Amadeus Wealth Alternatives
Your Compass to Alternative Investments

# WEEKLY ECONOMIC UPDATE MAY 4, 2026

Stocks advanced last week as investors moved past stalled progress in Middle East peace talks and refocused on corporate earnings.

The Standard & Poor's 500 Index rose 0.91 percent, while the Nasdaq Composite Index climbed 1.12 percent. The Dow Jones Industrial Average moved up 0.55 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, added 0.58 percent.[1,2]

## April: Best Month in Five Years for S&P, Nasdaq

Markets were under pressure early in the week as investors focused on stalled peace talks and rising oil prices.[3]

But midweek, momentum shifted. First, the Fed announced it was holding interest rates steady, as expected, but there was some dissent over the decision. Then investors' attention focused on Wednesday's closing bell, when several big-name companies reported Q1 results.[4]

Investors mostly liked what they heard, and stock prices rose, ending April on a high note. The Dow led the broad market rally while the S&P 500 and Nasdaq each logged their best monthly performances in 5 years.[5] Stocks rose again on Friday as oil prices fell. Investors applauded Q1 results from another high-profile megacap tech company, which helped the S&P notch another all-time intraday high.[6]

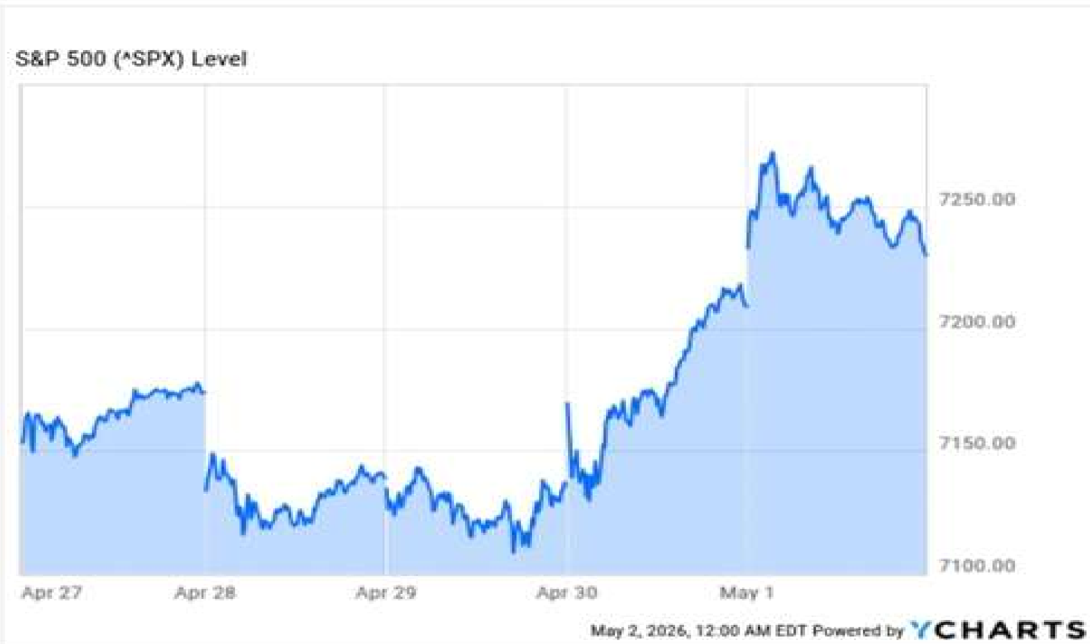
YCHARTS

# Weekly Market Insights (WMI)

## Major Index Return Summary

| Name | 1M TR | YTD TR | 1Y TR | 5Yr TR |
|---|---|---|---|---|
| Nasdaq Composite | 19.73% | 7.29% | 43.57% | 84.96% |
| S&P 500 | 13.72% | 5.70% | 31.05% | 85.39% |
| Dow Jones Industrial Average | 9.90% | 3.81% | 24.17% | 61.30% |
| MSCI EAFE | 8.02% | 6.36% | 25.22% | 56.55% |

## S&P 500 Daily Close




## 10-Year Note Review

| Indicator Name<br>Date | Latest Value | 1M Ago<br>3M Ago<br>1Y Ago | 1M Change<br>3M Change<br>1Y Change |
|---|---|---|---|
| 10 Year Treasury Rate<br>05/01/26 | 4.39% | 4.33%<br>4.29%<br>4.25% | 1.39% ▲<br>2.33% ▲<br>3.29% ▲ |

**Fed News**

The Federal Reserve voted 8-4 to keep interest rates steady at the April meeting, leaving the Federal Funds Rate at a 3.5 to 3.75 percent target range. Market observers were quick to point out that the 8-4 decision was the Federal Open Market Committee's most divided vote since 1992.[7]

At the last FOMC press conference of his eight-year tenure, Fed Chair Powell announced he would stay on as a Fed governor after his term as Chair expires on May 15. Earlier that day, the Senate Banking Committee confirmed Kevin Warsh as the next Fed Chair, setting up a final confirmation vote in the Senate.[7]

**This Week: Key Economic Data**

**Monday:** New York Fed President John Williams speaks.

**Tuesday:** Trade Balance. Job Openings. New Home Sales (Feb* + March). ISM Services. Federal Reserve speeches: Michelle Bowman, Michael Barr.

**Wednesday:** ADP Employment Report. Chicago Fed President Austan Goolsbee speaks.

**Thursday:** Weekly Jobless Claims. Productivity. Construction Spending (Feb* + March). Consumer Credit. Federal Reserve speeches: Neel Kashkari, John Williams.

**Friday:** Fed governor Lisa Cook speaks. U.S. Employment Report. Wholesale Inventories. Consumer Sentiment. Fed panel: Chicago Fed President Austan Goolsbee, San Francisco Fed President Mary Daly, Fed governors Michelle Bowman and Christopher Waller.

## Quote of the Week

*"Impartiality is a pompous name for indifference, which is an elegant name for ignorance."*

**– Gilbert Keith Chesterton (1874-1936)**

## Of Note

When Henry Paulson steps back into the public conversation after years of relative silence, it's not random timing. This is someone who sat at the center of the 2008 financial crisis and understands how quickly confidence can evaporate once stress begins to build in core markets.

Paulson also appears to be one of about…oh, I don't know…six people in the entire nation who know that $39 trillion in debt is an unsustainable level for the country.

His recent interview with Bloomberg that is being passed around by traders should be read less as random innocuous commentary and more as a timing signal.

In his interview, Paulson is explicitly warning that the scale of U.S. borrowing is now testing confidence in the Treasury market itself. With federal debt approaching $39 trillion, he points to the risk that the long-standing assumption of endless demand for U.S. government debt may no longer hold.

As he put it, “That’s a dangerous thing,” describing a scenario where foreign demand declines and Treasury prices fall. That is not a small shift in tone. The entire global financial system is built on the idea that Treasuries are the ultimate safe asset, and once that perception begins to weaken, the consequences cascade quickly.

What stands out even more is what he says next about how such a situation would resolve: “Should enough investors back out… the Federal Reserve would step in as a buyer of last resort.”

And as we all know, a “buyer of last resort” is simply another way of describing a return to large-scale intervention by the Federal Reserve. Whether policymakers call it stabilization, liquidity support, or something else, the mechanism is the same: the central bank absorbs supply when the market no longer can. In other words, quantitative easing returns.

That leaves two realistic interpretations of why Paulson is speaking now.

1. Either he sees early signs of stress already forming beneath the surface of the Treasury market—declining foreign participation, weakening liquidity, or rising yields that are no longer being absorbed smoothly.
2. Or he is helping prepare the narrative for the policy response that will follow when those stresses become undeniable. Those two possibilities are not mutually exclusive. In fact, they often occur together.

His comments about needing an emergency response framework make that even clearer. He said, “We need an emergency breakthe-glass plan… ready to go when we hit the wall," and followed it with "It will be vicious."

Notice he said when we hit the wall, not if.

That is not the language of a former official casually discussing long-term fiscal challenges. It is the language of someone who expects a disorderly adjustment and understands how quickly conditions can spiral once confidence breaks.

Markets already assume that after the next deleveraging cycle, central banks will return to QE. That part is widely understood. What is not fully appreciated is the implication if the stress originates inside the Treasury market itself. Treasuries are not just another asset class. They underpin global collateral systems, anchor borrowing costs across the economy, and support the U.S. dollar reserve currency status. If confidence in that market begins to erode, the feedback loop is far more severe than a typical recessionary downturn.

In that scenario, the Federal Reserve stepping in as the marginal buyer would not simply stabilize markets. It would fundamentally alter how capital allocates globally. Real yields could compress rapidly, confidence in fiat stability could weaken, and capital could rotate into hard assets at a pace that exceeds even aggressive expectations. The move would not just be cyclical, it would be structural.

The second-order risk is even more significant. If foreign demand for Treasuries fades and the U.S. increasingly relies on its own central bank to finance deficits, the signal to the rest of the world is unmistakable. That is how pressure begins to build on a reserve currency. An FX adjustment tied to the dollar is not the base case today, but neither was a systemic breakdown in mortgage markets prior to 2008. These transitions always look implausible until they are suddenly obvious.

The key point is that Paulson is not someone who reappears without purpose. He understands the plumbing of the system and the fragility that sits beneath it when leverage is high and confidence is stretched. His warning that “We have to prepare for that eventuality” should not be dismissed as generic caution. It suggests that the risks are no longer theoretical.

There is more in his comments than a simple observation about rising debt levels. Either he sees stress forming already, or he is preparing markets for the policy response that will follow when that stress becomes visible. In both cases, the implication is the same: something larger is developing beneath the surface of the Treasury market, and when it breaks into the open, the consequences will extend far beyond bonds.[8]

## Footnotes And Sources

1. WSJ.com, May 1, 2026
2. Investing.com, May 1, 2026
3. CNBC.com, April 28, 2026
4. WSJ.com, April 29, 2026
5. CNBC.com, April 30, 2026
6. CNBC.com, May 1, 2026
7. WSJ.com, April 29, 2026
8. zerohedge.com/markets/vicious-treasury-market-emergency-our-doorstep

and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

U.S. Treasury Notes are guaranteed by the federal government as to the timely payment of principal and interest. However, if you sell a Treasury Note prior to maturity, it may be worth more or less than the original price paid. Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications and other factors.

International investments carry additional risks, which include differences in financial reporting standards, currency exchange rates, political risks unique to a specific country, foreign taxes and regulations, and the potential for illiquid markets. These factors may result in greater share price volatility.

Please consult your financial professional for additional information.