Last-minute relief.

The economy

- Major U.S. equity market indexes moved higher during the week ending March 21. Stocks were bolstered by a mid-week rally spurred by investors' relief that the Federal Reserve (Fed) left its benchmark interest rate unchanged and maintained its projection for two rate reductions this year, as well as an upturn late Friday afternoon. This offset a market decline on Thursday due to ongoing concerns regarding the economic impact of U.S. tariffs on imported goods from several trading partners.
- As widely anticipated, the Federal Open Market Committee (FOMC) maintained the federal-funds rate in a range of 4.25% to 4.50% following its meeting on Tuesday and Wednesday. In a statement announcing the rate decision, the FOMC noted, "Recent indicators suggest that economic activity has continued to expand at a solid pace." In an apparent reference to the change in U.S. trade policy, the FOMC said that it will "adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals."
- The Fed's so-called dot plot of economic projections indicated a median federal-funds rate of 3.9% at the end of 2025, unchanged from its previous estimate issued in December, signaling that the central bank anticipates two federal-funds rate cuts by the end of this year. The Fed estimated that core inflation, as measured by the core personal-consumption expenditures (PCE) price index, will rise by an annual rate of 2.8% next year—up from the central bank's 2.5% forecast in December. The PCE price index is widely considered the Fed's preferred measure of inflation as it measures the prices that consumers pay for goods and services to reveal underlying inflation trends. Additionally, the FOMC estimated that U.S. gross domestic product (GDP) will increase 1.7% in 2025—down from the projected 2.1% annual growth rate in its previous dot plot.
- At a news conference following the Committee meeting on Wednesday, Fed Chair Jerome Powell acknowledged the uncertainty that the tariffs have created but stated that the central bank is waiting to gauge the impact that the trade policies will have on the economy going forward. Powell said, "Inflation has started to move up, we think partly in response to tariffs. And there may be a delay in further progress over the course of this year." He also commented that inflation stemming from tariffs likely will be "transitory."
- According to the Census Bureau, U.S. retail and food services sales—a gauge of consumer spending, rose 0.2% in February, coming in below expectations but improving from the 1.2% decline in January. Sales increased 3.1% over the previous 12-month period. Health and personal care stores, and nonstore retailers, posted year-over-year sales gains of 6.7% and 6.5%, respectively. Sales for sporting goods, hobby, musical instrument, and book stores fell 3.0% during the previous 12-month period.
- The National Association of Realtors (NAR) reported that sales of existing homes climbed 4.2% to an annualized rate of 4.26 million in February, exceeding expectations, but decreased 1.2% year-over-year. (Home sales are viewed as an indicator of housing market trends, and, by extension, the health of the broader economy.) The inventory of unsold existing homes surged 5.1% to 1.24 million as of the end of February—equivalent to a 3.2-month supply at the current monthly sales pace. The NAR considers a six-month supply of homes to be a "balanced market," in which prices rise modestly. Inventories of greater than six months typically have favored buyers, while a supply of homes that will be depleted in less than six months denotes a "seller's market."

Stocks

- Global equities garnered positive returns during the week. Emerging markets outperformed developed markets.
- U.S. equities posted gains for the week. Energy and financials were the top-performing sectors, while consumer staples and materials were the primary market laggards.
- Value stocks led growth, while small caps outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield fell to 4.25% over the week.
- Global bond markets gained ground during the week.
- Corporate bonds led the markets, followed by high-yield bonds and government bonds.

The Numbers as of March 21, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.9%	0.3%	7.7%	843.5
MSCI EAFE ($)	1.4%	10.6%	6.1%	2500.5
MSCI Emerging Mkts ($)	1.9%	6.1%	8.8%	1140.7
US & Canadian Equities				
Dow Jones Industrials ($)	1.2%	-1.3%	5.5%	41985.4
S&P 500 ($)	0.5%	-3.6%	8.1%	5667.6
NASDAQ ($)	0.2%	-7.9%	8.4%	17784.1
S&P/ TSX Composite (C$)	1.7%	1.0%	13.0%	24968.5
UK & European Equities				
FTSE All-Share (£)	0.1%	4.4%	8.5%	4666.5
MSCI Europe ex UK (€)	0.9%	10.3%	6.4%	1947.0
Asian Equities				
Topix (¥)	3.3%	0.7%	0.3%	2804.2
Hong Kong Hang Seng ($)	-1.1%	18.1%	40.5%	23689.7
MSCI Asia Pac. Ex-Japan ($)	2.0%	4.2%	9.8%	593.4
Latin American Equities				
MSCI EMF Latin America ($)	1.6%	14.9%	-15.8%	2129.0
Mexican Bolsa (peso)	0.3%	6.4%	-7.1%	52657.4
Brazilian Bovespa (real)	2.5%	9.9%	3.1%	132190.6
Commodities ($)				
West Texas Intermediate Spot	1.6%	-4.8%	-16.3%	68.3
Gold Spot Price	0.9%	14.8%	38.2%	3013.7
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.3%	2.7%	3.3%	475.9
JPMorgan Emerging Mkt Bond	0.6%	3.1%	7.9%	924.6
10-Year Yield Change (basis points*)				
US Treasury	-7	-32	-2	4.25%
UK Gilt	5	15	72	4.72%
German Bund	-11	40	36	2.76%
Japan Govt Bond	1	42	78	1.52%
Canada Govt Bond	-7	-23	-52	3.00%
Currency Returns**				
US$ per euro	-0.6%	4.5%	-0.4%	1.082
Yen per US$	0.5%	-5.0%	-1.5%	149.32
US$ per £	-0.1%	3.2%	2.1%	1.292
C$ per US$	-0.2%	-0.3%	6.0%	1.434

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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