

THE ECONOMY AT A GLANCE

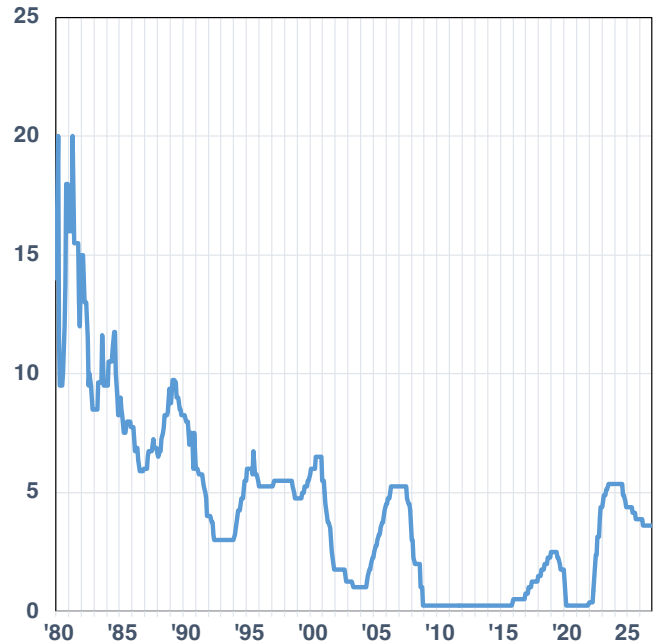
ECONOMIC HIGHLIGHTS

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FED STILL ON PAUSE

The Federal Reserve wrapped up its latest Open Market Committee meeting and, as expected, maintained its fed funds target rate at the 4.25-4.50% level. This was the second consecutive meeting at which the central bank held policy steady, after cutting rates three times in late 2024. The non-decision indicates that the Fed still has concerns about lingering inflation and is carefully monitoring the overall economy. CPI inflation has fallen from readings above 9.0% in 2022 to readings below 3.0% -- but lately has failed to continue its downward trend toward the central bank's goal of 2.0%. Still, the unemployment rate is historically low and GDP growth has risen at a rate faster than the long-run average of 2.0% for nine of the past 10 quarters. The economy is not in dire need of lower rates. Yet. Meanwhile, the Fed will be taking a less-visible step toward helping the economy by slowing the pace of its balance sheet runoff. The monthly cap on U.S. Treasuries has been lowered from \$25 billion to \$5 billion. We think this move is due to liquidity issues in the money market sector. Looking ahead, the Fed will keep a close watch on economic data, of course, and will also be monitoring the potential impacts from any upcoming policy changes related to trade and tariffs, immigration, fiscal stimulus, and regulations. The central bankers also released their economic and interest-rate projections for the next three years. These forecasts call for economic growth in the 1.8%-2.0% range through 2027, and an inflation rate that moves down to 2.0% by 2027. At that point, the Fed anticipates its federal funds target rate will be 3.0%-3.25%, implying a real yield of about 1.25%.

FEDERAL FUNDS TARGET RATE & FORECASTS (%)

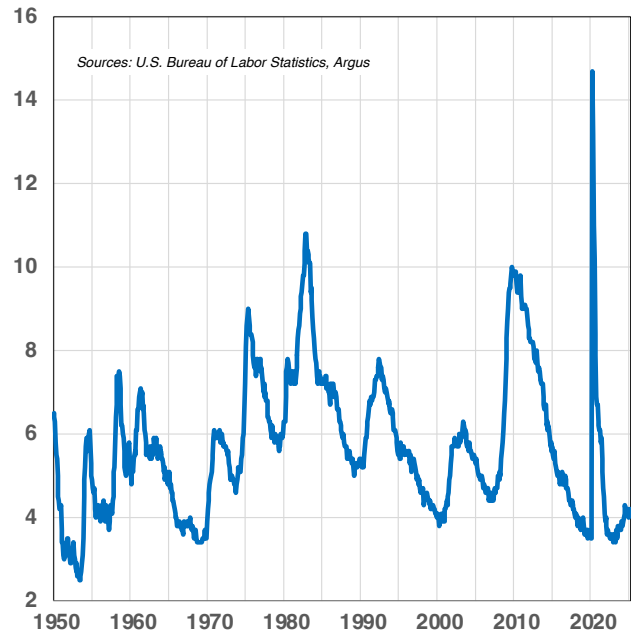


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PAYROLLS RISE AND SURPRISE

The job market remained healthy in March amid concerns it is poised to slow. The Bureau of Labor Statistics (BLS) reported that the U.S. economy generated 228,000 nonfarm jobs in March, well above our forecast of 125,000 and the consensus of 135,000. February's payrolls were revised lower by 34,000 and January by 14,000. The March result and the overall revisions to past results reduced the three-month average to 152,000 from 200,000. The numbers follow recent private reports. Outplacement specialist Challenger, Gray & Christmas reported that March 2025 job-cut announcements tripled to 275,240 from March 2024 and jumped 60% from February 2025. Government cuts represented 80% of the March total. Payroll processor ADP reported faster-than-expected hiring, with 155,000 jobs added by the private sector. The March unemployment rate ticked up to 4.2%, which matched our estimate. Average hourly earnings increased nine cents month to month and are 3.8% higher year over year, below our estimate of 4.0% and the reading of 4.0% in February. The average workweek remained at 34.2 hours, a tick above our estimate. Employment increased in healthcare; social assistance; transportation and warehousing; and retail trade. Employment showed little change in other major industries, including mining, quarrying, and oil and gas extraction; construction; manufacturing; wholesale trade; information; financial activities; professional and business services; leisure and hospitality; and other services. The manufacturing sector added 1,000 jobs. Healthcare added 77,800, while federal government employment fell by 4,000. After the report, futures contracts suggested a 57% probability that the Fed will maintain the 4.25%-4.5% funds target on May 7, little changed from before the report. Both before and after the report, traders saw a 100% probability that the Fed will cut the policy target in June.

U.S. UNEMPLOYMENT RATE (%)

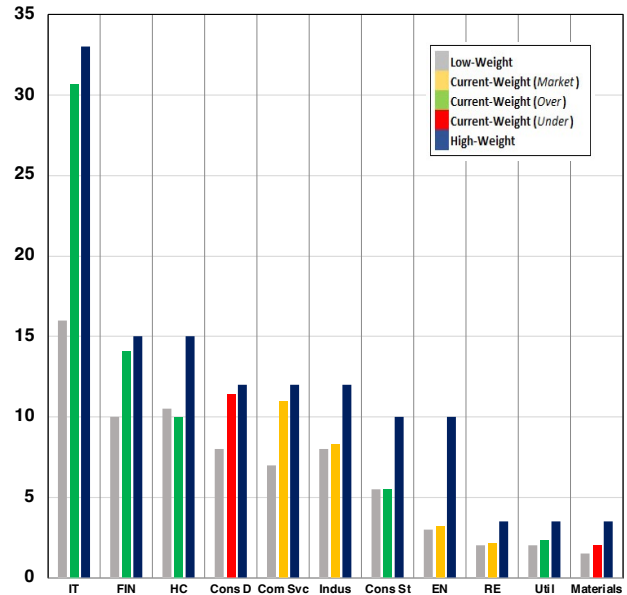


FINANCIAL MARKET HIGHLIGHTS

ARGUS ADJUSTS SECTOR RATINGS

We have reviewed our recommended sector allocations and have adjusted our sector recommendations for the second quarter of 2025. Our review led to an upgrade of Consumer Staples to Over-Weight from Under-Weight. As well, we lowered Communication Services to Market-Weight from Over-Weight, and we lowered Consumer Discretionary to Under-Weight from Market-Weight. Our current Over-Weight sectors are Healthcare, Consumer Staples, Financial, Utilities, and Information Technology. Our current Market-Weight sectors are Communication Services, Energy, Industrial, and Real Estate. Our Under-Weight sectors are Consumer Discretionary and Materials. We suggests that advisors and investors leverage this consistent and comprehensive process to adjust sector weightings within their diversified equity portfolios, with a primary focus on the largest sectors.

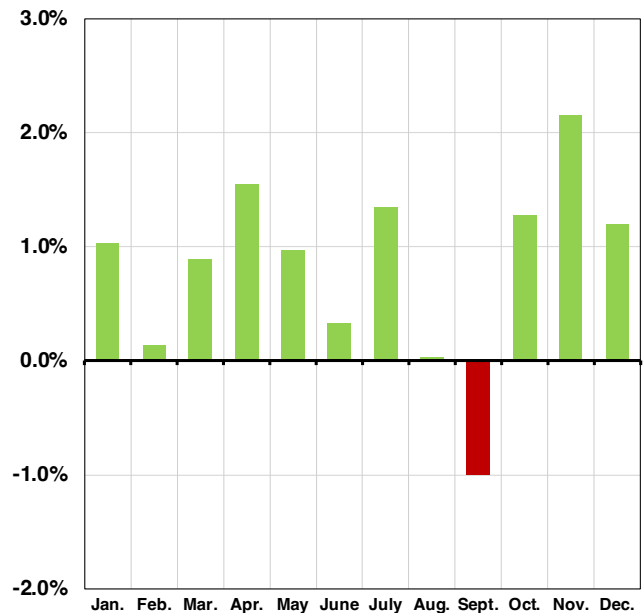
SECTOR WEIGHTS (% OF S&P 500, 5-YR. RANGE)



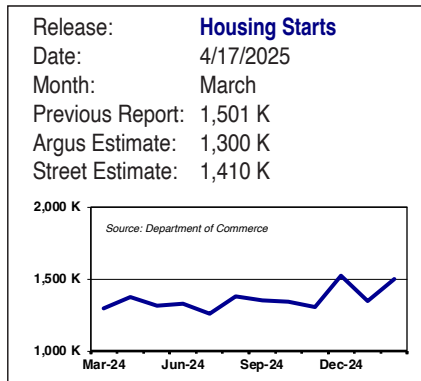
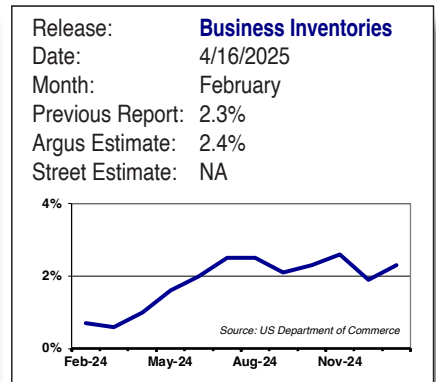
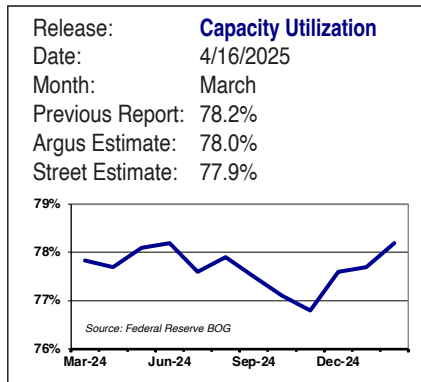
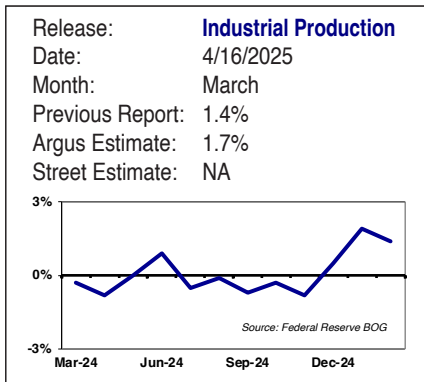
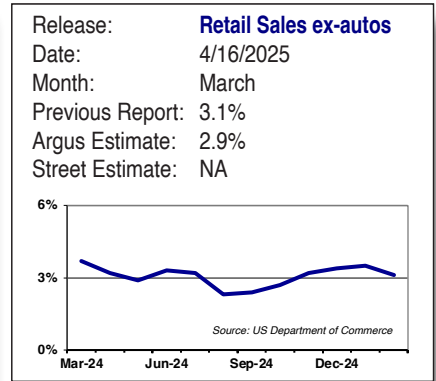
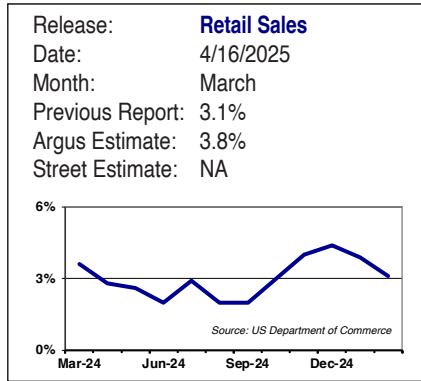
NOT A GOOD START TO 2025

Historically, stock have risen 65% of the time in the first quarter. But not in 2025. Over the period back to 1980, there have been 15 negative first quarters and stocks declined an average of 6.3%. Still, in more than half of those years, stocks finished with positive annual returns. In fact, the average gain for those eight recovery years was 14.4%. April historically is the second-best month of the year for stocks. The average gain for the S&P 500 in April since 1980 is 1.6%. We note that market returns in April have exceeded 5% on eight occasions since 1980, including a 9.4% gain in 2009 as the market was beginning to recover from the financial crisis of 2007-2009; a 12.7% surge in 2020 as the market started to recover from the onset of the COVID-19 pandemic; and a 5.1% gain in 2021 as COVID-19 vaccines were rolled out. There have been some clunkers, including 2002 (-6.1%), 2000 (-3.1%) and 1981 (-2.3%). Last year, stocks slumped 4.2% in April, the worst month of the year. April is a busy month, as companies report first-quarter results. This year, 1Q earnings are expected to grow at a high-single-digit rate. Investors will be focused on income statements of Information Technology companies, which led the rally in 2024 but gave back some profits in 1Q25. Interest rates will be an important topic as well, as investors review the latest readings for inflation and prepare for the Fed's meeting in May. Clearly, the wild card will be trade wars, about which investors have signaled displeasure via the 1Q stock-market performance.

AVERAGE MONTHLY S&P 500 APPRECIATION



ECONOMIC TRADING CHARTS & CALENDAR



Previous Week's Releases and Next Week's Releases on next page.

ECONOMIC TRADING CHARTS & CALENDAR (CONTINUED)

Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
9-Apr	Wholesale Inventories	February	1.1%	1.1%	NA	NA
10-Apr	Consumer Price Index	March	2.8%	2.6%	2.6%	NA
	CPI ex-Food & Energy	March	3.1%	3.1%	3.0%	NA
11-Apr	PPI Final Demand	March	3.2%	3.2%	3.3%	NA
	PPI ex-Food & Energy	March	3.4%	3.6%	3.6%	NA
	U. of Michigan Sentiment	April	57.0	54.2	54.7	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
21-Apr	Leading Index	March	-0.3%	NA	NA	NA
23-Apr	New Home Sales	March	676K	NA	NA	NA
24-Apr	Durable Goods Orders	March	0.5%	NA	NA	NA
	Existing Home Sales	March	4.26 Mln.	NA	NA	NA

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