

Weekly Update – May 12, 2025

Market Returns Ending 5/9/2025			
Category	1 Week	MTD	YTD
US			
Large Cap	-0.4%	1.7%	-3.3%
Mid Cap	0.7%	3.4%	-6.4%
Small Cap	0.1%	3.0%	-8.9%
International			
Developed	-0.6%	0.8%	12.9%
Emerging	0.1%	1.9%	6.4%
Bonds			
Aggregate	-0.2%	-1.0%	2.1%
High Yield	0.1%	0.5%	1.5%

US Equity Style Returns			
Weekly			
	Value	Core	Growth
Large	0.0	-0.3	-0.6
Mid	0.8	0.8	1.0
Small	0.4	0.1	-0.1
YTD			
	Value	Core	Growth
Large	0.5	-3.3	-6.5
Mid	-2.1	-1.5	0.0
Small	-8.8	-8.9	-9.0

Source: Bloomberg

Key Events: One Trade Pact, More to Come

President Trump announced a trade agreement with the UK, the "first of his promised deals with countries around the world"ⁱ.

As expected, the Federal Reserve held interest rates steady as "the costs of waiting to see further are fairly low" according to Fed Chair Powellⁱⁱ.

Market review: Stocks marked time on the week

After several weeks of abnormal volatility, global equities were mixed and subdued. Mid-cap stocks were the best performers but were up less than 1%. International took a breather.

The aggregate bond index backtracked modestly as the 10-year yield moved 7 basis points higher for the weekⁱⁱⁱ. High yield improved on lower spread risk.

Outlook: Continued trade progress required

The S&P 500 has recovered to levels that were in place before the "Liberation Day" tariff announcement as risks have receded and the anticipation of trade deals have provided some optimism. In the near term, the direction of US-China trade negotiations holds great significance for the performance of global equities. Any significant setbacks could reignite the volatility flames that have faded to embers.

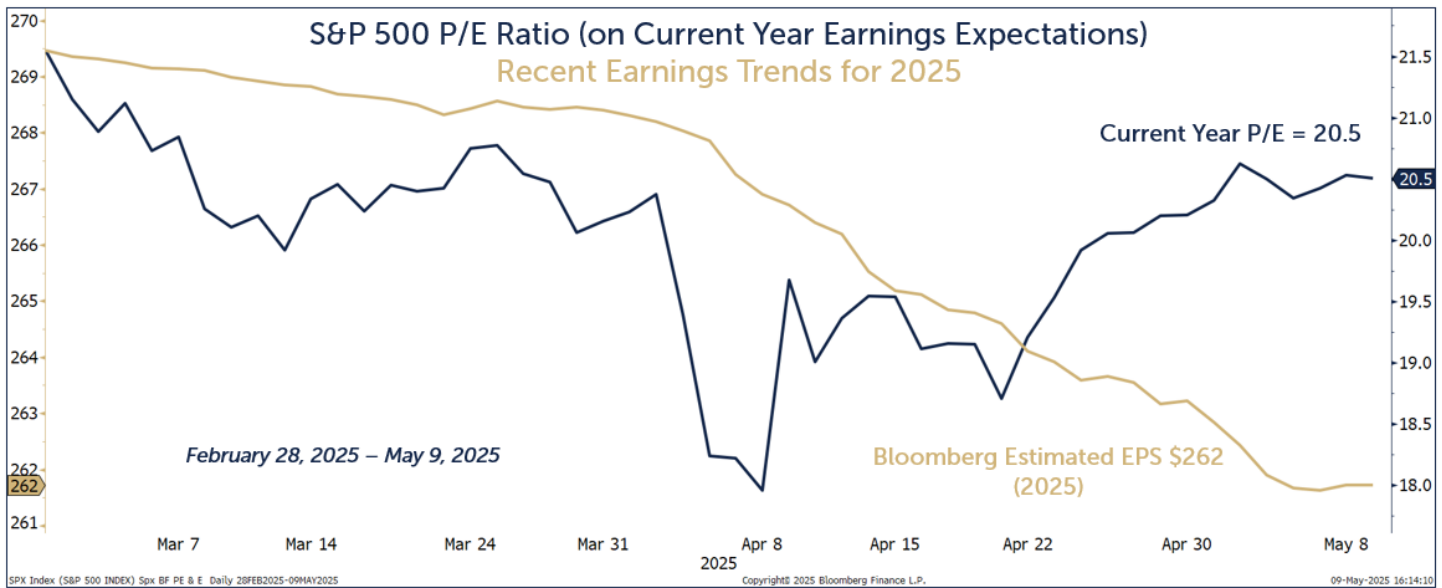
For its part, the Fed appears to be in a wait-and-see mode until unemployment worsens, or they gain confidence that the inflation outlook is more benign. Patience may be necessary as the market may have to wait longer than it would like before the next rate cut.

The consolidation in equity markets this week suggests that a pause in momentum may be in place until more clarity emerges. Growth expectations have

been lowered and Fed Governor Barr warned that he expects "tariffs to lead to higher inflation in the United States and lower growth in the United States and abroad starting later this year"^{iv}.

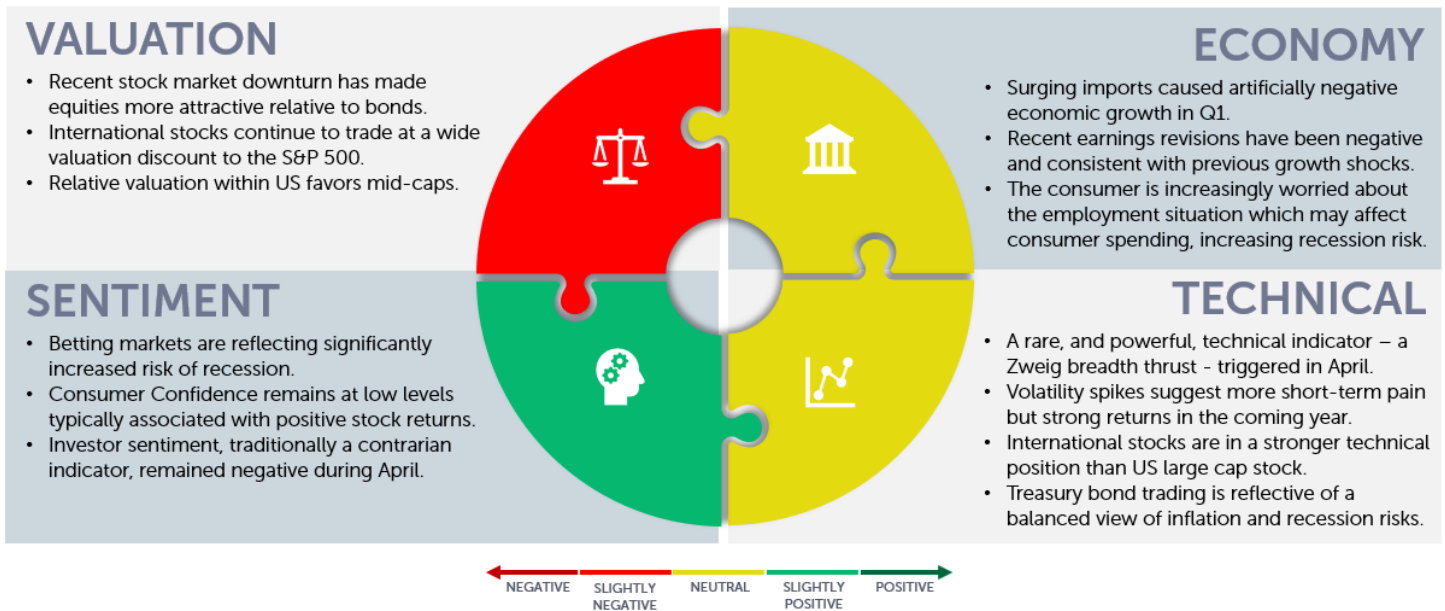


Since the end of the first quarter, S&P 500 earnings estimates declined more than 2% and the 2025 P/E ratio has fully recovered post the tariff downdraft.



Source: Bloomberg.

OneAscent Navigator Outlook: May 2025



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ⁱ Source: Bloomberg article on May 8, 2025, *“Trump Hails ‘Full’ US-UK Trade Pact in First Post Tariffs Deal”*.

ⁱⁱ Source: Wall Street Journal story by Nick Timiraos *“Why the Fed Isn’t Ready to Join Other Central Banks in Cutting Rates”* via Bloomberg.

ⁱⁱⁱ Source: Bloomberg data.

^{iv} Source: Bloomberg story, *“Fed’s Barr Warns Tariffs Risk Higher Inflation, Unemployment”*.

^v Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield