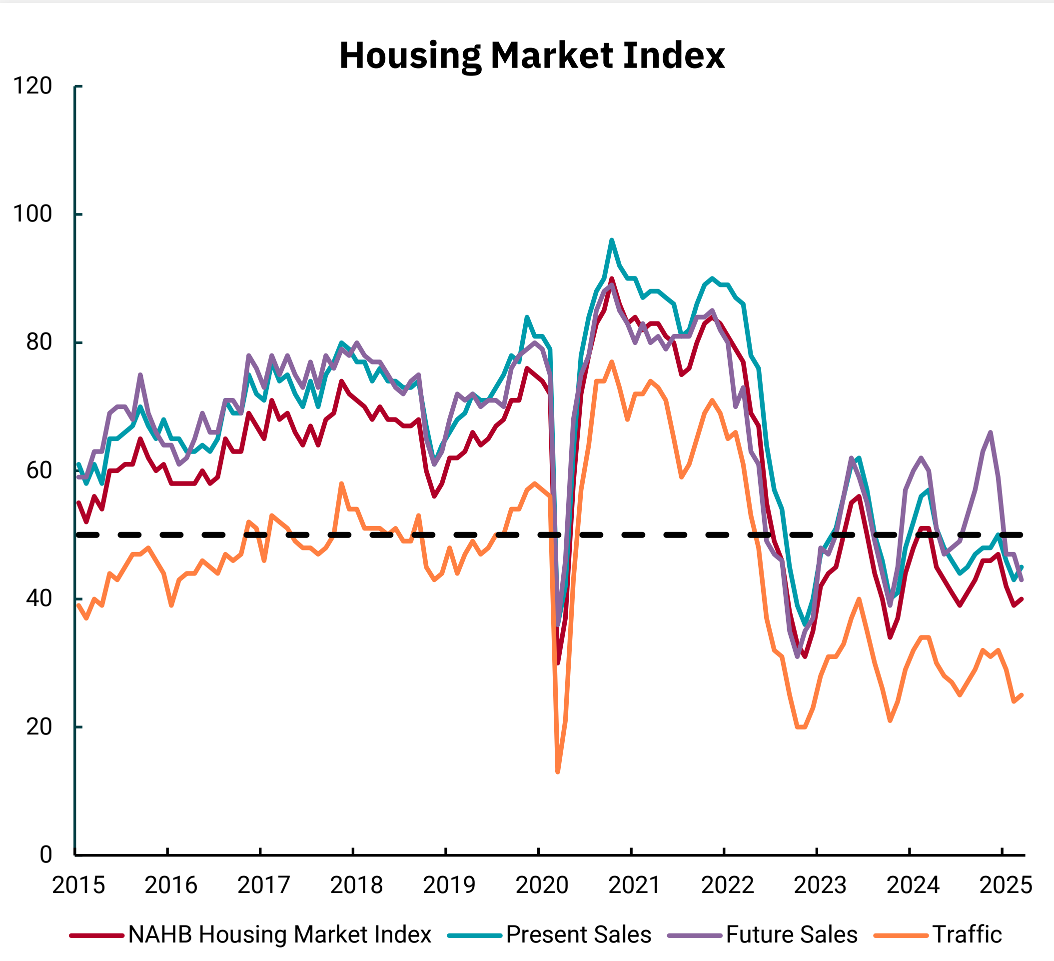
Weekly market update

Chart of the week (May 9, 2025)



How is the housing market? If you are already in the market and have owned your home for some period, you may not see a problem. That's because you likely have a low-rate mortgage from a purchase or refinance that you did during the ultra-low mortgage rate period associated with the pandemic. Since then, home values have increased substantially, meaning your home equity is positive. However, for those trying to get into the housing market, it is a mess. Home mortgage rates hover around 7%, and home prices, on a national average, continue to increase, making affordability hover near all-time lows.

With all this in mind, our chart this week shows several measures pertaining to the housing market: the overall National Association of Home Builders (NAHB) index, along with present sales, future sales and foot traffic measures. As with many indexes, a reading above 50 is expansionary, while a reading below 50 is contractionary. Based on this, it is hard to see anything good about the housing market, as all four measures are mired below 50. What might the future hold?

For one, supply would appear to remain limited. Existing homeowners with mortgage rates well below prevailing market rates are loathe to sell their homes and lose their financing benefits. This means the primary source of supply is new homes. Even though lumber prices are declining as Canadian lumber avoided tariffs, the overall cost of building a house continues to rise as tariffs are impacting a broad spectrum of building materials, while land and labor costs remain high.

Rate relief might be hard to come by as well. The most recent meeting of the Federal Open Market Committee (FOMC) ended with no action on rates. Fed Chair Powell's post-meeting comments cited a high degree of uncertainty with the risk of higher inflation and lower growth rising. Based on that outlook, it would seem unlikely that the Fed will move quickly to lower rates unless we see economic activity deteriorate quickly, specifically in the employment market. Our most recent reading on unemployment showed the national rate stable at 4.2%.

We know real estate varies by market, and there are some markets where home price weakness is being realized. Overall, the southwest part of the country, including Texas and Arizona, along with Florida, are seeing the weakest price trends. These are also the markets where prices rose the most, meaning some price adjustments as new supply in single-family and multi-family homes come online might be expected. However, broadly speaking, the U.S. remains under-invested in housing, meaning housing affordability might remain difficult for the foreseeable future.

Source: National Association of Home Builders.

INVESTMENT MANAGEMENT

Weekly market update

BOK FINANCIAL

Commentary (May 9, 2025)

Domestic Equities

- U.S. equities were about flat for the week and positive for the month so far. The Nasdaq has recovered all the ground it lost after Trump first announced his tariff campaign in early April. An improving trade relationship with the U.K. and hopes for talks with China drove stocks higher into the end of the week.
- Expedia reported a quarterly net loss, hit by weaker-than-expected travel demand to and from the U.S. Airlines have also been reporting a softening in U.S. travel demand, particularly in business and first-class bookings.
- On Wednesday, the Federal Reserve kept interest rates steady and warned that tariffs are raising risks that both unemployment and inflation could rise. Following the meeting, Fed policymakers noted that the labor market is currently stable, and consumer spending has held up well. Still, they are hearing more reports from businesses that consumers are starting to pare back.

Bonds

- U.S. Treasury yields were modestly higher for the week on optimism that additional trade deals would be struck in the coming weeks after the U.S. and Britain signed a trade agreement on Thursday.
- The Federal Reserve announced that it was keeping rates unchanged following the Wednesday FOMC meeting. The committee's guidance remained cautious, with Chair Powell reiterating that the FOMC is in no hurry to make any policy changes. Markets are now pricing in a 70% probability of a cut in July but are not pricing in a full cut until September.
- Credit spreads continued to narrow, with the option-adjusted spread on the Bloomberg US Corporate High Yield Index dropping below 3.50%.
- In international markets, the central bank of Brazil hiked the Selic rate by 0.50% to 14.75% due to ongoing inflationary headwinds. Additionally, the Bank of England cut its main policy rate by 0.25% to 4.25%, with the central bank expecting a slowdown in growth due to tariff headwinds.

International Equities

- Investors received positive tariff news as the U.S. administration announced a framework for a trade agreement with the U.K.
- Foreign developed markets struggled to find any clear direction, with many stock markets delivering mixed results for the week. In central bank news, Swedish and Norwegian policymakers left their key rates unchanged Thursday, mirroring the Federal Reserve's decision to hold a day earlier as they assess the economic impact of tariffs. Meanwhile, the Bank of England cut interest rates by 0.25% amid a backdrop of lackluster economic growth.
- Emerging markets experienced a choppy week with some weakness in Asia, but Latin American markets found some positive momentum. Brazil's central bank raised its benchmark rate by 0.50% to 14.75%, their sixth consecutive hike and their highest level in nearly 20 years. Policymakers cited persistent domestic inflation driven by higher food prices.

Economics

- On Tuesday, the Trade in Goods and Services expanded to a deficit of ($140.5B). This was above consensus estimates for ($136.3B) and the prior reading of ($123.2B). The trade deficit has continued to expand as consumers and businesses try to "front run" upcoming tariffs.
- On Wednesday, the Federal Reserve kept interest rates unchanged at 4.25% to 4.50%. Fed Chair Powell noted that policy rates remain slightly restrictive but said the current rate is well-positioned as the Fed navigates potential inflation from tariffs and a possible slowdown in the labor market.
- Jobless claims totaled 228,000, coming in below consensus estimates of 232,000 and the previous week's reading of 241,000. Labor market stability remains one of the factors the Fed considers in assessing the economy.
- The Consumer Price Index (CPI) report will be closely watched when released on Tuesday. As consumers brace for potentially higher inflation due to tariffs, whether that expectation materializes will be a key determinant in the future path of interest rates.

![BOK FINANCIAL]

Weekly Market Update

For Week Ending May 09, 2025

Markets

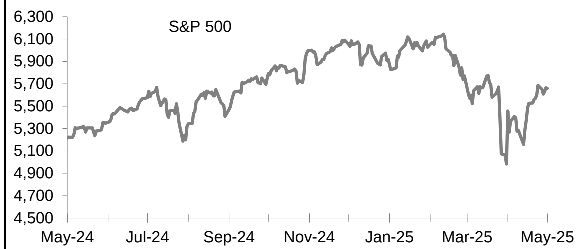
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	41,249.38	-0.1%	-2.5%	6.6%
S&P 500 Index	5,659.91	-0.4%	-3.3%	10.0%
NASDAQ Composite	17,928.92	-0.3%	-7.0%	10.5%
S&P 400 Midcap Index	2,946.27	0.5%	-5.1%	-0.2%
S&P 600 Smallcap Index	1,264.32	0.5%	-9.7%	-3.3%
MSCI EAFE	9,155.24	-0.1%	13.3%	11.3%
MSCI Emerging Markets	612.59	0.5%	6.7%	9.7%
Bloomberg US Agg	2,237.29	-0.2%	2.2%	5.3%
Bloomberg Municipal 5 Yr	498.00	0.2%	0.7%	2.5%
Bloomberg US Corporate	3,337.91	-0.1%	1.5%	5.1%
Bloomberg Glb Agg ex US Hdg	599.15	-0.1%	1.1%	5.8%
Bloomberg High Yield	2,724.22	0.2%	1.5%	8.2%
MSCI US REIT Index	2,293.02	-0.4%	-0.8%	10.8%
Bloomberg Commodity Index	252.08	1.4%	5.6%	5.1%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.50%	4.50%	4.50%	5.50%
3-Month Treasury	4.32%	4.31%	4.31%	5.39%
1-Year Treasury	4.06%	4.00%	4.14%	5.14%
2-Year Treasury	3.89%	3.82%	4.24%	4.82%
5-Year Treasury	4.00%	3.92%	4.38%	4.47%
7-Year Treasury	4.18%	4.10%	4.48%	4.46%
10-Year Treasury	4.38%	4.31%	4.57%	4.45%
30-Year Treasury	4.83%	4.79%	4.78%	4.61%
Consumer Rates				
30-Year Mortgage	6.84%	6.82%	7.28%	5.83%
Prime Rate	8.25%	8.25%	8.25%	9.25%
SOFR	4.28%	4.36%	4.49%	5.31%
Commodities				
Gold (spot)	3,324.98	3,240.49	2,624.50	2,346.33
Crude Oil WTI	61.02	58.29	71.72	79.26
Gasoline	3.14	3.17	3.06	3.64
Natural Gas	3.80	3.63	3.63	2.30
Copper	4.61	4.63	4.03	4.61

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	19.32	21.80	5.40	1.76
S&P 500	20.67	22.95	4.86	1.45
S&P 500 Value	17.50	18.81	3.26	2.20
S&P 500 Growth	24.93	28.99	9.04	0.74
NASDAQ	25.38	30.87	6.44	0.80
S&P Midcap 400	15.88	16.43	2.42	1.85
S&P Smallcap 600	14.95	15.38	1.69	2.72
MSCI EAFE	14.86	16.24	2.07	3.20
MSCI Emerging Markets	12.09	14.81	1.86	2.87

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	2.52	3.81	5.05
Mid	4.52	5.34	6.11
Small	4.21	5.12	5.99

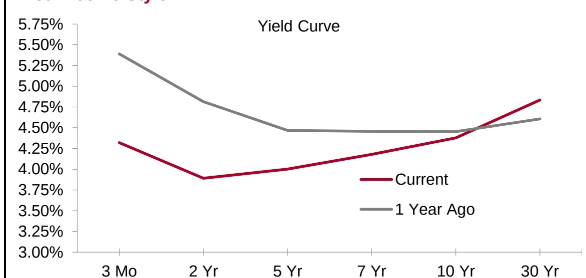
Year to Date*

	Value	Core	Growth
Large	-2.42	-3.35	-4.21
Mid	-5.05	-5.14	-5.23
Small	-12.63	-9.72	-6.82

> 10%
0% - 10%
<0%

*S&P Indices

Fixed Income Style



1 Month*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.29	0.31	-1.21
Corp	0.74	1.17	0.57
HY	2.43	3.02	4.30

Year to Date*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	2.02	2.71	1.26
Corp	1.95	2.32	-0.27
HY	2.34	1.56	-0.24

> 10%
0% - 10%
<0%

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.4%	3.5%
CPI Core Inflation	2.8%	3.8%
Personal Consumption Exp (PCE) Core	2.6%	3.0%
Jobs		
Unemployment Rate (U3)	4.2%	3.9%
Broader Unemployment Rate (U6)	7.8%	7.4%
JOLT Survey (in millions)	7.19	8.09
Jobless Claims (000's)	228	229
Change in Non-Farm Payroll (000's)	177	118
Average Hourly Earnings (Y/Y % Change)	3.8%	4.0%
Consumer & Spending		
Consumer Confidence (Conf Board)	86.0	97.5
Consumer Spending ($ Bil)	20,653	19,553
Consumer Credit ($ Bil)	5,007	5,049
Retail Sales ($ Bil)	722	688
Housing		
Housing Starts (000's)	1,324	1,299
Case-Shiller Home Price Index	324.92	312.80
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	23,526	23,054
Quarter over Quarter Change	-0.3%	1.6%
Year Over Year Change	2.0%	2.9%
ISM Manufacturing	48.70	48.80
Capacity Utilization	77.85	77.85
Markit US Composite PMI	50.60	51.30
U.S. General		
Leading Economic Indicators	100.5	104.1
Trade Weighted Dollar Index	122.9	122.8
EUR / USD	1.13	1.08
JPY / USD	145.37	155.48
CAD / USD	0.72	0.73
AUD / USD	0.64	0.66

S&P 500 Sector Returns

	1 Month	YTD
Utilities	5.68%	6.79%
Consumer Staples	2.33%	5.27%
Industrials	7.29%	3.64%
Financials	5.47%	3.62%
Real Estate	6.13%	3.01%
Materials	4.71%	1.36%
Energy	0.07%	-2.69%
Health Care	-4.43%	-3.12%
Communication Services	1.84%	-4.20%
Information Technology	6.18%	-7.96%
Consumer Discretionary	3.21%	-11.47%

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