

## Beacon Weekly Investment Insights

Investors were expecting a relatively benign week of news limited to the scheduled economic announcements and the Nvidia results. That quickly changed on Wednesday evening when the US Court of International Trade ruled against many of the tariffs put in place only to have that decision temporarily stayed by the Appeals Court and the Administration's response to possible work arounds to proceed unimpeded. This all seems destined to end up at the Supreme Court but, in the meantime, uncertainty and confusion persists undermining the President's leverage as negotiating countries will surely drag their heels to reach an agreement. This is no clearer than Treasury Secretary Bessent's comments that China talks have "stalled" and the announcement Friday that steel and aluminum import tariffs will rise to 50% outraging impacted countries. On a positive note, Nvidia delivered 1Q revenues rising 69% over 2024 and signaled that demand for their state-of-the-art chips exceeds supply. All in all, the equity markets performed quite well with the Dow up 1.60%, the S&P500 rising 1.88% and the Nasdaq increasing 2.01%. Tech, Healthcare, and Financials outperformed the broader market; all 11 sectors, except Oil & Gas, had positive returns for the week. More importantly, the returns for May essentially erased the April correction with the S&P500 rising 6.2% resulting in slight positive return of 0.51% YTD.

As has been the case for some time the economic data was mixed during the week clearly indicating that the economy is slowing due to the uncertainty and companies' inability to accurately forecast the future. Consumers continue to spend but cautiously and are hesitant to make any large outlays such as housing which was off 6.3% as supply rose, rates remain stubbornly high despite sellers' willingness to lower prices. Notwithstanding consumer confidence rose to 98 vs the prior month weakness of 86. This clearly reflects the postponement of any further draconian tariff announcements but based on the direction the courts take we should expect confidence to ebb and flow in the coming months.

It is vital that the consumer remain positive and constructive on their employment, job prospects and income growth amongst all this uncertainty since 70% of our economy depends on them. Initial jobless claims, personal income, and personal spending were all in line or better than expected. First quarter GDP was revised to -0.2%, an upward revision from the initial read of -0.3%, confirming the aforementioned slowdown.

Finally, inflation, as measured by PCE and the Fed's preferred measurement, continues to trend in the right direction albeit prior to any tariff impacts. Year over year PCE came in at 2.1% versus expectations of 2.2% and core (ex-food and energy) @ 2.5% vs. 2.6%.

Corporate earnings are largely behind us, and they have been stronger than expected rising 13% with an impressive 78% exceeding expectations. Moving forward investors should anticipate the outcome of tariffs to impact future results evidenced by many companies' reluctance to provide guidance. This will persist until final agreements are reached which doesn't seem imminent.

In the upcoming week we will get ISM Manufacturing & Services, JOLTS, Non-farm payrolls on Friday and earnings from Dollar General, Broadcom, Lululemon throughout the week.

<b>Market Scorecard:</b>	<b>05/30/2025</b>	<b>YTD Price Change</b>
Dow Jones Industrial Average	42,270.00	-0.64%
S&P 500 Index	5,911.69	0.51%
NASDAQ Composite	19,113.77	-1.02%
Russell 1000 Growth Index	4,021.34	-0.52%
Russell 1000 Value Index	1,853.37	1.61%
Russell 2000 Small Cap Index	2,066.29	-7.35%
MSCI EAFE Index	2,604.36	11.76%
US 10 Year Treasury Yield	4.42%	-15 basis points
WTI Crude Oil	\$60.64	-15.87
Gold \$/Oz.	\$3,288.90	23.87%



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