

# Market Update – May 12, 2025

## The Weekly Briefing

Most broad equity indexes declined slightly last week after two weeks of strong gains. The S&P 500 and Nasdaq 100 both fell less than 1%. The Russell 2000 was essentially unchanged. Yields on 2- and 10-year Treasury bonds increased slightly for the second consecutive week.

Last week's earnings and economic calendars were lighter than in recent weeks. Palantir, Constellation Energy, Marriot and Disney were among the major companies reporting earnings. The economic calendar was highlighted by the ISM Services PMI and the Federal Reserve's FOMC meeting.

Palantir began the week by reporting better than expected revenue and earnings and raising its guidance. The company's revenue grew 39% year-over-year, driven by "ravenous" adoption of AI and related software solutions. Despite the strong report, the stock – which was up 63% year-to-date coming into the report – fell -12% the next day. Constellation Energy, an electricity producer and supplier, also touted demand for AI development as a driver of strong quarterly revenue performance. The company called out continued robust energy demand from the largest technology companies to support the development of their AI solutions. The stock rose 10% after reporting.

Moving to the consumer-led economy, Marriott reported better than feared results. The company's quarterly revenue and earnings exceeded expectations, but investor enthusiasm was tempered by management noting a slowdown in growth in March. Given weaker-than-expected booking trends in the US and Canada, the company reduced its full-year guidance. Travel budgets are highly discretionary, and investors will pay close attention to comments from leisure companies for early indications on the health of the consumer. The stock rose slightly following the report after falling -11% year-to-date. In contrast, Disney's stock rose 10% after reporting better than expected results driven by strength in the company's parks segment. The stock was down -17% year-to-date before reporting.

S&P 500 aggregate earnings for 1Q25 are coming in better than expected. FactSet-consensus currently expects earnings growth of +13.4% for the quarter, up from +7.1% expected before the reporting season began.

Moving on to economic reports, the ISM Services PMI was the most meaningful economic release last week. This gauge of the services sector came in slightly better than expected. Both the headline index and the forward-looking new orders component beat economists' estimates and remained in expansion territory. Last week also included the FOMC's interest rate decision. The committee left interest rates unchanged as expected. In the post-meeting press conference, Chairman Powell emphasized that while risks to inflation and the labor market have increased, policy remains well positioned for the current environment. Market participants currently expect two 25-basis point cuts this year.

Next week includes earnings from Walmart, the Consumer Price Index, the Producer Price Index, and Retail Sales.

### The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
FOX	CPI	CSCO	Initial Jobless Claims Continuing Claims Retail Sales PPI	WMT

### Market Snapshot

	Last Week	YTD	1yr
S&P 500	-0.4%	-3.3%	9.8%
DJIA	-0.1%	-2.5%	6.3%
Nasdaq 100	-0.2%	-4.3%	11.3%
Russell 2000	0.1%	-8.9%	-0.4%
S&P 500 E/W	0.4%	-1.0%	5.8%
2yr Yield	3.89%	-0.35%	-0.97%
10yr Yield	4.38%	-0.19%	-0.12%
VIX	20.1	2.7	7.5
WTI Crude	\$ 61.0	-14.9%	-22.0%
Gold	\$ 3,325	26.7%	42.3%
Bitcoin	\$ 103,196	10.1%	68.4%

### Economic Summary

	Actual	Expected	Prior (r)
ISM Services PMI	51.6	50.2	50.8
ISM Services New Orders	52.3	50.3	50.4
Initial Jobless Claims	228k	230k	241k
Continuing Claims	1,879k	1,895k	1,908k

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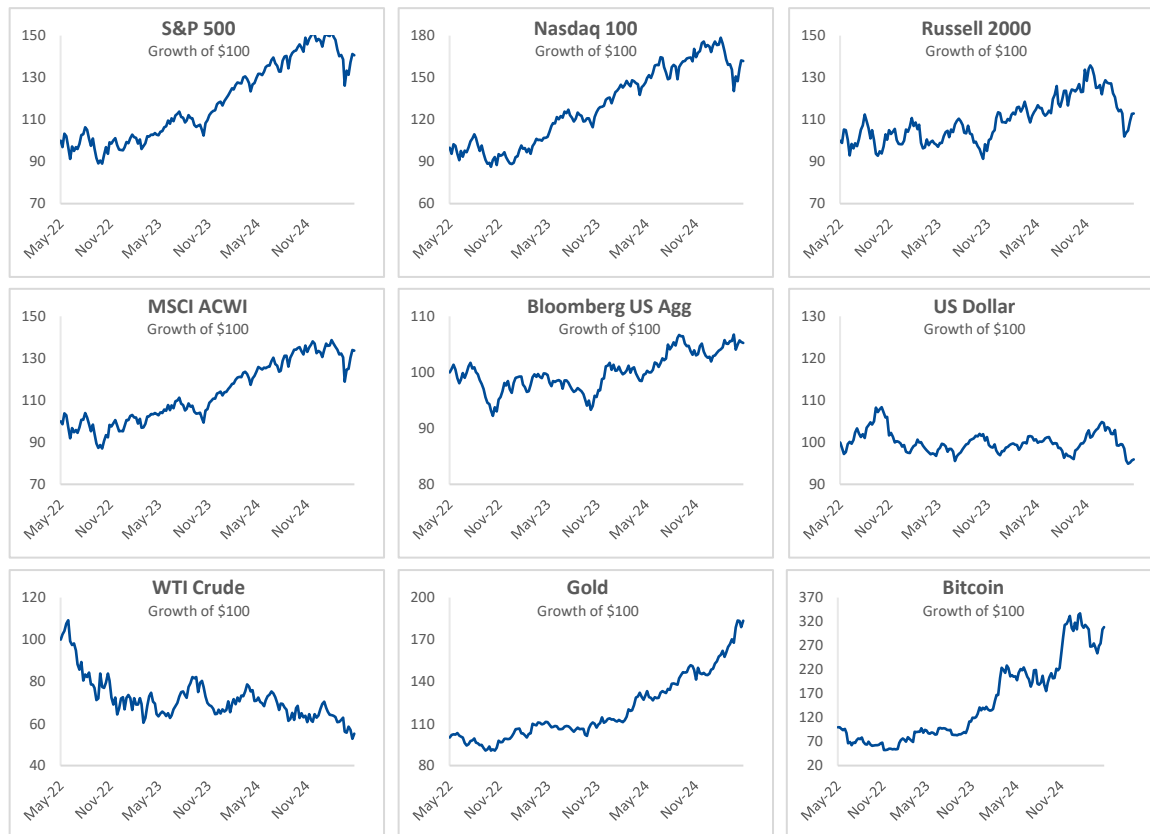
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## Markets Monitor



## S&P 500 Sector Heatmap Total Return YTD

S&P 500 -3.3%	Comm. Services 0.7%	Cons. Discretionary -9.5%	Cons. Staples 3.5%
Energy -3.0%	Financials 3.5%	Healthcare -3.2%	Industrials 3.6%
Materials 1.0%	Real Estate 3.0%	Technology -6.3%	Utilities 6.8%

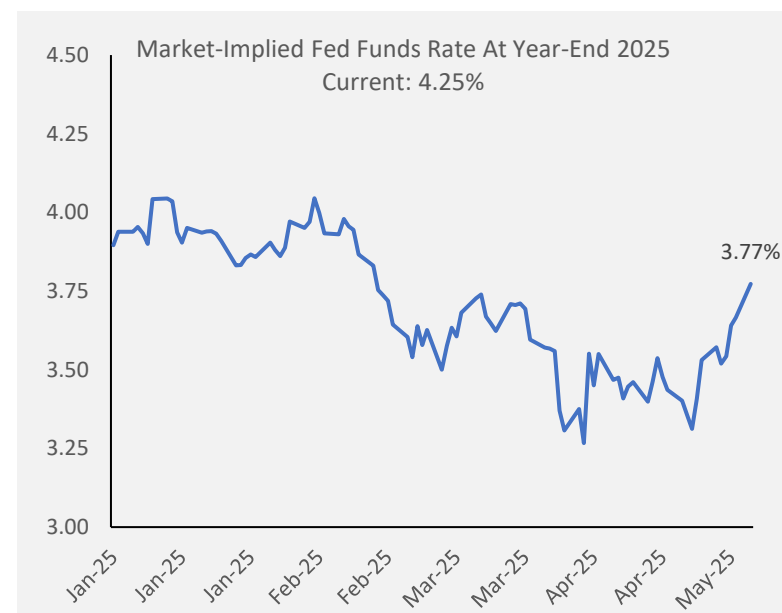
## Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
5-May	PLTR	Beat	Beat	-12.1%
6-May	CEG	Miss	Beat	10.3%
	MAR	Beat	Beat	1.9%
7-May	DIS	Beat	Beat	10.8%
	EMR	Beat	Beat	2.4%
	UBER	Beat	Miss	-2.5%
8-May	COIN	Miss	Beat	-3.4%

## World Watch

	Last Week	YTD	1yr
MSCI ACWI	-0.2%	1.3%	10.3%
MSCI Europe	-0.4%	16.8%	11.4%
MSCI APAC	0.5%	5.7%	10.5%
DXI Index	100.3	-7.5%	-4.6%
EUR / USD	\$1.13	8.6%	2.7%
GBP / USD	\$1.33	6.3%	6.2%
USD / JPY	145.4	-7.5%	-6.5%
USD / CNY	7.24	-0.8%	0.3%

## Investors Have Tempered Rate Cut Expectations In Recent Weeks



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As of 5/12/25  
Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.

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