

# CAPITAL MARKETS REPORT - MAY 12, 2025



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## Market Movers:

- FOMC leaves rates unchanged
- US / China “Tariff Truce” Announced
- At the close of their two day meeting last week, the FOMC announced that they were keeping the target rate unchanged. The decision indicated the Fed is still not picking one component of their “duel-mandate” over another. Making a cut too soon could contribute to persistent inflation, while raising rates might jeopardize employment stability. FRB New York President John Williams said on Friday, “regardless of economic shocks, changes in government policies or swings in globalization and deglobalization, central banks recognize that maintaining price stability is their job: They are the protectors of price stability.” He added, “There’s no doubt that uncertainty will continue to be the defining characteristic of the monetary policy landscape for the foreseeable future.”
- Many analysts feel that until the recent juxtaposition of negative economic data and (relatively) positive hard data is resolved, the Fed will continue to delay any change. Several Fed Governors injected additional comments indicating they see evidence that the economy is still on solid footing. This gives them more time to make a decision. They have parroted rising concerns from retailers that the increase in prices will not be so easy to pass on to consumers who are already feeling price fatigue.
- President Trump announced last Thursday that a comprehensive trade agreement had been reached with the UK—the first of his promised post-tariff deals. While comprehensive, the deal is expected to be limited as more detailed agreements take years to finalize. Equity markets reacted favorably on the news with the S&P and Dow closing at their highest for the week.
- Stock futures are rallying this morning following the announcement that China and the US have agreed to “de-escalate” the ongoing trade war. News of the pause, while “temporary” have markets assuming a much relieved and optimistic position. The present deal has US levies dropping from 145% to 30% and Chinese tariffs on US products cut from 125% to 10%.
- Presently, S&P futures are up over 3% with Treasury prices modestly lower. Currently, the 2 and 10-year notes are yielding 4.00% and 4.46%, respectively. Have a great week....

## Market Last Week

	5/2/25 Close	5/9/25 4Close	Weekly Change
2 yr. Note	3.75%	3.89%	+14 bps
5 yr. Note	3.87%	4.00%	+13 bps
10 yr. Note	4.25%	4.38%	+13 bps
30 yr. Bond	4.71%	4.83%	+12 bps
SOFR Rate	4.33%	4.29%	-4 bps

## Data This Week

Date/Time (EDT)	Economic Data	Market Estimate	Prior Report
5/13/2025 8:30 AM	CPI YoY (Apr)	2.40%	2.40%
5/13/2025 8:30 AM	CPI Ex Food and Energy YoY (Apr)	2.80%	2.80%
5/14/2025 7:00 AM	MBA Mortgage Apps (May 9)	N/A	11.00%
5/15/2025 8:30 AM	Initial Jobless Claims (May 10)	230k	228k
5/15/2025 8:30 AM	Retail Sales Ad- vance MoM (Apr)	0.00%	1.40%
5/15/2025 8:30 AM	Empire Manufac- turing (May)	-8	-8.1
5/15/2025 8:30 AM	Philly Fed Bus Outlook (May)	-9.6	-26.4
5/15/2025 8:30 AM	PPI Final Demand YoY (Apr)	2.50%	2.70%
5/15/2025 8:30 AM	PPI Ex Food and Energy YoY (Apr)	3.1%	3.30%
5/15/2025 9:15 AM	Industrial Produc- tion MoM (Apr)	0.20%	-0.30%
5/16/2025 8:30 AM	Housing Starts (Apr)	1368k	1324k
5/16/2025 10:00 AM	U. of Mich. Sentiment (May)	53	52.2

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