SRC Wealth Matters

SRC Wealth Management

Monthly Financial Briefing – Edition #5

May 2026

Introduction

Recent weeks have seen continued market volatility as investors respond to a combination of economic data, interest rate expectations, and ongoing geopolitical developments. While periods like this can feel unsettling, particularly for those approaching or living in retirement, they are also a normal part of long-term investing.

This monthly update focuses on keeping perspective during uncertain periods and avoiding the temptation to make short-term decisions based on market headlines.

Key Takeaway

Market volatility can feel uncomfortable, but it is not unusual. Successful long-term investing is rarely about avoiding periods of uncertainty—it is about remaining disciplined through them.

Market Facts – Key Metrics

(Latest available data as at mid-May 2026)
Interest Rates & Inflation

- **Bank of England Base Rate:** 3.50%
- **UK CPI Inflation:** ~2.8%

Equity Markets

- **FTSE 100:** ~9,780
- **S&P 500:** ~6,540

Exchange Rates

- **£1 = €1.17**
- **£1 = $1.35**

Precious Metals (spot prices, USD)

- **Gold:** ~ $4,280 per troy ounce
- **Silver:** ~ $66 per troy ounce

Figures rounded for clarity. Markets move daily and are shown for general context.

Volatility and Investor Behaviour

One of the biggest challenges in investing is not choosing investments—it is managing emotions during periods of uncertainty.

When markets fall sharply or headlines become more concerning, it is natural to feel the urge to "do something". However, history consistently shows that investors who make reactive decisions during volatile periods often damage long-term returns more than the markets themselves.

Volatility is uncomfortable, but it is also normal:

- Markets do not move in straight lines
- Periods of uncertainty occur regularly
- Recoveries often begin before confidence returns

This is why successful long-term investing relies more on discipline and planning than prediction.

Why Timing Markets Is So Difficult

Periods of market decline can create the impression that waiting on the sidelines feels safer. The challenge is that some of the strongest market recovery days often happen very close to the worst declines.

Missing even a small number of those recovery periods can significantly reduce long-term returns.

For retirees, this is particularly important because:

- Portfolios are often designed around long-term income sustainability
- Decisions made during periods of fear can permanently alter outcomes
- Stability comes from structure and planning, not prediction

The role of a financial plan is not to eliminate uncertainty—it is to help navigate through it sensibly.

Interest Rates and Inflation – Signs of Improvement

Inflation has continued to ease gradually, increasing expectations that interest rates may move lower over time.

This is broadly positive news:

- Lower inflation helps protect spending power
- Falling rates can support investment markets
- Borrowing conditions may gradually improve

At the same time, cash savings rates may begin to reduce if interest rates continue to fall, reinforcing the importance of maintaining a balanced approach between cash, income-producing assets, and long-term growth investments.

Geopolitical Developments – Remaining Balanced

Geopolitical tensions remain part of the current backdrop, particularly in relation to the Middle East and broader international relations.

Encouragingly, there continues to be significant diplomatic focus on reducing tensions and seeking more stable outcomes. Markets have generally become more measured in their response compared with earlier periods of uncertainty.

While geopolitical events can create short-term volatility, history shows that well-diversified portfolios have typically remained resilient over longer periods.

Maintaining perspective remains important.

Planning Considerations This Month

Review risk in the context of your goals
Risk should be measured against your long-term objectives and income needs—not against short-term headlines.

Avoid reacting emotionally to volatility
Periods of uncertainty can tempt investors into making changes that feel reassuring in the moment but prove damaging later.

Keep sufficient cash reserves
Holding an appropriate level of accessible cash can help avoid the need to sell investments during weaker market periods.

A Steady Perspective

Periods of uncertainty can often feel unique while we are living through them. In reality, markets have navigated economic cycles, political uncertainty, inflation shocks, and geopolitical events many times before.

A well-structured financial plan is designed with this in mind. Staying disciplined and focused on long-term goals remains one of the most important contributors to successful outcomes.

If You'd Like to Talk

If recent market movements or wider events have raised questions about your investments, income plans, or overall financial strategy, please feel free to get in touch.

A brief conversation can often provide reassurance and clarity during uncertain periods.