



WEEK OF FEBRUARY 24, 2025

# Market Update

Home builder confidence fell notably in February, signaling headwinds for the housing industry. Soft economic data and weak guidance from Walmart led equities lower last week. Economic data releases this week will cover consumer confidence, durable goods, and personal income and spending.

## Quick Hits

- 1. Report releases:** Home builder confidence fell notably in February, signaling headwinds for the housing industry.
- 2. Financial market data:** Soft economic data and weak guidance from Walmart led equities lower.
- 3. Looking ahead:** Economic data releases this week will cover consumer confidence, durable goods, and personal income and spending.



## Report Releases: February 18–21, 2025

### National Association of Home Builders (NAHB) Housing Market Index:

February  
(Tuesday)

Home builder sentiment dropped sharply as high mortgage rates and concerns over tariffs affected home builder confidence.

- Expected/prior month sentiment: 47/46
- Actual sentiment: 42



### Housing Starts and Building Permits:

January  
(Wednesday)

Housing starts and building permits were mixed last month; starts fell and permits rose modestly.

- Expected/prior month housing starts monthly change: -7.3%/+16.1%
- Actual housing starts monthly change: -9.8%
- Expected/prior month building permits monthly change: -1.5%/-0.7%
- Actual building permits monthly change: +0.1%



### Federal Open Market Committee (FOMC) Meeting Minutes:

January  
(Wednesday)

Minutes from the Federal Reserve's (Fed's) January FOMC meeting showed that central bankers viewed the risks to inflation and the job market as roughly balanced, signaling a potentially lengthy pause before further rate adjustments.



### Existing Home Sales:

January  
(Friday)

Existing home sales fell more than expected to start the year, due in part to high mortgage rates.

- Expected/prior month existing home sales monthly change: -2.6%/+2.9%
- Actual existing home sales monthly change: -4.9%



## >> The Takeaway

- Housing data was notably weak, with home builder sentiment, housing starts, and existing home sales surprising to the downside.
- Softening housing data may be welcomed by the Fed as it tries to tamp down inflation. This was reflected in January's FOMC minutes, which signaled a potentially lengthy pause in rate cuts.

## Financial Market Data

### Equity

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	-1.63%	-0.35%	2.42%	22.32%
Nasdaq Composite	-2.49%	-0.47%	1.18%	26.21%
DJIA	-2.48%	-2.38%	2.29%	14.51%
MSCI EAFE	-0.11%	2.79%	8.21%	11.66%
MSCI Emerging Markets	2.00%	5.01%	6.91%	15.69%
Russell 2000	-3.69%	-3.96%	-1.45%	11.55%

Source: Bloomberg, as of February 21, 2025

Markets took a risk-off approach on the heels of disappointing economic data and hotter inflation. Soft economic data was seen in the NAHB Housing Market Index, which surprised to the downside, and softer-than-expected existing home sales. Additional concerns surfaced as Walmart issued softer-than-expected guidance for 2025, leading to ripples through the consumer discretionary and staples sectors.

### Fixed Income

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.16%	1.47%	5.02%
U.S. Treasury	1.08%	1.34%	4.15%
U.S. Mortgages	1.35%	1.67%	5.80%
Municipal Bond	0.94%	0.89%	2.58%

Source: Bloomberg, as of February 21, 2025

Treasury yields, particularly short-to-intermediate-term maturities, moved lower. The 2-year yield fell 7 basis points (bps), closing at 4.19 percent. The 5- and 10-year yields also fell 7 bps, closing at 4.26 percent and 4.42 percent, respectively. The bond market seemed to reflect risk-off sentiment and uncertainty around short-to-intermediate-term economic growth.

### >> The Takeaway

- Soft economic data and weak guidance from Walmart led equities lower.
- Short-to-intermediate-term bonds saw buying amid uncertainty around economic growth.



## Looking Ahead

Economic data releases this week will cover consumer confidence, durable goods, and personal income and spending.

- On Tuesday, we expect the **Conference Board Consumer Confidence Index** for February. Confidence is set to fall, which would mark three consecutive months with worsening sentiment.
- On Thursday, we anticipate the second release of **fourth-quarter GDP** and **preliminary durable goods orders** data for January. GDP is expected to remain at 2.3 percent. Headline and core durable goods orders are set to show solid growth.
- Finally, on Friday, **personal income and personal spending** data for January will be released. Both are expected to rise, albeit at a slower pace compared with December.







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companies and then dividing that total by an adjusted value, one which has been adjusted over the years to account for the effects of stock splits on the prices of the 30 companies. Dividends are reinvested to reflect the actual performance of the underlying securities. The MSCI EAFE Index is a float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a market capitalization-weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The Bloomberg US Aggregate Bond Index is an unmanaged market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The U.S. Treasury Index is based on the auctions of U.S. Treasury bills, or on the U.S. Treasury's daily yield curve. The Bloomberg US Mortgage Backed Securities (MBS) Index is an unmanaged market value-weighted index of 15- and 30-year fixed-rate securities backed by mortgage pools of the Government National Mortgage Association (GNMA), Federal National Mortgage Association (Fannie Mae), and the Federal Home Loan Mortgage Corporation (FHLMC), and balloon mortgages with fixed-rate coupons. The Bloomberg US Municipal Index includes investment-grade, tax-exempt, and fixed-rate bonds with long-term maturities (greater than 2 years) selected from issues larger than \$50 million. One basis point is equal to 1/100th of 1 percent, or 0.01 percent. One basis point (bp) is equal to 1/100th of 1 percent, or 0.01 percent.

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