

# Weekly Market Recap

March 24, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	5,668	0.5%	-3.6%
Dow Jones Industrial Average	41,985	1.2%	-1.3%
NASDAQ	17,784	0.2%	-7.9%
Russell 2000® Index	2,057	0.6%	-7.8%
MSCI EAFE Index	2,500	1.4%	10.6%
Ten-Year Treasury Yield	4.25%	-0.1%	0.4%
Oil WTI <sup>1</sup> (\$/bbl <sup>2</sup> )	\$68.30	1.7%	-4.8%
Bonds <sup>3</sup>	\$98.74	0.5%	2.7%

<sup>1</sup>WTI = West Texas Intermediate Oil. <sup>2</sup>bbl = Barrel. <sup>3</sup>Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

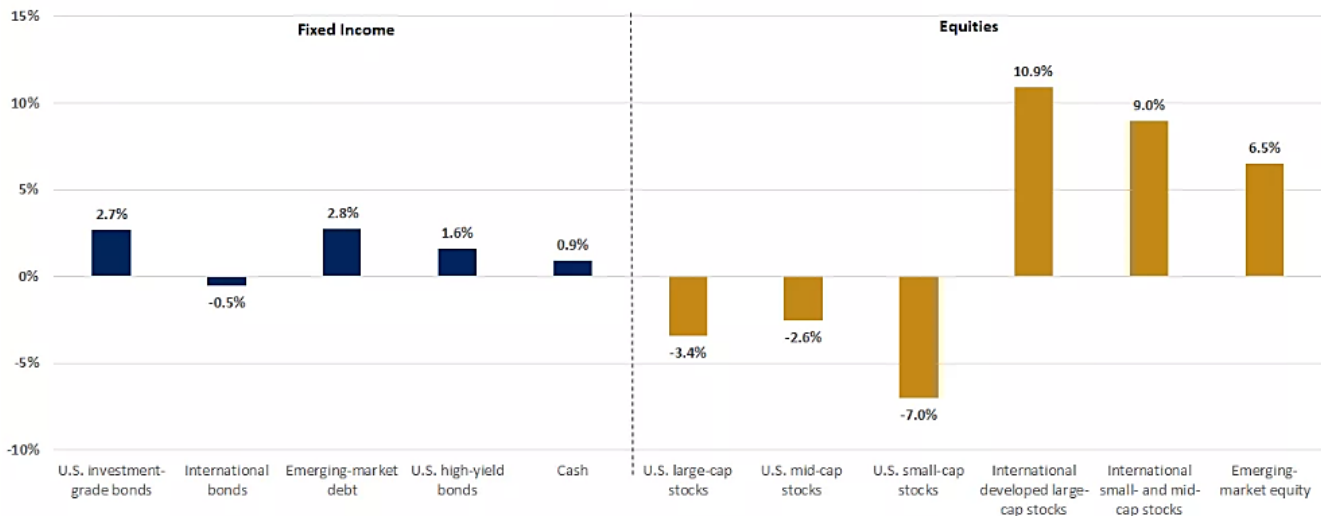
## Last Week:

### U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) finished up +0.5% after a rocky week as concerns related to President Trump's tariffs and an economic slowdown weighed on investor sentiment. Trump and White House officials continued to point to the looming April 2<sup>nd</sup> schedule for the imposition of reciprocal tariffs. The Federal Reserve (Fed) held rates steady, and the median dot plot forecasts of two rate cuts of 0.25% in 2025 remained unchanged from the December meeting. The Fed lowered the U.S. gross domestic product (GDP) forecast and modestly increased their inflation forecast. Fed Chair Jerome Powell's economic commentary remained somewhat positive in our view, suggesting that inflation impacts from tariffs could be transitory. Retail sales were lower than analyst expectations. The 10-year Treasury yield fell to 4.25% from 4.32%. The U.S. dollar was up, gold rose +0.7%, and oil (WTI) was up +1.7%.
- S&P 500 Index Sector Returns:
  - Energy (+3.2%) rose, as the price of oil rose +1.7%.
  - Financials (+1.9%) rose, led by banks.
  - Healthcare (+1.1%) rose, led by managed care and pharma stocks.
  - Industrials (+0.9%) rose, led by aerospace and defense stocks.
  - Consumer discretionary (0.03%) fell, led lower by homebuilders and travel stocks.
  - Technology (-0.1%) fell, led lower by hardware stocks.
  - Real Estate (-0.1%) fell, led lower by industrial real estate investment trusts (REITs).
  - Communication services (-0.1%) fell, led lower by internet search and social media stocks.
  - Materials (-0.3%) fell, led lower by chemical companies.
  - Consumer staples (-0.3%) and utilities (-0.2%) underperformed, as investors appeared to favor less-defensive stocks.

- Diversified portfolios appeared to benefit from exposure to bonds and international stocks thus far in 2025 as U.S. stocks have declined.

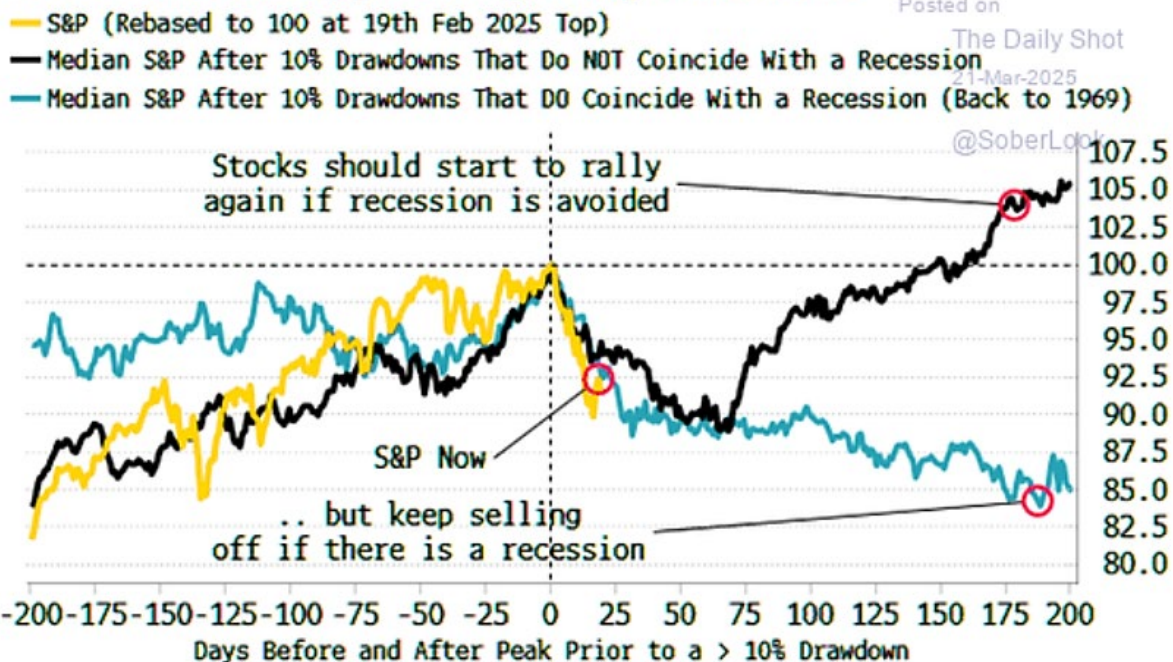
Bonds and international stocks have delivered solid year-to-date performance as U.S. stocks have pulled back



Sources: Morningstar; Edward Jones.

- Historically, the S&P 500 has generated attractive returns 200 days after a correction when there is not a recession associated with the correction. However, when there is a recession, the S&P 500 has historically declined further.

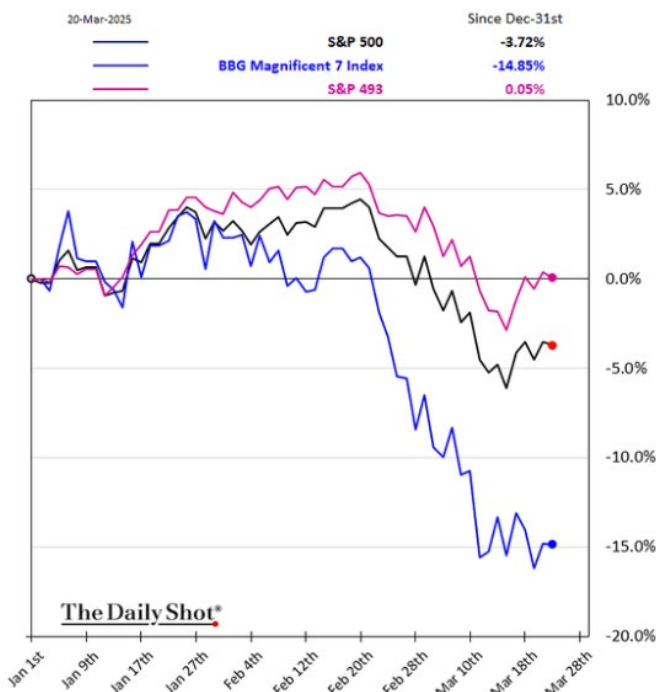
### Stock Market Is Approaching a Key Crossroads



Sources: Bloomberg L.P.; MacroBond; The Daily Shot.

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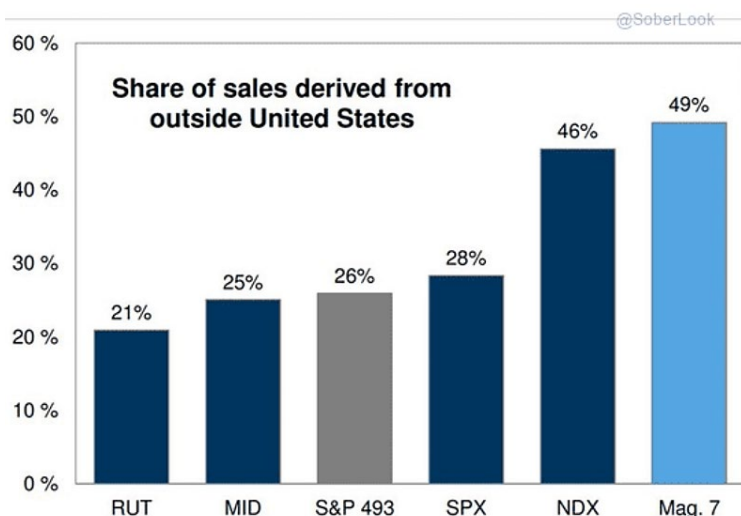
- The “Magnificent 7” (M7) equities are down nearly 15% thus far in 2025, while the rest of the S&P 500 Index (S&P 493) is flat this year.



The S&P 493 is an abbreviation for the S&P 500 Index minus the M7 and is not an official index. The M7 stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla. Sources: FactSet; Edward Jones.

- The S&P 493, mid caps (MID), and small caps (RUT) have less revenue generated from outside the U.S. which is likely to provide less risk from trade policy uncertainty.

**Trade policy risk favors the S&P 493** Posted on Goldman Sachs The Daily Shot  
 Magnificent 7 stocks are more exposed to global growth risks than S&P 493



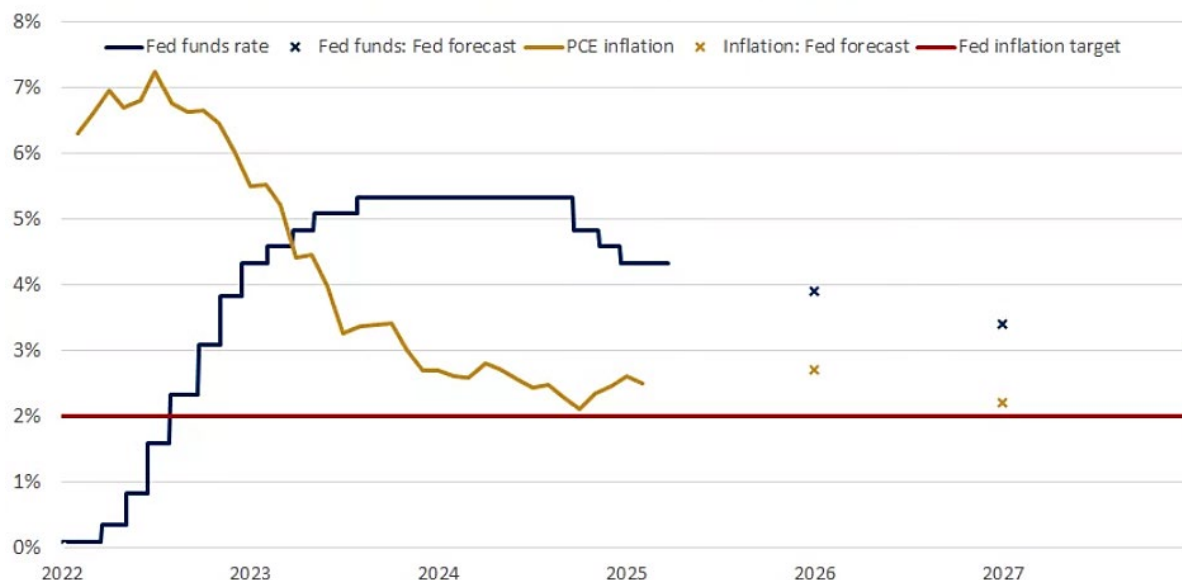
MID: Russell Midcap® Index. NDX: NASDAQ-100 Index. RUT: Russell 2000 Index. SPX: S&P 500 Index. Sources: Goldman Sachs; The Daily Shot.

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## Fixed Income Markets

- The Fed's projections show that the Fed is expected to cut short-term interest rates in 2025, 2026, 2027, and beyond in order to bring the fed funds rate closer to 2.0%. Lower interest rates could reduce borrowing costs for individuals, businesses, and the U.S. government, which would support the U.S. economy and corporate earnings.

**Fed remains on track to continue cutting rates, though the pace has slowed**

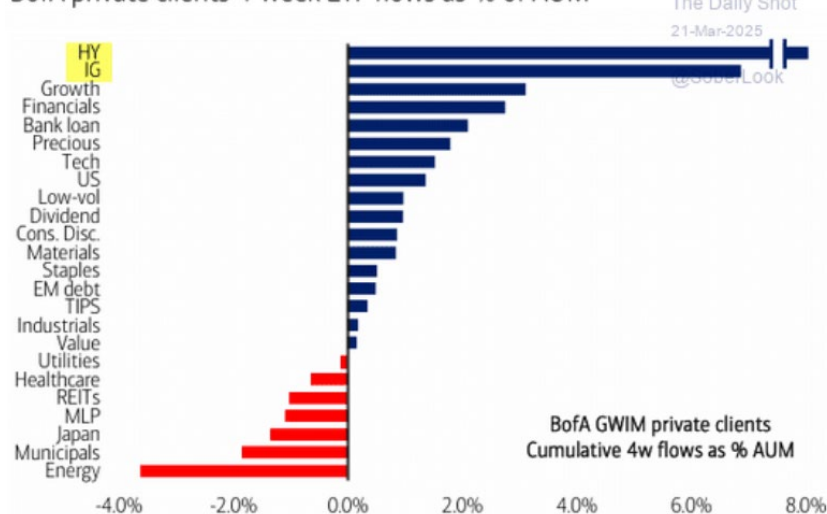


Sources: U.S. Federal Reserve; U.S. Bureau of Economic Analysis; Edward Jones.

- Bank of America's private clients have been adding capital to high-yield (HY) bonds, investment-grade (IG) bonds, and growth equities over the past four weeks.

**Chart 8: Private clients bought HY, IG, and growth ETFs**

BofA private clients 4-week ETF flows as % of AUM



AUM: assets under management. ETF: exchange-traded fund. EM: emerging markets. MLP: master limited partnership. TIPS: treasury inflation-protected services. Sources: Pitchbook; LCD; Morningstar; The Daily Shot.

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## U.S. Economic and Political News

- February housing starts came in well above analyst expectations, but permits were only in line with expectations. Existing home sales were better than analysts expected.
- Initial jobless claims rose modestly and were largely in line with expectations, but continuing jobless claims undershot analyst forecasts.

## International Markets and News

- European markets (STOXX 600 Index) rose +0.6% as hopes of an increase in government spending improved sentiment for European equities.
- The Chinese stock market (Shanghai Composite) fell -1.6% this week after two weeks of gains as U.S. trade policy uncertainty weighed on investor sentiment.
- Japanese equities (Nikkei 225 Index) rose +1.7% as the Bank of Japan held rates steady at 0.5% while it assesses the potential impact of U.S. tariffs on Japan's economy.

## This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
  - Monday: March Preliminary Manufacturing/Services Purchasing Managers' Index (PMI);
  - Tuesday: Federal Housing Finance Agency (FHFA) House Price Index, New Home Sales, Consumer Confidence, Redbook Chain Store, American Petroleum Institute (API) Crude Inventories, 2025 N.Y. Fed Regional and Community Banking Conference;
  - Wednesday: Mortgage Bankers Association (MBA) Applications, Durable Orders, Department of Energy (DOE) Crude Inventories;
  - Thursday: Q4's second revision of GDP Chain Price/GDP, Wholesale Inventories, Pending Home Sales, Energy Information Administration (EIA) Natural Gas Inventories, Weekly Jobless Claims;
  - Friday: Core PCE, Personal Spending/Income, Michigan Consumer Sentiment (Final).

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®  
Executive Director

Griffith Jones, Jr.  
Executive Director

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Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

**The S&P 500<sup>®</sup> Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

**The Russell 2000<sup>®</sup> Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000<sup>®</sup> Index is a subset of the Russell 3000<sup>®</sup> Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000<sup>®</sup> is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

**The Russell Midcap<sup>®</sup> Index** measures the performance of the mid-cap segment of the U.S. equity universe. The Russell Midcap<sup>®</sup> Index is a subset of the Russell 1000<sup>®</sup> Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap<sup>®</sup> Index represents approximately 31% of the total market capitalization of the Russell 1000<sup>®</sup> companies. The Russell Midcap<sup>®</sup> Index is constructed to provide a comprehensive and unbiased barometer for the mid-cap segment. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true mid-cap opportunity set.

**The Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

**The NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

**The NASDAQ-100 Index** includes 100 of the largest domestic and international non-financial companies listed on The NASDAQ Stock Market based on market capitalization. The Index reflects companies across major industry groups including computer hardware and software, telecommunications, retail/wholesale trade and biotechnology. It does not contain securities of financial companies including investment companies.

**The MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**The STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

**The Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

**The Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

**The Bloomberg Magnificent 7 Total Return Index** is an equal-dollar weighted benchmark consisting of a fixed basket of seven widely traded U.S. companies: Apple, Amazon, Alphabet, Meta, Microsoft, NVIDIA, and Tesla, representing the Communications, Consumer Discretionary, and Technology sectors.

Technical Terms: **Assets Under Management (AUM)** refers to the total market value of all the assets a financial institution or advisor manages on behalf of their clients. The **Consumer Confidence Index (CCI)** is a survey administered by the Conference Board. The CCI measures what consumers are feeling about their expected financial situation, whether that's optimistic or pessimistic. The survey is based on the premise that if consumers are optimistic, they will spend more and stimulate the economy, but if they are pessimistic then their spending patterns could lead to an economic slowdown or recession. The Fed's **dot plot** is a chart published quarterly that shows where each member of the Fed's policymaking committee expects interest rates to be over the next few years. This is important because the Fed sets the nation's benchmark interest rate, the federal funds rate. An **Exchange-Traded Fund (ETF)** is a type of investment fund that is traded on a stock exchange, similar to a stock, and holds a basket of assets like stocks or bonds, allowing investors to gain exposure to a broad market or specific sector. The **federal funds rate** is the interest rate at which banks lend reserve balances to each other overnight, a key tool the Federal Reserve uses to influence monetary policy and the overall economy. The **FHFA House Price Index (FHFA HPI)<sup>®</sup>** is a comprehensive collection of publicly available house price indexes that measure changes in single-family home values based on data that extend back to the mid-1970s from all 50 states and over 400 American cities. **Gross domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. **Housing starts** refer to the number of new privately owned residential units (including single-family homes, townhouses, condos, and apartment buildings) on which construction has begun during a specific period, serving as an economic indicator. A **master limited partnership (MLP)** trades on an exchange. MLPs generally experience cash flow stability and are required by the partnership agreement to distribute a set amount of cash to their investors. Their structure can also help reduce the cost of capital in capital-intensive businesses such as the energy sector. The **Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. The survey is based on telephone interviews that gather information on consumer expectations for the economy. **Personal consumption expenditures (PCE)**, also known as consumer spending, is a measure of the spending on goods and services by people of the United States. According to the Bureau of Economic Analysis (BEA), a U.S. government agency, PCE accounts for about two-thirds of domestic spending and is a significant driver of gross domestic product (GDP). The **Purchasing Managers' Index (PMI)** is an indicator of the prevailing direction of economic trends in the manufacturing and service sectors. The indicator is compiled and released monthly by the Institute for Supply Management (ISM), a nonprofit supply management organization. **Treasury Inflation-Protected Securities (TIPS)** are U.S. government bonds designed to protect investors against inflation by adjusting their principal and interest payments based on the Consumer Price Index (CPI). (Technical definitions are sourced from Corporate Finance Institute.)

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