

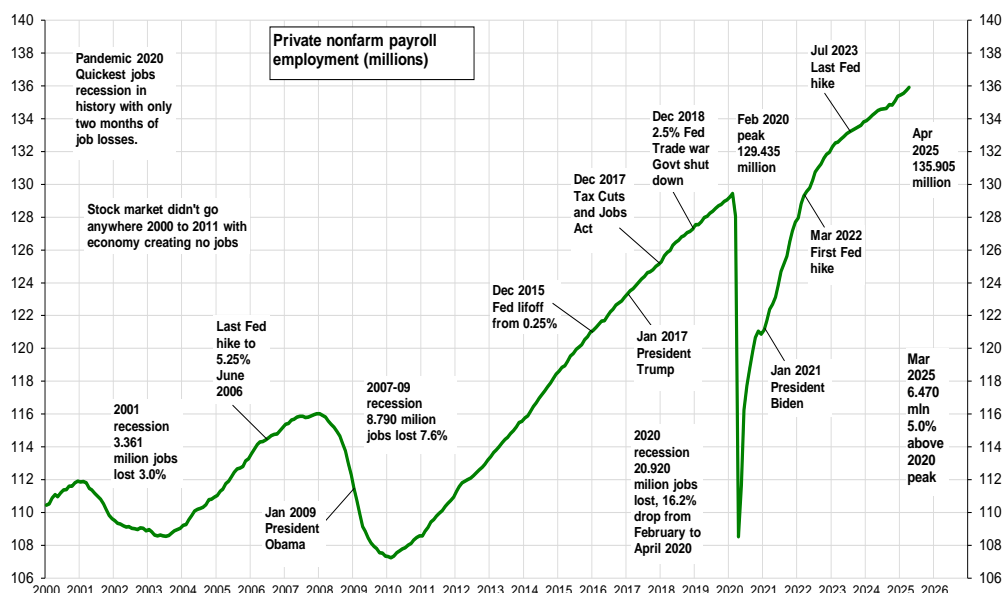
Financial Markets This Week

2 MAY 2025

Christopher S. Rupkey, CFA
Chief Economist
crupkey@fwdbonds.com

JOB MARKET IS HOLDING, BUY STOCKS

Jobs haven't turned down yet. No recession. Maybe it is just that simple. Payroll jobs increased 177 thousand in April which was a better, stronger economy than the consensus forecast of 130 thousand. Stock futures jumped 0.4% in the first minute of trading after the Friday 830am ET report.



The unemployment rate held at 4.2% in April, pay no attention to the new high in the unemployment rolls in the data received Thursday. Maybe next month. The foreign born unemployment rate fell from a year ago, while the native born unemployment rate moved higher. They are stealing our... nevermind. These not seasonally adjusted data are harder to analyze than normal because of the upward adjustment in the total population count back in January as seen in the table on page 2. It could be our imagination but it seems like the foreign born population was revised slightly lower in April, which fits with the deportation news headlines and the fact that we cannot find a home healthcare aid for our mother-in-law. Foreign born population is still growing faster, up 3.3% the last year where homegrown, native born Americans are up 1.6% the last year. Again the data interpretation is messy due to last year's jump in the population count.

Foreign Born 18.2% of Population			
Thousands	Apr 2025	Apr 2024	Change
<u>Foreign born</u>			
Population	49,669	48,089	1,580
Employed	31,815	30,482	1,333
Unemployed	1,204	1,244	-40
Unempl rate	3.6	3.9	-0.3
Not in labor force	16,650	16,363	287
<u>Native born</u>			
Population	223,528	219,976	3,552
Employed	132,228	131,108	1,120
Unemployed	5,376	4,650	726
Unempl rate	3.9	3.4	0.5
Not in labor force	85,925	84,219	1,706
Civilian noninstitutional population 16 years and over, not seasonally adjusted			

So payroll employment gains were steady for two months in a row after the January/February slowdown that was in part weather-related. You can see bar and restaurant jobs tumbled the first two months of the year in the table on page 2. Manufacturing jobs have not come back to America. Automakers must be as confused as heck, making no real changes yet, and motor vehicle jobs are down 10K so far this year versus a 20K

drop in 2024. Maybe the jobs come back sometime although the sky-high 17 million annual rate car sales for March and now again in April to beat the import taffs are not going to last.

In review, the labor market refuses to buckle in the face of trade war uncertainty, and politicians can count their lucky stars that companies are holding on to their workers despite the storm clouds forming that could slow the economy further in the second half of the year. Real GDP fell in the first quarter, but businesses brought another 177 thousand on board with the caveat that Federal workers receiving severance are still counted as employed and there was a sharp 58 thousand downward adjustment to the payroll jobs count in the prior two months of February and March. The economy is not out of the woods from the harmful effects that economists

warn the trade tariffs will eventually bring, but at the start of the first quarter, the labor market is in a holding pattern as it awaits an uncertain fate. For the economy it is steady as it goes, unless you are one of the 7.165 million who are unemployed in April for which the economy is not so great. The stock market can breathe a sigh of relief that the economy is holding up for now and go back to reading the tape on whether trade talks are back on or are not. The job market is holding, buy stocks.

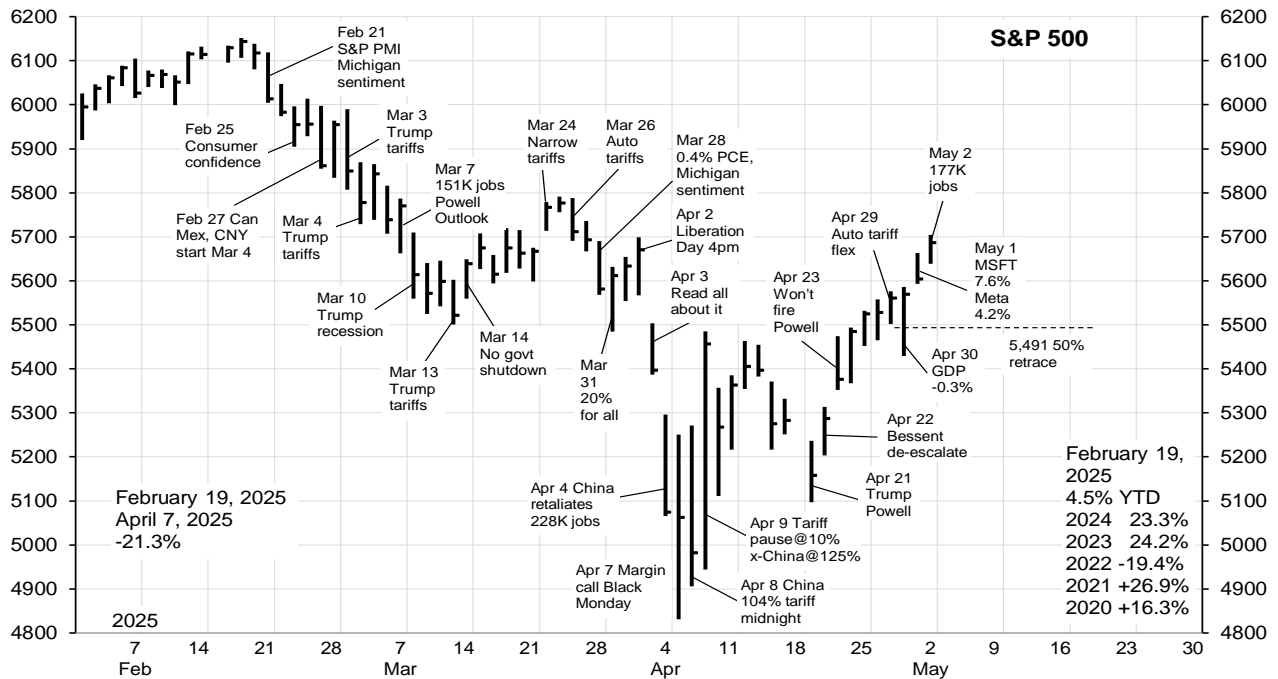
Payroll jobs beat expectations

Dec. 2024		Apr 25	Mar 25	Feb 25	4 months Dec 24 to Apr 25	12 months Dec 23 to Dec 24
Totals						
158.942	Nonfarm Payroll Employment	177	185	102	575	2012
135.382	Total Private (ex-Govt)	167	170	107	523	1559
21.673	Goods-producing	11	9	24	33	72
0.585	Mining	0	0	4	1	-9
12.760	Manufacturing	-1	3	8	5	-105
1.008	Motor Vehicles & parts	-5	-1	6	-10	-20
1.015	Computer/electronics	-4	1	-2	-7	-28
1.770	Food manufacturing	3	2	2	5	17
8.289	Construction	11	7	12	27	190
5.248	Specialty trade contractors	9	-1	9	11	112
113.709	Private Service-providing	156	161	83	490	1487
29.033	Trade, transportation, utilities	32	25	22	133	179
15.538	Retail stores	-2	22	-4	52	-6
3.273	General Merchandise	0	-3	12	32	48
3.235	Food & Beverage stores	10	21	-16	17	19
6.723	Transportation/warehousing	29	3	18	71	136
1.517	Truck transport	1	7	-3	8	-18
0.569	Air transportation	3	1	4	9	7
1.153	Couriers/messengers	8	-10	13	31	79
1.844	Warehousing and storage	10	0	6	9	15
2.944	Information	0	-2	0	-6	-18
0.484	Computing, data, web hosting	-3	2	-1	1	0
9.206	Financial	14	6	15	49	30
3.019	Insurance	0	2	0	13	37
2.481	Real Estate	9	1	9	24	11
1.369	Commercial Banking	-1	0	-5	-9	-17
1.128	Securities/investments	3	5	6	12	16
22.614	Professional/business	17	3	15	0	-50
2.552	Temp help services	4	-3	-2	-9	-159
2.622	Management of companies	1	6	1	4	7
1.729	Architectural/engineering	5	2	3	18	54
2.446	Computer systems/services	1	-8	-8	-14	-6
1.192	Legal services	1	4	-2	5	-10
1.141	Accounting/bookkeeping	-1	1	3	3	-9
26.931	Education and health	70	74	65	271	999
5.641	Hospitals	22	25	19	75	209
8.934	Ambulatory health care	21	18	20	79	330
3.992	Educational services	12	-2	8	16	80
16.979	Leisure and hospitality	24	38	-34	14	251
1.949	Hotel/motels	4	0	2	4	29
12.365	Eating & drinking places	17	31	-39	-19	130
23.560	Government	10	15	-5	52	453
2.413	Federal ex-Post Office	-9	-4	-9	-23	48
5.512	State government	6	2	-10	10	134
2.630	State Govt Education	1	-1	-15	-5	37
15.036	Local government	13	17	18	65	273
8.186	Local Govt Education	7	11	11	37	109

Monthly changes (000s)	Apr	Mar	Feb	Jan	Dec
Payroll employment	177	185	102	111	323
Private jobs	167	170	107	79	287
Federal govt ex-post office	-8.5	-3.8	-8.6	-2.3	6.2
Bar/Restaurants	17	31	-39	-27	38
HH Employment Survey*	436	201	-588	2234	478
Unemployment rate %	4.2	4.2	4.1	4.0	4.1
Participation rate %	62.6	62.5	62.4	62.6	62.5
Not in labor force (mln)	102.088	102.431	102.487	101.941	101.091
... and Want A Job (mln)	5.674	5.915	5.893	5.479	5.505
Average hourly earnings	\$36.06	\$36.00	\$35.90	\$35.83	\$35.68
MTM % Chg	0.2	0.3	0.2	0.4	0.2
YOY % Chg	3.8	3.8	3.9	3.9	4.0

* Household (telephone) Survey of employment behind unemployment rate

INTEREST RATES



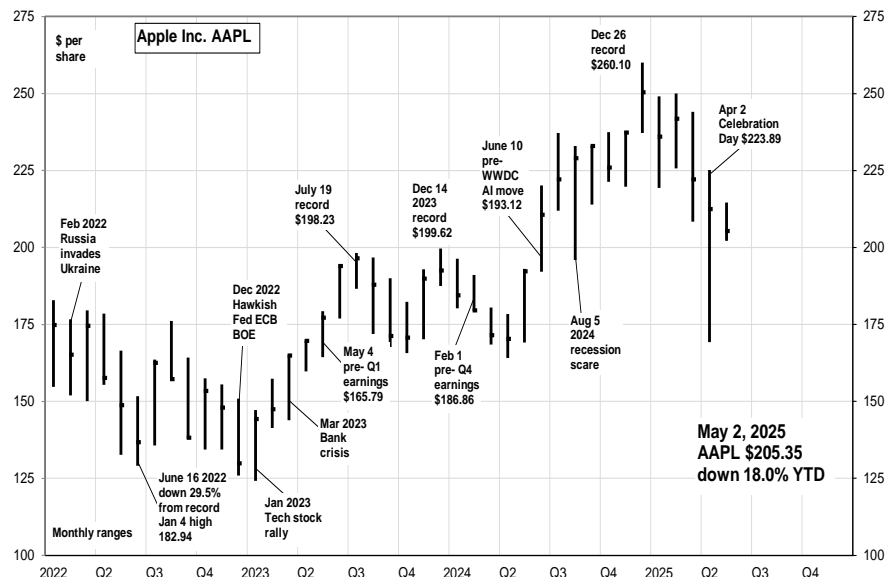
The stock market made back to the April 2 Liberation Day close just before the Rose Garden announcement. It was a tariff news week again with the auto tariff “flex” helping shares Tuesday even as automakers warn of billions lost flex or not. We had a recession starting with the first quarter drop in real GDP, but stocks rallied back after falling to the week’s low. Microsoft and Meta earnings were appreciated Wednesday after the bell. Year-to-date the S&P 500 was down just 3.1% YTD on Friday which is a more comforting figure for the public, given the 2024 gain of 23.3%. Still, it looks like a long way to go back to the highs with the weekly chart here. The stock market highs on Friday were about 12 noon when a story about China weighing an offer on new curbs on fentanyl to restart trade talks. 10-yr yields closed Friday at 4.31%; 2-yr up 12 bps to 3.83% thinking jobs report rules out Fed cuts.

Apple, Inc. (AAPL) down 18.0% YTD; \$900 million current quarter tariff costs

The stock fell 3.7% on Friday after earnings Thursday. The S&P 1.5% rally on Friday helped stem the loss. Not the first time for a retreat. After Liberation Day on Wednesday, April 2, Apple stock fell 9.2%. EPS set a March quarter record, but the market did not like Apple’s mention in the earnings call of nearly \$1 billion in potential losses from the import tariffs in the June quarter.

Calendar

Year	Operating Mln \$	Net Income	iPhone Sales	Greater China
Q1 2025	29,589	95,359	46,841	16,002
Q4 2024	42,832	124,300	69,138	18,513
Q3 2024	29,591	94,930	46,222	15,033
Q2 2024	25,352	85,777	39,296	14,728
Q1 2024	27,900	90,753	45,963	16,372
Q4 2023	40,373	119,575	69,702	20,819
Q3 2023	26,969	89,498	43,805	15,084
Q2 2023	22,998	81,797	39,669	15,758
Q1 2023	28,318	94,836	51,334	17,812



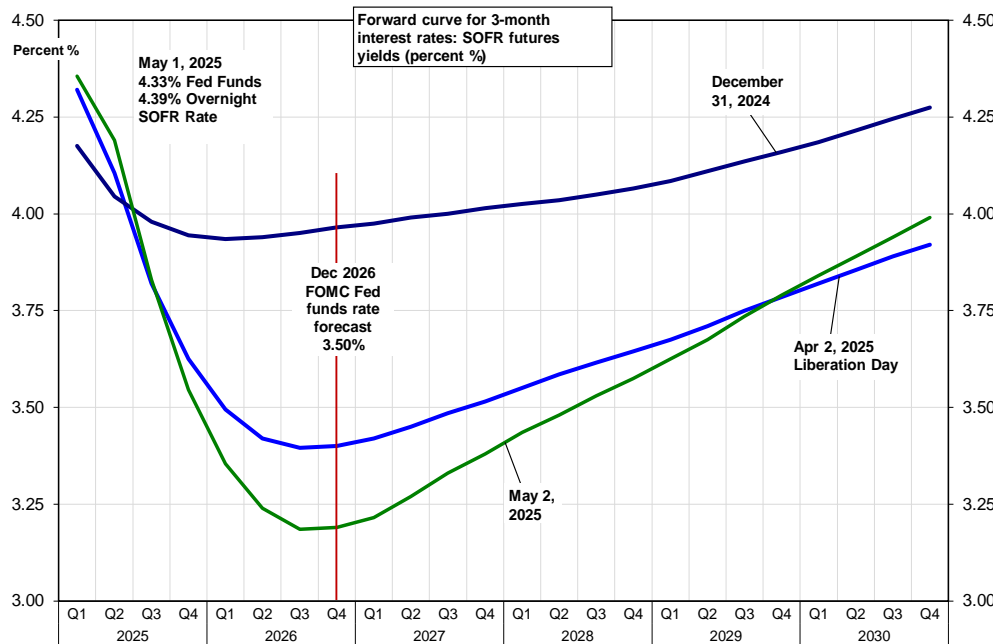
FEDERAL RESERVE POLICY

The Fed meets May 6-7, 2025 to consider its monetary policy. Seems like Powell would have to give a heads up at the press conference on Wednesday, May 7 if he was considering cutting rates at the June meeting after being on pause since December. Real GDP fell 0.3% in Q1 2025 this week, but the movement in the various GDP pieces is extreme as businesses and companies try to get ahead of higher costs from the looming import tariffs, consumers buying more cars and companies buying more computers. Core PCE inflation was flat in March and the year-on-year rate was 2.6% down from 3.0% the month before. In the background but not quietly, the President tweeted about rate cuts almost immediately after the 177K payroll jobs report on Friday. The market does not seem to care. Stocks that is. The odds of a rate cut in June went down after the 177K jobs report, just 10 bps of a 25 bps rate cut is discounted, although the market continues to see two 25 bps rate cuts by September. Stay tuned. Can't wait for the first question at the press conference Wednesday on would you resign if your President asked. Stay tuned.

Selected Fed assets and liabilities						Change from
Fed H.4.1 statistical release						3/11/20
billions, Wednesday data						to Apr 30
Factors adding reserves						1692.782
U.S. Treasury securities	4215.813	4217.694	4217.259	4219.496	2523.031	
Federal agency debt securities	2.347	2.347	2.347	2.347	2.347	0.000
Mortgage-backed securities (MBS)	2172.945	2185.406	2188.873	2188.999	1371.846	801.099
Repurchase agreements	0.111	1.000	0.003	0.000	242.375	-242.264
Primary credit (Discount Window)	3.485	3.112	2.713	2.726	0.011	3.474
Bank Term Funding Program	0.000	0.000	0.000	0.000		
FDIC Loans to banks via Fed	0.000	0.000	0.000	0.000		
Paycheck Protection Facility	1.806	1.807	1.821	1.831		
Main Street Lending Program	6.812	7.072	7.063	7.301		
Term Asset-Backed Facility (TALF II)	0.000	0.000	0.000	0.000		
Gold stock	11.041	11.041	11.041	11.041	11.041	0.000
Central bank liquidity swaps	0.062	0.073	0.103	0.094	0.058	0.004
Federal Reserve Total Assets	6759.9	6778.0	6778.1	6778.4	4360.0	2399.824
3-month Libor % SOFR %	4.41	4.28	4.31	4.42	1.15	3.260
Factors draining reserves						
Currency in circulation	2381.886	2379.809	2377.963	2378.330	1818.957	562.929
Term Deposit Facility	0.000	0.000	0.000	0.000	0.000	0.000
U.S. Treasury Account at Fed	677.657	576.159	638.783	315.189	372.337	305.320
Treasury credit facilities contribution	3.461	3.461	3.461	3.461		
Reverse repurchases w/others	250.601	171.780	54.772	168.115	1.325	249.276
Federal Reserve Liabilities	3759.573	3569.114	3497.294	3294.102	2580.036	1179.537
Reserve Balances (Net Liquidity)	3000.277	3208.915	3280.845	3484.345	1779.990	1220.287
Treasuries within 15 days	100.454	59.090	58.916	58.181	21.427	79.027
Treasuries 16 to 90 days	149.087	208.978	210.658	215.022	221.961	-72.874
Treasuries 91 days to 1 year	451.428	420.627	419.053	417.235	378.403	73.025
Treasuries over 1-yr to 5 years	1420.087	1434.924	1434.751	1445.551	915.101	504.986
Treasuries over 5-yr to 10 years	536.897	537.249	537.198	530.638	327.906	208.991
Treasuries over 10-years	1557.859	1556.827	1556.684	1552.870	658.232	899.627
Note: QT starts June 1, 2022	Change	4/30/2025	6/1/2022			
U.S. Treasury securities	-1554.966	4215.813	5770.779			
Mortgage-backed securities (MBS)	-534.501	2172.945	2707.446			

	Fed Policy-key variables			Long Term
	2025	2026	2027	
Fed funds	3.9	3.4	3.1	3.0
PCE inflation	2.7	2.2	2.0	2.0
Core inflation	2.8	2.2	2.0	
Unemployed	4.4	4.3	4.3	4.2
GDP	1.7	1.8	1.8	1.8

March 2025 median Fed forecasts



June is less likely. Two 25 bps rate cuts are expected by September.

Fed funds futures call Fed policy	
Current target: May 2 -- 4.50%	
Rate+0.17 Contract	Fed decision dates
4.400 Jul 2025	May 7, Jun 18*
4.020 Oct 2025	Adds Jul 30, Sep 17*
Last trade, not settlement price	
*Not strictly true, Jul new rate could be 1 day at a new rate; 2 days new rate for Oct 2025	

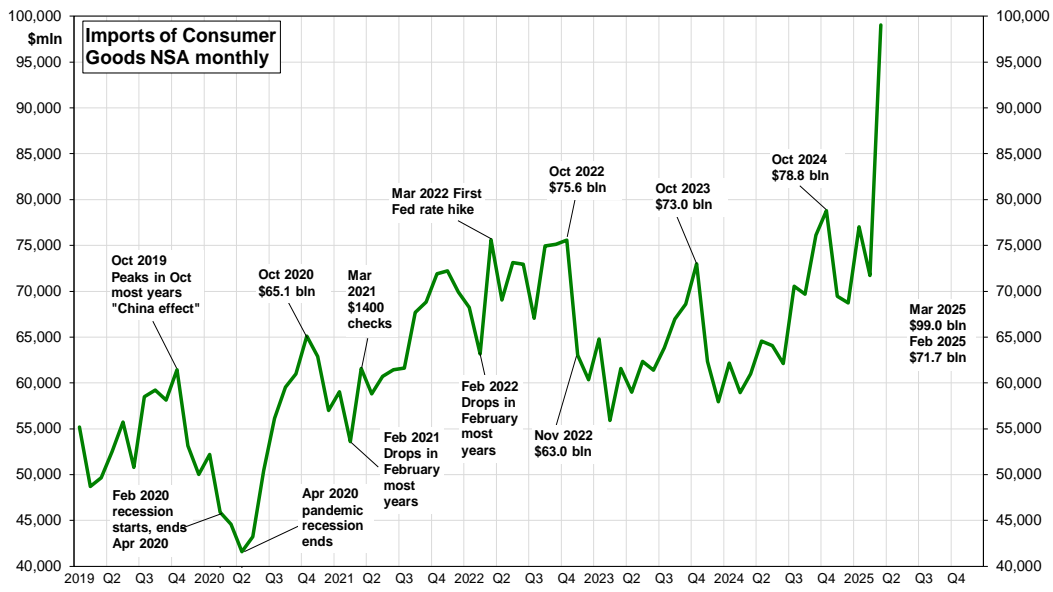
Next up: April CPI inflation report Tuesday, May 13 at 830am ET

Monthly	2025				2024								2024		
	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
% Changes															
Core CPI inflation	0.1	0.2	0.4	0.2	0.3	0.3	0.3	0.3	0.2	0.1	0.1	0.3	0.4	0.4	0.4
Core PCE inflation	0.0	0.5	0.3	0.2	0.1	0.3	0.3	0.2	0.2	0.2	0.1	0.3	0.3	0.2	0.5
Core PCE YOY	2.6	3.0	2.7	2.9	2.8	2.8	2.7	2.7	2.7	2.6	2.7	2.9	3.0	2.9	3.1
Core CPI YOY	2.8	3.1	3.3	3.2	3.3	3.3	3.3	3.2	3.2	3.3	3.4	3.6	3.8	3.8	3.9

OTHER ECONOMIC NEWS

Imports jump before the storm (Tuesday 830am ET)

Breaking economy news. Advance look at the goods side of the trade deficit that Trump 2.0 is focused on (for now). The complete results for March for the trade deficit including services is Tuesday, May 6 at 830am ET. The goods deficit jumped from \$147.8 billion in February to \$162.0 in March which will be quite a drag on real GDP for the first quarter.



Net, net, the import tariff threat is scaring the daylight out of American businesses and one may look no further than the tremendous surge in consumer goods imports in March which adds over \$20 billion more to the trade deficit as companies fall over one another to get the goods into the country before the import tariff taxes go up. Imports of consumer goods are up a phenomenal 55.5% seasonally adjusted from a year ago and this is before the White House reciprocal tariffs announcement "Liberation Day" at the start of April. The store shelves are likely to stay stocked for a few months more given this haul brought in in March, but for how long is the million dollar question as most of store bought goods have a China label on them, and reversing the course of American trade history cannot be done by Presidential decree overnight. Markets don't know if a recession is coming, but bonds and stocks are sure betting a whole lot of pain is coming for the U.S. economy. Bet on it. Fed officials may not want to cut rates now with the import tariff threat on inflation, but that could change fast if economic weakness occurs and the cracks in the foundation are already starting to show.

ADVANCE TRADE STATISTICS FOR MARCH

	Monthly				Percent changes		
	Mar 2025	Feb 2025	Jan 2025	Mar 2024	Mar 25 Feb 25	Feb 25 Jan 25	Mar 25 Mar 24
Seasonally adjusted Trade	-161,985	-147,849	-154,641	-92,775			
<u>Balance</u>							
<u>Exports</u>	180,761	178,599	172,410	169,221	1.2	3.6	6.8
Foods, Feeds, & Beverages	13,943	13,047	13,408	13,746	6.9	-2.7	1.4
Industrial Supplies (1)	64,348	62,475	59,434	62,144	3.0	5.1	3.5
Capital Goods	57,825	59,331	56,633	50,801	-2.5	4.8	13.8
Automotive Vehicles, etc.	15,347	14,220	12,614	14,203	7.9	12.7	8.1
Consumer Goods	21,761	22,011	21,497	21,046	-1.1	2.4	3.4
Other Goods	7,538	7,515	8,824	7,281	0.3	-14.8	3.5
<u>Imports</u>	342,746	326,447	327,051	261,996	5.0	-0.2	30.8
Foods, Feeds, & Beverages	19,542	19,622	20,026	17,596	-0.4	-2.0	11.1
Industrial Supplies (1)	74,587	86,249	90,412	54,146	-13.5	-4.6	37.8
Capital Goods	92,816	89,378	88,397	75,968	3.8	1.1	22.2
Automotive Vehicles, etc.	40,963	38,433	37,968	37,718	6.6	1.2	8.6
Consumer Goods	102,844	80,677	78,276	66,147	27.5	3.1	55.5
Other Goods	11,994	12,088	11,972	10,421	-0.8	1.0	15.1

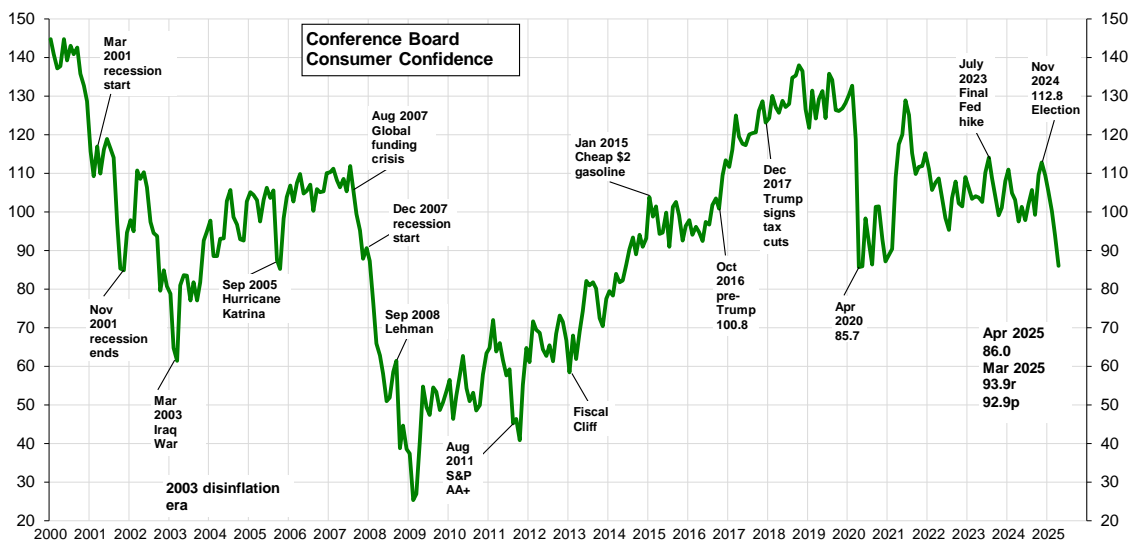
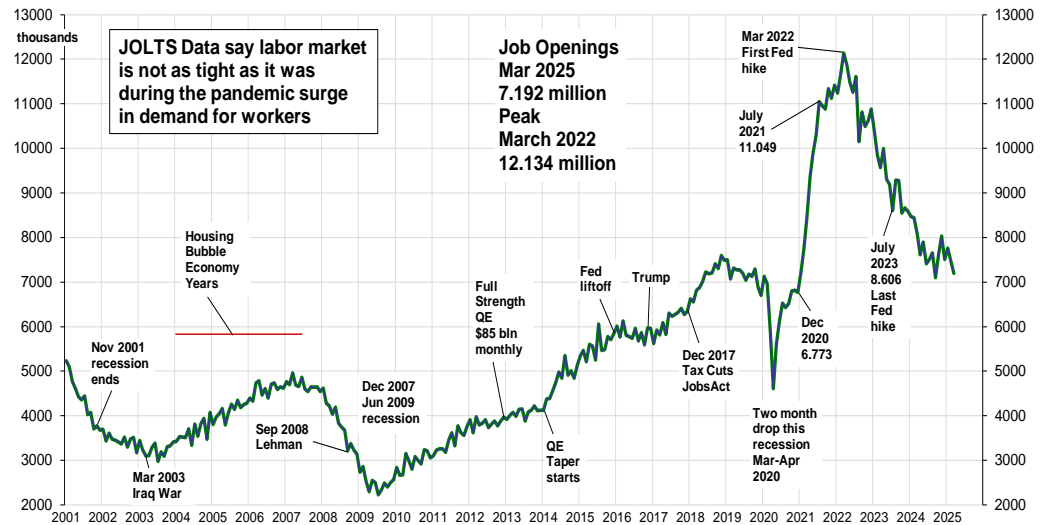
(1) Includes petroleum and petroleum products.

Consumers tremble; job openings lower (Tuesday 10am ET)

Breaking economy news. Consumer confidence index for April and the Jolts data for the end of March. March job openings at month-end fell 288K to 7.192 million. February was 7.568 million and revised down to 7.480 million. Federal government openings finally fell lower to 98 thousand in March from 134 thousand in February and 162 thousand in March 2024.

Meanwhile, consumer confidence continues to tumble. Vintage Wall Street economists from the 90s, probably Fed officials and staff too, would be forecasting recession, if faced with this set of confidence numbers. Confidence dropped 7.9 points to 86.0 in April, after falling 6.2 points to 93.9 in

March. Maybe recession starts news is just a day away with the first look at Q1 2025 real GDP, where the Atlanta Fed GDPNow forecast says -2.7%.



Net, net, consumers fear for their futures with confidence slipping back to the pessimistic lows last seen in the 2020 pandemic recession. Trump 2.0 officials have done a lousy job at selling their radical economic policies to erect trade barriers in order to bring factories back to the U.S. The public cannot stop thinking about tariffs and now they are likely to raise the cost of living at least in store bought goods even higher than that experienced during the Biden administration inflation outbreak. Consumer confidence is one economic indicator flashing the warning signs of an economic downturn, and while job openings fell modestly it's only a matter of time before companies in the face of tremendous uncertainty bring their hiring plans to a complete halt. The economy may be still growing in the first quarter, barely, but the second quarter outcome for GDP growth remains very much in doubt.

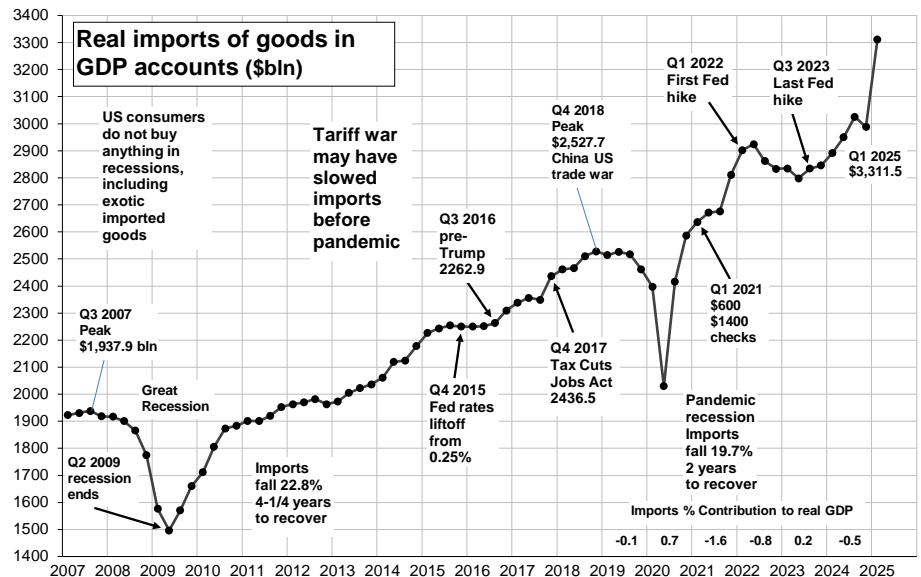
GDP growth vanishes (Wednesday 830am ET)

Breaking economy news. Real GDP growth went negative in the first quarter and the spending has import-tariff avoidance written all over it. Computer equipment used by businesses added 1.0 percentage point to growth. Imports brought in before the tariffs overall was a massive 5.0 percentage point drag. Consumer spending on motor vehicles was a 0.3 percentage point drag, but would have been sharply lower had it not been for the enormous jump in purchases in March. GDP weakness from the Federal government as well, we don't want to leave Doge out of these results, although it was the national defense spending that was a 0.3 percentage point drag on the -0.3% real GDP first quarter results. What can we say? Even the Q1 Eurozone GDP report was positive, announced earlier this morning.

	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25p
REAL GDP	3.2	1.6	3.0	3.1	2.4	-0.3
REAL CONSUMPTION	3.5	1.9	2.8	3.7	4.0	1.8
CONSUMPTION	2.3	1.3	1.9	2.5	2.7	1.2
Durables	0.2	-0.1	0.4	0.5	0.9	-0.3
Nondurables	0.5	-0.1	0.2	0.6	0.4	0.4
Services	1.6	1.6	1.3	1.3	1.4	1.1
INVESTMENT	0.2	0.6	1.5	0.2	-1.0	3.6
Business Plant & Equipment and Intellectual Property	0.2	0.2	0.0	-0.2	0.1	0.0
Homes	0.0	0.0	0.5	0.5	-0.5	1.1
Inventories	0.3	0.4	0.0	0.2	0.0	0.2
Homes	0.1	0.5	-0.1	-0.2	0.2	0.1
Inventories	-0.5	-0.5	1.1	-0.2	-0.8	2.3
EXPORTS	0.7	0.2	0.1	1.0	0.0	0.2
IMPORTS	-0.6	-0.8	-1.0	-1.4	0.3	-5.0
GOVERNMENT	0.6	0.3	0.5	0.9	0.5	-0.3
Federal defense	-0.1	-0.1	0.2	0.5	0.2	-0.3
Fed nondefense	0.0	0.1	0.0	0.1	0.1	0.0
State and local	0.6	0.3	0.3	0.3	0.3	0.1

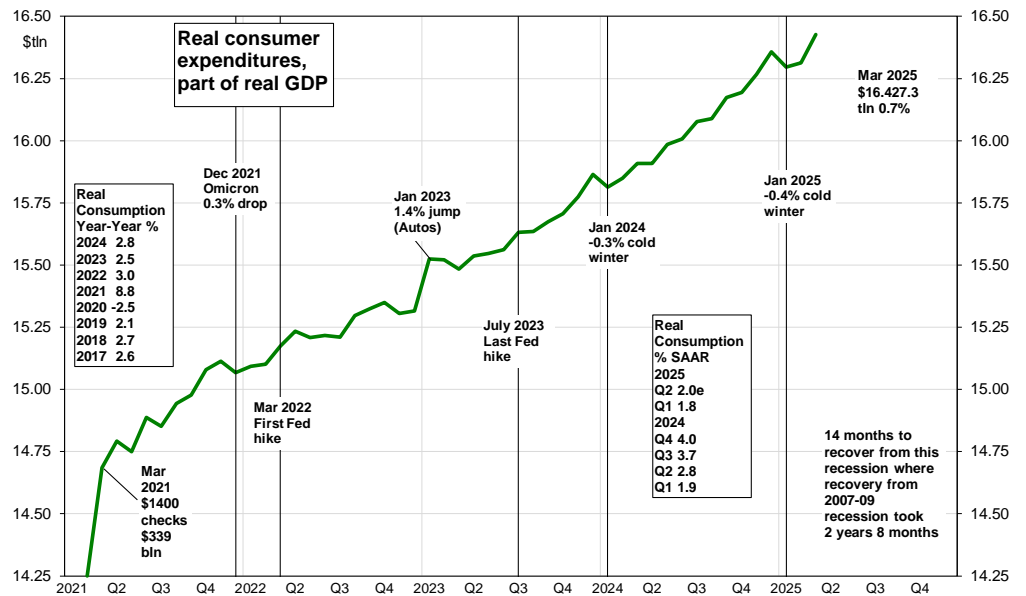
Below line: Percentage point contributions to Q1 2025 -0.3% real GDP
 Second estimate for Q1 is Thursday, May 29

Net, net, the GDP economy has simply cratered in the first quarter of the Trump administration's return to office. Night and day, black and white. 2.4% positive growth in Q4 2024 and now -0.3% in Q1 2025. Maybe some of this negativity is due to a rush to bring in imports before the tariffs go up, but there is simply no way for policy advisors to sugar-coat this. Growth has simply vanished. Consumer surveys of the public at large say the economy is headed for a recession and lo and behold, the first quarter GDP figures confirm it. Two negative quarters of real GDP and the economy is in recession. Batten down the hatches, as the Trump tariff folly is about to sink the U.S. economy's boat. Trump 2.0 cannot claim victory with the decline in bond yields either as the bond market is rallying only because they see recession and multiple Fed rate cuts ahead. Bet on it. Better move your cash out into higher yielding bonds before money market fund interest rates hit the skids leaving you with nothing to purchase those higher cost, tariffed, imported goods sitting on store shelves, that is if you can find them. No businessman is going to sell something if they cannot make a profit, and the result could be shortages of goods that millions of Americans rely on. Don't ask when the adjustment period for the looming tariff hit to the economy starts, it's here today, and it's only a matter of time before companies, seeing a reduction in sales and revenues, begin to scale back their hiring of workers. Stay tuned.



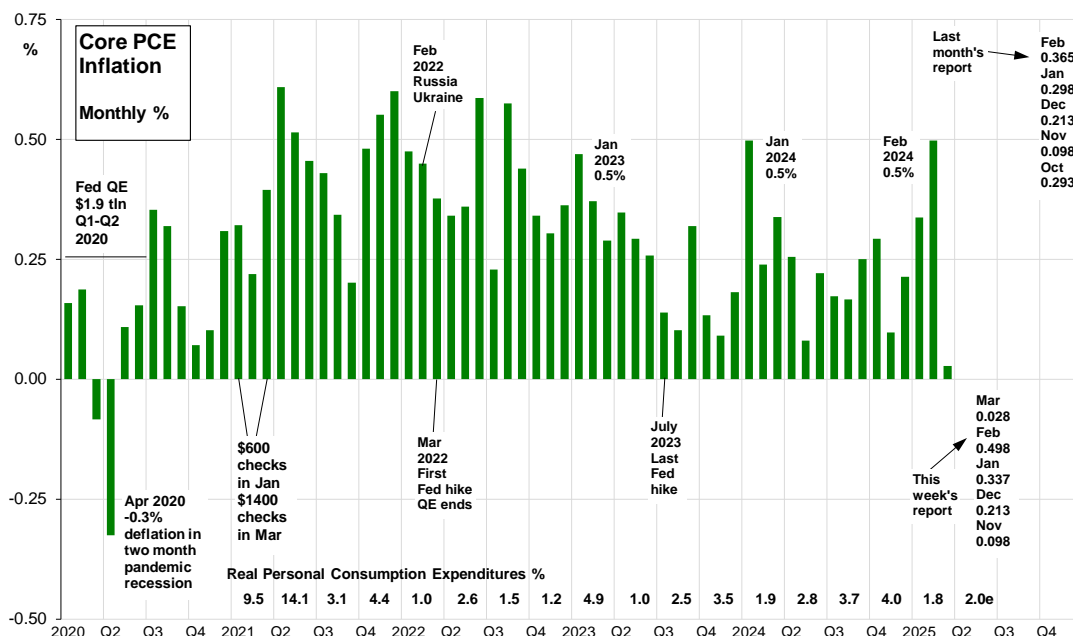
No GDP growth and now no core PCE inflation (Wednesday 10am ET)

Breaking economy news. An hour and a half later, the March personal income report contained some good news with zero core PCE inflation in March and as the Fed Chair said, core PCE inflation year-on-year fell back to 2.6% from an upwardly revised 3.0% in February (was 2.8%). Meanwhile, consumer spending was volatile in the first quarter, falling \$61



billion in January with the colder than seasonal winter temps, back up \$17 billion in February and then exploding \$114 billion higher in March thanks to the surge in auto sales to beat the import tariffs. Real consumer spending was modest at 1.8% in Q1 2025, but even that was due to the March jump in autos. Q2 2025 real consumer expenditures are up 2.0% with April, May, June data yet to come. The only caveat is car & light truck sales are unlikely to stay up at the March 17.8 million sky-high annual rate level for long.

So core inflation was revised up, and now the 0.5% we had been fearing in January to start the year again, has now suddenly appeared in February. It is nice that March core PCE inflation was flat, but February is 0.498 revised from 0.365. Stay tuned. Story developing. No goods based inflation from tariffs yet, but then this is March data and Liberation Day was not until April 2.

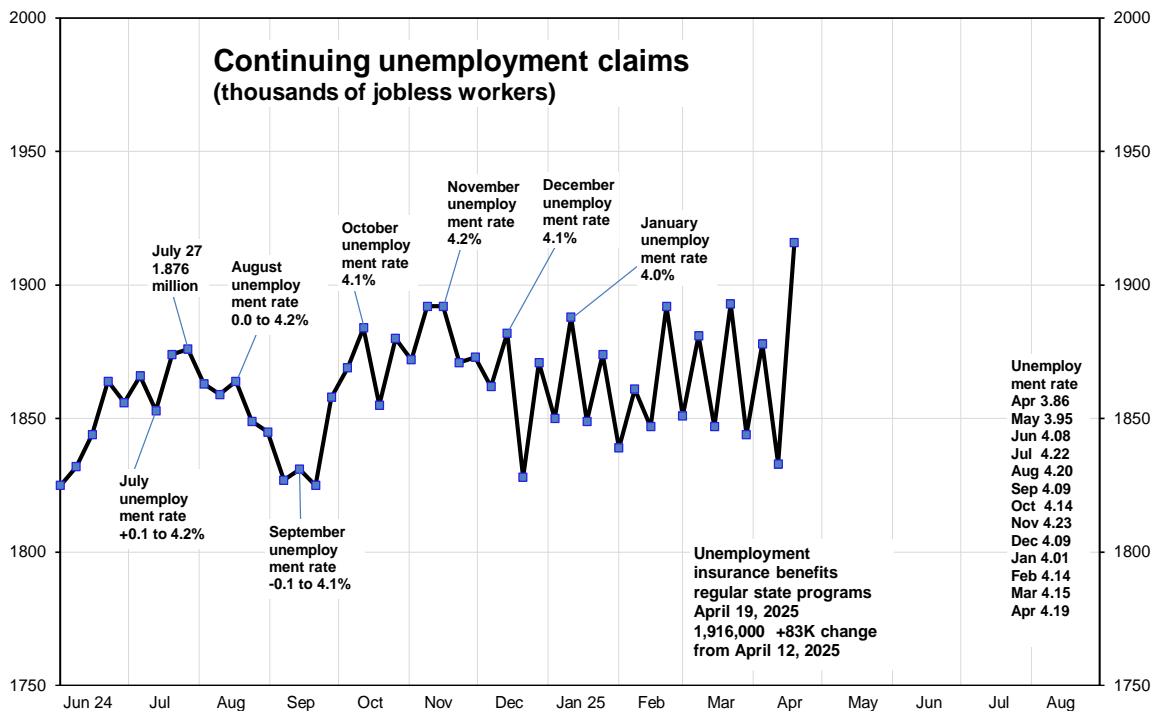
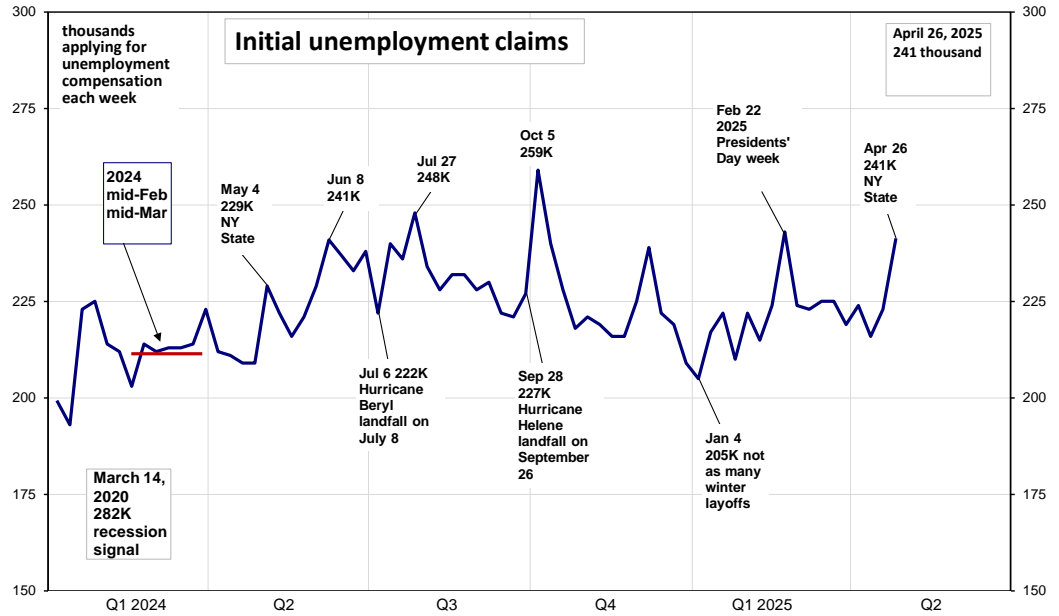


Unemployment rolls surge (Thursday 830am ET)

Breaking economy news. Continuing unemployment claims jumped to a new 2025 high of 1.916 million in the April 19 week. This is a week before the latest initial jobless claims increase of 18K to 241K for the April 26 week. Signs of economic weakness perhaps which would be understandable given the trade tariff uncertainty. However, not seasonally adjusted first-time claims increased 12,901 in the April 26 week where New York state accounted for 15,525. The same thing happened around this time of year in 2024 in the May 4, 2024 week.

Net, net, the labor markets are looking shaky with layoffs rising, and while part of it appears to be related to the difficulty of seasonally adjusting the data during school spring breaks and the Easter and Passover holidays, especially in New York state, it is troubling that the nation's unemployment rolls have shot to a new

2025 high reflecting the difficulties the jobless have in finding new work. The factories have not come back to the U.S. yet, and the latest weekly report of job layoffs may be a warning sign fired across the economy's bow. Trade uncertainty is definitely making businesses hold back on their hiring plans for the future.



Economy is not fool proof (Thursday 10am ET)

Breaking economy news. The ISM manufacturing index only fell to 0.3 to 48.7 in April, where an even weaker reading of 47.9 was "expected" and may have helped push bond yields higher. Production tumbled 4.3 points to 44.0 which does not sound very good. Same story. The index below 50 means

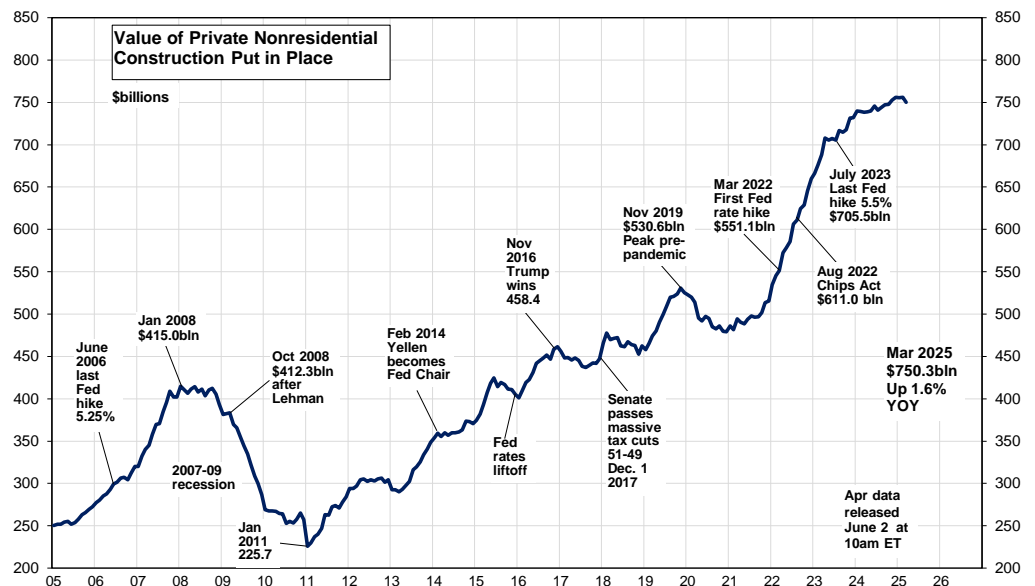


manufacturing is contracting (even if the Fed's industrial production index is moving higher), and the broader economy is in recession if the index is below 42.3 for more than a month, we guess. Most of the comments were about tariffs which are still to show up in the actual economic data. Construction spending fell in March, and the plans of some foreign companies to invest here in the U.S. are not in the March data of course yet where manufacturing construction fell 0.4% to \$232.9 billion at an annual rate and is 3.6% higher than a year ago. A lot of investment plans get scrapped historically.

Net, net, the Administration's economic policies of on-shoring are not receiving any applause from America's existing factories where the sentiment of purchasing managers is not just lukewarm, it is increasingly pessimistic. It is easy to see why as many inputs to factory production in the U.S. come from overseas markets, and those costs are going to

	Apr 25	Mar 25	Feb 25	Jan 25
PMI index	48.7	49.0	50.3	50.9
Prices	69.8	69.4	62.4	54.9
Production	44.0	48.3	50.7	52.5
New orders	47.2	45.2	48.6	55.1
Supplier deliveries	55.2	53.5	54.5	50.9
Employment	46.5	44.7	47.6	50.3
Export orders	43.1	49.6	51.4	52.4
Import orders	47.1	50.1	52.6	51.1

be jacked up considerably by import tariffs. No one is building new manufacturing plants either as manufacturing construction fell back by 0.4% in March in a separate report by the Commerce Department. Today's economic reports are all singing the slowdown blues in unison and it does not look like factories are coming back to America anytime soon. The economy is not foolproof. Bet on it.



Analyst Certification

The views expressed in this report accurately reflect the personal views of the research staff at FWDBONDS LLC, the primary analysts responsible for this report, about the subject securities or issuers referred to herein, and no part of such analysts' compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed herein.

The information herein is provided for information purposes only, and is not to be used or considered as an offer or the solicitation of an offer to sell or to buy or subscribe for securities or other financial instruments. Neither this nor any other communication prepared by FWDBONDS LLC should be construed as investment advice, a recommendation to enter into a particular transaction or pursue a particular strategy, or any statement as to the likelihood that a particular transaction or strategy will be effective in light of your business objectives or operations. Before entering into any particular transaction, you are advised to obtain such independent financial, legal, accounting and other advice as may be appropriate under the circumstances. In any event, any decision to enter into a transaction will be yours alone, not based on information prepared or provided by FWDBONDS LLC. FWDBONDS LLC hereby disclaims any responsibility to you concerning the characterization or identification of terms, conditions, and legal or accounting or other issues or risks that may arise in connection with any particular transaction or business strategy. While FWDBONDS LLC believes that any relevant factual statements herein and any assumptions on which information herein are based, are in each case accurate, FWDBONDS LLC makes no representation or warranty regarding such accuracy and shall not be responsible for any inaccuracy in such statements or assumptions. Note that FWDBONDS LLC may have issued, and may in the future issue, other reports that are inconsistent with or that reach conclusions different from the information set forth herein. Such other reports, if any, reflect the different assumptions, views and/or analytical methods of the analysts who prepared them, and FWDBONDS LLC is under no obligation to ensure that such other reports are brought to your attention.

Copyright 2025 FWDBONDS LLC All Rights Reserved

The articles and opinions in this publication are for general information only, are subject to change, and are not intended to provide specific investment, legal, tax or other advice or recommendations. The information contained herein reflects the thoughts and opinions of the noted authors only. We are not offering or soliciting any transaction based on this information. We suggest that you consult your attorney, accountant or tax or financial advisor with regard to your situation. Although information has been obtained from sources we believe to be reliable, neither the authors nor FWDBONDS LLC vouch for its accuracy, and such information may be incomplete or condensed. Neither the authors nor FWDBONDS LLC shall be liable for any typographical errors or incorrect data obtained from reliable sources or factual information.

Opinions, estimates, forecasts, and other views contained in this document are those of the FWDBONDS LLC research group, and does not necessarily represent the views of FWDBONDS LLC or its management. Although the Financial Markets This Week newsletter attempts to provide reliable, useful information, it does not guarantee that the information or other content in this document is accurate, current or suitable for any particular purpose. All content is subject to change without notice. All content is provided on an "as is" basis, with no warranties of any kind whatsoever. Information from this document may be used with proper attribution. Alteration of this document or its content is strictly prohibited. ©2025 by FWDBONDS LLC.

By the way, in the way of the usual disclaimers, this is a final legal reminder that there is no investment advice offered or given anywhere in this newsletter or on the fwdbonds.com website. These are just the things we would like to see before we save, invest, spend, and otherwise plan for the future, which of course is always uncertain.