



New Orleans, Louisiana

WEEK OF MARCH 3, 2025

Market Update

Consumers' short-term outlook for income, the business environment, and the labor market fell sharply. The so-called Magnificent Seven led equities lower. The market seemed concerned about tariffs, falling consumer confidence, and inflation. The focus this week will be on manufacturing and employment reports.

Quick Hits

1. **Report releases:** Personal spending unexpectedly dropped in January, marking the first decline in nearly two years.
2. **Financial market data:** All Magnificent Seven firms were down on growth concerns.
3. **Looking ahead:** The focus this week will be on manufacturing and employment reports.



Report Releases: February 24–28, 2025

Conference Board Consumer Confidence Index February (Tuesday)

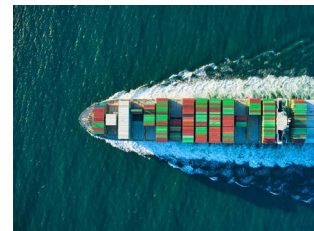
Consumer confidence fell notably due to a sharp drop in expectations for future economic conditions.

- Expected/prior month consumer confidence: 102.5/105.3
- Actual consumer confidence: 98.3



Second Release of Gross Domestic Product Fourth Quarter (Thursday)

The second estimate of fourth-quarter GDP was in line with expectations at 2.3 percent quarter-over-quarter. The Federal Reserve's (Fed's) favorite inflation gage, core personal consumption expenditures, rose 2.7 percent quarter-over-quarter, higher than the 2.5 percent that was expected.



Preliminary Durable Goods Orders January (Thursday)

Headline durable goods orders exceeded economist estimates; core orders were flat.

- Expected/prior durable goods orders monthly change: +2.0%/–1.8%
- Actual durable goods orders change: +3.1%
- Expected/prior core durable goods orders monthly change: +0.3%/+0.1%
- Actual core durable goods orders change: +0.0%



Personal Spending and Personal Income January (Friday)

Personal income and spending were mixed; incomes rose and spending fell. This marked the first monthly drop in spending in nearly two years.

- Expected/prior personal income monthly change: +0.4%/+0.4%
- Actual personal income change: +0.9%
- Expected/prior personal spending monthly change: +0.2%/+0.7%
- Actual personal spending change: –0.2%



>> The Takeaway

- Confidence fell sharply as consumers showed concern about the short-term outlook for income, the business environment, and the labor market.
- Consumers saved more in January, with personal income rising 0.9 percent; however, personal spending dropped 0.2 percent.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	-0.95%	-1.30%	1.44%	18.38%
Nasdaq Composite	-3.45%	-3.91%	-2.31%	17.96%
DJIA	1.01%	-1.39%	3.32%	14.41%
MSCI EAFE	-0.81%	1.96%	7.34%	9.41%
MSCI Emerging Markets	-4.30%	0.50%	2.31%	10.59%
Russell 2000	-1.44%	-5.35%	-2.87%	6.68%

Source: Bloomberg, as of February 28, 2025

U.S. equity markets saw a wide dispersion between the three major averages in the S&P 500, Nasdaq Composite, and Dow Jones Industrial Average. All seven companies in the so-called Magnificent Seven (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta Platforms, and Tesla) were down, led by 13.3 percent and 7.2 percent drops from Tesla and Nvidia, respectively. The market seemed to take a risk-off stance amid concerns over tariffs, falling consumer confidence, and persistent inflation. Emerging markets were also affected by tariff threats, with the new presidential administration announcing a further 10 percent tariff on Chinese goods.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	2.20%	2.74%	5.81%
U.S. Treasury	2.16%	2.68%	4.95%
U.S. Mortgages	2.55%	3.07%	6.53%
Municipal Bond	0.99%	1.50%	2.96%

Source: Bloomberg, as of February 28, 2025

Bonds fared very well. The belly of the curve, between 2- and 10-year Treasury maturities, saw significant buying. The 2-year fell nearly 20 basis points (bps), closing the week just below 4 percent. The 5-year dropped 23 bps to 4.03 percent. The yield curve has become further inverted, with the 2- and 5-year portion becoming quite flat. Lower yields seem to reflect short-term growth concerns and risk-off sentiment in the wake of a murkier growth outlook.

>> The Takeaway

- Technology stocks led the market lower on concerns about short-term growth.
- These concerns also filtered through the bond market, which saw notable buying in short-to-intermediate-term yields.

Looking Ahead

The focus this week will be releases from the Institute for Supply Management (ISM) on confidence for manufacturing and service sectors. The week ends with Friday's employment report.

- On Monday, we expect the **ISM Manufacturing index** for February. Manufacturer confidence is set to fall modestly after improving more than expected to start the year.
- On Thursday, we'll see the second release of **fourth-quarter GDP** and the **preliminary durable goods orders report** for January. GDP is expected to stay at 2.3 percent. Headline and core durable goods orders are set to show solid growth.
- Finally, on Friday, **personal income** and **personal spending data** for January will be released. Both are expected to rise in January, albeit at a slower pace than they did in December.



Freshwater marsh, Southern Louisiana



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measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

Authored by the Investment Research team at Commonwealth Financial Network®

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