

Primary Market Drivers

Earnings & Economic Data

This week's economic calendar is busy and impactful, though will likely be overshadowed by exuberance from the US-China initial trade deal. Nevertheless, we will see data points on inflation, manufacturing, the consumer, and the housing market this week. Releases are as follows: April CPI (5/13), NFIB Small Business Index (5/13), Empire Manufacturing (5/15), Philadelphia Fed Index (5/15), April PPI (5/15), Retail Sales (5/15), Industrial Production & Capacity Utilization (5/15), NAHB Housing Market Index (5/15), Housing Starts & Building Permits (5/16), Imports & Exports (5/16), and Michigan Consumer Sentiment (5/16). The market will certainly be keeping a close eye on CPI, PPI, and Retail Sales. Earnings season is drawing to a close following another very positive showing from corporate America. Though the number of companies reporting drops off significantly this week, there are still a handful of significant announcements. We will see results from DaVita (DVA 5/12), Simon Property Group (SPG 5/12), Cisco Systems (CSCO 5/14), Deere & Co (DE 5/15), Walmart (WMT 5/15), and Applied Materials (AMAT 5/15). Expect CSCO, DE, and WMT to have an impact.

Fed Policy

The Fed kept rates steady at its meeting last week, as expected. Powell struck a generally hesitant tone in his press conference, not committing to any further policy action and reiterating time and time again that both the economy and policy are "in a good place," citing "uncertainty" as the reason for inaction. Investors looking to June's meeting for a rate cut will be disappointed, as CME's FedWatch tool places just 11.4% odds of a 25bps cut. July odds have also fallen to just 42.5%. Thus, it appears as though we will have to wait until the Fall for the Fed to resume easing.

Tariffs

US and Chinese officials met in Geneva, Switzerland over the weekend to talk tariffs. Surprisingly, a deal was struck in short order, opening the door for continued good-faith negotiations with a strong starting point. China will lower its tariffs on US goods to 10% while the US will lower its tariffs on Chinese goods to 30%, effective for 90 days while the two sides build off the initial deal. The pause comes as a significant sigh of relief for the market as the worst case scenario seems to be off the table for now. Moving forward, investors will be looking for additional developments between the two countries, as well as additional trade deals currently being negotiated with trade partners around the globe.

All referenced market information, statistics, and economic data were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc.

Market Returns 5/9/2025		
Category	Ticker	YTD%
Domestic Equity		
S&P 500	SPY	-3.42%
Dow Jones	DIA	-2.66%
Large-Cap Growth	QQQ	-4.41%
Large-Cap Value	IVE	-2.49%
Mid Caps	MDY	-5.21%
Small Caps	IWM	-8.91%
International Equity		
Developed Intl	EFA	13.70%
Emerging Markets	EEM	7.39%
Fixed Income		
Core Bonds	AGG	2.20%
Corporate Bonds	LQD	3.32%
High Yield Bonds	HYG	3.81%
ST Treasuries	IEI	3.07%
LT Treasuries	TLT	1.07%
International Bonds	BNDX	1.10%



Performance data and stock chart were gathered from eSignal, a paid market screening application provided by Intercontinental Exchange, Inc.

Current Environment Summary

What's Working	What's Not	What's Next
Inflation Falling	Tariff Policy Uncertainty	April CPI (5/13) & PPI (5/15)
Fed Easing Cycle	Global Economic Uncertainty	April Retail Sales (5/15)
Strong Earnings Growth	Fed Inaction	Earnings: CSCO, DE, WMT, AMAT
Strong Labor Market	Equity & Bond Market Volatility	S&P 500 Retakes 200dma
Consumers Still Spending	Stubborn Elevated Interest Rates	Additional Trade Deals / Frameworks
Trade Deals		Response to US-China Deal

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