



**MAIN**  
MANAGEMENT, LLC

# **MAIN MANAGEMENT MARKET NOTE:**

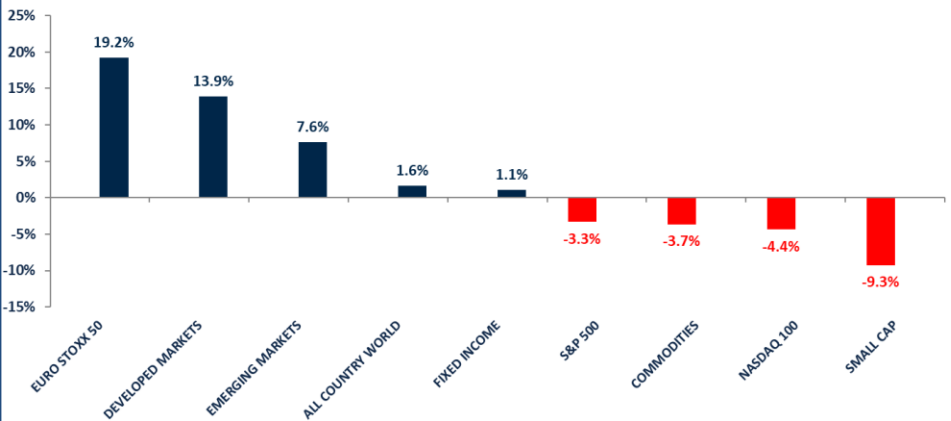
## **May 2, 2025**

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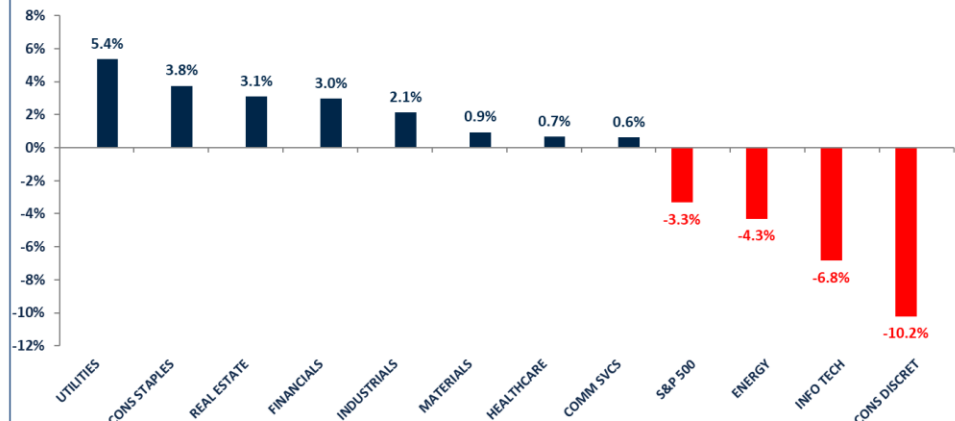
# Performance

YTD 2025 ETF BROAD INDEX PRICE PERFORMANCE THROUGH MAY 2



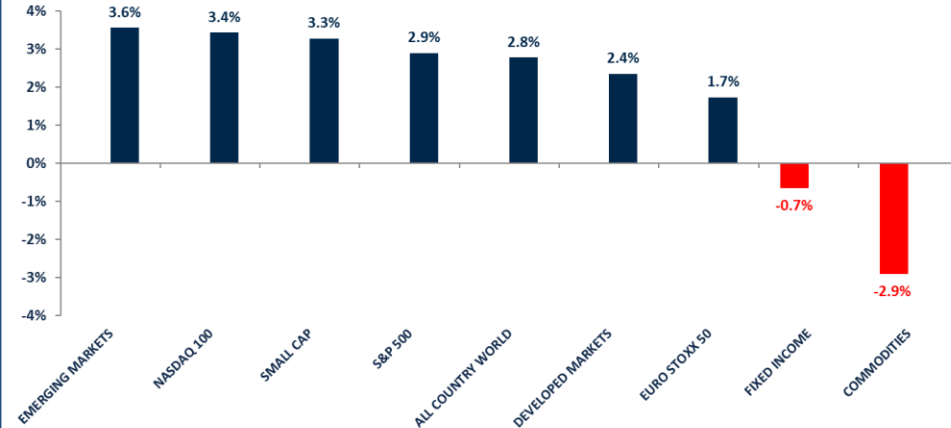
FactSet financial data and analytics MAIN

YTD 2025 ETF SECTOR PRICE PERFORMANCE THROUGH MAY 2



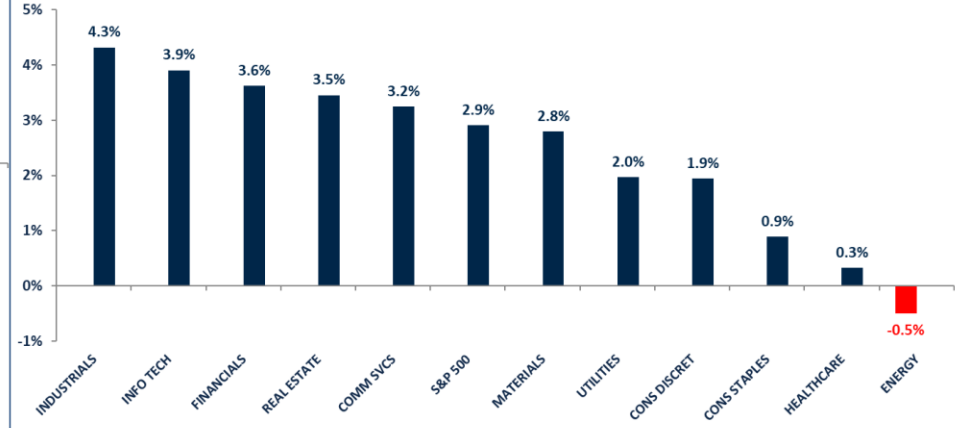
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ETF BROAD INDEX PRICE PERFORMANCE TRAILING WEEK ENDED MAY 2



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ETF SECTOR PRICE PERFORMANCE TRAILING WEEK ENDED MAY 2



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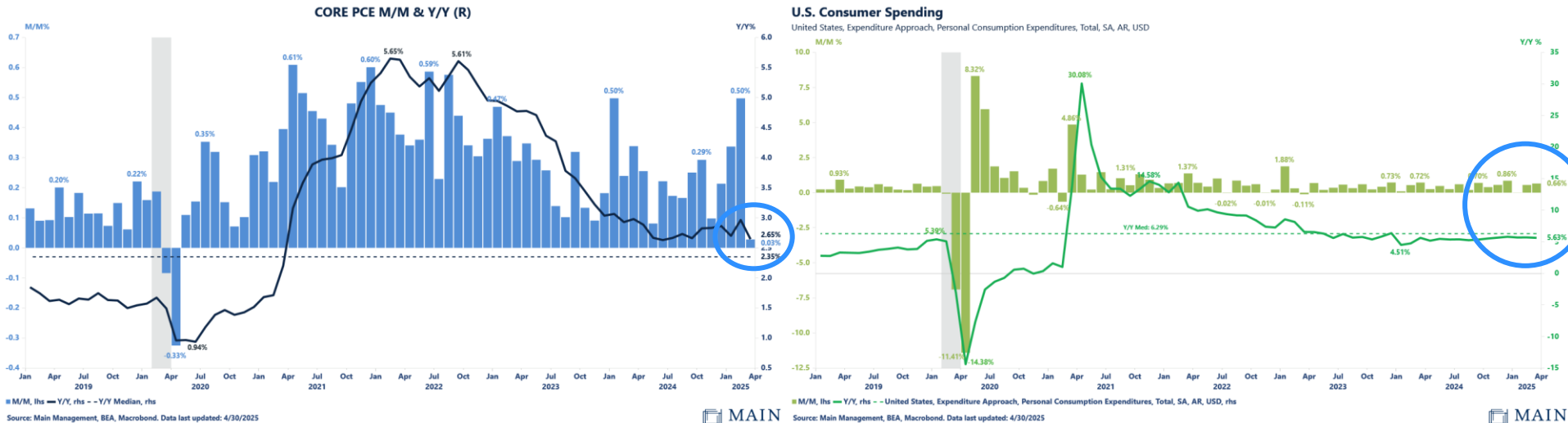
# Recession Dashboard

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.

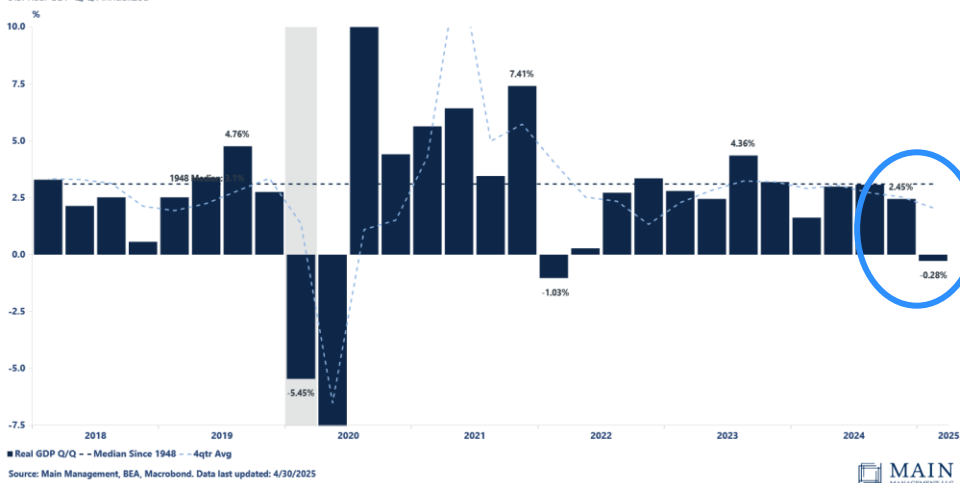
Core PCE (left), the Fed's preferred inflation measure, came in below forecasts, rising only +0.03% M/M in March, the smallest monthly gain since April 2020! The Y/Y figure slowed to +2.65% and has been trending sideways for several months now. No signs of re-accelerating inflation here (yet). Consumer Spending (right) accelerated to +0.66% M/M, above forecasts for a +0.5% rise. The Y/Y figure has also been trending sideways and was little changed at +5.63%.



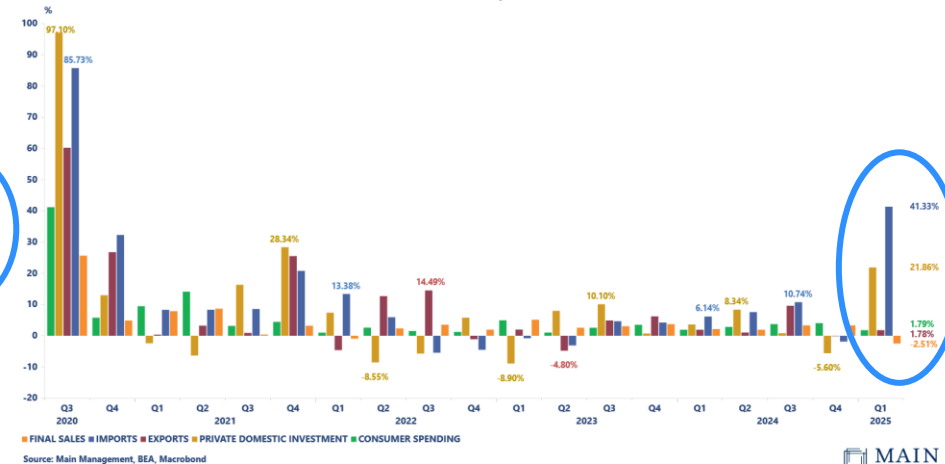
# Q1 2025 U.S. GDP

The preliminary estimate for Q1 2025 U.S. GDP came in at -0.28% Q/Q annualized, the first decline since Q1 2022. The main culprit for the decline was Imports, which surged +41.3% as companies front-ran tariffs. That Imports figure is the biggest since Q3 2020 when the economy was opening back up post-covid. Exports were up +1.78%. Private Domestic Investment jumped +21.9%, the most since Q4 2021. Consumer Spending rose +1.8% while Final Sales declined -2.5%.

United States GDP  
U.S. Real GDP Q/Q Annualized



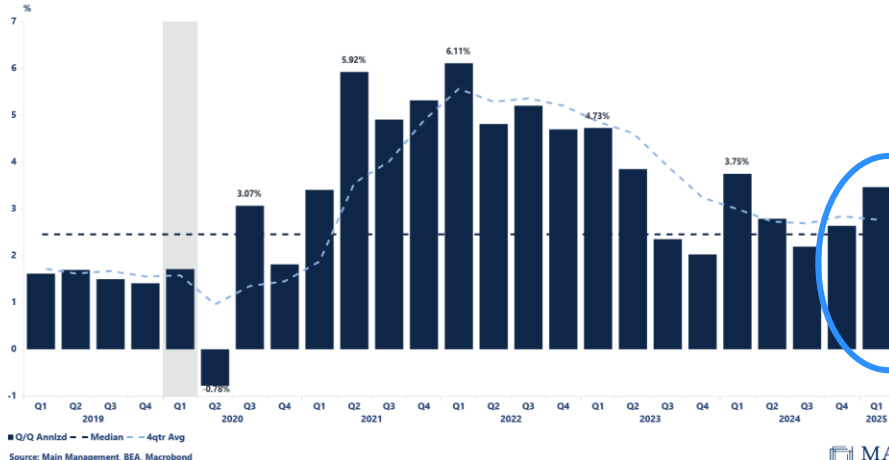
GDP COMPONENTS Q/Q ANNUALIZED



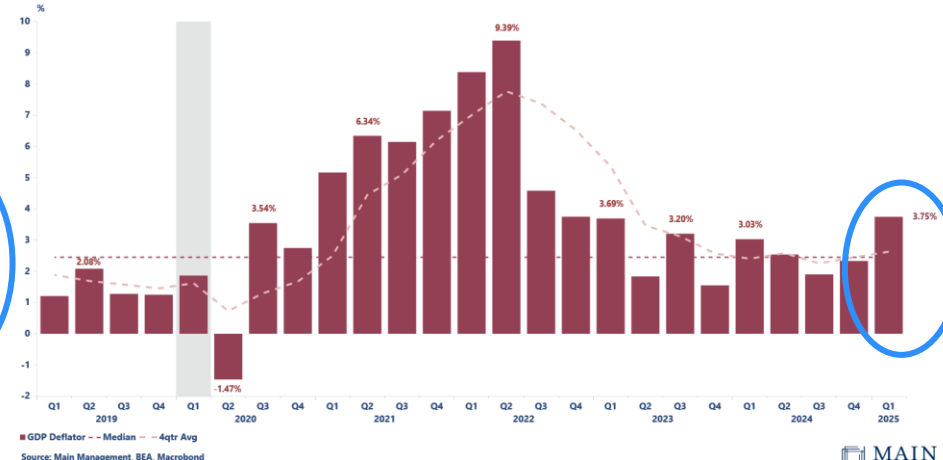
# Q1 Inflation

Both Real Core PCE and the GDP Deflator inflation measures accelerated in Q1. Real Core PCE rose to +3.46% Q/Q annualized, its fastest pace since Q1 2024, while the GDP Deflator jumped to +3.75%, its highest since Q4 2022. It is entirely possible that these will continue to accelerate as the tariffs come into play in Q2.

REAL CORE PERSONAL CONSUMPTION EXPENDITURES



GDP DEFLATOR Q/Q ANNUALIZED



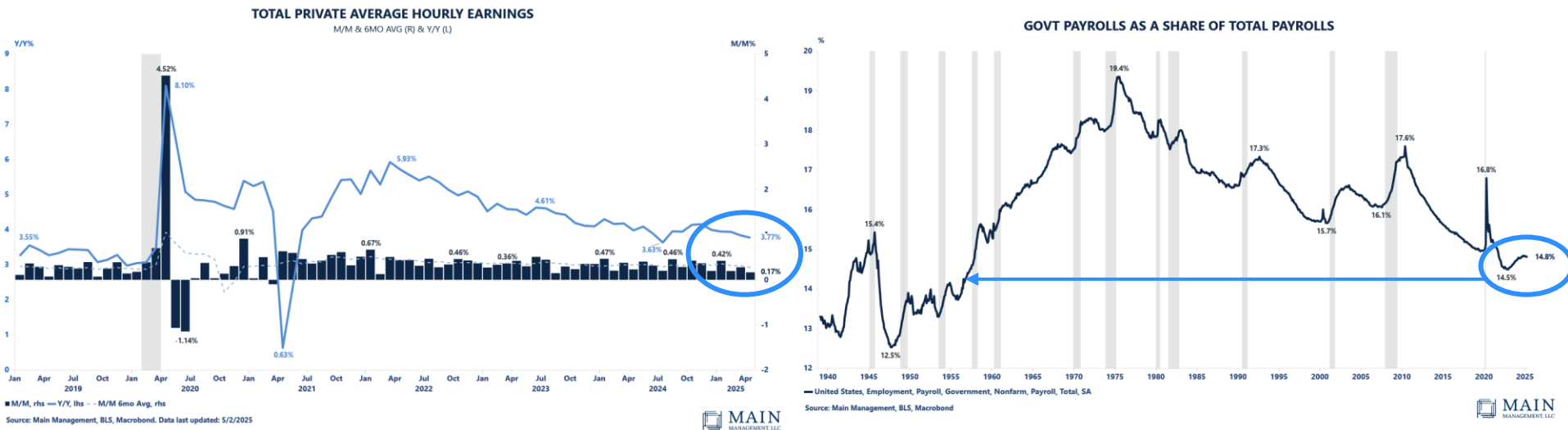
# NonFarm Payrolls

NonFarm Payrolls (left) rose +177k in April, solidly above forecasts for a 130-140k reading. March was revised down to 185k from 228k, but that's still a strong reading. The Unemployment Rate was unchanged at 4.2% as the Labor Force grew by +518k. The Participation Rate (right) ticked up to 62.6%, driven by the 25-54yo cohort who saw their rate rebound to 83.6%. Wages were a weak spot, decelerating to +0.17% M/M and +3.77% Y/Y. Government hiring has slowed in recent months after a 2(ish) year splurge. It's good to see the private sector resuming its leadership in job creation.



# Wages & Govt Jobs

Wages (left) were a weaker spot in the NFP report. They slowed to just +0.17% M/M, the smallest rise since August 2023. On a Y/Y basis, they're up +3.77%, still pacing above pre-pandemic levels and above inflation. On the right, we show Government Payrolls as a share of Total Payrolls. Following the recent trough of 14.5% at the end of 2022 (which was the lowest since 1957!), Government share had been steadily increasing until the last few months – as evidenced by the line starting to roll back over, returning to the multi-decade downtrend.

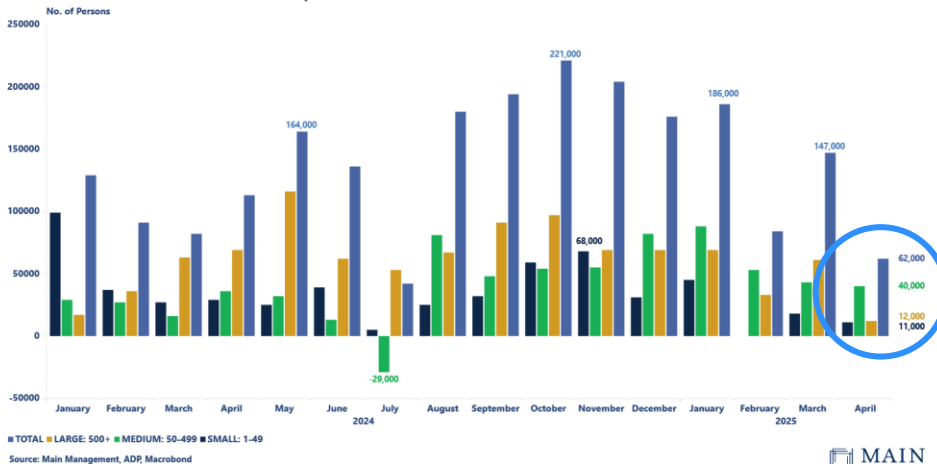




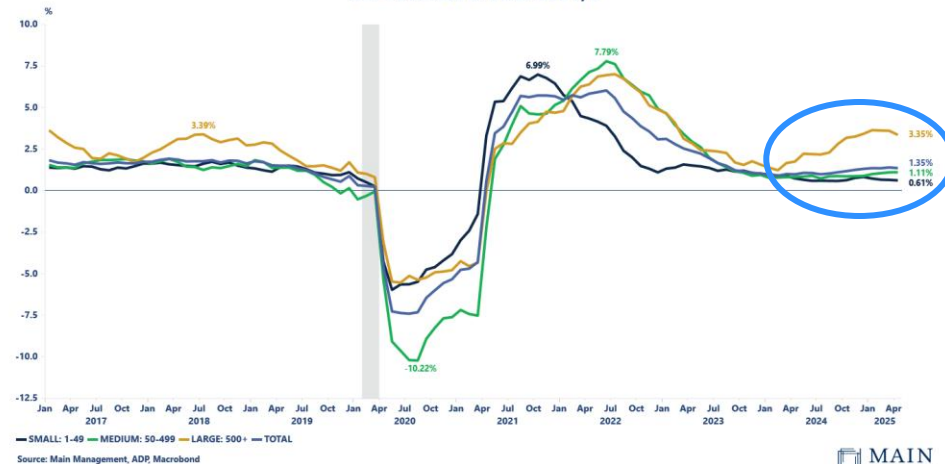
# ADP Payrolls

April ADP Payrolls came in light at +62k, well below forecasts for a +115k reading. March was revised down to 147k from 155k. Small and Medium Firms, which account for nearly 82% of ADP payrolls, added +51k jobs while Large Firms only added +12k, the fewest since October 2023. All broad size categories are positive on a Y/Y basis (right) and have been trending mostly sideways for a while.

M/M CHANGE IN ADP PAYROLLS BY FIRM SIZE

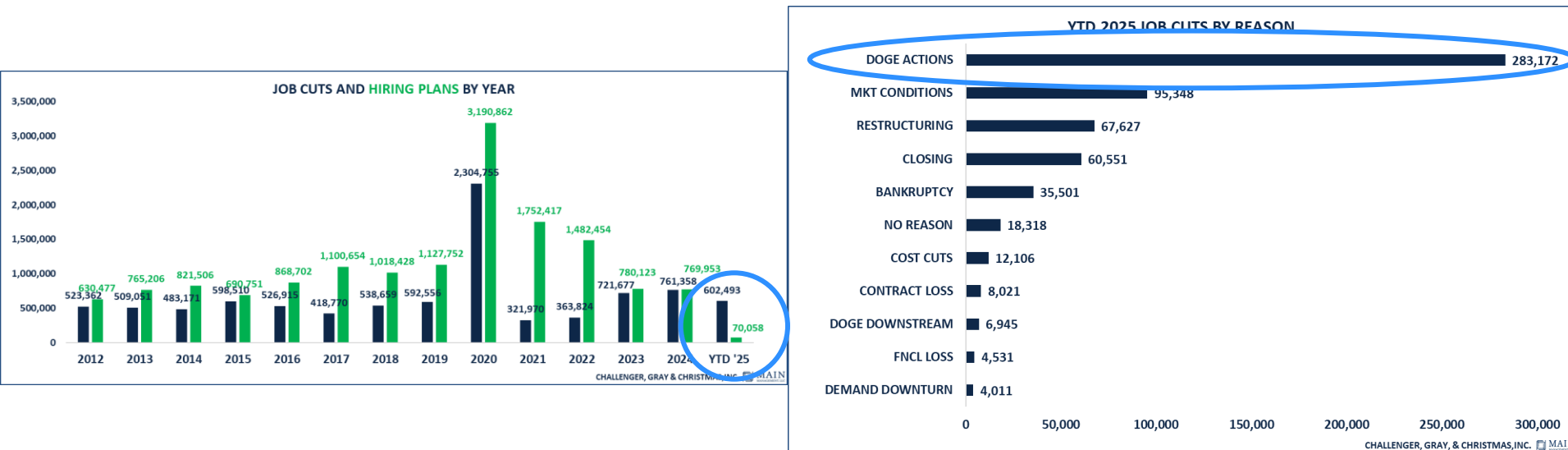


ADP PAYROLLS BY FIRM SIZE Y/Y



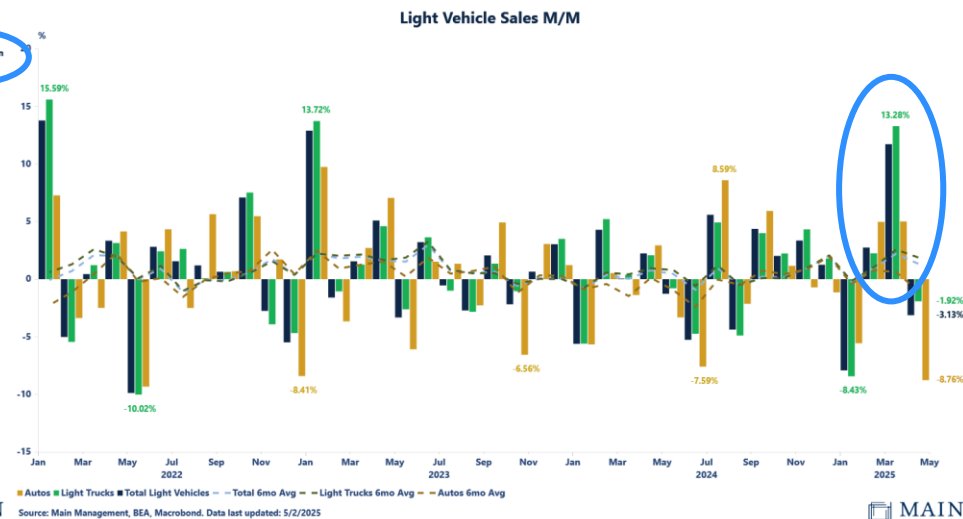
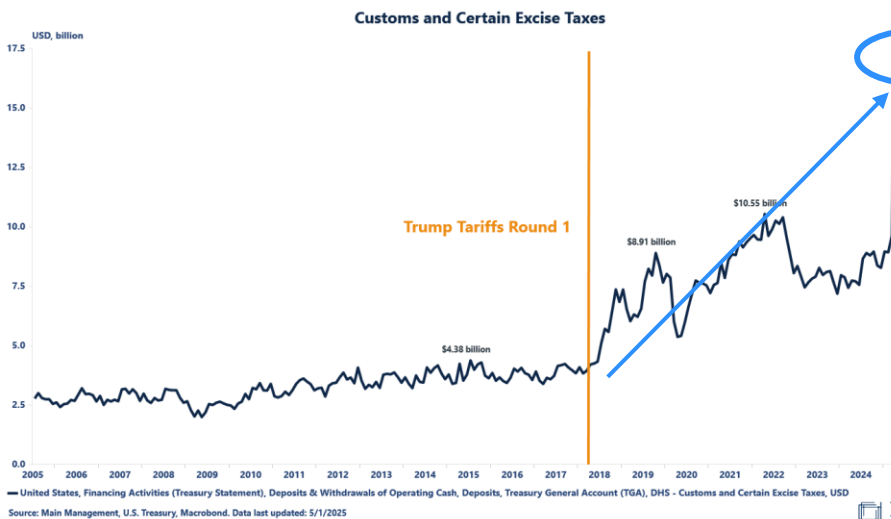
# Challenger Job Cuts

Job Cut Announcements came in at 105,441 in April, down from March's staggering 275,240. YTD 2025 Cuts stand at 602,493, up +87% from this time last year, while Hires are at 70,058, up +50%. As you can see on the left, Cuts have never outpaced Hires for the full year, but the gap narrowed considerably in 2023 and 2024. The main reason cited for job cuts so far this year has been DOGE, which has been blamed for 283,172 cuts, or 47% of the total so far this year. The DOGE cuts have primarily showed up in the Government sector, which did slow in April to just 2,782 versus 216,915 in March.



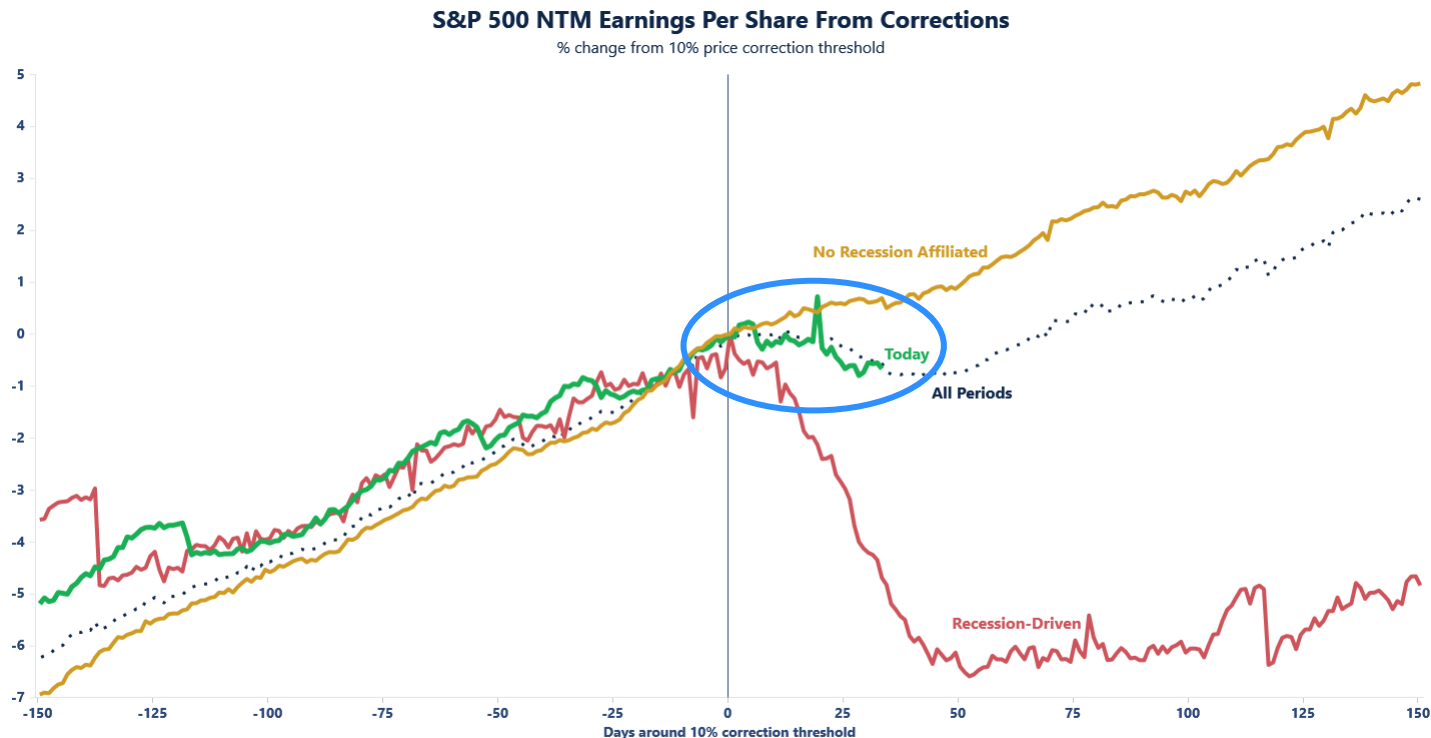
# Tariff Effects

As we move into May, we are likely to see more pronounced effects from tariff implementation. As you can see on the left, Customs & Certain Excise Tax Receipts have skyrocketed with the new tariffs. But the uptrend didn't start there – it began back in January 2018 with Trump's 1<sup>st</sup> round of tariffs which were never really removed under Biden. On the right we show Vehicle Sales on a M/M basis, which jumped in February and March as customers tried to get their purchases in before the tariffs hit. April saw the biggest M/M decline for Autos since May 2022.



# S&P 500 Earnings Estimates

A lot has been said about earnings forecasts dropping considerably; this chart looks at the typical earnings revision path when the S&P 500 enters a -10% or more correction. So far, earnings estimates have hovered around the average usually seen during corrections, not dropping anywhere as harshly as you would typically see if analysts were forecasting a full-blown recession (red line).



Source: Main Management, FactSet, Macrobond. Data from 1/1/2000 - 4/30/2025

# Summary

- March Core PCE came in well below forecasts, slowing to +2.65% Y/Y. Spending was solid at +0.66% M/M, beating forecasts for a 0.5% gain.
- The 1<sup>st</sup> estimate of Q1 2025 U.S. GDP was down -0.3% Q/Q annualized, driven by a big surge in Imports as companies front-ran tariffs.
- NonFarm Payrolls handily beat expectations, adding +177k jobs. ADP Payrolls were light, however, at +62k. April Job Cut Announcements retreated from March's massive figure.
- We have been seeing the effects of tariff frontrunning in spending and trade data and are also seeing it appear now in government receipts from Customs and Excise Taxes
- Upcoming key data to watch:
  - Service & Composite PMIs (Mon)
  - Trade Balance (Tues)
  - Q1 Productivity & Unit Labor Costs (Thurs)

# Appendix

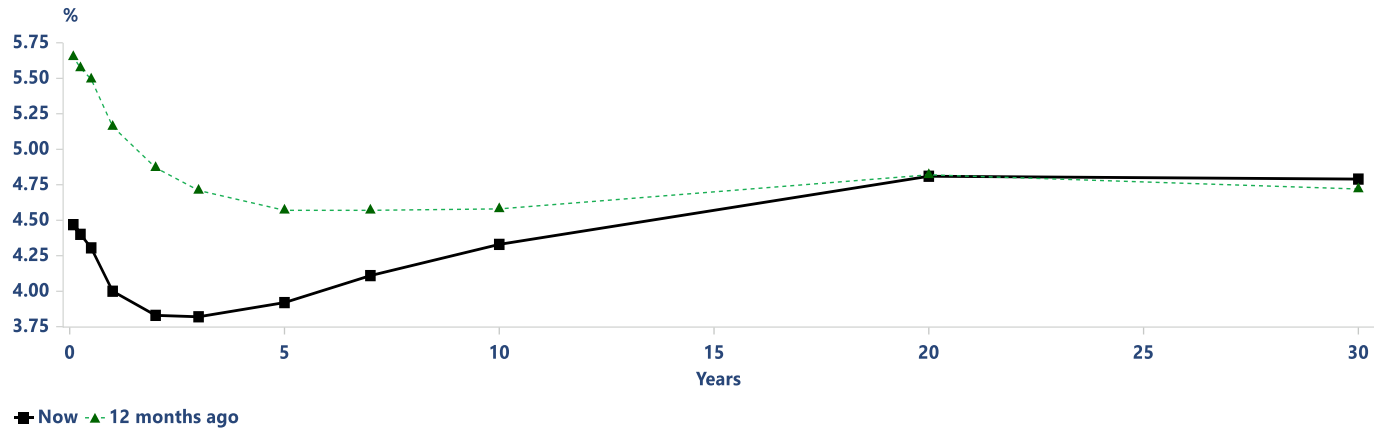
# Yields & Futures

## FED FUNDS FUTURES & 2-YEAR TREASURY YIELD



Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 5/2/2025

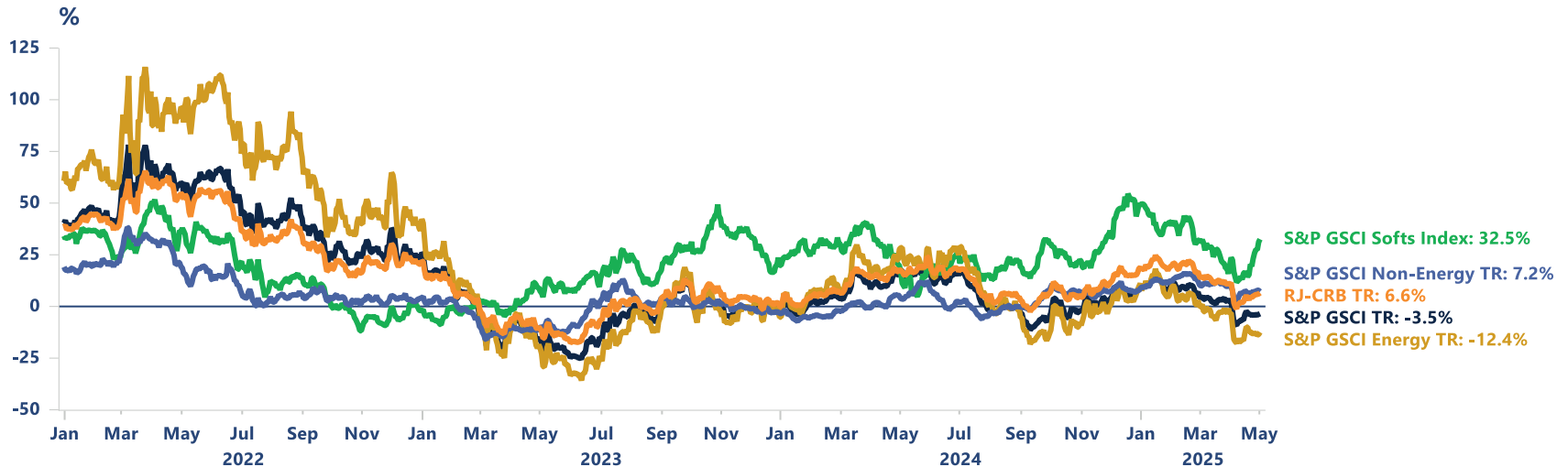
## US TREASURY YIELD CURVE



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 5/2/2025

# Inflation Watch

## MAJOR COMMODITY INDICES Y/Y



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCAN, ICCO, ICO, USDA, MIAx, TREA, TMX, Macrobond. Data last updated: 5/2/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Gold	3.6	15.9	24.2	41.6
Coffee	4.2	6.0	23.8	79.3
Silver	-6.6	-0.5	11.2	22.0
Copper	-4.4	2.4	6.7	-6.6
Soybeans	2.5	-0.4	4.2	-9.2
Bitcoin	16.9%	-7.9%	3.3%	59.1%
Gasoline	-10.2	0.6	2.4	-24.4
BBG Commodity Index	-5.2	-1.8	2.1	-0.8
Corn	1.5	-5.3	1.2	5.6
Lumber	-17.3	-3.3	0.4	10.6
S&P GSCI	-8.0	-7.0	-3.6	-5.6
Cotton	-1.8	-1.0	-4.1	-15.8
Natural Gas	-15.5	14.2	-4.2	74.7
US Dollar (DXY)	-3.8	-7.0	-7.6	-5.6
Crude Oil	-17.6	-19.5	-18.1	-28.2

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 5/1/2025



# Disclosures

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