



Minneapolis, Minnesota

WEEK OF APRIL 21, 2025

# Market Update

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Retail sales, led by motor vehicle and auto parts sales, were stronger than expected. They may have been boosted by buyers trying to get ahead of tariffs. Equities moved lower amid continued global trade tensions. The Treasury yield curve continued to see a sharp inversion at the front end, followed by steepening beyond the 2-year, reflecting near-term growth uncertainty.

## Quick Hits

1. **Report releases:** Retail sales showed continued consumer strength, in part because of buyers looking to get ahead of tariffs.
2. **Financial market data:** Equities moved lower amid continued trade tensions between the U.S. and China.
3. **Looking ahead:** The focus this week will be on business confidence, home sales, and durable goods orders.



Report Releases: April 14–17, 2025

**Import Price Index**  
March (Tuesday)

The index fell 0.1 percent, driven by a drop in petroleum and natural gas import prices. Outside of fuel imports, we saw higher prices for industrial supplies, materials, food, and feed.

- Expected/prior month Import Price Index change: 0.0%/0.2%
- Actual Import Price Index change: –0.1%



**Retail Sales Advance**  
March (Wednesday)

Retail sales met expectations and accelerated from the previous month. The reading was led by motor vehicle and auto parts sales, which may have been boosted by buyers trying to get ahead of tariffs.

- Expected/prior month retail sales monthly change: +1.4%/+0.2%
- Actual retail sales monthly change: +1.4%



**NAHB Housing Market Index**  
April (Wednesday)

Home builder sentiment was stronger than anticipated, though the index is still following a downward trend because of souring home builder sentiment in recent periods.

- Expected/prior month home builder sentiment: 38/39
- Actual home builder sentiment: 40



**Housing Starts and Building Permits**  
March (Thursday)

Housing data was mixed; housing starts came in below estimates and building permits beat estimates.

- Expected/prior month housing starts monthly change: –5.4%/+11.2%
- Actual housing starts monthly change: –11.4%
- Expected/prior month building permits monthly change: –0.6%/–1.0%
- Actual building permits monthly change: +1.6%



>> The Takeaway

- Retail sales remained strong, increasing 1.4 percent month-over-month.
- Housing data was mixed, with home builder sentiment beating expectations and housing starts coming in soft.

Financial Market Data

Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	−1.49%	−1.49%	−9.84%	6.60%
Nasdaq Composite	−2.62%	−2.62%	−15.50%	4.61%
DJIA	−2.66%	−2.66%	−7.56%	5.54%
MSCI EAFE	4.10%	4.10%	6.80%	10.32%
MSCI Emerging Markets	2.16%	2.16%	−0.04%	8.46%
Russell 2000	1.11%	1.11%	−15.35%	−2.14%

Source: Bloomberg, as of April 17, 2025

U.S. equities were mostly lower as trade tensions continued to escalate with China. The White House raised the tariff on China to 245 percent, albeit with certain exceptions. Nvidia announced it would take a \$5.5 billion charge after the U.S. government’s decision to impose license requirements for export of its H20 chips. Federal Reserve (Fed) Chair Jerome Powell also noted that the tariffs are “significantly larger than anticipated.” That said, we did see positives in terms of rising retail sales and notably cautious positioning, which could act as a tailwind if the winds shift.

Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	0.22%	1.98%	6.38%
U.S. Treasury	0.16%	2.43%	6.12%
U.S. Mortgages	−0.37%	2.09%	7.00%
Municipal Bond	−1.88%	−1.69%	0.77%

Source: Bloomberg, as of April 17, 2025

The belly of the Treasury yield curve between 2- and 10-year maturities continued to move lower. The 5-year saw notable buying, falling 21 basis points (bps) to 3.94 percent. The long end of the curve also moved lower, with the 30-year dropping 7 bps.

>> The Takeaway

- Equities moved mostly lower amid continued trade tensions between the U.S. and China.
- The Treasury yield curve steepened but continued to see a drop in short-to-intermediate-term rates.

## Looking Ahead

The focus this week will be on business confidence, home sales, and durable goods orders.

- The week kicks off Wednesday with the Preliminary S&P Global PMIs for April and new home sales for March. We will see whether the **US Composite PMI** will continue to rebound off of February's low. **New home sales** are expected to increase modestly, at a lower rate compared with February.
- On Thursday, data on durable goods orders for March and existing home sales for March will be released. **Durable goods orders** are expected to grow at a pace slightly higher than the previous month, which could include buyers looking to get ahead of the potential impacts of tariffs. **Existing home sales** are expected to decrease after a decent rebound in February.



Crane Lake, Minnesota





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measures the performance of all issues listed in the Nasdaq Stock Market, except for rights, warrants, units, and convertible debentures. The Dow Jones Industrial Average is computed by summing the prices of the stocks of 30 large companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

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