



# Week Ahead

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May 11, 2026

## Labor Market Shows Resilience

The April employment report was released last Friday. Overall, the data showed good job growth with far more jobs added than expected – and the prior month’s data was revised up as well.

This was a surprise given rising fuel costs and uncertainty from the war with Iran plus continued concerns over AI and its impact on future job growth. The unemployment rate remained steady at 4.3%, reinforcing confidence in the economy’s underlying strength. The strength of the labor market should reduce the likelihood of Federal Reserve (Fed) interest rate cuts. The market has shifted from expecting several interest rate cuts in 2026 to anticipating the Federal Reserve (Fed) will keep rates steady through year-end. Mixed economic signals are supporting the Fed’s “hold” stance, while elevated energy prices are refocusing attention on inflation.



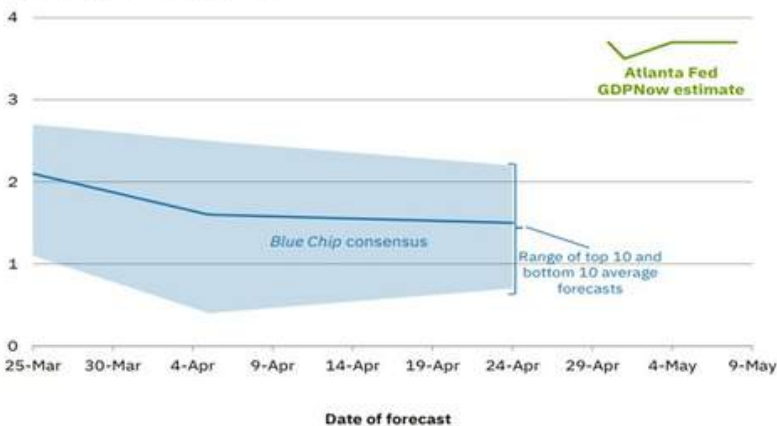
## Strong US jobs data complicates any Warsh push for lower rates

By Michael S. Derby

May 8, 2026 1:06 PM UTC · Updated ago

## The Economy Is Growing Strong With GDPNow Estimating 2Q At 3.7%

Evolution of Atlanta Fed GDPNow real GDP estimate for 2026: Q2  
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts  
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.



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## Record Highs Continue

Stocks pushed to fresh all-time highs last week, with the S&P 500 gaining 2.3% to close at 7,398.93, up 8.0% year-to-date. The Nasdaq Composite surged 4.5% for the week – its strongest six-week run since 2009 – and is now up nearly 13% year-to-date. The S&P 500 appears to be tracking toward 7500, which is our year-end target. Should the S&P 500 surpass this level, the next target is 7800. Seasonally, markets tend to peak in the summer months, then correct in the fall with a major bottom in October. We continue to expect volatility with gains to be achieved by the end of 2026. With so much uncertainty around the war with Iran and shipping through the Strait of Hormuz, we are maintaining our target level for year-end for now. Our more important target is our longer-term target of 10,000-13,000 for the S&P 500. We maintain there is significant upside to be achieved with the leadership remaining Technology – and Semiconductors, the tech industry leader, being driven by the high demand for the buildout of AI (artificial intelligence).

## S&P 500 With Fibonacci Levels: Target Range 7500-7800



Source: Bloomberg, with Annotations by Sanctuary Wealth, May 10, 2026

## AI Trade Revives Semiconductor Stocks

A sharp revival in the artificial-intelligence trade lifted semiconductor (semis) stocks 11% in just one week. Technology was the best performing sector, up 2.7%. Micron jumped 15% and Intel soared nearly 14% on Friday alone. Intel has now gained over 100% in the past month, a welcome rebound after several difficult years. We continue to see strong long-term support for Intel as it benefits from the broader AI buildout. It appears that investors have woken up to the importance of AI and the large-scale infrastructure build that is still needed. The recent moves in semiconductor stocks appear excessive as many of the stocks are moving vertical in price. This is not a place to add exposure. The only large cap stock not vertical is Nvidia (NVDA). Should this stock breakout, it could add to the vertical move in semis. Investors need to be patient with this area of the market as now we expect volatility. At some point, we would expect a correction in these stocks, but we continue to believe they are the market leaders with strong fundamentals.



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## Strong Growth Outlook for Semiconductors

The global semiconductor market reached \$792 billion in 2025 and is projected to hit \$1.0 trillion over the next decade, fueled by AI, robotics, energy, and IoT (Internet of Things: the connection of everyday objects – cars, refrigerators, machines, equipment – to the internet so they can collect data, communicate, and operate with little or no human input.) Industry forecasts call for 14%–16% revenue growth in 2026, with the foundry segment expanding around 20%. Memory chips are in a supercycle, thanks to rising AI content per system, and demand for advanced packaging continues to rise rapidly.

## VanEck Semiconductor ETF (SMH) (Top) With Stochastics (Bottom)



Source: Bloomberg, Annotations by Sanctuary Wealth, May 9, 2026

## Striking Shortage of Compute

The surge in Technology stocks is being driven by a clear imbalance: AI demand is significantly outstripping supply. Capacity build-out remains the main constraint, creating a striking shortage of compute capacity that is expected to persist through the rest of 2026 and beyond. Cloud giants are responding aggressively: Google's cloud business accelerated to a 63% growth rate in Q1, with its capital spending outlook raised sharply for 2027 and its backlog nearly doubling. Remember basic economics: strong demand with not enough supply drives prices sharply higher. Anthropic CEO Dario Amodei recently said demand far exceeded even their own growth expectations with demand growing 80-fold in the first quarter.



## Anthropic CEO says 80-fold growth in first quarter explains 'difficulties with compute'

PUBLISHED WED, MAY 6 2026 5:33 PM EDT  
UPDATED THU, MAY 7 2026 11:05 AM EDT



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Desperate SK hynix customers offer to buy its EUV machines and fund new fabs as memory capacity hits zero amid crushing AI-driven shortages — worsening global shortages pry open wallets to the tune of hundreds of millions of dollars

News By Luke James last updated 18 hours ago

Available capacity is "essentially zero," source says.

Source: Tom's Hardware, May 8, 2026



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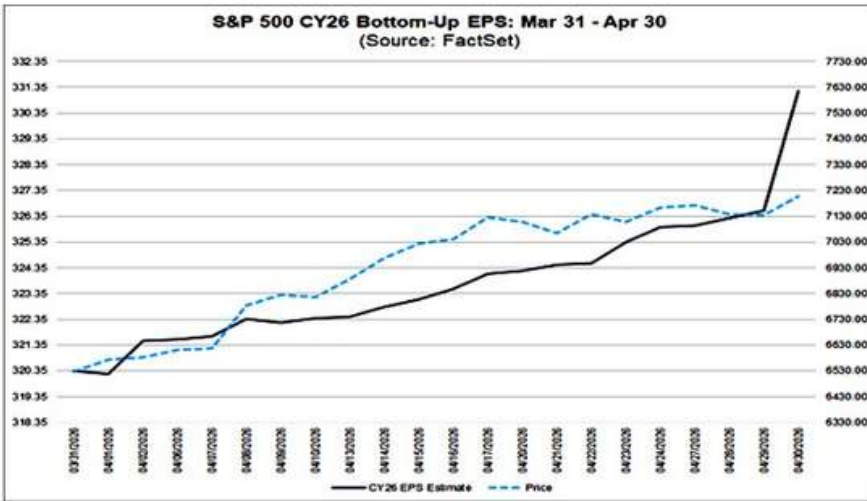
### Earnings Season Delivers Strong Results

According to FactSet, Q1 2026 earnings growth is running at 27.7% year-over-year, the highest rate since late 2021, with 84% of reporting S&P 500 companies beating earnings estimates. Also, during April, analysts made the largest upward revisions to quarterly EPS estimates in five years. Revenue growth is solid at 11.3%. These numbers provide strong fundamental support for the market's advance and recent record highs. We should add that the recent earnings growth is concentrated in Technology companies, but we don't believe this is a problem for the market as that industry represents the leadership.

### Analyst Sentiment Turning More Bullish

Earnings drive stock prices, and one of the most bullish signals for the market is when analysts are raising earnings estimates for the companies they cover. Rising earnings expectations for the S&P 500 suggest corporate fundamentals remain strong and support the market's move higher. With estimates continuing to trend upward, the backdrop remains favorable for the S&P 500 to continue pushing to new highs.

### Analysts Are Raising Their Earnings Estimates For The S&P 500



Source: Bloomberg, Annotations by Sanctuary Wealth, May 8, 2026

### BofA Sell Side Indicator Still Bullish

The Bank of America's Sell Side Indicator (SSI) remains bullish. This is one of the best longer-term indicators of the direction of the S&P 500. The indicator is a contrarian measure, which tracks the average equity weighting suggested by major strategists. The indicator is currently in neutral territory. The model still points to a solid forward 12-month return for the S&P 500 of around 13%. The indicator has historically done a very good job of warning when enthusiasm gets too high, suggesting investors should remain selective rather than aggressively chasing the index at these new highs. Today, the model remains in the buy zone.

#### Exhibit 1: Sell Side Indicator was unchanged in April

Sell Side Indicator, 8/1985-4/2026



Source: BofA US Equity & Quant Strategy Note. Buy and Sell signals are based on rolling 15-year +/- 1 standard deviation from the rolling 15-year mean. A reading above the red line indicates a Sell signal and a reading below the green line indicates a Buy signal

BofA GLOBAL RESEARCH



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## Sector Readings: Communications Services Strongest, Followed By Information Technology; Financials Weakest, Followed By Healthcare

Communications Services, then Information Technology, were strongest last week. Energy fell to third place, ending a 12-week-long run in first place. A correction is in place for the Energy sector. Financials remain in last place, followed by Healthcare. *Technology is improving sharply.* Financials have been among the two weakest sectors for 13 weeks.

Our sector model analyzes S&P 500 GICS sector classifications, using a weighted measure of price momentum across three time periods. We rank each sector from best to worst based upon the average of its 40-, 26-, and 13-week relative price performances. We rank each sector from 1 to 11, with 1 being the strongest and 11 the weakest.

### Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance

	May 8	May 1	Apr 24	Apr 17	Apr 10	Apr 3	Mar 27	Mar 20
Consumer Discretionary	6	9	9	8	10	11	10	10
Consumer Staples	8	8	8	9	7	5	5	5
Energy	3	1	1	1	1	1	1	1
Financials	11	11	11	11	11	10	11	11
Healthcare	10	10	10	10	8	8	6	7
Industrials	5	5	5	3	3	4	4	2
Information Technology	2	3	4	5	9	9	9	9
Materials	4	4	3	4	2	2	2	6
Communication Services	1	2	2	2	4	6	8	4
Utilities	9	6	6	7	5	3	3	3
Real Estate	7	7	7	6	6	7	7	8

Source: Bloomberg, Sanctuary Wealth, May 8, 2026



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**OBOS List: Information Technology Is Overbought, Communications Services Near Overbought; Healthcare, Financials, Consumer Staples, And Industrials Are Oversold; Materials Are Near Oversold. Expect Continued Sector Rotation.**

Information Technology was overbought last week, while Communications Services was near overbought. Healthcare, Financials, Consumer Staples, and Industrials were oversold, while Materials were near oversold. We note that Healthcare is unusually oversold.

Our tactical sector rotation model uses the S&P 500 GICS sector classifications. We apply a 13-week rate of change methodology that normalizes the rankings from overbought (OB) to oversold (OS). An industry group is overbought when it has risen too far too fast, relative to the rest of the market, based upon its normal movement. Conversely, it's oversold when it has lost too much too fast, relative to the rest of the market, based upon its normal movement. Over time, a sector tends to move back toward its normal rate of change, relative to the rest of the market. Overbought sectors tend to slow their pace of gains in relative price, while oversold sectors tend to improve in relative price until they reach their average performance again.

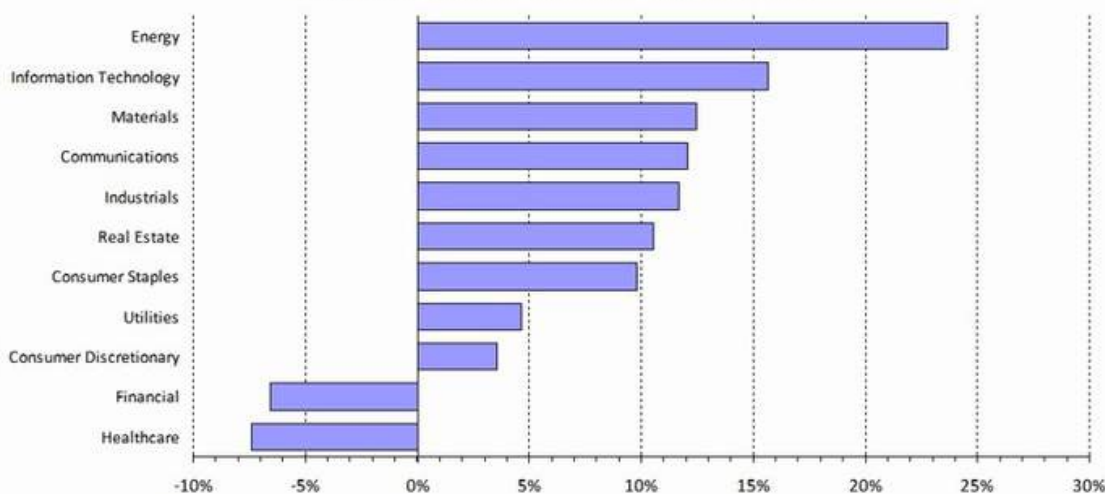
Here's our methodology: the overbought-oversold table of sectors measures the 13-week rate of change in the relative price of each sector. We then average (i.e., smooth) this over 3 weeks and normalize the results. Normalized oscillator values over 1.0 are considered overbought, while those between 0.6 and 1.0 are considered near overbought. Normalized oscillator values below -1.0 are considered oversold, while those between -0.6 and -1.0 are considered near oversold.

**Sector Rankings By 40-, 26-, And 13-Week Average Relative Price Performance**

Sector Overbought / Oversold List as of 8 May 2026		
rank	S&P Sector	normalized Oscillator
1	Information Technology	1.5820 <i>Overbought</i>
2	Communication Services	0.6543 <i>Near Overbought</i>
3	Consumer Discretionary	-0.0209 <i>Neutral</i>
4	Real Estate	-0.0325
5	Energy	-0.3105
6	Utilities	-0.3809 <i>Neutral</i>
7	Materials	-0.9554 <i>Near Oversold</i>
8	Industrials	-1.5876 <i>Oversold</i>
9	Consumer Staples	-1.6205
10	Financials	-1.8230
11	Healthcare	-2.5238

Source: Bloomberg, Sanctuary Wealth, May 8, 2026

**Year-To-Date Performance Of The S&P 500 Sectors**



Source: Bloomberg, Sanctuary Wealth, May 8, 2026



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## Market Performance: Energy Remains Best Performing Asset Year-To-Date, Followed By Nasdaq 100, Then Information Technology; Bitcoin Still Weakest Year-To-Date, Followed By Healthcare

	Last 5/8/2026	Month End 4/30/2026	Month to Date	Quarter End 3/31/2026	Quarter to Date	Year End 12/31/2025	Year to Date	Year Ago 5/8/2025	Year To Year
S&P 500	7398.93	7209.01	2.6%	6528.52	13.3%	6845.50	8.1%	5663.94	30.6%
NASDAQ Composite	26247.08	24892.31	5.4%	21590.63	21.6%	23241.99	12.9%	17928.14	46.4%
NASDAQ 100	711.23	667.74	6.5%	577.18	23.2%	614.31	15.8%	488.29	45.7%
Russell 2000	2861.21	2799.91	2.2%	2496.37	14.6%	2481.91	15.3%	2026.42	41.2%
S&P Consumer Discretionary Sector	1997.38	1953.03	2.3%	1748.22	14.3%	1928.43	3.6%	1607.45	24.3%
S&P Consumer Staples Sector	949.81	952.85	-0.3%	925.56	2.6%	864.89	9.8%	896.69	5.9%
S&P Energy Sector	850.03	910.23	-6.8%	943.30	-9.9%	687.34	23.7%	624.41	36.1%
S&P Financial Sector	851.94	866.90	-1.7%	822.22	3.6%	911.60	-6.5%	828.30	2.9%
S&P Healthcare Sector	1672.11	1700.55	-1.7%	1710.39	-2.2%	1805.89	-7.4%	1562.24	7.0%
S&P Industrials Sector	1466.54	1477.85	-0.8%	1369.67	7.1%	1313.14	11.7%	1150.27	27.5%
S&P Information Technology Sector	6573.22	6057.71	8.5%	5158.06	27.4%	5684.00	15.6%	4233.88	55.3%
S&P Materials Sector	645.92	644.42	0.2%	627.82	2.9%	574.41	12.4%	532.60	21.3%
S&P Real Estate Sector	281.85	282.37	-0.2%	259.98	8.4%	255.03	10.5%	259.34	8.7%
S&P Communications Sector	506.88	497.72	1.8%	420.28	20.6%	452.39	12.0%	328.18	54.5%
S&P Utilities Sector	453.94	475.96	-4.6%	466.42	-2.7%	433.81	4.6%	406.51	11.7%
S&P 500 Total Return	16516.80	16088.56	2.7%	14560.75	13.4%	15220.46	8.5%	12487.00	32.3%
3 month Treasury Bill Price	99.08	99.08	0.0%	99.08	0.0%	99.09	0.0%	98.92	0.2%
3 month Treasury Bill Total Return	271.49	271.21	0.1%	270.38	0.4%	268.01	1.3%	260.81	4.1%
10 Year Treasury Bond Future	110.75	110.59	0.1%	111.05	-0.3%	112.44	-1.5%	110.80	0.0%
10 Year Treasury Note Total Return	316.07	315.37	0.2%	315.71	0.1%	316.61	-0.2%	303.93	4.0%
iShares 20+ Year Treasury Bond ETF	86.08	85.62	0.5%	86.69	-0.7%	87.16	-1.2%	86.92	-1.0%
S&P Municipal Bond Total Return	293.08	292.56	0.2%	289.48	1.2%	290.00	1.1%	276.26	6.1%
iShares S&P National Municipal Bond NAV	106.78	106.90	-0.1%	106.04	0.7%	106.85	-0.1%	104.24	2.4%
S&P 500 Investment Grade Corporate Bond Total Return	501.98	499.56	0.5%	496.96	1.0%	499.46	0.5%	471.72	6.4%
S&P Investment Grade Corporate Bond	91.79	91.48	0.3%	91.32	0.5%	92.75	-1.0%	90.18	1.8%
S&P Investment Grade Corporate Bond Total Return	536.07	533.72	0.4%	530.81	1.0%	532.99	0.6%	503.27	6.5%
SPDR Bloomberg High Yield Bond ETF	96.52	96.83	-0.3%	95.72	0.8%	97.21	-0.7%	94.53	2.1%
iShares iBoxx High Yield Corporate Bond ETF	80.14	80.38	-0.3%	79.56	0.7%	80.63	-0.6%	78.50	2.1%
Gold	4715.25	4617.85	2.1%	4668.06	1.0%	4319.37	9.2%	3305.72	42.6%
Bitcoin	80123.95	76466.34	4.8%	68193.95	17.5%	87647.54	-8.6%	102616.61	-21.9%
Silver	80.34	73.75	8.9%	75.17	6.9%	71.66	12.1%	32.46	147.5%

Source: Bloomberg, Sanctuary Wealth, May 8, 2026

## Top of Mind: Trump–Xi Summit, Inflation Data, and Chip Shortage Signals

**This week finds President Trump in Beijing talking trade and tech, while markets will be parsing inflation and earnings data.**

The most significant event of the week will be President Trump's visit to Beijing beginning May 14 for a summit with Chinese President Xi Jinping — the first visit to China by a sitting U.S. president in nearly a decade. Investors will be watching closely for signs of progress on trade relations, potential discussions around AI, and expanded Chinese purchases of U.S. agricultural goods. Trump is expected to travel with a smaller delegation of U.S. business leaders, including representatives from Nvidia, Apple, and Boeing. Markets will also be monitoring whether the ongoing Iran conflict influences the tone or direction of the meetings in Beijing.

This week also brings important U.S. inflation data with the release of the Consumer Price Index (CPI) and Producer Price Index (PPI) reports. Expectations are building that inflation readings could begin moving higher again. Chicago Fed President Austan Goolsbee recently noted that inflation "has not been great" and appears to be "heading the wrong way," although he emphasized the labor market remains stable. Meanwhile, Federal Reserve Governor Stephen Miran indicated he still believes interest rate cuts may be appropriate. Investors will be closely watching how both the inflation data and Fed commentary shape expectations for future Fed policy.

Applied Materials (AMAT) reports fiscal Q1 earnings after the market closes on Wednesday. As one of the leading suppliers of semiconductor manufacturing equipment, the company's results and outlook should offer fresh insight into ongoing compute and memory supply constraints. Investors will be listening closely for commentary around AI-driven demand, semiconductor capacity expansion, and the broader outlook for the chip industry.



# Calendar

**Mon.**

10:00am Existing home sales

**Tue.**

3:15 am New York Fed President John Williams speaks in Zurich  
6:00 am NFIB optimism index  
8:30 am Consumer price index  
8:30 am CPI year over year  
8:30 am Core CPI  
8:30 am Core CPI year over year  
1:00 pm Chicago Fed President Austan Goolsbee speech  
2:00 pm Monthly U.S. federal budget

**Wed.**

8:30 am Producer price index  
8:30 am Core PPI  
8:30 am PPI year over year  
8:30 am Core PPI year over year  
11:30am Boston Fed President Susan Collins speech  
Earnings Applied Materials, Cisco Systems\*

**Thu.**

8:30 am U.S. retail sales  
8:30 am Retail sales minus autos  
8:30 am Initial jobless claims  
8:30 am Import price index  
8:30 am Import price index minus fuel  
10:00am Business inventories  
1:00 pm Cleveland Fed President Beth Hammack opening remarks  
5:45 pm New York Fed President John Williams speaks  
7:00 pm Federal Reserve Governor Michael Barr speech

**Fri.**

8:30 am Empire State manufacturing survey  
9:15 am Industrial production  
9:15 am Capacity utilization

Source: MarketWatch/CNBC/Kiplinger's  
\*Earnings reflect highlights

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