LADENBURG
AN OSAIC COMPANY

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MARKET VIEW WEEKLY

Ladenburg Asset Management

ECONOMIC REVIEW[1]

- The Institute for Supply Management's (ISM) Manufacturing Index came in at 49.0, which was below February's reading of 50.3 and below consensus expectations of 49.5. A reading above 50 represents expansion, while a reading below 50 indicates contraction.
    - Prices paid moved higher while employment and new orders fell, potentially indicating uncertainty surrounding tariffs.
- The JOLTS report for February showed that job openings declined to 7.568 million and quits decreased to 3.256 million.
- At a widely anticipated event, President Donald Trump announced a new tariff plan that caught global markets by surprise.
    - The U.S. will impose a 10% baseline tariff on all imports, effective April 5th, and also introduce higher reciprocal tariffs on select nations starting April 9th.
        - These reciprocal tariffs are based on current tariff rates and non-trade barriers that other countries apply to the U.S.
- The ISM Services Index fell from the prior month to 50.8, indicating that the services sector is still in expansion but growing at a slower pace than the previous month.
    - Business activity increased, but employment and new orders both fell from last month.
- Nonfarm payrolls increased by 228,000 in March, above the 135,000 expected, and highlighted strength in private sector job creation.
    - Average hourly earnings also rose 0.3% for the month and are up 3.8% over the last year.
    - The unemployment rate ticked up to 4.2% from the previous month's reading of 4.1% driven by an increase in the labor force.

How does the most recent tariff and economic data impact you?

- The larger-than-expected reciprocal tariff announcement sent shockwaves through global equity markets as investors assessed the potential effects on businesses and consumers.
- Despite economic uncertainty remaining elevated, the better-than-expected jobs data underscored the continued strength of the labor market, indicating that business hiring did not slow in March.
    - Government jobs rose overall, but federal employment fell by 4,000 in March following an 11,000 drop in February, hinting at the DOGE effect.

A LOOK FORWARD[1]

- This week, investors will be focused primarily on March inflation reports, which include the Consumer Price Index (CPI) and Producer Price Index (PPI).

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

- While inflation is expected to slow from last month's readings, the data will pre-date the tariff implementation and, as a result, may not be a driving factor moving market returns this week.

MARKET UPDATE[2]

Market Index Returns as of 4/04/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-9.05%	-9.56%	-13.42%	-1.18%	5.51%	17.11%
NASDAQ	-10.00%	-9.88%	-19.13%	-3.38%	3.97%	17.05%
Dow Jones Industrial Average	-7.82%	-8.74%	-9.53%	0.25%	5.51%	15.01%
Russell Mid-Cap	-9.09%	-9.51%	-12.59%	-5.64%	1.36%	15.40%
Russell 2000 (Small Cap)	-9.64%	-9.18%	-17.79%	-10.25%	-2.27%	13.17%
MSCI EAFE (International)	-6.90%	-4.95%	1.58%	1.05%	4.35%	11.71%
MSCI Emerging Markets	-2.90%	-1.20%	1.69%	6.49%	0.59%	8.11%
Bloomberg Barclays US Agg Bond	1.12%	0.88%	3.69%	6.94%	1.18%	-0.27%
Bloomberg Barclays High Yield Corp.	-1.78%	-1.71%	-0.73%	6.37%	4.45%	7.37%
Bloomberg Barclays Global Agg	1.65%	1.54%	4.22%	5.36%	-0.70%	-1.01%

OBSERVATIONS

- Major U.S. stock indexes posted their sharpest weekly losses since March 2020, as the U.S. imposed tariffs and some key trading partners retaliated.
    - The Nasdaq led the decline with a -10.0% drop, while the S&P 500 fell -9.05% and the Dow Jones lost -7.82%.
- Small-cap stocks experienced similar performance for the week as the risk-off environment was widespread, with a –9.64% return. Mid-cap stocks also declined, falling 9.09% on the week.
- International developed stocks slid last week as well but outperformed U.S. equity indices. Developed markets declined -6.90% and emerging markets posted a return of -2.90%.
- Fixed income indices were mostly positive last week last week as bond yields fell. The U.S. Aggregate Bond Index returned 1.12%, while the High-Yield Corporate Index declined by 1.78% due to concerns about economic growth.
    - The Global Aggregate Bond Index also finished positive for the week with a 1.65% return.

BY THE NUMBERS

Stock Market Rout Deepens: The S&P 500 fell 322 points, or nearly 6%, to close at 5,074 on Friday — the largest one-day slump in the broad-based index since March 16, 2020, when it lost 12%. Friday plunge erased $2.7 trillion in market value from the index. The decline wipes out more than a year of stock market gains, taking the S&P 500 back to its levels in February 2024. The Dow Jones Industrial Average sank 2,231 points, or 5.5%, and is down 14% since peaking in February. The Nasdaq Composite slid 963 points, or 5.8%. That means the tech-heavy index is now in a bear market, or when stocks drop at least 20% from their most recent high. Tech stocks have flailed this week because of concerns that American tariffs on China — along with countermeasures from Beijing — will hurt the high-tech sector, which has been key to driving corporate profits. Drops of this magnitude aren't unheard of on Wall Street, but they are rare. Over the last 25 years, the S&P 500 has fallen 4% in a single day 38 times, according to Adam Turnquist, chief technical strategist for brokerage firm LPL Financial.[3]

Trump to Extend TikTok Ban Enforcement Deal: President Donald Trump announced on Friday that he will again postpone enforcement of the TikTok sale-or-ban law for 75 days. The delay comes after Trump's tariff announcement derailed a deal that had been set to transfer control of the app's US operations to American ownership, a source familiar with the deal told CNN. The order would have kicked off a 120-day period to finish financing and paperwork for the deal, which would have seen a number of venture capital, private equity funds and tech giants invest in a company that would control TikTok's US operations. TikTok's China-based owner, ByteDance, would have retained a 20% stake in the spinoff company.[4]

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.

ISM Manufacturing Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

ISM Services Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

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.

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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 4/04/2025.
[2] Data obtained from Morningstar as of 4/04/2025.
[3] Stock market rout deepens as Dow plunges more than 2,200 points
[4] Trump to extend TikTok ban enforcement deadline after China tariffs derail deal | CNN Business