

The Weekly Briefing

Equity markets ended the week lower as investor sentiment was weighed down by renewed concerns over near-term federal deficit spending and the potential for a more aggressive tariff stance from the Trump Administration. Attention was particularly focused on U.S. government bond yields, especially those with longer maturities. Yields on the 20- and 30-year Treasury bonds each climbed by 10 basis points over the week, with both now exceeding the 5% mark.

With economic data releases sparse last week and first-quarter earnings season drawing to a close, investor attention shifted to deliberations in the House of Representatives on the Trump Administration’s proposed tax and spending legislation. Noteworthy items in the proposed bill include an extension of the 2017 tax cuts, an increase to the estate tax exemption, and an increase in state and local tax exemptions. A potential extension of the 2017 Tax Cuts and Jobs Act could meaningfully increase take-home pay for many U.S. workers. However, concerns are rising over the fiscal implications, as the bill includes a \$4 trillion increase to the debt ceiling and is expected to cut tax revenue. According to the nonpartisan Congressional Budget Office, the legislation—if enacted—could add approximately \$3.8 trillion to federal deficits over the next decade, raising questions about long-term fiscal sustainability. The Trump Administration maintains that the bill will be deficit neutral, citing anticipated economic growth and cuts to government programs likely to emanate from the package. The bill was ultimately approved in a party-line vote in the house and now heads to the Senate for further deliberation.

Concerns over future fiscal policy and Moody’s recent downgrade of the U.S. credit rating from its Aaa status are weighing heavily on fixed income markets. These anxieties were evident during last week’s 20-year Treasury bond auction, which drew heightened attention as investors demanded significantly higher yields before committing capital. The auction ultimately cleared at a yield of 5.05%—a sharp increase of nearly 24 basis points compared to the previous 20-year issuance in April. The tepid demand at lower yields suggests a growing perception among investors that long-duration U.S. government debt carries increased risk, likely tied to mounting deficit concerns and a lack of fiscal discipline from both major political parties.

Trade tensions resurfaced late last week following a relatively quiet period of negotiations with key partners, including China. President Trump reignited tariff concerns by threatening a 50% import tariff on all goods from the European Union starting June 1st. Additionally, he threatened a 25% tariff on all Apple smartphones—likely a response to Apple’s recent announcement that it plans to shift the majority of iPhone production from China to India by the end of 2026.

First-quarter corporate earnings have been a bright spot for U.S. markets, with earnings growth now projected at 12.9%, well ahead of most advance estimates. All eyes will be on Nvidia next Wednesday as it caps off earnings season. The company’s results are expected to offer critical insight into the state of the artificial intelligence trade.

The Week Ahead

| Monday | Tuesday | Wednesday | Thursday | Friday |
|--------------|---------------|----------------------|--------------------------|--------------------|
| Memorial Day | Durable Goods | FOMC Meeting Minutes | Initial Jobless Claims | Core PCE |
| | OKTA | NVDA CRM | Continuing Claims | Consumer Sentiment |
| | | | Q1 GDP- Revised Estimate | Pending Home Sales |
| | | | COST | |
| | | | MRVL | |

Market Snapshot

| | Last Week | YTD | 1yr |
|--------------|------------|--------|--------|
| S&P 500 | -2.6% | -0.8% | 10.9% |
| DJIA | -2.4% | -1.6% | 8.4% |
| Nasdaq 100 | -2.4% | -0.2% | 12.1% |
| Russell 2000 | -3.4% | -8.1% | -0.1% |
| S&P 500 E/W | -3.1% | 0.1% | 7.0% |
| 2yr Yield | 3.99% | -0.25% | -0.94% |
| 10yr Yield | 4.51% | -0.06% | 0.03% |
| VIX | 22.3 | 4.9 | 9.9 |
| WTI Crude | \$ 61.5 | -14.2% | -20.0% |
| Gold | \$ 3,358 | 27.9% | 44.1% |
| Bitcoin | \$ 108,261 | 15.5% | 56.7% |

Economic Summary

| | Actual | Expected | Prior (r) |
|-------------------------|--------|----------|-----------|
| Existing Home Sales | 4.0M | 4.15M | 4.0M |
| Existing Home Sales m/m | -0.5% | | -5.9% |
| New Home Sales | 743k | 694K | 670K |
| New Home Sales m/m | 10.9% | | 2.6% |
| Initial Jobless Claims | 227k | 230k | 229k |
| Continuing Claims | 1903k | 1890k | 1867k |

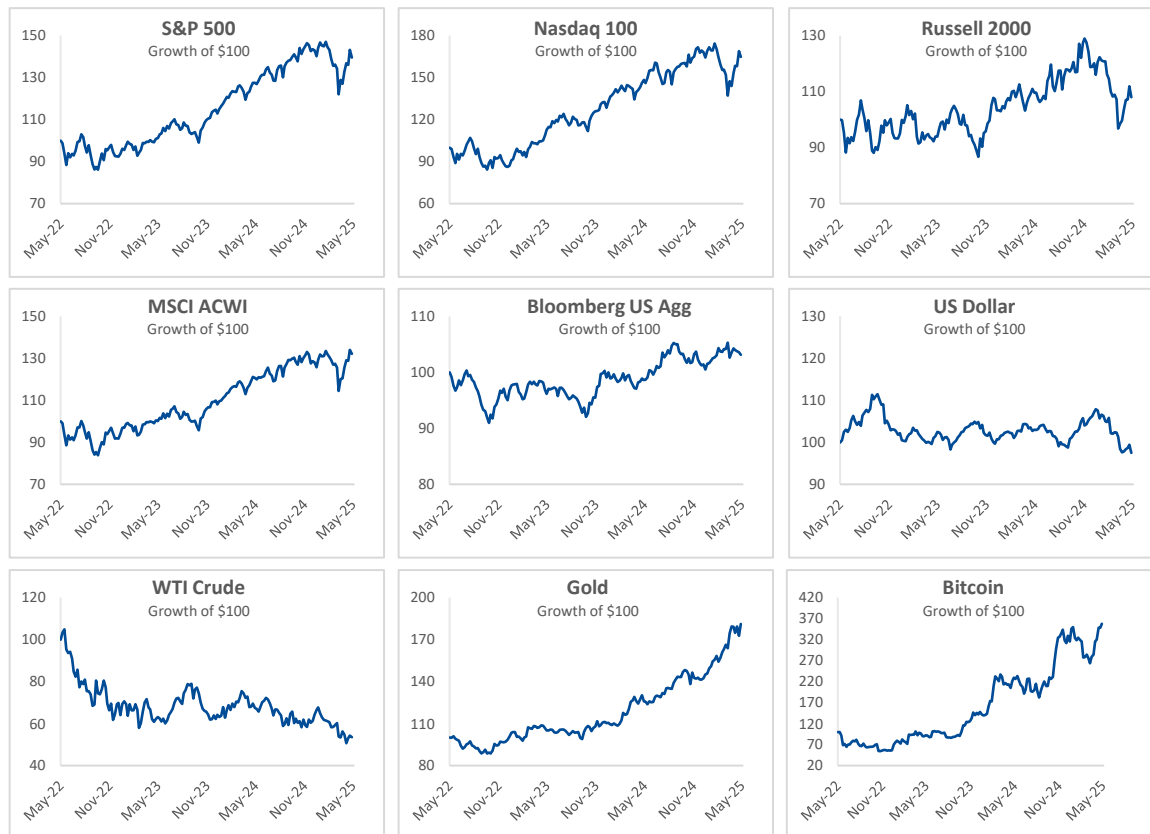
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Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

| | | | |
|-----------|----------------|---------------------|---------------|
| S&P 500 | Comm. Services | Cons. Discretionary | Cons. Staples |
| -0.8% | 3.8% | -5.9% | 4.4% |
| Energy | Financials | Healthcare | Industrials |
| -3.5% | 3.9% | -4.9% | 7.2% |
| Materials | Real Estate | Technology | Utilities |
| 2.3% | 0.6% | -2.3% | 7.9% |

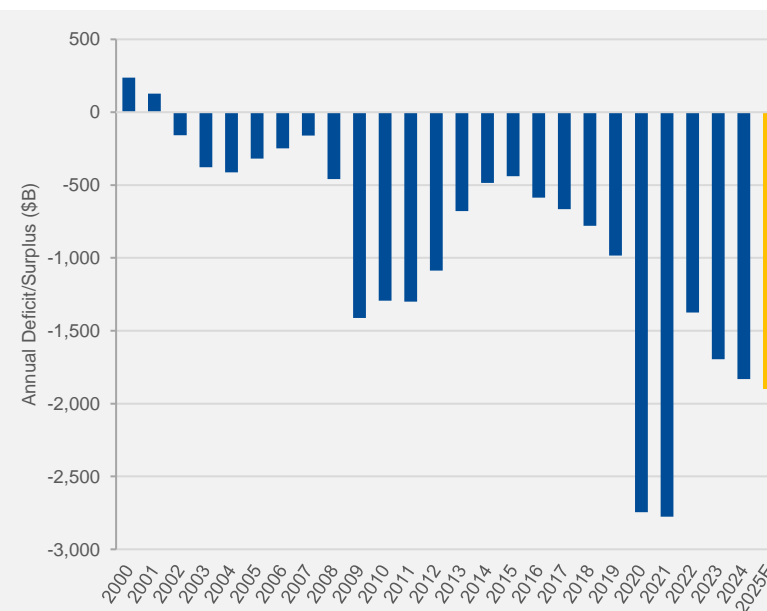
Last Week in Earnings

| Date | Ticker | EPS | Revenue | Price chg |
|--------|--------|------|---------|-----------|
| 20-May | HD | Miss | Beat | -0.6% |
| 25-May | PANW | Beat | Beat | -6.8% |
| 21-May | SNOW | Beat | Beat | 13.4% |
| 21-May | TGT | Miss | Miss | -5.2% |
| 21-May | LOW | Beat | Beat | -1.7% |
| 22-May | INTU | Beat | Beat | 8.1% |
| 17-Apr | BAH | Beat | Miss | -16.5% |

World Watch

| | Last Week | YTD | 1yr |
|-------------|-----------|-------|-------|
| MSCI ACWI | -1.4% | 3.9% | 11.3% |
| MSCI Europe | 1.1% | 19.6% | 12.2% |
| MSCI APAC | 0.8% | 8.7% | 11.6% |
| DXI Index | 99.1 | -8.6% | -5.7% |
| EUR / USD | \$1.14 | 9.5% | 3.4% |
| GBP / USD | \$1.35 | 8.2% | 6.6% |
| USD / JPY | 142.6 | -9.3% | -9.2% |
| USD / CNY | 7.18 | -1.6% | -0.9% |

Annual U.S. Deficit/Surplus Since 2000



WEALTH MANAGEMENT

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

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