Market slump features big tech, the Fed, and Ferris.

The economy

- Major U.S. equity market indexes moved lower during the week ending April 18. The tech-heavy Nasdaq Composite Index and the Dow Jones Industrial Average declined in response to negative company-specific news. Federal Reserve (Fed) Chair Jerome Powell's monetary policy comments also weighed on investor sentiment. U.S. financial markets were closed on Friday in observance of the Good Friday holiday.
- On Wednesday, shares of Nvidia Corp. sold off after the mega-cap chipmaker announced that it will take a $5.5 billion charge due to the U.S. government's new requirement to obtain a license to export its H20 processors to China. Additionally, the Dow Jones Industrial Average fell sharply on Thursday after UnitedHealth Group, its largest-weighted constituent, posted weaker-than-expected quarterly results and lowered its earnings guidance for the remainder of its 2025 fiscal year due to rising costs for its Medicare Advantage plans.
- In prepared remarks delivered to the Economic Club of Chicago on Wednesday, Federal Reserve (Fed) Chair Jerome Powell acknowledged that the central bank most likely will encounter difficulty steering the economy through the impact of the Trump administration's tariffs on imported goods. He cautioned that the Fed may need to choose to focus on only one element of its dual mandate—promoting either maximum employment or stable prices. Powell commented, "We may find ourselves in the challenging scenario in which our dual-mandate goals are in tension." The Fed chair also noted that the tariffs are "highly likely to generate at least a temporary rise in inflation. The inflationary effects could also be more persistent." Finally, Powell injected a pop culture reference for the Chicago audience: "As that great Chicagoan Ferris Bueller once noted, 'Life moves pretty fast.' For the time being, we are well positioned to wait for greater clarity before considering any adjustments to our policy stance."
- In a social media post the following day, President Trump criticized Powell for not cutting interest rates. He cited the European Central Bank's (ECB) monetary policy easing (the ECB reduced its benchmark rate by 0.25% on Thursday), and claimed that "Powell of the Fed, who is always TOO LATE AND WRONG, [on Wednesday] issued a report which was another, and typical, complete 'mess!'" Trump then raised the possibility of replacing the Fed chair before his term ends in May 2026, commenting, "Powell's termination cannot come fast enough!" Legally, the president lacks the authority to fire a Fed chair. Powell has affirmed, "Our independence is a matter of law."
- According to the Census Bureau, U.S. retail and food services sales—a gauge of consumer spending—rose 1.4% in March, above expectations and a significant improvement from the 0.2% uptick in February. Sales increased 4.6% over the previous 12-month period. Motor vehicle and parts dealers, furniture and home furnishings stores, and health and personal care stores, posted year-over-year sales gains of 8.8%, 7.7%, and 7.2%, respectively. Sales for gasoline stations fell 4.3% during the previous 12-month period as gasoline prices declined 9.0%, according to the U.S. Energy Information Administration.
- The Census Bureau also reported that new housing starts, a gauge of the health of the residential real-estate market, fell 11.4% to an annual rate of 1,324,000 in March, but rose 1.9% year-over-year. The downturn in March was attributable mainly to a 9.5% decline in new construction activity in the Midwest region of the U.S. The number of building permits, an indicator of new construction activity in the near term, increased 1.6% in March but dipped 0.2% over the previous 12-month period.

Stocks

- Global equities posted gains for the week. Developed markets outperformed emerging markets.
- U.S. equities lost ground during the week. Real estate and energy were the top-performing sectors, while information technology and consumer discretionary were the primary market laggards.
- Value stocks outperformed growth, while small caps outpaced large caps.

Bonds

- The 10-year U.S. Treasury note yield fell to 4.33% for the week.
- Global bond markets ended the week in positive territory.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of April 18, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	0.3%	-5.8%	5.8%	792.9
MSCI EAFE ($)	4.1%	5.7%	6.4%	2390.9
MSCI Emerging Mkts ($)	2.1%	-0.8%	4.8%	1067.1
US & Canadian Equities				
Dow Jones Industrials ($)	-2.7%	-8.0%	3.6%	39142.2
S&P 500 ($)	-1.5%	-10.2%	5.4%	5282.7
NASDAQ ($)	-2.6%	-15.7%	4.4%	16286.5
S&P/ TSX Composite (C$)	2.6%	-2.2%	11.4%	24192.8
UK & European Equities				
FTSE All-Share (£)	3.9%	0.1%	4.2%	4472.1
MSCI Europe ex UK (€)	3.6%	0.1%	-1.0%	1766.1
Asian Equities				
Topix (¥)	3.7%	-8.1%	-4.4%	2559.2
Hong Kong Hang Seng ($)	2.3%	6.7%	30.6%	21395.1
MSCI Asia Pac. Ex-Japan ($)	2.5%	-2.3%	6.3%	556.5
Latin American Equities				
MSCI EMF Latin America ($)	3.5%	10.5%	-14.2%	2047.8
Mexican Bolsa (peso)	3.0%	7.1%	-4.9%	53018.6
Brazilian Bovespa (real)	1.5%	7.8%	4.4%	129650.0
Commodities ($)				
West Texas Intermediate Spot	5.2%	-9.8%	-21.8%	64.7
Gold Spot Price	3.2%	26.8%	39.3%	3326.9
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	1.0%	4.8%	7.7%	485.6
JPMorgan Emerging Mkt Bond	2.0%	1.1%	7.6%	906.8
10-Year Yield Change (basis points*)				
US Treasury	-17	-25	-31	4.33%
UK Gilt	-19	0	29	4.56%
German Bund	-10	11	-3	2.47%
Japan Govt Bond	-3	19	42	1.29%
Canada Govt Bond	-13	-9	-62	3.14%
Currency Returns**				
US$ per euro	0.3%	10.0%	7.0%	1.139
Yen per US$	-0.9%	-9.5%	-8.0%	142.26
US$ per £	1.5%	6.1%	6.8%	1.328
C$ per US$	-0.1%	-3.6%	0.7%	1.386

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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