

April 2025



## Market Data

World Stock Market Indices  
data as of 3/31/2025

	Change (2/28/2025)	%CHG
S&P 500		
5,611.85	(342.65)	(5.75%)
NASDAQ		
17,299.29	(1,547.99)	(8.21%)
DOW JONES		
42,001.76	(1,839.15)	(4.20%)
FTSE (UK)		
8,582.81	(226.93)	(2.58%)
DAX (Germany)		
22,163.49	(387.94)	(1.72%)
Hang Seng (Hong Kong)		
23,119.58	178.26	0.78%
Nikkei (Japan)		
35,617.56	(1,537.94)	(4.14%)

Source: Bloomberg. Please see descriptions of indices on Page 2.



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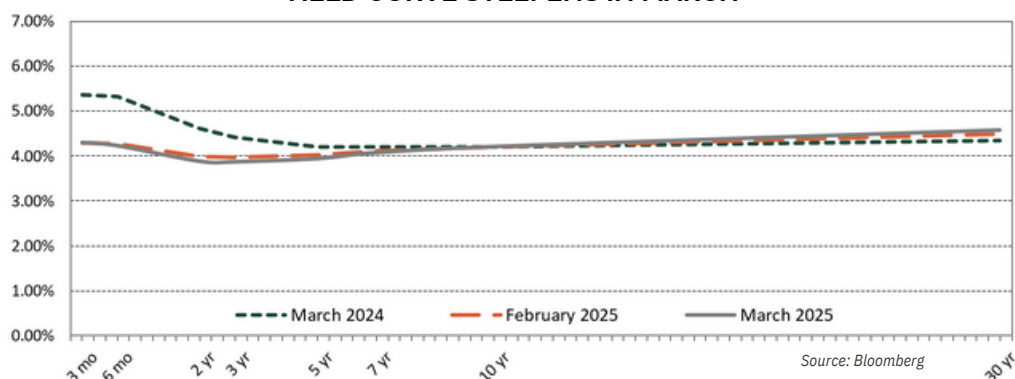
## Market Summary

Recent economic data points to a cooling economy through 2025, with signs of easing inflation and a more balanced labor market. While job growth remains solid, elevated continuing jobless claims suggest underlying labor market vulnerability if fiscal policy leads to slower growth. Yet, core inflation continues to hover above the Fed's target, keeping policymakers cautious. As fiscal effects play out, investors brace for increased uncertainty and a possible steepening of the yield curve amid expectations of gradual policy normalization.

As broadly anticipated, the Federal Open Market Committee (FOMC) left the Federal Funds Rate unchanged at the range of 4.25 - 4.50% at the March meeting. Fed Chair Powell emphasized increased uncertainty around the economic outlook and the need for "greater clarity" before making changes to interest rate policy. He also acknowledged possible transitory inflationary impacts from tariffs. The summary of economic projections (SEP) indicated lower GDP growth, higher inflation, and higher unemployment estimates than December projections, along with roughly two 25-basis point rate cuts this year. The FOMC also announced a slowdown in the pace of balance sheet reduction.

US Treasury yields declined, and the curve steepened in March. The 2-year Treasury yield declined 10 basis points to 3.89%, the 5-year Treasury fell 7 basis points to 3.95%, and the 10-year Treasury yield was unchanged 4.21%. The spread between the 2-year and 10-year Treasury yield points on the curve widened to +32 basis points at March month-end versus +22 basis points at February month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -42 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was -9 basis points in March, unchanged from February.

### YIELD CURVE STEEPENS IN MARCH



The yield curve steepened in March as treasury yields gyrated lower to end the month. Yields trickled higher to start the month, until the unemployment rate for February came in at 4.1%, which sent both the 2-year and 5-year tenures below 4%. Volatility remained elevated as investor sentiment shifted dramatically as new details emerged from the Trump administration about the extent of the tariff policy to be announced on April 2<sup>nd</sup>. After the March FOMC meeting, Chair Powell indicated Fed policy makers believe long-term inflation projections remain lower than recent survey based "soft data" measures indicate and continue to trend toward the 2% target. Thus, the yield curve steepened with the front-end of the curve moving lower to price in 2-3 rate cuts in 2025.

TREASURY YIELDS	Trend (▲/▼)	3/31/25	2/28/25	Change
3-Month	-	4.30	4.30	0.00
2-Year	▼	3.89	3.99	-0.11
3-Year	▼	3.88	3.97	-0.09
5-Year	▼	3.95	4.02	-0.07
7-Year	▼	4.08	4.12	-0.04
10-Year	-	4.21	4.21	0.00
30-Year	▲	4.57	4.49	0.08

Source: Bloomberg

# BOND MARKET REVIEW

## Credit Spreads Were Wider in March

CREDIT SPREADS	Spread to Treasuries	One Month Ago	Change
3-month top rated commercial paper	(%) 4.33	(%) 4.33	0.00
2-year A corporate note	0.43	0.36	0.07
5-year A corporate note	0.66	0.59	0.07
5-year Agency note	0.07	0.03	0.04

Source: Bloomberg

Data as of 3/31/2025

## Crude Oil Prices Increased in March

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(122.66) \$B In FEB. 28	(130.65) \$B In JAN. 31	(69.34) \$B In FEB. 29
Gross Domestic Product	2.40% DEC. 31	2.40% DEC. 31	3.20% DEC. 31
Unemployment Rate	4.20% MAR. 31	4.10% FEB. 28	3.90% MAR. 31
Prime Rate	7.50% MAR. 31	7.50% FEB. 28	8.50% MAR. 28
Refinitiv/CoreCommodity CRB Index	309.30 MAR. 31	301.83 FEB. 28	290.29 MAR. 28
Oil (West Texas Int.)	\$71.48 MAR. 31	\$69.76 FEB. 28	\$83.17 MAR. 28
Consumer Price Index (y/o/y)	2.40% MAR. 31	2.80% FEB. 28	3.50% MAR. 31
Producer Price Index (y/o/y)	0.90% MAR. 31	2.20% FEB. 28	1.80% MAR. 31
Euro/Dollar	1.08 MAR. 31	1.04 FEB. 28	1.08 MAR. 28

Source: Bloomberg

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## Economic Roundup

### Consumer Prices

In March, price increases measured by both the Consumer Price Index (CPI) and Core CPI, which excludes volatile food and energy components, decelerated from last month and came in lower than consensus expectations. The headline CPI dropped 0.1% month-over-month and rose 2.4% year-over-year, while the Core CPI rose 0.1% month-over-month and 2.8% year-over-year. The Personal Consumption Expenditures (PCE) price index increased by 0.3% from the previous month and 2.5% year-over-year in February. The Core PCE deflator, which excludes food and energy and is the Fed’s preferred gauge, accelerated its increase to 0.4% month-over-month and 2.8% from 2.6% year-over-year. Inflation remains above the Fed’s 2% target.

### Retail Sales

Retail Sales rebounded in March after a relatively slow start for the year with a decline in January then a less than expected rise in February. March Data posted an increase of 1.4% month-over-month and 4.6% year-over-year. The rise was driven in large part by motor vehicle and parts dealers, which were up 8.8% year-over-year. Vehicle purchases were likely boosted by consumers anticipating near-term price increases due to the increases in tariffs. However, the Control Group sales decelerated to 0.4% month-over-month from the 1.3% rise in February. The Control Group excludes restaurants, auto dealers, gas stations, and building materials, and is used to estimate personal consumption expenditures (PCE) for goods in GDP calculations

### Labor Market

The U.S. economy added 228,000 jobs in March, exceeding consensus expectations, and the last two months were revised down by 48,000. Gains were led by healthcare, retail, social assistance, and transportation. The three-month moving average and six-month moving average payrolls totaled 152,000 and 181,000 respectively. The unemployment rate rose to 4.2% in March, and the labor participation rate edged up to 62.5%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons edged down to 7.9% in March from 8.0% in February. Average hourly earnings ticked down to an increase of 3.8% year-over-year in March.

### Housing Starts

Housing starts soared 11.2% to 1.5 million units in February as builders rebounded from adverse weather conditions in January. Total starts are down 2.9% compared to February 2024. Single family homes starts rose 11.4%, and multi-family starts increased 10.7%. The Freddie Mac 30-year fixed rate mortgage averaged approximately 6.8% in February. According to the Case-Shiller 20-City Home Price Index, housing prices rose 4.7% year-over-year in January, compared to 4.5% in December. While inventory constraints remain a challenge, the slight improvement in annual gains suggests gradual stabilization in the market. However, higher mortgage rates continue to weigh on affordability, limiting buyer demand and market activity.

World Stock Market Index Descriptions  
S&P 500—The S&P 500 is a market value-weighted index of 500 large-capitalization stocks. The 500 companies included in the index capture approximately 80% of available US market capitalization.  
NASDAQ—The NASDAQ Composite Index is the market capitalization-weighted index of over 3,300 common stocks listed on the NASDAQ stock exchange. Dow Jones—The Dow Jones Industrial Average is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ. The Financial Times Stock Exchange Group (FTSE)—The FTSE is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. DAX—The Deutscher Aktienindex (DAX) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. Hang Seng—The Hang Seng Index is a freefloat-adjusted market-capitalization- weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of overall market performance in Hong Kong. Nikkei—Japan's Nikkei 225 Stock Average is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.  
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