



WEEK OF APRIL 7, 2025

Market Update

Business confidence dropped in both manufacturing and service sectors, and the manufacturing sector confidence moved deeper into contractionary territory in March. Global equities were hammered on global growth concerns amid higher U.S. tariffs. The focus this week will be the release of small business confidence, inflation, and consumer sentiment reports.

Quick Hits

1. **Report releases:** Hiring improved in March, while the unemployment rate ticked up to 4.2 percent.
2. **Financial market data:** Global equities were hammered on global growth concerns amid higher U.S. tariffs.
3. **Looking ahead:** The focus this week will be the release of small business confidence, inflation, and consumer sentiment reports.

Report Releases: March 31–April 4, 2025

ISM Manufacturing
March (Tuesday)

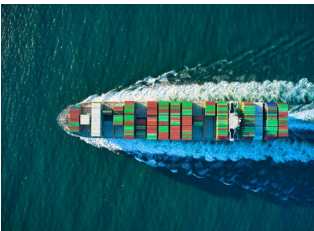
Manufacturer confidence fell more than expected in March, dropping into contractionary territory. For the same period, new orders fell and prices paid increased.

- Expected/prior month ISM Manufacturing Index: 49.5/50.3
- Actual ISM Manufacturing Index: 49.0



U.S. Trade Deficit
February (Thursday)

The U.S. goods and services deficit fell to \$122.7 billion in February, below the \$123.4 billion expected. This was an improvement from the \$130.7 billion in January. This will continue to gain attention as tariff policy remains implemented and countries potentially negotiate their trade deficits and tariff rates.



ISM Services
March (Thursday)

Service sector confidence remained in expansionary territory but fell notably, partially due to slower hiring and a decrease in new orders.

- Expected/prior month ISM Services Index: 52.9/53.5
- Actual ISM Services Index: 50.8



Personal Income and Spending
February (Friday)

Hiring improved in March, as 209,000 jobs were added. The unemployment rate ticked up to 4.2 percent.

- Expected/prior change in nonfarm payrolls: +140K/+117K
- Actual change in nonfarm payrolls: +209K
- Expected/prior unemployment rate: 4.1%/4.1%
- Actual unemployment rate: 4.2%



>> The Takeaway

- Business confidence dropped in both manufacturing and service sectors. Manufacturing sector confidence moved deeper into contractionary territory in March.
- The nonfarm payrolls number surprised to the upside in February, but there were also downside revisions to prior months.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	−9.05%	−9.56%	−13.43%	−0.10%
Nasdaq Composite	−9.99%	−9.88%	−19.13%	−2.16%
DJIA	−7.82%	−8.74%	−9.53%	1.05%
MSCI EAFE	−6.89%	−4.94%	1.74%	0.39%
MSCI Emerging Markets	−2.90%	−1.20%	1.74%	6.62%
Russell 2000	−9.64%	−9.18%	−17.79%	−9.84%

Source: Bloomberg, as of April 4, 2025

Global equities moved sharply lower as the Trump administration unveiled reciprocal tariffs that surprised to the upside on Wednesday night. The administration placed a baseline tariff of 10 percent on all countries, with additional reciprocal tariffs on those trading partners with which the U.S. carries deep trade deficits. The result of this notable fiscal tightening led to concerns over U.S. consumption and growth, and in turn, broader global growth. Energy, technology, financials, and industrials were the hardest hit sectors. Consumer staples, utilities, and real estate held up a bit better, but all were still down by at least 2.2 percent.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.96%	3.69%	6.39%
U.S. Treasury	1.38%	4.08%	6.27%
U.S. Mortgages	1.09%	4.11%	7.01%
Municipal Bond	−0.26%	1.26%	3.33%

Source: Bloomberg, as of April 4, 2025

Not surprisingly, U.S. Treasuries were bid up notably, as investors took flight to safety. The shorter end of the belly of the curve between the 2- and 10-year Treasury maturities saw the most notable buying. The 2-year Treasury yield fell by 24 basis points (bps) to close the week at 3.67 percent. The 5-year Treasury yield fell 27 bps to close at 3.71 percent. Additionally, we saw a notable increase in the probability of rate cuts in 2025, increasing to four by year-end.

>> The Takeaway

- Equities were hit hard over global growth concerns amid higher proposed U.S. tariffs.
- Treasuries, particularly on the short end of the curve, rose considerably as investors flocked to them for safety.

Looking Ahead

The focus this week will be on the release of small business confidence, inflation, and consumer sentiment reports.

- The week kicks off Tuesday with the **NFIB Optimism Index** for March. Small business confidence has recently given back some of its initial bounce post-election. We look to see if that continues in the most recent report.
- On Thursday, the **Consumer Price Index** for March will be released. Economists expect to see modest improvements in headline and core consumer inflation in March.
- Finally, on Friday, the **Producer Price Index** for March and the **Preliminary University of Michigan Consumer Sentiment** report for April will be released. Producer inflation is expected to increase modestly in March, while consumer sentiment is expected to continue falling in April.



Boise, Idaho



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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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