

Snapshot

May 31, 2026

Stocks Rise to Records on Hopes for U.S-Iran Peace Deal

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ECONOMIC STRATEGIST, MARKET INTELLIGENCE

Stocks extended their record run this week, **emboldened by hopes that a peace deal** with Iran is imminent.

The S&P 500 rallied 1.4% to a record of 7,580.06 points this week, **gaining for the ninth straight week**, the first winning stretch of this length since December 2023. It finished out May up 5.1%. Meanwhile, the Nasdaq composite also rose to records, adding 2.4% this week and 8.4% this month. Over the past two months, it has gained 25%, **marking the largest two-month percentage gain since November 2002**.

Treasury Secretary Scott Bessent said Thursday that the U.S. and Iran have the “makings of a deal,” **but there’s little clarity on when it could come**. Oil and gas prices have skyrocketed since the war started, but in recent weeks, the push higher has slowed down. On Friday, **prices for Brent crude, the international oil benchmark, hovered near \$90 a barrel**.

That could be a sign that **investors are learning to look past the war headlines**. Fundstrat Head of Data Science Ken Xuan believes that the “back and forth discussions will eventually become a non-event.”

Fundstrat Head of Technical Strategy Mark Newton said that **investors should watch the price of oil** instead of the peace talks to track how close the end of the war might be. “The one big tell that investors can take away is not to pay attention necessarily to what either side is saying, but just watch what’s happening with crude,” he said during the weekly huddle. “And that is **definitely showing signs that things are starting to make some real progress**.”

Fundstrat Head of Research Tom Lee **reminded investors that stocks bottom early into a war.** “V-shaped recoveries, which is what’s taken place, are typical after decline. And **we had a waterfall decline** in stocks,” he said during his Macro Minute video.

In economic data, the **personal consumption expenditures price index for April came** in at 0.4%, below expectations of a 0.5% increase. The 12-month inflation rate stood at 3.8%. Core PCE, meanwhile, added 0.2% for the month and 3.3% for the year.

How inflation evolves from here could weigh on the Federal Reserve’s decision making, which could ultimately hurt stocks in the short term, according to Lee. The market **also tends to test a new Fed chair.** Lee’s top picks remains the **Magnificent Seven, ethereum, and software stocks.**

For Newton, he expects to see a pullback between July and October, but he doesn’t forecast much of any backing and filling into mid-June, especially because the **equal-weighted S&P 500 has risen to all-time highs** alongside the cap-weighted version.

“We are going to need to consolidate this move,” he said. “My thinking of the catalyst for this likely will be the start of long-term interest rates starting to push back aggressively higher, which also could be something that causes some deterioration in the small caps.” He still believes investors **should buy dips.**

“Most of the traditional technical stuff that I use or even many fundamental people will claim, ‘Oh, it’s way overvalued or way overbought.’ And it just doesn’t work in an environment where **things go up parabolically every single day,”** he added.

▶ LIVE WEBINAR WITH Q&A

Macro Update & Top Stock Ideas



Tom Lee, CFA
Head of Research



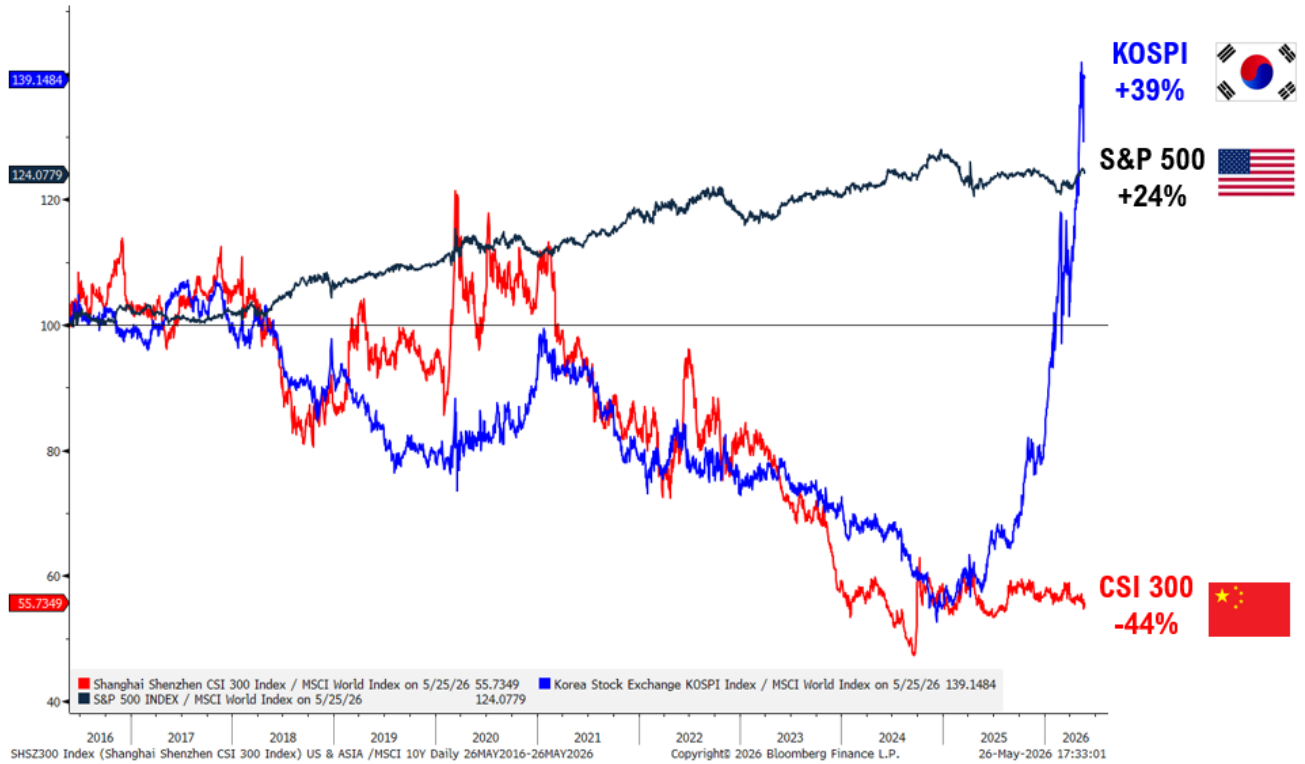
Mark Newton, CMT
Head of Technical Strategy

Chart of the Week

Global Stocks: Consistent US outperformance over past 10Y

Major US, China, & Korea Stock Indices Relative to MSCI World Index

Past 10 Years, Normalized 5/26/2016 = 100



Source: Fundstrat, Bloomberg

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Explaining the recent U.S. outperformance, Fundstrat Head of Research Tom Lee pointed out that it has the perfect mix of qualities like prime-age population growth, AI and compute leadership, and status as a net energy exporter, allowing it to surge past other countries like China, South Korea, Europe, and Latin America, which lack this unique mix. "I think the U.S. is the best positioned out of any other regions around the world," he said. However, South Korea's Kospi has posted an incredible rally in the past year, driving it to outperform the S&P 500 over the past decade.

Recent ✂ *Flash Insights*

[fsi-flash-insights]

FS Insight Video: Weekly Highlight



Key incoming data

- ~~5/25 8:30 AM ET. Apr Chicago Fed Nat Activity Index~~ **Tame**
- ~~5/26 9:00 AM ET. Mar S&P Cotality CS 20-City MoM SA~~ **Tame**
- ~~5/26 10:00 AM ET. May Conference Board Consumer Confidence~~ **Tame**
- ~~5/26 10:30 AM ET. May Dallas Fed Manuf. Activity Survey~~ **Tame**
- ~~5/27 10:00 AM ET. May Richmond Fed Manufacturing Survey~~ **Tame**
- ~~5/28 8:30 AM ET. 1Q S GDP~~ **Tame**
- ~~5/28 8:30 AM ET. Apr P Durable Goods Orders~~ **Tame**
- ~~5/28 8:30 AM ET. Apr PCE Deflator~~ **Tame**

- ~~5/28 10:00 AM ET: Apr New Home Sales~~ **Tame**
- 6/1 9:45 AM ET: May F S&P Global Manufacturing PMI
- 6/1 10:00 AM ET: May ISM Manufacturing PMI
- 6/2 10:00 AM ET: Apr JOLTS Job Openings
- 6/3 9:45 AM ET: May F S&P Global Services PMI
- 6/3 10:00 AM ET: Apr F Durable Goods Orders
- 6/3 10:00 AM ET: May ISM Services PMI
- 6/3 2:00 PM ET: Fed Releases Beige Book
- 6/4 8:30 AM ET: 1Q F Unit Labor Costs
- 6/4 8:30 AM ET: 1Q F Non-Farm Productivity
- 6/5 8:30 AM ET: May Non-Farm Payrolls

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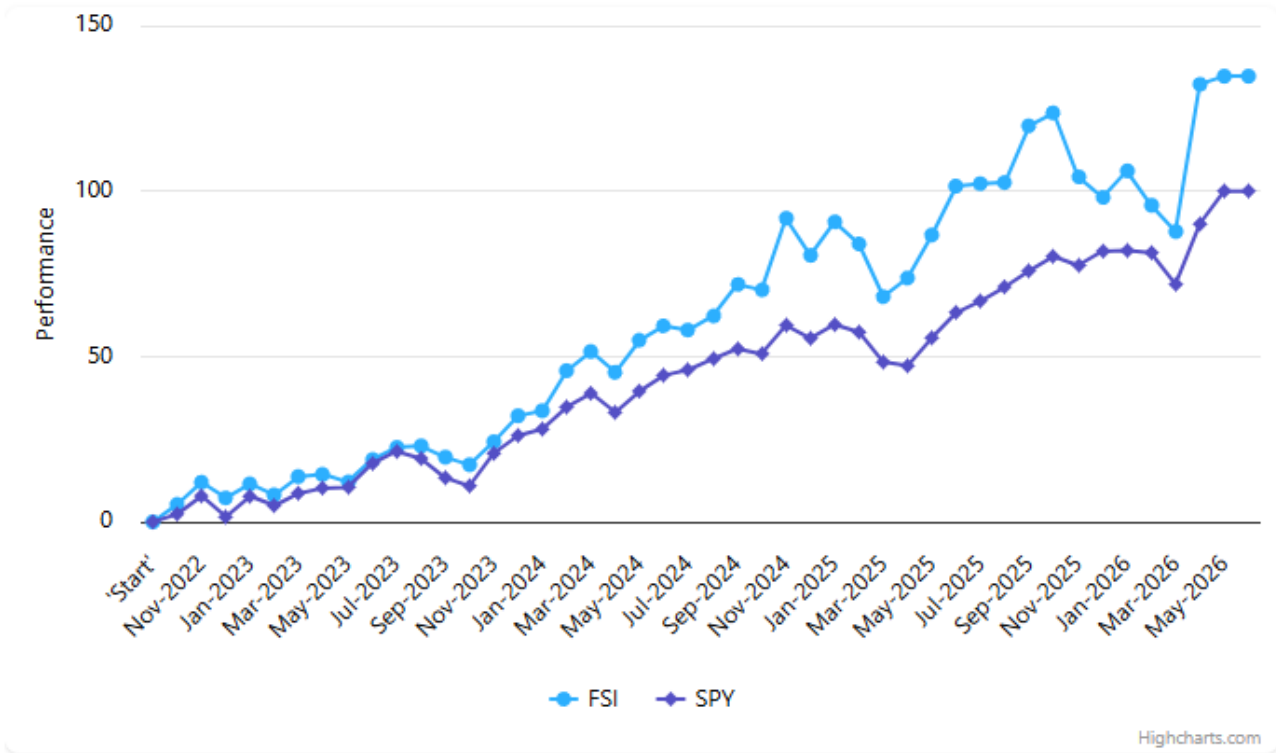
Mark Newton's Live Technical Analysis



Mark Newton, CMT
Head of Technical Strategy

Stock List Performance

Upticks vs SPY (Inception to Date)



Highcharts.com

Performance period: October 5, 2022 through May 31, 2026

In the News

[fsi-in-the-news]

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