

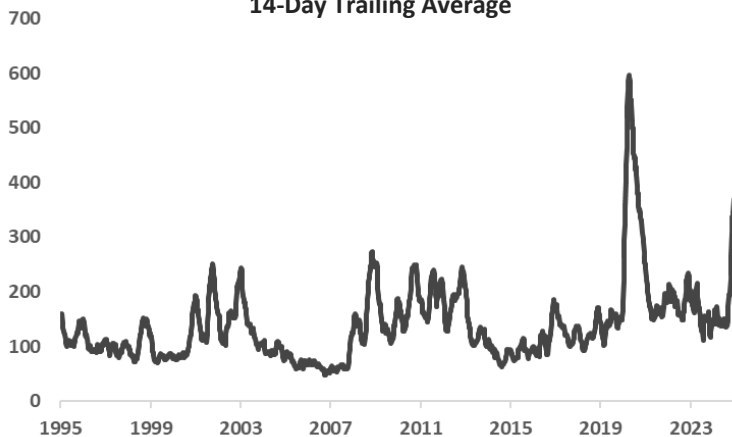
# Dazed & Confused

No sentient being should be surprised of President Trump’s affinity for tariffs. In his first term, President Trump raised tariffs on imports from China, sparking retaliatory tariffs and a mild trade war in 2018. Concerns about the fallout of that trade war led investors to dump stocks and other risky assets late that year, sending the S&P lower by 14% in the fourth quarter.

In his last campaign, President Trump promised further tariffs, including a 10% across-the-board tariff on all imports and a 60% tariff on goods imported from China. That proposal may have struck some business leaders as blunt and, depending on one’s perspective, potentially harmful; but the proposal was nonetheless straightforward. It was a proposal, in other words, that a manager could plan for. In practice, the new administration’s tariff policy has been less straightforward, with the unpredictability of those policies resulting in the highest levels of policy uncertainty in decades.

To summarize the announced and delayed and reannounced tariffs would require more words than allowed here. And if explaining these announcements in a few paragraphs is hard, it is much harder to plan long-term business and financial investments around them. Perhaps it is no surprise that, in response, investors have taken the last month to sell their winning stocks and hide out in short-term bonds until the policy fog clears.

**U.S. Economic Policy Uncertainty Index  
14-Day Trailing Average**



Baker, Bloom, & Davis, accessed via Bloomberg, March 11, 2025

## Economy

### Last Week

- **ISM Manufacturing (Feb.):** Expansionary reading of 50.3 offset by decline in new orders and increase in prices paid.
- **ISM Services (Feb.):** 53.5, beat expectations and increased from January. Increase in prices paid.
- **Federal Reserve Beige Book:** Mixed report with weather affecting consumer spending. Increased concerns on tariffs.
- **Payrolls & Unemployment (Feb.):** Job growth slowed from January. Slight increase in unemployment.

### This Week

- **JOLTS (Jan.):** 3/11
- **Consumer Price Index (Feb.):** 3/12
- **Producer Price Index (Feb.):** 3/13
- **U. of Mich. Sentiment (Mar. P.):** 3/14

## Equities

### Returns (%)

Index	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	5615	-3.98	-4.30	-4.30	11.04	11.51	17.02
Russell 1000 Growth	3662	-5.40	-9.31	-9.31	10.73	14.10	19.11
Russell 1000 Value	1836	-2.83	1.04	1.04	9.62	7.58	13.70
FTSE High Dividend Yield*	461	-2.39	1.54	1.54	13.62	9.48	14.78
S&P Small and Mid Cap	16164	-3.45	-6.97	-6.97	0.16	4.68	14.15
MSCI EAFE	2467	0.15	9.44	9.44	7.96	10.02	11.59
MSCI EM	1113	1.48	3.84	3.84	10.46	3.92	6.21

### Characteristics

Index	NTM P/E	NTM P/E (20Y med)	Div Yield	YTD (%)	S&P Sector Returns YTD										
S&P 500	18.4	15.2	1.5	10	Health Care	Staples	Real Estate	Utilities	Energy	Materials	Industrials	Financials	Comm. Serv.	IT	Cons. Discr.
Russell 1000 Growth	22.6	17.7	0.7	5											
Russell 1000 Value	14.9	13.4	2.3	0											
FTSE High Dividend Yield*	12.0	13.1	4.0	-5											
S&P Small and Mid Cap	12.7	15.5	2.1	-10											
MSCI EAFE	13.8	13.4	3.2	-15											
MSCI EM	12.4	11.1	2.6	-20											

\* Bloomberg U.S. Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

## Fixed Income

### Returns (%)

Index	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.59	-0.35	2.62	2.62	4.43	0.06	-0.56
U.S. Int. Gov/Credit	4.27	-0.03	2.12	2.12	5.18	1.61	0.71
U.S. Corporates	5.12	-0.54	2.32	2.32	4.94	1.25	0.51
High Yield	7.39	-0.46	1.55	1.55	8.77	5.43	5.83
Municipals (1-10)	3.12	-0.14	1.49	1.49	2.39	1.77	1.12

### Levels (%)

Key Rates	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	3.89	3.99	4.24	4.24	4.59	1.75	0.52
10-yr Treasury	4.22	4.25	4.57	4.57	4.15	2.00	0.87
30-yr Treasury	4.54	4.54	4.78	4.78	4.31	2.36	1.39
SOFR	4.33	4.33	4.49	4.49	5.31	0.05	1.15
6-mo. CD rate	4.36	4.24	4.33	4.33	5.39	1.02	0.75
Prime Rate	7.50	7.50	7.50	7.50	8.50	3.25	4.25
30-yr fixed mortgage	6.70	6.74	7.28	7.28	7.03	4.33	3.83