

## The Weekly Briefing

Broad equity indexes rose for the second consecutive week as equities continue their recovery since the suspension of reciprocal tariffs. Last week the S&P 500 rose 1.9%, the Nasdaq rose 2.0% and the Russell 2000 rose 1.3%. The S&P 500 is up 20% since the 90-day pause was announced.

Last week's economic releases included the ISM Manufacturing and Services PMIs and key employment data for May. Both the ISM Manufacturing and the Services PMI reports contained worrisome signals for economic activity and inflation. The ISM Manufacturing Purchasing Managers Index remained in contractionary territory. The headline index came in at 48.5, below expectations and a deterioration from 48.7 in April. A level below 50 indicates a contraction in overall activity. The headline Manufacturing PMI has only registered a reading above 50 twice in more than 2.5 years, underscoring difficulties in this economic sector. The new orders index, a barometer of future activity, also came in below 50 and has been in contractionary territory for three consecutive months. The prices paid component was 69.4, indicating firms are seeing increased input prices. This measure has remained in the 60s since February.

The ISM Services PMI exhibited similar trends as the Manufacturing index. The headline index came in below 50 for just the fourth time since Covid. This index rarely reaches sub-50 levels and has recorded an expansionary reading 88% of the time since January 2007. The headline number has only been below 50 seven times since the Great Financial Crisis. The new orders component came in at 50.4, indicating tepid expansion in forward-looking activity. The price component of the services PMI came in well above 50 at 68.7.

According to these survey-based measures, both the manufacturing and service sectors are experiencing higher costs, and the readings have inflected meaningfully higher since tariffs were threatened and imposed. While the last few years have shown that survey-based data can fail to accurately reflect real economic activity, these measures are warning signs that elevated inflation may return. Investors and fed officials are uncertain about the impact of tariffs on the price level. The optimistic expectation is for tariffs to result in a one-time adjustment in the price level with modest growth after the reset. The more pessimistic outcome would be if the implementation of tariffs caused a sustained inflection in the rate of price increases. The 90-day pause on reciprocal tariffs is set to end July 8<sup>th</sup>.

The May employment report came in better than expected. The economy added 139,000 jobs, ahead of the 126,000 expected. The unemployment rate remained at 4.2%, as expected. The labor market has slackened from the ultra-tight levels following the pandemic, but recent jobs gains and the unemployment rate remain at healthy levels.

The week ahead contains May CPI and PPI data. Oracle and Adobe are the highest profile earnings reports as 1Q25 earnings season comes to a conclusion.

### The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
	GME	CPI	Initial Jobless Claims	
		ORCL	Continuing Claims	
			PPI	
			ADBE	

### Market Snapshot

	Last Week	YTD	1yr
S&P 500	1.9%	2.6%	13.7%
DJIA	1.7%	1.3%	12.2%
Nasdaq 100	2.0%	3.9%	15.4%
Russell 2000	1.3%	-3.8%	6.7%
S&P 500 E/W	1.2%	2.6%	10.6%
2yr Yield	4.04%	-0.21%	-0.85%
10yr Yield	4.51%	-0.06%	0.07%
VIX	16.8	(0.6)	4.6
WTI Crude	\$ 64.6	-10.0%	-14.5%
Gold	\$ 3,310	26.1%	43.3%
Bitcoin	\$ 104,598	11.6%	50.1%

### Economic Summary

	Actual	Expected	Prior (r)
ISM Manufacturing PMI	48.5	49.5	48.7
JOLTS Job Openings	7,391k	7,100k	7,200k
ISM Services PMI	49.9	52.0	51.6
Initial Jobless Claims	247k	235k	239k
Continuing Claims	1,904k	1,910k	1,919k
Nonfarm Payrolls	139k	126k	147k
Unemployment Rate	4.2%	4.2%	4.2%

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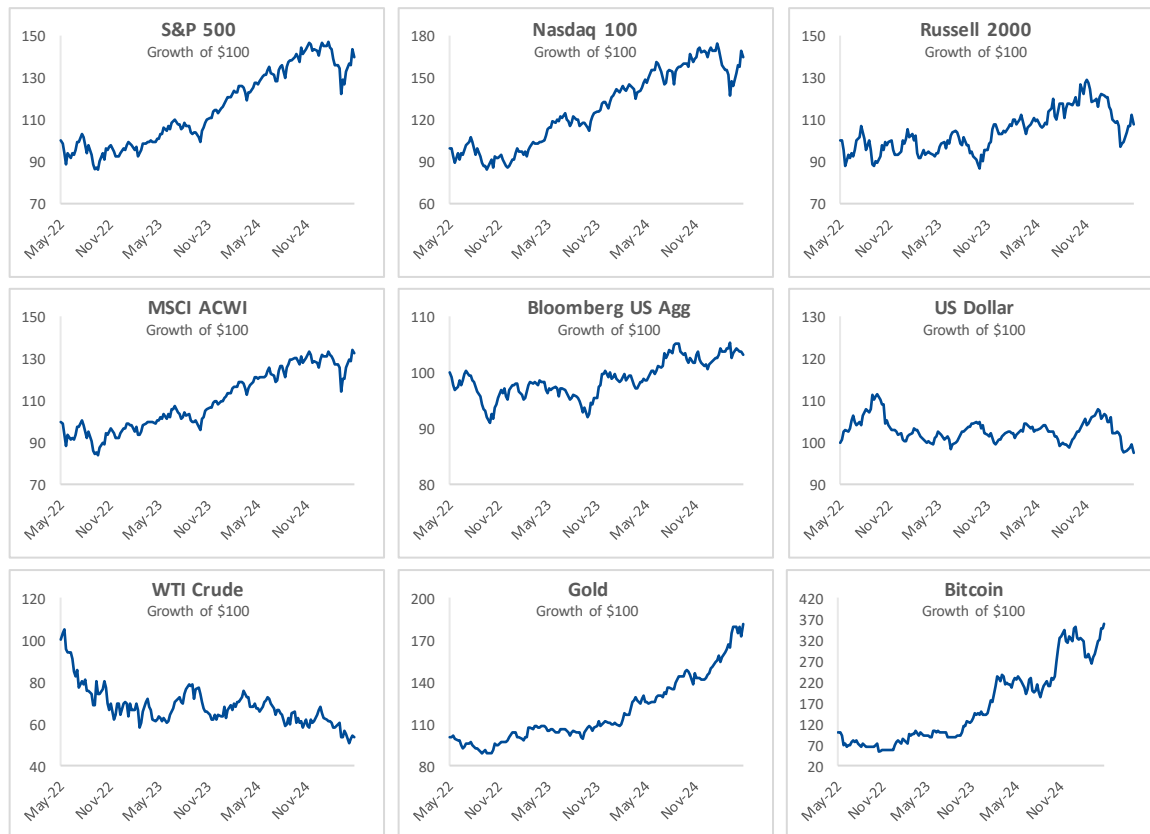
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WEALTH MANAGEMENT

## Markets Monitor



## S&P 500 Sector Heatmap Total Return YTD

S&P 500 2.6%	Comm. Services 7.4%	Cons. Discretionary -5.2%	Cons. Staples 4.5%
Energy -1.9%	Financials 6.5%	Healthcare -1.9%	Industrials 10.3%
Materials 4.8%	Real Estate 3.6%	Technology 2.7%	Utilities 8.0%

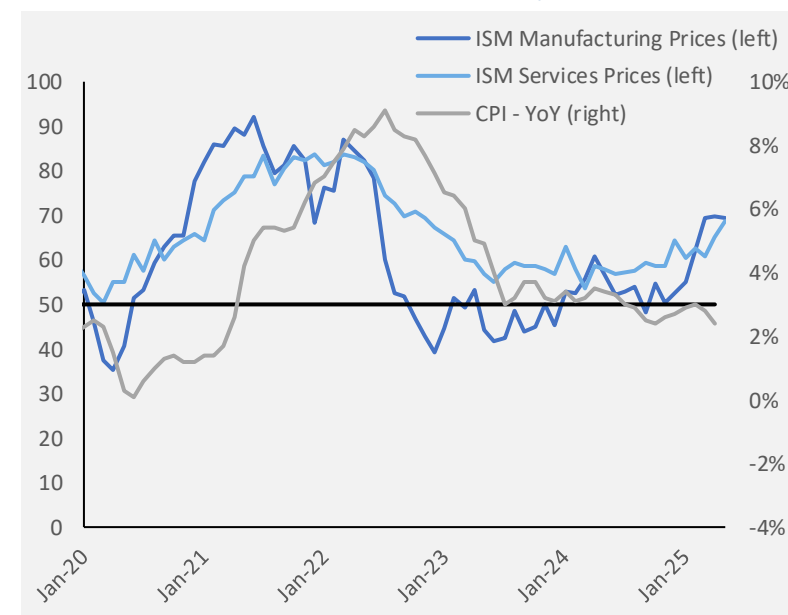
## Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
3-Jun	CRWD	Beat	Miss	-5.8%
	DG	Beat	Beat	15.9%
4-Jun	CHPT	Beat	Miss	-22.5%
	DLTR	Beat	Beat	-8.4%
	MDB	Beat	Beat	12.8%
5-Jun	DOCU	Beat	Beat	-18.9%
	LULU	Inline	Beat	-19.8%

## World Watch

	Last Week	YTD	1yr
MSCI ACWI	1.4%	6.8%	14.0%
MSCI Europe	1.4%	22.2%	14.0%
MSCI APAC	1.0%	9.7%	12.0%
DXI Index	99.0	-8.7%	-5.6%
EUR / USD	\$1.14	9.4%	3.9%
GBP / USD	\$1.36	8.3%	6.5%
USD / JPY	144.5	-8.1%	-8.0%
USD / CNY	7.19	-1.6%	-0.9%

## ISM Price Measures Have Historically Led CPI



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

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