

Capital Markets Snapshot

Courtesy of Sage Advisors
Week ending May 9, 2025

US large cap stocks traded lower to start the week, then trended upward as positive trade news broke around a trade deal with the UK and developing talks with China. Despite the late week rally, US large caps posted modest losses for the week. US mid- and small caps as well as international stocks posted modest gains. Unsurprisingly, the Federal Reserve left the fed funds rate unchanged, highlighting risks of higher inflation and unemployment. Chair Powell maintained his message of waiting for more data to be available on the impacts of tariffs and other metrics before taking further action. Key economic readings related to the services sector were mixed but remained in expansion territory. The start of positive trade developments is reassuring. The US still has a healthy labor market. Despite slowing, corporate earnings are still projected to grow. Increased trade uncertainty is likely to lead to increased volatility and potentially slower economic growth in the short-term. Potential tax reform or deregulation efforts following these trade negotiations could provide stimulus to the markets.

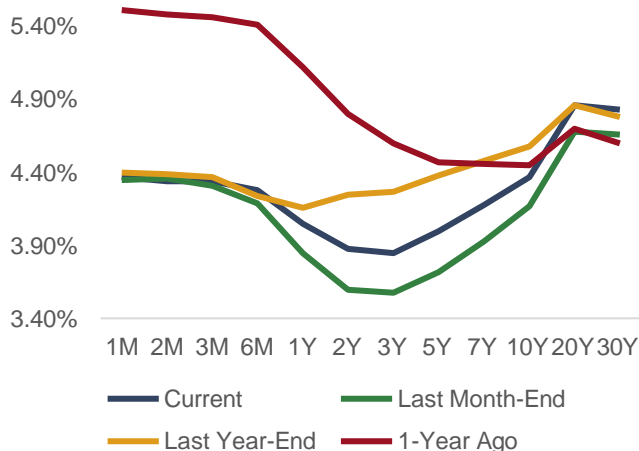
Fixed Income Markets Overview

- Yields rose an average of 3.6 basis points across the yield curve, as bond markets booked a small loss following the announcement of a tariff negotiation framework between the US and UK.
- Expectations for rate cuts from the Fed continued to ease on the back of positive trade developments. Bloomberg expectations for a 25-basis point cut at the June FOMC meeting fell to 17% to 37%, and expected number of rate cuts in 2025 fell to 2.7 from 3.2.
- Mortgage rates were flat for the week at 6.76%. Relative to last year, rates are lower and more stable, which has sparked increases in mortgage applications.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.0%	2.0%	3.3%	1.4%
Core Plus	Intermediate Govt/Credit	-0.1%	2.6%	2.9%	0.6%
	International Aggregate	-0.5%	4.7%	1.3%	-1.2%
	US Aggregate	-0.2%	2.2%	1.9%	-0.8%
	US Treasury	-0.3%	2.4%	1.1%	-1.8%
	US TIPS	0.0%	3.4%	1.2%	1.7%
	US Corporate	-0.1%	1.5%	3.1%	0.6%
	US Corporate High Yield	0.2%	1.5%	7.2%	6.3%
Other	Emerging Markets Aggregate	0.1%	2.1%	5.6%	2.4%
Muni	US Municipals	0.1%	-0.8%	2.6%	1.0%
	US Municipals High Yield	0.0%	-0.7%	4.1%	4.5%

Source: Bloomberg as of May 9, 2025

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of May 9, 2025

Interest Rates (%)

Date	5/9/2025	4/30/2025	12/31/2024	5/9/2024
Federal Funds Rate	4.37%	4.35%	4.40%	5.51%
3 Month Treasury	4.34%	4.31%	4.37%	5.46%
6 Month Treasury	4.28%	4.19%	4.24%	5.41%
2 Year Treasury	3.88%	3.60%	4.25%	4.80%
5 Year Treasury	4.00%	3.72%	4.38%	4.47%
10 Year Treasury	4.37%	4.17%	4.58%	4.45%
30 Year Treasury	4.83%	4.66%	4.78%	4.60%
US Aggregate	4.71%	4.51%	4.91%	5.06%
US Corporate	5.30%	5.14%	5.33%	5.50%
US Corporate High Yield	7.74%	7.90%	7.49%	7.89%
US Municipal	4.03%	4.06%	3.74%	3.61%
US Municipal High Yield	5.81%	5.84%	5.52%	5.53%

Spreads Over 10-Year US Treasuries

Date	5/9/2025	4/30/2025	12/31/2024	5/9/2024
30 Year Treasury	0.46%	0.49%	0.20%	0.15%
US Aggregate	0.34%	0.34%	0.33%	0.61%
US Corporate	0.93%	0.97%	0.75%	1.05%
US Corporate High Yield	3.37%	3.73%	2.91%	3.44%
US Municipal	-0.34%	-0.11%	-0.84%	-0.84%
US Municipal High Yield	1.44%	1.67%	0.94%	1.08%

Source: Bloomberg and U.S. Treasury as of May 9, 2025

Equity Markets Overview

- US large caps experienced a modest consolidation last week, while other equity markets posted gains. The S&P 500 lagged the Nasdaq and Dow Jones indices, as all three slid between 0.14% - 0.45%.
- Sector performance was split, 5 negative and 6 positive. Healthcare and Telecommunications took the biggest hits with losses of 4.3% and 2.4%, respectively. Industrials and Consumer Discretionary were the biggest winners with gains of 1.1% and 0.8%, respectively.
- From a style lens, value outperformed growth across all market segments. Looking at the results over YTD and longer periods, there are some signs of value outperformance in the mid- and small-cap segments.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-0.4%	-3.6%	13.6%	15.6%
Large-Cap	S&P 500	-0.4%	-3.3%	14.1%	15.8%
	S&P 500 Growth	-0.6%	-4.2%	16.3%	16.2%
	S&P 500 Value	-0.3%	-2.4%	10.9%	14.4%
Mid-Cap	S&P Midcap 400	0.5%	-5.1%	8.9%	13.7%
	S&P Midcap 400 Growth	0.3%	-5.2%	9.7%	11.5%
	S&P Midcap 400 Value	0.7%	-5.0%	8.0%	15.7%
Small-Cap	S&P Smallcap 600	0.5%	-9.7%	4.3%	12.2%
	S&P Smallcap 600 Growth	0.4%	-6.8%	6.3%	11.2%
	S&P Smallcap 600 Value	0.7%	-12.6%	2.3%	12.9%
Int'l.	MSCI ACWI ex-USA	0.1%	10.8%	10.7%	10.6%
	MSCI EM	0.5%	6.7%	6.7%	7.1%

Source: Bloomberg as of May 9, 2025

Alternative Markets Overview

- Gold prices rose over 3% last week snapping its recent 2-week price skid. Known as a hedge for geopolitical/economic uncertainty, gold is up over 27% on a YTD basis.
- Oil prices notched their first weekly gain since mid-April. Positive news stemming from the developments of a trade agreement with the UK and movement towards negotiations with China helped drive the forward price action.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	2.2%	-1.4%	-1.6%	20.1%
Gold	3.6%	27.3%	21.8%	14.4%
FTSE All Equity NAREIT	-0.6%	1.5%	2.0%	7.7%
Bitcoin	6.4%	10.5%	49.4%	60.3%
Ethereum	26.5%	-30.3%	0.4%	61.3%

Source: Bloomberg as of May 9, 2025



Upcoming Week

- This week is a lighter week of Q1 earnings releases. Key names include Cisco Systems and Walmart.
- Notable economic releases this week include inflation data with CPI and PPI releases. Retail sales, jobless claims, and a press conference with Fed Chair Powell fill up Thursday's docket. The week will close with an update on Consumer Sentiment.

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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