

### Equities

U.S. equities plummeted amid a rollercoaster of policy uncertainty and softer macroeconomic data, as the S&P 500 finished near a 6-month low. The Nasdaq 100 fell -3.45% and entered correction territory as the policy environment has ruptured the previously dominant momentum trade. Perhaps the most alarming message sent by traders came in the lack of a rally even when tariffs were delayed, demonstrating the uncertainty gripping markets. Ironically, U.S. Q4 earnings have been quite strong, with S&P 500 EPS rising 14% y/y compared to a 7% expectation. International equities continued to perform better, with the big news last week being Germany's plan to scrap their "debt brake" to invest in defense and infrastructure, sending bond yields and the Euro higher while stocks were flat.

### Fixed income

The U.S. yield curve steepened as traders priced more Fed cuts into the curve while long-term rates were up modestly. The market now sees three rate cuts this year, driving the two-year yield below 4% for the first time since October. Rate volatility has returned with a vengeance amid policy uncertainty, with the MOVE Index rising to a four-month high. Both core fixed income and credit markets declined on the week.

### Commodities

Crude oil traded lower for most of the week, with WTI ended at \$67.04/bbl and Brent dipping below \$70/bbl for the first time since September. Prices are being hit from both ends, as OPEC+ begins to slowly reverse production cuts and demand concerns increase amid a new trade war. Copper shot higher to a four-month high on potential U.S. tariffs on the metal. Gold continues to be the favored trade amid policy uncertainty, rising 2.30% last week.

### Economic overview

Economic data are beginning to show the impacts from new federal policies. The ISM Manufacturing Index fell slightly to 50.3, while the Prices Paid index surged. Monthly layoffs more than doubled from last year, mostly driven by job losses among federal workers. While the headline job gain of 151k in the payrolls report was roughly in line with expectations, details were somewhat soft. The unemployment rate rose a tenth to 4.1%, and the percent of workers who report being "part time for economic reasons" jumped to 3%, the highest since 2021.

Equities (price index)		MTD	QTD	YTD	2024
S&P 500	5,770.20	-3.10%	-1.89%	-1.89%	23.31%
DJIA	42,801.72	-2.37%	0.61%	0.61%	12.88%
NASDAQ	18,196.22	-3.45%	-5.77%	-5.77%	28.64%
Russell 2000	2,075.48	-4.05%	-6.94%	-6.94%	10.02%
MSCI World	3,740.37	-1.71%	0.88%	0.88%	17.00%
MSCI Europe	2,294.50	3.59%	14.56%	14.56%	-0.87%
MSCI EAFE	2,495.73	3.02%	10.34%	10.34%	1.15%
MSCI Asia	187.96	2.50%	3.49%	3.49%	7.23%
MSCI EM	1,128.55	2.85%	4.93%	4.93%	5.05%
VIX	23.37	3.74	6.02	6.02	4.90

Fixed income (total return index)					
Barclays U.S. Agg	2,236.01	-0.58%	2.15%	2.15%	1.25%
Inv. grade bonds	3,353.01	-0.65%	1.93%	1.93%	2.13%
High yield bonds	2,730.31	-0.28%	1.76%	1.76%	8.19%
Leveraged Loans	4,090.59	-0.10%	0.70%	0.70%	8.95%

Alternatives (total return index)					
FTSE NAREIT	26,066.56	-1.32%	3.85%	3.85%	4.92%
REIT Index					
GS Commodity Index	551.31	-0.41%	0.30%	0.30%	2.61%
Alerian MLP Index	2,538.27	-3.89%	8.15%	8.15%	24.41%

Commodities		MTD	QTD	YTD	2024
WTI Crude	\$67.04	-3.90%	-6.53%	-6.53%	0.10%
Brent Crude	\$70.36	-3.85%	-5.73%	-5.73%	-3.12%
Natural Gas	\$4.40	14.74%	21.08%	21.08%	44.51%
Gold	\$2,914	2.30%	10.34%	10.34%	27.47%

Currency					
Dollar Index (DXY)	103.84	-3.51%	-4.29%	-4.29%	7.06%
USDCNY	7.25	-0.45%	-0.73%	-0.73%	2.81%
Bitcoin	86,282	2.46%	-7.93%	-7.93%	120.46%

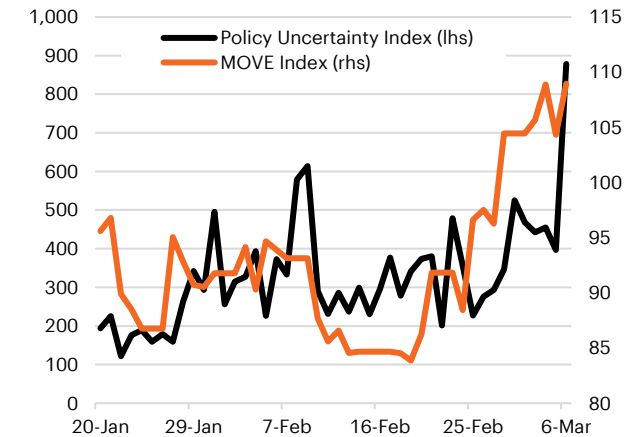
Spreads					
Inv. grade bonds	87 bps	0 bps	7 bps	7 bps	-19 bps
High yield bonds	291 bps	11 bps	4 bps	4 bps	-36 bps
Leveraged loans	406 bps	8 bps	8 bps	8 bps	-61 bps
Emerging markets	218 bps	-3 bps	-2 bps	-2 bps	-77 bps

Interest rates					
Fed Funds Target	4.375%	4.375%	4.375%	4.375%	5.38%
SOFR	4.35%	-4 bps	-14 bps	-14 bps	-89 bps
2-year Treasury	4.00%	1 bps	-24 bps	-24 bps	-1 bps
10-year Treasury	4.30%	9 bps	-27 bps	-27 bps	69 bps
30-year Treasury	4.60%	11 bps	-18 bps	-18 bps	75 bps
Barclays U.S. Agg	4.67%	9 bps	-24 bps	-24 bps	23 bps
Inv. grade bonds	5.18%	10 bps	-15 bps	-15 bps	27 bps
High yield bonds	7.30%	15 bps	-19 bps	-19 bps	-10 bps

Last week's equity returns



Uncertainty drives rate vol higher



Source: Economic Policy Uncertainty, BofAML, as of March 6, 2025.

## Equities

**S&P 500:** Leading single benchmark of large-cap U.S. equities, representing approximately 500 of the largest U.S. companies. **Dow Jones Industrial Average:** Price-weighted measure of 30 U.S. blue-chip companies. **NASDAQ:** Stock market index of stocks listed on the NASDAQ. Index is heavily weighted toward technology companies. **Russell 2000:** Index measuring performance of approximately 2,000 small-cap U.S. equities. **MSCI World Index:** Broad global equity benchmark including both developed and emerging markets. **MSCI Europe Index:** Equity benchmark that measures the performance of large and mid-cap equities across 15 developed countries in Europe. **MSCI EAFE Index:** Equity benchmark that represents the performance of large and mid-cap securities across 21 developed markets, including countries in Europe, Australasia and the Far East. **MSCI Asia Index:** Equity benchmark that captures large and mid-cap representation across developed market countries and emerging market countries in Asia. **MSCI Emerging Markets Index:** Equity benchmark representing 24 developing or emerging market countries, representing 10% of world market cap. For more info on these MSCI indices, visit MSCI.com. **CBOE Volatility Index (VIX):** Key measure of market expectations of near-term volatility conveyed by S&P 500 stock option price.

## Credit

**Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment-grade, fixed-rate bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market.

## Alternatives

**FTSE NAREIT All Equity REITs Index:** Free-float adjusted market cap-weighted index that includes all tax-qualified REITs listed in the NYSE, AMEX, and NASDAQ. **S&P GSCI:** First major investable commodity index. It is one of the most widely recognized benchmarks that is broad-based and production-weighted to represent the global commodity market beta. **Alerian MLP Index:** Leading gauge of energy MLPs, representing about 85% of total industry market cap. **HFRX Global Hedge Fund Index:** Index designed to be representative of the overall composition of the hedge fund universe, comprised of all eligible hedge fund strategies.

## Commodities

**Generic 1st Crude Oil (WTI Crude):** Front-month West Texas Intermediate Crude Oil futures. **Generic 1st Brent Crude Oil (Brent Crude):** Front-month Brent Crude futures. **Generic 1st Natural Gas:** Front-month natural gas futures. **Generic 1st Gold, 100 oz:** Front-month gold (100 oz) futures.

## Currency

**Dollar Spot Index:** Indicates the general international value of the USD by averaging the exchange rates between the USD and major world currencies. **USDCNY:** price of 1 USD in CNY (the Chinese renminbi, or yuan). **Bitcoin:** price of 1 Bitcoin in USD.

## Spreads

**Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market. **Bloomberg S&P/LSTA U.S. Leveraged Loan Index:** Market value-weighted index designed to measure the performance of the U.S. leveraged loan market. **Barclays EM USD Aggregate Index:** Flagship hard currency emerging market debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign and corporate EM issuers.

## Interest rates

**Fed funds target:** Target rate for the federal funds policy rate, set by the Federal Reserve each meeting. This rate is an “overnight rate,” i.e., it is the rate charged by depository institutions (banks) to each other for overnight loans. **SOFR:** Secured Overnight Financing Rate (SOFR) measures the cost of borrowing cash overnight collateralized by Treasuries. **ICE 3-Month London Interbank Offered Rate (LIBOR):** Average interest rate at which leading banks borrow funds of a sizable amount from other banks in the London market. LIBOR is the most widely used “benchmark” or reference rate for short-term interest rates. **Treasury rates:** Market yields for U.S. Treasury securities with maturities of 2, 10 and 30 years. **Bloomberg Barclays U.S. Aggregate Bond Index:** Broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. **Bloomberg Barclays U.S. Corporate Index:** Measures the USD-denominated, investment grade, fixed-rate, taxable bond market. **Bloomberg Barclays U.S. Corporate High Yield Index:** Measures the USD-denominated, high yield, fixed-rate bond market.

**Sources:** Bureau of Labor Statistics (BLS), Department of Labor, Bureau of Economic Analysis (BEA), International Monetary Fund (IMF), OECD, Federal Reserve, Institute for Supply Management (ISM), Mortgage Bankers Association (MBA), U.S. Census Bureau, Standard & Poor's, Bank of America Merrill Lynch, Bloomberg, Macrobond.

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