



Wealth Management
Dominion Securities

Punko Private Wealth Group

May Market & Economic Update

June 4, 2026



Nick Punko, MBA, CFA, CFP

Data as of: 5/31/2026

For the Exclusive Use of RBC Dominion Securities Clients

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Key Takeaways

- ▶ Markets continued their resilience in May, with all three major indices gaining
- ▶ U.S. stock market performance has been supported by fundamentals
- ▶ The SpaceX IPO is one of the biggest stories of the year, but returns after historical mega IPOs signal caution

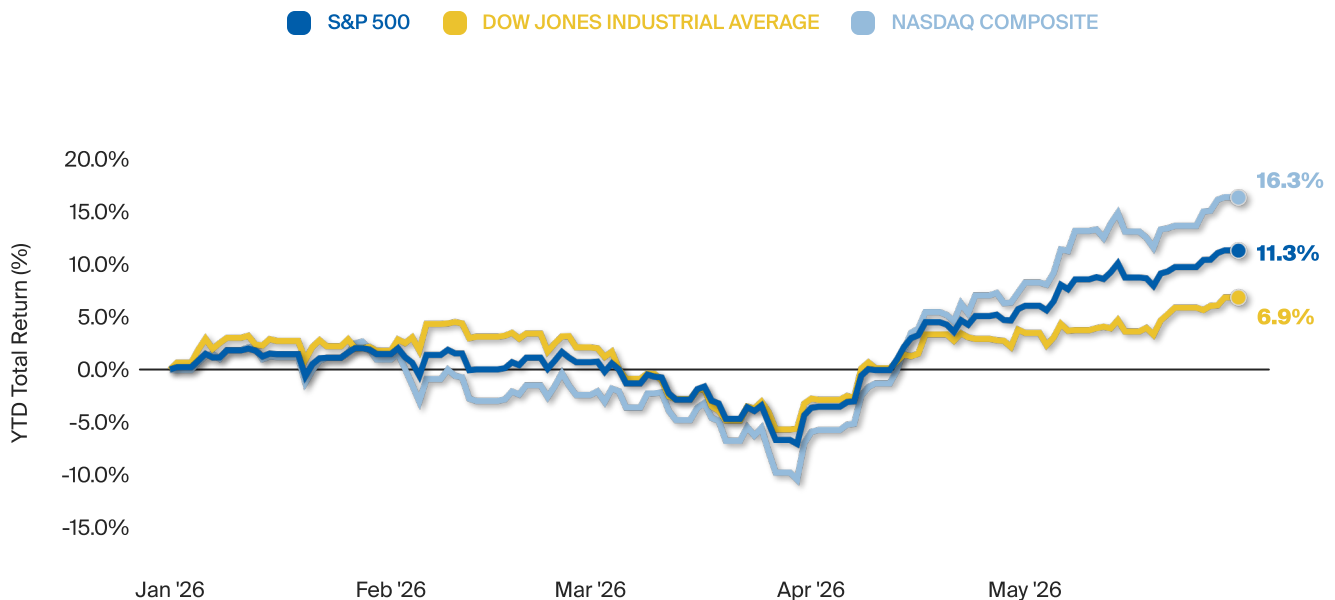
May was another resilient month for the stock market as illustrated by the year-to-date performance chart of the three major indices below.

Exhibit A

Major U.S. Index Performance Path In 2026

Year-to-date (YTD) Total Return Path of the S&P 500, Dow Jones Industrial Average, and NASDAQ Composite

YTD 2026



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2026-05-31



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During the correction in March, the Nasdaq Composite was down nearly 10% on the year, underperforming both the S&P 500 and Dow Jones Industrial Average at the time. Fast forward a couple of months later and the Nasdaq has gone from double-digit losses on the year to double-digit gains. It's also now handily outpacing the S&P 500 and Dow. Markets have continued to move fast in both directions.

Fundamentals Have Driven The Stock Market

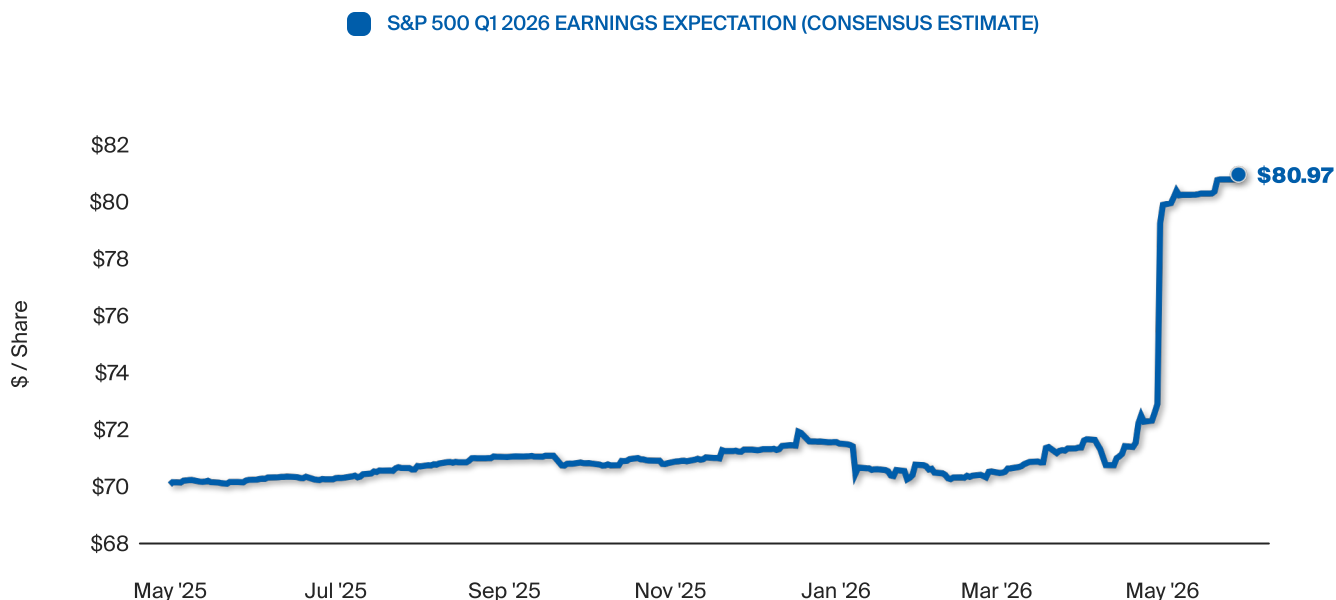
In the 12 months ending May 2026, the S&P 500 was up almost 30%. The stock market is on a heater. But this isn't one of those market environments where prices are diverging from fundamentals. It's the fundamentals that are driving prices higher. Earnings expectations are being ratcheted higher at an alarming rate and the stock market is trying to keep up. The big question, of course, is if this will be a one-time shot in the arm or a continued surge in earnings?

Exhibit B

Strong Earnings Growth Has Supported Stocks

S&P 500 Q1 2026 Earnings Expectation (Consensus Estimate)

Since May, 2025



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2026-05-29



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Emerging Markets Have Continued To Outperform

In 2025, emerging market stocks outperformed the U.S. stock market by more than 16%. There have been a number of head-fake rallies by international stock markets during this cycle so many investors were unsure if this was a blip or the start of a sustained rally. So far, 2026 is seeing follow-through from last year's outperformance.

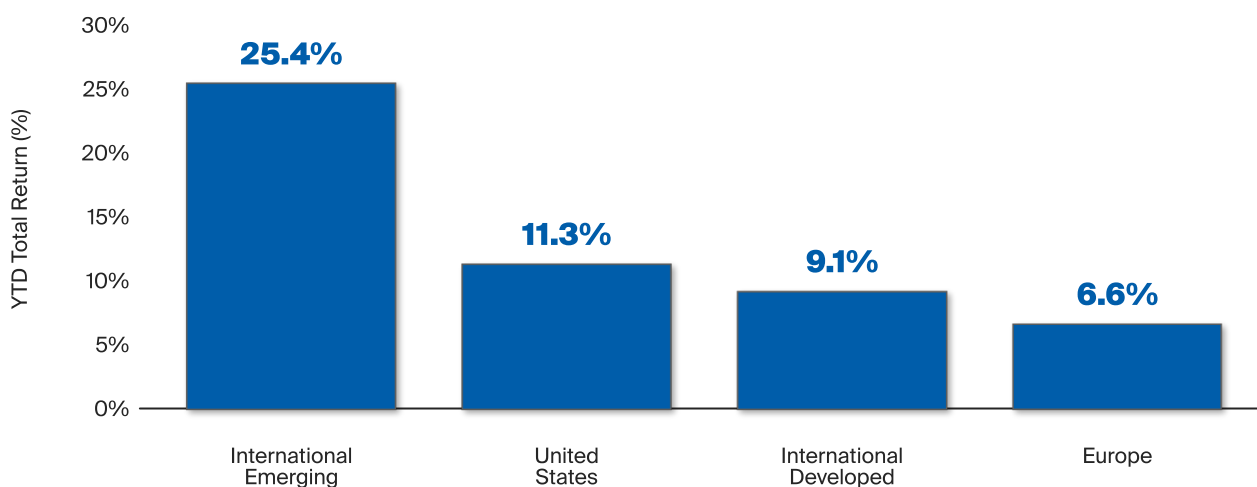
Exhibit C

Regional Equity Performance in 2026

International (Developed & Emerging), United States, and Europe year-to-date (YTD) Equity Total Return (%)

YTD 2026

YEAR-TO-DATE EQUITY PERFORMANCE BY REGION



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2026-05-31



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No one knows if this will continue but the good news for emerging market investors is that valuations in those countries still trade at a discount to the United States.

Investing In IPOs

Initial public offerings can garner a lot of attention from the financial media. SpaceX will be one of the biggest IPOs of all time. It's far too early to know if SpaceX will be successful as a public company, but we can look at the history of large IPOs to get a sense of how they perform. This chart shows the initial 12-month performance of the 10 biggest IPOs in the U.S. stock market since 1999. The results haven't been great with an average loss of 28.5%.

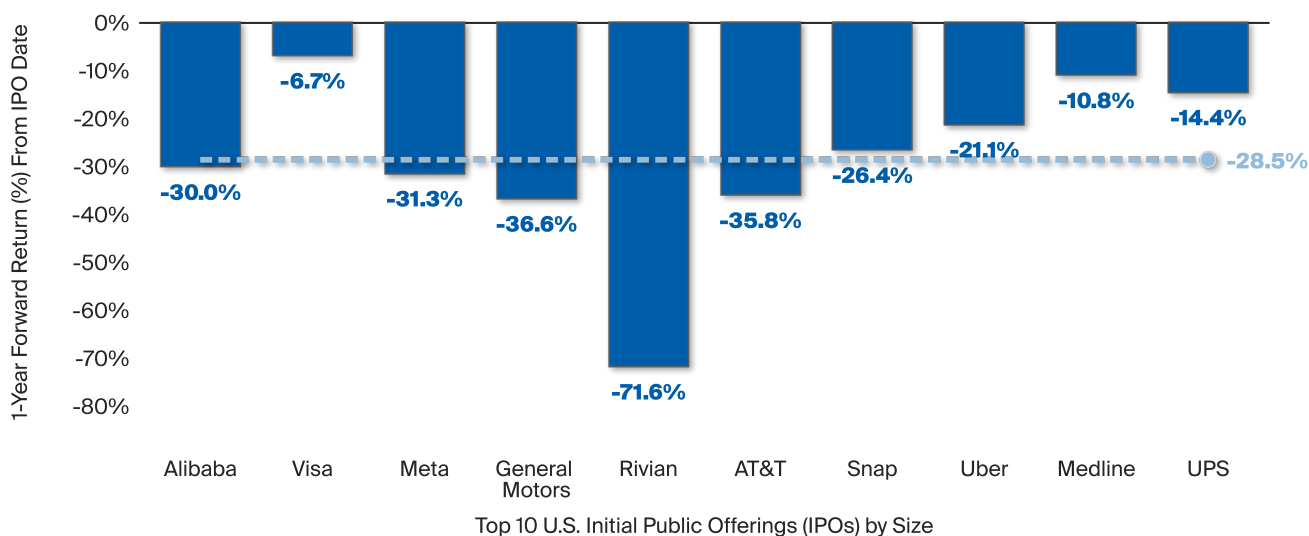
Exhibit D

Interested in SpaceX? What History Says About Mega IPOs:

Top 10 U.S. Initial Public Offerings (IPOs) by Size with 1-Year Forward Return From IPO Date (%)

Since 1999

■ TOP 10 U.S. INITIAL PUBLIC OFFERINGS (IPOS) BY SIZE WITH 1-YEAR FORWARD RETURN FROM IPO DATE (%)
 ● AVERAGE (%)



Source: © Exhibit A, FactSet Research Systems Inc. | Latest: 2026-05-31



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It's possible SpaceX will buck this trend but it's helpful to go into these kinds of investments with your eyes wide open and your expectations in check.

AI Has Not Killed Jobs

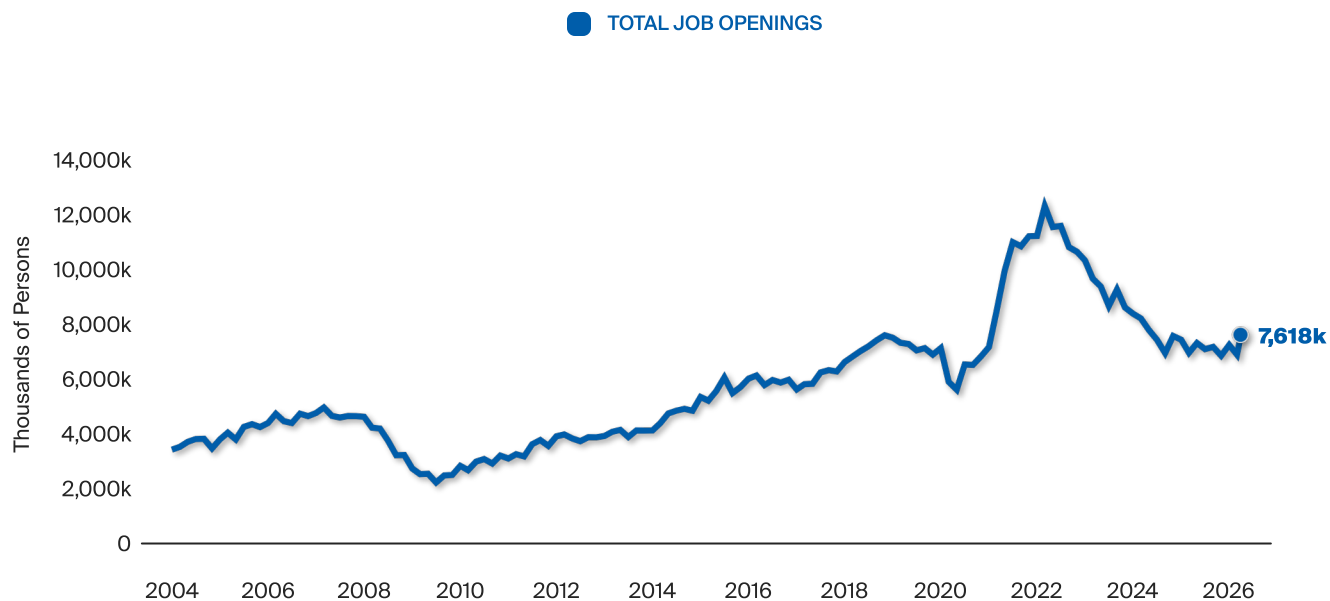
There has been a lot of worry from white collar workers about the impact of AI on the labor market. It's possible AI will eliminate jobs in the future, but it's not showing up in the aggregate data just yet. The number of job openings in the United States actually *increased* from just shy of 6.9 million in March to more than 7.6 million in April.

Exhibit E

Job Openings in the U.S. Economy

Total Nonfarm Job Openings

Since 2004



Source: © Exhibit A, U.S. Bureau of Labor Statistics via FRED | Latest: 2026-04-01



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This could all change someday, but the evidence for AI as a job-destroyer is not showing up in the present data just yet.

Wage Growth & Inflation

Wage growth and inflation tend to go hand-in-hand. After all, one person’s spending is another person’s income. In the 2010s, inflation and wage growth were both subdued.

That’s all changed in the 2020s as we’ve moved from a world of 2% inflation to 3% inflation. Wage growth has also been much higher in the 2020s because of this.

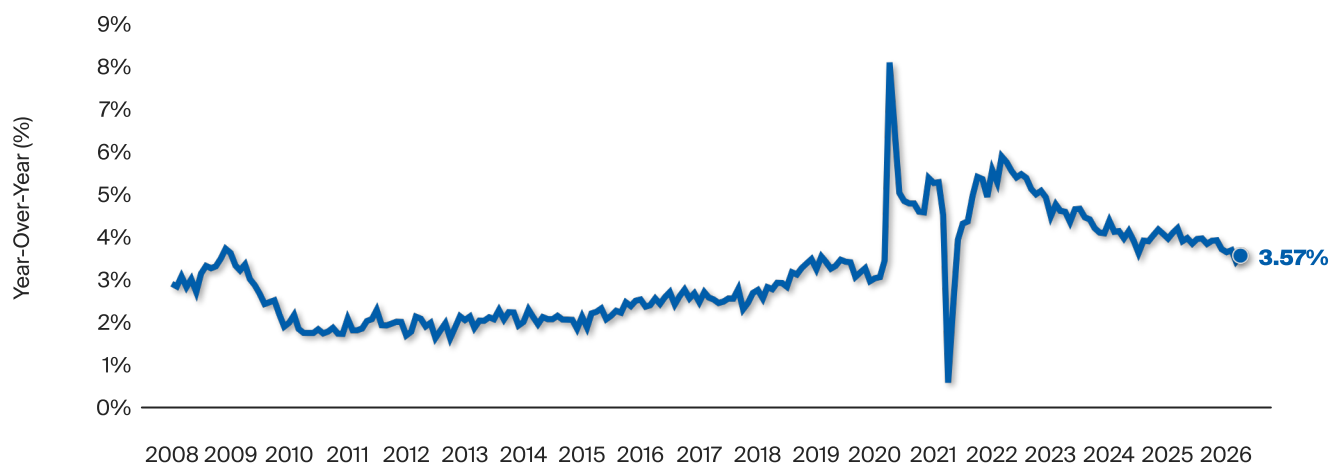
Exhibit F

Yearly Wage Growth in the United States

Average Hourly Earnings Year-Over-Year (%)

Since 2008

● AVERAGE HOURLY EARNINGS YEAR-OVER-YEAR (%)



Source: © Exhibit A, U.S. Bureau of Labor Statistics via FRED | Latest: 2026-04-01



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It's important to remember that geopolitical events like the war in Iran can have a short-term impact on prices but wages are the key driver of longer-term inflation trends.

This Is Why We Invest

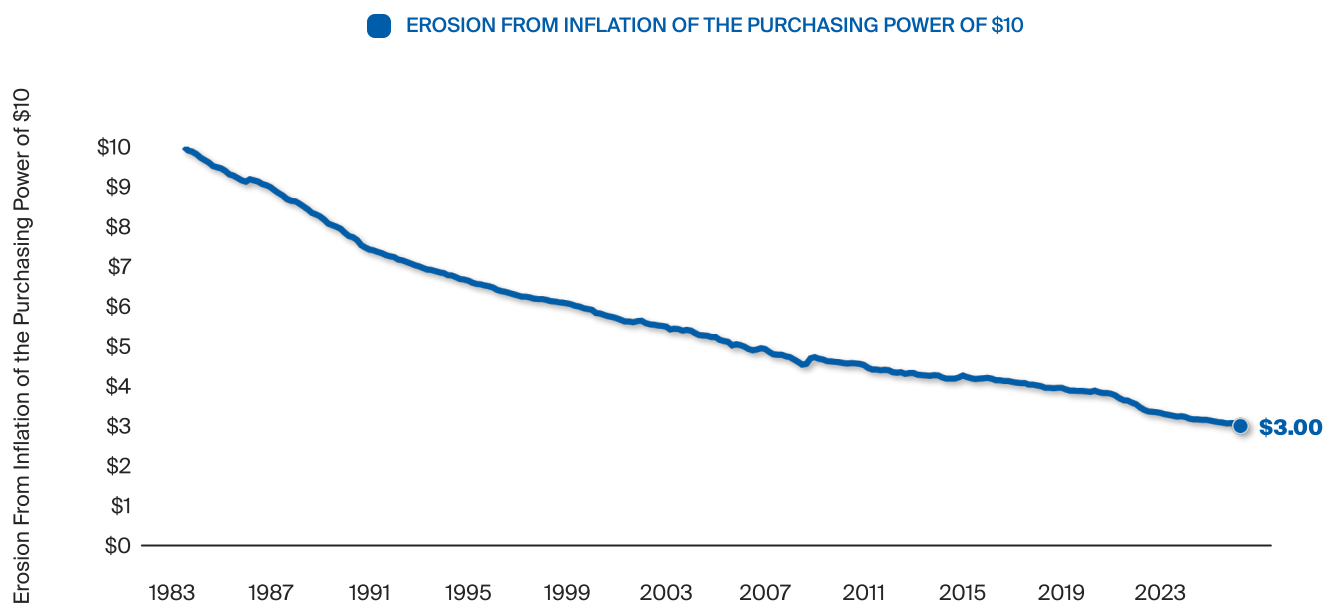
No one knows what the inflation rate will be in the future but as long as the economy continues to grow and the government continues to borrow money, prices have the potential to keep rising. Since 1983, \$10 buried under your mattress would now be worth just \$3 in terms of purchasing power.

Exhibit G

Inflation Erodes Purchasing Power

Erosion From Inflation of the Purchasing Power of \$10

Since July, 1983



Source: © Exhibit A, U.S. Bureau of Labor Statistics via FRED | Latest: 2026-04-01



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This is why investing is so important. Over the long-run, it is one of the best ways to maintain solid financial footing as the purchasing power of dollars today become worth less tomorrow.

As always, if you have any questions about any of this, please don't hesitate to reach out.

Chart Disclosures

Exhibit A: Year-to-date (YTD) Total Return Path of the S&P 500, Dow Jones Industrial Average, and NASDAQ Composite: The S&P 500 tracks the performance of 500 large-cap U.S. companies, serving as a benchmark for the U.S. stock market. The index is weighted by market capitalization. The NASDAQ Composite is a stock market index that includes over 3,000 companies listed on the NASDAQ exchange, with a strong focus on technology and growth sectors. It serves as a key indicator of tech and innovative industry performance. The Dow Jones Industrial Average (DJIA) is a stock market index that tracks 30 large, publicly traded U.S. companies. It is a key benchmark for the overall performance of the U.S. stock market. The chart shows the year-to-date total return path for each of these indices.

Exhibit B: S&P 500 Q1 2026 Earnings Expectation (Consensus Estimate): The chart shows the bottom-up consensus Q1 2026 earnings per share (EPS) estimate for the S&P 500, compiled by FactSet from sell-side analyst forecasts and updated as estimates are revised. The latest datapoint reflects the most recent consensus as of the previous trading day's close.

Exhibit C: International (Developed & Emerging), United States, and Europe year-to-date (YTD) Equity Total Return (%): The S&P 500 Index tracks the performance of 500 large-cap U.S. companies and serves as a benchmark for the U.S. stock market. The index is market-cap weighted. Returns shown represent year-to-date total return performance as of the current date. The following tickers are used as proxies for international equity markets: EFA (International Developed), EEM (Emerging Markets), and IEV (Europe). Total return includes dividends.

Exhibit D: Top 10 U.S. Initial Public Offerings (IPOs) by Size with 1-Year Forward Return From IPO Date (%): The chart ranks the 10 largest U.S. IPOs by total proceeds raised since 1999. The 1-year forward return is measured from each company's IPO date to exactly 12 months later on a price return basis. IPO dates and 1-year forward return periods are as follows: Alibaba (9/19/2014 - 9/19/2015), Visa (3/19/2008 - 3/19/2009), Meta (5/18/2012 - 5/18/2013), General Motors (11/18/2010 - 11/18/2011), Rivian (11/11/2021 - 11/11/2022), AT&T (4/27/2000 - 4/27/2001), Snap (3/2/2017 - 3/2/2018), Uber (5/10/2019 - 5/10/2020), Medline (12/17/2025 - 5/28/2026), UPS (11/10/1999 - 11/10/2000). Medline's 1-year forward return period is incomplete as the full 12-month window extends beyond the current date; return shown reflects performance through 5/28/2026. Returns are measured from the first trading day's closing price for each IPO listed.

Chart Disclosures

Exhibit E: Total Nonfarm Job Openings: Nonfarm Job Openings measures the number of available job openings in the U.S. economy excluding agricultural positions, indicating the demand for labor in various industries.

Exhibit F: Average Hourly Earnings Year-Over-Year (%): Average Hourly Earnings measures the average earnings per hour of U.S. workers, indicating trends in wage growth, which can impact inflation and economic growth. The chart shows the year-over-year change in this metric. It illustrates wage gains/losses for workers in the U.S. over the past year.

Exhibit G: Erosion From Inflation of the Purchasing Power of \$10: The chart shows the loss of purchasing power due to inflation of \$10 since July, 1983. It is calculated by taking \$10 in July, 1983, and eroding it by the monthly headline consumer price index inflation rate.

Definitions

The S&P 500 tracks the performance of 500 large-cap U.S. companies, serving as a benchmark for the U.S. stock market. The index is weighted by market capitalization. Indices are unmanaged and investors cannot invest directly into them.

The NASDAQ Composite is a stock market index that includes over 3,000 companies listed on the NASDAQ exchange, with a strong focus on technology and growth sectors. It serves as a key indicator of tech and innovative industry performance. Indices are unmanaged and investors cannot invest directly into them.

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