

Market Update – March 3, 2025

The Weekly Briefing

Equity markets ended the week lower and have experienced heightened volatility in recent weeks, sparked by sweeping changes in domestic and foreign policy. Recent concerns over the pace of investment in artificial intelligence have added to investor angst. The S&P 500 fell -1.0%, the Nasdaq 100 dropped -3.4% and the Russell 2000 declined -1.4% last week.

The deluge of policy announcements, both domestic and foreign, has come at an unprecedented pace. Domestically, Elon Musk's Department of Government Efficiency, known as DOGE, has implemented and proposed sweeping cuts to government expenditures including Medicare, food assistance programs, defense spending, public services, and support for veterans. These actions have resulted in widespread layoffs across government agencies and concerns over the impact of reduced benefits payments. Internationally, the Trump Administration continues to focus on tariffs. The administration has so far announced tariffs on trade partners Canada, Mexico and China, and has threatened levies on European nations. To date, only import duties on China have been enacted with the levies on Canada and Mexico postponed until March 4th. Regarding diplomacy, relations with European allies have become strained as the Trump Administration continues to implement its "America First" agenda. A recent Oval Office meeting between President Trump, Vice President Vance and Ukrainian President Vladimir Zelenskyy ended acrimoniously.

In terms of company specific news, equity investors were spooked following a report from TD Cowen that Microsoft was cancelling some AI data center leases – one of the first downside surprises for AI spending intentions. In another headwind for the AI trade, Nvidia's Q4 earnings report beat published sell-side estimates, but failed to meet lofty market expectations. The stock declined -9% the day after reporting results, despite the company's Data Center segment revenues nearly doubling year-over-year. The tech-heavy Nasdaq 100 declined nearly -3% on the day.

Uncertainty is being reflected in asset prices across financial markets. The S&P 500 and Nasdaq 100 indexes are now down since President Trump's inauguration and the VIX, or volatility index, hit its highest level in months. The 10-Year Treasury yield has fallen precipitously from a high of 4.8% in mid-January to 4.2% as markets price in lower economic growth. Weak January consumer spending data did little to assuage investors concerned about the growth outlook. Futures pricing now implies a consensus expectation for three rate this year, a shift from mid-February when just one was expected, as investors expect the Fed to step in to support the economy.

Given elevated equity market valuations and continued policy uncertainty, investors should be prepared for increased volatility in the coming weeks and months.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
ISM Manufacturing PMI	CRWD TGT	ADP Employment ISM Services PMI	Initial Jobless Claims Continuing Claims COST	Nonfarm Payrolls Unemployment Rate Avg Hourly Earnings KR

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-1.0%	1.4%	17.5%
DJIA	1.0%	3.3%	14.1%
Nasdaq 100	-3.4%	-0.5%	15.0%
Russell 2000	-1.4%	-2.9%	5.6%
S&P 500 E/W	0.2%	2.9%	11.9%
2yr Yield	3.99%	-0.25%	-0.54%
10yr Yield	4.21%	-0.36%	0.03%
VIX	19.6	2.3	6.5
WTI Crude	\$ 69.8	-2.7%	-12.8%
Gold	\$ 2,858	8.9%	35.2%
Bitcoin	\$ 84,212	-10.1%	34.0%

Economic Summary

	Actual	Expected	Prior (r)
New Home Sales	657k	680k	734k
New Home Sales - m/m	-10.5%	-2.6%	8.1%
Initial Jobless Claims	242k	221k	220k
Continuing Claims	1,862k	1,871k	1,867k
Personal Spending - m/m	-0.2%	0.2%	0.8%
PCE Price Index - m/m	0.3%	0.3%	0.3%
PCE Price Index - y/y	2.5%	2.5%	2.6%
Core PCE Price - m/m	0.3%	0.3%	0.2%
Core PCE Price - y/y	2.6%	2.6%	2.9%

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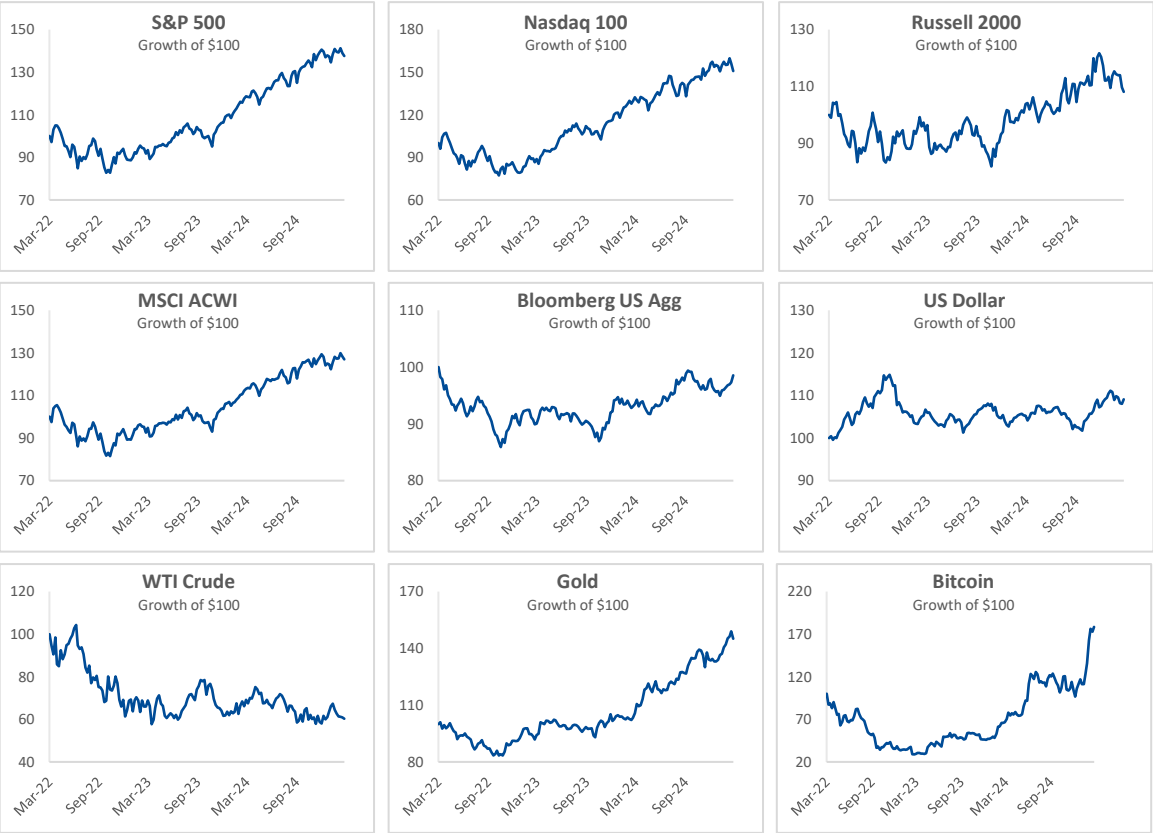
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap
Total Return YTD

S&P 500 1.4%	Comm. Services 5.4%	Cons. Discretionary -3.7%	Cons. Staples 5.7%
Energy 6.2%	Financials 8.0%	Healthcare 8.3%	Industrials 3.5%
Materials 5.5%	Real Estate 6.1%	Technology -3.0%	Utilities 4.7%

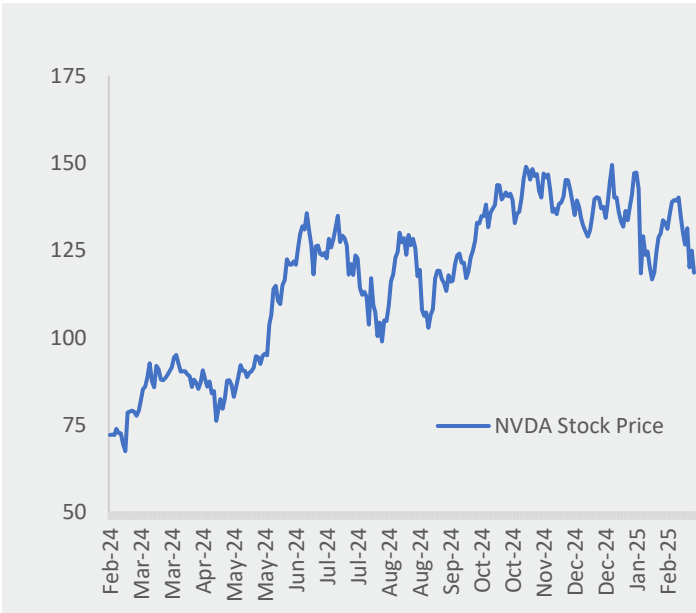
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
25-Feb	HD	Beat	Beat	2.8%
	INTU	Beat	Beat	12.6%
	WDAY	Beat	Beat	6.2%
26-Feb	CRM	Beat	Miss	-4.0%
	LOW	Beat	Beat	1.9%
	NVDA	Beat	Beat	-8.5%
	SNOW	Beat	Beat	4.5%

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%

Nvidia’s Momentum Has Stalled In Recent Months



Sources: Bloomberg, Logia Portfolio Management, Sunflower Bank.

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