



WEEK OF MARCH 24, 2025

# Market Update

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Although lower rates supported home sales, home builder sentiment continued to sour. U.S. equities snapped a four-week streak of declines as the quarterly blackout period led to more muted market action. Releases this week include data on new home sales, consumer confidence, durable goods, and personal income and spending.

## Quick Hits

1. **Report releases:** Housing indicators were mixed in February; starts and existing home sales rose but home builder sentiment soured.
2. **Financial market data:** A muted Federal Open Market Committee (FOMC) meeting and the quarterly blackout period led to less volatility.
3. **Looking ahead:** Releases this week include data on new home sales, consumer confidence, durable goods, and personal income and spending.

## Report Releases: March 17–21, 2025

### Retail Sales

February (Monday)

Retail sales bounced back less than expected after declining sharply in January. Non-store retailers lifted the overall reading, rebounding substantially from the previous month. Food services and drinking places dropped the most.

- Expected/prior month retail sales monthly change: +0.6%/–1.2%
- Actual retail sales monthly change: +0.2%



### NAHB Housing Market Index

February (Monday)

Home builder sentiment dropped as mortgage rates remained elevated and tariff concerns strained confidence. quarter-over-quarter, higher than the expected 2.5 percent increase.

- Expected/prior month NAHB Housing Market Index: 42/42
- Actual NAHB Housing Market Index: 39



### FOMC Rate Decision

March (Wednesday)

In a decision widely anticipated by economists and investors, the Federal Reserve (Fed) left rates unchanged after its March meeting.

- Expected/prior federal funds rate upper limit: 4.50%/4.50%
- Actual federal funds rate upper limit: 4.50%



### Existing Home Sales

February (Thursday)

Existing home sales surprised to the upside as modestly lower mortgage rates and increasing inventories provided relief for some pent-up housing demand.

- Expected/prior month existing home sales monthly change: –0.3%/–4.7%
- Actual existing home sales monthly change: +4.2%



## >> The Takeaway

- Retail sales and home builder sentiment were lower than expected last month.
- The recent flight to safety in bonds has provided support for the housing market via lower mortgage rates.

## Financial Market Data

### Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	0.53%	-4.72%	-3.35%	9.57%
Nasdaq Composite	0.18%	-5.57%	-7.76%	9.22%
DJIA	1.21%	-4.09%	-0.91%	7.43%
MSCI EAFE	0.79%	2.81%	10.36%	8.79%
MSCI Emerging Markets	1.16%	3.32%	5.71%	11.01%
Russell 2000	0.65%	-4.79%	-7.52%	-0.67%

Source: Bloomberg, as of March 21, 2025

U.S. equities snapped a four-week losing streak. Beaten-down energy and financial firms led stocks higher, along with safe havens within health care. Conversely, other safe havens, including consumer staples, materials, and utilities, lagged. Tariff headlines were more muted, and there was a blackout period for quarterly earnings and FOMC communications for most of the week.

### Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.10%	2.59%	5.27%
U.S. Treasury	1.26%	2.62%	4.83%
U.S. Mortgages	1.17%	2.86%	5.73%
Municipal Bond	-0.53%	0.35%	1.64%

Source: Bloomberg, as of March 21, 2025

The belly of the Treasury yield curve continued to move lower, signaling questions about near-term growth and potentially elevated rates from the Fed at the cost of an improved long-term growth outlook. The 2-year fell 7 basis points (bps) to close at 3.95 percent. The 10-year dipped 5 bps to 4.25 percent.

### >> The Takeaway

- Fewer international trade negotiations, along with blackout periods for the Fed and equities, led to lighter volatility.
- The front of the Treasury curve continued to invert as the back of the curve steepened.

## Looking Ahead

The focus this week will be on new home sales, consumer confidence, durable goods, and personal income and spending.

- The week kicks off Tuesday with **new home sales** for February and the **Conference Board Consumer Confidence Index** for March. New home sales are expected to increase after declining sharply in January. Consumer confidence is set to decline for the third consecutive month.
- On Wednesday, **durable goods orders** for February will be released. They are expected to decline after a solid increase in January.
- Finally, on Friday, we'll see the **personal income and spending report** for February. Both are expected to increase.





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measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network®

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