On The Margin

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April 2025 Recap

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PRELUDE

This April, my family and I had the pleasure of attending a practice round for the 2025 Masters Tournament at Augusta National Golf Club. As avid golf players and fans, we had an unforgettable experience. The combination of walking the impeccably kept grounds and watching the best golfers in the world play, all while enjoying high-quality (and reasonably priced) concessions along the way, is one I would highly recommend to any golf fan. I have attended many professional sporting events in my life, but I have never attended a more well-organized one than The Masters. Global markets did not begin the second quarter of 2025 in such an orderly fashion however, as U.S. equities went on a wild ride and finished April in mostly negative territory. Outside of the U.S. stock market, bonds and international equities generated largely positive returns during the month but experienced comparably bumpy rides along the way.

GLOBAL EQUITY

Most segments of the U.S. stock market declined for a third consecutive month in April as several major indexes fell between -0.7% and -3.1%, cumulatively. However, these indexes experienced turbulence along the way, which is not apparent at first glance. U.S. equities began April on an especially sour note following the U.S. administration's announcement of a wide range of harsher-than-expected tariffs. Such tariffs fueled concerns about potentially slowing economic growth (perhaps even a recession) and resurgent inflation. Amid such concerns, several highly followed U.S. equity indexes, including the S&P 500 and the Russell 2000, experienced their largest one-day declines since 2020. Following the difficult start to April, U.S. equities rebounded throughout the next several weeks as the U.S. administration softened its stance on tariffs, which included the authorization of a 90-day pause on higher reciprocal tariffs to provide time for negotiations to occur. Large cap growth stocks finished the month as the best performers within the U.S. stock market, while large cap value stocks ultimately lagged. Looking ahead to the balance of 2025, we expect tariff headlines will continue impacting market performance and we will keep our clients and prospects informed of notable developments along the way.

TABLE 1: GLOBAL EQUITY	APR	QTD	YTD	1 YR
Dow Jones Industrial Average	-3.08	-3.08	-3.92	9.48
S&P 500 Index	-0.68	-0.68	-4.92	12.10
Russell 2000	-2.31	-2.31	-11.57	0.87
Russell 1000 Growth	1.77	1.77	-8.37	14.53
Russell 1000 Value	-3.05	-3.05	-0.98	8.55
MSCI ACWI USD	0.93	0.93	-0.40	11.84
MSCI EAFE USD	4.58	4.58	11.76	12.57
MSCI EM USD	1.31	1.31	4.28	9.02
MSCI ACWI ex US USD	3.61	3.61	9.03	11.93

Source: Bloomberg, as of 4/30/2025. Past performance does not guarantee future returns.

International markets generated positive returns in April amid the U.S. Dollar's continued depreciation versus other major currencies. Developed international markets, as represented by the MSCI EAFE Index, returned +4.6% for the month. Developed international markets followed a similar return path to their U.S. counterparts, beginning the month sharply lower amid concerns about tariffs, then rallying afterwards. European stocks were among the stronger performers within developed international markets as the European Central Bank cut interest rates again during the month. Japanese stocks also contributed to positive results amid a strengthening Japanese yen relative to the U.S. dollar amid global trade uncertainty. Emerging markets lagged their developed market counterparts in April, as the MSCI EM Index returned +1.3%. Indian stocks were again among the better emerging market performers, led by the nation's Financials sector for a second straight month. Chinese equities moved lower amid ongoing concerns about a trade war with the U.S., as China responded with tariff measures of its own, including a 34% tariff on all U.S. imports. Similar to our expectations for U.S. equities, we expect tariff headlines will impact international markets in a comparable fashion.

TABLE 2: FIXED INCOME	APR	QTD	YTD	1 YR
Bloomberg US Aggregate	0.39	0.39	3.18	8.02
Bloomberg 1-3 Yr Gov/Credit	0.76	0.76	2.39	6.76
Bloomberg Treasury 5-7 Yr	1.37	1.37	4.82	9.29
Bloomberg Investment Grade Corp	0.06	0.06	2.43	7.61
Bloomberg High Yield Corp	-0.02	-0.02	0.98	8.69
JPMorgan EMBI Global Diversified	-0.22	-0.22	2.0234	8.77

Source: Bloomberg, as of 4/30/2025. Past performance does not guarantee future returns.

FIXED INCOME

The U.S. Treasury yield curve steepened further during April, resulting in mostly positive fixed income returns as the Bloomberg U.S. Aggregate rose +0.4%. However, fixed income returns followed a different path than their equity counterparts. Treasury yields fell initially in April amid growing concerns about a global trade war, boosting bond returns. However, longer-term yields began to rise shortly after as investors reassessed the prospects for higher inflation and weaker economic growth in the U.S. Amid such volatility, the 10-year Treasury yield experienced its largest one-week increase since 2001, rising 0.50% (from 3.99% to 4.49%). Separately, the Federal Reserve continued to reiterate its cautious approach to adjusting interest rates amid uncertainty surrounding the impact of tariffs. Despite such commentary, investors now expect the Federal Reserve to reduce interest rates three to four times before the end of 2025. Outside of the Treasury market, investment grade and high yield corporate bonds were roughly flat during April as falling yields helped them, while widening spreads hurt them.

POSTLUDE

I'd like to close with a brief refresher on a topic that arose on the last day of April. The U.S. reported negative GDP growth for Q1 2025 (-0.3%) but the S&P 500 finished the day modestly higher. How can that be? Famed economist Milton Friedman once said that the economy is not the stock market. In this case, GDP data is backward looking (reviewing what already happened with economic growth) while the stock market and other markets are forward-looking (assessing what might happen in the future). While U.S. GDP growth was negative in the first quarter, markets largely expected that leading up to the data release (due in part to concerns about a global trade war), resulting in a relatively muted reaction. Discussing the differences between the economy and the stock market is a topic that requires its own stage, but as investment professionals, part of our job is to know the difference and position client portfolios accordingly, ideally in a way that helps them meet their goals.

Joe Nitting serves as the Director of Research for the Retirement & Investment Solutions practice of CBIZ, Inc. Joe leads the firm's research in both traditional and alternative asset classes, and he oversees the portfolio construction process for the firm's defined contribution, institutional advisory and wealth management businesses. Joe has a B.S. in Finance and Accounting from the University of Dayton. He began his career in investments at a boutique registered investment advisory firm in the greater Chicago area, focusing on traditional investments. He also served as an analyst for a registered investment advisory firm in the Cleveland area, where he specialized in alternative investments. Joe plays an important role in fostering a culture of collaboration and creativity within CBIZ while offering unique insights based on his experience across a wide spectrum of investment types.