

Five in Five

May 2026

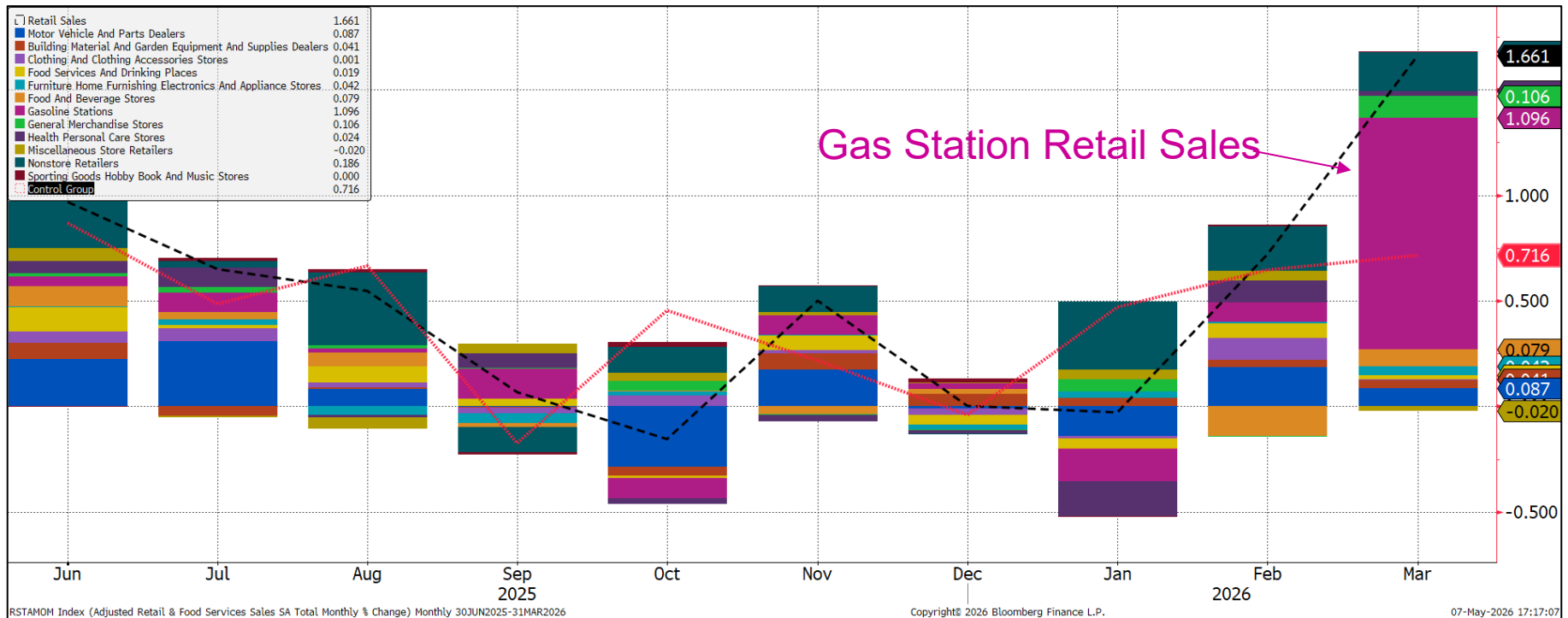


Partnered with



CAPITAL
MANAGEMENT™

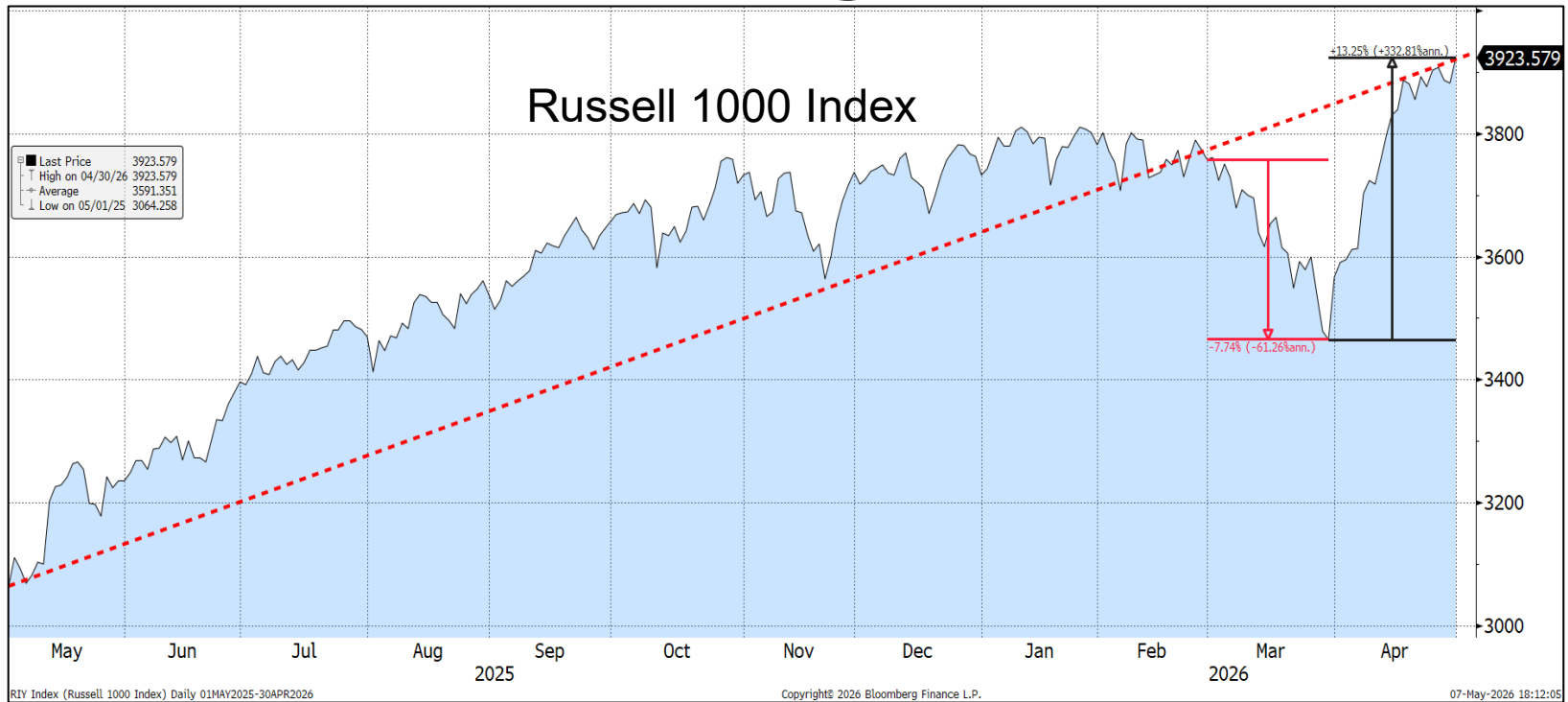
Retail Sales Rise—Consumer Resilience + Rising Price Inflation



- March Retail sales climbed 1.7% compared to 0.7% over the previous month.
- Rapid rise of gasoline prices is reflected in the large change of retail sales of gas stations.
- Excluding gas sales, March retail sales would have been around 0.6%, in line with February retail sales of 0.7%.
- The economy’s resilience has been demonstrated by nearly every retail sector showing increases in sales.
- Higher retail sales also reflect higher prices of goods. Inflation climbed 0.9% in the month of March.

Sources: BTC Capital Management, Bloomberg Finance L.P.

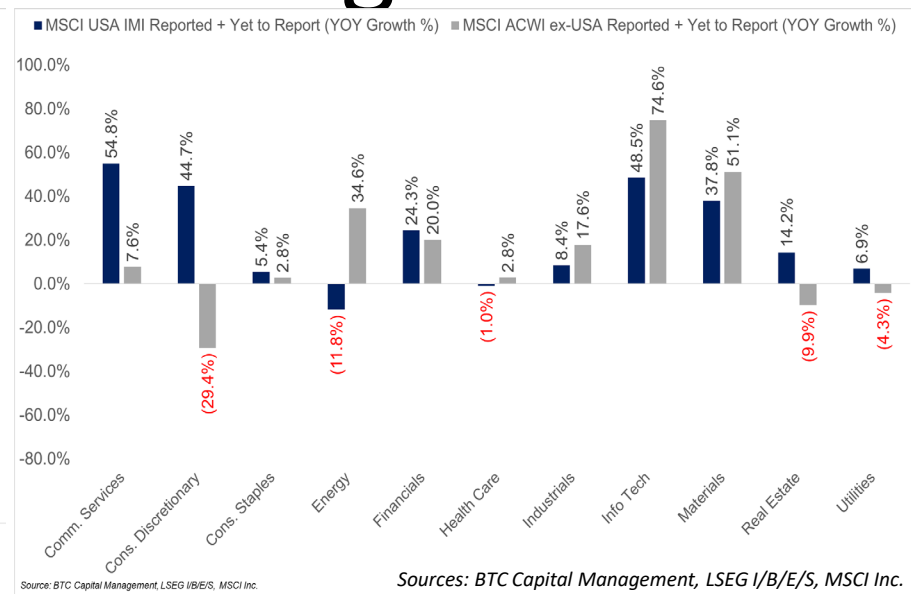
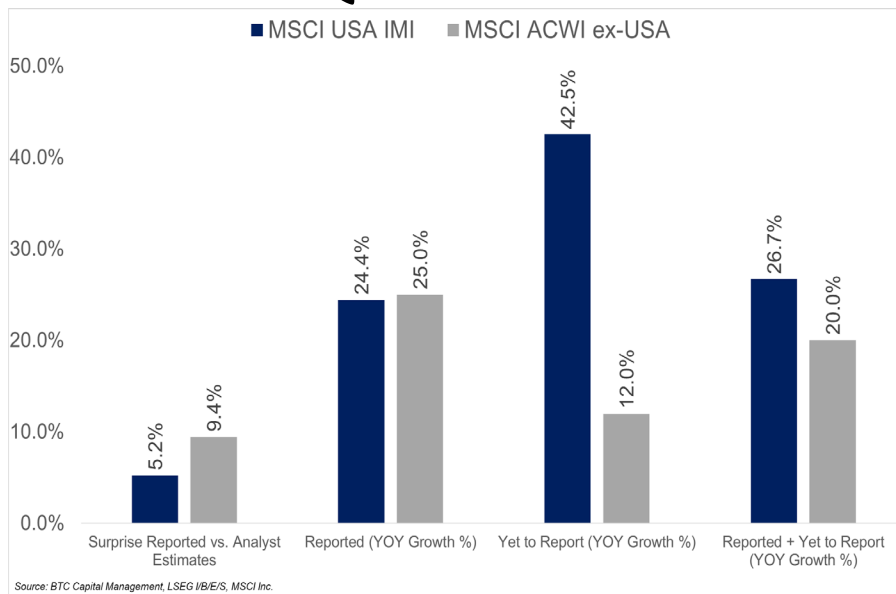
Focus on Long-term Asset



Sources: BTC Capital Management, Bloomberg Finance L.P.

- The March decline and April recovery of stock markets has provided a lesson on why focusing on the long-term stock/bond allocation is important.
- Declining stock prices led some investors to withdraw from equity markets.
- Those that did withdraw from equity markets missed a full recovery.
- A key driver for the April recovery of stocks has been strong first quarter earning reports.
- An annual review of your asset allocation is recommended.

First Quarter 2026 Earnings Overview



- Earnings-per-share (EPS) for the first quarter of 2026 have surprised. Data presented is for the MSCI USA IMI (Investable Market Index), a broad measure of U.S. publicly-traded companies, and for the MSCI All-Country World Index ex-USA (ACWI ex-USA), which captures both foreign developed and emerging market companies.
- The chart on the left summarizes the aggregation of first quarter earnings for each index.
 - On average, companies reported they have exceeded analyst estimates for both the USA IMI and ACWI ex-USA; a “surprise” of 5.2% and 9.4%, respectively.
 - Companies have reported EPS growth more than 20% year-over-year (YOY); 24.4% and 25.0%, respectively.
 - When aggregating the reported results with analyst estimates for companies yet to report, the USA IMI index projects EPS growth of 26.7% YOY versus 20.0% YOY EPS growth for ACWI ex-USA.
- The chart on the right presents by sector the aggregation of reported and yet to report for the USA IMI and ACWI ex-USA indexes.
 - The difference between the sector weights associated to each index has an impact on the overall measure of YOY growth in EPS.
 - The standout sector appears to be Info Tech within ACWI ex-USA, which analysts project EPS growth of 74.6% YOY. Note this sector represents approximately 18.2% of this index versus its weight of 33.0% within the USA IMI, for which analysts project EPS growth of 48.5% YOY.

Treasurys



Source: Bloomberg

- U.S. Treasurys are following global yields higher.
- Middle East rebuild could weigh on near-term Treasury auctions.
- Previous sources of long-term Treasury demand may be eroding at the margin.
- Longer dated oil futures are moving higher.
- If yields break 5.10%, it would be the highest since 2007.

Core Bonds



Source: Core Bonds

- Yields on core bonds are just under 5%.
- While longer dated yields are near cycle highs, 2-year Treasurys are more than 125 bps from cycle highs.
- Lower total yield also reflects tighter corporate and MBS spreads.
- Yields are still 1.4 standard deviations above the 20-year average of 3.36%.
- Anticipated interest rate cuts this year have been removed. No Fed action anticipated in the near-term.

DISCLOSURES

- *Sources: BTC Capital Management, Bloomberg, FactSet, LSEG Datastream*
- *The information provided has been obtained from sources deemed reliable, but BTC Capital Management and its affiliates cannot guarantee accuracy. Past performance is not a guarantee of future returns. Performance over periods exceeding 12 months has been annualized.*
- *This document is intended for informational purposes only and is not an offer or solicitation with respect to the purchase or sale of any security. Statements in this report are based on the views of BTC Capital Management and on information available at the time this report was prepared. Rates are subject to change based on market and/or other conditions without notice. This commentary contains no investment recommendations, and you should not interpret any statement in this report as investment, tax, legal, and/or financial planning advice. All investments involve risk, including the possible loss of principal. Investments are not FDIC insured and may lose value.*