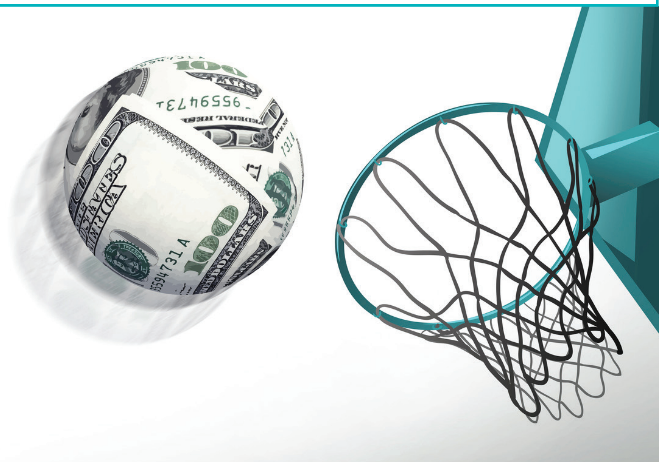
MONTHLY MARKET COMMENTARY

MARCH 2025 Executive Summary

Benchmark Returns as of March 31, 2025

	For the Month	For the Year		For the Month	For the Year
S&P 500	-5.63%	-4.27%	**Bloomberg Aggregate Bond Index**	0.04%	2.78%
Dow Jones Industrial Average	-4.06%	-0.87%	**Developed International**	-0.40%	6.86%
Nasdaq	-8.14%	-10.26%	**Emerging Markets**	0.63%	2.93%

March (Market) Madness



U.S. financial markets in March 2025 resembled a classic March Madness basketball tournament—full of upsets, unexpected outcomes, and shifting momentum. Just as favored teams can fall to underdogs, blue-chip stocks and tech giants saw steep losses despite strong past performances. Market sentiment swung like the lead in a tight game, and investors found themselves reacting to each headline and data release like buzzer-beater shots.

Uncertainty dictated the pace and outcome of the month and arose mainly from on-again/off-again tariff pronouncements from the Trump administration. This led to plummeting consumer confidence, concern over inflationary pressures, and reductions in forecasts of economic growth.

The major economic releases during the month showed a still-healthy labor market and inflation levels that are stubbornly above the Fed's target levels. The FOMC meeting that concluded on March 19th left the fed funds rate unchanged at 4.25% - 4.50% but provided new economic projections, notably:

- *GDP GROWTH* – **The median projection for real GDP growth in 2025 was downgraded to 1.7% from 2.1% in the December forecast.**
- *INFLATION* – **The median forecast for core Personal Consumption Expenditures (PCE) inflation was revised upward to 2.8% from 2.5%, indicating expectations of heightened price pressures.**
- *UNEMPLOYMENT* – **The unemployment rate projection edged up to 4.4% for 2025, suggesting a modest softening in labor market conditions.**
- *POLICY OUTLOOK* – **The FOMC still expects two rate cuts totaling 0.50% before year-end 2025.**

The markets were reassured by Fed Chair Jerome Powell's comments on tariffs and inflation during the post-meeting press conference. He noted that while the tariffs are expected to temporarily elevate price levels, their long-term effect on inflation is projected to be limited. Further, he believes that overall long-term inflation expectations are well anchored.

While the markets' losses in March caused investor concern, it's worth noting that pullbacks of 5–10% in major indices are historically common. On average, the S&P 500 experiences a 5% drop three times a year and a 10% correction roughly once every 1–2 years. These periods of weakness are part of healthy market cycles, helping to recalibrate valuations and investor expectations.

March 2025 was ultimately characterized by heightened uncertainty, poor tech sector performance, and a pivot to safer investments in response to global trade-related risks. As the old Wall Street adage goes, "Markets hate uncertainty," and this month served as a textbook example of that principle in action.

At this writing, tariff details have just been released, providing investors with metrics vs. rhetoric, although the true economic impact remains to be seen. Company earnings reports for the first quarter are imminent, and this data - along with management comments during earnings calls - will be closely analyzed to formulate expectations for the remainder of the year.

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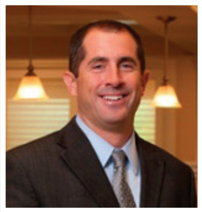

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