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FCM Market Notes-May 2, 2026

What Happens After 15%

There have been exactly nine instances this century of the Nasdaq returning over 12% in a single month:

Trigger Month	Return	Next Month	Next Month Return
Jun 2000	+16.6%	Jul 2000	-5.0%
Jan 2001	+12.2%	Feb 2001	-22.4%
Apr 2001	+15.0%	May 2001	-0.3%
Oct 2001	+12.8%	Nov 2001	+14.2%
Oct 2002	+13.5%	Nov 2002	+11.2%
Apr 2009	~+12–13%	May 2009	+3–5%
Apr 2020	~+15%	May 2020	+6–7%
Jul 2022	~+12%	Aug 2022	-4–5%
May 2023	~+12%	Jun 2023	+6%+

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We can group the instances in three categories: the first five occurred as vicious bear rallies in the middle of a 3-year internet bubble bursting bear market. Even the last one in October of 2002 which was followed by another double-digit month, was then mostly re-traced before the market got its bearings.

April of 2009 and 2020 were the result of the application of massive stimulus after the GFC and Covid.

July 2022 was the result of a hopeful market as the Fed began to raise rates to reel in that Covid stimulus (those hopes were dashed later); and May of 2023 was a response to the Fed halting its rate-hiking cycle.

This April arguably stands as unique: we are not emerging from a bear market and there has been no notable change in government policy to dramatically shift sentiment. Although we can't forecast the future, the lack of any catalyst argues we should not expect a lot of follow through on that monster month.

The Physical World Intervenes-Stagnation on Steroids?

We argued two weeks ago that the physical obstacles emerging around data center construction would eventually limit enthusiasm for forecasting immediate gratification from massive amounts of mega-cap tech investments:

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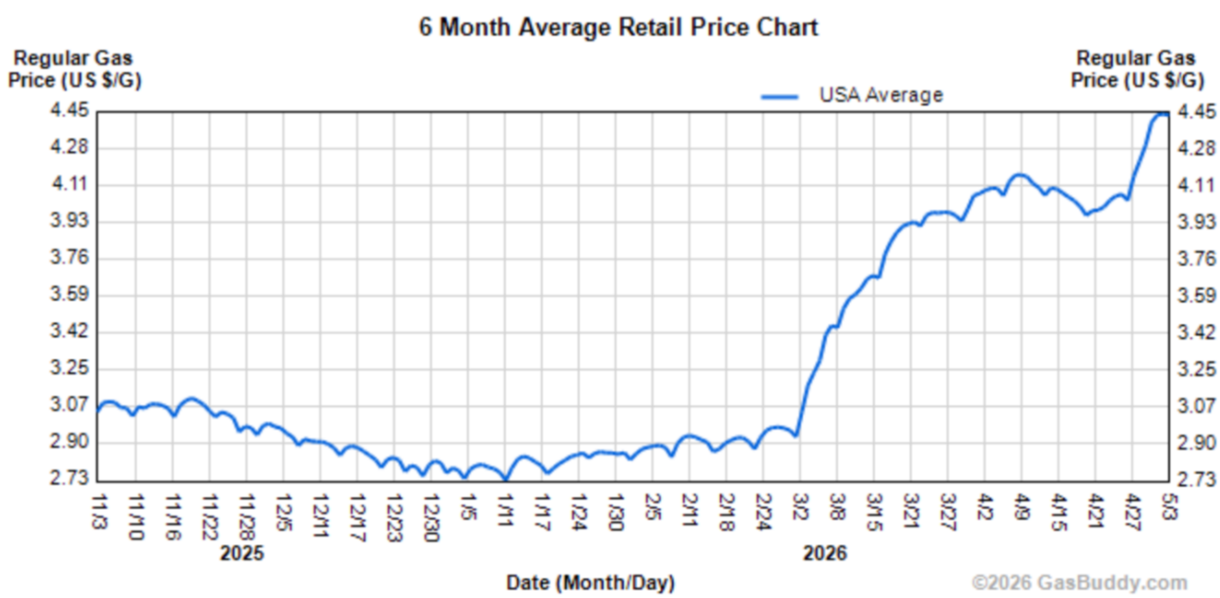
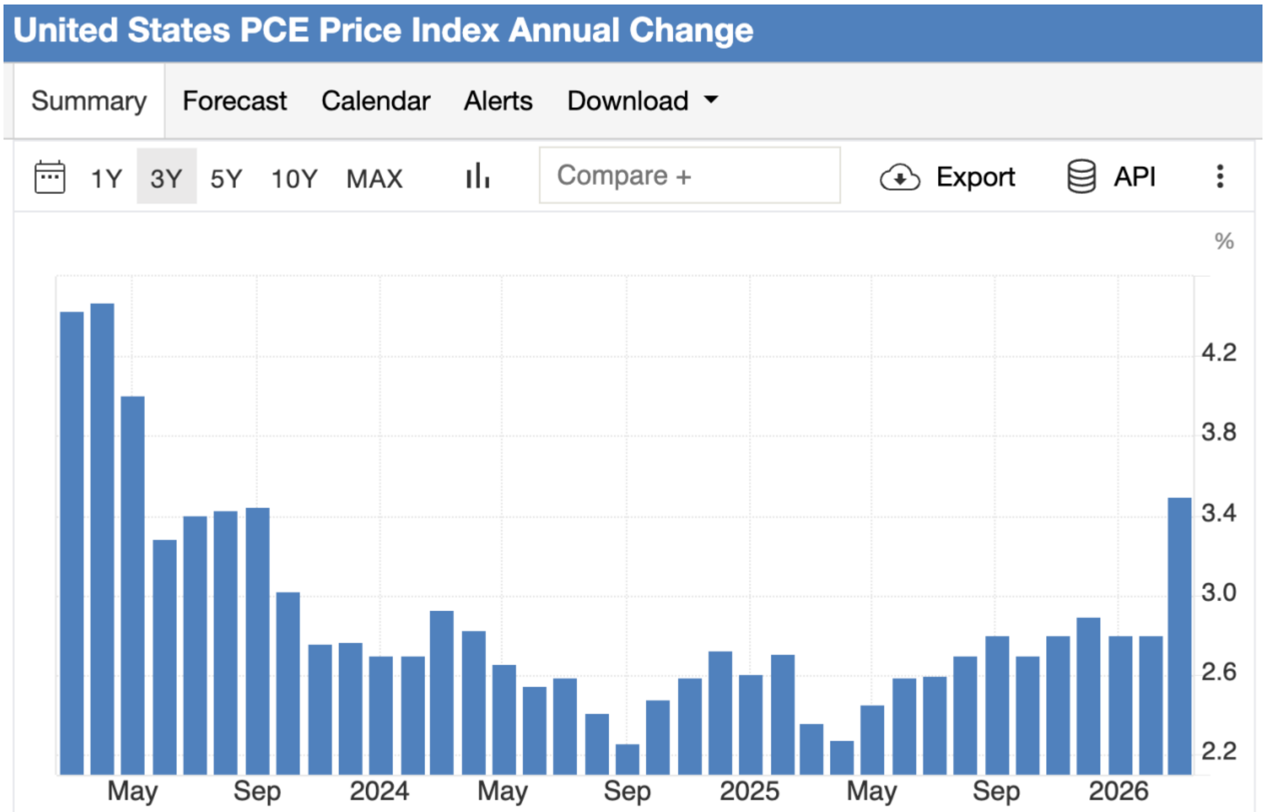
https://fiduciarycm.com/wp-content/uploads/2026/04/FCM-Market-Notes-4_18_26.pdf

But other physical realities are intruding as well. We all know about the effects of the Iran conflict, but the market has yet to appreciate that those negative effects are accelerating the longer it stays in stasis. Gas prices in the US are reflecting that nicely:



As a headline in the Wall Street Journal noted over the weekend, consumers this Friday spent about $135M more on gas than they did the previous week!

And this week we got confirmation of the inflationary effects:



Long bond yields have risen in response, but not dramatically:

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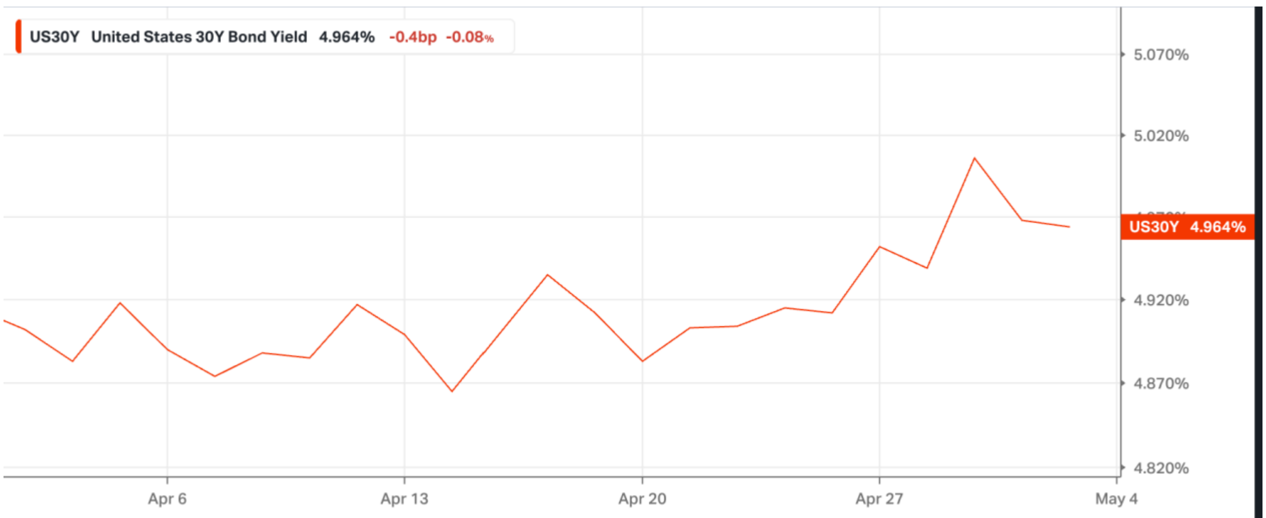
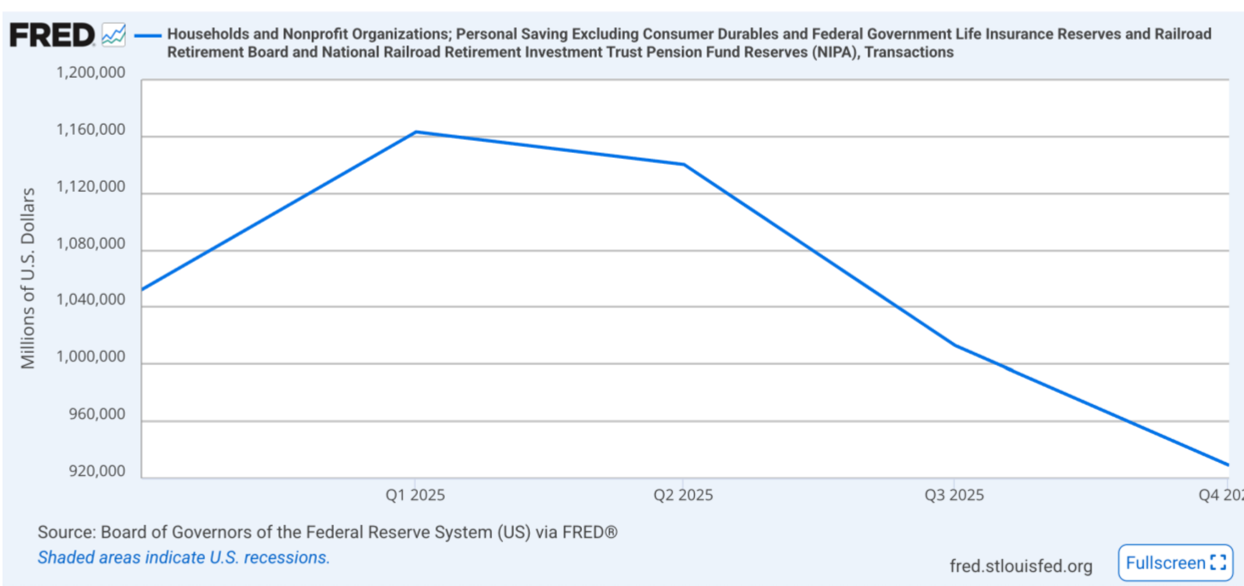


Forward earnings estimates are strong, but growth cracks are also showing. Consumer savings have declined sharply, Q1 data showed:



Fiscal stimulus contributed strongly to growth in Q1 as federal agencies re-opened from the Q4 2025 shutdown—spending jumped 4.4%. That looks more like a one-off than a sustainable trend.

So nobody knows, of course, where the market goes from here. But we can confidently say that the traditional drivers of strong equity returns—supportive monetary policy and strong growth—seem more wobbly by the month. A very stimulative fiscal policy featuring a 6%+ deficit in a full employment economy might be the last stimulative pillar standing. How long that can be maintained before debt markets push back is anyone's guess.

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