Market Update – February 10, 2025

The Weekly Briefing

Markets started last week on shaky ground after President Trump announced a Tuesday deadline for imposing 25% tariffs on imports from Mexico and Canada, along with a 10% tariff on imports from China. The deadline for Canada and Mexico was pushed until next month after both countries reaffirmed plans to place additional troops at their borders to combat the flow of fentanyl and illegal immigration into the U.S. While the U.S. is relatively self-sufficient, with imports making up only 14% of GDP, maintaining strong trade relationships with its top three partners-Mexico, China, and Canada-remains important. These three countries supply over 40% of all U.S. imports, with Canada and Mexico providing nearly 70% of U.S. crude petroleum. While the threat of tariffs on Mexico, Canada, and parts of Europe will create ongoing market uncertainty, the 10% tariff on China is already in effect and seems non-negotiable at this time. In response, China imposed 15% tariffs on American coal and natural gas, as well as 10% tariffs on crude oil and farm equipment. Additionally, China's market regulator announced an anti-monopoly investigation into Google.

Last week, Google posted a rare miss on both revenue and profit. The company announced a forecast of $75 billion in AI-related capital expenditures for this year that looks more colossal in the wake of last week's DeepSeek news. This level of investment would represent a 43% increase in capital expenditures year-over-year, underscoring the robust momentum behind AI development. While Google's results continued a trend of underwhelming earnings from the 'Magnificent 7' companies this quarter, earnings in aggregate have been strong. Through Friday, 62% of S&P 500 companies have reported their fourth-quarter results, with 77% exceeding earnings estimates. Year-over-year earnings growth is anticipated to be 16.4%, marking the highest growth since 2021.

Turning to economic data, the January jobs report provided evidence for both skeptics and believers of the labor market's strength. Nonfarm payrolls increased 143k in January, falling short of the expected 175k jobs, but positive revisions to November and December's data added a total of 100k jobs. However, it wasn't those revisions that garnered the most attention. Each February, the labor department makes annual revisions for the prior year through March, which revealed a 589k downward adjustment to jobs created in the year ending March 2024. Despite the negative revision to last year's data, other, more current indicators looked stronger. The unemployment rate decreased 0.1%, to 4.0%. Average hourly earnings rose by 0.5% from the previous month, resulting in a year-over-year increase of 4.1%; that continues to outpace inflation- a positive sign for consumer spending.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
MCD	KO	CPI	PPI	Retail Sales
ON	MAR	Core CPI	Initial Jobless Claims	Industrial Production
	GILD			
	LYFT	CSCO	Continuing Claims	MRNA
	SMCI	RDDT		
		HOOD	ABNB	

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-0.2%	2.6%	21.5%
DJIA	-0.5%	4.2%	16.6%
Nasdaq 100	0.1%	2.3%	20.6%
Russell 2000	-0.3%	2.3%	15.0%
S&P 500 E/W	-0.6%	2.9%	15.4%
2yr Yield	4.29%	0.05%	-0.14%
10yr Yield	4.49%	-0.07%	0.37%
VIX	16.5	(0.8)	3.6
WTI Crude	$ 71.0	-1.0%	-3.9%
Gold	$ 2,861	9.0%	40.6%
Bitcoin	$ 96,020	2.5%	101.9%

Economic Summary

	Actual	Expected	Prior (r)
ISM Manufacturing	51.2	50.1	49.4
Initial Jobless Claims	219k	214k	208k
Continuing Claims	1,886k	1,870k	1,850k
ISM Services	52.8	54.2	54.0
JOLTS Job Openings	7.6m	8.01m	8.16m
Nonfarm Payrolls	143k	169k	307k

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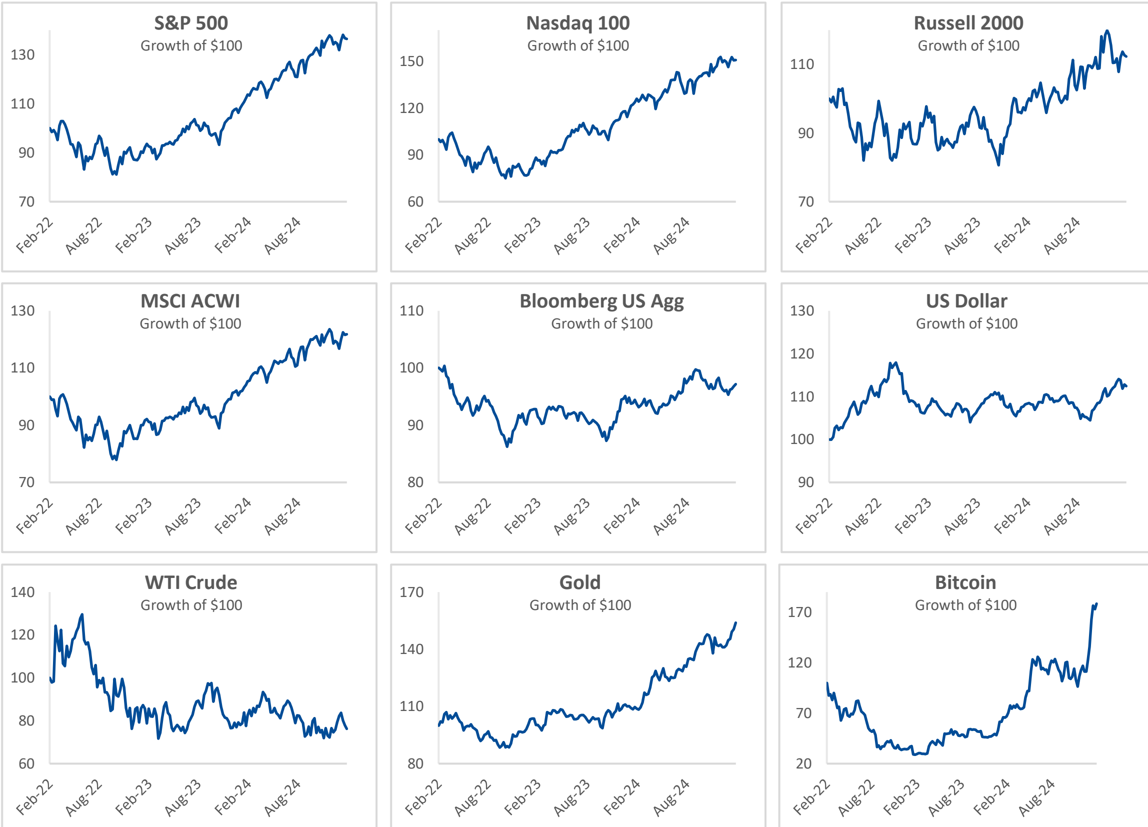
Markets Monitor



S&P 500 Sector Heatmap

Total Return YTD

S&P 500 2.8%	Comm. Services 5.8%	Cons. Discretionary 3.5%	Cons. Staples 0.5%
Energy 2.3%	Financials 6.5%	Healthcare 6.8%	Industrials 5.0%
Materials 5.5%	Real Estate 1.8%	Technology -0.7%	Utilities 2.9%

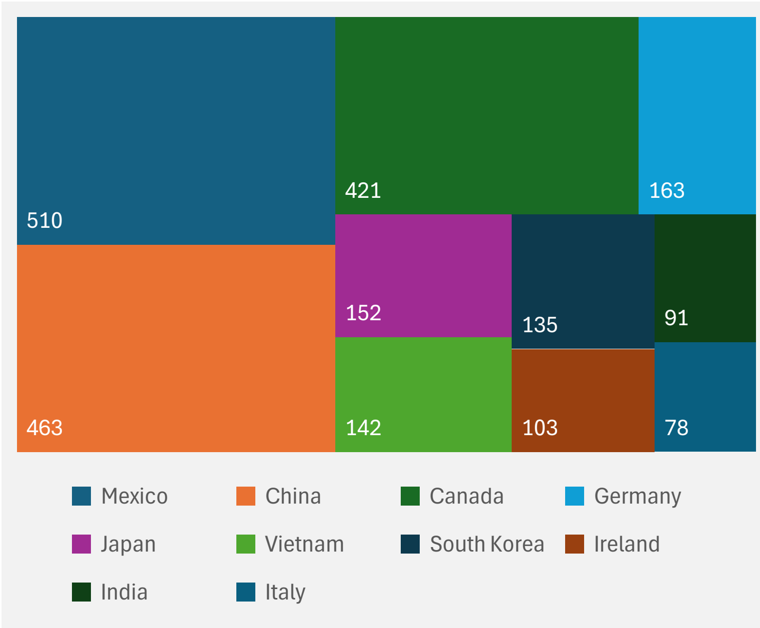
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
3-Feb	PLTR	Beat	Beat	24.0%
4-Feb	AMD	Beat	Beat	-6.3%
4-Feb	GOOG	Miss	Miss	-6.9%
5-Feb	QCOM	Beat	Beat	7.1%
5-Feb	DIS	Beat	Beat	-2.4%
5-Feb	UBER	Miss	Beat	-7.6%
6-Feb	AMZN	Miss	Beat	-3.5%
6-Feb	LLY	Beat	Beat	3.4%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	0.1%	3.4%	18.0%
MSCI Europe	0.2%	7.1%	10.1%
MSCI APAC	0.9%	2.3%	13.4%
DXY Index	108.0	-0.4%	3.8%
EUR / USD	1.0	-0.4%	-5.6%
GBP / USD	1.2	-0.9%	-1.8%
USD / JPY	151.4	-3.7%	2.2%
USD / CNY	7.29	-0.1%	1.4%

2024 Top 10 U.S. Importers ($B)



Sources: UN COMTRADE database, Logia Portfolio Management, Sunflower Bank.

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