

WEEKLY INSIGHT

April 11, 2025

To say it's been an interesting past week is an understatement. Numerous pundits may say there are too many variables and iterations to consider. So, what are we to do? All may have an opinion, yet is that opinion actionable and of value?

Last Wednesday, broad equity markets closed out the day higher, prior to the announcement by President Trump of his larger-than-expected tariff policy. From last Wednesday's close through this past Tuesday, the Russell 3000 Index declined 12.4%, with small caps falling 13.8%. Bourses outside the U.S. declined as the MSCI All-Country World Index ex-USA (ACWI x-USA) fell 9.1%.

Yesterday, President Trump announced a 90-day pause in tariffs for numerous countries (China excluded). Domestic markets rallied 9.5% but did not fully retrace the drawdown of the prior four trading days.

For the prior week through market close yesterday, the Russell 3000 Index declined 4.1%, while ACWI x-USA fell 10.2%. Even investment grade bonds exhibited a decline of 1.0% over this period.

Even in the face of this tariff pause, investors are presented with uncertainty as to overall trade policy and its impact going forward.

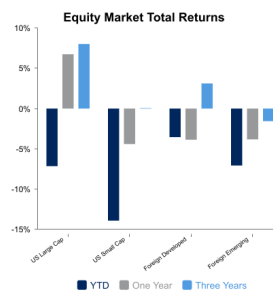
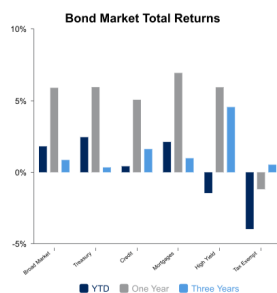
The National Federation of Independent Business (NFIB) released its Small Business Optimism Index for March, which declined to 97.4. This reading fell below its 51-year average of 98, as small business owners have "scaled back their expectations on sales growth" given the unpredictability presented by the recently announced tariffs.

S&P Global released its U.S. Composite Purchasing Managers' Index for March, which rose to a three-month high of 53.5. Service sector business activity rebounded in March, while manufacturing fell into contraction for the first time since December last year.

The U.S. Bureau of Labor Statistics (BLS) reported total nonfarm payrolls rose by 228,000 in March, materially ahead of consensus expectations for a rise of 130,000. BLS revised downward total nonfarm payrolls by 48,000 for the prior two months.

One key aspect is a potential "Fed-Put" where the Fed intervenes to support the stock market given its recent volatility and decline. After the announced tariffs, Fed Chair Powell stated, "We face a highly uncertain outlook with elevated risks of both higher unemployment and higher inflation...." It appears the Fed will stand firm for now with a possible rate cut at its June meeting, to which FactSet prescribes a 55.0% probability.

The first-quarter 2025 earnings season has begun. Major banks such as JP Morgan, Morgan Stanley, Bank New York Mellon and investment firm, BlackRock report tomorrow. Stay tuned.



Interest Rates (%)	Current	12M Ago	3YR Ago
Fed Funds Rate (Upper)	4.50	5.50	0.50
3-Month T-Bill	4.32	5.40	0.68
10-Year Treasury	4.33	4.54	2.70
30-Year Treasury	4.74	4.62	2.72
10-Year Corporate AA	5.31	5.39	2.09
10-Year High Yield Corp	7.09	6.81	3.90
Commodity Prices (\$)	Current	12M Ago	3YR Ago
Gold (\$/oz)	3,083	2,334	1,948
Oil (WTI, \$/barrel)	62.35	86.21	98.26
Currencies	Current	12M Ago	3YR Ago
USD (Dollar Index Spot)	102.90	105.25	99.80
USD/EUR	0.91	0.93	0.92
USD/JPY	147.76	153.16	124.34

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