



Weekly Market Recap

The week in review

- Real GDP fell 0.3% saar during 1Q25
- Nonfarm payrolls rose by 177k
- Consumer confidence fell to 86.0

The week ahead

- Markit and ISM services PMIs
- Productivity
- Wholesale inventories and trade

Thought of the week

Last week's busy slate of data helped give investors a better idea of how the economy is faring amid policy uncertainty. The 1Q25 GDP report revealed the U.S. may be closer to recession than expected, with a tariff-driven spike in imports dragging real growth down 0.3% annualized. The labor market, however, continued to look solid. The April Jobs report showed that businesses added 177k jobs during the month and 398k during the first quarter. Taken together, this data suggests that we may be in the early innings of a policy-induced productivity slowdown.

Productivity measures the efficiency of U.S. workers and is derived by dividing real output by total hours worked. It is inherently cyclical, often weakening alongside economic activity. This is because firms may be hesitant to reduce the size of their workforce, even as the economy contracts. For management teams, this decision is even harder today than in previous cycles, as growth prospects hinge on policy, which remains unclear.

Why should investors care about productivity? It is a key driver of profit margins, as greater productivity allows companies to increase revenues without a proportional increase in costs. Margin expansion has been the key driver behind earnings growth in recent quarters. However, inefficiencies induced by tariffs and restrictive immigration could hurt productivity. Indeed, companies have expressed concerns about maintaining margins during the 1Q25 earnings season. So far, over 60 companies have revised down EPS guidance, the most since 1Q14. Should companies have difficulty expanding margins, they may fall short of analyst estimates for 9% earnings growth this year.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	5687	2.94	1.42	-2.91	13.82	43.34
Dow Jones 30	41317	3.00	-1.53	-2.39	10.03	32.73
Russell 2000	5022	3.24	0.51	-9.02	1.61	12.19
Russell 1000 Growth	2511	3.35	4.55	-5.87	16.60	56.66
Russell 1000 Value	1124	2.54	-1.63	0.47	9.71	26.43
MSCI EAFE	2536	3.19	6.21	13.65	14.57	39.18
MSCI EM	1133	3.38	3.23	6.33	10.87	16.05
NASDAQ	17978	3.43	3.95	-6.72	14.30	46.90

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.67	-0.30	-0.40	2.37	6.36	5.77
U.S. Corporates	5.28	-0.43	-0.72	1.57	6.07	9.47
Municipals (10yr)	3.80	0.76	-0.51	-0.25	1.15	7.80
High Yield	7.93	0.27	0.37	1.38	8.65	21.06

Key Rates	Levels (%)					
	5/2/25	4/25/25	3/31/25	12/31/24	5/2/24	5/2/22
2-yr U.S. Treasuries	3.83	3.74	3.89	4.25	4.87	2.73
10-yr U.S. Treasuries	4.33	4.29	4.23	4.58	4.58	2.99
30-yr U.S. Treasuries	4.79	4.74	4.59	4.78	4.72	3.07
10-yr German Bund	2.52	2.47	2.70	2.35	2.56	0.96
SOFR	4.39	4.33	4.41	4.49	5.31	0.30
3-mo. EURIBOR	2.14	2.17	2.34	2.71	3.85	-0.42
6-mo. CD rate	1.89	1.88	1.89	2.29	2.33	0.28
30-yr fixed mortgage	6.80	6.90	6.77	7.28	7.44	5.45
Prime Rate	7.50	7.50	7.50	7.50	8.50	3.50

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
20.56	4.84	1.29	48196
18.90	5.31	1.86	17245
22.96	1.85	1.42	2373
26.19	11.78	0.60	27725
16.32	2.70	2.07	24429
14.37	1.88	2.62	17919
12.20	1.74	2.19	8081
25.20	6.36	0.70	29464

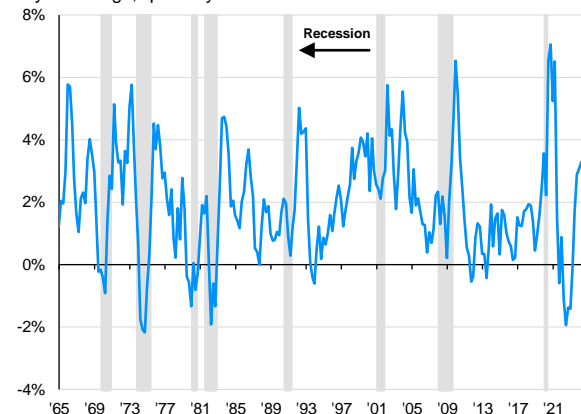
Levels			
Currencies	5/2/25	12/31/24	5/2/24
\$ per €	1.14	1.04	1.07
\$ per £	1.33	1.25	1.25
¥ per \$	144.00	157.16	154.06

Levels			
Commod.	5/2/25	12/31/24	5/2/24
Oil (WTI)	59.24	72.44	80.59
Gasoline	3.13	3.01	3.65
Natural Gas	3.48	3.40	1.66
Gold	3250	2609	2289
Silver	32.37	28.91	26.24
Copper	9195	8706	9660
Corn	4.67	4.53	4.47
BBG Idx	248.66	238.62	235.75

Chart of the Week

U.S. productivity growth

Y/y % change, quarterly



Style Returns

	V	B	G
L	2.5	2.9	3.4
M	2.7	3.1	4.2
S	2.8	3.2	3.6
	V	B	G
L	0.5	-2.9	-5.9
M	-2.8	-2.3	-1.0
S	-9.1	-9.0	-8.9

S&P 500 Sector Returns

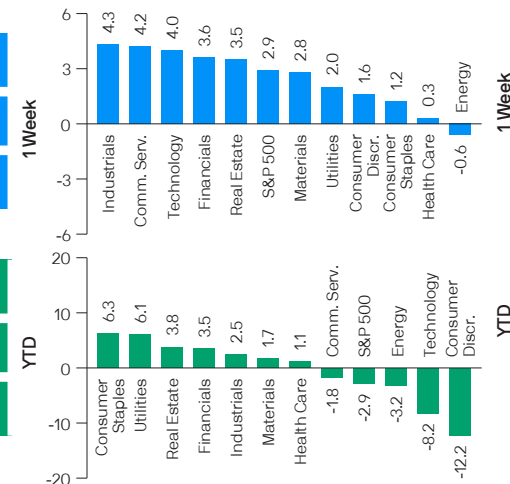




Chart of the Week: BLS, J.P. Morgan Asset Management.

Thought of the week: BLS, FactSet, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI – EAFE; provided by: MSCI – gross official pricing. Index: MSCI – EM; provided by: MSCI – gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share

information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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