

MARKET VIEW WEEKLY

Ladenburg Asset Management



ECONOMIC REVIEW¹

- The Conference Board Consumer Confidence Index fell to 86.0 in April, below expectations of 87.0 and below March's reading of 93.9.
 - The decline continues a trend that began earlier this year and likely accelerated as the potential impact of tariffs on prices and employment weighed on consumer sentiment.
- April nonfarm payrolls came in better than expected and increased by 177,000, above the 138,000 jobs projected.
 - February and March's nonfarm payrolls were revised lower by 58,000 jobs.
 - The unemployment rate remained unchanged from March at 4.2%.
 - Job openings in March fell below expectations to 7.01 million and quits increased to 3.332 million.
- The first reading of real Q1 GDP growth was -0.3%, which was less than expected and the Q4 growth rate of 2.4%.
 - The figure was impacted by a 41% surge in imports ahead of tariffs, which are subtracted from GDP.
 - Despite the negative GDP print, consumer spending remained mostly in line with previous quarters.
- Personal Consumption Expenditures Price Index (PCE) was flat month-over-month (MoM), matching expectations. Core PCE, which excludes the volatile food and energy categories, was also unchanged MoM.
 - On a year-over-year basis, headline PCE rose 2.3% and core PCE rose 2.6%.
 - Services' inflation continues to be the primary driver of higher prices, while declining energy prices have contributed to a lower overall figure.

How does the most recent economic data impact you?

- The negative GDP growth in Q1 was due to a pull forward in purchases ahead of tariffs rather than a reflection of true weakness in the underlying economy.
 - Core GDP, which excludes volatile net exports, government spending, and inventories, rose 3% in Q1 2025, in line with core quarterly growth rates in 2023 and 2024.
 - Although the full effect of higher tariffs won't be captured in Q1 data, this reading indicates that the U.S. economy grew at a solid pace to start the year despite the impending risks and trade policy uncertainty.
- While consumer confidence is low, the April jobs report showed steady gains. The unemployment rate remains low (4.2%), and the private sector accounted for 94% of total job growth last month. Private sector job gains are more supportive of economic growth and not as heavily influenced by government spending or regulation.



A LOOK FORWARD¹

- This week investors will focus on the Federal Reserve's (Fed) interest rate decision and ISM Services PMI data.

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

- The Fed is not expected to cut rates at the next FOMC meeting. A strong jobs report last week and core inflation still above target have Fed members hesitant to cut, as the effects of tariffs on prices and the economy are yet unknown. That said, markets still expect 3-4 rate cuts this year as recession risks have moved higher.
- ISM Services is a critical datapoint measuring the strength of the services sector, which makes up nearly 80% of U.S. economic activity. The index has trended lower in recent months but remains in expansionary territory.



MARKET UPDATE²

Market Index Returns as of 5/2/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	2.94%	1.42%	-2.91%	12.40%	12.57%	16.76%
NASDAQ	3.43%	3.95%	-6.72%	12.07%	13.59%	16.77%
Dow Jones Industrial Average	3.00%	-1.53%	-2.39%	8.75%	9.82%	14.00%
Russell Mid-Cap	3.12%	1.11%	-2.34%	8.05%	7.38%	14.20%
Russell 2000 (Small Cap)	3.24%	0.51%	-9.02%	0.62%	3.61%	11.37%
MSCI EAFE (International)	3.17%	6.09%	13.37%	12.70%	10.88%	11.99%
MSCI Emerging Markets	3.37%	3.20%	6.22%	9.35%	4.71%	6.93%
Bloomberg Barclays US Agg Bond	-0.30%	-0.40%	2.37%	5.83%	1.83%	-0.80%
Bloomberg Barclays High Yield Corp.	0.27%	0.37%	1.38%	8.09%	6.51%	6.47%
Bloomberg Barclays Global Agg	0.00%	2.44%	5.14%	6.92%	1.18%	-1.28%



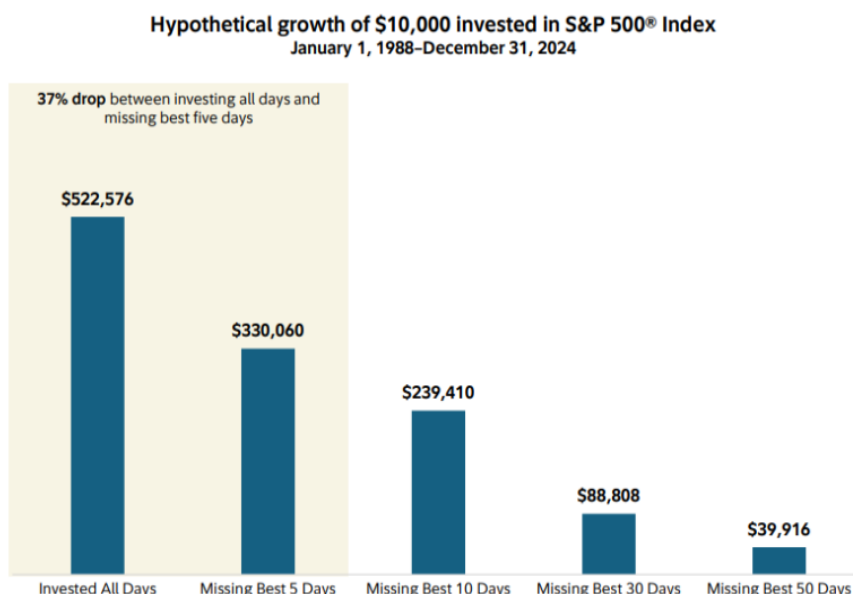
OBSERVATIONS

- Major U.S. stock indexes continued moving higher last week as better than expected economic data and positive headlines around trade deals were in the spotlight.
 - The Nasdaq led the advance with a +3.43% gain, while the Dow Jones returned +3.00%, and the S&P 500 finished up 2.94%.
- Small-cap stocks experienced similar performance for the week with a +3.24% return. Mid-cap stocks also participated in the rally, rising +3.12% on the week.
- International stocks advanced in line with U.S. equity indices. Developed markets gained +3.17% and emerging markets posted a return of +3.37%.
- Fixed income indices were mixed as interest rates rose during a volatile week. The U.S. Aggregate Bond Index returned -0.30%, while the less interest rate sensitive High-Yield Corporate Index advanced by +0.27%.



BY THE NUMBERS

Staying Invested: Over the last couple of months, markets have been very volatile given the uncertainty surrounding tariff and trade policy. Periods of heightened volatility and market fluctuations can create anxiety for many investors, but historical data shows that trying to time the market is very difficult, and staying invested is the best solution for achieving long-term financial goals. As an example, in the month following the announcement of reciprocal tariffs, we saw equities drop significantly, only to rebound with the 8th best day going back to 1923. History has shown that missing out on just some of the best days in the market can significantly impact returns. Additionally, the S&P 500 has recovered all of its losses (as of May 2nd) since reciprocal tariffs were announced on April 2nd. While difficult at times, history shows that staying invested in a well-diversified portfolio remains the best strategy for navigating volatility and achieving long-term gains.³



Economic Definitions

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.

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

Federal Open Market Committee (FOMC): The Federal Open Market Committee (FOMC) is the branch of the Federal Reserve System (FRS) that determines the direction of monetary policy in the United States by directing open market operations (OMOs). The committee is made up of 12 members, including seven members of the Board of Governors, the president of the Federal Reserve Bank of New York, and four of the remaining 11 Reserve Bank presidents, who serve on a rotating basis.

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.

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.

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.

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.

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.

Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss. In general, the bond market is volatile; bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed-income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Vehicles that invest in lower-rated debt securities (commonly referred to as junk bonds or high-yield bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. International investing involves special risks not present with U.S. investments due to factors such as increased volatility, currency fluctuation, and differences in auditing and other financial standards. These risks can be accentuated in emerging markets.

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¹ Data obtained from Bloomberg as of 5/2/2025.

² Data obtained from Morningstar as of 5/2/2025.

³ [Reasons to stay invested | Fidelity Investments](#)