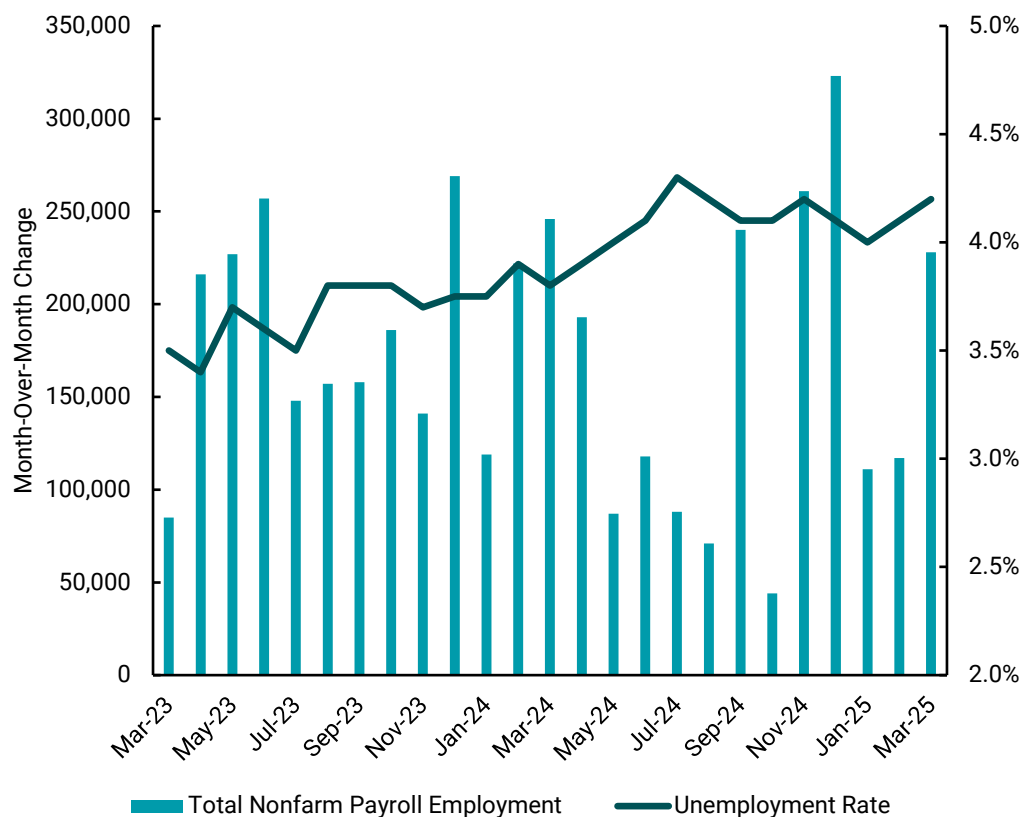


Weekly market update

Chart of the week (Apr. 4, 2025)



Unemployment Rate and Total Nonfarm Payroll Employment



In ordinary times, the [monthly employment report](#) from the Department of Labor (DOL) is the most important and market-moving economic release. Unfortunately, this month's report is being overwhelmed by the [market's reaction](#) to the "Liberation Day" tariff announcements on Apr. 2. And while that might lessen the impact, the reality is this month's employment report was better than expected.

The strength of the labor market has been a key underpinning for the U.S. consumer and, by extension, the overall domestic economy. If nothing else, this month's report shows we are entering this period of uncertainty with a labor market that is still strong. Job growth for March exceeded estimates of 140,000 instead coming in at 228,000. Despite some downward revisions to last month's number, job growth exceeded expectations. While the headline unemployment rate did tick 0.1% higher, we saw the labor force participation rate tick up 0.1% as well. On the inflation front, average hourly earnings came in as expected at 0.3%.

On an ordinary day, we could probably expect the equity market to respond favorably to this report. Unfortunately, it was not an ordinary day. Overnight, China responded to the additional U.S. tariffs with higher tariffs of their own on U.S. imports, sparking fears of a broadening trade disagreement morphing into an outright trade war. And while yes, the initial impact of tariffs might be for inflation numbers to skew higher, the longer-term implications for slower growth seem to be the biggest risk.

Ironically, the employment report might make it more difficult for the Federal Reserve to begin lowering rates again. Sentiment and survey data from individuals and businesses reflect a much worse environment than the economic data we have seen. The Fed has indicated they will want/need to see hard economic data start to show some declines before acting with monetary policy. Some of this makes sense as a policy change that ends up not being needed could result in worse outcomes. Nevertheless, the fact that monetary policy tends to operate with a lag means that, by the time the Fed sees weakness, its actions may be too late.

As of this writing, the Fed Funds Futures market is now pricing in five rate cuts from the Fed. This would reflect an outlook for at least a mild recession. That said, we can agree that the risks of a recession have increased, but seeing one is not a foregone conclusion. All in all, uncertainty remains the headline aspect for markets, and markets hate uncertainty.

Weekly market update



Commentary (Apr. 4, 2025)

Domestic Equities

- U.S. stocks tumbled on the news of tariffs. The S&P 500 fell to the same level it was at a year ago, wiping out most of its 2024 gains. The Russell 2000 Index has fallen below the level it began 2024 at.
- Investors are coming to grips with Trump's tariff plan, which was more aggressive than expected. Markets declined sharply as participants discussed declining earnings estimates and increased odds of a global recession. The downward pressure continued Friday as China announced a decision to match U.S. tariffs, escalating the global trade war. Trump left the door open to making deals with other countries, but China's move indicated that further conflict is more likely than deals.
- A strong jobs report out Friday did little to inspire confidence. Hopes for lower interest rates faded as Fed Chair Powell spoke about how the central bank will want to ensure that the one-time price increases from tariffs don't lead to persistent inflation.

Bonds

- U.S. Treasury yields were lower in a flight to safety with President Trump's tariff announcement increasing recession concerns. The belly of the curve experienced the biggest drop for the week, followed by the long end. Across the curve, U.S. Treasuries were trading below 4% from the one-year out to 10-years.
- In a speech on Friday, Fed Chair Jerome Powell signaled that the central bank doesn't need to hurry to cut rates despite the impact of tariffs likely being worse than expected.
- High-yield bonds experienced their biggest one-day jump in spreads since March 2020 on Thursday. In particular, the option-adjusted spread on the Bloomberg U.S. Corporate High Yield Index finished the week above 4%.
- Global bonds rallied, following U.S. Treasuries. Additionally, China retaliated against U.S. tariffs. This included a 34% tariff on all U.S. imports, restrictions on exports of rare earths and an investigation into U.S. firms.

International Equities

- Global stocks tumbled this week as global investors digested the U.S. administration's steep tariffs on more than 180 countries, reigniting fears of a worldwide trade war and heightened global recession risks.
- Stock markets across most developed market countries stumbled this week following the shift in U.S. tariff policies. The U.S. set the new reciprocal tariff rates at 20% for key Eurozone countries, Japan at 24%, and the United Kingdom at 10%. The tariff news overshadowed positive economic data from some select European countries.
- Emerging markets fell for the second consecutive week as the new U.S. tariff policies triggered selloffs across most markets. China, the largest stock market in emerging markets, faces a new tariff rate of 54%. In response, China imposed a 34% retaliatory tariff on all American imports and took targeted actions to implement export controls on seven types of rare earth minerals critical for electronic components.

Economics

- On Thursday, jobless claims came in at 219,000, below the consensus estimate of 226,000 and last week's revised figure of 225,000. Despite the uncertainty surrounding government layoffs and tariffs during the week, the jobless claims suggest that the labor market remains stable.
- The U.S. economy added 228,000 jobs during March, exceeding estimates of 131,000 and surpassing last month's figure of 117,000. The unemployment rate ticked up slightly to 4.2%, which was attributed to an increase in the labor force participation rate.
- On Friday, Federal Reserve Chair Jerome Powell made comments following this week's tariff announcements. Despite the uncertainty, he reiterated that the U.S. economy is "in a good place" and that the Fed does not anticipate a recession.
- The Consumer Price Index (CPI) will be released on Thursday. This key indicator will help economists evaluate the potential impacts of tariffs.

Weekly Market Update

For Week Ending April 04, 2025

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	38,314.86	-7.8%	-9.5%	1.0%
S&P 500 Index	5,074.08	-9.1%	-13.4%	-0.1%
NASDAQ Composite	15,587.79	-10.0%	-19.1%	-2.2%
S&P 400 Midcap Index	2,648.54	-9.1%	-14.8%	-9.3%
S&P 600 Smallcap Index	1,155.99	-9.0%	-17.5%	-9.8%
MSCI EAFE	8,208.93	-6.9%	1.6%	-0.2%
MSCI Emerging Markets	583.58	-2.9%	1.7%	6.2%
Bloomberg US Agg	2,269.79	1.1%	3.7%	6.4%
Bloomberg Municipal 5 Yr	503.51	1.1%	1.8%	3.8%
Bloomberg US Corporate	3,376.58	0.5%	2.6%	6.0%
Bloomberg Glb Agg ex US Hdg	597.97	1.1%	0.9%	5.5%
Bloomberg High Yield	2,663.68	-1.8%	-0.7%	6.3%
MSCI US REIT Index	2,146.08	-7.0%	-7.1%	4.2%
Bloomberg Commodity Index	243.51	-5.7%	2.0%	2.3%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.50%	4.50%	4.50%	5.50%
3-Month Treasury	4.24%	4.29%	4.31%	5.35%
1-Year Treasury	3.83%	4.03%	4.14%	4.99%
2-Year Treasury	3.65%	3.91%	4.24%	4.65%
5-Year Treasury	3.71%	3.98%	4.38%	4.30%
7-Year Treasury	3.83%	4.11%	4.48%	4.31%
10-Year Treasury	3.99%	4.25%	4.57%	4.31%
30-Year Treasury	4.41%	4.63%	4.78%	4.48%

Consumer Rates				
30-Year Mortgage	6.71%	6.73%	7.28%	5.83%
Prime Rate	8.25%	8.25%	8.25%	9.25%
SOFR	4.35%	4.34%	4.49%	5.32%

Commodities				
Gold (spot)	3,038.24	3,085.12	2,624.50	2,290.94
Crude Oil WTI	61.99	69.36	71.72	86.59
Gasoline	3.26	3.16	3.06	3.58
Natural Gas	3.84	4.07	3.63	1.77
Copper	4.40	5.13	4.03	4.25

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	17.79	19.41	4.92	1.90
S&P 500	18.32	20.67	4.36	1.61
S&P 500 Value	16.03	17.57	3.04	2.36
S&P 500 Growth	21.46	25.23	7.80	0.86
NASDAQ	21.82	26.91	5.60	0.92
S&P Midcap 400	13.63	14.76	2.17	2.06
S&P Smallcap 600	13.04	13.98	1.58	2.89
MSCI EAFE	13.47	14.66	1.86	3.49
MSCI Emerging Markets	11.60	14.08	1.78	2.94

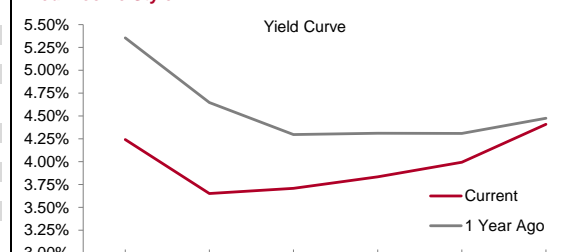
Equity Style



1 Month*			Year to Date*		
Value	Core	Growth	Value	Core	Growth
Large					
-9.79	-12.06	-14.25	-9.10	-13.43	-17.42
Mid					
-10.30	-10.88	-11.44	-13.01	-14.79	-16.47
Small					
-12.12	-11.62	-11.13	-18.88	-17.54	-16.22

*S&P Indices

Fixed Income Style



1 Month*			Year to Date*		
Short	Interm.	Long	Short	Interm.	Long
Govt					
0.78	1.24	1.92	2.05	3.33	7.04
Corp					
0.48	0.47	-0.65	1.80	2.57	2.82
HY					
-1.43	-2.54	-3.78	0.44	-0.71	-1.69

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.8%	3.2%
CPI Core Inflation	3.1%	3.8%
Personal Consumption Exp (PCE) Core	2.8%	2.9%

Jobs		
Unemployment Rate (U3)	4.2%	3.9%
Broader Unemployment Rate (U6)	7.9%	7.3%
JOLT Survey (in millions)	7.57	8.45
Jobless Claims (000's)	219	223
Change in Non-Farm Payroll (000's)	228	246
Average Hourly Earnings (Y/Y % Change)	3.8%	4.2%

Consumer & Spending		
Consumer Confidence (Conf Board)	92.9	103.1
Consumer Spending (\$ Bil)	20,439	19,413
Consumer Credit (\$ Bil)	5,007	5,039
Retail Sales (\$ Bil)	723	701

Housing		
Housing Starts (000's)	1,501	1,546
Case-Shiller Home Price Index	323.54	310.86

U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	23,542	22,961
Quarter over Quarter Change	2.4%	3.2%
Year Over Year Change	2.5%	3.2%
ISM Manufacturing	49.00	49.80
Capacity Utilization	78.19	78.07
Markit US Composite PMI	53.50	52.10

U.S. General		
Leading Economic Indicators	101.1	104.3
Trade Weighted Dollar Index	126.7	121.4
EUR / USD	1.10	1.08
JPY / USD	146.93	151.34
CAD / USD	0.70	0.74
AUD / USD	0.60	0.66

S&P 500 Sector Returns

	1 Month	YTD
Consumer Staples	1.25%	11.37%
Utilities	-0.79%	18.40%
Health Care	-1.22%	-3.11%
Real Estate	-3.59%	5.80%
Energy	-6.33%	-15.25%
Materials	-6.63%	-13.42%
Financials	-8.19%	9.02%
Industrials	-10.16%	-3.31%
Communication Services	-14.28%	2.89%
Consumer Discretionary	-20.54%	1.34%
Information Technology	-22.63%	-3.96%

Source: Bloomberg

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