

Furstenau Wealth Update

June 02, 2025

The Markets

Consumers were feeling cautiously optimistic.

When people talk about the United States economy, they're usually referring to gross domestic product (GDP), which is the value of all goods and services produced in here. For the first quarter of this year, U.S. GDP was nearly \$30 trillion. That's a huge number. It would take 14 years for a military jet flying at the speed of sound and reeling out one-dollar bills to release \$1 trillion.

The American consumer is the powerhouse of the U.S. economy. Consumer spending accounts for two-thirds of GDP. Spending not only supports economic growth, it also provides insight to the health of the economy. That's because the purchases consumers make reflect consumer sentiment, the job market, inflation, stock market performance, and a myriad of other factors.

Last week, a lot of consumer-related data was released.

Early in the week, the Conference Board reported that its Consumer Confidence Index bounced back "from a near five-year low", reported Nazmul Ahasan of Bloomberg. "Consumer confidence rebounded in May following five straight months of declines as a series of new tariff deals improved Americans' views on the economy... Consumers were less pessimistic about business conditions and job availability in the next six months, and became more optimistic about their future income prospects...Americans were also feeling better about their investments, thanks to the stock market's May recovery" reported Sabrina Escobar of Barron's.

The University of Michigan's Consumer Sentiment Index (UMCSI) also showed a change in sentiment, although the improvement was less pronounced than that of the Conference Board's Index. The final UMCSI reading for May showed consumer optimism stabilized from April to May. "Consumer sentiment was unchanged from April, ending four consecutive months of plunging declines. Sentiment had ebbed at the preliminary reading for May but turned a corner in the latter half of the month following the temporary pause on some tariffs on China goods," reported Surveys of Consumers Director Joanne Hsu.

Late in the week, the Bureau of Economic Analysis reported that personal income rose 0.8 percent in April, while prices increased 0.1 percent. The boost in income did not lead to higher spending, though. Consumers spent modestly more in April. Spending was up 0.1 percent, a slower pace than the 0.7 percent rise in March. Americans chose to save in April, socking away more than \$1 trillion – almost five percent of disposable income in April.

Major U.S. stock indexes finished the week higher. The Standard & Poor's 500 Index and Nasdaq Composite Index delivered the best monthly performance since November 2023, reported Connor Smith of Barron's. Yields on longer maturities of U.S. Treasuries finished the week lower.

Data as of 5/30/25	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	1.9%	0.5%	12.9%	12.7%	14.1%	10.8%
Dow Jones Global ex-U.S. Index	0.3	11.8	10.9	6.2	7.2	3.0
10-year Treasury Note (yield only)	4.4	N/A	4.6	2.8	0.7	2.2
Gold (per ounce)	-2.0	25.5	40.0	20.9	13.6	10.6
Bloomberg Commodity Index	-2.6	1.25	-3.9	-8.7	9.5	-0.1

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

TOO VERBOSE? For centuries, maps were essential navigation tools. In recent years, travelers have come to rely on global positioning systems (GPS) that require them to follow directions rather than read a map. While GPS may seem simpler, it has occasionally led both real and fictional people astray. In a memorable episode of *The Office*, Michael Scott argues, “Maybe it’s a shortcut, Dwight. It said go to the right...The machine knows!” before driving into a lake.

Now, a new app wants people to navigate using words instead of latitude and longitude. The inspiration for the new approach was a numerical miscommunication.

“[The app’s co-founder] was running a business providing the music for events such as weddings in venues such as pretty, rural villas. But the problem with pretty, rural villas is that they tend to be quite hard to find. Street numbers work only if there are streets. Postcodes cover vast areas of the countryside. And in much of the world there is no formal address system at all. [The co-founder] took to giving directions in latitude and longitude. Then at an event in Italy, a lorry drove to n 42.804509, e 12.683829 rather than n 41.804509, e 12.683829. The difference in numbers was tiny: a single digit. The difference to [the co-founder] was vast: his sound system was two hours north, rather than somewhere east of Rome,” reported *The Economist*.

To improve users’ ability to find locations, the new app divided the world into trillions of three-meter squares and assigned each one a unique combination of three words. Users click on a square to find the three-word address. For example,

- The Hollywood sign in Los Angeles is located at “incomes.amount.formed”,
- Yellowstone National Park can be found at “flashed.faded.eggshells”,
- The Statue of Liberty is “planet.inches.most”,
- Graceland is “part.coin.soil”, and
- The Gateway Arch is “roses.bonus.model”.

The company says three-word addresses make precise locations easier to communicate, so it’s easier to meet up with friends, find a destination, or get help in an emergency. However, choosing words to identify locations was not simple or straightforward. The company “employs linguists who manually go through each country’s dictionary, removing rude words lest they offend (“bottom” appears in the English version but not “bum”) and homophones lest they confuse (English loses “sun” and “son”). Complicated words are not removed entirely but do tend to be exiled to less populous places (“dodecahedron”...often ends up in the ocean).”

The new approach to navigation gives a whole new meaning to Mark Twain’s observation: The difference between the almost right word and the right word is really a large matter.

Weekly Focus – Think About It

“I’ve had a lot of worries in my life, most of which never happened.”

– Mark Twain, Humorist

Best regards,

Ryan D. Furstenau

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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- * The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- * The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- * Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), <https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM>.
- * The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- * The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- * The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
- * International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
- * Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
- * The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
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