

THE DAY AHEAD

MARKET RECAP at 4 pm ET

Stocks ended sharply down as investors remained cautious ahead of the Federal Reserve's monetary policy decision. **Treasury yields** fell on strong demand for 20-year bond auction. The **dollar** weakened further, while **gold** hit a new record high. **Oil** prices eased as Ukraine peace talks offset Mideast instability worries.

STOCKS	Close	Chng	% Chng	Yr-high	Yr-low
DJIA	41,581.31	-260.32	-0.62	45,054.36	40,661.77
Nasdaq	17,504.12	-304.55	-1.71	20,118.61	17,238.24
S&P 500	5,614.66	-60.46	-1.07	6,147.43	5,504.65
Toronto	24,706.07	-79.04	-0.32	25,875.61	21,466.60
FTSE	8,705.23	24.94	0.29	8,908.82	8,160.60
Eurofirst	2,205.12	12.49	0.57	2,255.80	2,008.73
Nikkei	37,845.42	448.90	1.20	40,288.80	35,987.13
Hang Seng	24,740.57	595.00	2.46	24,669.62	18,671.49

TREASURIES	Yield	Price
10-year	4.2850	6 /32
2-year	4.0419	1 /32
5-year	4.0735	3 /32
30-year	4.5862	7 /32

FOREX	Last	% Chng
Euro/Dollar	1.0947	0.24
Dollar/Yen	149.32	0.07
Sterling/Dollar	1.3002	0.08
Dollar/CAD	1.4293	0.03
USD/CNH (Offshore)	7.2275	0.03

COMMODITIES (\$)	Price	Chng	% Chng
Front Month Crude /barrel	66.86	-0.72	-1.07
Spot gold (NY/oz)	3034.51	33.04	1.10
Copper U.S. (front month/lb)	4.98	0.0475	0.96
CRB Index Total Return	368.98	-0.66	-0.18

S&P 500	Price	\$ Chng	% Chng
GAINERS			
Viatis Inc	9.51	0.26	2.76
Mosaic Co	27.20	0.67	2.53
Capital One Financial Corp	168.94	3.68	2.23
LOSERS			
Super Micro Computer Inc	37.99	-3.95	-9.42
Royal Caribbean Cruises Ltd	203.44	-15.97	-7.28
First Solar Inc	127.30	-5.73	-4.31

Coming Up



REUTERS/Joshua Roberts

As the **Federal Reserve's** two-day interest-rate-setting meeting concludes, the central bank is widely expected to keep **interest rates** unchanged. However, analysts believe that the Fed may slow or pause bond holdings under quantitative tightening.

Boeing CFO Brian West is expected to speak at BofA conference. Investors will watch out for comments on 737 and 787 production, supply chain stability, tariffs, defense fixed-price programs and divestments.

General Mills is expected to report a decline in third-quarter revenue, hurt by fallen demand for its snacks and cereals. Investors will look for comments on consumer spending and the retail landscape, pricing strategies and forecast updates.

Williams-Sonoma is expected to post a rise in fourth-quarter revenue, helped by demand for its high-end home decor products. Investors will look out for annual forecast as well as comments on furniture demand and tariffs.

From Latin America, **Brazil's central bank** will announce the country's **Selic interest rate** following the monetary policy meeting. The interest rate will likely be hiked by 100 bps to 14.25%. Separately, **Argentina** will report its fourth-quarter and 2024 **GDP** numbers along with its **trade balance** figures for February. The country's economy in the October to November period likely grew 1.70%, after recording six straight contractions in the previous quarters. The government's statistics office is expected to post a trade surplus of \$662 million for the month of February.



Reuters/Ueslei Marcelino

KEY ECONOMIC EVENTS

Events	ET	Poll	Prior
Fed funds target rate for March	1400	4.25%-4.5%	4.25%-4.5%
Fed Interest on excess reserves for March	1400	--	4.40%

Market Monitor

Stocks fell to snap a two-session streak of gains, as investors exercised caution ahead of a monetary policy decision from the Federal Reserve, while gauging the potential impact of President Donald Trump's tariff policies. "There's just great uncertainty here about the tariffs, how extensive they are going to be, how that's going to economically impact us, how much the Fed might ease eventually and the economy in general," said Tim Ghriskey, senior portfolio strategist at Ingalls & Snyder in New York. "There is a lot of confusion out there, and when there's confusion, when there isn't a real opportunity for stocks to go up and for companies to expand and make more money, there's fear." **Alphabet** shares ended 2.20% lower. **Nvidia** fell 3.43%. The **S&P 500** lost 1.07% to end at 5,614.66 points, while the **Nasdaq Composite** dropped 1.71% to 17,504.12. The **Dow Jones Industrial Average** fell 0.62% to 41,581.31.

Treasury yields fell as traders bet that Federal Reserve Chair Jerome Powell will adopt a relatively dovish tone when he speaks at the conclusion of the U.S. central bank's two day meeting on Wednesday. Strong demand for an auction of 20-year bonds helped send yields to session lows while falling stocks also reignited safe haven demand for U.S. government debt. The Treasury Department sold \$13 billion in **20-year bonds** at a high yield of 4.632%. Bid-to-cover ratio was 2.78. Meanwhile, **benchmark 10-year notes** rose 6/32 to yield 4.2850%. **Two-year notes** gained 1/32, yielding 4.0397%. **30-year bonds** were up 7/32, yielding 4.5862%.

The **dollar** eased against the **euro** as Germany's parliament approved plans for a massive spending surge and as the Federal Reserve kicked off its March policy meeting that could offer clues to the path of U.S. interest rates. The euro also found support earlier in



A trader works on the floor at the New York Stock Exchange (NYSE) in New York City, February 24. REUTERS/Brendan McDermid

the session after data showed German investor morale improved more than expected in March. The **euro** was 0.25% higher at \$1.0948, after hitting \$1.0954 earlier in the session, its highest since October 10. Meanwhile, the greenback rose against the **Japanese yen** to trade 0.07% higher at 149.32 yen, ahead of Wednesday's policy decision by the Bank of Japan. The **dollar index** fell 0.13% to 103.23.

Oil prices eased as U.S. President Donald Trump and Russian President Vladimir Putin discussed moves to end the three-year-old war in Ukraine, which could result in a possible easing of sanctions on Russian fuel exports. Putin agreed to Trump's proposal that Russia and Ukraine cease attacking each other's energy infrastructure for 30 days. **Brent futures** fell 0.77% to \$70.52 a barrel, while **U.S. West Texas Intermediate crude futures** lost 1.07% to \$66.86 per barrel. Even if the U.S. and Russia work out a

ceasefire in Ukraine, some analysts said it will likely take a long while before Russian energy exports increase in a significant way.

Gold prices rose over 1% to hit a fresh record high, anchored above the \$3,000/oz mark, as rising Middle East tensions and trade uncertainties due to U.S. President Donald Trump's tariff plans fueled demand for the safe-haven asset. **Spot gold** hit a peak of \$3,038.26 per ounce and was last up 1.11% at \$3,034.75 an ounce. **U.S. gold futures** rose 1.22% higher at \$3,042.90 per ounce. Bullion, which had a stellar run last year, has maintained its momentum this year as well, gaining over 15% year-to-date and hitting record highs 14 times. "The escalation in the Middle East tensions – as Israel launched military strikes on Hamas targets in Gaza, which threatens to undermine the ceasefire – has injected a new bid into gold," said Nicky Shiels, head of metals strategy at MKS PAMP SA.

Top News

Nvidia CEO Huang says chipmaker well positioned for shift in AI

Nvidia CEO Jensen Huang said the company was well placed to navigate a shift in the artificial intelligence industry, in which businesses are moving from training AI models to getting detailed answers from them. Huang, speaking at the company's annual software developer conference in San Jose, California, defended the company's lead in selling costly AI chips to customers, which has recently been questioned by investors after China's DeepSeek made a competitive chatbot with allegedly fewer AI chips. "The amount of computation we need as a result of agentic AI, as a result of reasoning, is easily 100 times more than we thought we needed this time last year," he said, referring to autonomous AI agents that require little human intervention for routine tasks. Huang announced new chips, including its next GPU chip Blackwell Ultra, which will be available in the second half of this year. Separately, General Motors will use artificial intelligence chips and software from Nvidia to develop autonomous vehicle technology for its vehicles and improve workflow at its factories, the companies said. To read more, [click here](#)

Alphabet to buy Wiz for \$32 billion in its biggest deal to boost cloud security

Alphabet will buy fast-growing startup Wiz for about \$32 billion in its biggest deal ever, the Google parent said, as it doubles down on cybersecurity to sharpen its edge in the cloud-computing race against Amazon.com and Microsoft. The blockbuster deal will make Wiz part of Google's cloud unit and strengthen the company's efforts in cybersecurity solutions that companies use to remove critical risks. Its high price and unusually big breakup fee suggest Alphabet is comfortable that the buy will pass muster with the White House, even as the Trump administration has inserted itself into



Nvidia CEO Jensen Huang gives a keynote address at CES 2025, an annual consumer electronics trade show, in Las Vegas, Nevada, January 6. REUTERS/Steve Marcus

major deals and promised heavy scrutiny of Big Tech. To nail down the acquisition, Alphabet had to agree to a heavier price than last year's \$23 billion bid for Wiz, which the Israeli startup had rejected. It was valued at \$12 billion in a private funding round last May, with more than \$500 million in annual recurring revenue as of mid-2024.

Nasdaq to open new Texas headquarters as companies relocate to state

Nasdaq said it would open a regional headquarters in Texas, deepening its presence in a state that is fast emerging as a major financial hub rivaling New York. Elon Musk-led Tesla and SpaceX, as well as tech giants Oracle and Hewlett Packard Enterprise, have all moved to the Lone Star State in recent years, attracted by a favorable tax climate, lower costs of living and reduced energy costs. For Nasdaq, the move could also help it better compete with the New York

Stock Exchange — which last month committed to launching an exchange in the state — and the Texas Stock Exchange, a venture backed by BlackRock and Citadel Securities, which is gearing up for a launch early next year. Nasdaq did not specify its hiring plans for the new headquarters in Dallas. However, it pledged additional investments to support its "broad range of clients in the region."

Apple loses German antitrust fight, faces greater scrutiny

Apple lost its challenge at Germany's top civil court against its classification as a significant market power, a label which gives antitrust regulators more scope and flexibility to scrutinise its business practices. Judges at the Federal Court of Justice backed the German cartel office's 2023 designation of Apple as a "company of paramount cross-market significance for competition". With that, Apple joins Google parent Alphabet and Facebook owner Meta on Germany's growing list

of tech giants subject to possible measures curbing their dominance. Apple said it faced tough competition in Germany and that it disagreed with the court's decision. "It neglects the value of a business model that places the privacy and security of users at its centre," a spokesperson for the company said in an emailed statement to Reuters.

Meta vows to curtail false content, deepfakes ahead of Australia election

Facebook and Instagram-owner Meta Platforms said its independent fact-checking program in Australia would help detect and remove false content and deepfakes, as it aims to curb misinformation ahead of a national election due by May. In a blog post, the social media company said any content that could lead to imminent violence and physical harm, and interfere with voting would be removed, while the distribution of misleading content through its platforms would be curtailed. News agencies Agence France-Presse and the Australian Associated Press will review the content for Meta, Cheryl Seeto, Meta's Head of Policy in Australia, said. Meta said any deepfake content that violates its policies would be removed, or rated "altered" and then ranked down in its feed to limit its distribution. Users will also be prompted to disclose when they post or share AI-generated content.

Sarepta says teen died after its gene therapy treatment

Sarepta Therapeutics said that a 16-year-old boy died from acute liver failure months after receiving the company's U.S.-approved gene therapy for a rare muscular dystrophy. The patient underwent treatment in December with Sarepta's therapy, called Elevidys, the company told Reuters in an emailed statement. Elevidys is the only FDA-approved gene therapy for Duchenne muscular dystrophy (DMD) patients aged four and above. Liver damage is a known risk with Elevidys and other gene therapies that use adeno-associated

viral vectors to infuse modified genes. This was the first death reported in a patient who was treated with Sarepta's Elevidys, though fatalities are not new to gene therapies. Separately, the U.S. Food and Drug Administration classified the recall of Medtronic's embolization device as "most serious", following reports of the deaths of four patients. To read more, [click here](#)

Automakers, tech industry urge Trump to speed self-driving car deployment

Major automakers and tech groups called on the Trump administration to take steps to speed deployment of self-driving cars, citing a number of regulatory hurdles. The Alliance For Automotive Innovation, a group representing nearly all major automakers, in a letter seen by Reuters called on Transportation Secretary Sean Duffy to quickly implement a national performance-based framework and assert the National Highway Traffic Safety Administration's role as sole regulator of self-driving vehicle hardware, software and operation. The Consumer Technology Association, Autonomous Vehicle Industry Association and other groups also signed the letter. The groups want the U.S. Transportation Department to not require human drivers to operate self-driving commercial motor vehicles and allow self-driving trucks to use cab-mounted warning beacons instead of devices requiring drivers to physically deploy them.

Ukraine's top telco valued at over \$2 billion as it goes ahead with US IPO

Ukraine's leading mobile operator Kyivstar is moving ahead with its planned U.S. listing, its parent VEON said, even as President Donald Trump's chaotic trade policy knocks confidence on Wall Street. Kyivstar has been assigned a pro-forma valuation of \$2.21 billion ahead of the initial public offering (IPO) in New York, VEON said in a statement. VEON owns leading telecoms and fintech brands in six countries including Pakistan and Ukraine, with the latter being its second

biggest market accounting for a third of its core profit. The decision to move forward with the listing stands out as a test for Ukraine and its economy amid growing fears of a U.S. pullback from the war-torn country.

Pfizer to sell entire Haleon stake

Pfizer will sell its remaining stake in British consumer healthcare group Haleon, the companies said. Pfizer will sell about 662 million ordinary shares, or 7.3%, of Haleon, created in a merger of GSK and Pfizer's consumer healthcare businesses in 2019, and spun off in 2022. Under the deal, the Sensodyne maker has agreed to buy back shares worth \$220 million from Pfizer, currently its largest shareholder. Following Pfizer's disposal, BlackRock Investment Management (UK) Ltd, a unit of BlackRock, will become Haleon's largest shareholder with over a 5% stake, according to data compiled by LSEG. Separately, Walgreens Boots Alliance's executive chair Stefano Pessina will almost double his stake in the U.S. pharmacy group to about 30% as part of its \$10 billion takeover by private equity group Sycamore, the Financial Times reported. To read more, [click here](#)

Costco is pressuring suppliers in mainland China to cut prices, FT reports

Costco Wholesale is pressuring mainland China suppliers to cut prices in response to U.S. tariffs, The Financial Times reported, citing two suppliers. This follows Beijing officials meeting with Walmart earlier this month to discuss media reports that the U.S. retailer asked Chinese suppliers to slash prices to offset tariff impacts. Costco's Chief Executive Officer Ron Vachris had said that the company would consider modifying its international supply chain if tariffs result in significant price increases, during their quarterly earnings call earlier this month. According to Vachris, about one-third of Costco's U.S. sales come from products imported from other countries, with less than half of that originating from China, Mexico, and Canada.



U.S. President Donald Trump stands at the presidential box at the Kennedy Center, in Washington, D.C., March 17. REUTERS/Carlos Barria

Insight and Analysis

BREAKINGVIEWS-Stingy Uncle Sam subverts both suppliers and state

Uncle Sam's abiding ambivalence about having close ties with corporate America is getting some fresh, albeit unwelcome, clarity. Calling U.S. manufacturing capacity the "arsenal of democracy" in 1940, President Franklin Roosevelt underscored the value of long-term investment for geostrategic supremacy, while two decades later Dwight Eisenhower bid farewell to the White House by coining the phrase "military-industrial complex" to bemoan the risks of putting public trust in private hands. The supposedly business-friendly Donald Trump and his billionaire sidekick Elon Musk are taking a chainsaw to it all.

FOCUS-Big pharma fears best-selling drugs in crosshairs of US-EU tariff spat

Drugmakers are urging the Trump administration and European Union officials to exclude medical goods from expanding tariff wars, hoping to avert price spikes on top-selling medicines made in Europe from Novo Nordisk's Wegovy for weight loss to Merck's cancer immunotherapy Keytruda. In conversations with U.S. officials, the pharma industry argued that tariffs on the EU would increase drug costs and create access barriers for patients, endangering priorities outlined in President Donald Trump's health-related executive orders on drug pricing and increasing life expectancy of Americans, according to more than a half dozen industry sources with direct knowledge of the discussions.

Fintechs and crypto companies seek bank charters for growth

Financial technology firms and crypto companies are seeking to become state or national banks in a bid to expand their business under the Trump administration that they view as more industry-friendly, according to more than half a dozen industry executives. Firms that had been seeking to expand and gain credibility with customers see an opportunity under U.S. President Donald Trump to get licenses that regulators were previously slow or reluctant to approve. Discussions and preparations for bank charters have increased significantly, according to two sources who are working on potential applications. It has yet to be seen how many firms will follow through, they said.

CANADA

Market Monitor

Canada's main stock index ended lower as investors awaited the U.S. Federal Reserve's outlook on interest rate and economic growth amid the trade war.

The Toronto Stock Exchange's **S&P/TSX composite index** ended 0.32%

down at 24,706.07 points, after two straight sessions of gain.

Meanwhile, **energy shares** finished 0.39% up at 264.21.

The **U.S. dollar** was up 0.03% against the **Canadian dollar** at C\$1.4292.

TSE's S&P/TSX composite	Price	C\$ Chng	% Chng
GAINERS			
Aya Gold & Silver Inc	13.60	1.22	9.85
TerraVest Industries Inc	137.16	6.12	4.67
Tilray Brands Inc	0.96	0.04	4.35
LOSERS			
Celestica Inc	125.17	-5.91	-4.51
RioCan Real Estate Investment	17.88	-0.67	-3.61
Definity Financial Corp	59.25	-2.01	-3.28

Top News

Canada's inflation jumps to eight-month high as sales tax break ends

Canada's annual inflation rate showed a surprise jump to 2.6% in February, surpassing expectations as a sales tax break that ended in the middle of last month pushed prices higher amid an already broad-based increase, data showed. Higher-than-expected inflation highlights the difficult position Canada's economy is in as U.S. tariffs take effect. The central bank had cut interest rates last week amid economic uncertainty. This is the first time in seven months that the rate of increase of consumer prices has crossed the 2% mark, the mid-point of the Bank of Canada's target range of 1% to 3%. In January, inflation was at 1.9%. The February inflation figure was the highest in eight months, Statistics Canada said. On a month-on-month basis, prices rose by 1.1% in February from 0.1% the prior month, Statscan said. Analysts polled by Reuters had forecast the yearly inflation at 2.2% and 0.6% on a monthly basis in February.]

US says ready to confer with China. Canada on WTO disputes

The U.S. mission told China and Canada it was ready to confer with its officials in Geneva after those two countries filed trade disputes in response to new tariffs, World Trade



People pay for their items at a grocery store in Toronto, Ontario, November 22, 2022. REUTERS/Carlos Osorio

Organization documents showed. Canada requested consultations - the first step in a WTO trade dispute - earlier this month in response to "unjustified tariffs" imposed by U.S. President Donald Trump earlier this month. China launched a dispute after Trump tariffs on Chinese goods in February. Both countries have since introduced retaliatory tariffs in moves that Washington raised in the WTO

documents circulated. "It is specious for China to invoke dispute settlement for an alleged breach of WTO rules while China itself apparently chooses to breach WTO rules by unilaterally determining that a breach has occurred," the U.S. statement said. It produced an identical statement on Canada. Without the tax break, inflation in February would have been 3%, it said.

WEALTH NEWS

FED'S PROJECTIONS

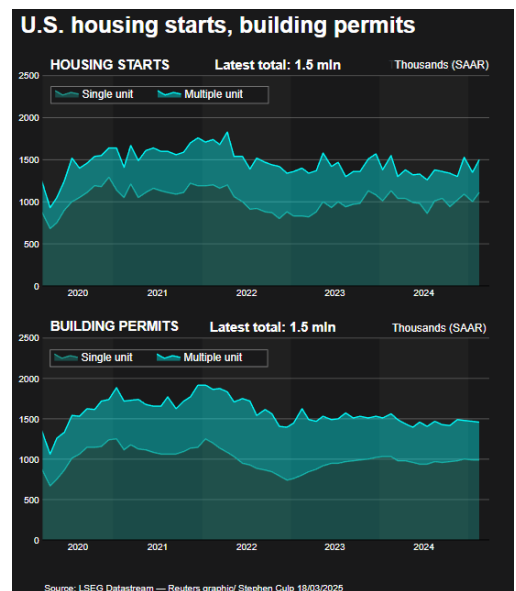
Tighter credit, slower spending by better-off households may further cloud Fed outlook

Tumbling stock markets and signs of tightening credit may make the Federal Reserve's job even more difficult this week as U.S. central bank policymakers try to weigh whether consumer spending will suffer as households take stock of the potential blow to their net worth and greater difficulty in obtaining loans.

STATE OF THE ECONOMY

US homebuilding, manufacturing surge; tariffs cast pall over recovery

U.S. single-family homebuilding rebounded sharply in February amid a thaw in winter weather while production at factories surged, but rising prices for raw materials because of tariffs threaten the nascent housing market and manufacturing recovery. Single-family housing starts, which account for the bulk of homebuilding, surged 11.4% to a seasonally adjusted annual rate of 1.108 million units last month, the Commerce Department's Census Bureau said. Starts fell 2.3% on a year-over-year basis in February. Starts for housing projects with five units or more increased 12.1% to a rate of 370,000 units. Overall housing starts jumped 11.2% to a rate of 1.501 million units, more than reversing January's decline. Permits for future construction of single-family housing fell 0.2% to a rate of 992,000 units in February. Multi-family building permits fell 4.3% to a rate of 404,000 units. That contributed to lowering overall building permits by 1.2% to a pace of 1.456 million units last month. A separate report from the Labor Department's Bureau of Labor Statistics showed import prices increased 0.4% in February, matching January's gain and confounding economists' expectations for a 0.1% decline. Another report from the Fed showed factory output jumped 0.9% in February amid an acceleration in motor vehicle production.



FED'S BALANCE SHEET

Fed watchers see good chance of change in balance sheet drawdown

Wall Street's ever-shifting outlook on the reduction of the Federal Reserve's balance sheet is once again in flux, with a number of banks and researchers now seeing a good chance the central bank may slow further or pause the effort at this week's policy meeting.

BOND INVESTMENTS

Bond investors brace for US slowdown, shed risk as Fed seen on hold

Bond investors are bracing for a U.S. economic downturn, as they pare back risky exposures, while many are extending duration in their fixed-income portfolios, taking in to account a Federal Reserve that is in no rush to resume cutting interest rates.

BESSENT ON TARIFFS

Countries can avoid Trump's April tariffs by cutting trade barriers, Bessent says

The Trump administration on April 2 will give trading partner countries a proposed U.S. tariff rate based on their own rates, non-tariff trade barriers and other factors -- along with an opportunity to negotiate to avoid a "tariff wall," U.S. Treasury Secretary Scott Bessent said.

ESG LAWSUIT

Top fund managers ask US court to dismiss climate-related antitrust lawsuit

BlackRock, Vanguard and State Street have asked a federal court in Texas to dismiss a state lawsuit accusing the top fund managers of conspiring through climate activism to discourage coal output, with the firms saying the allegations rest on "half-baked and untested" legal theories.

ENERGY DEAL

Partners Group to buy California energy assets for \$2.2 billion

Swiss private equity firm Partners Group will buy an energy asset management platform and certain gas-fired power plants in California from U.S.-based Avenue Capital Group for \$2.2 billion, the companies said.

KEY RESULTS

Company Name*	Quarter	ET	Smart Estimates	EPS Estimates**	Year Ago	Rev Estimates (mln)
General Mills	Q3	BMO	\$0.96	\$0.96	\$1.17	\$4,961.33

**Includes companies on S&P 500 index. **Estimates may be updated or revised; release times based on company guidance or past practice.*

All analysts' estimates are according to LSEG IBES data.

The Day Ahead - North America is compiled by Nachiket Tekawade and Ananya Roy in Bengaluru.

For questions or comments about this report, email us at: TheDay.Ahead@thomsonreuters.com.

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