

May 14, 2025

Stocks surged Monday as an easing of tariff rates were announced by the US and China. Overall, the market's performance this week reflects the delicate balance between optimism surrounding potential trade resolutions and anxieties about the broader economic outlook. Will markets continue to climb, or is this a temporary reprieve for stocks? We're not sure, but the transition from tariff rates, retaliation, and ultimately to trade deals is an important sequence for the recovery in US equity markets. We've had a significant rally since the lows of early April.

Inflation for April was lower than expected and showed the lowest year-over-year increase since 2021. This good news for the economy was somewhat tempered by the fact that the true impacts of Trump's tariffs won't be felt until they are implemented at the end of his 90-day pause. The improved inflation numbers do give the Fed some flexibility for potentially lowering interest rates, but as we discussed last week, they remain on pause like the announced tariffs. Along with the Fed, corporations await further clarity on tariffs, and some have stopped providing guidance on expected corporate earnings due to unknowns.

The new Pope Leo XIV, a Chicago native, is reported to be a White Sox fan. Of all the MLB teams, he's rooting for one of the worst. Before the season began, one sportswriter said it would take a miracle for the White Sox to finish above .500 (winning more than half their games). Well now, isn't that interesting? By the way, the lowly White Sox beat the Cincinnati Reds last night. The Reds didn't have a prayer.

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As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

Enjoy your week,

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