



WEEK OF APRIL 14, 2025

# Market Update

Inflation surprised to the downside in March, with Consumer and Producer Price indices showing a contraction of prices. Equities rallied sharply on Wednesday following news of a 90-day pause on tariffs for most countries. The move in the intermediate to long end of the yield curve is worth watching.

## Quick Hits

1. **Report releases:** Consumer and producer prices showed signs of continued cooling in March, coming in below expectations and the prior month's readings.
2. **Financial market data:** U.S. equities rebounded sharply following the announcement of a 90-day postponement of tariffs on most countries.
3. **Looking ahead:** The stock market will see an abbreviated week of trading with the Good Friday holiday. The focus this week will be import prices, retail sales, and housing data.



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Report Releases: April 7–April 11, 2025

**National Federation of Independent Business (NFIB) Optimism Index**  
March (Tuesday)

Manufacturer small business optimism fell more than expected in March. Business owners cited policy uncertainty, taxes, and quality of labor as key pain points. The net percentage of owners expecting better business conditions fell 16 points, marking the largest monthly decline since December 2020.

- Expected/prior month NFIB Optimism Index: 98.4/100.7
- Actual NFIB Optimism Index: 97.8



**Consumer Price Index**  
March (Thursday)

Consumer prices continued to cool in March, with each overall change coming in below estimates and the prior month's readings.

- Prior monthly CPI/core CPI growth: +0.2%/+0.2%
- Expected monthly CPI/core CPI growth: +0.1%/+0.3%
- Actual monthly CPI/core CPI growth: −0.1%/+0.1%
- Prior year-over-year CPI/core CPI growth: +2.8%/+3.1%
- Expected year-over-year CPI/core CPI growth: +2.5%/+3.0%
- Actual year-over-year CPI/core CPI growth: +2.4%/+2.8%



**Producer Price Index**  
March (Friday)

Producer prices were down in March, with both headline and core readings coming in below expectations and the prior month's readings.

- Prior monthly PPI/core PPI growth: +0.0%/−0.1%
- Expected monthly PPI/core PPI growth: +0.2%/+0.3%
- Actual monthly PPI/core PPI growth: −0.4%/−0.1%
- Prior year-over-year PPI/core PPI growth: +3.2%/+3.4%
- Expected year-over-year PPI/core PPI growth: +3.3%/+3.6%
- Actual year-over-year PPI/core PPI growth: +2.7%/+3.3%



**University of Michigan Consumer Sentiment**  
April, Preliminary (Friday)

Consumer sentiment continued to crater in April. Readings for both current conditions and future expectations declined notably.

- Expected/prior month sentiment: 53.8/57.0
- Actual month sentiment: 50.8



>> The Takeaway

- Inflation surprised to the downside in March, with both Consumer and Producer Price indices showing a contraction of prices.
- Small business optimism and consumer sentiment releases showed a lack of confidence, with both surprising to the downside.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	5.73%	−4.38%	−8.47%	4.54%
Nasdaq Composite	7.30%	−3.30%	−13.22%	2.47%
DJIA	4.97%	−4.20%	−5.04%	6.44%
MSCI EAFE	0.83%	−4.14%	2.59%	3.29%
MSCI Emerging Markets	−3.82%	−4.97%	−2.15%	1.91%
Russell 2000	1.83%	−7.51%	−16.28%	−7.70%

Source: Bloomberg, as of April 11, 2025

U.S. equities rebounded sharply last week. Most of the recovery occurred on Wednesday on the back of news of a 90-day postponement of tariffs for those countries that didn't issue retaliatory tariffs. The S&P 500 was up more than 9 percent on the day following the news. Emerging markets, however, struggled as China was the main country of focus, and the U.S. and China continued to raise their tariffs on each other. China made up more than 31 percent of the MSCI Emerging Markets Index coming into the quarter and was the second largest source of U.S. imports in 2024.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	−1.19%	1.06%	5.25%
U.S. Treasury	−0.74%	1.62%	5.26%
U.S. Mortgages	−1.26%	1.26%	5.99%
Municipal Bond	−3.70%	−2.78%	−0.42%

Source: Bloomberg, as of April 11, 2025

The shift in tariff policy on Wednesday saw an immediate lift in the yield curve, as investors moved away from bonds to re-enter U.S. equities. As the week developed, another interesting move continued to develop with steepening on the long end of the yield curve. The intermediate to long end of the yield curve has a direct impact on areas such as the housing market, and this is worth watching.

>> The Takeaway

- Equities rallied sharply on Wednesday following news of a 90-day pause on tariffs for most countries.
- The yield curve moved higher amid a rotation back into equities.

## Looking Ahead

The stock market will see an abbreviated week of trading this week with the Good Friday holiday. The focus this week will be import prices, retail sales, and housing data.

- The week kicks off Tuesday with the **Import Price Index** for March. While this does not include tariffs, it will be interesting to see how foreign exporters are shifting pricing amid potential tariffs.
- On Wednesday, **Retail Sales** for March and the **National Association of Home Builders (NAHB) Housing Market Index** for April will be released. Retail sales are expected to accelerate in March, driven in large part by the automotive sector. Home builder confidence is expected to fall further in April.
- Finally, on Thursday, the **Housing Starts and Building Permits** for March will be released. Both housing starts and building permits are expected to fall in March.







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measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

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