



MAIN
MANAGEMENT, LLC

MAIN MANAGEMENT MARKET NOTE:

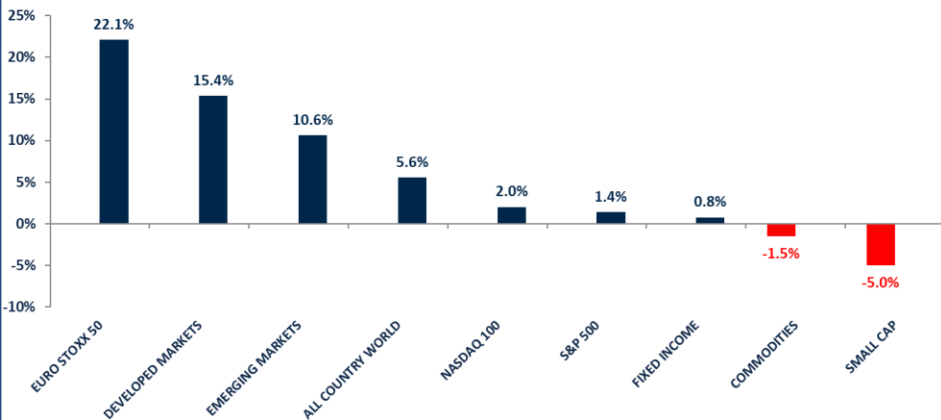
May 16, 2025

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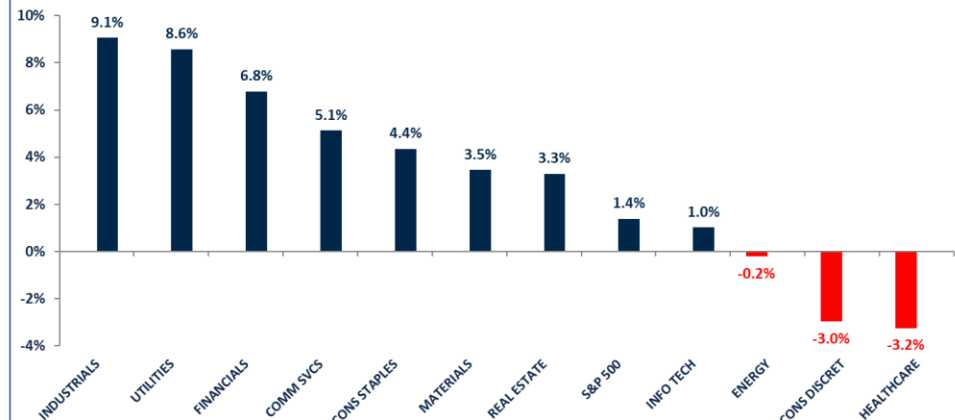
Performance

YTD 2025 ETF BROAD INDEX PRICE PERFORMANCE THROUGH MAY 16



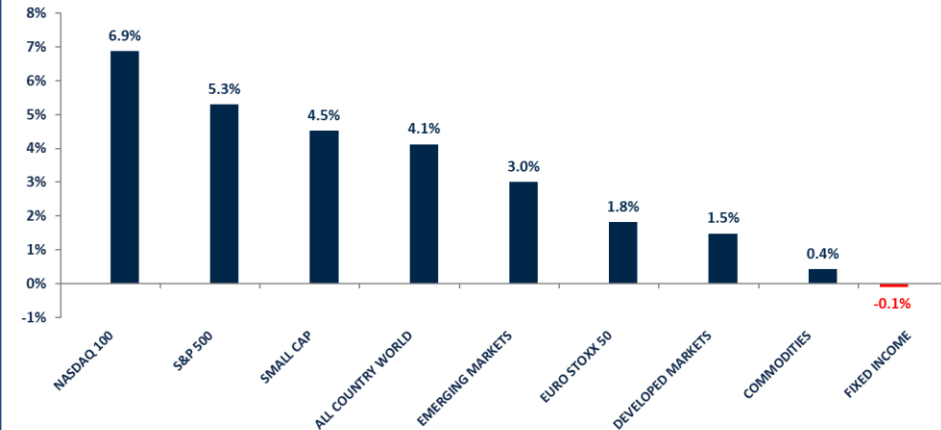
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YTD 2025 ETF SECTOR PRICE PERFORMANCE THROUGH MAY 16



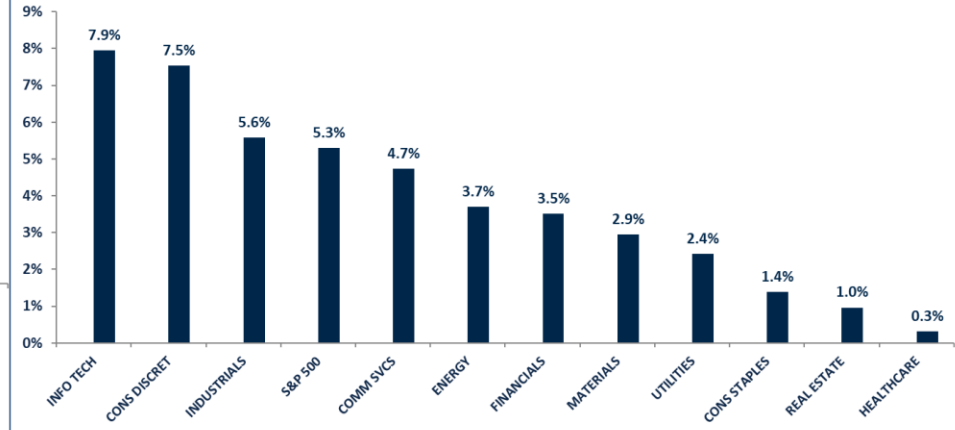
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ETF BROAD INDEX PRICE PERFORMANCE TRAILING WEEK ENDED MAY 16



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ETF SECTOR PRICE PERFORMANCE TRAILING WEEK ENDED MAY 16



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Recession Dashboard

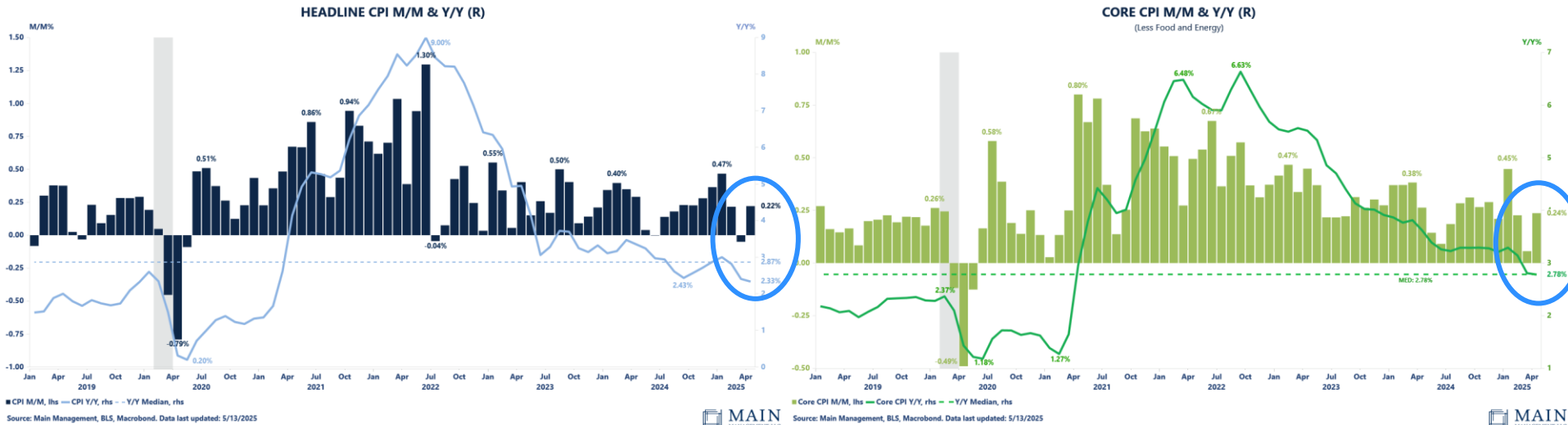
RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOYMENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
MAY 2025	↔	↔	↔*	↔	↔	↔	↓	↔	↑
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
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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.

April CPI

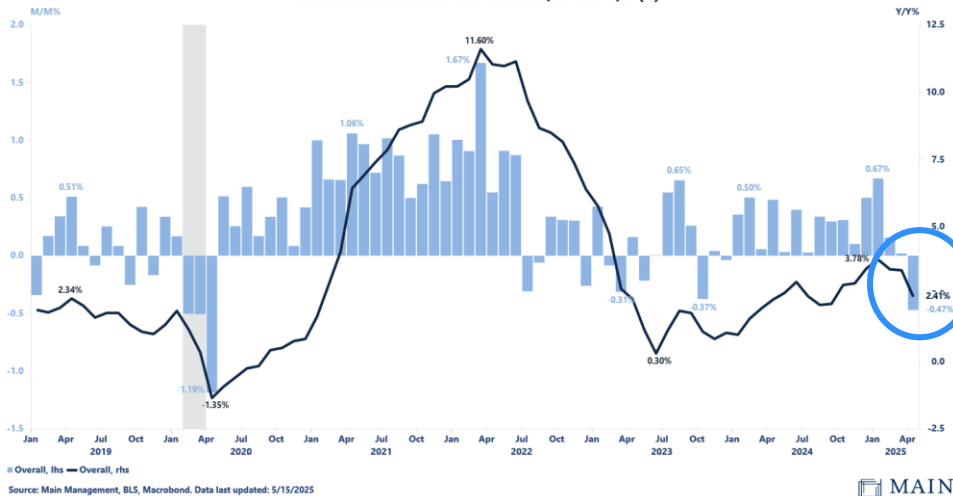
April CPI came in below forecasts, rising +0.22% M/M which brought the Y/Y figure down to +2.33%, the smallest rise since February 2021! Core CPI accelerated to +0.24% M/M but slowed to +2.78% Y/Y, the smallest rise since March 2021! Clearly any tariff effects have not yet been reflected in these figures. Food prices actually fell -0.1% M/M, the first decline since July 2020, while Energy and Shelter accelerated, up +0.7% and +0.3% M/M, respectively.



April PPI

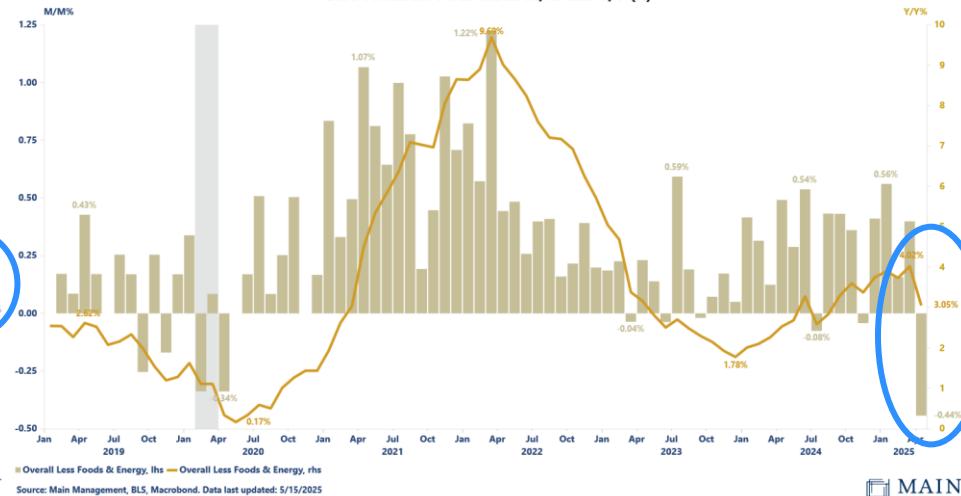
In addition to CPI, we got the April PPI readings which came in well below expectations with Broad PPI falling -0.47% M/M and Core PPI down -0.44% M/M, both the biggest declines since April 2020! On a Y/Y basis, Broad PPI decelerated to +2.41% and Core slowed to +3.05%. The decline was largely driven by a -0.7% fall in services, the biggest drop on record, which was mostly due to a -1.6% decrease in margins for trade services, suggesting businesses may be absorbing some of the impact from higher tariffs.

Headline Producer Price Index M/M and Y/Y (R)



Source: Main Management, BLS, Macrobond. Data last updated: 5/15/2025

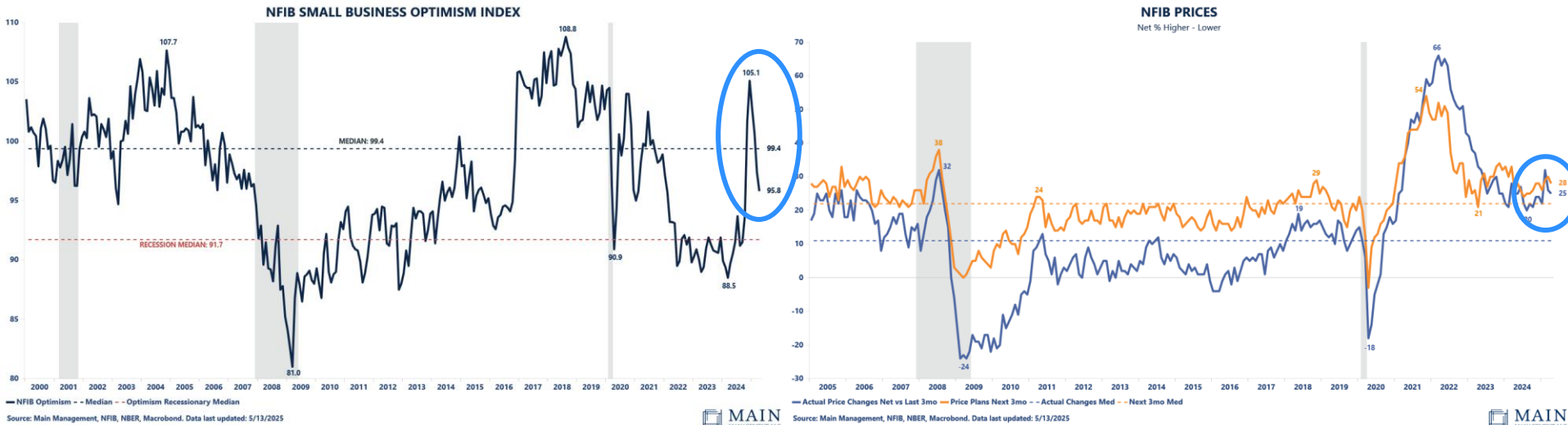
Core Producer Price Index M/M and Y/Y (R)



Source: Main Management, BLS, Macrobond. Data last updated: 5/15/2025

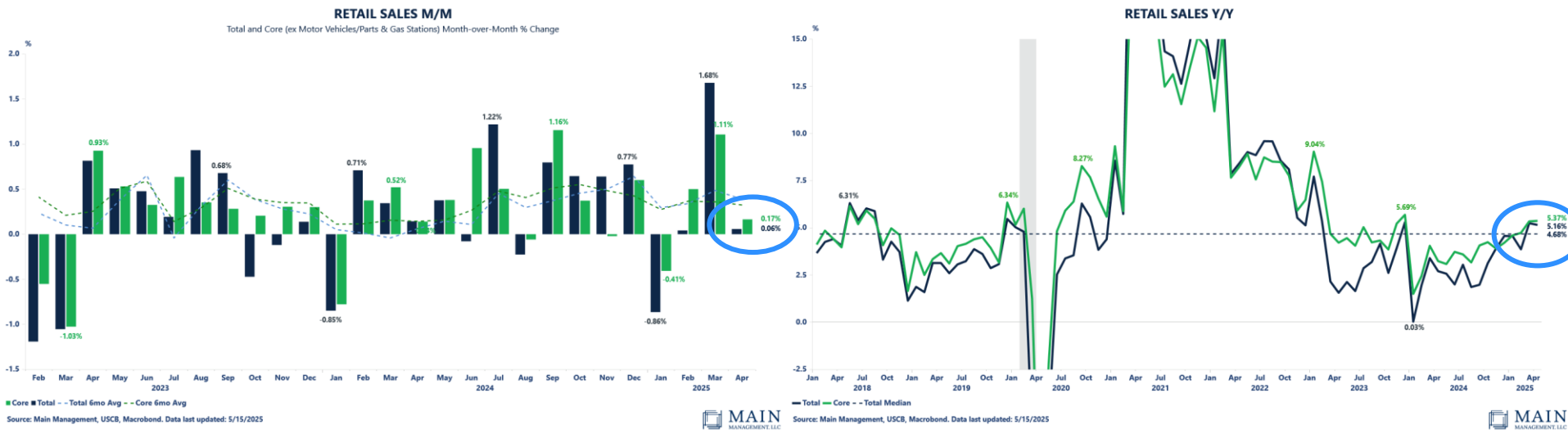
Small Business Optimism

The NFIB Small Business Optimism Index (left) declined for the 4th month in a row, down -1.6 points to 95.8, the lowest level since October 2024. The employment situation improved on the whole while capex plans deteriorated. Actual sales improved but remain net negative while sales expectations declined. On the right, fewer firms reporting raising prices recently and fewer also plan to raise prices in the coming months, which bodes well for inflation.



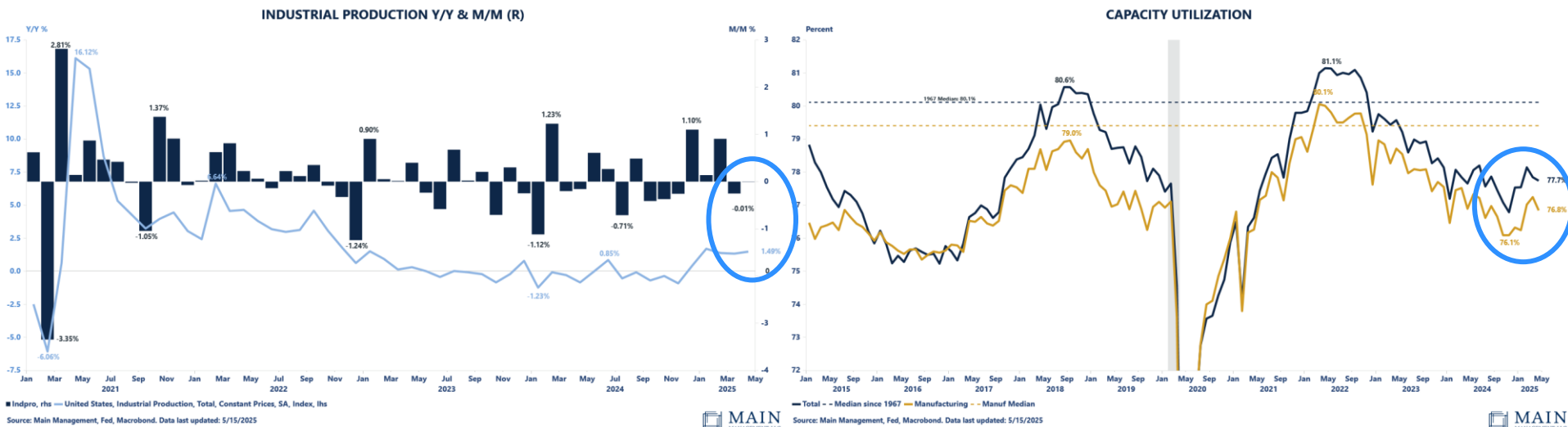
Retail Sales

Retail Sales moderated in April after March's surge. Total Retail Sales were up +0.06% M/M and Core rose +0.17% M/M (left), ahead of forecasts for an unchanged reading. Clearly, consumers pulled back a bit on the tariff announcements. Bars & Restaurants saw the biggest monthly gains while Sporting Goods Stores declined the most. The Y/Y figures (right) were little changed, with Total up +5.16% and Core up +5.37%. They've been in a choppy uptrend since early 2024 but that might change as tariffs come into play.



Industrial Production

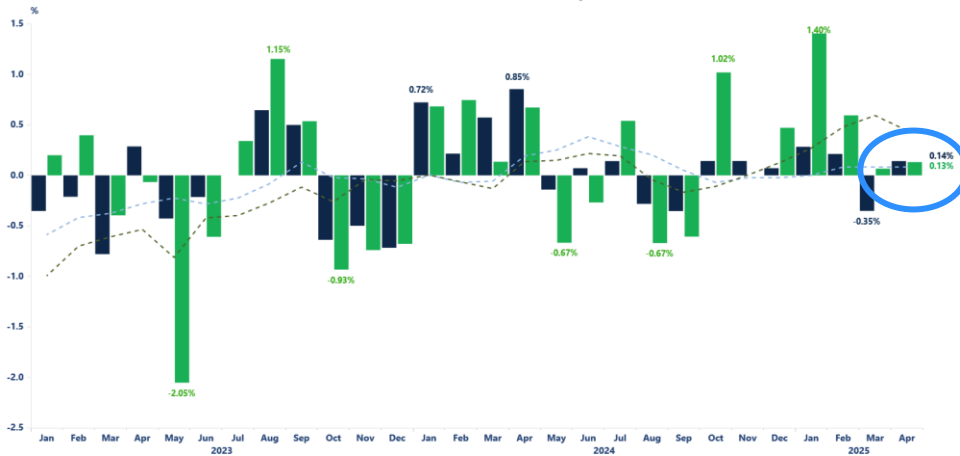
Industrial Production (left) inched down -0.01% M/M, below forecasts for a +0.2% rise. The Y/Y figured ticked up to +1.49%. Manufacturing Output fell -0.4% and Mining declined -0.3%. On the other hand, Utilities jumped +3.3%, driven by higher demand for both electricity and natural gas. Total Capacity Utilization (right) declined to 77.7% while that for Manufacturing moved lower to 76.8%. We'll have to see if they're breaking out of that multi-year downtrend or not...



Import & Export Prices

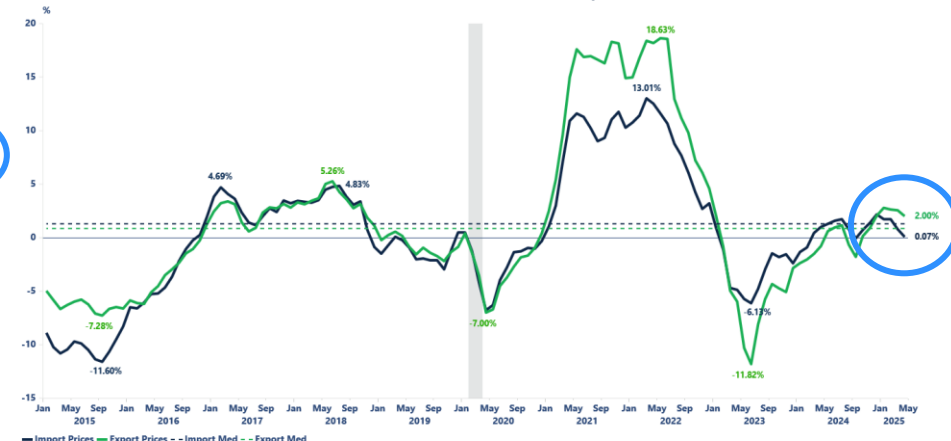
No big signs of tariffs in Import or Export Prices in April. Import Prices rose +0.14% M/M and Exports were up +0.13% M/M (left). It's worth noting that both were above forecasts which were for Import prices to be down -0.4% and Export Prices to decline -0.5%. The Y/Y figures (right) decelerated with Import Prices now up just +0.07% and Export Prices up +2.00%. We'll see if these trade prices rise in the coming months as the tariffs take effect.

IMPORT & EXPORT PRICES M/M



Source: Main Management, BLS, Macrobond. Data last updated: 5/16/2025

US IMPORT & EXPORT PRICES Y/Y

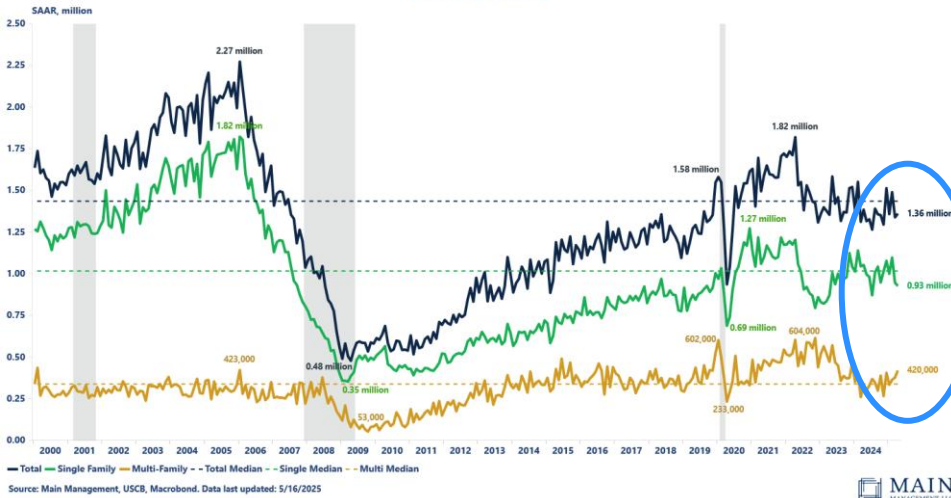


Source: Main Management, BLS, Macrobond

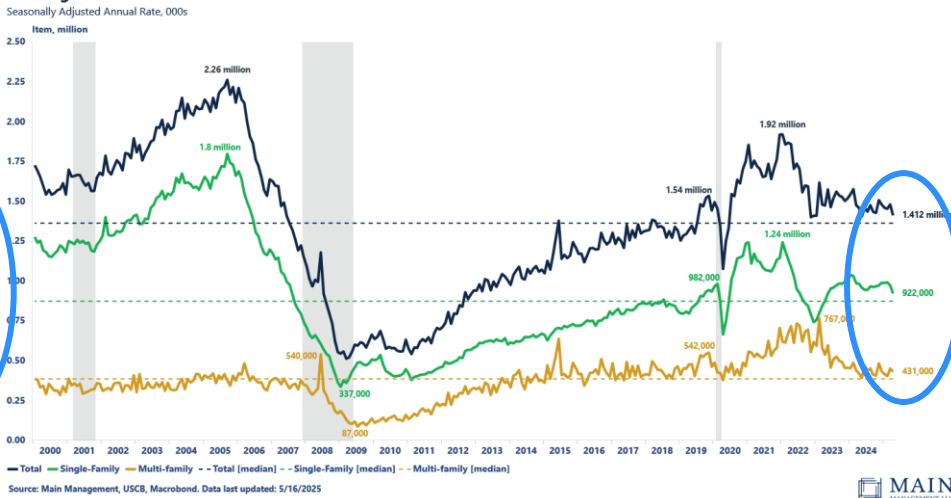
Housing Data

Both Housing Starts (left) and Building Permits (right) came in short of forecasts. Total Housing Starts ticked up to 1.36mil units SAAR, driven by a solid increase in Multi-Family Starts which hit 420k units, the most since Dec. 2023. Single Family Starts slowed to 0.93mil, though. On the Permits side, Total Permits declined to 1.41mil units as Single Family fell to 922k, the fewest since May 2023. Multi-Family Permits ticked down to 431k. High mortgage rates and inventory levels continue to weigh on the housing market.

HOUSING STARTS



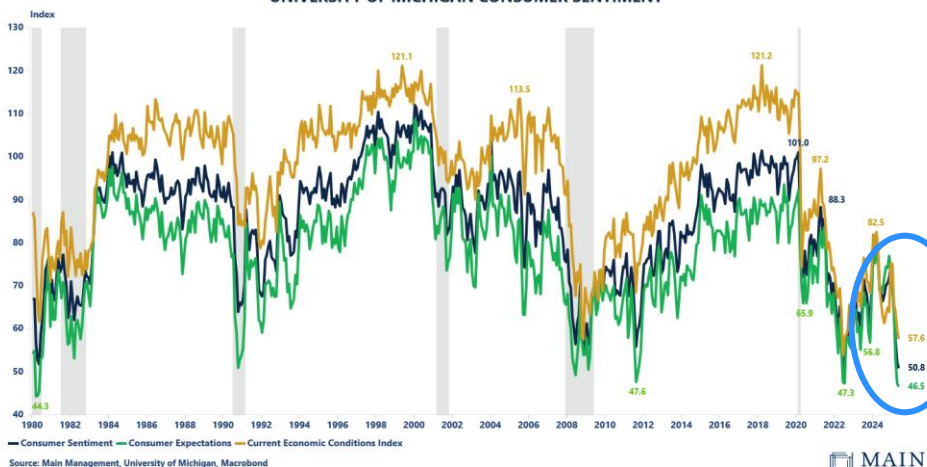
Building Permits



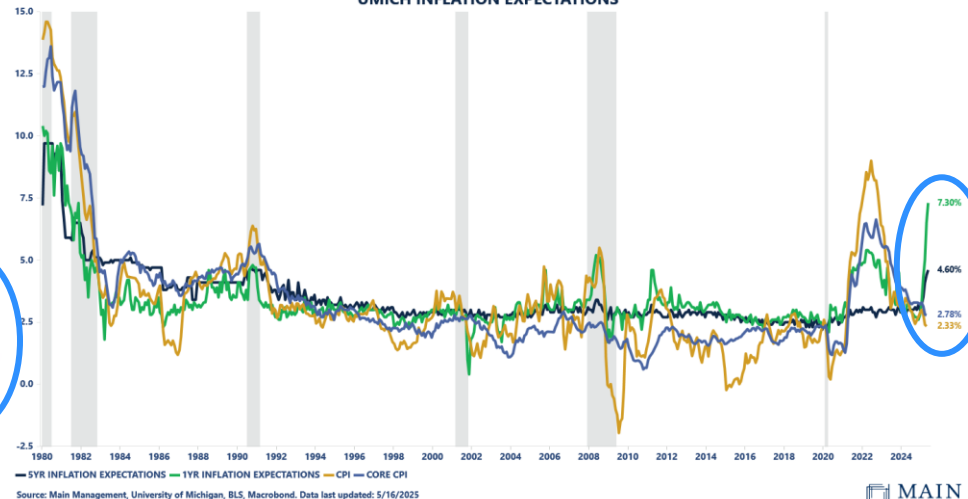
Consumer Sentiment

The preliminary reading for Michigan Consumer Sentiment (left) fell further in May with the headline index dropping to 50.8, below forecasts for a 53.4 reading and the 2nd lowest reading ever (behind only June 2022)! Consumer Expectations fell to 46.5, the lowest since May 1980, and Current Economic Conditions declined to 57.6. Tariffs are driving inflation expectations (right) higher, with 1yr expectations now at 7.3% and 5yr at 4.6%, the highest levels in decades. The reading also showed that while Democratic sentiment has been low since the election, Republican sentiment is starting to deteriorate as well.

UNIVERSITY OF MICHIGAN CONSUMER SENTIMENT



UMICH INFLATION EXPECTATIONS



Summary

- CPI and PPI data came in below expectations in April.
- Small business optimism fell further, retreating back to pre-election levels.
- Retail Sales decelerated from March's jump but were ahead of forecasts for no gain.
- Industrial Production and Capacity Utilization were down in April.
- Import and Export Prices are not showing any big tariff impacts yet..
- Housing data remains hampered by elevated mortgage rates and high inventories.
- Sentiment is at very low levels while inflation expectations are elevated, rising to multi-decade highs.
- Upcoming key data to watch:
 - Existing Home Sales (Thursday)
 - Flash PMIs (Thursday)
 - New Home Sales & Building Permits (Friday)

Appendix

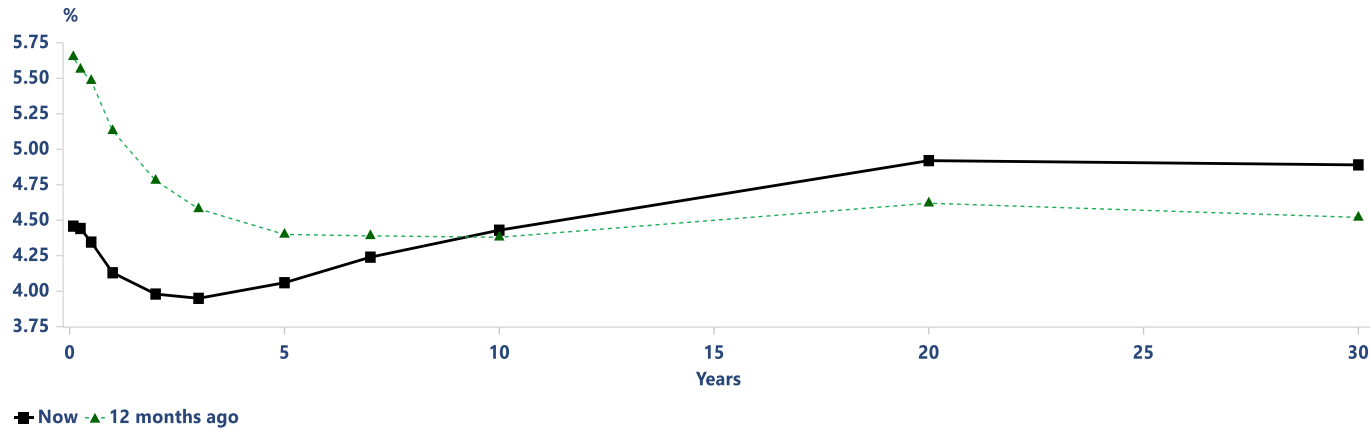
Yields & Futures

FED FUNDS FUTURES & 2-YEAR TREASURY YIELD



Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 5/16/2025

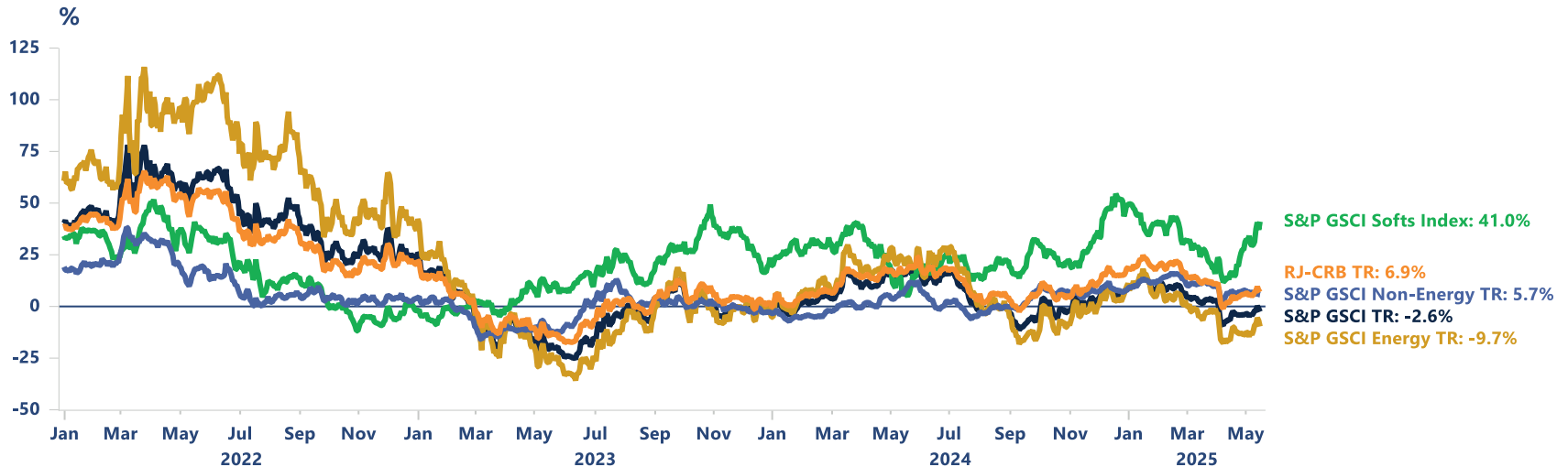
US TREASURY YIELD CURVE



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 5/16/2025

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, TRE, TMX, Macrobond. Data last updated: 5/16/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Gold	0.9	10.6	24.3	37.4
Coffee	6.8	-12.3	20.4	89.8
Silver	1.2	-0.5	12.2	14.0
Bitcoin	22.7%	7.4%	11.0%	68.5%
Copper	5.0	1.9	10.9	-4.2
Lumber	3.8	-1.3	9.0	24.7
Gasoline	5.5	1.1	6.6	-13.2
Soybeans	0.9	2.1	5.3	-12.3
BBG Commodity Index	0.6	-4.0	2.9	-1.4
S&P GSCI	1.8	-5.6	-1.1	-1.5
Corn	-7.5	-9.1	-2.2	-1.2
Cotton	2.1	-2.1	-4.3	-12.3
US Dollar (DXY)	1.2	-6.0	-7.0	-3.9
Natural Gas	1.1	-7.3	-7.5	43.4
Crude Oil	0.3	-14.0	-14.3	-21.9

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 5/15/2025

Disclosures

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