

Primary Market Drivers

Economic Data

Last week's March inflation data was softer than expected across the board. CPI came in at +0.2% m/m (vs. +0.3%) and +2.8% y/y (vs. +2.9%), while PPI surprised with a -0.4% m/m reading (vs. +0.2%). The caveat is that March's downturn in inflation doesn't mean much in the face of April tariffs, so while the data was positive, investors are punting to next month to get a clearer picture of what type of effect recent tariffs will have on inflation. This week's economic calendar is busy with a diverse set of data. We will see Empire Manufacturing (4/15), Import & Export Prices (4/15), Retail Sales (4/16), Industrial Production & Capacity Utilization (4/16), NAHB Housing Market Index (4/16), Building Permits & Housing Starts (4/17), and the Philadelphia Fed Index (4/17). While economic data has been an afterthought as we wade through tariff announcements, expect some scrutiny on Retail Sales and Industrial Production this week.

Fed Policy

Expectations for the Fed's May 7th policy decision have swung wildly over the past few weeks. Volatility in the market and uncertainty over the economic impact of tariffs continue to drive odds back and forth, and it appears the Fed isn't in any rush to act based on recent rhetoric. Odds of a 25bps cut on May 7th have fallen to 16% despite cool CPI and PPI data last week, a clear indication that the market is holding its breath for April's inflation and economic data after many tariffs have officially gone into effect. A strong labor market and elevated inflation expectations moving forward have given the Fed plenty of cover to leave rates alone and wait for additional data points.

Tariffs

Tariffs have been dominating the market action this month. Whether its new tariff announcements, negotiations, exemptions, or just talk, every soundbite and sentence is being priced into the market at a dizzying pace. Over the weekend, it was announced there would be a major exemption for electronics such as smartphones, computer hardware, and semiconductors (among many others), leading investors to breathe a big sigh of relief that the administration was sensitive to how damaging it would've been to supply chains and the global economy. However, that very announcement was walked back just hours later, with the administration stating that tariffs for those groups would be announced at a later date and are currently just "paused," with semiconductor tariffs being announced sometime this week. The mixed signals have resulted in plenty of confusion and renewed anxiety, and it feels like anybody's guess what is announced next. The market has been on a record-setting roller coaster over the last two weeks, and it doesn't appear that the ride is over.

All referenced market information, statistics, and economic data were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc.

Market Returns 4/11/2025

Category	Ticker	YTD%
Domestic Equity		
S&P 500	SPY	-8.62%
Dow Jones	DIA	-5.18%
Large-Cap Growth	QQQ	-10.99%
Large-Cap Value	IVE	-6.22%
Mid Caps	MDY	-12.45%
Small Caps	IWM	-16.38%
International Equity		
Developed Intl	EFA	4.44%
Emerging Markets	EEM	-0.17%
Fixed Income		
Core Bonds	AGG	1.12%
Corporate Bonds	LQD	-0.39%
High Yield Bonds	HYG	-1.02%
ST Treasuries	IEI	2.09%
LT Treasuries	TLT	0.52%
International Bonds	BNDX	0.32%



Performance data and stock chart were gathered from eSignal, a paid market screening application provided by Intercontinental Exchange, Inc.

Current Environment Summary

What's Working	What's Not	What's Next
Inflation Falling	Tariff Policy	Tariff Developments
Fed Easing Cycle	Global Economic Uncertainty	Earnings: BAC, JNJ, UAL, ABT, UNH, NFLX
Strong Earnings Growth	Fed Pause	Retail Sales (4/16)
Interest Rates Falling	Bond Market Volatility	First Big Week of Earnings Season
Strong Labor Market	Extreme Equity Volatility	Semiconductor Tariff Announcement
	Extreme Negative Sentiment	Expect Volatility to Continue

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