

# Market Update

MAY 2025

*"The only winning move is not to play."*  
War Games

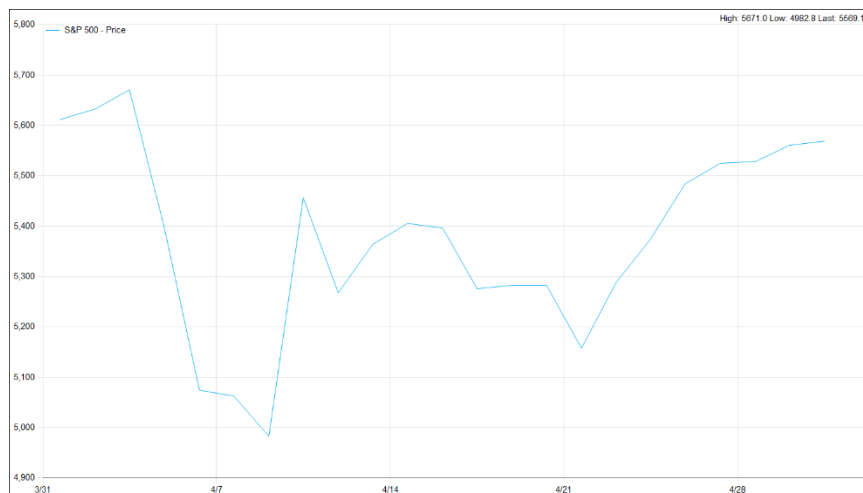
Index	April 2025*	YTD 2025*
S&P 500	-0.7%	-4.9%
Russell 2000	-2.3%	-11.6%
MSCI World, Ex-US	0.0%	2.8%
Bloomberg AGG Bond	0.4%	3.2%

\*Total Returns Source: Factset Data

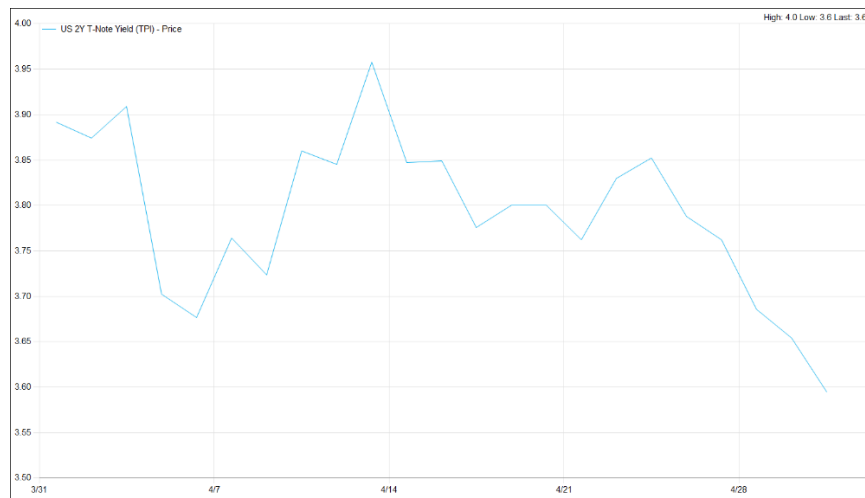
Markets experienced extreme volatility during April, mostly for naught as the ending values for both the S&P 500 and the policy-sensitive yield of the 2-year treasury note (see charts below) were no disaster for investors. If anything, both the equity and bond markets gave investors opportunities throughout the month for those who eschewed the game of big asset allocation changes and instead focused on long-term value.

Tariffs dominated the financial news cycle all through April. It is clear markets do not like war of any kind and they do not like uncertainty. The April 4th through 9th lows illustrated both. Tariff announcements beyond any prior estimated levels sowed fears of a global trade war and added maximum uncertainty about future economic growth. Overreaction to these headlines was not the right move. Tariff pressures eased, and earnings results, starting with the largest banks and continuing through most of the Magnificent 7 tech companies, showed a resilient US economy.

In fact, details underlying the first reading of Q1 2025 US GDP showed stronger consumer spending and industrial production with only a large increase in imports (ahead of tariffs) responsible for pushing the overall number slightly negative. The most recent update to the Atlanta Fed's GDPNow forecast for US Q2 2025 GDP is for 1.1% growth – no recession.



Source: Factset Data Research



Source: Factset Data Research

The current first quarter earnings “season” has revealed two important things for investors to consider. First, the narrative that hyperscale AI (Artificial Intelligence) cloud providers like Microsoft, Google, and Amazon are pulling back on infrastructure investments is false. Each has reiterated capital spending plans backed by solid demand signals across all client segments. Downstream this is helping Seacoast Wealth Management equity holdings like Corning, Eaton, and Southern Company rebound from the lows. Visibility is strong well into 2026 for products like fiber optic cables and connectors, electrical power management and stable, consistent electricity needed to create data center capacity. On the April 30th earnings conference call, Microsoft CEO Satya Nadella said, “Cloud and AI are the essential inputs for every business to expand output, reduce costs, and accelerate growth.”

The second narrative losing some steam is the magnitude of earnings declines driven by tariffs. While there are pockets of industries more affected than others, we note an absence of large, broad-based guidance reductions. As noted in prior commentaries the US economy arrived at this moment of tariff-related uncertainty in a relatively strong position. Unemployment was just over 4%, inflation was coming down towards Fed targets, and the financial system was in far better shape than in prior downturns. As tariffs are negotiated to manageable levels and US companies announce domestic capacity expansions, markets will quickly turn attention to tax legislation as the next significant policy hurdle.

At Seacoast Wealth Management we will continue to avoid the game of portfolio changes based on reactions to headlines and instead hunt for the value that market volatility provides.

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.

#### Disclosures:

Trust and investment management services are offered through Seacoast Wealth Management, a business group of Seacoast Bank. The information contained herein was gathered from sources believed to be reliable but is not guaranteed by Seacoast Bank nor is it to be considered all-inclusive. Further, the information does not purport to be a complete analysis of any security, company, or industry mentioned. Opinions regarding any securities and/or security mentioned are subject to change at any time.

This presentation is intended for the sole use of the present or prospective client named and it not to be distributed to any other party. The presentation is not intended as nor does it constitute tax or legal advice. You should consult your own lawyer, accountant or other professional advisor when planning to implement a strategy. All charts/tables are presented as illustrations provided for informational purposes only and are not indicative of future results. No guarantee is given that any specific investment or strategy referenced or described herein will be profitable or will achieve results equal to or exceeding historical, simulated or hypothetical results presented. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio or assure or protect against loss in any given market environment. Past performance is not a guarantee of future results. Securities, Insurance and Advisory Services are: Not a deposit. Not FDIC Insured. Not guaranteed by the bank.

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](http://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.