PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

March 31, 2025

Market Commentary

Last Week's Highlights: Markets reeled last week from perceived "hot" inflation data and continued stress over tariffs. The Dow was down 0.96% last week, while the S&P 500 lost 1.53%, the Nasdaq declined 2.59%, and the Russell 2000 gave up 1.64%. Bond yields were mixed last week along the yield curve. The BBgBarc Agg Bond Index was down 0.02% for the week, while short-term bonds lost 0.27%. The US dollar was higher last week, but international equities were in-line with domestic. The MSCI EAFE Index was down 1.49%, while the MSCI Emerging Markets Index declined 0.99%. **Economic Data:** All eyes will be on the labor market to see if it is holding steady. The key economic data releases this week are Chicago PMI, Dallas Fed Manufacturing Index, Redbook Sales (YoY), S&P Manufacturing PMI, Construction Spending, ISM Manufacturing PMI, JOLTs Job Openings, ADP Private Payrolls, Factory Orders, Total Vehicle Sales, Challenger Job Cuts, Initial Jobless Claims, Continuing Claims, S&P Services PMI, ISM Non-manufacturing PMI, Nonfarm Payrolls, Unemployment Rate, & Average Hourly Earnings. **Earnings Releases:** First quarter earnings are light this week, but will pick up with the Big Banks next week. The key earnings releases this week are SPWH, FC, BB, STZ, CAG, AYI, APOG, & GES. **Takeaways:** Despite calls in financial media for a recession, we're not seeing the typical signs. So far, both Initial Jobless Claims and Continuing Claims are well below pre-recession levels. Credit spreads, while elevated from near all-time lows, have not even reached the level seen last August when markets pulled back 8%. And, finally, the smoothed recession probability model published by the St. Louis Federal Reserve also shows we are not at typical pre-recession levels. Last week's PCE Price Index (Personal Consumption Expenditures) report showed a slight increase in inflation on a month-over-month basis. The was termed as a "hot" report by the media. However, the year-over-year expectation for PCE for February was 2.5%. The report came in at 2.5%. Do you know what last month's measure was - that's right, 2.5%. The recent talk of stagflation is missing just one important ingredient - high unemployment. Finally, tariffs have been blown out of proportion in our view. The latest survey of CFOs shows that the vast majority have made no significant business changes in light of higher tariffs. The current pullback in equities could continue until there is more clarity on tariffs and inflation.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	-3.53%	-11.99%
Industrials	-1.25%	-3.64%
Energy	0.67%	7.88%
Communication Svcs	-3.27%	-6.38%
Basic Materials	-0.95%	1.44%
Consumer Cyclical	0.30%	-12.78%
Financial Svcs	-0.28%	1.30%
Real Estate	0.42%	2.38%
Consumer Defensive	1.84%	2.26%
Healthcare	-1.10%	4.73%
Utilities	-0.78%	3.29%

Key Indices	1 Week Return	YTD Return
S&P 500	-1.53%	-5.11%
Dow Jones Industrial Average	-0.96%	-1.31%
Russell 2000	-1.64%	-9.28%
Nasdaq	-2.59%	-10.29%
MSCI EAFE	-1.49%	8.38%
BBgBarc Agg Bond	-0.02%	2.53%
60% S&P / 40% BB Agg Bond	-0.89%	-2.05%

Key Rates—as of 3/28/2025	
3mth T-bills	4.29%
2yr U.S. Treasury	3.91%
10yr U.S. Treasury	4.25%
Fed Funds	4.25%-4.50%

Investment Styles—1 Week Returns

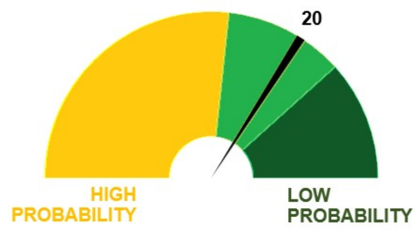
Value	Blend	Growth	
-0.14%	-1.69%	-2.15%	Large
-0.09%	-0.69%	-2.09%	Mid
-0.94%	-0.74%	-1.83%	Small

Investment Styles—YTD Returns

Value	Blend	Growth	
4.66%	-4.35%	-7.06%	Large
1.07%	-3.81%	-6.14%	Mid
-4.24%	-6.45%	-7.89%	Small

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

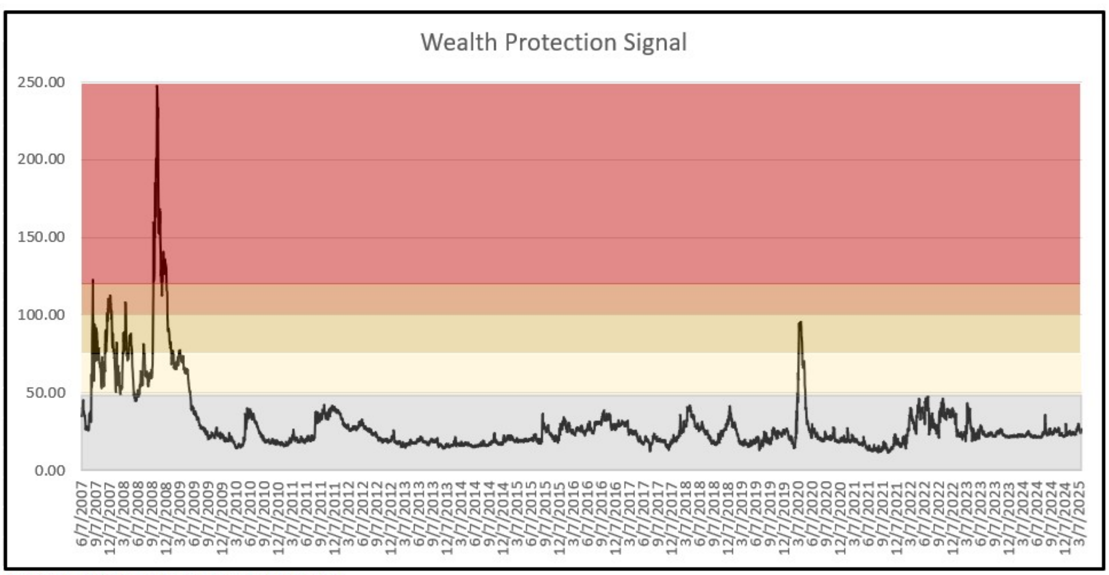
Wealth Protection Signal

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 26.70 as of Friday’s close on March 28th, 2025. The Signal increased 5.1% last week. Volatility initially declined last week, but heated back up toward the end of the week with inflation data. The Signal would have to increase 69% 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
26.70
3/28/2025

See important disclosures on last page.

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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Risk Disclosure

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

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