Monthly Market Metrics and Trends: Equities and Options, May 2026

Analyzing Volatility, Market Performance, and Equity and Options Volumes

Theme for the Month: Small Cap Outperformance

Published: June 2026

Market Theme

- The Russell 2000—an index representing small cap stocks in the US—is up +18.3% year to date, outperforming the S&P 500 and diverging from the trend of large cap dominance that has characterized recent years.
- We explore historical peaks in market concentration in the large cap S&P 500 and examine whether small stocks typically outperform periods of large cap concentration.

Market Metrics

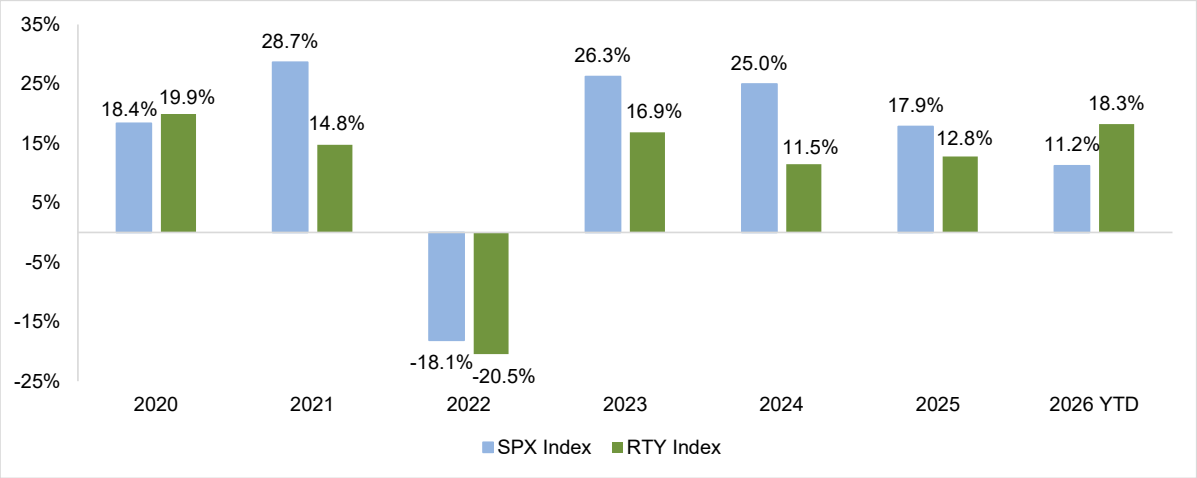
- S&P 500 (Price Index): March close 7,580.06, +5.1% M/M, +10.7% YTD, +28.2% Y/Y
- S&P 500 Sector Total Return Performance:
  - Best = Tech +16.0% M/M / Energy +26.0% YTD / Tech +56.0% Y/Y
  - Worst = Energy -5.6% M/M / Financials -5.4% YTD / Financials +2.7% Y/Y
- Volatility Index (VIX): Monthly average 17.3%; -2.5 pp M/M, -3.2 pp Y/Y
- Equity Average Daily Volume (ADV): Monthly average 19.4 billion shares; +8.9% M/M, +10.3% Y/Y
- Options ADV: Monthly average 70.8 million contracts; +6.5% M/M, +30.4% Y/Y

Market Theme

Small Cap Outperformance

Over the past five years, the large cap-focused S&P 500 (SPX) Index consistently has outperformed the small cap-focused Russell 2000 (RTY) Index. Year to date, the opposite has been true. As of May 29th, the RTY Index is up 18.3% YTD, outperforming the SPX Index, which is up only 11.2%. On an annual calendar basis, 2026 is the first time in five years that the RTY Index has beaten the SPX Index. We explore whether this reversal and period of small stock outperformance is a pattern that typically follows periods of high index weight concentration in large cap stocks.

Chart 1: S&P 500 and Russell 2000 Performance, Annual Total Returns



Source: Bloomberg L.P., SIFMA estimates

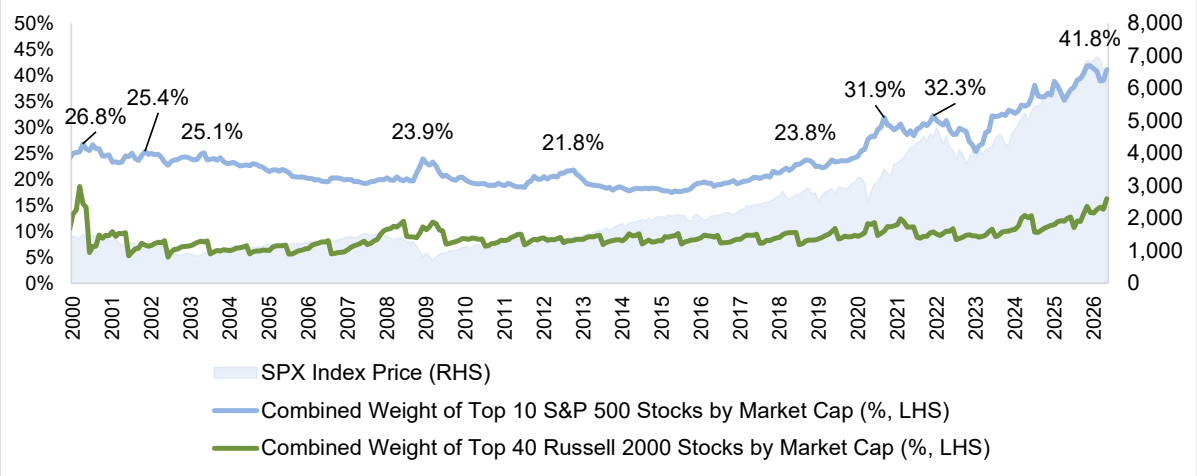
In 2025, a small number of very large stocks dominated the market cap-weighted S&P 500. By December 2025, the ten largest stocks by market cap comprised 41.8% of the total index weight—a historically high concentration. This number may even be primed to go up: In April 2026, S&P Dow Jones Indices announced[1] that they are considering changing the S&P 500's inclusion criteria for companies they refer to as "MegaCaps," specifically in anticipation of major IPOs later this year (SpaceX in June and potentially OpenAI and Anthropic later in the year). The proposed criteria changes include halving the waiting period between IPO and index addition, as well as making exceptions to the existing tradeable shares minimum and profitability requirements. The anticipated IPOs of these "MegaCaps" and their potential fast-track for inclusion in the index mean index concentration could soon increase even further.[2] If these proposed changes are adopted, they will be implemented in early June 2026.

Below, we analyze previous peaks in S&P 500 market cap concentration to determine the impact, if any, on small cap outperformance.

[1] https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20260430-1483123/1483123_spdji-us-indices-megacaps-consult-20260430.pdf

[2] Due to the index's use of float-adjusted market cap to determine member weights, the amount that concentration could increase will depend on the proportion of the companies' shares that will be made available to the public at the time of IPO.

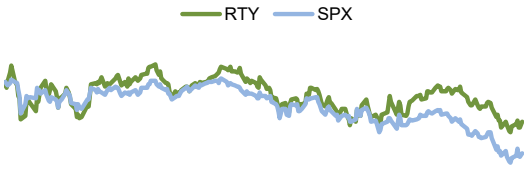
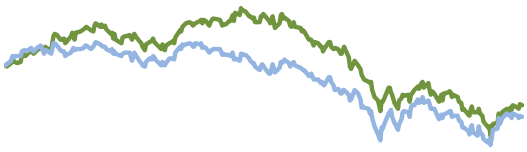
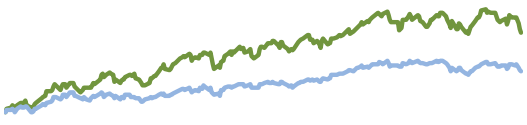
Chart 2: Combined Weight of the Top 2% of Indices' Stocks by Market Cap (%)

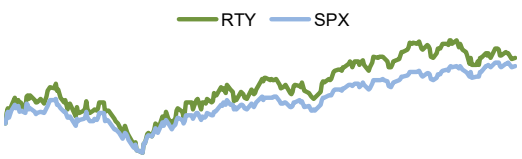
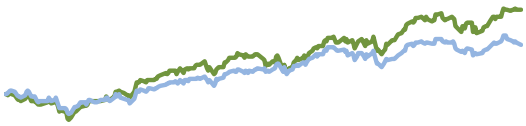
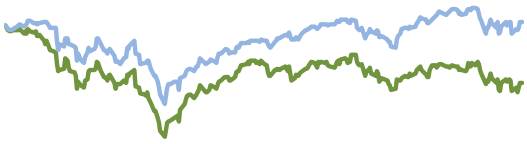
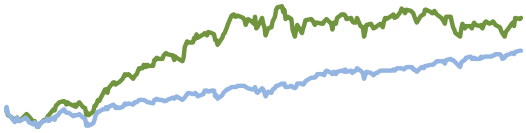
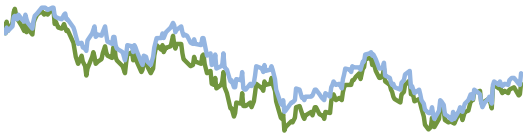
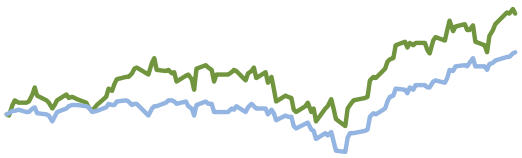


Source: Bloomberg L.P., SIFMA estimates

Since January 2000, we observe nine peaks in S&P 500 Index concentration, defining a peak as a local maximum over a 12-month trailing and forward period. (While we acknowledge the look-ahead bias that this definition entails, it's impossible to determine a local maximum without the benefit of hindsight unless we have repeated peaks in an upward-trending market.) Does our hypothesis that small stock outperformance follows peaks in large cap concentration hold when applied to these periods? We examine the relative performance of the S&P 500 and Russell 2000 indices in the one-year period following each of these peaks.

Table 1: Russell 2000 Total Return Performance Relative to the S&P 500 in the One-Year Period Following Peaks in S&P 500 Weight Concentration

Peak in Weight Concentration	Context	One-Year Period Following Peak/Trough	RTY Index Outperformance
April 2000	Dot-Com era, massive investment in technology and telecom giants		10.4 pps
November 2001	Post 9/11 shock, investors flee to strong balance sheets		4.1 pps
May 2003	Dot-Com recession wind down, non-tech companies outperform		19.0 pps

Peak in Weight Concentration	Context	One-Year Period Following Peak/Trough	RTY Index Outperformance
December 2008	Global recession, investors flee to strong balance sheets		3.5 pps
October 2012	Record AAPL valuation, investors flee to quality following Eurozone debt fears		10.6 pps
September 2018	Healthy economy, low unemployment		-15.6 pps
September 2020	0% rates, COVID, investors flee to tech companies with solid balance sheets less affected by pandemic		15.3 pps
December 2021	Post pandemic global reopening, low rates and tech dominance continue		-2.8 pps
December 2025	AI Boom, massive capex spending among tech giants		7.2 pps

Number of RTY Index Outperformance Periods	**6**
Average RTY Index Total Return Outperformance	**10.5 pps**
Median RTY Index Total Return Outperformance	**10.5 pps**
Number of RTY Index Underperformance Periods	**2**
Average RTY Index Total Return Underperformance	**-9.2 pps**
Median RTY Index Total Return Underperformance	**-9.2 pps**

Source: Bloomberg L.P., SIFMA estimates

Notes: We analyze peaks in S&P 500 index concentration over the period January 2000 to May 2026. Index concentration data are monthly, calculated on the first day of each month. Results could vary if index concentration is calculated on a different day or if monthly averages are used. The 7.2 pps RTY outperformance following the December 2025 peak is calculated through May 29, 2026, even though the one-year period does not conclude until November 30, 2026. Therefore, this period is not counted as an outperformance period and is not included in average and median figures.

In the eight one-year periods following these peaks in SPX Index weight concentration, the RTY Index outperformed in six periods by an average (and median) of 10.5 pps. In the two periods where peak S&P 500 concentration was not followed by small cap outperformance, the Russell 2000 underperformed the S&P 500 by an average (and median) of -9.2 pps. There were three periods in which both indices finished down; the RTY Index outperformed in two of three. There were four periods in which both indices finished up; the RTY outperformed in all four. There was one period in which the RTY Index finished down, and the SPX Index finished up.

In aggregate, over all eight peaks in S&P 500 concentration (prior to the last peak in December 2025), the average and median outperformance of the RTY relative to the SPX is 5.6 pps and 7.3 pps, respectively. So while the outperformance of small cap stocks following a peak in large cap market concentration appears to hold, the question remains: why? Prior research[3] indicates that periods of extreme large cap concentration often coincide with inflection points in relative small cap performance, particularly coming off extended stretches of underperformance. But small caps tend to outperform under other conditions, too. Periods of lower relative forward P/E ratios in small caps have often led to small-cap outperformance. In addition, small caps are typically more sensitive to economic cycles and have tended to benefit disproportionately more during economic recoveries where anticipated interest rate cuts advantage small cap companies given their greater reliance on floating-rate and short-maturity debt. Deregulation and shifts toward domestic supply chains have also shown to positively affect small cap stocks. An examination of these additional factors is beyond the scope of this analysis and we caveat our findings by noting that this time may indeed be different: we are not in a period of economic recovery nor are interest rate cuts currently on the horizon. However, based on our historical findings for relative performance following peak market concentration in the S&P 500, the current outperformance of the Russell 2000 relative to the S&P 500 may continue for the balance of the year.

[3] Includes research from Franklin Templeton, BNY Investments, and CFA Institute.

Market Metrics

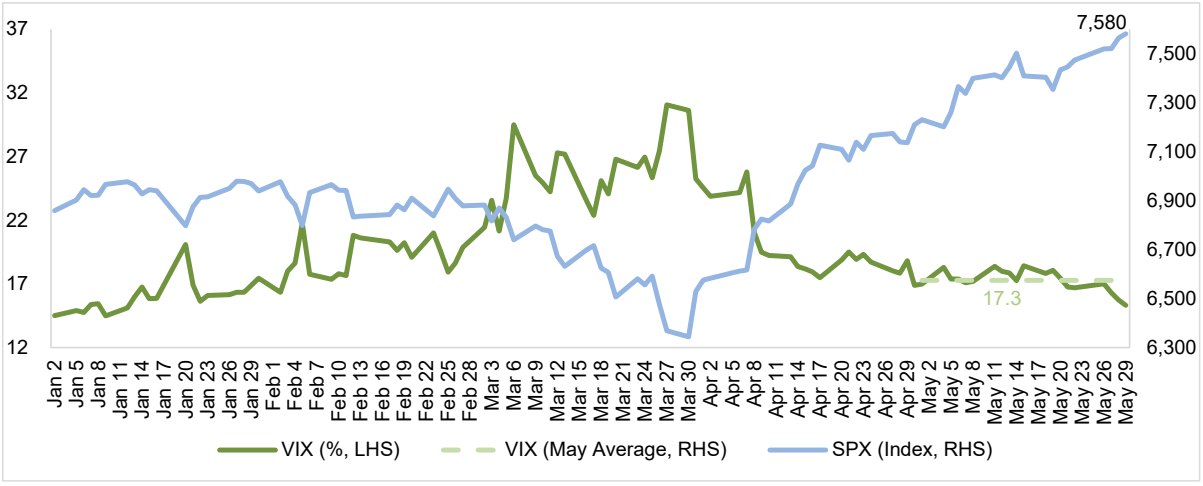
S&P 500 and Volatility Index (VIX)

Table 2: S&P 500 Index Price and Volatility Index (VIX, %), May 2026

	Value	M/M Change	YTD Change	Y/Y Change	Monthly Peak	Monthly Trough
S&P 500 (Close Price)	7,580.06	+5.1%	+10.7%	+28.2%	7,580.06	7,200.75
VIX (Monthly Average)	17.3%	-2.5 pp	-	-3.2 pp	18.4%	15.3%

Source: Bloomberg L.P., SIFMA estimates
Note: Figures shown for the S&P 500 are price changes; total returns on a M/M, YTD, and Y/Y basis are +5.3%, +11.2% and +29.7% respectively. Total returns assume dividends are reinvested into the index.

Chart 3: S&P 500 Index Price and Volatility Index (VIX, %), Year to Date 2026



Source: Bloomberg L.P., SIFMA estimates

S&P 500 Index: Sector Breakout

Looking at market performance by sector, we highlight the following:

- Best-performing sectors:
  - Month = Information Technology at +16.0% followed by Consumer Discretionary at +2.6%
  - YTD = Energy at +26.0% followed by Information Technology at +23.8%
  - Y/Y = Information Technology at +56.0% followed by Energy at +42.5%
- Worst performing sectors:
  - Month = Energy at -5.6% followed by Utilities at -5.1%
  - YTD = Financials at -5.4% followed by Health Care at -3.0%
  - Y/Y = Financials at +2.7% followed by Consumer Staples at +3.0%

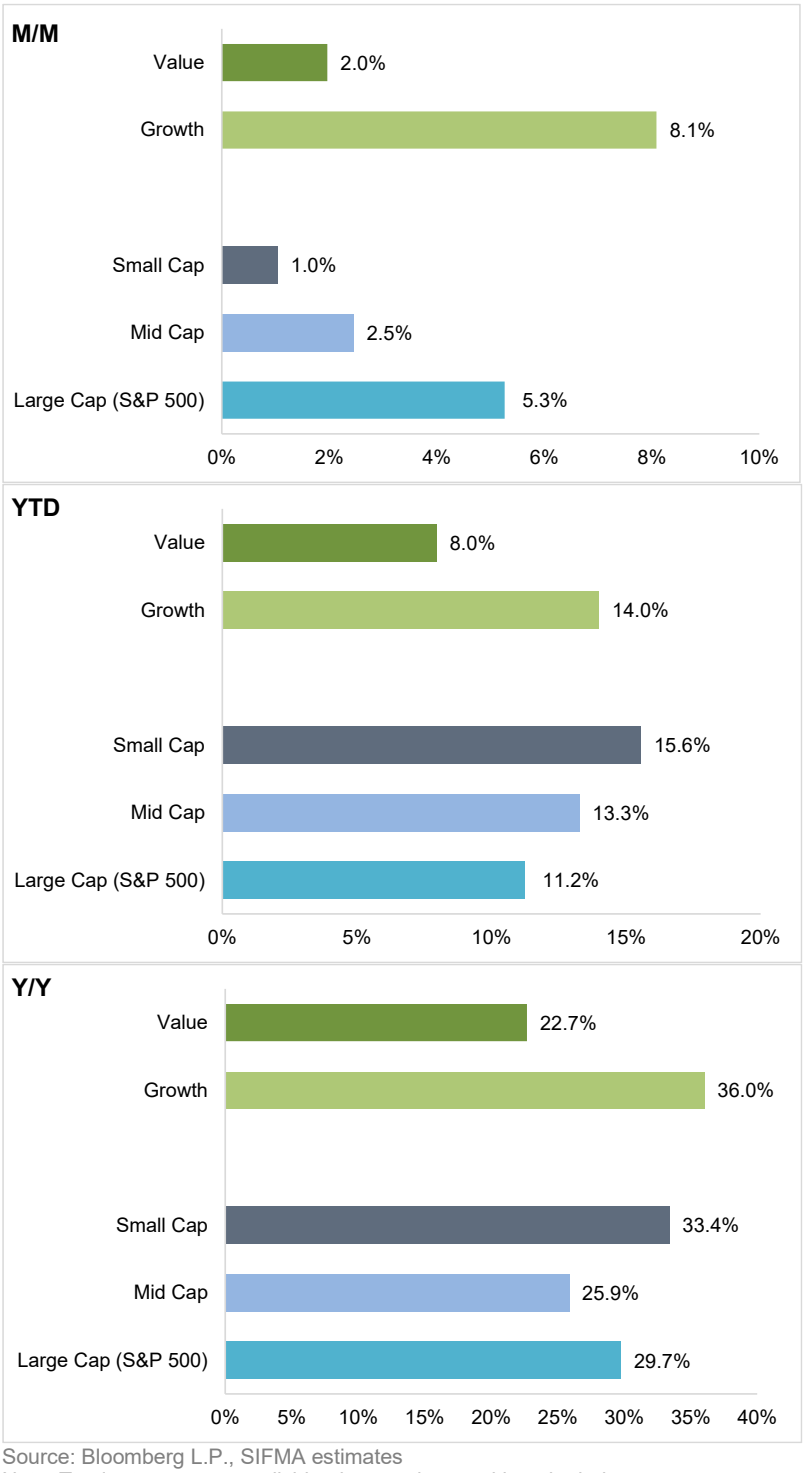
Table 3: S&P 500 Sector Indices – May 2026 Total Returns

Sector (Weight)	Total Return (%) M/M	YTD	Y/Y
SPX	**5.3**	**11.2**	**29.7**
Information Technology (38.5%)	16.0	23.8	56.0
Financials (11.3%)	-1.1	-5.4	2.7
Communication Services (10.4%)	-0.9	9.3	40.9
Consumer Discretionary (9.7%)	2.6	4.1	17.4
Health Care (8.3%)	2.5	-3.0	14.8
Industrials (8.3%)	-0.8	12.0	22.7
Consumer Staples (4.5%)	-3.2	7.5	3.0
Energy (3.1%)	-5.6	26.0	42.5
Utilities (2.1%)	-5.1	4.8	11.5
Materials (1.8%)	-0.7	11.9	19.4
Real Estate (1.8%)	-1.0	10.6	10.4

Source: Bloomberg L.P., SIFMA estimates
Note: Sectors are ordered by their respective weights in the SPX Index at the end of the month, which are indicated in parenthesis. Total returns assume dividends are reinvested into the index.

S&P 500 Index: Strategy Breakout

Chart 4: S&P 500 Total Return Indices by Type, May 2026, M/M, YTD, and Y/Y



Source: Bloomberg L.P., SIFMA estimates
Note: Total returns assume dividends are reinvested into the index.

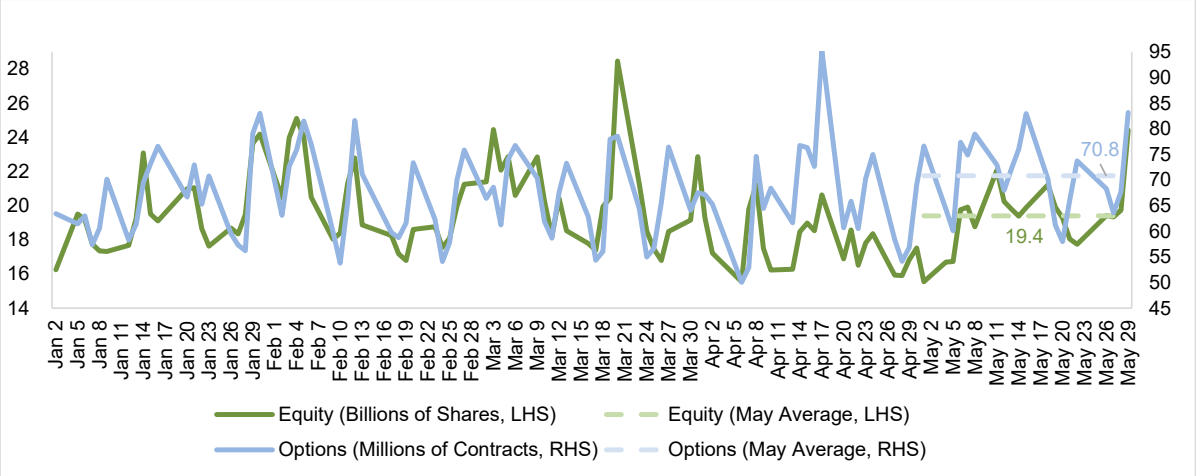
Equity and Options Volumes (ADV)

Table 4: Equities and Options Average Daily Trading Volumes, May 2026

	Monthly Average	M/M Change	Y/Y Change	Monthly Peak	Monthly Trough
Equities ADV (Bil. Shares)	19.4	+8.9%	+10.3%	24.4	15.5
Off-Exchange	48.7%	-0.1 pp	-1.6 pp	-	-
Options ADV (Mil. Contracts)	70.8	+6.5%	+30.4%	83.2	58.0
Equity Options	64.9	+7.6%	+29.9%	-	-
Index Options	5.9	-3.9%	+36.2%	-	-

Source: Cboe Global Markets, SIFMA estimates. Equity trading volumes include ETF trading volumes.

Chart 5: Equities and Options ADV, Year to Date 2026



Source: Cboe Global Markets, SIFMA estimates
Note: Equity and options values reflect average daily volumes across all US equity and options exchanges.

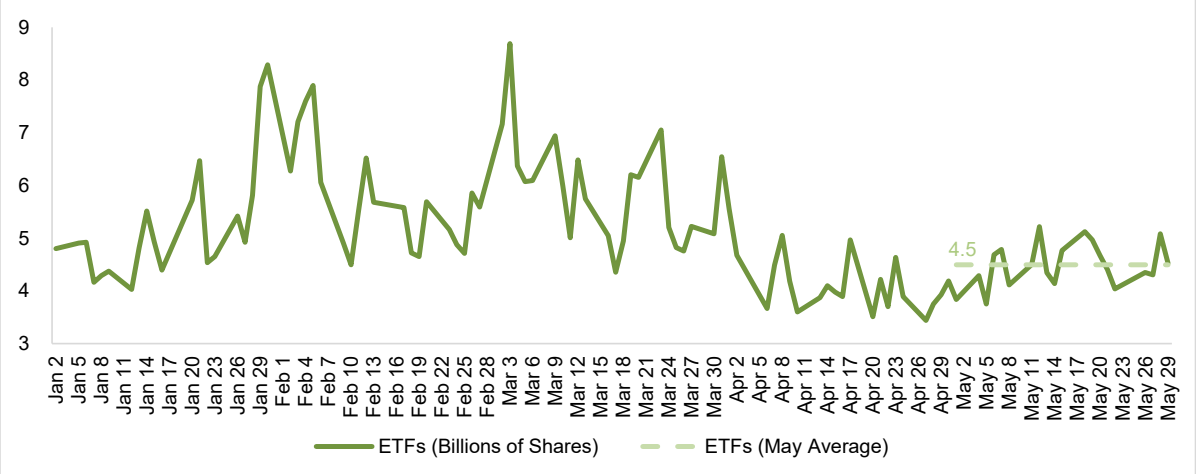
ETF Trading Volumes (ADV)

Table 5: ETF Average Daily Trading Volumes, May 2026

	Monthly Average	M/M Change	Y/Y Change	Monthly Peak	Monthly Trough
ETF Trading (Bil. Shares)	4.5	+8.1%	+40.5%	5.2	3.7
% of Equity Trading	23.2%	-0.2 pp	+5.0 pp	-	-

Source: Cboe Global Markets, SIFMA estimates

Chart 6: ETF Trading ADV (Billions of Shares) – Year to Date 2026



Source: Cboe Global Markets, SIFMA estimates
Note: Equity and options values reflect average daily volumes across all US equity and options exchanges.

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