

MARKET VIEW WEEKLY

Philip Blancato, Chief Market Strategist, Osaic



ECONOMIC REVIEW¹

- Headline Personal Consumption Expenditure (PCE) Index increased 0.3% month-over-month (MoM) in line with forecasts, and 2.5% year-over-year (YoY)
- The Fed's preferred inflation gauge Core PCE (excluding food and energy) rose 0.4% MoM, slightly above expectations (0.3%) and 2.8% YoY – still above the Fed's 2% target.
 - Durable goods prices, especially vehicles, rose as consumers accelerated purchases ahead of expected tariff-related price hikes.
 - Service inflation remained sticky, with notable strength in non-housing categories, such as transportation and healthcare.
- Real consumer spending rose just 0.1% MoM below expectations of 0.3% after a soft January.
- Personal income grew with a strong 0.8% MoM, indicating the potential for a future pickup in spending once uncertainty fades.
- Q4 2024 GDP was revised up to a 2.4% annualized rate, boosted by strong corporate profits, gaining 5.9% on solid consumer spending.
 - However, first-quarter growth is expected to slow, with some forecasters predicting a potential contraction due to tariff-driven import surges amongst global trade uncertainty.
- New and pending home sales both posted modest gains in February, rebounding from weather-related slowdowns, with the South driving most of the recovery in both segments.
 - Despite the uptick, the market remains constrained by elevated mortgage rates, roughly 6.7%, and affordability concerns, with meaningful improvement unlikely until rates fall closer to 5%.
- The Conference Board's Consumer Confidence index fell to 92.9 in March, the lowest level since early 2021, as concerns over inflation and tariffs continue to weigh on sentiment.

How do consumer confidence, housing data, GDP, and PCE impact you?

- This week's data paints a picture of an economy at a crossroads. Inflation remains stubbornly above target, particularly in core categories, which could delay the Fed's anticipated rate cuts, keeping yields elevated and pressure on equities. Sluggish consumer spending and plummeting confidence signal growing caution among households, raising concerns about the durability of growth heading into Q2. Meanwhile, resilient income and corporate profits offer a cushion, but the risk of stagflation is back on the radar. Investors should stay flexible and monitor changes in Fed talk and the effects of tariffs since both could drive the market in the months ahead.

A LOOK FORWARD¹

- Next week, investors should be watching key data releases. Next week's key data releases include JOLTS, ISM manufacturing and services, the trade balance and the highly anticipated jobs report.

How does this week's slate of economic data impact you?

- Upcoming releases, including jobs and activity reports, will offer fresh insight into the economy's strength and help shape expectations for Fed policy. The results could meaningfully impact rates, equities and overall market sentiment.



MARKET UPDATE²

Market Index Returns as of 3/28/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-1.52%	-4.81%	-4.81%	7.64%	8.07%	18.87%
NASDAQ	-2.59%	-10.15%	-10.15%	6.51%	6.67%	19.14%
Dow Jones Industrial Average	-0.96%	-1.85%	-1.85%	6.33%	7.75%	16.27%
Russell Mid-Cap	-1.07%	-3.85%	-3.85%	2.12%	3.66%	16.24%
Russell 2000 (Small Cap)	-1.62%	-9.02%	-9.02%	-3.52%	-0.29%	13.82%
MSCI EAFE (International)	-1.05%	9.11%	9.11%	7.08%	6.53%	12.45%
MSCI Emerging Markets	-0.87%	4.73%	4.73%	9.99%	2.20%	8.49%
Bloomberg Barclays US Agg Bond	-0.04%	2.54%	2.54%	4.64%	0.57%	-0.35%
Bloomberg Barclays High Yield Corp.	-0.44%	1.08%	1.08%	7.77%	5.11%	7.63%
Bloomberg Barclays Global Agg	0.03%	2.53%	2.53%	2.94%	-1.43%	-1.42%

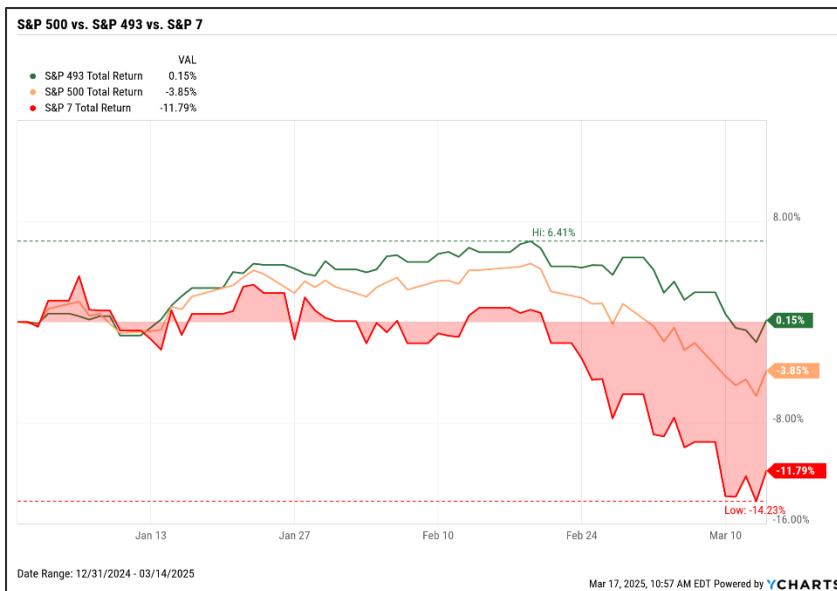


OBSERVATIONS

- All major domestic indices posted losses for the week, with the NASDAQ falling -2.59%, the S&P 500 down -1.52%, and the Dow Jones Industrial Average retreating -0.96%.
- Mid- and Small-cap stocks also declined, with the Russell Mid-Cap down -1.07% and the Russell 2000 slipping -1.62%.
- international markets moved lower as the MSCI EAFE dropped 1-1.05%, and the MSCI Emerging Markets declined -0.87%.
- Bond markets were mixed; the Bloomberg U.S. Aggregate Bond Index was nearly flat -0.04%, high yield corporates fell -0.44%, while global bonds inched up +0.03%.



BY THE NUMBERS



S&P 500: A Bifurcated Decline³ A clear divergence is emerging within the U.S. equity market, as illustrated by the sharp underperformance of the “Mag 7” mega-cap tech stocks relative to the broader S&P 493. This dynamic reflects a valuation-driven shakeout, with investors reassessing elevated expectations around AI and tech innovation amid rising competition, policy certainty, and stretched multiples. Meanwhile, the broader market has shown relative resilience with more balanced performance across sectors, particularly in areas like industrials, financials, and utilities, suggesting a shift towards more fundamentally grounded in income-generating assets. For investors, this evolving landscape highlights the need to

reduce overexposure to high growth tech and consider diversifying across the market cap spectrum, where small and mid-cap stocks may offer more attractive valuations and greater upside potential in the broadening market environment.

Economic Definitions

Conference Board Consumer Confidence Index: The Consumer Confidence Survey® reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitude, buying intentions, vacation plans and consumer expectation for inflation, stock prices and interest rates. Data are data available by age, income, region and top 8 states.

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

ISM Manufacturing Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

New Home Sales: This concept tracks sales of newly constructed homes during the reference period. The Implicit US index is computed by taking the number of houses sold in the US and dividing it by the seasonally adjusted number of houses sold in the US.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Pending Home Sales: This concept tracks signed real estate contracts for existing single-family homes, condos and co-ops that have not yet closed. As such it is a leading indicator for existing home sales.

ISM Services Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries,

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

Disclosures

Index performance does not reflect the deduction of any fees and expenses, and if deducted, performance would be reduced. Indexes are unmanaged and investors are not able to invest directly into any index. Past performance cannot guarantee future results.

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¹ Data obtained from Bloomberg as of 3/28/2025.

² Data obtained from Morningstar as of 3/28/2025.

³ycharts.com