



Monthly Recap

Financial markets experienced notable volatility during March, driven by mixed economic data, policy uncertainty, and shifting investor sentiment. As we approach the end of the month, the S&P 500 is down over 6% for the month and over 5% on a year-to-date basis. The growth-heavy Nasdaq Composite has fallen 10.3% in 2025, reflecting concerns over tech sector valuations. From a sector perspective, the technology sector faced significant headwinds, with major tech stocks underperforming due to valuation concerns and regulatory pressures. Consumer discretion stocks also had a difficult month as consumer confidence and retail sales soften. Conversely, the energy sector saw gains, buoyed by rising oil prices. Defensive and value-oriented areas of the market, such as healthcare and utilities, also performed relatively well, benefiting from capital rotating into investments with dividend support and lower valuations. In the fixed income markets, Treasury yields, after declining in January and February on weaker economic data as investors sought safety amid economic uncertainties, have been choppy during March. Credit spreads remained tight, though there was some widening in response to a more opaque economic outlook. The Consumer Price Index (CPI) for February, released in early March, indicated a modest 0.2% month-over-month increase, bringing the annual inflation rate to 2.8%. This deceleration from January's 3.0% annual rate suggests that inflationary pressures are easing, albeit gradually. The core CPI, excluding food and energy, rose 0.2% month-over-month, maintaining a 3.1% annual increase. The Federal Reserve's March meeting concluded with a decision to hold the federal funds rate steady at 4.75%. The Fed's statement highlighted ongoing concerns about economic growth and inflation, noting that while inflation is moderating, it remains above the 2% target. The Fed's outlook suggests a cautious approach, with potential rate cuts later in the year if economic conditions warrant. Policy uncertainty, particularly regarding future rate decisions and economic projections, has been a significant driver of market sentiment.

Key Thought

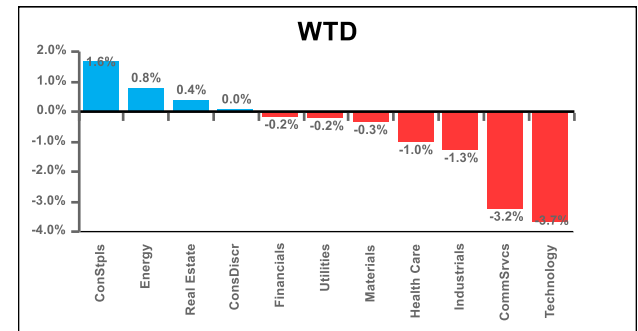
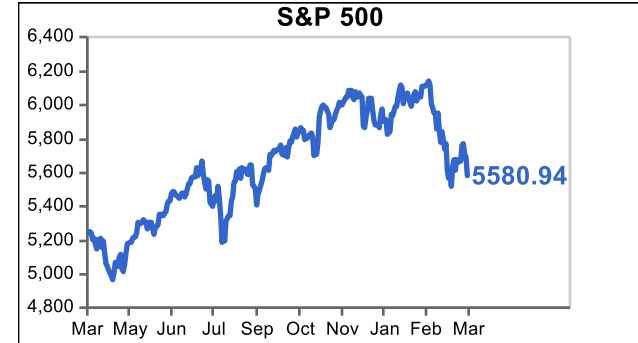
The U.S. economy appears to have entered its late-cycle stage; however, the probability of an imminent recession remains doubtful. The stock market has pulled back over the past three months, with the S&P 500 declining by 5.11%. It is well known the quarterly pace of 2-3% real growth was not going to be infinitely sustainable. On the positive side, investors who maintained more balanced portfolios of stocks and bonds have benefited from the traditional negative correlation between the two asset classes. For instance, the U.S. Aggregate Bond Index returned 2.3% over a three-month horizon, which helped mitigate some portfolio deterioration from equity losses. On March 19th, the U.S. Federal Reserve left interest rates unchanged, indicating that the FOMC is not yet overly concerned about a pre-recession slowdown. Over the past week, the committee reiterated its commitment to relying on hard data rather than soft data, such as consumer sentiment. With a Fed funds target range of 4.25-4.5% and an extended pause in the rate cut cycle, we can infer that the FOMC believes we are in neutral territory. The length of this pause remains uncertain until the committee has a clearer picture of fiscal policy impacts on the U.S. economy. In the meantime, several signs of strength in the U.S. economy persist, including GDP growth, corporate profits, liquidity, price stability, and a strong labor market.

Stocks	Close	Wk Net Change	Wk % Change	Div Yield	YTD % Change	12 Mos % Change
DJII-USA	41,583.90	-401.45	-0.96	1.88	-2.26	4.46
S&P 500	5,580.94	-86.62	-1.53	1.67	-5.11	6.22
NASDAQ	17,322.99	-461.06	-2.59	1.13	-10.29	5.76
S&P MidCap 400	2,915.07	-30.70	-1.04	2.43	-6.60	-4.31
EAFE	82.46	-1.20	-1.43	3.27	9.06	3.26
Emerging Markets	54.09	-0.99	-1.80	3.16	3.58	4.83

Treasuries	Current Yield	12/31/23 Yield	FOREX	Price	Wk % Change
1 - Year	4.03	4.15	EUR/USD	1.08	0.09
2 - Year	3.91	4.24	USD/JPY	150.28	0.28
5 - Year	3.98	4.38	GBP/USD	1.29	0.25
10 - Year	4.24	4.57	USD/CAD	1.43	-0.24
30 - Year	4.63	4.78			

Sector - Large Cap	Close	Wk Net Change	WTD	MTD	QTD	YTD
Defensive						
Staples	878.39	14.25	1.6%	(4.4%)	2.9%	2.9%
Health Care	1,687.06	-16.91	(1.0%)	(2.7%)	5.1%	5.1%
CommServices	318.99	-10.65	(3.2%)	(8.6%)	(6.6%)	(6.6%)
Eco Sensitive						
Consumer Disc	1,578.24	0.78	0.0%	(8.9%)	(13.8%)	(13.8%)
Energy	708.15	5.42	0.8%	2.6%	8.1%	8.1%
Industrials	1,102.69	-14.09	(1.3%)	(4.3%)	(1.2%)	(1.2%)
Info Tech	4,018.80	-152.25	(3.7%)	(8.9%)	(12.8%)	(12.8%)
Materials	536.26	-1.80	(0.3%)	(3.9%)	1.2%	1.2%
Interest Rate Sensitive						
Financials	819.20	-1.34	(0.2%)	(5.5%)	1.8%	1.8%
Utilities	396.59	-0.84	(0.2%)	(1.0%)	3.0%	3.0%
REIT	258.31	0.95	0.4%	(4.0%)	1.6%	1.6%

COMING UP NEXT WEEK		Consensus	Prior
03/31 Chicago PMI SA	(Mar)	44.1	45.5
04/01 ISM Manufacturing SA	(Mar)	49.5	50.3
04/01 JOLTS Job Openings	(Feb)	7,650K	7,740K
04/02 Durable Orders SA M/M (Final)	(Feb)	0.90%	0.90%
04/02 Factory Orders SA M/M	(Feb)	0.55%	1.7%
04/03 Initial Claims SA	(03/29)	224.0K	224.0K
04/03 Markit PMI Services SA (Final)	(Mar)	54.3	54.3
04/03 ISM Services PMI SA	(Mar)	53.3	53.5
04/04 Hourly Earnings SA M/M (Preliminary)	(Mar)	0.30%	0.30%
04/04 Nonfarm Payrolls SA	(Mar)	125.0K	151.0K
04/04 Unemployment Rate	(Mar)	4.2%	4.1%



Russell Style Return

WTD	Value	Blend	Growth	YTD	Value	Blend	Growth
Large	-0.47%	-1.54%	-2.53%	1.05%	-5.06%	-10.12%	
Medium	-0.57%	-1.06%	-2.68%	-2.93%	-3.97%	-7.12%	
Small	-1.23%	-1.64%	-2.04%	-7.59%	-9.08%	-10.37%	