

Market Update – February 24, 2025

The Weekly Briefing

U.S. stocks declined last week after a cut to Walmart's revenue outlook, disappointing economic data, and lingering concerns about the path of inflation. Bond yields declined across the treasury yield curve.

Walmart stood out as the most notable company to report earnings during an otherwise quiet week for high-profile earnings calls. Walmart exceeded expectations for fourth-quarter earnings and revenue but fell short with its 2025 revenue forecast, triggering a selloff. The retailer projects full-year sales growth of 3-4%, while analysts had anticipated 4% growth. Walmart's earnings calls can provide a good indicator of consumer behavior. The company noted a shift in spending towards essentials such as food and health products, and away from general merchandise. A cost-conscious consumer, along with an uncertain macroeconomic environment, likely influenced their lowered guidance. This week, the earnings calendar is highlighted by Nvidia's fourth-quarter earnings.

Last week, economic data focused on the housing market, revealing disappointing results in both production and sales. Housing starts plunged nearly 10% month-over-month in January but were likely impacted by frigid temperatures during the measurement period. Building permits, a leading indicator of housing supply, slightly beat expectations. Sales of existing homes had a poor start to the year, with a 4.9% month-over-month decline in January. Near 7% rates on 30-year fixed mortgages continue to deter prospective buyers and sellers, a trend unlikely to improve until mortgage rates see a significant decline.

The release of the FOMC's January meeting minutes confirmed that committee members were in no hurry to cut rates this year before seeing further progress on inflation. That sentiment likely solidified since the meeting, amid a bevy of fiscal and tariff policy uncertainty and a hot CPI report in January. High prices also continue to weigh on consumers' minds. The February consumer sentiment report revealed that households expect a near-term resurgence in prices, with one-year inflation expectations jumping 1% since last month to 4.3%. Five-year inflation expectations increased from 3.2% to 3.5% month-over-month, reaching the highest level in 30 years. Historically, consumers have overestimated inflation levels relative to the realized rate, but the trend in expectations remains important. Widespread beliefs that prices will rise rapidly can lead to frontloaded spending and increased wage demands, potentially contributing to a self-fulfilling cycle of rising prices. This week, the January PCE report will deliver an additional insight into the trajectory of inflation.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
ZM TREX	HD AXON	New Home Sales LOW NVDA CRM SNOW	Initial Jobless Claims Continuing Claims Pending Home Sales DELL RDFN	Core PCE

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-1.6%	2.4%	19.8%
DJIA	-2.5%	2.3%	13.0%
Nasdaq 100	-2.2%	3.0%	21.4%
Russell 2000	-3.7%	-1.4%	10.3%
S&P 500 E/W	-0.7%	2.7%	12.9%
2yr Yield	4.20%	-0.04%	-0.47%
10yr Yield	4.43%	-0.14%	0.11%
VIX	\$18.21	0.86	4.46
WTI Crude	\$70.40	-1.8%	-9.6%
Gold	\$2,936.05	11.9%	44.9%
Bitcoin	\$95,325.37	1.7%	84.6%

Economic Summary

	Actual	Expected	Prior (r)
Building Permits	1.483m	1.46m	1.482m
Housing Starts	1.37m	1.39m	1.52m
Housing Starts m/m	-9.8%		16.1%
Initial Jobless Claims	219k	215k	214k
Continuing Claims	1869k	1870k	1845k
Existing Home Sales	4.1m	4.13m	4.29m
Existing Home Sales m/m	-4.9%		2.9%
Consumer Sentiment	64.7	67.8	71.1

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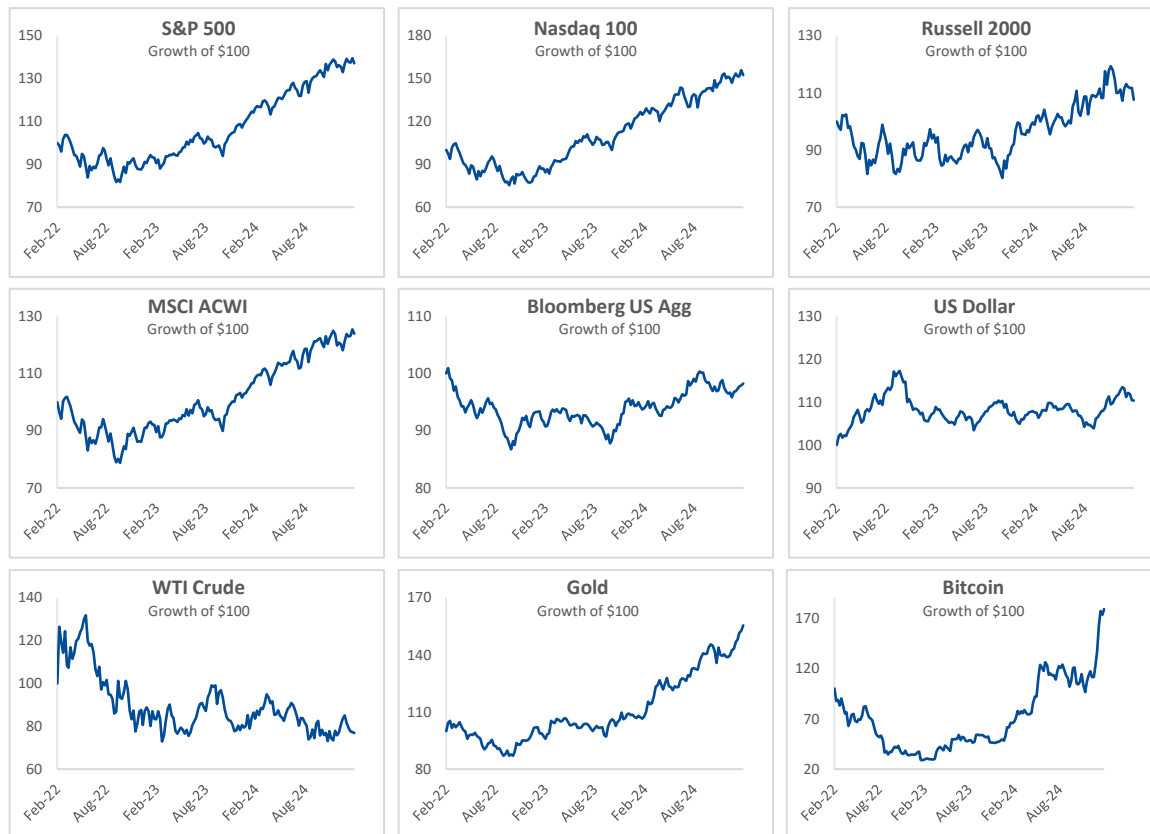
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Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500 2.4%	Comm. Services 6.4%	Cons. Discretionary -2.7%	Cons. Staples 4.5%
Energy 6.2%	Financials 5.0%	Healthcare 6.4%	Industrials 2.3%
Materials 4.7%	Real Estate 3.8%	Technology 1.0%	Utilities 6.1%



WEALTH MANAGEMENT

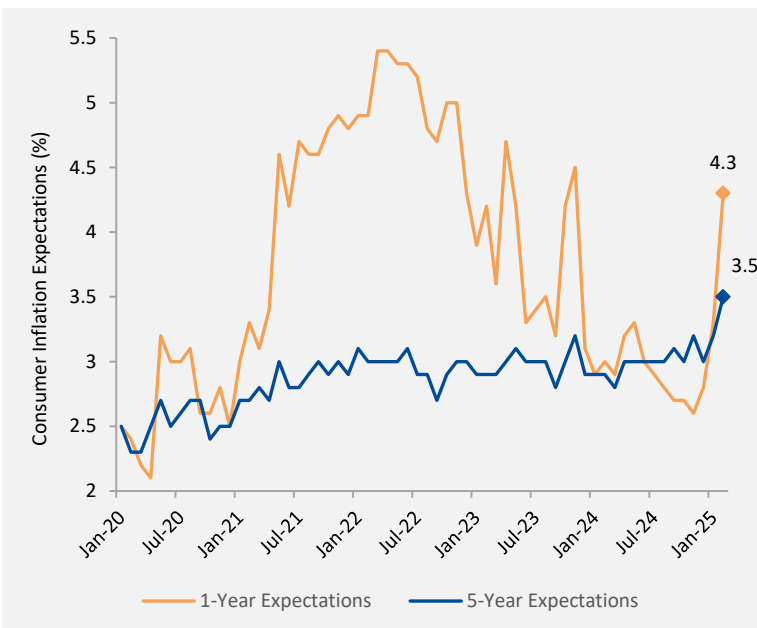
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
18-Feb	ALLE	Beat	Beat	-5.6%
19-Feb	AWK	Beat	Beat	0.6%
	TRMB	Beat	Beat	0.6%
20-Feb	WMT	Beat	Beat	-6.5%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	-1.1%	4.1%	16.6%
MSCI Europe	-0.2%	10.6%	10.4%
MSCI APAC	1.4%	5.1%	12.6%
DXY Index	106.6	-1.7%	2.5%
EUR / USD	\$1.05	0.8%	-4.9%
GBP / USD	\$1.26	0.9%	0.0%
USD / JPY	149.3	-5.0%	-0.7%
USD / CNY	7.25	-0.6%	0.8%

Consumer inflation expectations surged in February



Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.

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