

# Weekly Recap

## Economic Calendar

**Monday, May 25**

Memorial Day Holiday

**Tuesday, May 26**

House Price Index, Consumer Confidence.

**Wednesday, May 27**

Mortgage Applications.

**Thursday, May 28**

Jobless Claims, Personal Consumption Expenditure (PCE), Durable Goods Order, New Home Sales.

**Friday, May 29**

US Trade Balance.

[The Latest from @CeteraIM](#)[Share of Adjustable-Rate Mortgage Increase](#)[Parallel Shift in Yield Curve](#)[Jobless Claims Decline](#)[The Week Ahead Video](#)

## U.S.-Iran Peace Deal, PCE Inflation in Focus.

### Rates Ease While Earnings Momentum Continues

After early-week profit-taking, compounded by rate-driven volatility, the S&P 500 reversed course and continued its upward grind, closing higher for an 8th consecutive week. While the S&P 500 and Nasdaq 100 had already surpassed their mid-April pre-U.S.-Iran war highs, the Dow Jones Industrial Average reached a new all-time high on Friday, further supporting bullish sentiment. Although the 10-year yield touched an intra-week high of 4.69% on inflation concerns, progress in U.S.-Iran peace talks, as noted by the U.S. administration, helped ease some investor concerns. Nvidia, the world's largest company and a bellwether for AI, reported earnings that significantly exceeded expectations, providing an additional boost to market sentiment.

### For the Week...

All major indices closed in the green, with the Dow Jones Industrial Average (+2.2%) making a new record high this week. Both the S&P 500 and the Nasdaq 100 were up 0.9% and 0.5%, respectively. Small-cap stocks also performed well with Russell 2000 up 2.8%.

### Energy Prices Push Longer Term Yields Higher

Yields rose across the curve last week as higher energy prices fed into inflation expectations. The 30-year yield reached 5.12%, surpassing its 2023 highs, while the 10-year climbed to 4.59%, still well below its 2023 peak of 4.99%.

### Weekly Sector Insights

8 of the 11 sectors ended the week higher, led by Utilities (+3.4%), Healthcare (+3.3%) and Real Estate (+3.1%). Communication Services (-1.9%) and Consumer Staples (-1.0%) edged lower this week.

### Treasury Yields Fall

The yield on the 10-year Treasury note had a roller coaster ride this week, with yields touching as high as 4.69% but closed the week at 4.60% vs 4.56% the week earlier. Bond yields move inversely to prices. The U.S. Dollar Index ended the week flat. U.S. WTI crude oil fell 4.4% on the possibility of a peace deal between U.S.-Iran. Gold edged lower, falling 0.9%.

### The Week Ahead

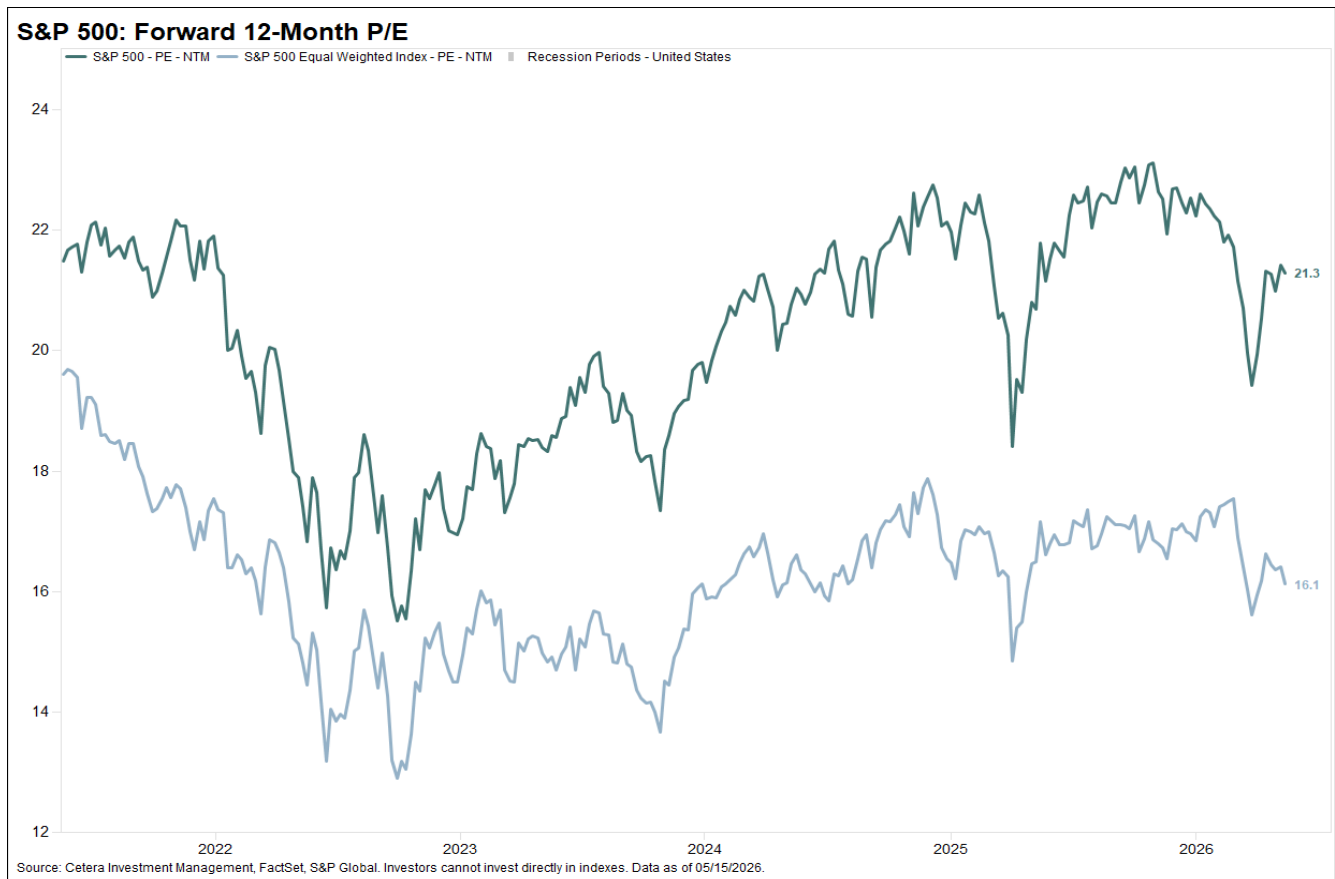
With earnings season largely behind us, attention has once again shifted towards U.S.-Iran peace deals. While supply is unlikely to return to pre-war levels immediately, the agreement should support investor sentiment. Meanwhile, the Fed's preferred inflation gauge, core PCE will be released Thursday.

## Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	2.18%	2.01%	2.37%	5.89%	22.89%	17.06%
S&P 500	0.91%	3.77%	8.49%	9.69%	29.50%	22.89%
NASDAQ Composite	0.48%	5.90%	15.31%	13.62%	40.06%	28.32%
Russell 3000	1.14%	3.50%	7.93%	9.55%	29.06%	22.34%
Russell 2000	2.75%	2.56%	8.06%	16.10%	42.07%	18.53%
MSCI EAFE	2.17%	1.98%	-0.48%	8.22%	22.82%	16.02%
MSCI Emerging Markets	1.11%	5.51%	8.19%	20.83%	47.50%	22.52%
Bonds	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg US Agg Bonds	0.26%	-0.52%	-1.63%	-0.45%	5.29%	3.87%
Bloomberg Municipal Bonds	-0.28%	-0.65%	-1.53%	0.31%	6.02%	3.42%
Bloomberg US Corp High Yield	0.25%	-0.06%	0.21%	1.13%	7.63%	9.05%
Commodities	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Bloomberg Commodity	-1.53%	-1.10%	16.92%	28.23%	41.50%	16.47%
S&P GSCI Crude Oil	-4.38%	-8.06%	45.31%	68.23%	57.84%	10.26%
S&P GSCI Gold	-0.85%	-1.58%	-10.32%	4.96%	37.09%	31.64%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

## Chart of the Week: Breadth Divergence



Market breadth remains narrow, with a persistent divergence between market cap-weighted and equal-weight S&P 500 Indexes. Since the March lows, leadership has stayed concentrated, while broader participation continues to lag despite the market's recovery.

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## Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE** Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.