SMITH SHELLNUT WILSON
AN AFFILIATE OF b1BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

March 24, 2025

"Let no one be deluded that a knowledge of the path can substitute for putting one foot in front of the other." Mary Caroline Richards

MARKETS

Macro Recap: The U.S. Federal Reserve maintained its cautious stance on the economic outlook, opting to keep its benchmark interest rate unchanged. Policymakers upheld their consensus forecast for two rate cuts by year-end, while revising other projections by lowering the economic growth rate and increasing the inflation forecast.

During his press conference, Fed Chairman Powell reiterated that there is no urgency to adjust policy. He cautioned that accurately assessing the inflationary impact of tariffs remains challenging.

U.S. retail sales underperformed relative to most economists' expectations, marking a weak outcome for the second consecutive month. The government reported on Monday that February sales increased by 0.2%, falling short of the consensus expectation of a 0.6% rise. Additionally, January's initially reported 0.9% decline was revised downward to a 1.2% drop.

Meanwhile, the United Kingdom's central bank adopted a more hawkish stance, with policymakers voting against another interest rate cut following the reduction approved in February. The 8-1 vote to maintain the rate at 4.50% reflected concerns over U.K. inflation risks and global trade uncertainties.

Equity Recap: U.S. stock indexes fluctuated between modest daily gains and losses, ultimately ending slightly higher overall following recent declines that pushed the S&P 500 into correction territory the previous week. By Friday's close, the index had risen 0.5% for the week, breaking a streak of four consecutive weekly declines.

A European stock index remained relatively unchanged for the week but continued to significantly outperform its U.S. counterpart, the S&P 500, on a year-to-date basis. The European index recorded a fractional weekly gain, increasing its year-to-date return to approximately 14%, compared to the S&P 500's –3% result.

Bond/Rate Recap: Treasuries concluded the week with solid gains. The 10-year yield decreased by six basis points to 4.25%, while the 2-year yield declined by seven basis points to 3.95%.

Week Ahead: A forthcoming report, scheduled for release on Friday, may alleviate recent uncertainty regarding the inflation trajectory. The Personal Consumption Expenditures (PCE) Price Index, the U.S. Federal Reserve's preferred measure for tracking inflation, indicated an annual inflation rate of 2.5% in January, slightly below the 2.6% rate recorded in the previous month.

INDICES

	Mar 21 Close	Mar 17 Open	Weekly Change	Dec 31 2024	YTD Change
DJIA	41,985	41,488	1.2%	42,544	-1.3%
S&P 500	5,668	5,639	0.5%	5,882	-3.6%
NASDAQ	17,784	17,754	0.2%	19,311	-7.9%
Russell 2000	2,057	2,044	0.6%	2,230	-7.8%
KBW Bank Indx	123.4	120.0	2.8%	127.5	-3.2%
Bitcoin	$85,122	$82,332	3.4%	$93,714	-9.2%
Oil (WTI)	$68.28	$67.77	0.8%	$71.72	-4.8%
Gold	$3,022	$2,988	1.1%	$2,625	15.2%
Prime	7.50	7.50	0.00	7.50	0.00
Effective Fed Funds	4.33	4.33	0.00	4.33	0.00
3m Tbill	4.29	4.29	0.00	4.31	-0.02
2yr UST	3.95	4.02	-0.07	4.24	-0.29
10yr UST	4.25	4.31	-0.07	4.57	-0.32
2-10yr UST Spread	29	29	0	33	-3
2y AAA Muni/10y UST	66.4%	65.6%	0.8%	66.5%	0.0%
10y AAA Muni/10y UST	72.4%	71.5%	0.9%	68.4%	3.9%
5yr Inflation Forecast	2.57	2.53	0.04	2.42	0.15

Week Ahead

- **Monday:** PMI (services/manufacturing)
- **Tuesday:** S&P Case-Sh. home price, Cons conf, New home sales
- **Wednesday:** Durable goods
- **Thursday:** GDP, Pending home sales
- **Friday:** PCE, Personal income/spending, Consumer sent

ALL CONTENT IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD IN NO WAY BE CONSTRUED OR INTERPRETED AS A SOLICITATION TO SELL OR AN OFFER TO SELL ADVISORY SERVICES OR PRODUCTS.

in Share
Forward

Chad McKeithen | Research Department
Smith Shellnut Wilson, LLC
661 Sunnybrook Rd., Ste 130
Ridgeland, MS 39157
601.605.1776
www.ssw1776.com
Preferences | Unsubscribe