

CAPITAL MARKETS REPORT - MARCH 31, 2025



Birmingham (866) 405-6864
Baton Rouge (800) 421-6182
Shreveport (866) 453-5150
Little Rock (800) 737-0535

SERVICE BEYOND COMPARISON

Market Movers:

- Consumer Confidence drops to four-year low, US Manufacturing down on further tariff and inflation fears.

March's Consumer Confidence number came in well below expectations, dropping to its lowest level since 2021. Driven by tariff-fueled inflation fears and labor market concerns, the gloomy economic outlook of US consumers is further evidenced in lower personal spending, rising recession fear and even the occasional use of the "S"-Word (stagflation).

Inflation ticked up in February to 2.8%, slightly more than anticipated. Markets are still bracing for additional increases in the coming months once the fallout from Trump's tariffs and any potential retaliatory tariffs becomes clearer.

US Manufacturing slipped into contraction this month as producer prices are already seeing escalations related to tariffs, rising at the fastest rate in two years. Labor cost increases and factory employment/production declines further compound the effect of the tariffs on prices.

All major equity indices are on track for a second negative month in a row. Any potential rebound was short-circuited under mounting pressure from the proposed tariffs and declining economic outlook. According to Bloomberg, *"more than \$5 trillion has evaporated from US stock market valuations since late February"*.

Volatility, while down from its 2025 high (3/10/25), still remains well above all moving averages. Remember, the market dislikes bad news but, loathes uncertainty. The recent stampede out of riskier asset-classes and into Treasuries, underscores such sentiment.

US Treasury Secretary Scott Bessent unveiled plans to keep longer-term debt sales unchanged for the remainder of the year. These plans are the opposite of what many on Wall Street and big banks predicted. Some sort of economic rebound or if DOGE fails to achieve cost-savings goals—among other things—could negate these plans. Bessent asserted he has other tools at his disposal to achieve his goals. Many are wondering if the phrase "don't fight the Fed" is evolving into "don't fight the Treasury".

Treasuries and equities are opening the week (again) on divergent trajectories. DOW futures are down 246 and the 10Y Note is up 12/32 to yield (4.205)... down from 4.79% in January.

Goldman Sachs just announced they see the Fed making three more "insurance cuts" in the target rate in 2025. Have a great week...

Market Last Week

	3/21/25 Close	03/28/25 Close	Weekly Change
2 Y. Note	3.95%	3.91%	-4bps
5 Y Note	4.00%	3.98%	-2bps
10 Y Note	4.25%	4.25%	Unch
30 Y Bond	4.59%	4.63%	+4bps
SOFR Rate	4.34%	4.34%	Unch

Data This Week

Date/ Time (ET)	Economic Data	Market Estimate	Prior Report
3/31/25 9:45 AM	MNI Chicago PMI (Mar)	45.5	45.5
04/01/25 9:45 AM	S&P US Manuf. PMI (Mar)	49.8	49.8
04/01/25 10:00 AM	JOLTS Job Openings (Feb)	7690k	7740k
04/01/25 10:00 AM	ISM Manufacturing (Mar)	49.8	50.3
04/02/25 7:00 AM	Mortgage Applications (Mar 28)	n/a	-2.0%
04/02/25 8:15 AM	ADP Employment Change (Mar)	119k	77k
04/02/25 10:00 AM	Factory Orders (Feb)	0.4%	1.7%
04/02/25 10:00 AM	Durable Goods Orders (Feb)	0.9%	0.9%
04/03/25 8:30 AM	Initial Jobless Claims (March 29)	225K	224k
04/03/25 10:00 AM	ISM Services Index (Mar)	53.0	53.5
04/04/25 8:30 AM	Δ in Nonfarm Payrolls (Mar)	135k	151k
04/04/25 8:30 AM	Unemployment Rate (Mar)	4.1%	4.1%

Amanda M. Akers - aakers@bankers-bank.com

Securities offered through FNBB Capital Markets Division ("FNBB"). FNBB is a division First National Bankers Bank, member FDIC, and is registered with the SEC as a bank dealer and regulated by the OCC. Securities products are: NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE, INCLUDING LOSS OF PRINCIPAL • NOT INSURED BY ANY STATE OR FEDERAL AGENCY. Treasury instruments are subject to interest rate and liquidity risk if they are sold before their full maturity date. As a result, there may not be a market if you need to sell or it may sell for much less than face value.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations. The market and economic data is historical and is no guarantee of future results. The information in this report has been prepared from data believed to be reliable, but no representation is being made as to its accuracy and completeness. No chart, graph, or other figure provided should be used to determine which securities to buy, sell or hold. Past performance is not indicative of future results. Investing involves risks and each investor must be willing and able to accept those risks, including the loss of principal.