

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The Consumer Price Index (CPI) came in below expectations despite higher tariffs in April, notching the lowest annual reading since the inflation surge began in early 2021.
 - Headline inflation increased 0.2% last month but lagged expectations for the third consecutive reading.
 - Core inflation, excluding the volatile food and energy categories, remained unchanged at 2.8% year-over-year, also the lowest reading since March of 2021.
- The Producer Price Index (PPI) fell 0.5% in April, substantially lower than the consensus expected increase of 0.2%.
 - Producer prices are up 2.4% from a year ago.
 - Core PPI declined 0.4% last month but is up 3.1% in the past year, an acceleration from the 2.5% reading from the twelve months ending April 2024.²
- Retail sales rose a marginal 0.1% in April, beating the consensus expectation of no change.
 - Retail sales are up 5.2% in the last year and now sit at an all-time high.
 - Core retail sales, which exclude the often-volatile categories for autos, building materials, and gas, also ticked up 0.1% last month.
- Housing starts rose 1.6% in April to a 1.361 million annual rate but fell just short of the median forecast of 1.363 million. Starts are down 1.7% in the past year.
 - Multi-family starts accounted for the entire April gain as single-family starts declined last month.
 - In the past year, multi-family starts are up 30.7% while single-family starts are down 12.0%.

How does the most recent economic data impact you?

- Despite all the noise about projected higher prices, inflation continues to moderate for both consumers and producers.
 - Even stubbornly high “supercore” inflation – a further subset category of CPI excluding food, energy, other goods, and housing rents – has fallen from a 4.0% annualized rate in January to 2.7% in April.³
- Although the retail sales reading was positive overall, a majority of sales categories (seven of thirteen) declined last month.
 - Notably, import-heavy categories like autos, department stores, sporting goods stores, and miscellaneous retailers (this office and pet supply) pulled back, which was somewhat expected after the March report showed evidence of businesses in these categories frontrunning expected tariffs.



A LOOK FORWARD¹

- This week, the Leading Economic Index (LEI), new and existing home sales, and numerous Federal Reserve (Fed) Governor and Bank President speaking engagements highlight the economic calendar.

How does this week's slate of economic data impact you?

- LEI was designed to provide an early indication of significant turning points in the business cycle and where the economy is heading in the near term. Forecasters project the index will indicate slowing economic activity ahead.
- New and existing home sales should shed some light on a housing market that appears stuck in low gear and continues to struggle with affordability, given near-record median home prices and elevated mortgage rates.



MARKET UPDATE⁴

Market Index Returns as of 5/16/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	5.33%	6.36%	1.81%	13.85%	15.13%	17.57%
NASDAQ	7.21%	11.15%	-0.26%	15.94%	17.97%	17.23%
Dow Jones Industrial Average	3.50%	1.77%	0.89%	8.52%	11.52%	14.75%
Russell Mid-Cap	4.68%	6.70%	3.07%	10.64%	10.34%	15.28%
Russell 2000 (Small Cap)	4.51%	5.19%	-4.78%	2.22%	6.28%	12.43%
MSCI EAFE (International)	0.94%	7.01%	14.35%	9.87%	11.75%	12.72%
MSCI Emerging Markets	3.09%	6.91%	10.04%	9.21%	7.23%	8.04%
Bloomberg Barclays US Agg Bond	-0.19%	-0.75%	2.01%	4.76%	1.77%	-0.87%
Bloomberg Barclays High Yield Corp.	0.87%	1.40%	2.41%	8.79%	7.62%	6.66%
Bloomberg Barclays Global Agg	-0.45%	1.51%	4.19%	5.28%	1.01%	-1.30%



OBSERVATIONS

- Major U.S. equity indexes put together a stellar week of returns after a surprise U.S.-China trade de-escalation that sparked a five-day winning streak for the S&P 500.
 - The NASDAQ led the way, improving 7.21% on the week, followed by the S&P 500 (5.33%) and the Dow Jones Industrial Average (3.50%).
- The Russell Mid-Cap index climbed 4.68%, and the Russell 2000 (4.51%) index of small companies notched its best weekly performance of the year, according to Dow Jones Market Data.
- Developed international markets were positive, but the MSCI EAFE index (0.94%) meaningfully lagged domestic equity returns.
 - The MSCI Emerging Markets index was solidly positive on the week (3.09%).
- Fixed income indices were mixed as the U.S. Aggregate Bond index (-0.19%) and Global Bond index (-0.45%) declined due to upward pressure on interest rates.
 - In contrast, the less interest-rate-sensitive High-Yield Corporate Index advanced by 0.87% as credit spreads tightened in response to declining recession risk.



BY THE NUMBERS

- Scottie Scheffler Delivers Ominous Warning With PGA Championship Triumph:** For the third time in his career, world No. 1 Scottie Scheffler is a major champion. At Quail Hollow in Charlotte, N.C., Scheffler surged on Saturday and survived a shaky start on Sunday en route to what proved to be a commanding victory at 11-under par, five strokes ahead of a trio of players, including Bryson DeChambeau. After seeing a five-stroke lead completely evaporate on the final day, Scheffler was briefly tied with Spain's Jon Rahm. But he regained his footing on the back nine and, in doing so, underscored the gap between himself and everyone else in the sport. The 28-year-old Texan has now held top spot in the world rankings uninterrupted since May 2023, the longest streak by anyone not named Tiger Woods. Scheffler is also an Olympic gold medalist after a comeback for the ages at the Paris Games last year, a season when he set the PGA Tour record for prize money.⁵
- The Stark Math on the GOP Tax Plan: It Doesn't Cut the Deficit:** House Republicans pushed President Trump's "big, beautiful" tax-and-spending bill past a key hurdle late Sunday night, but the last-minute grappling has them colliding with a stark reality: The plan won't reduce federal budget deficits and would make America's fiscal hole deeper. The current proposal would increase projected budget deficits by nearly \$3 trillion through 2034, locking in tax cuts and spending increases that outweigh reductions in spending on Medicaid and nutrition assistance. While Republicans, who have vowed to reduce red ink, say higher economic growth will fill the gap, budget analysts across the political spectrum have panned the Republican plan, warning that it worsens the U.S. fiscal picture.⁶

Economic Definitions

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Federal Open Market Committee (FOMC): The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve System (FRS) that determines the direction of monetary policy in the United States by directing open market operations (OMOs). The committee is made up of 12 members, including seven members of the Board of Governors, the president of the Federal Reserve Bank of New York, and four of the remaining 11 Reserve Bank presidents, who serve on a rotating basis.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

New Home Sales: This concept tracks sales of newly constructed homes during the reference period. The Implicit US index is computed by taking the number of houses sold in the US and dividing it by the seasonally adjusted number of houses sold in the US.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services. Foreclosed homes are only counted in the inventory if the bank is working with a realtor. Foreclosed homes that sell via auction (or other closings outside of the Multiple Listing Services) are not included.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

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¹ Data obtained from Bloomberg as of 5/16/2025.

² [April PPI - First Trust DataWatch.pdf](#)

³ [April CPI - First Trust DataWatch.pdf](#)

⁴ Data obtained from Morningstar as of 5/16/2025.

⁵ [Scottie Scheffler Delivers Ominous Warning With PGA Championship Triumph](#)

⁶ [The Stark Math on the GOP Tax Plan: It Doesn't Cut the Deficit](#)