BROXTON CAPITAL ADVISORS

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Market Resource March 2025:

1 message

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MARCH 2025

BROXTON CAPITAL ADVISORS

YTD as of 3/28/2025

AlphaPortfolio	1.55%
Smart Yield	2.12%

MARKETS

DOW JONES	-2.32%
S&P 500	-5.19%
NASDAQ 100	-8.27%
REIT INDEX	.59%
SMALL CAP	-9.28%
HIGH YIELD	.01%

BOND YIELDS

10 YR TREAS	4.23%
YTD CHANGE	-6.89%
30 YR TREAS	4.63%
YTD CHANGE	-3.26%

SINCE INCEPTION
Through December 31, 2024

BROXTON	462.93%
S&P 500	583.91%
DOW JONES	519.11%

The Market Pullback in focus📉 **(above) A Greenland village**

What is going on??: Since the february highs the stock indexes have fallen back by about 10%. So a normal pull back could be occurring. The S&P 500 has what we would consider a strong support level around 4800 to 4900. This is an area of a 2024 consolidation and the 2022 highs. If we hit these levels this would place the Dow index down about 13% for the year and the tech-heavy Nasdaq and S&P 500 down around 20% and 18% for the year.

Of course the main tormentor of the markets has been the tariff related news. The Tax Foundation (a world leader in nonpartisan tax analysis) predicts the following: ***"The ... tariffs will reduce US GDP by 0.4 percent and hours worked by 309,000 full-time equivalent jobs, <u>before</u> accounting for foreign retaliation."*** The foundation asserts that: "***Historical evidence and recent studies show that tariffs are taxes that raise prices and reduce available quantities of goods and services for US businesses and consumers, which results in lower income, reduced employment, and lower economic output."*** Milton Friedman agreed, calling tariffs protection against low prices.

However small the effect may be, consumers are concerned. The most recent consumer sentiment readings for March by the University of Michigan showed strong declines. However, stock analysts remained positive predicting a rise in earnings for the quarter. Analysts followed by FactSet are still expecting earnings growth of 7.3% for the first quarter of 2025 for the S&P 500, but this is down from 11.3% at the beginning of the year.

Economy: Atlanta Fed economic predictor GDP Now estimates a GDP decline of 2.8% percent for the first quarter of 2025 but another forecaster, New York Fed Nowcast, is predicting a rise of 2.9% for the quarter. In February restaurant sales declined slightly (NRA): "After holding steady in January, sales at eating and drinking places declined by

*Prices intraday as of March 28, 2025. Actual month end prices will be different

1.5% in February, falling from $97.0 billion to $95.5 billion." However, auto and credit card delinquencies for the month of February were O.K. ***Delinquency rates, a key indicator of recession, were basically unchanged since January 1 and February of 2024*** (according to Equifax)***.*** Auto loan delinquencies are essentially unchanged year over year and up less than 1 10th of 1 percent since December. Home loan delinquency rates rose slightly to .73% from .54% last year. Junk bond interest rates did not move and are little changed at 1.6% above 10 year treasuries indicating ***no current anticipation of an increase in corporate defaults***. February retail sales were positive, rising 3.1% from 2024 and .2% from January. “Not a great report, but one still in positive territory despite how pessimistic consumers are about the future,” said Robert Frick, corporate economist at Navy Federal Credit Union. ***So at this time it seems that consumers are concerned that the tariffs will cause an economic pullback. The lower consumer confidence reduced restaurant spending indicating anticipation of recession, but the other indicators remained neutral to economically positive. So at this time we have no confirmation of an incoming recession.***

TPG REAL ESTATE FINANCE TRUST Inc. (TRTX): TRTX is a commercial real estate loan manager with 45 individual loans with an average value of $76 million. The $3.3 billion portfolio is comprised of 49% Multifamily (apartments), 18% Office, 10% Hotel and 23% Life Science, Industrial and Other. The loan book is primarily first mortgage loans with 99% floating interest rate type. Our buy recommendation and price target of $9.50 are based upon the stable outlook, projected growth and our forecast for dividend increases over the next three years. REPORT

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