

CAPITAL MARKETS REPORT - MARCH 10, 2025



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Market Movers:

- The impact of trade policies on the U.S. and worldwide economies remained the major focus of traders last week.
- After steadily moving lower for most of February, yields stabilized a bit last week before longer term rates moved higher by Friday's close. However, yields are again moving lower this morning on fresh concerns about the health of the U.S. economy. A growing number of analysts are predicting a further slowdown due to trade friction caused by tariff hikes. The latest to do so, Morgan Stanley's Chief US Strategist Mike Wilson, said that stocks may slump another 5% due to the cost of tariffs on corporate earnings. The lack of clarity out of Washington on trade policy is further eroding economic confidence both domestically and internationally. In addition, the number of government employees that have been fired is expected to add an additional drag on the economy. Yesterday, President Trump admitted that the economy is in "a period of transition."
- On Friday, stocks had reversed course from another sharp sell-off after a speech given by Jerome Powell that, at least temporarily, assuaged markets. The Fed Chair acknowledged that the level of economic uncertainty has increased in recent weeks for economies worldwide, but "most measures of longer-term (inflation) expectations remain stable and consistent" with the central bank's 2% inflation target.
- Friday's highly anticipated jobs report was close enough to "in-line" with expectations to have little impact on markets. The data did confirm that the labor market is softening and more people are out of work for longer periods of time.
- Fed Funds futures are now pricing three 25bps rate cuts this year with the first expected in June.
- The S&P opened down 75 and the 10Y is at 4.23%.

Market Last Week

	02/28/25 Close	03/07/25 Close	Weekly Change
2 yr. Note	3.99%	4.00%	+1 bps
5 yr. Note	4.02%	4.09%	+7 bps
10 yr. Note	4.21%	4.30%	+9 bps
30 yr. Bond	4.49%	4.60%	+11 bps
SOFR Rate	4.3247	4.3222	-.0025

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
3/11/25 6:00 AM	NFIB Business Optimism (Feb)	101.0	102.8
3/11/25 10:00 AM	JOLTS Job Openings (Jan)	7630k	7600k
3/12/25 7:00 AM	MBA Mortgage Applications	n/a	20.4%
3/12/25 8:30 AM	CPI (Feb)	0.3%	0.5%
3/12/25 8:30 AM	CPI Ex Food & Energy (Feb)	0.3%	0.4%
3/12/25 8:30 AM	Avg. Hourly Earnings (Feb)	n/a	1.0%
3/12/25 2:00 PM	Federal Budget Balance (Feb)	-314.3B	-128.6B
3/13/25 8:30 AM	PPI (Feb)	0.3%	0.4%
3/13/25 8:30 AM	PPI Ex Food & Energy (Feb)	0.3%	0.3%
3/13/25 8:30 AM	Initial Jobless Claims (Mar 8)	225k	221k
3/13/25 8:30 AM	Continuing Claims (Mar 1)	1890k	1897k
3/14/25 10:00 AM	U. of Michigan Sentiment (Mar)	63.4	64.7

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