

Weekly Update – May 19, 2025

Market Returns Ending 5/17/2025			
Category	1 Week	MTD	YTD
US			
Large Cap	5.3%	7.1%	1.8%
Mid Cap	4.9%	8.5%	-1.7%
Small Cap	4.5%	7.7%	-4.8%
International			
Developed	1.0%	2.4%	14.8%
Emerging	3.1%	5.5%	10.2%
Bonds			
Aggregate	-0.2%	-1.1%	2.0%
High Yield	0.9%	1.4%	2.4%

US Equity Style Returns			
	Weekly		
	Value	Core	Growth
Large	3.3	5.0	6.4
Mid	4.7	5.5	8.0
Small	4.1	4.7	5.2
	YTD		
	Value	Core	Growth
Large	3.8	1.8	0.2
Mid	1.7	3.1	6.9
Small	-5.4	-4.8	-4.2

Source: Bloomberg

Key Events: Debt, Downgrades and fewer Discounts

Moody's downgraded US Government debt over concerns about increased debt and our long-term fiscal sustainability (see chart below).

Consumer confidence continued its decline, approaching historic lows. Despite a softening in April's data, inflation concerns remain elevated. Walmart added to the unease; warning of potential price increases due to new tariffs.

Market review: The 'tariff rebound' continues

Markets rallied again this week as tariff-related fears eased. The S&P 500 led the way with a 5% gain, outperforming both international and small-cap stocks. Hedge fund short-covering contributed to the momentum. Meanwhile, investment-grade bonds remained flat, caught between inflationary pressures and signs of slowing economic growth.

Outlook: Navigating shifting sentiment

Equities have staged a strong recovery, with the S&P 500 climbing nearly 20% from recent lows as trade tensions subsided. In our [April 28 Weekly Investment Update](#), we highlighted the drop in market volatility and the potential for *short-term* gains. Moody's downgrade underscores the *long-term* risks posed by rising debt and persistent deficits—issues we explored in depth last fall in [What to do about the coming debt crisis](#).

While short-term market movements can be unsettling, our Navigator Framework helps investors stay focused on long-term goals. We began the year with diversified portfolios, anticipating the volatility we've seen. Our guidance remains the same: stay the course, remain invested, and follow your financial plan.

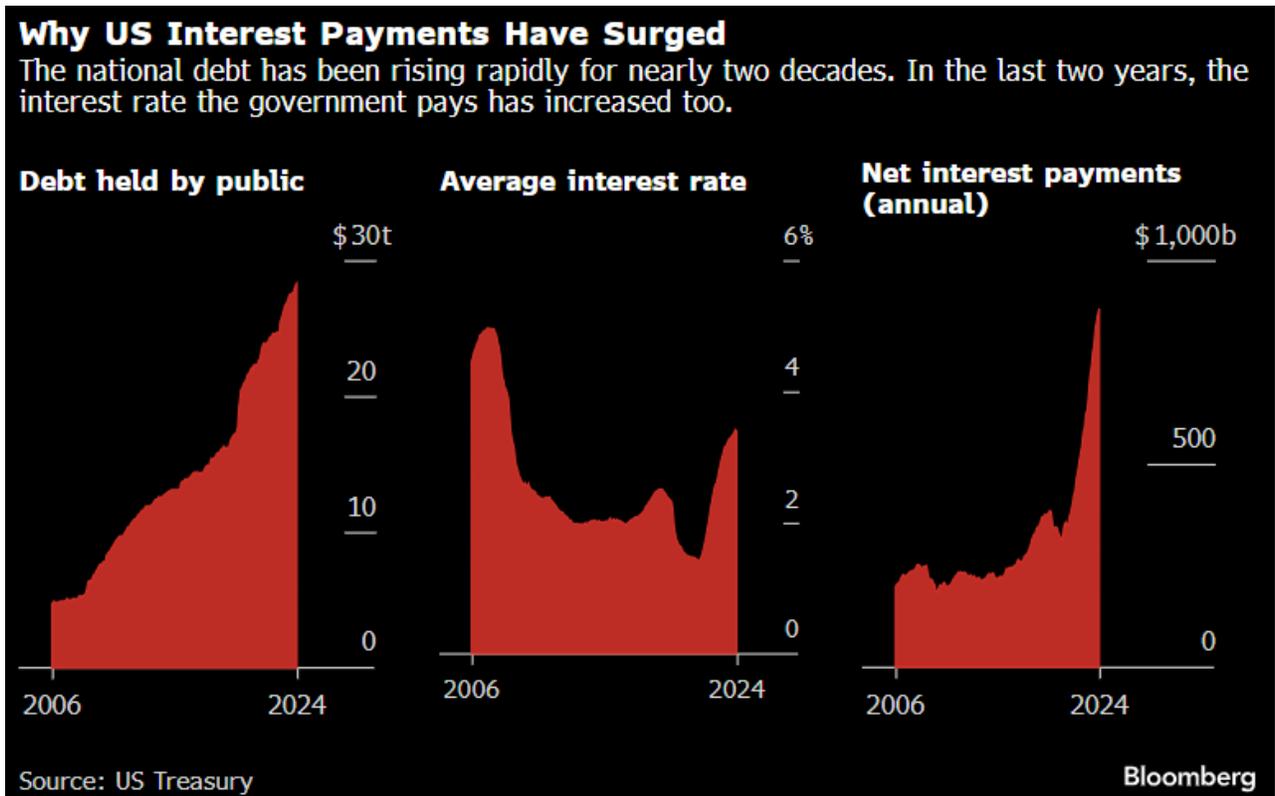


Confidence falls as inflation expectations rise

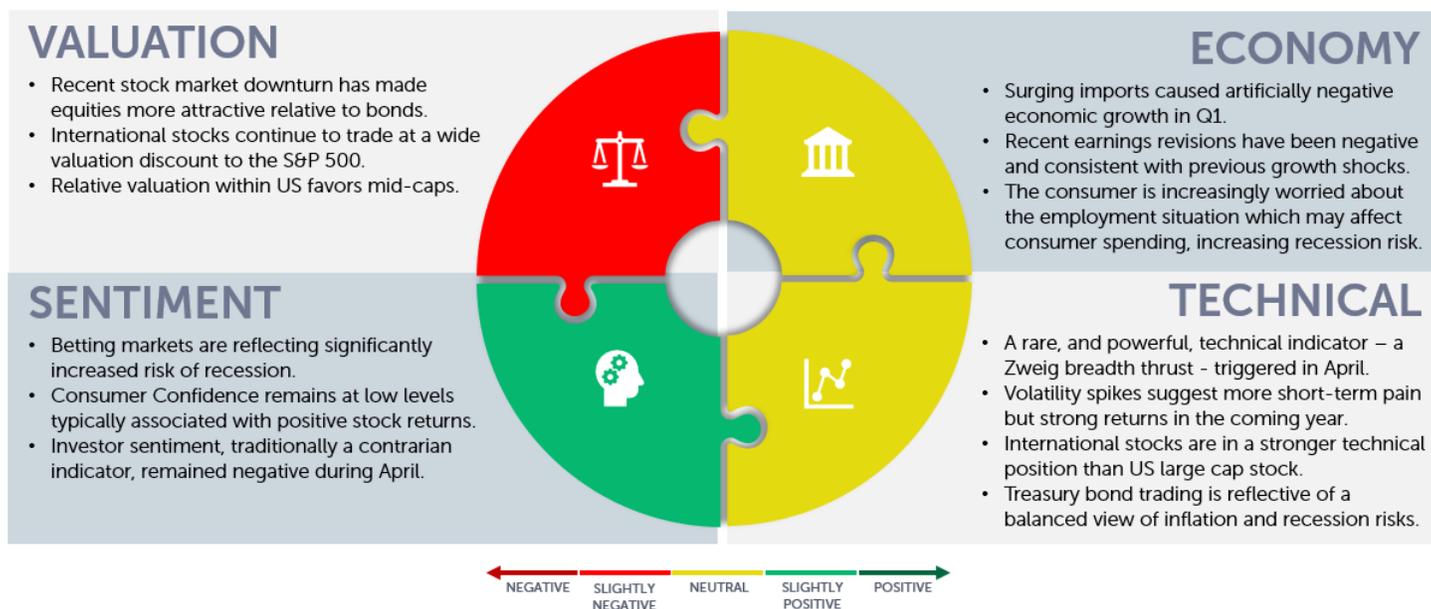
University of Michigan Consumer Confidence
NY Fed 3-year inflation expectations



USA's Fiscal situation precipitated the ratings cut



OneAscent Navigator Outlook: May 2025



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ⁱ Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield