

## WEEKLY INSIGHT

February 28, 2025

### The Times They Are A-Changin'

It has been a month since the inauguration, one evidenced by conflicting signals within the global economy and markets. This may have been the motivation for the decline in yields, as bonds exhibited a return of 1.5% over the last week.

### On the Economic Front

S&P Global released its regional “flash,” or preliminary Purchasing Managers’ Index (PMI) reports for February. The U.S. Composite PMI dropped to 50.4, a seventeen-month low, weighed down by the Services PMI, which dropped to a 25-month low of 49.7. The Manufacturing index rose to an 11-month high of 53.8. Note, a reading above 50 indicates expansion, while a reading below 50 indicates contraction.

Within the Eurozone, the Composite PMI came in at 50.2, modestly below expectations of 50.5. Strength in demand remains questionable as new orders decreased for the ninth consecutive month, while services new business declined for the first time in three months. On a positive note, output in Germany, the largest economy within the Euro-bloc, exhibited a nine-month high.

The Conference Board released its Leading Economic Index (LEI) for January. LEI fell 0.3%, following a 0.1% increase in December (revised from a 0.1% decline). According to the Conference Board, January’s decline reflected consumer pessimism regarding future business conditions. On the positive side, the annual growth in LEI has been improving and according to the Conference Board, may be signaling, “milder downside risks to growth.”

Building permits and new home prices for January both disappointed, with the latter materially missing consensus (657,000 versus expectations of 680,000) while each was below levels reported for December.

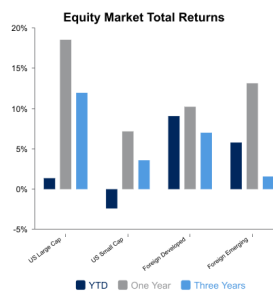
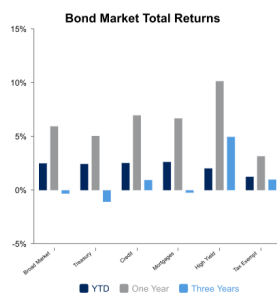
### Mixed Equity Performance

Foreign equities continue to outperform domestic equities. The MSCI All-Country World Index ex-USA (MSCI ACWI ex-USA) rose 0.5% over the last week, outpacing the Russell 3000, which declined 3.3%.

Earnings season for the fourth quarter 2024 is wrapping up. According to the London Stock Exchange Group (LSEG), 466 companies comprising the S&P 500 have reported earnings exhibiting earnings-per-share (EPS) growth of 17.3% year-over-year (YOY). When blending those yet to report, LSEG projects EPS growth of 16.9% YOY, well above the 9.7% YOY estimated as of January 1.

For the Russell 2000, there were 1,122 companies that have reported exhibiting EPS growth of 9.8% YOY. When blending those yet to report, LSEG projects EPS growth of 55.3% YOY.

Regarding companies outside the U.S., 761 companies comprising the MSCI ACWI ex-USA have reported exhibiting EPS growth of 6.1% YOY. When blending those yet to report, LSEG projects EPS growth of 8.2% YOY.



Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper b)	4.50	5.50	0.25
3-Month T-Bill	4.30	5.38	0.29
10-Year Treasury	4.26	4.30	1.96
30-Year Treasury	4.51	4.43	2.27
10-Year Corporate AA	5.05	5.22	2.09
10-Year High Yield Corp.	6.46	6.69	3.90
Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz)	2,916	2,030	1,889
Oil (WTI, \$/barrel)	68.62	78.87	91.59
Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	106.42	103.83	96.62
USD/EUR	0.95	0.92	0.89
USD/JPY	149.10	150.51	115.55

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