



Louisville, Kentucky

WEEK OF APRIL 14, 2025

Market Update

Inflation surprised to the downside in March, with Consumer and Producer Price indices showing a contraction of prices. Equities rallied sharply on Wednesday following news of a 90-day pause on tariffs for most countries. The move in the intermediate to long end of the yield curve is worth watching.

Quick Hits

1. **Report releases:** Consumer and producer prices showed signs of continued cooling in March, coming in below expectations and the prior month's readings.
2. **Financial market data:** U.S. equities rebounded sharply following the announcement of a 90-day postponement of tariffs on most countries.
3. **Looking ahead:** The stock market will see an abbreviated week of trading with the Good Friday holiday. The focus this week will be import prices, retail sales, and housing data.



Report Releases: April 7–April 11, 2025

National Federation of Independent Business (NFIB) Optimism Index
March (Tuesday)

Manufacturer small business optimism fell more than expected in March. Business owners cited policy uncertainty, taxes, and quality of labor as key pain points. The net percentage of owners expecting better business conditions fell 16 points, marking the largest monthly decline since December 2020.

- Expected/prior month NFIB Optimism Index: 98.4/100.7
- Actual NFIB Optimism Index: 97.8



Consumer Price Index
March (Thursday)

Consumer prices continued to cool in March, with each overall change coming in below estimates and the prior month's readings.

- Prior monthly CPI/core CPI growth: +0.2%/+0.2%
- Expected monthly CPI/core CPI growth: +0.1%/+0.3%
- Actual monthly CPI/core CPI growth: −0.1%/+0.1%
- Prior year-over-year CPI/core CPI growth: +2.8%/+3.1%
- Expected year-over-year CPI/core CPI growth: +2.5%/+3.0%
- Actual year-over-year CPI/core CPI growth: +2.4%/+2.8%



Producer Price Index
March (Friday)

Producer prices were down in March, with both headline and core readings coming in below expectations and the prior month's readings.

- Prior monthly PPI/core PPI growth: +0.0%/−0.1%
- Expected monthly PPI/core PPI growth: +0.2%/+0.3%
- Actual monthly PPI/core PPI growth: −0.4%/−0.1%
- Prior year-over-year PPI/core PPI growth: +3.2%/+3.4%
- Expected year-over-year PPI/core PPI growth: +3.3%/+3.6%
- Actual year-over-year PPI/core PPI growth: +2.7%/+3.3%



University of Michigan Consumer Sentiment
April, Preliminary (Friday)

Consumer sentiment continued to crater in April. Readings for both current conditions and future expectations declined notably.

- Expected/prior month sentiment: 53.8/57.0
- Actual month sentiment: 50.8



>> The Takeaway

- Inflation surprised to the downside in March, with both Consumer and Producer Price indices showing a contraction of prices.
- Small business optimism and consumer sentiment releases showed a lack of confidence, with both surprising to the downside.

Financial Market Data

Equity

| Index | Week-to-Date | Month-to-Date | Year-to-Date | 12-Month |
|-----------------------|--------------|---------------|--------------|----------|
| S&P 500 | 5.73% | −4.38% | −8.47% | 4.54% |
| Nasdaq Composite | 7.30% | −3.30% | −13.22% | 2.47% |
| DJIA | 4.97% | −4.20% | −5.04% | 6.44% |
| MSCI EAFE | 0.83% | −4.14% | 2.59% | 3.29% |
| MSCI Emerging Markets | −3.82% | −4.97% | −2.15% | 1.91% |
| Russell 2000 | 1.83% | −7.51% | −16.28% | −7.70% |

Source: Bloomberg, as of April 11, 2025

U.S. equities rebounded sharply last week. Most of the recovery occurred on Wednesday on the back of news of a 90-day postponement of tariffs for those countries that didn't issue retaliatory tariffs. The S&P 500 was up more than 9 percent on the day following the news. Emerging markets, however, struggled as China was the main country of focus, and the U.S. and China continued to raise their tariffs on each other. China made up more than 31 percent of the MSCI Emerging Markets Index coming into the quarter and was the second largest source of U.S. imports in 2024.

Fixed Income

| Index | Month-to-Date | Year-to-Date | 12-Month |
|-------------------|---------------|--------------|----------|
| U.S. Broad Market | −1.19% | 1.06% | 5.25% |
| U.S. Treasury | −0.74% | 1.62% | 5.26% |
| U.S. Mortgages | −1.26% | 1.26% | 5.99% |
| Municipal Bond | −3.70% | −2.78% | −0.42% |

Source: Bloomberg, as of April 11, 2025

The shift in tariff policy on Wednesday saw an immediate lift in the yield curve, as investors moved away from bonds to re-enter U.S. equities. As the week developed, another interesting move continued to develop with steepening on the long end of the yield curve. The intermediate to long end of the yield curve has a direct impact on areas such as the housing market, and this is worth watching.

>> The Takeaway

- Equities rallied sharply on Wednesday following news of a 90-day pause on tariffs for most countries.
- The yield curve moved higher amid a rotation back into equities.

Looking Ahead

The stock market will see an abbreviated week of trading this week with the Good Friday holiday. The focus this week will be import prices, retail sales, and housing data.

- The week kicks off Tuesday with the **Import Price Index** for March. While this does not include tariffs, it will be interesting to see how foreign exporters are shifting pricing amid potential tariffs.
- On Wednesday, **Retail Sales** for March and the **National Association of Home Builders (NAHB) Housing Market Index** for April will be released. Retail sales are expected to accelerate in March, driven in large part by the automotive sector. Home builder confidence is expected to fall further in April.
- Finally, on Thursday, the **Housing Starts and Building Permits** for March will be released. Both housing starts and building permits are expected to fall in March.





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Authored by the Investment Research team at Commonwealth Financial Network®

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