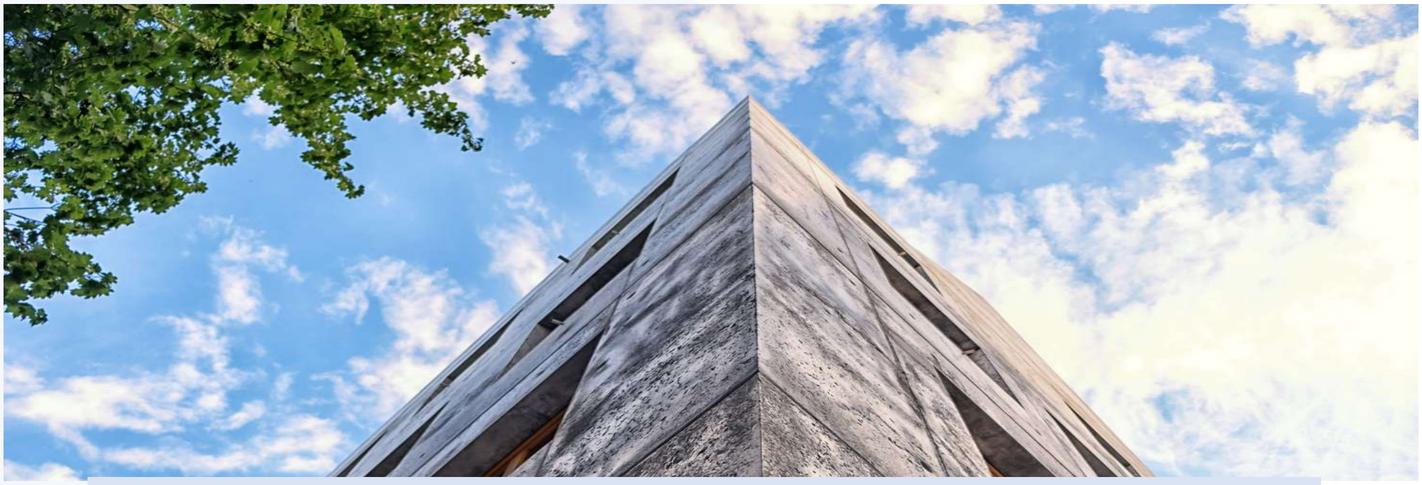
Cornerstone
ASSET MANAGEMENT GROUP, LLC

Economic Indicators | May 2025 | By Kim W. Suchy & Brett E. Suchy

www.csamg.com I Kim.Suchy@csamg.com I Brett.Suchy@csamg.com



The U.S. equity market, like many of us, is navigating through a period of anxious waiting. Recent developments surrounding Trump's tariff policies have created a level of uncertainty that many global markets find challenging. After a volatile few weeks, the SP500 has rebounded, climbing 16.2% from its April lows, as Trump hinted at a willingness to scale back some tariffs on China. While it is tempting to view this rebound as a sign the worst is behind us, experience reminds us to be cautiously optimistic as trade discussions continue to unfold. Add to this, the administration's push for the Fed to lower rates has layered more complexity and volatility to the markets.

On the positive side, the administration's recent tariff moves have bought valuable time. Trump's comments hint at a strategic shift toward negotiating one-on-one trade deals globally, and just one successful agreement (with a major player) could initiate a wave of market enthusiasm. Furthermore, the world's trade system may not be deglobalizing as some fear but rather reorganizing itself in a way that could ultimately strengthen global commerce. This could be an unexpected but valuable consequence. Of special note, corporate earnings and economic data have remained resilient of late, providing a solid foundation for the U.S. market.

That said, there is a flip side to this optimism. Tariff uncertainty remains high, and the possibility of new measures or further escalations can still rile the markets. Investors are awaiting upcoming data releases, including GDP (which may be a temporary buzzkill) and payroll reports, to assess whether the trade tensions are on the verge of creating some lasting damage. While early indicators are holding up, the true economic effects may take several months to surface (i.e. inflationary measures). The Fed meets in a couple of weeks and Powell's announcement on rates and tenor on his post announcement conference will provide some telltale signs…stay tuned for this it will be significant. As always, patience and perspective are important in periods like this.

Sector-specific impacts are also becoming clearer. Energy markets, in particular, are feeling the effects of slower expected global growth. The International Energy Agency recently downgraded both global GDP and oil demand growth forecasts for this year and next. As a result, oil and natural gas prices have softened despite a weaker U.S. dollar that would normally support commodity prices. Nevertheless, the U.S. remains a net energy exporter, offering some insulation for the domestic energy sector over the longer term.

While uncertainty persists, it is important to remember the underlying strength of the U.S. economy. The flexibility and resilience of American businesses and consumers have helped navigate periods like these over time, and as we have told you before, there is good reason to believe they will continue to do so. If trade tensions ease meaningfully in the coming days and weeks, the groundwork is already in place for renewed economic momentum. Even if challenges persist, our diversified and patient investment approach remains the most reliable strategy for long-term success.

Thank you, as always, for your trust and confidence. We will continue to monitor developments closely. As always, if you have any questions please give us a call.

POSITIVE DEVELOPMENTS

- Both the headline and core CPI measures cooled again in March. The headline CPI fell 0.1%, its first monthly decline since May of 2020. In addition, the PPI was also weaker than expected in March, with the headline measure in the red while core prices were little changed. The PPI for final demand fell 0.4%.

- The employment market appears strong as initial jobless claims rose 6K late last month to 222K, while continuing claims declined 37K to 1.8M. These figures suggest moderate job growth in April.

- *New* home sales surprised to the upside in March, where buyers purchased 724K homes at an a/r. While financing (interest rates) remains an issue with existing home sales, builders have flexibility to negotiate terms with new home buyers.

- As both a monetary metal and a crucial industrial commodity, silver is in high demand. The Silver Institute reports record-breaking demand for physical silver, especially as it's essential in electronics, solar panels, and other technologies. The increasing demand has also created a supply deficit for the 4th in a row, according to the Silver Institute.

NEUTRAL DEVELOPMENTS

- Consumer sentiment deteriorated sharply in April, as inflation expectations soared to their highest level since 1981. Consumer sentiment has been in a freefall, falling 23.2 points during the first 4 mos. of the year, from 74.0 in December to 50.8 in April. This is the 2nd lowest reading on record going back to 1952.

- Retail sales soared in March as consumers scramble to front-run tariffs. The jump in sales of 1.4% was the largest monthly increase in more than 2 yrs., led by a 5.3% surge in auto sales (one of the sectors expected to be hit the hardest by tariffs and likely stimulated much front running of auto purchases). Note, in areas not yet experiencing any impact from tariffs, stocks are doing just fine.

- Central banks have been increasing their international reserves held in gold since early 2022…that's after Russia invaded Ukraine in February 2022. The US and its allies responded by freezing Russia's foreign exchange reserves, which amounted to $280B. The central banks of countries that are hostile to U.S. interests have moved more of their reserves into gold. In fact, China has been increasing the percentage of its international reserves in gold since late 2022 from about 3.5% to 7.1% at present. currently.

- Thus far, according to FactSet, 36% of SP500 companies have reported Q1 results, with 73% beating EPS estimates, below the 5-yr. (77%) and 10-yr. (75%) averages. Earnings are 10.0% above estimates, topping the 5-yr.(8.8%) and 10-yr.(6.9%) averages.

- Gold has had an extraordinary run yet seems primed to pause for a breather. With the likelihood of sticky inflation, modest economic growth and occasional market panic suggests it will be well-supported and always have a home in diversified portfolios.

NEGATIVE DEVELOPMENTS

- Housing starts fell 11.4% in March, a poor result more than reversing a solid Feb. Aside from mo. To mo. volatility, starts have been little changed for nearly 2.5 years.

- Chinese purchases of American oil are down -90% Y/Y, while Chinese purchases of Canadian oil are up +700% Y/Y. That's a $20B annual loss for the U.S. at $60/barrel. Source: Bloomberg

- Industrial production contracted 0.3% in March which reflected a steep drop in utilities output. *Utilities* output plunged 5.8% last month due to unseasonably mild weather across the country.

- "Policy uncertainty has a negative impact on home builders, making it difficult to accurately price homes and make critical decisions" says NAHB Chief Economic Robert Dietz. "The April data indicates that the tariff cost effect is already taking hold, with the majority of builders reporting cost increases on building materials due to tariffs." Further, interest rate stability is holding potential buyers at bay.

- The Dept. of Education reported that 42.7 M borrowers owed a combined $1.6T in student loan debt as of 4/21/25. Of that total, nearly 5M borrowers were in default while 4M borrowers were in late-stage delinquency.

THE MARKETS

April was a real grind for most global markets. India and Japan were respectable performers while the balance of the international markets, including the U.S., were soft. Regarding the U.S. markets specifically, consumer staples, utilities and tech generated favorable returns. Note, staples and utilities are defensive plays and tech rebounded after the sector was hit inordinately hard in March and early April. Energy, health care and materials were laggards this month. Energy is waning on concerns of slowing global demand and a healthy supply.

With respect to bonds, the 10-year Treasury has declined from 4.23% at the close of March to close at 4.17 on April 30th . Probable explanations are that inflationary concerns have come off the boil and the recent slippage in GDP suggests that economic growth may be slowing. However, take note, there was significant importation prior to tariffs which actually show up as a negative in the calculation of GDP. This will be temporary.

U.S Index	Last Month (% return)	YTD (%)
S&P 500	-0.9	-5.5
Dow Jones	-3.2	-4.4
NASDAQ Comp	0.9	-9.7
Russell 2000	-2.6	-12.1

Source: https://tradingeconomics.com/stocks

The Future of Sports: AI's Winning Edge

By: Brett Suchy

When I was coming up in sports, what we called "high-tech" now belongs in a museum. My football shoulder pads could have doubled as desks, my baseball bats would go dead after exactly 5 homers, and film study meant wrestling with grainy VHS tapes and squinting. Even my college baseball team's pre-game ritual - watching and singing along with Michael Bolton serenading the national anthem on grainy camcorder footage - can now be replaced with VR headsets for a much realistic amp. Yet for all the nostalgia, the sports industry has not shied away from technological innovation, and the "games" we once knew are more calculated these days than you would think. Artificial intelligence now powers wearable sensors, turns game film into instant data, forecasts injuries, elevates broadcasts, and has even sharpened up contract talks. Here is a quick breakdown of five game-changers and what that means for athletes, teams and fans alike.

1. Wearable Technology

Growing up "wearable tech" meant that a headband doubled as a sweat rag. That was some serious innovation. Now, the pros use Catapult Sports GPS vests and WHOOP straps that can beam hydration, muscle strain, and sleep quality data into AI dashboards. These devices feed coaches live metrics so they can yank their players before the slightest hamstring twinge turns into a season ending injury. Given that these athletes are 'wired in' to each contest, not only is it catching workload spikes, fatigue, or dehydration, it is logging everything in real time so that training plans can also evolve on the fly…a little mobility work here, a lighter scrimmage there, all guided by data.

2. VHS to InstaFilm

Gone are the days of pouring over game film on a VCR in a dedicated film room. Today's AI performance analytics platforms use high-res and deep learning algorithms to tag every pass, dribble, sprint, and shot as it happens. Then, coaches can receive a complete, time-stamped log of key events immediately after they happen. Machine learning models can also analyze an athlete's positioning, speed, and acceleration throughout the contest, and any subtle shifts in posture or stride could potentially signal injury or fatigue.

3. Injury Prevention & Rehabilitation

Not long ago, an injury meant ice, tape, and then prayer. Today, elite teams use platforms such as Kitman Labs and Sparta Science that blend sleep logs, movement scans, and even coach's notes into AI models. Almost like having a meteorologist for your muscles. The output? Basically, an "IRI index" or injury risk index that can flag emerging issues before they become a problem. This can catch things such as a gait imbalance or declining recovery scores after back-to-back practices. Thus, rehab has moved past generic protocols. Instead, athletes now follow individualized plans that adapt in real time with the assistance of precise metrics and monitoring.

4. Smart Broadcasting & Fan Engagement

The athletes aren't the only ones impacted by AI innovation in sports. Spectators of games have also benefitted from the AI player tracking, broadcast feeds, and on-screen graphics that make our viewing experience more immersive. AI platforms like Second Spectrum and Prime Vision create those augmented reality first-down lines on your TV, shot-arc visualizations in basketball, or real-time heat maps. Behind the scenes, machine learning models are also analyzing millions of data points per second, which can cue up important instant replays before the whistle blows. In addition, chatbots handle ticketing and concessions, and some clubs even offer VR locker-room tours, turning casual viewers into super-fans.

5. Data-Driven Contract Negotiations

Today, negotiators have traded gut instinct for hard metrics. Platforms like Stats Perform merge on-field performance metrics, biometric health indicators and even social-media sentiment into a single, dynamic market-value score for each player. Interactive dashboards chart an athlete's career trajectory, alongside injury forecasts, and brand-value overlays drawn from AI-powered sentiment analysis of social media chatter. So, that means that any uptick in batting average, sprint speed, or fan engagement could potentially increase an athlete's bargaining power in real time. So, instead of dusty box scores or hearsay, every proposal is backed by clear, objective data – so teams and players strike smarter deals.

From my desk-sized shoulder pads to pocket-sized supercomputers, sports have fully embraced AI, but, the final play still belongs to the human. Whether you're lining up a 50-foot putt or staring down the game-winning free throw, it's human grit that seals the deal and drains the putt/basket. The club can't swing itself (yet). So, use the data, but don't lose sight of the passion that inevitably hoists the cup.

NEWS YOU CAN USE

The 151st Kentucky Derby is on Saturday, May 3 at 5:45PM CST. This year, Churchill Downs went through some massive renovation, offering better sightlines, premium seating, and improvements in guest amenities. According to the Kentucky Derby website, almost 120K mint juleps are served during the race weekend. For some additional perspective, that requires roughly 1,000 pounds of mint and 30 tons of ice. The mint julep became the Derby's signature drink in 1938, which was sold for $0.38 at the time. Today, the mint julep boasts at least an $11 price tag…but can fetch up to $1,000 if bought in a 24-carat gold plated cup w/ a silver straw.

Perlick - Kentucky Derby & Mint Juleps

Our hockey acumen has been on the decline and honorable mentions are rare these days since we are far removed from the Chicago Blackhawks dynasty days. However, Florida has served as a nice 'backstop' with both the Lightning and Panthers making it into the playoffs this year, and better yet…matched against each other in the first round. In addition, the NHL comprises of 32 teams in total. Of those, 7 teams are based in Canada. Of those 7 Canadian teams, 5 made it into the playoffs this year. 5+ Canadian Franchises in the playoffs has happened 6 times in history, 1988, 1990, 1996, 2015, 2017, and 6 of 8 teams made it in 1993. It helps to born around ice!

CBS Sports - NHL Playoff Bracket

After decades as a net exporter, the US has become a net importer of beef, which reflects tighter domestic supplies and shifting global markets. The USDA ERS data shows US beef imports reached 3.7B pounds in 2023 and climbed to 4.6B pounds in 2024 (up 24.4% y/y), while exports fell to 2.785 billion pounds. This marks the first net importer position in over a decade. Ranchers shrank the cattle herd to its smallest since 1962 amid drought and rising feed costs, which tightened margins and pushed domestic price higher.

ERS - USDA - Livestock and Meat Domestic Data

As always, if we can be of additional guidance, please feel free to call us at 312.485.6847.

Best regards,

Kim W. Suchy - CEO
Brett E. Suchy, CIMA® - COO
Cornerstone Asset Management Group, LLC
5411 Commonwealth Ave; Western Springs, IL 60558