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MAIN MANAGEMENT MARKET NOTE:

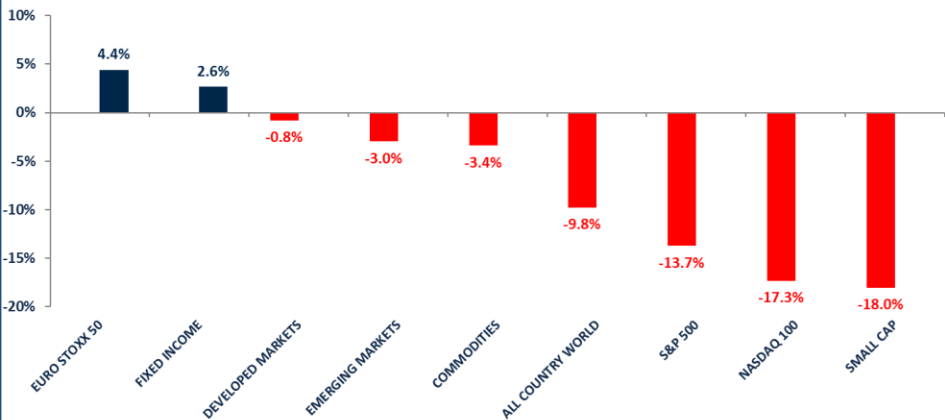
April 4, 2025

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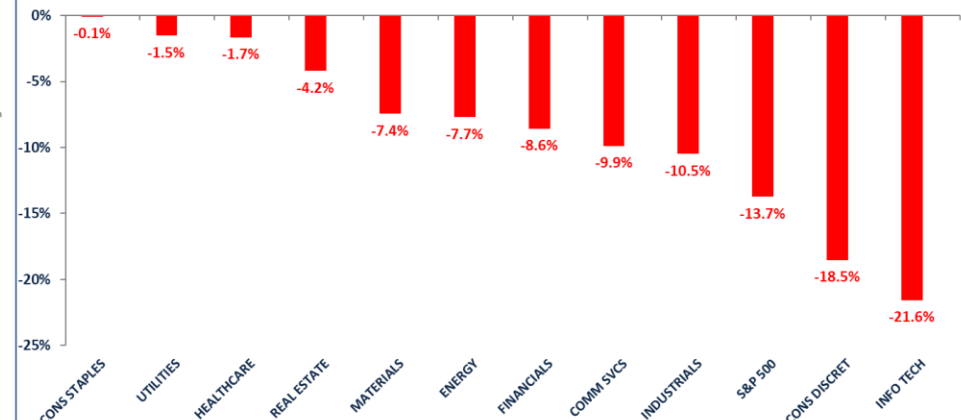
Performance

YTD 2025 ETF BROAD INDEX PRICE PERFORMANCE THROUGH APRIL 4



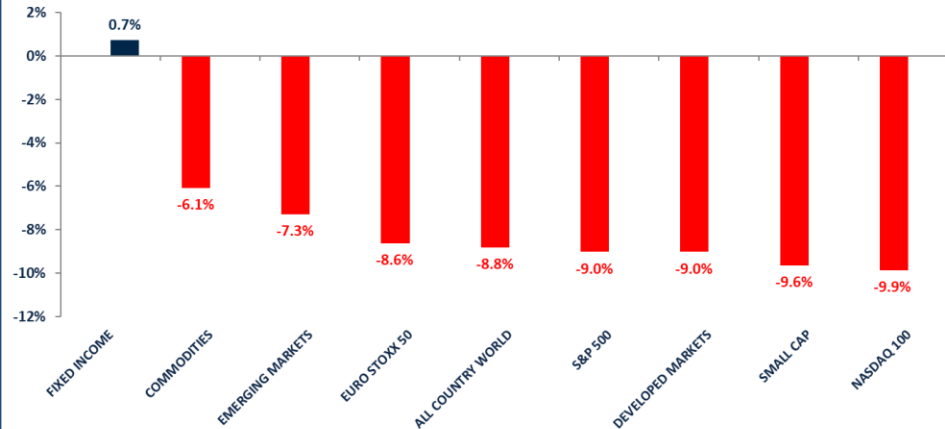
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YTD 2025 ETF SECTOR PRICE PERFORMANCE THROUGH APRIL 4



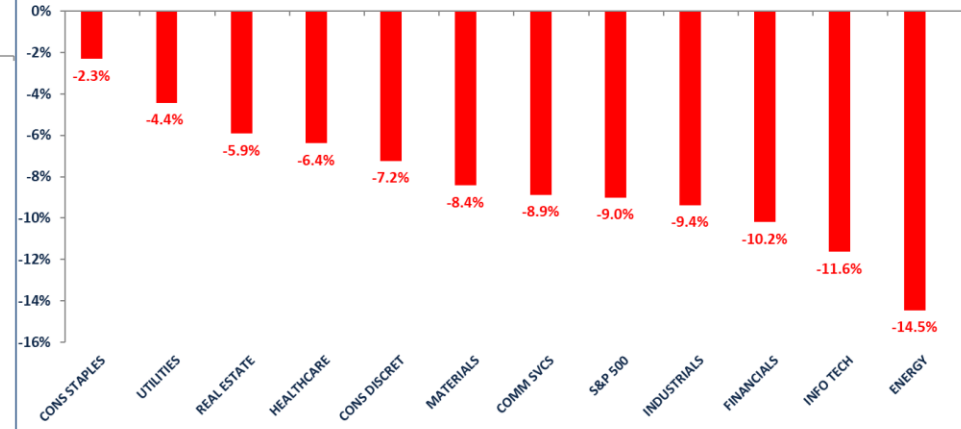
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ETF BROAD INDEX PRICE PERFORMANCE TRAILING WEEK ENDED APRIL 4



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ETF SECTOR PRICE PERFORMANCE TRAILING WEEK ENDED APRIL 4



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Recession Dashboard

RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOYMENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
APR 2025	↔	↔	↔*	↔	↔	↔	↓	↔	↑
LAST CHANGE	GREEN DEC '24	GREEN APR '25	RED MAR '23	GREEN DEC '24	GREEN APR '25	RED JAN '25	BLUE SEP '22	GREEN APR '25	BLUE DEC '24

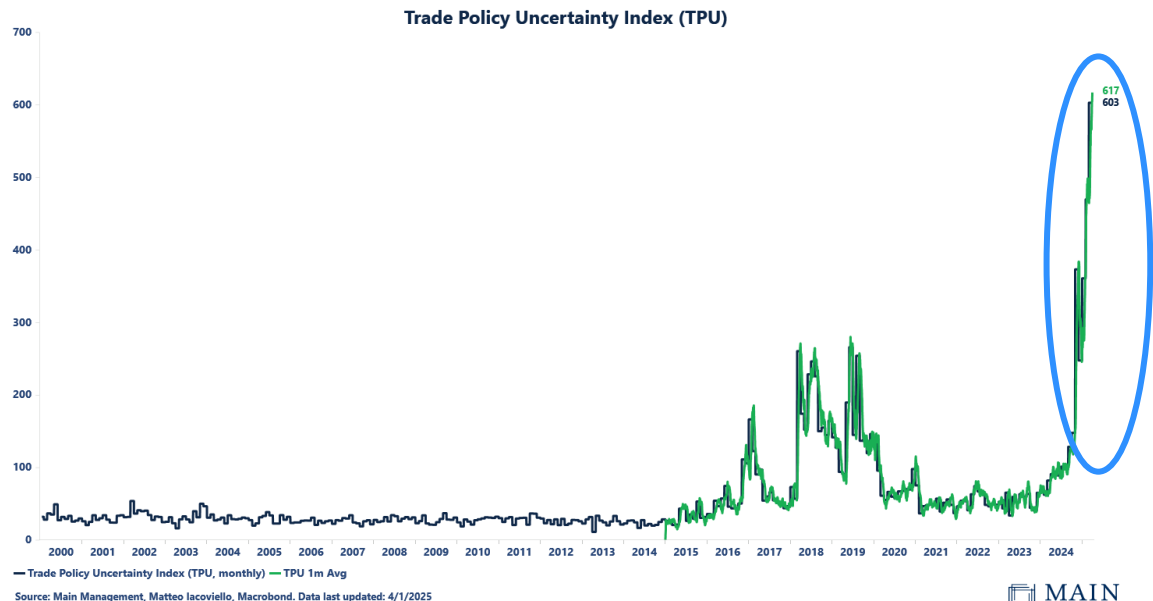
↑ Positive
↔ Neutral
↓ Negative

Inflation: Headline CPI. Source: St. Louis Fed. **Consumer:** Conference Board Consumer Confidence. Source: The Conference Board. **Yield Curve:** 10 year – 3 month Treasury spread. Source: FactSet financial data and analytics. **Housing:** Housing Starts & Existing Home Sales. Source: St. Louis Fed. **Sentiment:** Conference Board Consumer Confidence, UMich Consumer Sentiment, State Street Investor Confidence, CEO Confidence, VIX, AAII **Autos:** Auto Sales. Source: St. Louis Fed. **Employment:** Initial Weekly Unemployment Claims & Nonfarm Payrolls. Source: St. Louis Fed. **PMI:** Markit US Manufacturing PMI & US ISM Manufacturing PMI & Chicago PMI. Source: Markit, ISM. **Retail Sales:** Advance Retail Sales. Source: St. Louis Fed. * 10 year – 3 month Treasury spread inverted on 11/2/22.

Liberation Day

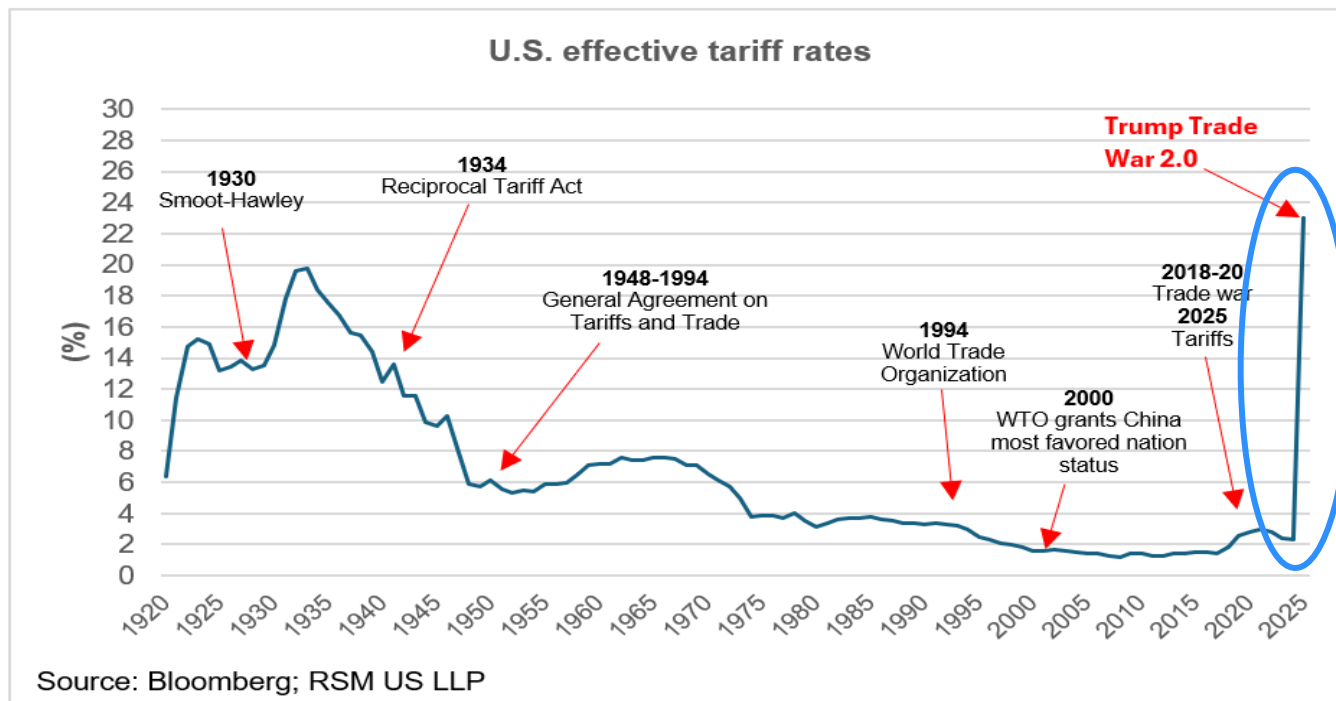
On April 2, President Trump announced his tariff plans. There is a 10% base rate applied to imports from all countries, except for Mexico and Canada, set to take effect on April 5. Additionally, on April 9, most major trading partners will face tariffs that are equal to half of the ratio of the US trade deficit with the country divided by US imports from that country, again excluding Canada and Mexico. This structure appears to imply that the base 10% rate is unlikely to be open to negotiation while the additional rate is up for discussion.

COUNTRY	TRADE DEFICIT	USA TARIFFS
CHINA	67%	34%
EUROPEAN UNION	39%	20%
VIETNAM	90%	46%
TAIWAN	64%	32%
JAPAN	46%	24%
INDIA	52%	26%
SOUTH KOREA	50%	25%
THAILAND	72%	36%
SWITZERLAND	61%	31%
INDONESIA	64%	32%
MALAYSIA	47%	24%
CAMBODIA	97%	49%
UNITED KINGDOM	10%	10%



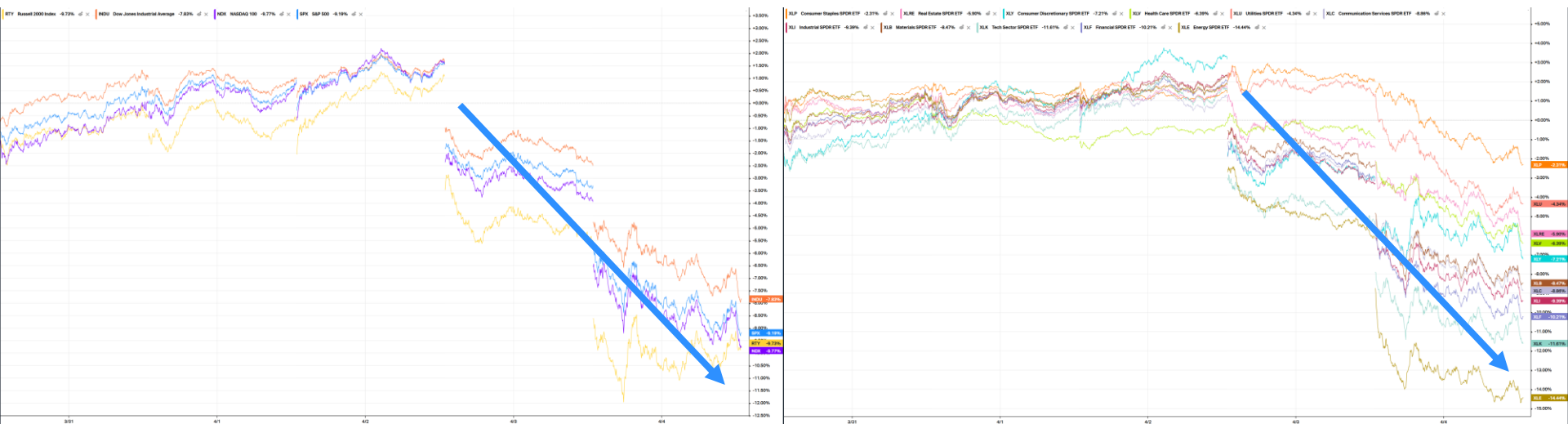
Tariffs

The 10% base tariff is likely aimed at balancing out tax revenues with the administration hoping to extend the tax cuts that are set to expire at the end of the year, which is why it is unlikely to be open to negotiation. China is basically in its own bucket as it was already subject to 20% tariffs and now faces an additional 34% on top of that. With the new tariffs, the effective rates for the U.S. have skyrocketed to historically elevated levels.



Market Response

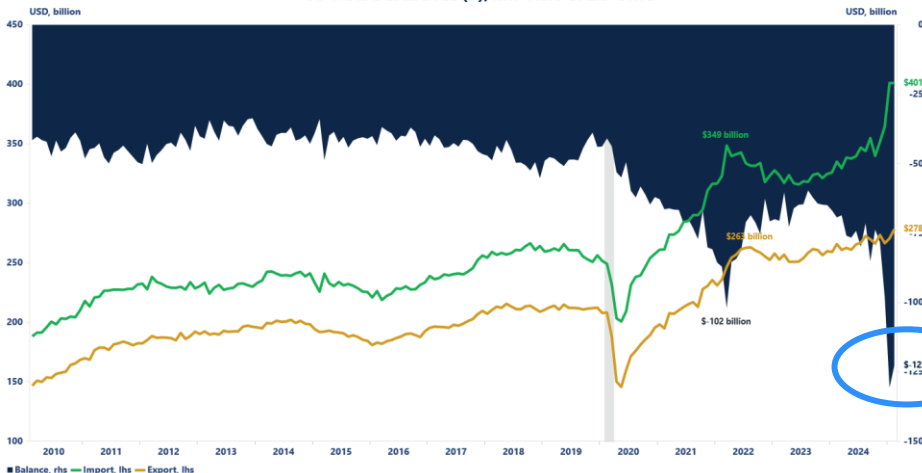
The broad market indices sold off hard on Thursday and Friday (left) as they digested the tariff announcements. It's worth noting that the Russell 2000, a small-cap index, is down just as much as the Nasdaq, despite the fact that it is less exposed to international revenues/trade by virtue of its composition. This correlated selling implies a strong risk-off sentiment and can also be seen within the sectors, where Utilities and Consumer Staples, traditional defensive areas, outperformed (right). Various economists increased their inflation forecasts and decreased their growth forecasts for the rest of the year in the wake of the tariff announcements.



Trade Balance

Trump's Tariffs have been aimed at righting the trade balance with various trading partners. On the whole, the February trade deficit narrowed slightly to **-\$123b** (left) as Imports inched lower to **\$401b** while Exports rose to a new all-time high at **\$278b**. On a Y/Y basis (right), Imports decelerated but are still up **+19.7%** while Exports accelerated to **+4.8%**. It will be interesting to see if/how this picture changes as the tariffs come into play.

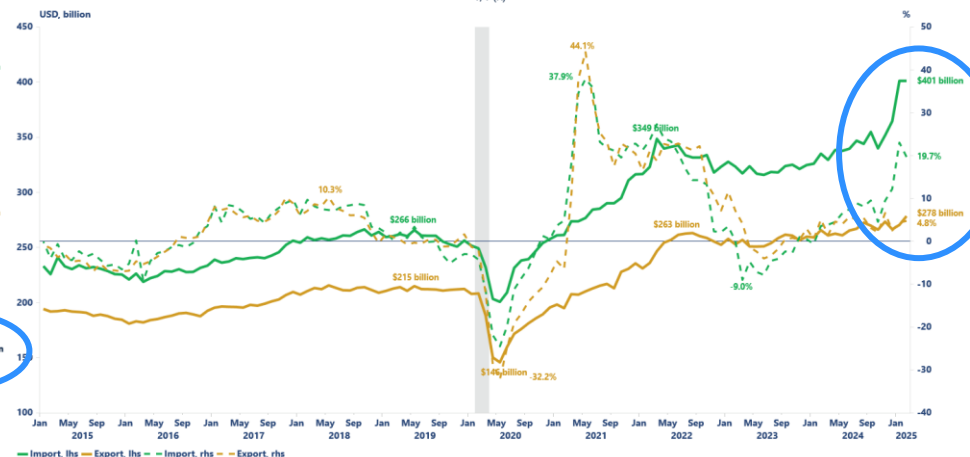
US TRADE BALANCE (R), IMPORTS & EXPORTS



Source: Main Management, USCB, Macrobond. Data last updated: 4/3/2025



US IMPORTS & EXPORTS
Y/Y (R)



Source: Main Management, USCB, Macrobond. Data last updated: 4/3/2025



NonFarm Payrolls

March NonFarm Payrolls came in at a solid +228k, well above forecasts for a 140k reading. February was revised down to 117k from 151k, though. The Unemployment Rate ticked up to 4.2% while the Labor Force Participation Rate also increased to 62.5%. Those not in the Labor Force declined by -56k as the Labor Force grew by 232k. Wages rose +0.25% M/M and decelerated to +3.84% on a Y/Y basis.

US Employment					
(All population/employment figures in 000s)					
	March 2025	Last Month	12 Months Ago	Y/Y	M/M
Total Nonfarm Employment	159,398	159,170	157,517	1.2%	0.1%
Total Nonfarm Employment (Δ From Prior Period)	228	117	246		
Civilian Non-Institutional Population	273,023	272,847	267,884	1.9%	0.1%
Civilian Non-Institutional Population (Δ From Prior Period)	176	162	173		
Civilian Labor Force	170,591	170,359	167,922	1.6%	0.1%
Civilian Labor Force (Δ From Prior Period)	232	-385	447		
Participation Rate	62.5%	62.4%	62.7%	-0.3%	0.2%
Employed (Household data)	163,508	163,307	161,425	1.3%	0.1%
Employed (Household data) (Δ From Prior Period)	201	-588	412		
Employed / Population	59.9%	59.9%	60.3%	-0.6%	0.1%
Unemployed	7,083	7,052	6,497	9.0%	0.4%
Unemployed (Δ From Prior Period)	31	203	35		
Unemployment Rate (U3)	4.2%	4.1%	3.9%	7.7%	2.4%
Unemployment Rate (U6)	7.9%	8.0%	7.3%	8.2%	-1.3%
Part-time for Economic Reasons	4,780	4,937	4,305	11.0%	-3.2%
Want A Job Now (Δ From Prior Period)	-209	151	-436		
Not in Labor Force	102,431	102,487	99,963	2.5%	-0.1%
Not in Labor Force (Δ From Prior Period)	-56	546	-274		
Not In Labor Force / Population	37.5%	37.6%	37.3%	0.5%	-0.1%
Δ in NFPs Less Those Leaving the Labor Force	284	-429	520		
Average Hourly Earnings	\$36.00	\$35.91	\$34.67	3.8%	0.3%
Average Hourly Earnings (Y/Y change)	3.84%	3.97%	4.18%		
Private Weekly Hours Worked	34.2	34.2	34.4	-0.6%	0.0%
Manufacturing Weekly Hours Worked	40.2	40.1	40.0	0.5%	0.2%
Total Private Diffusion Index (256 Industries, 1 Month Span)	54.2	56.0	50.8	6.7%	-3.2%
Manufacturing Diffusion Index (74 Industries, 1 Month Span)	45.1	54.2	30.6	47.4%	-16.8%

Source: Main Management, BLS, Macrobond. Data last updated: 4/4/2025

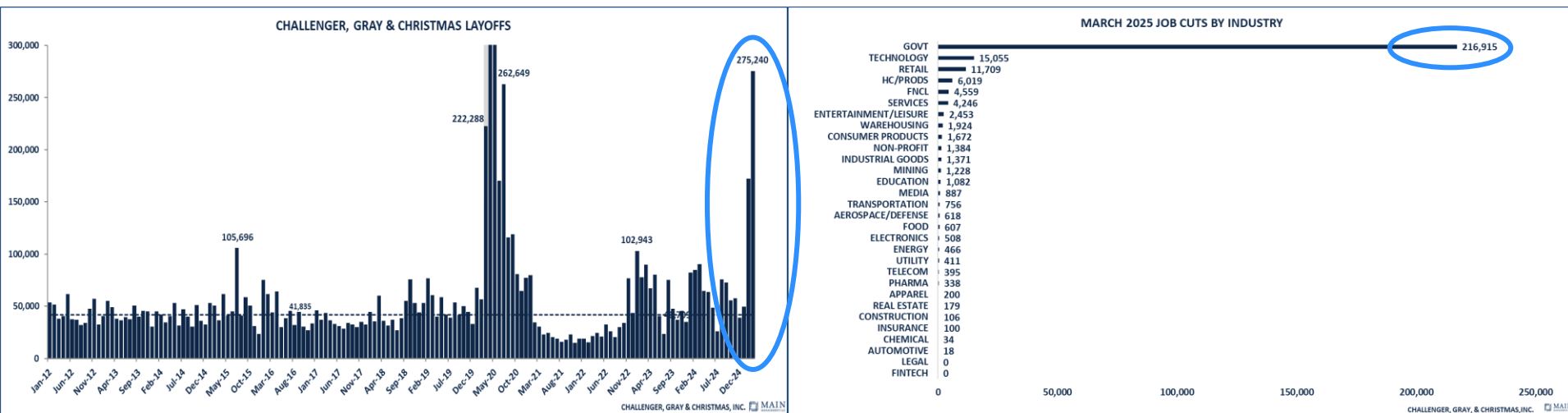
NonFarm Payrolls

The Overall Labor Force Participation Rate (left) ticked up to 62.5%, driven by the 16-19yo and 20-24yo cohorts. Meanwhile, the 25-54yo prime-working age cohort saw its participation rate decline to 83.3%, the lowest since January 2024. On the right, we show Earnings which were up +0.25% M/M, in line with estimates. The Y/Y figure has slowed to +3.84%, the slowest since July 2024.



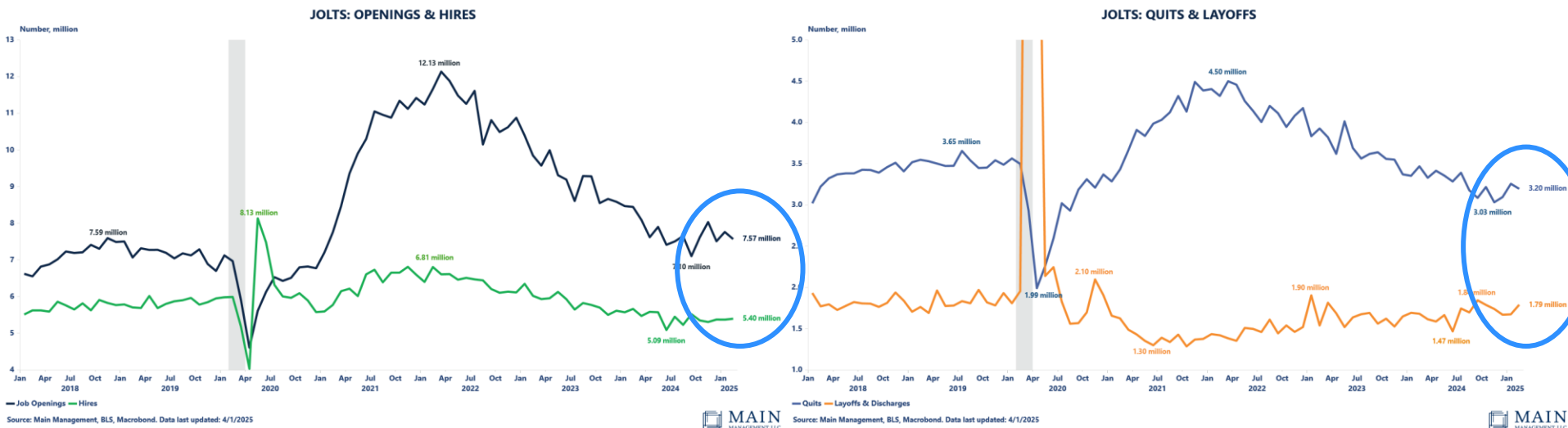
Job Cuts

Challenger Job Cut announcements surged in March to 275,240 the 3rd highest monthly reading ever. However, it's important to look into where the cuts were announced and 216,915 (79%) of those cuts were in the Government sector. DOGE was the primary reason cited for cuts in March at 220,205. If you remove the Government figures, cuts dropped from 110k in February to 58k in March.



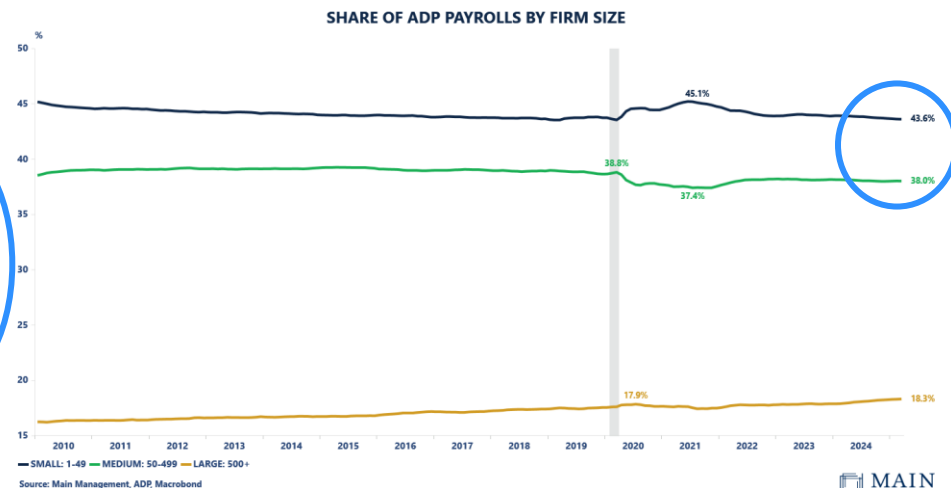
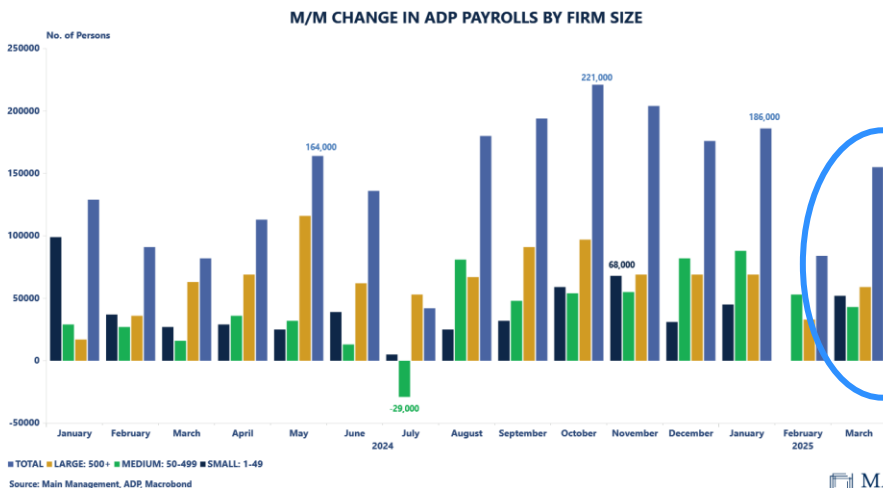
JOLTS

The JOLTS report this week was indicative of a stable labor market. Openings ticked down to 7.57mil, slightly below forecasts for a 7.63mil reading while Hires inched up to 5.40mil. Quits declined to 3.20mil and Layoffs rose to 1.79mil. All of the metrics have been largely range-bound for the last couple months.



ADP Payrolls

March ADP Payrolls came in at +155k (left), above forecasts for a 105k reading. Large (500+ people) firms led the way with +59k, followed by Small (1-49) firms with +52k, and then Medium firms (50-500) at +43k. Small firms have been accelerating on a M/M basis of late which is good as they are responsible for roughly 44% of total employment (right). However, as you can see, both Small and Medium firms' share has been trending lower as Large firms are gaining ground.



Summary

- Liberation Day on April 2 saw the announcement of big tariffs on most major US trading partners. Markets sold off hard in the aftermath.
- The February Trade Balance figures saw the deficit narrow slightly to -\$123bil.
- NonFarm Payrolls surprised to the upside with 228k jobs added.
- March Job Cut Announcements surged as DOGE measures hit the government sector.
- February JOLTS, while delayed, showed a steady labor market. March ADP Payrolls came in above forecasts at +155k.
- Upcoming key data to watch:
 - NFIB Small Business Optimism (Tuesday)
 - CPI (Thursday)
 - PPI (Friday)
 - Preliminary UMich Consumer Sentiment (Friday)

Appendix

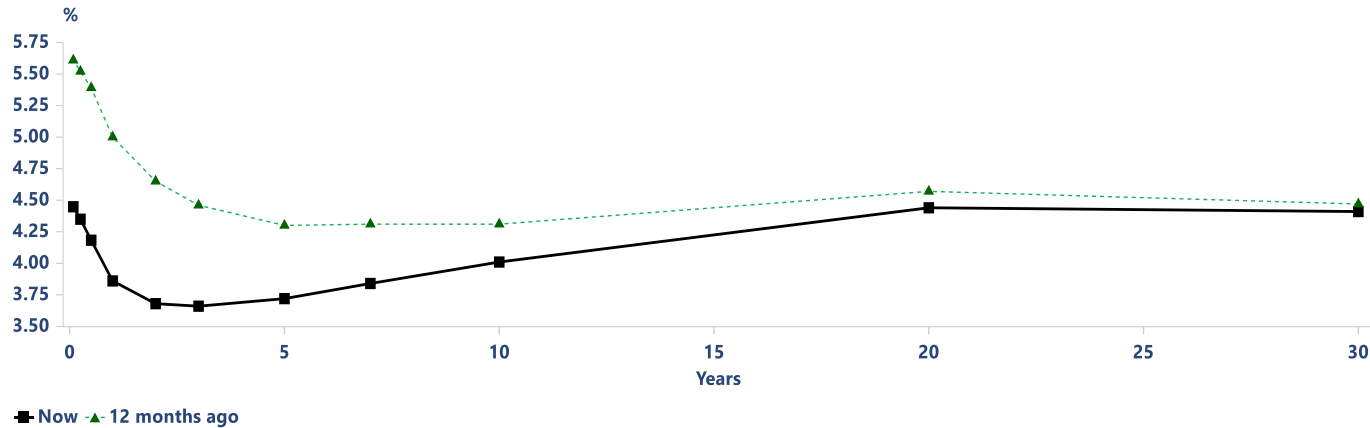
Yields & Futures

FED FUNDS FUTURES & 2-YEAR TREASURY YIELD



Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 4/4/2025

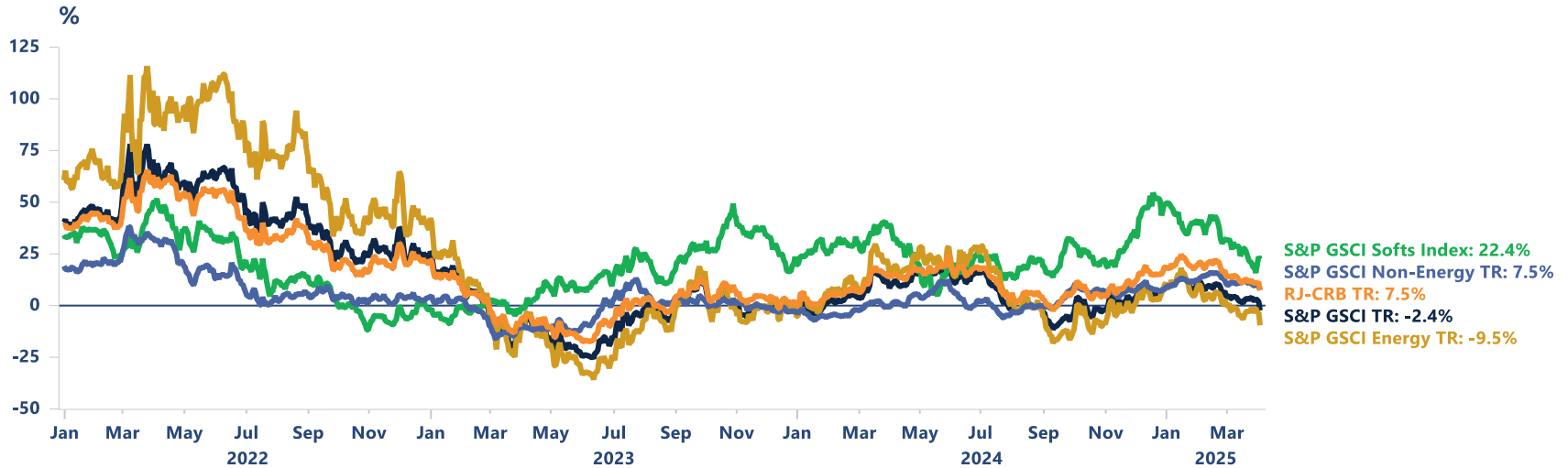
US TREASURY YIELD CURVE



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 4/4/2025

Inflation Watch

MAJOR COMMODITY INDICES Y/Y



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCAN, ICCO, ICO, USDA, MIA, TREA, TMX, Macrobond. Data last updated: 4/4/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Coffee	1.6	17.9	20.5	94.8
Gold	8.9	17.2	19.5	36.6
Natural Gas	7.9	13.1	13.9	122.2
Lumber	-4.6	12.1	10.1	3.8
Silver	2.0	7.5	10.0	23.4
Gasoline	9.8	5.5	8.1	-21.6
Copper	-0.3	7.2	7.6	4.8
BBG Commodity Index	1.5	4.7	5.6	3.6
S&P GSCI	-0.4	0.4	1.6	-0.9
Soybeans	0.0	1.2	1.3	-13.8
Corn	0.9	-0.4	-0.2	7.3
Cotton	1.4	-5.5	-5.3	-28.6
US Dollar (DXY)	-5.1	-6.7	-5.9	-2.6
Crude Oil	-5.1	-8.7	-7.2	-22.0
Bitcoin	-1.5%	-14.2%	-11.1%	27.0%

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 4/3/2025

Disclosures

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