

Quarterly Economic Report

2nd Quarter 2025

SVB Asset Management views on
economic and market factors affecting
global markets and business health



Quarterly Economic Report

Published in Q2 2025 | [Data for Q1 2025](#)

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Overview

Key Takeaways

- The first quarter of 2025 saw a new administration enter the White House and open up a wider range of outcomes for the global economy and financial markets.
- Uncertainty around tariffs became a driving factor for inflation and economic growth expectations. Federal Reserve Board Chairman Jerome Powell noted it will be difficult to assess the inflation impact from tariffs. While uncertainty is “unusually elevated,” Powell reiterated that the Fed is well-positioned to monitor financial conditions and economic data to inform decisions.
- The unemployment rate was little changed in March at 4.2%. Heightened uncertainty around economic and trade policies may weigh on the labor market in the coming months.
- Various consumer confidence indicators have shifted lower after tariff actions and spending cuts at the federal government. Investors are awaiting additional data, such as retail sales, to see if decreased confidence transfers into consumer behavior.



The Federal Open Market Committee (FOMC) held interest rates steady at both its January and March 2025 meetings.

The committee stated that policy is in a “good place,” allowing it to be patient regarding policy easing going forward. The market expects at least three rate cuts by the end of 2025.



Labor market conditions are solid.

Total non-farm payrolls increased by 228,000 in March, and the unemployment rate remained steady at 4.2%. Powell stated that conditions in the labor market are “broadly in balance.”



Inflation has moderated in 2025.

As of end of March, core personal consumption expenditures (PCE) — the Fed’s preferred inflation indicator — rose 2.8% year-over-year (YoY). The Fed reiterated that it expects inflation to continue to decline in 2025, although tariffs may put upward pressure on inflation.



The US equity sector faced sharp corrections in Q1 2025.

US equities faced declines amidst uncertainties surrounding monetary policy and renewed worries about the economic effect of tariffs. Volatility was prevalent, especially in the technology and biotech sectors.



US GDP grew at an annual rate of 2.4% in Q4 2024.

Final GDP estimates were slightly above the previous reading and expectations. It is unclear, however, how the administration’s tariff policy and federal workforce reform will affect economic growth in 2025.

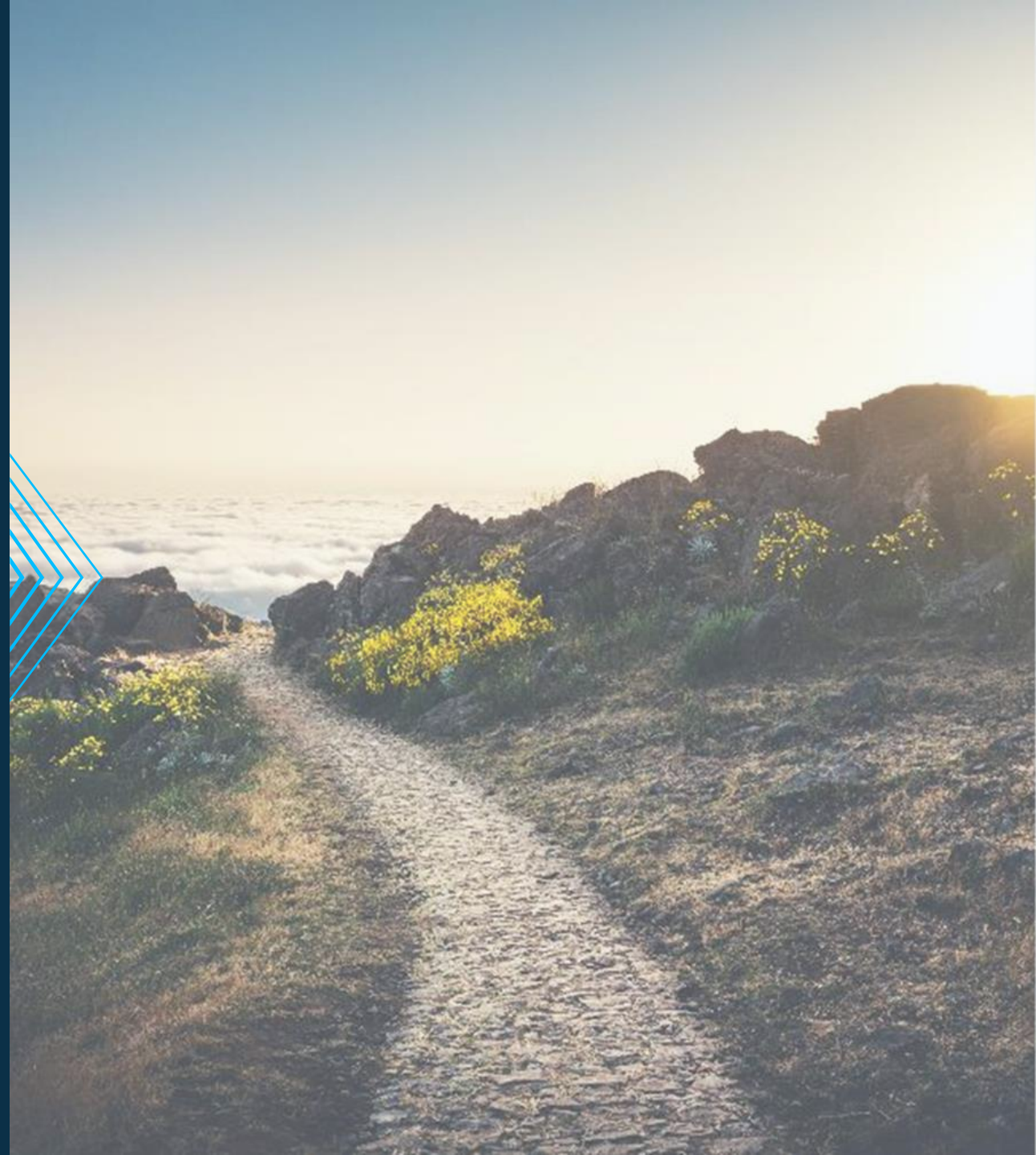


Both investment grade (IG) and high yield (HY) bonds delivered strong returns in Q1 2025.

US bond markets achieved positive returns in the first quarter, driven by declining interest rates, growing economic uncertainty and a “flight to quality” from falling equities. However, policy jitters have also led to subsequent volatility in fixed income assets, particularly for longer maturities.



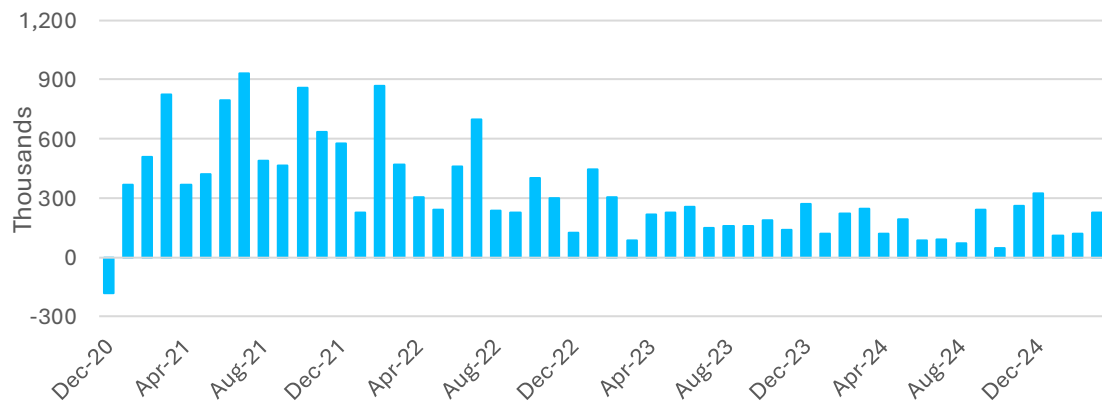
Domestic Economy



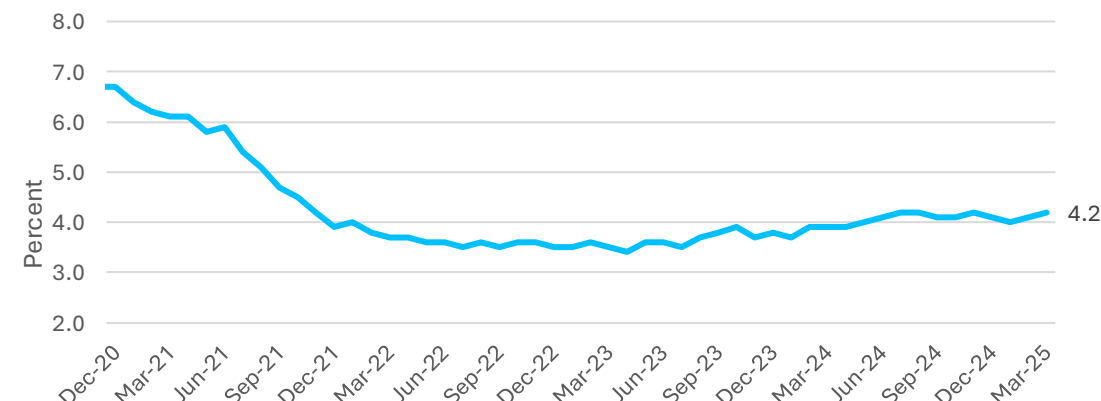
Unemployment remains steady

In Q1 2025, the average number of jobs grew by approximately 152,000 per month. The unemployment rate crept upward slightly, starting at 4.0% in January and rising to 4.2% in March. As measured in February, there continue to be more jobs available (~7.6 million) than unemployed Americans (~7.1 million). The number of unemployed Americans increased slightly in March, though remained at ~7.1 million.

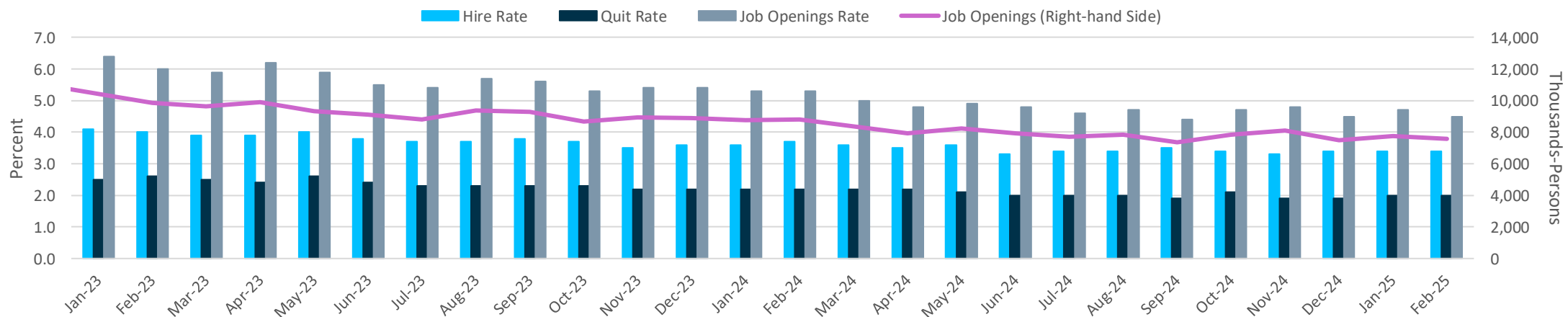
Non-Farm Payrolls



Unemployment Rate

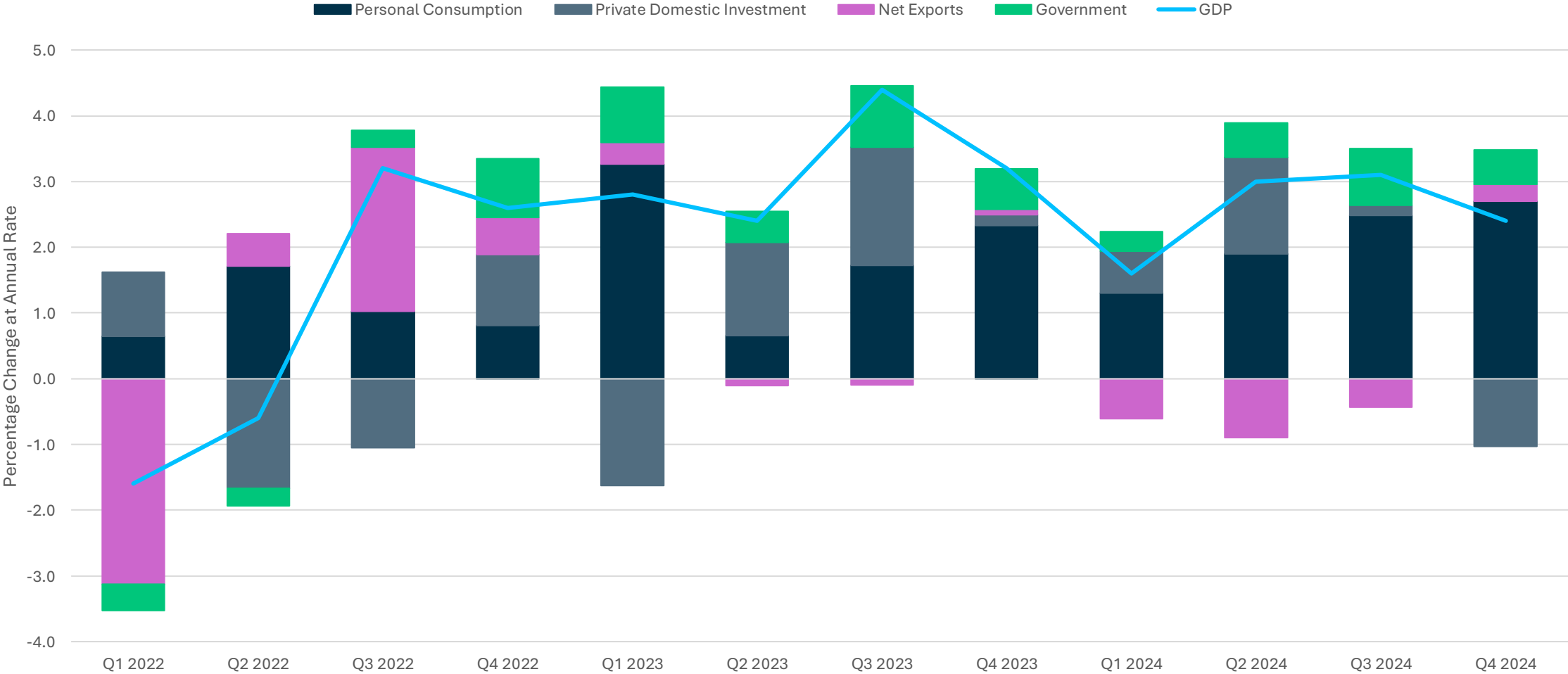


Job Openings and Labor Turnover



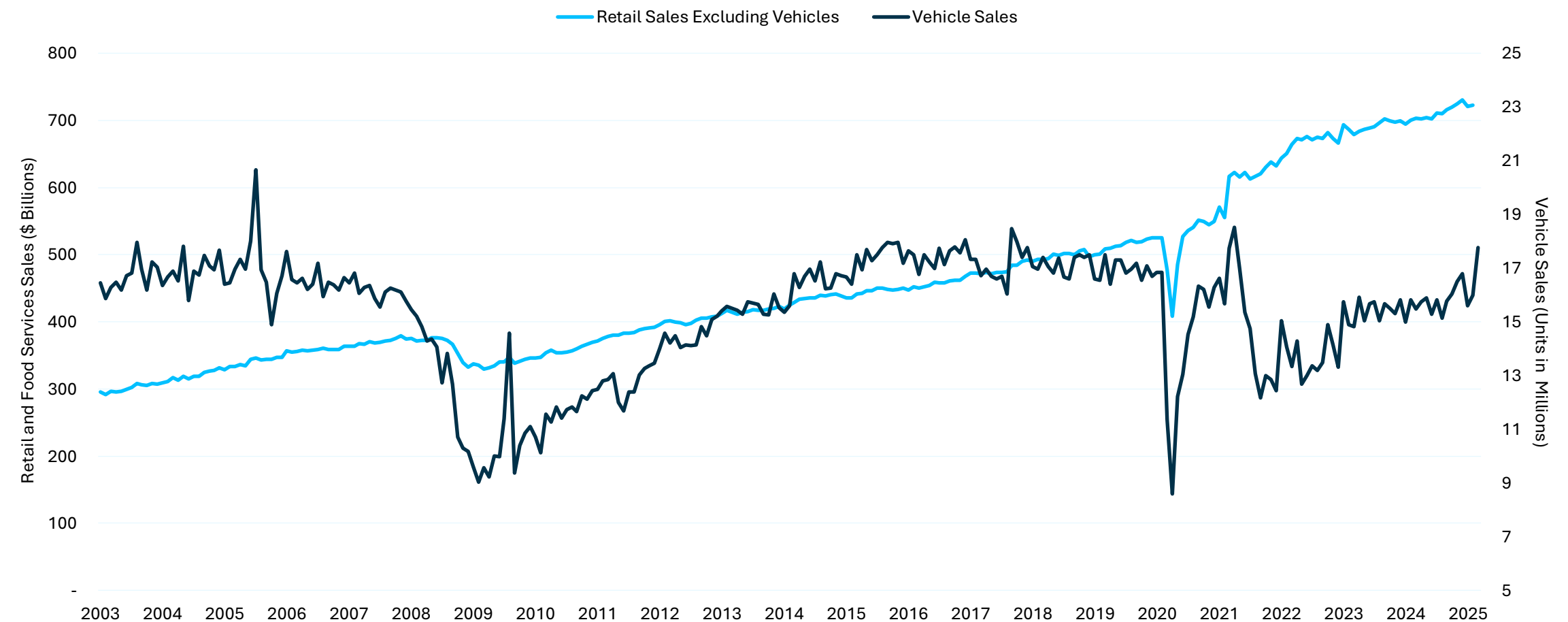
2024 Lookback: GDP smoothing out

As the year progressed, personal consumption steadily increased, particularly in durable goods like vehicles. For most of the year, imports overtook exports. Private domestic investment, while strong at the beginning of the year, declined in the second half as the Fed prepared to initiate rate cuts.



Consumption: Consumer retail slows while vehicle spending grows

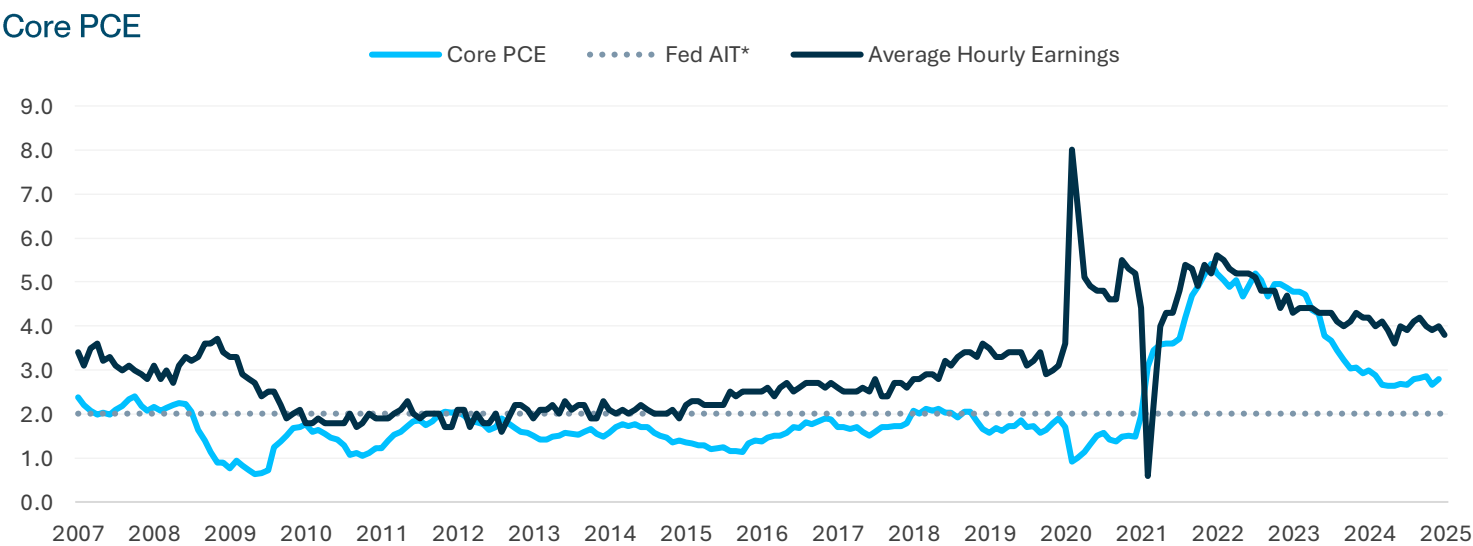
Retail sales, excluding vehicles, have flattened between Q4 2024 and Q1 2025, as consumers eased off following increased holiday spending. Vehicle sales have continued to rise in response to declining interest rates.



Inflation flattened at the start of 2025

Inflation has slowly flattened with the March 2025 consumer price index (CPI) falling to 2.4% YoY. Core PCE hovered at 2.8% YoY in February 2025, which is down from 2.9% in February 2024.

The Fed reiterated that it expects inflation to decline, although this may change based on tariffs.

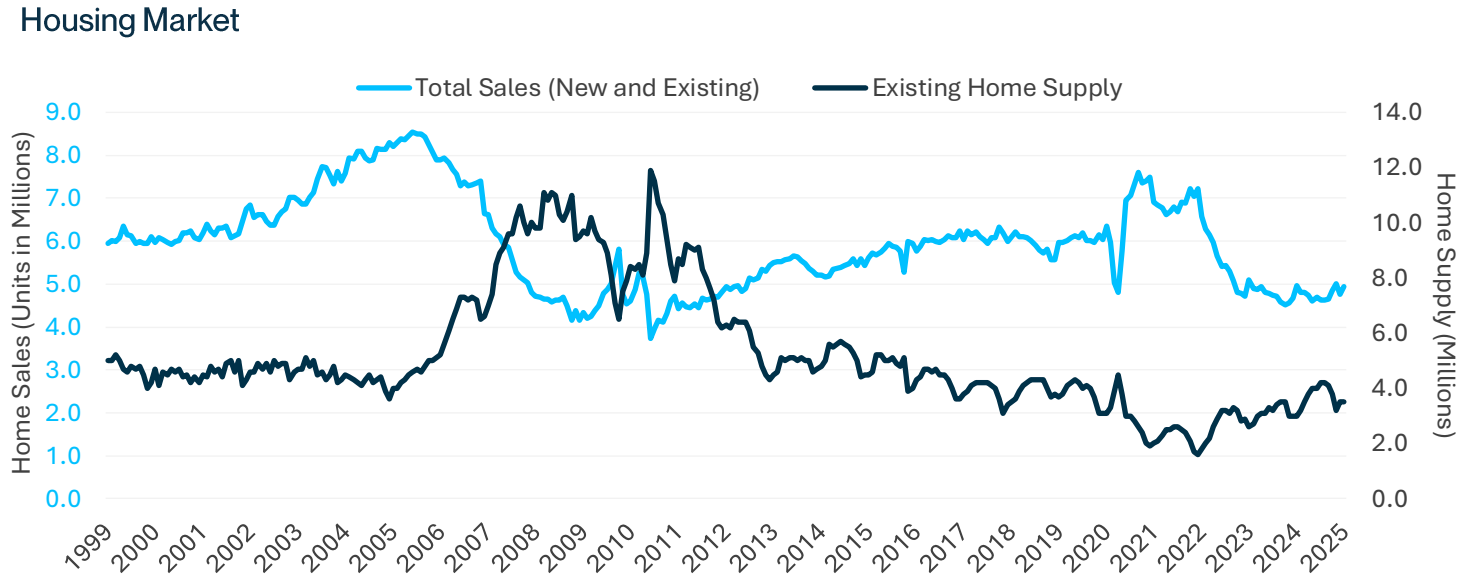


CPI Breakdown (MoM Change)**

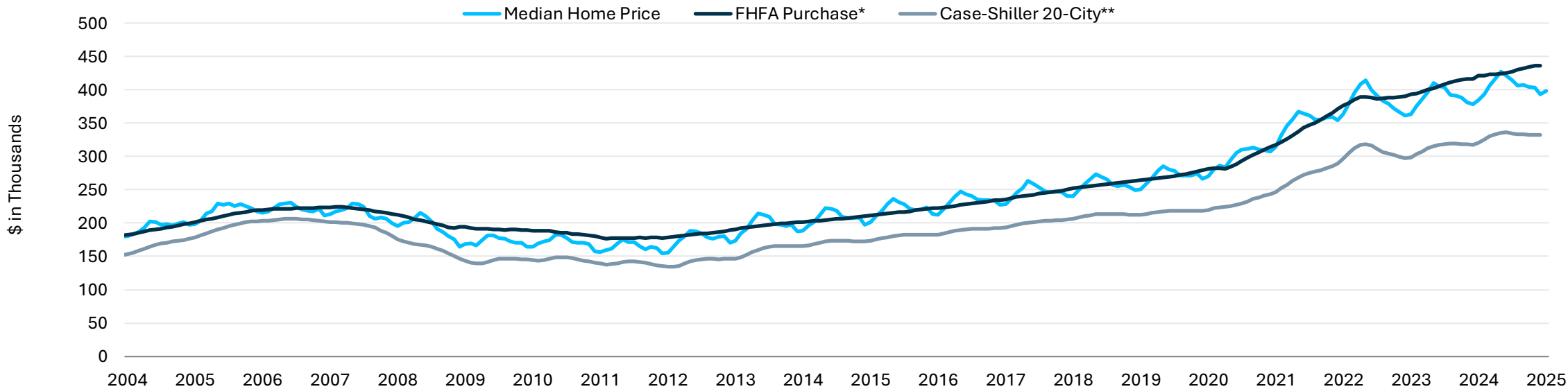
	All Items	Food	Food at Home	Food Away from Home	Energy	Gasoline (All Types)	Electricity	Natural Gas (Piped)	All Items Less Food and Energy	Commodities Less Food and Energy	Apparel	New Vehicles	Medical Care Commodities	Services Less Energy	Shelter	Medical Care	Education and Communication
Mar-25	2.40%	3.00%	2.40%	3.80%	-3.30%	-9.80%	2.80%	9.40%	2.80%	-0.10%	0.30%	0.00%	1.00%	3.70%	4.00%	3.00%	0.50%
Feb-25	2.80%	2.60%	1.90%	3.70%	-0.20%	-3.10%	2.50%	6.00%	3.10%	-0.10%	0.60%	-0.30%	2.30%	4.10%	4.20%	3.00%	0.30%
Jan-25	3.00%	2.50%	1.90%	3.40%	1.00%	-0.20%	1.90%	4.90%	3.30%	-0.10%	0.40%	-0.30%	2.30%	4.30%	4.40%	2.70%	0.50%
Dec-24	2.90%	2.50%	1.80%	3.60%	-0.50%	-3.40%	2.80%	4.90%	3.20%	-0.50%	1.20%	-0.40%	0.50%	4.40%	4.60%	3.40%	0.60%
Nov-24	2.70%	2.40%	1.60%	3.60%	-3.20%	-8.10%	3.10%	1.80%	3.30%	-0.60%	1.10%	-0.70%	0.40%	4.60%	4.70%	3.70%	0.70%
Oct-24	2.60%	2.10%	1.10%	3.80%	-4.90%	-12.20%	4.50%	2.00%	3.30%	-1.00%	0.30%	-1.30%	1.00%	4.80%	4.90%	3.80%	0.80%
Sep-24	2.40%	2.30%	1.30%	3.90%	-6.80%	-15.30%	3.70%	2.00%	3.30%	-1.00%	1.80%	-1.30%	1.60%	4.70%	4.90%	3.60%	0.90%
Aug-24	2.50%	2.10%	0.90%	4.00%	-4.00%	-10.30%	3.90%	-0.10%	3.20%	-1.90%	0.30%	-1.20%	2.00%	4.90%	5.20%	3.20%	1.00%
Jul-24	2.90%	2.20%	1.10%	4.10%	1.10%	-2.20%	4.90%	1.50%	3.20%	-1.90%	0.20%	-1.00%	2.80%	4.90%	5.10%	3.30%	0.90%
Jun-24	3.00%	2.20%	1.10%	4.10%	1.00%	-2.50%	4.40%	3.70%	3.30%	-1.80%	0.80%	-0.90%	3.10%	5.10%	5.20%	3.30%	0.70%
May-24	3.30%	2.10%	1.00%	4.00%	3.70%	2.20%	5.90%	0.20%	3.40%	-1.70%	0.80%	-0.80%	3.10%	5.30%	5.40%	3.10%	0.50%
Apr-24	3.40%	2.20%	1.10%	4.10%	2.60%	1.20%	5.10%	-1.90%	3.60%	-1.30%	1.30%	-0.40%	2.50%	5.30%	5.50%	2.70%	0.40%

Housing sales remain volatile with rising prices

Following a surge of home purchases at the end of Q4 2024, Q1 2025 saw fewer purchases in January due to reduced existing home supply. February saw stronger sales, but overall median home prices are on the rise.

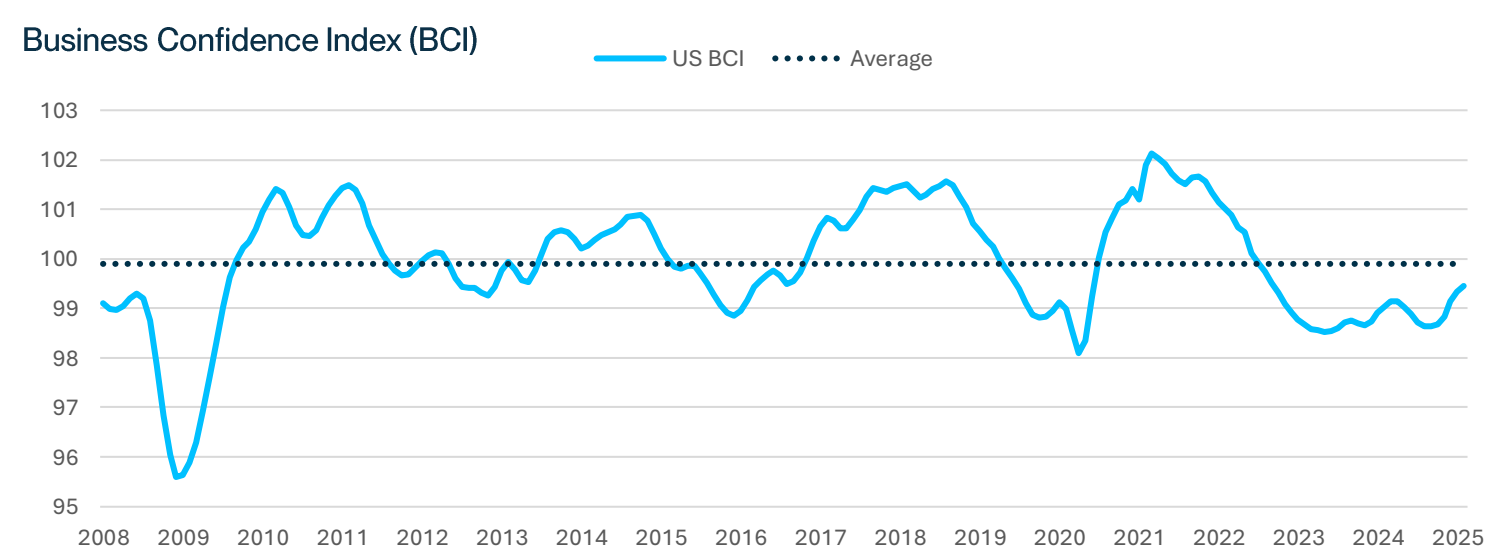


Home Prices



Business outlook is on the rise

Business sentiment was up through Q1 2025, continuing the trend seen in the prior quarter. Institute for Supply Management (ISM) data shows a strong start for manufacturing in January and February before dipping in March.



Business Sentiment

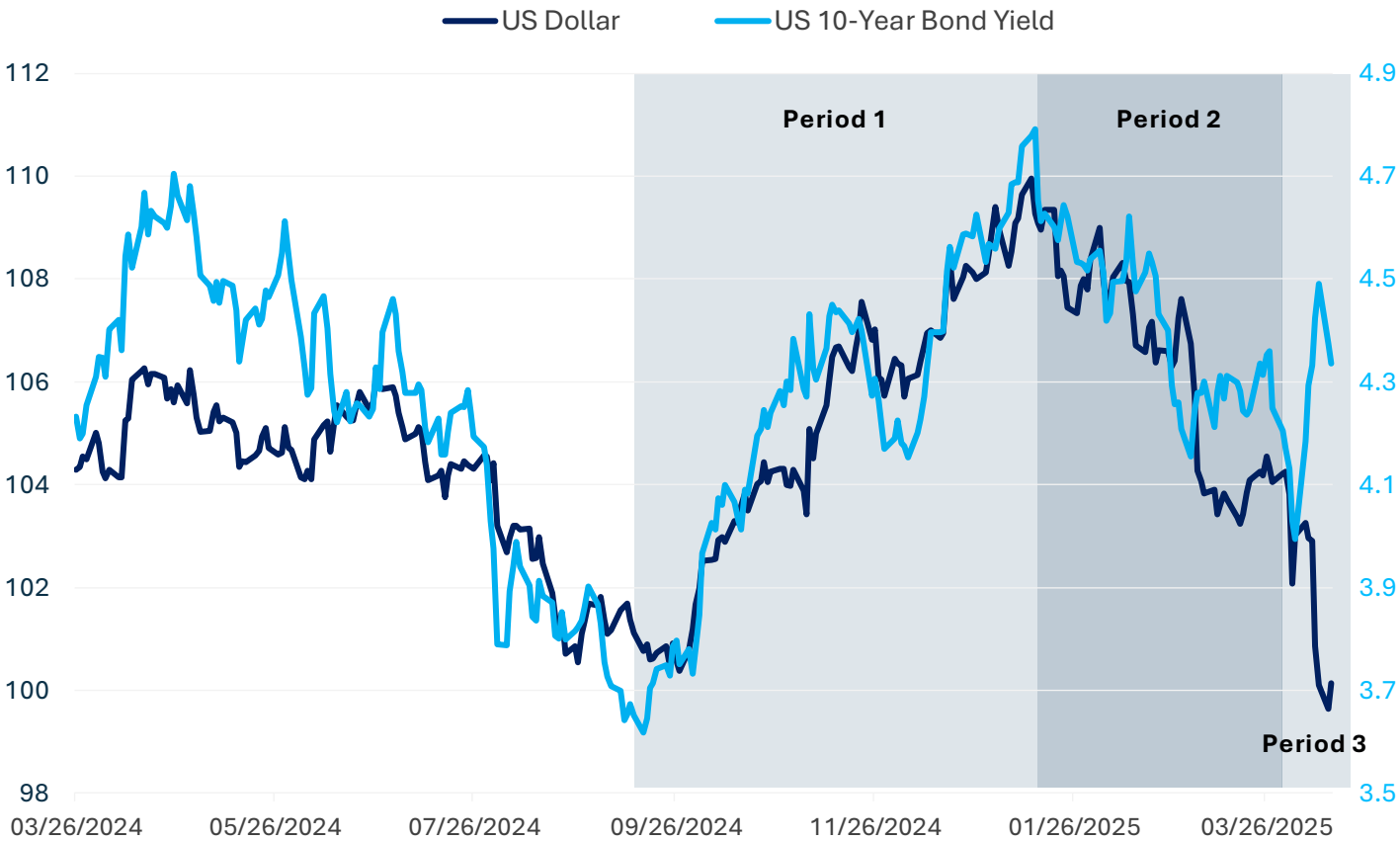
	Dallas Fed Manufacturing Survey	Philly Fed Manufacturing Survey	New York Fed Empire Manufacturing Survey	Kansas City Fed Manufacturing Survey	Richmond Fed Manufacturing Survey	ISM Manufacturing	ISM Services
Mar-25	-16.3	12.5	-20.0	-2.0	-4.0	49.0	50.8
Feb-25	-8.3	18.1	5.7	-5.0	6.0	50.3	53.5
Jan-25	14.1	44.3	-12.6	-5.0	-4.0	50.9	52.8
Dec-24	4.5	-10.9	2.1	-5.0	-10.0	49.2	54.0
Nov-24	-1.7	-4.4	20.2	-4.0	-14.0	48.4	52.5
Oct-24	-1.5	6.0	-11.5	-5.0	-14.0	46.9	55.8
Sep-24	-8.0	0.9	2.4	-8.0	-21.0	47.5	54.5
Aug-24	-8.8	-3.3	2.8	-4.0	-19.0	47.5	51.6
Jul-24	-16.9	12.8	-14.8	-11.0	-17.0	47.0	51.4
Jun-24	-14.6	0.5	-7.7	-7.0	-10.0	48.3	49.2
May-24	-18.9	4.8	-9.0	-2.0	-2.0	48.5	53.5
Apr-24	-14.2	7.1	-19.4	-7.0	-5.0	48.8	49.6
Mar-24	-14.5	4.9	-9.0	-6.0	-12.0	49.8	51.3
Feb-24	-13.3	2.5	-5.5	-4.0	-7.0	47.6	52.2
Jan-24	-28.3	-4.7	-34	-9.0	-11.0	48.9	53.2
Dec-23	-10.6	-7.9	-13.8	-2.0	-11.0	46.9	50.6
Nov-23	-21.0	-6.8	-2.5	-3.0	-7.0	46.9	52.6
Oct-23	-20.2	-15.7	-4.5	-7.0	4.0	47.3	51.8
Sep-23	-18.8	-14.2	-6.3	-6.0	1.0	48.9	53.3
Aug-23	-18.3	10.6	-13.4	0.0	-7.0	47.9	54.0
Jul-23	-20.6	-14.5	-6.9	-8.0	-8.0	46.7	52.8



Foreign Exchange



The USD trend is reversing



Period 1: Drivers behind 2024 USD strength

- Concerns that increased government spending would lead to further fiscal deterioration pushed up US borrowing costs across the yield curve, and, by extension, the USD.
- Anxiety about tariffs and other rapid trade-policy changes reignited inflation expectations, thereby reducing US rate cut projections and fueling the USD in the process.
- Resilient US economic data encouraged US capital inflows that propagated the USD.

Period 2: Drivers behind the USD reversal lower

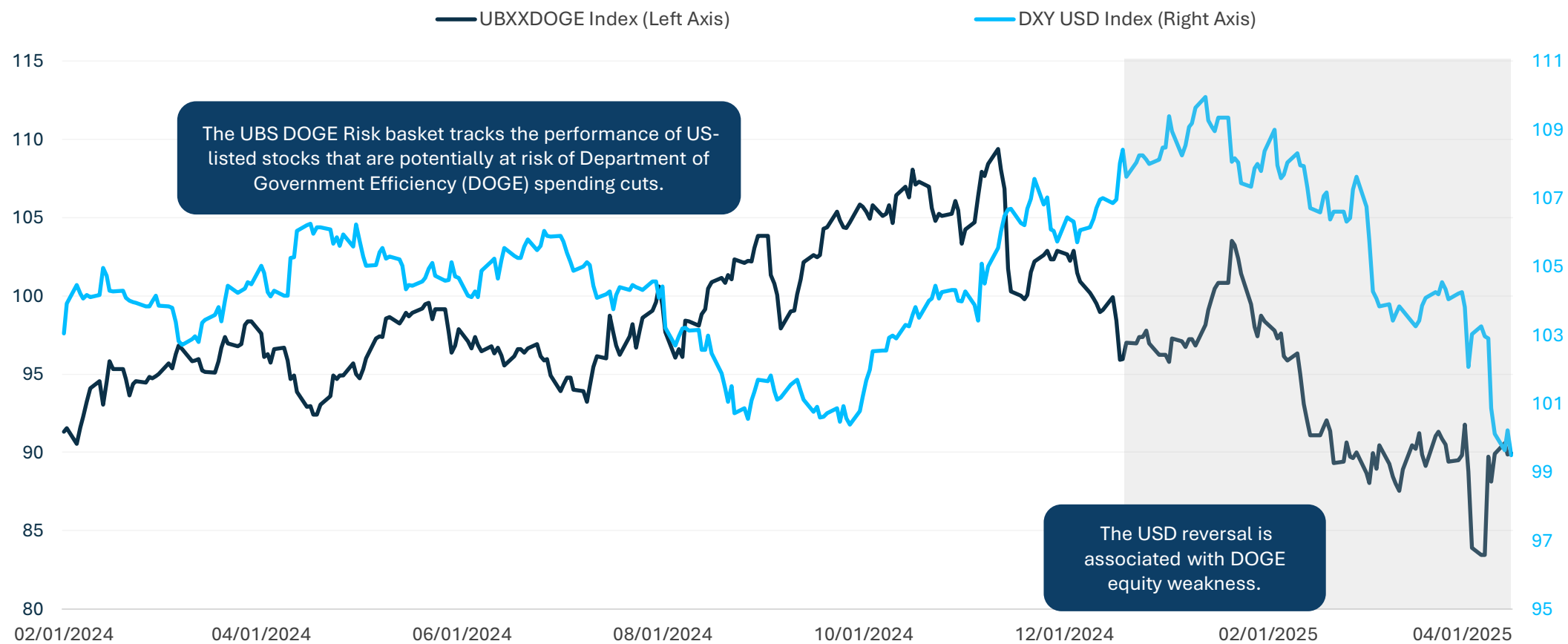
- The introduction of tariffs, along with the uncertainty about their severity and impact, has injected concerns about economic growth and placed inflation concerns aside. The end result of this is lower equity markets and bond yields, and higher rate cut expectations.

Period 3: Correlation breakdown, USD vs. US yields

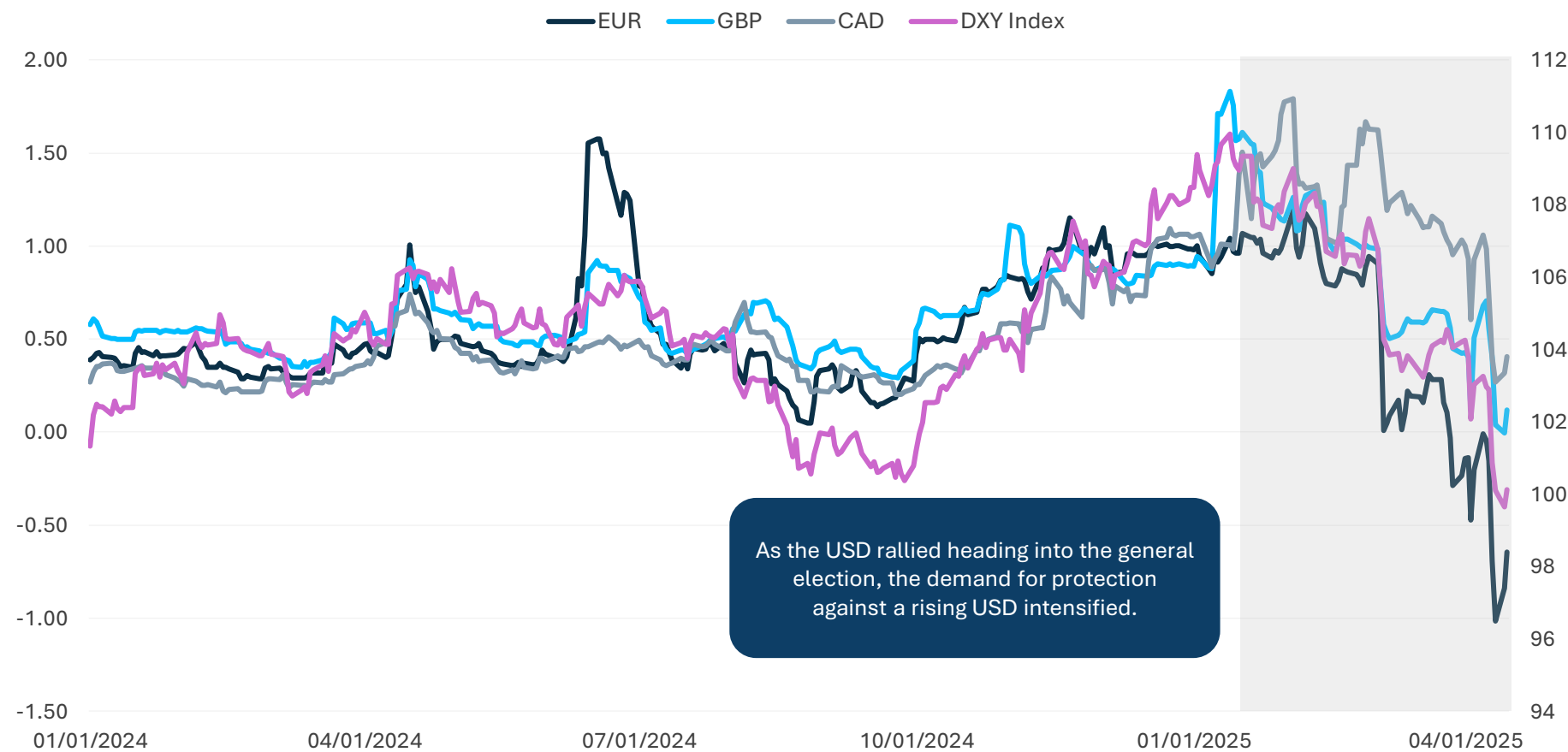
- USD continues lower, despite higher yields, as global investors reprice the risk of holding US treasuries and relative value trades in light of US policy uncertainty and resulting knock-on effects.

Lower government spending will be a headwind to the USD

Mechanism: Less spending ➡ less fiscal deterioration ➡ lower bond yields ➡ lower USD



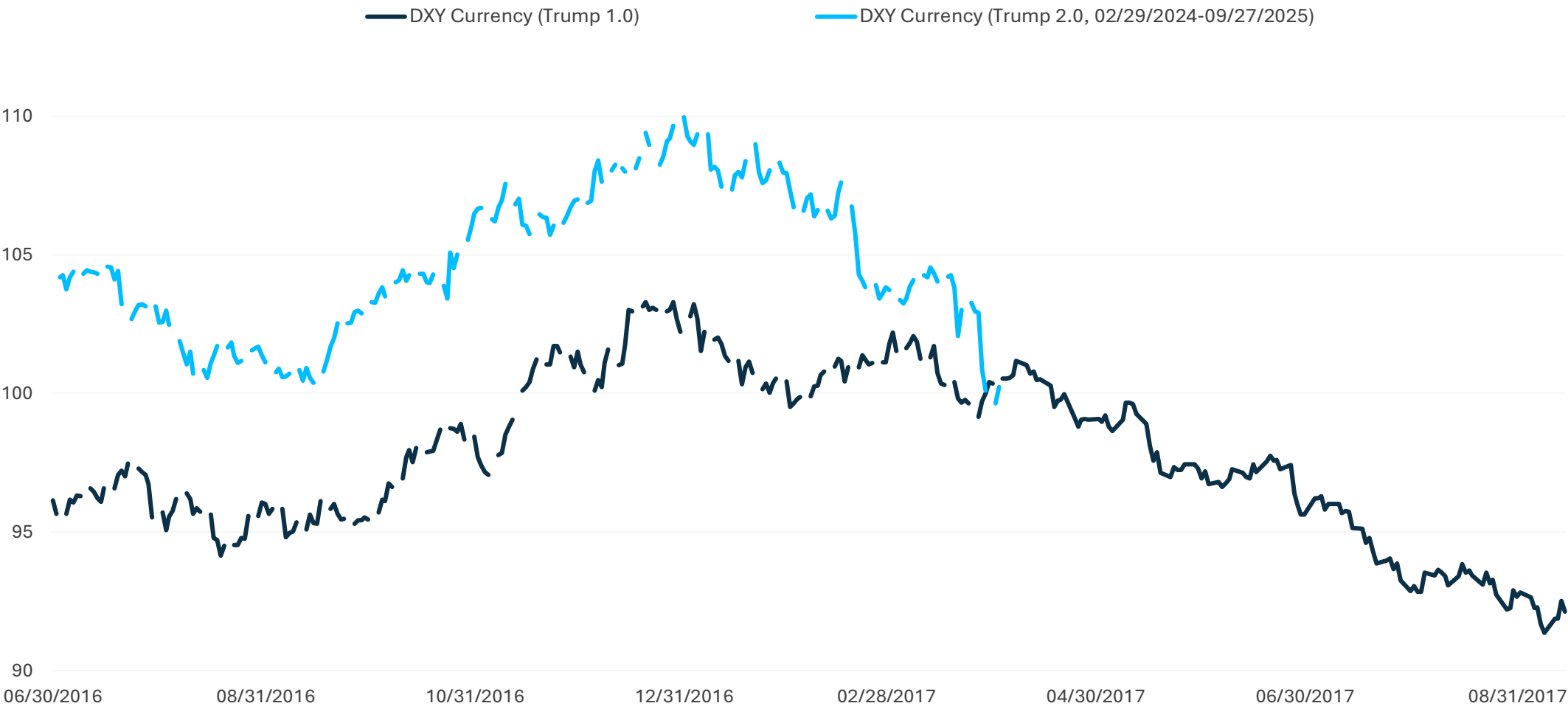
Demand for option protection against a stronger USD is waning



As the USD rallied heading into the general election, the demand for protection against a rising USD intensified.

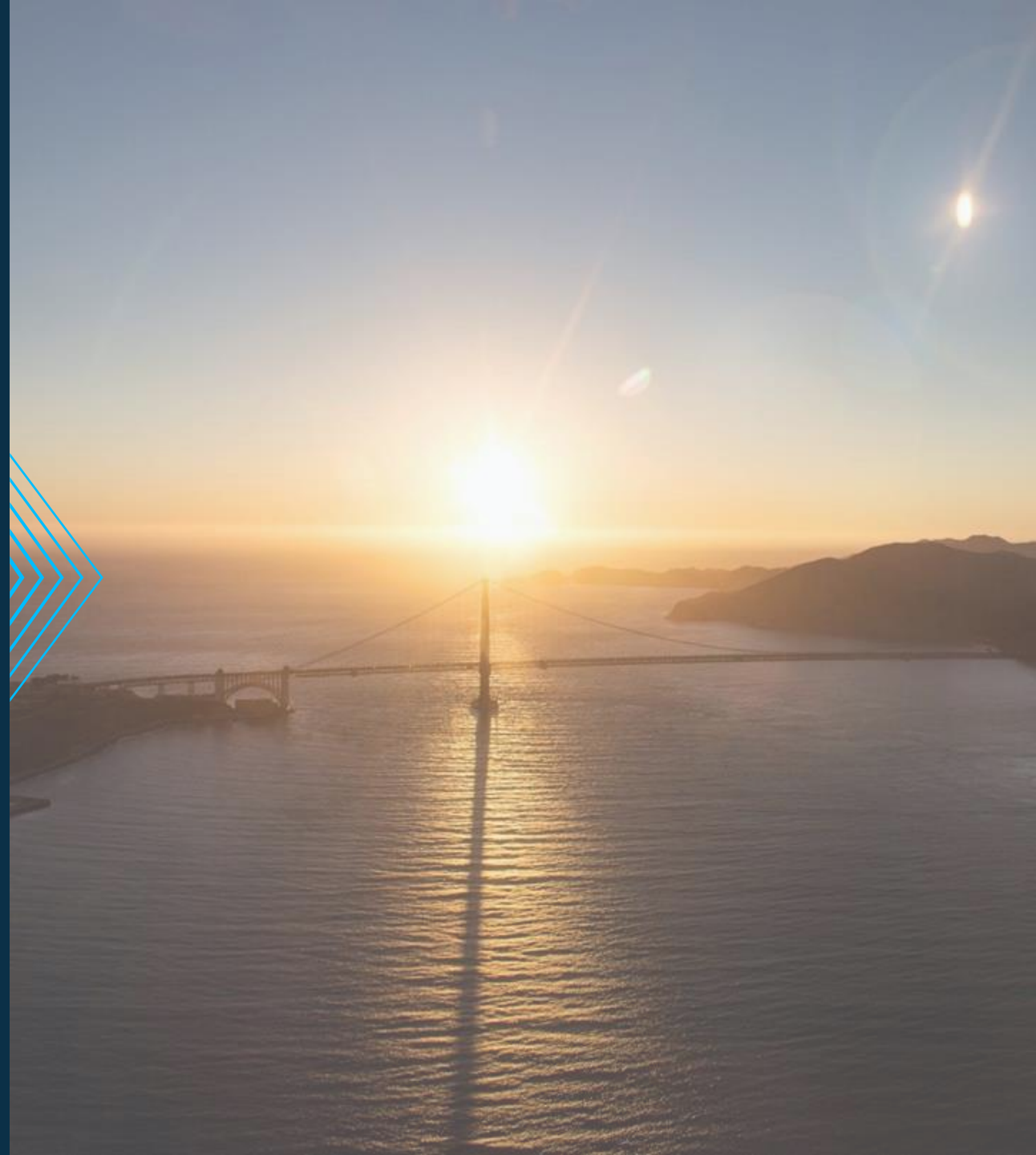
Demand for options is reversing along with the bull USD trend showing that investors and hedgers are now becoming more concerned about a continued fall in the USD.

Trump 2.0 price action in the USD similar to Trump 1.0



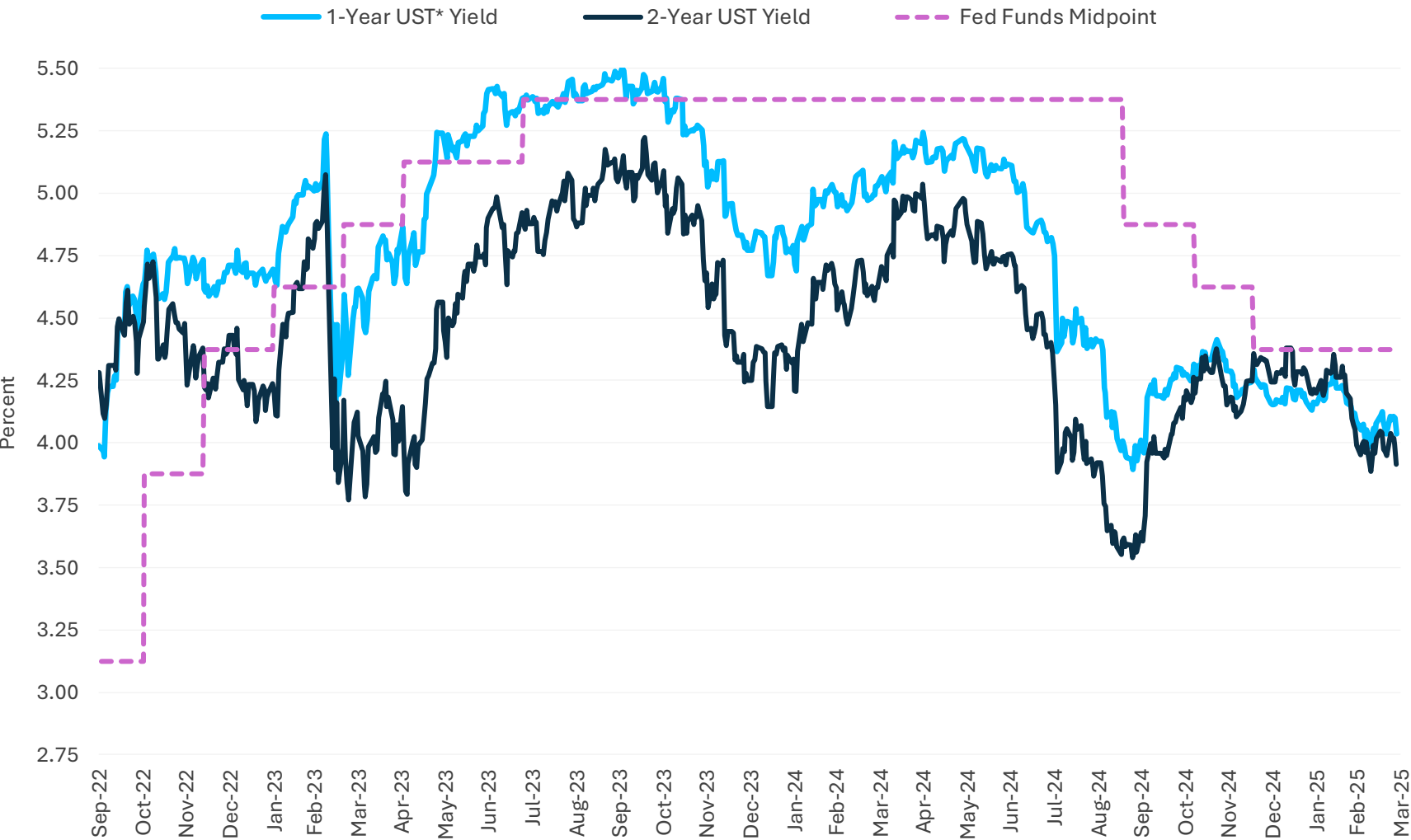


Central Banks and Monetary Policy



Short-end interest rates

Q1 2025 brought lower yields across the curve and increased rate cut expectations for 2025.



Q4 2023: Any expectations for further rate hikes were eliminated as the Fed pointed to accelerating disinflation. Rate cut timing was pulled forward, with the Fed potentially delivering the first cut during the first half of 2024.

Q1 2024: Persistent, higher-than-expected inflation pushed the timing of Fed rate cuts into mid-2024 as market pricing reduced rate cuts from six to less than three for the year. The dot plot reiterated the Fed’s stance for three cuts in 2024.

Q2 2024: Elevated growth and stubborn inflation forced the Fed to revise rate cut timing to late 2024 and drop the cut count to one for this year. The holding pattern persists, but the quantity of easing expected through 2026 remains unchanged.

Q3 2024: Weaker employment data drove rates over 100 basis points (bps) lower in Q3. The Fed delivered an outsized 50-bps rate cut, sending the clear message it intends to ease the level of monetary restrictiveness on the economy.

Q4 2024: The political “red wave” drove markets to recalibrate rate cut expectations for 2025 and beyond. Potential pro-growth policies pushed inflation expectations higher, which drove 2-year rates up 60 bps+, even while the Fed eased 100 bps by the end of 2024.

Q1 2025: Bond yields dropped modestly in the first quarter as policy uncertainty somewhat dampened growth expectations. The markets are pricing in expectations of three rate cuts for 2025, though the Fed has so far paused to assess incoming inflation and growth data before easing rates further.

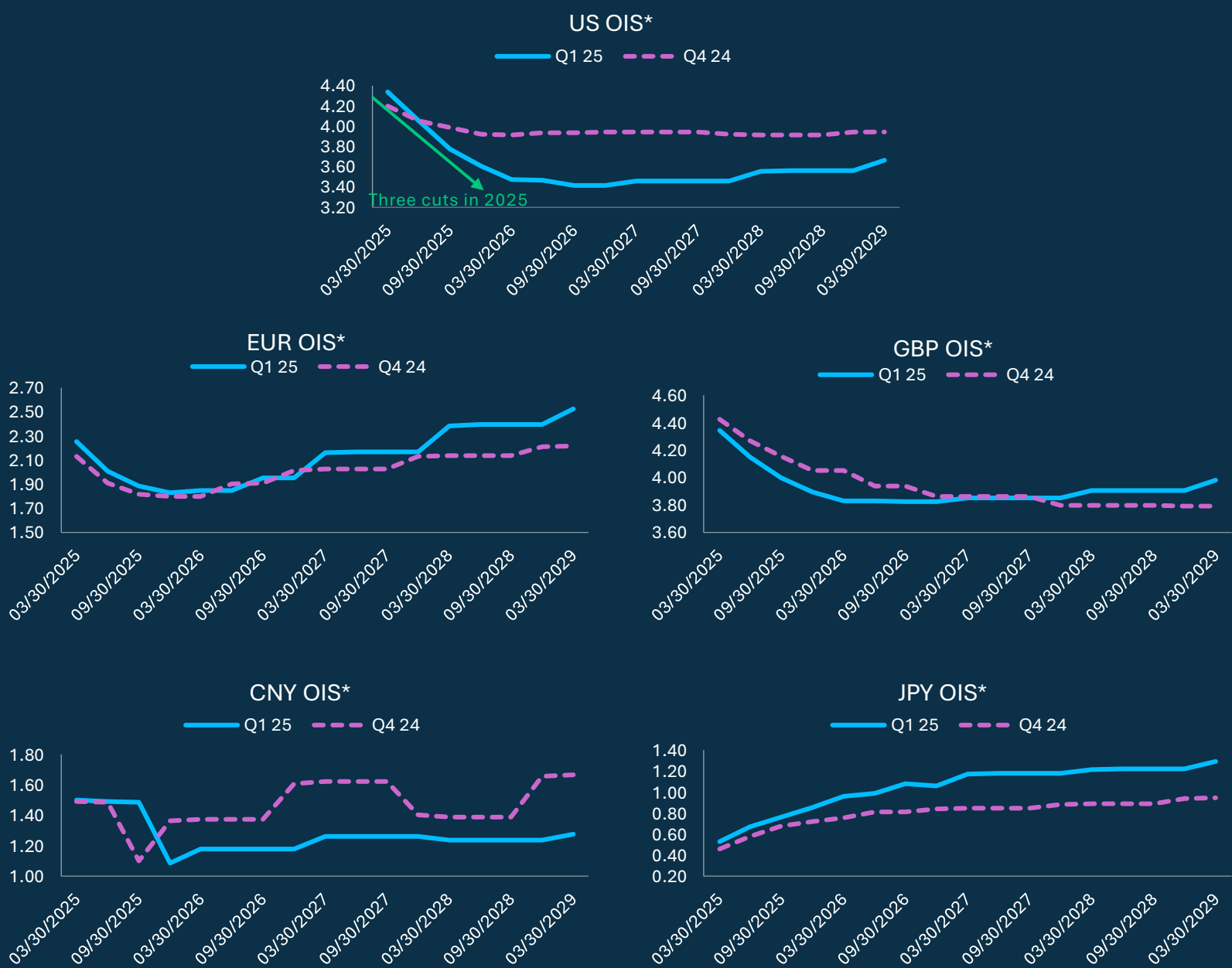
Economic forecasts



Economic Projections	2025	2026	2027
United States			
Change in Real GDP	2.3%	2.0%	2.0%
Core PCE	2.6%	2.4%	2.1%
Unemployment Rate	4.2%	4.2%	4.1%
United Kingdom			
Change in Real GDP	1.0%	1.4%	1.4%
CPI	3.1%	2.4%	2.0%
Unemployment Rate	4.5%	4.6%	4.6%
Eurozone			
Change in Real GDP	0.9%	1.2%	1.5%
CPI	2.2%	2.0%	2.1%
Unemployment Rate	6.4%	6.4%	6.3%
Japan			
Change in Real GDP	1.2%	0.9%	0.8%
CPI	2.7%	1.9%	1.8%
Unemployment Rate	2.4%	2.4%	2.3%
China			
Change in Real GDP	4.5%	4.2%	4.0%
CPI	0.7%	1.3%	1.5%
Unemployment Rate	5.1%	5.1%	4.9%

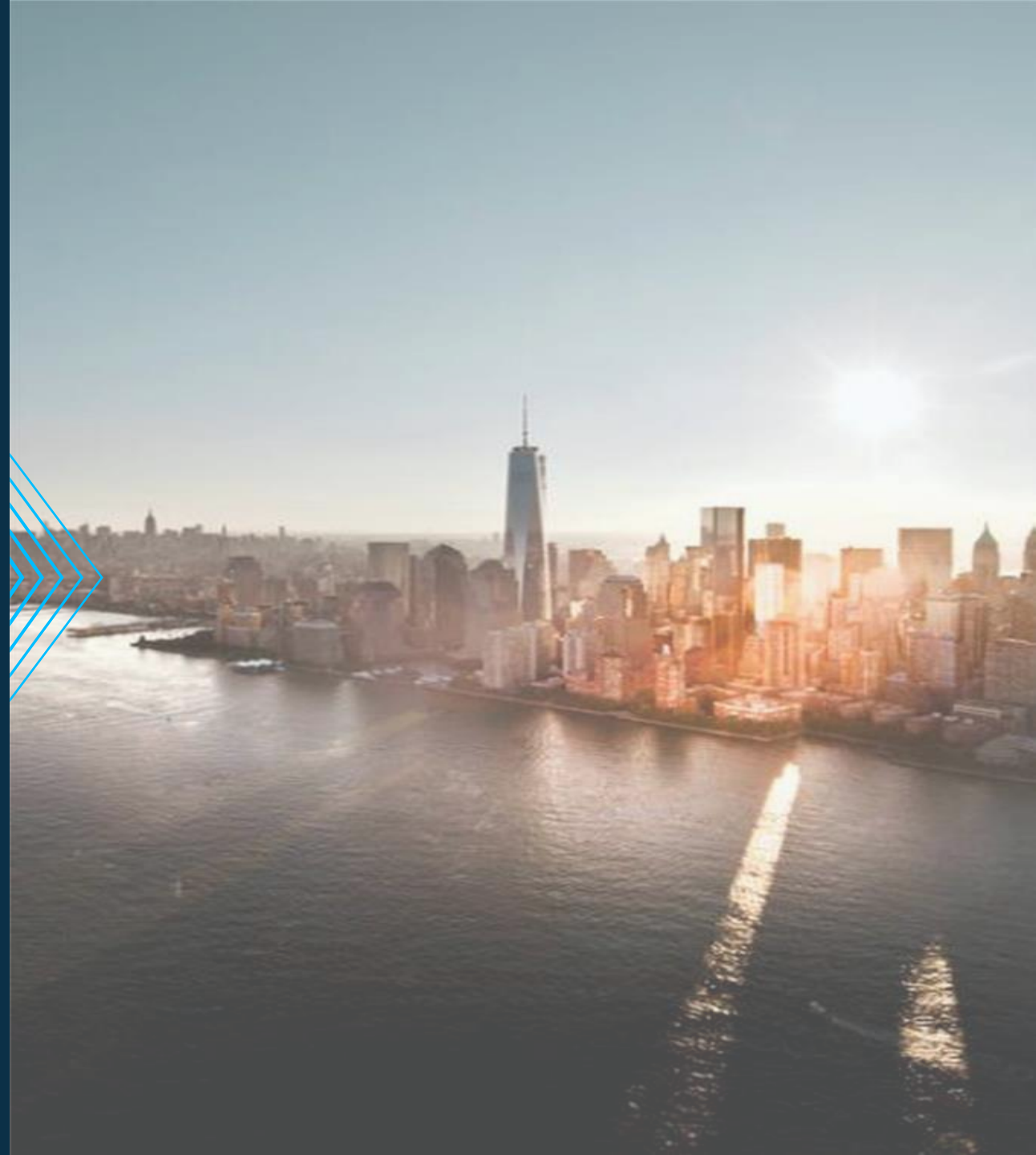
Global central bank expectations

The Fed is now expected to cut rates at least three times this year, as implied by Overnight Index Swap (OIS) rates, compared to the end of 2024 when only one cut was forecasted for 2025. Europe, Great Britain and China are expected to cut as well, while Japan is expected to continue normalizing interest rates with hikes over the next few years.





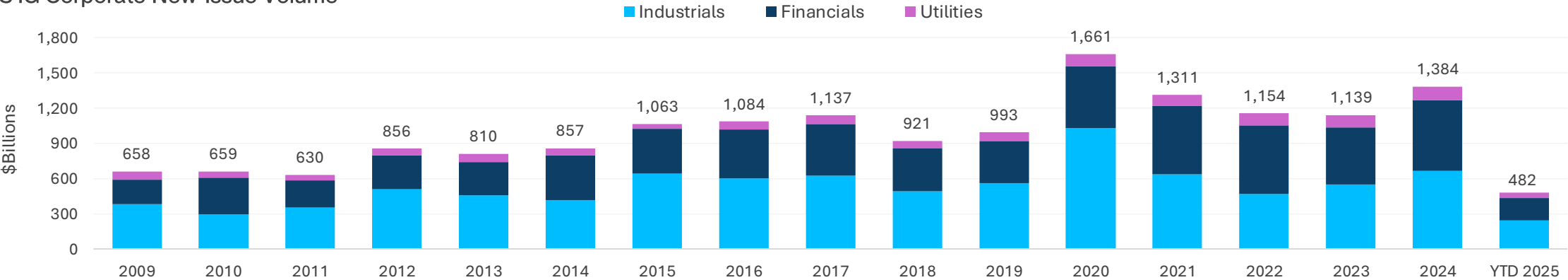
Corporate Bond Market



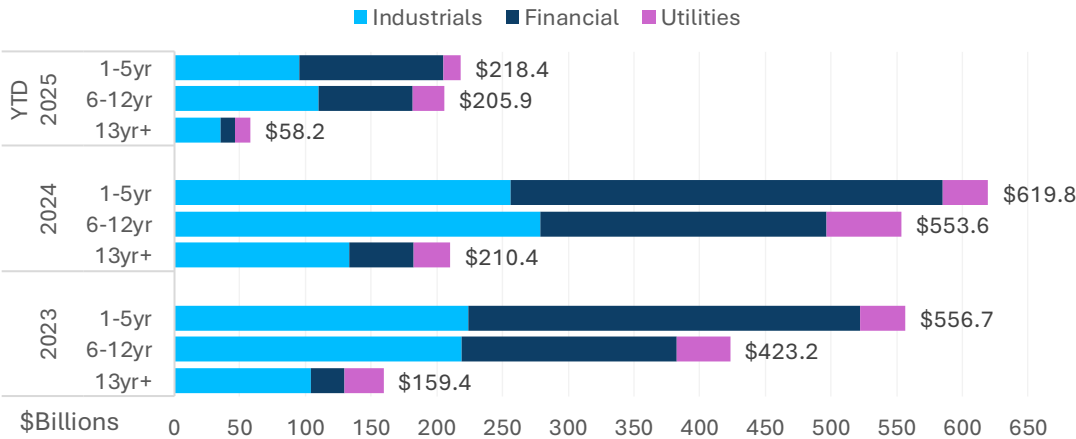
Investment grade (IG) corporates: New issue update

IG new issuance in Q1 2025 was robust, with gross issuance of \$482B (excluding SSA*), higher than the past four-year average. January issuance was led by a supply surge from banks, above their usual heavypull in the month, followed by significant borrowing in the quarter from technology (\$52B), consumer (\$48B), and basic industries (\$31B). Yankee banks were the largest issuing sector with \$91B. M&A funding needs drove ~\$70B of IG issuance in the quarter, highlighted by Mars Inc.’s \$26B raise for its acquisition of Kellanova.

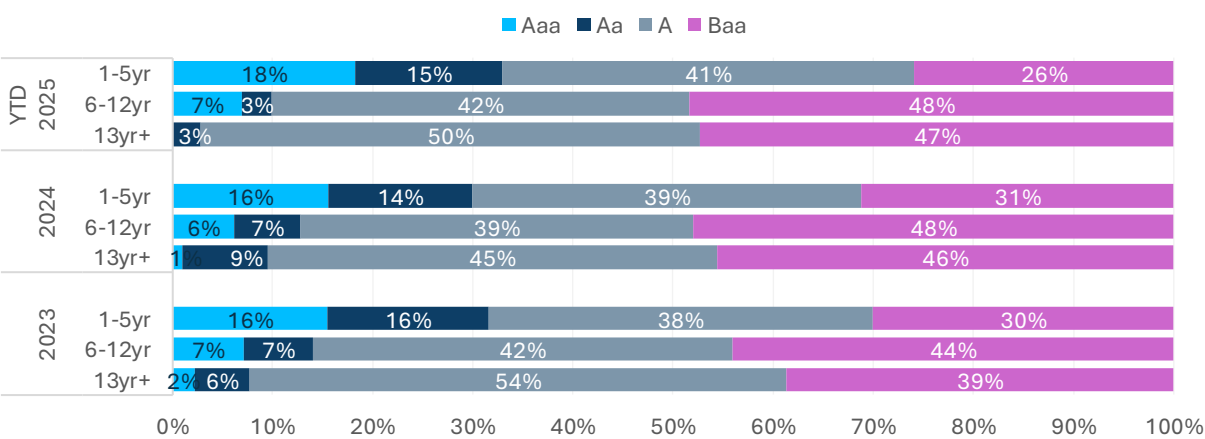
US IG Corporate New-Issue Volume



IG Corporate New-Issue Supply (Sector/Maturity)

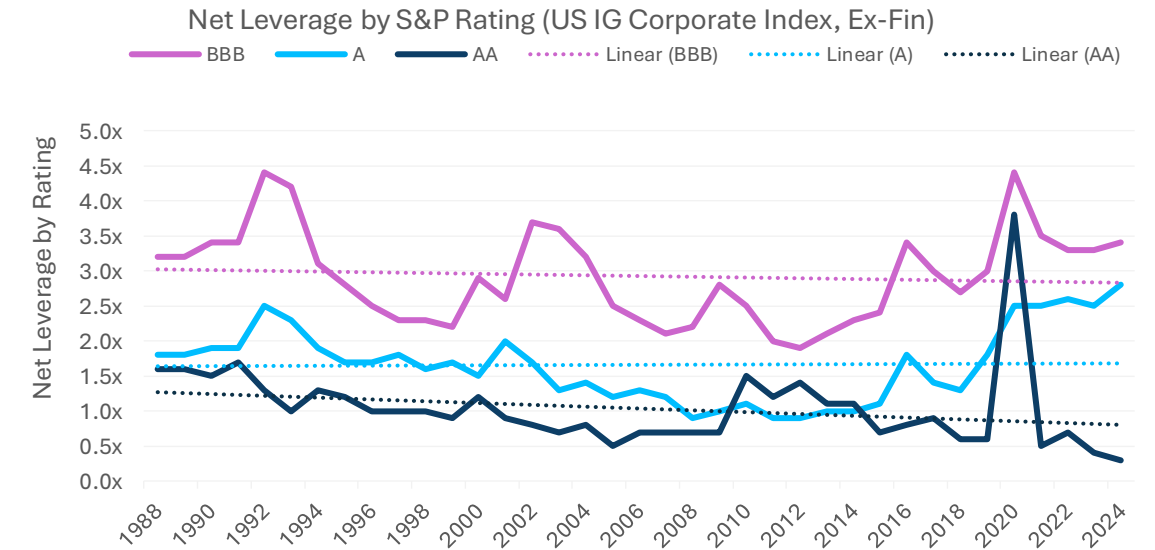
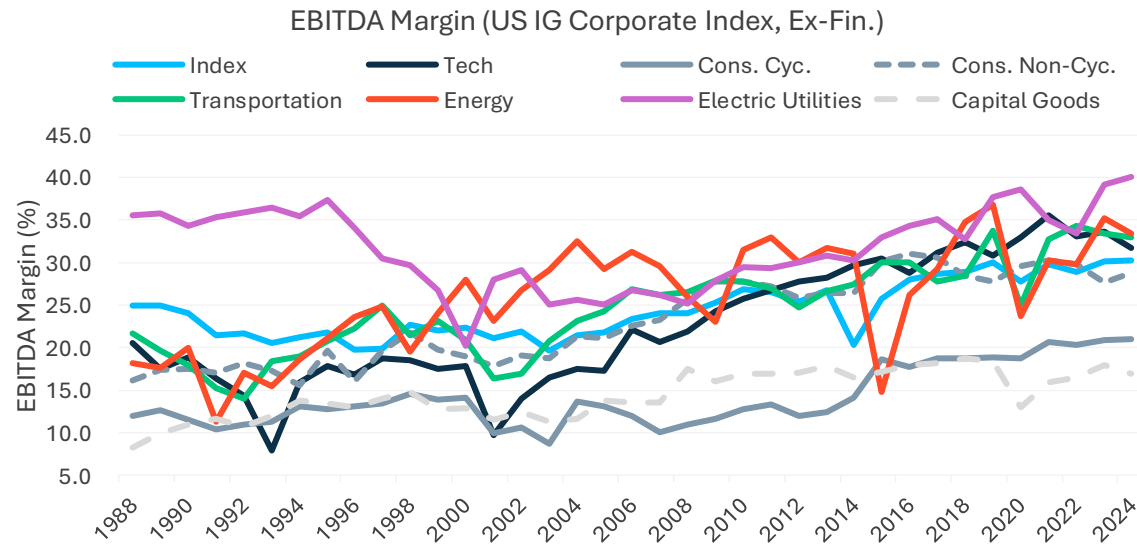
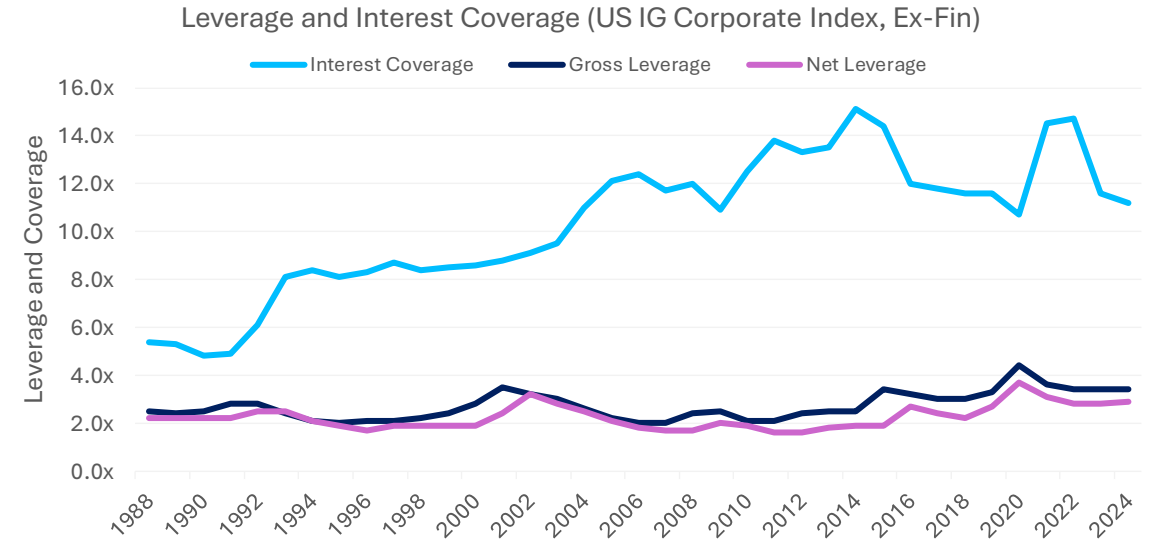


IG Corporate New-Issue Supply (Rating/Maturity)



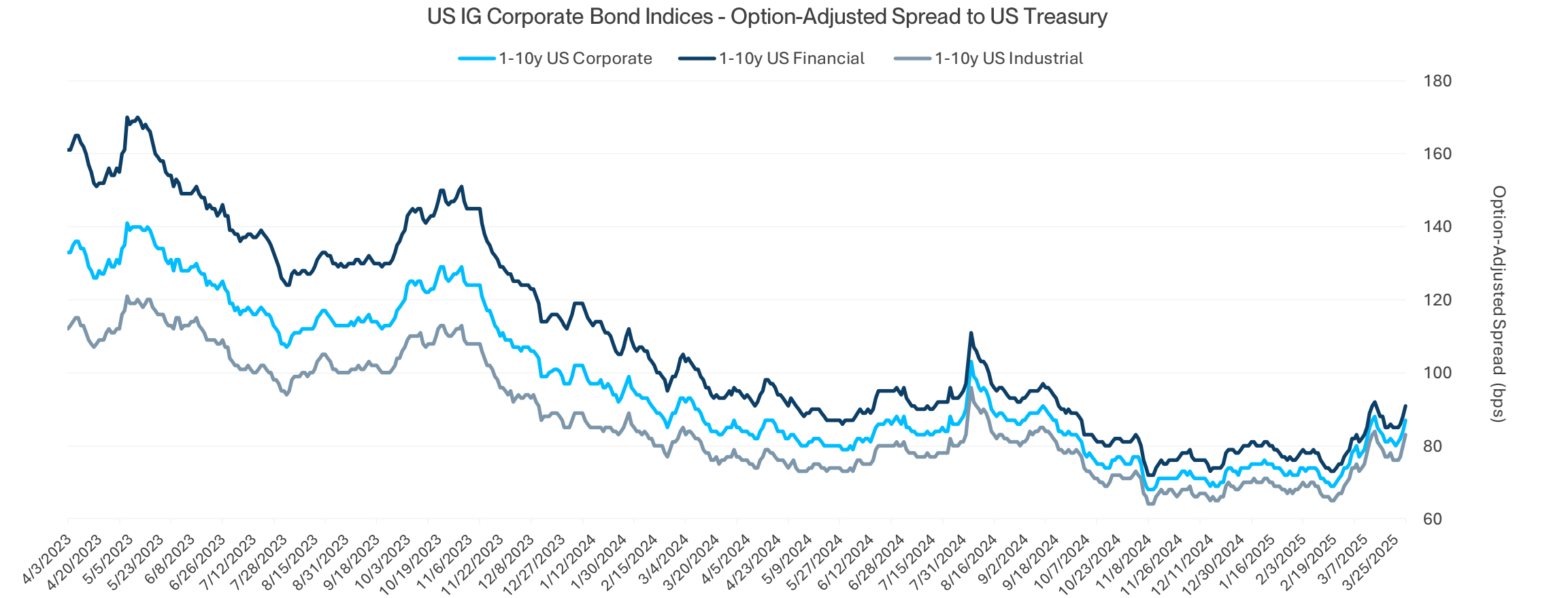
Fundamentals show resiliency but tariffs loom large

Despite modest deterioration early on in 2024, IG credit (ex-financials) metrics in Q4 2024 showed signs of resilience, with the aggregate mean EBITDA growing +3% YoY, net and gross leverage remaining flat quarter-over-quarter (QoQ), and interest coverage reversing its prior quarters of deterioration with a 0.1x improvement. Based on current street estimates for Q1 2025 earnings, gross leverage is anticipated to improve further on a sequential basis. However, median EBITDA estimates for the quarter and full year continue to be revised down, as tariff uncertainty continue to lower demand and margin expectations.



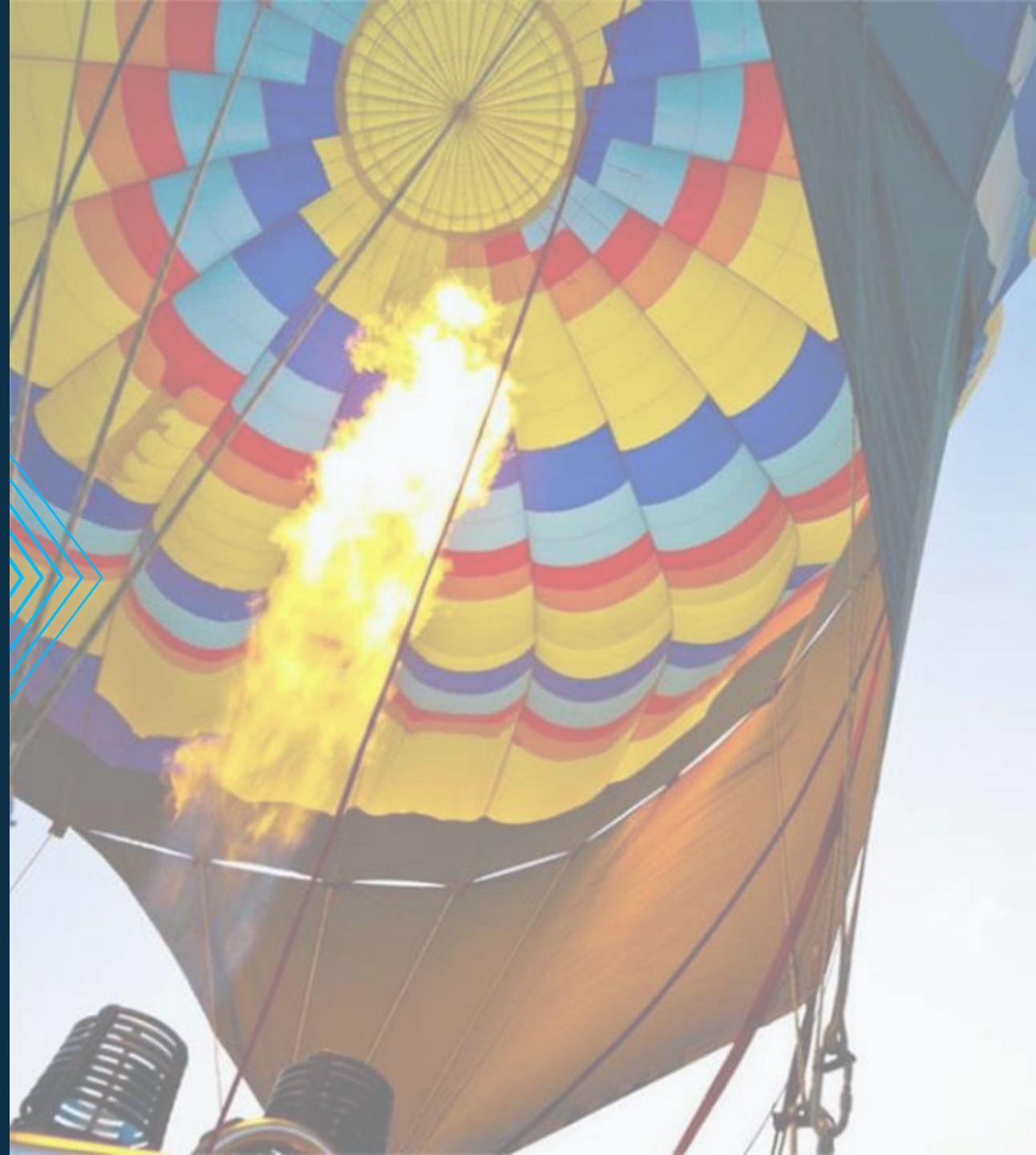
IG Corporates: Spread and Sector Performance

Credit index spreads moved modestly higher in Q1 2025 in the face of weakening economic data and significant uncertainty on the overall quantum and impact of tariffs. Record IG issuance through the start of the year was met by strong IG inflows, led primarily by ETFs. Despite recent widening over the past several weeks, supportive technicals should help keep spreads range-bound even with the political and macro uncertainty. US IG non-financial issuers saw general improvement in leverage metrics in Q4 2024, while the street’s median EBITDA growth estimate for Q1 2025 remains in positive territory.





Markets and Performance



Market sector performance

In the first quarter of 2025, US equities faced declines amidst uncertainties surrounding monetary policy and renewed worries about the economic effect of tariffs. The technology and biotech sectors were hit especially hard, enduring sharp corrections and heightened volatility throughout the period. Conversely, the bond markets posted solid gains, as fixed income investors responded positively to encouraging employment and inflation data.

Asset Class Returns

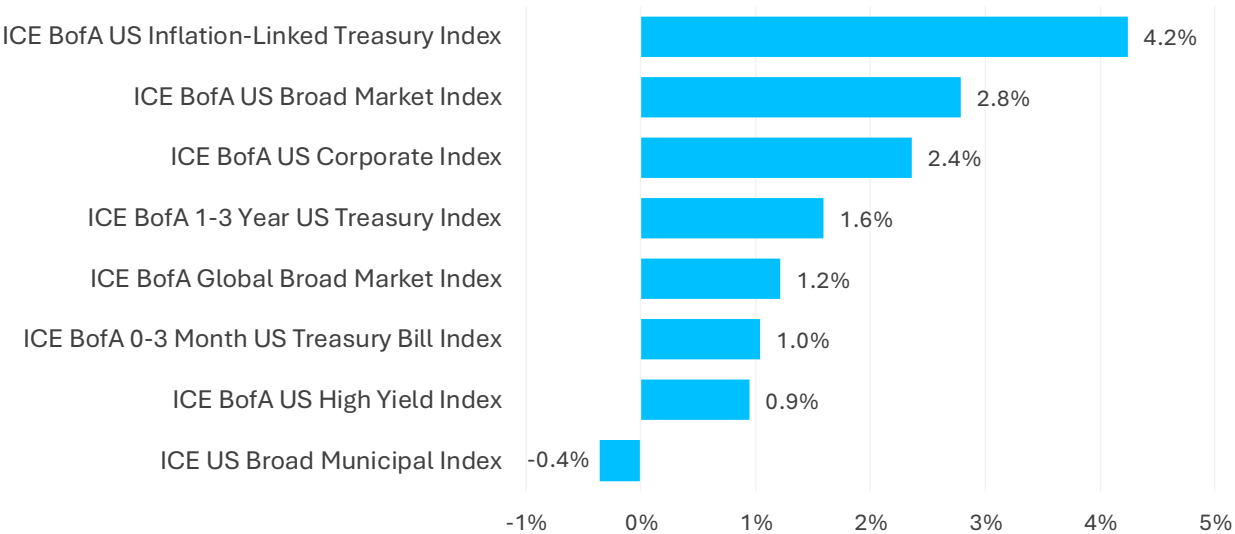
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD 2025
	Biotech 13.09%	Crude Oil 45.03%	Biotech 43.85%	US Treasury 0.86%	Tech 45.97%	IPO Index 109.60%	Crude Oil 55.01%	Crude Oil 6.71%	Tech 52.75%	Tech 31.77%	US Treasury 2.92%
	Tech 3.23%	High Yield 17.13%	Tech 39.65%	US Aggregate 0.01%	Crude Oil 34.46%	Biotech 48.10%	Tech 28.73%	High Yield -11.19%	IPO Index 50.90%	S&P 500 25.02%	US Aggregate 2.78%
	S&P 500 1.38%	Tech 12.27%	IPO Index 35.75%	High Yield -2.08%	IPO Index 33.87%	Tech 42.64%	S&P 500 28.71%	US Treasury -12.46%	S&P 500 26.29%	IPO Index 15.49%	US IG Corporate 2.31%
	US Treasury 0.84%	S&P 500 11.96%	S&P 500 21.83%	US IG Corporate -2.51%	Biotech 32.34%	S&P 500 18.40%	High Yield 5.28%	US Aggregate -13.01%	High Yield 13.45%	High Yield 8.19%	High Yield 1.00%
	US Aggregate 0.55%	US IG Corporate 6.11%	Crude Oil 12.47%	S&P 500 -4.38%	S&P 500 31.49%	US IG Corporate 9.89%	US IG Corporate -1.04%	US IG Corporate -15.76%	US IG Corporate 8.52%	US IG Corporate 2.13%	Crude Oil -0.33%
	US IG Corporate -0.68%	US Aggregate 2.65%	High Yield 7.50%	Tech -6.02%	US IG Corporate 14.54%	US Treasury 8.00%	US Aggregate -1.54%	S&P 500 -18.11%	Biotech 7.76%	US Aggregate 1.25%	S&P 500 -4.27%
	High Yield -4.47%	US Treasury 1.04%	US IG Corporate 6.42%	Biotech -14.99%	High Yield 14.32%	US Aggregate 7.51%	US Treasury -2.32%	Biotech -25.62%	US Aggregate 5.53%	Biotech 1.18%	Biotech -9.96%
	IPO Index -7.98%	IPO Index -0.51%	US Aggregate 3.54%	IPO Index -17.53%	US Aggregate 8.72%	High Yield 7.11%	IPO Index -9.89%	Tech -30.29%	US Treasury 4.05%	US Treasury 0.58%	Tech -11.76%
	Crude Oil -30.47%	Biotech -15.61%	US Treasury 2.31%	Crude Oil -24.84%	US Treasury 6.86%	Crude Oil -20.54%	Biotech -20.38%	IPO Index -57.06%	Crude Oil -10.73%	Crude Oil 0.10%	IPO Index -13.74%

All returns above are on a total return basis. 2024 returns are on an aggregate basis through 03/31/2025. US Aggregate refers to Bloomberg Barclays Aggregate Bond Index. US Treasury refers to the US Treasury allocation of the Bloomberg Barclays Aggregate Bond Index. US IG Corporate refers to the IG Corporate allocation of the Bloomberg Barclays Aggregate Bond Index. High Yield refers to the US Corporate High-Yield Bloomberg Index. Crude Oil refers to the Spot West Texas Intermediate Crude Oil — Bloomberg-sourced. S&P 500 refers to the S&P 500 Total Return Index. Tech refers to the S&P Global 1200 Information Technology Index. Biotech refers to the S&P Biotechnology Select Industry Index. IPO Index refers to the Renaissance IPO Index.

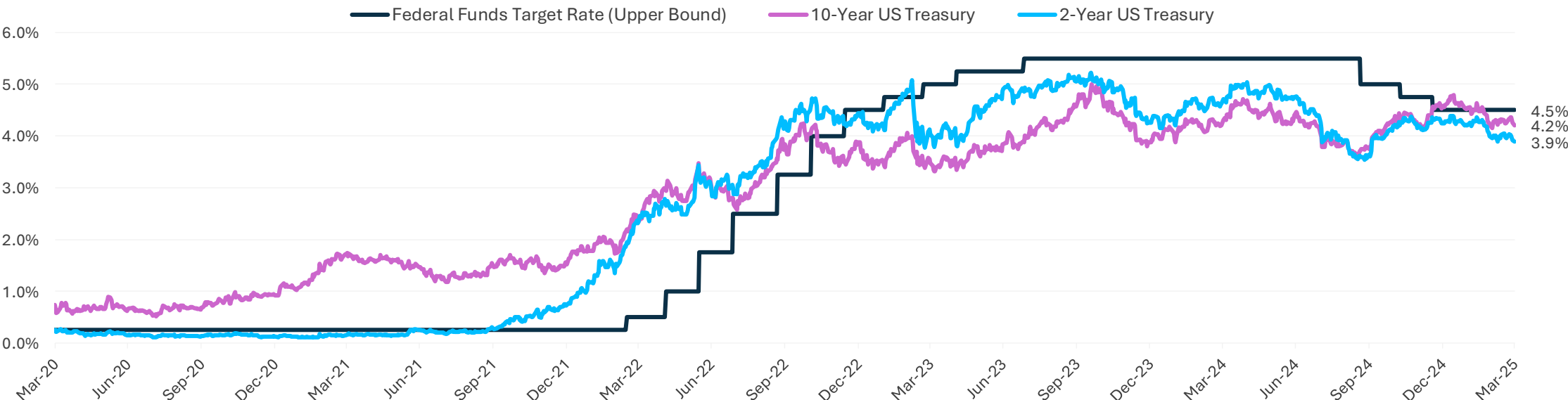
Bond market performance

US bond markets delivered solid returns in the first quarter, supported by declining interest rates and growing economic uncertainty. Inflation-Linked Treasuries (TIPs) outperformed as investors sought protection against the potential for higher inflation fueled by tariffs. Despite some widening in credit spreads, strong corporate fundamentals supported the performance of both the broad market and corporate indices.

YTD 2025 Bond Performance



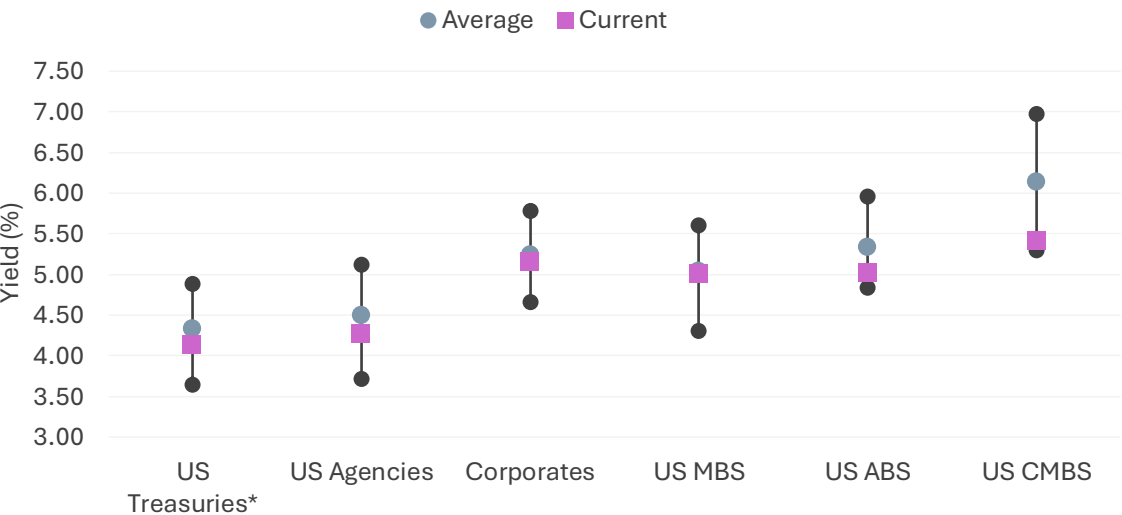
Bond Yields



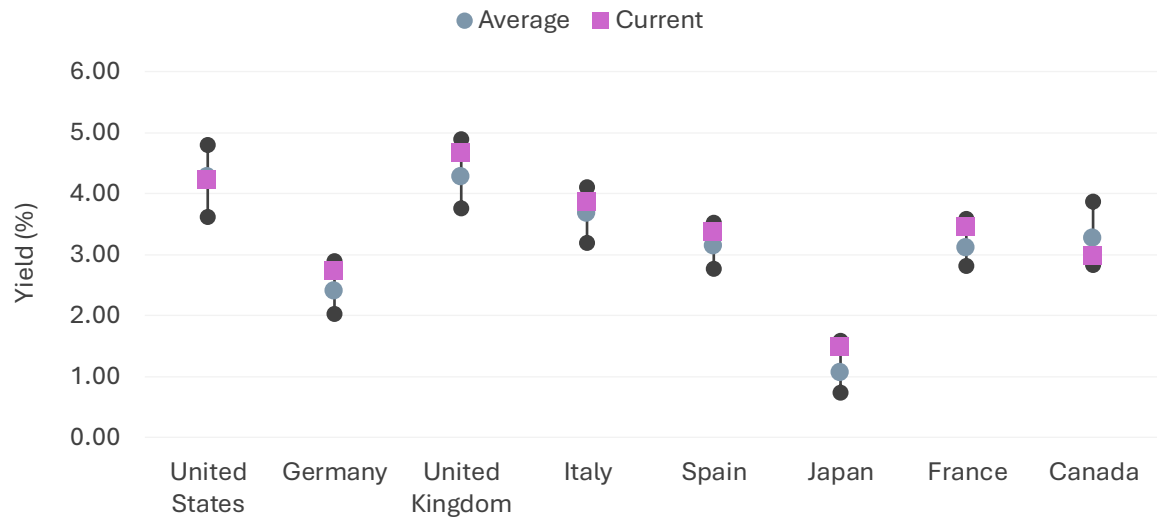
Global and domestic yields

Global and US bond yields faced a period of volatility in the first quarter. US Treasury yields initially declined across the curve as investors exercised caution, but later rebounded due to worries about potential effects from tariffs and changes in Fed policy. The anticipated global economic impact of tariffs prompted investment allocation shifts from foreign assets to US assets and subsequently pushed global bond yields higher.

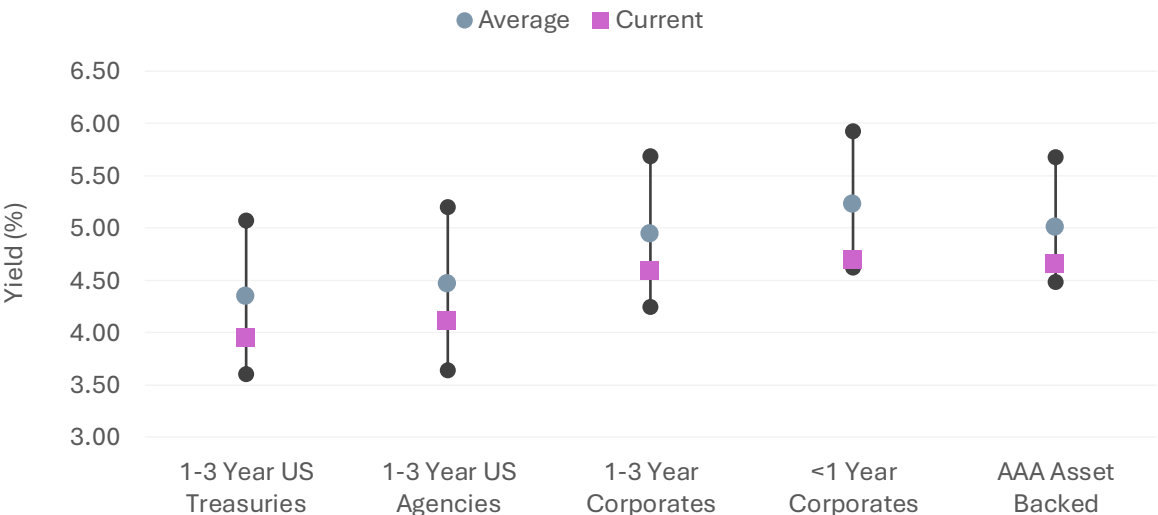
Broad Fixed Income Yields



Yields Across the Globe



Short-Duration Yields



Quarterly credit and duration performance stratification

US bond markets achieved positive returns in the first quarter, driven by declining interest rates and growing economic uncertainty. Investors sought the safety of US Treasuries due to increased concerns over tariffs and geopolitical risks. Corporate credit also played a role in supporting the market's performance; despite widening credit spreads, IG issuers continue to exhibit strong fundamentals as investors continue to see their value.

Corporate Credit

Duration	0-0.25	0.25-0.5	0.5-1.0	1.0-1.5	1.5-2.0	2.0-2.5	2.5-3.0	3.0-4.0	4.0-5.0	5.0-6.0	6.0-7.0	7.0-8.0	8.0-9.0	9.0-10.0	10.0-11.0	11.0-12.0	Over 12.0
AAA	1.06%	1.16%	1.18%	1.49%	1.64%	1.84%	2.05%	2.36%	2.62%	2.82%	2.91%	2.99%	3.13%	3.50%	3.39%	3.22%	2.93%
AA1	1.10%	1.13%	1.18%	1.46%	1.49%	1.79%	2.06%	2.54%	2.81%	3.09%	3.09%		2.95%	3.40%	2.55%		2.34%
AA2	1.19%	1.21%	1.18%	1.57%	1.65%	1.87%	2.27%	2.54%	2.81%	3.17%	3.23%	3.46%	2.80%	3.53%	3.30%	2.46%	2.64%
AA3	1.13%	1.14%	1.16%	1.41%	1.63%	1.78%	2.15%	2.44%	2.69%	3.09%	3.15%	3.13%	3.21%	3.10%	3.25%	2.85%	2.72%
A1	1.19%	1.18%	1.23%	1.46%	1.66%	1.81%	2.18%	2.50%	2.68%	3.08%	2.92%	2.98%	3.42%	3.38%	3.01%	3.00%	2.69%
A2	1.17%	1.19%	1.23%	1.44%	1.64%	1.85%	2.16%	2.46%	2.68%	2.98%	2.89%	2.87%	3.13%	3.04%	2.87%	2.63%	2.36%
A3	1.21%	1.24%	1.27%	1.50%	1.68%	1.90%	2.15%	2.48%	2.67%	3.04%	2.74%	2.71%	2.98%	2.79%	2.83%	2.56%	2.33%
BBB1	1.22%	1.24%	1.29%	1.49%	1.65%	1.83%	2.21%	2.45%	2.67%	2.99%	2.74%	2.86%	3.17%	3.40%	2.91%	2.81%	2.60%
BBB2	1.21%	1.28%	1.26%	1.41%	1.63%	1.72%	2.06%	2.25%	2.49%	2.78%	2.56%	2.50%	2.93%	2.84%	1.64%	1.74%	1.77%
BBB3	1.25%	1.33%	1.32%	1.54%	1.69%	1.92%	2.10%	2.16%	2.47%	2.72%	2.19%	2.13%	2.97%	3.48%	2.40%	2.62%	2.05%

US Treasuries

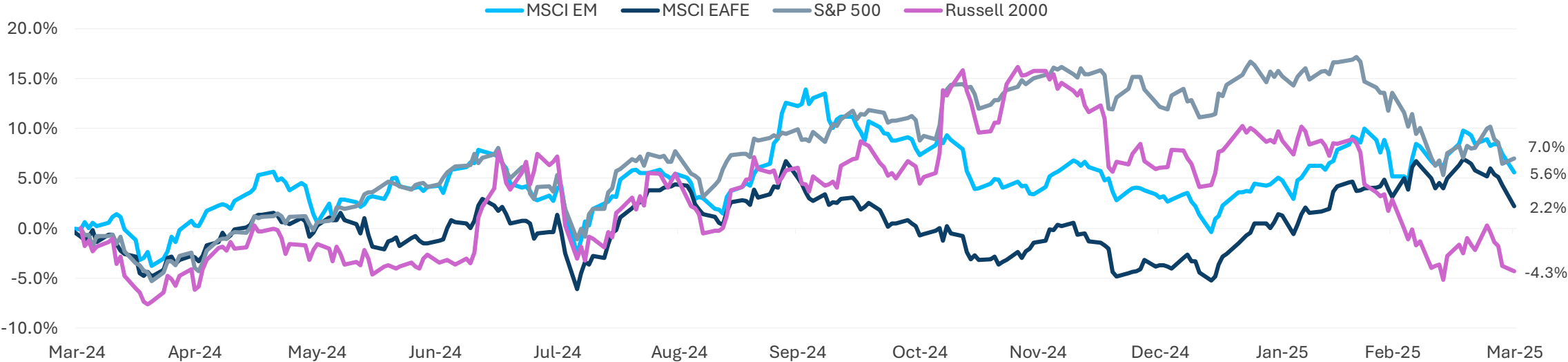
Duration	0-0.25	0.25-0.5	0.5-1.0	1.0-1.5	1.5-2.0	2.0-2.5	2.5-3.0	3.0-4.0	4.0-5.0	5.0-6.0	6.0-7.0	7.0-8.0	8.0-9.0	9.0-10.0	10.0-11.0	11.0-12.0	Over 12.0
Treasury	1.06%	1.04%	1.07%	1.30%	1.56%	1.84%	2.11%	2.60%	3.00%	3.45%	3.76%	3.98%	4.28%	4.64%	4.91%	4.78%	4.85%

Percentages in table represent total return. Red cells indicate the lowest returns, and green cells indicate the highest returns. Gray cells indicate there were no securities within the specific duration range for the evaluation period.

Global equity performance

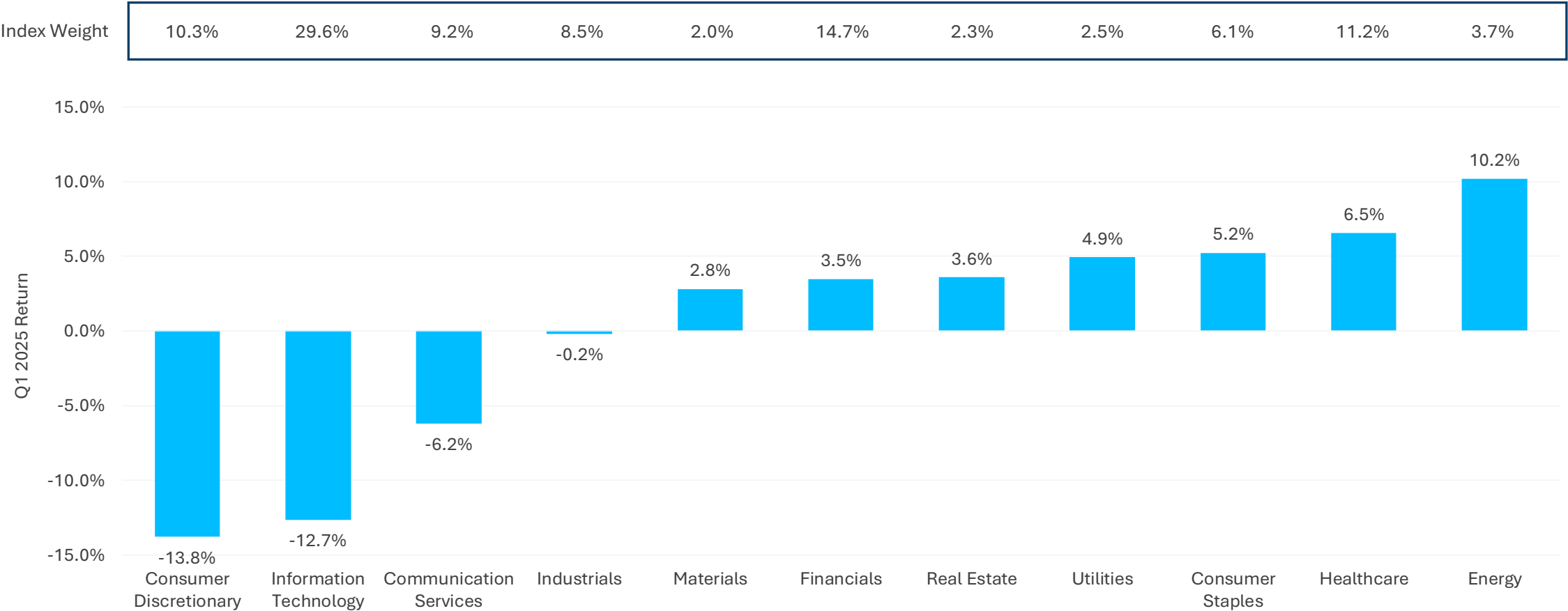
Over the past year, the S&P 500 outperformed small cap, global and emerging market stocks, driven by strong corporate earnings and notable gains from the technology sector. In contrast, the other indices lagged behind, weighed down by tighter credit markets, geopolitical challenges and uneven global economic recoveries worldwide.

Price Return	
1-Year Returns	
MSCI EM	5.6%
MSCI EAFE	2.2%
S&P 500	6.8%
Russell 2000	-5.3%



US equity sector performance

Although the S&P 500 fell by -4.3% in the first quarter, sectors like energy, healthcare, and consumer staples stood out, attracting investors with their stability during uncertain times. Meanwhile, growth-oriented sectors such as technology and consumer discretionary experienced steep declines, as economic uncertainty and fluctuating interest rates dampened investor confidence.



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