

Market Commentary 6/11/25

An Oxford Harriman & Company Market Commentary

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Markets Rebound Sharply, but Policy Uncertainty Remains

U.S. equities staged a powerful comeback in May, with the S&P 500 Index posting a 6.3% return, its strongest monthly gain since November 2023. Leading the charge were Large Cap Growth stocks, as the Nasdaq 100 surged 9.2% and the Russell 1000 Growth climbed 8.9%.

Technology continued to outperform as the top S&P 500 sector for the second straight month. Industrials and Consumer Discretionary sectors also posted strong gains of over 8% each. In contrast, Health Care was the only sector to end the month in negative territory, while traditionally defensive sectors underperformed amid broad market strength.

The Bond market continues to face headwinds due in large part to the pending tax bill we discussed last week. The Bloomberg U.S. Aggregate Bond Index declined 0.6% in May. However, corporate bonds outperformed, helped by tightening credit spreads, as investment-grade corporate bonds returned 0.2%, and high-yield bonds advanced 1.7%.

International equities also moved higher, though they lagged the U.S. market. Developed Markets gained 4.8%, and Emerging Markets returned 4.0%, both positive but trailing the S&P 500's strong showing.

Markets Near Highs, But Visibility Remains Limited

Despite an eventful start to the year marked by policy-driven volatility, U.S. equity markets are once again approaching record highs. The S&P 500 has rebounded nearly 20% from its April low and now sits within 4% of its all-time peak.

This rally has come amid uncertain backdrops of shifting trade policy, fragile business and consumer sentiment, and renewed inflation concerns. The Federal

Reserve has paused interest rate cuts, reflecting caution considering mixed economic signals. While the threat of a large-scale trade war has diminished, the long-term implications of recent tariff measures are still unfolding.

As previously discussed, the administration has issued temporary 90-day tariff pauses, with most set to expire by early July and China-specific measures extending through mid-August. A recent court ruling challenging the administration's authority adds further uncertainty, even as the decision is under appeal.

Early economic data suggest a limited impact from tariffs, but markets remain on edge. With policy details still evolving, investor sentiment is likely to remain sensitive to new developments, potentially fueling continued market volatility.

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Looking Ahead: The Value of Discipline in Uncertain Times

This year has highlighted how quickly sentiment can shift, with markets swinging sharply in both directions. These dynamics underscore a core principle: markets are forward-looking, often pricing in expectations well before outcomes are clear.

Periods of volatility are reminders of the value of a long-term perspective. We believe that staying invested, maintaining emotional discipline, and staying diversified remain essential in helping to manage risk and navigating uncertain environments. We expect the current landscape to remain volatile and will continue to keep you updated as events unfold.

Have a good week,

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Sources:

www.cnbc.com

www.bloomberg.com

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the Index proportionate to its market value.

The NASDAQ 100 Index is an unmanaged group of the 100 biggest companies listed on the NASDAQ Composite Index. The list is updated quarterly and companies on this Index are typically representative of technology-related industries, such as computer hardware and software products, telecommunications, biotechnology and retail/wholesale trade.

The Russell 1000[®] Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Bloomberg U.S. Aggregate Bond Index is a broad-based measure of the investment grade, US dollar-denominated, fixed-rate taxable bond market.

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