UP & ADAM

Tuesday, April 22, 2025

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	Previous Close (as of: 04/21/2025)			Futures (as of: 07:21 E.T.)	
	1D	YTD	Last	%	Last
S&P 500	-2.4%	-12.3%	5,158	0.8%	5,226
DJIA	-2.5%	-10.3%	38,170	0.7%	38,609
NASDAQ 100	-2.5%	-15.2%	17,808	0.8%	18,070
Oil ($/bbl)	-2.5%	-13.0%	62	1.3%	63
10-Yr Yield*	9	2.6%	4.42%	--	--
USD Index	-1.1%	-9.4%	98.28	--	--

*Change in bps.

Source: FactSet

Today's Events

E.T.	Event	Consensus	Prior
8:55am	Redbook Index (YoY)	--	6.6%
10:00am	Richmond Fed Index	-2.0	-4.0

NY Fed Labor Market Survey Points To Further Signs Of Perceived Labor Market Softening

While actual labor data (e.g., jobless claims) have been resilient , individual perceptions of the labor market have weakened. For those looking for a new job, the % who expect to receive one job offer over the next four months fell to the lowest level since July 2023. Additionally, the reservation wage—the lowest wage someone would accept for a new job—posted the largest decline (-10% to $74,236) on record. As we expect job growth to ease in the coming months, this should encourage the Fed to cut three times in 2025.

Few Places To Hide Amidst Equity Drawdown, 2/3 of S&P 500 Names Down >20% From 52-Week Highs

With yesterday's decline, the S&P 500 is now down ~16% from recent highs. Amidst the drawdown, there have been few places to hide in the equity space. All 11 sectors of the S&P 500 are in negative territory since the peak—and when looking at it on an individual stock basis, only 18% of S&P 500 companies are in positive territory, while ~30% are down over 20%. While volatility will remain elevated in the near-term, our expectation of still positive GDP and EPS growth in 2025 should push the S&P 500 higher in the next 12 months.

Dollar Continues to Weaken: 10% Drop From Recent Highs Marks First Such Decline Since 2009

The US Dollar Index (DXY) fell yesterday to the lowest level since February 2022 yesterday, down ~10% YTD. This is the US dollar's first drop of this magnitude over a three-month time frame since 2009. While political uncertainty continues to weigh on the dollar, technicals suggest the move is getting overdone. The 14-Day RSI is now in oversold territory (a level <30), and positions reflect that speculators are net short the dollar for the first time since October 2024. This suggests that a near-term bounce may be in the cards.

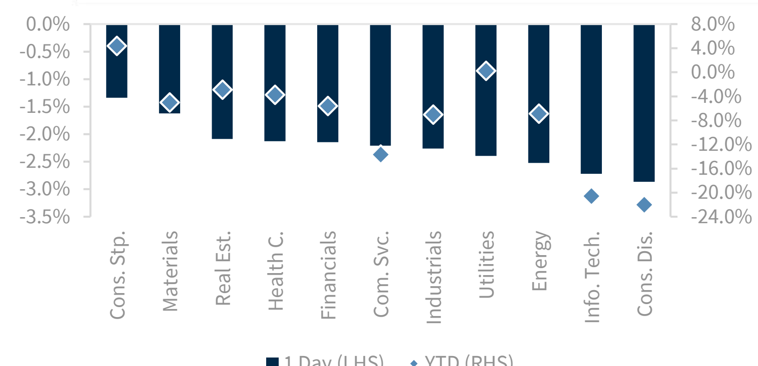
Are US Defense Contractors Benefiting From Europe's Military Buildup? Watch Today And Tomorrow

The major US defense contractors report today (GE Aerospace, Lockheed, Northrop, RTX) and tomorrow (Boeing, General Dynamics). A key question will be the extent to which they are seeing an uptick in demand from Europe. European countries are ramping up defense spending, but it is unclear how much will accrue to US suppliers. As US defense spending remains strong (amid non-defense budget cuts), and we expect some European purchases to filter through to US players, we remain overweight the Industrials sector.

Yield Curve Steepens To Its Highest Level Since 2022

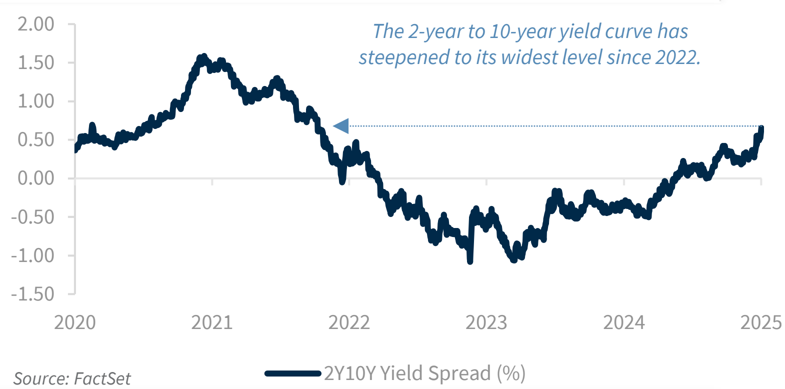
The Treasury yield curve (as measured by the 2-year to 10-year Treasury spread) climbed to its highest level since January 2022 yesterday. The curve shift is not signaling optimism about growth as tariff headwinds persist. Rather, the bear steepener (i.e., longer maturity yields rise more than shorter-maturity yields) suggests investors are demanding a higher risk premium to own longer-maturity debt amid heightened policy uncertainty. President Trump's public spat with Chair Powell is not helping matters.

Sector Performance



Source: FactSet

Chart of the Day: Yield Curve Steepening Accelerates



Source: FactSet

Disclosures

LHS/RHS: Left-hand side/Right-hand side axes. The **Dow Jones Industrial Average (DJIA)** is an unmanaged index of 30 widely held stocks. The S&P 500 is an unmanaged index of 500 widely held stocks. The **NASDAQ 100 Index** is a stock market index that includes 100 of the largest, most actively traded, non-financial companies listed on the Nasdaq Stock Market. **US government bonds and Treasuries** are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. US government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. **Sector** investments are companies focused on a specific economic sector and are presented here for illustrative purposes only. Sectors are subject to varying levels of competition, economic sensitivity, and political and regulatory risks. Investing in any individual sector involves limited diversification. **Bond** prices and yields are subject to change based upon market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise. The **US Dollar Index (DXY)** is a measure of the value of the U.S. dollar against six other major foreign currencies. The **Redbook Index**, specifically the Redbook Same-store Sales Index, is a key economic indicator that reflects the growth in retail sales by measuring the year-over-year same-store sales performance of a large sample of US retailers. The **Richmond Fed Manufacturing Index** is a monthly survey conducted by the Federal Reserve Bank of Richmond that gauges manufacturing activity in the Fifth Federal Reserve District. The **NY Fed Labor Market Survey**, a component of the Survey of Consumer Expectations (SCE), provides insights into consumers' expectations and experiences related to the labor market.

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Data Source | FactSet as of 4/21/2025

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