

May 2025


Market Data

World Stock Market Indices
data as of 4/30/2025

	Change (3/31/2025)	%CHG
S&P 500		
5,569.06	(42.79)	(0.76%)
NASDAQ		
17,446.34	147.05	0.85%
DOW JONES		
40,669.36	(1,332.40)	(3.17%)
FTSE (UK)		
8,494.85	(87.96)	(1.02%)
DAX (Germany)		
22,496.98	333.49	1.50%
Hang Seng (Hong Kong)		
22,119.41	1,000.17	(4.33%)
Nikkei (Japan)		
36,045.38	427.82	1.20%

Source: Bloomberg. Please see descriptions of indices on Page 2.

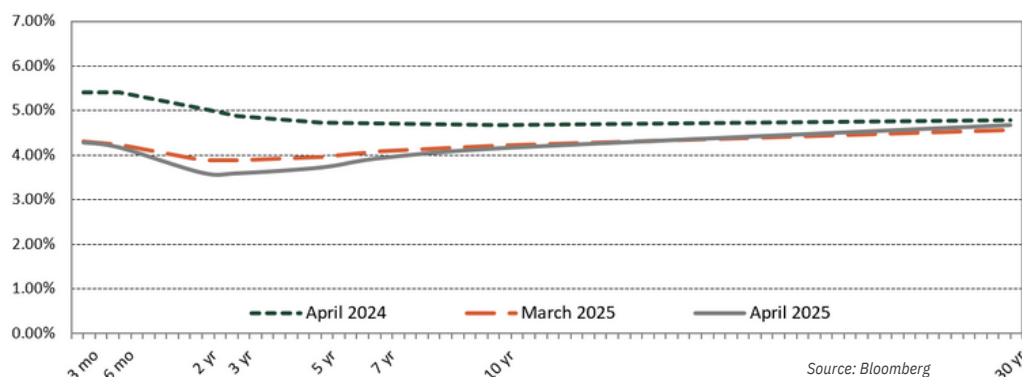
Market Summary

Recent data indicate the U.S. economy is proceeding through 2025 with slower momentum and increased uncertainty. Second quarter inflation pressures have eased, though core prices remain above target levels. The labor market shows signs of improved equilibrium, with strong hiring offset by increasingly higher jobless claims. As fiscal policies take effect, the Chandler team expects the Federal Reserve to begin a gradual normalization of monetary policy, which may coincide with a steepening the yield curve.

The Federal Reserve projected no immediate changes from the Federal Open Market Committee (FOMC) for the May meeting signaling that the Federal Funds Rate stays at the range of 4.25 - 4.50%. Fed Chair Powell continues to emphasize the Committee's "wait and see" approach amidst an uncertain macro environment where economic data continues to show resilience, while concerns over a tariff-led increase in unemployment and inflation remain elevated.

US Treasury yields declined, and the curve steepened in April. The 2-year Treasury yield declined 29 basis points to 3.60%, the 5-year Treasury fell 22 basis points to 3.73%, and the 10-year Treasury yield fell 5 basis points to 4.16%. The spread between the 2-year and 10-year Treasury yield points on the curve widened to +56 basis points at April month-end versus +32 basis points at March month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -36 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was -13 basis points in April, versus -9 basis points in March.

YIELD CURVE CONTINUED TO STEEPEN IN APRIL



In April, the U.S. Treasury yield curve steepened notably, reflecting uncertainty surrounding fiscal policy and shifting expectations for monetary policy. The curve widened from 41 basis points at the start of the month to 57 basis points by month-end, driven largely by rising long-term yields. The 20-year Treasury touched 5%, while the 30-year briefly topped 4.90%. Shorter-term yields remained anchored below 4%, with the 2-year and 3-year notes hovering around 3.92% and 3.98%, respectively. Despite the steepening trend, yields across the curve moved modestly lower later in the month amid easing inflation concerns and improving risk sentiment. Market participants dialed back expectations for aggressive rate cuts, with federal funds futures in April pricing in three to four quarter-point reductions in 2025. However, the Chandler team projects a more cautious trajectory for rate adjustments, as the Federal Reserve weighs lingering inflation pressures against signs of slowing growth.

TREASURY YIELDS	Trend (▲/▼)	4/30/25	3/31/25	Change
3-Month	▼	4.29	4.30	-0.01
2-Year	▼	3.61	3.89	-0.28
3-Year	▼	3.60	3.88	-0.28
5-Year	▼	3.73	3.95	-0.22
7-Year	▼	3.94	4.08	-0.14
10-Year	▼	4.16	4.21	-0.05
30-Year	▲	4.68	4.57	0.11

Source: Bloomberg

BOND MARKET REVIEW

Credit Spreads Were Wider in April

CREDIT SPREADS	Spread to Treasuries	One Month Ago	Change
3-month top rated commercial paper	0.10	0.03	0.07
2-year A corporate note	0.57	0.43	0.14
5-year A corporate note	0.75	0.66	0.09
5-year Agency note	0.06	0.07	(0.01)

Source: Bloomberg

Data as of 4/30/2025

Crude Oil Prices Decreased in April

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(140.50) \$B In MAR. 31	(123.20) \$B In FEB. 28	(68.55) \$B In MAR. 31
Gross Domestic Product	(0.30%) MAR. 31	2.40% DEC. 31	1.60% MAR. 31
Unemployment Rate	4.20% APR. 30	4.20% MAR. 31	3.90% APR. 30
Prime Rate	7.50% APR. 30	7.50% MAR. 31	8.50% APR. 30
Refinitiv/CoreCommodity CRB Index	288.77 APR. 30	309.30 MAR. 31	291.46 APR. 30
Oil (West Texas Int.)	\$58.21 APR. 30	\$71.48 MAR. 31	\$81.93 APR. 30
Consumer Price Index (y/o/y)	2.30% APR. 30	2.40% MAR. 31	3.40% APR. 30
Producer Price Index (y/o/y)	0.40% APR. 30	0.80% MAR. 31	1.90% APR. 30
Euro/Dollar	1.13 APR. 30	1.08 MAR. 31	1.07 APR. 30

Source: Bloomberg

Economic Roundup

Consumer Prices

In April, price increases measured by both the Consumer Price Index (CPI) and Core CPI, which excludes volatile food and energy components, came in lower than consensus expectations. The headline CPI increased 0.2% month-over-month and rose 2.3% year-over-year, while the Core CPI rose 0.2% month-over-month and 2.8% year-over-year. The Personal Consumption Expenditures (PCE) price index was unchanged from the previous month and rose 2.3% year-over-year in March. The Core PCE deflator, which excludes food and energy and is the Fed's preferred gauge, was also flat month-over-month and up 2.6% year-over-year, down from February's 3.0% year-over-year increase. Inflation remains above the Fed's 2% target.

Retail Sales

Advance Retail Sales edged up 0.1% month-over-month in April, slowing from a 1.7% gain in March. Consumers cut back spending on cars, sporting goods, and other imported goods. Control group sales, which feeds into gross domestic product, declined by 0.2% in April. On a year-over-year basis, Retail Sales grew 5.2% in April following a 5.2% increase in March. The Conference Board's Consumer Confidence Index declined for the fifth straight month in April to 86.0, down from 93.9 in March, driven primarily by weakening future expectations for income, business, and labor market conditions. While the consumer has been resilient, rising inflation expectations, concerns about trade policies and tariffs, and general economic and policy uncertainty could pose potential risks to future spending.

Labor Market

The U.S. economy added 177,000 jobs in April, exceeding consensus expectations, and the last two months were revised down by 58,000. Gains were led by education and health services. The three-month moving average and six-month moving average payrolls totaled 155,000 and 193,000 respectively. The unemployment rate was unchanged at 4.2% in April, and the labor participation rate edged up to 62.6%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons edged down to 7.8% in April from 7.9% in March. Average hourly earnings remained steady with a 3.8% year-over-year increase in April.

Housing Starts

Housing starts rose 1.6% in April to a seasonally adjusted annual rate of 1.361 million units. Single family starts fell 2.1%, while multi-family starts increased 10.7%. Total starts dropped 1.7% compared to April 2024. Falling consumer confidence, uncertainty around the cost of materials, and elevated mortgage rates continue to challenge homebuilding. The Freddie Mac 30-year fixed rate mortgage averaged approximately 6.7% in April. According to the Case-Shiller 20-City Home Price Index, housing prices rose 4.5% year-over-year in February, compared to 4.7% in January. Limited inventory, elevated mortgage rates, and lack of affordability continue to weigh on the housing market.

World Stock Market Index Descriptions
S&P 500—The S&P 500 is a market value-weighted index of 500 large-capitalization stocks. The 500 companies included in the index capture approximately 80% of available US market capitalization.
NASDAQ—The NASDAQ Composite Index is the market capitalization-weighted index of over 3,300 common stocks listed on the NASDAQ stock exchange.
Dow Jones—The Dow Jones Industrial Average is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ.
The Financial Times Stock Exchange Group (FTSE)—The FTSE is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization.
DAX—The Deutscher Aktienindex (DAX) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange.
Hang Seng—The Hang Seng Index is a freefloat-adjusted market-capitalization-weighted stock market index in Hong Kong.
It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of overall market performance in Hong Kong.
Nikkei—Japan's Nikkei 225 Stock Average is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.
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