WEEKLY MARKET UPDATE | MAY 9, 2025

Stocks fluctuate on trade news.

The economy

- U.S. stocks posted modest losses during the week ending May 9, as concerns about U.S. trade policy with China and uncertainty regarding Federal Reserve (Fed) monetary policy offset optimism regarding a proposed trade deal between the U.S. and the U.K.
- Under the tentative agreement with the U.K., which President Trump and U.K. Prime Minister Keir Star announced on Thursday, U.K. steel and aluminum imports will be exempt from the 25% tariff and levies on autos manufactured in the U.K. will be reduced from 25% to 10% for the first 100,000 imported vehicles. The agreement stipulates that the U.K. will purchase Boeing jets worth $10 billion and ease restrictions on imports of ethanol from the U.S. Imported goods from the U.K. will still be subject to the global 10% tariff implemented early last month.
- On Friday, Trump announced that he was considering a reduction in the across-the-board tariff on Chinese imports from 145% to 80%. Earlier in the week, the Trump administration announced that U.S. Treasury Secretary Scott Bessent and U.S. Trade Representative Jamieson Greer are scheduled to meet with China's Vice Premier He Lefing and Wang Xiaohong, public-security czar, to discuss trade policy in Switzerland this weekend.
- The U.S. trade deficit, which occurs when the value of a country's imports exceeds the value of its exports, climbed 14.0% to a record-high $140.5 billion in March (the most recent reporting period) according to the Department of Commerce, as businesses rushed to purchase goods before the across-the-board tariffs on imports took effect in early April. Imports rose 4.4% month-over-month to a historical high of $419 billion, while exports edged up 0.2% to $278.5 billion. The widening trade gap was attributable largely to imports of pharmaceuticals, which surged 71% to $50.4 billion in March.
- As widely anticipated, the Federal Open Market Committee (FOMC) left the federal-funds rate unchanged in a range of 4.25% to 4.50% following its meeting on Tuesday and Wednesday. In its first monetary policy statement since the tariffs took effect in early April, the central bank cautioned that the U.S. economy could be hampered by a weaker labor market and rising inflation. "Uncertainty about the economic outlook has increased further," the FOMC noted. "The Committee…judges that the risks of higher unemployment and higher inflation have risen."
- At a news conference following the FOMC meeting, Fed Chair Jerome Powell said, "The current stance of monetary policy leaves us well positioned to respond in a timely way to potential economic developments." He commented that if the tariffs are left in place for a significant period, they could "generate a rise in inflation, a slowdown in economic growth and an increase in unemployment." However, Powell also noted that "the effects on inflation could be short lived, reflecting a one-time shift in the price level. It is also possible that the inflationary effects could instead be more persistent. Avoiding that outcome will depend on the size of the tariffs' effects, on how long it takes for them to pass fully into prices and ultimately on keeping longer-term inflation expectations well anchored."

Stocks

- Global equities recorded negative returns for the week. Emerging markets outperformed developed markets.
- U.S. equities moved lower during the week. Industrials and consumer discretionary were the top-performing sectors, while healthcare and communication services were the primary market laggards.
- Value stocks outperformed growth, while small caps outpaced large caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.39% for the week.
- Global bond markets declined for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of May 9, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-0.4%	0.5%	8.5%	845.9
MSCI EAFE ($)	-0.8%	11.2%	7.9%	2515.9
MSCI Emerging Mkts ($)	0.0%	5.4%	6.6%	1133.6
US & Canadian Equities				
Dow Jones Industrials ($)	-0.2%	-3.0%	4.7%	41249.4
S&P 500 ($)	-0.5%	-3.8%	8.6%	5659.9
NASDAQ ($)	-0.3%	-7.2%	9.7%	17928.9
S&P/ TSX Composite (C$)	1.3%	2.5%	13.3%	25357.7
UK & European Equities				
FTSE All-Share (£)	-0.2%	3.9%	1.8%	4641.1
MSCI Europe ex UK (€)	-0.3%	6.3%	2.2%	1875.6
Asian Equities				
Topix (¥)	1.7%	-1.8%	0.7%	2733.5
Hong Kong Hang Seng ($)	1.6%	14.0%	23.4%	22867.7
MSCI Asia Pac. Ex-Japan ($)	-0.2%	4.1%	7.9%	592.8
Latin American Equities				
MSCI EMF Latin America ($)	0.9%	19.4%	-11.0%	2212.2
Mexican Bolsa (peso)	1.4%	14.3%	-2.2%	56569.7
Brazilian Bovespa (real)	1.0%	13.5%	6.5%	136511.9
Commodities ($)				
West Texas Intermediate Spot	2.8%	-16.5%	-24.4%	59.9
Gold Spot Price	3.5%	27.2%	43.2%	3337.0
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.4%	4.7%	6.4%	485.4
JPMorgan Emerging Mkt Bond	0.3%	2.3%	7.1%	918.1
10-Year Yield Change (basis points*)				
US Treasury	8	-19	-7	4.39%
UK Gilt	6	0	43	4.57%
German Bund	3	20	7	2.56%
Japan Govt Bond	11	27	45	1.37%
Canada Govt Bond	-2	-7	-47	3.16%
Currency Returns**				
US$ per euro	-0.4%	8.7%	4.3%	1.125
Yen per US$	0.2%	-7.6%	-6.5%	145.32
US$ per £	0.2%	6.3%	6.2%	1.330
C$ per US$	0.9%	-3.1%	1.9%	1.393

Source: Bloomberg. Equity-index returns are price only, others are total returns.
*100 basis points = 1 percentage point.
**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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