

TALKING POINTS

Data through April 2025

Climate

April's investment climate was largely defined by excess market volatility, stemming in part from a rapidly fluctuating geopolitical landscape and the looming impact of tariffs on global financial markets. In a bid for more time to negotiate trade agreements, the U.S. announced a 90-day moratorium on reciprocal tariffs against every country except for China on 4/9/25. U.S. equities, which had sold off heavily to start the year, surged on the announcement, with the S&P 500 Index increasing by a staggering 9.52% (price-only) that day alone. As many investors are likely aware, excess volatility often erodes near-term predictability, while extended periods of increased volatility frequently lead to stagnating business investment and decreasing economic output. In its April 2025 "World Economic Outlook", the International Monetary Fund estimated gross domestic product among advanced economies will slow to 1.4% in 2025, down from its previous forecast of 1.9% in January. That said, consumer spending remains robust, despite waning sentiment. Citing the results of its "Surveys of Consumers", the University of Michigan reported that overall consumer sentiment plunged 32.4% year-over-year (y-o-y) to a reading of 52.2 in April 2025. Personal spending, however, increased 5.3% y-o-y in February 2025, signaling that consumers are still willing and able to spend. One reason for this could be continued disinflation. Inflation, as measured by the trailing 12-month rate of change on the Consumer Price Index stood at 2.4% at the end of March 2025, tied with September 2024 for the lowest reading since February 2021.

Stock Market

The S&P 500 Index ("Index") closed at 5,569.06 on 4/30/25, representing a price-only decline of 9.36% from its all-time high of 6,144.15 set on 2/19/25, according to data from Bloomberg. The S&P MidCap 400 and S&P SmallCap 600 Indices stood 15.89% and 20.86%, respectively, below their all-time highs which were set on 11/25/24. The Index posted a total return of -0.68% in April 2025. Six of the 11 major sectors that comprise the Index registered negative total returns for the month. The top-performer was Information Technology, up 1.62%, while the worst showing came from the Energy sector, which declined by 13.65%. In our estimation, the sharp decline in the price of energy stocks in April underscores the impact of current geopolitics. Year-to-date through March 2025, energy was the top performing subsector in the Index. After April's rout, the sector now sits eighth out of eleven year-to-date, with Consumer Staples and Utilities - traditionally more defensive sectors - taking the top spots. Fundamental data for the companies that comprise the broader Index continues to reflect strength, despite recent price weakness. FactSet reported that the Index's Q1'25 blended net profit margin (NPM) stood at 12.4% on 4/25/25, above the 5-year average of 11.7%. Should this metric hold, it will mark the fourth consecutive quarter where the Index's NPM was above 12%. For comparison, the last time the Index saw NPM in excess of 12% for four consecutive quarters was Q3'21 - Q2'22. In addition, the Index's Q1'25 blended year-over-year earnings growth rate stood at 10.1% on 4/25/25 (36% of Index companies reporting). If the earnings growth rate remains above 10%, it would mark the second consecutive quarter of 10% or higher earnings growth rates for the Index.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) stood at 4.16% at the close of trading on 4/30/25, representing a decrease of 52 basis point (bps) from its 4.68% close on 4/30/24, according to data from Bloomberg. The 4.16% yield stood 160 bps above its 2.56% average for the 10-year period ended April 2025 and 83 bps below its most recent high of 4.99% set on 10/19/23. The yield on the 2-year T-note stood at 3.61% on 4/30/25, down 143 bps from when it stood at 5.04% on 4/30/24. Notably, 10-year T-note yields, which typically move in the opposite direction of prices, ranged between 4.00% and 4.49% in April. Current interest rates, which are elevated when compared to their 10-year average, have lifted U.S. debt service payments to record levels. The Congressional Budget Office estimates net U.S. debt service interest payments will total \$952 billion in 2025, an increase of over 8% from 2024's total of \$881 billion. For context, U.S. interest payments totaled \$352 billion in 2021. Higher interest rates have also spiked the premium demanded by U.S. corporate bond buyers. The yield on the ICE BofA 1-10 year U.S. Corporate Bond Index surged from 1.95% on 12/31/21 to 4.91% on 04/30/25.

Takeaway

While tariffs and geopolitics have taken center stage in recent months, the topic of monetary policy remains just as salient, in our view. As of 4/30/25, the federal funds rate futures market implied nearly four rate cuts totaling 102 bps are expected through the rest of 2025, up from fewer than two cuts totaling 43 bps on 12/31/24. We can understand the market's shifting expectations regarding lower interest rates. In addition to the stagnating economic data and burgeoning U.S. debt service payments discussed above, the U.S. consumer is beginning to show signs of distress. The delinquency rate on consumer loans issued by all U.S. commercial banks stood at 2.75% in Q4'24, its highest level since Q3'12. The flow of auto loans into serious delinquency increased to 2.96% in Q4'24, up from 2.66% in Q4'23. Collections of defaulted student loans, which are set to reconvene in May, could add further pressure to consumers. The U.S. Department of Education reported that 42.7 million borrowers owed a combined \$1.6 trillion in student loans in April 2025. Of that total, nearly five million borrowers were in default (had not made a monthly payment in at least 360 days), while four million borrowers were in late-stage delinquency (91-180 days delinquent).

Sources: Bloomberg, FactSet, and Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index. There can be no assurance past trends will continue or estimates will be realized.

Open-End Net Fund Flows (\$)

	3/25	2/25	YTD (Mar)
Equity	-66.4B	-55.3B	-183.4B
Taxable Bond	-15.7B	11.8B	0.7B
Municipal Bond	-0.2B	2.4B	5.9B
Hybrid	-12.7B	-7.2B	-28.5B
Taxable Money Market	-22.3B	85.3B	84.9B

Key Interest Rates/Yields

	4/30/25	3/31/25	4/30/24
Federal Funds Target Rate	4.50%	4.50%	5.50%
2-Year T-Note	3.61%	3.89%	5.04%
5-Year T-Note	3.73%	3.95%	4.72%
10-Year T-Note	4.16%	4.21%	4.68%
Bond Buyer 40	4.78%	4.72%	4.51%

Commodities/U.S. Dollar

	4/25	YTD	12 Mo.
U.S. Dollar Index (DXY)	-4.55%	-8.31%	-6.36%
FTSE/CC CRB Excess Ret.	-6.64%	-2.68%	-0.92%
Crude Oil/WTI (per Barrel)	-18.56%	-18.84%	-28.95%
Natural Gas (per million BTUs)	-19.25%	-8.45%	67.05%
Gold Bullion (Ounce)	5.29%	25.31%	43.85%

S&P 500 Full-Year Earnings Estimates

	2025	2026
4/30/25	265.72	301.51
3/31/25	269.66	307.64
12/31/24	274.12	311.11

Total Return Performance

U.S. Stock Indices	4/25	YTD	12 Mo.
S&P 500	-0.68%	-4.93%	12.07%
DJIA	-3.08%	-3.92%	9.48%
Nasdaq 100	1.55%	-6.65%	13.10%
S&P MidCap 400	-2.25%	-8.22%	1.17%
Russell 2000	-2.31%	-11.58%	0.86%
Russell 3000	-0.67%	-5.37%	11.39%

U.S. Styles/Market Caps

	4/25	YTD	12 Mo.
S&P 500 Growth	2.23%	-6.44%	17.46%
S&P 500 Value	-3.57%	-3.29%	5.00%
S&P MidCap 400 Growth	-0.16%	-8.51%	-2.40%
S&P MidCap 400 Value	-4.36%	-7.91%	5.13%
Russell 2000 Growth	-0.64%	-11.69%	2.41%
Russell 2000 Value	-4.02%	-11.45%	-0.70%

Foreign Stock Indices (USD)

	4/25	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	4.56%	11.04%	13.10%
MSCI Emerging Markets NET	1.31%	4.28%	9.02%
MSCI Europe NET	4.37%	15.31%	13.69%
MSCI BRIC NET	-0.41%	7.68%	14.06%
MSCI EM Latin America NET	6.91%	20.49%	-4.28%
Nikkei 225	6.32%	0.44%	5.55%

Bloomberg Fixed Income Indices

	4/25	YTD	12 Mo.
U.S. Treasury: Intermediate	1.07%	3.59%	7.96%
GNMA 30 Year	0.08%	3.16%	8.17%
Municipal Bond (22+)	-1.27%	-2.72%	1.10%
U.S. Aggregate	0.39%	3.18%	8.02%
Intermediate Corporate	0.58%	2.86%	8.39%
U.S. Corporate High Yield	-0.02%	0.98%	8.69%
Global Aggregate	2.94%	5.65%	8.82%
EM Hard Currency Aggregate	0.75%	3.33%	9.69%

HIGH/LOW SNAPSHOT

Data through April 2025

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	6144.15	2/19/2025	1829.08	2/11/2016	5569.06	-9.36%	-4.93%	1.37%
S&P 500 Growth	4303.17	2/19/2025	1035.44	2/11/2016	3823.90	-11.14%	-6.44%	0.71%
S&P 500 Value	2027.49	11/29/2024	788.67	2/11/2016	1812.45	-10.61%	-3.29%	2.14%
S&P MidCap 400	3390.26	11/25/2024	1218.55	3/23/2020	2851.60	-15.89%	-8.22%	1.69%
S&P MidCap 400 Growth	1610.10	11/25/2024	574.06	2/11/2016	1346.82	-16.35%	-8.51%	0.99%
S&P MidCap 400 Value	1083.78	11/25/2024	373.28	3/23/2020	916.97	-15.39%	-7.91%	2.42%
S&P 100	3003.15	2/19/2025	819.58	8/25/2015	2694.73	-10.27%	-6.40%	1.24%
DJIA	45014.04	12/4/2024	15660.18	2/11/2016	40669.36	-9.65%	-3.92%	1.76%
Nasdaq 100	22175.60	2/19/2025	3947.80	2/9/2016	19571.02	-11.75%	-6.65%	0.80%
Russell 2000	2442.74	11/8/2021	953.72	2/11/2016	1964.12	-19.59%	-11.58%	1.59%
Russell 2000 Growth	1709.62	2/9/2021	573.10	2/11/2016	1296.03	-24.19%	-11.69%	0.69%
Russell 2000 Value	2715.42	11/25/2024	1067.63	3/23/2020	2170.15	-20.08%	-11.45%	2.53%
Russell 3000	3509.12	2/19/2025	1067.34	2/11/2016	3163.89	-9.84%	-5.37%	1.38%
MSCI World Net (ex U.S.) (USD)	9148.90	4/30/2025	4189.62	2/11/2016	9148.90	0.00%	11.04%	3.11%
MSCI Emerging Markets Net (USD)	699.23	2/17/2021	296.25	1/21/2016	598.45	-14.41%	4.28%	2.78%
Bovespa/Brazil (USD)	29488.46	1/2/2020	9077.09	1/21/2016	23861.31	-19.08%	22.83%	6.84%
RTS/Russia (USD)	1919.58	10/25/2021	628.41	1/20/2016	N/A	N/A	N/A	N/A
S&P BSE 500/India (USD)	461.76	9/26/2024	129.66	3/23/2020	409.41	-11.34%	-0.18%	1.16%
Shanghai Composite/China (USD)	832.07	6/12/2015	358.39	10/18/2018	450.95	-45.80%	-1.39%	2.97%
KOSPI/South Korea (USD)	2.93	6/16/2021	1.16	3/19/2020	1.79	-38.81%	11.40%	2.34%
Hang Seng (USD)	4241.01	1/26/2018	1871.10	10/31/2022	2851.98	-32.75%	11.60%	3.84%
MSCI Euro (USD)	1920.55	3/18/2025	865.50	3/18/2020	1892.95	-1.44%	17.65%	3.10%
S&P 500 Consumer Discretionary	1959.72	12/17/2024	543.54	2/11/2016	1570.08	-19.88%	-14.08%	0.74%
S&P 500 Consumer Staples	923.91	3/3/2025	467.66	8/25/2015	902.34	-2.33%	6.53%	2.39%
S&P 500 Energy	749.39	4/5/2024	179.94	3/18/2020	617.47	-17.60%	-4.83%	3.61%
S&P 500 Utilities	419.01	11/26/2024	206.51	9/4/2015	400.99	-4.30%	5.04%	2.93%
S&P 500 Financials	867.06	2/18/2025	264.89	2/11/2016	811.11	-6.45%	1.33%	1.53%
S&P 500 Banks	529.64	2/6/2025	180.19	2/11/2016	453.47	-14.38%	-2.85%	2.72%
FTSE NAREIT All Equity REITs	980.08	12/31/2021	483.48	3/23/2020	762.75	-22.17%	0.71%	4.01%
S&P 500 Health Care	1829.71	8/30/2024	732.99	2/11/2016	1637.04	-10.53%	2.60%	1.76%
S&P 500 Pharmaceuticals	1216.04	8/30/2024	539.37	9/28/2015	1085.32	-10.75%	4.58%	2.48%
NYSE Arca Biotechnology	6319.77	2/8/2021	2642.53	2/11/2016	5637.35	-10.80%	-1.82%	0.21%
S&P 500 Information Technology	4780.84	12/26/2024	626.12	8/25/2015	4083.59	-14.58%	-11.24%	0.69%
Philadelphia Semiconductor	5904.54	7/10/2024	559.18	2/11/2016	4230.09	-28.36%	-14.81%	1.13%
S&P 500 Communication Services	377.61	2/4/2025	130.86	12/24/2018	321.68	-14.81%	-5.50%	0.95%
S&P 500 Industrials	1214.04	11/29/2024	412.06	3/23/2020	1111.41	-8.45%	0.00%	1.53%
S&P 500 Materials	616.97	10/18/2024	234.97	1/25/2016	529.86	-14.12%	0.58%	2.00%
Philadelphia Gold & Silver	195.33	4/16/2025	38.84	1/19/2016	187.49	-4.01%	37.44%	1.24%
FTSE/CC CRB Excess Return	329.59	6/9/2022	106.29	4/21/2020	288.77	-12.39%	-2.68%	N/A
ICE BofA Perpetual Preferred	331.82	10/16/2024	213.87	5/6/2015	317.95	-4.18%	-1.09%	6.70%
ICE BofA U.S. High Yield Constrained	580.53	2/28/2025	313.74	2/11/2016	574.31	-1.07%	0.95%	8.05%

Source: Bloomberg

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