# Carmakers skid as auto tariffs backfire.

**The economy**

- U.S. stocks fell for the week ending March 28, pushed lower by tariff fears and an inflation report that ignited concerns that interest rates will remain higher for longer.
- On Wednesday, the Trump administration announced 25% tariffs on passenger vehicles, light trucks, and parts built outside of the U.S. Shares in auto manufacturers, including domestic firms, fell in response. Higher-than-expected inflation data further dampened market sentiment.
- On Friday, the Department of Commerce reported that the personal-consumption expenditures (PCE) price index rose 0.4% in February, up from the 0.3% increase in January. The index advanced 2.5% year-over-year, in line with January's annual rise and market expectations. The core PCE price index, which excludes volatile food and energy prices, increased 0.4% in February, up from the 0.3% rise for the previous month. The year-over-year advance of 2.8% was modestly higher than the 2.6% annual upturn in January. 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 third estimate from the Department of Commerce, U.S. gross domestic product (GDP) grew at an annualized rate of 2.4% in the fourth quarter of 2024—up 0.1% from the initial estimate and down from the 3.1% increase in the third quarter. The U.S. economy expanded by 2.8% 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, investment, federal government spending, and exports.
- The Conference Board's Consumer Confidence Index® fell 7.2 points to 92.9 in March. A reading below 100 signals a decrease in consumer confidence regarding the future economic situation. The Expectations Index, an indicator of consumers' short-term outlook for income, business, and labor market conditions, was down 9.6 points to 65.2 in March, its lowest level in 12 years. A reading below 80 indicates that consumers anticipate a recession in the U.S. over the next 12 months. In its news release, the Conference Board noted, "Consumers' expectations were especially gloomy, with pessimism about future business conditions deepening and confidence about future employment prospects falling to a 12-year low. Meanwhile, consumers' optimism about future income—which had held up quite strongly in the past few months—largely vanished, suggesting worries about the economy and labor market have started to spread into consumers' assessments of their personal situations."
- The Department of Labor announced that initial unemployment insurance claims, a barometer of the health of the labor market, decreased by 1,000 to 224,000 during the week ending March 22, coming within the range of market expectations. The total was up from the 214,000 claims filed during the same week in 2024. The four-week moving average of initial claims declined by 4,750 week-over-week to 228,750 and was above the four-week average of 213,000 a year earlier.
- The Census Bureau reported that new orders for durable goods climbed 0.9% to $289.3 billion in February, attributable primarily to transportation equipment. While positive, this represented a smaller gain than January's increase of 3.3%. Excluding transportation, new orders increased 0.7 percent month over month. Excluding defense, new orders were up 0.8% in February. Durable goods orders data provide a gauge of the status of the supply chain and the confidence businesses and consumers have in the U.S. economy.

**Stocks**

- Global equities ended the week with mixed results. Emerging markets outperformed developed markets.
- U.S. equities fell during the week. Consumer staples and energy were the top-performing sectors, while information technology and telecommunications were the primary market laggards.
- Value stocks outperformed growth, while large caps outperformed small caps.

**Bonds**

- The 10-year U.S. Treasury note yield stayed consistent at 4.25% for the week.
- Global bond markets tumbled during the week.
- High yield bonds outperformed corporate and government bonds, respectively.

| The Numbers as of March 28, 2025 | 1 Week | YTD | 1 Year | Friday's Close |
|---|---|---|---|---|
| **Global Equity Indexes** | | | | |
| MSCI ACWI ($) | 0.1% | 0.2% | 7.7% | 843.2 |
| MSCI EAFE ($) | -0.6% | 9.2% | 5.3% | 2470.2 |
| MSCI Emerging Mkts ($) | -0.1% | 5.1% | 8.7% | 1130.5 |
| **US & Canadian Equities** | | | | |
| Dow Jones Industrials ($) | -1.0% | -2.3% | 4.5% | 41583.9 |
| S&P 500 ($) | -1.5% | -5.1% | 6.2% | 5580.9 |
| NASDAQ ($) | -2.6% | -10.3% | 5.8% | 17323.0 |
| S&P/ TSX Composite (C$) | -0.8% | 0.1% | 11.7% | 24759.2 |
| **UK & European Equities** | | | | |
| FTSE All-Share (£) | 0.1% | 4.6% | 7.7% | 4671.3 |
| MSCI Europe ex UK (€) | -1.2% | 8.3% | 4.1% | 1912.1 |
| **Asian Equities** | | | | |
| Topix (¥) | -1.7% | -1.0% | 0.2% | 2757.3 |
| Hong Kong Hang Seng ($) | -1.1% | 16.8% | 41.6% | 23426.6 |
| MSCI Asia Pac. Ex-Japan ($) | 0.0% | 3.4% | 9.9% | 588.7 |
| **Latin American Equities** | | | | |
| MSCI EMF Latin America ($) | -0.1% | 14.3% | -16.4% | 2118.1 |
| Mexican Bolsa (peso) | 0.9% | 7.3% | -7.4% | 53130.6 |
| Brazilian Bovespa (real) | -0.3% | 9.7% | 3.0% | 131902.2 |
| **Commodities ($)** | | | | |
| West Texas Intermediate Spot | 1.9% | -2.5% | -15.9% | 69.9 |
| Gold Spot Price | 2.1% | 17.3% | 38.5% | 3077.5 |
| **Global Bond Indices ($)** | | | | |
| Bloomberg Global Aggregate ($) | -0.4% | 2.1% | 2.5% | 473.0 |
| JPMorgan Emerging Mkt Bond | -0.6% | 2.1% | 6.5% | 916.5 |
| **10-Year Yield Change (basis points*)** | | | | |
| US Treasury | 0 | -32 | 5 | 4.25% |
| UK Gilt | -1 | 13 | 77 | 4.70% |
| German Bund | -4 | 36 | 43 | 2.73% |
| Japan Govt Bond | 2 | 44 | 83 | 1.54% |
| Canada Govt Bond | 2 | -21 | -46 | 3.01% |
| **Currency Returns**** | | | | |
| US$ per euro | 0.2% | 4.7% | 0.4% | 1.084 |
| Yen per US$ | 0.3% | -4.7% | -1.1% | 149.75 |
| US$ per £ | 0.2% | 3.4% | 2.6% | 1.295 |
| C$ per US$ | -0.2% | -0.5% | 5.7% | 1.432 |

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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