WEEKLY MARKET UPDATE | MAY 30, 2025

Stocks rebound on EU tariff delay.

The economy

- U.S. stocks posted gains for the week ending May 30, bolstered by investors' optimism regarding the Trump administration's postponement of tariffs on imported goods from the European Union (EU). Stocks wavered on Friday after the president posted on social media that China had "TOTALLY VIOLATED ITS AGREEMENT WITH US" in terms of trade but still ended the week in positive territory.
- On Monday, Trump announced that he was a delaying the imposition of a 50% levy on the EU from June 1 to July 9 after both sides agreed to accelerate negotiations. He said that European Commission President Ursula von der Leyen requested an extension of the tariff deadline while trade negotiations continued. Trump proposed the tariff on the EU late last week.
- Minutes from the Federal Open Market Committee's (FOMC) meeting on May 6-7—before the U.S. and China agreed to reduce some tariffs and delay other levies—indicated that the central bank believes its deliberate monetary policy stance is appropriate given ongoing uncertainty in the U.S. economy. The FOMC members "agreed that with economic growth and the labor market still solid and current monetary policy moderately restrictive, the Committee was well positioned to wait for more clarity on the outlooks for inflation and economic activity." Additionally, the meeting participants "judged that downside risks to employment and economic activity and upside risks to inflation had risen, primarily reflecting the potential effects of tariff increases."
- The Department of Commerce reported that the personal-consumption expenditures (PCE) price index edged up 0.1% in April. The index advanced 2.1% year-over-year, down from the 2.3% annual increase in March. The core PCE price index, which excludes volatile food and energy prices, was up 0.1% in April, in line with the previous month. The year-over-year advance of 2.5% was modestly lower than the 2.7% annual upturn in March. The PCE price index is widely considered the Federal Reserve's preferred measure of inflation as it tracks the prices that consumers pay for goods and services to reveal underlying inflation trends.
- According to the second estimate from the Department of Commerce, U.S. gross domestic product (GDP) decreased at an annual rate of 0.2% in the first quarter of 2025—down sharply from the 2.4% rise in the fourth quarter of 2024, but slightly higher than the government's initial estimate of a 0.3% dip. The economic contraction in the first quarter was attributable mainly to a surge in imports (a subtraction from GDP) as businesses rushed to purchase goods before the Trump administration's import tariffs took effect in early April. GDP also was hampered by a drop in government spending. Conversely, nonresidential fixed investment (purchases of equipment and software, and nonresidential structures), consumer spending, and exports each rose for the quarter.
- Following a sharp decline last month, The Conference Board's Consumer Confidence Index® rebounded 12.3 points to 98.0 in May, though a reading below 100 signals a decrease in consumer confidence regarding the future economic situation. The Expectations Index, an indicator of consumers' short-term outlook for income, business, and labor market conditions, climbed 17.4 points to 72.8, but remained below a reading of 80, which indicates that consumers anticipate a recession in the U.S. over the next 12 months. In its news release, The Conference Board stated, "The rebound was already visible before the May 12 US-China trade deal but gained momentum afterwards. The monthly improvement was largely driven by consumer expectations as all three components of the Expectations Index—business conditions, employment prospects, and future income—rose from their April lows."

Stocks

- Global equities advanced during the week. Developed markets outperformed emerging markets.
- U.S. equities posted gains during the week. Real estate and information technology were the top-performing sectors, while energy and materials were the primary market laggards.
- Growth stocks outperformed value, while large caps outpaced small caps.

Bonds

- The 10-year U.S. Treasury note yield fell to 4.40% during the week.
- Global bond markets gained ground for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of May 30, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.4%	4.6%	12.7%	880.3
MSCI EAFE ($)	0.8%	14.9%	11.1%	2599.3
MSCI Emerging Mkts ($)	-0.1%	8.8%	10.6%	1170.2
US & Canadian Equities				
Dow Jones Industrials ($)	1.6%	-0.6%	10.9%	42270.1
S&P 500 ($)	1.9%	0.5%	12.9%	5911.7
NASDAQ ($)	2.0%	-1.0%	14.2%	19113.8
S&P/ TSX Composite (C$)	1.1%	5.9%	18.6%	26175.1
UK & European Equities				
FTSE All-Share (£)	0.8%	6.5%	5.9%	4759.5
MSCI Europe ex UK (€)	0.7%	8.4%	4.3%	1913.7
Asian Equities				
Topix (¥)	2.4%	0.6%	2.8%	2801.6
Hong Kong Hang Seng ($)	-1.3%	16.1%	27.8%	23289.8
MSCI Asia Pac. Ex-Japan ($)	-0.1%	7.8%	11.5%	613.7
Latin American Equities				
MSCI EMF Latin America ($)	0.5%	22.0%	-4.2%	2260.8
Mexican Bolsa (peso)	-0.9%	16.8%	4.5%	57855.7
Brazilian Bovespa (real)	-0.5%	14.0%	11.7%	137120.4
Commodities ($)				
West Texas Intermediate Spot	-2.0%	-15.0%	-21.8%	60.9
Gold Spot Price	-2.0%	25.5%	40.3%	3293.5
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.4%	5.1%	7.1%	487.2
JPMorgan Emerging Mkt Bond	0.5%	3.1%	7.9%	925.0
10-Year Yield Change (basis points*)				
US Treasury	-11	-17	-15	4.40%
UK Gilt	-3	8	30	4.65%
German Bund	-7	14	-15	2.50%
Japan Govt Bond	-4	40	44	1.50%
Canada Govt Bond	-15	-3	-50	3.20%
Currency Returns**				
US$ per euro	-0.1%	9.6%	4.8%	1.135
Yen per US$	1.0%	-8.4%	-8.2%	143.96
US$ per £	-0.5%	7.6%	5.8%	1.347
C$ per US$	0.0%	-4.6%	0.3%	1.373

Source: Bloomberg. Equity-index returns are price only, others are total returns.
*100 basis points = 1 percentage point.
**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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