

Market Pulse 12 Brief

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Full Report: <https://financialmarketmonitor.github.io/market-pulses/mp12/market-pulse-12.html>

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Over the past three weeks, US markets navigated a volatile backdrop marked by tariff developments, rate cuts abroad, and mixed domestic economic signals, with the S&P 500 down 7.87%, Nasdaq 11.13%, Dow 6.72%, and Russell 2000 10.29% month-to-date, while gold briefly surpassed \$3,000. Domestically, data reflected a slowdown in consumer spending, with January retail sales declining, real consumer spending down 0.5% MoM, and the University of Michigan consumer sentiment index falling to 57.9, although employment growth remained steady, nonfarm payrolls rose 151,000 in February, and ISM manufacturing and services PMIs indicated continued, if uneven, expansion. Inflation trends were mixed: headline PCE rose 2.5% YoY, core PCE 2.6% YoY, while CPI showed a modest 0.2% MoM increase, suggesting a gradual cooling alongside persistent wage growth. Fiscal and policy uncertainty, particularly regarding trade tariffs and potential government shutdowns, weighed on sentiment, with the Treasury curve inversion signaling tighter credit conditions. Abroad, Europe saw modest growth: the ECB cut rates to 2.5% amid slowing activity and rising geopolitical tensions, Germany implemented infrastructure spending initiatives, and the UK experienced a minor contraction and net mortgage lending gains. In Asia, Japan reported rising wages and CPI moderation, while China focused on stimulus and consumption post-Two Sessions, though factory deflation persisted. Earnings were robust, with Zoom, Nvidia, and Home Depot beating expectations, while early 2025 forecasts moderated. M&A activity in energy and technology, including Archrock's \$357M acquisition of NGCS, highlighted sector consolidation, and overall, markets reflected the interplay of fiscal uncertainty, global policy shifts, and strategic investment in AI and technology.