Cetera® Investment Management

February 24-28, 2025

Weekly Recap

Economic Calendar

Monday, March 3
S&P & ISM U.S. Mfg. PMIs, Construction Spending.

Tuesday, March 4
No Major Releases.

Wednesday, March 5
Mortgage Activity, ADP Private Payrolls, S&P & ISM U.S. Services PMIs, Factory Orders, Fed Beige Book.

Thursday, March 6
Jobless Claims, Labor Productivity, U.S. Trade Deficit, Wholesale Inventories.

Friday, March 7
Nonfarm Payrolls, Unemployment Rate, Average Hourly Wages, Consumer Credit.

The Latest from @CeteralM

Consumer Spending Declines

AAII Bearish Sentiment Spikes

Jobless Claims Climb to Four-Month High

The Week Ahead Video

Equities Extend Declines

Inflation, Tariffs, Growth Concerns Stir Angst
U.S. equities were mostly lower the last week of February, hurt by notable weakness in Big Tech with all Magnificent Seven mega cap stocks posting declines. Investor sentiment pulled back, following tariff pronouncements and weakening growth prospects. Barring a last-minute reversal, the U.S. will impose 25% tariffs on all imports from Canada and Mexico on Tuesday, March 4 except for 10% tariffs on Canadian oil. A further 10% levy on Chinese goods was also announced. A surprise 0.2% decline in personal spending in January (down from an upwardly revised 0.8% December increase) contributed to economic growth concerns. Meanwhile, February consumer confidence slid nearly 7%, its largest monthly decline since August 2021.

For the Week…
The S&P 500 fell nearly 1%, the Dow Jones Industrial Average echoed with a 1.1% loss, while the tech-heavy Nasdaq Composite slumped 3.45% to extend a 2.5% prior week loss. The small cap focused Russell 2000 Index fell 1.44% following a 3.7% loss the week prior.

Inflation Cools
The headline Personal Consumption Expenditures (PCE) Price index rose 0.3% in January matching estimates and were up 2.5% from a year ago (2.6% Y/Y in December). Core PCE Prices that exclude volatile food and energy (the Fed's preferred measure of inflation) also rose 0.3% in January and cooled to 2.6% annualized (2.9% Y/Y in December).

Weekly Sector Insights
Even amid a losing week, seven of the 11 major S&P 500 sectors posted gains. Financials (+2.82%), Real Estate (+2.20%) and Healthcare (+1.74%) led weekly gainers while Technology (-4.01%), Communication Services (-2.54%) and Consumer Discretionary (-2.10) declined the most. In year-to-date (YTD) performance, Healthcare (+8.38%), Financials (+8.06%) and Consumer Staples (+7.85%) are up the most through the end of February. Whereas in contrast, Consumer Discretionary (-5.38%) and Technology (-4.19%) remain in negative YTD territory.

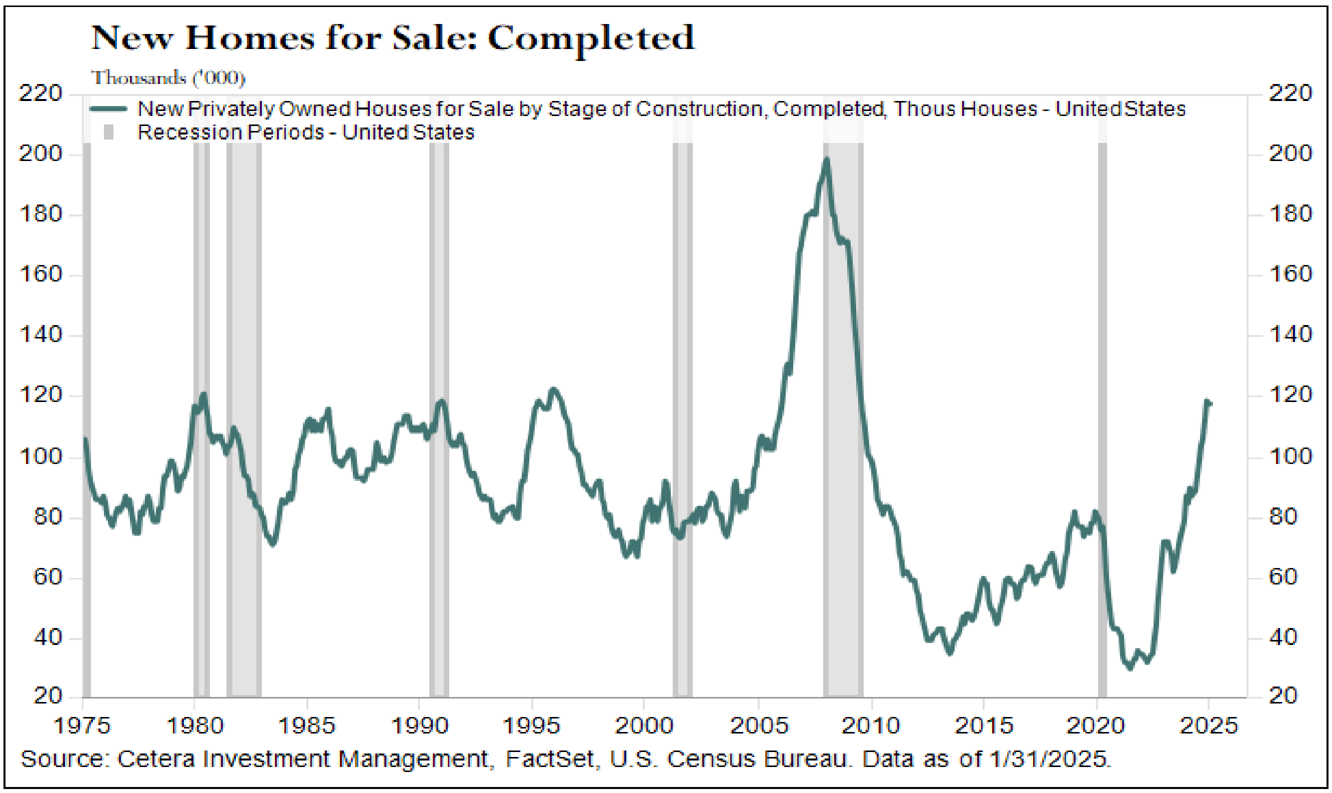
Treasury Prices Rally, Yields Tumble
The yield on 10-year Treasury notes ended the final week in February at 4.194%, down a sharp 0.23% for week. The U.S. Dollar Index firmed 0.9% while gold futures tumbled 3.4% to $2,848.50/ounce, more than erasing a 2.1% gain the week prior. U.S. WTI crude oil futures eased 0.7% to $69.76/barrel, extending losses to a sixth straight week.

Market Watch

Stocks	1-Week	MTD	3-Month	YTD	1-Year	3-Year
Dow Jones Industrial Avg.	1.01%	-1.39%	-1.56%	3.32%	14.60%	11.16%
S&P 500	-0.95%	-1.30%	-0.41%	1.44%	19.05%	12.54%
NASDAQ Composite	-3.45%	-3.91%	-0.96%	-2.31%	19.02%	11.96%
Russell 3000	-0.99%	-1.92%	-1.41%	1.18%	18.18%	11.58%
Russell 2000	-1.44%	-5.35%	-10.56%	-2.87%	7.47%	3.33%
MSCI EAFE	-0.81%	1.94%	5.48%	7.30%	8.98%	6.42%
MSCI Emerging Markets	-4.31%	0.48%	2.04%	2.28%	10.32%	0.46%
Bonds	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Bloomberg US Agg Bonds	1.26%	2.20%	1.42%	2.74%	5.96%	-0.43%
Bloomberg Municipal Bonds	0.61%	0.99%	0.12%	1.50%	3.07%	0.99%
Bloomberg US Corp High Yield	0.40%	0.67%	1.78%	2.05%	10.18%	4.93%
Commodities	**1-Week**	**MTD**	**3-Month**	**YTD**	**1-Year**	**3-Year**
Bloomberg Commodity	-3.74%	0.78%	6.28%	4.76%	11.67%	0.71%
S&P GSCI Crude Oil	-0.91%	-3.82%	1.51%	-2.73%	-11.18%	-10.00%
S&P GSCI Gold	-3.55%	0.48%	6.89%	7.86%	39.45%	14.42%

Source: Cetera Investment Management, FactSet. Total returns used, which includes dividends and interest.

Chart of the Week: Cracks in the Foundation?



The inventory of completed new homes for sale has risen 39% over the last year, nearing the highest level since July 2009. This signals a potential slowdown in housing construction as builders manage growing unsold inventory.

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Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

A diversified portfolio does not assure a profit or protect against loss in a declining market.

Glossary

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **S&P 500** is an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership.

The **Bloomberg US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government–related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings have a fluctuating average life of around 8.25 years.

The **Bloomberg US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity.

The **MSCI EAFE** Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index.

The **S&P GSCI Crude Oil Index** is a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark for investment performance in the crude oil market.

The **S&P GSCI Gold Index**, a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold futures market.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000.