

MARKET VIEW WEEKLY

Ladenburg Asset Management



ECONOMIC REVIEW¹

- After a paltry (and negatively revised) January figure (-1.2%), retail sales rose 0.2% in February but meaningfully lagged the consensus expectation of a 0.6% increase.
 - Retail sales are up 3.1% in the last year, which outpaced the latest headline inflation reading. The February Consumer Price Index (CPI) was 2.8%.
 - Although January and February tend to have lower retail sales figures relative to the rest of the year, this is still a substantive miss versus expectations.
- Interestingly, the retail sales control group, which is used to calculate GDP and excludes more volatile spending categories, rose a full 1.0% last month, well above expectations of a 0.2% increase.
 - Motor vehicles and sales at gas stations were some of the main detractors from the headline figure and are not included in the control group.
- Housing starts rebounded 11.2% in February to a 1.501 million annual rate, easily beating the consensus expected 1.385 million. Starts, however, remain down 2.9% versus a year ago.
 - The rise in February was due to both single-family and multi-family home starts. In the past year:
 - Single-family starts are down 2.3%.
 - Multi-unit starts are down 4.6%.
 - New building permits declined 1.2% in February to a 1.456 million annual rate, narrowly beating the consensus expected 1.453 million.
- In a widely anticipated move, the Federal Reserve (Fed) held the policy federal funds target rate steady in a range of 4.25-4.50%.
 - According to the statement, “recent indicators suggest that economic activity has continued to expand at a solid pace... labor market conditions remain solid... inflation remains somewhat elevated.”

How do retail sales, housing data, and the Fed impact you?

- Retail sales upstaged the Fed meeting as the most important piece of the economic data released last week. Signs of potential weakening in consumer spending could be detrimental to economic growth in the coming quarters.
- Unusually cold weather limited home building in January, but February’s annual rate topped even the most optimistic forecast of any economics group surveyed by Bloomberg.
- During the press conference, Fed Chairman Powell explained that inflation targets have ticked up while growth expectations have ticked down resulting in no change to the target range, but a stance seen as more hawkish from the Federal Open Market Committee.



A LOOK FORWARD¹

- Consumer confidence, new and pending home sales, gross domestic product (GDP), and the personal consumption expenditures price index (PCE) highlight a busy week for economic data.

How does this week’s slate of economic data impact you?

- PCE will take center stage on Friday as investors parse the latest data for the Fed’s preferred inflation measure, but the potential impact on consumer spending will characterize the takeaway for each report.



MARKET UPDATE²

| Market Index Returns as of 3/21/2025 | WTD | QTD | YTD | 1 YR | 3 YR | 5 YR |
|--------------------------------------|-------|--------|--------|--------|--------|--------|
| S&P 500 | 0.53% | -3.34% | -3.34% | 9.74% | 9.58% | 21.59% |
| NASDAQ | 0.18% | -7.76% | -7.76% | 9.02% | 8.89% | 21.86% |
| Dow Jones Industrial Average | 1.21% | -0.91% | -0.91% | 8.26% | 8.60% | 19.34% |
| Russell Mid-Cap | 1.14% | -2.81% | -2.81% | 4.94% | 4.91% | 19.49% |
| Russell 2000 (Small Cap) | 0.65% | -7.51% | -7.51% | 0.63% | 0.97% | 16.75% |
| MSCI EAFE (International) | 0.78% | 10.26% | 10.26% | 8.36% | 7.45% | 15.11% |
| MSCI Emerging Markets | 1.15% | 5.65% | 5.65% | 11.46% | 2.67% | 9.73% |
| Bloomberg Barclays US Agg Bond | 0.49% | 2.59% | 2.59% | 4.92% | 0.60% | 0.18% |
| Bloomberg Barclays High Yield Corp. | 0.43% | 1.52% | 1.52% | 8.35% | 5.42% | 8.79% |
| Bloomberg Barclays Global Agg | 0.16% | 2.50% | 2.50% | 3.07% | -1.53% | -0.81% |



OBSERVATIONS

- All major domestic indices registered positive returns last week with the Dow Jones Industrial Average outpacing all others (+1.21%).
- Mid- and Small-cap stocks also clocked strong performances on the week, returning 1.14% and 0.65%, respectively.
- Developed international stocks continue to lead other major equity asset classes year-to-date (+10.26%) and improved 0.78% last week.
 - Emerging market equities were among the best performers last week (+1.15%)
- Fixed income indices were positive domestically, internationally, and across the credit spectrum as interest rates moved lower amid the fear of a slowing consumer.



BY THE NUMBERS

March Madness Is Here. What Happened to Cinderella?³ Once upon a time, the NCAA tournament was all about fairy tales. It was when logic flew out the window, nobodies became darlings of March and tiny universities from places you've never heard of knocked off blue bloods in the opening round. But this year, Cinderella wasn't just late to the Big Dance—she didn't show up at all. Take a glance at the bracket, and all you'll see are mighty powers from major conferences advancing. For the first time since 2017, and just the second time in 18 years, not one team seeded No. 13 or higher managed to advance past the round of 64. On the first day of the second round, on Saturday, No. 10 Arkansas was the only team seeded seventh or higher to walk away with a win.

White House Narrows April 2 Tariffs:⁴ The White House is narrowing its approach to tariffs set to take effect on April 2, likely omitting a set of industry-specific tariffs while applying reciprocal levies on a targeted set of nations that account for the bulk of foreign trade with the U.S. President Trump has declared his April 2 deadline to be "Liberation Day" for the U.S., when he will put in place what is called reciprocal tariffs that seek to equalize U.S. tariffs with the duties charged by trading partners, as well as tariffs on sectors like automobiles, pharmaceuticals and semiconductors he repeatedly said would be enacted on that day. Those sector-specific tariffs, however, are now not likely to be announced on April 2, said an administration official, who said the White House is still planning to unveil the reciprocal -tariff action on that day, though planning remains fluid. The shift was earlier reported by Bloomberg. The fate of the sectoral tariffs, as well as tariffs on Canada and Mexico that Trump said were justified by fentanyl trafficking, remains uncertain. The White House didn't respond to requests for comment on if or when any of those tariffs are still planned to go into effect.

Economic Definitions

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Conference Board Consumer Confidence Index: The Consumer Confidence Survey® reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitude, buying intentions, vacation plans and consumer expectation for inflation, stock prices and interest rates. Data are data available by age, income, region and top 8 states.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Building Permits: This concept tracks the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

New Home Sales: This concept tracks sales of newly constructed homes during the reference period. The Implicit US index is computed by taking the number of houses sold in the US and dividing it by the seasonally adjusted number of houses sold in the US.

Pending Home Sales: This concept tracks signed real estate contracts for existing single-family homes, condos and co-ops that have not yet closed. As such it is a leading indicator for existing home sales.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

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¹ Data obtained from Bloomberg as of 3/21/2025.

² Data obtained from Morningstar as of 3/21/2025.

³ [March Madness Is Here. What Happened to Cinderella?](#)

⁴ [White House Narrows April 2 Tariffs](#)