

Market Update – March 31, 2025

The Weekly Briefing

Markets started last week strong but sold off into the weekend after volatility-inducing tariff headlines and disappointing economic data rattled investors. The S&P 500 declined 1.5%. Tech stocks fared even worse, with the Nasdaq 100 declining by 2.4%. Bonds, as measured by the Bloomberg U.S. Aggregate Bond Index, were flat. With one trading day left in the quarter, the S&P 500 has declined 4.8% quarter-to-date, heading for its worst quarterly performance since 2022.

Equities surged after The Wall Street Journal reported that while reciprocal tariffs would take effect on April 2nd, broader sector-specific tariffs on automobile, pharmaceutical, and semiconductor imports were unlikely to be announced that day. Markets likely anticipated a postponement of these announcements beyond April 2nd but were caught off guard when, days later, the Trump Administration announced sweeping 25% tariffs on imports of all cars and certain car parts not made in the U.S. The scope of the auto tariffs is broader than previously expected, now extending beyond Canada and Mexico to imports from the rest of the world. The Trump Administration expects this round of tariffs to generate \$100 billion in annual revenue and help rebuild domestic automobile manufacturing. Year-to-date market returns and recent consumer confidence gauges indicate a less favorable view of increased tariff policy from the public.

The consumer confidence index declined for the fourth consecutive month in March, reaching 92.9, its lowest level since 2021. More concerning, the expectations index, which gauges consumers' short-term sentiment regarding income, business, and labor market conditions, fell to a 12-year low of 65.2. Historically, scores below 80 have signaled heightened recession risk. However, this is unlikely to materialize unless the negative sentiment translates into a material slowdown in spending. Historically, declining sentiment has been a poor predictor of spending patterns. For instance, the February Personal Income and Outlays report showed a 2.7% year-over-year increase in real spending, despite a nearly 10% decline in consumer confidence over the same period.

Consumer confidence survey responses indicated heightened concerns about the broader impact of tariff policies, particularly that the higher costs associated with tariffs will ultimately fall on consumers. One-year inflation expectations rose from 5.8% to 6.2% month-over-month. Although these expectations are likely too pessimistic, the February Personal Consumption & Expenditures (PCE) Price Index did little to alleviate concerns about the future path of inflation. Core PCE, the Fed's preferred measure of inflation, increased by 0.4% month-over-month, the highest reading since January 2024. Expectations had been for a 0.3% month-over-month increase. This week, investors will be focused on the April 2nd tariff announcements, as well as the March jobs report.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
	Manufacturing PMI JOLTS Job Openings	Factory Orders BB	Trade Balance Initial Jobless Claims Continuing Claims Services PMI	Nonfarm Payrolls Unemployment Rate
			LW	

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-1.5%	-4.8%	7.6%
DJIA	-1.0%	-1.9%	6.3%
Nasdaq 100	-2.4%	-8.1%	6.4%
Russell 2000	-1.6%	-9.0%	-3.5%
S&P 500 E/W	-0.7%	-1.4%	3.3%
2yr Yield	3.91%	-0.33%	-0.71%
10yr Yield	4.25%	-0.32%	0.05%
VIX	21.7	4.3	8.6
WTI Crude	\$ 69.4	-3.3%	-16.6%
Gold	\$ 3,085	17.6%	38.4%
Bitcoin	\$ 83,759	-10.6%	20.2%

Economic Summary

	Actual	Expected	Prior (r)
Building Permits	-1.0%	-1.2%	-0.6%
New Home Sales	676k	682k	664k
Personal Income	0.8%	0.4%	0.7%
Personal Spending	0.4%	0.5%	-0.3%
Core PCE y/y	2.8%	2.7%	2.7%
Core PCE m/m	0.4%	0.3%	0.3%
PCE y/y	2.5%	2.5%	2.5%
PCE m/m	0.3%	0.3%	0.3%
Initial Jobless Claims	224k	225k	225k

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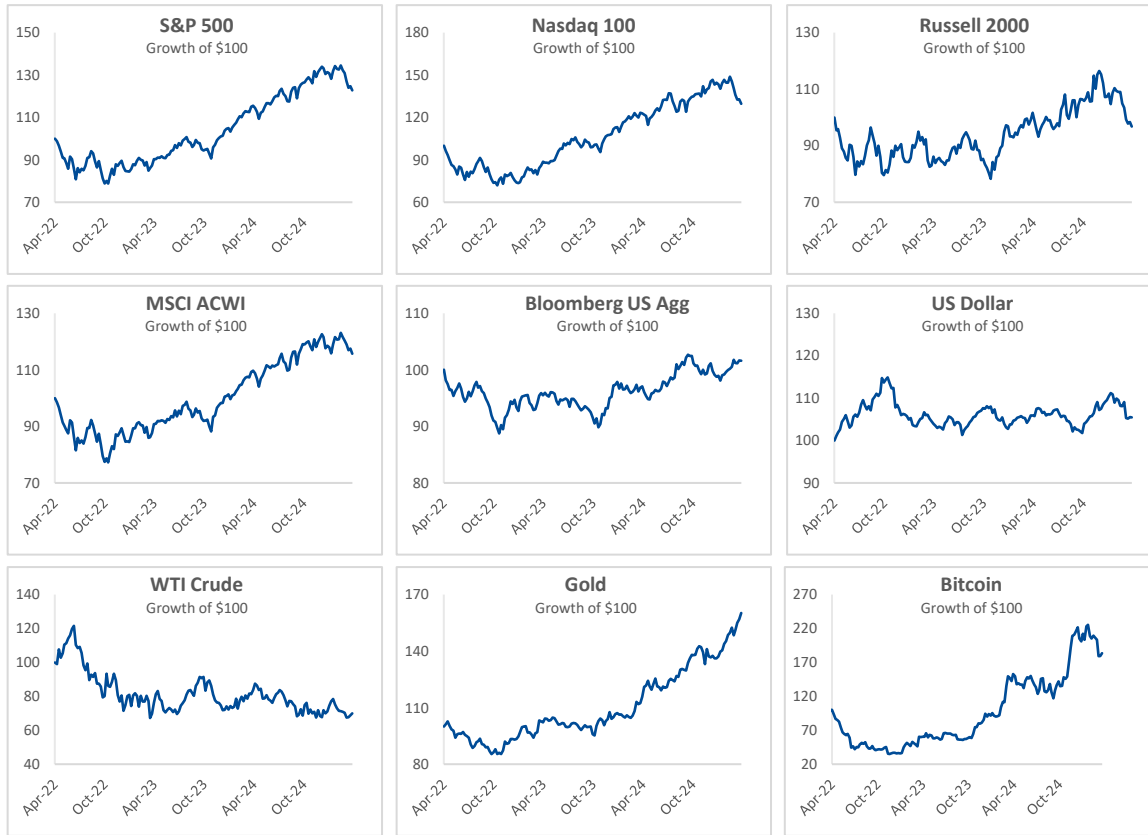
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
-4.8%	-0.8%	-11.9%	2.8%
Energy	Financials	Healthcare	Industrials
8.7%	2.2%	5.5%	-0.9%
Materials	Real Estate	Technology	Utilities
1.6%	2.5%	-11.1%	3.8%

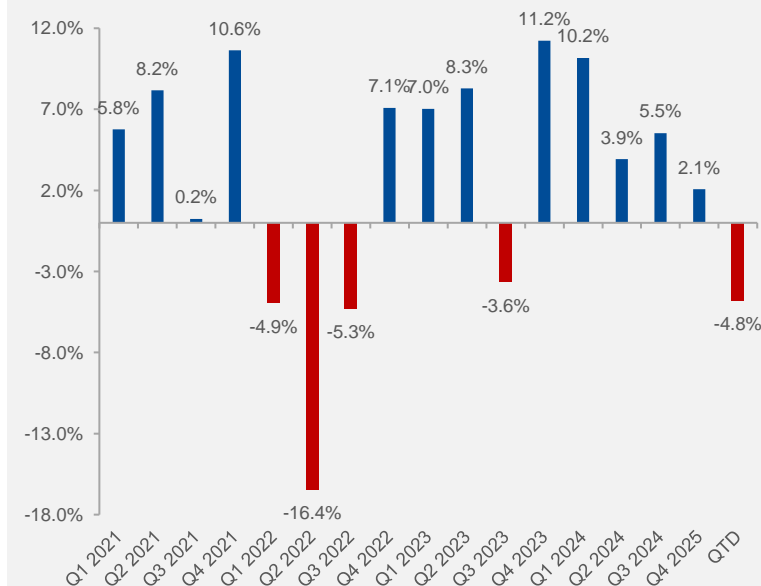
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
25-Mar	MKC	Miss	Miss	-0.1%
25-Mar	GME	Beat	Miss	11.7%
26-Mar	DLTR	Beat	Miss	3.1%
26-Mar	CTAS	Beat	Beat	5.8%
27-Mar	LULU	Beat	Beat	-14.9%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	0.7%	0.4%	9.4%
MSCI Europe	0.0%	13.6%	10.4%
MSCI APAC	1.8%	4.4%	8.9%
DXY Index	104.1	-4.1%	-0.4%
EUR / USD	\$1.09	4.8%	-1.3%
GBP / USD	\$1.29	3.3%	2.3%
USD / JPY	149.8	-4.7%	-1.1%
USD / CNY	7.25	-0.7%	0.7%

S&P 500 Quarterly Returns Since 2021



WEALTH MANAGEMENT

As of 3/28/25
SPX Index quarterly price return
Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.

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