

THE COMEBACK OF THE MAGNIFICENT SEVEN

Here's How Big Tech Drove Markets in May 2025:



May 2025 was a record-breaking month for U.S. markets, powered by tech giants like Nvidia, Microsoft, and Meta. Despite Apple's lag, the S&P 500 surged due to AI-fueled momentum.

SWIPE TO KNOW MORE



TECH LEADERS FUELED S&P 500

The S&P 500 jumped 6.2% in May—its strongest single-month gain since November 2023. The Nasdaq composite surged 9.6%, while the Dow Jones rose 3.9%, reflecting a broad-based rally across indices.

This rally came despite economic concerns like rising jobless claims, manufacturing slowdown, and renewed trade tensions with China. Even with President Trump's trade violation accusations and stricter tech export risks, investor sentiment stayed strong—thanks to AI-driven innovation and solid corporate earnings.



GOOGLE'S PARENTS RISES ABOVE MICROSOFT AND APPLE

In 2025, Alphabet became the largest company in the S&P 500 with an 8.42% weight, surpassing Microsoft (6.19%) and Apple (5.42%). This reflects its growing strength in digital ads and bold AI investments.

The top 10 firms now make up nearly 40% of the index's market cap—up from 35%—highlighting the increasing dominance of tech giants in shaping market trends and investor returns.



NVIDIA'S METEORIC MAY: AI FUELS 30% JUMP

After a sluggish start to the year, Nvidia staged a big comeback in May, soaring 24% and reaching a market value of \$3.3 trillion—making it second only to Apple. This surge followed its impressive Q1 results: \$44.1 billion in revenue (up 69% YoY), with \$39.1 billion coming from data centre sales alone (up 73%).



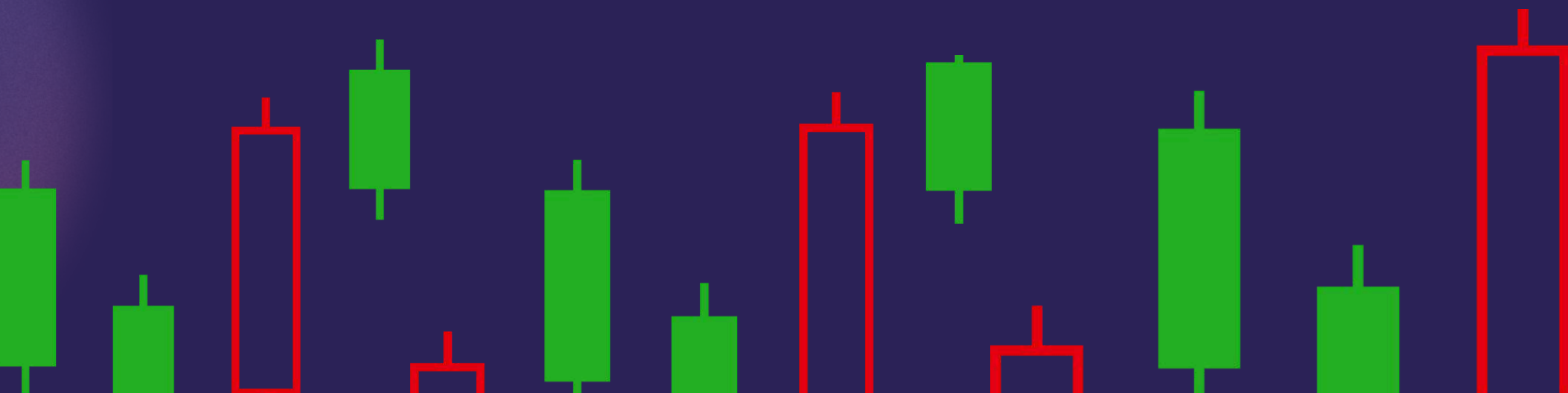
Even after losing \$4.5 billion in Q1 due to U.S. export bans to China, Nvidia regained investor confidence through its new Blackwell Ultra GPUs. Some analysts now predict Nvidia could hit a \$4 trillion valuation by year-end.

TECH EARNINGS BEAT: MICROSOFT AND META SHINE

Both Microsoft and Meta kicked off May with strong earnings, fuelling the tech sector's rally:

- **Microsoft reported \$70.1 billion in revenue (up 13% YoY), with Azure cloud revenue climbing 35%, helped significantly by AI services, which added 16 percentage points.**
- **Meta posted revenue of \$42.31 billion (up 16%) and beat earnings forecasts with an EPS of \$6.43.**

These solid results pushed Microsoft's stock up 7.6% and Meta's up 4.2%, adding more fuel to the S&P 500's rally.





MAY RETURN INDICATORS: WHO LED AND WHO LAGGED

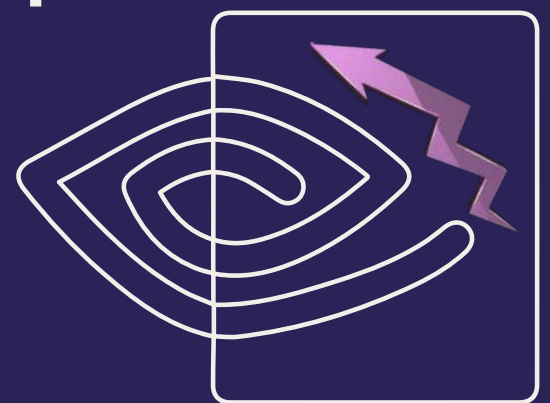
Mega-cap tech led the S&P 500’s surge in May. Nvidia alone added 3.24 percentage points to the index’s return, with Tesla, Meta, and Microsoft not far behind. Apple was the only major drag, falling 5.36% during the month.

Company Name	MAY 2025 RETURN (%)	S&P 500 WEIGHT (%)	CONTRIBUTION TO S&P GAINS (%)
NVIDIA	24.06	6.46	3.24
TESLA	22.79	2.08	0.99
META	17.94	2.81	1.05
MICROSOFT	16.68	6.41	2.23
AMAZON	11.16	3.86	0.9
ALPHABET	8.15	3.62	0.61
APPLE	-5.36	5.98	-0.67

NVIDIA'S AI DOMINANCE REMAINS UNMATCHED

Nvidia grabbed the spotlight again with a 24% rise in May, powered by strong earnings and surging demand for its AI chips. It now represents over 6% of the S&P 500 and accounted for a major chunk of the index's monthly gains. The AI boom continues to dominate, with Nvidia at the forefront of the hardware revolution.

Microsoft and Meta also gained from this AI wave, rising 16.7% and 17.9%, respectively. Microsoft's expanding Azure AI ecosystem and Meta's large-scale infrastructure investments are reinforcing their positions in the growing AI space.



TESLA , AMAZON , ALPHABET: THE OTHER DRIVERS OF MAY'S RALLY



- **Tesla jumped 32.8% as enthusiasm returned to the electric vehicle sector after months of lacklustre performance due to advancements in Full Self-Driving (FSD) systems.**
- **Amazon rose 11.2%, driven by continued growth in AWS.**
- **Alphabet gained 8.2%, supported by stable search business and positive early reactions to its Gemini AI platform.**

Company Name	Key May-2025 Catalyst	Q1 EPS Beat?	Guidance Revision
NVIDIA	AI-chip demand, data-centre revenue +73% YoY	Yes (+3¢ to \$0.96)	Maintained forecast
MICROSOFT	Azure +33% YoY; ~16 pts from AI	Yes (beat spec)	Maintained forecast
ALPHABET	Ads growth +10-11%, AI tools boosting revenue; \$70 bn buyback	Yes (beat by ~1-7%)	Maintained Guidance
APPLE	Trimmed buyback, tariff costs flagged	Yes (beat modestly)	Maintained outlook
TESLA	Rebound in EV demand; cheaper model rollout plans	No (EPS missed)	Revised-lowered? unclear
AMAZON	AWS +17% YoY, overall beat but cautious Q2 outlook	Yes (+16%)	Lowered Q2 profit outlook
META	Strong ad/AI momentum, EPS \$6.43(+22-22.5%)	Yes (+22%)	Raised Q2 capex/guidance



WHY APPLE STAYED ON THE SIDELINES IN MAY

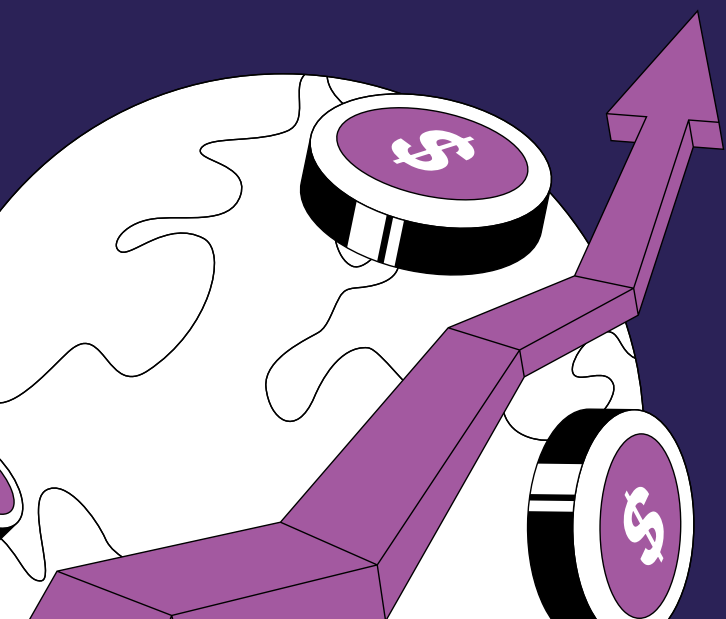
Apple, however, bucked the trend with a 5.4% decline in May. Investors reacted to reports of softer iPhone demand in China and rising competition from Huawei. Regulatory pressures and a lack of major product innovations also left Apple trailing behind its peers in this year's tech rally.

MACRO SNAPSHOT:

STICKY PRICES VS STRONG EARNINGS

Even with sticky inflation and uncertainty about Fed policy, markets held their ground. The PCE index was up 2.7% YoY in April—unchanged from March—while core inflation stayed elevated. The Fed continued to adopt a cautious tone, wanting more evidence of sustained inflation cooling before moving toward rate cuts.

Labor market data remained healthy, and while Q1 GDP was slightly revised down, it wasn't enough to hurt investor sentiment. Bond yields stayed high, with the 10-year Treasury near 4.5%, but investors stayed focused on earnings and innovation.



OUTLOOK: FRAGILITY OR FUNDAMENTAL STRENGTH

The rally in May once again brought attention to market concentration. The top seven tech firms now make up over 35% of the S&P 500's total value.

With rate cuts unlikely before the last quarter of the year, market performance will largely depend on whether big tech can maintain its growth momentum. June will reveal whether broader participation improves—or if the rally continues to rest on the shoulders of just a few giants.

