

MARKET VIEW WEEKLY

Philip Blancato, Chief Market Strategist, Osaic



ECONOMIC REVIEW¹

- February's headline Consumer Price Index (CPI) increased 0.2% month-over-month (MoM) and rose 2.8% year-over-year (YoY).
 - Both MoM and YoY headline data came in below expectations, driven lower by moderating energy and food prices.
- Core CPI, which excludes the volatile food and energy categories, came in below expectations at 0.2% MoM and 3.1% YoY.
 - Both monthly and yearly data came in below expectations, driven lower by transportation services.
 - Airline ticket prices declined 4.0%, and shelter inflation recorded its lowest YoY print since the end of 2021.
- February's headline Producer Price Index (PPI) was unchanged MoM and rose 3.2% YoY.
 - Energy prices declined 1.2% with gasoline down 4.7% in February.
 - Food prices rose 1.7%, but nearly half of the increase was attributed to the rise in egg prices.
- The Job Openings and Labor Turnover Survey (JOLTS) report showed that the labor market remained robust in January with job openings rising to 7.74 million, exceeding estimates of 7.6 million.
- The University of Michigan Consumer Sentiment index fell to 57.9 from 64.7 in February, which marked its lowest level since 2022.
 - The 5-year inflation expectations of consumers rose to 3.9%, the highest reading since 1993. Consumers surveyed also expressed uncertainty regarding future labor market and personal finance conditions.

How does the most recent inflation and economic data impact you?

- The lower-than-expected inflation data in February provided relief to markets concerned about higher prices and slower economic growth, although it did not reflect any price increases related to tariffs that have taken effect.
- Consumer confidence has been declining in recent months over concerns related to tariffs and federal government spending cuts. Higher inflation and weaker job market expectations may hamper consumer spending, which has been the backbone of the resilience in the U.S. economy.

A LOOK FORWARD¹



- This week investors will be focused on the February retail sales report, housing data, and the Federal Reserve's (Fed's) interest rate decision.

How does this week's slate of economic data impact you?

- This week's retail sales report will be heavily scrutinized after lower-than-expected consumer spending in January and recent surveys indicated lower consumer confidence. However, it should be noted that January and February have historically been the weakest months of the year for monthly retail sales.
- The Fed is expected to leave rates unchanged at their upcoming meeting. Elevated interest rates impact consumer behavior by increasing borrowing costs, including higher mortgage rates, making home purchasing more expensive, which can have adverse effects on home sales and new home construction.



MARKET UPDATE²

| Market Index Returns as of 3/14/2025 | WTD | QTD | YTD | 1 YR | 3 YR | 5 YR |
|--------------------------------------|--------|--------|--------|--------|--------|--------|
| S&P 500 | -2.23% | -3.85% | -3.85% | 11.68% | 11.48% | 17.59% |
| NASDAQ | -2.40% | -7.93% | -7.93% | 11.94% | 11.98% | 18.57% |
| Dow Jones Industrial Average | -2.98% | -2.10% | -2.10% | 9.06% | 9.51% | 14.62% |
| Russell Mid-Cap | -2.19% | -3.91% | -3.91% | 5.88% | 6.62% | 14.54% |
| Russell 2000 (Small Cap) | -1.45% | -8.11% | -8.11% | 1.59% | 2.75% | 12.56% |
| MSCI EAFE (International) | -1.11% | 9.41% | 9.41% | 8.82% | 9.21% | 13.57% |
| MSCI Emerging Markets | -0.74% | 4.46% | 4.46% | 10.76% | 5.66% | 7.25% |
| Bloomberg Barclays US Agg Bond | -0.06% | 2.08% | 2.08% | 5.17% | 0.19% | -0.38% |
| Bloomberg Barclays High Yield Corp. | -0.67% | 1.08% | 1.08% | 8.53% | 5.61% | 6.39% |
| Bloomberg Barclays Global Agg | -0.20% | 2.33% | 2.33% | 3.06% | -1.77% | -1.60% |



OBSERVATIONS

- Performance for the three major U.S. large-cap stock indices were negative last week. The Dow Jones led the decline and returned -2.98%. The S&P 500 entered correction territory last week with a -2.23% decline, and the NASDAQ also fell, posting a -2.40% return.
- Small-cap stocks were the best domestic performer for the week with a -1.45% return, outperforming their large-cap counterparts. Mid-cap stocks were also negative and fell -2.19% on the week.
- International developed stocks slid last week as well, but outperformed U.S. equity indices. Developed markets declined -1.11%, and emerging markets posted a return of -0.74%.
- Fixed income indices were negative last week as bond yields remained mostly unchanged. The U.S. Aggregate Bond Index performed the best with a -0.06% return, while the High Yield Corporate Index declined -0.67% over economic growth concerns. The Global Aggregate Bond Index also finished down for the week with a -0.20% return.



BY THE NUMBERS

President Trump Signs Government Funding Bill, Avoiding a Shutdown: President Donald Trump on Saturday signed legislation funding the government through the end of September, an expected move to avoid a partial government shutdown. The Senate cleared the legislation on Friday in a 54-46 party line vote, with 10 members of the Senate Democratic caucus helping the bill advance to passage despite opposition from within their party. The bill largely keeps government funding at levels set during Joe Biden's presidency, though with changes. It trims non-defense spending by about \$13 billion from the previous year and increased defense spending by about \$6 billion, which are marginal changes when talking about a top-line spending level of nearly \$1.7 trillion.³

Wholesale Price of Eggs Drops for 3rd Week in a Row: The national average wholesale price of eggs dropped for the third week in a row, as high prices caused falling demand and bird flu outbreaks hit a lull, according to the U.S. Department of Agriculture. The average wholesale price fell to \$4.15 per dozen last week, down by \$2.70, according to a weekly USDA report released on Friday. Just two weeks ago, on Feb. 28, the average wholesale price was \$8.05 per dozen. The Justice Department is in the early stages of investigating the major egg producers over soaring egg prices, sources familiar with the matter told ABC News last week.⁴

Economic Definitions

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is

Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Disclosures

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¹ Data obtained from Bloomberg as of 3/14/2025.

² Data obtained from Morningstar as of 3/14/2025.

³ [Trump signs government funding bill, avoiding a shutdown](#)

⁴ [National average wholesale price of eggs drops for 3rd week in a row - ABC News](#)