NORTHWEST FINANCIAL GROUP LLC

Weekly Market Commentary

How's everybody feeling?

If you said, "Not great," you're not alone. There is an abundance of negative sentiment today. Many people – from consumers to small business owners, and from asset managers to investors – are feeling less optimistic. Here's the data.

- **The University of Michigan's Consumer Sentiment Survey's** final data for April showed that sentiment tumbled for the fourth month in a row. "While this month's deterioration was particularly strong for middle-income families, expectations worsened for vast swaths of the population across age, education, income, and political affiliation…Labor market expectations remained bleak. Even more concerning for the path of the economy, consumers anticipated weaker income growth for themselves in the year ahead. Without reliably strong incomes, spending is unlikely to remain strong amid the numerous warning signs perceived by consumers," wrote Surveys of Consumers Director Joanne Hsu.

- **The National Federation of Independent Business (NFIB) Small Business Optimism Index** fell from February to March, settling just below its long-term average. "The implementation of new policy priorities has heightened the level of uncertainty among small business owners over the past few months. Small business owners have scaled back expectations on sales growth as they better understand how these rearrangements might impact them," stated NFIB Chief Economist Bill Dunkelberg.

- **The Bank of America Global Fund Manager Survey** showed that, in April, asset managers were the most bearish they've been in three decades with sentiment around economic growth particularly low. "Fund managers are extremely gloomy, with 82 [percent] of respondents…expecting the global economy to weaken," reported Michael Msika of Bloomberg.

- **The American Association of Individual Investors (AAII) Sentiment Survey** found that 55.6 percent of investors were feeling bearish about how the stock market will perform over the next six months. That is well above the historic average of 31 percent bearish.

It's fair to say that sentiment has been at extremely low levels. A contrarian would point out that this could be a positive development. When everyone is bearish, contrarians are bullish. They tend to look for opportunities to augment portfolio holdings with attractively priced investments that may help achieve long-term goals.

If you don't share a contrarian outlook, stay focused on the importance of remaining invested as stock and bond markets move higher and lower. "All of this chaos underlined something that is historically true for the stock market – the sharpest percentage drops and largest percentage gains are often not far apart. For that reason, walking away from the market after a big drop could mean missing out on the market's best days," reported Gordon Gottsegen of MarketWatch.

For example, major U.S. stock indexes fell by more than two percent last Monday but, by the end of the week, the indexes had recovered those losses and moved higher. There were two drivers behind last week's gains. The first was hope for a resolution in the U.S.-China trade war and the second was renewed confidence that Federal Reserve Chair Jerome Powell will remain in his position, reported Connor Smith of Barron's. Yields on longer maturities of U.S. Treasuries moved lower over the week.

Data as of 4/25/25	1-Week	YTD	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 Index	4.6%	-6.1%	9.4%	8.8%	13.9%	10.1%
Dow Jones Global ex-U.S. Index	2.7	5.5	7.8	4.5	7.6	2.1
10-year Treasury Note (yield only)	4.3	N/A	4.7	2.8	0.7	1.9
Gold (per ounce)	-0.9	25.5	39.9	20.0	13.8	10.6
Bloomberg Commodity Index	-0.3	3.9	-0.4	-6.8	11.5	0.1

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance; MarketWatch; djindexes.com; U.S. Treasury; London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

STORIES HAVE INFLUENCE AND SO DO STORYTELLERS. Anyone who reads (or listens to) a lot of books, blogs and stories knows that the narrator is important. Sometimes, a story is told from a single point of view and other times it will have multiple perspectives. No matter how many narrators tell the story, each one presents the situation (or series of events) they are describing in a way that reflects their point of view and/or values.

The stories that are told about an economy or events that may affect that economy can be powerful because they also can influence human behavior and affect investment decision-making.

"The idea that emotional states may affect the economy has a long intellectual history. John Maynard Keynes regrettably missed his chance to coin 'vibe-cession', but he wrote extensively about how peoples' instinctive 'animal spirits' drove crashes and recoveries. Taking this idea one step further, economist Robert Shiller has advocated for a more detailed study of economic narratives, or contagious stories that shape how individuals view the economy and make decisions," according to Joel Flynn and Karthik Sastry of VoxEU.

Tariff turmoil has offered some insight into the influence of storytellers and narratives on investors. For example, last week, Tracy Alloway and Joe Weisenthal of Bloomberg's Odd Lots reported that the head of economics research at a market research company compared recent ups and downs of the Standard & Poor's (S&P) 500 Index with the presidential advisor or cabinet member who was telling the administration's story. He found that:

"…since the beginning of March, the S&P has lost a total 719 points on days when [Commerce Secretary] Lutnick and [Senior Counselor for Trade and Manufacturing] Navarro have been the biggest stories. On days where [Treasury Secretary] Bessent is in the news, we've seen the S&P 500 go up by a total of 52 points."

Flynn and Sastry's research concluded, "…contagious narratives are an important driving force in the business cycle…Not all narratives are equal in their potential to shape the economy, and the fate of a given narrative may rest heavily on its (intended or accidental) confluence with other narratives or economic events."

Weekly Focus – Think About It

"Character is like a tree and reputation like a shadow. The shadow is what we think of it; the tree is the real thing."

– Abraham Lincoln, Former U.S. President

Best regards,

Michael W. Gray, Kerry L. Dyer, C. Travis Gray, CFP®, Nathan P. Graff, Katy McLeod, Ron Cornelison

P.S. Please feel free to forward this commentary to family, friends or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

Securities offered through LPL Financial, Member FINRA/SIPC.

* Gold represents the 3:00 p.m. (London time) gold price as reported by the London Bullion Market Association and is expressed in U.S. Dollars per fine troy ounce. The source for gold data is Federal Reserve Bank of St. Louis (FRED), https://fred.stlouisfed.org/series/GOLDPMGBD228NLBM.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
* The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.
* International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage is often obtainable in commodity trading and can work against you as well as for you. The use of leverage can lead to large losses as well as gains.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee it is accurate or complete.
* There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.
* Asset allocation does not ensure a profit or protect against a loss.
* Consult your financial professional before making any investment decision.

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