

5/12/2025

The Week Ahead



TRUST & ESTATE
FIDUCIARY SERVICES

THINGS TO WATCH

Trump in the Middle East

President Trump will visit Saudi Arabia, Qatar, and the United Arab Emirates this week, with major agenda items expected to include Iran's nuclear program, the war in Gaza, and investment pledges by the Saudis and Emiratis to invest a combined \$2 billion in the U.S. over the next four years. Trump might be less likely to focus on global oil prices than in previous Middle East trips due to the recent decision by a sub-group of OPEC nations to increase production.

Inflation Frustration?

April readings for the consumer price index (tomorrow), producer price index (Thursday), and import prices (Friday) will provide an update on the impact of the Trump administration's reciprocal tariffs on price level changes in recent weeks. Areas within these reports that could indicate pockets of accelerating inflation in China-focused imports including toys, footwear, apparel, steel, and aluminum.

Walmart (WMT)

Quarterly results and financial guidance from the country's largest retailer will be under the microscope Thursday. Investors will be focused on the company's comments about the impact of tariffs and its opportunities to increase market share in a challenging operational environment. In a recent report, UBS analysts estimated only 10%-15% of WMT's U.S. business is exposed to Chinese imports and roughly 65% of its products (including grocery items) are sourced domestically.

Small Business Sentiment

The National Federation of Independent Business (NFIB) optimism index declined 3.3 points in March to a 5-month low of 97.4 as survey respondents expressed caution on business conditions amid heightened trade policy uncertainty. The March decline was the index's largest monthly retreat since June 2022 at the peak of the pandemic-era inflationary surge. Tomorrow morning, the NFIB optimism index for April is expected to dip again to a reading of 95.

| LAST WEEK'S ECONOMIC DATA | LATEST | 3MO PRIOR | CHANGE |
|---------------------------------------|--------|-----------|--------|
| ISM Services PMI | 51.6 | 52.8 | ▼ |
| S&P Global U.S. Services PMI | 50.8 | 52.9 | ▼ |
| Trade Balance (\$ billions) | -140.5 | -98.1 | ▲ |
| Initial Jobless Claims (Thousands) | 228 | 222 | ▲ |
| Continuing Jobless Claims (Thousands) | 1,879 | 1,874 | ▲ |

| INDEX | LEVEL | WEEK | YTD | 12 MO |
|-----------------------|----------|--------|--------|--------|
| DJ Industrial Average | 41249.38 | -0.14% | -2.52% | 6.60% |
| NASDAQ | 17928.92 | -0.26% | -6.95% | 10.48% |
| S&P 500 | 5659.91 | -0.45% | -3.35% | 10.00% |
| MSCI EAFE | 2515.88 | -0.15% | 13.70% | 10.59% |
| BB U.S. Aggregate | 2235.54 | -0.19% | 2.20% | 5.29% |

| KEY BOND RATES | WEEK | 1MO AGO | 1YR AGO |
|------------------|-------|---------|---------|
| 3-Month T-Bill | 4.31% | 4.32% | 5.39% |
| 10-Year Treasury | 4.38% | 4.33% | 4.45% |

| REPORTS DUE THIS WEEK | LATEST |
|---------------------------------|--------|
| NFIB Small Business Optimism | 97.4 |
| Consumer Price Index (Y/Y) | 2.4% |
| Core Consumer Price Index (Y/Y) | 2.8% |
| Producer Price Index (Y/Y) | 2.7% |
| Retail Sales (M/M) | 1.5% |

Total returns are as of 5/9/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

100,000

As part of the preliminary U.S.-U.K. trade agreement announced last week, the Trump administration has agreed to lower tariffs on British auto imports from 27.5% to 10%, applicable to 100,000 vehicles per year. This announcement is expected to most notably benefit Jaguar Land Rover. The U.K. will increase its import quota for U.S. beef to 13,000 metric tons annually, up from the previous limit of 1,000 metric tons. A general 10% tariff on most other U.K. goods exported to the U.S. will stay in place.

5.5%

Last week, Disney (DIS) reported its direct-to-consumer streaming segment (Disney+ and Hulu) generated a 5.5% adjusted operating margin during its fiscal 2Q25 ended April 30. This is up from 4.8% last quarter and just 1% a year ago. Even small amounts of margin expansion in this segment should encourage investors given long-time profitability challenges and growing technology, programming, and production costs faced by the company.

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