

# MARKET



# CHARTS

MARKET TRENDS &  
OPPORTUNITIES

## Q&A

March 30, 2025

# ETF Performance Since Election

Key ETF Performance (% Total Return)							
US Related		Since Inaug.	Since Election	Global		Since Inaug.	Since Election
ETF	Description			ETF	Description		
SPY	S&P 500	-6.74	-3.04	EWA	Australia	-3.18	-7.75
DIA	Dow 30	-4.07	-0.86	EWZ	Brazil	10.23	-3.38
QQQ	Nasdaq 100	-9.99	-4.44	EWC	Canada	0.05	-0.59
IJH	S&P Midcap 400	-9.78	-7.11	MCHI	China	18.09	8.96
RSP	S&P 500 Equalweight	-4.13	-3.05	EWQ	France	8.21	5.89
IWB	Russell 1000	-7.15	-3.11	EWG	Germany	12.79	13.79
IWM	Russell 2000	-10.89	-10.13	EWH	Hong Kong	7.07	-2.50
IWV	Russell 3000	-7.35	-3.46	INDA	India	0.20	-5.65
				EWI	Italy	13.32	13.52
IVW	S&P 500 Growth	-10.76	-4.19	EWJ	Japan	4.59	1.79
IJK	Midcap 400 Growth	-12.13	-9.94	EWK	Korea	8.74	2.97
IJT	Smallcap 600 Growth	-11.39	-10.52	EWL	Latin America	20.94	13.53
IVE	S&P 500 Value	-2.35	-2.94	EWP	Spain	-8.45	9.40
IJJ	Midcap 400 Value	-7.37	-4.30	EIS	Israel	9.34	6.52
IJS	Smallcap 600 Value	-11.69	-9.93	EWU	UK		
DVY	DJ Dividend	-0.75	0.14	EFA	EAFE	7.40	4.18
QQQE	Nasdaq 100 EW	-6.08	-3.50	EEM	Emerging Mkts	3.99	-1.85
				IOO	Global 100	-5.46	-2.18
FXB	British Pound	6.95	0.48	VT	All World	-2.75	-1.56
FXE	Euro	5.61	-0.35	CWI	All World ex US	5.68	2.06
FXF	Canadian Dollar	4.11	0.93				
IBIT	Bitcoin	-20.23	20.37	DBC	Commodities	-1.25	2.20
				DBA	Agric. Commod.	-0.49	8.75
XLY	Cons Disc	-13.81	-2.46	USO	Oil	-9.39	0.05
XLP	Cons Stap	4.65	0.71	UNG	Nat. Gas	16.30	70.23
XLE	Energy	-0.87	4.16	GLD	Gold	13.96	12.10
XLF	Financials	-1.68	6.18	SLV	Silver	12.28	4.20
XLV	Health Care	3.49	-1.44				
XLI	Industrials	-5.23	-3.60	SHY	1-3 Yr Treasuries	1.37	2.03
XLB	Materials	-3.26	-8.31	IEF	7-10 Yr Treasuries	3.48	2.19
XLRE	Real Estate	1.44	-3.87	TLT	20+ Yr Treasuries	4.07	-1.43
XLK	Technology	-11.69	-8.74	AGG	Aggregate Bond	2.52	1.67
XLC	Comm Services	-1.41	3.39	BND	Total Bond Market	2.54	1.69
XLU	Utilities	-0.39	1.05	TIP	T.I.P.S.	3.24	2.75
SMH	Semis	-17.84	-14.19				

(Source: Bespoke Investment Group)

# What ETFs have performed the best since the inauguration?

- Defensives (staples & healthcare)
- Precious metals (gold & silver)
- Treasuries (TLT)
- China (MCHI)
- European ETFs (Italy & Spain)

# Tariff Risk to Automakers

## German, South Korean Carmakers Among Biggest US Importers

■ Imports as share of US vehicle sales by automaker



Source: Global Data

Bloomberg

(Source: Bloomberg Finance LP)

# What automakers are most at risk to tariffs?

## 1. General Motors (GM):

- Heavy reliance on production in Mexico and Canada for vehicles like the Chevrolet Silverado.
- Tariffs could add thousands of dollars to vehicle costs, potentially reducing sales.

## 2. Stellantis (Jeep, Chrysler, Dodge, Ram):

- Produces 25%-27% of its U.S.-sold vehicles outside the U.S.
- Models like the Ram truck, built in Mexico, could see price increases of up to \$20,000.

## 3. Toyota and Honda:

- Export a large number of vehicles and parts from Japan and operate plants in Canada.
- Particularly vulnerable due to their reliance on foreign manufacturing.

## 4. Hyundai and Kia:

- Depend heavily on South Korea for vehicle production.
- Tariffs could significantly raise prices on popular models exported to the U.S.

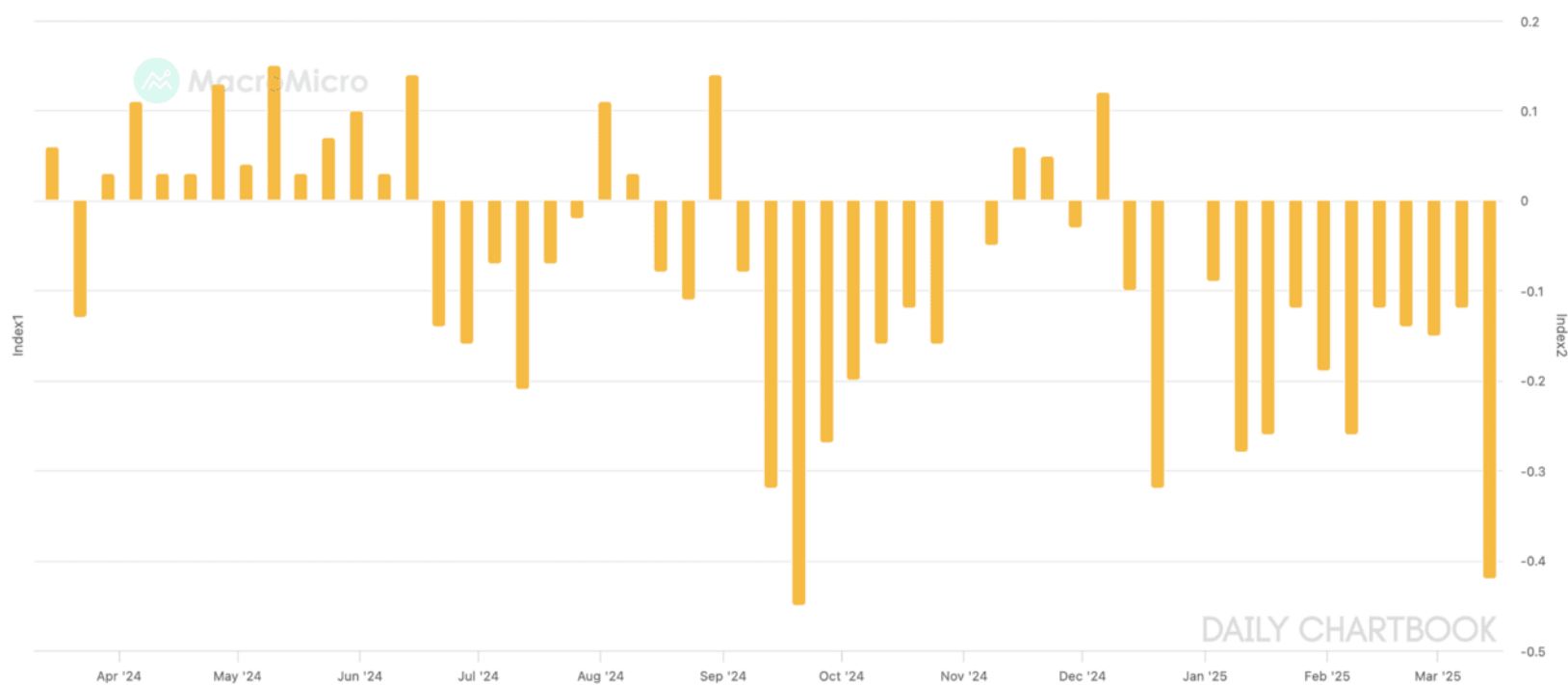
## 5. German Automakers (BMW, Mercedes-Benz, Volkswagen):

- Import engines and transmissions from Germany for assembly in the U.S.
- Fully assembled vehicles shipped from Europe or Mexico will face steep tariff costs.

*(Answers provided by Perplexity)*

# Citibank Earnings Revisions

## Citi US Earnings Revisions Index



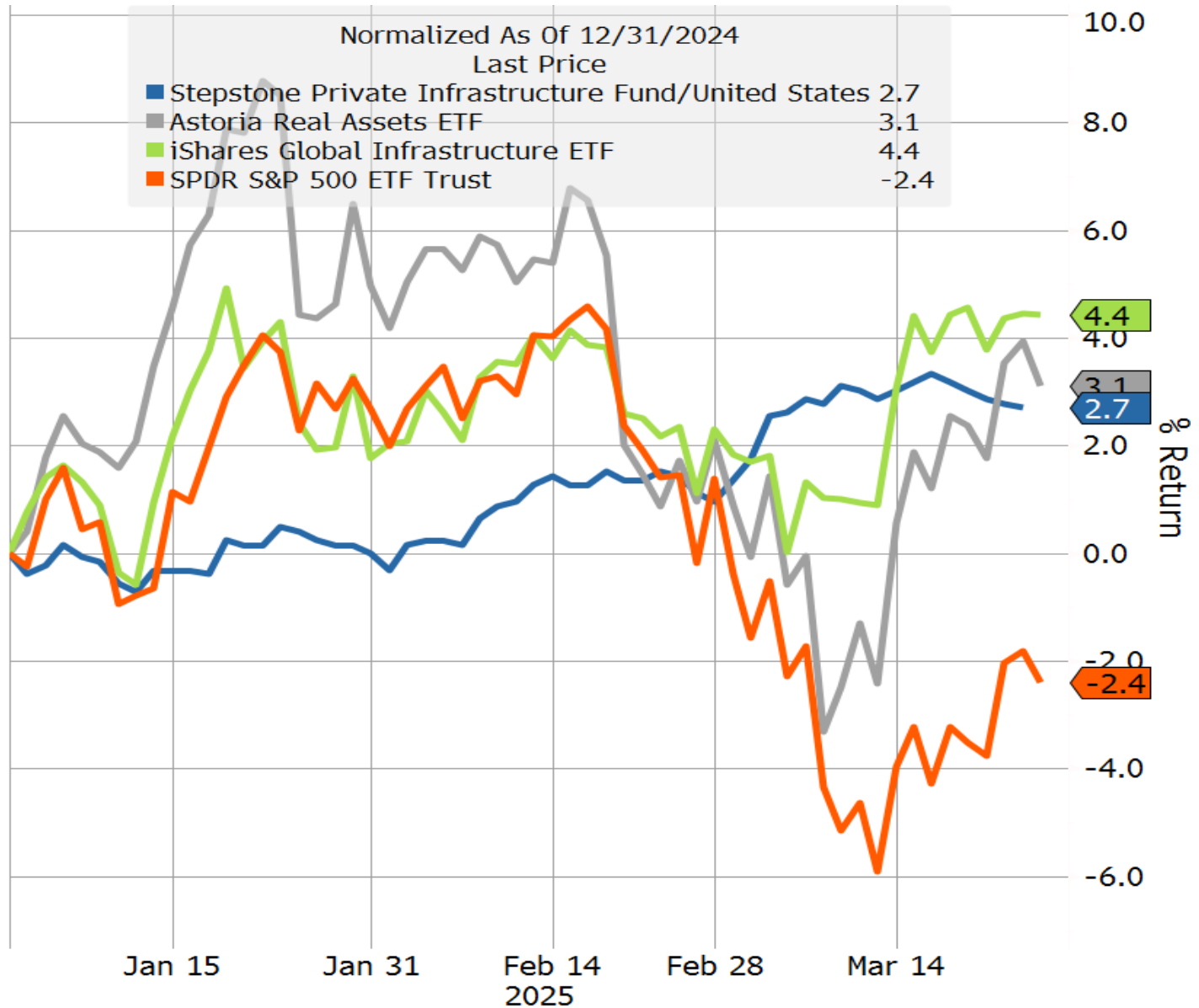
(Source: Daily Chartbook)

# What does the Citibank Earnings Revisions Index suggest about the outlook for corporate profits?

- Citi Earnings Revision Index: Percentage of analysts raising EPS estimates minus percentage lowering estimates
- Recent data suggests cautious outlook for corporate profits:
- Negative for 13 consecutive weeks as of March 20, 2025
- Indicates more analysts lowering earnings estimates than raising them
- Signs of broadening earnings gains across industries and regions
- S&P 500 EPS gain: 10% in 2024, initially estimated 11% for 2025 (possibly optimistic)
- Downward revisions for Q1 2025, showing 7% quarterly drop from end of 2024
- Historical trend: 78% of years since 1997 saw larger "upward surprises" in Q1 vs Q4
- Sector variations:
  - Upward revisions: Financials, Consumer Discretionary, Information Technology
  - Downward revisions: Communication Services, Energy
- Actual earnings often differ from analyst expectations
- Upcoming Q1 2025 earnings season may provide more clarity on corporate profits

*(Answers provided by Perplexity)*

# Infrastructure as Stagflation Hedge?



STRUX US Equity (Stepstone Private Infrastructure Fund/United States) Infrastructure ETFs Daily 31DEC2024-26MAR2025 Copyright © 2025 Bloomberg Finance L.P. 26-Mar-2025 12:03:09

(Source: Bloomberg Finance L.P.)



# Are infrastructure assets a good hedge for stagflation?

## Inflation Protection

- Many infrastructure assets have built-in inflation protection mechanisms:
  - Automatic indexing of contracts
  - Cost recovery guarantees
  - Pricing power due to essential nature of services <sup>2</sup>
- Infrastructure investments often include contractual or regulatory inflation protection on earnings <sup>1</sup>

## Stable Returns

- Infrastructure has demonstrated resilience in various economic scenarios:
  - Delivered double-digit returns in most environments, including high inflation/low GDP growth <sup>4</sup>
  - Outperformed listed equities during stagflation scenarios <sup>4</sup>
- Private infrastructure declined only 5.2% in H1 2022, compared to 20.6% for S&P 500 <sup>5</sup>

## Diversification Benefits

- Low correlation to traditional assets:
  - Average correlation of +0.1 to global equities and -0.1 to global bonds <sup>3</sup>
  - Can complement fixed income allocation in portfolios <sup>3</sup>

## Essential Services

- Infrastructure provides critical services that maintain demand regardless of economic conditions <sup>3</sup>

## Favorable Characteristics

- Long-term, predictable revenue streams
- High barriers to entry
- Limited availability of substitutes <sup>4</sup>

*(Answers provided by Perplexity)*

# 2-Year Breakeven Inflation



3GBBE02 Index (US Breakeven 2 Year) 2Y Breakeven Inflation Daily 29MAR2024-29MAR2025

Copyright© 2025 Bloomberg Finance L.P.

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(Source: Bloomberg Finance L.P.)

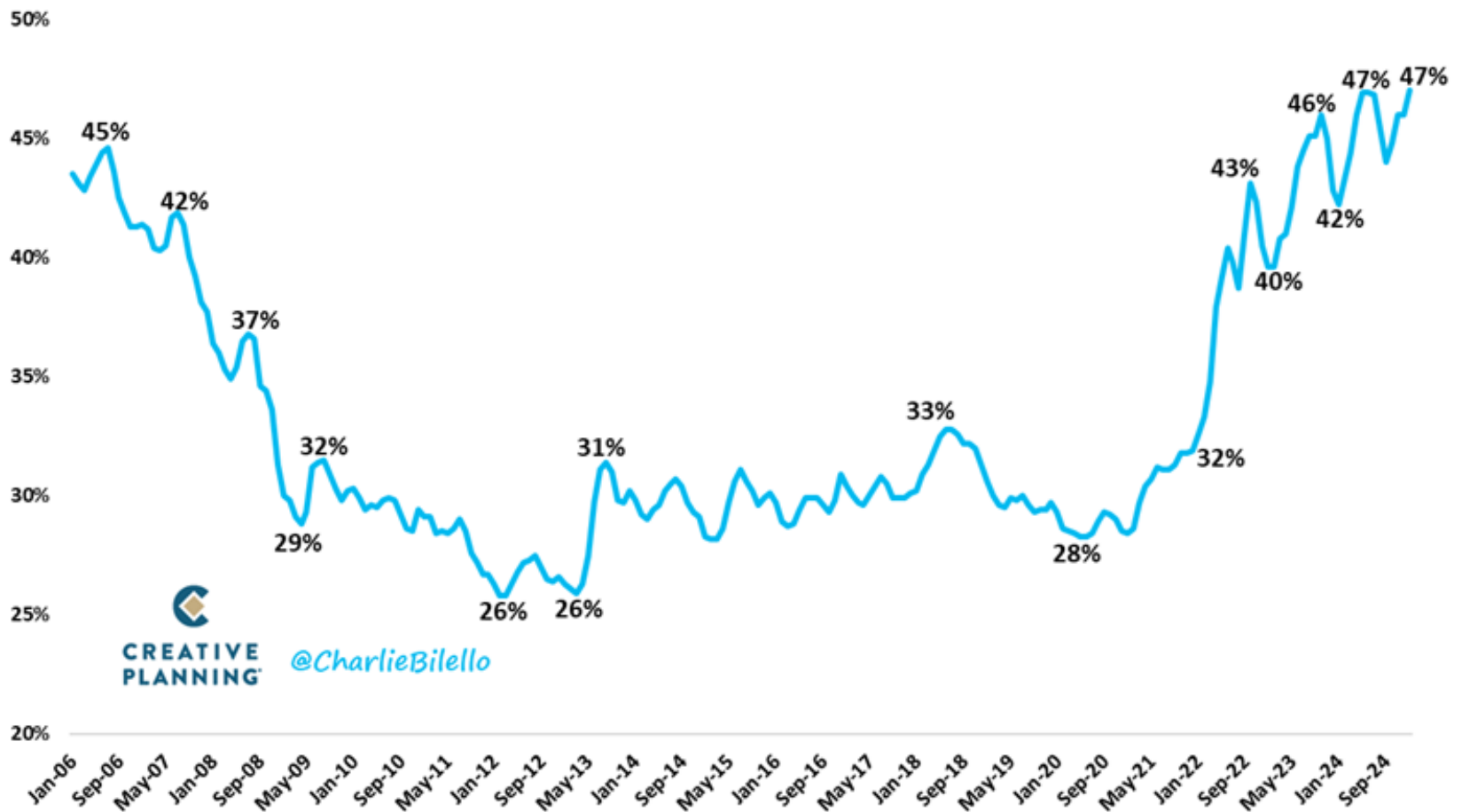
# Why have breakeven inflation rates risen in the last six months?

- **Tariff Policies:** New tariffs on imports have raised costs, fueling inflation expectations.
- **Consumer Expectations:** Surveys show rising inflation expectations, creating a feedback loop of higher prices.
- **Labor Market Tightness:** Low unemployment and wage growth are adding to price pressures.
- **Core Inflation Increases:** Core PCE inflation has accelerated, with projections reaching 3% in 2025.
- **Investor Hedging:** TIPS investors are pricing in higher inflation, pushing breakeven rates higher.
- **Labor Shortages:** Reduced immigration has led to wage-driven inflation in key sectors.

*(Answers provided by Perplexity)*

# Housing Affordability

US Median Housing Payment as % of Median Income  
(Note: Payment includes P&I, Taxes, Insurance, PMI)  
Data Source: Atlanta Fed (as of January 2025)



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(Source: Charlie Bilello)

# Why is the median housing payment vs. income so high?

**Rising home prices:** The median price of new homes has reached \$459,826 in 2025, pricing out many potential buyers.

**High mortgage rates:** Rates have remained elevated, increasing monthly payments and reducing affordability.

**Limited housing supply:** There's a shortage of 4.5 million homes in the U.S., driving up prices due to supply-demand imbalance.

**Slow wage growth relative to housing costs:** While earnings have increased 5.2% year-over-year, housing costs have outpaced income growth.

**Construction shortfall:** Single-family home construction has not kept pace with population growth, exacerbating the supply issue.

**Demographic pressures:** Millennials and Gen Z entering prime homebuying years are increasing demand for affordable housing.

**As a result:** The national median mortgage payment applied for by purchase applicants increased to \$2,205 in January 2025, up 3.7% from the previous month. This has led to a situation where 74.9% of U.S. households cannot afford a median-priced new home in 2025.

*(Answers provided by Perplexity)*

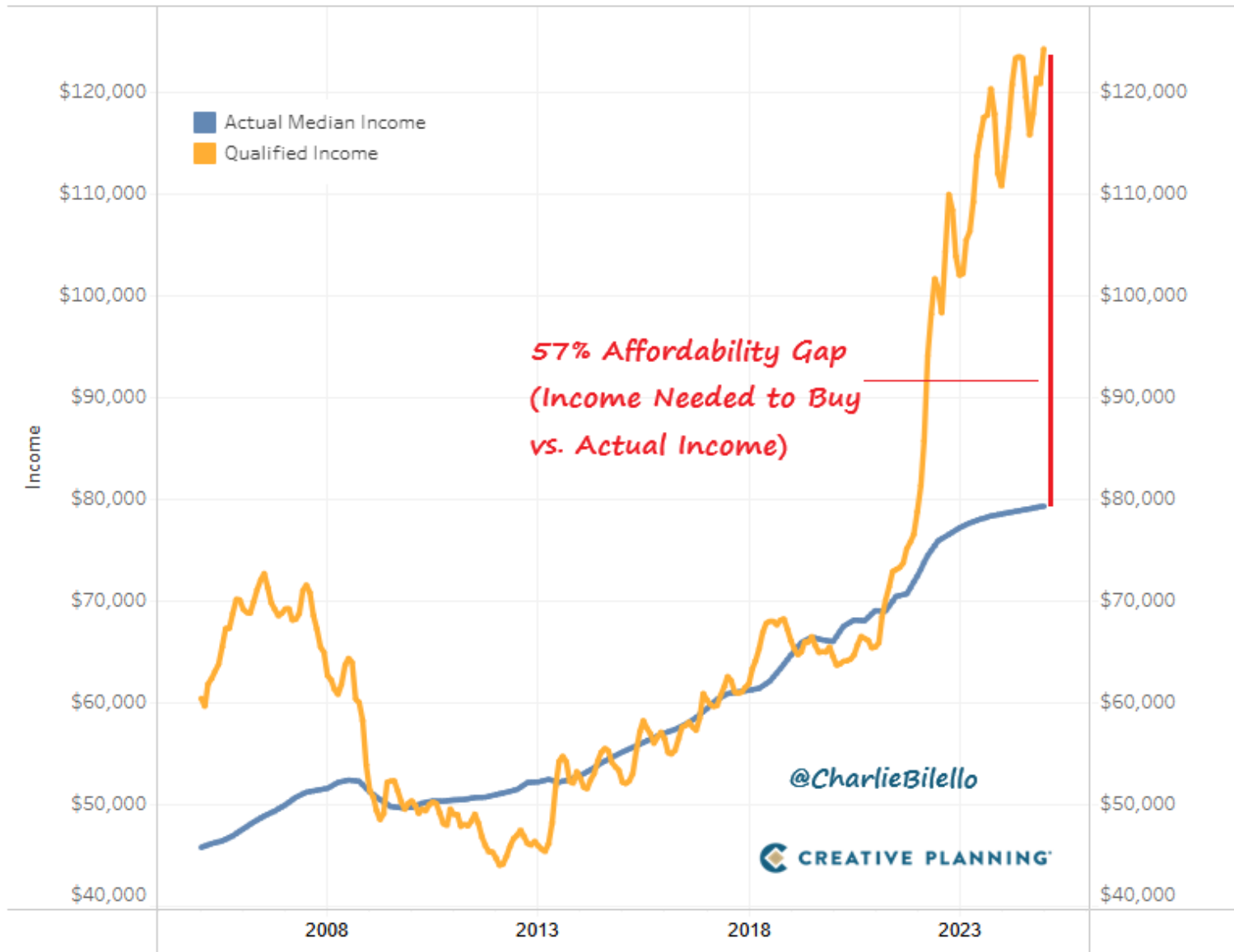
# Housing Affordability Gap

## United States

Gap Between Actual Median Household Income and Qualified Income

*(Qualified Income = Income needed for annual homeownership cost to equal no more than 30 percent of annual income)*

Source: Federal Reserve Bank of Atlanta



**57% Affordability Gap**  
**(Income Needed to Buy**  
**vs. Actual Income)**

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(Source: Charlie Bilello)

# Why is the housing affordability gap so large in March 2025?

The housing affordability gap in March 2025 has reached unprecedented levels due to several interconnected factors:

**Record-high mortgage payments:** The median mortgage payment hit an all-time high of \$2,807 per month in March 2025 <sup>1</sup>.

**Rising home prices:** The median price of new single-family homes has reached \$459,826 <sup>4</sup>.

**Persistent high interest rates:** While slightly down from recent peaks, rates remain significantly higher than in recent years <sup>1</sup>.

**Supply shortage:** There's a severe lack of affordable homes, especially for extremely low-income renters <sup>5</sup>.

**Income disparity:** Home prices have grown 34.3% since 2021, while median household income only rose 14.9% <sup>3</sup>.

**Disproportionate price increases:** Prices for the bottom third of homes are up 124% since 2015, compared to 77% for the top third <sup>2</sup>.

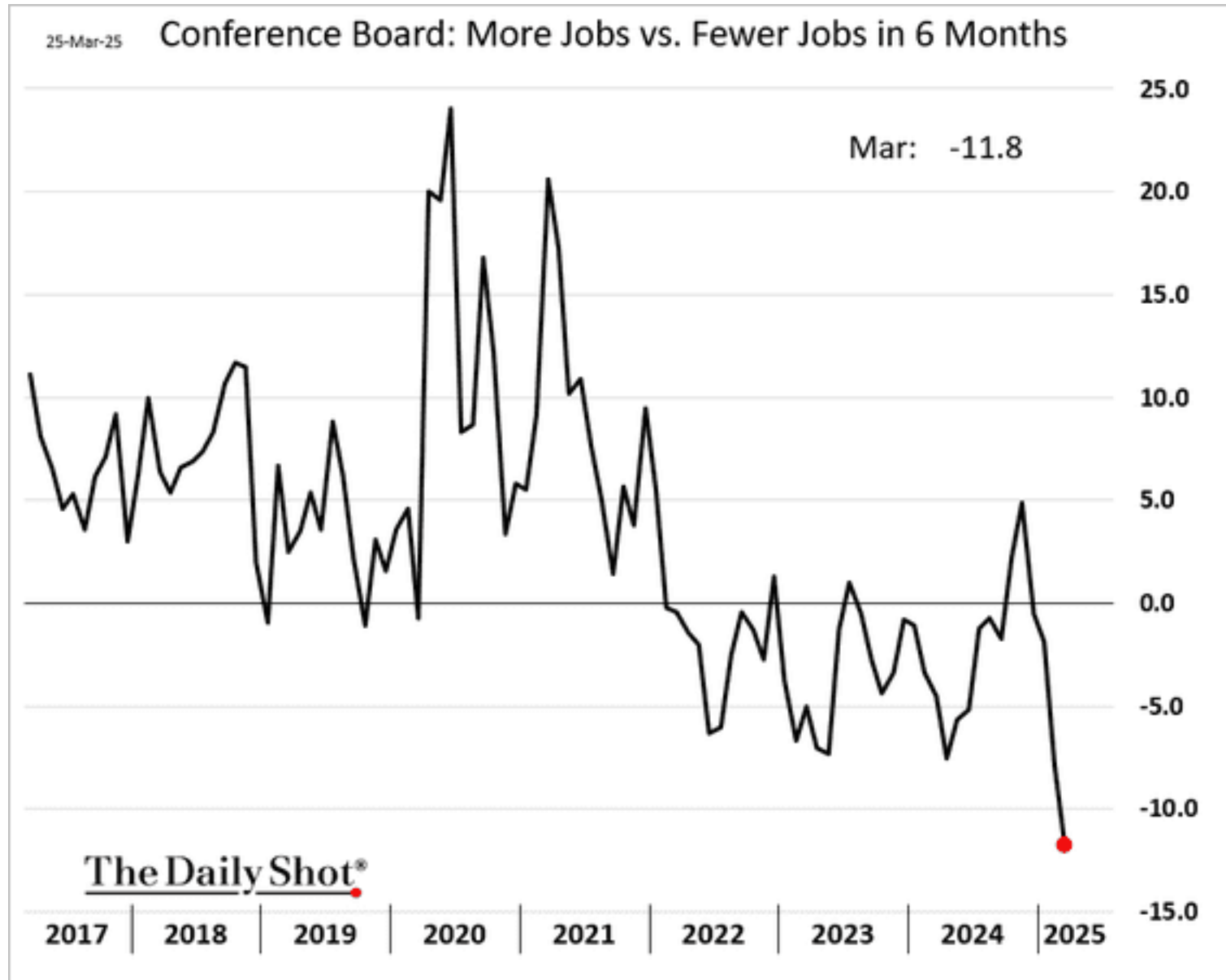
**Construction shortfall:** Single-family home construction has not kept pace with U.S. population growth <sup>7</sup>.

As a result:

- 57% of U.S. households (76.4 million) cannot afford a \$300,000 home <sup>4</sup>.
- 74.9% of U.S. households (100.6 million) cannot afford the median-priced new home of \$459,826 <sup>4 6</sup>.
- Only 35 affordable and available rental homes exist for every 100 extremely low-income renter households

*(Answers provided by Perplexity)*

# Outlook For Jobs



(Source: The Daily Shot)



# Tell me more about the recent Conference Board data relating to future jobs?

Based on the most recent data from the Conference Board's Consumer Confidence Survey in March 2025:

- **More jobs expected:** 16.7% of consumers expected more jobs to be available in the next six months, down from 18.8% in February.
- **Fewer jobs expected:** 28.5% of consumers anticipated fewer jobs in the next six months, up from 26.6% in February.

These figures indicate a deteriorating outlook for the job market over the next six months:

- The percentage of consumers expecting more jobs decreased by 2.1 percentage points.
- The percentage of consumers expecting fewer jobs increased by 1.9 percentage points.
- Overall, a larger proportion of consumers now expect fewer jobs rather than more jobs in the coming months.

This pessimistic shift in job market expectations aligns with other findings from the Consumer Confidence Survey:

- Consumer confidence declined for the fourth consecutive month in March.
- Confidence about future employment prospects fell to a 12-year low.
- Consumers' outlook for the labor market deteriorated.

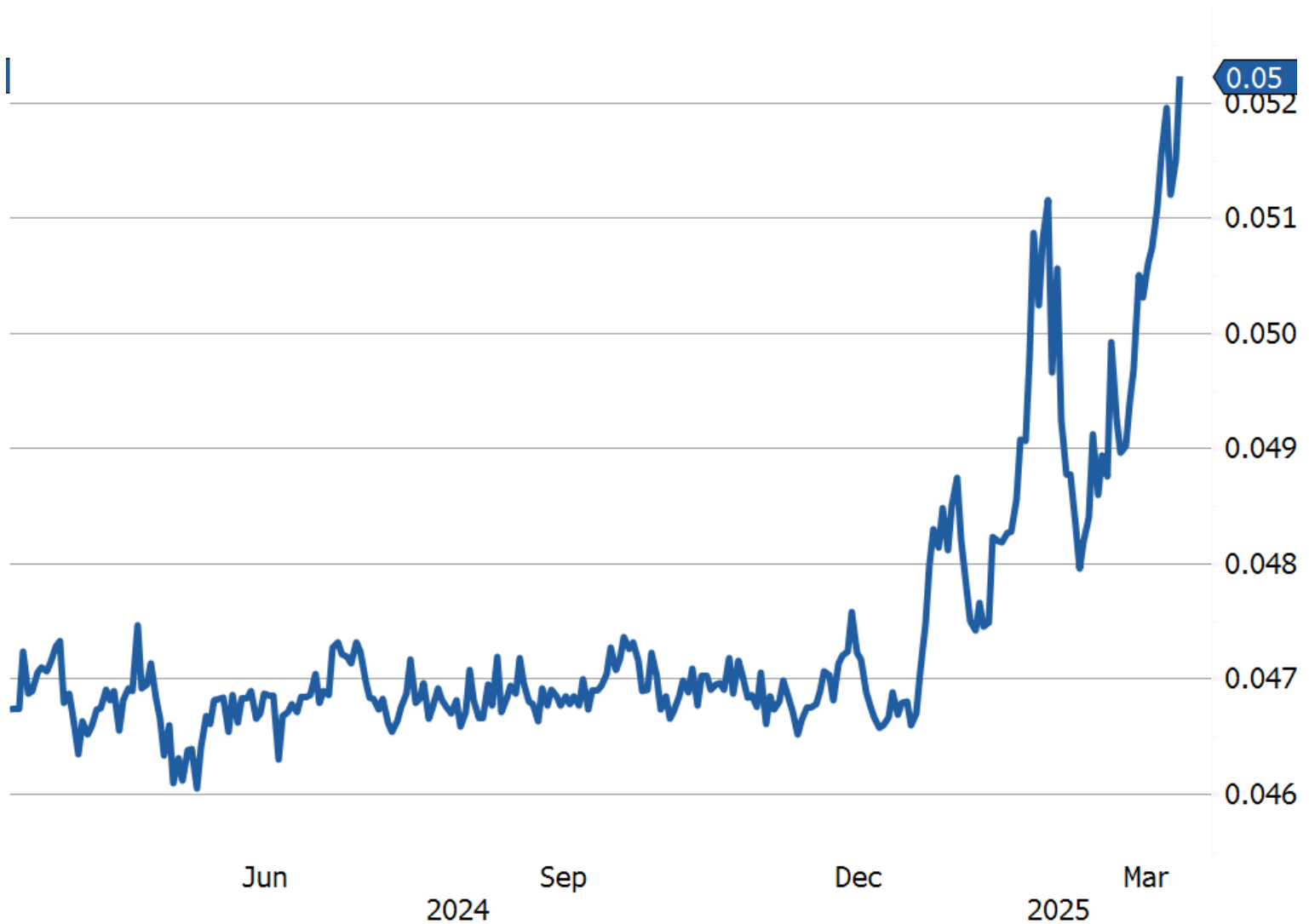
These trends suggest growing concerns about the job market's health and potential challenges in employment opportunities over the next six months <sup>5</sup>.

*(Answers provided by Perplexity)*

# Comex vs. LME Copper

## Comex vs. LME Copper

Price Ratio



HGK5 Comdty (COPPER FUTURE May25) Comex vs LME Copper Daily 26MAR2024-26MAR2025 Copyright© 2025 Bloomberg Finance L.P. 26-Mar-2025 10:04:25

(Source: Bloomberg)

# Why are Comex copper prices so much higher than LME?

**Trade policy uncertainty:** The Trump administration's recent actions and threats regarding tariffs have created uncertainty in the U.S. copper market <sup>2</sup> <sup>3</sup>. This includes:

- Potential 25% tariffs on Canadian and Mexican imports
- Threats of higher tariffs on EU imports
- Revocation of tariff exemptions on small-scale Chinese trade
- 25% tariff increase on steel and aluminum products

**Tariff speculation:** Traders are pricing in the expectation of potential future tariffs on copper imports <sup>1</sup> <sup>3</sup>. This has led to:

- U.S. market participants factoring in potential future cost increases
- A surge in Comex copper futures prices, outperforming both SHFE and LME copper

*(Answers provided by Perplexity)*

# U.S. Equity Markets Relative the Rest of the World



(Source: TopDownCharts)

# What is driving the outperformance of U.S. stocks relative to the rest of the world? Is it the U.S. dollar?

## Earnings Growth

- US companies have demonstrated superior earnings growth compared to their global counterparts <sup>1</sup> <sup>2</sup>.
- Earnings per share (EPS) for US companies are forecast to grow 13.8% over the next 12 months, significantly higher than the 7.4% expected for European equities <sup>1</sup>.
- Broad earnings growth, primarily driven by revenue, has been the dominant factor in US outperformance <sup>11</sup>.

## Profitability and Innovation

- US companies have maintained higher levels of profitability, with a profitability premium over other developed economies for much of the past 50 years <sup>1</sup>.
- The US is known for its strong business focus, innovative culture, and capitalist environment, which have contributed to its outperformance <sup>1</sup>.
- The US is a technology superpower, with many companies enjoying effective monopolies in areas of new technology, including AI <sup>1</sup>.

## Valuation Expansion

- Rising stock valuations in the US have contributed 3.3 percentage points to the outperformance <sup>3</sup>.
- The market has become increasingly concentrated in growth-oriented sectors, such as technology, which support higher valuations <sup>11</sup>.

## Economic Resilience

- The US economy has shown surprising resilience, growing 3.2% in 2023 and forecast to have grown 2.8% in 2024 <sup>1</sup>.
- Business activity and confidence among US business managers have outstripped European peers <sup>1</sup>.

## US Dollar's Role

While the US dollar has played a part in the outperformance, it is not the primary driver:

- The dollar's strength over the past decade subtracted 2.1 percentage points from international returns, indirectly benefiting US stocks <sup>3</sup>.
- However, there is no strong pattern between dollar value and stock market performance over the long term <sup>4</sup>.
- The correlation between the S&P 500 performance and the dollar's value is weak, at -0.17 <sup>4</sup>.

*(Answers provided by Perplexity)*