

Market Update – March 24, 2025

The Weekly Briefing

Equity markets eked out a gain, rising for the first time in five weeks; the S&P 500, the Nasdaq 100 and the Russell 2000 each rose slightly. After weeks of significant selling pressure, equity markets have stabilized over the last several trading sessions. Further easing of trade tensions, or positive economic surprises, may catalyze a bounce from current levels.

The Federal Open Market Committee met last week and left the benchmark lending rate unchanged, as expected. Fed chairman Powell sought to reassure skittish markets in his press conference. Powell proffered a fairly sanguine outlook on the economy, pointing out that hard economic data remains solid despite weakness in some sentiment-based indicators. The chairman also downplayed the impact of tariffs on inflation. Powell indicated that his base case outcome is for the impact of tariffs to cause a one-time shift in price level that he expects to be transitory. In this scenario, action from the Fed would not be needed to keep a lid on inflation. Although Powell downplayed risks to both the economy and inflation in his press conference, the Committee's Summary of Economy Projections – released in conjunction with the meeting – showed that members lowered their expectations for GDP growth in the coming years and raised near-term inflation projections. As compared to the December meeting, 2025 GDP growth was revised lower to 1.7% from 2.1%, and 2025 Core PCE Inflation was revised slightly higher to 2.8% from 2.5%. Committee members' expectations for the benchmark interest rate were unchanged. Futures markets were little changed following the meeting; markets continue to expect between 50- and 75-basis points of cuts this year.

Most economic data beat expectations last week. The Retail Sales control group, which feeds into GDP, grew faster than expected in February after a disappointing print in January. The control group rose +1.0% month-over-month, ahead of the +0.4% expected rise. Housing related data also surprised to the upside. Housing Starts in February rose a strong 11% month-over-month and beat economists' forecasts by a sizeable margin. Building Permits, which lead Housing Starts, also beat expectations – if only slightly. Industrial Production grew on a year-over-year basis for the third consecutive month after almost two full years of flat or negative growth. This measure of economic activity rose 1.4% in February, just a touch below the 1.9% rise in January. Importantly, jobless claims remain within normal levels. Initial Jobless Claims came in slightly lower than expected and remain within a normal range. Despite positive economic surprises this week, the Atlanta Fed's GDPNOW tool continues to forecast a decline in economic activity in 1Q25.

The first quarter is nearing an end and 1Q25 earnings season will begin in the coming weeks. According to Factset, analysts currently expect 1Q25 earnings to grow +7.1% and 2025 earnings to grow 11.5%. Positive earnings revisions will be key for sustained momentum in equities.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
	Building Permits New Home Sales	CTAS DLTR	Initial Jobless Claims Continuing Claims	Personal Income Personal Spending PCE Price Index
	MKC		LULU	

Market Snapshot

	Last Week	YTD	1yr
S&P 500	0.5%	-3.3%	9.7%
DJIA	1.2%	-0.9%	8.3%
Nasdaq 100	0.3%	-5.8%	8.6%
Russell 2000	0.6%	-7.5%	0.6%
S&P 500 E/W	0.7%	-0.7%	5.7%
2yr Yield	3.95%	-0.29%	-0.64%
10yr Yield	4.25%	-0.32%	0.05%
VIX	19.3	1.9	6.2
WTI Crude	\$ 68.3	-4.8%	-15.3%
Gold	\$ 3,022	15.2%	39.2%
Bitcoin	\$ 84,183	-10.2%	27.3%

Economic Summary

	Actual	Expected	Prior (r)
Retail Sales - m/m	0.2%	0.6%	-1.2%
Retail Sales Control - m/m	1.0%	0.4%	-1.0%
Housing Starts	1,501k	1,385k	1,350k
Housing Starts - m/m	11.2%	1.4%	-11.5%
Building Permits	1,456k	1,453k	1,473k
Building Permits - m/m	-1.2%	-1.4%	-0.6%
Industrial Production - m/m	0.7%	0.2%	0.3%
Initial Jobless Claims	223k	224k	220k
Continuing Claims	1,892k	1,887k	1,870k

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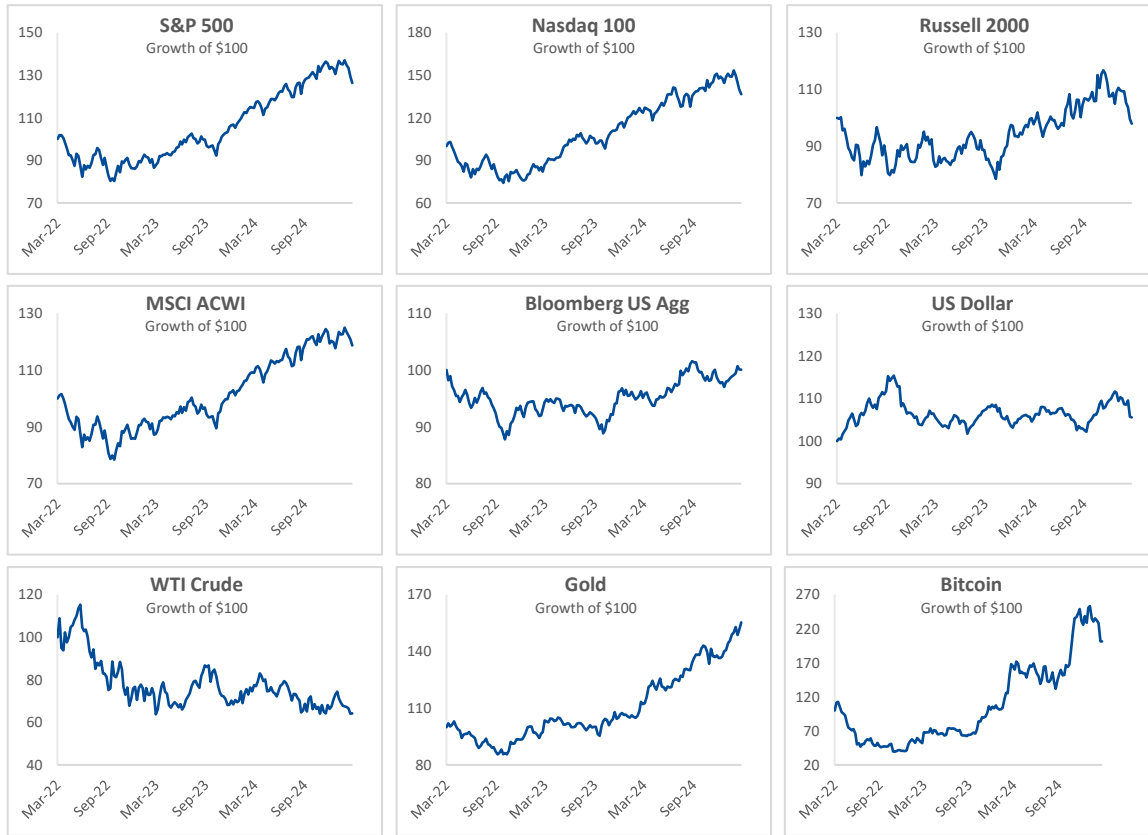
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500 -3.3%	Comm. Services 1.1%	Cons. Discretionary -11.7%	Cons. Staples 1.4%
Energy 8.8%	Financials 2.7%	Healthcare 7.0%	Industrials 0.7%
Materials 2.4%	Real Estate 2.7%	Technology -7.8%	Utilities 4.8%

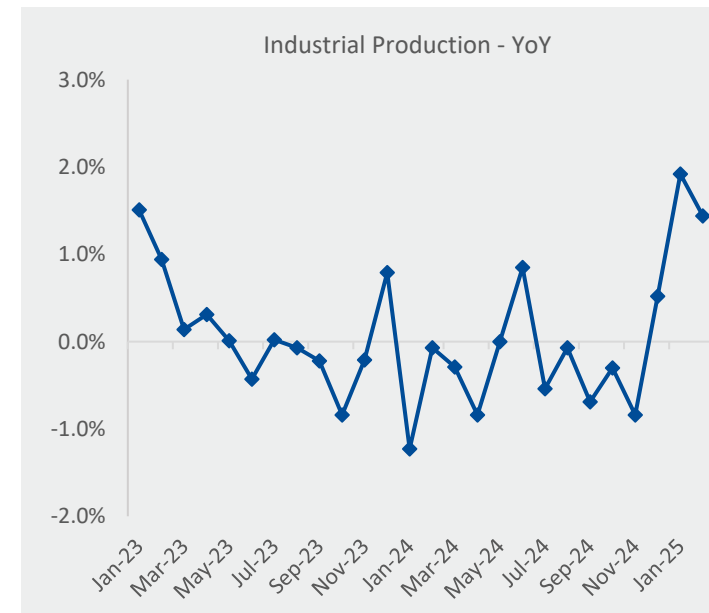
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
19-Mar	GIS	Beat	Miss	-2.0%
20-Mar	FDX	Beat	Beat	-6.5%
	MU	Beat	Beat	-8.0%
	NKE	Beat	Beat	-5.5%

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%

Industrial Production Has Picked Up in Recent Months Following Meager Growth Over the Last Two Years



WEALTH MANAGEMENT

As of 3/24/25
Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.

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