

THINGS TO WATCH

Financial Sector Earnings

Banks and financial services companies will dominate this week's earnings coverage, headlined by Bank of America (BAC), Goldman Sachs (GS), and Citigroup (C) scheduled to report results over the next two days. In addition to the large banks, private equity giant Blackstone (BX), brokerage firm Charles Schwab (SCHW), and several regional lenders including Truist Financial (TFC), PNC Financial Services (PNC), and M&T Bank (MTB) will also deliver quarterly results. Investors will be more focused on the guidance provided by these companies than their results against the backdrop of elevated policy uncertainty.

Powell's Speech

On Wednesday, Federal Reserve Chair Jerome Powell will speak to the Economic Club of Chicago. Powell's expectations for the path of inflation, hiring, and growth in the U.S. will be closely analyzed amid the Trump administration's recent tariff hikes.

Retail Sales and Tariff Front-Running

Headline U.S. retail sales accelerated 1.3% in March, according to the median estimate in a Bloomberg survey for the Wednesday release. A potential rebound in consumer activity last month would follow a modest gain of 0.2% in February and a 1.2% decline in January as poor weather weighed on spending. Stronger-than-expected auto sales could indicate front-running activity ahead of the Trump administration's March 26 announcement of a 25% tariff on imported vehicles and parts.

Homebuilder Sentiment

April's NAHB sentiment index is expected to be weak given a recently imposed 14.5% tariff on Canadian lumber imports. A budding recovery in mortgage applications and an executive order signed by President Trump to increase lumber production by 25% on federally-owned lands could help offset concerns about lumber prices.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
NFIB Small Business Optimism	97.4	105.1	▼
Consumer Price Index (Y/Y)	2.4%	2.9%	▼
Core Consumer Price Index (Y/Y)	2.8%	3.2%	▼
Producer Price Index (Y/Y)	2.7%	3.4%	▼
U. of Mich. Consumer Sentiment	50.8	71.7	▼
U. of Mich. 1-year Inflation Expectations	6.7%	3.3%	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	40212.71	4.97%	-5.04%	6.44%
NASDAQ	16724.46	7.30%	-13.22%	2.47%
S&P 500	5363.36	5.73%	-8.47%	4.54%
MSCI EAFE	2293.24	5.27%	4.44%	3.76%
BB U.S. Aggregate	2217.00	-2.43%	1.12%	5.21%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.32%	4.28%	5.39%
10-Year Treasury	4.49%	4.28%	4.59%

REPORTS DUE THIS WEEK	LATEST
Retail Sales (M/M)	0.2%
Housing Starts (Millions Annualized)	1.50
Building Permits (Millions Annualized)	1.46
Initial Jobless Claims (Thousands)	223
Continuing Jobless Claims (Thousands)	1,850

Total returns are as of 4/11/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

\$761 billion

According to U.S. government data, the Chinese government and private investors in China held \$761 billion of U.S. Treasury securities as of January 31. China is the second largest sovereign holder of U.S. government debt behind only Japan. Some market participants suggested Chinese selling could have caused the benchmark 10-year U.S. Treasury yield to surge above 4.5% last week, although there is little evidence to directly support this theory.

6.7%

The preliminary release of the University of Michigan's consumer sentiment index for April last Friday showed survey respondents expect inflation to increase 6.7% over the next 12 months. This was up from 5% in March and marked the highest reading since 1981. Headline consumer inflation was 8.9% in 1981 but then fell sharply to 3.8% in 1982 amid a mix of hawkish Fed policy and a supply-side fiscal agenda in Ronald Reagan's first term.

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