

MONDAY MORNING RECAP - May 5, 2025

Last Week

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|-------------------------------------|------------|-----------------|--------|
| Dow Jones Industrial Average (DJIA) | 41,317.43 | +1,203.93 | +3.00% |
| S&P 500 Index | 5,686.67 | +161.46 | +2.94% |
| NASDAQ Composite Index | 17,977.73 | +594.79 | +3.42% |
| U.S. 10 yr. Treasury Note Yield | 4.33% | +4 Basis Points | |
| Gold (\$ per troy oz.) | \$3,231.90 | -\$51.60 | -1.57% |
| WTI Oil (\$ per barrel) | \$58.29 | -\$4.73 | -7.51% |

Market Summary

Global Equities: US equities rose last week on the back of strong tech earnings, renewing some investor confidence in US preeminence. The S&P 500 ended the week up 2.94%, despite the US posting its first quarter of negative growth since 2022 amid trade uncertainty. Outside the US, the STOXX 600 and FTSE 100 ended the week up 3.21% and 2.16%, respectively, as manufacturing activity in the Euro area surprised to the upside. The Hang Seng index rose 2.38% on the back of optimism for further trade discussions between the US and China.

Commodities: Oil prices fell last week as uncertainty towards US-China trade heightened. WTI and Brent crude fell to \$58.29 and \$61.29, respectively, posting their largest monthly fall since 2021 despite the Energy Information Administration reporting an unexpected decrease in crude oil inventories. Meanwhile, gold prices fell to \$3231.90/troy oz. as core inflation in the US came in softer than consensus expected.

Fixed Income: US Treasury yields rose last week following continued stability in the labor market. The US 2-Year and 10- Year Treasury yields ended the week at 3.82% and 4.33%, respectively, as unemployment remained unchanged from the month prior. Across the pond, the 10-Year UK gilt and 10-Year German bund yields rose to 4.51% and 2.53%, respectively, on the back of improving manufacturing activity in the UK.

FX: The US dollar strengthened against a basket of currencies despite negative growth in 1Q 2025. The US dollar index ultimately ended the week up 0.56% as manufacturing activity also came in weaker than consensus expected. Outside the US, the euro and pound weakened to \$1.13 and \$1.33, respectively, with the former weakening despite above-consensus growth in the Euro area. The yen followed suit, weakening to ¥144.96 following the BoJ maintaining the policy rate at its current level.

Economic Summary

Labor: In a critical month of elevated trade and economic uncertainty, labor data in the US was mixed but broadly maintained stability. The unemployment rate was unchanged from the month prior, printing in line with consensus expectations at 4.2%. Meanwhile, JOLTS Job Openings came in at 7.192M, below consensus expectations for 7.490M, while average hourly earnings printed below consensus expectations at 0.2% month-over-month. Nonfarm Payrolls printed above consensus expectations, coming in at 177k as opposed to 138k. In the Euro area, the unemployment rate printed at 6.2% for the sixth consecutive month, above consensus expectations for 6.1%.

Activity: In the US, growth was negative for 1Q 2025, with GDP printing at -0.3% quarter-over-quarter, against consensus expectations for a 0.2% increase. The Manufacturing PMI also came in weaker than consensus expected, printing at 50.2 versus 50.7. In another disappointing print for April, the Conference Board Consumer Confidence Index fell to a 5-year low of 86.0, as the potential economic impacts of tariffs weigh on consumers. Meanwhile, GDP in the Euro area increased by 0.4% QoQ in 1Q 2025, above consensus expectations for 0.2%.

Inflation: Inflation in the US was mixed in March, with Headline PCE slightly hotter than consensus expected at 2.3% year-over-year, while Core PCE came in line with consensus expectations at 2.6% YoY. In the Euro area, Core CPI rose to 2.7% YoY in April, above consensus expectations. Headline CPI was unchanged at 2.2% YoY, slightly above expectations with a meaningful negative contribution from energy.

Monetary Policy: The Bank of Japan (BoJ) maintained its policy rate at 0.5%, in line with consensus expectations. The BoJ revised down its economic and price outlook for FY2025 and FY2026, noting its assumption that underlying inflation will initially be sluggish due to a slower pace of growth but will pick up later.



Key Economic Releases

Monday, May 5:

US Services PMI (Cons: 51.4, Prior: 53.5)

Tuesday, May 6:

UK Services PMI (Cons: 48.9, Prior: 52.5)

Euro area Services PMI (Cons: 49.7, Prior: 51.0)

Wednesday, May 7:

FOMC Meeting ECB Meeting

Thursday, May 8:

BoE Meeting

Friday, May 9:

No economic releases

Source: Goldman Sachs Asset Management: "Market Monitor", 5/1/2025

"WTI" refers to West Texas Intermediate crude oil, a common US benchmark for oil prices. "Brent" refers to a global benchmark for oil prices worldwide. "Bbl" refers to barrel. "Oz" refers to ounce. "BoJ" refers to Bank of Japan. "JOLTS" refers to Job Openings and Labor Turnover Survey. "GDP" refers to Gross Domestic Product. "PMI" refers to Purchasing Managers' Index. The Conference Board Consumer Confidence Index reflects prevailing business conditions and likely developments for the months ahead. "QoQ" refers to quarter-over-quarter. "Core PCE" refers to Personal Consumption Expenditures, excluding food and energy. "Core CPI" refers to Consumer Price Index, excluding food and energy. "YoY" refers to year-over-year. "FY" refers to fiscal year.

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