

CAPITAL MARKETS REPORT - MARCH 3, 2025



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Market Movers:

- Volatility remained elevated last week as traders processed a list of issues including: concerns of a looming economic slowdown, an increasingly tenuous geopolitical landscape, and daily threats of a ramped up trade war.
- Treasury yields closed sharply lower last week as investor jitters about the direction of the economy increased the probability of Fed rate cuts this year and investors retreated to the safety of sovereign debt. While economic data was mixed, the more closely watched and market impactful releases did suggest a slowdown. Manufacturing activity, consumer confidence, retail sales, and personal spending all fell short of expectations.
- Perhaps the more significant red flag for the economy is the increasingly pessimistic consumer. The Conference Board Consumer Confidence measure for February fell by the largest amount since August 2021. Concerns about the pricing of goods in the months to come dominated the responses from consumers. While difficult to understand, some of the survey respondents just weeks ago had been hopeful that the prices of goods would decrease despite the new administration's clear signaling that they intended to pursue tariff hikes. Significant additional tariffs on Mexico, Canada, and China are scheduled to go into effect tomorrow.
- This morning, Fed Funds futures are now pricing two 25bps cuts in 2025, the first in July and the second in October.
- This Friday's Payroll data is highly anticipated for further evidence of a slowing labor market.

Market Last Week

	02/21/25 Close	02/28/25 Close	Weekly Change
2 yr. Note	4.20%	3.99%	-21bps
5 yr. Note	4.27%	4.02%	-25bps
10 yr. Note	4.43%	4.21%	-22bps
30 yr. Bond	4.68%	4.49%	-19bps
SOFR Rate	4.3193	4.3247	+0.0054

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
3/03/25 9:45 AM	S&P Manufctrng. PMI (Feb)	51.6	51.6
3/03/25 10:00 AM	Construction Spending (Jan)	-0.1%	0.5%
3/03/25 10:00 AM	ISM Manufctrng. (Feb)	50.8	50.9
3/05/25 8:15 AM	ADP Employment Change (Feb)	147k	183k
3/05/25 10:00 AM	Factory Orders (Jan)	1.6%	-0.9%
3/05/25 10:00 AM	Durable Goods Orders (Jan)	3.1%	3.1%
3/05/25 10:00 AM	ISM Services Index (Feb)	52.6	52.8
3/06/25 8:30 AM	Initial Jobless Claims (Mar 1)	235k	242k
3/06/25 8:30 AM	Continuing Claims (Feb 22)	1875k	1862k
3/06/25 10:00 AM	Wholesale Inventories (Jan)	0.7%	0.7%
3/07/25 8:30 AM	Change Nonfarm Payrolls (Feb)	160k	143k
3/07/25 8:30 AM	Unemployment Rate (Feb)	4.0%	4.0%

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