Going heavy on the levies.

The economy

- U.S. stocks lost ground over the week ending March 14 amid ongoing uncertainty regarding the Trump administration's tariffs and retaliatory levies from several major U.S. trading partners. Additionally, investors took a cautious view of the dip in the annual inflation rate for February, as the data did not reflect the impact of the tariffs. Stocks rallied on Friday after Senate Minority Leader Chuck Schumer, a Democrat, said that he would vote to advance the Republican majority's plan to fund the government though the end of the fiscal year on September 30. A spending bill must pass both houses of Congress by midnight on Friday to avert a government shutdown beginning at 12:01 a.m. on Saturday.
- The Trump administration's 25% tariffs on all steel and aluminum imports took effect on Wednesday. Canada subsequently retaliated with tariffs on roughly $20 billion in U.S. imports, and the European Union said that it would slap levies on approximately $28 billion worth of American goods, including motorcycles, bourbon, and boats.
- According to the Department of Labor, the consumer-price index (CPI) rose 0.2% in February, down from the 0.5% increase in January. Housing costs comprised nearly half of the increase, rising 0.3% for the month. Conversely, airfare and gasoline prices fell 4.0% and 1.0%, respectively, in February. The CPI advanced at a lower-than-expected rate of 2.8% year-over-year—the smallest annual increase since March 2021—and was down from the 3.0% annual upturn in January. Costs for transportation services and housing climbed 6.0% and 4.2%, respectively, over the previous 12-month period, while fuel oil and energy commodities prices declined by corresponding margins of 5.1% and 3.2%. Core inflation, as measured by the CPI for all items less food and energy, rose 3.1% year-over-year in February, slightly below market expectations and down from the 3.3% annual increase in January.
- Regarding inflation at the wholesale level, the Department of Labor announced that the producer-price index (PPI), which tracks the average change over time in selling prices received by domestic producers of goods and service providers, was flat in February, down sharply from the 0.6% increase in January and below expectations. The PPI for goods increased 0.3% in February due mainly to a 1.7% rise in food costs as egg prices surged 53.6%. The 0.2% downturn in the index for services—the largest decline since July 2024—was attributable primarily to a 1.0% drop in trade services. (The trade index tracks changes in margins received by wholesalers and retailers.) Core wholesale inflation, as measured by the PPI less food, energy, and trade services, was up 0.2% in February, slightly lower than the 0.3% rise for the previous month. The index advanced 3.3% year-over-year, edging down from the 3.4% annual increase in January.
- The University of Michigan Index of Consumer Sentiment tumbled 6.8 points (10.5%) to 57.9 in March—the third consecutive monthly decline. The index is down nearly 22% from its eight-month high reached in April of last year. Consumers' expectations for inflation over the next year jumped 0.6 percentage point to 4.9%—the highest reading since November 2022. Long-term inflation expectations rose 0.4 percentage point to 3.9%, representing the largest month-over-month upturn since 1993. In a news release announcing the results of its survey, the University of Michigan commented, "While current economic conditions were little changed, expectations for the future deteriorated across multiple facets of the economy, including personal finances, labor markets, inflation, business conditions, and stock markets."

Stocks

- Global equities declined during the week. Emerging markets outperformed developed markets.
- U.S. equities posted significant losses for the week. Energy and utilities were the top-performing sectors, while consumer staples and consumer discretionary were the primary market laggards.
- Value stocks led growth, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield edged up to 4.32% over the week.
- Global bond markets lost ground during the week.
- Government bonds led the markets, followed by corporate bonds and high-yield bonds.

The Numbers as of March 14, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	-3.6%	-2.3%	6.3%	821.6
MSCI EAFE ($)	-2.1%	8.1%	4.7%	2444.0
MSCI Emerging Mkts ($)	-2.0%	2.8%	5.5%	1106.1
US & Canadian Equities				
Dow Jones Industrials ($)	-3.1%	-2.5%	6.6%	41488.2
S&P 500 ($)	-2.3%	-4.1%	9.5%	5638.9
NASDAQ ($)	-2.4%	-8.1%	10.1%	17754.1
S&P/ TSX Composite (C$)	-0.8%	-0.7%	12.5%	24553.4
UK & European Equities				
FTSE All-Share (£)	-0.6%	4.3%	10.2%	4661.7
MSCI Europe ex UK (€)	-2.5%	7.9%	4.9%	1904.5
Asian Equities				
Topix (¥)	0.3%	-2.5%	2.0%	2715.9
Hong Kong Hang Seng ($)	-1.1%	19.4%	41.3%	23960.0
MSCI Asia Pac. Ex-Japan ($)	-2.4%	1.2%	6.5%	576.3
Latin American Equities				
MSCI EMF Latin America ($)	-0.6%	9.1%	-19.7%	2022.0
Mexican Bolsa (peso)	-0.6%	6.0%	-6.4%	52496.3
Brazilian Bovespa (real)	3.2%	7.3%	1.0%	129009.2
Commodities ($)				
West Texas Intermediate Spot	-0.7%	-7.2%	-18.1%	66.6
Gold Spot Price	2.7%	13.8%	38.3%	2986.7
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	-0.1%	2.4%	3.0%	474.7
JPMorgan Emerging Mkt Bond	-0.3%	2.3%	8.1%	918.2
10-Year Yield Change (basis points*)				
US Treasury	2	-25	3	4.32%
UK Gilt	3	10	58	4.67%
German Bund	4	51	45	2.87%
Japan Govt Bond	0	42	74	1.52%
Canada Govt Bond	3	-16	-47	3.06%
Currency Returns**				
US$ per euro	0.5%	5.1%	0.0%	1.088
Yen per US$	0.4%	-5.5%	0.2%	148.63
US$ per £	0.1%	3.3%	1.4%	1.293
C$ per US$	-0.1%	-0.2%	6.1%	1.436

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

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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