



**MAIN**  
MANAGEMENT, LLC

# **MAIN MANAGEMENT MARKET NOTE:**

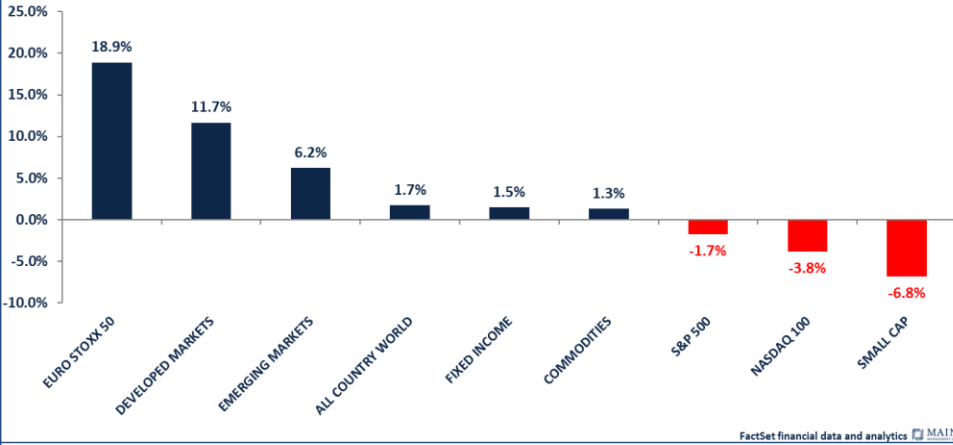
## **March 7, 2025**

601 California Street, Suite 300, San Francisco, CA 94108

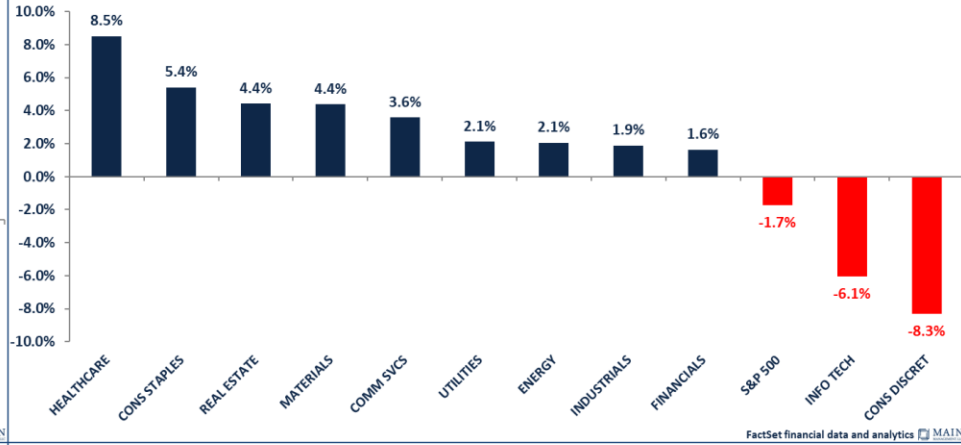
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# Performance

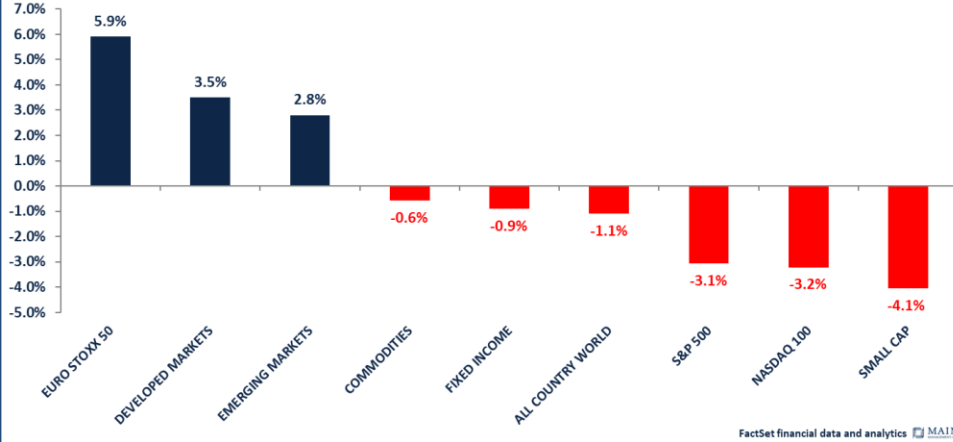
YTD 2025 ETF BROAD INDEX PRICE PERFORMANCE THROUGH MARCH 7



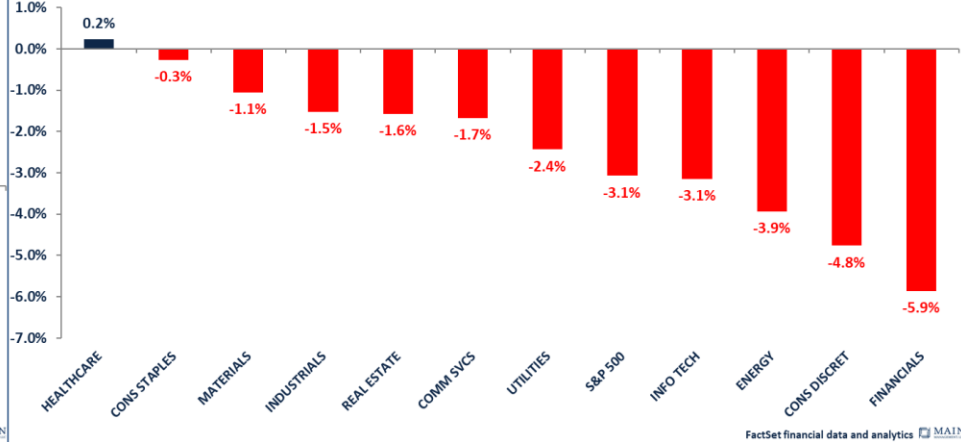
YTD 2025 ETF SECTOR PRICE PERFORMANCE THROUGH MARCH 7



ETF BROAD INDEX PRICE PERFORMANCE TRAILING WEEK ENDED MARCH 7



ETF SECTOR PRICE PERFORMANCE TRAILING WEEK ENDED MARCH 7



# Recession Dashboard

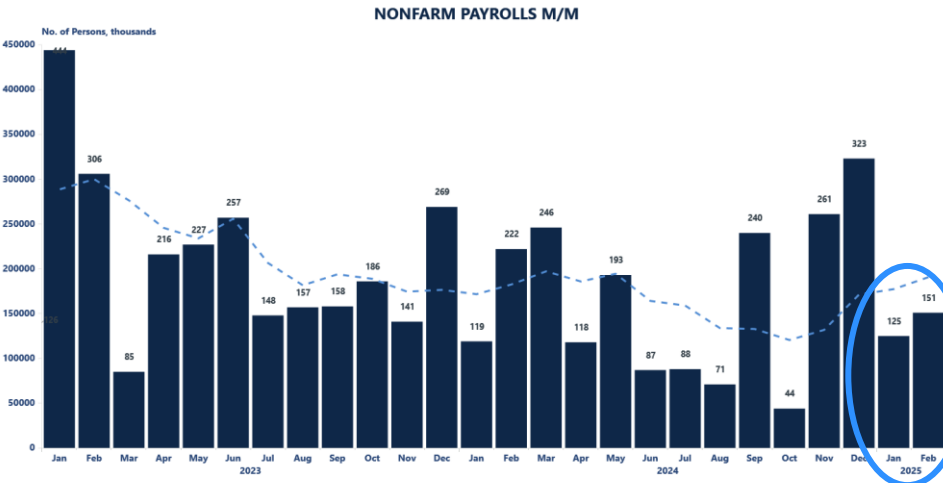
RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOYMENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
MAR 2025	↔	↑	↔*	↔	↑	↔	↓	↑	↑
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.

# NonFarm Payrolls

February NonFarm Payrolls came in at +151k, missing forecasts for a 170k reading. January was revised down to 125k. Both the Labor Force and Household figures fell, which were reversals from January's outsized gains from seasonality adjustments. The Participation Rate declined to 62.4%. The Headline Unemployment Rate ticked up to 4.1% while the broader U6 Rate jumped to 8.0% from 7.5%. Finally, Wages accelerated to 4.02% Y/Y from 3.95%, but that was a bit softer than forecasts which were for a 4.2% figure.



Source: Main Management, BLS, Macrobond. Data last updated: 3/7/2025



US Employment  
(All population/employment figures in 000s)

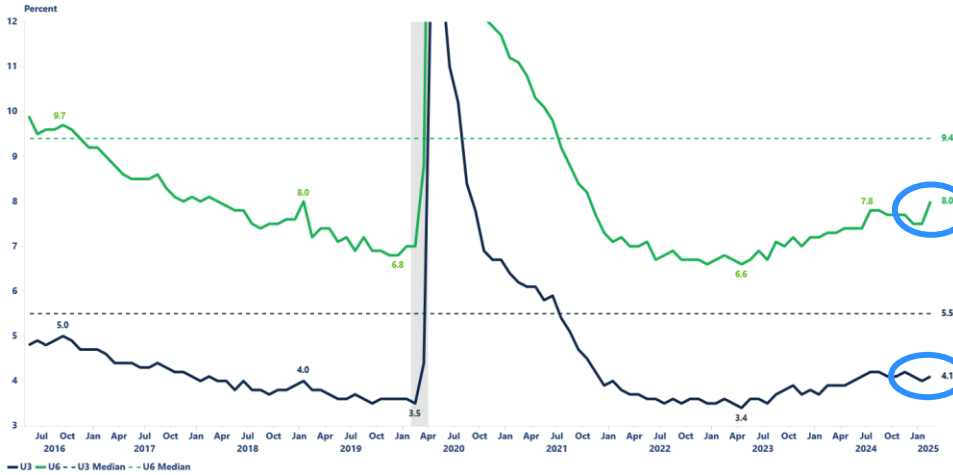
	February 2025	Last Month	12 Months Ago	Y/Y	M/M
<b>Total Nonfarm Employment</b>	159,218	159,067	157,271	1.2%	0.1%
Total Nonfarm Employment (Δ From Prior Period)	151	125	222		
Civilian Non-Institutional Population	272,847	272,685	267,711	1.9%	0.1%
Civilian Labor Force	170,359	170,744	167,475	1.7%	-0.2%
Employed (Household data)	163,307	163,895	161,013	1.4%	-0.4%
Unemployed	7,052	6,849	6,462	9.1%	3.0%
Part-time for Economic Reasons	4,937	4,477	4,370	13.0%	10.3%
Not in Labor Force	102,487	101,941	100,237	2.2%	0.5%
Not in Labor Force / Population	37.6%	37.4%	37.4%	0.3%	0.5%
Δ in NFPs Less Those Leaving the Labor Force	-395	-725	186		
<b>Average Hourly Earnings</b>	\$35.93	\$35.83	\$34.54	4.0%	0.3%
Private Weekly Hours Worked	34.1	34.1	34.3	-0.6%	0.0%
Manufacturing Weekly Hours Worked	40.1	40.1	40.0	0.3%	0.0%
Total Private Diffusion Index (256 Industries, 1 Month Span)	58.4	52.4	53.8	8.6%	11.5%
Manufacturing Diffusion Index (74 Industries, 1 Month Span)	54.9	45.8	48.6	13.0%	19.9%

Source: Main Management, BLS, Macrobond. Data last updated: 3/7/2025

# Unemployment Rate

On the left are the headline U3 and broader U6 (which includes discouraged, underemployed, and unemployed). While the U3 rate only ticked up to 4.1% from 4.0% in January, the U6 rate jumped to 8.0% from 7.5%, its highest since October 2021. On the other hand, the Participation Rate declined for the Total Labor Force to 62.4% from 62.6%, its lowest since January 2023. But the Participation Rate for the 25-54yo prime working-age cohort was unchanged at 83.5%.

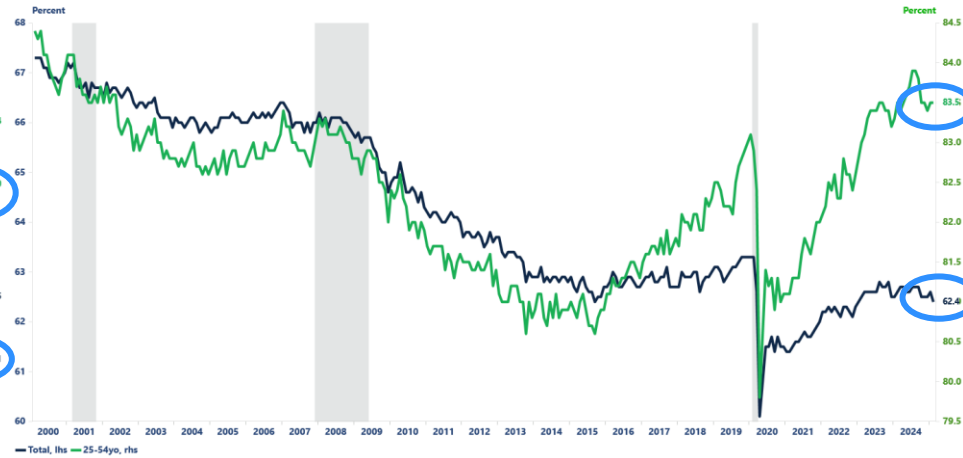
U3 & U6 UNEMPLOYMENT RATES



Source: Main Management, BLS, Macrobond. Data last updated: 3/7/2025



LABOR FORCE PARTICIPATION RATE  
TOTAL & 25-54yo (R)



Source: Main Management, BLS, Macrobond. Data last updated: 3/7/2025



# Industry Jobs and Wages

On an industry basis (left), Education & Health Services saw the most job creation at +73k, followed by Financials which added +21k. The laggards were Leisure & Hospitality which shed -16k and then Temporary Help Services down -12k. On the right we show the wage gains, which were up +0.28% M/M in February, a bit below forecasts. The Y/Y figure ticked up to +4.02%. It's important to remember that while wage growth has been moderating over the last few years, it is still structurally above where it was pre-covid when the recent high was 3.55% Y/Y.

US Nonfarm Payrolls, per industry

	February 2025	% of Total	M/M Change (SA, in 1000s)					Change 1m	Change 12m	1m ago	12m ago
			-50	-25	0	25	50				
<b>Total Nonfarm</b>	159,218	100.0						151	1,947	159,067	157,271
<b>Total Private</b>	135,603	85.2						140	1,556	135,463	134,047
<b>Goods Producing</b>	21,700	13.6						34	78	21,666	21,622
Mining And Logging	625	0.4						5	-8	620	633
Construction	8,310	5.2						19	174	8,291	8,136
Manufacturing	12,765	8.0						10	-88	12,755	12,853
Durable Goods	7,915	5.0						11	-89	7,904	8,004
Motor Vehicles And Parts	1,006	0.6						9	-12	997	1,018
Nondurable Goods	4,850	3.0						-1	1	4,851	4,849
<b>Private Service-Providing</b>	113,903	71.5						106	1,478	113,797	112,425
Wholesale Trade	6,183	3.9						9	62	6,175	6,122
Retail Trade	15,561	9.8						-6	31	15,567	15,530
Transportation & Warehousing	6,760	4.2						18	146	6,742	6,614
Utilities	596	0.4						1	6	594	590
Information	2,952	1.9						5	-11	2,947	2,963
Financial Activities	9,241	5.8						21	86	9,220	9,155
Professional And Business Services	22,573	14.2						-2	-88	22,575	22,661
Temporary Help Services	2,529	1.6						-12	-156	2,542	2,685
Education And Health Services	27,070	17.0						73	943	26,997	26,127
Health Care And Social Assistance	23,066	14.5						63	877	23,003	22,190
Leisure And Hospitality	16,949	10.6						-16	214	16,965	16,735
Other Services	6,019	3.8						4	91	6,015	5,928
<b>Government</b>	23,615	14.8						11	391	23,604	23,224

TOTAL PRIVATE AVERAGE HOURLY EARNINGS

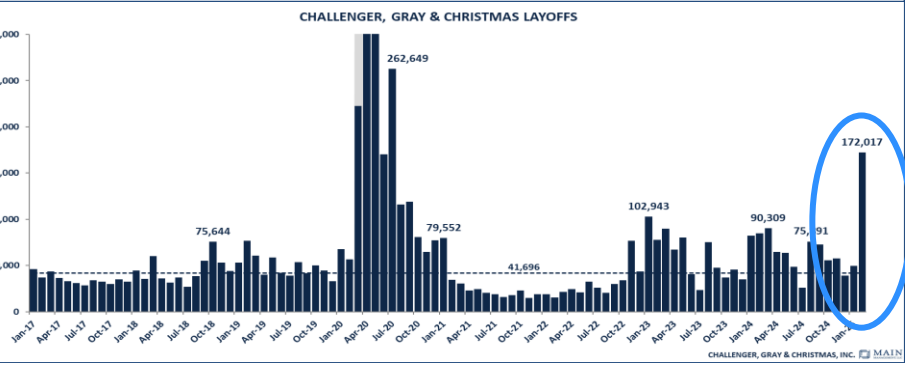
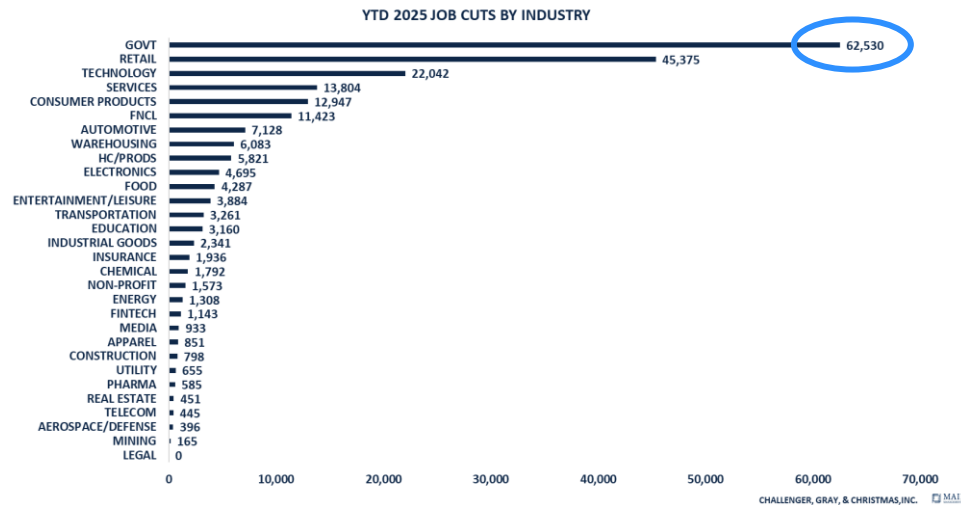
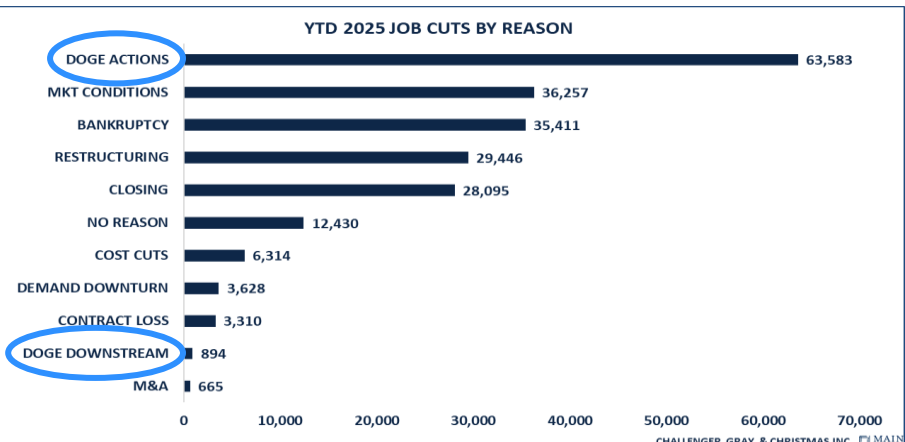


Source: Main Management, BLS, Macrobond. Data last updated: 3/7/2025

Source: Main Management, BLS, Macrobond. Data last updated: 3/7/2025

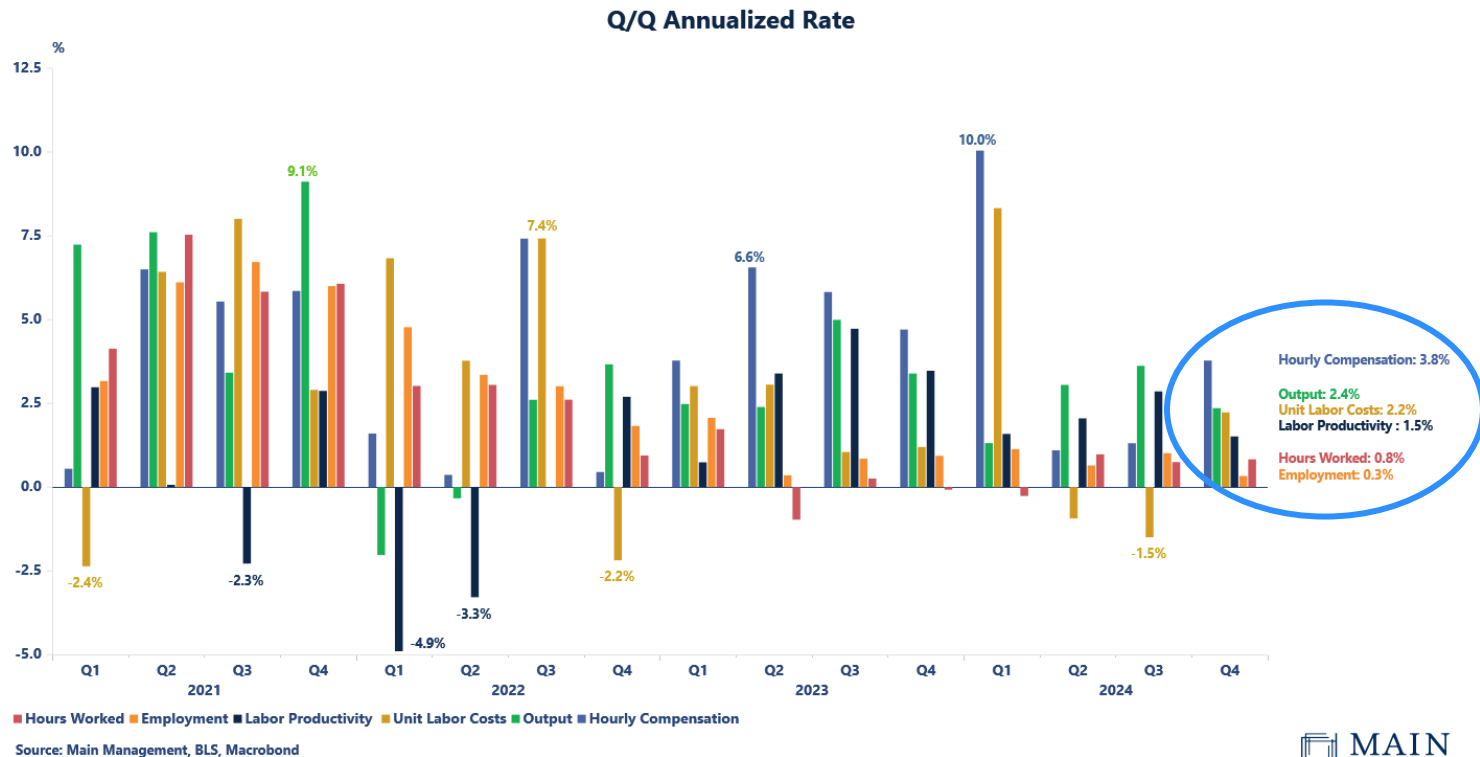
# Job Cuts

Challenger Job Cuts surged to 172,017 in February (bottom left), the most since July 2020, as DOGE cuts took center stage. DOGE was the reason cited (top left) for a total of 64,477 cuts, most coming from the Govt sector which has seen 62,530 cuts YTD (right). For all industries, YTD 2025 cuts are at 221,812, up 33% from this point last year.



# Productivity

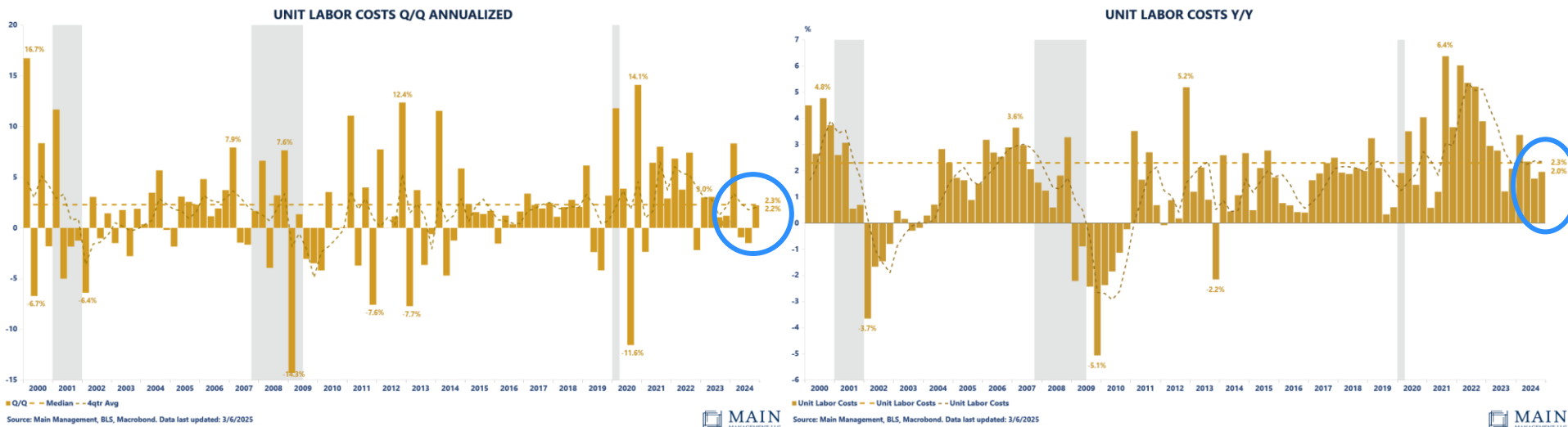
The 2<sup>nd</sup> reading for Q4 2024 U.S. Productivity was revised up to 1.5% from the initial reading of 1.3%. Output was revised slightly higher to 2.4% from 2.3% while Hours Worked saw a downward revision to 0.8% from 1.0%. Hourly Compensation was revised down to 3.8% from 4.2% and Employment moved to 0.3% from 0.4%.





# Unit Labor Costs

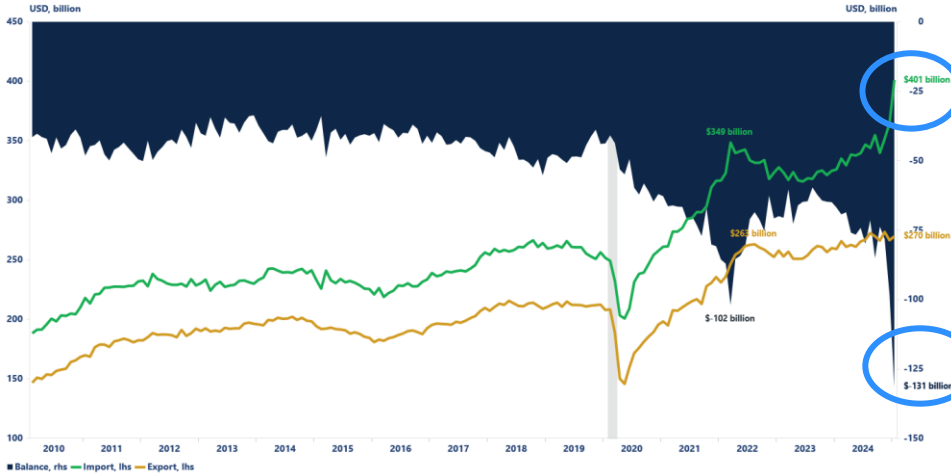
Unit Labor Costs also saw a sizeable downward revision from 3.0% to 2.2% Q/Q (left), a good development for the disinflation rhetoric. The year-over-year figure (right) now stands at +2.0%, one of the lower readings in the last few years.



# Trade Deficit

The Trade Deficit blew out to a record **-\$131b** in January (left) as companies attempted to front-run tariffs. Imports surged to **+\$401b**, a record, while Exports ticked up to **\$270b**. As a share of Total Trade (right), Goods Imports jumped to **49.1%**, the highest share since July 2008, while Goods Exports fell to **25.7%**, the lowest on record. Services Imports and Exports also lost share to Goods Imports.

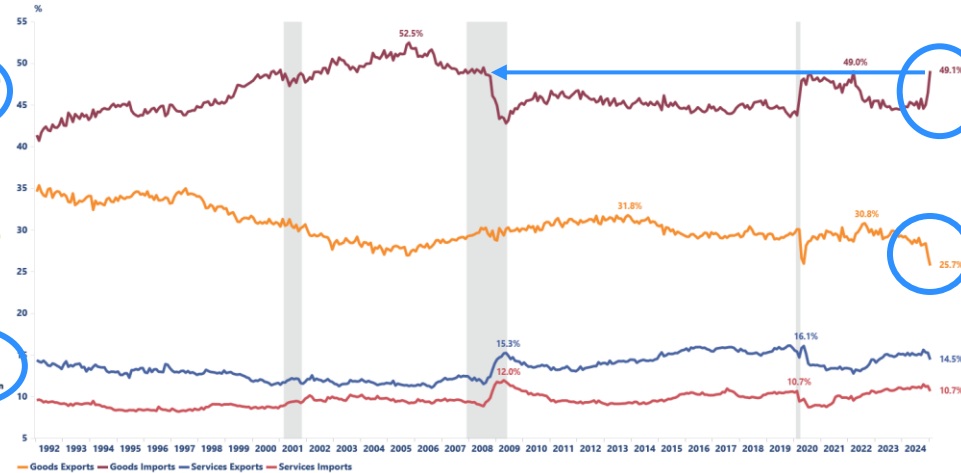
US TRADE BALANCE (R), IMPORTS & EXPORTS



■ Balance, rhs ■ Import, lhs ■ Export, lhs  
Source: Main Management, USCB, Macrobond. Data last updated: 3/6/2025



Share of Total Trade



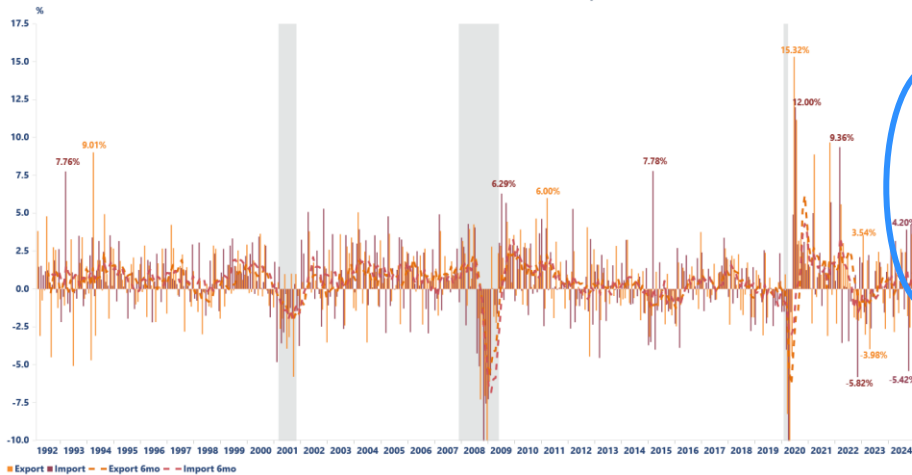
— Goods Exports — Goods Imports — Services Exports — Services Imports  
Source: Main Management, USCB, Macrobond. Data last updated: 3/6/2025



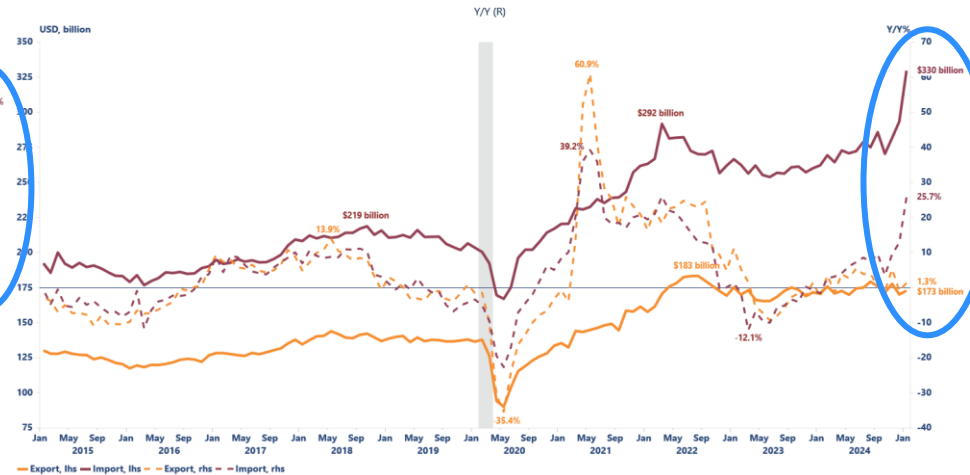
# Goods Imports

Goods Imports rocketed +12.3% M/M (left), their biggest monthly gain on record, while Goods Exports ticked up +1.6% M/M. While Goods Imports are at far and away their highest absolute level ever, Goods Exports have been trending sideways. Goods Imports accelerated to +25.7% Y/Y, the biggest rise since June 2021, while Goods Exports ticked up to +1.3% Y/Y.

GOODS IMPORTS & EXPORTS M/M



US GOODS: IMPORTS & EXPORTS



Source: Main Management, USCB, Macrobond. Data last updated: 3/6/2025

Source: Main Management, USCB, Macrobond. Data last updated: 3/6/2025

# Summary

- NonFarm Payrolls came in a bit light at 151k versus 170k forecasted with January being revised down as well. The broader U6 Unemployment Rate jumped to 8.0% while the Participation Rate declined to 62.4%.
- Challenger Job Cuts exploded to 172,017 in February, driven by DOGE actions.
- Q4 2024 U.S. Productivity was revised higher in the 2<sup>nd</sup> reading to 1.5% from 1.3%. Unit Labor Costs were revised solidly lower in the 2<sup>nd</sup> reading, to 2.2% from 3.0%, helping the disinflation story.
- The trade deficit widened to a record -\$131bil in January, driven by a huge increase in Goods Imports as companies tried to front run tariffs.
- Upcoming key data to watch:
  - NFIB Small Business Optimism (Tues)
  - JOLTS (Tues)
  - CPI (Weds)
  - PPI (Thurs)

# Appendix

# Yields & Futures

## FED FUNDS FUTURES & 2-YEAR TREASURY YIELD

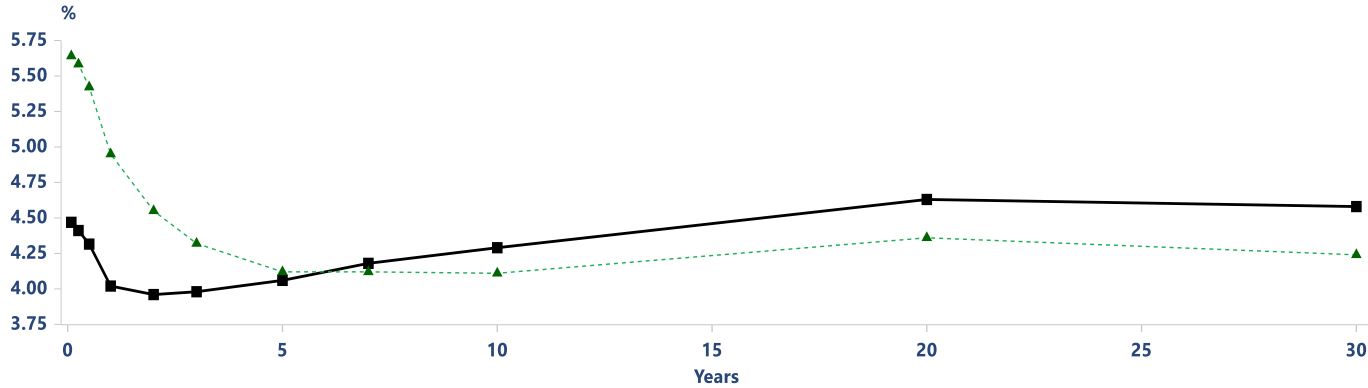


— Fed Funds Futures Dec '25 — 2yr Treasury Yield

Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 3/6/2025



## US TREASURY YIELD CURVE



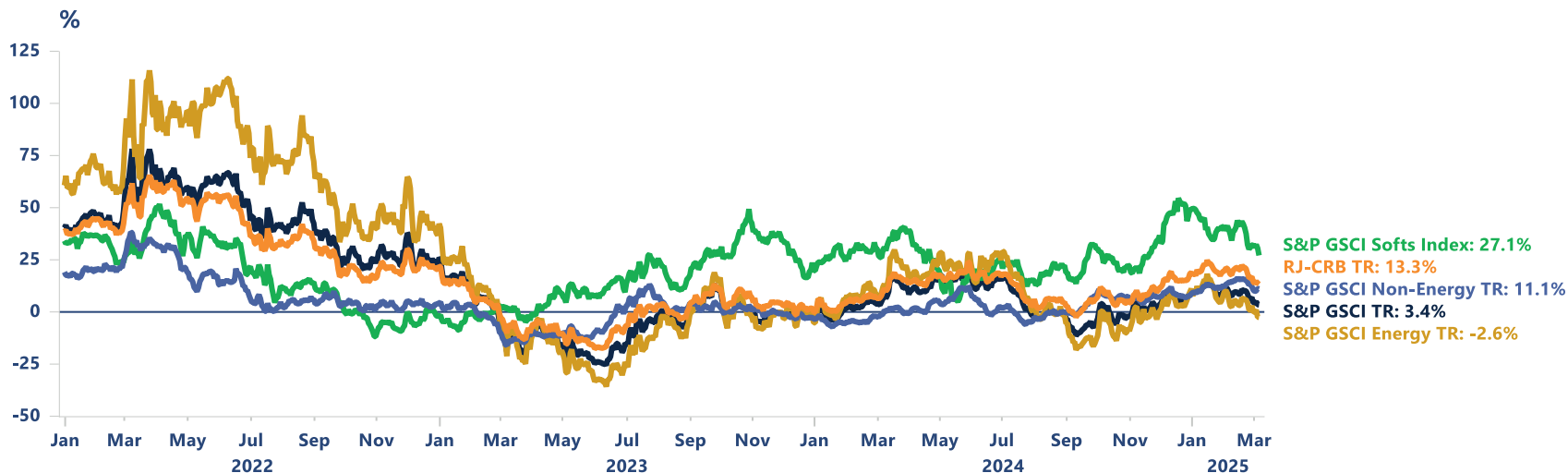
■ Now ▲ 12 months ago

Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 3/6/2025



# Inflation Watch

## MAJOR COMMODITY INDICES Y/Y



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCAN, ICCO, ICO, USDA, MIA, TREA, TMX, Macrobond. Data last updated: 3/7/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Coffee	-1.2	24.5	22.9	101.5
Natural Gas	28.0	39.7	18.4	119.8
Lumber	10.2	9.3	14.8	10.0
Silver	0.6	6.2	14.2	39.1
Copper	6.8	8.7	12.5	15.9
Gold	1.5	10.6	11.7	36.8
BBG Commodity Index	0.3	7.3	5.8	7.3
Gasoline	2.5	8.7	5.0	-17.0
Soybeans	-4.1	2.0	1.6	-11.1
S&P GSCI	-2.6	4.3	0.9	4.6
Corn	-8.9	5.4	-2.0	8.7
Bitcoin	-6.9%	-6.9%	-3.7%	41.0%
US Dollar (DXY)	-3.3	-1.6	-4.1	0.3
Cotton	-3.2	-11.7	-6.6	-34.9
Crude Oil	-6.9	-3.1	-7.6	-15.4

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 3/6/2025

# Disclosures

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