

# MONTHLY VIEWPOINT

OUR CURRENT VIEW ON INVESTMENTS AND THE ECONOMY

MAY 2026








## BIG THOUGHT

The stock market loves doing what seems to make the least amount of sense. With a war in the Middle East and oil over \$100 per barrel, it is remarkable that the S&P 500 just had its best month since November 2020. However, two classic factors are helping drive stocks to new all-time highs. First, after an initial shock and adjustment, stocks tend to look past a seemingly negative event and assume it has been factored in. Second, stocks are ultimately driven by earnings, and on the back of AI-related spending, earnings growth this year is looking very strong. So strong, in fact, that despite the move higher in stocks, valuations have actually come down.

None of this means stocks will climb straight to the moon without a pullback. We remain concerned about the economic impact if the war does not end soon and allow oil prices to come down. Of course, there are always things to be concerned about. That is one of the reasons we encourage investors to tune out the noise. Focusing on the things you can control and allowing your investments to compound will greatly increase the likelihood of achieving your financial goals.

## DASHBOARD

-  TREND
-  VALUATION
-  SENTIMENT
-  ECONOMY
-  CREDIT

## BULLISH

- New highs for stocks typically positive
- Current strong earnings quarter
- Double digit earnings growth expected in 2026
- Corporate profit margins are strong
- U.S. has ample supplies of oil and natural gas

## BEARISH

- Iran war causing substantially higher fuel costs
- Supply chain challenges due to Strait of Hormuz closure
- China relations and risk of attack on Taiwan
- Risk of commodity stockpiling increasing inflation
- Fed unlikely to cut rates soon

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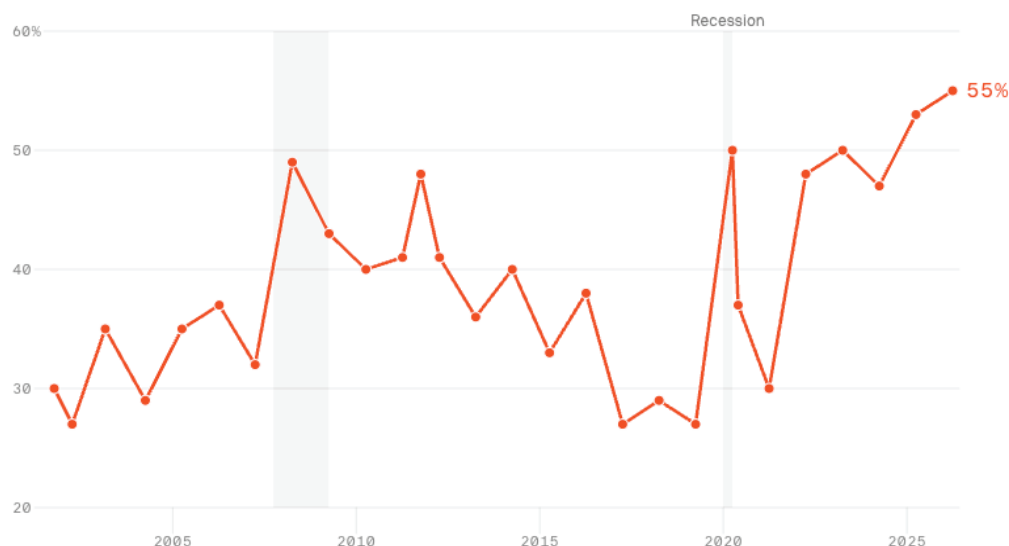
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## CHART OF THE MONTH

### Share of Americans who say their financial situation is getting worse

Based on surveys of ~1,000 Americans conducted closest to April; Annually; 2001 - 2026



Data: [Gallup](#); Chart: Emily Peck/Axios

In recent years, surveys of consumer opinions and what those consumers are actually doing have become vastly different. That disparity seems to be at its largest now. A recent Gallup survey found the highest percentage of Americans this century believes their financial situation is getting worse. Meanwhile, as we look at other data, consumers keep spending on travel, eating out, buying stocks, gambling, and a long list of other often discretionary goods and services. There is no question the recent spike in gasoline and the somewhat high inflation are factors in the negative feelings. However, we also suspect there are many in these surveys who are trying to voice a political opinion. That leads us to provide our semi-regular reminder to not mix your political views with your investing plan.

## GREG TOWNER, CFA, CMT

CHIEF INVESTMENT OFFICER

Mr. Towner has worked in the investment industry since 1999 and received his MBA from the University of Central Florida and BA from the University of Mount Union. At Parallel he oversees the implementation of the firm's overall investment philosophy and is the Senior Portfolio Manager for several strategies. Prior to his current role Mr. Towner was comanager of large cap core and equity income portfolios totaling approximately \$1 billion at Sterling Capital Management. He holds the designations of Chartered Financial Analyst and a Chartered Market Technician.

## BRIAN BOUGHNER, CFA, CMT

PRINCIPAL

Mr. Boughner has worked in the investment industry since 2000 and holds a BS from Florida State University. He is a cofounder of Parallel, a Senior Portfolio Manager for several strategies and has developed the firm's quantitative tools. Prior to Parallel he had extensive experience with U.S. Trust, BB&T Wealth, Royal Bank of Canada (RBC Centura), Amsouth Bank, and Charles Schwab Co. Mr. Boughner holds the designations of Chartered Financial Analyst and Chartered market Technician.

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