

Market Update – May 5, 2025

The Weekly Briefing

The S&P 500 Index rose every day this week, gaining almost 3% on the week. The Index has now risen for nine consecutive days, a feat that last occurred in 2004. After gaining 8% over the last two weeks, the S&P 500 has recouped all losses since the Liberation Day announcement.

Last week marked the busiest week of the 1Q25 earnings season. Notable companies that reported include major tech firms Apple, Amazon, Meta and Microsoft.

Apple beat expectations on the top and bottom line, but issued EPS guidance for next quarter slightly below expectations. Notably, the company expects a \$900 million increase in its production costs next quarter due to tariffs. This amount will likely increase in coming quarters as the company had frontloaded inventory shipments to get ahead of tariff implementation. The stock fell -4% the day following the report. Amazon reported better than expected revenue and earnings but issued a mixed Q2 guide. The company's ecommerce sales are benefitting from consumers pulling forward purchases, but margins are being squeezed by increased fulfillment costs. Similar to Apple, the company expects higher cost of goods – related to tariffs – to weigh on operating income next quarter. The stock declined slightly.

Meta (+4%) and Microsoft (+8%) both rose meaningfully following their reports. Meta's results and guidance beat expectations driven by strong revenue from the company's family of apps. Management gave positive commentary on the health of near-term advertising spending plans, but did caution that macroeconomic uncertainty could drive a reduction in budgets. Interestingly, the tech giant increased its capital expenditure budget, signaling continued appetite for investment in AI to increase efficiencies across its business. Microsoft also reported quarterly results ahead of expectations and issued strong guidance for the next quarter. The company reported very strong demand for its cloud computing solutions and AI services continue to increase as a portion of the company's revenue. Management reaffirmed its intention to continue increasing investment in AI in the coming quarters.

The economic calendar was also full of major data points. 1Q25 GDP declined at an annualized quarter-over-quarter rate of -0.3%. While an outright decline in GDP is never good, some solace can be taken from the fact that the decline was driven by a surge in imports to get ahead of tariff implementation. Net imports created a 4.8% drag on GDP – the largest hit on record, dating back to the 1940s. GDP is a measurement of the level of production within a country's borders, and a drag from imports is generally offset by an increase in inventories, consumption, or fixed investment. The speed at which businesses pulled forward imports may have led to measurement issues and an increase in offsetting factors may be captured in next quarter's data.

In other economic news, the rate of inflation continues to moderate. Core PCE was unchanged month-over-month, and the year-over-year increase in prices was 2.6% in March, down from 3.0% in February. The March jobs report was also well received. The economy added 177,000 jobs and the unemployment rate remained stable at 4.2%.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
ISM Manufacturing PMI	CEG MAR	FOMC Meeting	Initial Jobless Claims	Continuing Claims
CLX		DIS	COIN	
PLTR		EMR	UBER	MNST

Market Snapshot

	Last Week	YTD	1yr
S&P 500	2.9%	-2.9%	12.4%
DJIA	3.0%	-2.4%	8.8%
Nasdaq 100	3.5%	-4.1%	13.3%
Russell 2000	3.2%	-9.0%	0.6%
S&P 500 E/W	2.7%	-1.3%	7.6%
2yr Yield	3.82%	-0.42%	-1.05%
10yr Yield	4.31%	-0.26%	-0.27%
VIX	22.7	5.3	9.2
WTI Crude	\$ 58.3	-18.7%	-25.4%
Gold	\$ 3,240	23.5%	39.4%
Bitcoin	\$ 97,064	3.6%	52.3%

Economic Summary

	Actual	Expected	Prior (r)
GDP - q/q SAAR	-0.3%	-0.2%	2.4%
Personal Spending	0.7%	0.6%	0.5%
PCE Prices - m/m	0.0%	0.0%	0.4%
PCE Prices - y/y	2.3%	2.2%	2.7%
Core PCE Prices - m/m	0.0%	0.1%	0.5%
Core PCE Prices - y/y	2.6%	2.6%	3.0%
Nonfarm Payrolls	177k	138k	185k
Unemployment Rate	4.2%	4.2%	4.2%

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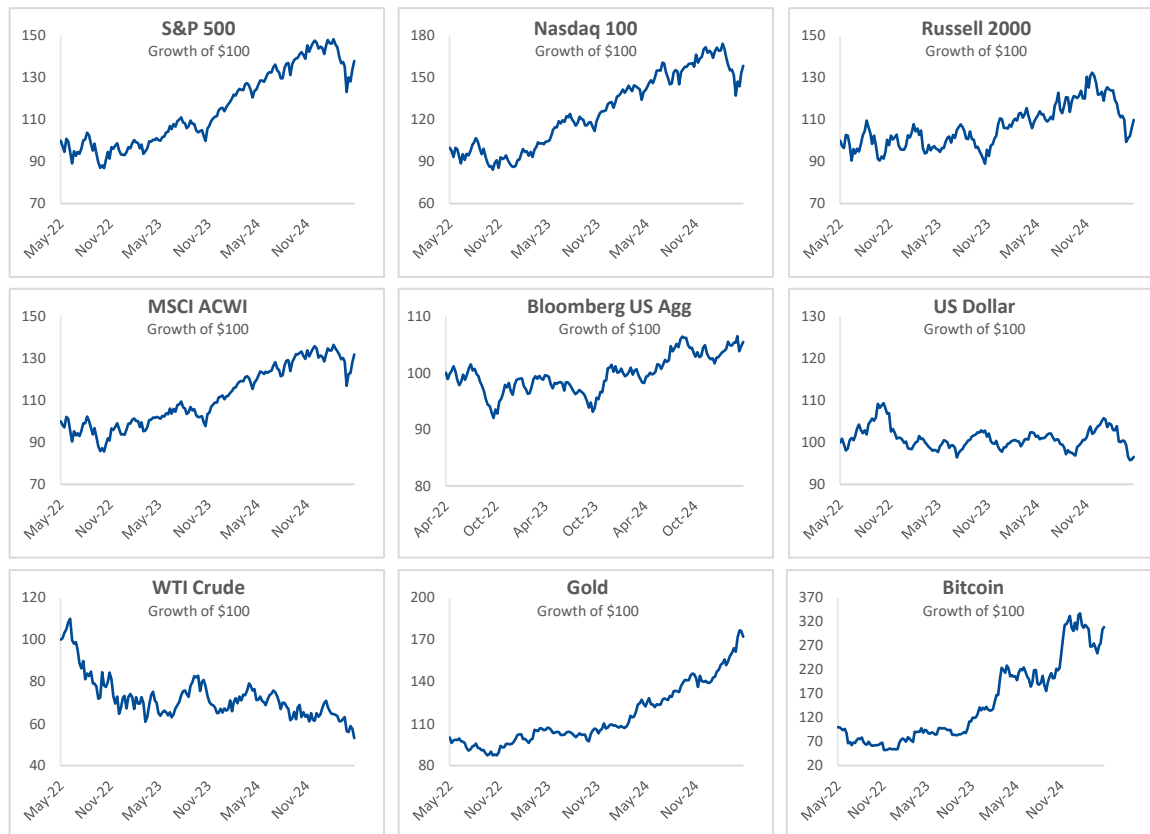
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500 -2.9%	Comm. Services 0.9%	Cons. Discretionary -10.0%	Cons. Staples 4.3%
Energy -3.6%	Financials 3.3%	Healthcare 1.1%	Industrials 2.4%
Materials 1.4%	Real Estate 3.7%	Technology -6.7%	Utilities 6.1%

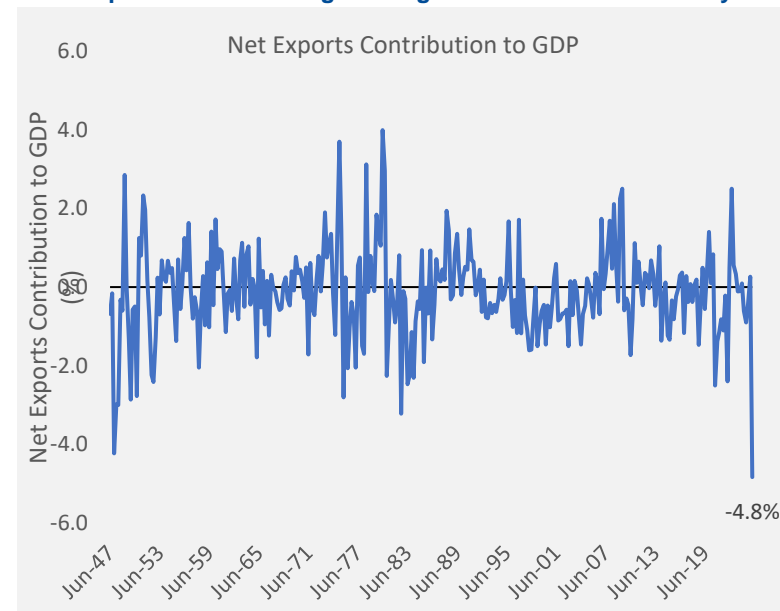
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
29-Apr	SBUX	Miss	Miss	-5.7%
	V	Beat	Beat	1.2%
30-Apr	META	Beat	Beat	4.2%
	MSFT	Beat	Beat	7.6%
	QCOM	Beat	Beat	1.8%
1-May	AAPL	Beat	Beat	-3.7%
	AMZN	Beat	Beat	-0.1%
	MCD	Miss	Miss	-1.9%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	3.0%	1.5%	12.1%
MSCI Europe	3.2%	17.3%	14.7%
MSCI APAC	3.7%	5.2%	9.3%
DXY Index	99.7	-8.1%	-5.1%
EUR / USD	\$1.14	9.4%	3.5%
GBP / USD	\$1.33	6.2%	5.8%
USD / JPY	144.3	-8.2%	-6.3%
USD / CNY	7.27	-0.4%	0.4%

Net Exports Were the Largest Drag on GDP Growth in History



WEALTH MANAGEMENT

As of 5/5/25
Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.

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