

Coffee & Commentary

May 18, 2026

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's CEO and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- The S&P 500 posted a seventh consecutive weekly gain, though its modest 0.2% advance marked a significant slowdown from the strong rallies of prior weeks. The NASDAQ and Dow both finished slightly lower for the week after stocks rallied on Thursday but gave back gains during Friday's pullback. Final results on the week were; **S&P 500 +0.2%**, **NASDAQ -0.1%**, and the **Dow -0.1%**.
- The nearly finished earnings season has demonstrated broad strength not only in profits, but also in overall revenue growth. S&P 500 companies were on pace as of Friday to deliver first-quarter revenue growth of 11.4%, the strongest since the second quarter of 2022. Profit growth remained equally impressive, with earnings projected to rise 27.7%, marking the fastest pace since the fourth quarter of 2021.
- The Senate approved Kevin Warsh as the next chair of the U.S. Federal Reserve on Wednesday, succeeding Jerome Powell after his eight-year tenure leading the central bank. Warsh is scheduled to preside over his first Fed meeting on June 16–17, while Powell will remain on the Federal Reserve Board of Governors for the time being.

2. How are we to prepare and act?

- Markets have entered a more measured phase after an exceptionally strong rebound over the past several weeks, with investors now

balancing optimism around economic and earnings resilience against lingering uncertainty tied to inflation, energy prices, and monetary policy. Investors are once again revisiting the old “sell in May and go away” market adage, which historically reflects weaker seasonal performance during the summer months. While there is some historical basis for expecting slower gains or periods of sideways movement from May through early Fall, the current environment appears more nuanced. Markets have continued to rise largely because underlying fundamentals have remained intact, and investors have grown increasingly confident that oil prices may gradually moderate over time, particularly if diplomatic progress in the Middle East continues. At the same time, the broader economy has shown surprising durability, supported by steady consumer spending, a resilient labor market, and stronger-than-expected earnings growth.

- Corporate profitability, in particular, has become one of the strongest pillars supporting the current market environment. Much of that strength has been concentrated in technology, artificial intelligence, semiconductors, and related infrastructure spending, though solid performance has extended into sectors such as energy and materials as well. At the policy level, markets will also have to adapt to an important leadership transition at the Federal Reserve with Kevin Warsh being confirmed as the next Fed chair. Investors are closely watching how this transition may influence future interest rate policy, particularly as inflation remains above target and economic growth continues to hold up better than expected. Even so, the prevailing view remains that the hurdle for rate hikes is relatively high, with policymakers more likely to remain patient unless inflation accelerates meaningfully from current levels. Still, absent a material deterioration in economic conditions or a renewed tightening cycle from the Fed, the broader backdrop continues to support a constructive long term outlook.

3. Taking a look at the week ahead.

- Monday — Housing Market Index
- Tuesday — Pending home sales
- Wednesday — Release of minutes from April Fed meeting
- Thursday — Weekly unemployment claims
- Friday — University of Michigan Index of Consumer Sentiment

--

As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

Eric Mechler, CFP®, ChFC®, AIF®, BFA™, RICP®

Founder, CEO & CIO

Alpha Zero

2500 N Military Trail, Suite 316

Boca Raton, FL 33431

Phone: (561) 576-2599 Ext. 124

eric@alphazerowealth.com

Investment Advisory Services are offered through Alpha Zero LLC, a registered investment adviser. Insurance products and services are offered and sold through Alpha Zero LLC and individually licensed and appointed agents. **Please remember that securities cannot be purchased, sold, or traded via e-mail or voice message system. Likewise, insurance coverage cannot be bound, altered, or cancelled via e-mail or a voice message system.** This email transmission and any documents, files or previous email messages attached to it may contain information that is confidential or legally privileged. If you are not the intended recipient, you are hereby notified that you must not read this transmission and that any disclosure, copying, printing, distribution, or any action or omission of this transmission is strictly prohibited. If you have received this transmission in error, please immediately notify the sender by telephone at (561) 576-2599 or return and delete the original transmission and its attachments without reading or saving in any manner.

Securities offered through The Leaders Group, Inc., member FINRA/SIPC, 475 Springfield Ave, Summit, NJ 07901.(303) 797-9080. Alpha Zero LLC and the Leaders Group are not affiliated.

Visit our website

Alpha Zero

2500 N Military Trail, Suite 316, Boca Raton, FL 33431

Phone: (561) 576-2599 Ext. 124

eric@alphazerowealth.com



Think Beyond What's Next.

Alpha Zero | 2500 N Military Trail Suite 316 | Boca Raton, FL 33431 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!