

Capital Markets Snapshot

Week ending April 4, 2025

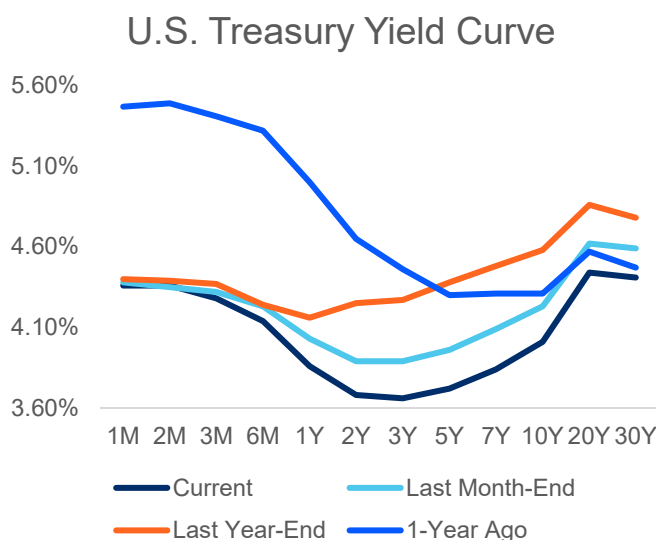
Volatility continues to be the theme of 2025. Last week, the markets experienced a sharp selloff to end the week following the announcement of aggressive U.S. reciprocal tariffs by President Donald Trump. The tariffs, which included a 10% minimum on all imports and higher rates for countries with larger trade deficits, led to retaliatory measures from China. This sparked risk-off sentiment, causing equities to finish the week sharply lower and U.S. Treasury yields to decline to their lowest since October 2024. Despite the headwinds posed by tariffs, the U.S. economy entered this period from a position of strength, with healthy household balance sheets and labor-market conditions. Investors are advised to stick with their long-term investment strategies, emphasizing diversification to navigate the ongoing market volatility. As we have discussed previously, we believe time in the market is greater than timing the market.

Fixed Income Markets Overview

- U.S. Treasury yields declined sharply, with the 10-year yield briefly falling below the 4% level for the first time in about six months. Bond prices posted their biggest weekly gains in more than seven months, reflecting the heightened demand for fixed income assets amid stock market volatility.
- The Federal Reserve indicated the tariffs could result in higher inflation and slower economic growth, but did not signal immediate rate cuts. Expectations for potential rate cuts from the Federal Reserve increased, driven by the sharp sell-off in stocks.
- Mortgage rates have settled around 6.6% the last few weeks, making only slight moves in either direction. This stability is reassuring and has contributed to mortgage application demand rising since late last year.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.4%	2.0%	3.4%	1.6%
Core Plus	Intermediate Govt/Credit	0.8%	3.1%	2.7%	1.0%
	International Aggregate	1.6%	4.2%	-0.7%	-1.0%
	US Aggregate	1.1%	3.7%	1.2%	-0.3%
	US Treasury	1.4%	4.1%	0.7%	-1.6%
	US TIPS	0.7%	4.5%	0.6%	2.0%
	US Corporate	0.5%	2.6%	1.6%	1.6%
	US Corporate High Yield	-1.8%	-0.7%	4.4%	7.4%
Other	Emerging Markets Aggregate	-0.4%	1.9%	3.6%	3.1%
Muni	US Municipals	1.8%	1.3%	2.1%	1.7%
	US Municipals High Yield	2.0%	2.4%	3.5%	5.6%

Source: Bloomberg as of April 4, 2025



Source: Bloomberg and U.S. Treasury as of April 4, 2025

Interest Rates (%)				
Date	4/4/2025	3/31/2025	12/31/2024	4/4/2024
Federal Funds Rate	4.36%	4.38%	4.40%	5.47%
3 Month Treasury	4.28%	4.32%	4.37%	5.41%
6 Month Treasury	4.14%	4.23%	4.24%	5.32%
2 Year Treasury	3.68%	3.89%	4.25%	4.65%
5 Year Treasury	3.72%	3.96%	4.38%	4.30%
10 Year Treasury	4.01%	4.23%	4.58%	4.31%
30 Year Treasury	4.41%	4.59%	4.78%	4.47%
US Aggregate	4.44%	4.60%	4.91%	4.91%
US Corporate	5.10%	5.15%	5.33%	5.37%
US Corporate High Yield	8.30%	7.73%	7.49%	7.82%
US Municipal	3.62%	3.85%	3.74%	3.60%
US Municipal High Yield	5.41%	5.59%	5.52%	5.57%

Spreads Over 10-Year US Treasuries				
Date	4/4/2025	3/31/2025	12/31/2024	4/4/2024
30 Year Treasury	0.40%	0.36%	0.20%	0.16%
US Aggregate	0.43%	0.37%	0.33%	0.60%
US Corporate	1.09%	0.92%	0.75%	1.06%
US Corporate High Yield	4.29%	3.50%	2.91%	3.51%
US Municipal	-0.39%	-0.38%	-0.84%	-0.71%
US Municipal High Yield	1.40%	1.36%	0.94%	1.26%

Source: Bloomberg and U.S. Treasury as of April 4, 2025

Equity Markets Overview

- Following last week's tariff announcement, equity markets endured a two-day selloff to end the week as markets reacted to the stark changes to US trade policies. The Nasdaq took the hardest hit posting a weekly loss of 10%, closely followed by the S&P 500's 9% skid, while the Dow Jones held up best with a 7.8% retreat.
- The S&P 500 is down over 17% from its February high, a 20% retreat from a prior high is an indication of a bear market. The Nasdaq crossed this threshold and ended the week down 22% from its February peak,
- All sectors posted losses for the week, the average across all eleven sectors was an 8.1% loss. Energy, Technology, and Financials took the hardest hits with losses of 14.1%, 11.4%, and 10.3%, respectively. Consumer Staples, Utilities, and Real Estate posted the smallest losses at 2.2%, 4.5%, and 6.1%, respectively.
- Size did not offer much protection from last week's selloff as US large, mid-, and small-cap stocks all fell around 8-9% for the week. The same was true for styles, neither held up significantly better than the other with losses ranging from 8-10%.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-9.1%	-13.6%	5.1%	17.0%
Large-Cap	S&P 500	-9.1%	-13.4%	5.5%	17.1%
	S&P 500 Growth	-9.6%	-17.4%	4.1%	17.1%
	S&P 500 Value	-8.5%	-9.1%	5.9%	15.8%
Mid-Cap	S&P Midcap 400	-9.1%	-14.8%	1.6%	16.4%
	S&P Midcap 400 Growth	-8.8%	-16.5%	0.8%	13.9%
	S&P Midcap 400 Value	-9.4%	-13.0%	2.3%	18.8%
Small-Cap	S&P Smallcap 600	-9.0%	-17.5%	-2.0%	15.0%
	S&P Smallcap 600 Growth	-8.3%	-16.2%	-1.6%	13.7%
	S&P Smallcap 600 Value	-9.8%	-18.9%	-2.7%	16.1%
Int'l.	MSCI ACWI ex-USA	-5.6%	1.1%	3.0%	10.9%
	MSCI EM	-2.9%	1.7%	0.6%	8.1%

Source: Bloomberg as of April 4, 2025

Alternative Markets Overview

- Oil posted its largest weekly decline since 2023 as prices fell to their lowest levels in years. Prices plunged due to escalating concerns of a global trade war as well as increased supply levels from an unexpected output increase from OPEC members.
- Gold prices fell around 2.5% last week as investors sold bullion to cover losses from the selloff across equity markets.
- Despite the increased volatility last week, Bitcoin prices were relatively stable posting only a 1% loss for the week. This breaks form with recent history where the cryptocurrency has seen its price fall sharply when equity markets became more unstable.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-6.7%	-3.4%	-2.0%	17.0%
Gold	-2.5%	14.9%	16.3%	13.0%
FTSE All Equity NAREIT	-6.0%	-4.3%	-4.3%	9.7%
Bitcoin	-1.0%	-11.3%	21.7%	64.9%
Ethereum	-3.4%	-45.8%	-19.5%	66.2%

Source: Bloomberg as of April 4, 2025



Upcoming Week

- It is a relatively quiet week for earnings releases, as Q1 earnings season unofficially kicks off Friday. A few noteworthy companies with releases this week include WD-40, Delta Airlines, and JPMorgan Chase.
- Turning to economic releases, we will be monitoring Wednesday's release of the FOMC Meeting Minutes from last month's Federal Reserve meeting. We will also receive more inflation data as CPI and PPI are released on Thursday and Friday. Finally, Friday also brings the release of University of Michigan's Consumer Sentiment.

Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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