

Making Sense

Monthly Market Update

Recorded on April 30, 2025



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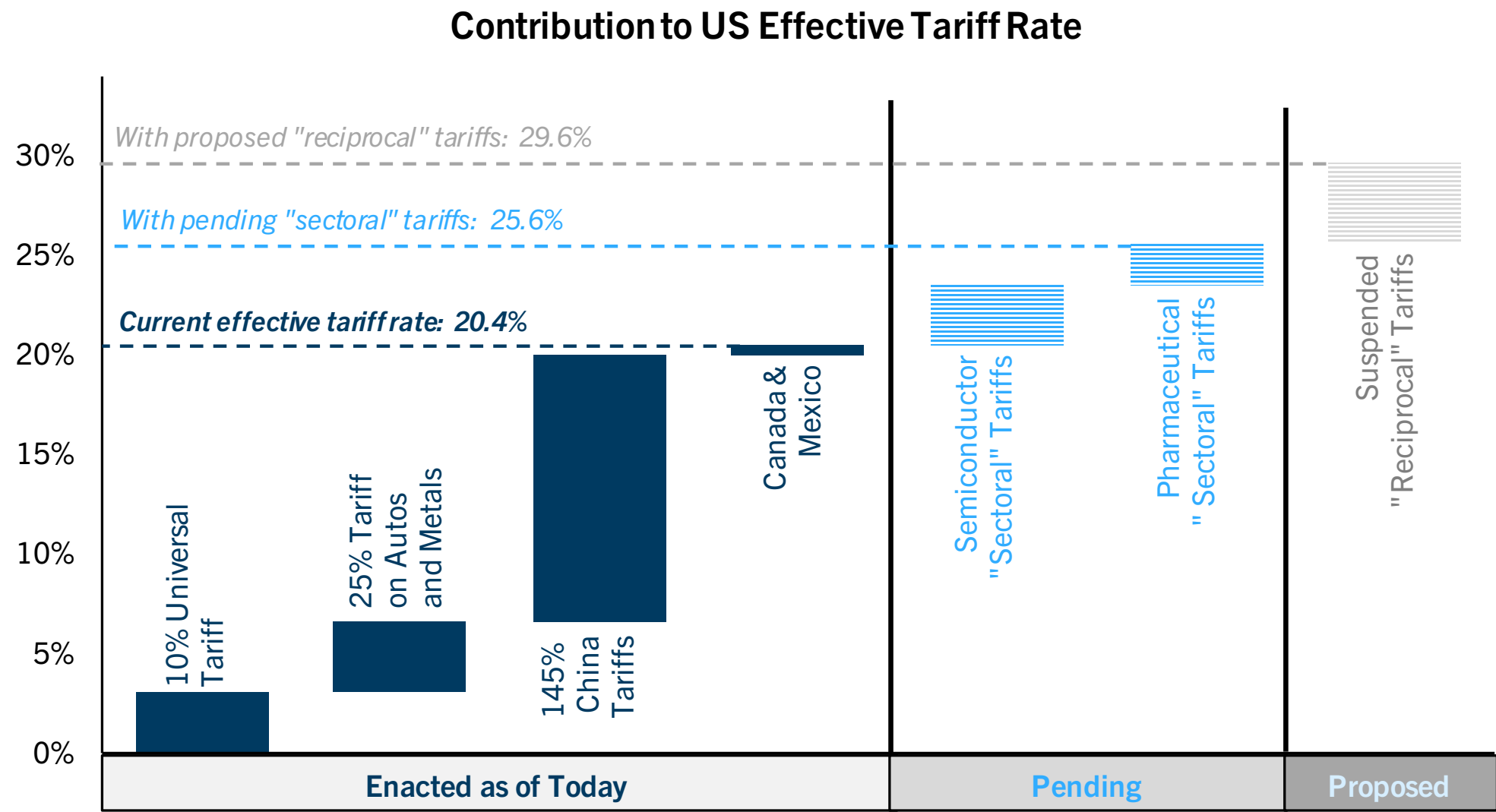
What are we going to cover?

1. **Pulse Check:**
Trade Policy Update | Financial Market Impact
2. **Economic Update:**
Growth Outlook | Inflation & Interest Rates | Labor Market & Consumer Spending
3. **Market Update:**
Equity Markets | Valuations | Fixed Income

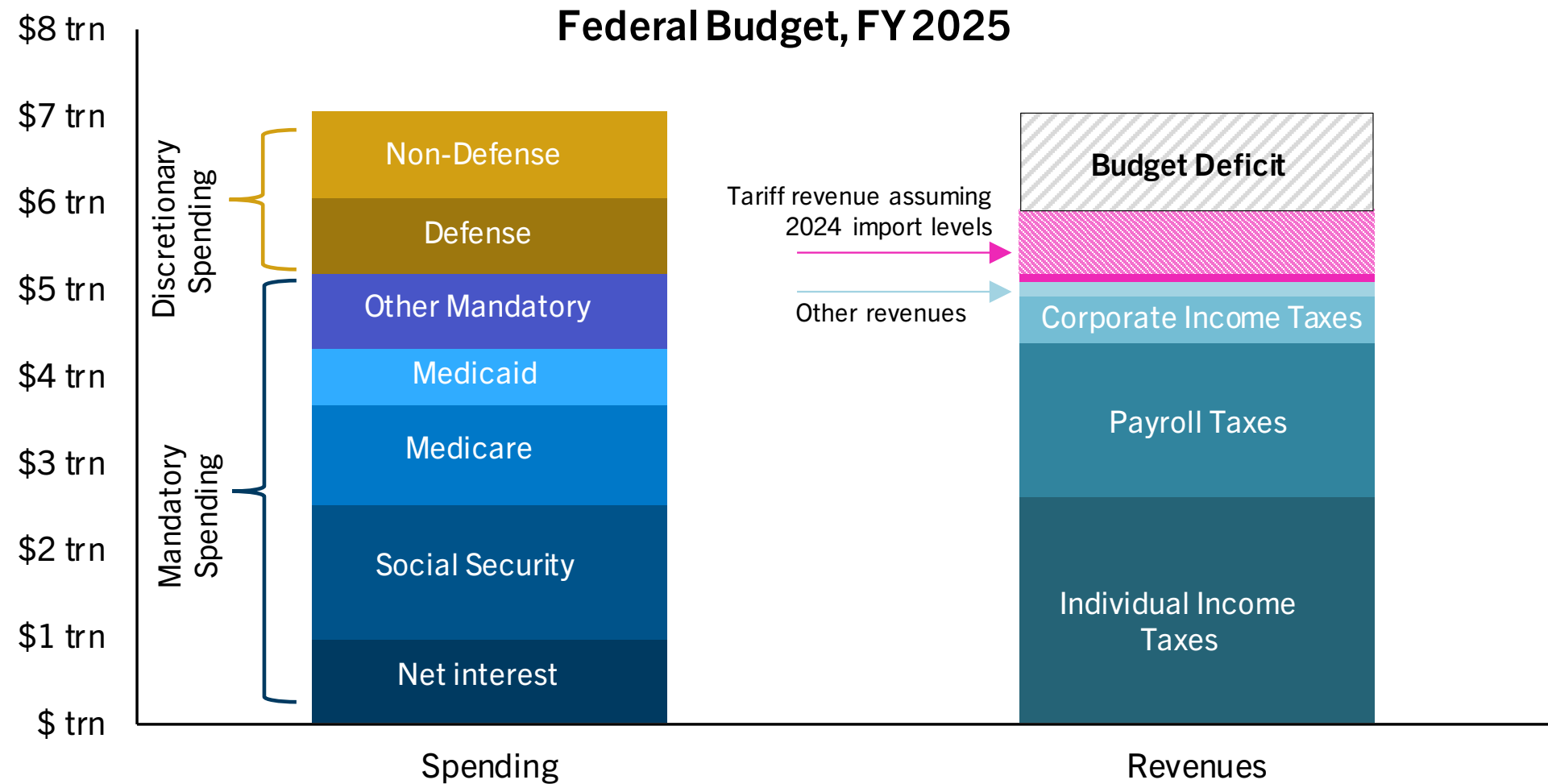
Pulse Check

Trade Policy Update | Financial Market Impact

Steep Tariffs on China Account for the Lion's Share of Enacted Tariffs



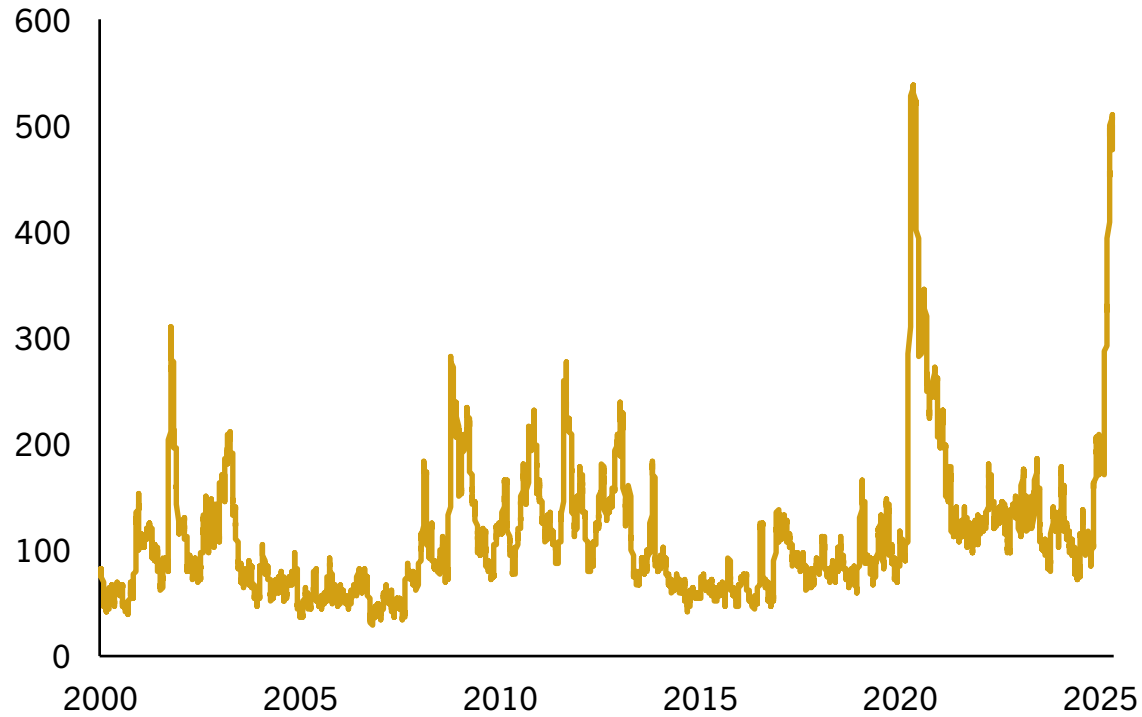
The Federal Budget Deficit Is Driven Largely by Mandatory Spending



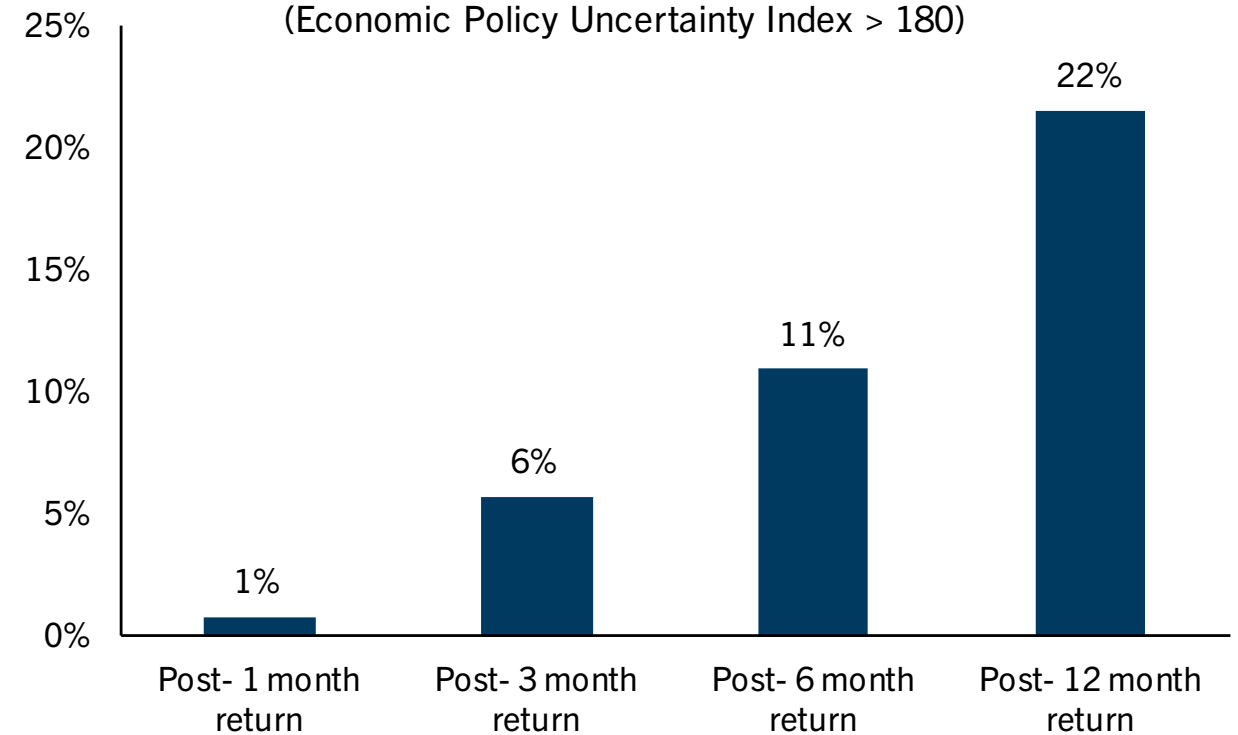
Source: JP Morgan, Yale Budget Lab, Congressional Budget Office

Economic Uncertainty Is at Extreme Highs

US Economic Policy Uncertainty Index



Average S&P 500 Returns Following Spikes in US Policy Uncertainty
(Economic Policy Uncertainty Index > 180)



CEO Confidence Has Fallen Sharply to the Lowest in Over a Decade



Global Asset Prices Have Been Mixed Amid Extreme Uncertainty

Total Market Returns As of 4/28/2025		
	Since Feb. 19 peak	YTD 2025
US Equities	-10.2%	-6.0%
Intl. Developed Equities	+3.0%	+11.1%
Emerging Market Equities	-2.4%	+3.3%
Aggregate Fixed Income	+2.1%	+3.0%
Municipal Bonds	-2.2%	-1.5%

Since April 2:

- 8 daily changes of at least +/- 2% in S&P 500
- 70 basis point range for 10-year yield
- Highest one-day (April 9) US municipal bond transaction volume on record since 1995
- US Dollar fell by as much as 6%

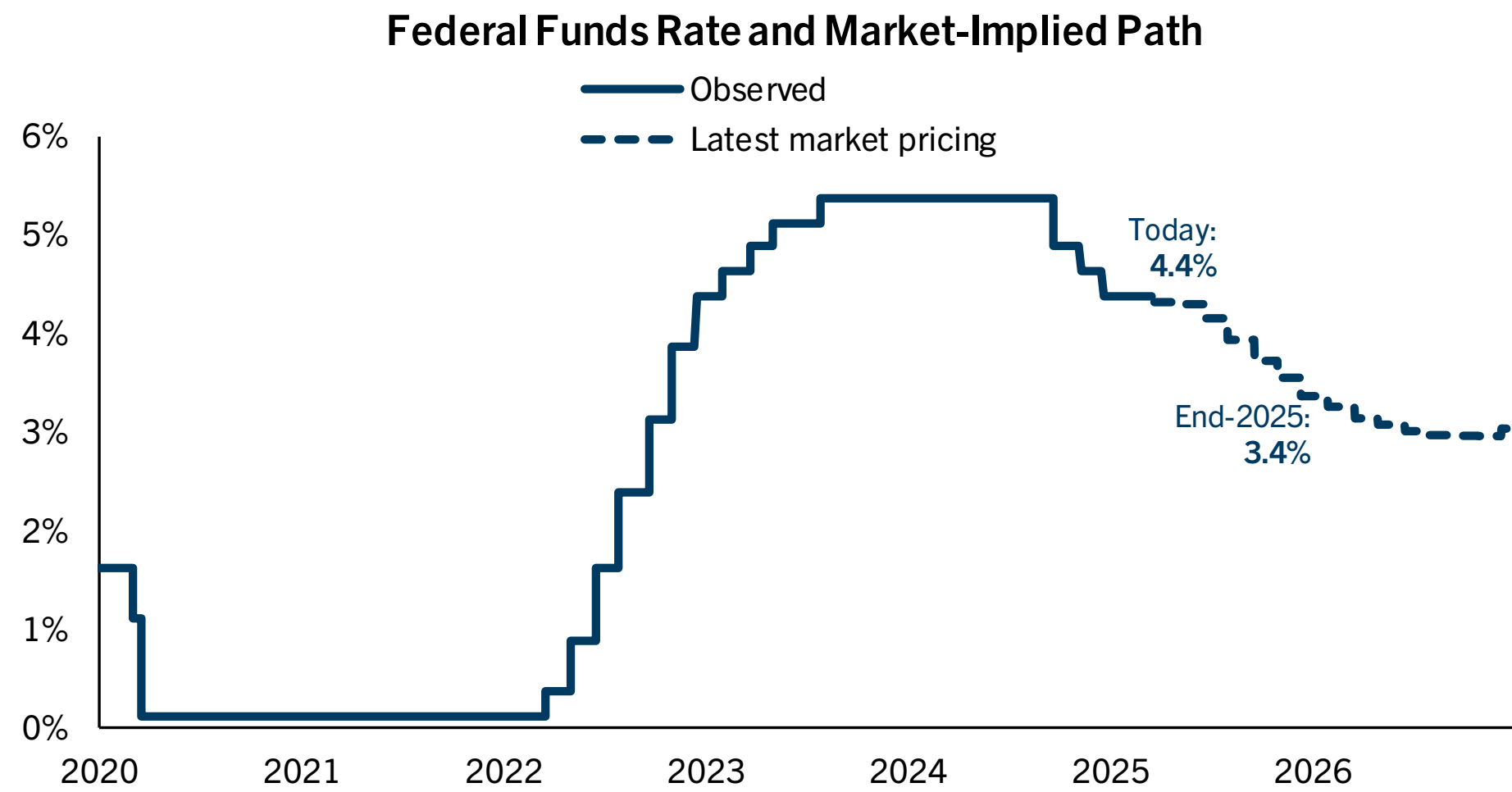
Economic Update

Growth Outlook | Inflation & Interest Rates | Labor Market & Consumer Spending

Global Growth Expectations Have Deteriorated

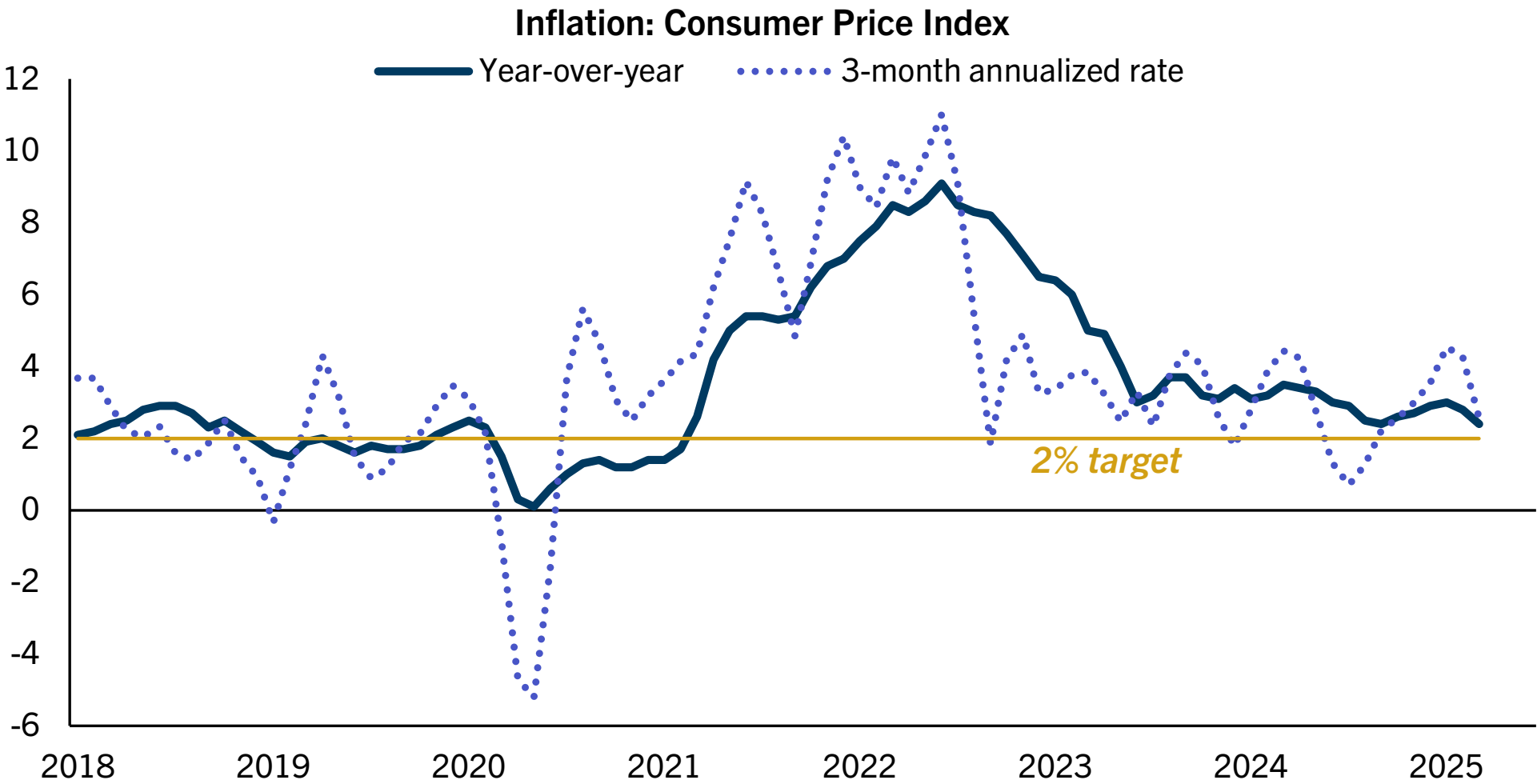
World Economic Outlook Consensus Real Economic Growth Estimates				
	2024 Actual Growth	2025 Estimate as of:		
		Dec. 2024		Today
World	3.2%	3.0%	↘ -0.4%	2.6%
United States	2.8%	2.1%	↘ -0.7%	1.4%
Euro Area	0.9%	1.0%	↘ -0.2%	0.8%
Canada	1.5%	1.8%	↘ -0.6%	1.2%
Mexico	1.5%	1.2%	↘ -1.0%	0.2%
China	5.0%	4.5%	↘ -0.3%	4.2%

Markets See the Fed Cutting Rates by about 1.0% This Year



Source: Bloomberg, First Citizens Wealth. Data as of 4/29/2025.

Before Tariffs Hit, Inflation Was Already Well Above the Fed's 2% Target

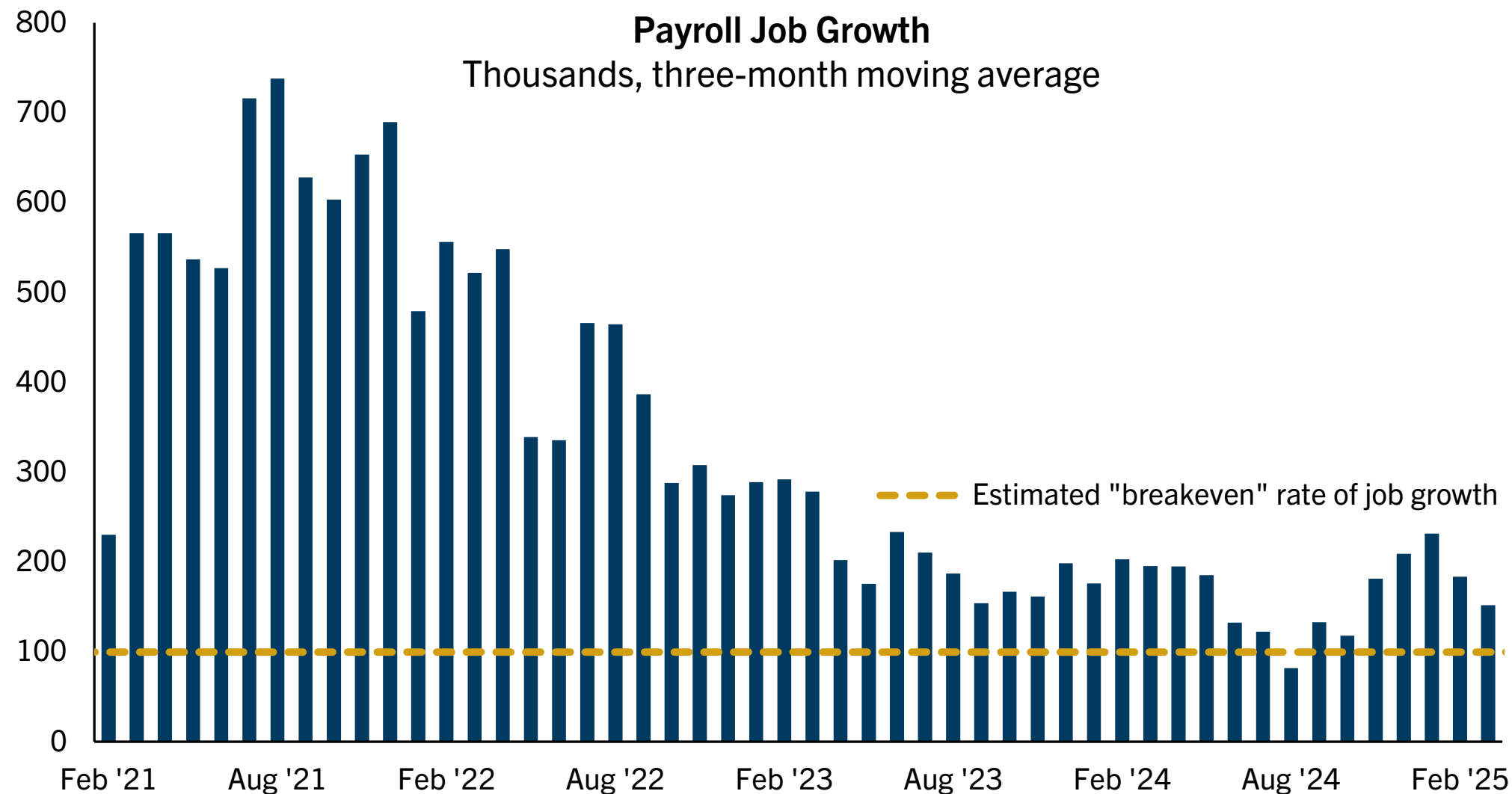


Source: Labor Department, Bloomberg. Data through March 2025.

Household Inflation Expectations Have Surged, but Market Views Are Tamer

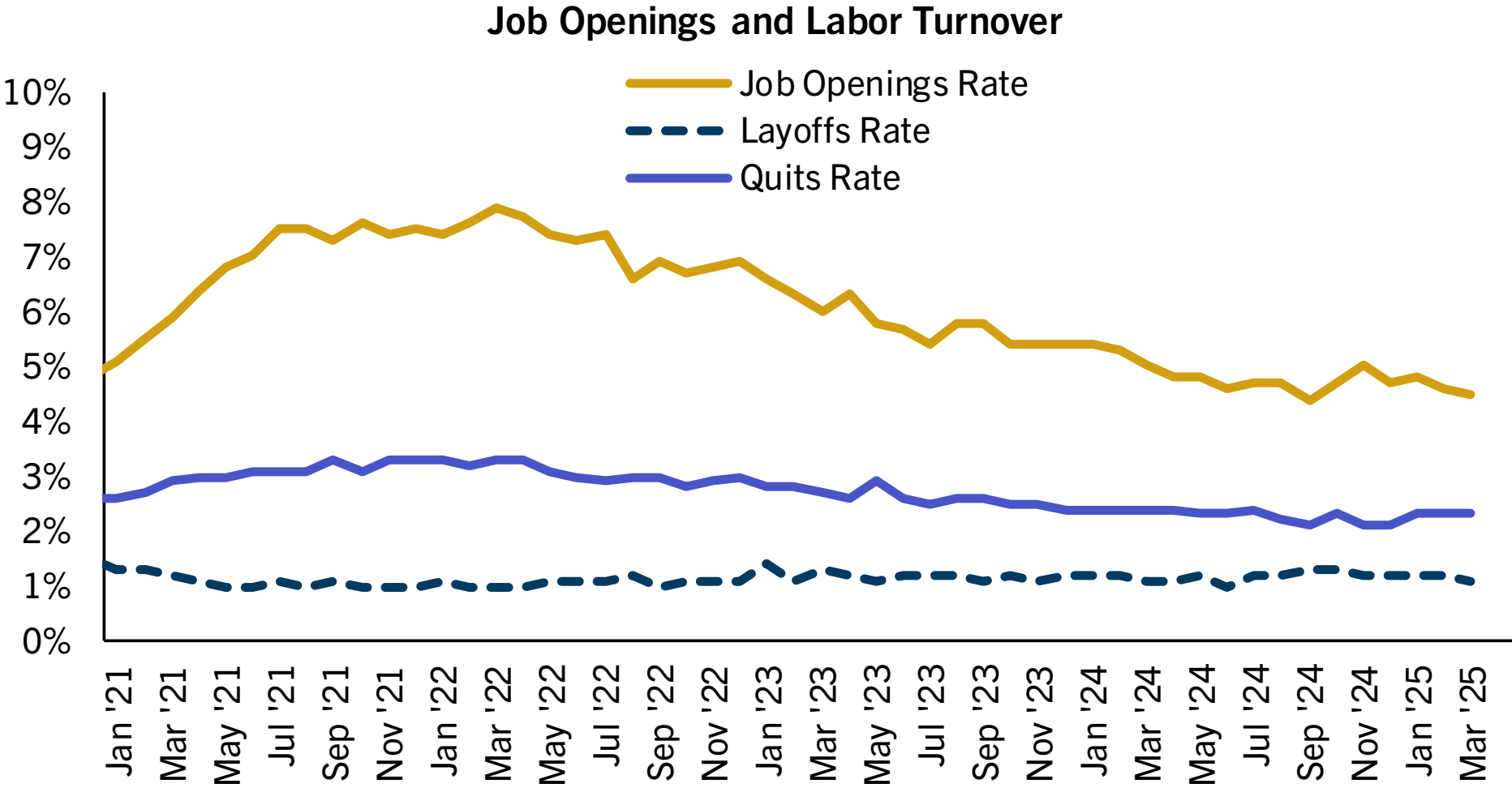


Job Growth Has Been Fairly Healthy in Recent Months



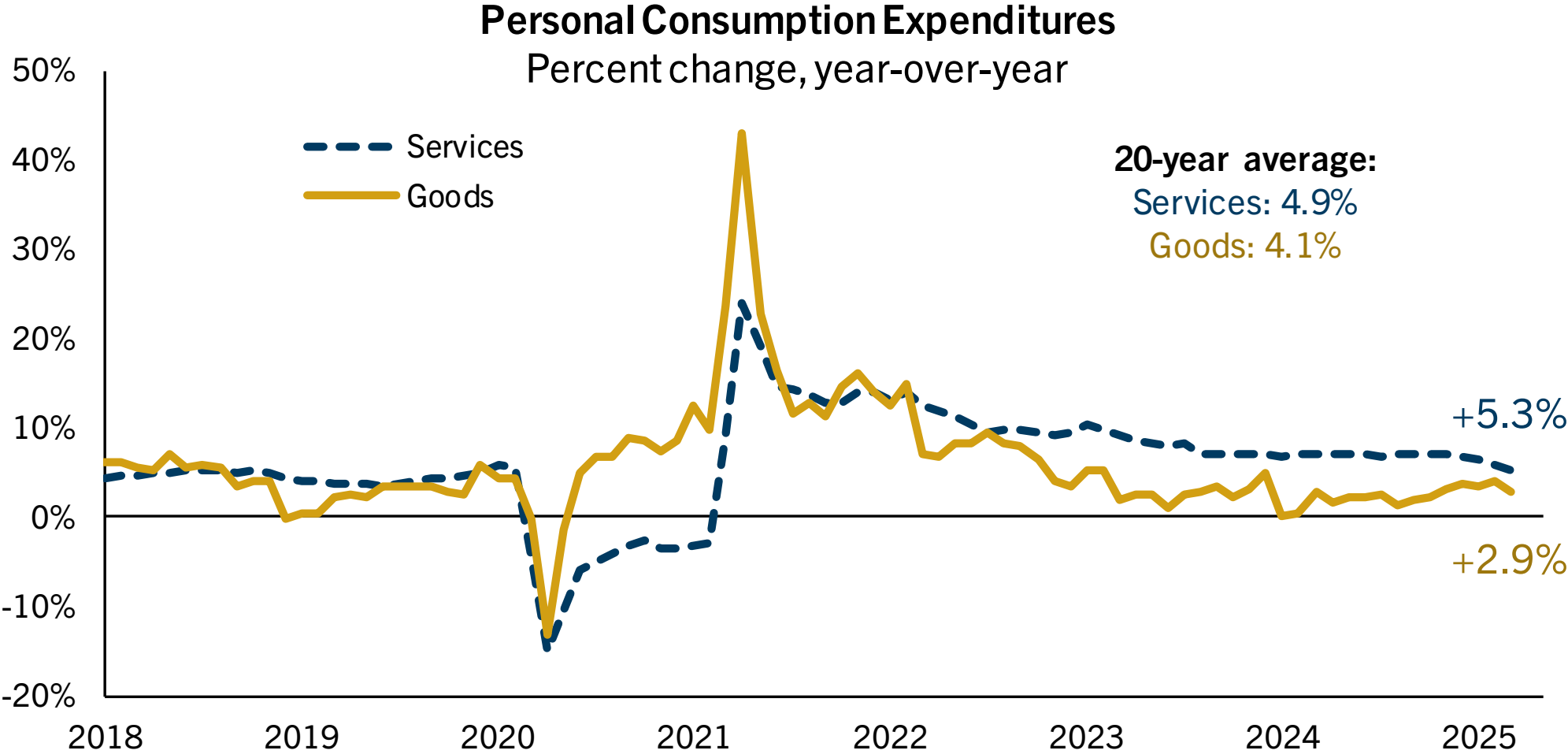
Source: Department of Labor, Bloomberg. Data as of March 2025.

Labor Market Churn Was Subdued in the Months Before the Recent Tariffs



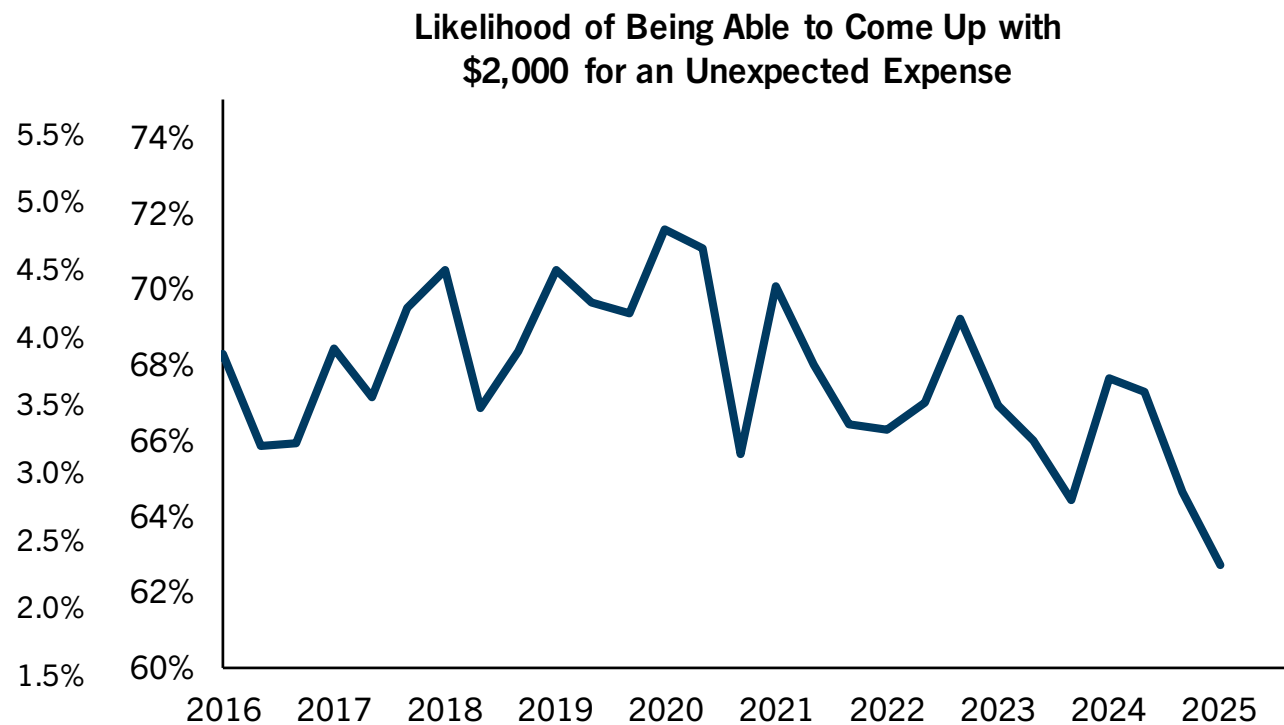
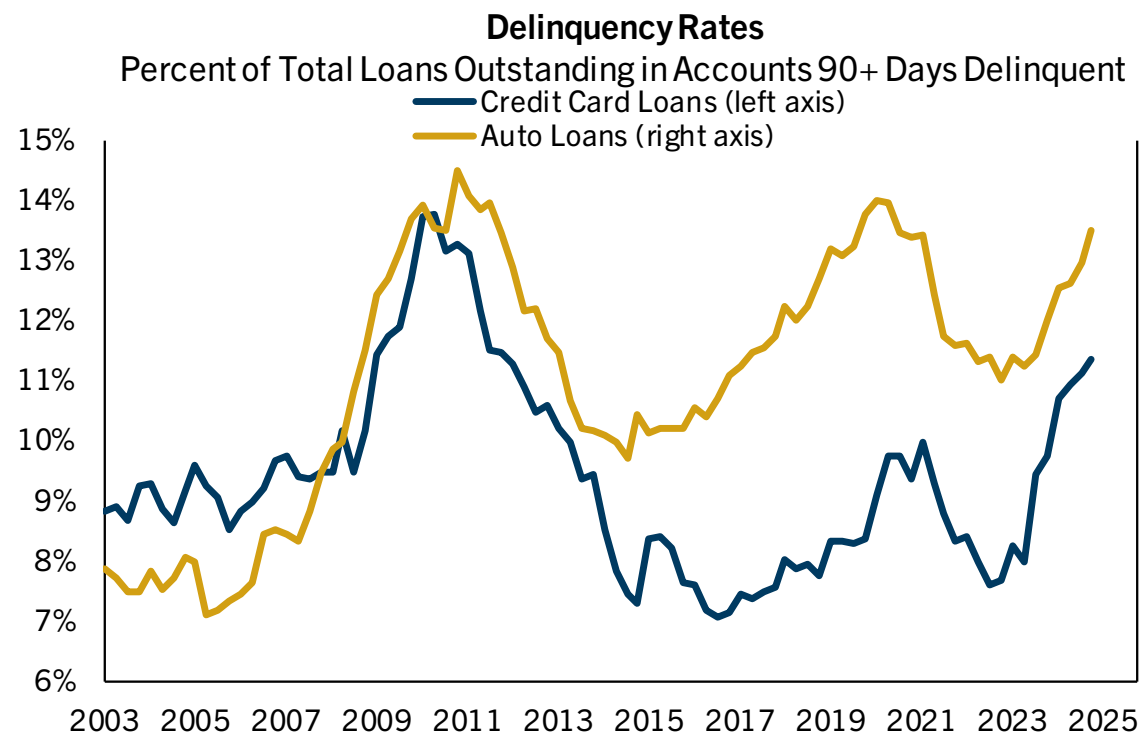
Source: Department of Labor, Bloomberg. Data as of March 2025.

Consumer Expenditures Are Holding Up, Still Led by Services Spending



Source: Department of Commerce, Bloomberg. Data as of March 2025.

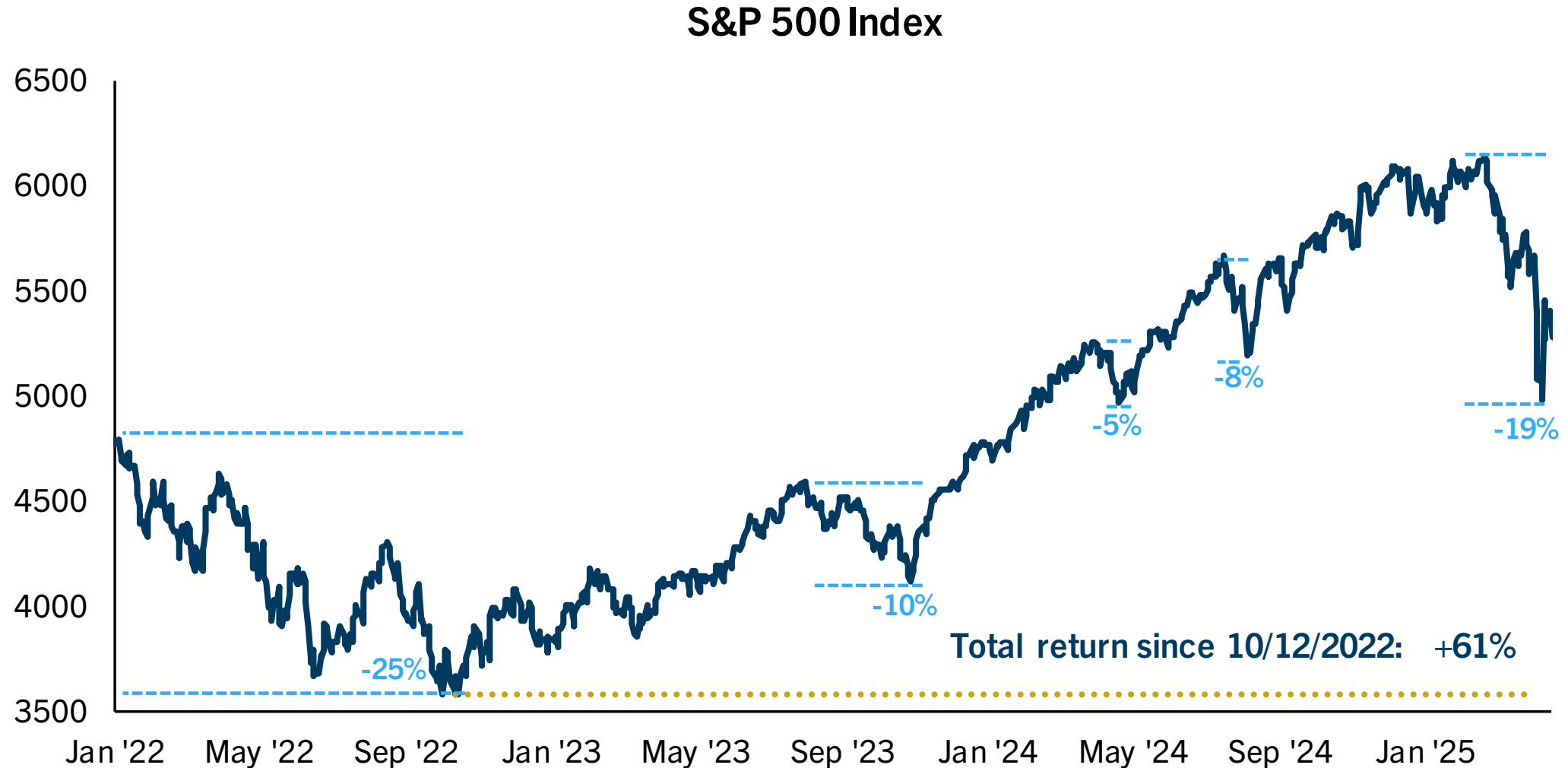
Household Finances Are Growing More Strained



Market Update

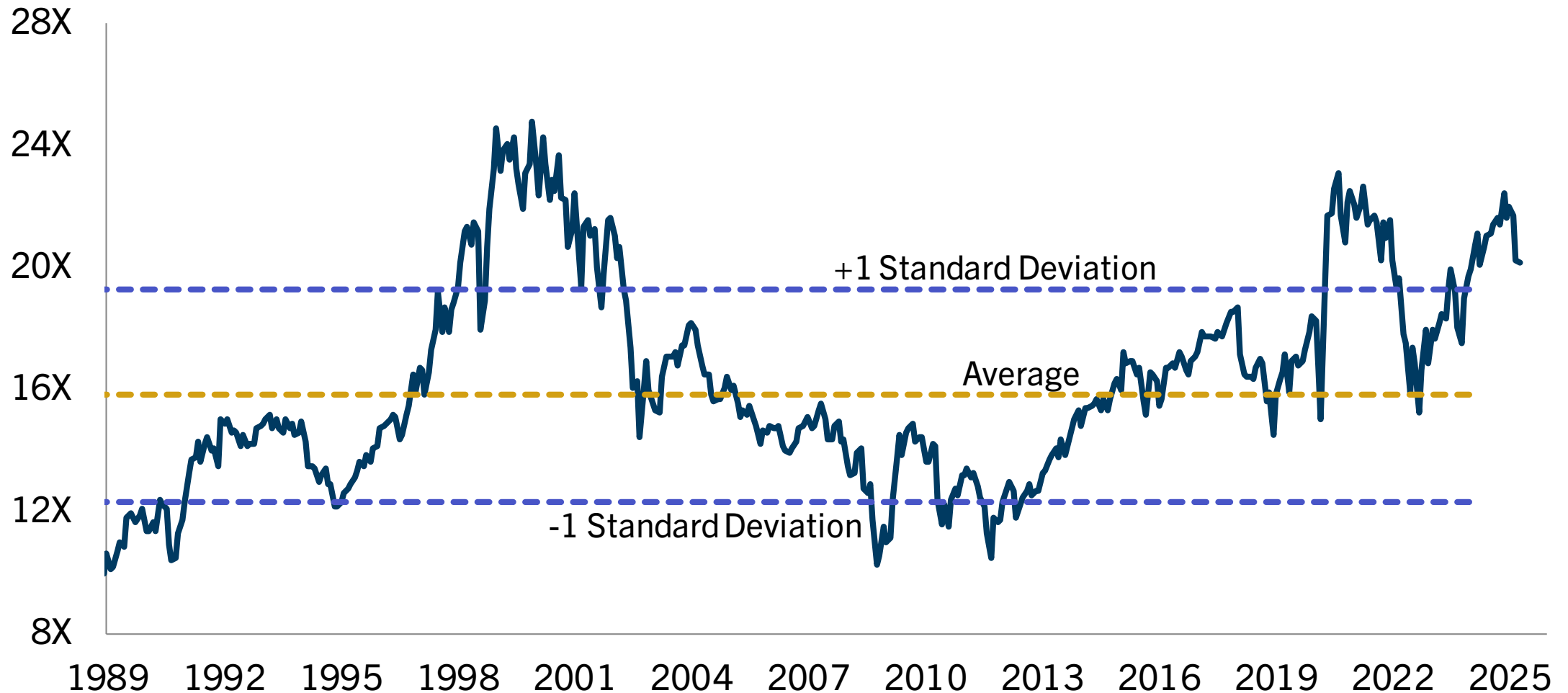
Equity Markets | Valuations | Fixed Income

The S&P 500 Sold Off 19% From Recent All-Time Highs

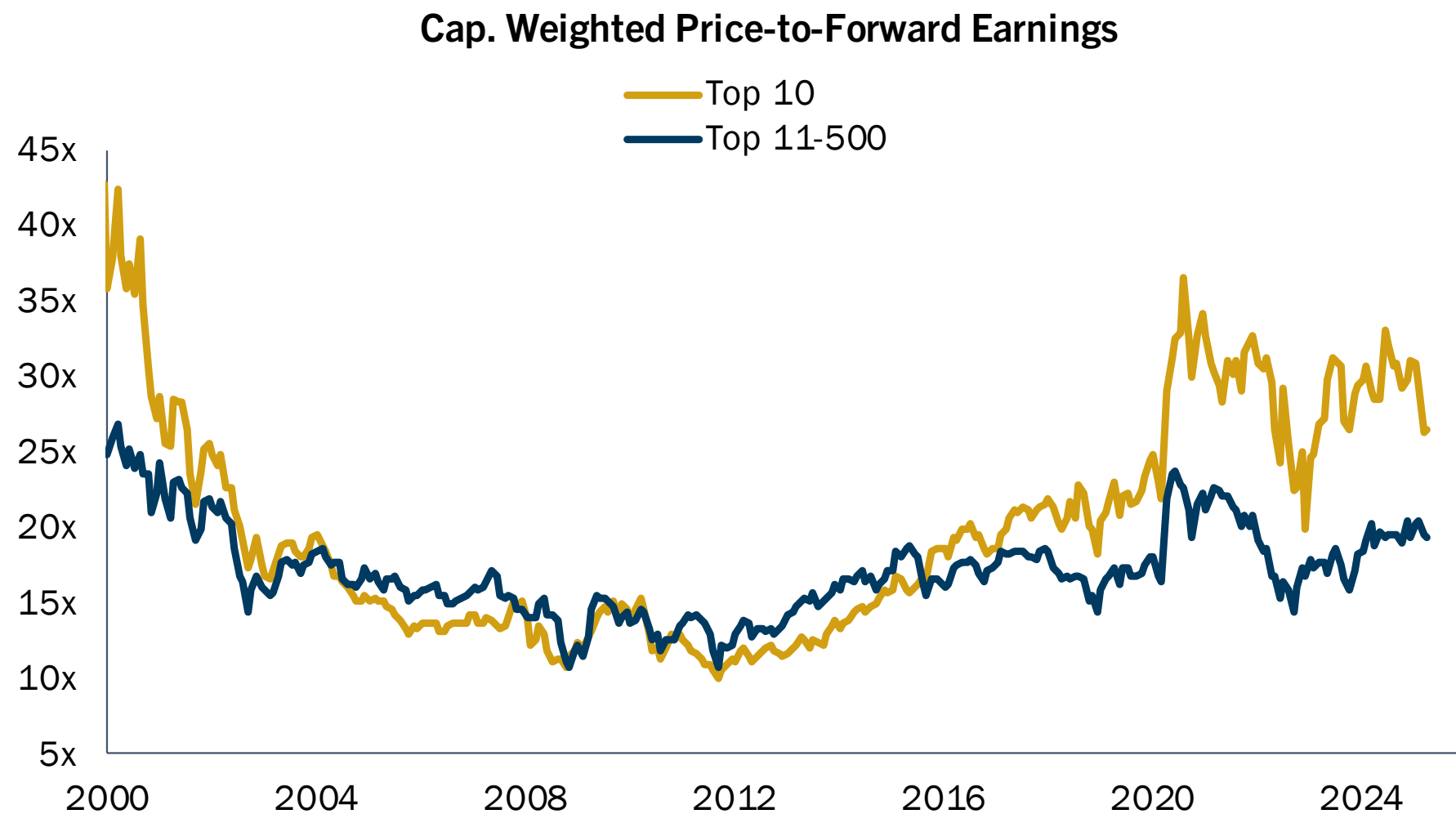


S&P 500 Valuations Have Contracted Modestly

S&P 500 Next Twelve Months Price-to-Earnings Ratio

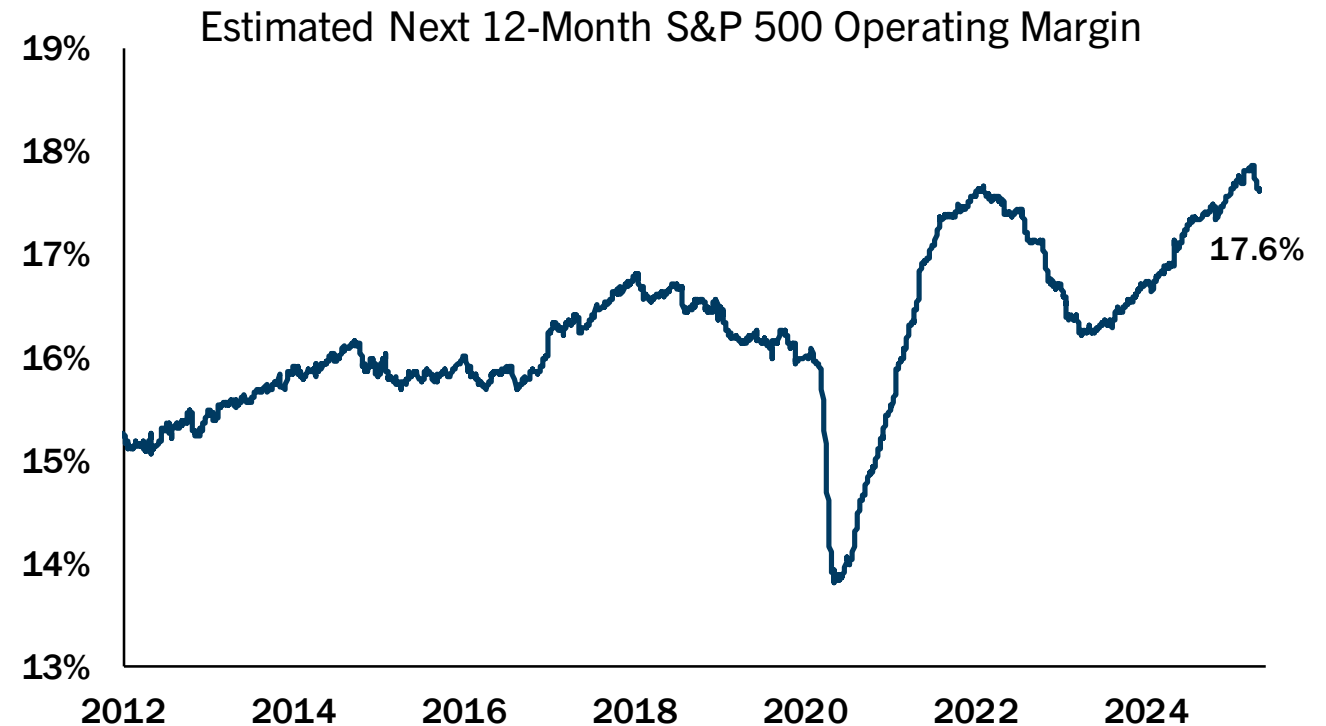


Multiples for the Top 10 Largest Equities Have Moved Down



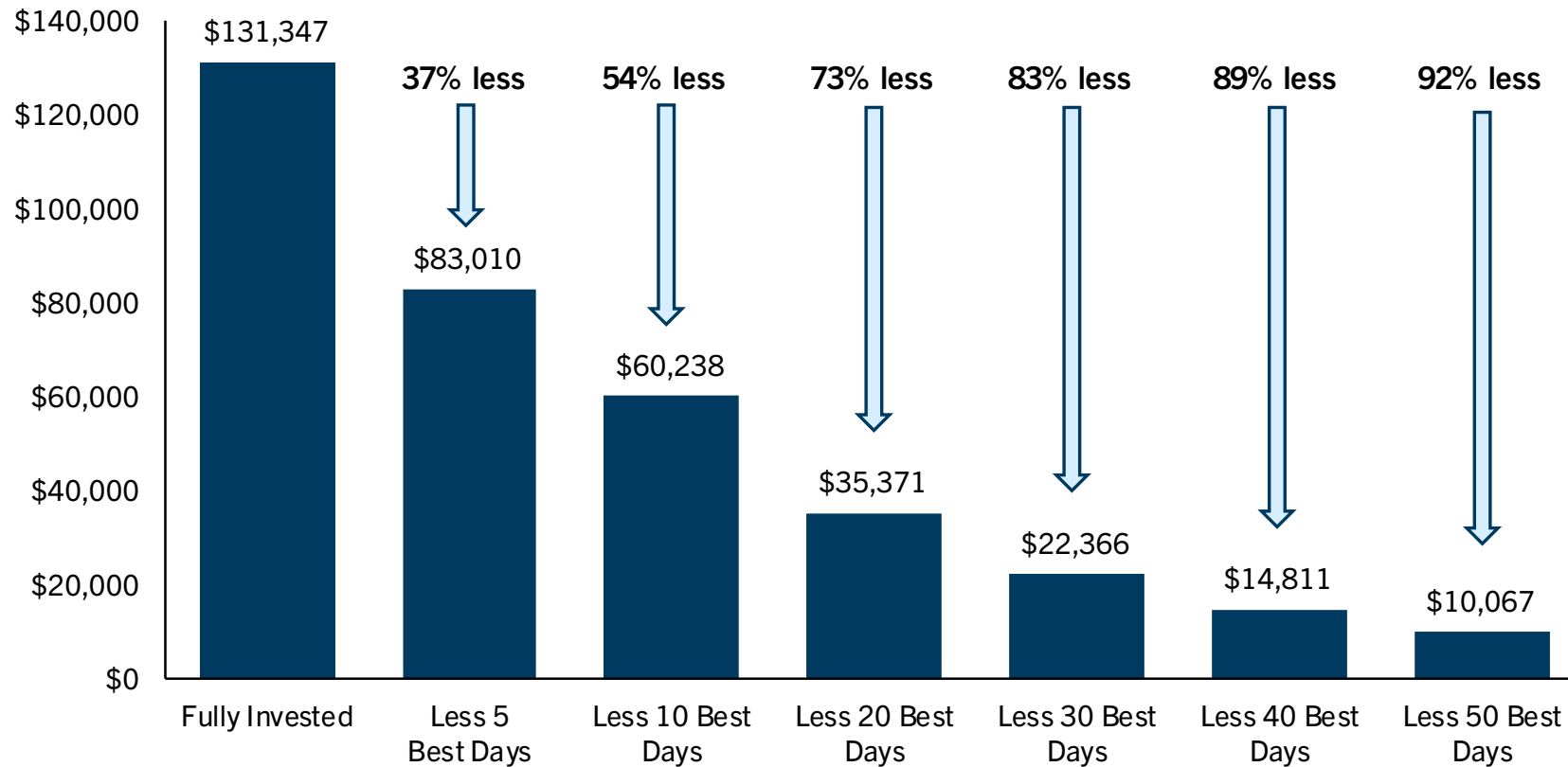
Corporate Earnings

- 2025 estimated growth is **9.7%**
 - Q1 2025 estimated growth is **10.1%**
- 2026 estimated growth is **13.8%**
- Average growth since 1950 is **7.6%**



Market Timing Is a Dangerous Game

Growth of \$10,000, S&P 500 Compounded Total Returns, 1995 - 2024



- Nearly half (48%) of the S&P 500 Index's strongest days occurred during a bear market.
- Another 28% of the market's best days **took place in the first two months of a bull market**—before it was clear a bull market had begun.

Volatility Can Persist in Near-Term but Investors Usually Win in the Long-Run

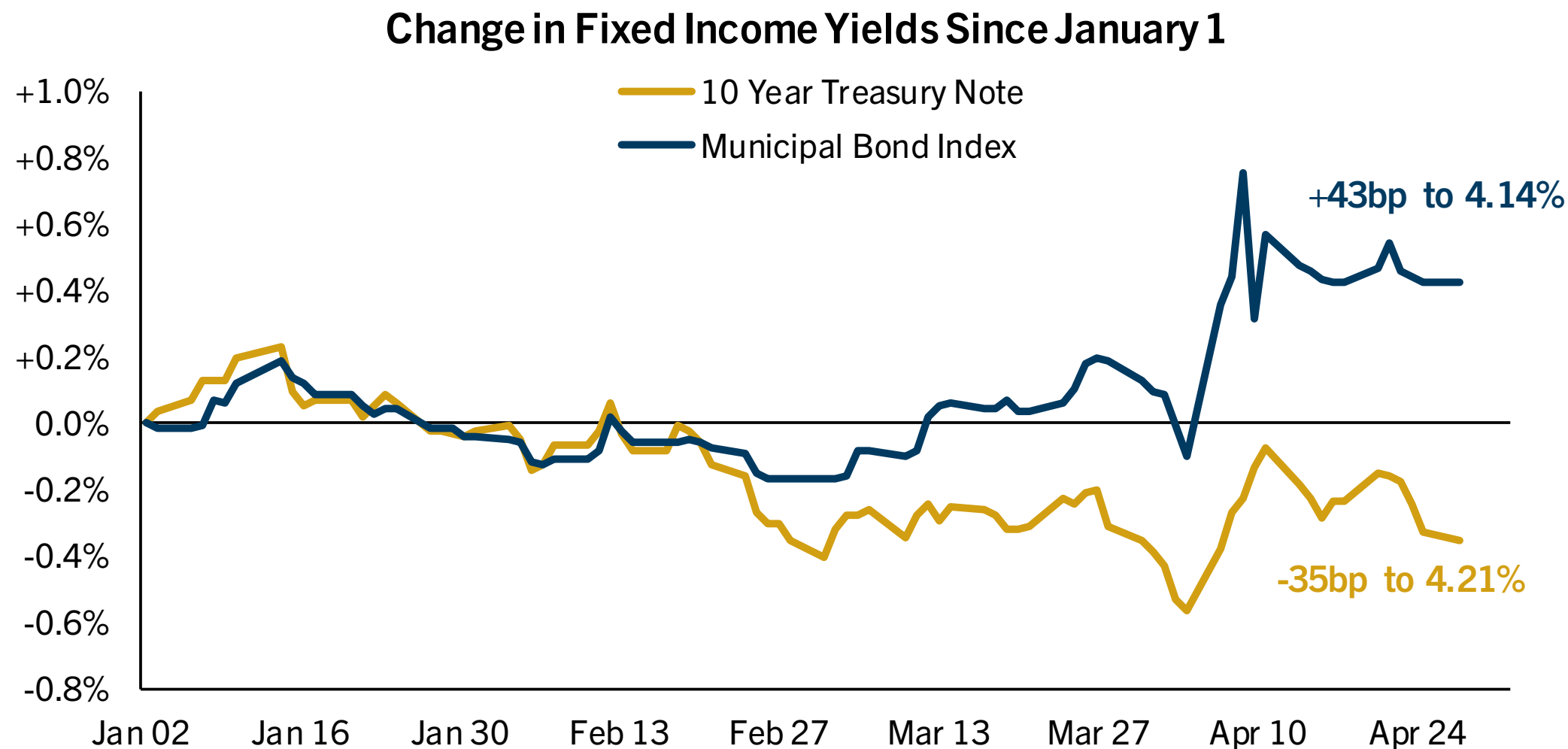
Largest 1-Day Gains for S&P 500 - Data Since 1950							
Rank	Date	% Gain	+5 Days	+20 Days	+65 Days	+125 Days	+250 Days
1.	10/13/2008	11.58%	-1.8%	-8.4%	-15.9%	-16.1%	6.8%
2.	10/28/2008	10.79%	6.9%	-8.8%	-12.2%	-7.1%	13.4%
3.	4/9/2025	9.52%	-3.3%	?	?	?	?
4.	3/24/2020	9.38%	5.6%	14.4%	26.0%	34.1%	61.0%
5.	3/13/2020	9.29%	-15.0%	1.9%	15.3%	23.2%	45.3%
6.	10/21/1987	9.10%	-9.7%	-5.0%	-2.4%	-0.9%	7.0%
7.	3/23/2009	7.08%	-4.3%	3.3%	9.5%	29.8%	40.9%
8.	4/6/2020	7.03%	6.8%	7.7%	18.3%	25.7%	53.1%
9.	11/13/2008	6.92%	-17.4%	-3.5%	-14.5%	-3.1%	20.5%
10.	11/24/2008	6.47%	-0.4%	1.3%	-17.7%	4.8%	28.1%
11.	3/10/2009	6.37%	8.1%	13.3%	31.3%	41.2%	58.2%
12.	11/21/2008	6.32%	2.0%	8.9%	-8.1%	13.8%	36.9%
13.	3/26/2020	6.24%	-3.9%	7.9%	16.1%	23.1%	47.9%
14.	3/17/2020	6.00%	-3.2%	10.0%	23.2%	33.8%	56.9%
15.	7/24/2002	5.73%	8.1%	12.6%	4.6%	4.1%	17.2%
16.	11/10/2022	5.54%	-0.2%	-0.6%	4.8%	4.2%	9.9%
17.	9/30/2008	5.42%	-14.6%	-19.4%	-20.1%	-31.6%	-8.9%
18.	7/29/2002	5.41%	-7.2%	5.4%	-1.9%	-5.7%	11.1%
19.	10/20/1987	5.33%	-1.5%	2.6%	4.1%	8.9%	16.3%
20.	12/16/2008	5.14%	-5.5%	-7.6%	-9.9%	-0.3%	22.0%
21.	10/28/1997	5.12%	2.1%	3.1%	8.6%	18.7%	16.3%
22.	9/8/1998	5.09%	1.4%	-3.8%	15.6%	25.1%	32.6%
23.	5/27/1970	5.02%	7.9%	1.6%	11.4%	15.0%	38.8%
24.	1/3/2001	5.01%	-2.5%	1.9%	-16.3%	-8.4%	-13.6%
25.	12/26/2018	4.96%	-0.8%	8.0%	16.2%	18.1%	30.6%

S&P 500 Price Target

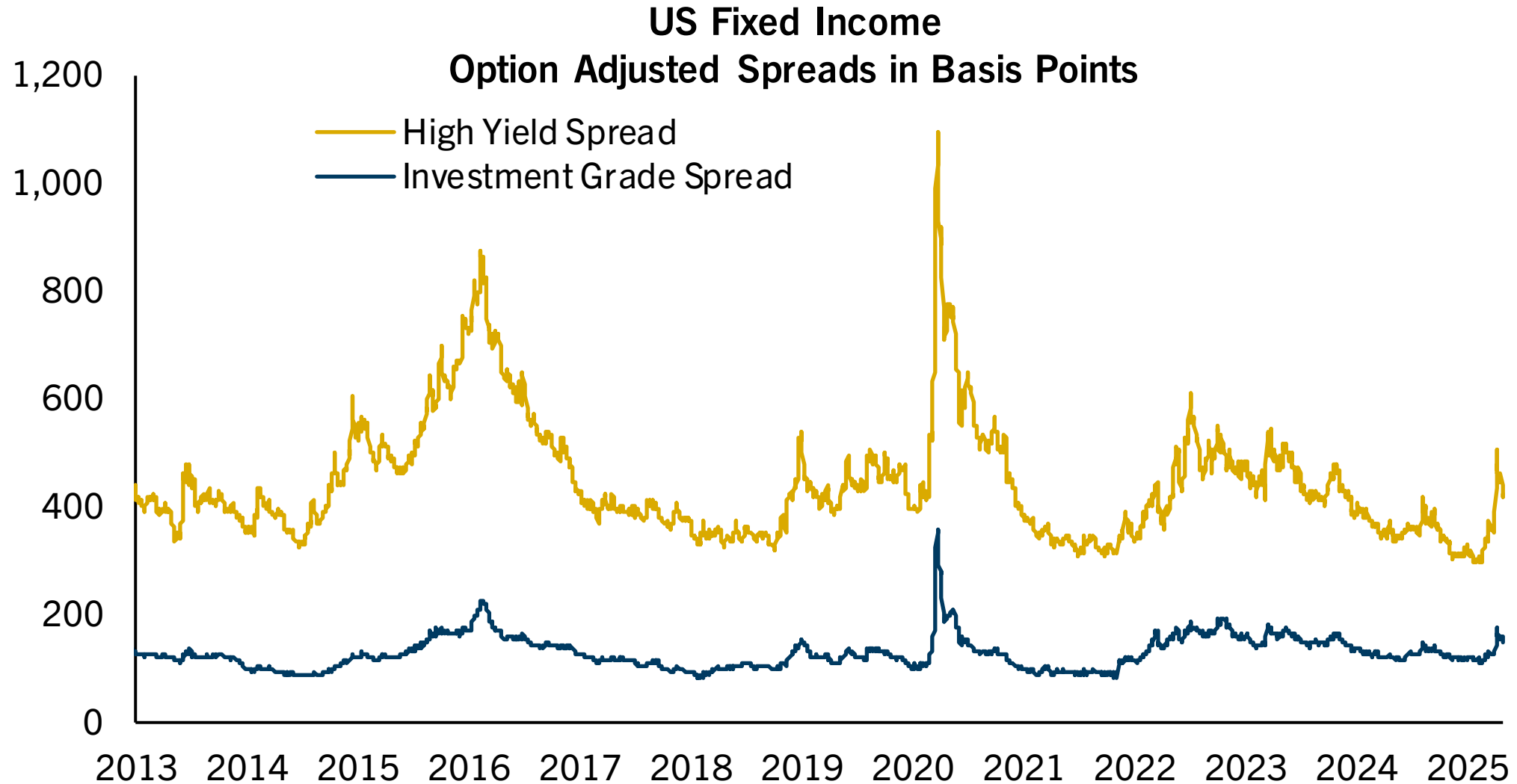
Next Twelve-Month S&P 500 Price Target

	Next Twelve Months Price Level	Percent Change from 4/29/25
Bear	4,600	-16.6%
Base	6,300	14.3%
Bull	6,900	25.1%

Fixed Income Volatility Has Been Elevated



Corporate Bond Spreads Have Widened to Moderate Levels



Fixed Income Is Still Offering Attractive Yield

US Fixed Income Indices	
	Yield-to-Worst
Index	As of 4/28/2025
2-Year Treasury	3.7%
10-Year Treasury	4.2%
Aggregate Bond	4.6%
Intermediate Government/Credit	4.2%
Municipal Bond	4.1%
Investment Grade Corporate Bond	5.2%
High Yield Corporate Bond	7.8%

Market & Economic Research

Making Sense

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