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INVESTMENT MANAGEMENT

Economic and Market Review April 2025

April 30, 2025

| Equity Indices | YTD Return |
|----------------------|---------------|
| Dow Jones | -4.06% |
| S&P500 | -5.10% |
| NASDAQ | -9.51% |
| MSCI - Europe | 15.12% |
| MSCI-Emerging | 3.97% |
| Bonds (Yield) | |
| 2yr Treasury | 3.62% |
| 10yr Treasury | 4.18% |
| 10yr Municipal | 3.36% |
| U.S. Corporate | 5.34% |
| Commodities | |
| Gold | \$3,244.28/oz |
| Silver | \$32.37/oz |
| Crude Oil (WTI) | \$58.20/bbl |
| Natural Gas | \$3.35/MMBtu |
| Currencies | |
| CAD/USD | \$0.73 |
| GBP/USD | \$1.33 |
| USD/JPY | ¥143.06 |
| EUR/USD | \$1.13 |



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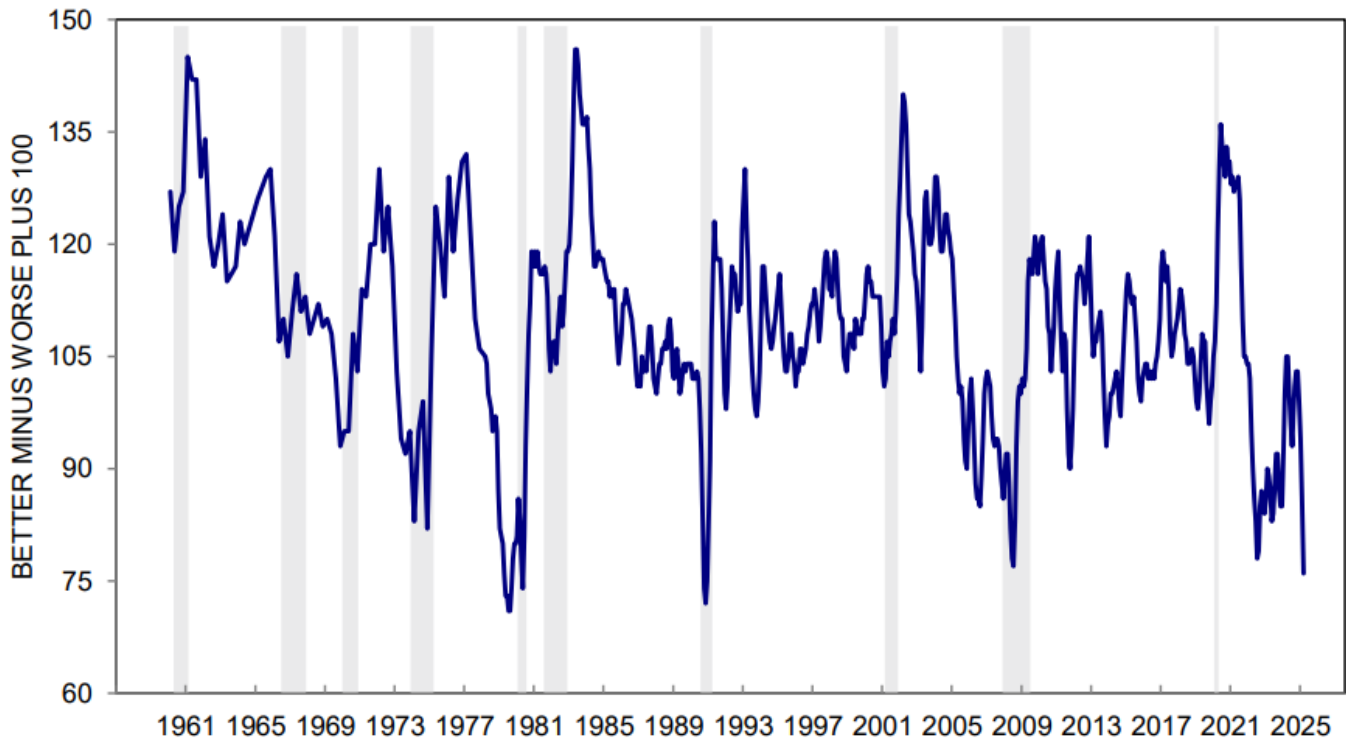
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Overview

More than 70% of Americans now expect business conditions to be worse in 12 months. This is the highest level since 2008, and the third worst level on record since 1960.

CHART 26: EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR



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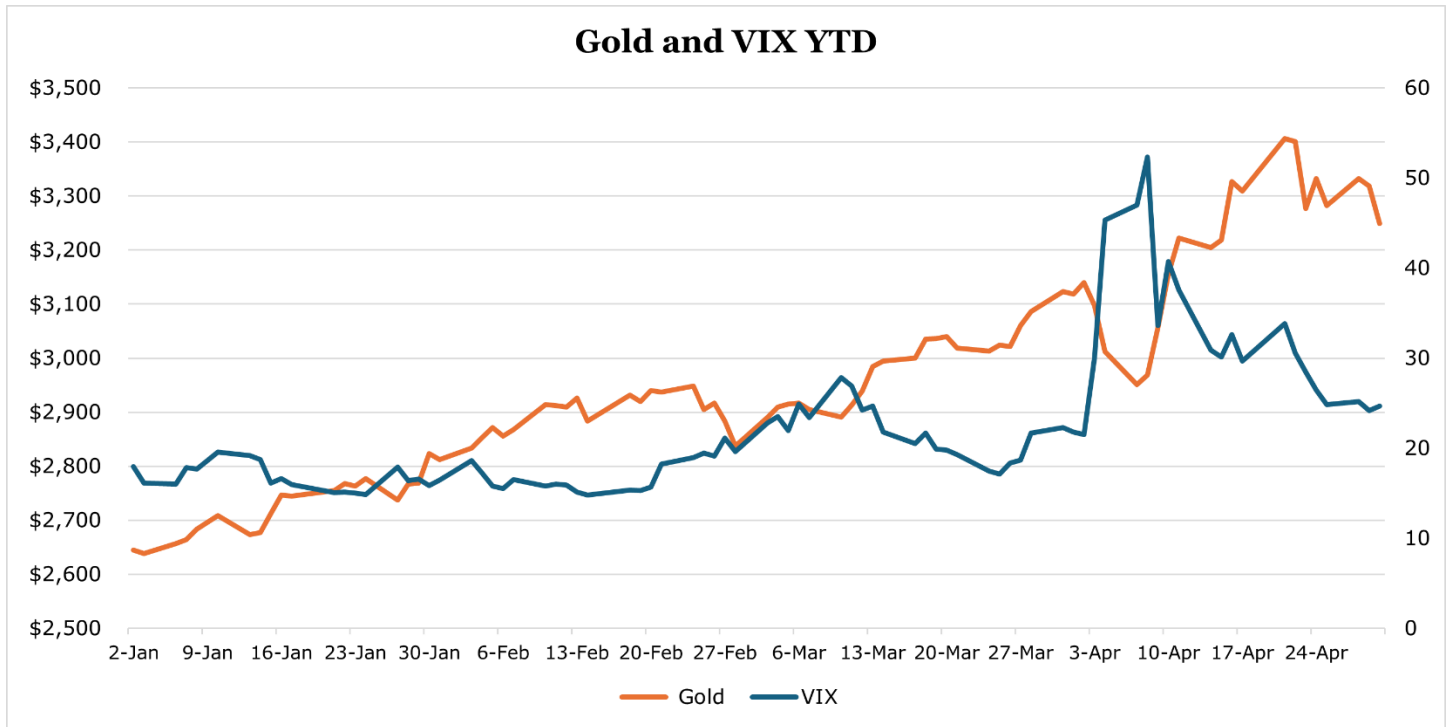
Volatility through the month was very high, with the VIX (volatility index) hitting its highest level since 2020, and gold posting all-time highs.



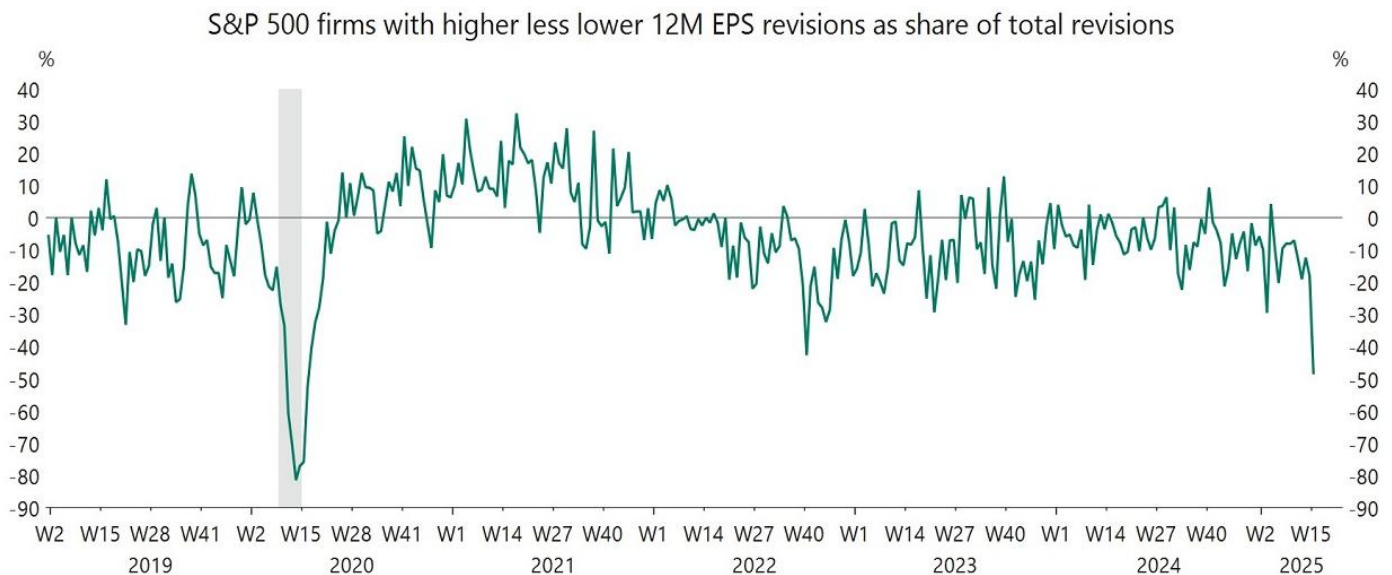
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The S&P 500 has seen its worst 12-month forward earnings revision since the global pandemic, with a majority of firms now expecting weaker EPS by the end of 2025.



Apollo Daily Spark, Torsten Slok. Calculated as (Upward Revisions – Downward Revisions)/Total

Equity and bond markets sharply recovered in the second half of April after a very tumultuous start to the month after the Trump admin announced tariffs and



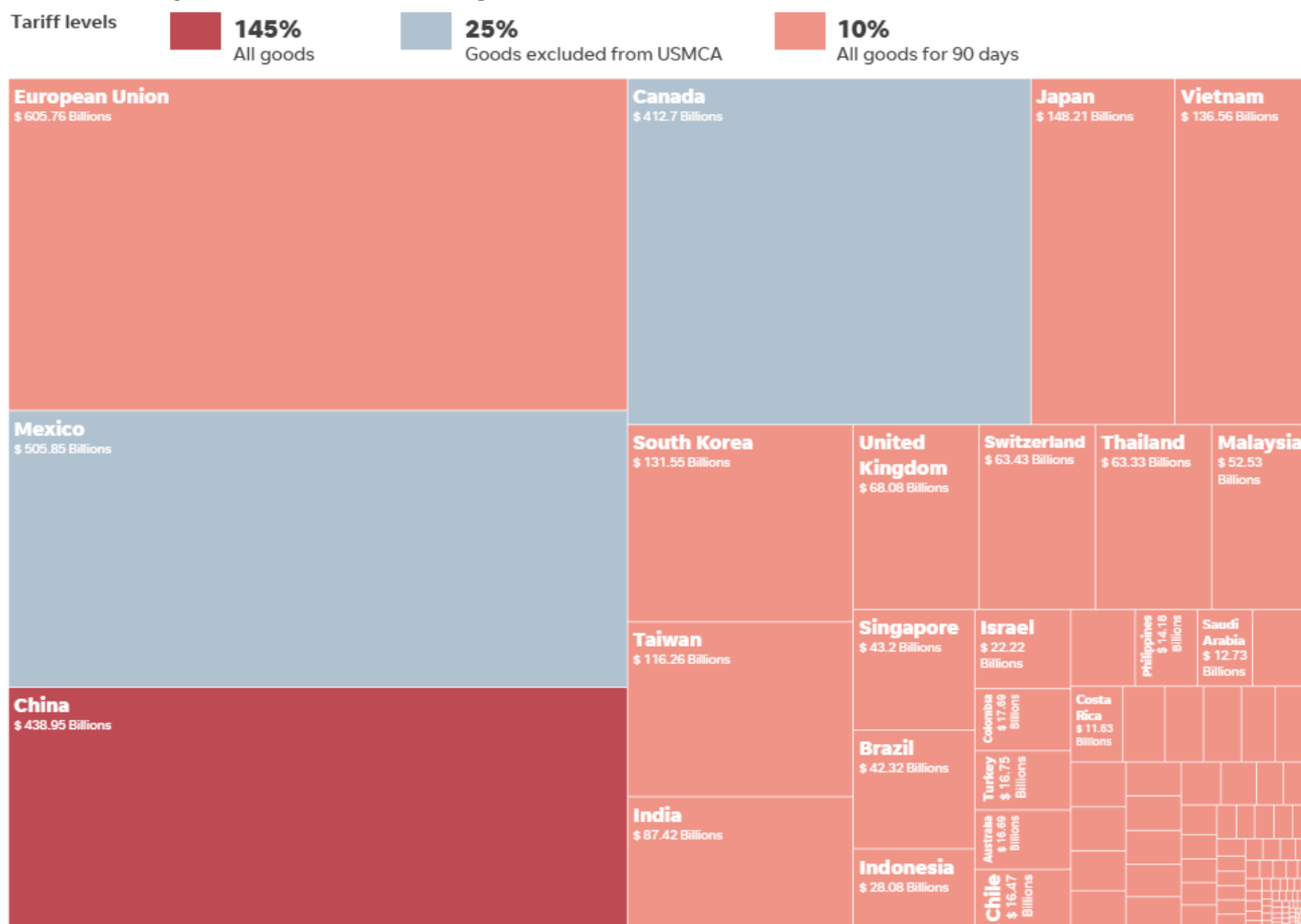
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subsequently backed down on its harshest tariff measures. With the added benefit that reassuring comments regarding central bank independence were declared after earlier talk of replacing Powell. Though, on the last day of trading for the month, weaker than expected GDP data had stocks sliding once again.

Still, 10% tariffs remain in place across the board on all countries, 25% on goods like steel and aluminum from Mexico and Canada, and 145% on all goods from China. The full host of tariffs will come into effect starting July 8th. Below is the current summary which is subject to and will change.



SOURCE U.S. Census, 2024 values

USA Today

International tourism has collapsed from certain countries, while increasing from others. Compared to some sensational headlines, the aggregate effect is estimated to be a roughly 1.5-2.0% drop in international tourism during the summer months.



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Where U.S.-bound summer flight bookings have **decreased** ...

| Country | Change vs. 2024 |
|-------------|-----------------|
| Canada | -21% |
| Netherlands | -17% |
| Germany | -12% |
| Ecuador | -11% |
| Mexico | -9% |
| Dom. Rep. | -9% |
| Switzerland | -8% |
| China | -7% |
| South Korea | -5% |
| India | -4% |
| Poland | -4% |

... stayed about the same ...

| Country | Change vs. 2024 |
|-------------|-----------------|
| U.K. | -2% |
| France | -2% |
| Colombia | -2% |
| Italy | 0% |
| Philippines | +1% |
| Greece | +1% |

... and **increased**.

| Country | Change vs. 2024 |
|------------|-----------------|
| Costa Rica | +3% |
| Brazil | +4% |
| Australia | +6% |
| Spain | +8% |
| Portugal | +8% |
| Japan | +11% |
| Ireland | +11% |
| Argentina | +39% |

GDP Contracts While Spending Holds Up

Real GDP contracted by 0.3% for the quarter ending March 2025. Imports during the first quarter surged 41.3%, the largest since the global economy restarted post-pandemic in the latter part of 2020. As we have discussed before, this effect was mostly due to importers front-loading inventory orders to avoid tariffs and gold moving from LBMA to COMEX.

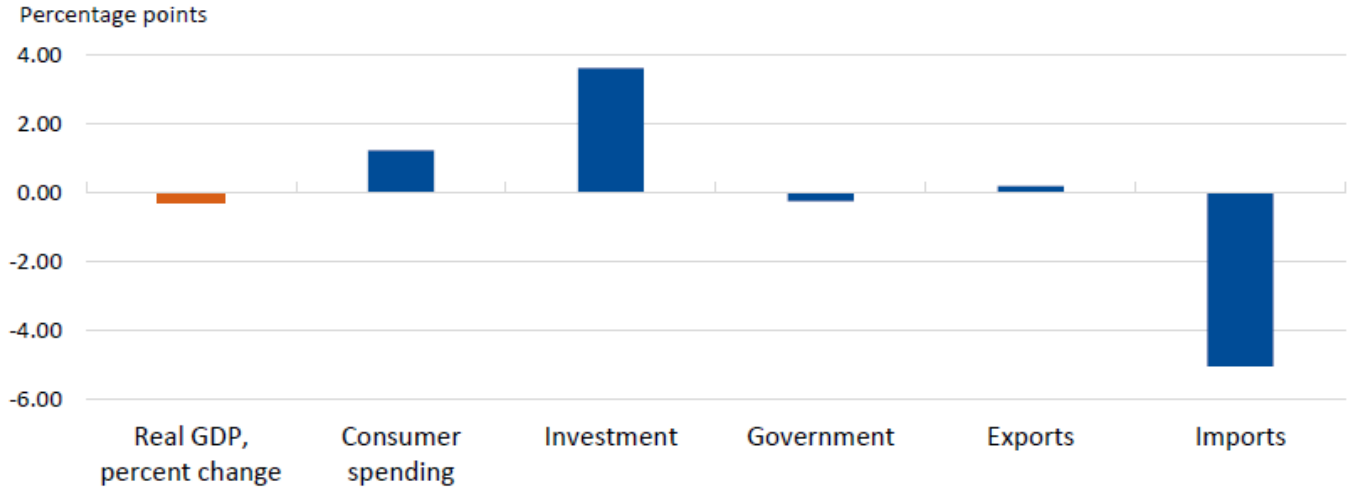


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Contributions to Percent Change in Real GDP, 1st Quarter 2025 Real GDP decreased 0.3 percent



Note. Imports are a subtraction in the calculation of GDP; thus, an increase in imports results in a negative contribution to GDP.

U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

Government spending as a component of GDP contracted for the first time since 2022 as mass firings and the closing of programs cut spending.

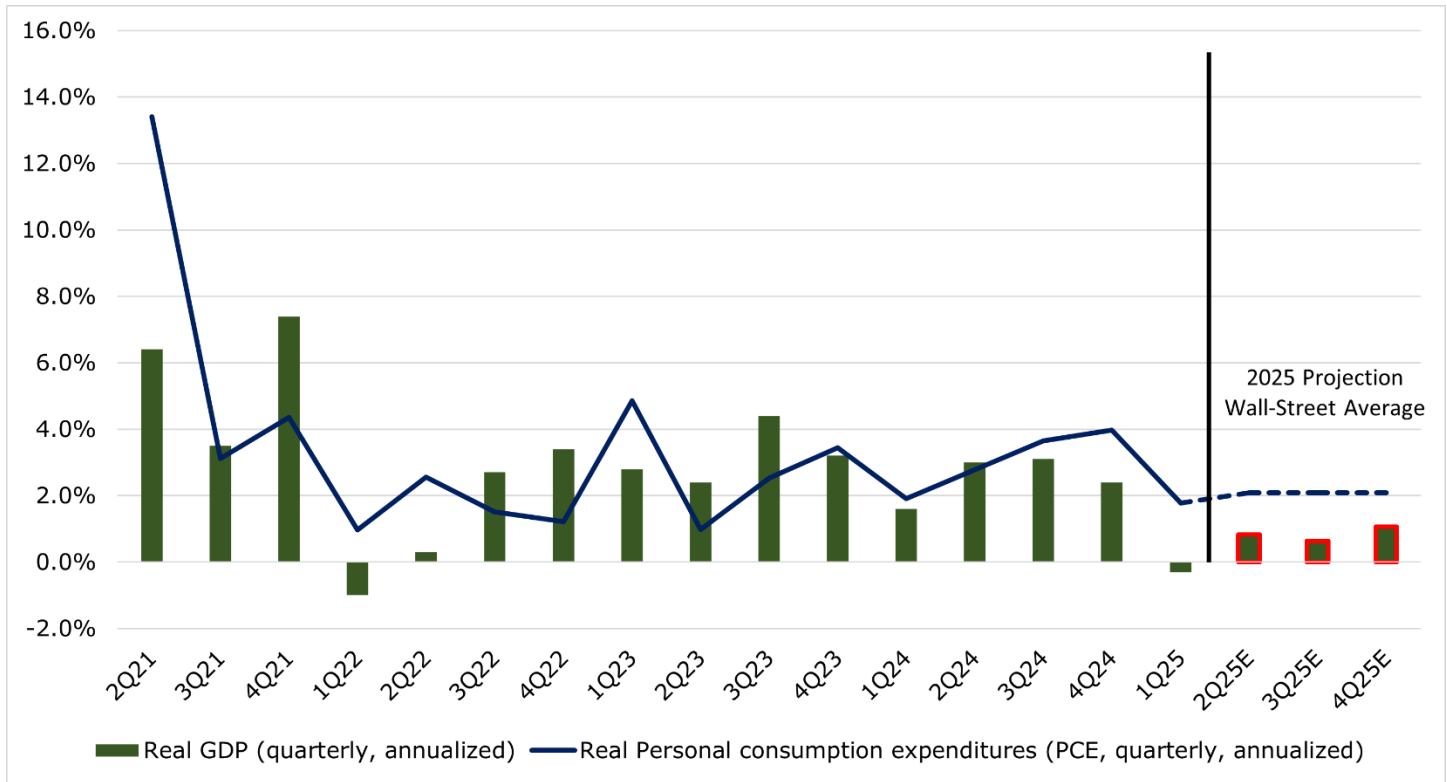
Wall Street now projects the year to end positive, albeit just, with the average real GDP growth projection now just 0.78%, compared to 2.05% when the survey was last conducted in January. Of the surveyed economists, 45% now project a recession compared to just 22% in January.



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Most of these effects were weighted to the latter part of the quarter, and as a result consumer spending increased 2.3%. While still strong, 2.3% is a slowdown. Similar to imports data, the largest single category increase was motor vehicles and parts, indicating that consumers are also front-loading large purchases before tariffs hit. This is not surprising, as the largest single import from abroad is automotive and automotive components.



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| | Most important US imports | Second most important US imports | Third most important US imports | Fourth most important US imports |
|----------------|---------------------------|----------------------------------|---------------------------------|----------------------------------|
| Mexico | Car parts | Trucks and buses | Cars | Computers |
| Germany | Cars | Pharmaceutical preparations | Industrial machines | Medicinal equipment |
| Japan | Cars | Industrial machines | Car parts | Pharmaceutical preparations |
| South Korea | Cars | Car parts | Semiconductors | Computer accessories |
| Canada | Crude oil | Cars | Car parts | Trucks and buses |
| United Kingdom | Cars | Pharmaceutical preparations | Engines-civilian aircraft | Materials handling equipment |
| China | Cell phones | Computers | Toys, games, and sporting goods | Electric apparatus |

Apollo Academy, Torsten Slok



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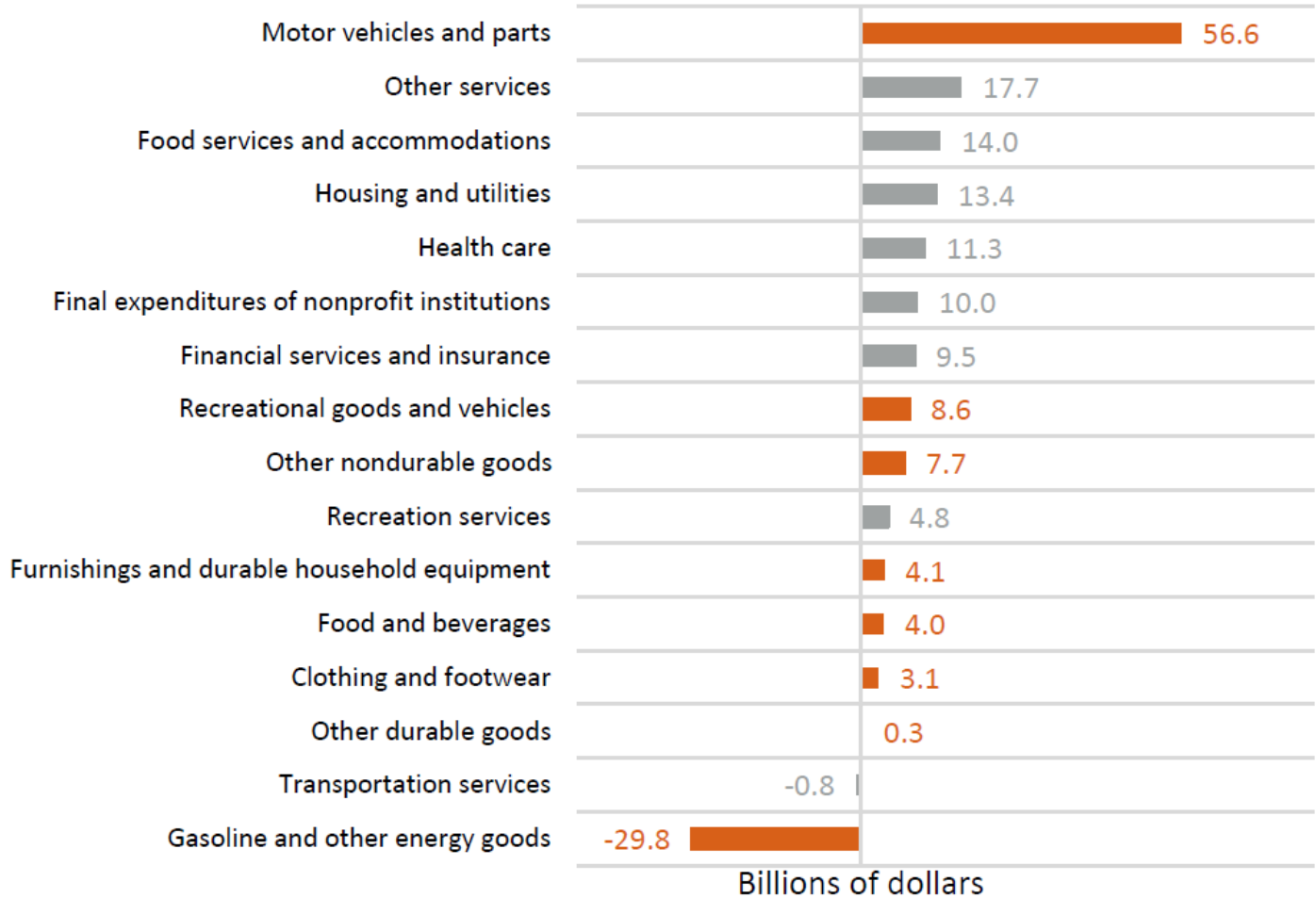
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Changes in Monthly Consumer Spending, March 2025

Consumer spending increased \$134.5 billion

■ Goods ■ Services



U.S. Bureau of Economic Analysis

Seasonally adjusted annual rates

The drop in oil prices has decreased spending on energy, though not enough to offset the increase in automotive spending.

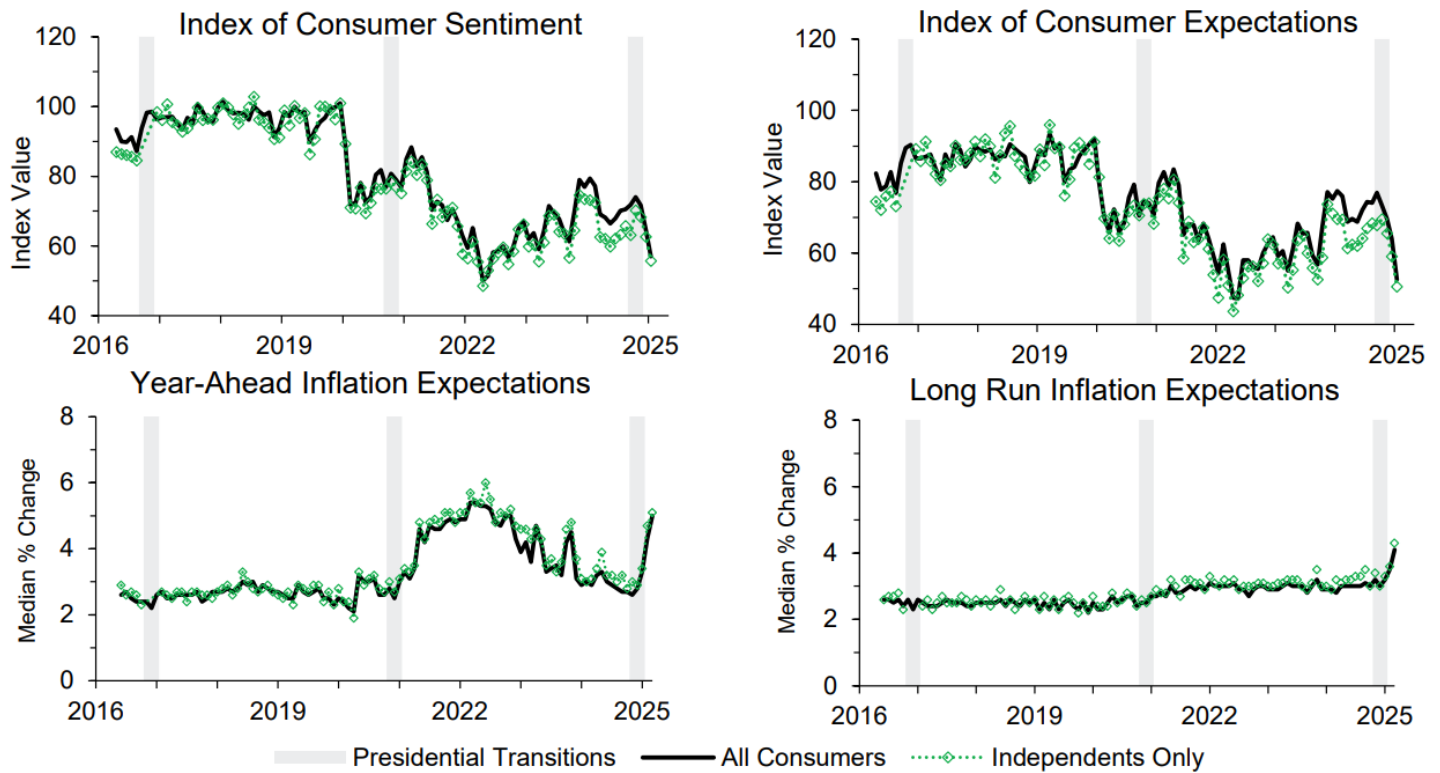
Overall, consumer sentiment has begun to collapse with inflation expectations appearing to become unanchored.



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Imports Slowing, but Contraction is on the Horizon

According to the Port of Los Angeles, there are 87 planned vessels to dock bringing in 189,039 containers. Averaged over the next 2 weeks, this represents a 19.1% decrease in containerized traffic year over year. Around 36% of the Port of Los Angeles goods by value are imported from China, followed by Japan at 13%, and Vietnam at 12%.

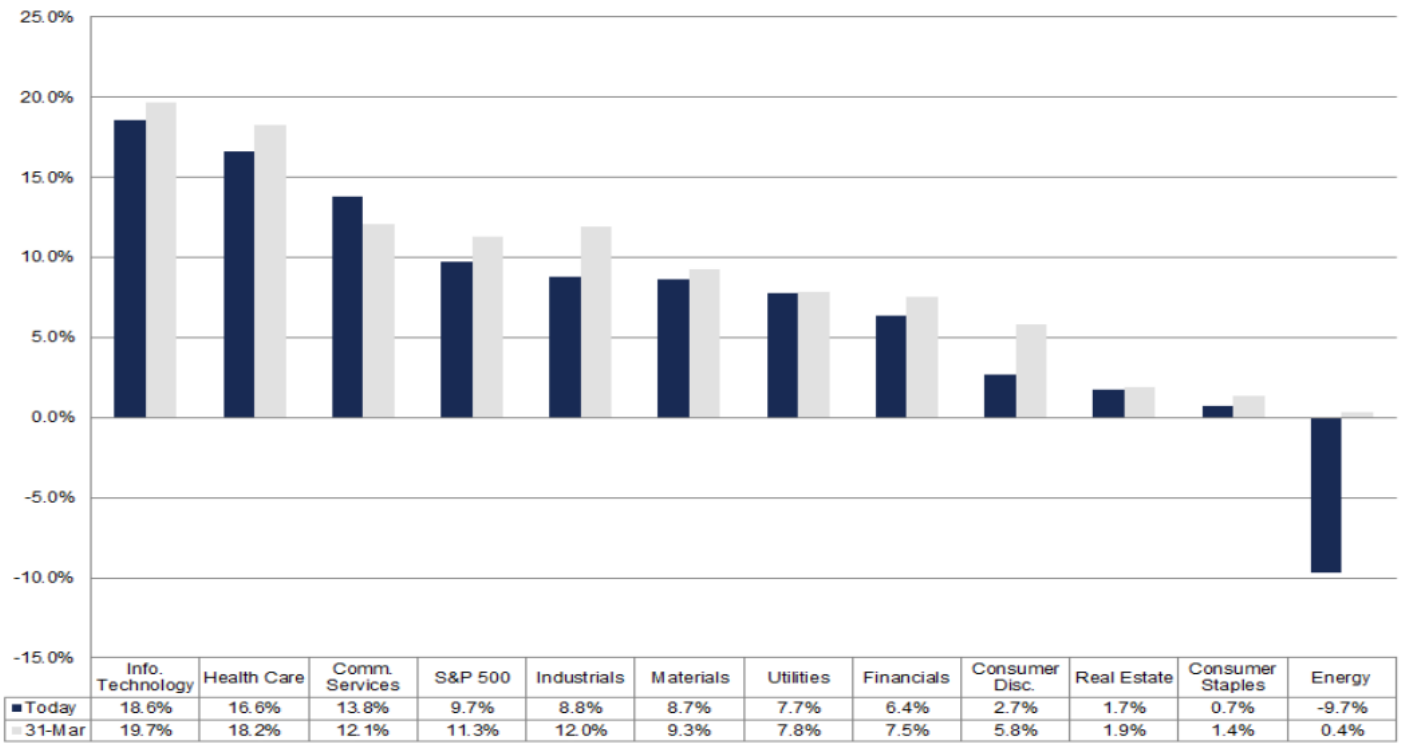


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S&P 500 Earnings Growth (Y/Y): CY 2025
(Source: FactSet)



FactSet



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