

Week in Review

What a difference 1 month makes!

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Disclaimer: I am not a certified financial analyst.
Any trading decisions you make are your responsibility

Summary of Events

- US – China tariff war de-escalated
 - “Neither side wants a de-coupling” – Secy Bessent
 - Semi-conductors, steel, pharma will still subject to sector tariffs
 - Fentanyl trafficking also included in these talks
 - The Chinese think they won the war
 - Subsequent negotiations will be difficult
- US – UK announce trade deal
- Other tariff deals in the works, but none announced
- Trump executive order seeks to cut drug prices by 80%
 - Focus on middlemen distribution, direct-to-consumer relief
- Russia – Ukraine peace deal elusive
- China cutting interest rates
- India-Pakistan declare truce with US mediating

Economic and Market Commentary

- S&P500 up sharply this week – in the green YTD
- Most market analysts are re-calibrating their estimates for 2025 earnings.
 - Average estimate 7% YoY
 - Market analysts were too pessimistic on tariff effects
- VIX, Put/Call ratio, CNN fear/greed, yield spreads have all returned to near normal levels
- Residential real estate market is weakening
 - Prices falling in the Southeast and Southwest. Florida, Texas getting hit hard
 - Inventory rising
- Inflation continued to cool in April - 2.3% YoY
- Unemployment steady at 4.2%, however,
- Major companies that have announced layoffs in recent weeks
 - Microsoft, Oracle, HP, Autodesk, Meta, BP, Chevron, Shell, Kohl's, Boeing

Now what?

- US economy remains resilient
- Stock market enters bull market
- Tariffs de-escalated, however, effects not fully realized – be cautious
- Next up: Business Development Companies