

Capital Markets Update

- US equities were sharply lower last week, with the S&P, Nasdaq, and Russell all down materially: Dow -2.37%, S&P -3.10%, Nasdaq -3.45%, Russell 2000 -4.05%. Nasdaq is now in correction territory. Big Tech was a major drag, with TSLA -10.4% and NVDA -9.8% as the notable decliners.
- Concern regarding policy uncertainty in Washington D.C. driving a slowdown in growth is pressuring markets in the U.S. and elsewhere. Market volatility has picked up so far this year where the pullback in U.S. stocks ranges from 8.6% in the large cap S&P 500 and 12.3% in the tech heavy Nasdaq.
- The industries most closely tied to tariff announcements (such as autos) and cuts related to DOGE (aerospace and defense) have seen the most significant downward revisions for 2025. The on-again, off-again nature of the tariffs is creating volatility. One area to consider for potential stability is industries that are seeing upward revisions, such as financial services and wireless telecom.
- The uncertainty created by President Trump is undermining both consumer and business confidence, but a significant slowdown in spending has yet to be reflected in earnings estimates. As consumers delay purchases, we should begin to see this impact sectors like Discretionary, Technology, and Communications, but that hasn't happened yet.
- Interest rates have moved lower and largely reflects economic growth fears and the potential for tariffs to disrupt the US economy. Rates are also responding to the liquidity coming into the markets from the Treasury to offset the impact of the debt ceiling. On the bright, bond prices have been reacting positively as interest rates have fallen.
- Another area holding up well amidst the sell-off have been European equities. While the U.S. undergoes a transition related to trade policy, Europe is embracing a new rule for defense, "whatever it takes", which could lead to increased spending on defense as the U.S. is seen as a less reliable partner. This has led to broad outperformance by European markets so far this year. Valuations have been a part of the mix here as well with stretched valuations in the U.S. making non-U.S. investments relatively more attractive.



Key Market Data

Key Equity Indices

	Current Level	% Change in Index Level				
		1 Week Prior	QTD	YTD	1Y Prior	3Y CAGR
S&P 500	5,770	(3.1%)	(1.9%)	(1.9%)	11.9%	11.2%
Dow Jones 30	42,802	(2.4%)	0.6%	0.6%	10.3%	9.3%
Russel 2000	5,158	(4.0%)	(6.9%)	(6.9%)	(0.4%)	2.1%
Russel 10000 Growth	2,521	(4.0%)	(5.7%)	(5.7%)	13.3%	14.9%
Russel 10000 Value	1,151	(2.5%)	2.1%	2.1%	8.9%	6.2%
MSCI EAFE	1,592	(0.2%)	5.5%	5.5%	6.7%	10.1%
MSCI EM	71,048	2.3%	4.4%	4.4%	13.2%	3.4%
NASDAQ	18,196	(3.5%)	(5.8%)	(5.8%)	11.8%	12.4%

Key Fixed Income Benchmarks

	Current Level	Yield %				
		1 Week Prior	12/31/24 Level	Beg. of 2025	1Y Prior	3Y Prior
Bloomberg U.S. Aggregate	4.67%	4.58%	4.91%	4.91%	4.76%	2.40%
iBoxx US Domestic Corporates	5.44%	5.34%	5.56%	5.56%	5.32%	3.59%
Municipals (10yr)	3.28%	3.15%	3.43%	3.43%	2.84%	NA
Bloomberg Global High Yield	7.45%	7.34%	7.58%	7.58%	8.33%	7.04%

Key Rates

	Current Level	Yield %				
		1 Week Prior	12/31/24 Level	Beg. of 2025	1Y Prior	3Y Prior
2 Year Treasury	4.00%	3.98%	4.24%	4.24%	4.51%	1.54%
10 Year Treasury	4.32%	4.19%	4.57%	4.57%	4.09%	1.75%
30 Year Treasury	4.61%	4.47%	4.78%	4.78%	4.25%	2.15%
10 Year German Bund	2.83%	2.41%	2.36%	2.36%	2.30%	(0.03%)
SOFR	4.34%	4.39%	4.49%	4.49%	5.31%	0.05%
30-yr U.S. fixed mortgage	6.98%	6.94%	7.28%	7.28%	7.16%	NA
3 mo. EURIBOR	2.53%	2.46%	2.71%	2.71%	3.93%	(0.50%)

Commodities

	Current Level	Historical Prices				
		1 Week Prior	12/31/24 Level	Beg. of 2025	1Y Prior	3Y Prior
Oil (WTI)	\$67.04	\$69.76	\$71.72	\$71.72	\$78.93	\$119.40
Natural Gas	\$1.91	\$1.91	\$1.91	\$1.91	\$2.53	\$3.29
Gold	\$2,931.15	\$2,834.55	\$2,609.10	\$2,609.10	\$2,153.45	\$1,980.95
Silver	\$32.50	\$31.14	\$28.91	\$28.91	\$24.16	\$25.74
Copper	\$9,664.00	\$9,363.50	\$8,706.00	\$8,706.00	\$8,559.00	\$10,730.00
Corn	\$4.52	\$4.52	\$4.53	\$4.53	\$4.22	\$7.48

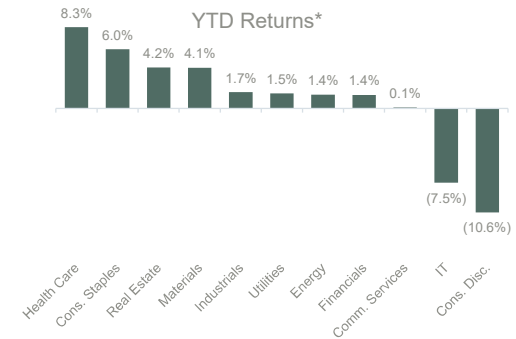
Exchange Rates

	Current Level	Historical Exchange Rates				
		1 Week Prior	12/31/24 Level	Beg. of 2025	1Y Prior	3Y Prior
EUR/USD	1.09x	1.04x	1.04x	1.04x	1.09x	1.09x
GBP/USD	1.29x	1.26x	1.25x	1.25x	1.28x	1.31x
AUD/USD	0.63x	0.62x	0.62x	0.62x	0.66x	0.73x
USD/JPY	147.49x	150.70x	157.16x	157.16x	148.14x	115.39x
USD/MXN	20.27x	20.53x	20.79x	20.79x	16.88x	21.20x
USD/CHF	0.88x	0.90x	0.91x	0.91x	0.88x	0.93x

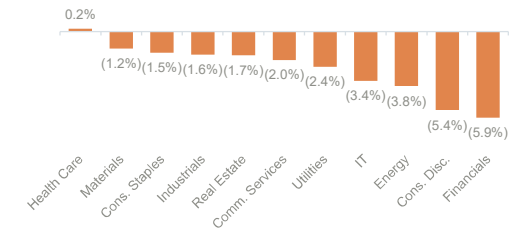
Key Metrics

NTM P/E	P/B	Div Yield	Mkt. Cap (B)
20.9x	4.9x	1.3%	\$48,885
19.5x	5.2x	1.6%	\$2,445
			\$27,689
			\$25,054
25.7x	6.3x	0.7%	\$29,729

Returns by S&P 500 Sector



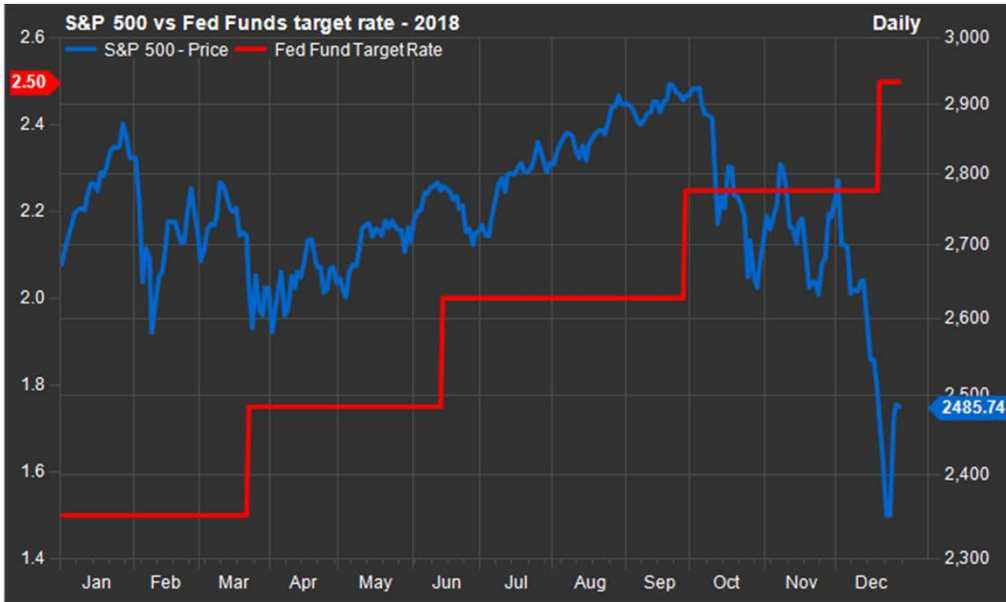
WTD Returns*



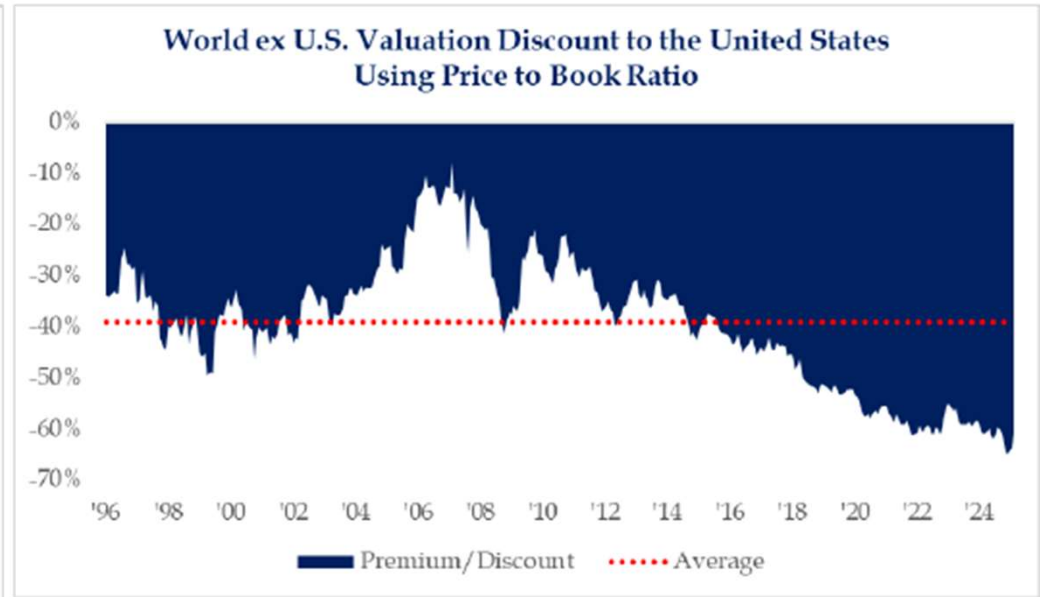
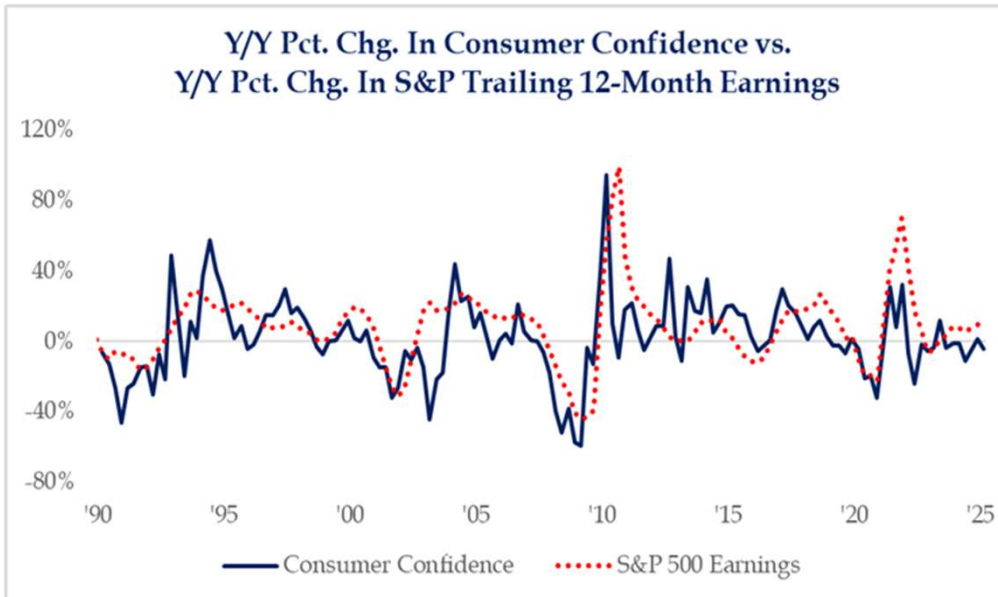
Source: FactSet as of 3/7/2025

* Returns represent performance of the S&P 500 Sector Indices, which typically differ in construction from the sector ETFs, i.e. BlackRock iShares Sector SPDR's.

Capital Markets Update



S&P 500 Industries With The Largest <u>Downward</u> Net Income Revisions For 2025		S&P 500 Industries With The Largest <u>Upward</u> Net Income Revisions For 2025	
Hotel & Resort REITs	-10.1%	Automobile Components	2.7%
Construction Materials	-7.2%	Office REITs	1.9%
Automobiles	-7.2%	Financial Services	1.8%
Chemicals	-6.6%	Consumer Finance	1.8%
Food Products	-6.5%	Semiconductors & Equipment	1.4%
Aerospace & Defense	-6.4%	Broadline Retail	1.3%
Personal Care Products	-5.0%	Wireless Telecommunication Services	1.1%
Air Freight & Logistics	-4.8%	Ground Transportation	1.0%
RE Management & Development	-4.7%	Containers & Packaging	1.0%
Metals & Mining	-4.7%	Construction & Engineering	0.9%



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