

Market pulls back from record highs amid tensions with China

The stock market ended the week with its first meaningful pullback in months, as early-week gains and record highs gave way to a broad-based selloff on Friday.



The S&P 500 (-2.4%), Nasdaq Composite (-2.5%), and Dow Jones Industrial Average (-2.7%) all finished lower for the week, while smaller-cap indices also retreated, with the Russell 2000 (-3.3%) and S&P MidCap 400 (3.9%) underperforming. The recent cycle of “buy-the-dip to fresh record highs” was disrupted as investors reacted to renewed trade tensions between the U.S. and China.

Mega-cap technology and AI-related names led the market higher earlier in the week. Advanced Micro Devices soared after announcing a multigigawatt partnership with OpenAI, while NVIDIA, Dell, and Microsoft also posted strong gains midweek, helping the S&P 500 and Nasdaq Composite achieve record intraday and closing highs.

Tesla contributed to early-week momentum with product teasers, though enthusiasm faded following a more

modest-than-expected Model Y announcement on Tuesday.

The week's later selloff was triggered by President Trump's comments on China and Beijing's tightening of export controls for rare earths, which reignited trade concerns and prompted broad risk-off sentiment. The information technology (-2.5%), consumer discretionary (-3.3%), communication services, and materials (-3.1%) sectors were among the hardest hit. The energy sector (-4.0%) also suffered as crude oil prices fell on Friday, while defensive sectors were the lone bright spots: the utilities (+1.4%) and consumer staples (+0.6%) sectors finished the week with gains.

Friday's selloff was widespread, with decliners outpacing advancers roughly 5-to-1, and marks the most significant macro-driven pullback since sweeping tariff announcements in April.

Treasuries rallied as equities sold off, with the 2-year yield falling to 3.52% and the 10-year settling at 4.05%, approaching September lows.

Market attention now shifts to corporate earnings and the potential implications of ongoing geopolitical uncertainty, leaving investors to weigh risk appetite against defensive positioning as the market navigates this post-record higher volatility environment.

- S&P 500: 2.4% WTD
- Nasdaq Composite: 2.5% WTD
- DJIA: 2.7% WTD
- Russell 2000: 3.3% WTD
- S&P Mid Cap 400: 3.9% WTD

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