NORTHEAST SEQUOIA
PRIVATE CLIENT GROUP

Thinking Out Loud

Bubblicious

5/8/2026

Christopher Pike, CFA®
chris.pike@northeastprivate.com
973-422-9140

Christopher Viola, RICP®, AIF®
chris_viola@northeastprivate.com

At the time of drafting, equities were higher on the week: the S&P 500 gained 1.5% to 7,337 (+7.6% YTD), the Nasdaq-100 added 3.1% (+13.4% YTD), and the Russell 2000 climbed 1.0% (+14.8% YTD). Emerging markets led equities overall, at +6.7% on the week (+23.5% YTD), while broader developed international markets rose over 2% over the last five trading days.

We are now paying closer attention to the rebound in large-cap tech, up over 3% on the week and over 12% since the start of the Iran-US conflict, with AI returns now rivaling the dot-com peak. Currently, the top 10 Nasdaq stocks have averaged +784% over the past twelve months, ahead of the +622% the equivalent group posted by late March 2000. In addition, roughly half the S&P 500 now trades above its 50-day moving average. ***Net-net, we would not be surprised by a modest near-term pullback ahead of a larger retracement later this summer, particularly if $4.50 gasoline begins to weigh on consumer spending.***

Earnings remain the primary force driving the equity melt-up. Q1 2026 earnings growth is tracking above 28% year-over-year, more than double the expectation as of April 1, 2026. Full-year 2026 EPS growth is now pegged at +24%, up from roughly 16% at the start of the year. The one soft spot, if you can call it that, is 2027 earnings, where consensus has eased to +14.9% EPS growth from +16.6% at the start of earnings season.

Still, the week delivered a Goldilocks set of labor and productivity data, capped by April nonfarm payrolls of +115K versus +65K consensus and a steady 4.3% unemployment rate. At the same time, hourly earnings cooled to +3.8% y/y. ADP posted its largest payroll gain in more than a year (+109K), initial claims held near multi-decade lows at 200K, and continuing claims fell again, extending the four-week-average decline to nine straight weeks. March JOLTS was also solid: openings were roughly flat at 6.9 million versus February, but hires rose nearly 9% to 5.3 million. Finally, Q1 productivity rose a strong +2.9% y/y, and unit labor costs slowed to just +1.2% y/y — the weakest pace since Q3 2023.

On the rate front, markets are no longer pricing any Fed rate cuts this year as participants digest stronger labor data, more hawkish Fed commentary, and continued Middle East uncertainty. Fedspeak reinforced the shift: St. Louis Fed President Musalem said rates may need to stay restrictive "for some time," while Chicago Fed President Goolsbee suggested AI-driven optimism and productivity could actually boost near-term spending, and thus inflation. Market focus now turns to next week's CPI report, where consensus calls for a rise to +3.9% y/y from +3.3%.

Despite the solid data, the 10-year Treasury held in a 4.35% range in early Friday trading, little changed on the week, and credit spreads continue to signal a soft landing. Investment-grade bonds yielding 5.3% are trading 92 bps above the 10-year, versus a long-term average spread of 163 bps. High-yield bonds yielding 7.3% are trading 292 bps above the 10-year, versus a long-term average of 500 bps. Together, this suggests bond markets are taking the economic strength in stride rather than repricing yields sharply higher (and bond prices lower).

In the Middle East, US and Iranian forces clashed overnight near Hormuz. Three US destroyers were targeted with no direct impact or casualties; the US responded by striking launch and command-and-control sites within Iran, with Trump calling it a "love tap" and reaffirming the February ceasefire. Pakistan continues to mediate a memorandum of understanding ("MOU") trading a Hormuz reopening for removal of the US blockade, sanctions relief, and nuclear disarmament/uranium-enrichment limits. Saudi and Kuwaiti base access was also granted, expanding US Gulf flexibility to respond kinetically or escort ships through the strait via Project Freedom. Separately, the Trump-Xi summit is scheduled for May 14-15 in Beijing, Israel struck a Hezbollah commander in Beirut, and EU leaders are reportedly preparing direct Putin talks as Ukraine efforts stall.

At this point, we are sticking with our full-year S&P target of 7,500, with a bull case of 8,300 and a bear case of 5,900.

We'd love to hear your thoughts.

Disclosure:

The information in this publication and references to specific securities, asset classes and financial markets are provided for illustrative purposes and do not constitute an offer to sell, or solicitation of an offer to purchase, any securities, nor does they constitute an endorsement with respect to any investment area or vehicle. This material serves to provide general information to clients and is not meant to be legal or tax advice for any particular investor, which can only be provided by qualified tax and legal counsel.

Certain information contained herein is based on outside sources believed to be reliable, but its accuracy is not guaranteed. Investment products (other than deposit products) referenced in this material are not insured by the FDIC (or any other state or federal agency), are not deposits of or guaranteed by Northeast Private Client Group, and are subject to investment risk, including the loss of principal amount invested.

Portfolios are subject to investment risks, including possible loss of the principal amount invested. In addition, foreign investments may be less liquid, more volatile and less subject to governmental supervision than in the United States. The values of foreign securities can be affected by changes in currency rates, application of foreign tax laws, changes in governmental administration and economic and monetary policy. Investors should consider the investment objectives, risks, charges, and expenses of ETFs carefully before investing. This and other information are contained in the fund's prospectus, which may be obtained from your investment professional. Please read it before you invest. Investments in ETFs are subject to risk, including possible loss of the principal amount invested.

This information is being provided to current Northeast Private Client Group clients and should not be further distributed without Northeast Private Client Group's approval. S&P 500 Index is a market index generally considered representative of the stock market as a whole.

The index focuses on the large-cap segment of the U.S. equities market. Dow Jones Industrial Average is a widely used indicator of the overall condition of the stock market, a price-weighted average of 30 actively traded blue chip stocks, primarily industrials, but also includes financial, leisure and other service-oriented firms. Russell 2000 Index measures the performance of the smallest 2,000 companies in the Russell 3000 Index of the 3,000 largest U.S. companies in terms of market capitalization. NASDAQ Composite Index is a market value-weighted index that measures all NASDAQ domestic and non-U.S. based common stocks listed on the NASDAQ stock market. Each company's security affects the index in proportion to its market value This commentary contains forward-looking statements and projections.

Actual results may differ from current expectations based on a number of factors including but not limited to changing market conditions, leverage and underlying asset performance. Northeast Private Client Group makes no representation or warranty, express or implied that this information shall be relied upon as a promise or representation regarding past or future performance.

This material contains the current opinions of the author but not necessarily those of Guardian or its subsidiaries and such opinions are subject to change without notice. Past performance is not a guarantee of future results. Indices are unmanaged, and one cannot invest directly in an index. Data and rates used were indicative of market conditions as of the date shown.

Opinions, estimates, forecasts, and statements of financial market trends are based on current market conditions and are subject to change without notice. Securities products and advisory services offered through Park Avenue Securities LLC (PAS), member FINRA, SIPC. OSJ: 200 Broadhollow Road Suite 405, Melville, NY 11747, 631-589-5400. PAS is a wholly-owned subsidiary of The Guardian Life Insurance Company of America® (Guardian), New York, NY. Northeast Private Client Group is not an affiliate or subsidiary of PAS or Guardian. 8919535.1 Exp. 5/2028