

A big macro week ends on a high note (and the S&P 500 at 6,000)

There was a lot of drama in the market this week, the most prominent of which was the reconciliation bill feud between Elon Musk and President Trump that blew up on Thursday, triggering a 14.3% decline in Tesla's stock price.



Fortunately, none of that really derailed the stock market, which enjoyed another winning week behind the leadership of the small-cap stocks and mega-cap stocks.

There were a lot of gains to go around, however, with NVIDIA and the semiconductor stocks pacing the pack. The week ended on a high note, too, as the S&P 500 reclaimed the 6,000 level in the wake of a pleasing employment report for May. It did so with Treasury yields rising sharply, suggesting perhaps that some rebalancing out of bonds and into stocks might have been providing a tailwind.

In any case, the stock market did not look overly concerned on Friday as the 10-yr note yield rose to 4.51%. The May employment report was a welcome end to a week that was filled with notable macro

developments:

- OPEC+ agreed to raise production by 411,000 barrels per day in July.
- The OECD downgraded its 2025 global GDP growth forecast to 2.9% from 3.1% and its U.S. GDP growth forecast to 1.6% from 2.2%.
- President Trump said that President Xi is “very tough, and extremely hard to make a deal with.” That view preceded a phone call between the two leaders, a summary of which sounded more conciliatory than combative and included an agreement to have their respective trade teams meet again soon.
- The ADP Employment Change Report for May indicated that there were only 37,000 jobs added to private-sector payrolls (Briefing.com consensus 115,000) and none for small businesses, which lost 13,000 jobs.
- The ISM Services PMI for May printed a contractionary reading (49.9%) for only the fourth time in the last 60 months.
- Elon Musk decried the one big, beautiful bill on social media and urged lawmakers to “kill the bill.”

- The European Central Bank voted to cut its key interest rates by 25 basis points, as expected, and officials suggested that might be the end of the rate cuts.
- The trade deficit plunged in April to \$61.6 billion (Briefing.com consensus: -\$117.2 billion) from an upwardly revised deficit of \$138.3 billion (from -\$140.5 billion) in March. Exports were \$8.3 billion more than March exports, but imports were \$68.4 billion less than March imports.
- President Trump said his top trade representatives, who include Treasury Secretary Bessent, Commerce Secretary Lutnick, and U.S. Trade Representative Greer, will meet Monday in London with representatives from China in reference to the trade deal.
- The May employment report was better than feared and also, frankly, good enough to lend confidence to the idea that the U.S. economy has enough labor market footing to remain on a growth trajectory.

The communication services (+3.2%), information technology (+3.0%), and energy (+2.2%) sectors were the best-performing sectors this week. The consumer staples (-1.6%), utilities (-1.1%), and consumer discretionary (-0.6%) sectors were the only sectors that did not show a gain for the week.

- Russell 2000: +3.2% for the week / -4.4% YTD
- Nasdaq: +2.2% for the week / +1.1% YTD
- S&P Midcap 400: +1.7% for the week / -2.2% YTD
- S&P 500: +1.5% for the week / +2.0% YTD
- DJIA: +1.2% for the week / +0.5% YTD

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