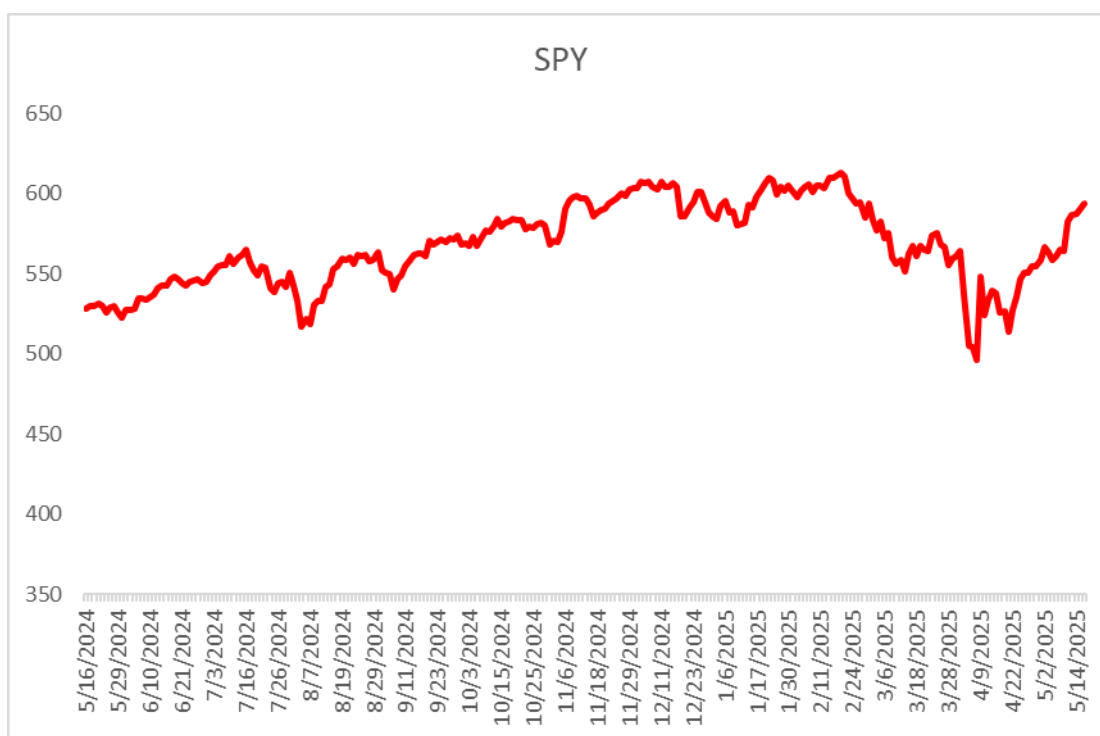


FINANCIAL INSIGHTS

WEEKLY NEWSLETTER

HORTON
MONEY MANAGEMENT

Market Review for Week Ending 5/16/2025



This week the SPY advanced 5.29%.

Markets gapped up on Monday morning and further advanced on Friday triggered by the pause in tariffs with China. The administration said the agreement reached represents progress in “strategic” decoupling with China. The goal is not to decouple but no longer be reliant on China for items that are critical.

The goal of 100% made in the USA comes with challenges. Cars are a good example. There are thousands of dollars in chips in every car and that is not available here. There is also the practical reality that many consumers will be priced out of the market. You cannot have the lowest price tag for a lineup of vehicles come in at \$50,000.

It seems the only certainty going forward is that there will be disruptions to the supply chain and higher prices. It is quite unfortunate that our country is making important changes to global trade at a time when its citizens are already inflation fatigued.

In a speech last week, the chair of the Fed stated long-term interest rates may have to remain elevated because of the supply shocks and inflationary impact. The President knows he cannot brow-beat the Chair into lowering interest rates, but he will try. Behind the scenes this administration is grooming his replacement one year from now. Getting the position will come with the promise that you will aggressively lower interest rates. Just in time to get a real estate boom going before the mid-term elections.

Turning to stocks, the relief rallies have been impressive, and stocks have pretty much returned to levels before the Presidential election. Investors for now are celebrating the good news but that could diminish once the reality of the economic headwinds takes center stage.