



**CWP**

PRIVATE WEALTH  
MANAGEMENT

March 2025

## Monthly Market Commentary

### Summary

1. Expect a more meaningful slowdown in growth in the near term associated with tariffs and government spending cuts with inflation moderating over the next few months.
2. The current environment is more favorable for further interest rate cuts going forward.
3. Policy uncertainty will remain front and center in the coming months and elevated volatility is expected.
4. Over the long term, policy under the current administration should translate into a re-acceleration in private sector growth vs a government funded expansion seen in the last cycle.

Spring is officially right around the corner! For those residing in the Midwest, making it through February can seem like a never-ending battle, but it is now in the rear-view mirror. We are looking forward to more time spent outdoors, cookouts, baseball games, and obviously summer which will be here before you know it. Here is to continued health and happiness in 2025! Cheers!

Global market performance was mixed across asset classes and geographies in February, which started off on a positive note over the first half of the month, but cross-asset volatility increased in the second half, especially in the US and remains elevated. On the contrary, international equities performed well in the month, which highlights the importance of having some diversified exposure despite structural issues in certain foreign countries. Early indications of a broader participation across sectors and styles have started to fade as uncertainties with respect to policy and geopolitical tensions are on the rise once again. One of the new administration's goals is to balance the budget and cut deficit spending, which is essential considering the growth in government debt levels over the last few years that are unsustainable over the long run. Second, they are encouraging private investments in the USA in various industries with favorable regulations and ease of doing business with an intention to revive US manufacturing which in turn leads to real growth. Some of these initiatives are positive over the long run but the path and chaotic nature of policy administration has market participants rather unsettled. As a result, with these initiatives, tariffs, and spending cuts in the government will have a negative impact on growth in the near term while inflation also should take a leg lower. Interest rates are starting to reflect this new shift in policy, but it remains too early to comment on how successful they are going to be in achieving their goals. We continue to see

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elevated valuations and heightened uncertainty as the biggest risk and are cognizant of it but want to be active in taking advantage of opportunities that show up.

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