



Market Update

(all values as of
04.30.2025)

Stock Indices:

Dow Jones	40,669
S&P 500	5,569
Nasdaq	17,446

Bond Sector Yields:

2 Yr Treasury	3.60%
10 Yr Treasury	4.17%
10 Yr Municipal	3.36%
High Yield	7.69%

YTD Market Returns:

Dow Jones	-4.41%
S&P 500	-5.31%
Nasdaq	-9.65%
MSCI-EAFE	12.00%
MSCI-Europe	15.70%
MSCI-Pacific	5.80%
MSCI-Emg Mkt	4.40%

US Agg Bond	3.18%
US Corp Bond	2.27%
US Gov't Bond	3.13%

Commodity Prices:

Gold	3,298
Silver	32.78
Oil (WTI)	58.22

Currencies:

Dollar / Euro	1.13
Dollar / Pound	1.34
Yen / Dollar	142.35
Canadian /Dollar	0.72

Macro Overview

Consumers helped buoy markets in April as shoppers rushed to spend on autos, sports equipment, and electronics in anticipation of rising prices brought about by tariffs. The additional consumer spending in April boosted economic activity throughout the country. Some economists believe that the last minute buying dashes by consumers may be masking a gradual slowdown in consumption that has been lingering for months.

Remarks by Fed Chair Jerome Powell agitated markets as he mentioned that markets and the Federal Reserve were caught off guard by the magnitude of the newly imposed tariffs and the broad scope affecting financial markets and trade.

Shipments from China to the U.S. have fallen since the announcement of the tariffs, as the trade tension has created an uncertain environment. Analysts believe that the drop in shipments may lead to shortages of particular products and goods for American consumers.

Bond markets, including government and corporate bonds, have been advancing ahead of equities as of the end of April. Unexpected volatility in the equity markets and continuous uncertainty surrounding tariffs brought about reallocations to bonds. Analysts will closely be watching earnings results for the second quarter of 2025, which will include indication of any influence by the tariffs. Second quarter earnings are due for release in July and August.

Inflation, as measured by the Consumer Price Index (CPI), fell greater than expected in March, with an increase of 2.4% for the past year, down from 3.5% in March 2024. Some economists attribute the drop to languishing consumer expenditures and slowing wage and employment growth nationwide.

China's government has stopped publishing and releasing several key economic data which reveal the state of the country's economy. Such data has been questionable for years because of the lack of transparency, accuracy and legitimacy of the data. Central banks, economists and analysts examine the data to determine the condition of China's economy and health of the country's financial system. The most recently extracted data exposed a quickly slowing economy, a collapsing real estate market, and excessive consumer debt. Many analysts and economists tracking the data believe that the recent threats of tariffs by the U.S. have heightened the country's risk to recession and financial duress.

Recent developments regarding Social Security benefits and cuts associated with the agency have triggered some concern among future recipients as to whether to take benefits sooner rather than later. The Social Security Administration reports that age 62 is now the most popular age for Americans to start receiving their benefits, which is also the earliest age that benefits can begin, while age 70 is the least common age to start taking benefits.

A weaker U.S. dollar is affecting the price of imports & exports, travel abroad by Americans, geopolitical dynamics, interest rates and the status of U.S. federal debt held by foreigners. Regardless, the status of the U.S. dollar has been and remains the dominant currency, with over 50% of global transactions conducted in dollars.

Sources: BLS, Federal Reserve, Dept of Commerce, Treasury Dept



Bond Yields Swing in April – Fixed Income Overview

Treasury yields swung wildly in April as inflationary and recessionary fears sparked simultaneous buying and selling of government bonds. Demand for corporate bonds remained intact as investors sought coverage from volatility in equities.

The bond market is thus far outperforming domestic equity indices through the end of April. The Lehman Aggregate Bond Index, now known as the U.S. Aggregate Bond Index, is a broad-based benchmark that measures the performance of the U.S. investment-grade bond market, providing a comprehensive overview of the entire bond market, including government, corporate, and mortgage-backed bonds. Analysts tend to monitor the performance of bonds during periods of heightened stock volatility for indications of elongated market disruptions. (Sources: Treasury Dept, Bloomberg)

Volatility Heads Higher in April – Domestic Equity Overview

Stocks struggled in April as the uncertainty surrounding details of the tariffs rattled markets. Volatility shot higher as dramatic intra-day market swings revalued stock prices continuously with no certainty of direction. All major domestic equity indices ended April with negative year to date returns, as companies tried to assess the impact of tariffs on earnings and growth projections.

Several companies in the S&P 500 revised earnings and revenue projections down as the negative impact of tariffs became clearer. Sectors of the S&P 500 Index that continued to outperform other sectors included consumer staples, utilities and healthcare. Technology and consumer discretionary stocks saw the largest pullbacks as investors shifted to consumer essentials and non tariff threatened holdings.

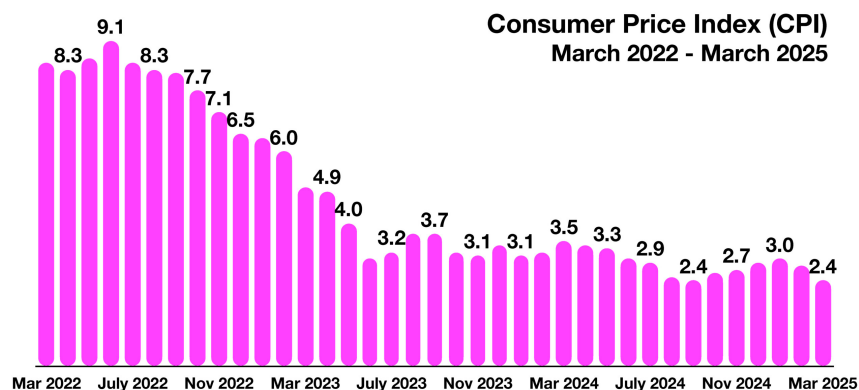
The release of second quarter (April – June) earnings will be incredibly critical as the affect of imposed tariffs in April will be discernible. Scheduled releases for most companies will occur in July and August. Retail sector activity will also be a focus to better determine the sentiment of consumers relative to the affect of tariffs. (Sources: S&P, Dow Jones, Nasdaq, Bloomberg)

Inflation Cools More Than Expected – Inflation Update

Inflationary pressures, as measured by the Consumer Price Index (CPI), declined month-over-month to a seasonally adjusted 0.1% decrease in March, as reported by the Bureau of Labor Statistics. The drop was broadly unexpected by economists, who were instead expecting a slight increase.

Even more substantial was the year-over-year change in inflation, which dropped sharply to 2.4% down from 3.5% in March 2024, and below the 2.6% that economists expected. Such a decrease in CPI data can be indicative to economists and analysts of slowing economic and consumer activity. Some

analysts have noted that the drop in inflationary data came before the onset of the proposed tariffs and the inflationary expectations surrounding the tariffs. (Source: BLS, U.S. Dept of Labor)





Americans Claiming Social Security Sooner – Retirement Planning

Americans are claiming their Social Security benefits earlier, rather than waiting until full retirement age. Social Security Administration data reveals that age 62 is now the most popular age for Americans to start receiving their benefits, which is also the earliest age that benefits can begin. The administration also reports that the average age for recipients is 65, and 70 is the least common age to start taking benefits.

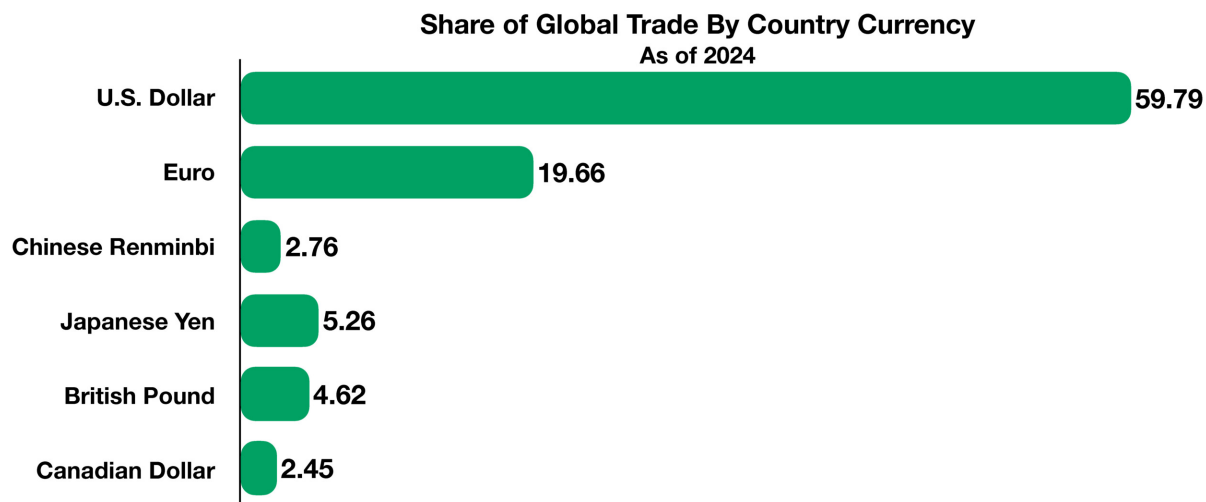
For decades it has been suggested that Social Security recipients should not begin benefits until age 70 in order to receive the maximum benefit. There are various reasons to either take benefits sooner or later, including health, financial circumstances, work status, and tax implications.

Recent developments regarding Social Security benefits and cuts associated with the agency have triggered some concern among future recipients as to whether to take benefits sooner rather than later.

Source: Social Security Administration

What A Weaker U.S. Dollars Means – Currency Market Update

Over the past few months, the U.S. dollar has been falling versus other major currencies. Gradual declines and increases in the dollar has historically been common, influenced by a host of factors including geopolitical events, interest rates, federal deficits, inflation, and the economy.



A weaker dollar can also affect U.S. consumers and international buyers of American made goods. As the dollar falls, imported products and raw materials become more expensive for U.S. consumers and companies. Concurrently, a weaker dollar makes U.S. exported products and goods less expensive and more competitive globally.

The dynamics of currencies is complex and often difficult to determine what direction they may be headed. Globally, the U.S. dollar accounts for over 50% of international currency transactions, making it the single most traded currency in the world.

Sources: Federal Reserve Bank of St. Louis



Brief History of Tariffs – Historical Perceptive

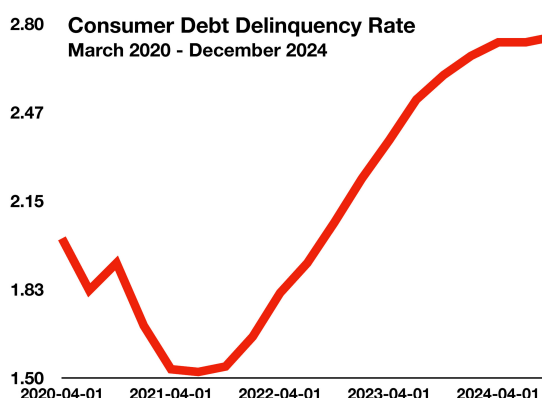
Before the implementation of income taxes, tariffs were the main source of revenue for the United States. Tariffs have been a source of revenue for the U.S. government since its inception over 200 years ago. Tariffs were initially implemented not just as a source of revenue, but also to reduce foreign competition and a growing trade deficit. Rapid expansion and the onset of industrialization in the late 1800s was achieved with the help of tariffs.

Congress ratified the 16th amendment in 1913 to initiate the collection of federal income taxes that same year, allowing the government to have consistent revenue from taxpayers while alleviating the need for elevated tariffs. Less than 1% of Americans had to pay income taxes in its earliest days. As income tax revenue increased over the decades, a reliance on revenue from tariffs gradually declined. Global trade also expanded with the U.S. as the country's trade policies became less protectionist and more amenable to trade. (Sources: Office of the Historian, United States Department of State)

Consumer Debt Delinquencies Rising – Consumer Behavior

The share of outstanding U.S. consumer debt that's in delinquency rose in the fourth quarter of 2024 to the highest in almost five years, according to a Federal Reserve Bank of New York report. Consumer loan balances are increasing due to a combination of factors, including rising interest rates, inflation, and changes in consumer behavior.

When the Federal Reserve raised interest rates to combat inflation, it resulted in higher borrowing costs for consumers. This has had a direct impact on consumer loan balances, particularly for credit cards and personal loans, which often have variable interest rates. Rising loan rates have placed additional stress on consumers as loan payments have increased, with some leading to delinquencies. Outstanding balances on credit card and auto loans have seen the largest increase in delinquencies of all debt types as of the first quarter of 2025.



Elevated prices on food and everyday goods and products have enticed consumers to rely more on credit to maintain their purchasing power. This has resulted in higher credit card balances as consumers use credit to cover everyday expenses. The increased cost of living has particularly affected lower-income households, who are more likely to turn to credit cards to manage their budgets.

Lenders have become more selective in approving loans, particularly for consumers with lower credit scores. However, the demand for credit remains high, leading to increased balances among those who can still access credit. The tightening of credit conditions has also led some consumers to seek alternative financing.

Source: Federal Reserve Bank of St. Louis