

## Volatile Start to May

The stock market started May with a volatile week that produced losses for the major averages. The Nasdaq led the way, falling 1.5% while the S&P 500 surrendered 0.2%. Small caps also struggled, sending the Russell 2000 lower by 1.3%.



The week began with modest gains for the major averages but not before early selling sent the S&P 500 to its lowest level in nearly a year. However, the market overcame the weak start and climbed for the next two days, capping the rally with a Wednesday surge that took place even though the FOMC announced a 50-bps rate hike and a balance sheet reduction plan. However, Fed Chairman Powell acknowledged that a 75-bps hike is not being considered, which was cited as the reason for the post-FOMC rally that lifted the S&P 500 to a one-week high.

Whatever positives were gleaned from Wednesday's rally were forgotten by the end of Thursday's session, which saw the major averages cough up their gains from the previous day while crude

oil remained resilient, staying above its 50-day moving average (104.96) even though the U.S. Dollar Index pushed to a fresh 20-year high.

Friday's session was also uninspiring as equities followed a weak start with a brief recovery that faltered as the day went on. Besides the weak action, the day's biggest story was the release of the April jobs report, which beat headline estimates but also showed a decrease in the labor force participation rate.

Quarterly earnings continued pouring in during the past week, but even positive results were often met with selling amid concerns about headwinds from soaring inflation.

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