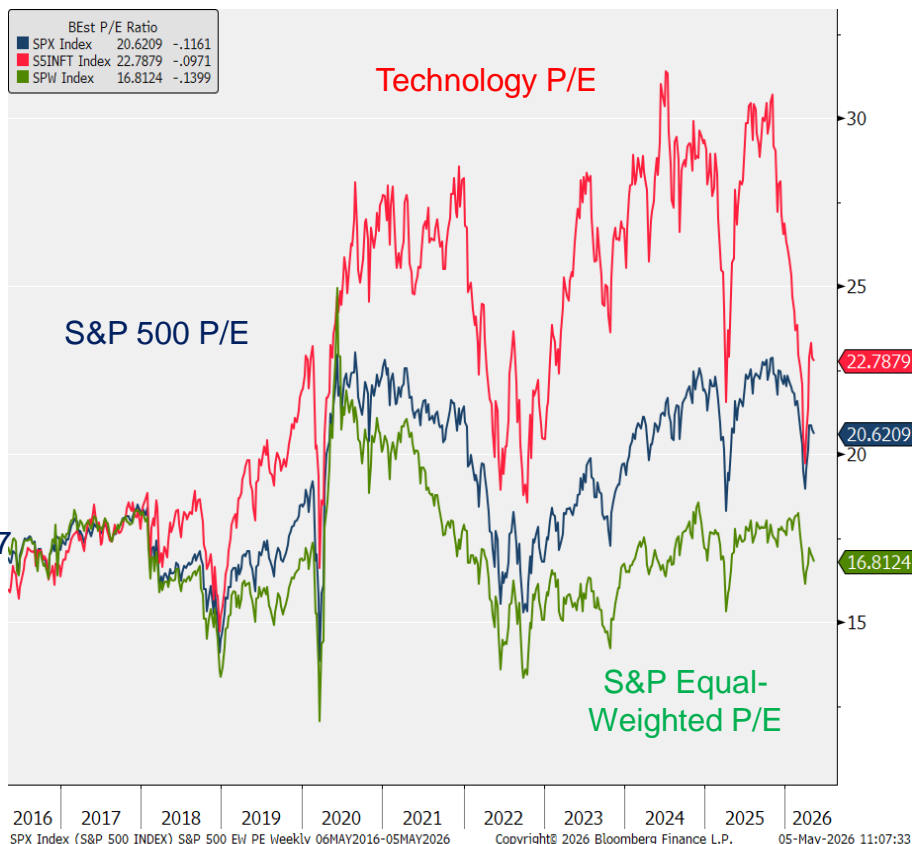
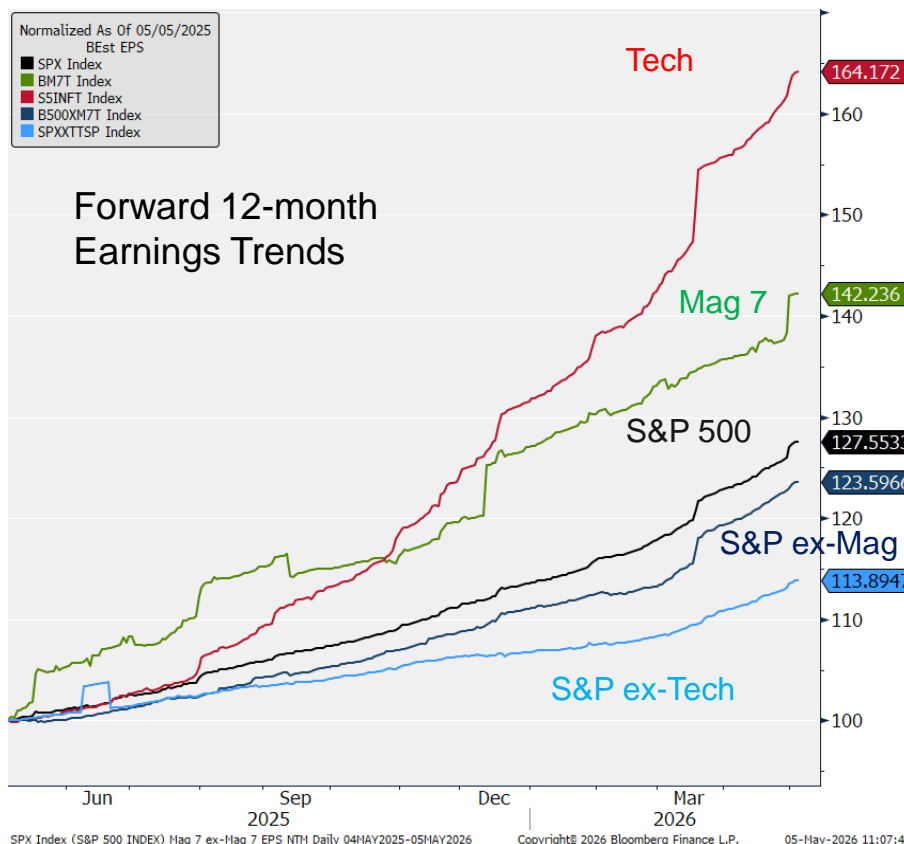


S&P 500 Sector	% Q1 Est. EPS Growth		% EPS	% Companies	Est. Chg Since 3/31/26					YTD	2026 EPS	2027 EPS	2028 EPS	P/E	PEG	
	Y/Y	Q/Q	Surprise	w/ Beats	Q1'26	Q2'26	2026	2027	2028	Return	Growth	Growth	Growth	2026	2027	2026
<b>S&amp;P 500</b>	26.1	7.9	21.2	83	12.1	2.5	3.9	1.9	2.0	5.2	21.9	14.3	11.2	21.9	19.2	1.00
Energy	-3.6	-1.4	23.6	92	-7.8	45.5	27.5	12.6	5.2	31.8	49.4	-3.8	5.5	14.7	15.3	0.30
Information Technology	49.2	0.5	11.1	94	2.4	2.6	2.2	2.6	3.3	7.9	42.6	24.2	9.0	25.6	20.6	0.60
Materials	32.1	10.3	13.9	67	9.7	5.1	6.3	3.0	2.0	10.1	36.7	10.7	7.4	18.9	17.0	0.51
Communication Services	53.4	44.5	62.7	90	59.9	1.0	12.2	2.7	3.3	9.4	26.8	6.1	15.3	21.9	20.6	0.82
Consumer Discretionary	34.0	15.4	50.4	75	36.0	-1.7	4.0	0.2	1.6	1.6	13.2	12.9	17.9	30.0	26.6	2.28
Utilities	9.9	43.0	4.6	79	0.7	0.3	0.0	0.0	0.0	8.6	11.0	9.3	9.6	19.4	17.8	1.77
Industrials	19.3	-10.9	22.9	82	15.9	-2.7	1.7	0.6	1.2	10.2	10.2	15.5	13.7	26.5	23.0	2.60
Financials	21.2	6.6	7.2	82	5.5	-1.2	0.7	0.4	0.1	-5.9	9.8	11.5	11.2	15.2	13.6	1.55
Health Care	-4.3	5.4	11.3	88	3.9	-0.2	0.2	0.7	0.2	-6.6	7.3	15.0	10.3	17.7	15.4	2.42
Consumer Staples	2.5	-7.2	5.4	86	3.1	-2.1	-0.5	-0.7	-0.9	9.3	5.0	8.0	7.7	24.6	22.8	4.91
Real Estate	2.6	1.1	2.0	80	0.8	0.3	0.3	0.2	0.0	12.5	3.9	6.2	6.1	18.9	17.8	4.84

Source: Bloomberg, FactSet

## Earnings Growth Broadening Out, Tech Still The Leader

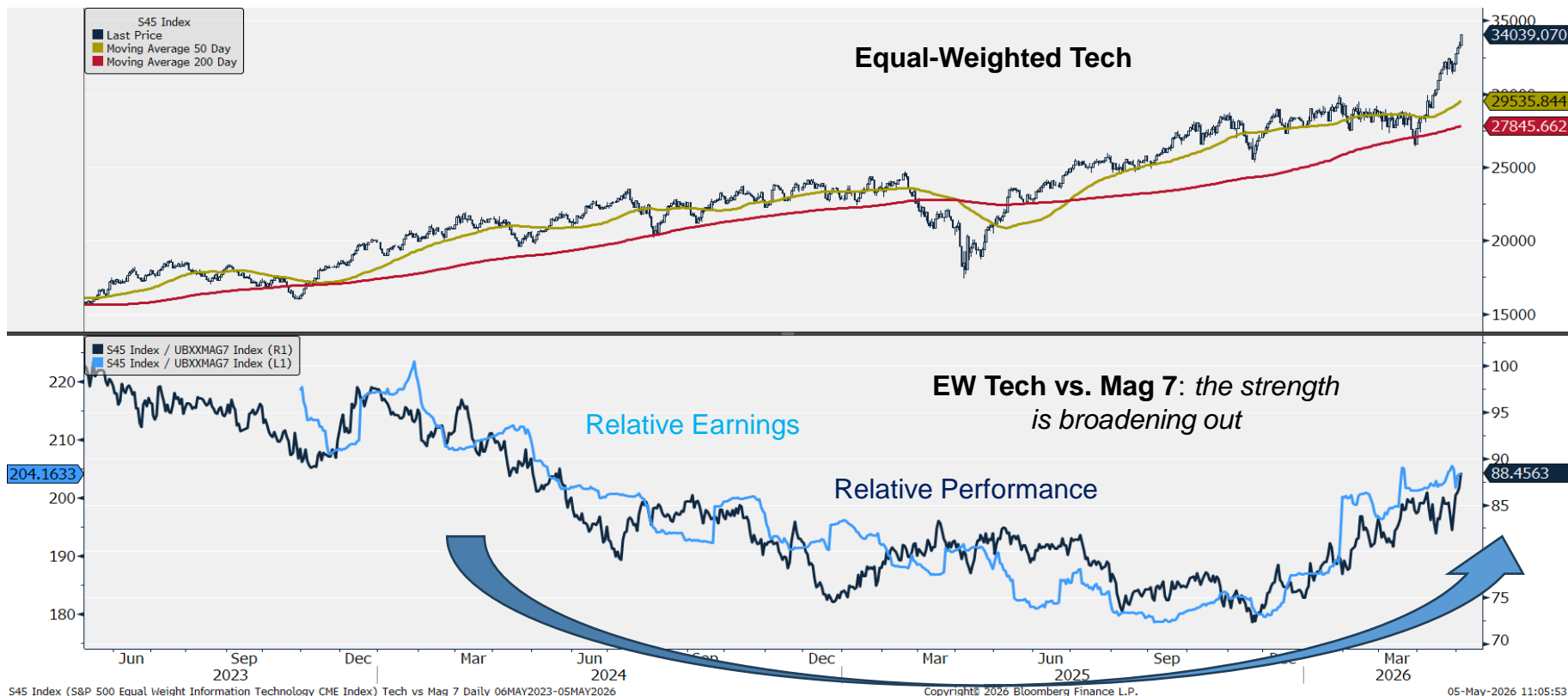
The degree of earnings beats and forward earnings expectations is impressive across the market. Importantly, earnings growth is not isolated to a narrow sleeve of Tech stocks. To be sure, Tech is still the earnings leader- but that strength is more broad-based across the sector. We are also seeing growth pick up across other sectors, i.e. equal-weighted S&P earnings growth is expected at 16% in 2026 and 11% in 2027. The bar for earnings upside is also much lower in the non-Tech space, i.e. 16.8x S&P equal-weighted P/E vs 22.8x Tech. Important to find the right balance of growth and risk/volatility in portfolios.



Source: Bloomberg, FactSet

## Tech vs. Mag 7

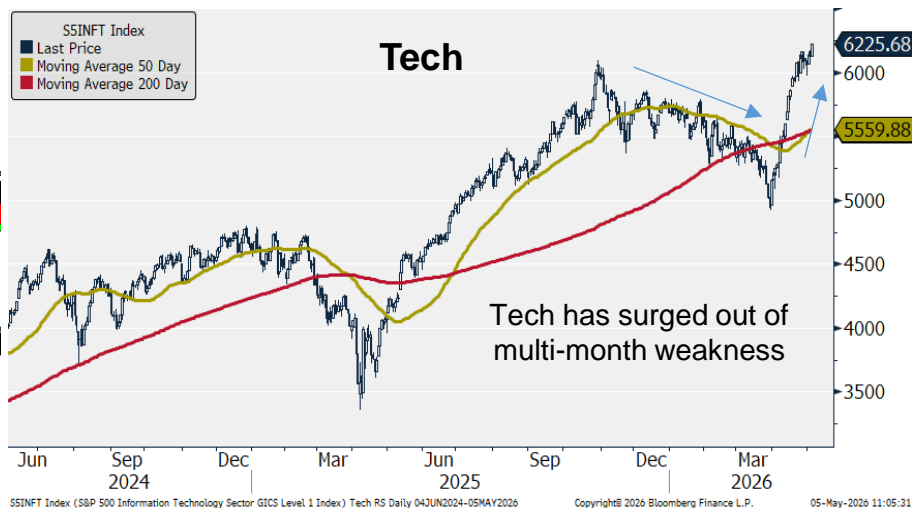
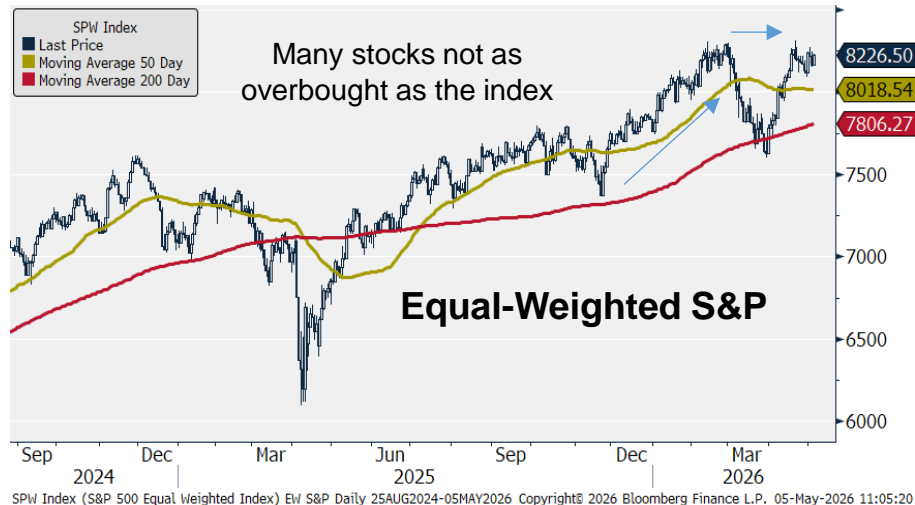
Technology earnings have broadened out over the past several months, resulting in outperformance for the broader Tech complex vs. the Mag-7. While scrutiny has increased over the level of spending (and potential payoff periods) for the big hyperscalers, that enormous amount of spending is going somewhere. The AI enablers are benefitting fundamentally (i.e. semiconductors, memory/storage, data centers, networking equipment, electrical components, power providers, etc.). This is resulting in an evolution of the AI narrative- broadening out from a narrow sleeve of high-spenders towards the Enablers, and over time toward the best Adopters (across all industries of the market). This dynamic is a benefit to diversification and active management.



Source: Bloomberg, FactSet

## Technical: S&P 500

We maintain a positive stance overall but would refrain from unbridled enthusiasm. Risk has not evaporated overnight. Long-term diversified investors are well-positioned. Be patient, accumulate as needed, and be more constructive on consolidations/pullbacks. Additionally, market rotation is allowing for waves of opportunity under the hood.



Source: Bloomberg, FactSet

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### Index Definitions

The **S&P 500** is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

The **Dow Jones Industrial Average (DJIA)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

The **MSCI World All Cap Index** captures large, mid, small and micro-cap representation across 23 Developed Markets (DM) countries. With 11,732 constituents, the index is comprehensive, covering approximately 99% of the free float-adjusted market capitalization in each country.

The **MSCI EAFE (Europe, Australasia, and Far East)** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in 23 emerging market countries. The index's three largest industries are materials, energy, and banks.

The **Russell 2000** index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks.

The **NYSE Alerian MLP** is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

The **Barclays Intermediate Government/Credit Bond** index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Euro Stoxx 50 Index** is a market capitalization weighted stock index of 50 large, blue-chip European companies operating within Eurozone nations. Components are selected from the Euro STOXX Index which includes large-, mid- and small-cap stocks in the Eurozone.

The **China CSI 300** is a capitalization-weighted stock market index designed to replicate the performance of top 300 stocks traded in the Shanghai and Shenzhen stock exchanges. It had a sub-indexes CSI 100 Index and CSI 200 Index.

The **S&P 500 Futures** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **DJIA Futures** is a stock market index futures contract traded on the Chicago Mercantile Exchange`s Globex electronic trading platform. Dow Futures is based off the Dow 30 stock index.

The **Nasdaq 100 Futures** is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international companies listed on the NASDAQ.

**Europe: DAX** (Deutscher Aktienindex (German stock index)) is a blue chip stock market index consisting of the 40 major German companies trading on the Frankfurt Stock Exchange.

**Asia: Nikkei** is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

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