



**CORBETT ROAD**  
WEALTH MANAGEMENT

# MARKET MUSINGS

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## MARKET RALLY ACCELERATES ON EARNINGS GROWTH

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## SUMMARY

- Despite elevated geopolitical tensions and the continued closure of the Strait of Hormuz, equities have climbed back to all-time highs as investors refocus on the strength of corporate earnings and the broader economic backdrop. Companies are beating profit estimates at an unusually strong pace, while earnings growth has accelerated to levels rarely seen outside of post-recession recoveries.
- Historically, strong and rapid market advances have tended to occur during durable bull markets rather than near major market peaks. The recent rally has already produced several rare momentum signals, including one of the strongest three-week rallies in history and a double-digit gain for the S&P 500 in a single month.
- The broader outlook remains constructive, supported by resilient corporate profits, improving margins, and continued investment spending tied to artificial intelligence. At the same time, investors should remember that pullbacks are a normal part of investing. Even during the strong market advance of the past three years, the S&P 500 has experienced multiple declines of 5% or more along the way.
- Our **microcast™** signal remains at a neutral allocation. Taken together, our tactical risk models continue to indicate a constructive backdrop for equities.

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# LINGERING GEOPOLITICAL RISK HAS NOT PREVENTED THE MARKET FROM REACHING NEW HIGHS

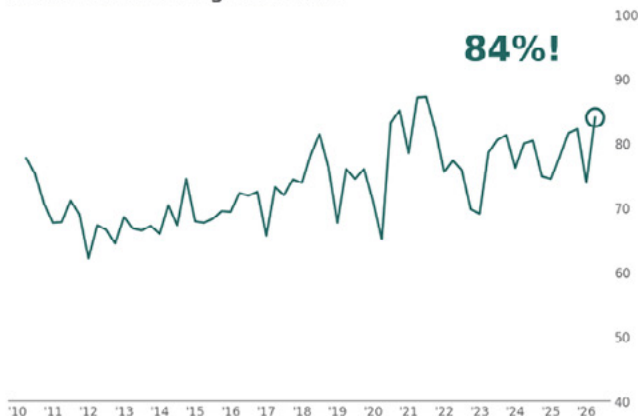
Despite elevated geopolitical risks and continued uncertainty surrounding the Strait of Hormuz, investor focus has increasingly returned to the resilience of corporate profits and the strength of the underlying earnings backdrop.

Simply put, the profitability of U.S. corporations has remained too strong for investors to ignore. Companies are beating earnings estimates at an 84% rate, while year-over-year earnings growth has reached 25%, **a figure rarely seen outside of post-recession recoveries** (data from Piper Sandler):

## Earnings Season Is Off To A Strong Start

Q1 2026 beat rate tracking 84% with EPS growth at +25% YoY

% S&P 500 Beating Estimates



S&P 500 EPS Growth (YoY)



Beat rate = % of S&P 500 constituents reporting positive EPS surprises vs. consensus estimates. EPS growth = year-over-year change in S&P 500 adjusted operating EPS (income from continuing operations, excluding one-time items; FFO for REITs). Q1 2026 reflects in-season reporting. Past performance is not indicative of future results.



What makes this especially notable is that profit growth continues to strengthen even after an extended period of elevated interest rates. Many investors expected a more meaningful deterioration in corporate earnings by this stage of the cycle.

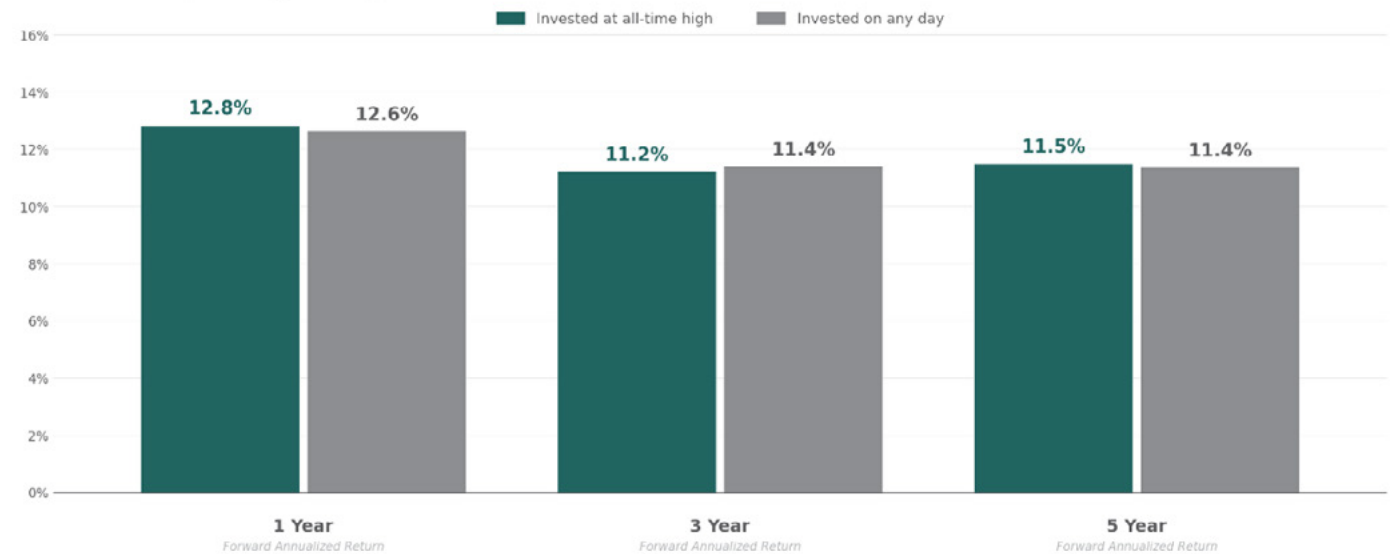
Over time, equity markets tend to follow the direction of corporate profits. As long as earnings growth remains healthy, the fundamental backdrop for stocks should remain supportive.

With the market at all-time highs and enthusiasm around artificial intelligence continuing to build, it is worth reminding investors that **new highs are not bearish signals**. Historically, markets have performed just as well following all-time highs as any other day (data from 3Fourteen):

### Don't Fear All-Time Highs

Average S&P 500 Forward Returns: Investing at an All-Time High vs. Any Day

S&P 500 Total Return Index, Annualized | Jan 1970 - May 2026



Source: 3Fourteen Research; S&P 500 Total Return Index, Jan 1970 - May 2026. An all-time high is any trading day where the index closed at or above its prior peak. Forward returns are annualized total returns over the next 1, 3, and 5 years. Averages reflect all qualifying observations where the full forward window is available. Past performance is not indicative of future results.



## BULL MARKETS TYPICALLY FEATURE SHARP, POWERFUL UPSWINGS

The scale and speed of the rally since the March 30 low has been reminiscent of the surge following "Liberation Day", when the Trump administration reversed course on its initial tariff plans in April of last year. In several respects, this advance has been even more impressive.

First, **the S&P 500 gained more than 10% in a single calendar month**, a rare occurrence that has happened only 13 times since 1950. Historically, stocks have gone on to post solid gains in the months and years that followed (data from 3Fourteen):

## After a 10%+ Month, Stocks Tend to Keep Climbing

S&P 500 forward price-return performance following any calendar month with a 10%+ gain

Since 1950 (price returns)

| Month           | That Month    | Forward Price Return |              |               |               |               |               |
|-----------------|---------------|----------------------|--------------|---------------|---------------|---------------|---------------|
|                 |               | 1 Month              | 3 Months     | 6 Months      | 12 Months     | 24 Months     | 36 Months     |
| Nov 1962        | +10.2%        | +1.3%                | +3.3%        | +13.7%        | +17.6%        | +35.6%        | +47.1%        |
| Oct 1974        | +16.3%        | -5.3%                | +4.2%        | +18.1%        | +20.5%        | +39.2%        | +25.0%        |
| Jan 1975        | +12.3%        | +6.0%                | +13.4%       | +15.3%        | +31.0%        | +32.5%        | +15.9%        |
| Jan 1976        | +11.8%        | -1.1%                | +0.8%        | +2.6%         | +1.2%         | -11.5%        | -0.9%         |
| Nov 1980        | +10.2%        | -3.4%                | -6.6%        | -5.6%         | -10.1%        | -1.4%         | +18.4%        |
| Aug 1982        | +11.6%        | +0.8%                | +15.9%       | +23.9%        | +37.6%        | +39.5%        | +57.8%        |
| Oct 1982        | +11.0%        | +3.6%                | +8.7%        | +23.0%        | +22.3%        | +24.2%        | +42.0%        |
| Aug 1984        | +10.6%        | -0.3%                | -1.9%        | +8.7%         | +13.2%        | +51.7%        | +97.9%        |
| Jan 1987        | +13.2%        | +3.7%                | +5.2%        | +16.3%        | -6.2%         | +8.5%         | +20.1%        |
| Dec 1991        | +11.2%        | -2.0%                | -3.2%        | -2.1%         | +4.5%         | +11.8%        | +10.1%        |
| Oct 2011        | +10.8%        | -0.5%                | +4.7%        | +11.5%        | +12.7%        | +40.2%        | +61.0%        |
| Apr 2020        | +12.7%        | +4.5%                | +12.3%       | +12.3%        | +43.6%        | +41.9%        | +43.2%        |
| Nov 2020        | +10.8%        | +3.7%                | +5.2%        | +16.1%        | +26.1%        | +12.7%        | +26.1%        |
| Apr 2026        | +10.4%        | —                    | —            | —             | —             | —             | —             |
| <b>AVERAGE</b>  | <b>+11.6%</b> | <b>+0.8%</b>         | <b>+4.8%</b> | <b>+11.8%</b> | <b>+16.4%</b> | <b>+25.0%</b> | <b>+35.7%</b> |
| <b>HIT RATE</b> | n=14          | 7/13 (54%)           | 10/13 (77%)  | 11/13 (85%)   | 11/13 (85%)   | 11/13 (85%)   | 12/13 (92%)   |

Source: 3Fourteen Research. Calendar-month returns calculated on the S&P 500 Index (price return) using month-end values. Forward returns measured from the end of the qualifying month. April 2026 forward returns are not yet observable. Past performance is not indicative of future results. Chart for illustrative purposes only.



Second, the market experienced **one of the strongest three-week rallies in its history**, climbing nearly 12% from the end of March through mid-April. Historically, advances of similar magnitude have rarely occurred near major market peaks (data from Charlie Bilello):

### S&P 500 Index: Biggest 3-Week % Gains (January 1950 - April 2026)

| 20 Biggest Rallies                         |           |            |           |         |               | S&P 500 Forward Total Returns |            |            |            |            |            |             |
|--------------------------------------------|-----------|------------|-----------|---------|---------------|-------------------------------|------------|------------|------------|------------|------------|-------------|
| Rank                                       | Start     | End        | Start S&P | End S&P | 3-Week Return | 3-Month                       | 6-Month    | 1-Year     | 2-Year     | 3-Year     | 4-Year     | 5-Year      |
| 1                                          | 3/20/2020 | 4/10/2020  | 2,305     | 2,790   | 21.0%         | 15%                           | 26%        | 50%        | 66%        | 55%        | 97%        | 104%        |
| 2                                          | 3/6/2009  | 3/27/2009  | 683       | 816     | 19.4%         | 13%                           | 29%        | 46%        | 68%        | 84%        | 109%       | 152%        |
| 3                                          | 8/13/1982 | 9/3/1982   | 104       | 123     | 18.1%         | 14%                           | 27%        | 39%        | 46%        | 70%        | 134%       | 210%        |
| 4                                          | 4/3/2020  | 4/24/2020  | 2,489     | 2,837   | 14.0%         | 14%                           | 23%        | 50%        | 55%        | 53%        | 90%        | 109%        |
| 5                                          | 10/1/1982 | 10/22/1982 | 122       | 139     | 13.8%         | 5%                            | 18%        | 24%        | 29%        | 50%        | 95%        | 112%        |
| 6                                          | 3/27/1982 | 4/17/2020  | 2,541     | 2,875   | 13.1%         | 13%                           | 22%        | 48%        | 58%        | 51%        | 86%        | 98%         |
| 7                                          | 9/21/2001 | 10/12/2001 | 966       | 1,092   | 13.0%         | 5%                            | 2%         | -22%       | -2%        | 8%         | 16%        | 36%         |
| 8                                          | 8/6/1982  | 8/27/1982  | 104       | 117     | 12.9%         | 16%                           | 30%        | 43%        | 52%        | 78%        | 148%       | 236%        |
| 9                                          | 12/4/1987 | 12/25/1987 | 224       | 252     | 12.5%         | 3%                            | 11%        | 14%        | 48%        | 45%        | 82%        | 107%        |
| 10                                         | 10/4/1974 | 10/25/1974 | 62        | 70      | 12.5%         | 5%                            | 26%        | 33%        | 53%        | 44%        | 59%        | 69%         |
| 11                                         | 7/10/2009 | 7/31/2009  | 879       | 987     | 12.3%         | 5%                            | 10%        | 14%        | 36%        | 49%        | 86%        | 117%        |
| 12                                         | 10/4/2002 | 10/25/2002 | 801       | 898     | 12.1%         | -4%                           | 1%         | 17%        | 26%        | 41%        | 66%        | 85%         |
| 13                                         | 3/27/2026 | 4/17/2026  | 6,369     | 7,126   | 11.9%         |                               |            |            |            |            |            |             |
| 14                                         | 1/24/1975 | 2/14/1975  | 73        | 82      | 11.7%         | 14%                           | 7%         | 27%        | 32%        | 21%        | 39%        | 70%         |
| 15                                         | 10/9/1998 | 10/30/1998 | 984       | 1,099   | 11.6%         | 17%                           | 22%        | 26%        | 30%        | 0%         | -15%       | 2%          |
| 16                                         | 5/15/2020 | 6/5/2020   | 2,864     | 3,194   | 11.5%         | 8%                            | 17%        | 35%        | 33%        | 40%        | 78%        | 101%        |
| 17                                         | 3/20/2009 | 4/10/2009  | 769       | 857     | 11.5%         | 3%                            | 26%        | 42%        | 62%        | 69%        | 102%       | 138%        |
| 18                                         | 3/13/2009 | 4/3/2009   | 757       | 842     | 11.4%         | 7%                            | 23%        | 43%        | 65%        | 79%        | 101%       | 149%        |
| 19                                         | 9/27/1974 | 10/18/1974 | 65        | 72      | 11.3%         | -1%                           | 21%        | 27%        | 50%        | 43%        | 60%        | 70%         |
| 20                                         | 10/7/2011 | 10/28/2011 | 1,155     | 1,285   | 11.2%         | 3%                            | 10%        | 12%        | 43%        | 65%        | 77%        | 84%         |
| <b>Historical Average (Top 20 Rallies)</b> |           |            |           |         |               | <b>8%</b>                     | <b>19%</b> | <b>30%</b> | <b>43%</b> | <b>50%</b> | <b>79%</b> | <b>108%</b> |
| <b>Average: All Other Periods</b>          |           |            |           |         |               | <b>3%</b>                     | <b>6%</b>  | <b>12%</b> | <b>26%</b> | <b>40%</b> | <b>56%</b> | <b>75%</b>  |
| <b>Differential</b>                        |           |            |           |         |               | <b>5%</b>                     | <b>13%</b> | <b>18%</b> | <b>19%</b> | <b>10%</b> | <b>23%</b> | <b>33%</b>  |

Note: Friday to Friday weekly windows. Start/End S&P = closing prices using closest trading day on or before each Friday. Forward returns shown as total returns (price + dividends). Pre-1988 returns approximated using price return + 3.5% annualized dividend yield. Source: S&P 500 Index closing prices since January 1950.



Please see important disclosures at the end of this article

Lastly, the rally pushed the market to **a year-to-date gain of more than 5% through April**. Historically, strong starts to the year have not only led to solid returns over the remaining months but have also seen better-than-average returns during the often feared “Sell in May” period spanning May through October (data for next two charts from Carson):

### A Good Start To The Year = Happy Bulls

S&P 500 Performance After >5% YTD Through April (Last 25 Instances)

| Year               | YTD End Of April | May Return | Sell In May (April - Oct) | Rest of Year |
|--------------------|------------------|------------|---------------------------|--------------|
| 1972               | 5.5%             | 1.7%       | 3.6%                      | 9.6%         |
| 1975               | 27.3%            | 4.4%       | 2.0%                      | 3.3%         |
| 1976               | 12.7%            | -1.4%      | 1.2%                      | 5.7%         |
| 1979               | 5.9%             | -2.6%      | 0.1%                      | 6.1%         |
| 1983               | 16.9%            | -1.2%      | -0.5%                     | 0.3%         |
| 1985               | 7.5%             | 5.4%       | 5.6%                      | 17.5%        |
| 1986               | 11.5%            | 5.0%       | 3.6%                      | 2.8%         |
| 1987               | 19.1%            | 0.6%       | -12.7%                    | -14.3%       |
| 1988               | 5.8%             | 0.3%       | 6.8%                      | 6.3%         |
| 1989               | 11.5%            | 3.5%       | 9.9%                      | 14.1%        |
| 1991               | 13.7%            | 3.9%       | 4.6%                      | 11.1%        |
| 1995               | 12.1%            | 3.6%       | 13.0%                     | 19.7%        |
| 1996               | 6.2%             | 2.3%       | 7.8%                      | 13.2%        |
| 1997               | 8.2%             | 5.9%       | 14.1%                     | 21.1%        |
| 1998               | 14.6%            | -1.9%      | -1.2%                     | 10.6%        |
| 1999               | 8.6%             | -2.5%      | 2.1%                      | 10.0%        |
| 2010               | 6.4%             | -8.2%      | -0.3%                     | 6.0%         |
| 2011               | 8.4%             | -1.4%      | -8.1%                     | -7.8%        |
| 2012               | 11.2%            | -6.3%      | 1.0%                      | 2.0%         |
| 2013               | 12.0%            | 2.1%       | 10.0%                     | 15.7%        |
| 2017               | 6.5%             | 1.2%       | 8.0%                      | 12.1%        |
| 2019               | 17.5%            | -6.6%      | 3.1%                      | 9.7%         |
| 2021               | 11.3%            | 0.5%       | 10.1%                     | 14.0%        |
| 2023               | 8.6%             | 0.2%       | 0.6%                      | 14.4%        |
| 2024               | 5.6%             | 4.8%       | 13.3%                     | 16.8%        |
| 2026               | 5.3%             | ?          | ?                         | ?            |
| Average            |                  | 0.5%       | 3.9%                      | 8.8%         |
| Median             |                  | 0.6%       | 3.6%                      | 10.0%        |
| % Higher           |                  | 64.0%      | 80.0%                     | 92.0%        |
| Average Since 1950 |                  |            |                           |              |
| Average            |                  | 0.4%       | 2.1%                      | 5.6%         |
| Median             |                  | 1.1%       | 2.7%                      | 6.2%         |
| % Higher           |                  | 61.8%      | 65.8%                     | 71.1%        |

Source: 3Fourteen Research, S&P 500 price-return data. "YTD End of April" = return from prior Dec close to April close. "May Return" = April close to May close. "Sell in May" = April close to October close. "Rest of Year" = April close to December close. May 2026 forward returns not yet observable. Past performance is not indicative of future results.



This also serves as a good reminder that **the widely followed “Sell in May” strategy has not been particularly effective in recent years:**

### Stocks Don't Always Sell in May, Especially Lately

S&P 500 Index Returns Past 10 Years (May - October)

| Year     | Sell In May Return |
|----------|--------------------|
| 2016     | 2.9%               |
| 2017     | 8.0%               |
| 2018     | 2.4%               |
| 2019     | 3.1%               |
| 2020     | 12.3%              |
| 2021     | 10.1%              |
| 2022     | -6.3%              |
| 2023     | 0.6%               |
| 2024     | 13.3%              |
| 2025     | 22.8%              |
| Average  | 6.9%               |
| % Higher | 90.0%              |

Source: Computed from S&P 500 daily price data. Latest: 2026-05-08.  
 Sell in May = S&P 500 price return from end of April to end of October.  
 Past performance is not indicative of future results.



That should not come as much of a surprise. Market anomalies that become widely known often lose their effectiveness over time.

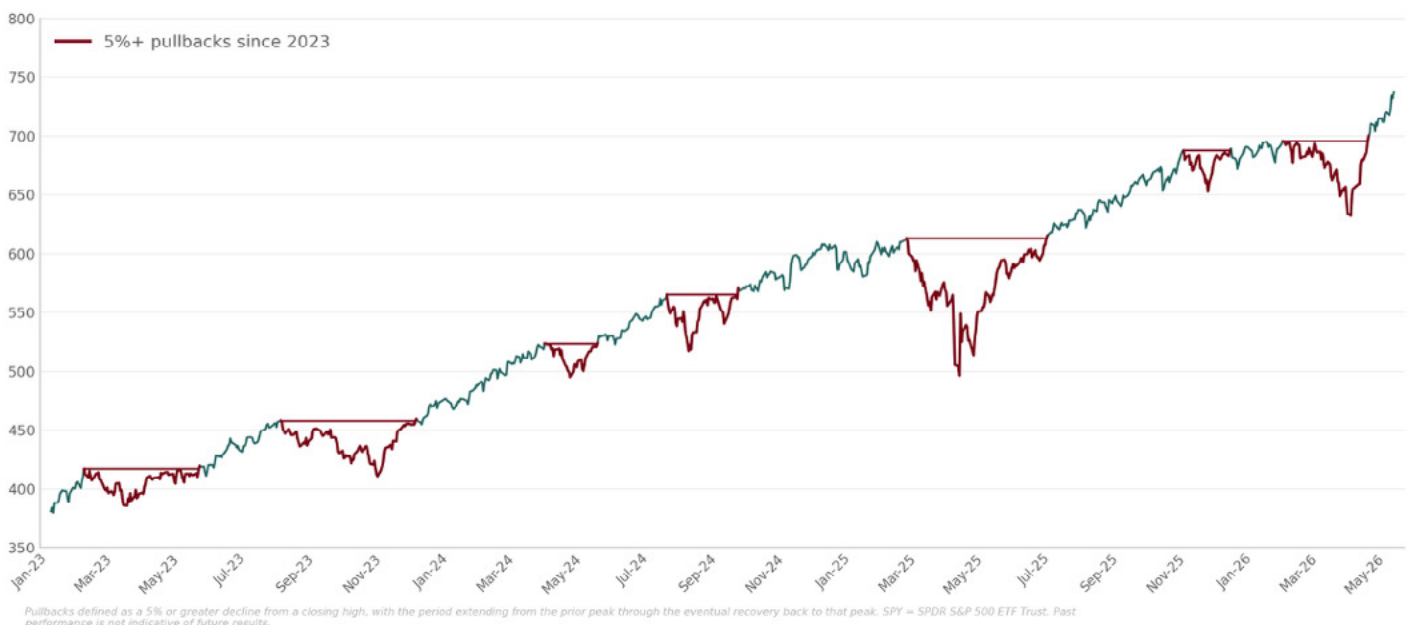
## THE OUTLOOK REMAINS CONSTRUCTIVE, **EVEN IF THE ROAD AHEAD INCLUDES PERIODIC PULLBACKS**

The combination of positive earnings growth, improving corporate margins, and significant capital spending tied to artificial intelligence continues to provide meaningful tailwinds for equities. Importantly, many of those tailwinds have been in place for several years.

Over that same period, markets have navigated a wide range of risks, including major bank failures, tariffs, and now a sharp rise in oil prices. At various points, each appeared capable of derailing the bull market, yet the broader uptrend remained intact.

It is important to emphasize that this has not been an easy advance to stay invested through. Since the start of 2023, the S&P 500 has experienced seven separate pullbacks of at least 5%, including one decline that approached 20% (data from Bespoke):

### S&P 500 (SPY): Since 2023



It serves as an important reminder that market declines are a normal part of investing, even during strong market advances like the one experienced over the past three years.

In summary, despite higher oil prices and lingering geopolitical tensions, the broader market backdrop remains supported by strong corporate earnings, resilient profit

margins, and continued investment spending. History suggests that powerful rallies, strong starts to the year, and new all-time highs have more often been characteristic of durable bull markets than major market tops. That does not mean the path forward will be smooth, as periodic pullbacks remain a normal part of investing. But so far, the market has continued to demonstrate an ability to absorb negative headlines while responding positively to strong underlying fundamentals.

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