



Coffee & Commentary

June 2, 2025

Good Morning!

Welcome to Coffee & Commentary, presented by Alpha Zero's Managing Partner and CIO, Eric Mechler CFP®, ChFC®, AIF®, BFA™, RICP®.

Let's get started.

1. What is currently impacting financial markets?

- All three major U.S. stock indexes gained about 2% for the week, helping to offset some of the prior week's losses, though not fully recovering them. As a result, the S&P 500, NASDAQ, and Dow now sit roughly flat for the year, having largely stabilized following the market's decline from late February through early April. Final results on the week were; **S&P 500 +1.9%**, **NASDAQ +2.0%**, and the **Dow +1.6%**.
- In an otherwise quiet week of trading, financial markets were largely influenced by tariff-related headlines. Stocks saw their strongest gain of the holiday-shortened week on Tuesday after a positive update on U.S.-European Union trade negotiations. As the week progressed, investors turned their attention to a legal challenge questioning the Trump administration's authority to impose reciprocal tariffs, adding another layer of uncertainty to the trade policy outlook.
- The yield on the 30-year U.S. Treasury bond slipped back below the 5.00% mark, easing from its recent surge driven by concerns over the long-term outlook for U.S. government debt. By week's end, the 30-year yield had declined to approximately 4.91%, down from its peak of 5.09% on May 21. Yields on shorter-term Treasuries also moved lower, with the 10-year yield ending the week at 4.39%.

2. How are we to prepare and act?

- Investor attention last week was largely focused on two key themes: strong corporate earnings—especially in the technology sector—and the ongoing volatility surrounding global tariff policy. Technology companies continued to outperform expectations, with firms like NVIDIA posting robust quarterly results despite headwinds from trade restrictions. Demand for artificial intelligence technologies remains strong, and major players such as Microsoft, Meta, Amazon, and Google reaffirmed their multi-billion-dollar investments in the space. This helped lift broader markets, with the S&P 500 gaining approximately 6% in May, rebounding from earlier losses and pushing the index back into positive territory for the year. Overall corporate earnings are showing other encouraging signs, as growth for the S&P 500 remains on track for mid-to-high single-digits in 2025, supported by a resilient labor market and manageable inflation levels. While some economic and earnings softness is expected in the quarters ahead due to elevated tariffs, the outlook for 2026 is improving as markets anticipate potential rate cuts and fiscal support from newly proposed tax legislation. The strong performance in May also defied the old saying, "Sell in May and go away," with historical trends suggesting the potential for continued market strength over the coming year.
- At the same time, trade policy uncertainty continued to weigh on sentiment, and while the White House delayed major tariffs on European allies, progress with China remains limited, and further restrictions on China's tech sector have been announced. Domestically, legal challenges to the administration's tariff powers persist, although a federal appeals court recently reinstated tariffs under an earlier ruling. Still, inflation remained in check in April, with headline PCE inflation nearing the Federal Reserve's 2% target, indicating companies have thus far managed to contain prices despite tariff pressures. Looking ahead, markets may experience more volatility as current tariff pauses are set to expire in July and August, but overall uncertainty appears to be receding.

3. Taking a look at the week ahead.

- Thursday — Weekly unemployment claims
- Friday — Consumer credit

As always, here at Alpha Zero we believe knowledge is power and look forward to helping you Think Beyond What's Next.

Please feel free to share this newsletter with friends and family, and we thank you in advance for any introductions you send our way.

Have a great week and please reach out to us with any questions.

Sincerely,

Eric Mechler, CFP®, ChFC®, AIF®, BFA™, RICP®

Founder, Managing Partner

Chief Investment Officer

Alpha Zero

2500 N Military Trail, Suite 316

Boca Raton, FL 33431

Phone: (561) 576-2599 Ext. 124

eric@alphazerowealth.com

Alpha Zero LLC ("Advisor") is a registered investment advisor. Information contained in this report is for informational purposes only and should not be considered investment advice or recommendations. Advice may only be provided after entering into an advisory agreement with Advisor.

This document is for informational purposes only. The information and data presented herein has been prepared on the basis of the publicly available information, internally developed data or other third-party sources. No guarantee is given as to the accuracy, completeness, or reasonableness of the contents contained herein.

Visit our website

Alpha Zero

2500 N Military Trail, Suite 316, Boca Raton, FL 33431

Phone: (561) 576-2599 Ext. 124

eric@alphazerowealth.com



Think Beyond What's Next.

Alpha Zero | 2500 N Military Trail Suite 316 | Boca Raton, FL 33431 US

[Unsubscribe](#) | [Update Profile](#) | [Constant Contact Data Notice](#)



Try email marketing for free today!