

Macro

- President Trump announced a baseline 10% universal tariff and reciprocal tariffs on other nations on April 2, before delaying the reciprocal tariffs a week later for 90 days.
- In tit-for-tat retaliation between China and the U.S., tariffs on Chinese goods imports were raised to 145%.
- Q1 GDP growth came in at an annualized -0.3%, as an import surge ahead of expected tariffs led to net exports subtracting 4.8 percentage points from growth.
- Q1 core PCE inflation came in at 3.5% q/q, above the consensus expectations of 3.1% and the prior 2.6%.
- April consumer confidence plunged to multi-year lows, according to data from both the University of Michigan and the Conference Board.
- Regional Fed bank surveys of executives from manufacturing and service firms indicated the weakest level of business activity since the 2008-09 and Covid recessions.

Equities

- In one of the sharpest intramonth reversals ever, the S&P 500 declined 11.2% from the start of the month through April 8, before rebounding 11.8% through the end of the month.
- Energy stocks underperformed the broader market by the most since March 2020.
- Growth stocks outperformed value stocks by 4.8 percentage points, the most since December 2024.
- The VIX Index closed at 52.3 on April 8, the highest level since April 2020.

Fixed Income

- On an intraday basis, the 30-year Treasury yield surpassed 5% on April 9, the most since November 2023.
- High Yield corporate bond spreads widened by 37 basis points, bringing spreads to their widest levels since October 2023.
- 10-year breakeven inflation expectations fell from 2.37% to 2.24%, while inflation-adjusted Treasury yields rose from 1.84% to 1.94%.

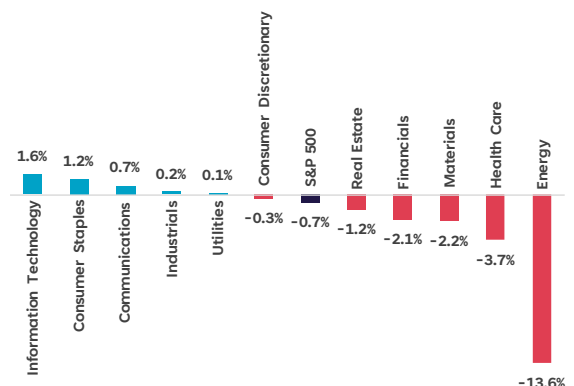
	Level		Month	QTD	YTD	1-Yr	3-Yr
			Return	Return	Return	Return	Return
Equities	S&P 500	5,569	-0.7%	-0.7%	-4.9%	12.1%	41.1%
	Nasdaq	17,446	0.9%	0.9%	-9.5%	12.2%	45.0%
	Dow Jones	40,669	-3.1%	-3.1%	-3.9%	9.5%	31.0%
	Russell 1000 Value	1,794	-3.0%	-3.0%	-1.0%	8.5%	24.5%
	Russell 1000 Growth	3,697	1.8%	1.8%	-8.4%	14.5%	54.4%
	Russell 2000 Value	2,170	-4.0%	-4.0%	-11.4%	-0.7%	4.1%
	Russell 2000 Growth	1,296	-0.6%	-0.6%	-11.7%	2.4%	15.9%
	MSCI EAFE	2,501	4.7%	4.7%	12.1%	13.2%	35.8%
	MSCI EM	1,113	1.3%	1.3%	4.4%	9.5%	13.3%

	Yield		Month	QTD	YTD	1-Yr	3-Yr
			Return	Return	Return	Return	Return
Fixed Income	US Treasurys	3.94%	0.6%	0.6%	3.6%	7.7%	3.7%
	US IG	5.14%	0.0%	0.0%	2.3%	7.6%	9.4%
	Corporates						
	US HY	7.90%	0.0%	0.0%	1.0%	8.7%	19.9%
	Corporates						

	Level		Month	QTD	YTD	1-Yr	3-Yr
			Return	Return	Return	Return	Return
Commodities	Oil (\$/barrel)	\$58	-18.6%	-18.6%	-18.8%	-29.0%	-44.4%
	Gold (\$/oz)	\$3,289	5.3%	5.3%	25.3%	43.8%	73.4%
	Copper (\$/mt)	\$9,118	-5.6%	-5.6%	5.4%	-7.8%	-6.7%

	Level		Prior Month	Prior Quarter	Prior Year	1-Yr Ago	3-Yr Ago
Currencies	EUR (\$/€)	\$1.13	\$1.08	\$1.08	\$1.04	\$1.07	\$1.05
	JPY (¥/\$)	¥143	¥150	¥150	¥157	¥158	¥130
	GBP (\$/£)	\$1.33	\$1.29	\$1.29	\$1.25	\$1.25	\$1.26

April S&P 500 Sector Total Returns



Liberation Day Fallout

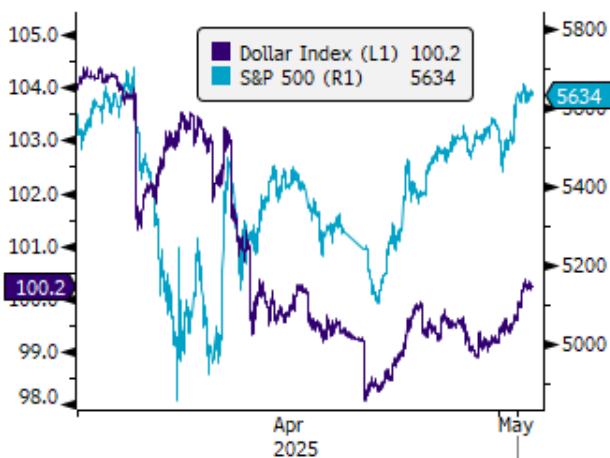
President Trump finally announced his long-awaited tariff plans on April 2. The specifics shocked investors: A 10% baseline tariff on imports from nearly all trading partners, with “reciprocal” tariffs for specific countries layered on top.

Aimed at reducing trade deficits and boosting domestic industry, these tariffs were in addition to existing tariffs on autos, steel, and aluminum. All combined, they would represent the largest tax hike as a percentage of GDP in recent U.S. history.

The market reaction was immediate and severe. Stock indices plunged and market volatility surged, reflecting investor anxiety not seen since early 2020. The U.S. dollar also weakened 4.8% despite its reputation as a safe haven currency, suggesting growth concerns as well as foreign selling of U.S. assets due to rising political risks.

By April 9, the administration had announced a 90-day pause on the higher reciprocal tariffs for most countries, though tit-for-tat retaliation between the U.S. and China led to tariffs on Chinese goods being increased to 145%. That more than offset the reciprocal pause, yet investors focused on the administration appearing to back away from a global trade war; the S&P 500 rebounded 9.5% in one of the best days for stocks since 1927, before rising an additional 2.0% to finish the month.

The Dollar and Stocks

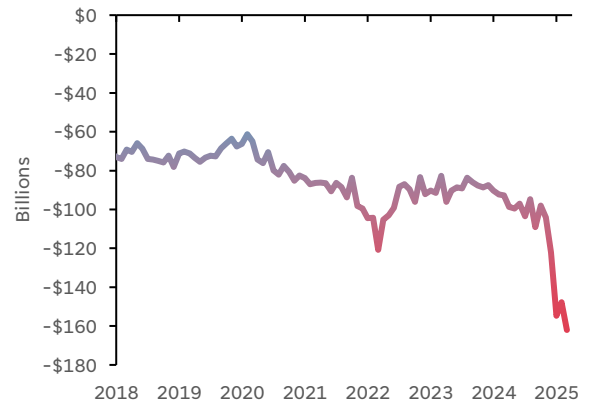


Source: SoFi, Bloomberg

Front-Running the Tariffs

Escalating tariff announcements throughout early 2025 appear to be significantly influencing economic behavior. For instance, durable goods orders jumped by a robust 9.2% in March (vs. consensus of 2.0%), while the goods trade deficit ballooned to \$162b (vs. consensus of \$145b).

Monthly Goods Trade Balance



Source: SoFi, U.S. Census Bureau, Bloomberg

This surge has lent credence to the idea that consumers and businesses are “front-running” the tariffs – purchasing goods before anticipated price hikes take effect. A pull-forward of demand could boost spending and make the economy seem stronger in the short-term, while contributing to a sharper economic slowdown later in the year.

Against this backdrop, the Federal Reserve is caught between a rock and a hard place. Tariffs already pose a dual challenge of potentially higher inflation and weaker spending, but ambiguity on the magnitude of the demand pull-forward, coupled with the unpredictable trajectory of trade policy, make it difficult to have conviction on an outlook.

For Fed officials that continue to emphasize their data-dependence, that means preemptive interest rate cuts are unlikely. Instead, the central bank will probably remain cautious and delay any policy easing until a clearer picture of economic conditions emerges.

Performance data quoted represents past performance. Past performance does not guarantee future results. Market returns will fluctuate, and current performance may be lower or higher than the standardized performance data quoted.