First Trust

Weekly Market Commentary

Week Ended March 21, 2025

US Economy and Credit Markets

Yields and Weekly Changes:

3 Mo. T-Bill:	4.287 (-0.5 bps)	Bond Buyer 40 Yield:	4.52 (-8 bps)
6 Mo. T-Bill:	4.227 (-1.6 bps)	Crude Oil Futures:	68.28 (1.10)
1 Yr. T-Bill:	4.031 (-4.1 bps)	Gold Spot:	3,022.15 (37.99)
2 Yr. T-Note:	3.948 (-6.9 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.922 (-8.4 bps)	U.S. High Yield:	7.63 (-8 bps)
5 Yr. T-Note:	4.003 (-8.6 bps)	BB:	6.39 (-10 bps)
10 Yr. T-Note:	4.246 (-6.6 bps)	B:	7.79 (-6 bps)
30 Yr. T-Bond:	4.589 (-3.3 bps)		

Treasury yields dropped moderately over the course of the week on the results of the Federal Reserve Bank's meeting and strong economic data. Yields began the week with a slight flattening of the yield curve, but overall rates remained little changed as investors waited for the impact of Wednesday's Fed meeting. Yields then dropped moderately on Wednesday even though the Fed kept rates unchanged, the central bank took action to reduce the pace of the runoff of its Treasury holdings, indirectly lowering rates. This also allows the Fed to eliminate this runoff by summer. Rates remained little changed the rest of the week with a slight steepening of the yield curve as economic data showed that housing remains solid. February Housing Starts of 1501k (estimates of 1385k), along with February Existing Home Sales of 4.26m (estimates of 3.95m), helped to combat the uncertainty being caused by tariff concerns in the economy. The Fed's language led investors to speculate that interest rate cuts would be more aggressive in the 2nd half of the year. The market implied number of rate cuts by the December 2025 meeting rose from 2.60 to 2.82, and the market implied Fed Funds Rate at the end of 2025 dropped from 3.68 to 3.62 over the course of the week. Major economic reports (related consensus forecasts, prior data) for the upcoming week include: Monday: March Prelim. S&P Global US Manufacturing PMI (51.5, 52.7); Tuesday: February New Home Sales (679k, 657k), March Conf. Board Consumer Confidence (94.0, 98.3); Wednesday: March 21 MBA Mortgage Applications (n/a, -6.2%), February Prelim. Durable Goods Orders (-1.0%, 3.2%); Thursday: 4Q Third Reading GDP Annualized QoQ (2.4%, 2.3%), February Prelim. Wholesale Inventories MoM (n/a, 0.8%), March 22 Initial Jobless Claims (225k, 223k); Friday: February Personal Income (0.4%, 0.9%), February Personal Spending (0.5%, -0.2%), U. of Mich. Sentiment (57.9, 57.9).

US Equities

Weekly Index Performance:		Market Indicators:	
The Dow®	41,985.35 (1.21%)	Strong Sectors:	Energy, Financials, Health Care
S&P 500®	5,667.56 (0.53%)		
S&P MidCap 400®	2,945.77 (0.67%)	Weak Sectors:	Cons. Staples, Utilities, Materials
S&P SmallCap 600®	1,287.57 (0.62%)		
Nasdaq Composite®	17,784.05 (0.18%)	NYSE Advance/Decline:	1,735 / 1,095
Russell 2000®	2,056.98 (0.65%)	NYSE New Highs/New Lows:	105 / 146
		AAII Bulls/Bears:	21.6% / 58.1%

The S&P 500 managed to finish last week in the green, returning 53 basis points, after 4 prior weeks of down performance. The index was led higher by the Energy sector which returned 3.20%. The sector saw broad based strength as 18 of the 22 constituents experienced a positive return, the best performing member of the sector was **Marathon Petroleum Corp** which returned 6.24%. Despite fears of a global supply glut oil managed to end the week higher due to rising tensions in the Middle East. The worst performing sector was the Materials sector which fell 22 basis points, the sector was led lower by **Nucor Corp** which fell 7.63%. Nucor reported 4th quarter results back in January but didn't provide 1st quarter guidance until last Thursday. Guidance came in materially lower than Wall Street expectations leading to weakness in the stock. Analysts also noted the guidance was rather opaque leading to investors questioning what's causing the weaker guidance which may have magnified downward pressure. Friday afternoon it appeared the Information Technology sector was going to be the worst performing sector of the week, but a late rally saw the sector shoot up 87 basis points in the last half hour of trading to finish the week only down 5 basis points. Last Friday was the 3rd Friday of the month, which is when standard options contracts expire, this may have contributed to the late session volatility. It should also be noted last Friday saw significant trading volumes on US exchanges with over 21 billion shares changing hands, the highest volume of 2025 thus far. In other news the Trump administration continued to its efficiency efforts this week which weighed on **Gartner Incorporated's** stock price. The IT research company ended the week down 5.91% and was one of the worst performers in the S&P 500 after Secretary of Defense, Pete Hegseth, said the government would be cancelling some contracts with the firm as well as consulting giant McKinsey and Company. The best performing stock in the S&P 500 was **Boeing** returning 10.07% after the government announced the embattled plane maker won the contract to build the US' next generation fighter jets. Upcoming this week there will be plenty of economic data for investors to parse. Notable released include February preliminary Manufacturing and Services PMI data, Durable and Capital Goods orders, and PCE data. Earnings season for the S&P 500 has mostly wrapped up but 4 companies are expected to report results; companies expected to report are **McCormick & Co**, **Dollar Tree**, **Paychex**, and **Cintas.**