Amadeus Wealth Alternatives
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WEEKLY ECONOMIC UPDATE MAY 19, 2025

Stocks roared higher last week, powered by upbeat trade news and tame inflation reports.

The Standard & Poor's 500 Index rose 5.27 percent, while the Nasdaq Composite Index spiked 7.15 percent. The Dow Jones Industrial Average added 3.41 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, increased 0.80 percent.[1,2]

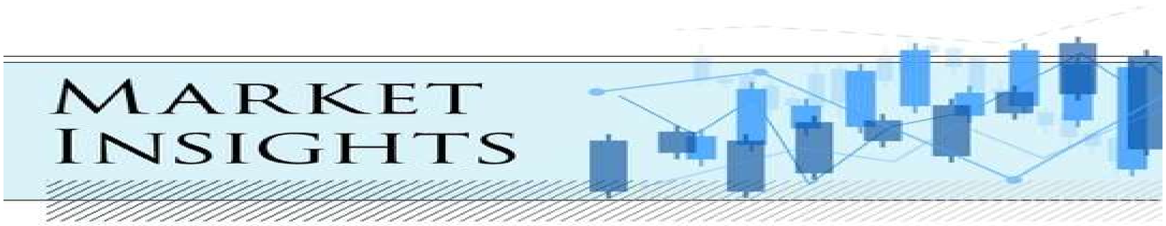
S&P, Dow Erase YTD Losses

Stocks pushed higher on Monday as investors cheered weekend news that the U.S. and China temporarily agreed to back off steep reciprocal tariffs.[3]

Then, a mild inflation report for April—the slowest annualized Consumer Price Index (CPI) reading in four years—boosted markets on Tuesday. Tech stocks powered the rally as the S&P 500 closed trading in the green for the year.[4,5]

Markets closed the week with modest gains, largely looking past weak consumer sentiment data released on Friday.

Friday was the Dow's turn to erase year-to-date losses and get back in the green while the Nasdaq and S&P notched a five-day winning streak.[6]



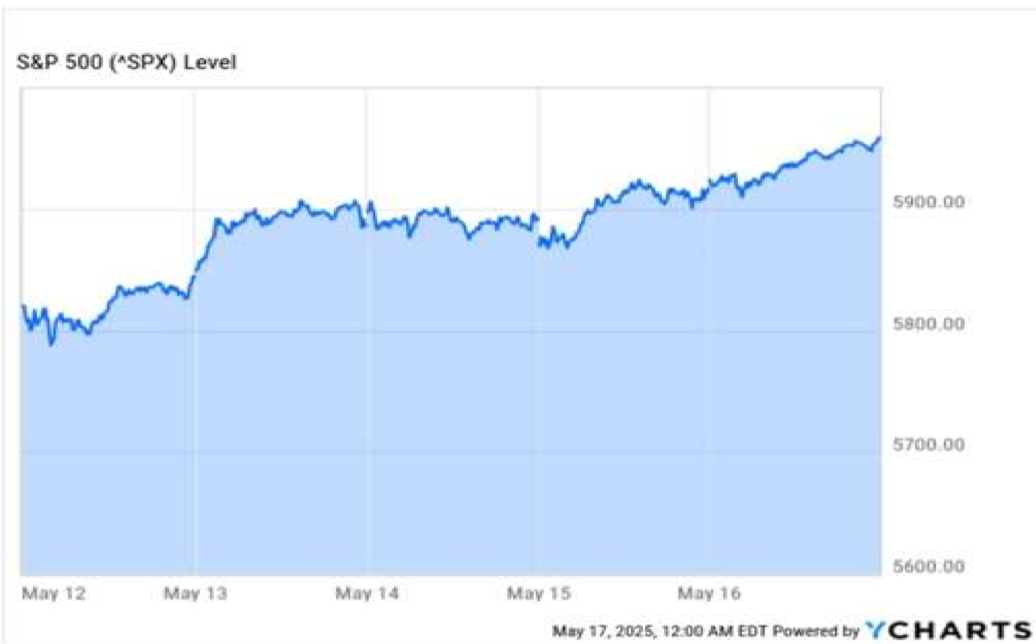
YCHARTS

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
Nasdaq Composite	13.68%	-0.78%	14.96%	120.3%
S&P 500	9.75%	1.09%	12.97%	123.0%
MSCI EAFE	7.56%	14.57%	10.60%	86.25%
Dow Jones Industrial Average	4.94%	0.04%	7.96%	97.29%

S&P 500 Daily Close



10-Year Note Review

Indicator Name Date	Latest Value	1M Ago 3M Ago 1Y Ago	1M Change 3M Change 1Y Change
10 Year Treasury Rate 05/16/25	4.43%	4.29% 4.47% 4.38%	3.26% ▲ -0.89% ▼ 1.14% ▲

All Eyes on Economic Data

The retail (CPI) and wholesale inflation reports (Producer Price Index) were mild, although most economists didn't expect tariffs to impact prices in the first month of implementation.

Retail sales ticked up slightly (as expected), while industrial production and housing starts showed signs of tariff impact.[7,8]

Expect traders to continue to closely watch economic reports to better understand whether tariffs are showing up in the data.

This Week: Key Economic Data

Monday: New York Fed President John Williams, Dallas Fed President Lorie Logan, and Atlanta Fed President Raphael Bostic speak. Leading Economic Indicators. E-Commerce Retail Sales.

Tuesday: Richmond Fed President Thomas Barkin, Raphael Bostic, and Fed Governor Adriana Kugler speak. Financial Markets Conference.

Wednesday: Thomas Barkin speaks. 20-Year Treasury Bond Auction.

Thursday: Existing Home Sales. Jobless Claims (weekly). PMI Composite—Services and Manufacturing. John Williams speaks. Fed Balance Sheet.

Friday: New Home Sales. Kansas City Fed President Jeff Schmid and Fed Governor Lisa Cook speak.

Quote of the Week

"People always call it luck when you've acted more sensibly than they have."

– Anne Tyler

Of Note

In April 2025, the gold market continued its unprecedented surge in physical deliveries from futures exchanges, signaling a significant shift in global financial dynamics. The COMEX reported the delivery of 64,514 gold contracts, equivalent to approximately 6.45 million ounces or $21.3 billion in value, marking the second-highest delivery volume on record.

The CME Comex is a key marketplace for trading futures in gold, silver, and other commodities, where contracts can also be converted into physical metal through delivery. Typically, open contracts decline sharply before delivery starts, but this time, positions unexpectedly surged and were then largely cash-settled instead of delivered, raising speculation about potential behind-the-scenes shortages and high incentives for cash settlement. Despite this, demand for immediate delivery remained strong, with over 10,000 new contracts opened, the second-highest on record.

Concurrently, gold inventories have fallen since early April, possibly linked to these unusual settlements and subsequent physical withdrawals. Even with predictions that tariff changes would reduce arbitrage and slow gold flows from London to the U.S., demand for futures and physical deliveries remains robust as the market headed into May.

This extraordinary movement has prompted speculation about the underlying causes. Geopolitical tensions, such as the ongoing conflicts involving Russia and Ukraine, Iran and Israel, and the complex dynamics between India and Pakistan, have undoubtedly contributed to a heightened demand for safe-haven assets like gold. Additionally, the intensifying trade disputes between major economies have further fueled uncertainty, making gold an attractive option for preserving wealth.

However, beyond these immediate factors lies a more profound transformation in the global financial system. Since 2008ish, countries like Russia and China have been actively reducing their reliance on the U.S. dollar, a process known as de-dollarization. This trend has been accelerated by recent developments, including Saudi Arabia's decision to settle oil transactions in currencies other than the dollar. Such moves indicate a collective shift towards a more diversified and resilient monetary framework.

Some analysts have argued the current dollar-centric system is unsustainable due to escalating deficits and debt levels in the United States and suggests that transitioning to gold as a neutral reserve asset could facilitate a more balanced global economic structure. This approach would allow commodities to be priced in multiple currencies, reducing dependency on any single nation's economic policies.

The conflict in Ukraine has exposed the limitations of conventional military strategies, emphasizing the need for economic tools to assert influence. By adopting gold as a reserve asset, nations can navigate geopolitical challenges without resorting to direct military confrontation, which is increasingly untenable in a world with nuclear capabilities and deeply interconnected economies.

The implications of such a shift are profound. The market revaluing gold to levels of $7,500 and even $10,000 per ounce could enable the U.S. Treasury to significantly bolster its financial position, should a shift take place. By adjusting the official price of its gold holdings, the Treasury could effectively generate $2 to $3 trillion in value, providing a substantial infusion into the Treasury General Account without increasing debt.

In this context, the massive gold deliveries observed in April may not be coincidental. They could represent strategic moves by state actors, possibly including the U.S. itself, to prepare for a redefined monetary landscape. The scale of these transactions suggests involvement at the highest levels, as such significant movements would typically attract regulatory scrutiny unless conducted by entities with sovereign authority. It is starting to seem clear that as the global economy stands at the cusp of a potential monetary reset, the role of gold is being reevaluated. [9]

Footnotes and Sources

1. WSJ.com, May 16, 2025
2. Investing.com, May 16, 2025
3. CNBC.com, May 12, 2025
4. WSJ.com, May 13, 2025
5. CNBC.com, May 15, 2025
6. MarketWatch.com, May 16, 2025
7. WSJ.com, May 13, 2025
8. MarketWatch.com, May 16, 2025
9. zerohedge.com/markets/how-gold-gets-10000

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The forecasts or forward-looking statements are based on assumptions, may not materialize, and are subject to revision without notice.

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The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. Nasdaq Composite is an index of the common stocks and similar securities listed on the NASDAQ stock market and is considered a broad indicator of the performance of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.

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