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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"The aim of argument, or of discussion, should not be victory, but progress." Joseph Joubert

MARKETS

Macro Recap: The United States and the United Kingdom unveiled a strategic framework aimed at advancing toward a comprehensive trade agreement. Simultaneously, U.S. and Chinese officials announced plans to resume negotiations following recent tariff escalations, signaling a potential thaw in trade tensions between the two economic powers.

The U.S. Federal Reserve held interest rates steady for the third consecutive meeting, reinforcing its cautious, data-driven approach. In Wednesday's statement, the Fed acknowledged growing risks of both elevated inflation and rising unemployment. Chair Jerome Powell emphasized the uncertainty, stating that it is "not at all clear" what direction monetary policy should take next.

U.S. crude oil prices experienced significant volatility during the week. On Monday, prices briefly dipped below $56 per barrel, the lowest level in over four years, before rebounding to approximately $61 by Friday. Despite the recovery, oil remains well below the $80 level seen just four months ago, as markets continue to react to shifting trade dynamics and global economic uncertainty.

Gold resumed its strong upward momentum after a brief two-week pullback. The metal surged to $3,444 per ounce, nearing its all-time high set on April 21. By Friday afternoon, gold was trading around $3,350, marking a weekly gain of over 3% and reinforcing its role as a safe-haven asset amid market volatility.

Bitcoin, the most widely traded cryptocurrency, crossed the $100,000 mark on Thursday for the first time in over three months. It continued its upward trend, reaching approximately $103,000 by Friday, up around 6% for the week and significantly above last month's low of $77,000.

Equity Recap: The S&P 500's nine-session winning streak came to an end on Monday. Throughout the week, equities traded within a narrow range, with the major U.S. indexes posting modest declines overall. This subdued performance reflects a brief pause following a period of heightened market volatility. Despite recent gains, the S&P 500 remains nearly 8% below its all-time high set in mid-February.

Bond/Rate Recap: The 2-yr note yield increased seven basis points to 3.89%, while the 10-yr note yield added seven basis points to 4.38%.

Week Ahead: The Consumer Price Index (CPI) report set for release this Tuesday will reveal whether the recent trend of easing inflation persisted into April, amid rising tariffs and escalating global trade tensions. The March CPI report showed inflation slowing to an annual rate of 2.4%, down from 2.8% in February.

INDICES

	May 9 Close	May 5 Open	Weekly Change	Dec 31 2024	YTD Change
DJIA	41,249	41,317	-0.2%	42,544	-3.0%
S&P 500	5,660	5,687	-0.5%	5,882	-3.8%
NASDAQ	17,929	17,978	-0.3%	19,311	-7.2%
Russell 2000	2,023	2,021	0.1%	2,230	-9.3%
KBW Bank Indx	123.0	122.0	0.9%	127.5	-3.5%
Bitcoin	$103,943	$94,729	9.7%	$93,714	10.9%
Oil (WTI)	$61.02	$56.08	8.8%	$71.72	-14.9%
Gold	$3,325	$3,247	2.4%	$2,625	26.7%
Prime	7.50	7.50	0.00	7.50	0.00
Effective Fed Funds	4.33	4.33	0.00	4.33	0.00
3m Tbill	4.32	4.30	0.02	4.31	0.01
2yr UST	3.89	3.82	0.07	4.24	-0.35
10yr UST	4.38	4.31	0.07	4.57	-0.19
2-10yr UST Spread	49	48	0	33	16
2y AAA Muni/10y UST	74.5%	76.0%	-1.5%	66.5%	8.0%
10y AAA Muni/10y UST	75.8%	77.5%	-1.6%	68.4%	7.4%
5yr Inflation Forecast	2.40	2.33	0.08	2.42	-0.02

Week Ahead

- **Monday:** Federal budget
- **Tuesday:** CPI
- **Wednesday:** No major reports
- **Thursday:** Retail sales, PPI, Business inv, Industrial production
- **Friday:** Export/Import, UofM cons sentiment, Housing starts

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