

CAPITAL MARKETS REPORT - APRIL 28, 2025



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SERVICE BEYOND COMPARISON

- Speculation that the Fed would cut rates sooner than previously expected fueled a mid-week rally in the stock markets. Closing on gains Tuesday through Thursday, the Dow and the S&P recovered their early week losses and then some; equities overcame a weaker than expected April Consumer Confidence report to finish Friday's session slightly higher.
- In the US's consumer-fueled economy, the UM gauge on consumer sentiment came in at 52.2. This is the second lowest report on record and an 8% drop from March and a 27% drop since January. Equally troubling, long-term inflation expectations rose to the highest level since 1991. These are the latest in a growing list of recent tariff-fallout data indicating that consumers and business alike are growing increasingly concerned. This month's Fed Beige Book was riddled with a record 80 mentions of "uncertainty" as the Fed wrestles with the timing of any potential rate cuts versus maintaining prices and employment levels.
- In an attempt at assuaging the concerns of business leaders and top advisors, the President last week tempered his attitude on Fed Chair Jerome Powell and the tariff standoff with China. Tuesday, he said he has no intention of firing Powell and is willing to "substantially" reduce his 145% tariff on China. The about-face came after his meeting with executives from the top 4 big-box retailers where concerns were expressed over supply chain disruptions and price increases on goods—the possibility of empty shelves within weeks appeared to strike a strong chord with Trump. This morning, Bloomberg is reporting that cargo shipments from China have already dropped by as much as 60% "and thousands of companies will need to replenish inventories by mid-May." Some economists have gone as far as warning of "Covid-like" supply chain disruptions and shortages.
- The governor of the PBOC warned that the ongoing frictions posed threats to trust in the global economic system, saying there are "no winners" in trade wars. Trump announced Friday that another delay in the tariffs was unlikely and that he would not drop tariffs on China without a "substantial" offer from Beijing. Trump said he expects the trade deal to be wrapped up in the next 3-4 weeks but, whiplash battered consumers and markets are stuck in limbo—a place they hate to be. Questions about the long-term effects and unintended consequences of the tariff war remain unanswered. Hedge fund manager, Ken Griffin, summed it up commenting, "So the president...need(s) to be very thoughtful when you have a brand (US Economy), you need to behave in a way that respects that brand. Because when you tarnish that brand, it can be a lifetime to repair the damage that's been done."
- Treasury prices are opening lower (yields up) ahead of this week's GDP, Personal Income/Spending, Home Sales and Jobs Data!

Market Last Week

	4/17/25 Close	04/25/25 Close	Weekly Change
2 yr. Note	3.80%	3.75%	-5 bps
5 yr. Note	3.94%	3.87%	-7 bps
10 yr. Note	4.33%	4.25%	-8 bps
30 yr. Bond	4.80%	4.71%	-9 bps
SOFR Rate	4.32%	4.29%	-3 bps

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
4/29/2025 8:30 AM	Wholesale Inventories MoM (Mar)	0.80%	0.30%
4/29/2025 10:00 AM	Consumer Confidence (Apr)	87	92.9
4/30/2025 8:15 AM	ADP Employment Change (Apr)	125k	155k
4/30/2025 8:30 AM	GDP Annualized QoQ (1Q)	0.30%	2.40%
4/30/2025 9:45 AM	MNI Chicago PMI (Apr)	45.8	47.6
4/30/2025 10:00 AM	Personal Income (Mar)	0.40%	0.80%
4/30/2025 10:00 AM	Personal Spending (Mar)	0.60%	0.40%
5/1/2025 8:30 AM	Initial Jobless Claims (Apr 26)	220k	222k
5/1/2025 10:00 AM	ISM Manufacturing (Apr)	48	49
5/2/2025 8:30 AM	Δ Nonfarm Payrolls (Apr)	125k	228k
5/2/2025 8:30 AM	Unemployment Rate (Apr)	4.20%	4.20%
5/2/2025 10:00 AM	Factory Orders (Mar)	4.40%	0.60%

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