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Trump's Bold Vision

Please refer to important disclosures on pages 14 and 15. Analyst certification is on page 14.

> *No other president would have done what I did, no other president. I know the presidents, they wouldn't have done it. And it had to be done.*
>
> *If you didn't do it, it wouldn't be sustainable, you wouldn't have had a country. So I'm honored to have done it…. It does take guts, it even takes guts for our country to go through it. That's why I say be cool, just be cool, it's gonna work out. And it's working out, I can tell you, working out maybe faster than I thought. But I said, it's gonna take a little conditioning. It's a transition. It's really, I think it's a transition to greatness. It's gonna be greatness.*
>
> – President Donald J. Trump, April 9, 2025

President Trump's big vision today seems to be nothing short of a full structural regime change and a reordering of the global financial and economic trading system. Whether one shares this vision or not, or thinks it is possible or not, it is important to try to understand it to grasp where this train may be heading. **In this *Economics Weekly,* we attempt to outline this vision, how the president thinks it can be achieved, what the barometers of success are, and what could derail it.**

The 1971 Nixon Shock

President Trump's announcement last Wednesday in the Rose Garden was the first major stab at what the president has in the past called a complete reordering of the global trade and financial system. While it would be easy to gloss over those words as hyperbolic, the reality is much deeper, and Trump's words should indeed be taken seriously.

He believes that we are now at the very start of a major structural regime change, one that has been a long time coming and one that is existential for the U.S.

Given the grand scale of this vision, Trump will have fully anticipated that its unveiling would be accompanied by a fair amount of disruption and dislocation across financial markets as investors try to assess both the potential impact and the seriousness of the president's intent.

If he is serious, can the current economic, financial, and trading system, which have taken decades to build, really be dismantled in one fell swoop? Looking back in history, the answer would seem to be yes, it can.

As the historian Niall Ferguson has pointed out, the correct comparison with President Trump's actions now would not be with Trump's favorite tariff-invoking 25th president, William McKinley, but rather with the tariff-invoking 37th president, Richard Nixon.

It seems likely that Trump believes President Nixon's 1971 decision to untether the dollar from the gold standard sent the world down a terrible path, weakening the nation and allowing other nations to take advantage of that giant misstep.

Trump now plans to rectify that mistake and return the U.S. to its former greatness by pulling what could be called a "reverse Nixon shock."

On August 15, 1971, President Nixon announced what was billed as a "temporary" suspension of the gold standard, a temporary 90-day wage and price freeze, and temporary 10% tariffs on all imports. Leading up to this momentous announcement had been three days of meetings at Camp David with a select group of his top advisors—including Treasury Secretary John Connally, Paul Volcker (undersecretary of the Treasury at the time), Head of the OMB and master statesman George Shultz, and Fed Chair Arthur Burns.

In an interview to discuss his book *Three Days at Camp David,* which describes the events leading up to Nixon's decision, Yale SOM Dean Emeritus Jeffrey E. Garten tells us:

> *When I started the book, I had in mind a major critique of the way they did it. But as I got deeper into the details and understood the rationale, I came to believe it was the only way. They made a very tough decision, which I think was the right one. They had to do this unilaterally, suddenly, and with enormous force that would leave no doubt in the minds of market makers that they were going to get their way. That's what they did.*

When asked why Nixon didn't simply try to negotiate an update to the old Bretton Woods monetary system, Garten replies:

> *Some of Nixon's advisors would have preferred negotiation. Nixon and Connally had concluded that holding negotiations would cause market crises. Every time there was an announcement about the negotiations, every time somebody blinked, there'd be 20 interpretations and a continual economic crisis. If anyone had said that the outcome of this unilateral decision would be greater international cooperation, no one would have believed it. I'm not sure that Nixon would have believed it. But Nixon masterfully created a situation where suddenly*

> *countries understood that they needed coordinated policies to deal with finance, trade, energy, and food. We entered a period of enormous international cooperation on the heels of this very tough decision that Nixon made at Camp David.*

Nixon's chief concern was that the supply and demand for dollars as the world's reserve currency had become so large in the post-war economy, the U.S. no longer had sufficient gold reserves to back it. At the time there were four times as many dollars in circulation as gold in reserves. Nixon feared this left the U.S. vulnerable to a run on the dollar if everyone holding those dollars suddenly demanded they be converted to gold at $35/oz. Hence, it was important to act first before this could happen.

Already, France's General Charles de Gaulle had been pressuring the U.S. to convert increasingly more of its dollars into gold. For Nixon this meant that the old gold standard regime was no longer fit for purpose in a larger and more modern world.

Nixon felt that the only option was to de-peg the dollar and allow it to freely float in the market, thereby allowing the trade deficit and the budget deficit to rise. Meanwhile, Wall Street would be deregulated to be better able to absorb the massive capital account inflows, which would start to come in as the necessary mirror image of the widening current account deficits.

The Result

Over time, this shift resulted in the dollar—still the world's reserve currency—being increasingly overvalued. Foreign central banks accumulated larger and larger hoards of dollar reserves. As the global economy grew and more dollars were printed, this generated accelerating and powerful network effects, further increasing the value of the dollar.

The appreciation of the dollar and depreciation of other currencies made imports to the U.S. relatively more attractive, allowing foreigners to sell increasingly more goods to the insatiable U.S. consumer.

The flow of dollars to the foreign corporate sector was then quickly recycled back into dollar-denominated assets, such as U.S. Treasurys, resulting in lower interest rates.

Globalization and multiple new trade agreements magnified these effects, as new trade superhighways were created.

On the upside, the U.S. retained hegemonic control of the dollar and the global financial system, while also conveying upon it tremendous soft power.

The downside of all this for the U.S. was that the stronger dollar, coupled with lower barriers to entry and supported by strong demographic- and credit-driven consumer demand, led to the loss of many goods-producing industries, which gradually transitioned abroad. Meanwhile, those that were left behind (the losers from globalization) ended up receiving little in the way of government compensation, support, or other employment opportunities.

One other major externality was that the lower interest rates generated by the recycling of dollars back into Treasurys also eventually led to the financialization of the economy, which created its own set of problems, including excessive credit creation and financial market bubbles.

Trump's Vision

President Trump's long-held belief is that the U.S. has been far from exceptional. Rather, he believes that with each passing year, the U.S. economy has become ever more financialized and more indebted and its inability to produce critical products deemed essential for national security has diminished to existentially low levels (dramatically highlighted during the pandemic). This has left the country incredibly vulnerable and exposed to financial, economic, and military shocks—organic or otherwise orchestrated by foreign adversaries.

Trump believes the root cause of all this has been the dollar and its appreciation following the Nixon shock and the de-pegging of the dollar from gold in 1971. As a result, he now wants to reverse that shift.

While he does not want to return to the gold standard (though he is a big fan of economist Judy Shelton, who very much does), he has been exploring ways to force the dollar to depreciate by enough on a sustained basis to lower the trade deficit, reduce the demand for dollars, reduce the government budget deficits and debt, and shore up economic security with the return of manufacturing.

While forcing a depreciation of the dollar might not be so difficult on its own, he also wants to maintain its status as the world's reserve currency and for there still to be high enough demand for U.S. Treasury debt to drive down long-term interest rates—a big ask.

The solution has been a twofold plan.

Stage one required the shock and awe of the reciprocal tariffs. These were meant to force the world to stand up and take notice. If the formula for drawing up those tariffs was not well reasoned and robust, it did not really matter, because the intent was never to keep them in place for very long anyway. Anything that sounded reasonably plausible would suffice. These tariffs were simply intended as bait to draw foreign trading partners to the negotiation table.

The near-term strength in the dollar following the tariff announcements would also act as a partial offset for the short spike in inflation that the tariffs would likely generate from those now more highly priced imported goods.

In the meantime, any weakness in the financial markets would likely be capitalized on as an effective tool to demonstrate to the world just how serious he was about getting foreigners to come to the table and strike up a deal.

Stage two of this process, the negotiation stage, would then be reached when the president felt that he had their attention, which would be when an orderly queue started to form outside the door of the Oval Office.

It was at this point that a pause in the more biting but temporary reciprocal tariffs could be announced, financial markets would stabilize and perhaps recover much of their losses, and Trump would have the space to get down to brass tacks and see just how willing foreigners actually were to negotiate a deal.

The common refrain coming from Europe has been that it does not know what he wants. What Trump wants is for countries to: 1) lower both their tariff and non-tariff barriers for U.S. goods; 2) appreciate their exchange rates; 3) agree to buy more "stuff" that is made in the USA, such as arms, cars, etc.; and 4) continue to buy U.S. Treasury securities (lowering U.S. interest rates). He also wants those countries to cut their own interest rates to make sure their currencies stay elevated and do not start to decline through their continued U.S. Treasury purchases.

So How's That Working Out?

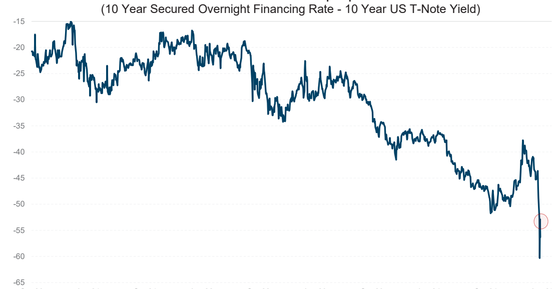
Stage two was deemed to have been reached on Wednesday. Whether the president actually had more than 75 countries requesting deals or was pushed into pausing earlier than intended by financial market pressures, we really can't say; however, the president's remark that "*it's working out, I can tell you, working out maybe faster than I thought*," would suggest that at least he feels like it was all still going to plan.

The risk in stage two now becomes that financial market participants start to feel too much damage has already been done—that even with the 90-day pause on reciprocal tariffs, the economy is still stuck in a downward spiral heading toward recession and/or a financial market crisis.

The main area of pressure over the last week has been the U.S. Treasury market, where the unwinding of what is known as the "basis trade" has been the catalyst for much of the volatility. This is a trade where hedge funds short the futures of Treasury bonds while purchasing the underlying cash position of a similar maturity, and then collect the basis-point yield as the two prices converge in time. While this generates only small amounts of profit on each trade, when leveraged up 50-100 times, the profits can be significant. The sharp moves in the market this past week have been the result of many managers being called on their loans for more margin, that margin being seized if they are unable to meet their margin calls, and the subsequent forced sale of those Treasurys back into the market by the lender.

One key gauge of market pressures here is the SOFR swap spread (a spread between the secured overnight financing rate and the equivalent maturity on a Treasury bond). The fact that this spread has only recovered approximately half of its decline is indicative of a market that is still under tremendous pressure and not yet confident in the president's plan (exhibit 1).

Exhibit 1
SOFR 10 Year Swap Spread
(10 Year Secured Overnight Financing Rate - 10 Year US T-Note Yield)



Sources: BLoomberg, William Blair Equity Research

One of the fears circulating this week that we do not give much credence to, however, has been that China—the world's second-largest holder of U.S. Treasurys after Japan—has been selling down its Treasury holding to put more pressure on the U.S. If this were actually the case, there would have been much heavier upward pressure on the yuan, and downward pressure on the dollar more generally, which has not occurred.

What's Next?

What financial markets would like to see now is clear evidence that this strategy is starting to pay off and deals are starting to be struck. If this really is the existential fight over the future of the U.S. that Trump believes it is, then ideally there should be buy-in and support emerging from the Democrats as well. At the moment that does not seem likely.

For its part, the Federal Reserve is in a very difficult spot. It does not want to be caught out on the wrong side of history by lowering rates ahead of a potentially large spike in inflation, but it will also recognize the need to provide some stability to financial markets. How might it square this circle? Perhaps as a first step, if markets continue to deteriorate, it could introduce one or a number of new facilities to start buying back U.S. Treasury securities—ending QT and restarting QE. For the Fed to actually start lowering interest rates, it will want to have the cover of falling inflation and/or inflationary expectations, and clear evidence that the labor market is starting to deteriorate more significantly.

Conclusion

President Trump is undertaking what could be a very major structural regime change. Trump believes that while the "exorbitant privilege" of being the world's reserve currency of choice has bestowed on the U.S. a number of important benefits, it has also been accompanied by an "exorbitant burden." This includes the loss of competitive advantage, leading to a loss of industry and jobs. It has also created vulnerability along supply lines critical for the nation's security, and forced the country to take on excessive amounts of debt, thereby exposing it to enormous risks from financial markets.

Just like President Nixon back in 1971, President Trump believes that he needs to act first to eliminate what is an existential threat to the U.S. economy to ensure its long-term sustainability. He is attempting to do this via the exertion of brute economic power, by introducing extremely high tariffs on foreign economies, and perhaps also taking advantage of turmoil in the financial market to make it understood that he is indeed serious in his intent.

What he ultimately wants is not a protectionist economy with high tariffs, but for countries to eliminate their tariff and non-tariff barriers, appreciate their exchange rates relative to the dollar, and lower their interest rates to help keep U.S. interest rates low.

Success will be viewed as a transfer of very high government sector debt back onto the balance sheets of the U.S. private sector, and an economy that can once again produce goods that are deemed critical for national security.

The volatility in financial markets has been intense and the increasing risk is that something breaks, the president loses control of the narrative, and the situation starts to take on a life of its own. To avoid this, financial markets will now want to see evidence that this plan is gaining currency, either through successful negotiations or through buy-in from other interested parties—this might include the Federal Reserve (which bought in to support Nixon in 1971), or indeed the Democrats.

Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
16 Apr	8:30 a.m.	Advance Retail Sales (Mar)	0.2%	1.4%	1.8%	
16 Apr	9:15 a.m.	Industrial Production (Mar)	0.7%	-0.2%	-0.1%	
		Capacity Utilization	78.2%	77.9%	78.0%	
17 Apr	8:30 a.m.	Housing Starts (Mar)	11.2%	-6.1%	-5.0%	
		Building Permits	-1.0%	-0.6%	0.1%	

Sources: Bloomberg, William Blair Equity Research

Indicator of the Week: Retail Sales

Retail Sales by Sector % Change on Previous Month

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Total Retail Sales	**0.4**	**-0.2**	**0.2**	**-0.3**	**1.2**	**-0.1**	**0.9**	**0.6**	**0.7**	**0.7**	**-1.2**	**0.2**
Total Sales Less-Motor Vehicles & parts dealers	**0.6**	**0.1**	**0.0**	**0.5**	**0.5**	**-0.1**	**1.0**	**0.2**	**0.1**	**0.6**	**-0.6**	**0.3**
GAFO*	-0.4	0.1	0.6	0.1	0.5	-0.4	0.5	0.4	0.1	0.9	-0.2	N/A
Furniture & Home Furnishing	-2.8	1.8	0.9	0.6	1.5	-0.1	1.1	0.6	0.9	2.1	-1.2	0.0
Electronics & Appliances	-4.5	2.6	1.6	-1.5	0.1	-2.4	-2.9	3.0	0.5	-0.4	-1.1	-0.3
Building Materials, Garden Equipment Supply	-0.5	0.4	-0.5	1.5	0.9	0.3	1.1	-0.3	-0.7	-1.3	-1.9	0.2
Food & Beverage	0.4	0.7	-0.1	0.2	0.9	-0.4	0.8	0.3	-0.1	0.9	-0.1	0.4
Health & Personal Care	0.0	-0.2	1.5	0.7	1.9	0.4	2.1	-1.3	0.3	0.6	-1.1	1.7
Gasoline Stations	1.6	1.6	-2.2	-2.1	0.5	-0.9	-1.4	0.2	0.2	2.0	1.3	-1.0
Clothing Accessories	-3.0	2.3	1.3	0.1	0.2	-0.9	0.8	1.1	-0.6	1.2	-0.7	-0.6
Sporting Goods, Hobbies, Books	-0.9	-2.2	1.2	-0.1	-1.0	0.3	1.4	-0.4	-0.8	3.1	-3.1	-0.4
General Merchandise	1.4	-0.9	0.1	0.0	0.8	-0.3	0.7	0.1	0.1	0.5	0.5	0.2
Miscellaneous	3.1	-1.8	-1.4	1.6	-0.8	1.0	2.2	-1.0	-3.2	5.1	0.8	-0.3
Nonstore Retailers	2.3	-1.3	0.5	2.3	-0.3	0.0	2.1	0.0	0.4	0.5	-2.4	2.4
Food Svcs & Drinking Places	-0.4	0.6	0.1	0.1	0.6	0.6	0.8	0.9	0.5	-0.7	0.0	-1.5
Motor Vehicles & parts dealers	-0.3	-1.0	1.1	-3.6	4.4	-0.3	0.6	2.2	3.1	1.3	-3.7	-0.4

*General Merchandise, Apparel and Accessories, Furniture and Other Sales
Source: U.S. Census Bureau, William Blair Equity Research

Economic Scorecard

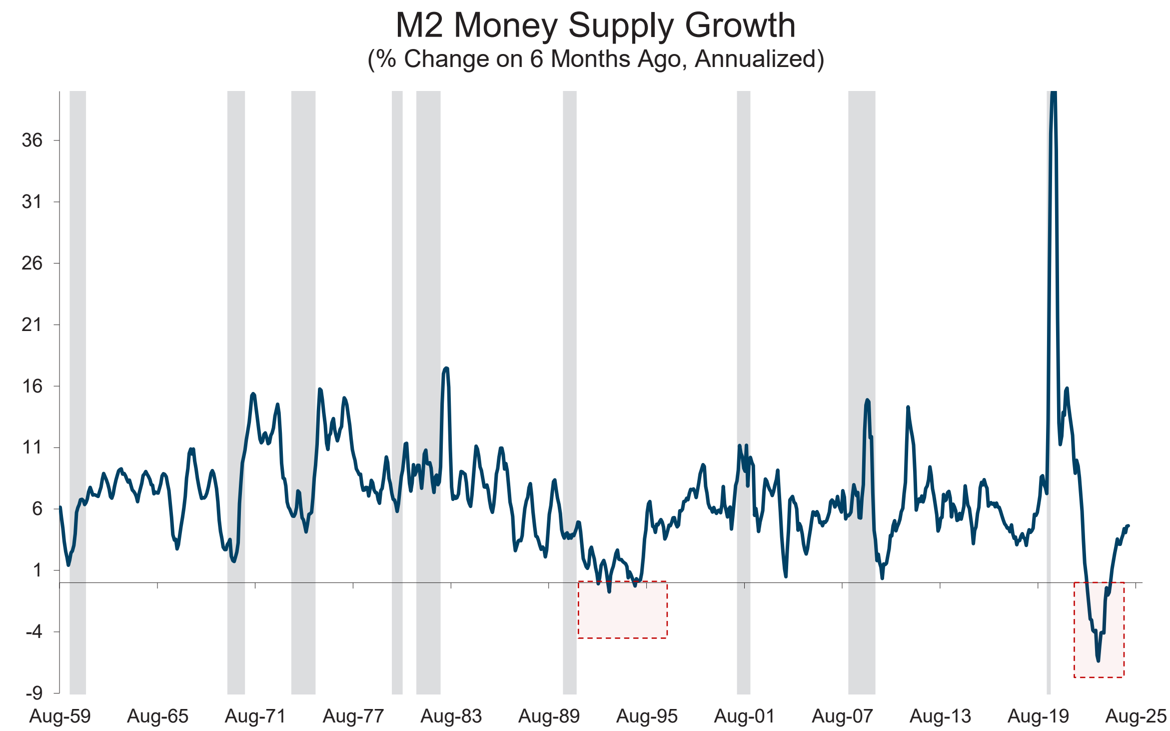
Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Growth																			
US Leading Indicators	-8.0	-7.5	-6.8	-7.0	-6.5	-5.5	-5.4	-5.0	-4.5	-4.7	-4.6	-4.3	-3.7	-3.0	-3.0	-2.7	-3.1		
US Coincident Indicators	1.6	2.2	2.4	1.6	2.0	2.1	1.7	1.9	2.1	1.7	1.7	1.6	1.6	1.4	1.7	2.0	1.9		
US Lagging Indicators	1.3	1.3	0.3	1.2	1.2	1.2	1.4	1.2	1.1	1.0	0.8	0.3	0.1	0.0	0.1	-0.3	0.0		
Consumer																			
Total Retail Sales	2.6	3.5	5	0	2.1	3.6	2.8	2.6	2	2.9	2	2	3	4	4.4	3.9	3.1		
Personal Income	5	5.2	5.2	6	5.9	5.9	5.7	5.5	5.4	5.3	5	4.8	5.1	5	4.9	4.2	4.6		
Real Disposable Personal Income	4.4	4.8	4.7	3.7	3.3	3.1	2.8	2.8	2.7	2.6	2.4	2.4	2.4	2.1	2	1.3	1.8		
Real Personal Consumption	2.3	3.1	3.6	1.9	2.1	2.7	2.4	2.8	2.9	2.9	2.9	3.2	3.1	3.1	3.1	2.8	2.7		
Personal Saving Rate (%)	4.5	4.6	4.4	5.5	5.4	5.2	5.1	4.9	4.8	4.3	4.2	3.8	4	3.7	3.3	4.3	4.6		
Consumer Confidence (Conference Board)**	99.1	101	108	110.9	104.8	103.1	97.5	101.3	97.8	101.9	105.6	99.2	109.6	112.8	109.5	105.3	100.1	92.9	
Employment																			
Employment Growth	1.7	1.6	1.7	1.5	1.4	1.5	1.5	1.4	1.3	1.3	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.2	
ASA Temporary Staffing Index	-7.5	-7.6	-5.5	-12.2	-9.4	-8.2	-9.3	-10.2	-9.9	-12.5	-12.2	-12.0	-9.5	-6.6	-21.0	-8.2	-7.5	-8.7	
ISM Employment Index Manufacturing*	47.3	46.2	47.6	47.2	46.1	47.5	48.2	50.4	48.4	43.6	45.8	44.6	44.8	48.1	45.4	50.3	47.6	44.7	
ISM Employment Index Services*	49.8	50.1	43.7	50.2	48	48.5	46.6	47.5	46.7	51	49.6	48.2	52.2	50.9	51.3	52.3	53.9	46.2	
Unemployment Rate, %	3.9	3.7	3.8	3.7	3.9	3.9	3.9	4	4.1	4.2	4.2	4.1	4.1	4.2	4.1	4	4.1	4.2	
Average Hourly Earnings	4.2	4.1	4.1	4.3	4.2	4.2	4	4.1	3.9	3.6	4	3.9	4.1	4.2	4	3.9	4	3.8	
Initial Jobless Claims (avg. wkly. chg. '000s)	210	218	205	210	211	216	210	222	237	237	230	225	236	219	222	218	227	223	
Jop Openings	-18.5	-18.4	-21.1	-18.5	-14.2	-15.5	-23.7	-15.1	-19.4	-12.8	-17.6	-23.5	-10.9	-7.3	-12.5	-8.3	-10.4	-6.5	
Layoff Announcements	8.8	-40.8	-20.2	-20	8.8	0.7	-3.3	-20.3	19.8	9.2	1	53.4	50.9	26.8	11.4	-39.5	103.2	204.8	
Housing Market																			
Housing Starts	-5.2	6.3	17	1.1	10.1	-3.2	0.7	-16.9	-6.1	-14.3	5.7	-0.6	-1.5	-13.6	-2.7	-1.9	-2.9	-2.9	
New Home Sales	16.6	2.5	3.5	3.9	2.9	6.1	7.1	-9.3	0.9	1	6	4.6	-7.4	10.6	9	0	5.1	5.1	
Existing Home Sales	-13.1	-6.9	-5.6	-2.0	-3.4	-3.3	-2.6	-3.1	-5.1	-2.5	-3.7	-3.0	3.1	6.7	9.7	2.3	-1.2	-1.2	
Median House Price (Existing Homes)	-9.3	0.4	-2.2	5.4	-2.9	-0.6	-0.5	-1.6	-0.9	-1.6	-8	-1.2	2.1	-7.4	-0.3	-0.7	-1.5	-1.5	
Existing Homes Inventory (Mths' supply)	3.4	3.5	3.5	3.5	3.3	3.5	3.5	3.5	3.8	3.7	3.9	4	3.9	3.8	3.7	3.9	3.8	3.8	
New Homes Inventory (Mths' supply)	7.9	8.8	8.2	8.3	8.7	8.2	7.6	8.4	8.4	7.9	8.2	7.8	9.2	8.6	8.2	9	8.9	8.9	
NAHB Homebuilder Sentiment*	40	34	37	44	48	51	51	45	43	41	39	41	43	46	46	47	42	39	
Inflation																			
Consumer Price Index	3.2	3.1	3.4	3.1	3.2	3.5	3.4	3.3	3	2.9	2.5	2.4	2.6	2.7	2.9	3	2.8	2.4	
CPI Less-food & energy	4	4	3.9	3.9	3.8	3.8	3.6	3.4	3.3	3.2	3.2	3.3	3.3	3.3	3.2	3.3	3.1	2.8	
Producer Price Index	1.1	0.8	1.1	1	1.6	2	2.3	2.5	2.9	2.4	2.1	2.1	2.8	2.9	3.4	3.7	3.2		
PPI Less-food & energy	2.2	1.9	1.8	2	2.1	2.3	2.5	2.7	3.3	2.6	2.8	3.3	3.6	3.4	3.7	3.8	3.4		
PCE Price Index	3	2.7	2.7	2.6	2.6	2.8	2.7	2.6	2.4	2.5	2.3	2.1	2.3	2.5	2.6	2.5	2.5		
PCE Prices Less-food & energy	3.4	3.2	3.0	3.1	2.9	3.0	2.9	2.7	2.6	2.7	2.7	2.7	2.8	2.8	2.9	2.7	2.8		
Business Activity - US																			
Industrial Production	-0.8	-0.2	0.8	-1.2	-0.1	-0.3	-0.8	0.0	0.9	-0.5	-0.1	-0.7	-0.3	-0.8	0.5	1.9	1.4		
New Cap Gds Orders less-aircraft & parts	0.8	1.4	0.8	-0.2	3.2	-0.9	2.8	-0.5	-2.2	2	-1.5	0.5	1.8	-0.4	2.9	2.2	-1		
Business Inventories	0.7	0.2	-0.1	0.2	0.2	0.7	0.6	1	1.6	2	2.5	2.5	2.1	2.3	2.6	1.9	2.3		
ISM Manufacturing PMI*	47.3	46.9	46.9	48.9	47.6	49.8	48.8	48.5	48.3	47	47.5	47.5	46.9	48.4	49.2	50.9	50.3	49	
Markit US Manufacturing PMI*	50	49.4	47.9	50.7	52.2	51.9	50	51.3	51.6	49.6	47.9	47.3	48.5	49.7	49.4	51.2	52.7	50.2	
ISM Services Index*	51.8	52.6	50.6	53.2	52.2	51.3	49.6	53.5	49.2	51.4	51.6	54.5	55.8	52.5	54	52.8	53.5	50.8	
Markit US Services PMI*	50.6	50.8	51.4	52.5	52.3	51.7	51.3	54.8	55.3	55	55.7	55.2	55	56.1	56.8	52.9	51	54.4	
Business Activity - International																			
Germany Manufacturing PMI Markit/BME*	40.8	42.6	43.3	45.5	42.5	41.9	42.5	45.4	43.5	43.2	42.4	40.6	43	43	42.5	45	46.5	48.3	
Japan Manufacturing PMI Jibun Bank*	48.7	48.3	47.9	48	47.2	48.2	49.6	50.4	50	49.1	49.8	49.7	49.2	49	49.6	48.7	49	48.4	
Caixin China Manufacturing PMI*	49.5	50.7	50.8	50.8	50.9	51.1	51.4	51.7	51.8	49.8	50.4	49.3	50.3	51.5	50.5	50.1	50.8	51.2	
China Manufacturing PMI*	49.5	49.4	49	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	50.5	
UK Manufacturing PMI Markit/CIPS*	44.8	47.2	46.2	47	47.5	50.3	49.1	51.2	50.9	52.1	52.5	51.5	49.9	48	47	48.3	46.9	44.9	
France Manufacturing PMI Markit*	42.8	42.9	42.1	43.1	47.1	46.2	45.3	46.4	45.4	44	43.9	44.6	44.5	43.1	41.9	45	45.8	48.5	
Currencies* **																			
Euro (EUR/USD)	7.0	4.6	3.1	-0.4	2.2	-0.5	-3.2	1.5	-1.8	-1.6	1.9	5.3	2.9	-2.9	-6.2	-4.2	-4.0	0.2	
Renmimbi (USD/CNY)	0.2	0.6	2.9	6.1	3.6	5.1	4.7	1.9	0.2	1.2	-2.3	-3.8	-2.7	1.6	2.8	1.1	1.2	0.5	
Yen (USD/Yen)	2.0	7.3	7.6	12.9	10.1	13.9	15.8	12.9	11.5	5.4	0.4	-3.8	0.2	1.1	11.5	5.6	0.4	-0.9	
Sterling (GBP/USD)	6.0	4.7	5.4	3.0	5.0	2.3	-0.6	2.4	-0.5	0.2	3.6	9.6	6.1	0.9	-1.7	-2.3	-0.4	2.3	
Canadian $ (USD/CAD)	1.8	1.1	-2.3	1.0	-0.5	0.2	1.7	0.4	3.3	4.7	-0.1	-0.4	0.4	3.3	8.6	8.2	6.5	6.3	
Mexican Peso (USD/MXN)	-8.9	-9.8	-13.0	-8.6	-6.8	-8.2	-4.8	-3.8	7.0	11.2	15.8	13.0	11.0	17.2	22.7	20.1	20.5	23.6	
US Equities																			
S&P 500	8.3	12.0	24.2	18.9	28.4	27.9	20.8	26.3	22.7	20.3	25.3	34.4	36.0	32.1	23.3	24.7	16.8	6.8	
S&P 400 Midcap	-2.7	-0.5	14.4	3.0	11.1	21.3	14.9	23.9	11.7	13.5	16.9	24.8	30.9	31.3	12.2	18.6	7.1	-4.2	
S&P 600 Smallcap	-9.3	-5.9	13.9	-0.1	4.5	13.8	10.4	18.1	6.6	12.0	15.1	23.5	27.6	30.9	6.8	14.5	4.5	-5.0	
Russell 2000	-10.0	-4.1	15.1	0.8	8.3	17.9	11.6	18.3	8.4	12.5	16.7	24.9	32.1	34.6	10.0	17.5	5.3	-5.3	

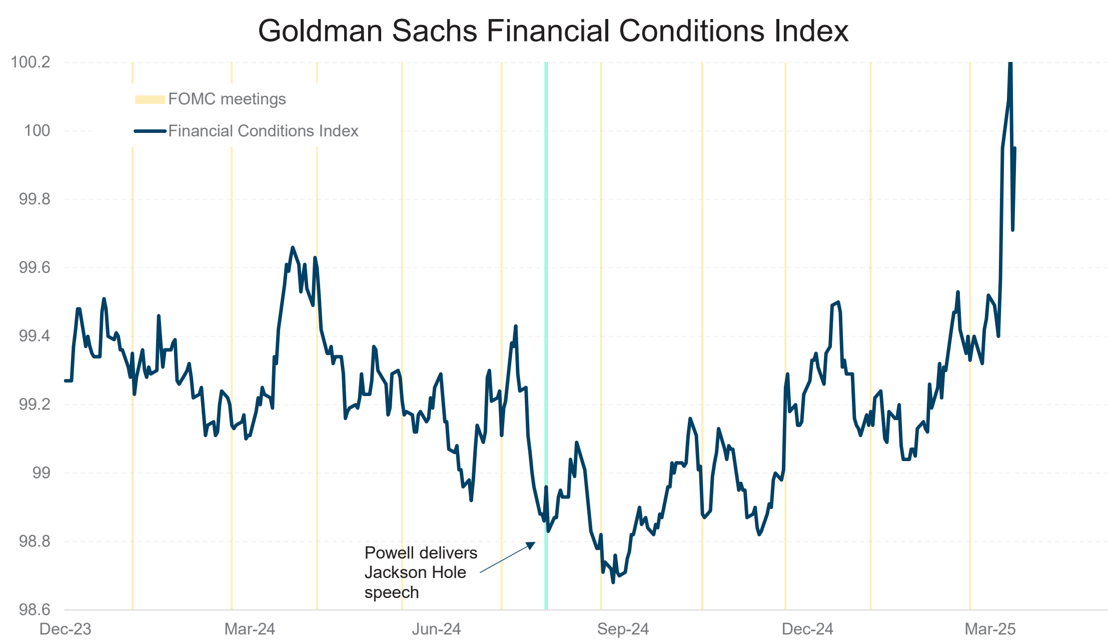
* Diffusion Index, **1985=100, ***Currencies - green/red = strengthening/weakening foreign currency vs dollar

Source: ISM, Federal Reserve, Census Bureau, Bureau of Labor Statistics, Conference Board, Bloomberg, William Blair

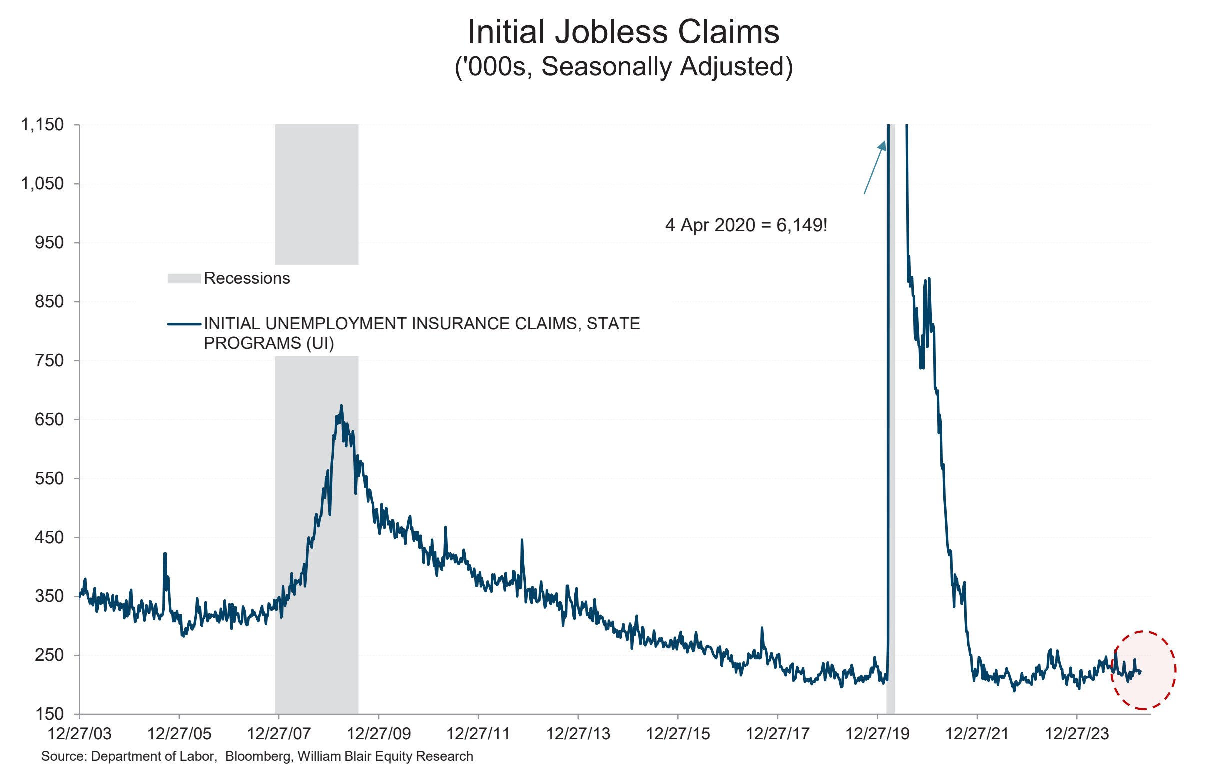
Other Economic Indicators



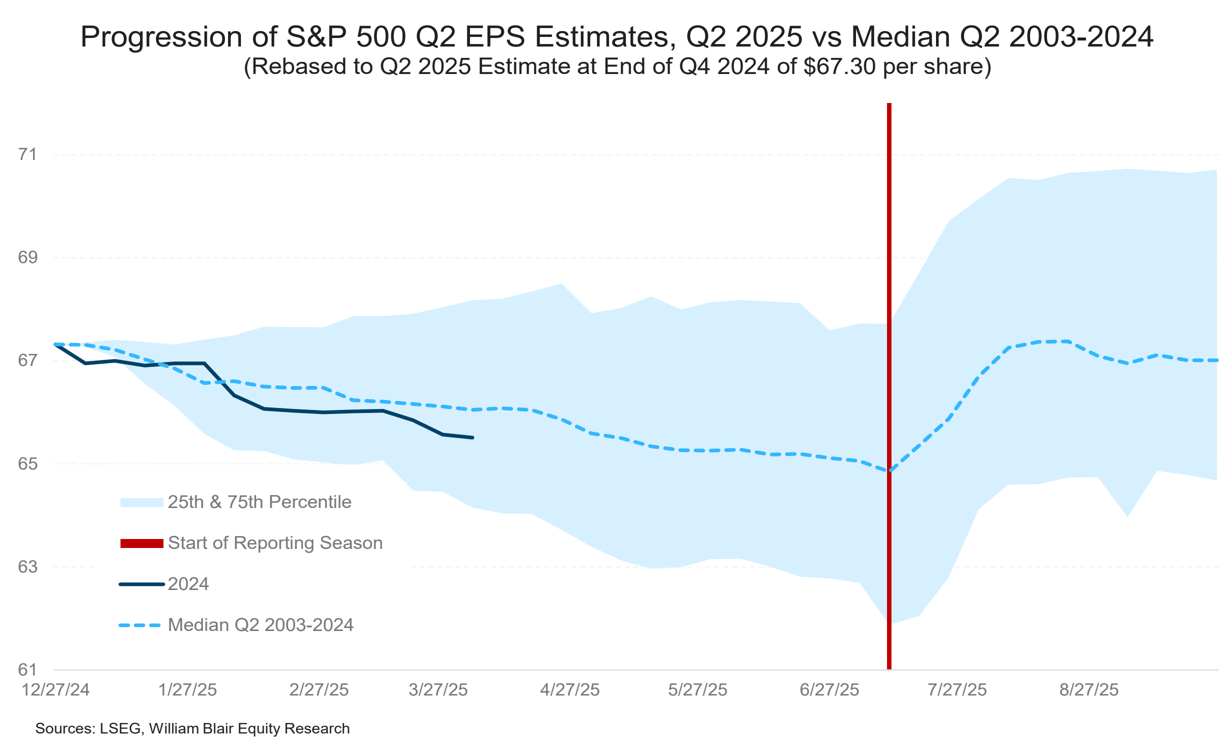
Sources: Federal Reserve, William Blair Equity Research



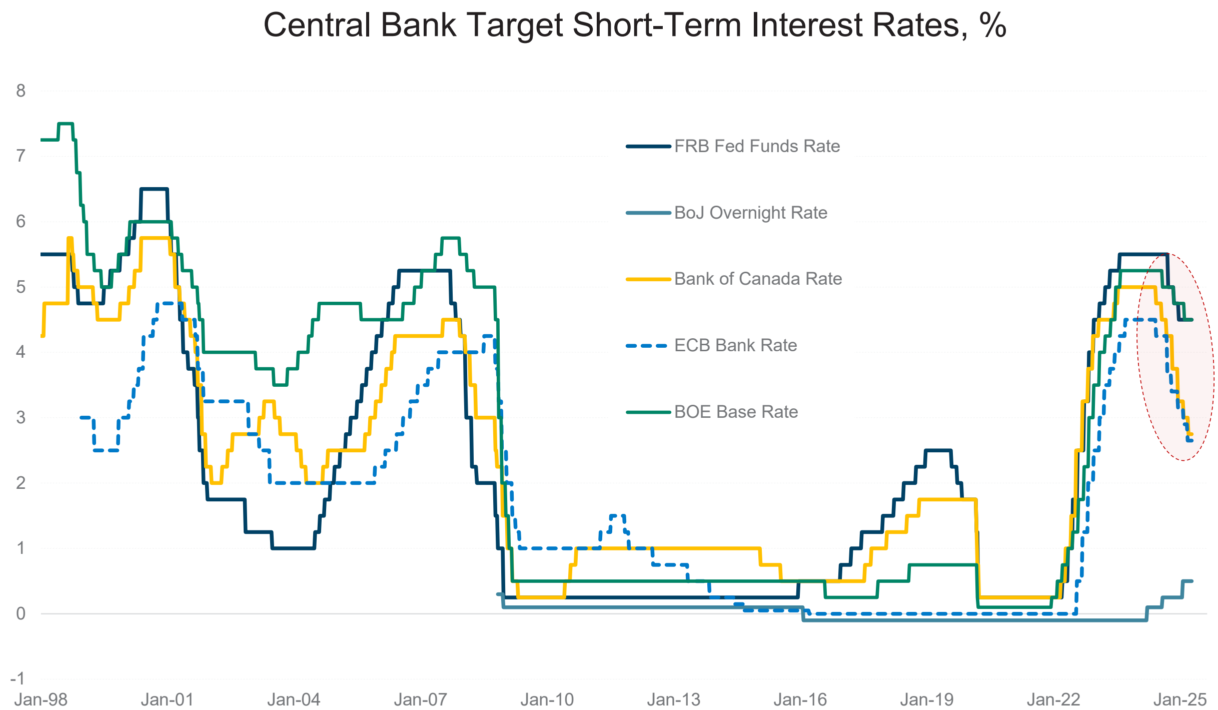
Sources: Bloomberg, William Blair Equity Research



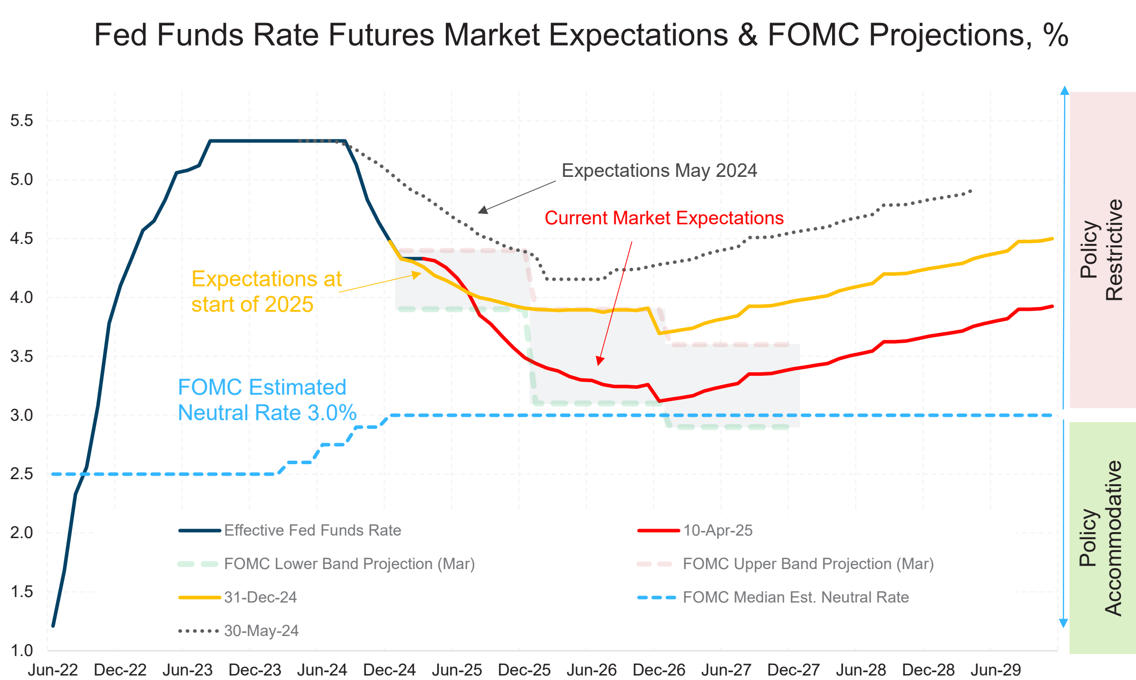
Initial Jobless Claims
('000s, Seasonally Adjusted)
1,150
1,050
950
850
750
650
550
450
350
250
150
4 Apr 2020 = 6,149!
Recessions
INITIAL UNEMPLOYMENT INSURANCE CLAIMS, STATE PROGRAMS (UI)
12/27/03
12/27/05
12/27/07
12/27/09
12/27/11
12/27/13
12/27/15
12/27/17
12/27/19
12/27/21
12/27/23
Source: Department of Labor, Bloomberg, William Blair Equity Research



Progression of S&P 500 Q2 EPS Estimates, Q2 2025 vs Median Q2 2003-2024
(Rebased to Q2 2025 Estimate at End of Q4 2024 of $67.30 per share)
71
69
67
65
63
61
25th & 75th Percentile
Start of Reporting Season
2024
Median Q2 2003-2024
12/27/24
1/27/25
2/27/25
3/27/25
4/27/25
5/27/25
6/27/25
7/27/25
8/27/25
Sources: LSEG, William Blair Equity Research



Sources: Bloomberg, William Blair Equity Research



Sources: Bloomberg, William Blair Equity Research

S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 10-Apr-25	Week Ago 03-Apr-25	Month Ago 11-Mar-25	Qtr-to-Date 31-Mar-25	Year-to-Date 31-Dec-24
S&P 500 Index	**100.00**	**-2.38**	**-5.46**	**-6.13**	**-10.43**
S&P 400 MidCap Index		**-3.54**	**-7.71**	**-8.04**	**-13.99**
S&P 600 SmallCap Index		**-4.69**	**-9.93**	**-9.93**	**-18.32**
Dow Jones Industrials		**-2.35**	**-4.44**	**-5.73**	**-6.94**
Nasdaq Composite		**-0.99**	**-6.02**	**-5.27**	**-15.14**
Communication Services	**9.83**	**0.06**	**-6.18**	**-3.88**	**-10.05**
Advertising	0.05	-1.99	-10.97	-11.05	-14.09
Broadcasting	0.06	-4.44	-5.73	-11.53	2.25
Cable & Satellite	0.38	-6.38	-6.20	-8.78	-8.73
Integrated Telecommunication Services	0.81	-6.85	0.15	-6.05	11.55
Interactive Home Entertainment	0.16	-2.97	0.69	-2.46	2.57
Interactive Media & Services	6.39	2.05	-8.01	-2.79	-14.16
Movies & Entertainment	1.32	-1.16	-2.53	-5.67	-6.33
Publishing & Printing	0.03	-1.25	-4.72	-5.15	-6.02
Wireless Telecommunication Svcs	0.63	-4.39	-0.21	-3.97	16.04
Consumer Discretionary	**10.92**	**-1.15**	**-4.24**	**-4.58**	**-17.91**
Apparel Retail	0.41	2.62	9.33	5.60	1.82
Apparel & Accessories & Luxury Goods	0.11	-0.52	-16.50	-9.71	-23.75
Auto Parts & Equipment	0.02	-10.78	-21.95	-16.94	-21.66
Automobile Manufacturers	1.93	-5.47	7.41	-3.17	-35.57
Automobile Retail	0.32	-5.68	1.86	-5.36	11.42
Broadline Retail	4.23	1.44	-7.76	-4.81	-17.14
Casinos & Gaming	0.09	-3.68	-19.18	-10.65	-27.32
Computer & Electronics Retail	0.03	-3.97	-20.14	-18.83	-30.36
Consumer Electronics	0.08	0.80	-12.37	-13.95	-9.42
Distributors	0.08	-3.43	-8.26	-4.23	-1.82
Footwear	0.17	-0.08	-23.62	-12.02	-32.67
Home Furnishings	0.01	-4.47	-8.44	-9.77	-13.52
Home Improvement Retail	1.03	-0.63	-4.21	-3.95	-9.43
Homebuilding	0.22	-3.29	-10.66	-7.22	-14.82
Hotels, Resorts & Cruise Lines	0.88	0.09	-4.60	-5.41	-15.29
Household Appliances	0.01	-6.00	-11.94	-10.19	-29.29
Leisure Products	0.02	-7.26	-18.98	-17.06	-8.78
Restaurants	1.15	-3.04	-4.25	-4.74	-1.29
Other Specialty Retail	0.09	-6.34	-1.82	-5.50	-9.63
Consumer Staples	**7.02**	**-2.83**	**-1.54**	**-2.06**	**2.42**
Agricultural Products	0.07	-6.45	-6.43	-6.38	-10.09
Brewers	0.02	-4.02	-0.74	-1.51	4.59
Hypermarkets	2.67	1.34	2.59	1.62	0.53
Distillers & Vintners	0.09	1.87	-1.46	0.39	-15.58
Drug Retail	0.02	-3.35	-4.64	-4.30	14.57
Food Distributors	0.07	-7.60	-6.50	-7.14	-8.87
Food Retail	0.10	-4.01	2.03	0.31	11.04
Household Products	1.18	-5.10	-5.12	-3.79	-1.73
Packaged Foods & Meats	0.65	-4.20	-4.43	-3.84	-0.26
Personal Products	0.12	-7.64	-11.29	-11.43	-6.96
Soft Drinks	1.31	-3.76	-1.55	-1.98	5.51
Tobacco	0.72	-5.57	-1.33	-5.14	19.89
Energy	**3.21**	**-11.28**	**-10.94**	**-17.41**	**-9.73**
Integrated Oil & Gas	1.52	-12.15	-10.31	-17.51	-7.87
Oil & Gas Equipment & Services	0.21	-13.36	-16.41	-19.84	-15.66
Oil & Gas Exploration & Production	0.78	-11.75	-12.16	-18.53	-11.57
Oil & Gas Refining & Marketing & Transportation	0.24	-6.70	-14.75	-18.64	-13.07
Oil & Gas Storage & Transportation	0.46	-8.84	-5.68	-13.06	-7.81

Financials	**13.97**	**-3.78**	**-3.33**	**-7.93**	**-5.07**
Asset Management & Custody Banks	1.06	-2.84	-7.20	-9.33	-19.81
Consumer Finance	0.63	-0.72	-2.96	-8.65	-14.82
Diversified Banks	2.99	-2.32	-5.16	-10.53	-11.20
Financial Exchanges & Data	1.15	-5.41	-3.99	-7.89	-3.35
Insurance Brokers	0.74	-5.94	-2.89	-6.38	7.97
Investment Banking & Brokerage	1.05	-2.19	-4.14	-8.21	-11.06
Life & Health Insurance	0.36	-6.60	-6.34	-9.96	-7.99
Multi-line Insurance	0.10	-5.63	-0.34	-6.43	11.75
Multi-Sector Holdings	1.50	-2.71	3.94	-3.15	13.80
Property & Casualty Insurance	1.27	-6.02	-2.25	-6.00	4.67
Regional Banks	0.27	-3.69	-10.17	-13.25	-18.45
Reinsurance	0.03	-5.63	-3.62	-6.04	-5.81
Transaction & Payment Processing	2.76	-5.12	-3.97	-8.12	-3.83
Health Care	**11.02**	**-5.72**	**-7.35**	**-7.53**	**-1.91**
Biotechnology	1.74	-10.18	-14.64	-12.02	0.47
Health Care Distributors	0.39	-4.88	3.88	-1.03	16.97
Health Care Equipment	2.31	-5.07	-6.34	-6.97	-2.01
Health Care Facilities	0.20	-4.28	3.50	-3.37	9.63
Health Care Services	0.49	-1.45	2.65	-0.31	25.69
Health Care Supplies	0.08	-2.32	-7.75	-8.33	-16.20
Life Sciences Tools & Services	0.92	-9.50	-16.32	-14.02	-21.55
Managed Health Care	1.57	6.90	17.78	10.56	16.77
Pharmaceuticals	3.33	-8.96	-13.60	-12.72	-8.95
Industrials	**8.48**	**-1.87**	**-4.82**	**-5.75**	**-6.25**
Aerospace & Defense	2.08	-0.80	-0.92	-4.13	2.41
Agricultural & Farm Machinery	0.26	-0.73	-6.58	-5.36	4.84
Air Freight & Logistics	0.32	-3.77	-14.86	-12.98	-22.03
Building Products	0.52	-0.55	-3.83	-3.81	-9.34
Construction & Engineering	0.08	4.23	6.78	3.35	-16.88
Construction Machinery & Heavy Trucks	0.55	-4.73	-13.78	-10.77	-18.15
Data Processing & Outsourced Services	0.06	-4.81	0.91	-5.81	1.01
Diversified Support Svcs	0.30	0.87	6.29	0.71	7.07
Electrical Components & Equipment	0.54	0.56	-7.73	-4.98	-18.35
Environmental & Facilities Services	0.46	-4.12	0.67	-2.53	10.39
Human Resource & Employment Services	0.41	-4.56	-0.28	-4.99	-0.82
Industrial Conglomerates	0.42	-5.86	-8.25	-8.96	-8.76
Industrial Machinery	0.73	-3.56	-10.78	-9.36	-12.22
Passenger Airlines	0.13	-0.93	-16.24	-13.33	-32.49
Railroads	0.50	-1.81	-7.26	-7.18	-7.19
Research & Consulting Svcs	0.21	-4.68	-3.42	-4.77	-5.72
Trading Companies & Distributors	0.28	-2.03	-2.49	-4.08	-7.51
Information Technology	**29.35**	**0.17**	**-6.26**	**-5.30**	**-17.41**
Application Software	2.52	-0.76	-3.55	-3.66	-11.88
Communications Equipment	0.89	-1.21	-5.56	-7.13	-12.80
Electronic Components	0.25	1.21	0.49	-4.29	-9.05
Electronic Equipment & Instruments	0.15	-3.20	-11.61	-11.97	-18.97
Electronic Manufacturing Services	0.11	0.29	-8.95	-8.08	-10.21
Internet Software & Services	0.12	-5.51	-2.13	-6.29	-7.60
IT Consulting & Services	1.01	-5.40	-11.33	-8.19	-9.45
Semiconductor Equipment	0.66	2.32	-6.45	-6.20	-10.36
Semiconductors	9.19	4.51	-5.13	-2.86	-20.81
Systems Software	7.93	1.98	-0.47	0.94	-10.59
Technology Distributors	0.04	-3.21	-11.65	-8.46	-15.71
Technology Hardware, Storage & Peripherals	6.48	-6.02	-13.85	-14.19	-24.02
Materials	**1.94**	**-5.77**	**-7.61**	**-8.71**	**-6.61**
Commodity Chemicals	0.08	-13.52	-25.99	-22.25	-29.89
Construction Materials	0.13	-1.32	3.62	0.21	-8.21
Copper	0.10	-6.45	-12.63	-17.20	-17.67
Fertilizers & Agricultural Chemicals	0.13	-7.14	-4.70	-8.78	-5.01
Gold	0.12	5.39	17.31	5.50	36.86
Industrial Gases	0.57	-7.54	-6.58	-8.14	0.02

Metal & Glass Containers	0.03	-8.99	-12.14	-11.74	-16.64
Paper Packaging	0.19	-5.10	-7.32	-9.50	-15.97
Specialty Chemicals	0.50	-6.74	-11.95	-10.17	-10.56
Steel	0.09	0.29	-11.07	-7.91	-2.81
Real Estate	**2.20**	**-5.98**	**-7.64**	**-8.27**	**-5.77**
Data Center REITs	0.27	-2.13	-6.15	-3.74	-18.82
Health Care REITs	0.31	-7.27	-6.16	-8.25	5.62
Hotel & Resort REITs	0.02	1.13	-12.32	-5.35	-23.23
Industrial REITs	0.19	-6.60	-19.03	-15.13	-10.24
Multi-Family Residential REITs	0.00	-7.47	-8.92	-10.79	-8.32
Office REITs	0.02	-4.70	-9.02	-11.21	-19.77
Real Estate Service	0.14	-3.66	-4.77	-8.02	-3.97
Retail REITs	0.28	-4.11	-6.94	-8.52	-8.82
Self-Storage REITs	0.17	-6.80	-11.13	-8.73	-9.04
Single-Family Residential REITs	0.17	-6.80	-11.13	-8.73	-9.04
Telecom Tower REITs	0.35	-9.24	-1.61	-5.34	9.83
Timber REITs	0.04	-5.88	-12.72	-11.82	-8.28
Utilities	**2.52**	**-4.46**	**-2.00**	**-4.33**	**-0.39**
Electric Utilities	1.63	-4.54	-2.50	-4.19	-0.08
Gas Utilities	0.05	-3.86	0.43	-3.42	7.20
Independent Power Producers & Energy Traders	0.10	-1.73	-6.19	-8.79	-20.62
Water Utilities	0.06	-5.80	-0.20	-2.96	14.99
Multi-Utilities	0.69	-4.59	-0.50	-4.22	0.79

*Current Weight is market cap based, based on calculations by William Blair Intl. Ltd.

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DOW JONES: 39593.70
S&P 500: 5268.05
NASDAQ: 16387.30

Additional information is available upon request.

Current Rating Distribution (as of April 11, 2025):

Coverage Universe	Percent	Inv. Banking Relationships *	Percent
Outperform (Buy)	71	Outperform (Buy)	10
Market Perform (Hold)	29	Market Perform (Hold)	1
Underperform (Sell)	1	Underperform (Sell)	0

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