

Market Update – March 17, 2025

The Weekly Briefing

The S&P 500 Index briefly entered correction territory on Thursday, defined as a -10% decline, as investor concerns about the growth outlook intensified. The selling pressure took a pause on Friday as the Index staged a relief rally and rose more than 2%. Headlines that the government would avoid a shutdown boosted sentiment; President Trump signed a bill that would fund the government for another 6-months over the weekend. Despite the end-of-week rally, the S&P 500 ended the week -8% from its closing high and is down -4% on the year.

Although the S&P 500 has started off the year on a sour note, consensus earnings estimates for Index constituents have so far been relatively stable. According to Factset, EPS estimates for 2025 are down just -1% since the beginning of the year. Near-term estimates have been less resilient, with first quarter EPS estimates cut -4% this calendar year. Price generally acts as a leading indicator – meaning that stocks will react more quickly to a changing environment than published estimates. However, short-term volatility is commonplace in financial markets and the prevalence of momentum-based trading algorithms can amplify price swings. Stocks have been under significant pressure of late, and a positive catalyst could spark a rally from these near-term oversold levels.

Economic data generally surprised to the upside this week. Job openings, which are reported on a one-month lag, came in better than expected in January and reported layoffs were lower than expected. February inflation data was also better than expected. The headline Consumer Price Index rose 0.2% month-over-month, less than the 0.3% expected rise and a meaningful slowdown from the 0.5% month-over-month increase in January. Core CPI, which excludes the more volatile food and energy categories, also rose 0.2% month-over-month. This increase was lower than expected and a slowdown from January. Core CPI is up 3.1% on a year-over-year basis. This is the lowest increase in prices compared to a year ago since the spike in prices began back in 2021. The Producer Price Index also surprised to the upside. Prices paid by goods-producing firms were unchanged in February as compared to the prior month. On a year-over-year basis, the PPI rose 3.2%, a slowdown from the 3.7% year-over-year increase in January.

Consumer confidence bucked the positive surprise trend, missing expectations by a sizeable margin. However, a miss was likely expected given the market turmoil and frequency of negative news headlines in recent weeks. The Current Conditions portion of the survey was little changed but respondents' expectations for future conditions declined significantly. Interestingly, inflation expectations for both the immediate future and a few years out rose sharply. Short-term inflation expectations can be volatile, but the longer-term inflation expectations are generally fairly stable.

The Federal Open Market Committee meets this week. The Committee is widely expected to leave the benchmark lending rate unchanged, but investors will pay close attention to the messaging coming out of this meeting for clue on future actions.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
Retail Sales	Building Permits Housing Starts Industrial Production	FOMC Meeting GIS	Initial Jobless Claims Continuing Claims FDX MU NKE	UMich Consumer Sentiment

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-2.2%	-3.9%	11.7%
DJIA	-3.0%	-2.1%	9.1%
Nasdaq 100	-2.4%	-6.1%	11.5%
Russell 2000	-1.4%	-8.1%	1.6%
S&P 500 E/W	-2.2%	-1.4%	6.9%
2yr Yield	4.02%	-0.22%	-0.71%
10yr Yield	4.31%	-0.26%	0.01%
VIX	21.8	4.4	7.4
WTI Crude	\$ 67.2	-6.3%	-17.1%
Gold	\$ 2,984	13.7%	38.1%
Bitcoin	\$ 84,154	-10.2%	23.3%

Economic Summary

	Actual	Expected	Prior (r)
JOLTS Job Openings	7,740k	7,600k	7,508k
CPI - m/m	0.2%	0.3%	0.5%
CPI - y/y	2.8%	2.9%	3.0%
Core CPI - m/m	0.2%	0.3%	0.4%
Core CPI - y/y	3.1%	3.2%	3.3%
PPI - m/m	0.0%	0.3%	0.6%
PPI - y/y	3.2%	3.3%	3.7%
UMich Sentiment	57.9	63.0	64.7

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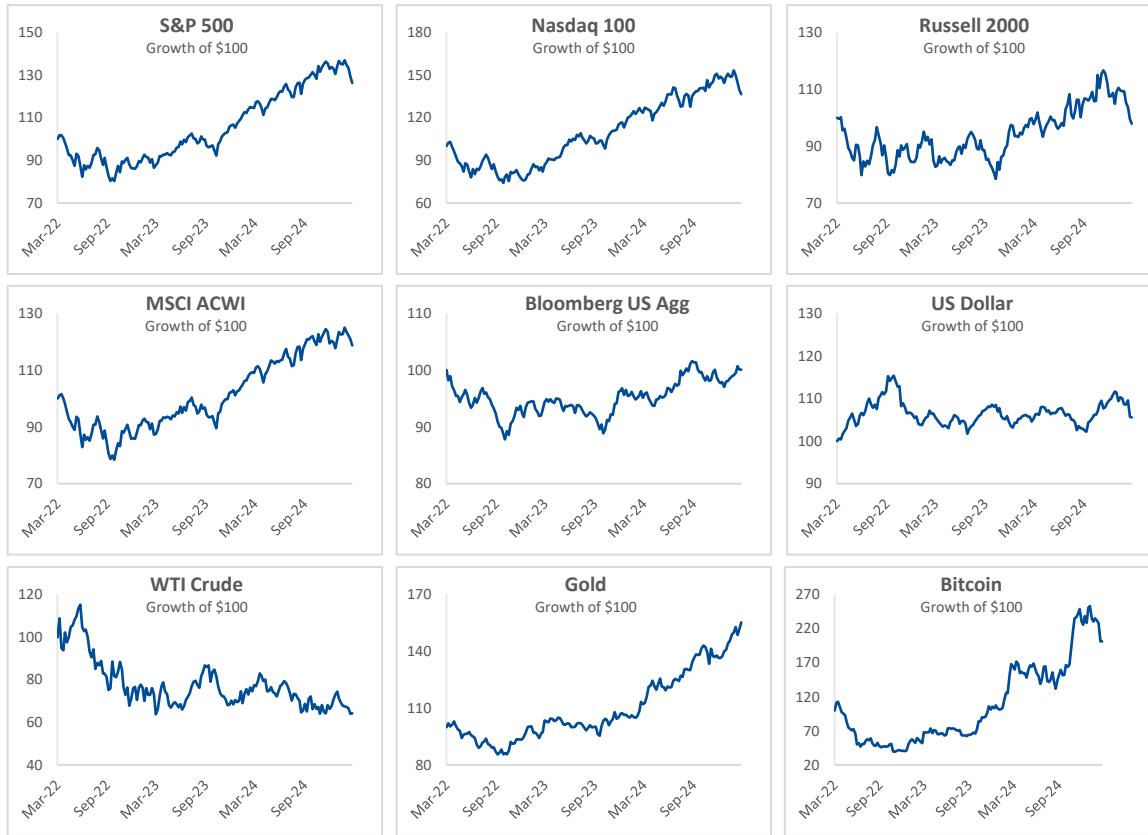
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500 -3.9%	Comm. Services -0.2%	Cons. Discretionary -12.3%	Cons. Staples 1.1%
Energy 4.8%	Financials 0.4%	Healthcare 5.3%	Industrials -0.5%
Materials 2.2%	Real Estate 1.9%	Technology -8.0%	Utilities 4.2%

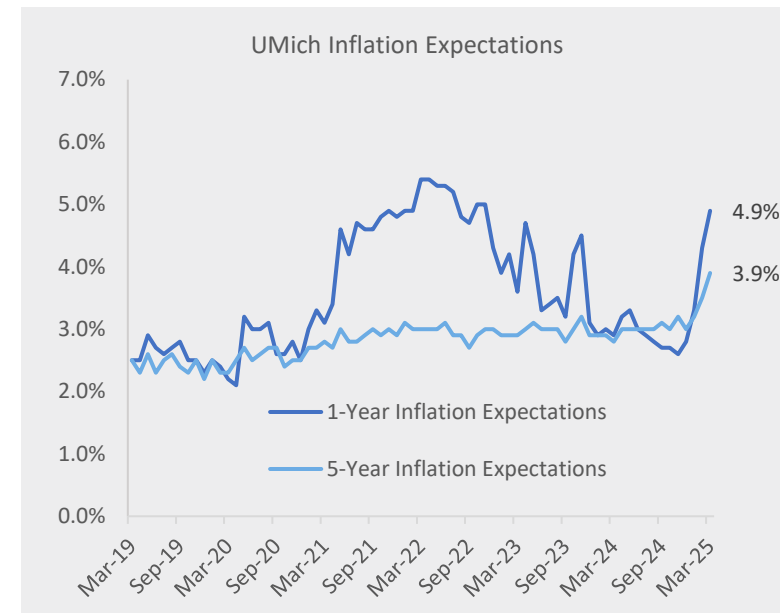
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
10-Mar	ORCL	Miss	Miss	-3.1%
11-Mar	DKS	Beat	Beat	-5.7%
12-Mar	ADBE	Beat	Beat	-13.9%
13-Mar	DG	Beat	Beat	6.8%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	-1.8%	-0.4%	10.5%
MSCI Europe	-1.1%	13.6%	10.8%
MSCI APAC	-1.2%	2.5%	8.7%
DXY Index	103.7	-4.4%	0.3%
EUR / USD	\$1.09	5.3%	-1.6%
GBP / USD	\$1.29	3.4%	1.6%
USD / JPY	148.6	-5.5%	-0.3%
USD / CNY	7.24	-0.9%	0.5%

Longer-Term Inflation Expectations Are Rising



WEALTH MANAGEMENT

As of 3/17/25
Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.

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