



The Weekly Market Update – 4/28/25: Estimates Fall Despite First Quarter Earnings Upside

Major Indices (Price Returns)	Close	Last Week	Quarter-to-Date	Year-to-Date	Trailing 12-Months	All-Time High	% to High
S&P 500	5,282.70	-1.50%	-5.87%	-10.18%	0.54%	6,144.15	16.3%
Dow Jones Industrial Average	39,142.23	-2.66%	-6.81%	-8.00%	-1.67%	45,014.04	15.0%
NASDAQ Composite	16,286.45	-2.62%	-5.85%	-15.66%	-0.57%	20,173.89	23.9%
Russell 2000	1,880.62	1.10%	-6.53%	-15.67%	-11.48%	2,442.74	29.9%
MSCI EAFE (USD)	2,390.90	4.06%	-0.41%	5.71%	1.88%	2,511.97	5.1%
MSCI Emerging Markets (USD)	1,067.07	2.09%	-3.12%	-0.78%	2.56%	1,444.93	35.4%
Bloomberg Commodity Index	102.91	1.41%	-3.28%	4.20%	3.44%	237.95	131.2%
Barclays U.S. Aggregate Bond	91.39	0.87%	-0.99%	1.06%	0.99%	112.07	22.6%

Source: FactSet

First quarter 2025 (1Q25) earnings results for the S&P 500 index have tracked above expectations, but full-year 2025 consensus earnings estimates moved lower. We attribute easing estimates to tariff-driven economic uncertainty reflected in both cautious corporate commentary (from earnings conference calls) and waning consumer confidence. Reduced estimates reflect conservative outlooks and negative sentiment, which creates the potential for upside in stock prices of companies that exceed low expectations. Although 1Q25 earnings season remains in its early days (36% of S&P 500 had reported March quarter financials through 4/25/25), strong results to-date took the FactSet consensus earnings estimate for the quarter to +10.2% from the +7.2% estimated one month ago. Despite the reported earnings upside and increased quarterly estimate, the S&P 500 2025 full-year earnings per share (EPS) estimate has decreased -3% since the end of December, to \$265 (as of 4/25) from \$272. While earnings estimates for 9 of the 11 S&P 500 GICS (Global Industry Classification Standards) sectors declined since the end of the year, the largest negative revisions were from three sectors: Energy (-13%), Materials (-10%), and Industrials (-7%). This makes sense to us as the Energy sector is exposed to oil prices, and U.S. oil, as measured by West Texas Intermediate (WTI), traded at \$63 per barrel on 4/25/25, down -12% from \$72 on 12/31/24. Materials and Industrials sectors are directly exposed to the impact of tariffs (driving cost pressure and demand headwinds). But estimates revisions were modest for the other 8 GICS sectors and 2025 estimates for Financials and Communications Services increased +1% since year-end. This limits the impact of lower estimates on the overall index. While we see more downward pressure on the earnings outlook ahead as consumers have yet to feel the initial shock of tariffs, we also acknowledge that strong 1Q25 results, if sustained, is a mark of economic resilience.

As the White House set expectations for trade deals ahead, the S&P 500 gained +4.6%, its second-best week of 2025. Investors reacted positively to positive comments from both President Trump and Treasury Secretary Bessent on trade deal progress with Japan, India, and others, as well as the potential for reduced tariffs on China. This aligns with our view that markets are hyper-focused on tariff developments, reacting positively to news that eases economic and recession fears, and negatively to trade war escalation. With the S&P 500 positive for two of the past three weeks, the index from 4/8/25 (the 2025 closing low) to 4/25/25 gained +10.9%, but remained nearly -3% below the closing level on 4/2/25, the day prior to the Trump Administration's global reciprocal tariffs announcement. The S&P 500 was down -1.5% in April and still -6.1% in 2025 year-to-date (YTD). The technology- and growth-centric Nasdaq Composite index turned positive in April (+0.5%, as of 4/25) but was still down -10.0% YTD. Further market gains, we believe, will require trade talks to move to a more advanced level than just negotiations.

Earnings reports are front and center this week, but we also await data on 1Q25 economic growth and the April labor market. An additional 180 S&P 500 companies are scheduled to report earnings this week including several of the largest companies. We expect last week's trend of earnings upside to continue but, along with the market, are focused on the forward outlook. 1Q25 gross domestic product (GDP) is estimated (FactSet consensus) to have grown just +0.8%, with weaker consumer trends and distortion from imports coming in ahead of tariffs. April nonfarm payrolls are estimated to come in at +125 thousand (K), below the March jobs growth of +228K.

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Market Indices: The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. Index performance assumes the reinvestment of all distributions, but does not assume any transaction costs, taxes, management fees, or other expenses. You may not invest directly in an index. Past performance is not an indicator of future results. The S&P 500 Index is a market cap weighted index that is designed to measure the US large-cap equity performance. The index is composed of the 500 leading publicly traded US companies based on size, liquidity, industry, and profitability criteria. The Dow Jones Industrial Average is a price weighted index that tracks 30 large, exchange-traded companies trading on the New York Stock Exchange (NYSE) and the NASDAQ. The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. Today the NASDAQ Composite includes over 3,000 companies. The Russell 2000® Index is a market cap weighted index that measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The S&P 500 Equal Weight Index is compiled by S&P Dow Jones. It is an equal-weight version of the widely used S&P 500. The index includes the same constituents as the capitalization-weighted S&P 500, but each company is allocated a fixed weight, or 0.2%, of the index total at each quarterly rebalance.

The Global Industry Classification Standard (GICS) is a four-tiered, hierarchical industry classification system. Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the Sub-Industry level according to its principal business activity. MSCI and S&P Dow Jones Indices use revenues as a key factor in determining a firm's principal business activity. The 11 sectors are: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, and Utilities. Sectors that are called "defensive," are thought to be less exposed to economic cycles compared to "cyclical" sectors, and often attract investor interest during periods of economic weakness.

FactSet is a data aggregation software utilized by D.A. Davidson's Wealth Management Research. The FactSet consensus refers to the aggregate of all analysts' estimates from firms that submit estimates to FactSet for a given financial metric.

The Conference Board conducts a monthly Consumer Confidence Survey design to reflect prevailing business conditions and potential outcomes in the months ahead. It surveys consumer attitudes, buying intent, and expectations stratified by age and income in nine U.S. regions. A second widely followed survey of consumer confidence is conducted monthly by the University of Michigan. Its Survey of Consumers, surveys personal finances, business condition, unemployment and inflation.

The Trump Administration on 2/12/25 announced a framework for its Reciprocal Tariffs, with a link to the memorandum, "[Fair and Reciprocal Plan](#)." On 3/26/25 the White House announced tariffs on imported automobiles and certain automobile parts. Here is a link to a [Fact Sheet](#) from the President that outlines the action. The President's [April 2, 2024 Tariff Announcement](#) is also linked.

S&P 500 earnings growth reflects the year-over-year change in operating earnings on a per share basis. Earnings data are aggregated for all S&P 500 constituents and are measured according to the relative market capitalization weights for each company. Estimated earnings are the combined FactSet estimates of analysts covering each company included in the index.

The Bureau of Labor Statistics (BLS) compiles U.S. labor statistics from two monthly surveys. The household survey measures labor force status by demographics, while the establishment survey measures nonfarm employment and data by industry. The nonfarm payrolls component of the establishment survey is drawn from private businesses and government entities. The nonfarm payrolls number is among the most widely used data points to assess U.S. employment trends. The unemployment rate is the percentage of the labor force that is jobless and actively willing and available to work.

Gross domestic product (GDP) refers to the monetary measure of the market value of all final goods and services produced within a country's borders within a specific time period. Real GDP is adjusted for the impact of inflation. GDP numbers are compiled by the Bureau of Economic Analysis (BEA), a division within the U.S. Department of Commerce. Quarterly GDP is reported as a percentage change from the prior quarter, annualized. The BEA also reports data on a year-over-year percentage change from the same period one year prior. The most recent GDP report can be found at www.bea.gov.

The National Bureau of Economic Research (NBER) is a private non-profit research organization. The NBER is widely used as an organization that analyzes U.S. economic data and the business cycle and determines the start dates and end dates of economic recessions. The NBER defines recession as "a significant decline in economic activity that is spread across the economy and that lasts more than a few months," and also looks at the depth, diffusion, and duration of the downturn.

Daily prices for West Texas Intermediate (WTI) crude oil from Cushing, Oklahoma are quoted daily on a price per barrel basis and are available from the U.S. Energy Information Administration. Data can also be found from the St. Louis Federal Reserve Bank at fred.stlouisfed.org.