

Market Update – February 18, 2025

The Weekly Briefing

Equity markets ended the week higher as investors refocused on economic data and earnings after a tumultuous two weeks of tariff related headlines. The S&P 500 rose 1.5%, the Nasdaq climbed 2.9% and the Russell 2000 eked out a gain. Yields declined slightly across the curve despite some hawkish Fed commentary and worse-than-expected inflation data.

CPI, or the Consumer Price Index, for January came in hot. The headline price index rose 0.5% month-over-month, ahead of the 0.3% expected, and an acceleration from the 0.4% increase in December. The core index, which excludes volatile food and energy categories and is viewed as a better measure of underlying inflation, rose 0.4% month-over-month, also ahead of expectations and an acceleration from the prior month. The year-over-year rate of increase in the core price index came in at 3.3%. Following significant progress in reducing the rate of inflation in 2023, Core CPI has now remained between 3.2% and 3.4% since May of last year.

PPI, the Producer Price Index, which measures prices that firms pay to their suppliers, also rose faster than expected. PPI rose 0.4% month-over-month and 3.5% year-over-year. Inflation has remained stubbornly elevated for the last several months, and without further progress, it is unlikely that Fed officials vote to lower the benchmark lending rate.

Recent comments from Federal Reserve officials confirmed a wait-and-see approach to interest rates. Various Fed officials were out last week with a uniform message – the current stance of the Federal Open Market Committee is to leave the benchmark lending rate unchanged given that the economy is on solid footing and inflation has shown little recent progress. The Fed's most recent Summary of Economic Projections, released in December, showed officials planned for 50 basis points of cuts in 2025. Since that meeting, Fed members have expressed comfort with rates at their current level. Futures markets are currently pricing in 35 basis points of cuts by year-end, slightly less than the Fed's December projections.

Moving to earnings, 383 members of the S&P 500 had reported through last Friday. On aggregate, earnings have exceeded expectations by 6.3%, ahead of the long-term average of a 4.2% beat. Fourth quarter earnings are expected to grow 16.9% year-over-year, which would be the highest rate of growth since Q4 2021. The remaining major earnings reporters include Nvidia and big box retailers such as Walmart, Home Depot and Target.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
	ALLE	Building Permits Housing Starts	Initial Jobless Claims Continuing Claims	
		AWK TRMB	WMT	

Market Snapshot

	Last Week	YTD	1yr
S&P 500	1.5%	4.1%	23.8%
DJIA	0.6%	4.9%	17.4%
Nasdaq 100	2.9%	5.3%	26.0%
Russell 2000	0.0%	2.3%	13.7%
S&P 500 E/W	0.5%	3.4%	15.2%
2yr Yield	4.26%	0.02%	-0.38%
10yr Yield	4.48%	-0.09%	0.20%
VIX	15.7	(1.6)	1.5
WTI Crude	\$ 70.7	-1.4%	-10.7%
Gold	\$ 2,897	10.4%	43.6%
Bitcoin	\$ 97,503	4.0%	88.0%

Economic Summary

	Actual	Expected	Prior (r)
CPI - m/m	0.5%	0.3%	0.4%
CPI - y/y	3.0%	2.9%	2.9%
Core CPI - m/m	0.4%	0.3%	0.2%
Core CPI - y/y	3.3%	3.1%	3.2%
PPI - m/m	0.4%	0.3%	0.5%
PPI - y/y	3.5%	3.3%	3.5%
Initial Jobless Claims	213k	216k	220k
Continuing Claims	1,850k	1,882k	1,886k
Retail Sales - m/m	-0.9%	-0.2%	0.7%

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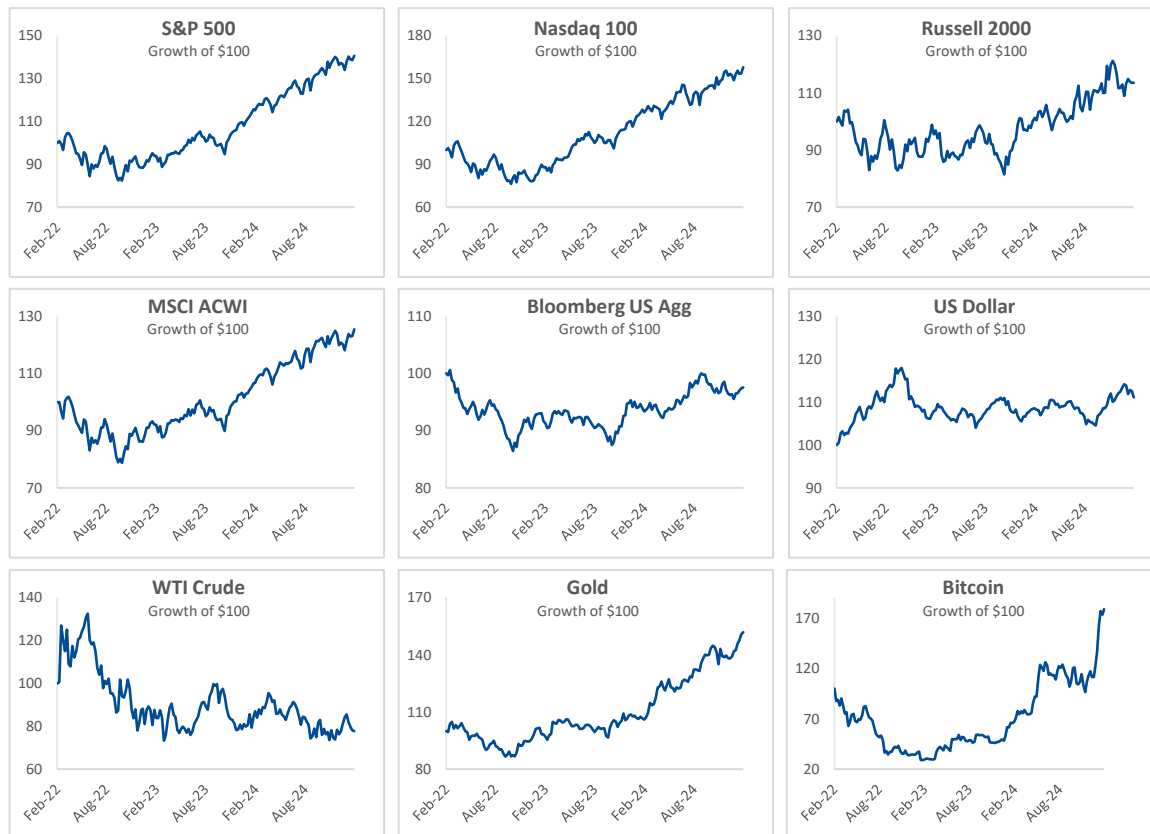
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500 4.1%	Comm. Services 8.8%	Cons. Discretionary 1.2%	Cons. Staples 2.5%
Energy 5.1%	Financials 7.2%	Healthcare 5.3%	Industrials 4.4%
Materials 6.8%	Real Estate 3.4%	Technology 3.2%	Utilities 4.5%

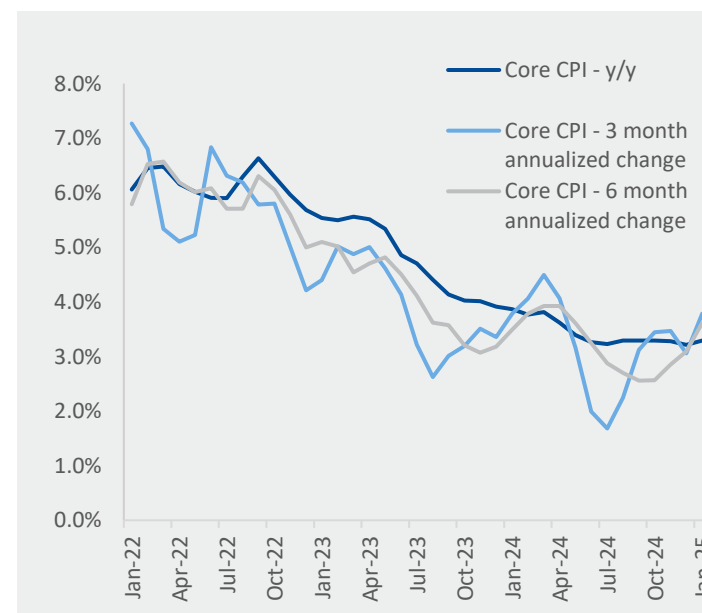
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
10-Feb	MCD	Miss	Miss	4.8%
	ON	Miss	Miss	-2.1%
11-Feb	KO	Beat	Beat	4.7%
	MAR	Beat	Beat	-5.4%
12-Feb	HOOD	Beat	Beat	14.1%
13-Feb	ABNB	Beat	Beat	14.5%
	COIN	Beat	Beat	-8.0%
14-Feb	MRNA	Miss	Beat	3.4%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	1.7%	5.3%	19.8%
MSCI Europe	3.5%	11.1%	12.8%
MSCI APAC	1.3%	4.3%	13.2%
DXY Index	106.9	-1.5%	2.5%
EUR / USD	\$1.05	0.8%	-4.6%
GBP / USD	\$1.26	0.8%	0.2%
USD / JPY	151.7	-3.5%	1.0%
USD / CNY	7.28	-0.3%	1.1%

Core CPI Remains Stubbornly Elevated



Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.



WEALTH MANAGEMENT

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