

MARKET VIEW WEEKLY

Ladenburg Asset Management



ECONOMIC REVIEW¹

- Existing home sales for April showed a slight decline of -0.5% month-over-month (MoM) as the annual rate of sales fell to 4.0 million per year.
 - Existing home sales have fallen steadily since 2022. As mortgage rates have risen, homeowners have been unwilling to sell out of their existing low mortgage rates to buy a home at a higher rate.
- Building permits saw their largest decline in a year, falling -4.0% MoM down to an annualized rate of 1.412 million per year.
 - Permits for single-family homes declined to their lowest level in two years as concerns over tariffs on imported materials for home building continue to linger.
- Initial jobless claims, which measure the number of *new* people in a given week who file for unemployment, came in at 227,000, which is roughly in line with where the measure has leveled off post-pandemic.
 - This implies that layoffs are not yet a problem for the economy as people continue to file for unemployment at a consistent rate.
- Continuing claims, which measure the number of people who *continue* to claim unemployment benefits, rose to 1.903 million, the second highest level since 2021.
 - This suggests that although people are not being laid off at higher rates, those who have already lost jobs are struggling to find work and staying unemployed for longer.

How does the most recent economic data impact you?

- The housing market appears sluggish. A lack of new construction, fewer issued permits, and a more recent dynamic – homeowners scaling up due to a lack of starter homes – have resulted in higher prices.
 - This comes as the second largest generation, millennials, are entering home-buying age and pushing aggregate housing demand even higher.
- The weekly unemployment data indicates the economy is not outright slowing but moderating from the levels of strong growth seen coming out of the pandemic.
 - A further rise in either the initial or continuing weekly figures could suggest a weakening labor market in the United States.



A LOOK FORWARD¹

- This week, investors will turn their attention to the second reading of Gross Domestic Product (GDP) and the Personal Consumption Expenditures Price Index (PCE).

How does this week's slate of economic data impact you?

- The initial reading of Q1 GDP was negative on a technicality – sharply higher imports. Investors will look for signs of strength elsewhere in this secondary report that could indicate a more positive overall reading.
- April CPI showed lower gas prices and moderating headline inflation. Investors and consumers alike hope for confirmation in the Federal Reserve's preferred measure, PCE, later this week.



MARKET UPDATE²

Market Index Returns as of 5/23/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-2.58%	3.61%	-0.82%	10.86%	15.51%	16.21%
NASDAQ	-2.45%	8.42%	-2.71%	11.51%	19.42%	15.86%
Dow Jones Industrial Average	-2.43%	-0.70%	-1.56%	8.37%	11.41%	13.42%
Russell Mid-Cap	-3.33%	3.15%	-0.36%	8.02%	10.43%	13.32%
Russell 2000 (Small Cap)	-3.45%	1.56%	-8.06%	-0.09%	6.51%	9.97%
MSCI EAFE (International)	1.30%	8.40%	15.84%	12.27%	11.91%	12.34%
MSCI Emerging Markets	-0.08%	6.83%	9.96%	10.77%	7.63%	7.92%
Bloomberg Barclays US Agg Bond	-0.45%	-1.19%	1.56%	4.58%	1.18%	-1.03%
Bloomberg Barclays High Yield Corp.	-0.47%	0.91%	1.93%	8.50%	7.55%	6.01%
Bloomberg Barclays Global Agg	0.52%	2.04%	4.73%	6.40%	0.67%	-1.30%



OBSERVATIONS

- Major U.S. equity indexes sold off sharply after the announcement of the potential further imposition of tariffs on the European Union. (These have recently been paused until July.)
 - The S&P 500 sold off the most, but the NASDAQ and Dow Jones followed close behind.
- Both the Russell Mid-Cap index and the Russell 2000 (small-cap index) sold off sharply as tariff concerns resumed.
- Developed international markets were positive, advancing their YTD outperformance of domestic equities.
 - The MSCI Emerging Markets index was marginally negative for the week due to concerns over slowing global growth, given new tariffs.
- Fixed income indices were mixed as the U.S. Aggregate Bond index (-0.45%) and High Yield Corporate index (-0.47%) declined due to domestic growth and inflation concerns surrounding the new tariff possibilities.
 - In contrast, the Global Aggregate Bond Index advanced by 0.52% as international markets were spared the interest rate volatility.



BY THE NUMBERS

- Southwest Airlines Ending Free Bag Policy:** Starting on Wednesday, May 28th, new tickets booked on Southwest Airlines will not include checked bags unless customers choose the highest fare option. Southwest Airlines' longstanding baggage policy allowed passengers two free checked bags with every ticket, but all of that is set to change on Wednesday. Southwest has also rebranded its fare bundles. The airline introduced a new, more restrictive "Basic" tier and will rename its existing ticket tiers to "Choice," "Choice Preferred," and "Choice Extra," replacing the previous "Wanna Get Away Plus," "Anytime," and "Business Select" options. Under the new structure, only passengers who purchase the premium "Choice Extra" fare will receive two free checked bags. This top-tier option also includes early boarding, extra legroom, complimentary Wi-Fi, and a premium drink.³
- Cornell Men's Lacrosse Defeats Maryland for First National Title Since 1977:** Cornell men's lacrosse defeated No. 2 seed Maryland 13-10 in Monday's national championship at Gillette Stadium in Foxborough, Massachusetts. The top-seeded Big Red captured its first national title since 1977, avenging a loss to the Terrapins in the 2022 NCAA title game. The championship win is also Cornell's first NCAA team title in any sport since its last lacrosse title in 1977. Previous NCAA championships include men's ice hockey in 1966-67 and 1969-70, along with men's lacrosse titles in 1971, 1976, and 1977.⁴

Economic Definitions

Initial Jobless Claims: Initial unemployment claims track the number of people who have filed jobless claims for the first time during the specified period with the appropriate government labor office. This number represents an inflow of people receiving unemployment benefits.

Continuing Jobless Claims: Continuing claims are the number of people filing for unemployment benefits who have already filed an initial claim. To be included in continuing claims, the person must be covered by unemployment insurance and must be currently receiving benefits. They must have been unemployed for at least a week after filing the initial claim, per Department of Labor (DoL) specifications.

New Home Sales: This concept tracks sales of newly constructed homes during the reference period. The Implicit US index is computed by taking the number of houses sold in the US and dividing it by the seasonally adjusted number of houses sold in the US.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services. Foreclosed homes are only counted in the inventory if the bank is working with a realtor. Foreclosed homes that sell via auction (or other closings outside of the Multiple Listing Services) are not included.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Building Permits: This concept tracks the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US 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 securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate 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. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal 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.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

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¹ Data obtained from Bloomberg as of 5/23/2025.

² Data obtained from Morningstar as of 5/23/2025.

³ [Southwest's free bag policy ends May 28: What travelers need to know | 9news.com](#)

⁴ [Cornell men's lacrosse defeats Maryland for first national title since 1977](#)