

Capital Markets Snapshot

Courtesy of The McConachie Team

Week ending March 28, 2025

Last week, equity markets experienced significant volatility due to the announcement of a 25% tariff on all non-U.S. made autos, which is set to take effect on April 3. This move led to a decline in shares of automakers and parts suppliers, particularly in countries with large auto exposure like Germany and South Korea. Additionally, consumer confidence waned, and core PCE prices increased more than expected, suggesting higher inflation pressures and further dampening investor sentiment. Personal spending came in softer than expected, indicating higher prices might be impacting consumer behavior. Despite these challenges, corporate profits are rising, and the private sector continues to add jobs at a healthy pace. The Federal Reserve is maintaining a wait-and-see approach before taking any further action with respect to interest rates. Once the focus on tariffs passes, there is potential for pro-growth policy measures being announced in the second half of the year. Given the heightened uncertainty in the markets, it remains prudent to ensure portfolios are sufficiently diversified.

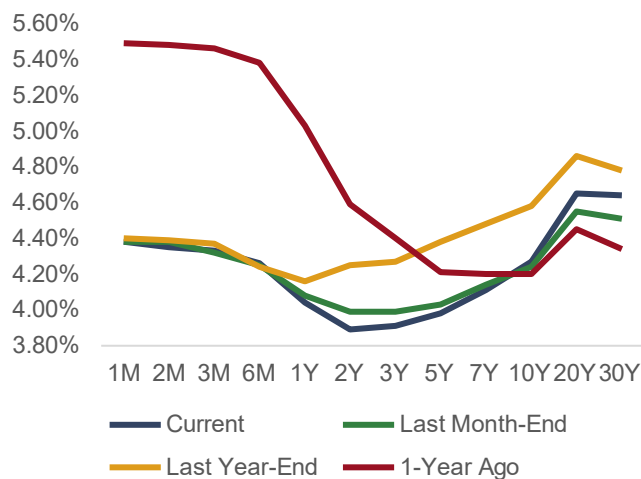
Fixed Income Markets Overview

- The 2Y/10Y yield spread between U.S. Treasuries experienced some steepening and remains positive as markets digested the impact of tariffs, potential inflation, and longer-term growth implications. Positive values may imply future growth, negative values may imply economic downturns.
- Expectations around potential rate cuts from the Federal Reserve remained relatively unchanged despite warmer-than-expected inflation data as participants continue to forecast two 25 bps rate cuts for the rest of the year with the first expected in June/July.
- Mortgage rates ticked down slightly last week, which is good news for potential buyers and sellers. This can be seen with home sale activity picking up slightly as there was a 2% increase from January to February, but home sales are still down almost 4% from a year prior suggesting the higher rates are still a headwind on housing activity.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.1%	1.6%	3.1%	1.5%
	Core Plus				
	Intermediate Govt/Credit	0.1%	2.3%	2.3%	0.9%
	International Aggregate	0.0%	2.5%	-1.3%	-1.4%
	US Aggregate	0.0%	2.5%	0.7%	-0.3%
	US Treasury	0.0%	2.6%	0.1%	-1.7%
	US TIPS	0.5%	3.7%	-0.2%	2.2%
	US Corporate	-0.2%	2.1%	1.5%	1.8%
	US Corporate High Yield	-0.4%	1.1%	5.3%	7.6%
Other	Emerging Markets Aggregate	-0.3%	2.3%	4.0%	3.1%
Muni	US Municipals	-0.9%	-0.6%	1.5%	0.9%
	US Municipals High Yield	-0.7%	0.4%	2.7%	4.0%

Source: Bloomberg as of March 28, 2025

U.S. Treasury Yield Curve



Source: Bloomberg and U.S Treasury as of March 28, 2025

Interest Rates (%)

Date	3/28/2025	2/28/2025	12/31/2024	3/28/2024
Federal Funds Rate	4.38%	4.38%	4.40%	5.49%
3 Month Treasury	4.33%	4.32%	4.37%	5.46%
6 Month Treasury	4.26%	4.25%	4.24%	5.38%
2 Year Treasury	3.89%	3.99%	4.25%	4.59%
5 Year Treasury	3.98%	4.03%	4.38%	4.21%
10 Year Treasury	4.27%	4.24%	4.58%	4.20%
30 Year Treasury	4.64%	4.51%	4.78%	4.34%
US Aggregate	4.62%	4.58%	4.91%	4.85%
US Corporate	5.17%	5.08%	5.33%	5.30%
US Corporate High Yield	7.72%	7.15%	7.49%	7.66%
US Municipal	3.90%	3.55%	3.74%	3.49%
US Municipal High Yield	5.62%	5.43%	5.52%	5.50%

Spreads Over 10-Year US Treasuries

Date	3/28/2025	2/28/2025	12/31/2024	3/28/2024
30 Year Treasury	0.37%	0.27%	0.20%	0.14%
US Aggregate	0.35%	0.34%	0.33%	0.65%
US Corporate	0.90%	0.84%	0.75%	1.10%
US Corporate High Yield	3.45%	2.91%	2.91%	3.46%
US Municipal	-0.37%	-0.69%	-0.84%	-0.71%
US Municipal High Yield	1.35%	1.19%	0.94%	1.30%

Source: Bloomberg and U.S. Treasury as of March 28, 2025

Equity Markets Overview

- The downward trend for US equities resumed last week as the S&P 500 posted a weekly loss for the fifth time in six weeks. All three major US indices were down for the week, Nasdaq retreated the most, falling 2.6%, followed by the S&P 500's 1.5% loss, and the Dow Jones' 1% slip.
- Most sectors posted losses ranging from a few basis points to almost 4%. The week's biggest losers were Technology, Telecommunications, and Industrials falling 3.7%, 2.3%, and 1.3%, respectively. Consumer Staples, Energy, and Real Estate were among the few winners posting gains of 1.7%, 0.8%, and 0.5%, respectively.
- There were modest differences in performance from a size perspective last week, mid-caps led the way followed closely by small and large cap, respectively. US large caps have given up less ground on a year-to-date basis than their smaller peers.
- From a style perspective, value outpaced growth in US large and mid-caps while the opposite was true for their small cap peers. On a year-to-date basis, value has held up particularly well in large and mid-cap segments but has fallen just over 10% in the small cap segment.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	-1.5%	-5.0%	8.1%	18.7%
Large-Cap	S&P 500	-1.5%	-4.8%	8.5%	18.9%
	S&P 500 Growth	-2.5%	-8.7%	7.2%	19.2%
	S&P 500 Value	-0.5%	-0.6%	8.8%	17.3%
Mid-Cap	S&P Midcap 400	-1.0%	-6.3%	4.1%	17.2%
	S&P Midcap 400 Growth	-1.3%	-8.4%	3.2%	14.9%
	S&P Midcap 400 Value	-0.7%	-4.0%	4.8%	19.4%
Small-Cap	S&P Smallcap 600	-1.2%	-9.4%	0.4%	15.5%
	S&P Smallcap 600 Growth	-1.2%	-8.7%	0.5%	14.1%
	S&P Smallcap 600 Value	-1.3%	-10.1%	0.0%	16.7%
Int'l.	MSCI ACWI ex-USA	-1.0%	7.2%	5.6%	11.6%
	MSCI EM	-0.9%	4.7%	2.6%	8.5%

Source: Bloomberg as of March 28, 2025

Alternative Markets Overview

- Oil gained for a third consecutive week after Washington ratcheted up pressure on OPEC members Venezuela and Iran. The uncertainty regarding US trade/tariff policies is leading to some increasing volatility in oil prices.
- Gold prices continued to surge last week, as investors seek safe-haven asset due to the increased uncertainty surrounding the impacts of U.S. tariffs on global trade. Gold has set 18 new all-time highs so far this year.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	0.5%	3.5%	-0.2%	19.9%
Gold	2.2%	17.9%	17.0%	13.5%
FTSE All Equity NAREIT	0.6%	1.8%	-1.6%	9.3%
Bitcoin	-0.3%	-10.4%	20.4%	68.1%
Ethereum	-5.0%	-43.9%	-18.1%	68.8%

Source: Bloomberg as of March 28, 2025



Upcoming Week

- It is another relatively busy week for economic releases. We will be monitoring Tuesday's ISM Manufacturing report, Thursday's Trade Balance and Jobless Claims releases, plus Friday's Nonfarm Payrolls and Unemployment reports.
- Fed Chair Powell is slated to speak on Friday to provide an update on the US Economic Outlook.

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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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