

## Coffee & Commentary

June 1, 2026

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### 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 U.S. stock market continued its spring rebound from the first quarter's weakness, with the S&P 500 posting its ninth consecutive weekly gain. Technology stocks once again led the advance, helping the NASDAQ take the lead for the week, while the S&P 500 and the Dow both posted modest gains as well. Final results on the week were; **S&P 500 +1.4%**, **NASDAQ +2.4%**, and the **Dow +0.9%**.
- Inflation remained stubbornly elevated in April, as the latest Personal Consumption Expenditures (PCE) Price Index showed annual headline inflation running at 3.8%, matching the recent reading from the Consumer Price Index and marking the highest level since May 2023. Excluding food and energy, core PCE inflation came in at 3.3%, underscoring that underlying price pressures remain well above the Fed's long-term 2% target.
- Investor optimism surrounding the latest round of U.S.-Iran negotiations helped push oil prices lower for a second consecutive week. U.S. crude was trading near \$88 per barrel on Friday afternoon, down almost 10% for the week and roughly 16% for the month of May.

### 2. How are we to prepare and act?

- Markets are about to enter the second half of the year with a noticeably more constructive tone than many would have expected just a few

months ago. Stock markets continue to push higher, and with investors increasingly looking beyond day-to-day geopolitical headlines, attention has shifted back toward the underlying health of the U.S. economy. While first-quarter GDP growth was revised down to a modest 1.6% annualized pace, the headline figure masks a more encouraging reality. Consumers have remained resilient despite higher prices, supported by savings and tax refunds, while business spending has accelerated, helping offset weaker areas such as housing. Taken together, the data suggest an economy that continues to absorb shocks without losing its footing, providing a stable backdrop for financial markets.

- One of the most important forces supporting that resilience has been the extraordinary surge in business investment tied to artificial intelligence. Spending on software, information-processing equipment, and research and development has become a meaningful contributor to economic growth, with AI-related investment now providing one of the largest boosts to GDP seen since the technology boom of the 1990s. These trends align closely with the strong earnings season recently reported by publicly traded companies and help explain why investors continue to favor U.S. equities despite a more challenging interest rate environment. The primary counterweight to this otherwise constructive picture remains inflation, and the current consensus is that policymakers appear likely to keep interest rates unchanged for an extended period.

### **3. Taking a look at the week ahead.**

- Monday — Constructing spending
- Tuesday — Jobs Openings and Labor Turnover Survey
- Wednesday — ADP National Employment Report
- Thursday — Weekly unemployment claims
- Friday — Consumer credit

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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,

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