

Market Flash Report

May 2025

Key Takeaways

- **Market News:** U.S. equities snapped a three-month losing streak, with both large and small caps posting solid gains. The Magnificent 7 delivered their best monthly performance in two years as growth outperformed value. U.S. stocks have rebounded from the recent selloff, and the S&P 500 now shows a modest gain of 1.1% YTD.
- **International Equities:** Developed International equities continued their strength this year, supported by a weakening U.S. dollar. Emerging markets also rallied, driven by a surge in semiconductor stocks. On a 12-month basis, both Developed International and Emerging Markets are outperforming the S&P 500, something not seen since October 2023 and, before that, April 2018.
- **Fixed Income:** Treasuries lagged corporates as credit spreads tightened, though they're still having their strongest start to a year since 2020. Short duration outperformed, even as the 2-year Treasury yield jumped 30 basis points, its second-largest move higher since the first rate cut in September.
- **Fiscal Policy:** While tariffs dominated headlines, attention turned toward President Trump's proposed "One Big Beautiful Bill." Though not yet finalized, the plan has raised concerns about rising debt levels, contributing to higher inflation expectations, upward pressure on rates, and renewed scrutiny of the U.S. dollar.

Index Performance (as of 5/31/2025)

ARIZONA
 CALIFORNIA
 COLORADO
 D.C. METRO AREA
 FLORIDA
 GEORGIA
 MASSACHUSETTS
 NEW JERSEY
 NEW YORK
 PENNSYLVANIA
 RHODE ISLAND
 TEXAS
 WASHINGTON
 WYOMING
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Equity	May	Year-to-Date	1-Year
U.S. Large Cap	6.3%	1.1%	13.5%
U.S. Small Cap	5.3%	-6.8%	1.2%
Developed Non-U.S.	4.7%	17.3%	13.9%
Emerging Market	4.3%	8.9%	13.6%
Real Assets			
Real Estate	1.2%	1.9%	11.7%
Infrastructure	1.8%	8.7%	13.8%
Fixed Income			
Core Plus			
U.S. High Yield Debt	1.7%	2.7%	9.3%
Emerging Market Debt	0.7%	3.0%	8.0%
Core Bonds			
U.S. Aggregate Bonds	-0.7%	2.4%	5.5%
U.S. Treasuries	-1.0%	2.5%	5.0%
U.S. Municipal Bonds	0.8%	0.9%	3.8%
Month-End Values/Yield	Current	Prior Month	1-Year
CBOE Volatility Index	18.6	24.7	12.9
10-Year Treasury Yield	4.4%	4.2%	4.5%

Disclosures

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U.S. Large Cap Equity is represented by the S&P 500 Index. U.S. Small Cap Equity is represented by the Russell 2000 Index. Developed Non-U.S. Equity is represented by the MSCI EAFE Index. Emerging Market Equity is represented by the MSCI EM Index. Real Estate is represented by the FTSE NAREIT Index. Infrastructure is represented by the FTSE Global Core Infrastructure 50/50 Index. U.S. High Yield Debt is represented by the Bloomberg Barclays U.S. Corporate High Yield Index. Emerging Market Debt is represented by the Bloomberg EM USD Aggregate Index. U.S. Aggregate Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. U.S. Treasuries is represented by the Bloomberg Barclays U.S. Treasury Index. U.S. Municipal Bonds is represented by the Bloomberg Barclays Municipal 1-10yr Index.