

Market Update

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U.S. Stock Market Performance: May 19-May 25, 2025

The US stock market declined during the week of May 19 to May 25, 2025, ending a six-day S&P 500 rally. The S&P 500 fell 2.61% to 5,802.82, the Nasdaq Composite dropped 2.47% to 18,737.21, and the Dow Jones Industrial Average decreased 2.47% to 41,603.07 (listingtrack2025). The Russell 2000 fell 3.47%, reflecting small-cap weakness listingtrack2025. The CBOE Volatility Index (VIX) surged 29.29% to 22.29, indicating increased uncertainty (listingtrack2025).

Tariff threats, including a proposed 25% tariff on iPhones and 50% on EU imports, triggered a sell-off on May 23, with Apple dropping over 3% in pre-market trading Schwab2025. A Moody's downgrade of US debt, a weak 20-year Treasury auction, and a tax bill adding \$3 trillion to the deficit over a decade fueled concerns EdwardJones2025. The 30-year Treasury yield rose to 5.03%, and the 10-year to 4.50% EdwardJones2025. Energy and real estate sectors led losses, with solar stocks like Sunrun (-43.84%) and Solaredge (-24.14%) hit hard Morningstar2025. Constellation Energy gained 10% on AI-driven demand (Investopedia2025May6).

Despite losses, the S&P 500 was up 1.3% year-to-date, the Dow up 0.3%, and the Nasdaq down 0.5% Investopedia2025May19. High valuations (S&P 500 forward P/E at 21x) and downward earnings revisions raised concerns (GlobalMktObserv2025May25, GlobalMktO Observ2025May22). For the week of May 26–June 1, markets may rebound post-Memorial Day, driven by optimism from ongoing US-EU trade talks and a 90-day tariff pause (SpaceInvestor2025). Key catalysts include Nvidia and Costco earnings, the PCE inflation report, and Fed minutes, which could spark volatility if inflation exceeds expectations or signals fewer rate cuts (ADMISI2025, AIJimCramer2025). Investors await clarity on these events, with focus on technology and consumer sectors.

In summary, last week's market faced challenges from tariffs and fiscal concerns, but selective sector strength persisted. This week's outlook suggests cautious optimism, pending key economic and earnings data.

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