

# Weekly Market Recap

May 27, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	5,803	-2.6%	-1.3%
Dow Jones Industrial Average	41,603	-2.5%	-2.2%
NASDAQ	18,737	-2.5%	-3.0%
Russell 2000® Index	2,040	-3.5%	-8.5%
MSCI EAFE Index	2,575	1.0%	13.9%
Ten-Year Treasury Yield	4.51%	0.1%	0.6%
Oil WTI <sup>1</sup> (\$/bbl <sup>2</sup> )	\$61.73	-0.4%	-13.9%
Bonds <sup>3</sup>	\$97.24	-0.4%	1.5%

<sup>1</sup>WTI = West Texas Intermediate Oil. <sup>2</sup>bbl = Barrel. <sup>3</sup>Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

## Last Week:

### U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) fell 2.6% after Moody's downgrade of U.S. government debt rating to AA from AAA as Moody's cited failure of successive administrations to address growing fiscal deficits, higher interest expenses, and growing government debt. The House narrowly passed President Trump's "big, beautiful bill" on Thursday, and it will go to the Senate where debates about spending cuts and tax benefits are likely to occur. On Wednesday, the U.S. Treasury auctioned \$16B in 20-year bonds that tailed by 1.2 basis points (investors demanded 0.012% higher yield to purchase the bonds), which was well above the six month-average of -0.4 basis points. Forexlive.com gave the U.S. Treasury auction a grade of C-minus due to the positive tail and weaker demand for U.S. Treasuries. On Friday, President Trump posted that E.U. trade discussions were going nowhere and the E.U. would see a 50% general tariff starting June 1, which he later revised to July 9 to extend time for negotiations. The 10-year Treasury yield rose to 4.51% from 4.44%. Gold rose 5.6%, and oil (WTI) fell 0.4%.
- S&P 500 Index Sector Returns:
  - Consumer staples (-0.4%), utilities (-1.6%), and healthcare (-2.1%) outperformed, as investors favored more defensive sectors.
  - Communication services (-0.6%) outperformed, led by Alphabet as several artificial intelligence (AI) innovations and services were announced at the Google I/O Annual Developer Conference.
  - Materials (-1.2%) fell, led lower by chemical companies.
  - Industrials (-2.1%) fell, led lower by airlines, aerospace and defense stocks, and transports.
  - Financials (-3.1%) fell, led lower by fintech and banks.
  - Consumer discretionary (-3.1%) fell, led lower by travel stocks, Tesla, and Amazon.
  - Real Estate (-3.3%) underperformed, with weakness from office and public storage.
  - Technology (-3.5%) fell, led lower by Apple, and software stocks.
  - Energy (-4.4%) fell, as the price of oil fell -0.4%.

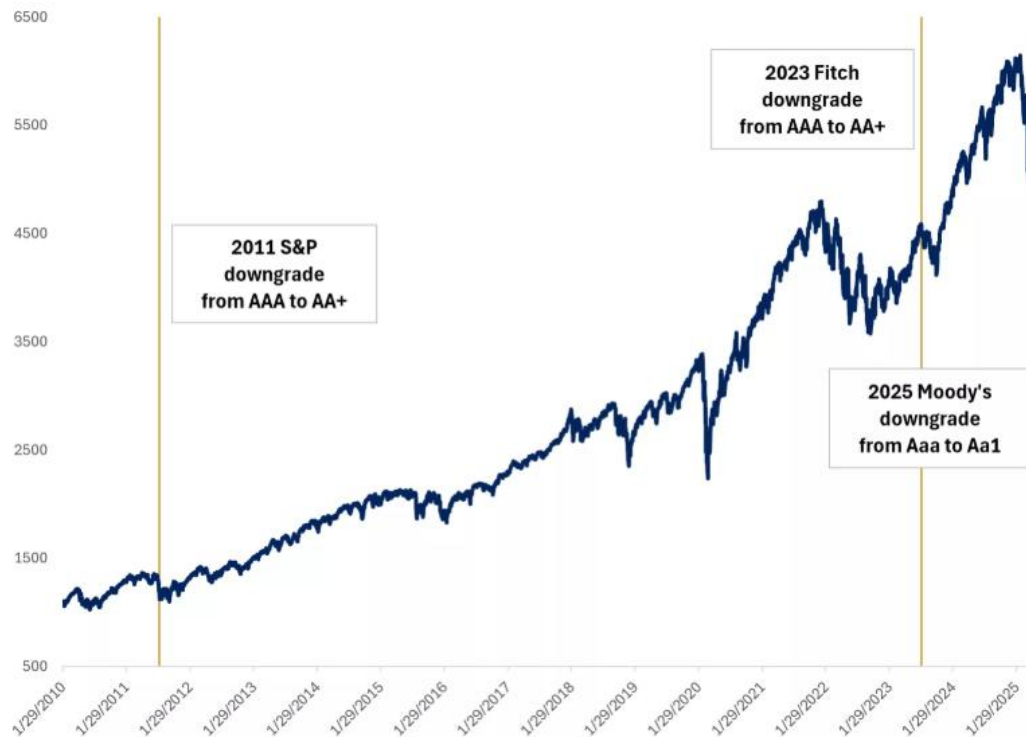
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All data is as of 05.25.2025 unless otherwise noted. Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on pages 6-7.

# Weekly Market Recap

- Moody's downgraded the U.S. credit rating to AA, after Standard & Poor's and Fitch took similar actions in 2011 and 2023, respectively. Historically, the S&P 500 Index has experienced short-term volatility following previous downgrades.

## S&P 500 and U.S. debt downgrades



Sources: Bloomberg L.P.; Edward Jones.

- Historically, the S&P 500 Index has generated attractive returns one month after 96% of the S&P 500 Index stocks declined.

## Average S&P 500 Index Returns after S&P 500 stocks declined by 96% or more



Sources: Bloomberg L.P. The Daily Shot.

- Small-cap stocks are expected to generate attractive earnings growth in 2025.



Sources: JP Morgan; The Daily Shot.

- The momentum factor has started to outperform after downside volatility in March and April.

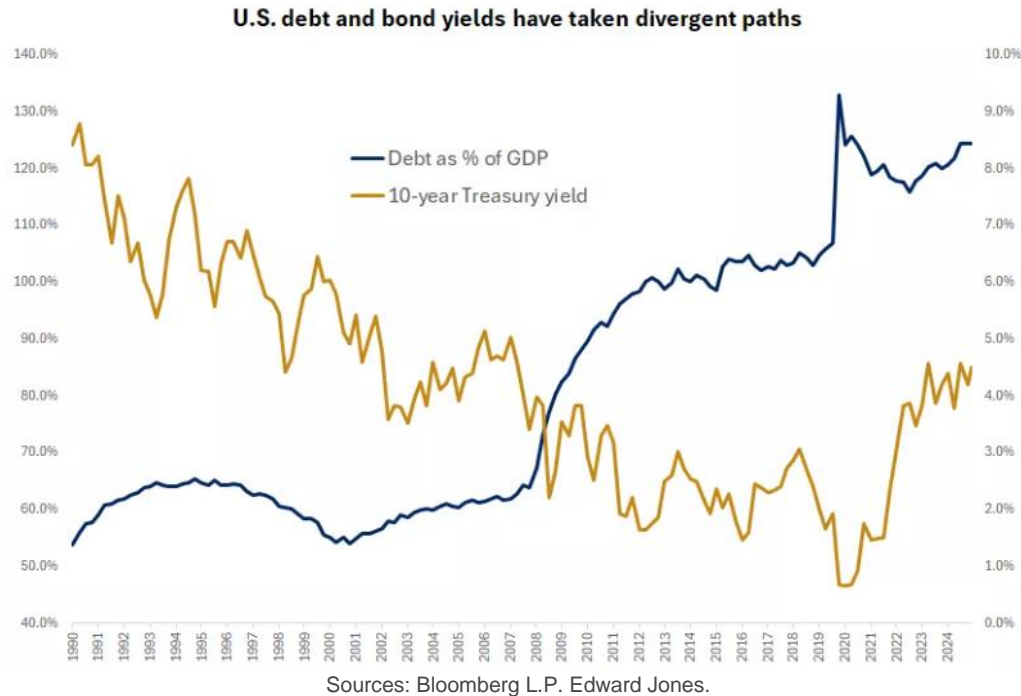
**Momentum Factor Performance**  
Based on Sample Exchange-Traded Funds (ETFs)  
— SPDR S&P 500 ETF — iShares MSCI Momentum ETF



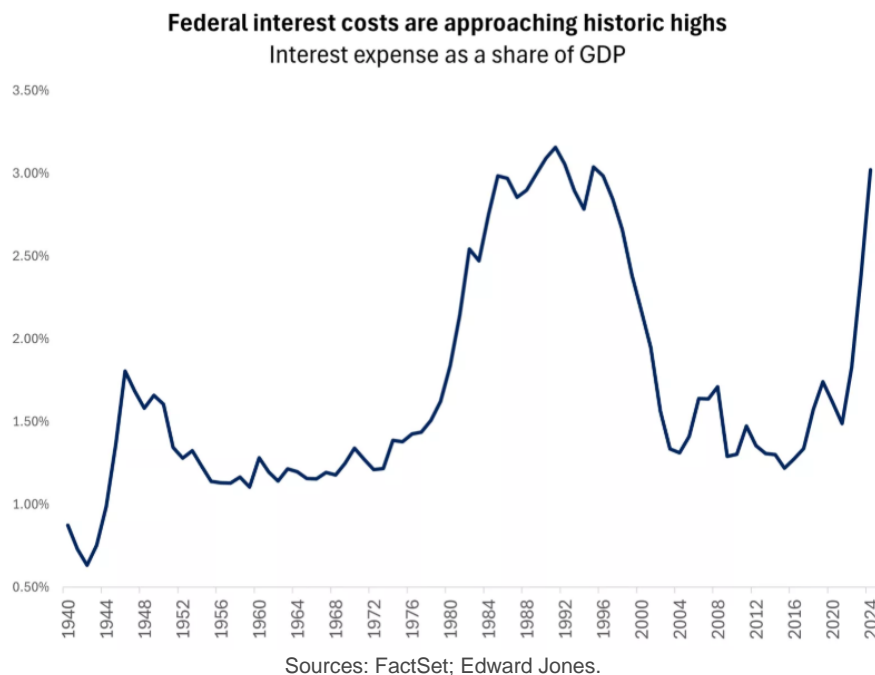
Source: The Daily Shot.

## Fixed Income Markets

- U.S. Treasury yields and U.S. debt as a percentage of gross domestic product (GDP) have taken divergent paths until recently, as both factors have increased simultaneously since 2021.



- Federal interest costs are approaching historic highs at nearly 3% of U.S. GDP.



## U.S. Economic and Political News

- After hitting a 16-month low in April, U.S. business activity growth rebounded in May, according to S&P Global Flash Purchasing Managers' Index (PMI) survey data, with services sector PMI jumping from 50.8 in April to 52.3 in May.
- The National Association of Realtors (NAR) reported that existing home sales unexpectedly fell to a seasonally-adjusted annual rate of four million in April, down 0.5% from March, the lowest April sales level since 2009. The median sales price rose to \$414,000, the 22<sup>nd</sup> consecutive month of year-over-year price increases.

## International Markets and News

- European markets (STOXX 600 Index) fell 0.8% after President Trump suggested the E.U. would experience a 50% tariff on goods as of June 1, though he later revised the date to July 9. Eurozone PMI unexpectedly contracted in May as the service sector experienced a share deterioration.
- The Chinese stock market (Shanghai Composite) fell 0.6% as industrial output rose by a better-than-expected 6.1% in April (year-over-year), but retail sales growth weakened 5.1% from March.
- Japanese equities (Nikkei 225 Index) fell 1.6% as markets increased probabilities that the Bank of Japan would tighten monetary policy after hotter inflation data (April core inflation accelerated to 3.5%, highest reading in over two years).

## This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
  - Monday: U.S. Market closed;
  - Tuesday: Durable Orders, Federal Housing Finance Agency (FHFA) House Price Index, Consumer Confidence, Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
  - Wednesday: NVIDIA earnings, Mortgage Banker Association (MBA) Purchase Applications, Federal Open Market Committee (FOMC) Minutes, Department of Energy (DOE) Crude Inventories;
  - Thursday: GDP (first revision), Pending Home Sales, Weekly Jobless Claims, Energy Information Administration (EIA) Natural Gas Inventories;
  - Friday: Core Personal Consumption Expenditure (PCE), Personal Spending, Personal Income, Wholesale Inventories, Chicago Purchasing Manager Index (PMI), Michigan Consumer Sentiment (Final).

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®  
Executive Director

Griffith Jones, Jr.  
Executive Director

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## Index Definitions

Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The **S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

The **S&P 500® Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500®. The index includes the same constituents as the capitalization-weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

The **S&P MidCap 400® Index** provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, is designed to measure the performance of 400 mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment.

The **S&P SmallCap 600®** seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable.

The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depository receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The **MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The **Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

The **Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

The **Bloomberg U.S. Government Bond Index** is a benchmark that measures the performance of the U.S. dollar-denominated, fixed-rate, investment-grade government bond market. It includes securities issued by the U.S. Treasury and U.S. government agencies, including those owned, sponsored, or guaranteed by the U.S. government.

The **Bloomberg U.S. Treasury Index** is a benchmark index that tracks the performance of U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury. It includes Treasury notes and bonds, but excludes Treasury bills, inflation-indexed securities, and STRIPS.



## Technical Terms:

**Assets under management (AUM)** is the market value of the investments managed by a person or entity on behalf of clients. AUM is used in conjunction with management performance and management experience when evaluating a company. The **Composite Index of Leading Indicators**, or Leading Economic Index (LEI), is a monthly index published by The Conference Board that combines ten economic components to predict the direction of the U.S. economy. The **Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. **Gross domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. The **Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. The survey is based on telephone interviews that gather information on consumer expectations for the economy. A **money market fund** is a type of mutual fund that invests in short-term, high-quality debt securities, cash, and cash equivalents. They are designed to be a relatively low-risk investment, often used by investors to store cash or as an alternative to bank savings vehicles. The **Producer Price Index (PPI)** is a measure of inflation at the wholesale level. It's compiled from thousands of indexes that measure producer prices by industry and product category. The index is published monthly by the U.S. Bureau of Labor Statistics (BLS). The **Consumer Confidence Index (CCI)** is a measure of the results from the Consumer Confidence Survey administered by the Conference Board that measures consumer attitudes about individual financial prospects. A monthly **Purchasing Managers Index (PMI)** highlighting the manufacturing sector is made available by the Institute for Supply Management (ISM), a nonprofit supply management organization. The **Services PMI** (Purchasing Managers' Index) is a key economic indicator that measures business activity in the services sector. It provides a forward-looking perspective on the health of the economy, specifically within the service industry. The **Chicago PMI** is a monthly measure of the level of business activity for the Chicago area in the manufacturing sector. The **Core Personal Consumption Expenditure (PCE) Index** is a measure of prices that people living in the U.S., or those buying on their behalf, pay for goods and services. The **House Price Index (HPI)** is a broad measure of the movement of single-family property prices in the United States. The HPI is published and updated by the Federal Housing Finance Agency (FHFA). **Earnings per Share (EPS)** is a common measure of profitability per share of a company's common stock. (Technical definitions are sourced from Corporate Finance Institute.)

The **SPDR® S&P 500® ETF Trust** seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500® Index. (Source: ssga.com). The **iShares MSCI USA Momentum Factor ETF** seeks to track the investment results of an index composed of U.S. large- and mid-capitalization stocks exhibiting relatively higher price momentum. (Source: iShares.com).

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