Friday, May 2, 2025

UP & ADAM

Larry Adam, *Chief Investment Officer*
Follow Larry on Linkedin or on X

	Previous Close (as of: 05/01/2025)			Futures (as of: 07:32 E.T.)	
	1D	YTD	Last	%	Last
S&P 500	▲ 0.6%	▼ -4.7%	5,604	▲ 0.4%	5,648
DJIA	▲ 0.2%	▼ -4.2%	40,753	▲ 0.5%	41,050
NASDAQ 100	▲ 1.1%	▼ -5.8%	19,787	▲ 0.3%	19,938
Oil ($/bbl)	▲ 1.8%	▼ -17.4%	59	▼ -0.4%	59
10-Yr Yield*	▲ 6	▲ 4.4%	4.21%	--	--
USD Index	▲ 0.8%	▼ -7.6%	100.25	--	--

*Change in bps.

Source: FactSet

Today's Events

E.T.	Event	Consensus	Prior
8:30am	Nonfarm Payrolls	135k	228k
	Unemployment Rate	4.2%	4.2%
10:00am	Durable Goods Orders (MoM, Final)	--	9.2%
	Factory Orders (MoM)	4.2%	0.6%

Employment Report On Deck At 8:30 AM ET: Job Gains Set To Slow, Unemployment To Hold Steady

Earlier this week, ADP released its April jobs survey, which reflected a less than expected 62k jobs added—the lowest print since July 2024. While we don't place too much weight on this report, it offers a directional signal ahead of today's official Employment Report. It supports our expectation for a slowdown in job gains, from 228k to 130k, with the unemployment rate holding steady at 4.2%. This suggests a labor market that is softening—but *not* collapsing—a message that we expect to continue throughout the year.

Toymakers Cancel Orders As 145% Tariff On China Acts As A Virtual Embargo

We have highlighted the toy industry's heavy exposure to trade, as 80% of all toys are produced in China. In a recent Toy Association Survey of 410 companies in the US toy industry, 64% of small firms and 80% of mid-sized companies firms say they have canceled orders since President Trump imposed a 145% levy on China. Roughly half said they may go out of business if the tariffs remain in place. This underscores that many economic impacts from tariffs have yet to be felt, and holiday shopping may look different this year.

Off To The Races! Key Differences In Speed Between The Kentucky and Trade Deal Derby

While the Kentucky Derby is referred to as 'The Fastest Two Minutes in Sports,' the Trump Administration's 'trade deal derby' is moving at a much slower pace. The three leaders 'down the stretch' likely to strike a trade deal are India, South Korea, and Japan. However, we do not expect concrete deals to be struck, but rather MOUs or Memorandum of Understanding, which is the outline of a potential deal. As concrete trade deals remain elusive, we expect both policy uncertainty and volatility to be elevated.

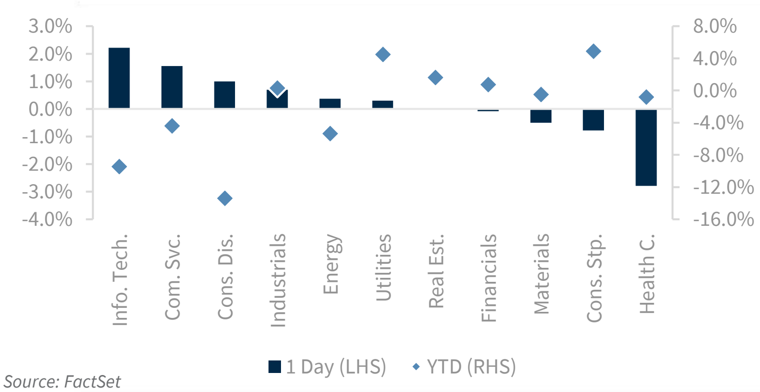
Negative Interest Rates Make A Comeback—In Switzerland, That Is!

Japan's exit from negative interest rates in 2024 marked the end of an era. However, amid market turmoil, negative interest rates have made a comeback—in Switzerland. As investors flock into safe havens, yields on 2-year Swiss bonds fell below zero in mid-April for the first time since 2022, and this week the 3- and 5-year yields did likewise. The Swiss franc has been the top-performing currency since the April 2 tariff rollout, climbing ~6% versus the USD. While notable, the move back into negative rates is isolated to Switzerland.

Equities Rally For Eighth Consecutive Day, But Volatility Is Not About To Disappear

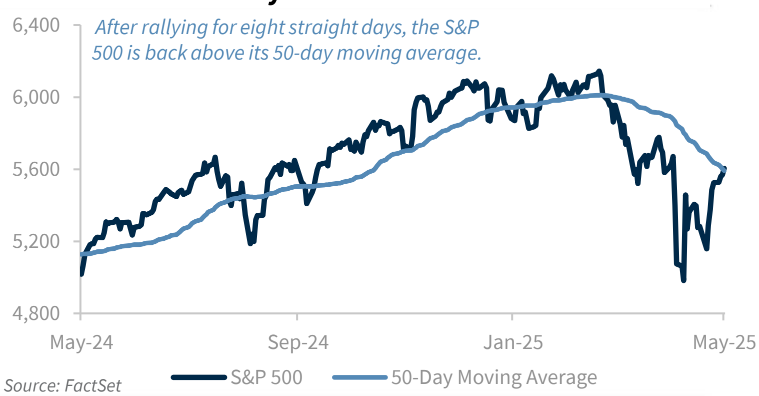
With yesterday's gain, the S&P 500 has rallied for eight consecutive days—tying the longest streak in 20 years. The S&P 500 is up 12.5% off the lows, back above its 50-day moving average, and is just 1.2% below pre-April 2 levels (the NASDAQ's recovery had come even earlier). Despite the recent bounce, we do *not* expect the market to race back to record highs as tariff-related headwinds to economic activity and our expectation for further downward revisions to earnings estimates will likely keep volatility elevated near term.

Sector Performance



Source: FactSet

Chart of the Day: S&P 500 Recovers Technical Level



Source: FactSet

RAYMOND JAMES

Disclosures

LHS/RHS: Left-hand side/Right-hand side axes. The **Dow Jones Industrial Average (DJIA)** is an unmanaged index of 30 widely held stocks. The S&P 500 is an unmanaged index of 500 widely held stocks. The **NASDAQ 100 Index** is a stock market index that includes 100 of the largest, most actively traded, non-financial companies listed on the Nasdaq Stock Market. **US government bonds and Treasuries** are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. US government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. **Sector** investments are companies focused on a specific economic sector and are presented here for illustrative purposes only. Sectors are subject to varying levels of competition, economic sensitivity, and political and regulatory risks. Investing in any individual sector involves limited diversification. **Bond** prices and yields are subject to change based upon market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise. The **US Dollar Index (DXY)** is a measure of the value of the U.S. dollar against six other major foreign currencies.

All expressions of opinion reflect the judgment of the author(s) and Investment Strategy and are subject to change. This information should not be construed as a recommendation. The content provided herein is for informational purposes only. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. Past performance is not a guarantee of future results. Indices and peer groups are not available for direct investment. Any investor who attempts to mimic the performance of an index or peer group would incur fees and expenses that would reduce returns. Economic and market conditions are subject to change. Investing in emerging markets can be riskier than investing in well-established foreign markets. Investing involves risks including the possible loss of capital. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. A safe-haven asset is a type of financial instrument likely (but not guaranteed) to retain or increase value during market turbulence. Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation, and may not be suitable for all investors. The prices of small company stocks may be subject to greater volatility than those of large company stocks. Investing in small-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor. Gold is subject to the special risks associated with investing in precious metals, including but not limited to the price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated. Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Please consult an income tax professional to assess the impact of holding such securities on your tax liability.

Data Source | FactSet as of 5/1/2025

RAYMOND JAMES®

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER
880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863 // RAYMONDJAMES.COM