

Philip Blancato, Chief Market Strategist, Osaic

May 30, 2025



## ECONOMIC REVIEW<sup>1</sup>

- The Conference Board Consumer Confidence Index in May exceeded expectations and rose to a reading of 98.
  - Consumer confidence increased after five consecutive months of declining readings stemming from uncertainty around potential impacts on prices and the economy from tariffs.
  - In the latest report, consumers' expectations for business conditions, employment prospects, and future income improved.
- The second estimate of the first quarter Gross Domestic Product (GDP) report showed that U.S. economic growth declined by -0.2% on an annualized basis.
  - The second reading showed improvement from the -0.3% decline in the advanced estimate as inventories and government spending were revised higher.
  - Consumer spending was revised lower but core GDP, which removes the volatile inventory, government spending, and net export categories, grew at an annualized rate of 2.5% signaling that underlying economic growth remained stable in the first quarter.
- The Personal Consumption Expenditures Price Index (PCE) increased 0.1% month-over-month (MoM), matching expectations. Core PCE, which excludes the volatile food and energy categories, also increased 0.1% MoM.
  - On a year-over-year basis, headline PCE rose 2.1% and core PCE rose 2.5%.
  - The largest monthly increase was transportation services (+0.74%) and the largest monthly decline was financial services (-1.05%).

### How does the most recent economic data impact you?

- Despite lower consumer confidence readings over the past few months positive wage growth, stable retail sales numbers, and steady job growth pointed towards a sound economy. Additionally, progress on trade deals helped improve sentiment in May as hard data economic remained intact.
- Inflation has continued trending towards the Federal Reserve's (Fed) 2% target and inflation readings have posted their lowest year-over-year readings since 2021. However, with tariffs likely to result in temporary price increases the Fed is likely to remain cautious and wait for more data over the next few months before cutting interest rates.



## A LOOK FORWARD<sup>1</sup>

- This week, investors will be primarily focused on economic reports that provide updated information on the jobs market and the strength of the U.S. manufacturing and services sectors.

### How does this week's slate of economic data impact you?

- The labor market has been a major factor supporting consumer strength and has remained resilient despite uncertainty to start the year. This report will be closely watched for any weakness related to tariffs impacting hiring decisions.
- The ISM Services Index is a critical datapoint measuring the strength of the services sector, which makes up nearly 80% of U.S. economic activity. The index has trended lower in recent months but remains in expansionary territory.



## MARKET UPDATE<sup>2</sup>

Market Index Returns as of 5/30/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.90%	5.57%	1.06%	13.52%	14.41%	15.95%
NASDAQ	2.02%	10.61%	-0.74%	15.02%	17.44%	15.91%
Dow Jones Industrial Average	1.67%	0.95%	0.08%	11.16%	10.79%	12.94%
Russell Mid-Cap	1.43%	4.63%	1.06%	10.32%	9.05%	12.69%
Russell 2000 (Small Cap)	1.32%	2.91%	-6.85%	1.19%	5.03%	9.64%
MSCI EAFE (International)	0.89%	9.37%	16.87%	13.33%	11.45%	11.42%
MSCI Emerging Markets	-1.12%	5.64%	8.73%	13.04%	5.15%	7.08%
Bloomberg Barclays US Agg Bond	0.88%	-0.33%	2.45%	5.46%	1.49%	-0.90%
Bloomberg Barclays High Yield Corp.	0.74%	1.66%	2.68%	9.32%	6.75%	5.79%
Bloomberg Barclays Global Agg	0.52%	2.57%	5.28%	7.03%	1.00%	-1.35%



## OBSERVATIONS

- Major U.S. stock indexes continued moving higher in the shortened trading week as tariff related news and lower inflation readings were in the spotlight.
  - The Nasdaq led the advance with a +2.02% gain, while the S&P 500 returned +1.90%, and the Dow Jones finished up 1.67%.
- Small-cap stocks also experienced strong performance for the week with a +1.32% return. Mid-cap stocks also participated in the rally, rising +1.43% on the week.
- International stock returns were mixed last week and trailed U.S. equity markets. Developed markets gained +0.89% while emerging markets posted a return of -1.12%.
- Fixed income indices were positive as interest rates fell during a volatile week. The U.S. Aggregate Bond Index returned +0.88%, while the less interest rate sensitive High-Yield Corporate Index advanced by +0.74%.



## BY THE NUMBERS

- Ukraine and Russia Meet in Turkey for Peace Talks After Launching Major Attacks:** Delegations from Russia and Ukraine gathered in Turkey on Monday for their second round of direct peace talks in just over two weeks, although expectations were low for any significant progress on ending the three-year war after a string of major attacks over the weekend. Ukraine said Sunday it launched a surprise attack on five Russian airbases thousands of kilometers (miles) apart, ranging from air bases close to Moscow to targets in Russia's Arctic, Siberia, and Far East. Meanwhile, Russia on Sunday launched the biggest number of drones — 472 — on Ukraine since the full-scale invasion in February 2022, Ukraine's air force said, in an apparent effort to overwhelm air defenses. Recent comments by senior officials in both countries indicate they remain far apart on the key conditions for stopping the war. The first round of talks, held on May 17, also in Istanbul, ended after less than two hours. While both sides agreed on a large prisoner swap, there was no breakthrough.<sup>3</sup>
- Treasury Secretary Bessent "Confident" US-China Trade Details "Will be Ironed out" when Trump, Xi Talk:** Treasury Secretary Scott Bessent said Sunday that he's "confident" a U.S.-China trade dispute "will be ironed out" when President Trump and Chinese President Xi Jinping have a conversation, after President Trump said China was violating its trade agreement with the U.S. late last week. Of a call between the two leaders, "I believe we'll see something very soon," Bessent said on "Face the Nation with Margaret Brennan." On Sunday, Bessent acknowledged that the products China is withholding include critical minerals, which are materials used in high-tech products such as computer chips and electric vehicle batteries. The export of rare earths was thought to be at the center of the disagreement.<sup>4</sup>

---

## *Economic Definitions*

**Conference Board Consumer Confidence Index:** The Consumer Confidence Survey® reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitude, buying intentions, vacation plans and consumer expectation for inflation, stock prices and interest rates. Data are data available by age, income, region and top 8 states.

**Federal Reserve (Fed):** The Federal Reserve System is the central banking system of the United States of America.

**GDP:** Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

**ISM Manufacturing Index:** PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

**ISM Services Index:** PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

**Job Openings and Labor Turnover Survey – JOLTS:** This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

**Nonfarm Payrolls:** This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

**PCE (headline and core):** PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

## *Index Definitions*

**S&P 500:** The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

**NASDAQ:** The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

**Dow Jones Industrial Average:** The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

**Russell Mid-Cap:** Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

**Russell 2000:** The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

**MSCI EAFE:** The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

**MSCI EM:** The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Bloomberg Barclays US Agg Bond:** The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

**Bloomberg Barclays High Yield Corp:** The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

**Bloomberg Barclays Global Agg:** The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**Bloomberg Barclays Municipal Bond Index:** The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

## *Disclosures*

The statements provided herein are based solely on the opinions of the Osaic Research Team and are being provided for general information purposes only. Neither the information nor any opinion expressed constitutes an offer or a solicitation to buy or sell any securities or other financial instruments. Any opinions provided herein should not be relied upon for investment decisions and may differ from those of other departments or divisions of Osaic Wealth, Inc. ("Osaic") or its affiliates.

Certain information may be based on information received from sources the Osaic Research Team considers reliable; however, the accuracy and completeness of such information cannot be guaranteed. Certain statements contained herein may constitute "projections," "forecasts" and other "forward-looking statements" which do not reflect actual results and are based primarily upon applying retroactively a hypothetical set of assumptions to certain historical financial information. Any opinions, projections, forecasts and forward-looking statements presented herein reflect the judgment of the Osaic Research Team only as of the date of this document and are subject to change without notice. Osaic has no obligation to provide updates or changes to these opinions, projections, forecasts and forward-looking statements. Osaic is not soliciting or recommending any action based on any information in this document.

Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss. In general, the bond market is volatile; bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed-income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Vehicles that invest in lower-rated debt securities (commonly referred to as junk bonds or high-yield bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. International investing involves special risks not present with U.S. investments due to factors such as increased volatility, currency fluctuation, and differences in auditing and other financial standards. These risks can be accentuated in emerging markets.

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

Securities and investment advisory services are offered through the firms: Osaic Wealth, Inc. and Osaic Institutions, Inc., broker-dealers, registered investment advisers, and members of FINRA and SIPC. Securities are offered through Osaic Services, Inc. and Ladenburg Thalmann & Co., broker-dealers and members of FINRA and SIPC. Advisory services are offered through Ladenburg Thalmann Asset Management, Inc., and Osaic Advisory Services, LLC., registered investment advisers. Advisory programs offered by Osaic Wealth, Inc. are sponsored by VISION2020 Wealth Management Corp., an affiliated registered investment adviser. 8026269

---

<sup>1</sup> Data obtained from Bloomberg as of 5/30/2025.

<sup>2</sup> Data obtained from Morningstar as of 5/30/2025.

<sup>3</sup> [Ukraine and Russia meet in Turkey for peace talks after launching major attacks](#)

<sup>4</sup> [Treasury Secretary Scott Bessent "confident" U.S.-China trade details "will be ironed out" when Trump, Xi talk - CBS News](#)

# MIDWEST HERITAGE

A Hy-Vee Company

Banking • Investments • Insurance

**(800) 766-5162**

Securities offered through Osaic Wealth, Inc., Member FINRA/SIPC. Investment advisory services offered through Midwest Heritage Financial Advisors. Osaic Wealth is separately owned and other entities and/or marketing names, products or services referenced here are independent of Osaic Wealth. Midwest Heritage and Hy-Vee are not affiliated with Osaic Wealth, Inc. NOT FDIC INSURED • NOT A BANK DEPOSIT • MAY LOSE VALUE • NO BANK GUARANTEE • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY