



**MAIN**  
MANAGEMENT, LLC

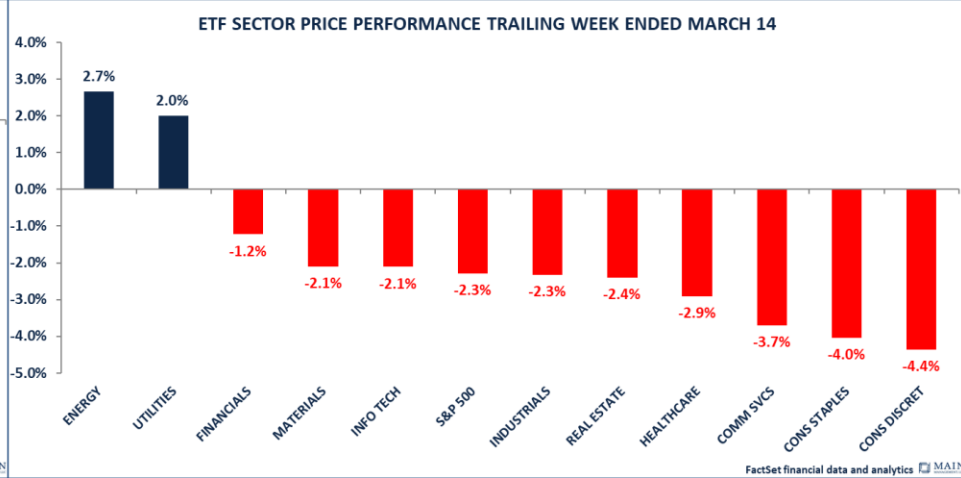
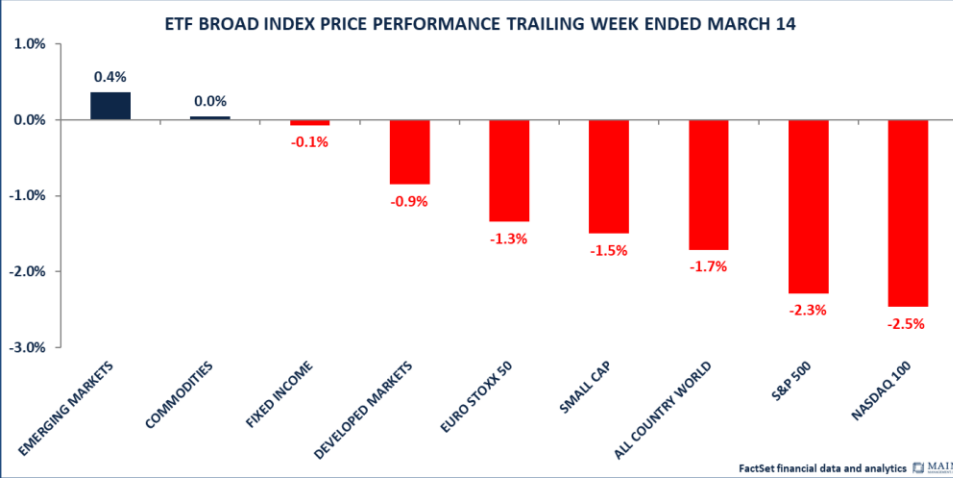
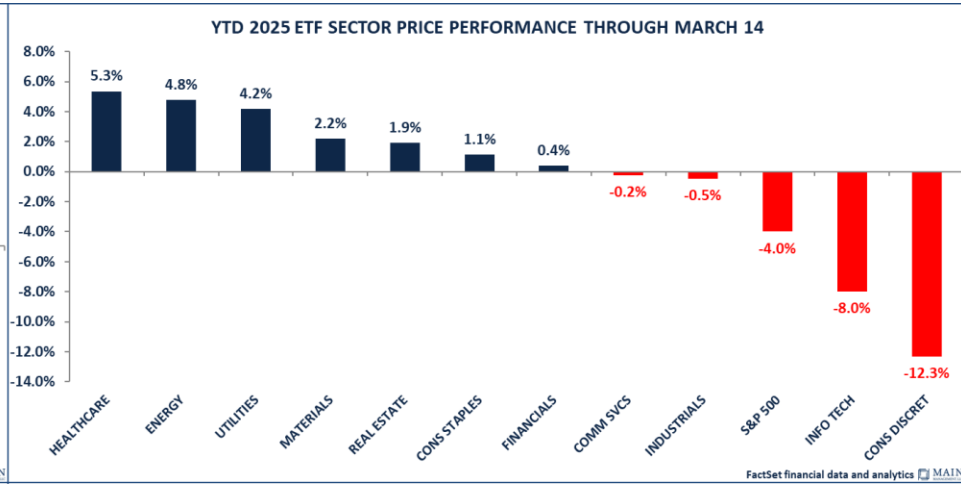
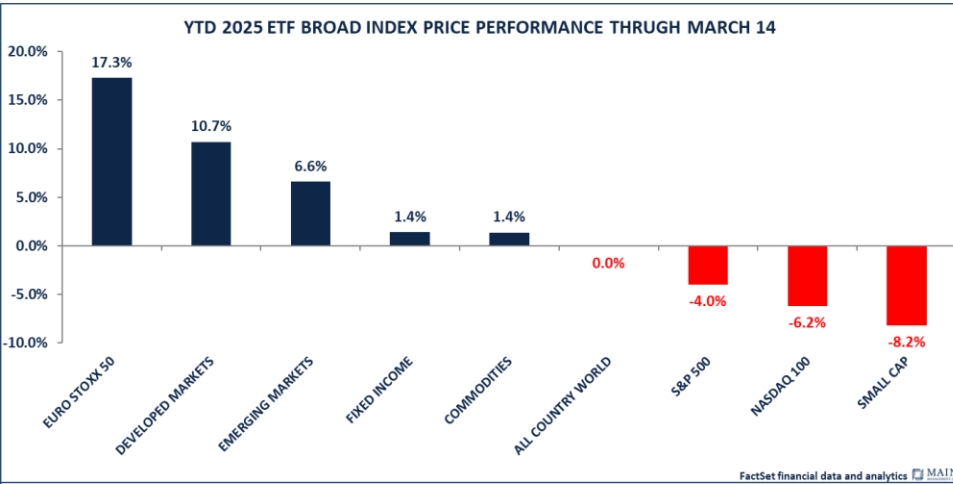
# **MAIN MANAGEMENT MARKET NOTE:**

## **March 14, 2025**

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# Performance



# Recession Dashboard

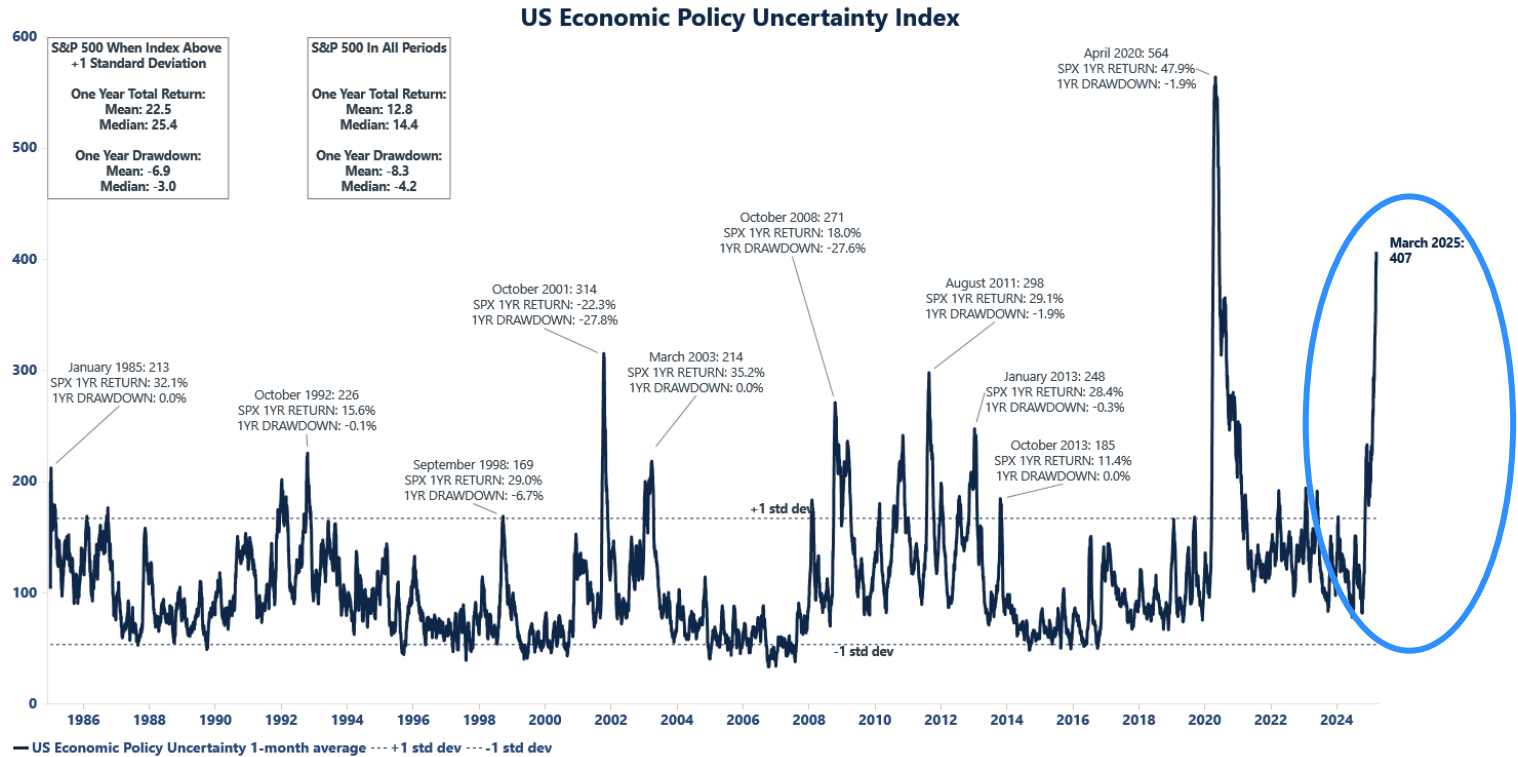
RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOYMENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
MAR 2025	↔	↑	↔*	↔	↑	↔	↓	↑	↑
LAST CHANGE	GREEN DEC '24	BLUE DEC '24	RED MAR '23	GREEN DEC '24	BLUE DEC '24	RED JAN '25	BLUE SEP '22	BLUE JUN '23	BLUE DEC '24

↑ Positive
↔ Neutral
↓ Negative

**Inflation:** Headline CPI. Source: St. Louis Fed. **Consumer:** Conference Board Consumer Confidence. Source: The Conference Board. **Yield Curve:** 10 year – 3 month Treasury spread. Source: FactSet financial data and analytics. **Housing:** Housing Starts & Existing Home Sales. Source: St. Louis Fed. **Sentiment:** Conference Board Consumer Confidence, UMich Consumer Sentiment, State Street Investor Confidence, CEO Confidence, VIX, AAll **Autos:** Auto Sales. Source: St. Louis Fed. **Employment:** Initial Weekly Unemployment Claims & Nonfarm Payrolls. Source: St. Louis Fed. **PMI:** Markit US Manufacturing PMI & US ISM Manufacturing PMI & Chicago PMI. Source: Markit, ISM. **Retail Sales:** Advance Retail Sales. Source: St. Louis Fed. \* 10 year – 3 month Treasury spread inverted on 11/2/22.

# Geopolitical Uncertainty

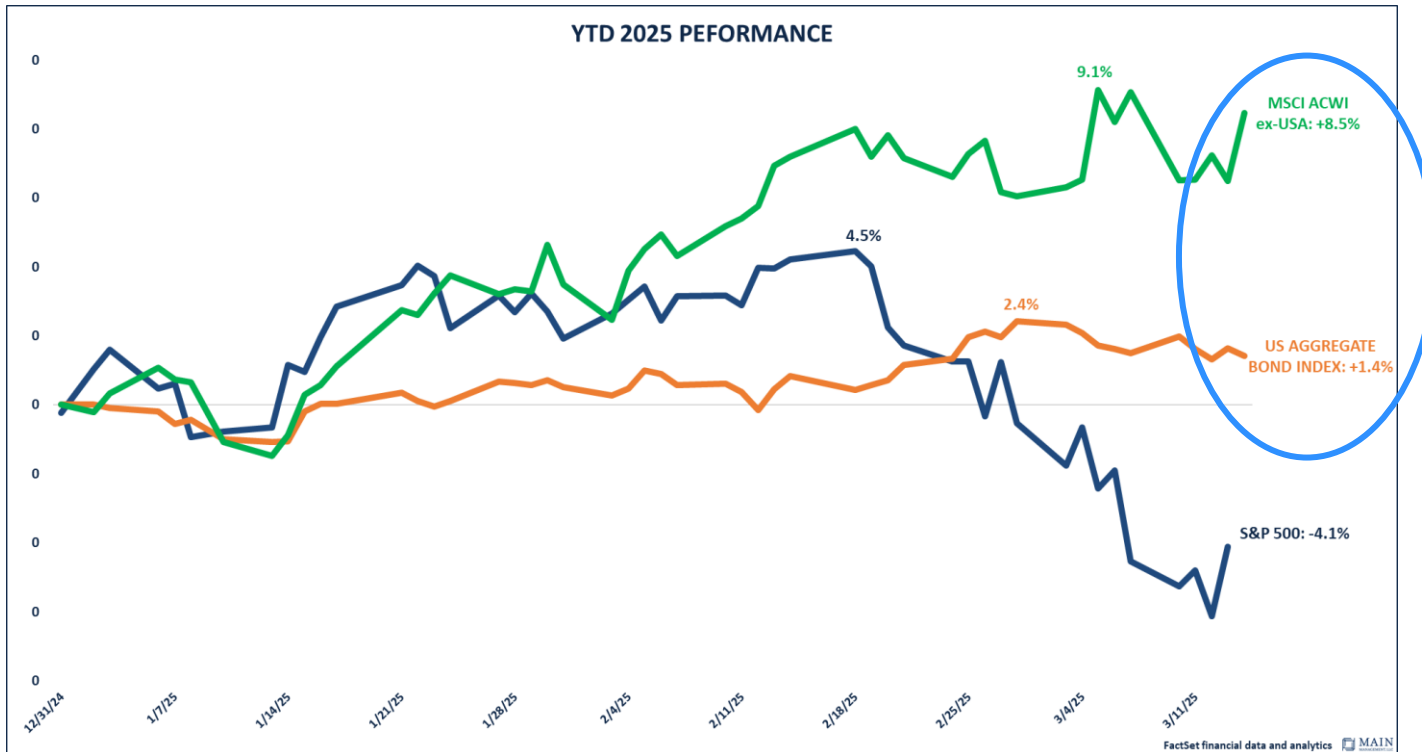
The word “Uncertainty” has been getting a lot of use recently as the new administration has been moving at a blistering pace. Markets are having a hard time looking through the policy changes and have drawn down as a result. As you can see below, the US Policy Uncertainty Index is very elevated. These peaks have generally represented buying opportunities in the past, as shown by higher-than-average subsequent returns and smaller drawdowns.



Source: Main Management, Economic Policy Uncertainty, S&P Global, Macrobond. Data last updated: 3/14/2025

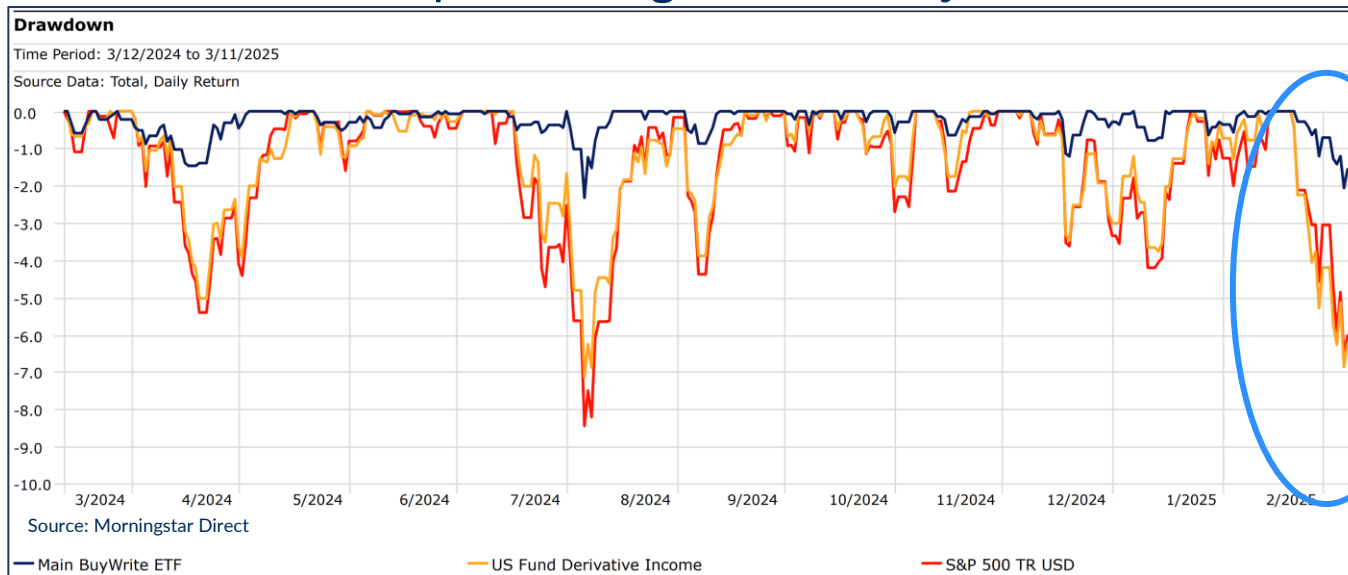
# Correction Territory

On Thursday, March 13, 2025, the S&P 500 officially entered correction territory, declining over 10% from its peak in mid-February, before rebounding a bit to close out the week on Friday. That was the 5<sup>th</sup> fastest correction in the last 75, so it's no wonder it has felt painful. However, while performance has been negative in US equity markets of late, diversification has served you well even if it didn't feel like it added much benefit in the last couple years, when the US was the strongest market by far. Both international equities and bonds are positive on the year with the MSCI ACWI ex-USA Index up +8.5% and the US Aggregate Bond Index up +1.4%, showing that it's important to remain diversified.



# BuyWrite Opportunity

In the vein of diversification, there are other opportunities outside of international equities and fixed income. Since the S&P 500 peak on Feb. 19, 2025, through March 11, 2025, the Morningstar "US Fund Derivative Income" category was down -9.1% and the S&P 500 was down -9.2%. At Main Management, our BuyWrite Hedged Equity Strategy (available as a model and ETF (Ticker: BUYW) has demonstrated more resilience with a peak-to-trough drawdown of just -3.1% over the same time frame.



### How it's different:

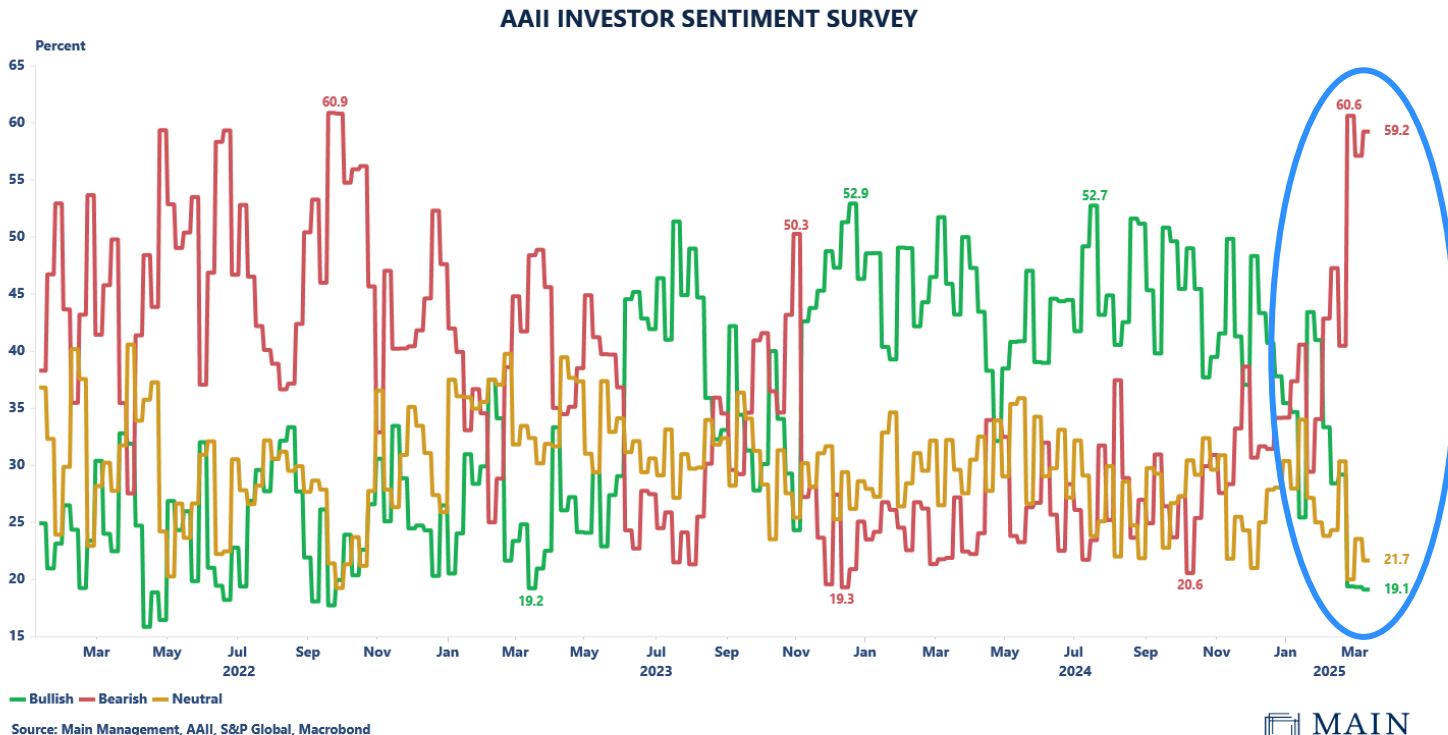
- The BUYW ETF has distributed roughly 50 basis points per month (around 6% annually) over the trailing 12 months
- Dual-Active management: Strategic ETF asset allocation with dynamic covered call overlay designed to manage volatility while generating premium income
- Tax-aware portfolio complement: Unique return profile that may enhance traditional equity/bond portfolios with lower tax drag versus category peers

Please see <https://go.mainmgt.com/e/977023/etfs-bats-buyw-performance/55ttm/420963363/h/xsZ35tSqlDk6TiejpQQrgKSVbMKnWqnGGcPFXFCZr6E> and <https://go.mainmgt.com/e/977023/buyw-/55ttj/420963363/h/xsZ35tSqlDk6TiejpQQrgKSVbMKnWqnGGcPFXFCZr6E> for full context.

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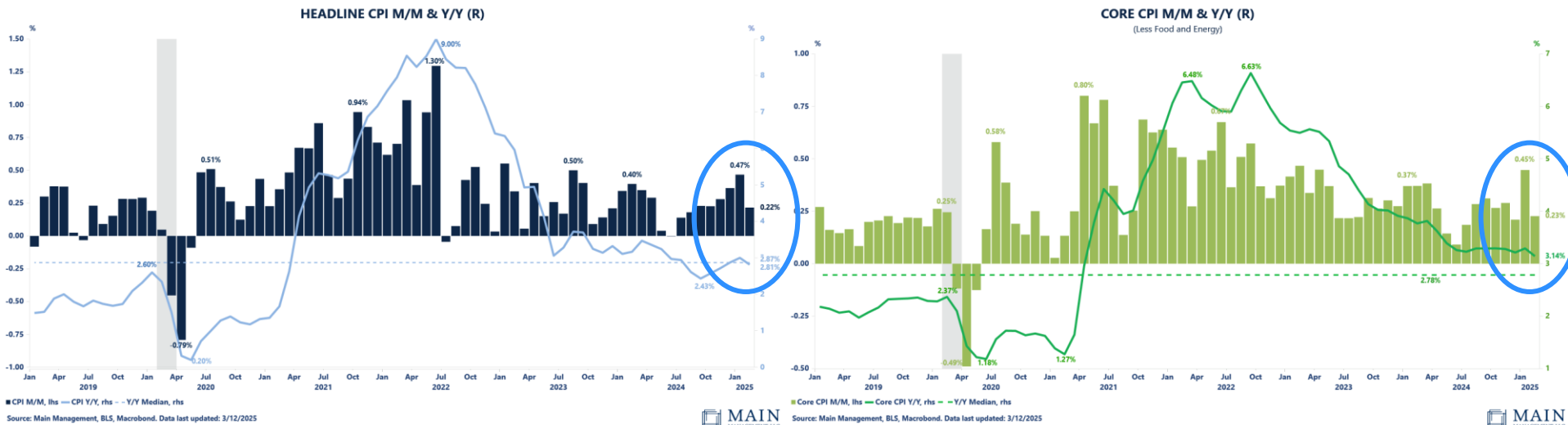
# Investor Sentiment

As US equity markets have fallen over the last few weeks, investor sentiment has understandably soured. The AAI Investor Sentiment Survey saw the Bears hit 60.6% recently, before retreating slightly to 59.2%. That 60.6% reading was the highest since the fall of 2022, as we were approaching the bottom of the bear market. Bulls are a scant 19.1%, the lowest since the fall of 2022 as well.



# Consumer Price Index

The Headline Consumer Price Index (left) rose +0.22% M/M in February, a bit below forecasts for a +0.3% gain. The year-over-year figure ticked down to +2.81%. Core CPI (right) also came in below expectations at +0.23% M/M, slowing to +3.14% Y/Y which is the smallest rise since April 2021! Both of these readings helped ease inflation fears a bit, especially after a hotter-than-expected January.

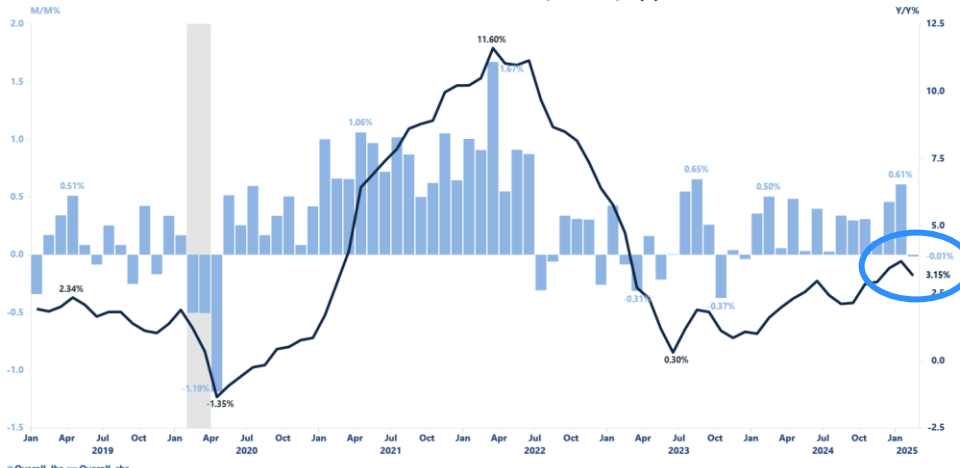




# Producer Price Index

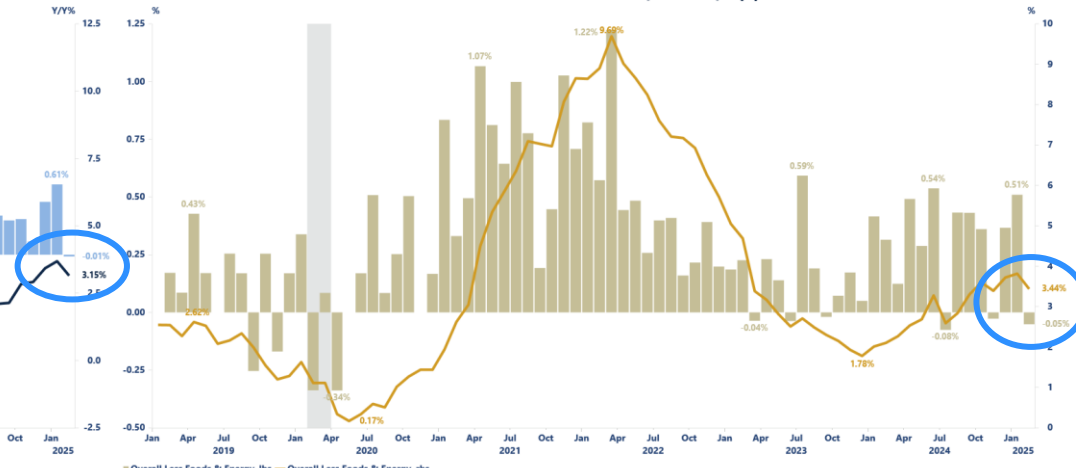
The February Producer Price Index readings actually declined on a M/M basis, coming in far below expectations which were for +0.3% gains for both Broad and Core. Broad PPI (left) was down -0.01% M/M, the first decline since December 2023, bringing the Y/Y figure to +3.15%. Core PPI (right) declined -0.05% M/M which slowed the Y/Y figure to +3.44%. As PPI tends to lead CPI, these slowing monthly figures hopefully bode well for continued CPI disinflation in March.

Headline Producer Price Index M/M and Y/Y (R)



Overall, lhs — Overall, rhs  
Source: Main Management, BLS, Macrobond. Data last updated: 3/13/2025

Core Producer Price Index M/M and Y/Y (R)



Overall Less Foods & Energy, lhs — Overall Less Foods & Energy, rhs  
Source: Main Management, BLS, Macrobond. Data last updated: 3/13/2025

# January JOLTS

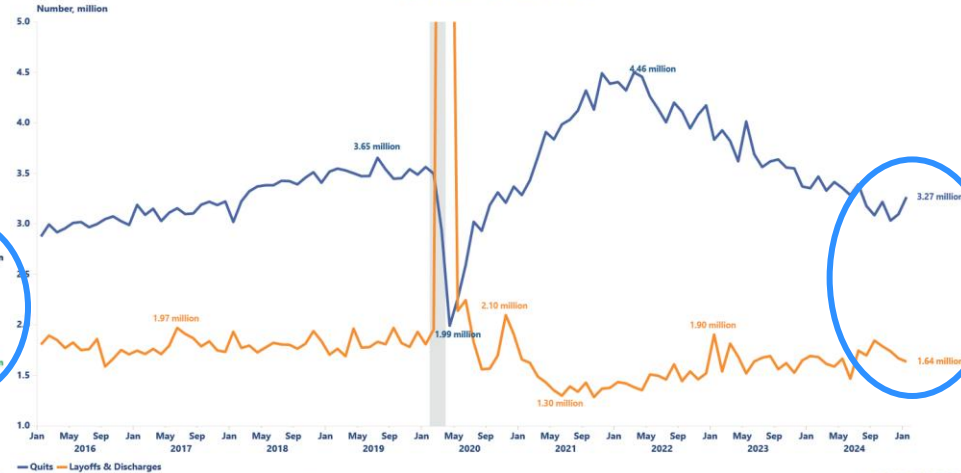
The January JOLTS figure showed ongoing stability in the labor market as Openings rose to 7.74 million, ahead of forecasts for a 7.63m figure. Hires inched up to 5.39m as well. Quits rose to 3.27m, the highest in a few months, and perhaps an indicator of improving sentiment as people tend to quit when they are more confident in their ability to find a new job. Layoffs declined to 1.64m, the lowest since June 2024.

JOLTS: OPENINGS & HIRES



Source: Main Management, BLS, Macrobond. Data last updated: 3/11/2025

JOLTS: QUILTS & LAYOFFS



Source: Main Management, BLS, Macrobond. Data last updated: 3/11/2025

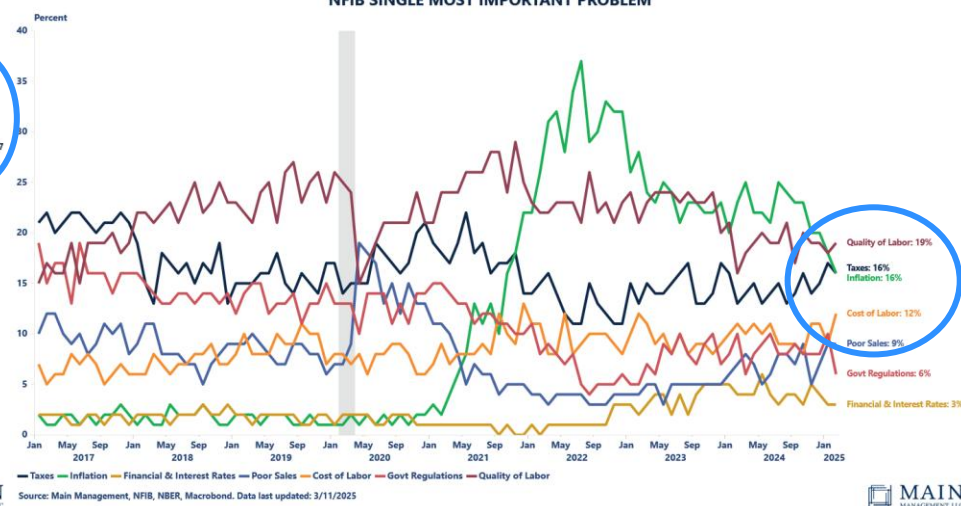
# NFIB Small Business Survey

The NFIB Small Business Optimism Index declined for the 2<sup>nd</sup> month in a row to 100.7, retreating to pre-election levels. The Single Most Important Problem facing businesses is now Quality of Labor, cited by 19% of firms. Inflation and Taxes are next, each the biggest problem for 16% of respondents. Notably, 12% of firms said the Cost of Labor is their biggest problem, the highest in a few years.

NFIB SMALL BUSINESS OPTIMISM INDEX



NFIB SINGLE MOST IMPORTANT PROBLEM



# Summary

- The S&P 500 entered correction territory, down over -10% from its February high before rebounding a bit on Friday. Diversification is back in the form of international equities and bonds. Sentiment is bearish.
- Both Headline and Core CPI came in below expectations, rising +0.22% and +0.23% M/M, respectively, which hopefully helps ease inflation fears. The February Broad and Core PPI readings were deflationary, with Broad PPI down -0.01% M/M and Core down -0.05% M/M.
- The January JOLTS report showed that Openings and Quits increased, indicating ongoing stability in the labor market.
- NFIB Small Business Optimism moderated further in February as the headline index declined to 100.7, missing expectations for a 101.0 reading.
- Upcoming key data to watch:
  - Retail Sales (Mon)
  - Industrial Production (Tues)
  - FOMC Meeting (Weds)

# Appendix

# Yields & Futures

## FED FUNDS FUTURES & 2-YEAR TREASURY YIELD

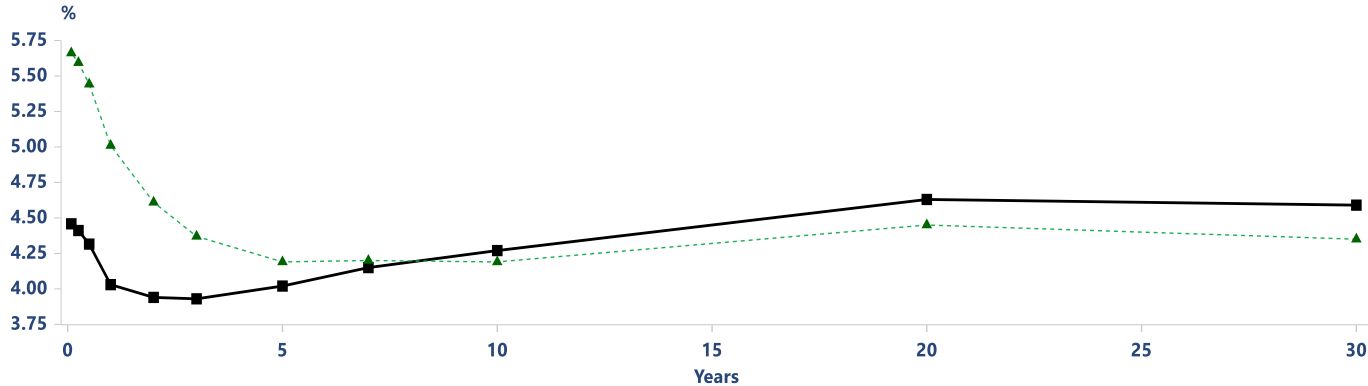


— Fed Funds Futures Dec '25 — 2yr Treasury Yield

Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 3/13/2025



## US TREASURY YIELD CURVE



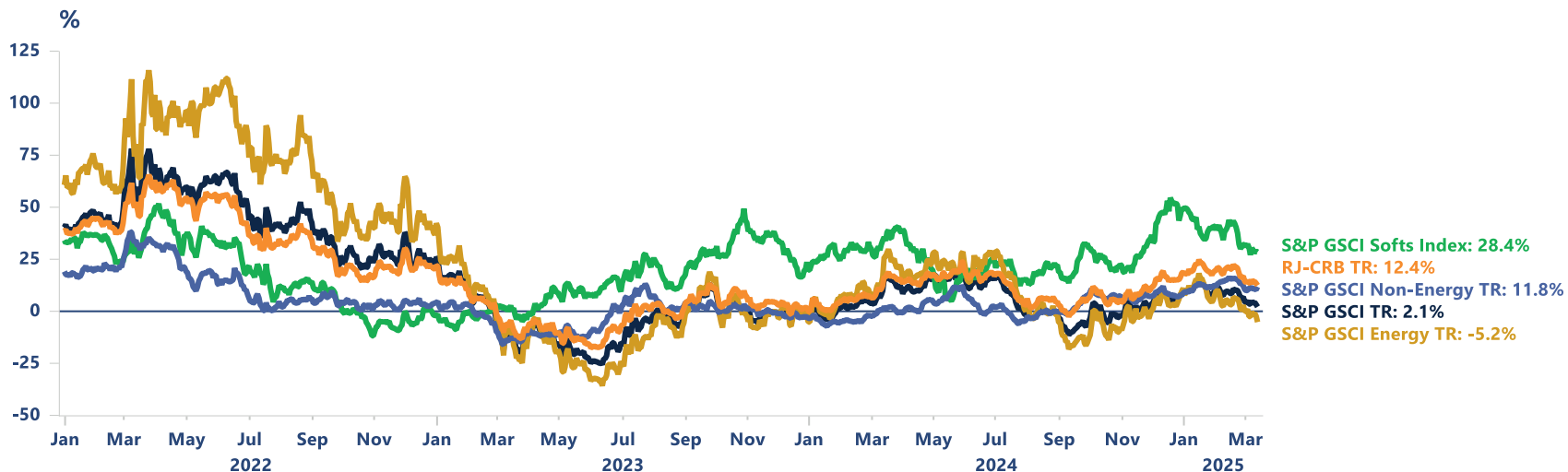
■ Now ▲ 12 months ago

Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 3/13/2025



# Inflation Watch

## MAJOR COMMODITY INDICES Y/Y



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCan, ICCO, ICO, USDA, MIAx, TREA, TMX, Macrobond. Data last updated: 3/14/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Coffee	-9.5	21.1	22.2	99.9
Silver	4.1	9.0	17.7	40.7
Lumber	5.4	16.0	15.9	11.0
Gold	2.9	11.5	14.7	38.5
Natural Gas	15.3	19.0	13.2	139.8
Copper	4.3	8.7	12.5	13.8
Gasoline	2.1	7.3	6.6	-17.5
BBG Commodity Index	-0.5	6.0	6.3	6.9
S&P GSCI	-3.0	2.9	1.5	4.4
Soybeans	-3.0	0.1	-0.2	-15.7
Corn	-7.5	5.1	-1.1	5.7
Cotton	-1.4	-6.8	-2.7	-32.9
US Dollar (DXY)	-3.8	-2.9	-4.3	0.8
Crude Oil	-6.4	-4.4	-7.0	-14.2
Bitcoin	-17.2%	-19.0%	-13.2%	13.4%

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 3/13/2025

# Disclosures

Main Management, LLC (“Main Management”, or the “Firm”) is an investment adviser registered under the Investment Advisers Act of 1940, as amended. The Firm was founded in 2002 and provides investment management services primarily to high net worth, family groups, foundations/endowments, and serves as a sub-adviser to third-party investment advisers & broker-dealers.

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