

A short, winning week closes out a big month of gains

It was a short week of trading with the Memorial Day holiday on Monday, but the market started the week with a bang after President Trump announced a deferral of the 50% tariff rate for the EU until July 9 to allow more time to negotiate a trade deal.



The S&P 500 surged 2.1% on Tuesday but ended the week up 1.9%.

In brief, this week's gains were logged on Tuesday. The rest of the week was marked with sideways and choppy action as participants digested a number of other key developments, while contending with the notion that the market is sporting a premium valuation and is due for a period of consolidation.

NVIDIA's better-than-expected earnings report and outlook after Wednesday's close was one of the other key developments, along with a series of well-received 2-yr, 5-yr, and 7-yr note Treasury auctions, improved consumer confidence, and some confusing action on the tariff/trade front.

Late Wednesday, the U.S. Court of International Trade ruled that the president did not have the legal authority to enforce reciprocal tariffs. On Thursday, the U.S. Court of Appeals granted the White House's request to temporarily reinstate the tariffs. On Friday, President Trump said China had violated the preliminary trade agreement worked out in Switzerland and noted "So much for being MR. NICE GUY!" before adding later that day that he hopes to be able to work things out with President Xi.

This week culminated with a 1.9% gain for the S&P 500, a 0.3% gain for the U.S. Dollar Index, and an eight basis-point decline in the 10-yr note yield to 4.42%. The month, meanwhile, was the best month for the S&P 500 (+6.2%) and Nasdaq Composite (+9.6%) since 2023.

- S&P 500: +1.9% for the week / +0.5% YTD
- DJIA: +1.6% for the week / -0.6% YTD
- Nasdaq: +2.0% for the week / -1.0% YTD
- S&P 400: +0.8% for the week / -3.8% YTD
- Russell 2000: +1.3% for the week / -7.3% YTD

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