

Market Update

JUNE 2025

“Sell in May and Go Away?”

| Index | May 2025* | YTD 2025* |
|--------------------|-----------|-----------|
| S&P 500 | 6.3% | 1.1% |
| Russell 2000 | 5.8% | -6.6% |
| MSCI World, Ex-US | 4.7% | 7.6% |
| Bloomberg AGG Bond | -0.6% | 2.6% |

*Total Returns Source: Factset Data

Old adages die hard, and nowhere harder than Wall Street as strong May 2025 equity returns once again bucked conventional wisdom. Tariffs and fiscal policy remained the dominate news items. However, equity markets reacted favorably to corporate earnings guidance much better than feared. In the bond market, the reality of a US Federal Reserve in wait and see mode on rates sank in with the long-end underperforming.

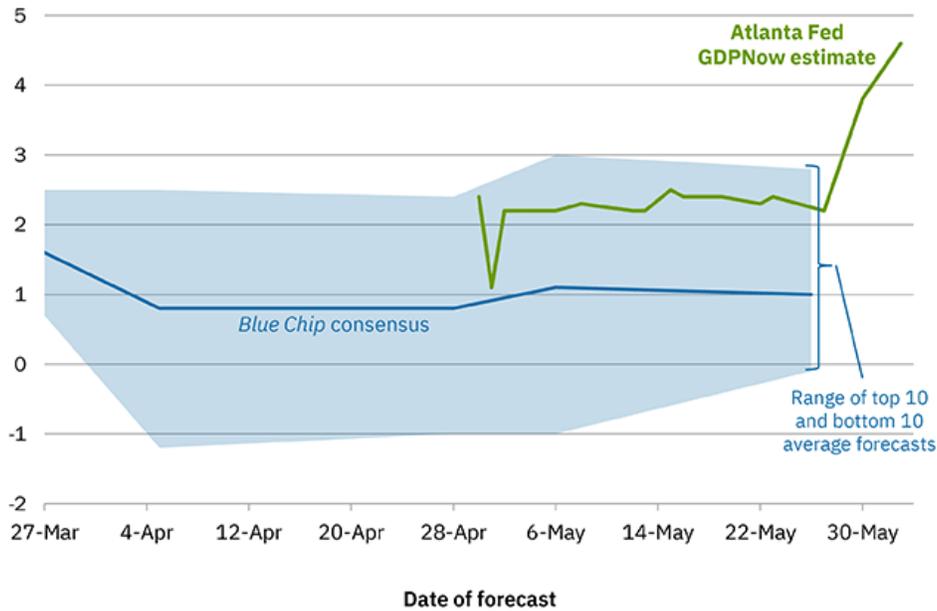
As the below chart illustrates, the so-called Magnificent Seven stocks led the rebound over the last two months. Some of the rally was relief provided by strong earnings and strong forward guidance on AI-driven demand signals and capital spending plans. We’d also note most Magnificent Seven stocks represent deep sources of liquidity, recession-resistant businesses, and fortress balance sheets in a time of uncertainty.



Source: Factset Data Research

Our oft-stated view of no US recession in 2025 with higher-for-longer interest rates remains in place. The closely watched Atlanta Fed GDPNow forecast below has moved decisively in this direction after a brief first quarter slowdown. To that end, the cyclical sectors of industrials, consumer discretionary and financials rebounded strongly alongside technology last month. At Seacoast Wealth Management our core holdings in technology, industrials and financials participated in the market rebound in May, with standout results from stocks like Broadcom, Microsoft, Citigroup, Amazon and Caterpillar Inc.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q2
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

Source: Factset Data Research

Regarding bond positioning in the fixed income markets, our duration stays shorter than benchmarks with an emphasis on corporates. Earlier in May, the US Federal Reserve Chairman Jerome Powell stated current monetary policy is moderately restrictive but likely to stay flat until there is more clarity on tariffs. With the yield curve no longer inverted (roughly 50 basis point spread between the 2- and 10-year treasury notes) and BBB corporate spreads narrowing back to near-record lows, bond performance has been solid. At Seacoast Wealth Management our long-term focus on underlying business fundamentals and valuation disciplines helps avoid change based on things like illusory correlations or random adages with no real statistical significance.

As always, we appreciate the opportunity to work with you, and if you have any questions, please do not hesitate to reach out to your Seacoast Wealth Management Associate.

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Sources: JP Morgan Asset Management; NASDAQ; FactSet; Bloomberg; Broadridge; Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful. The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks.