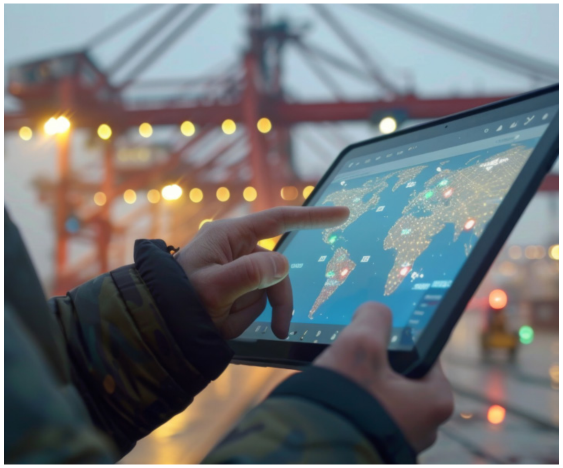
THE CAPITAL MARKETS
New Covenant Trust Company
Issue 5 | June 2025

MARKET UPDATE AT A GLANCE

The Dow Jones Industrial Average (DJIA) finished May at 42,270, up +3.94% for the month and down -0.64% so far in 2025. The S&P 500 closed May at 5,912, up +6.15% for the month and up +0.51% year-to-date. The NASDAQ Composite gained +9.56% in May, down -1.02% for the year. Small-company stocks as measured by the Russell 2000 ended May up +5.20% for the month, down -7.35% so far for the year. Technology (+10.35%) was the best-performing sector in May.



APRIL SHOWERS BRING MAY FLOWERS, MARKETS BACK TO PRE-TARIFF LEVELS

The S&P 500 gained over +6% in May, ending the month up nearly +15% from April 21, when trade tensions between the United States and China first began to visibly thaw. U.S. stocks are now slightly higher than where they started the year, fixed income is mostly flat, and international stocks are up double digits.

A lot changed in a month and a half.

While stock investors may be breathing a sigh of relief, recent developments have mostly brought things back to where we started the year — with stretched valuations, a growing but decelerating economy, and a market needing a lot to go right to justify further gains.

In the short term, markets often overshoot toward either pessimism or optimism, and we may have seen a little bit of both in the past few months. After pricing in every bit of a worst-case tariff scenario in April, markets are now seemingly pricing in no new tariffs, despite the 10% baseline tariffs on most of the world still in place.

Any cooling in corporate activity for hiring, inventory purchasing, or capital investments are likely not yet fully reflected in the data — yet markets at current levels appear mostly unconcerned with this or the fact that trade negotiations with dozens of countries remain unresolved ahead of the 90-day tariff pause expiring in July.

(Continued on next page)

"That's partly because tariffs, rolled back though they might be, are still part of the equation... Lower demand could ultimately force analysts to reduce estimates for companies' earnings, which would certainly pressure stock prices, which right now don't reflect much — if any — of this risk."

(Barron's, The Trader, Jacob Sonenshine, June 6, 2025)

(Continued from previous page)

Year-to-date trends

Entering the year, we anticipated near-term sluggishness in markets could be likely, as markets digested 20%+ gains for 2023 and 2024, with 18%+ gains in five of the last six years.

A sluggish market could mean a cautious market hitting a ceiling, treading water but unable break through. It could also mean a highly volatile period of moves up and down, resulting in a market that ultimately goes nowhere.

April and May have been the latter, with the S&P 500 down -20% from its high on April 7, and up +20% from that low on May 12.

Markets are now back to where they were pre-tariffs, but with companies and entrepreneurs having dealt with the shock of multiple sudden trade policy shifts in the matter of a few months, and global investors experiencing some of the most volatile days since the COVID-19 pandemic.

What to expect in the short term

In our view, plenty of downside risks remain in the near-term for markets, and investors should not be surprised by additional bouts of volatility through the summer and into 2026.

As Congress debates a large budget bill following a U.S. debt downgrade due to deficits, tensions persist between the White House and the Federal Reserve, tariffs and inflation remain unresolved, and domestic and global political and geopolitical issues increase, there are no shortage of potential catalysts for market worries to ramp back up.

Time to reassess, zoom out

The May rally has provided an opportunity for investors to reassess their asset allocations and ensure that allocations to stocks have a time horizon of five to seven years or longer. It's also an attractive time, in our view, to evaluate cash reserves and consider raising cash for any upcoming spending needs.

As always — but now more than ever — we would encourage investors to focus on maintaining an appropriate zoom when evaluating the news and markets.

Many issues have gone back and forth and back again in a month or less, sometimes in a week or less. While the short-term remains volatile, the longer term continues to look promising.

As investors, when the daily headlines are swirling, it's often best to take a deep breath, zoom all the way out, and try to tune out the noise.

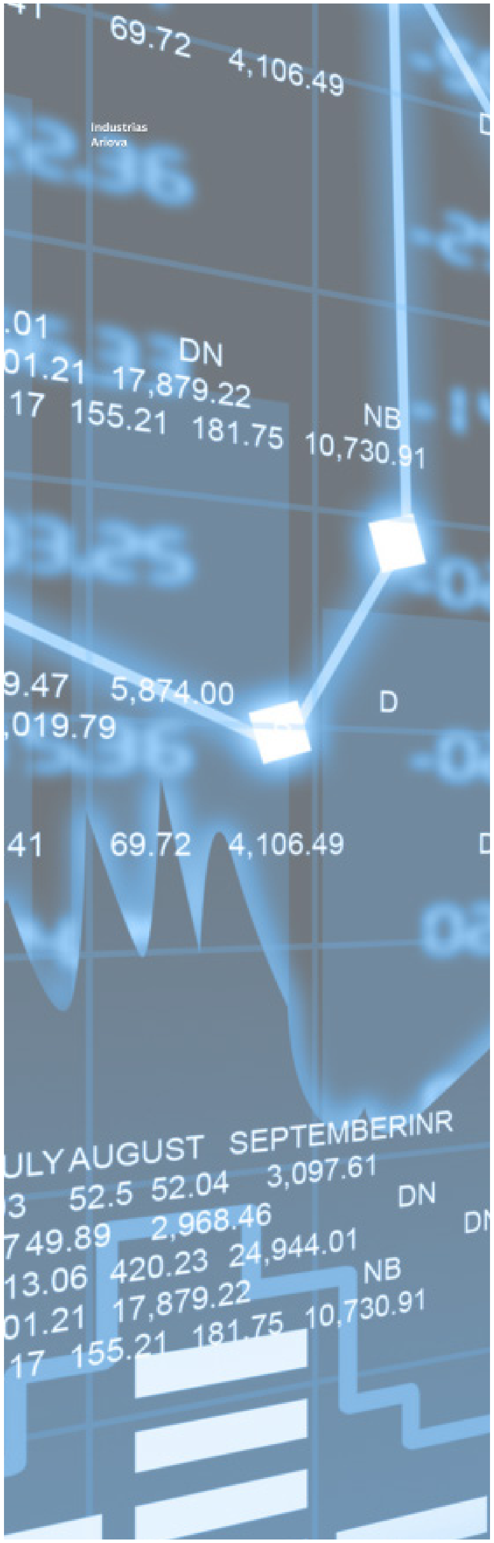
New Covenant Trust Company is always available to answer any questions and help you navigate these precarious economic times. Feel free to contact us at 800-858-6127, Option 6.

"Traders are hesitant to bid stocks much higher. The S&P 500 is already up 20% from its 2025 low hit in early April, erasing all of its losses from just before the day President Trump announced tariffs on U.S. trading partners. Essentially, the index is priced as if there aren't even any tariffs, which could have negative economic consequences."

(Barron's The Economy, Megan Lenhardt, April 11, 2025)

Market Metrics

Index or Metric	Close as of 4/30/2025	Close as of 5/31/2025	Change Previous Month End	2025 YTD % Change
Dow Jones Industrial Average	40,669.36	42,270.07	+1,600.71	-0.64%
S&P 500	5,569.06	5,911.69	+342.63	0.51%
NASDAQ Composite	17,446.34	19,113.77	+1,677.43	-1.02%
RUSSELL 2000	1,964.12	2,066.29	+102.17	-3.01%
Fed Funds Rate	4.25% - 4.50%	4.25% - 4.50%	UNCHANGED	
2-Year Treasury	3.60%	3.89%	-0.23%	
10-Year Treasury	4.17%	4.41%	-0.34%	
Crude Oil $ per Barrel	$58.21	$60.79	+$2.58	-15.24%
Gold $ per Troy oz.	$3,319.10	$3,315.40	-$ 3.70	25.54%
UK Point in U.S. $	$1.3357US=1£	$1.3486US=1£	$ WEAKER	7.68%
Euro in U.S. $	$1.13813US=1	$1.37495US=1	$ STRONGER	9.63%
Canada $ per U.S. $	$1.3813C=$1.00US	$1.37495C=$1.00US	$ WEAKER	-4.40%
Japan Yen per U.S. $	142.64¥=$1.00US	144.295¥=$1.00US	$ STRONGER	-8.19%



NEW COVENANT TRUST
A Subsidiary of the Presbyterian Foundation

200 E. 12th Street | Jeffersonville, IN 47130
trustservices@presbyterianfoundation.org | 800-858-6127, Option 6
newcovenanttrust.com