Weekly Market Recap

May 5, 2025

Market Commentary

Last Week's Highlights: More positive news on tariffs and a strong jobs report helped fuel equities last week. The Dow was up 3.00% last week, while the S&P 500 gained 2.92%, the Nasdaq was up 3.42%, and the Russell 2000 gained 3.22%. Bond yields were higher last week, causing bonds to drop. The BBgBarc Agg Bond Index was down 0.31% for the week, while short-term bonds lost 0.03%. The US dollar was slightly positive for the week, yet international equities performed well. The MSCI EAFE Index was up 3.36%, while the MSCI Emerging Markets Index also gained 3.36%. **Economic Data:** Economic releases light this week, but the Fed meeting will have investors' attention. The key economic data releases this week are S&P Services PMI, CB Employment Trends, ISM Non-Manufacturing PMI, Redbook Sales, FOMC Rate Decision, Consumer Credit, Initial Jobless Claims, Continuing Claims, & Wholesale Inventories. **Earnings Releases:** Tech and Industrials dominate the earnings this week. The key earnings releases this week are BRK.B, PLTR, F, TSN, RILY, AMD, DUK, WYNN, IRBT, NVO, UBER, DIS, DASH, GOLD, Z, TM, BID, SHOP, MCK, COIN, DKNG, LYFT, & UI. **Takeaways:** The PCE Price Index, the preferred measure of inflation by the Fed, declined last month for the 2nd time in four months and remains below the historical average. Pending trade deals have been floated by the White House and China has begun offering olive branches to the U.S. According to Bloomberg, China has quietly exempted $40 billion worth of U.S. imports from tariffs. Friday's strong jobs report moved the needle for future rate cuts, as four cuts in 2025 were forecasted by the futures market. Now, only 3 cuts are forecast. First quarter GDP came in slightly worse than expected at -0.3%. The largest contributor to the negative number was Net Exports. This was due to companies front-running expected tariffs and importing goods at cheaper prices before tariffs kick in. In addition, Initial Claims moved higher this week by almost 20,000. However, New York saw a doubling of claims for that state due to the New York public schools. During the spring recess, closures often lead to temporary layoffs of non-teaching staff, which inflates the claims. Oil continues to track with slowing freight, especially from China. It's likely the worst is over in equity markets, for now. Yet, there's still likely to be more choppy trading ahead with the release of each tariff-related headline.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	3.93%	-7.80%
Industrials	4.35%	-1.00%
Energy	-0.34%	-3.72%
Communication Svcs	4.18%	-1.74%
Basic Materials	3.12%	2.45%
Consumer Cyclical	1.89%	-10.79%
Financial Svcs	3.62%	2.86%
Real Estate	3.16%	2.69%
Consumer Defensive	1.22%	4.48%
Healthcare	0.59%	0.68%
Utilities	2.29%	7.36%

Key Indices	1 Week Return	YTD Return
S&P 500	2.92%	-3.31%
Dow Jones Industrial Average	3.00%	-2.88%
Russell 2000	3.22%	-9.39%
Nasdaq	3.42%	-6.90%
MSCI EAFE	3.36%	12.14%
BBgBarc Agg Bond	-0.31%	2.35%
60% S&P / 40% BB Agg Bond	1.52%	-1.05%

Key Rates—as of 5/2/2025	
3mth T-bills	4.32%
2yr U.S. Treasury	3.82%
10yr U.S. Treasury	4.31%
Fed Funds	4.25%-4.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	1.93%	3.11%	4.41%
Mid	1.84%	3.15%	3.34%
Small	2.77%	2.86%	4.10%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	2.69%	-2.51%	1.70%
Mid	-0.55%	-3.40%	-2.03%
Small	-5.88%	-7.42%	-4.37%

See important disclosures on last page.

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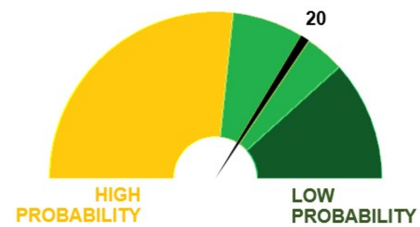
Recession Indicator

The current score of our Recession Indicator suggests that there is a moderate probability of a recession in the next 6-12 months. The Indicator was unchanged last week. It stands at a level of 20. The ANCFI, and the Financial Stress Index are at a positive levels. The Weekly Economic Index, CPI, KC Labor Market Index, Housing Starts, & S&P 200 DMA are at moderate levels. The Yield Curve, Consumer Sentiment, Sahm Rule, & the Savings Rate are at warning levels.



PROBABILITY OF RECESSION	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

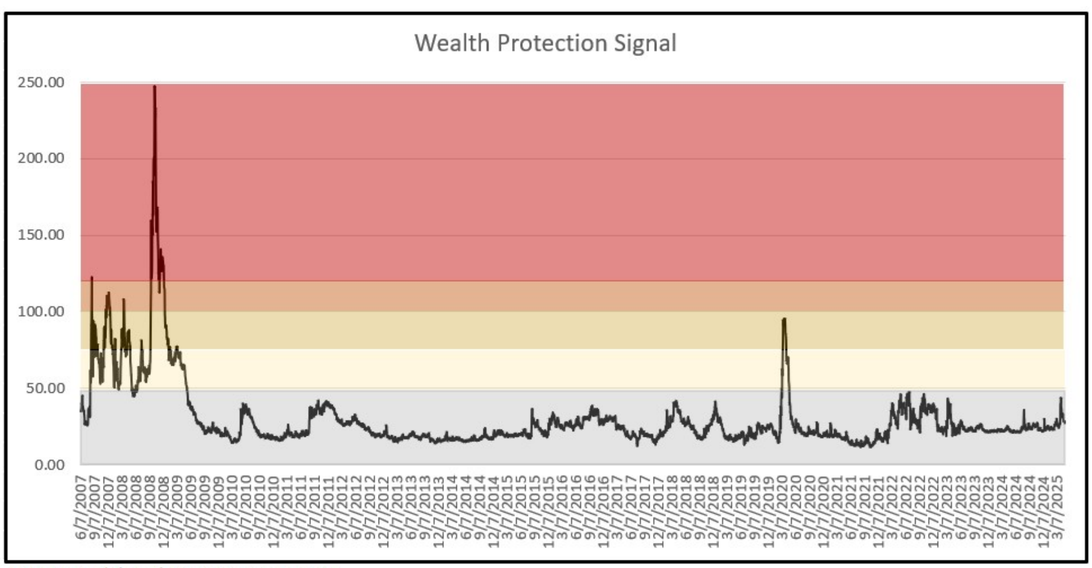
Wealth Protection Signal

Description

The Wealth Protection Signal measures panic or "fear" among investors, as well as, "volatility" in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

Current Level

The current level of the Wealth Protection Signal is at 27.28 as of Friday's close on May 2nd, 2025. The Signal decreased 4.2% last week. Volatility moved lower throughout the week as tariff news softened and equities rebounded. The Signal would have to increase 65% to reach the first cash raise trigger. The Wealth Protection Signal is currently indicating that investors should have a 0% cash-weighting as a defensive position within their respective asset allocation at this time.



Source: Eudaimonia Asset Management

Cash Raise Level
40%
30%
20%
10%
0%

Current Level
27.28
5/2/2025

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Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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All investments include a risk of loss that clients should be prepared to bear.