

MONDAY MORNING RECAP - March 3, 2025

Last Week

Dow Jones Industrial Average (DJIA)	43,840.91	+412.89	+0.95%
S&P 500 Index	5,954.50	+58.63	+0.97%
NASDAQ Composite Index	18,847.28	-676.73	-3.47%
U.S. 10 yr. Treasury Note Yield	4.24%	-18 Basis Points	
Gold (\$ per troy oz.)	\$2,836.80	-\$103.70	-3.43%
WTI Oil (\$ per barrel)	\$69.76	-\$0.64	-2.73%

Market Summary

GLOBAL EQUITIES: US equities fell last week on the back of weak economic activity reviving investor concerns for recession risk. The S&P 500 closed -0.97% lower as consumer confidence fell to an eight-month low. On the other hand, equities outside the US rallied, with the STOXX 600 and FTSE 100 closing 0.63% and 1.85% higher, respectively. The STOXX 600 rallied on continued earnings strength, with 68% of companies beating 4Q 2024 expectations thus far.

COMMODITIES: Oil prices fell last week, despite a mid-week jump as investor uncertainty toward supply intensified over potential US sanctions in Venezuela. WTI and Brent crude ultimately ended the week at \$69.76 and \$73.18/bbl, respectively, after announcements that tariffs on Mexico and Canada would begin this week. Meanwhile, gold prices fell last week after notching an all-time high on Monday, closing at \$2836.80/troy oz.

FIXED INCOME: US Treasury yields were down last week as concerns over economic growth rose. The 2-Year and 10-Year US Treasury yields ultimately ended the week at 3.99% and 4.24%, respectively, with the latter reaching its lowest since December 2024. In Europe, the 10-Year German bund yield followed suit, falling to 2.41% following results of the German election.

FX: The US dollar strengthened against a basket of currencies last week following tariff announcements from President Trump. The US dollar index ultimately ended the week up 0.66%, despite growth slowing from the quarter prior. Meanwhile, the euro and pound sterling weakened to \$1.04 and \$1.26, with the former falling as inflation in the Euro area printed in line with consensus expectations.

Economic Summary

ACTIVITY: Activity data in the US was mixed last week as GDP came in line with consensus expectations and durable goods orders improved, but housing data softened. Ultimately, GDP for 4Q 2024 printed at 2.3%, falling from 3.1% the quarter prior. New orders for durable goods increased in January to 3.1% month-over-month, above consensus expectations for a more moderate increase of 2.0%. Meanwhile, new home sales for January plunged by -10.5%, likely driven by weather conditions as well as reduced affordability.

CONSUMER: US consumer confidence fell in February to 98.3, versus consensus expectations for 102.3. The print marked its largest monthly drop since August 2021.

INFLATION: Headline and core PCE in the US came in at 2.5% and 2.6% year-over-year, respectively, easing in line with consensus expectations. Outside of the US, Euro area negotiated wages fell to 4.1% quarter-over-quarter in 4Q 2024, compared to 5.4% in 3Q 2024. This slowdown reinforces the case for a cut from the ECB on Thursday, in our view. However, the odds of a pause from the ECB in April have risen on the back of more hawkish commentary from ECB officials.

POLITICS: In the US, President Trump announced that the 25% tariffs on Canada and Mexico would come into force beginning March 4th. He added that Chinese imports would face a further 10% tariff rate. Meanwhile in Europe, Germany's CDU/CSU won the election and a CDU/CSU-SPD coalition under Friedrich Merz as chancellor seems likely. The coalition promises more pro-growth reforms including corporate and income tax cuts and/or a new public investment fund with talks of further defense spending.

Key Economic Releases

Monday, March 3:

US ISM Manuf. PMI (Cons: 50.8, Prior: 50.9)

Euro area CPI (Cons: 2.3%, Prior 2.5%)

Tuesday, March 4:

Euro area Unemployment Rate (Prior: 6.3%)

Wednesday, March 5:

US ISM Non-Manuf. PMI (Cons: 53.0, Prior: 52.8)

Thursday, March 6:

ECB Interest Rate Decision

Friday, March 7:

US Unemployment Rate (Cons: 4.0, Prior: 4.0%)

US Nonfarm Payrolls (Cons: 133K, Prior: 143K)

Euro area GDP QoQ (Cons: 0.1%, Prior: 0.1%)

Source: Goldman Sachs Asset Management: "Market Monitor", 2/28/2025

"WTI" refers to West Texas Intermediate crude oil, a common US benchmark for oil prices. "Brent" refers to a global benchmark for oil prices worldwide. "Bbl" refers to barrel. "Oz" refers to ounce. "CDU/CSU" refers to the alliance of two political parties in Germany: the Christian Democratic Union of Germany and the Christian Social Union in Bavaria. "GDP" refers to Gross Domestic Product. "Core PCE" refers to Personal Consumption Expenditures, excluding food and energy. "ECB" refers to European Central Bank.

Disclosure Statement

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