

4/7/2025

The Week Ahead

THINGS TO WATCH

Tariff Negotiations

Investors will be looking for reports on progress in bi-lateral negotiations between the Trump administration and trade partners to lower the surprisingly high tariff rates applied on a group of 60 nations with large trade imbalances last week. Any retaliatory measures against the U.S. would likely be greeted negatively by markets.

Federal Budget Dealmaking

Early Saturday morning, the U.S. Senate passed a budget resolution in a 51-48 vote (with two GOP senators opposed) that is viewed as an important first step in passing a tax and spending bill supported by President Trump. The resolution, which would enable Congress to vote on a budget bill, will head to the House of Representatives this week. It could come under fire from fiscally conservative members of the Freedom Caucus. In its current form, the package would extend the 2017 tax cuts, implement \$1.5 trillion of additional tax cuts over the next ten years, and raise the federal debt ceiling by \$5 trillion.

March Inflation Readings

With recently implemented tariff hikes, the pace of price increases in core goods categories will be under the microscope when the Bureau of Labor Statistics reports the Consumer Price Index (CPI) data for March on Thursday morning. According to the median consensus in a Bloomberg survey, the overall core reading is expected to be 0.3% (vs. 0.2% last month), while a year-over-year rate of 3.0% (vs. 3.1% in February) is anticipated. High frequency data in recent weeks have pointed to softening used-car inflation despite concerns about sharply higher prices for new cars due to tariffs.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
JOLTS Job Openings (Millions)	7.57	8.03	▼
ISM Manufacturing PMI	49.0	49.2	▼
ISM Services PMI	50.8	54.0	▼
Non-Farm Payrolls (Thousands)	228	323	▼
Unemployment Rate	4.2%	4.1%	▲
Average Hourly Earnings (Y/Y)	3.8%	4.0%	▼

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	38314.86	-8.74%	-9.53%	0.25%
NASDAQ	15587.79	-9.88%	-19.13%	-3.36%
S&P 500	5074.08	-9.56%	-13.43%	-1.20%
MSCI EAFE	2281.20	-8.21%	-0.78%	-2.01%
BB U.S. Aggregate	2269.79	0.88%	3.64%	6.83%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.24%	4.28%	5.35%
10-Year Treasury	3.99%	4.24%	4.31%

REPORTS DUE THIS WEEK	LATEST
NFIB Small Business Optimism	100.7
Consumer Price Index (Y/Y)	2.8%
Core Consumer Price Index (Y/Y)	3.1%
Producer Price Index (Y/Y)	3.2%
U. of Mich. Consumer Sentiment	57.0

Total returns are as of 4/4/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

\$143 billion

According to the U.S. Census Bureau, China imported an estimated \$143 billion of U.S. goods last year, including \$15 billion of electrical equipment, \$15 billion of mineral fuels and oils, \$13 billion of vegetable products, \$13 billion of machinery, boilers, and mechanical appliances, and \$11 billion of aircraft. Those goods will likely face a 34% retaliatory tariff in response to the Trump administration's plans to levy a total 54% tariff on \$434 billion of Chinese goods imported into the U.S.

18.3%

According to Hartford Funds, the S&P 500 Index's average total return in the 12 months after the 8 occasions when the Chicago Board Options Exchange Volatility Index (VIX) pushed above 40 from 1994 through 2024 was 18.3%. Of these instances, the S&P 500 saw positive 12-month returns six times (August 1998, July 2002, May 2010, August 2011, August 2015, February 2020), and 12-month declines on two occasions (September 2001, September 2008). The VIX closed at 45.31 last Friday.

DISCLOSURES

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