

Markets

BofA's Hartnett Says US Stock Gains Have Rarely Been This Strong

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Powerful gains in US equities over recent years have been driven mostly by megacap and technology stocks. The latest impulse from the artificial intelligence capex frenzy has pushed the US market higher in a very narrow rally driven by just a handful of stocks. Now, other areas have started to see stronger gains.

The S&P 500 is set for an annualized 20% gain while bullion is on track for a 30% rally, said the team led by Michael Hartnett. For stocks, such prolonged, “big stuff” advances only played out in World War II, the period of peace that followed a few years after that conflict and in the bubble of 1995-1999, they said.

For Hartnett and his team, small caps, emerging markets and commodities are “all enjoying bullish secular turning points” thanks to resilience in the US economy. Consensus forecasts now predict the American economy to expand by a nominal 5.5% this year, with earnings growth at 20%.