

Quarterly Newsletter & Market Update

Market Summary

U.S. equity markets began the year mixed. The S&P 500 declined for the quarter—its first pullback after three consecutive gains—while market breadth improved. Small-cap stocks finished higher, and the equal-weight S&P 500 was roughly flat, highlighting resilience beyond mega-cap names.

Technology and software stocks lagged amid valuation pressure and growing concern over AI-driven disruption. Energy led all sectors, supported by a sharp rise in crude oil prices linked to geopolitical developments.

Q1 Market Performance

Dow Jones	3.58%
S&P 500	4.63%
Nasdaq	7.11%
Russell 2000	0.58%
Bitcoin	22.2%
Oil (WTI Crude)	76.6%
Gold	7.8%

Key Market Drivers

Sector Rotation & AI Concerns

Leadership shifted away from large-cap technology as investors reassessed earnings durability amid rapid AI adoption. Software weakness spilled into parts of the private-credit market, increasing volatility and tightening liquidity in select strategies.

Economic Resilience

Despite persistent inflation and mixed labor-market signals, consumer spending remained steady. Corporate earnings expectations stayed constructive, with markets anticipating continued double-digit growth for S&P 500 companies.

Monetary Policy Repricing

Expectations for near-term rate cuts faded. Treasury yields rose, the yield curve flattened, and the U.S. dollar strengthened. Gold posted its fifth straight quarterly gain as investors sought diversification.

Geopolitical Shock

Escalating conflict in the Middle East—including disruptions near the Strait of Hormuz—pushed oil prices sharply higher, reshaping inflation expectations and driving late-quarter volatility.

Looking Ahead

Markets enter the next quarter facing elevated uncertainty around inflation, interest-rate policy, geopolitics, and growth momentum. While volatility may persist, diversified, long-term investment strategies remain well positioned as leadership continues to rotate.

Matthew Beery, CFP®, AWMA®
Associate Director – Investments
matthew.beery@opco.com
615-340-3046

Karla Fermamento
Registered Client Service Associate
karla.fermamento@opco.com
615-340-3042

Justin Ramey
Registered Client Service Associate
justin.ramey@opco.com
615-340-3054