



Uncertainty reigns as investor confidence wanes.

The economy

- U.S. stocks saw mixed performance for the week ending February 28, as uncertainty regarding tariffs, the U.S. economy, and consumer confidence data, and a downturn in mega-cap tech company shares, were partially offset by signs of moderating inflation. The broad-market S&P 500 Index and the tech-heavy Nasdaq Composite Index moved lower, while the Dow Jones Industrial Average posted a gain as it has relatively less exposure to mega-cap tech stocks. The yield on the 10-year U.S. Treasury note declined during the week, resulting in an inverted yield curve (three-month yields exceed 10-year yields), which historically has predicted economic recessions.
- On Wednesday, President Donald Trump announced that he may impose 25% tariffs on imports from the European Union. The following day, he announced that the U.S. would implement an additional 10% tariff on Chinese imports because China was not doing enough to stem the flow of fentanyl to the U.S.
- Early in the week, Trump and Ukrainian President Volodymyr Zelenskyy agreed to a deal that would give the U.S. access to deposits of Ukraine's rare earth minerals. The agreement included the establishment of an "investment fund" for Ukraine's reconstruction. However, the deal appeared to be in jeopardy after Trump cut short a meeting with Zelenskyy at the White House on Friday following a heated discussion regarding a possible settlement of the Russia-Ukraine conflict.
- The Department of Commerce reported that the personal-consumption-expenditures (PCE) price index rose 0.3% in January, matching the increase in December. The index's annual advance of 2.5% was slightly lower than the 2.6% rise in December and was in line with expectations. Costs for energy goods and services increased 1.3% and 0.6%, respectively, in January. The core PCE price index, which excludes volatile food and energy prices, rose 0.3% in January, up marginally from the 0.2% rise for the previous month. The year-over-year advance of 2.6% was marginally higher than the 2.5% annual upturn in December. The PCE price index is widely considered the Fed's preferred measure of inflation as it tracks the prices that consumers pay for goods and services to reveal underlying inflation trends.
- According to the second estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annualized rate of 2.3% in the fourth quarter of 2024—unchanged from the initial estimate and down from the 3.1% increase in the third quarter. The U.S. economy expanded by 2.5% for the 2024 calendar year, lagging the 3.2% annual gain in 2023. The largest contributors to GDP growth for the fourth quarter included consumer spending and federal government spending. This was partially offset by a decline in nonresidential fixed investment (purchases of equipment and software, and nonresidential structures).
- The Conference Board's Consumer Confidence Index® fell 7.0 points to 98.3 in February—the largest monthly decline since August 2021. A reading below 100 signals a decrease in consumer confidence regarding the future economic situation. The Expectations Index, a gauge of consumers' short-term outlook for income, business, and labor market conditions, tumbled 9.3 points to 72.9 in February, slipping below 80 for the first time since June 2024, indicating that consumers anticipate a recession in the U.S. over the next 12 months. In its news release, the Conference Board noted, "Average 12-month inflation expectations surged from 5.2% to 6% in February. This increase likely reflected a mix of factors, including sticky inflation but also the recent jump in prices of key household staples like eggs and the expected impact of tariffs."

Stocks

- Global equities lost ground for the week. Developed markets outperformed emerging markets.
- U.S. equities were mixed during the week. Financials and real estate were the top-performing sectors, while information technology and communication services were the primary market laggards.
- Value stocks led growth, while large caps outperformed small caps.

Bonds

- The 10-year U.S. Treasury note yield decreased to 4.21% over the week.
- Global bond markets recorded losses during the week.
- Corporate bonds led the markets, followed by high-yield bonds and government bonds.

The Numbers as of February 28, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	-2.0%	1.9%	12.6%	857.3
MSCI EAFE (\$)	-0.1%	8.0%	6.8%	2442.0
MSCI Emerging Mkts (\$)	-2.0%	4.5%	10.1%	1124.0
US & Canadian Equities				
Dow Jones Industrials (\$)	1.0%	3.0%	12.4%	43840.9
S&P 500 (\$)	-1.0%	1.2%	16.8%	5954.5
NASDAQ (\$)	-3.5%	-2.4%	17.1%	18847.3
S&P/ TSX Composite (C\$)	1.0%	2.7%	18.9%	25393.5
UK & European Equities				
FTSE All-Share (£)	1.3%	6.4%	14.2%	4754.3
MSCI Europe ex UK (€)	0.3%	10.6%	10.6%	1952.5
Asian Equities				
Topix (¥)	-2.0%	-3.7%	0.2%	2682.1
Hong Kong Hang Seng (\$)	-2.3%	14.4%	38.9%	22941.3
MSCI Asia Pac. Ex-Japan (\$)	-1.8%	3.8%	12.6%	591.3
Latin American Equities				
MSCI EMF Latin America (\$)	-2.7%	8.9%	-20.0%	2016.9
Mexican Bolsa (peso)	-2.5%	5.8%	-5.5%	52379.7
Brazilian Bovespa (real)	-3.3%	2.2%	-4.8%	122876.5
Commodities (\$)				
West Texas Intermediate Spot	-0.3%	-1.9%	-10.1%	70.4
Gold Spot Price	-3.2%	8.4%	39.1%	2845.2
Global Bond Indices (\$)				
Bloomberg Global Aggregate (\$)	-0.1%	8.0%	6.8%	2442.0
JPMorgan Emerging Mkt Bond	-2.0%	4.5%	10.1%	1124.0
10-Year Yield Change (basis points*)				
US Treasury	-22	-36	-4	4.21%
UK Gilt	-9	-8	36	4.48%
German Bund	-6	4	-1	2.41%
Japan Govt Bond	-5	28	67	1.38%
Canada Govt Bond	-21	-32	-59	2.90%
Currency Returns**				
US\$ per euro	-0.8%	0.2%	-4.0%	1.038
Yen per US\$	0.9%	-4.2%	0.4%	150.56
US\$ per £	-0.4%	0.5%	-0.3%	1.258
C\$ per US\$	1.7%	0.5%	6.5%	1.446

Source: Bloomberg. Equity-index returns are price only, others are total returns.

*100 basis points = 1 percentage point.

**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

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