

3/24/2025

The Week Ahead



THINGS TO WATCH

Small Business Spending Trends

A pair of quarterly results Wednesday morning from Cintas (CTAS) and Paychex (PAYX), both suppliers of key goods and services to small and medium-sized U.S. businesses, should provide an updated assessment of underlying momentum in the domestic economy through February. CTAS is a leading provider of corporate uniforms, cleaning services, and safety products to U.S. companies. Paychex (PAYX) delivers integrated payroll processing and human resource services to its mostly U.S. business customers.

New Home Sales

A 0.25% to 0.50% decline in the national average rate for a 30-year fixed mortgage to below 7% is expected to have spurred an increase in purchases of new single-family homes in February. Tomorrow morning, U.S. Census Bureau data is projected to show sales of newly built dwellings increased 3.5% last month to an annualized rate of 680,000 units.

Fed's Preferred Inflation Measure

On Friday morning, data from the BEA is expected to show the U.S. core personal consumption expenditures (PCE) index rose 0.3% in February (following gains of 0.3%, 0.2%, and 0.1% in the prior three months). The consensus estimate for year-over-year core PCE in February is 2.7%, down slightly from 2.9% a year ago but still above Fed policymakers' stated target of 2%.

CoreWeave IPO

The major investment banks are scheduled to take the AI-focused cloud-computing provider public at the end of this week in an oversubscribed deal that would value the company around \$25 billion. According to SEC filings, shares were offered to investors at a price range of \$47 to \$55. CoreWeave and its advisors are hoping to raise \$2.7 billion.

LAST WEEK'S ECONOMIC DATA	LATEST	3MO PRIOR	CHANGE
Retail Sales (M/M)	0.2%	0.7%	▼
Housing Starts (Millions Annualized)	1.50	1.31	▲
Building Permits (Millions Annualized)	1.46	1.49	▼
New Home Sales (Thousands Annualized)	657	623	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	41985.35	1.21%	-0.91%	7.43%
NASDAQ	17784.05	0.18%	-7.76%	9.22%
S&P 500	5667.56	0.53%	-3.35%	9.57%
MSCI EAFE	2500.47	-0.06%	10.65%	8.13%
BB U.S. Aggregate	2248.28	0.47%	2.55%	5.13%

KEY BOND RATES	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.29%	4.30%	5.38%
10-Year Treasury	4.25%	4.43%	4.27%

REPORTS DUE THIS WEEK	LATEST
S&P CoreLogic CS 20-City U.S. HPI (Y/Y)	4.5%
New Home Sales (Thousands Annualized)	657
Conf. Board Consumer Confidence	98.3
S&P Global U.S. Manufacturing PMI	52.7
Core PCE Price Index (Y/Y)	2.6%

Total returns are as of 3/21/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

\$5 billion

The Federal Open Market Committee (FOMC) lowered its cap for the amount of Treasury holdings on its balance sheet it will allow to mature each month without reinvesting the proceeds from \$25 billion to \$5 billion. This is sometimes described as the Fed letting bonds "roll off" its balance sheet. The move represents a downshift in the FOMC's pace of balance sheet reduction. As recently as last May, the monthly cap for Treasury holdings allowed to roll off was \$60 billion.

6.31%

As of last Friday, the additional yield built into the price of the highly speculative Bloomberg Caa-rated High Yield Bond Index compared to a similar-maturity U.S. Treasury security was 6.31%. This credit spread is up from a three-year low of 5.03% in late January, but remains well below levels seen in recent periods of elevated market stress: August 2024 (8%-9%), early November 2023 (9%-9.5%), March 2023 (9%-10.5%), and October 2022 (10%-11%).

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