

# Market Flash Report

February 2025

## Key Takeaways

- **Market News:** US equities sold off in February as policy uncertainty mounted and economic data came in mixed. Defensive sectors fared well but the Magnificent 7 stocks had their worst month since the end of 2022, selling off nearly 9%. Despite the noise, the S&P 500 ended February only 3% off its all-time high.
- **International Equities:** Uncertainty surrounding fiscal policy led to increased volatility for US equities which allowed Developed Non-US to outperform by the widest margin since 2022. Chinese equities, despite the threat of tariffs, surged double digits in February and are up nearly 40% over the last year.
- **Earnings Season:** The S&P 500 reported earnings growth of 17.8% YoY according to FactSet, which is the highest since Q4 2021 and up from 11.7% expected at the end of Q4. Revenue growth came in better than expected at 5.3% vs. 4.6% as well. However, estimates are moving lower for both top-line and bottom-line growth for both Q1 and calendar year 2025.
- **Mixed Economic Data:** Payrolls for January were below expectations but were still robust at 143k jobs added. Inflation, on the other hand, came in above expectations and Fed Chair Jay Powell told Congress that they still had more work to do and were in no rush to lower rates. Possibly the largest shift during the month was negative sentiment especially as it relates to inflation and the possible effects of tariffs. Poor sentiment could lead consumers to become more conservative in their spending, especially if markets continue to sell off.

## Index Performance (as of 2/28/2025)

ARIZONA
CALIFORNIA
COLORADO
D.C. METRO AREA
FLORIDA
GEORGIA
MASSACHUSETTS
NEW JERSEY
NEW YORK
PHILADELPHIA METRO AREA
RHODE ISLAND
TEXAS
WASHINGTON
WYOMING
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Equity	February	3-Month	1-Year
U.S. Large Cap	-1.3%	1.4%	18.4%
U.S. Small Cap	-5.3%	-2.9%	6.7%
Developed Non-U.S.	2.0%	7.3%	9.3%
Emerging Markets	0.5%	2.3%	10.6%
<b>Real Assets</b>			
Real Estate	4.2%	5.2%	13.8%
Infrastructure	2.0%	2.8%	15.5%
<b>Fixed Income</b>			
<u>Core Plus</u>			
U.S. High Yield Debt	0.7%	2.0%	10.1%
Emerging Market Debt	1.6%	2.7%	9.7%
<u>Core Bonds</u>			
U.S. Aggregate Bonds	2.2%	2.7%	5.8%
U.S. Treasuries	2.2%	2.7%	4.9%
U.S. Municipal Bonds	0.9%	1.6%	2.8%
<b>Month-End Values/Yield</b>			
CBOE Volatility Index	19.6	16.4	13.4
10-Year Treasury Yield	4.2%	4.5%	4.3%

## Disclosures

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