

# Capital Markets Snapshot

Courtesy of Financial Services of Virginia

Week ending May 16, 2025

Last week, US equity markets sharply rallied driven by positive trade negotiation developments and economic data. The U.S. and China agreed to reduce tariffs for 90 days while working towards a longer-term deal, which led to a sharp rally in equity markets. Additionally, the U.S. administration announced plans to ease trade restrictions related to artificial-intelligence chips, further boosting investor sentiment and benefitting the tech sector. Economic data releases showed signs of inflation potentially moderating, with the Consumer Price Index rising by 0.2% and Producer Price Index falling by 0.5% in April. Retail sales posted a small monthly increase but may be showing signs of weakening. Despite these positive developments, consumer sentiment remains low, reflecting ongoing uncertainty in the market. Overall, the markets found comfort in hard data and trade deals, but investors should remain prepared for periodic volatility as policy continues to be determined.

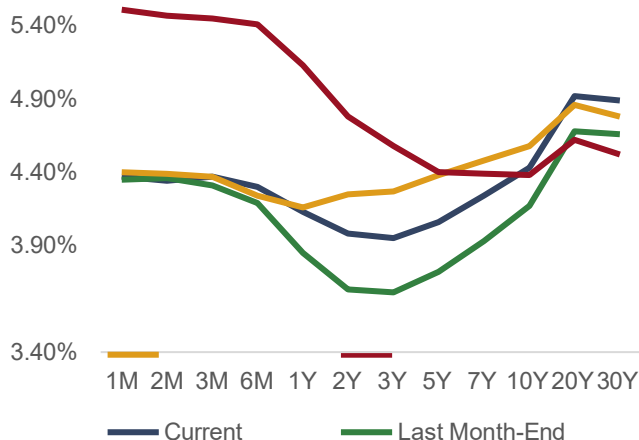
## Fixed Income Markets Overview

- Yields rose an average of 5.25 basis points across the yield curve, as bond markets booked a small loss following the positive US-China trade developments and positive economic releases.
- Expectations for rate cuts from the Fed continued to ease. Bloomberg expectations for a 25-basis point cut at the June FOMC meeting fell to 5% to 17%, and expected number of rate cuts in 2025 fell to 2.05 from 2.7.
- Mortgage rates ticked up slightly to 6.8% but remain below 7% for the 17th consecutive week. Stable rates and a slight bump in inventories may be attracting potential buyers as mortgage application activity is up 18% from a year prior.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	-0.1%	1.9%	3.3%	1.4%
	US Treasury	-0.3%	2.1%	0.8%	-2.0%
Core Plus	Intermediate Govt/Credit	-0.1%	2.5%	2.8%	0.6%
	International Aggregate	-0.5%	4.2%	1.0%	-1.3%
	US Aggregate	-0.2%	2.0%	1.6%	-0.9%
	US TIPS	-0.2%	3.2%	0.9%	1.6%
	US Corporate	0.2%	1.7%	3.1%	0.5%
Other	US Corporate High Yield	0.9%	2.4%	7.6%	6.7%
	Emerging Markets Aggregate	0.5%	2.6%	5.8%	2.3%
Muni	US Municipals	0.0%	-0.8%	2.8%	0.8%
	US Municipals High Yield	-0.1%	-0.8%	4.6%	4.3%

Source: Bloomberg as of May 16, 2025

## U.S. Treasury Yield Curve



Last Year-End

1-Year Ago

Source: Bloomberg and U.S Treasury as of May 16, 2025

US Corporate	5.29%	5.14%	5.33%	5.44%
US Corporate High Yield	7.46%	7.90%	7.49%	7.82%
US Municipal	4.03%	4.06%	3.74%	3.63%
US Municipal High Yield	5.83%	5.84%	5.52%	5.48%

**Spreads Over 10-Year US Treasuries**

Date	5/16/2025	4/30/2025	12/31/2024	5/16/2024
30 Year Treasury	0.46%	0.49%	0.20%	0.14%
US Aggregate	0.34%	0.34%	0.33%	0.62%
US Corporate	0.86%	0.97%	0.75%	1.06%
US Corporate High Yield	3.03%	3.73%	2.91%	3.44%
US Municipal	-0.40%	-0.11%	-0.84%	-0.75%
US Municipal High Yield	1.40%	1.67%	0.94%	1.10%

Source:  
Bloomberg  
and  
U.S.  
Treasury  
as of  
May 16,  
2025

## Equity Markets Overview

- US large caps experienced a breakout week to the upside as US equities rose over 5% and outperformed International markets. All three major indices had strong weeks, but a strong week for tech helped the Nasdaq to lead the pack with a 7.2% weekly gain followed by the S&P 500 and Dow Jones with respective gains of 5.3% and 3.5%.
- All sectors posted gains for the week ranging from increases of 0.3% to 8.1%. Technology, Consumer Discretionary, and Telecommunications led the pack with gains of 8.1%, 7.7%, and 6.6%, respectively.
- From a style lens, growth outperformed value in the large and mid-cap segments but lagged in small caps. Growth is outperforming across all market segments on a YTD and 3Y basis but is lagging in small and mid-caps over a 5Y period.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	5.3%	1.5%	15.3%	17.4%
Large-Cap	S&P 500	5.3%	1.8%	15.9%	17.6%
	S&P 500 Growth	7.1%	2.6%	19.0%	18.1%
	S&P 500 Value	3.4%	0.9%	11.8%	16.0%
Mid-Cap	S&P Midcap 400	4.9%	-0.5%	10.3%	16.1%
	S&P Midcap 400 Growth	5.3%	-0.2%	11.3%	13.7%
	S&P Midcap 400 Value	4.4%	-0.9%	9.3%	18.6%
Small-Cap	S&P Smallcap 600	4.6%	-5.5%	5.6%	15.0%
	S&P Smallcap 600 Growth	4.5%	-2.6%	7.5%	13.8%
	S&P Smallcap 600 Value	4.8%	-8.4%	3.6%	16.1%
Int'l.	MSCI ACWI ex-USA	1.7%	12.7%	10.9%	11.5%
	MSCI EM	3.1%	10.0%	8.1%	8.0%

Source: Bloomberg as of May 16, 2025

## Alternative Markets Overview

- Gold prices fell over 4% last week as it experienced its worst single week performance since November 2024. The positive developments between the US and China appears to have fueled a risk on sentiment that sent equities upward and led to losses for safe haven assets such as gold.
- Oil prices posted a second consecutive weekly gain as trade tensions between the US and China began to ease. The rise in prices was somewhat muted as there is expectations of increased supply from Iran and OPEC+.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.4%	-1.0%	-3.5%	19.9%
Gold	-4.4%	21.7%	20.9%	12.7%
FTSE All Equity NAREIT	1.1%	2.6%	2.1%	9.8%
Bitcoin	0.8%	11.4%	52.1%	62.0%
Ethereum	11.3%	-22.4%	8.8%	67.8%

Source: Bloomberg as of May 16, 2025



### Upcoming Week

- This week is a lighter week of Q1 earnings releases. Key names include Home Depot, Target, and Snowflake.
- It is a thinner week of economic releases as well. We will be monitoring Monday's Leading Economic Indicators Index, Wednesday's Mortgage Applications, Thursday's PMI and Jobless Claims releases, as well as Friday's New Home Sales activity.

---

## Glossary and Disclosures

This commentary is brought to you courtesy of MML Investors Services, a subsidiary of Massachusetts Mutual Life Insurance Company. Securities, investment advisory, and wealth management solutions offered by MML Investors Services, LLC member SIPC, a registered broker-dealer, and a registered investment adviser. [Financial Services of Virginia is not a subsidiary or affiliate of MML Investors Services, LLC or its affiliated companies.

Past performance is not indicative of future results. Indexes are unmanaged. You cannot invest directly in an index.

This material does not constitute a recommendation to engage in or refrain from a particular course of action. The information within has not been tailored for any individual. The opinions expressed herein are those of the author as of the date of writing and are subject to change. Also, this material may contain forward looking statements that are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied.

Neither MML Investors Services, LLC, nor its representatives, can assist with digital asset purchases or sales or otherwise provide investment advice concerning digital assets, such as cryptocurrencies. Any information provided is educational in nature and should not be relied upon to make digital asset related decisions.

S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

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

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

©2022 Massachusetts Mutual Life Insurance Company, Springfield, MA 01111-0001 All Rights Reserved. [www.massmutual.com](http://www.massmutual.com)

**MM202805-312636**