



Charlotte, North Carolina

WEEK OF MARCH 10, 2025

Market Update

The economy added a solid 151,000 jobs in February. Concerns over economic softening and tariff volatility affected U.S. stocks. Data this week will focus on small business confidence, inflation, and consumer sentiment.

Quick Hits

1. **Report releases:** The economy added a solid 151,000 jobs last month.
2. **Financial market data:** Concerns over economic softening and tariff volatility weighed on U.S. stocks.
3. **Looking ahead:** Data this week will focus on small business confidence, inflation, and consumer sentiment.

Report Releases: March 3–7, 2025

ISM Manufacturing Index
February (Monday)

Although manufacturer confidence fell slightly more than expected, the index remained in expansionary territory for the second consecutive month.

- Expected/prior ISM Manufacturing index: 50.7/50.9
- Actual ISM Manufacturing index: 50.3



ISM Services Index
February (Wednesday)

The second estimate of fourth-quarter GDP matched expectations at 2.3 percent quarter-over-quarter. The Federal Reserve’s (Fed’s) favorite inflation gauge, the core Personal Consumption Expenditures (PCE) Price Index, rose 2.7 percent quarter-over-quarter, higher than the expected 2.5 percent increase.

- Expected/prior ISM Services index: 52.5/52.8
- Actual ISM Services index: 53.5



U.S. Trade Balance
January (Thursday)

The U.S. trade deficit widened more than expected in January. It’s been reported that importers are trying to increase inventory amid tariff concerns. That is worth watching because it could hurt first-quarter GDP.

- Expected/prior U.S. trade balance: –\$128.7 billion/–\$98.1 billion
- Actual U.S. trade balance: –\$131.4 billion



Employment Report
February (Friday)

Hiring improved in February, with 151,000 jobs added during the month. The unemployment rate rose to 4.1 percent.

- Expected/prior change in nonfarm payrolls: +160,000/+125,000
- Actual change in nonfarm payrolls: +151,000



>> The Takeaway

- Service sector confidence was better than expected last month, whereas manufacturing was a bit light.
- Although employment was slightly lower than expected, it exceeded January’s figure.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	−3.06%	−3.06%	−1.67%	13.36%
Nasdaq Composite	−3.43%	−3.43%	−5.66%	12.62%
DJIA	−2.33%	−2.33%	0.91%	12.27%
MSCI EAFE	3.12%	3.12%	10.69%	9.81%
MSCI Emerging Markets	2.89%	2.89%	5.27%	12.72%
Russell 2000	−4.01%	−4.01%	−6.76%	0.89%

Source: Bloomberg, as of March 7, 2025

U.S. equities, facing a softening economic picture and volatility around tariffs, moved lower. Tesla and Nvidia were down considerably, falling 10.4 percent and 9.8 percent, respectively. Artificial intelligence (AI) names such as Marvell Technology sold off more than 22 percent; AI capital expenditures came under question as Alibaba unveiled an efficient model to rival Chinese competitor DeepSeek. Defensive names fared better, with health care, materials, and consumer staples among the top performing sectors. Financials, consumer discretionary, energy, and technology were among the worst performers.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.21%	2.15%	4.08%
U.S. Treasury	1.19%	2.11%	3.37%
U.S. Mortgages	1.48%	2.45%	4.56%
Municipal Bond	0.03%	0.97%	2.03%

Source: Bloomberg, as of March 7, 2025

Bonds were mixed, with a sell-off in long-term bonds but a rally in bonds and bills with maturities of less than 2 years. The 10-year Treasury yield rose 9 basis points (bps), closing the week at 4.32 percent.

>> The Takeaway

- Economic softening and tariff volatility led U.S. equities lower.
- The bond market seems to have increased its expectations for cuts in 2025.

Looking Ahead

This week, data will focus on small business confidence, inflation, and consumer sentiment.

- On Tuesday, things kick off with the release of the **NFIB Small Business Optimism Index** for February. Confidence ticked down slightly last month after a strong uptick to end 2024.
- The **Consumer Price Index (CPI)** for February is set to be released Wednesday. Economists expect to see modest improvements in headline and core consumer inflation.
- On Thursday, the **Producer Price Index (PPI)** for February will be released. Producer inflation is expected to fall modestly.
- Finally, on Friday, the **Preliminary University of Michigan consumer sentiment survey** for March will be released. Sentiment is expected to fall.



Cape Fear River, North Carolina



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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.

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