

Market Update

March 4, 2025
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Last week the U.S. stock markets experienced mixed performance amid economic data releases and geopolitical developments. For February, the S&P dipped 1.4%, the Dow Jones Industrial Average fell 1.6% and the Nasdaq Composite shed 4%.

Sector Highlights

- **Financials:** The sector outperformed, with a weekly gain of 1.98%, driven by strong earnings reports from major banks.
- **Information Technology:** The sector declined by 5.14% over the week, influenced by mixed earnings results and investor concerns over high valuations.
- **Consumer Discretionary:** This sector saw a decrease of 2.98%, as consumer confidence waned amid economic uncertainties.

	02/28/2024	1/1/2025	02/28/2025	12 MO ROR	YTD ROR
DOW	38,949	42,392	43,841	12.56%	3.05%
S&P 500	5,070	5,903	5,955	17.45%	1.24%
NASDAQ	14,926	19,404	18,848	26.28%	3.71%

Key Economic Data

- **Consumer Confidence:** The Conference Board's Consumer Confidence Index dropped significantly, marking its largest decline in three and a half years, reflecting growing concerns about the economic outlook.
- **Inflation:** The Personal Consumption Expenditures (PCE) index showed slight easing, providing some reassurance to policymakers amid ongoing trade tensions.

Notable Corporate Developments

- **NVIDIA:** The company reported earnings that topped forecasts; however, the results were interpreted as "good, but not great," lacking the upside delivered in recent quarters. This weighed on mega-cap stocks, especially within the AI growth theme.
- **Tesla:** Shares dropped 28% in February amid concerns over CEO Elon Musk's involvement in federal workforce reductions, potentially

U.S. Treasury Bond Yields

as of 03/03/2025

US1MO	4.31%
US3MO	4.30
US6MO	4.30
US1Y	4.12
US2Y	4.03
US3Y	4.02
US5Y	4.06
US10Y	4.25
US30Y	4.53

distracting from the company's goals of rolling out self-driving software and the Cybercab.

Geopolitical Factors

The week was marked by escalating trade tensions between the U.S. and China, with the U.S. administration considering new tariffs. This uncertainty contributed to market volatility and influenced investor sentiment.

Rising Inflation Rates

Inflation has become a focal point recently, with particular attention paid to upcoming inflation reports. According to the Personal Consumption Expenditures (PCE) data, prices rose by 0.3% in January, reflecting continued upward pressure on inflation. Investor behavior has been influenced by these inflation expectations, as seen in recent market trends with steady bond yields. The anticipation of inflation-related news is partially driven by tariff concerns and falling consumer confidence, which dropped significantly to 98.3 in February. This narrative of rising inflation is critical given our portfolio's heavy focus on the USA market, making these developments particularly pertinent. Rising inflation rates often provide benefits to companies with pricing power, such as those in the Information Technology sector, which is heavily represented in our portfolio. Companies like Apple and Microsoft can pass increased costs onto consumers, potentially enhancing profitability. This trend supports our preference for firms that can adapt to inflationary environments. Ultimately, our focus on quality companies poised to capitalize on pricing strengths positions our portfolio well amid these inflationary trends. (Chen, 2025), (Bartash, 2025), (RTTNews, 2025), (Jones, 2024)

Conclusion

The U.S. stock market exhibited mixed performance during last week, with the Dow Jones Industrial Average posting gains, while the S&P 500 and Nasdaq Composite declined. Sector performances varied, and economic indicators pointed to potential challenges ahead. Investors remain cautious amid geopolitical uncertainties and mixed corporate earnings reports.

What to expect this week...

Key Takeaways:

- President Donald Trump is expected to address a joint session of Congress on Tuesday.
- Tariffs against products from Canada and Mexico are also set to go into effect Tuesday, Trump announced last week, along with the doubling of the existing tariff on goods from China.
- The latest jobs report for February is due for release Friday, as officials watch for softness in the labor market.
- Reports on consumer credit levels, the U.S. trade balance, factory orders, and industry PMI survey results are also expected. (Lane, 2025)

1. March mayhem

After a February slide, U.S. stocks only face more uncertainty this week. Stock futures climbed Monday as investors tried to decipher what President Donald Trump's final tariff plan will look like. Duties of up to 25% on imports from Mexico and Canada are set to take effect Tuesday – though Commerce Secretary Howard Lutnick suggested that the administration could reduce the rate. Concerns about how tariffs will affect household spending have added to broader fears that the U.S. economy is slowing. The February jobs report due Friday and a handful of major retail earnings this week will provide more insight into the economic picture. (Pramuk, 2025)

2. Shopping snapshot

Retail earnings this week will offer a view into how major companies think tariffs could affect their pricing and their businesses. Business from Target to Costco and Abercrombie & Fitch will give insight into the consumer health and how executives think tariffs could affect spending on groceries, household goods and apparel. With 94% of S&P 500 companies reporting fourth-quarter results as of last week, earnings had climbed 16.9% from the prior year, while revenue had risen 5.2%.

(Pramuk, 2025)

3. Crypto stash

Trump announced the creation of a strategic crypto reserve, as his administration offers full-throated support for the industry. Trump said a working group would create the reserve, as he tries to “make sure the U.S. is the Crypto Capital of the World.” The fund will include the most well-known coins like Bitcoin and ether, as well as others like XRP and Solana’s SOL. Critics have questioned the move due to the volatility of some of the assets included.

Fed Officials to Speak Ahead of Blackout Period

It’s the last week for Federal Reserve officials to deliver remarks before the start of the blackout period ahead of the March 18-19 meeting of the Federal Open Market Committee. Fed Governor Michelle Bowman, New York Fed President John Williams, and Atlanta Fed President Raphael Bostic are scheduled to give remarks. The Fed’s latest Beige Book is also due for release Wednesday, offering a qualitative review of economic conditions.

Several economic indicators this week could provide updates on the health of the manufacturing and services sectors, including PMI survey results for February, wholesale inventories data, U.S. fourth quarter productivity, and factory orders. January consumer credit data could also provide insight into the strength of consumers.

Here's what I'll be watching this week:

Monday, March 3

- S&P manufacturing PMI (February)
- ISM manufacturing PMI (February)

Tuesday, March 4

- President Donald Trump is scheduled to address joint session of Congress

Wednesday, March 5

- ADP employment (February)
- S&P services PMI (February)
- ISM services PMI (February)
- Factory orders (January)
- Federal Reserve Beige Book

Thursday, March 6

- Initial jobless claims (Week ending March 1)

Friday, March 7

- U.S. employment report (February)

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