Weekly Market Recap

March 17, 2025

PHOENIX ASSET ADVISORS, LLC

Market Commentary

Last Week's Highlights: Markets continue to trade on tariff news, but markets stopped making new lows last week. The Dow was down 3.07% last week, while the S&P 500 declined 2.27%, the Nasdaq dropped 2.43%, and the Russell 2000 gave up 1.51%. Bond yields were mixed last week, causing bond results to be mixed. The BBgBarc Agg Bond Index was down 0.06% for the week, while short-term bonds up 0.02%. The US dollar was relatively flat last week, with international equities out-pacing domestic. The MSCI EAFE Index was up 3.59%, while the MSCI Emerging Markets Index gained 1.03%. **Economic Data:** Most eyes will be on the Fed meeting this week and their official statement. The key economic data releases this week are NY Empire State Manufacturing Index, Retail Sales, NAHB Housing Market Index, Building Permits (P), Housing Starts, Redbook Sales, Industrial Production, Capacity Utilization Rate, FOMC Meeting, Initial Jobless Claims, Continuing Claims, Philly Fed Manufacturing Index, Existing Home Sales, & US Leading Index. **Earnings Releases:** The pace of earnings slows considerably with the last few weeks of Q1 reporting. The key earnings releases this week are SAIC, GETY, KIRK, TME, GIS, WSM, GES, JILL, ACN, LEN, NKE, MU, FDX, ASO, LE, & CCL. **Takeaways:** So much fear in the market has revolved around tariffs and, most recently, a possible link between inflation and tariffs. Producer Prices were basically flat in February and Consumer Prices edged higher less than anticipated. The Cleveland Fed has projected March inflation to come in flat, which would push the year-over-year number lower for a 2nd consecutive month. A data point that has been often quoted in the press of late is the price of eggs. According to the U.S. Department of Agriculture, the price of eggs has dropped from a high of just over $8 per dozen to just over $4 per dozen in a few short weeks. Job Openings have stabilized after dropping from all-time-highs post-COVID. In fact, the current level of Job Openings is holding at the same level measured in March of 2019. Initial Jobless Claims and Continuing Claims are not near levels typically seen just prior to past recessions. While it's not impossible, it would be extremely rare to see another bear market in 2025 to coincide with 2020 and 2022. According to Fed Chairman Powell on tariffs, "The textbook would say look through it." Investors should probably heed that advice.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	-2.26%	-9.02%
Industrials	-2.19%	-2.84%
Energy	2.70%	3.79%
Communication Svcs	-3.44%	-3.28%
Basic Materials	-1.52%	2.76%
Consumer Cyclical	-4.12%	-13.37%
Financial Svcs	-1.42%	-0.33%
Real Estate	-2.32%	1.91%
Consumer Defensive	-4.08%	0.47%
Healthcare	-2.81%	4.70%
Utilities	2.47%	3.85%

Key Indices	1 Week Return	YTD Return
S&P 500	-2.27%	-4.13%
Dow Jones Industrial Average	-3.07%	-2.48%
Russell 2000	-1.51%	-8.34%
Nasdaq	-2.43%	-8.06%
MSCI EAFE	3.59%	9.05%
BBgBarc Agg Bond	-0.06%	2.07%
60% S&P / 40% BB Agg Bond	-1.37%	-1.65%

Key Rates—as of 3/14/2025	
3mth T-bills	4.30%
2yr U.S. Treasury	4.02%
10yr U.S. Treasury	4.32%
Fed Funds	4.25%-4.50%

Investment Styles—1 Week Returns

	Value	Blend	Growth
Large	-2.02%	-3.55%	-0.75%
Mid	-0.92%	-2.74%	-2.73%
Small	-1.83%	-2.72%	-1.89%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	3.66%	-3.27%	-6.13%
Mid	0.21%	-3.72%	-5.87%
Small	-4.36%	-5.99%	-7.16%

See important disclosures on last page.

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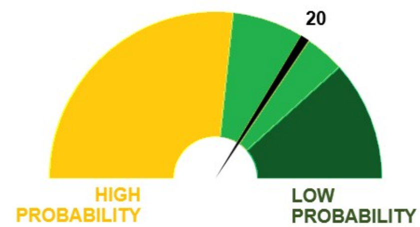
Recession Indicator

The current score of our Recession Indicator suggests that there is a moderate probability of a recession in the next 6-12 months. The Indicator was unchanged last week. It stands at a level of 20. The ANCFI, and the Financial Stress Index are at a positive levels. The Weekly Economic Index, CPI, KC Labor Market Index, Housing Starts, & S&P 200 DMA are at moderate levels. The Yield Curve, Consumer Sentiment, Sahm Rule, & the Savings Rate are at warning levels.



PROBABILITY OF RECESSION	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

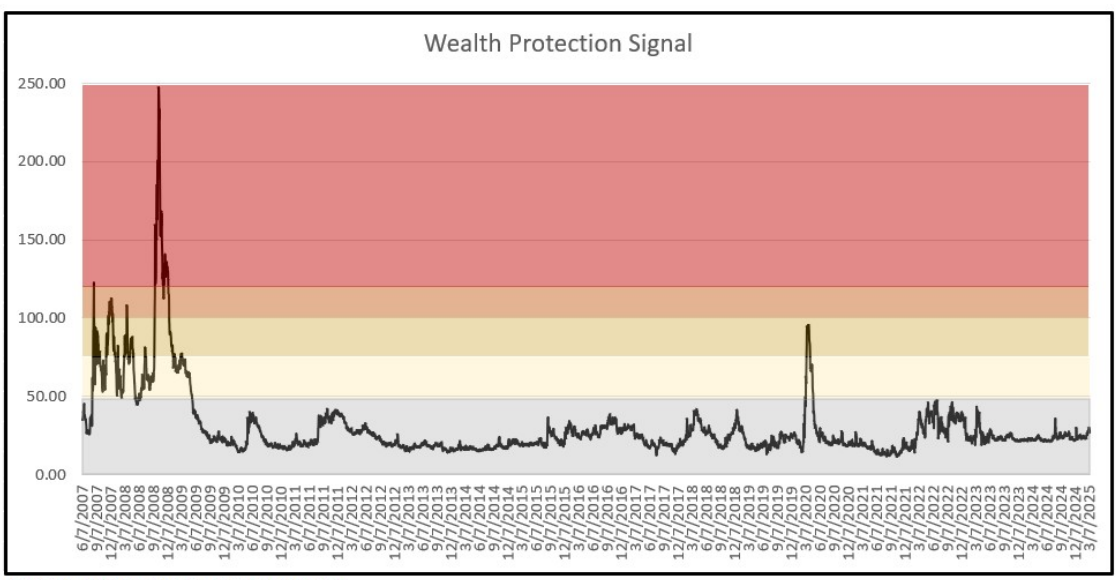
Wealth Protection Signal

Description

The Wealth Protection Signal measures panic or “fear” among investors, as well as, “volatility” in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

Current Level

The current level of the Wealth Protection Signal is at 26.78 as of Friday’s close on March 14th, 2025. The Signal decreased 3.2% last week. Volatility moved higher early in the week, with the VIX briefly traded at the December elevated levels but ultimately declined for the week. The Signal would have to increase 68% to reach the first cash raise trigger. The Wealth Protection Signal is currently indicating that investors should have a 0% cash-weighting as a defensive position within their respective asset allocation at this time.



Source: Eudaimonia Asset Management

Cash Raise Level
40%
30%
20%
10%
0%

Current Level
26.78
3/14/2025

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Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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All investments include a risk of loss that clients should be prepared to bear.