

WEEKLY MARKET COMMENTARY

May 19, 2025

WEEK IN REVIEW

The Consumer Price Index (CPI) for April rose 0.2% month-over-month and 2.3% year-over-year, in line with expectations. Core CPI, which excludes food and energy, also increased 0.2% on the month, signaling persistent underlying inflation pressures despite a broader disinflationary trend. Shelter costs remained a key driver, though their pace of increase has moderated slightly, offering some relief to policymakers.

U.S. retail sales rose just 0.1% in April 2025, slowing sharply from March's 1.7% gain. The boost from pre-tariff vehicle purchases faded, and core retail sales fell 0.2%. Economic uncertainty and stock market volatility led households to cut discretionary spending, despite strong wage growth and a resilient labor market.

Producer Price Index (PPI) data added a deflationary counterpoint. April's PPI unexpectedly declined by 0.5% month-over-month, the sharpest drop since October 2023.

Federal Reserve Chair Jerome Powell, speaking Thursday, acknowledged the recent inflation data as "encouraging," but emphasized that policy must remain vigilant. He cautioned that long-term interest rates may stay elevated due to persistent supply-side shocks and fiscal imbalances. Powell reiterated the Fed's data-dependent stance, signaling no imminent rate cuts while inflation remains above target.

ECONOMIC AND CAPITAL MARKETS DASHBOARD

Broad Market Indices	1-week	1-month	3-month	YTD
Stock Market (Total Return)				
S&P 500	5.33%	13.07%	-2.21%	1.81%
Dow Jones 30	3.50%	7.69%	-3.82%	0.89%
NASDAQ	7.21%	17.89%	-3.87%	-0.26%
Russell 1000 Growth	7.09%	17.57%	-3.44%	0.19%
Russell 1000 Value	3.27%	8.71%	-1.28%	3.77%
Russell 2000	4.51%	13.53%	-6.95%	-4.78%
Wilshire 5000	5.34%	13.47%	-2.67%	1.46%
MSCI EAFE Index	1.74%	9.24%	0.80%	7.21%
MSCI Emerging Market Index	3.09%	8.98%	2.70%	7.19%
VIX	-21.28%	-47.18%	16.72%	-0.63%
FTSE NAREIT All Equity REITs	1.13%	5.46%	0.18%	2.59%
S&P U.S. Aggregate Bond Index	-0.16%	-0.12%	0.90%	1.97%
Interest Rates	5/16/2025	5/9/2025	5/2/2025	4/25/2025
3-month T-bill Yield (%)	4.34	4.32	4.31	4.30
10-year Treasury Yield (%)	4.44	4.38	4.31	4.26
10Y-2Y Treasury Spread (%)	0.45	0.50	0.48	0.50
Commodities				
WTI Crude (\$/bl)	61.68	62.37	59.67	63.85
Gold (\$/Troy Oz)	3,182.95	3,324.55	3,249.70	3,277.30
Bitcoin	103,488.64	103,053.00	96,899.69	94,849.29

Weekly Indicators	5/16/2025	5/9/2025	5/2/2025	4/25/2025
Employment				
Initial Unemployment Claims (000's)	-	229.00	229.00	241.00

Quarterly Data	3/31/2025	12/31/2024	9/30/2024	6/28/2024
Output				
Real GDP Growth (%q/q, saar)	-0.30	2.40	3.10	3.00
Private Consumption (%q/q, saar)	1.80	4.00	3.70	2.80

Monthly Indicators	4/30/2025	3/31/2025	2/28/2025	1/31/2025
Consumption				
Consumer Expenditures (%m/m, sa)	-	0.66	0.55	-0.01
Retail Sales (%m/m, sa)	0.10	1.70	0.12	-1.03
Personal Savings Rate (%)	-	3.90	4.10	3.90
Labor				
Civilian Unemployment Rate (%)	4.20	4.20	4.10	4.00
Nonfarm Employment (Chg, 000's)	177	185	102	111
Real Average Hourly Earnings (%y/y)	1.72	1.49	1.37	1.02
JOLTS Job Openings (000's)	-	7192	7480	7762
Inflation				
Consumer Price Index (CPI) (%m/m, sa)	0.22	-0.05	0.22	0.47
Core CPI (%m/m, sa)	0.24	0.06	0.23	0.45
Producer Price Index (PPI) (%m/m, sa)	-0.50	0.24	0.06	0.23
Core PPI (%m/m, sa)	-0.40	0.24	0.06	0.23
Personal Consumption Expenditures (PCE) (%m/m, sa)	-	-0.04	0.44	0.37
Core PCE (%m/m, sa)	-	0.03	0.50	0.34
Output and Capacity				
Industrial Production (%m/m, sa)	-0.01	-0.25	0.91	0.14
Mfg New Orders (%m/m, sa)	-	4.33	0.47	1.76
Durable New Orders (%m/m, sa)	-	9.20	0.83	3.36
Durable Inventories (%m/m, sa)	-	0.11	0.04	0.04
Survey Data and Composite Indicators				
Consumer Confidence (CB, 1985=100)	86.00	93.90	100.10	105.30
ISM Manufacturing Report (%)	48.70	49.00	50.30	50.90
ISM Non-Manufacturing Report (%)	51.60	50.80	53.50	52.80
Leading Economic Index (%m/m)	-	-0.69	-0.20	-0.20
Housing and Construction				
Building Permits (Mil. of Units, saar)	1.41	1.48	1.45	1.46
Housing Starts (Mil. of Units, saar)	1.36	1.34	1.49	1.36
New Home Sales (Mil. of Units, saar)	-	0.72	0.67	0.65

WEEK AHEAD

Looking ahead to next week, crude oil inventories will be released on Wednesday, May 21. Recent weeks have shown consistent draws in stockpiles, with the May 14 report showing a larger-than-expected decline of 2.4 million barrels. Another significant draw could signal strong demand or supply constraints, potentially influencing energy prices and inflation expectations.

On Thursday, May 22, the Manufacturing and Services Purchasing Managers' Indices (PMIs) for May will be published. The manufacturing sector has shown signs of stabilization, while services have remained relatively

robust. Markets will be watching closely for any signs of slowing momentum or inflationary pressures within input and output prices.

New Home Sales data for April is scheduled for release on Friday, May 23. This report will provide a gauge of housing market resilience amid elevated mortgage rates. Previous months have shown mixed trends, with affordability constraints weighing on demand despite limited supply. A stronger-than-expected reading could suggest renewed consumer confidence and support for residential investment. Together, these data points will help shape expectations for the Federal Reserve's next moves, especially as policymakers remain focused on balancing inflation control with sustaining economic growth.

DISCLOSURES AND DEFINITIONS

Economic Indicators:

1. CPI: Consumer Price Index measures the average change in prices paid by consumers for goods and services over time. Source: Bureau of Labor Statistics.
2. Core CPI: Core Consumer Price Index excludes food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Labor Statistics.
3. PPI: Producer Price Index measures the average change in selling prices received by domestic producers for their output. Source: Bureau of Labor Statistics.
4. Core PPI: Core Producer Price Index excludes food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Labor Statistics.
5. PCE: Personal Consumption Expenditures measure the average change in prices paid by consumers for goods and services. Source: Bureau of Economic Analysis.
6. Core PCE: Core Personal Consumption Expenditures exclude food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Economic Analysis.
7. Industrial Production: Measures the output of the industrial sector, including manufacturing, mining, and utilities. Source: Federal Reserve.
8. Mfg New Orders: Measures the value of new orders placed with manufacturers for durable and non-durable goods. Source: Census Bureau.
9. Durable New Orders: Measures the value of new orders placed with manufacturers of durable goods. Source: Census Bureau.
10. Durable Inventories: Measures the value of inventories held by manufacturers for durable goods. Source: Census Bureau.
11. Consumer Confidence (CB, 1985=100): Measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation. Source: Conference Board.
12. ISM Manufacturing Report: Measures the economic health of the manufacturing sector based on surveys of purchasing managers. Source: Institute for Supply Management.
13. ISM Non-Manufacturing Report: Measures the economic health of the non-manufacturing sector based on surveys of purchasing managers. Source: Institute for Supply Management.
14. Leading Economic Index: Measures overall economic activity and predicts future economic trends. Source: Conference Board.
15. Building Permits (Mil. of Units, saar): Measures the number of new residential building permits issued. Source: Census Bureau.
16. Housing Starts (Mil. of Units, saar): Measures the number of new residential construction projects that have begun. Source: Census Bureau.
17. New Home Sales (Mil. of Units, saar): Measures the number of newly constructed homes sold. Source: Census Bureau.
18. SA: Seasonally adjusted.
19. SAAR: Seasonally adjusted annual rate.

Market Indices & Indicators:

1. S&P 500: A market-capitalization-weighted index of 500 leading publicly traded companies in the U.S., widely regarded as one of the best gauges of large U.S. stocks and the stock market overall.
2. Dow Jones 30: Also known as the Dow Jones Industrial Average, it tracks the share price performance of 30 large, publicly traded U.S. companies, serving as a barometer of the stock market and economy.
3. NASDAQ: The world's first electronic stock exchange, primarily listing technology giants and operating 29 markets globally.
4. Russell 1000 Growth: Measures the performance of large-cap growth segment of the U.S. equity universe, including companies with higher price-to-book ratios and growth metrics.
5. Russell 1000 Value: Measures the performance of large-cap value segment of the U.S. equity universe, including companies with lower price-to-book ratios and growth metrics.

6. Russell 2000: A market index composed of 2,000 small-cap companies, widely used as a benchmark for small-cap mutual funds.
7. Wilshire 5000: A market-capitalization-weighted index capturing the performance of all American stocks actively traded in the U.S., representing the broadest measure of the U.S. stock market.
8. MSCI EAFE Index: An equity index capturing large and mid-cap representation across developed markets countries around the world, excluding the U.S. and Canada.
9. MSCI Emerging Market Index: Captures large and mid-cap representation across emerging markets countries, covering approximately 85% of the free float-adjusted market capitalization in each country.
10. VIX: The CBOE Volatility Index measures the market's expectations for volatility over the coming 30 days, often referred to as the «fear gauge.»
11. FTSE NAREIT All Equity REITs: Measures the performance of all publicly traded equity real estate investment trusts (REITs) listed in the U.S., excluding mortgage REITs.
12. S&P U.S. Aggregate Bond Index: Represents the performance of the U.S. investment-grade bond market, including government, corporate, mortgage-backed, and asset-backed securities.
13. 3-Month T-bill Yield (%): The yield on U.S. Treasury bills with a maturity of three months, reflecting short-term interest rates.
14. 10-Year Treasury Yield (%): The yield on U.S. Treasury bonds with a maturity of ten years, reflecting long-term interest rates.
15. 10Y-2Y Treasury Spread (%): The difference between the yields on 10-year and 2-year U.S. Treasury bonds, often used as an indicator of economic expectations.
16. WTI Crude (\$/bl): The price per barrel of West Texas Intermediate crude oil, a benchmark for U.S. oil prices.
17. Gold (\$/Troy Oz): The price per troy ounce of gold, a standard measure for gold prices.
18. Bitcoin: A decentralized digital currency without a central bank or single administrator, which can be sent from user to user on the peer-to-peer bitcoin network.

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange.

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