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Friday, May 29, 2026

Market Snapshot

S&P 500: 7,566 implied | Futures +0.1% - Reuters said Wall Street futures were little changed to slightly firmer as record highs held despite Thursday's hotter inflation backdrop
Brent Crude: $92.39 | Down 0.8% - Reuters said ceasefire expectations around the Strait of Hormuz pushed oil toward a weekly loss even with OPEC+ still in focus
Gold: $4,402 spot | Up 0.3% - Bullion steadied after Thursday's washout as traders balanced softer oil against firmer real-yield pressure and a stronger dollar tone
Fed Funds Rate: 3.50-3.75% | Held April 29 - After core PCE and personal spending surprised firm on May 28, today's Fed speakers test whether the June hold still looks comfortable

The Lead

Oil Relief Helps the Tape. The Fed Problem Did Not Leave.
Friday, May 29, 2026 begins with S&P 500 futures near 7,566 and modestly positive, Brent crude around $92.39, spot gold near $4,402, U.S. natural gas still elevated around $3.09, the dollar index near 99.08, EUR/USD around 1.1677, USD/JPY near 159.25, an 8:30 AM ET trade-and-inventories reset, Chicago PMI at 9:45 AM ET, and a full day of Fed commentary after Thursday's sticky core PCE and firm personal spending kept the higher-for-longer debate very much alive.

Friday's setup is calmer on the surface but less settled underneath. Reuters' global market wrap showed hopes for a U.S.-Iran ceasefire extension easing the immediate oil shock and helping stocks preserve a record-high tone, yet that relief arrived only hours after a hotter U.S. inflation read reminded investors that the Fed problem survives even if energy backs off. The market is opening with less geopolitical urgency, not with a clean macro reset.

Thursday's data did the real damage to the easy-bull narrative. Reuters reported that U.S. personal spending rose 0.6% in April and core PCE rose 0.4% on the month, both above expectations, while first-quarter GDP was revised down to 1.7%. That mix is not recessionary enough to force rate cuts and not soft enough on inflation to restore policy comfort. It is the kind of combination that keeps equities near highs only as long as bond yields do not lurch higher again.

Oil is therefore moving from crisis driver to valuation input. Reuters put Brent near $92.39 early Friday as traders priced in a better chance that the Hormuz disruption premium keeps unwinding. That removes one immediate inflation accelerant, but it does not erase the signal already delivered by yesterday's spending and price data. Lower crude can improve sentiment at the margin, yet the market still has to decide whether one softer commodity tape is enough to offset firmer underlying demand.

Earnings are reinforcing that split message. Reuters' U.S. premarket coverage highlighted Dell rallying after upbeat server and AI infrastructure demand while Gap jumped on stronger guidance, signs that selective corporate execution remains strong. But the read-through is narrower than the index level suggests. Investors are still rewarding businesses tied to AI capex and resilient consumers while remaining far less willing to pay for companies that need a broader rate-sensitive expansion to work.

That leaves Friday's calendar more important than it looks. The advance goods trade balance and wholesale inventories at 8:30 AM ET, followed by Chicago PMI at 9:45 AM ET and multiple Fed speakers through the day, are not headline events on the level of PCE. But after Thursday's surprise, they matter as confirmation tests. If activity stays firm and inventories do not signal a sharper slowdown, policymakers have cover to keep emphasizing patience rather than urgency.

Rates and FX still reflect that tension. Reuters' currency coverage showed the dollar holding near 99.08 on the index, with the euro around $1.1677 and USD/JPY close to 159.25 as traders weighed a softer oil backdrop against stickier U.S. inflation. Gold recovering modestly toward $4,402 after Thursday's drop also fits the pattern: markets are not chasing a full haven bid, but they are no longer treating disinflation as a clean glide path either.

Callout

The setup to understand today: easing oil can steady risk sentiment for a session, but only softer growth or a clearly gentler Fed tone can fully neutralize Thursday's message from spending, inflation, and yields.

What Moves Today

Three Signals

Possible Paths - Friday, May 29, 2026

How Ceasefire Relief, Sticky Inflation, and Today's Fed Tone Could Reprice Equities, Rates, FX, Commodities, Credit, and Next Week's Earnings Bar

Oil stays soft and Fed speakers stay measured: If Brent remains near the low-$90s, the trade and inventory data do not hint at a sharper slowdown, and Fed officials emphasize patience rather than alarm, equities can keep leaning on AI infrastructure, selective retail strength, and the record-high momentum already in place. In that path, Treasury yields can settle, EUR/USD can hold the mid-1.16s, USD/JPY can avoid a fresh intervention scare, gold can stabilize without a haven rush, credit spreads can remain contained, and next week's earnings bar stays focused on execution rather than macro damage control.

Rates reassert themselves despite geopolitical relief: If speakers use Thursday's core PCE and spending surprise to warn that inflation is still too sticky, the market is likely to treat softer oil as insufficient. Equities would then face renewed valuation pressure, front-end and 10-year yields could grind higher, the dollar could strengthen against both the euro and yen, commodities would likely split between weaker crude and weaker rate-sensitive metals, credit would widen most in lower-quality and long-duration pockets, and earnings reactions next week would become less forgiving.

Growth concerns start outrunning inflation relief: If the trade, inventory, or PMI signals come in weaker while Fed rhetoric stays guarded, the market gets a more uncomfortable stagflation-lite mix. Equities could lose breadth first and then index support, rates may flatten or bull-steepen on growth concern rather than policy comfort, FX would still favor a defensive dollar bias, crude and gold could diverge on whether demand destruction or policy anxiety dominates, credit would differentiate more sharply by balance-sheet quality, and corporate guidance would be judged on resilience over upside.

Disclosure

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