

MONDAY MORNING RECAP - May 19, 2025

Last Week

Dow Jones Industrial Average (DJIA)	42,654.74	+1,405.36	+3.41%
S&P 500 Index	5,958.38	+298.47	+5.27%
NASDAQ Composite Index	19,211.10	+1,282.19	+7.15%
U.S. 10 yr. Treasury Note Yield	4.43%	+6 Basis Points	
Gold (\$ per troy oz.)	\$3,182.00	-\$153.40	-4.60%
WTI Oil (\$ per barrel)	\$62.49	+\$1.47	+2.41%

Market Summary

Global Equities: US equities rose last week on the back of easing tensions between the world's largest economy and select key trading partners. The S&P 500 ended the week up 5.27%, officially moving into the green year-to-date after its more than 19% rally since the April bottom. European equities also rose over the week as recent US trade negotiations provided optimism around potential deals in the Euro area. The STOXX 600 and FTSE 100 ended the week up 2.36% and 1.77%, respectively, with the latter rising amid strong business investment in the first quarter.

Commodities: Oil prices rose for the second consecutive week as easing tensions between the US and China provided some relief towards global demand concerns. WTI and Brent crude rose to \$62.49 and \$65.41/bbl, respectively, despite increasing future supply expectations from OPEC+ nations. Gold on the other hand reversed some of its recent upward trajectory last week as progress on trade negotiations globally helped to ease recession concerns, ultimately ending the week at \$3182/troy oz.

Fixed Income: US Treasury yields rose last week as a recent reduction in concerns around US growth came at odds with continued weakening in US consumer sentiment. The 2-Year and 10-Year US Treasury yields ended the week at 4.00% and 4.43%, respectively. Elsewhere, the 10-Year German bund yield ended the week at 2.59% after 1Q growth in the Euro area came in below consensus expectations.

FX: The US dollar appreciated against a basket of currencies last week amidst mixed retail sales data and consumer sentiment. The US dollar index ended the week up 0.75%. Despite better than consensus expected Q1 GDP growth, the euro and pound sterling fell against the dollar and ended the week at \$1.12 and \$1.33, respectively.

Economic Summary

Trade: The Trump administration announced a preliminary trade agreement with China and 90-day pause where tariffs from the US will fall to 30%, while China lowered its rate to 10%. Goldman Sachs Investment Research expects this move to increase the US effective tariff rate 13%, below their previous assumption of +15%.

Activity: UK GDP rose by 0.7% QoQ in Q1 and 0.2% MoM in March, above consensus expectations. Growth was mainly driven by strong business investment and net exports. In the Euro area, Q1 real GDP came in at 0.3% QoQ, slightly below market forecasts while employment change in the region surprised to the upside. In Japan, the first estimate of Q1 2025 real GDP growth came in below consensus expectations at -0.7% QoQ annualized, marking the first negative print in four quarters. In the US, core retail sales fell 0.2% in April, below consensus expectations, while headline spending rose by 0.1%, above consensus expectations.

Inflation: US April core CPI rose 0.24% MoM, below consensus expectations, while the year-over-year rate edged down to 2.78%. Airfares declined by 2.8%, possibly reflecting a continued drag from softer demand for business, tourism and government travel, and the volatile used cars component declined 0.5%. Headline CPI was 2.3% in Apr 2025, down from 2.4% in Mar 2025.

Sentiment: The University of Michigan's index of consumer sentiment fell in the May preliminary report to its 2nd lowest level in the survey's history. Furthermore, 1-year inflation expectations rose by 0.8pp to 7.3%, the highest level since the 1980s, while the 5–10-year measure rose by 0.2pp to 4.6%. However, the survey period ended 2 days after the US-China trade announcement, and the University of Michigan noted that several measures "showed some signs of improvement" after the announcement.



Key Economic Releases

Monday, May 19:

Euro area CPI YoY (Cons: 2.2%, Prior: 2.2%)

Tuesday, May 20:

UK CPI YoY (Prior: 2.6%)

Wednesday, May 21:

No economic releases

Thursday, May 22:

US Existing Home Sales (Cons: 4.10M, Prior: 4.02M)

US Manufacturing PMI (Prior: 50.2)

US Services PMI (Prior: 50.8)

Friday, May 23:

US New Home Sales (Cons: 700K, Prior: 724K)

Source: Goldman Sachs Asset Management: "Market Monitor", 5/16/2025

"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. "OPEC+" refers to the Organization of the Petroleum Exporting Countries. "pp" refers to percentage points. "MoM" refers to month-over-month. "QoQ" refers to quarter-over-quarter. "core CPI" refers to Consumer Price Index, less food and energy.

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