



By Patrick Fearon-Hernandez, CFA, and Thomas Wash

Posted: April 29, 2025 — 9:30 AM ET Global equity markets are mixed this morning. In Europe, the Euro Stoxx 50 closed down 0.3% from its prior close. In Asia, the MSCI Asia Apex 50 Index closed up 0.4%. Chinese markets were mixed, with the Shanghai Composite down 0.1% from its previous close and the Shenzhen Composite up 0.2%. US equity index futures are signaling a slightly lower open.

With 194 companies having reported so far, S&P 500 earnings for Q1 are running at \$62.30 per share compared to estimates of \$60.75, which is up 7.3% from Q1 2024. Of the companies that have reported thus far, 75.8% have exceeded expectations, while 19.6% have fallen short of expectations.

The Confluence macro team publishes a plethora of research reports and multimedia offerings on a weekly and quarterly basis, all available on our [website](#). We highlight recent publications below with new items of the day in bold.

Bi-Weekly Geopolitical Report	Asset Allocation Bi-Weekly	Asset Allocation Quarterly	Of Note
“Export Controls” (4/28/25) + podcast	“From Magnificent 7 to European Revival” (4/14/25) + podcast	Q2 2025 Report	Keller Quarterly

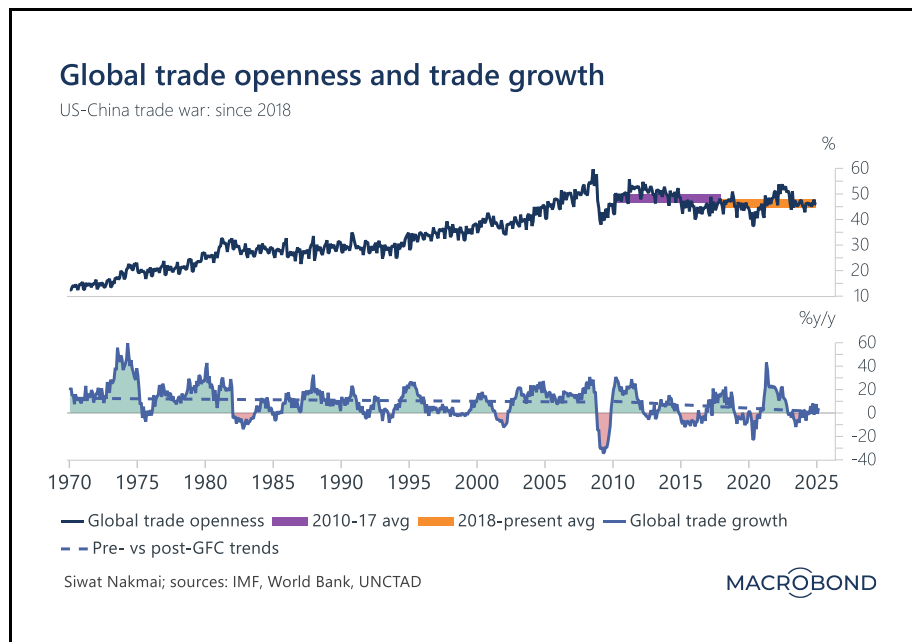
Good morning! Markets are on hold awaiting key tech earnings reports. In sports, the Cleveland Cavaliers are poised to sweep the Miami Heat in their NBA playoff series. Today’s *Comment* will cover the economic impact of Trump’s first 100 days in office, implications of the upcoming Canadian elections, and other market-moving developments. As always, we’ll also include our regular summary of international and domestic economic data releases.

Trump’s 100 Days: President Trump is preparing to celebrate an incredible milestone as he looks to highlight his accomplishments.

- The president demonstrated his commitment to the auto industry by offering tariff concessions as carmakers adapt to evolving market conditions. Ahead of his visit to Michigan, he [announced the lifting of levies on certain foreign-made parts](#) used in US-

assembled cars and trucks. The administration is also preparing to exempt imported vehicles from existing steel and aluminum tariffs, providing additional relief to the sector.

- Additionally, the president plans to highlight recent economic wins by showcasing major new domestic investments. [Representatives from companies like Nvidia, Eli Lilly, and SoftBank](#) are set to attend a White House event announcing expanded investment plans totaling \$1.6 trillion — a spending surge projected to create over 426,000 jobs. The gathering will spotlight how corporate commitments align with the administration's economic priorities in Trump's "Invest in America" initiative.



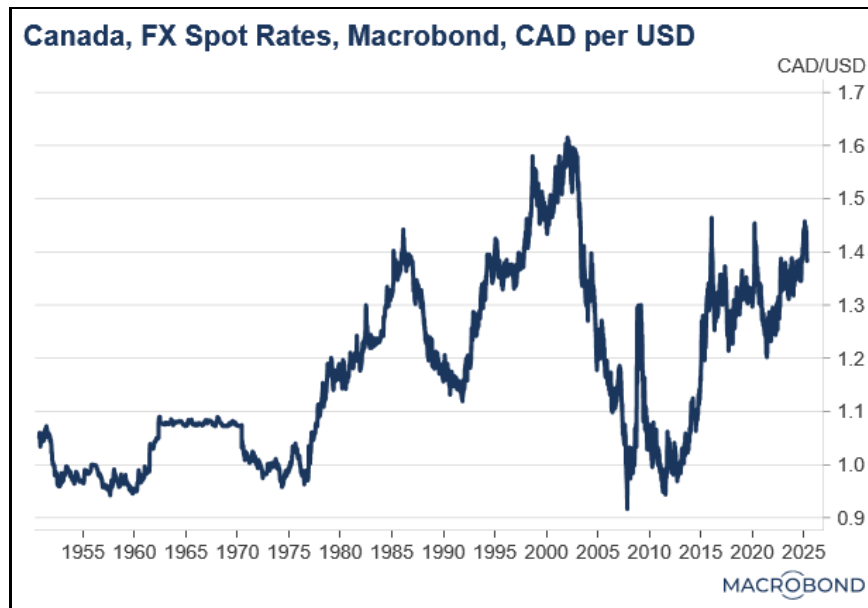
- The president is urging his party to expedite passage of new legislation on tax cuts. While Republicans approved a procedural measure earlier this year allowing tax cuts to pass with a simple majority, internal divisions persist over how to offset the budgetary impact and avoid adding to the deficit. The [White House is now pushing to finalize the bill by July 4](#), though the process will likely take weeks to complete given ongoing negotiations.
- While the president has touted his economic achievements, recent polling suggests his support among voters is slipping, particularly over lingering concerns about tariffs. As his administration shifts focus toward sustaining economic stability, markets are likely to remain in a holding pattern until clearer evidence emerges on whether his policies are helping or hurting growth.

Carney Wins: The Liberal Party eked out a narrow victory, securing a fourth term — one likely to be defined by how it handles a trade war with the US.

- The election initially gave the loonie a boost as a clear victor emerged, but the currency retreated once it became apparent the result would yield another minority government. The [Liberals fell just short of an absolute majority](#), winning 168 seats, four shy of the 172

needed to govern outright. The Conservatives followed with 144 seats, while the Bloc Québécois took 23, the New Democrats secured 7, and the Green Party won 1.

- While the Conservatives outperformed poll projections, their leader Pierre Poilievre is projected to lose his seat. The party's failure to translate a 20-point lead at the start of the year into a win may create a leadership crisis. Poilievre's mishandling of the “Trump factor” due to his inability to counter the US president's “51st state” characterization and tariff threats will be a defining issue, as the party will look to rebrand itself following the loss.
- In his victory speech, Prime Minister Mark Carney struck a defiant yet pragmatic tone, expressing confidence in Canada's ability to prevail in its trade dispute with the US, while acknowledging the profound challenges of redefining the bilateral relationship. He particularly emphasized the need for Canada to reduce its economic dependence on American trade and reassess its security arrangements, signaling a historic shift in North American relations.



- The global electoral impact of Trump's trade policies has become undeniable, as evidenced by this outcome. While establishment candidates have benefited from rising anti-American sentiment, sustained political stability will require concrete policy responses. The critical question now facing nations worldwide is how they will reform regulations and implement stimulus measures to achieve growth independent of US markets.

Cloudy Business Outlook: A growing number of firms are reluctant to provide earnings guidance amid heightened uncertainty from the ongoing trade war.

- Automaker General Motors and logistics giant UPS have suspended their financial guidance this quarter as they reassess the evolving business environment. The decisions come as both companies implement strategic changes to strengthen their long-term

financial performance. [GM has postponed scheduled stock buybacks](#), while UPS plans to [reduce its workforce by 20,000 positions](#).

- Corporate hesitation in issuing annual guidance underscores the profound uncertainty plaguing trade policy. Although businesses have modeled potential profit impacts since the administration rolled out targeted tariffs, the policy landscape remains too fluid for reliable forecasting. Compounding the challenge, firms must now also predict how shifting price points will reshape consumer demand, a critical variable that could dramatically alter financial projections.
- While corporate earnings continue to show strength this season, with most companies surpassing expectations, the rapidly shifting business environment poses growing challenges for strategic planning. Amid this persistent uncertainty, we believe the ultimate impact on US corporations remains to be seen. In the interim, we advocate a selective, stock-by-stock approach to portfolio management until clearer investment themes emerge.

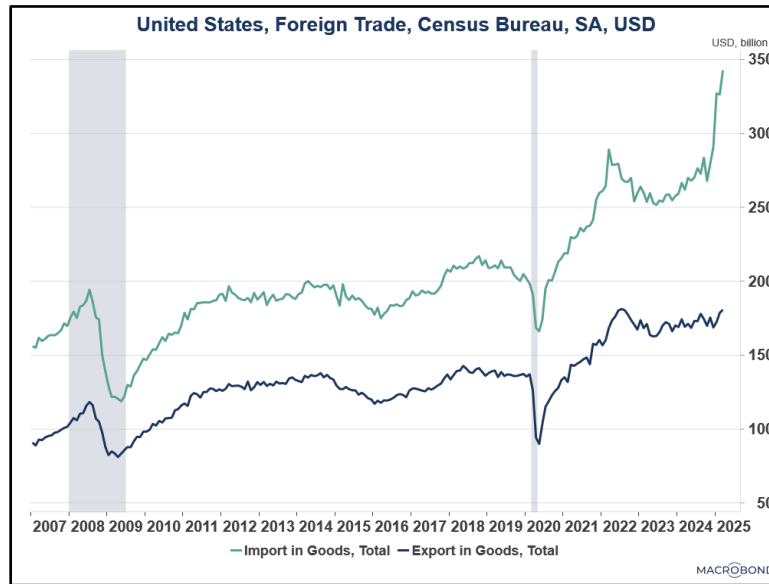
Lights Back On: Full power was restored across the Iberian Peninsula on Monday, but the unexplained outage has triggered serious questions about the resilience of the region's energy infrastructure.

- Power has [been restored across Spain and Portugal](#) after their worst outage since Europe's 2021 blackouts. While authorities have ruled out cyberattacks and severe weather, the disruption appears linked to solar power supply failures. The system initially compensated for lost generation in southwestern Spain, but a subsequent failure collapsed the entire grid, including imported power supplies to Portugal at the time.
- The grid failure [highlights the challenges of Spain's ambitious green transition](#). While renewables now provide a substantial share of energy, they remain less reliable than traditional sources. This vulnerability emerges as Spain has accelerated its phase-out of coal-fired thermoelectric plants and has already decommissioned nuclear facilities that once contributed 20% of the nation's power mix.
- The power grid concerns could cast a shadow over the economy's otherwise strong performance. While Spain has been among Europe's best performers since the Ukraine war began, posting 0.6% growth in the first quarter, this blackout is likely to hinder growth in the current period.

US Economic Releases

A preliminary estimate showed the US **merchandise trade balance** in March widened to a record level, at a seasonally adjusted deficit of \$162 billion, significantly wider than the expected \$145 billion and the previous month's \$147.8 deficit. Companies importing goods to get ahead of impending tariffs is considered the driving cause. According to the data, total merchandise exports rose 1.2%, while imports rose 5%. Compared with the same month one year earlier,

exports in March rose 6.8%, while imports rose 30.8%. The chart below shows the monthly value of US exports and imports since just before the previous recession.



The following table lists the releases and/or Fed events scheduled for the rest of the day.

Economic Releases						
EST	Indicator			Expected	Prior	Rating
10:00	JOLTS Job Openings	m/m	Mar	7500k	7568k	*
10:00	Conf. Board Consumer Confidence	m/m	Apr	88.0	92.9	***
10:30	Dallas Fed Services Activity	m/m	Apr		-11.3	*
Federal Reserve						
No Fed speakers or events for the rest of today						

Foreign Economic News

We monitor numerous global economic indicators on a continuous basis. The most significant international news that was released overnight is outlined below. Not all releases are equally significant, thus we have created a star rating to convey to our readers the importance of the various indicators. The rating column below is a three-star scale of importance, with one star being the least important and three stars being the most important. We note that these ratings do change over time as economic circumstances change. Additionally, for ease of reading, we have also color-coded the market impact section, which indicates the effect on the foreign market. Red indicates a concerning development, yellow indicates an emerging trend that we are following closely for possible complications, and green indicates neutral conditions. We will add a paragraph below if any development merits further explanation.

Country	Indicator			Current	Prior	Expected	Rating	Market Impact
ASIA-PACIFIC								
South Korea	Retail Sales	y/y	Mar	9.2%	4.4%		**	Equity and bond neutral
	Depart. Store Sales	y/y	Mar	-2.1%	-3.6%		*	Equity and bond neutral
	Discount Store Sales	y/y	Mar	-0.2%	-18.8%		*	Equity and bond neutral
EUROPE								
Eurozone	M3 Money Supply	y/y	Mar	3.6%	3.9%	4.0%	***	Equity and bond neutral
	Consumer Confidence	m/m	Apr F	-16.7	-16.7		**	Equity and bond neutral
	Economic Confidence	m/m	Apr	93.6	95.0	94.5	***	Equity bearish, bond bullish
	Industrial Confidence	m/m	Apr	-11.2	-10.7	-10.4	***	Equity bearish, bond bullish
	Services Confidence	m/m	Apr	1.4	2.2	2.0	**	Equity bearish, bond bullish
Germany	GfK Consumer Confidence	m/m	Feb	-20.6	-24.3	-25.8	**	Equity bullish, bond bearish
Italy	Consumer Confidence Index	m/m	Apr	92.7	95.0	94.1	***	Equity bearish, bond bullish
	Manufacturing Confidence	m/m	Apr	85.7	86.0	85.9	***	Equity and bond neutral
	Economic Sentiment	m/m	Apr	91.5	93.2		**	Equity and bond neutral
	Industrial Sales WDA	y/y	Feb	-1.5%	1.8%		*	Equity and bond neutral
AMERICAS								
Brazil	FGV Inflation IGPM	y/y	Apr	8.50%	8.58%	8.17%	***	Equity and bond neutral

Financial Markets

The table below highlights some of the indicators that we follow daily. Again, the color coding is similar to the foreign news description above. We will add a paragraph below if a certain move merits further explanation.

Fixed Income	Today	Prior	Change	Trend
3-mo T-bill yield (bps)	419	419	0	Up
U.S. Sibor/OIS spread (bps)	427	428	-1	Down
U.S. Libor/OIS spread (bps)	426	426	0	Down
10-yr T-note (%)	4.23	4.21	0.02	Down
Euribor/OIS spread (bps)	219	217	2	Down
Currencies	Direction			
Dollar	Up			Down
Euro	Down			Up
Yen	Up			Up
Pound	Down			Up
Franc	Down			Up

Commodity Markets

The commodity section below shows some of the commodity prices and their change from the prior trading day, with commentary on the cause of the change highlighted in the last column.

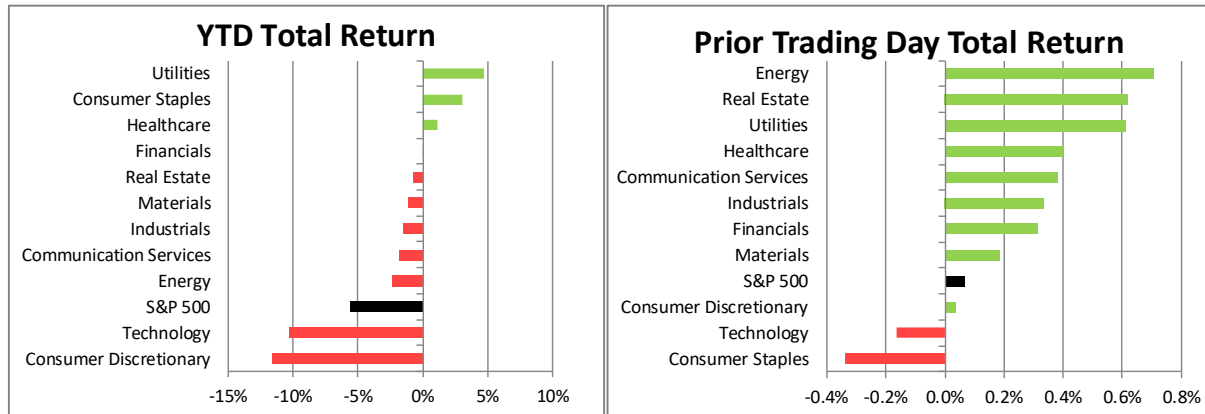
	Price	Prior	Change	Explanation
Energy Markets				
Brent	\$64.60	\$65.86	-1.91%	
WTI	\$60.92	\$62.05	-1.82%	
Natural Gas	\$3.40	\$3.34	1.56%	
Crack Spread	\$26.13	\$26.11	0.07%	
12-mo strip crack	\$22.40	\$22.55	-0.65%	
Ethanol rack	\$1.91	\$1.91	0.13%	
Metals				
Gold	\$3,313.63	\$3,343.98	-0.91%	
Silver	\$33.29	\$33.16	0.37%	
Copper contract	\$493.65	\$488.95	0.96%	
Grains				
Corn contract	\$482.50	\$483.25	-0.16%	
Wheat contract	\$535.75	\$531.00	0.89%	
Soybeans contract	\$1,060.75	\$1,062.50	-0.16%	
Shipping				
Baltic Dry Freight	1,403	1,373	30	
DOE Inventory Report				
	Actual	Expected	Difference	
Crude (mb)		-0.58		
Gasoline (mb)		-1.43		
Distillates (mb)		-1.71		
Refinery run rates (%)		0.2%		
Natural gas (bcf)		75		

Weather

The 6-to-10 and 8-to-14-day forecasts currently call for warmer-than-normal temperatures throughout most of the country, with cooler than normal temperatures expected in Texas and New Mexico. The precipitation outlook calls for wetter-than-normal conditions in Florida, the Great Plains, and the Pacific Northwest, with drier-than-normal conditions expected in the eastern third of the country.

Data Section

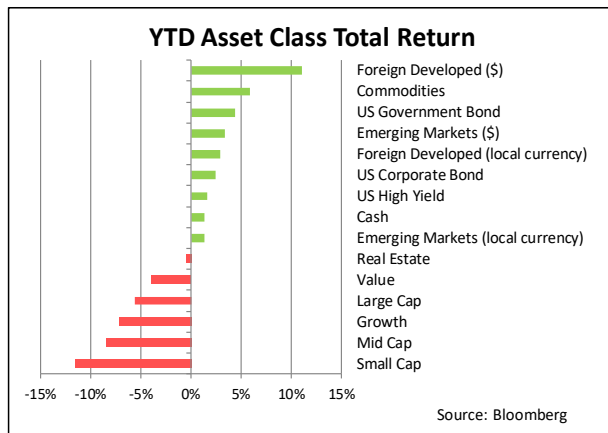
US Equity Markets – (as of 4/28/2025 close)



(Source: Bloomberg)

These S&P 500 and sector return charts are designed to provide the reader with an easy overview of the year-to-date and prior trading day total return. Sectors are ranked by total return; green indicating positive and red indicating negative return, along with the overall S&P 500 in black. These charts represent the new sectors following the 2018 sector reconfiguration.

Asset Class Performance – (as of 4/28/2025 close)

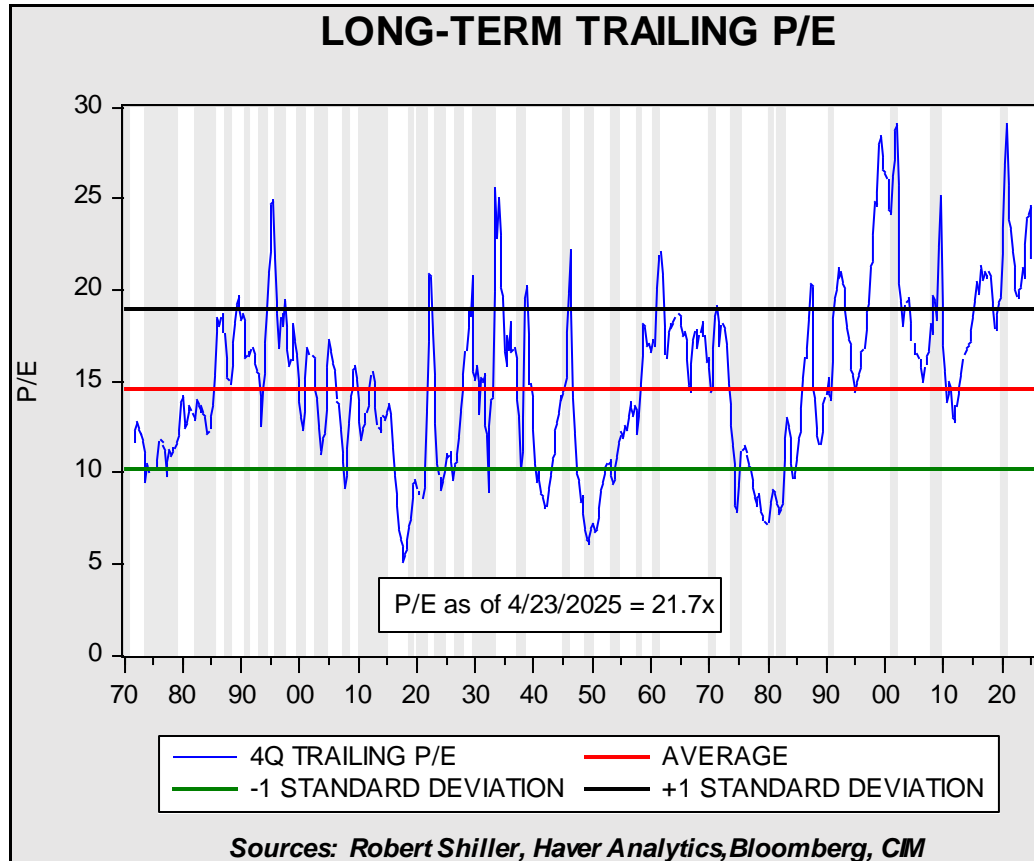


This chart shows the year-to-date returns for various asset classes, updated daily. The asset classes are ranked by total return (including dividends), with green indicating positive and red indicating negative returns from the beginning of the year, as of prior close.

Asset classes are defined as follows: Large Cap (S&P 500 Index), Mid Cap (S&P 400 Index), Small Cap (Russell 2000 Index), Foreign Developed (MSCI EAFE (USD and local currency) Index), Real Estate (FTSE NAREIT Index), Emerging Markets (MSCI Emerging Markets (USD and local currency) Index), Cash (iShares Short Treasury Bond ETF), US Corporate Bond (iShares iBoxx \$ Investment Grade Corporate Bond ETF), US Government Bond (iShares 7-10 Year Treasury Bond ETF), US High Yield (iShares iBoxx \$ High Yield Corporate Bond ETF), Commodities (Bloomberg total return Commodity Index), Value (S&P 500 Value), Growth (S&P 500 Growth).

P/E Update

April 24, 2025



Based on our methodology,¹ the current P/E is 21.6x, down 0.1 from our last report. The stock price was little changed while earnings were revised upwards from the previous week.

This report was prepared by Confluence Investment Management LLC and reflects the current opinion of the authors. It is based upon sources and data believed to be accurate and reliable. Opinions and forward-looking statements expressed are subject to change. This is not a solicitation or an offer to buy or sell any security.

¹ This chart offers a running snapshot of the S&P 500 P/E in a long-term historical context. We are using a specific measurement process, similar to *Value Line*, which combines earnings estimates and actual data. We use an adjusted operating earnings number going back to 1870 (we adjust as-reported earnings to operating earnings through a regression process until 1988), and actual operating earnings after 1988. For the current quarter, we use the Bloomberg estimates which are updated regularly throughout the quarter; currently, the four-quarter earnings sum includes three actual quarters (Q2, Q3, and Q4) and one estimate (Q1). We take the S&P average for the quarter and divide by the rolling four-quarter sum of earnings to calculate the P/E. This methodology isn't perfect (it will tend to inflate the P/E on a trailing basis and deflate it on a forward basis), but it will also smooth the data and avoid P/E volatility caused by unusual market activity (through the average price process). Why this process? Given the constraints of the long-term data series, this is the best way to create a long-term dataset for P/E ratios.