



Monthly Economic Indicators

April 2025

Bill Maher | Director, Strategy & Research
Scot Bommarito | Vice President, Research
Nolan Eyre | Research Associate

April 11, 2025



Contents

3	Summary
4	Inflation
11	Interest Rates
17	Employment
24	Sentiment & Retail Sales
28	Housing

About RCLCO Fund Advisors

RCLCO Institutional Advisory Services, the predecessor to RCLCO Fund Advisors, LLC (RFA), was formed in 2011. RFA was incorporated in 2013 and registered with the SEC as a registered investment advisor (RIA) in 2014. RFA specifically addresses the complex global investment environment facing pension funds and similar institutional investors. Our broad background across a wide variety of disciplines—including portfolio analysis, development feasibility, and urban planning—makes us uniquely adept at navigating property markets from both a “bottom-up” and “top-down” approach. The team is comprised of more than 30 members with diverse and relevant experience in research, consulting, investment management, property operations, and lending.

RFA is improving the traditional institutional real estate investment model by: providing customized and aligned advisory and investment management solutions to LPs; facilitating partnerships that generate greater LP control and transparency; and driving and achieving long-term objectives in allocation, access, diversification, and performance with greater fee effectiveness.

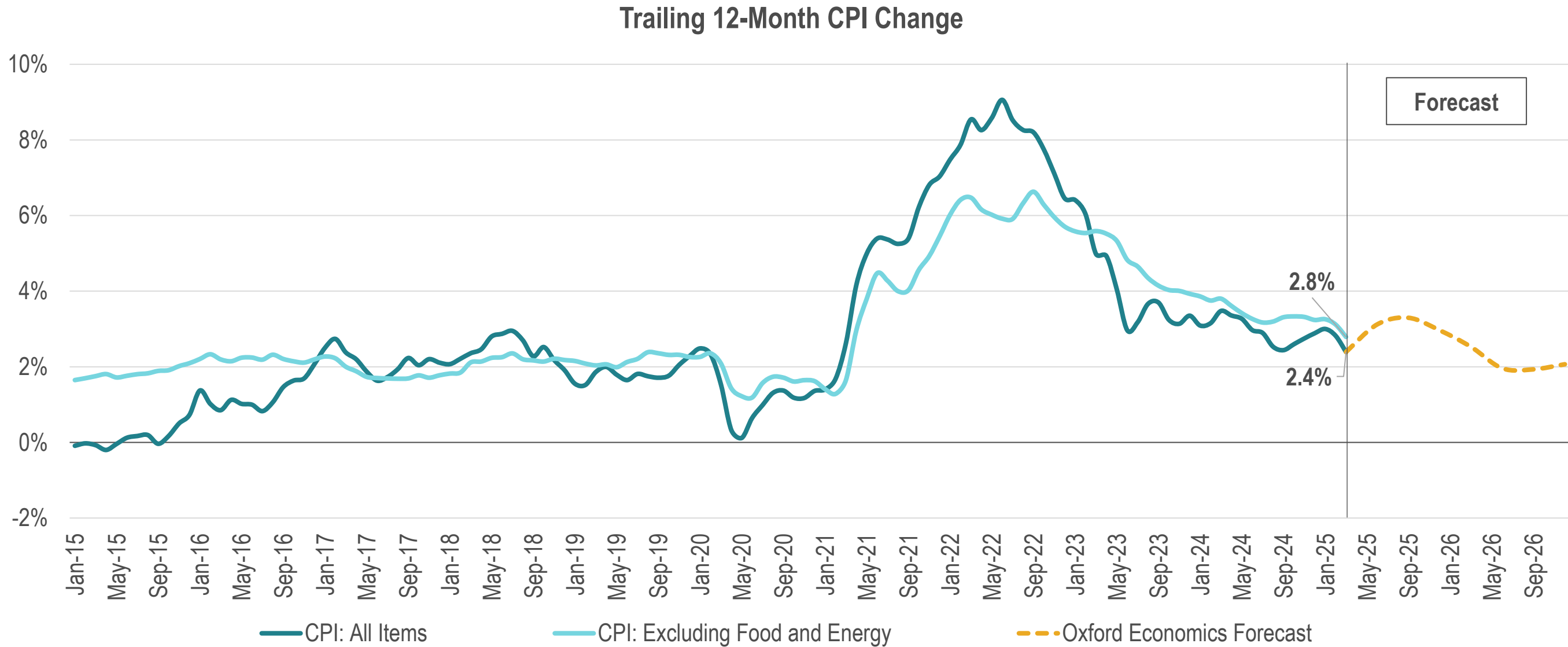
Monthly Highlights – April 2025

Inflation	<ul style="list-style-type: none">Ahead of tariff impacts, annual headline and core CPI inflation both fell MoM, declining to 2.4% and 2.8%, respectively.Total PCE inflation held steady at 2.5% in February*. Annual core PCE accelerated 10 bps to 2.8%, reversing the prior month’s improvement.Final Demand and All Commodities PPI rose 2.7% and 1.5%, respectively, YoY. Construction materials rose 1.2%, reversing the recent trend of price declines.The 5-Year TIPS-implied inflation rate moderated MoM to 2.5%, but consumer expectations for 5-year inflation in the U Michigan survey rose to 4.1%.
Interest Rates	<ul style="list-style-type: none">The 10-Year UST ended March at 4.23%, near where it ended February. The yield has been volatile in April, rising to ~4.5% in mid-April.Average commercial real estate mortgage rates rose 10 bps to 6.8% in January*. The spread to the UST compressed to just below the long-term average.The Fed held rates steady in March at a target range of 4.25-4.5%, amid increasing inflationary risks from tariff policy and elevated uncertainty.
Employment	<ul style="list-style-type: none">Employment growth accelerated to 228K in March, well above the trailing 12-month average. Job growth is projected to slow meaningfully later in the year.The unemployment rate rose 10 bps to 4.2%, and the labor force participation rate increased 10 bps Mom to 62.5%.Annual wage growth slowed slightly but remained healthy at 3.8%. Over the last three months, wages grew at an annualized rate of 3.6%.
Sentiment & Retail Sales	<ul style="list-style-type: none">Consumer sentiment declined precipitously in March to 57.0, the lowest level since Fall 2022. Views of current conditions and future expectations both fell.The ISM Purchasing Mangers’ Index (PMI) for services fell but remained in expansion. Manufacturing PMI also fell and entered contraction.Retail sales rose 0.2% MoM in February* and were up 3.1% over the past year. Non-store sales led retail growth, up 6.5% YoY.
Housing	<ul style="list-style-type: none">Trailing 12-month average median existing home prices rose 4.2% YoY while median new home prices fell 1.9% in February*.Existing home sales declined 2.7% YoY while new home sales increased 5.1% in February*.Multifamily and single-family construction continued to moderate in February* with TTM average completions and permits both down MoM.

Inflation

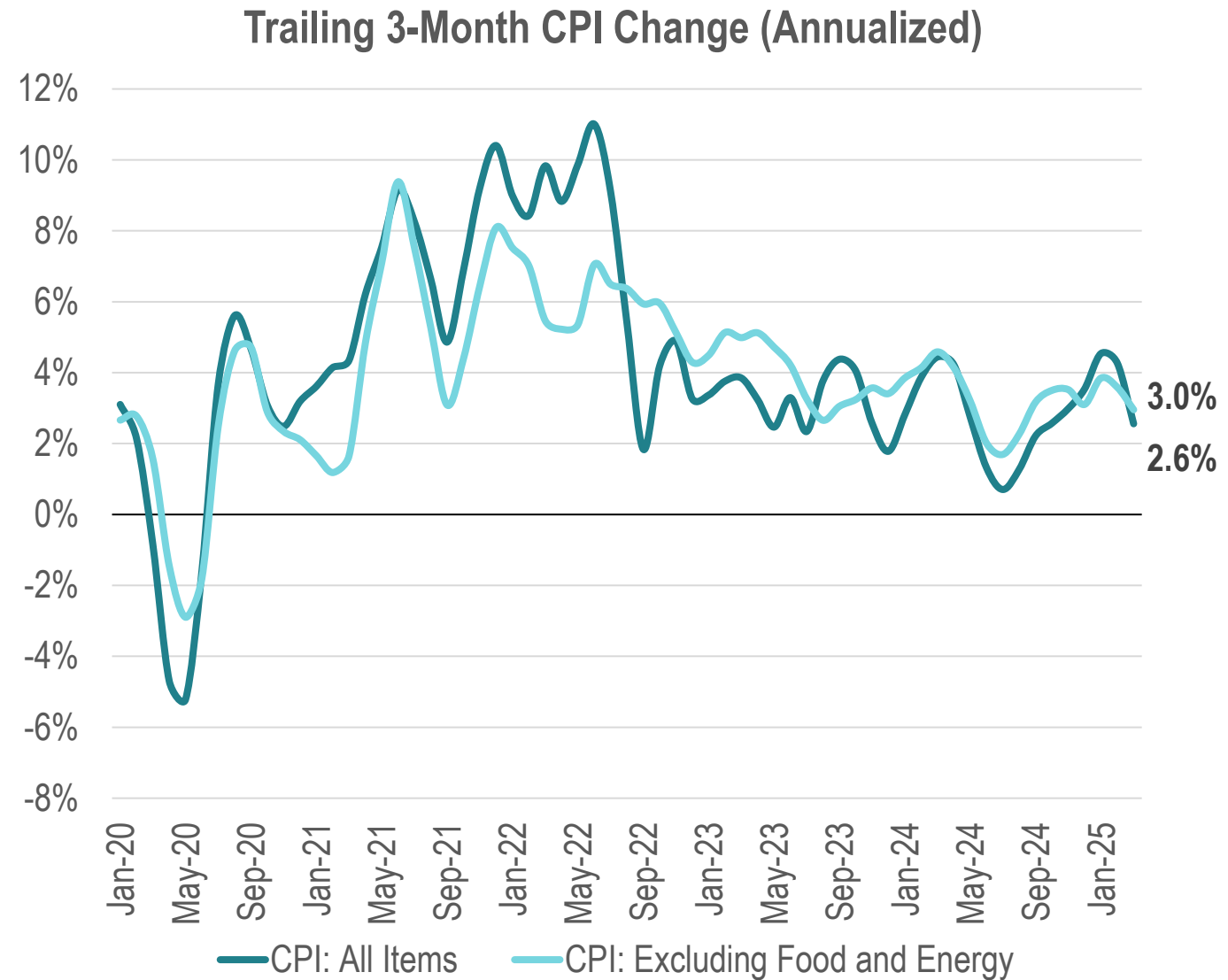
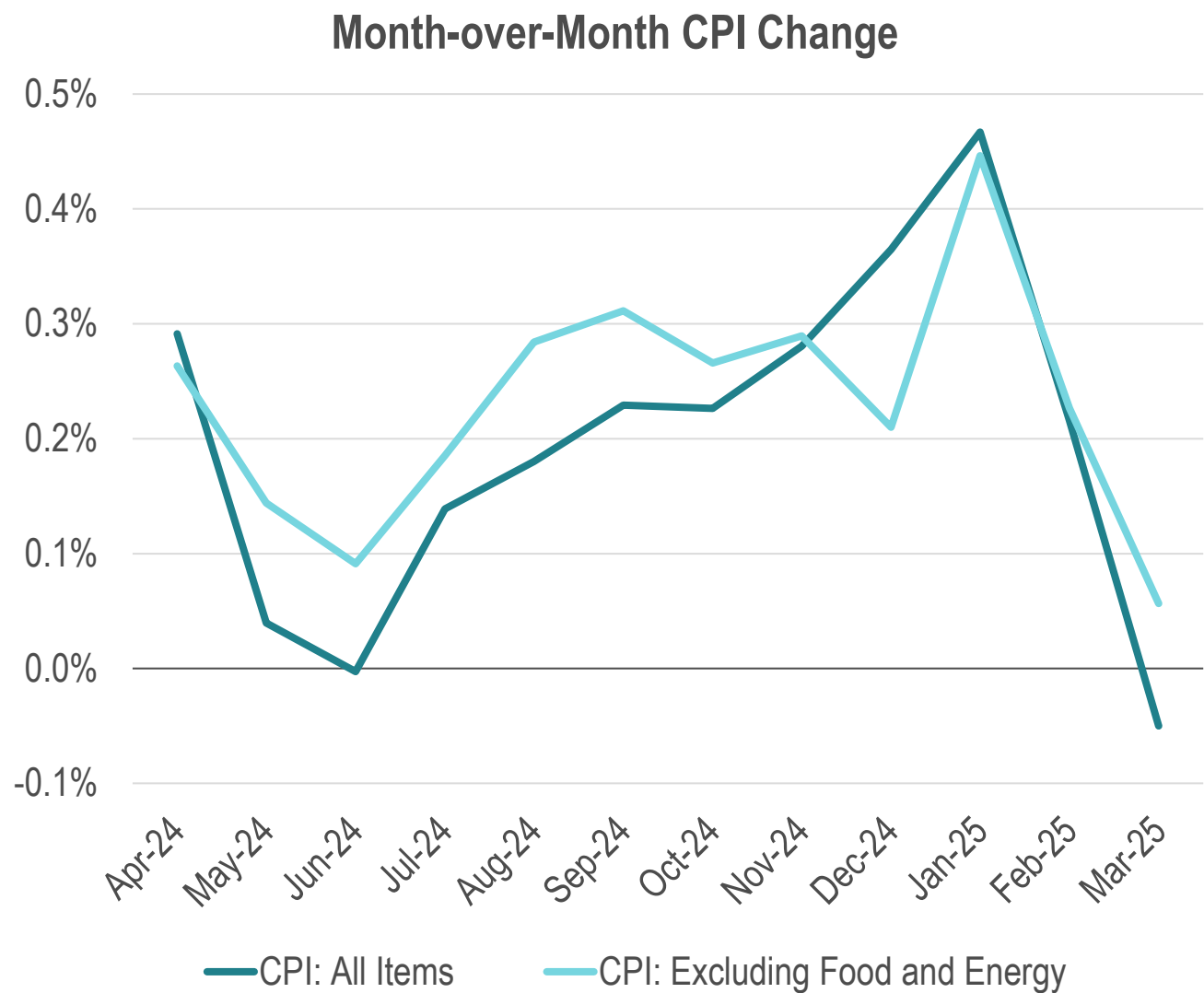
Annual Headline and Core CPI Inflation Fell to Lowest Rates Since Early 2021

Inflation Is Forecast to Rise Again in the Wake of Recent Tariff Announcements



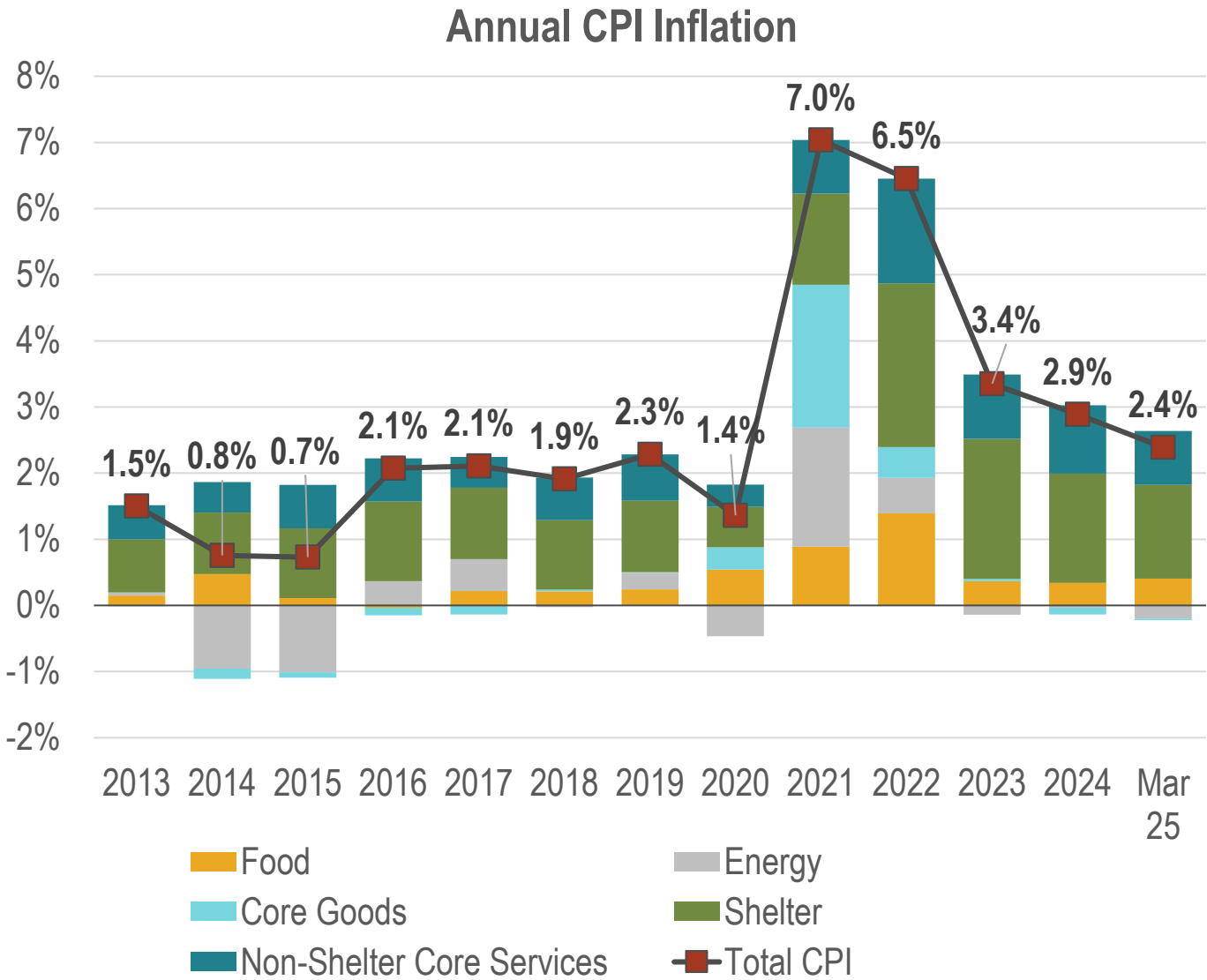
All Items CPI Declined Month-over-Month While Core CPI Decelerated Sharply

3-Month Annualized All Items and Core CPI Both Slowed to 2.6% and 3.0%, Respectively



Annual Core Services CPI Rose by 3.7% while Core Goods Prices Fell Slightly

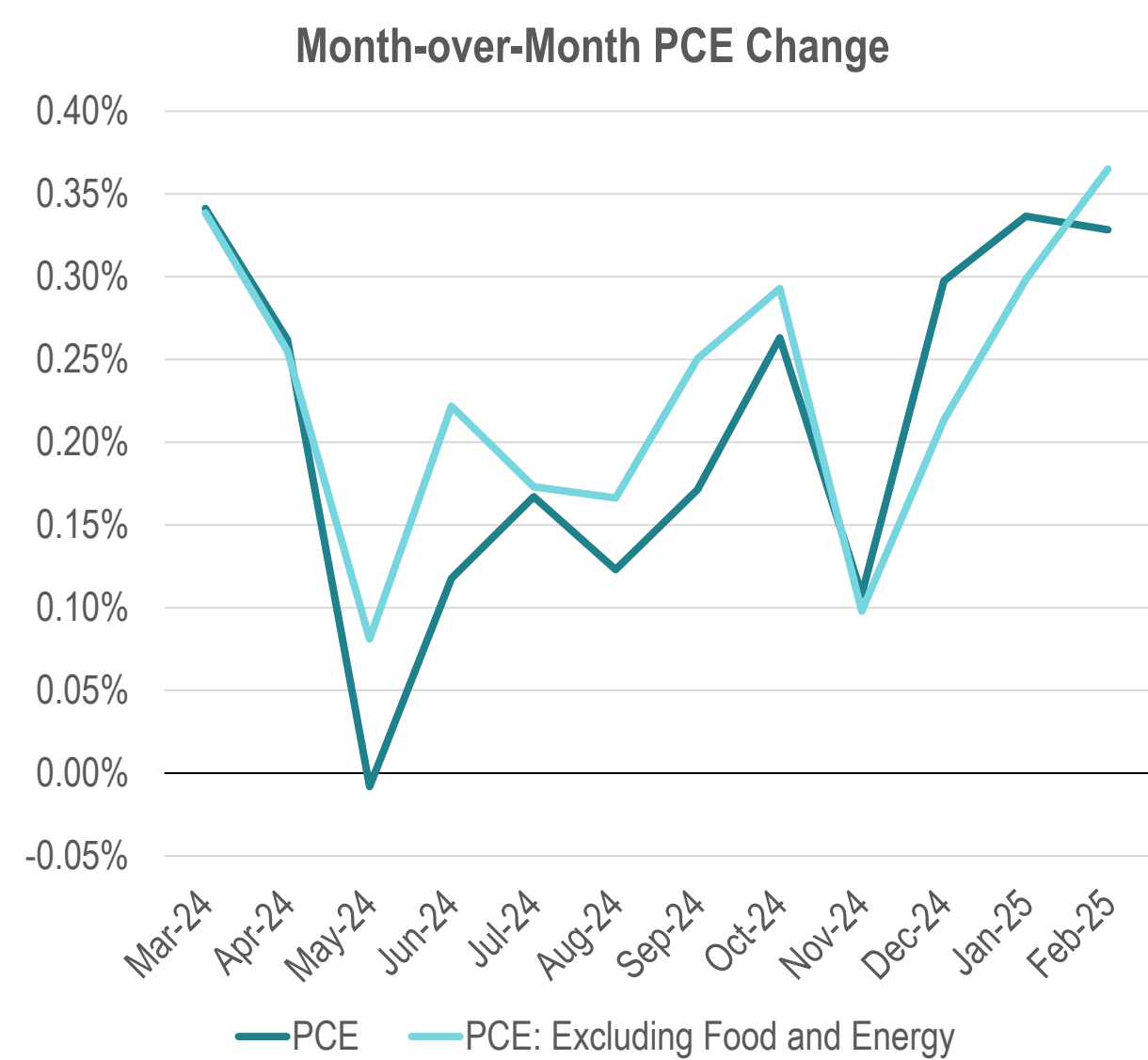
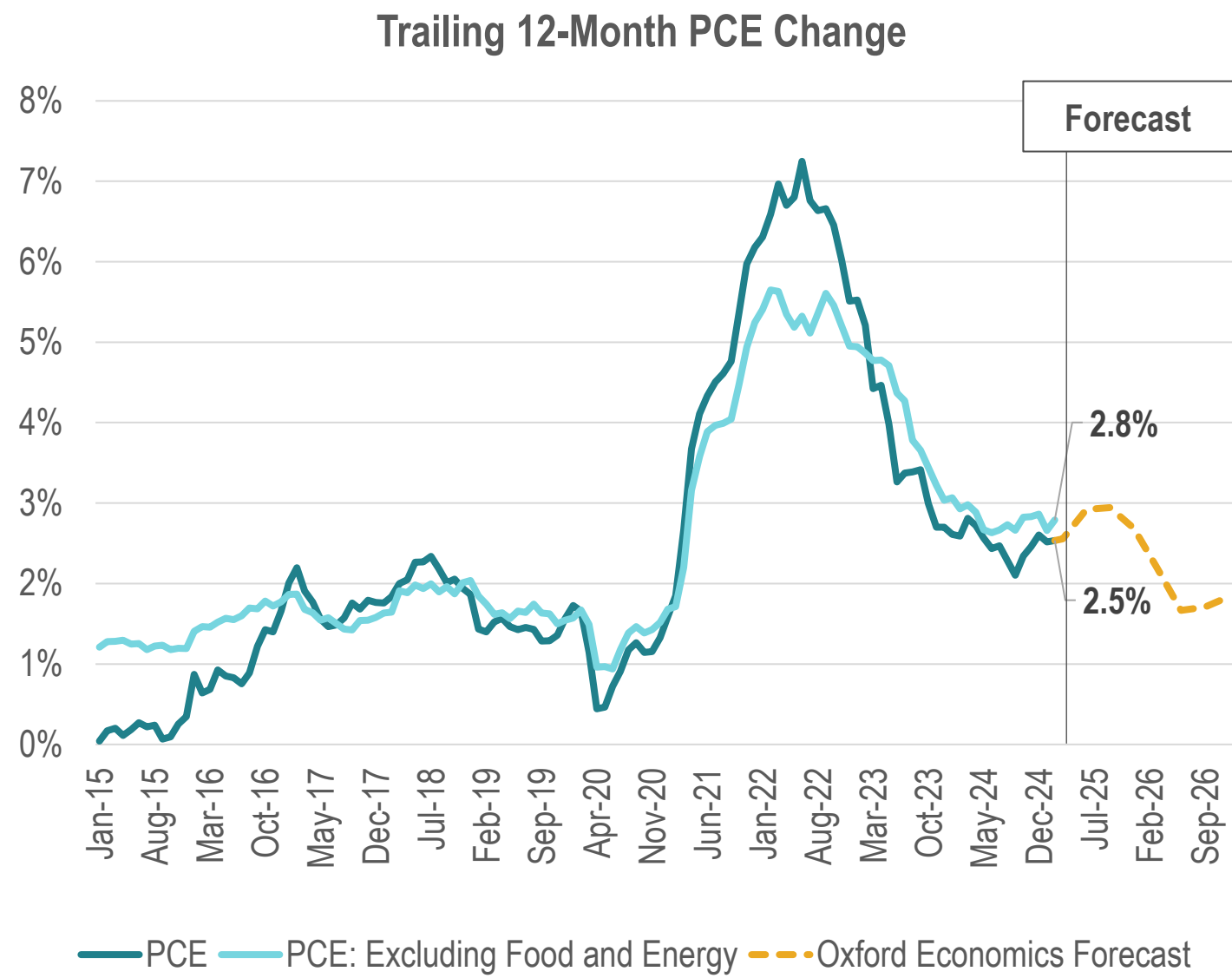
Shelter Was Up 4.0% YoY and Continued to Be the Largest Contributor to CPI



March 2025 Inflation			
	Monthly	Trailing 12-Month	Weights
Apparel	0.4%	0.3%	2.5%
Education & Communication	0.3%	0.5%	5.7%
Food & Beverages	0.4%	2.9%	14.5%
Other Goods & Services	1.0%	3.8%	2.9%
Housing	0.3%	3.7%	44.2%
<i>Shelter*</i>	0.2%	4.0%	35.5%
Medical Care	0.2%	2.6%	8.3%
Recreation	-0.1%	1.9%	5.3%
Transportation	-1.8%	-0.9%	16.6%
Food	0.4%	3.0%	13.7%
Energy	-2.4%	-3.3%	6.2%
Core Goods	-0.1%	-0.1%	19.4%
Core Services	0.1%	3.7%	60.7%
Total Core	0.1%	2.8%	80.1%
All Items	-0.1%	2.4%	100.0%

Annual Headline PCE Held Steady in February; Core PCE Rose 10 bps to 2.8%

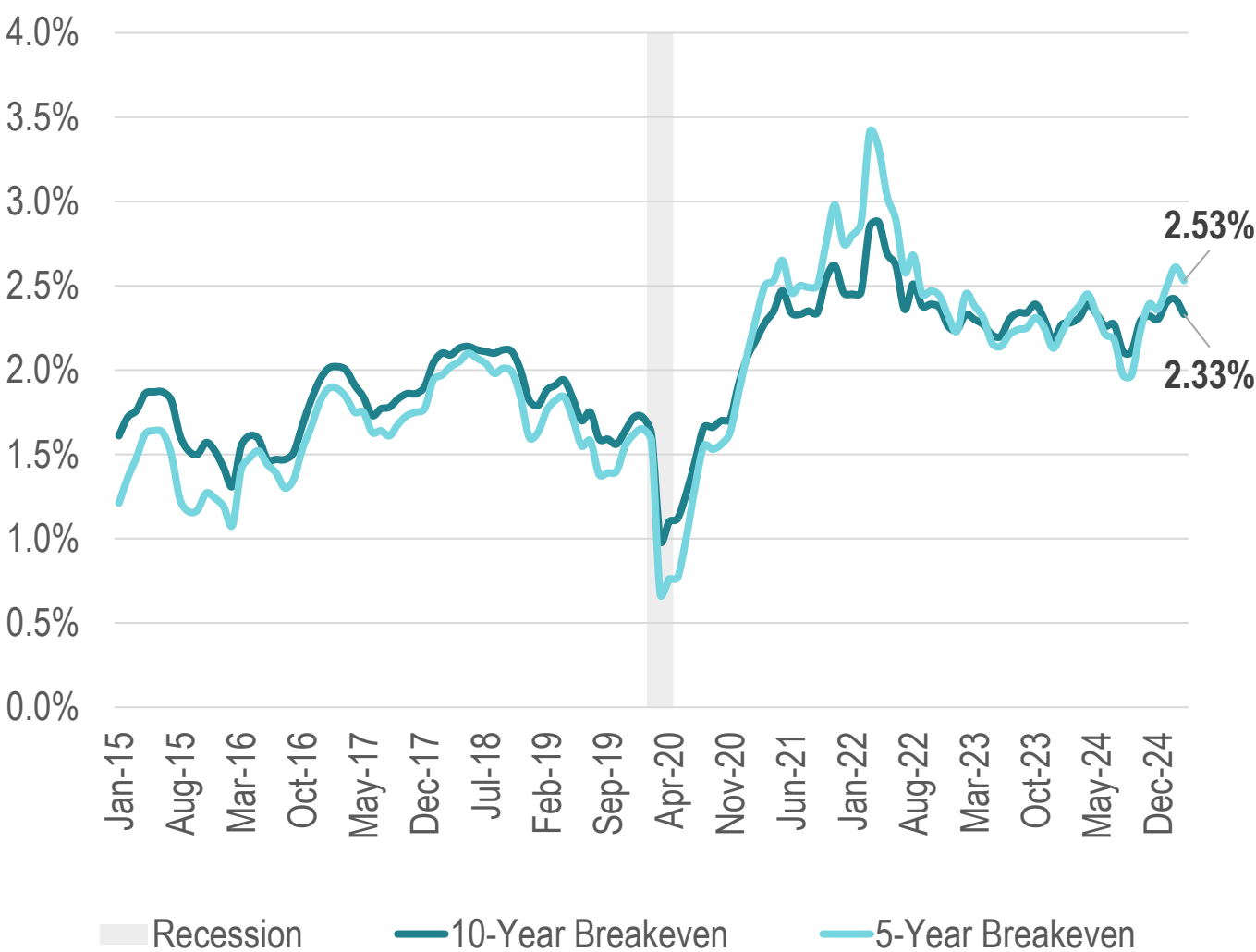
PCE Is Predicted to Increase in 2025 Before Moderating in 2026



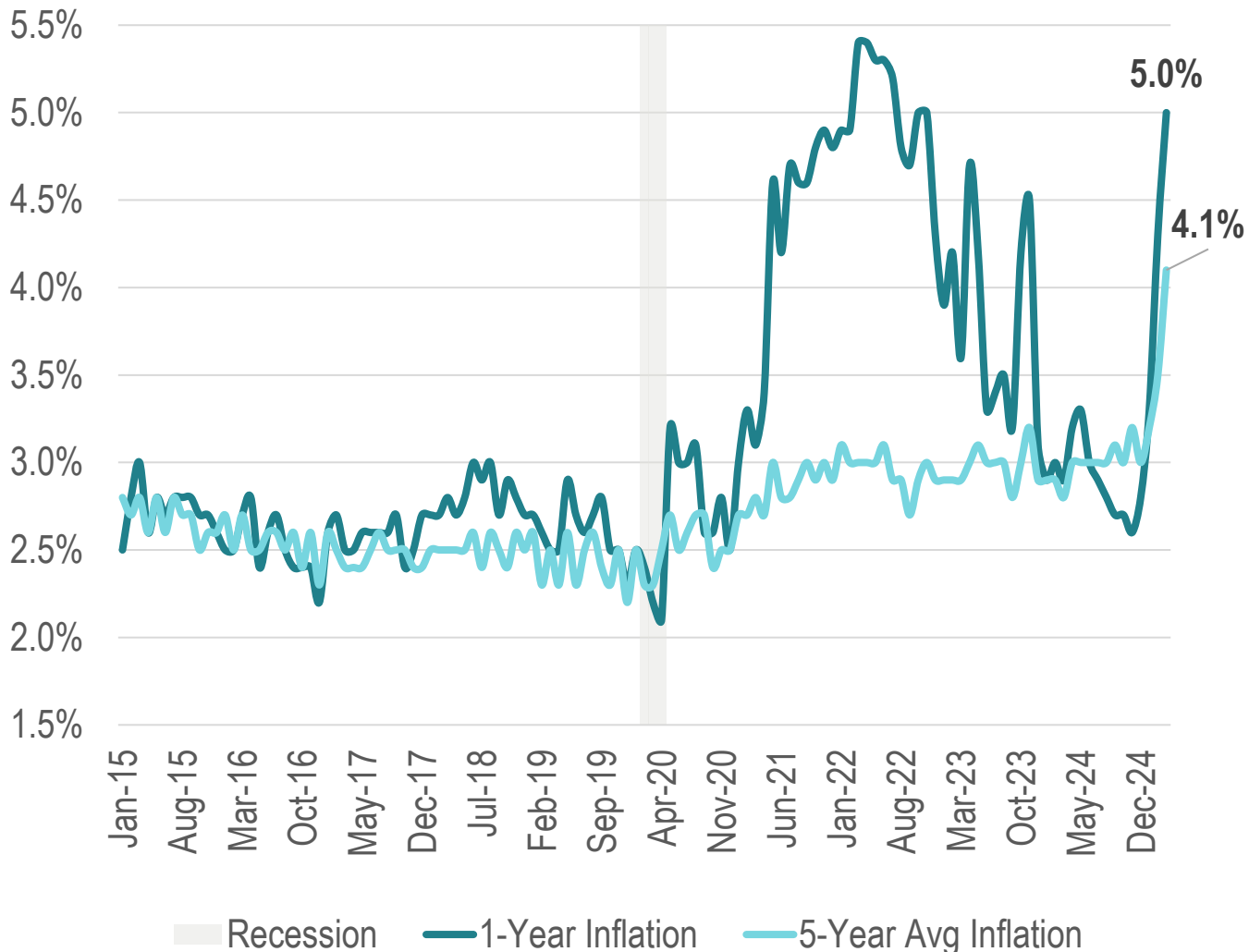
TIPS Breakeven Inflation Rates Edged Down Modestly in March

Consumer Expectations of Year-Ahead Inflation Rose to 5.0% while 5-Year Expectations Rose to 4.1%

TIPS-Implied Breakeven Inflation Rate



University of Michigan Inflation Expectations

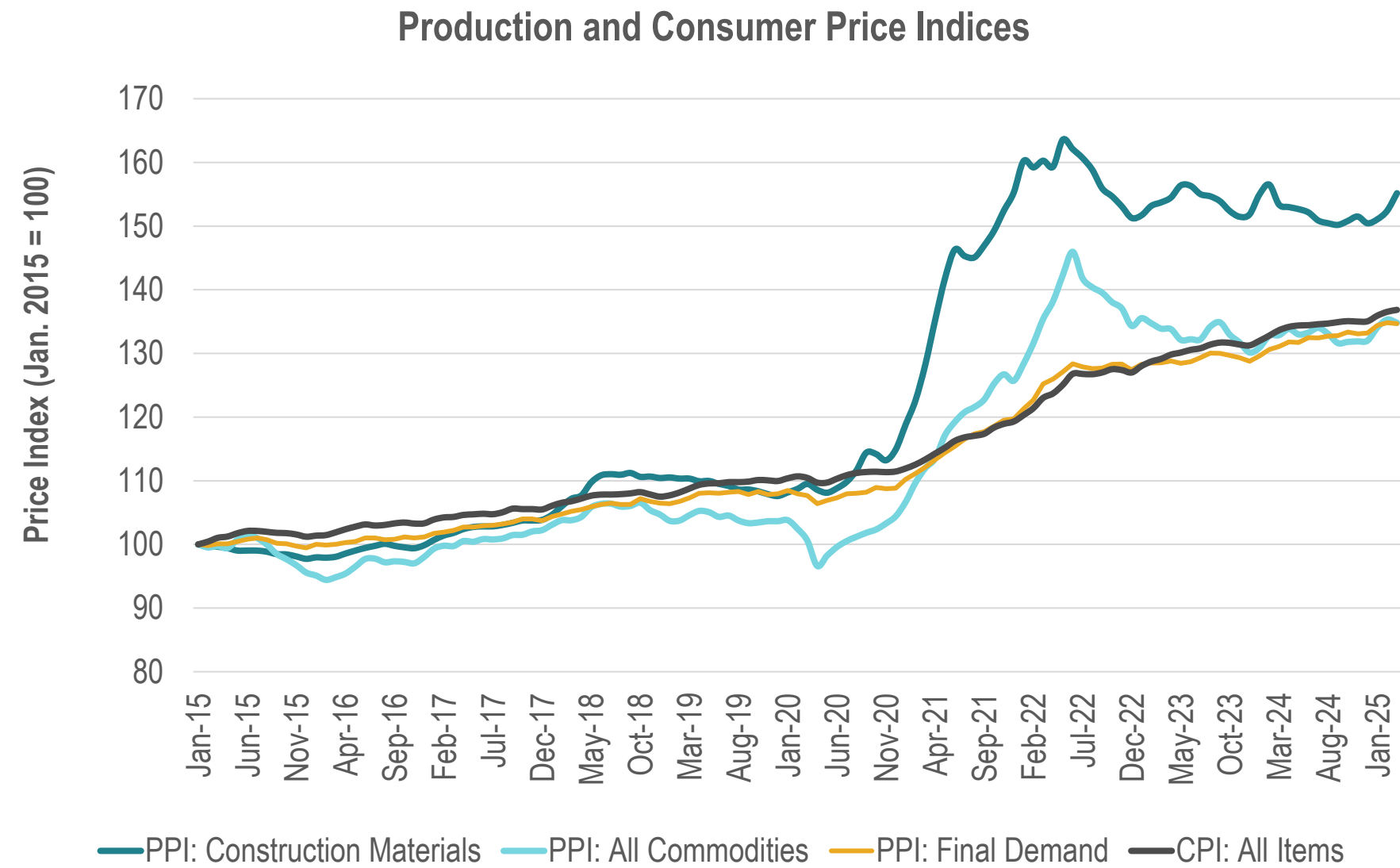


The information contained in this report is confidential, may be legally privileged, and is intended only for the use of select clients of RCLCO Fund Advisors.

Data are as of March 2025.
Note: The breakeven inflation rate is calculated by subtracting the yield on treasury inflation-protected securities (TIPS) from the yield on non-protected securities; inflation at this rate equalizes real yields on the two securities.
Source: Federal Reserve Bank of St. Louis; University of Michigan

Monthly All Commodities PPI Fell 0.4% and Final Demand PPI Declined 0.1%

Construction Materials PPI Rose 1.8% MoM and 1.2% YoY, Reversing Its Recent Trend of Moderation



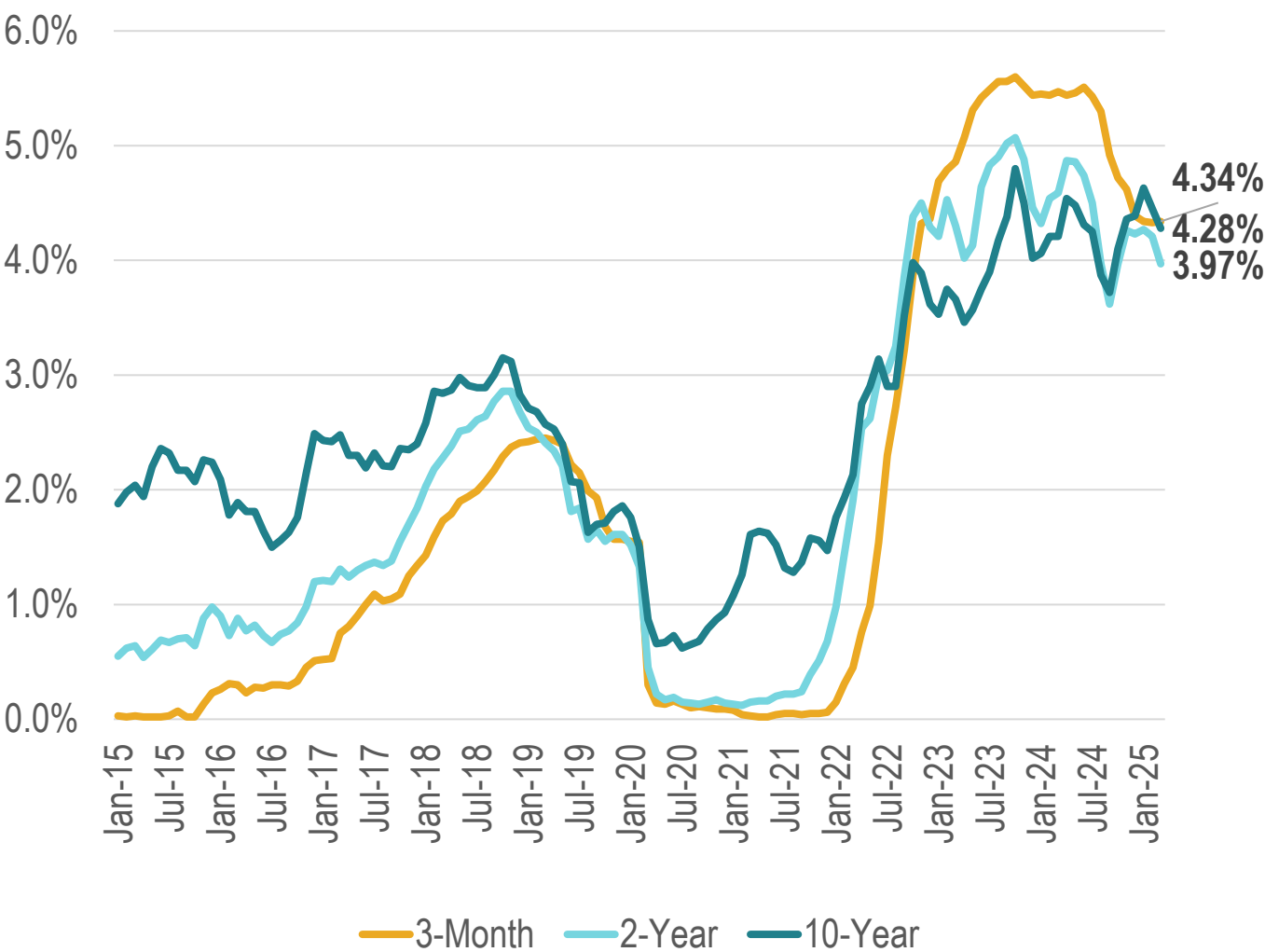
March 2025 Producer Price Index			
	Monthly	Trailing 12-Month	10-Yr Annual Avg
PPI: Construction Materials	1.8%	1.2%	4.5%
PPI: All Commodities	-0.4%	1.5%	3.1%
PPI: Final Demand	-0.1%	2.7%	3.0%
CPI: All Items	-0.1%	2.4%	3.1%

Interest Rates

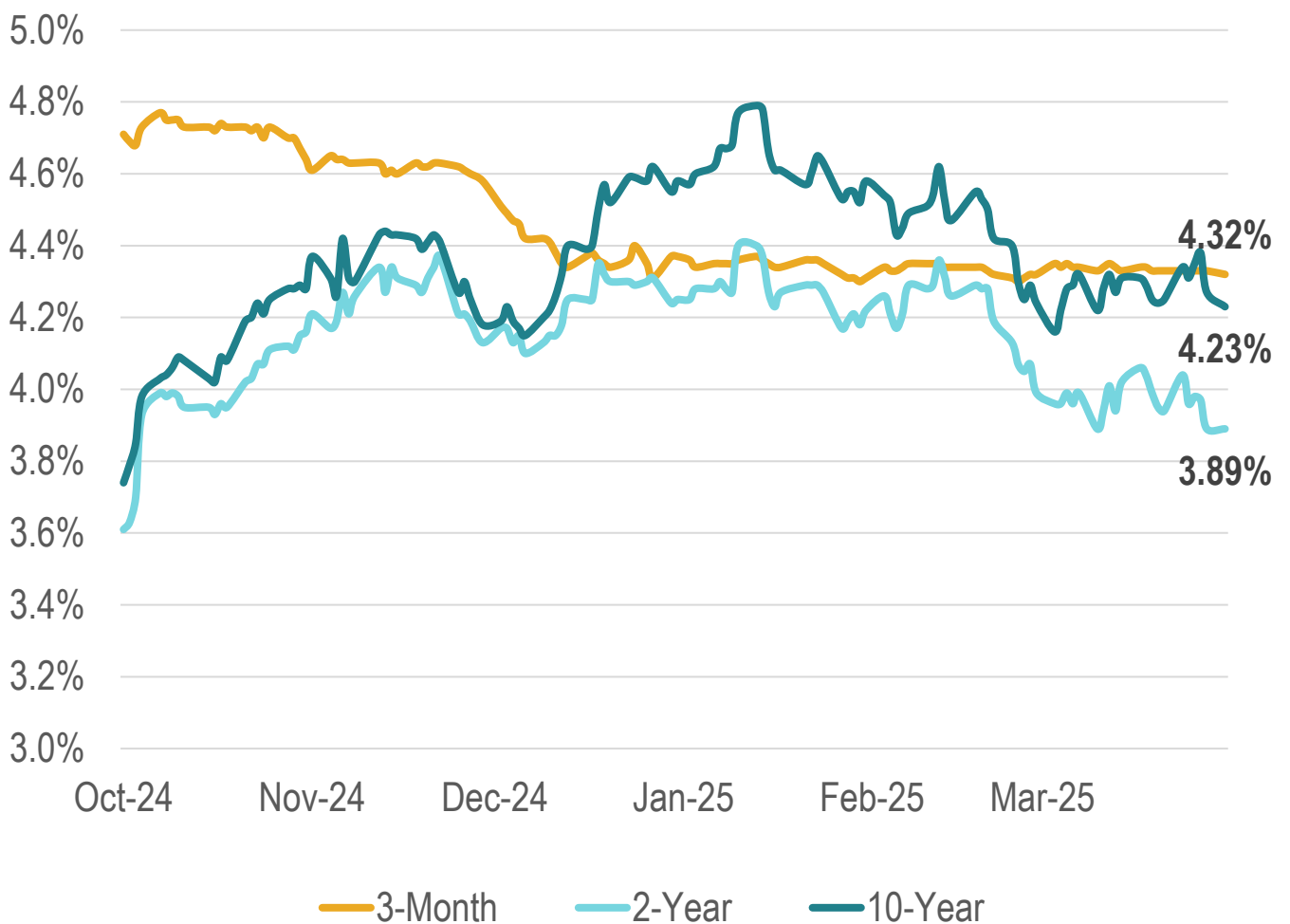
10-Year to 3-Month Yield Spread Inverted Again, Flashing Recession Warning

2-Year and 10-Year Yields Were Volatile in March but Ended the Month Down Slightly; 3-Month Yields Were Stable

US Treasury Yields (Monthly Averages)

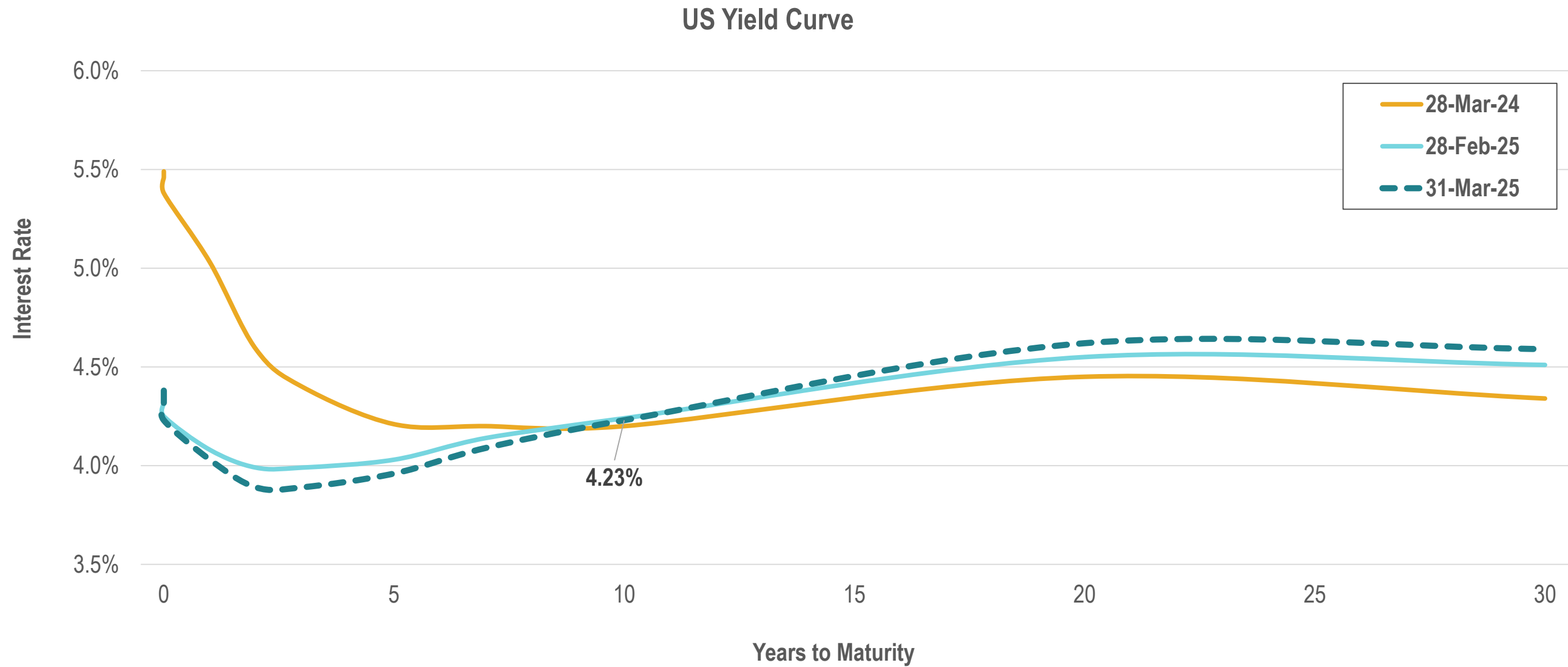


US Treasury Yields (Daily)



Short-term Treasury Rates Held Steady Month-Over-Month

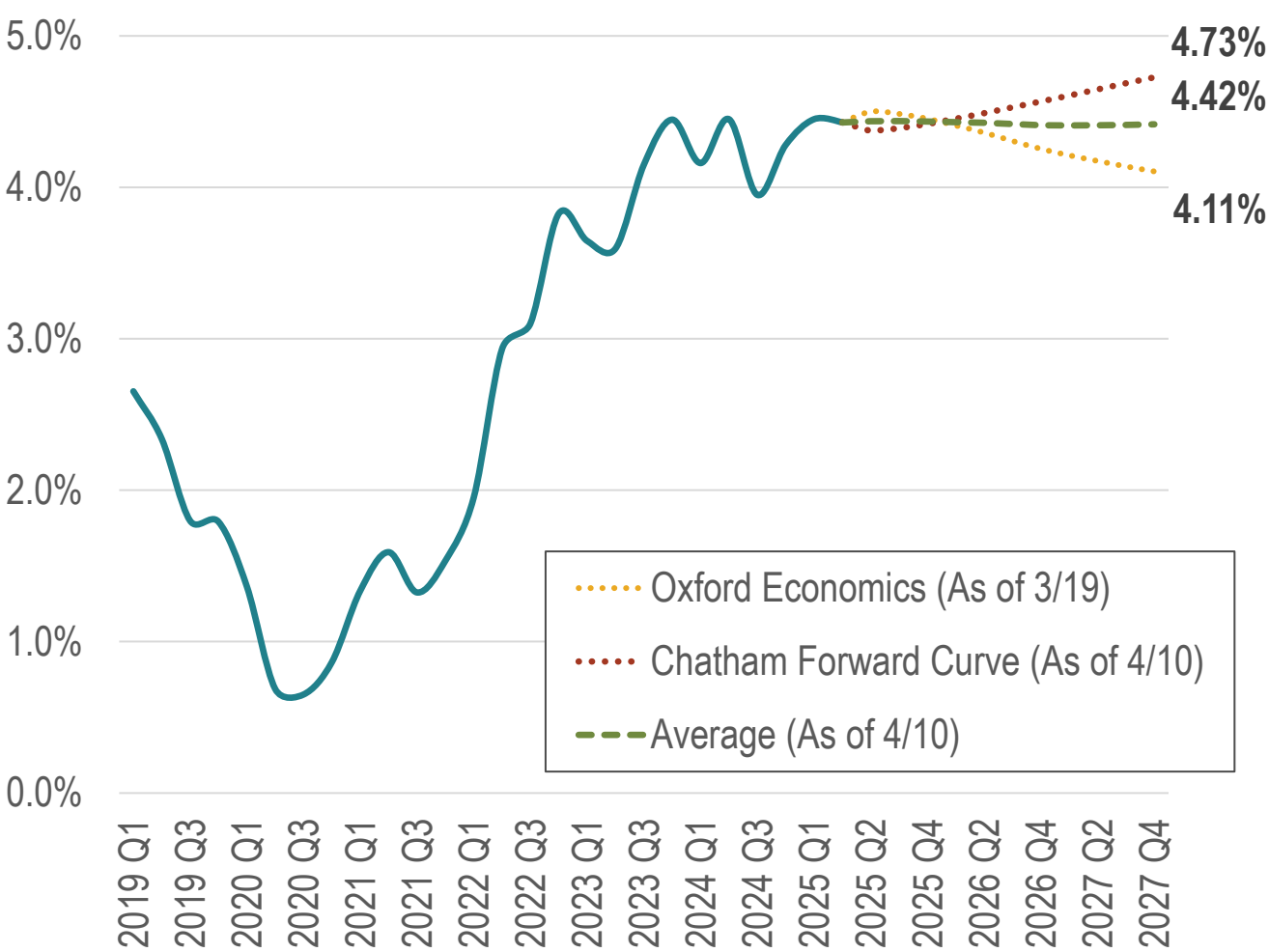
Medium-term Rates Fell in March, Further Inverting the Yield Curve



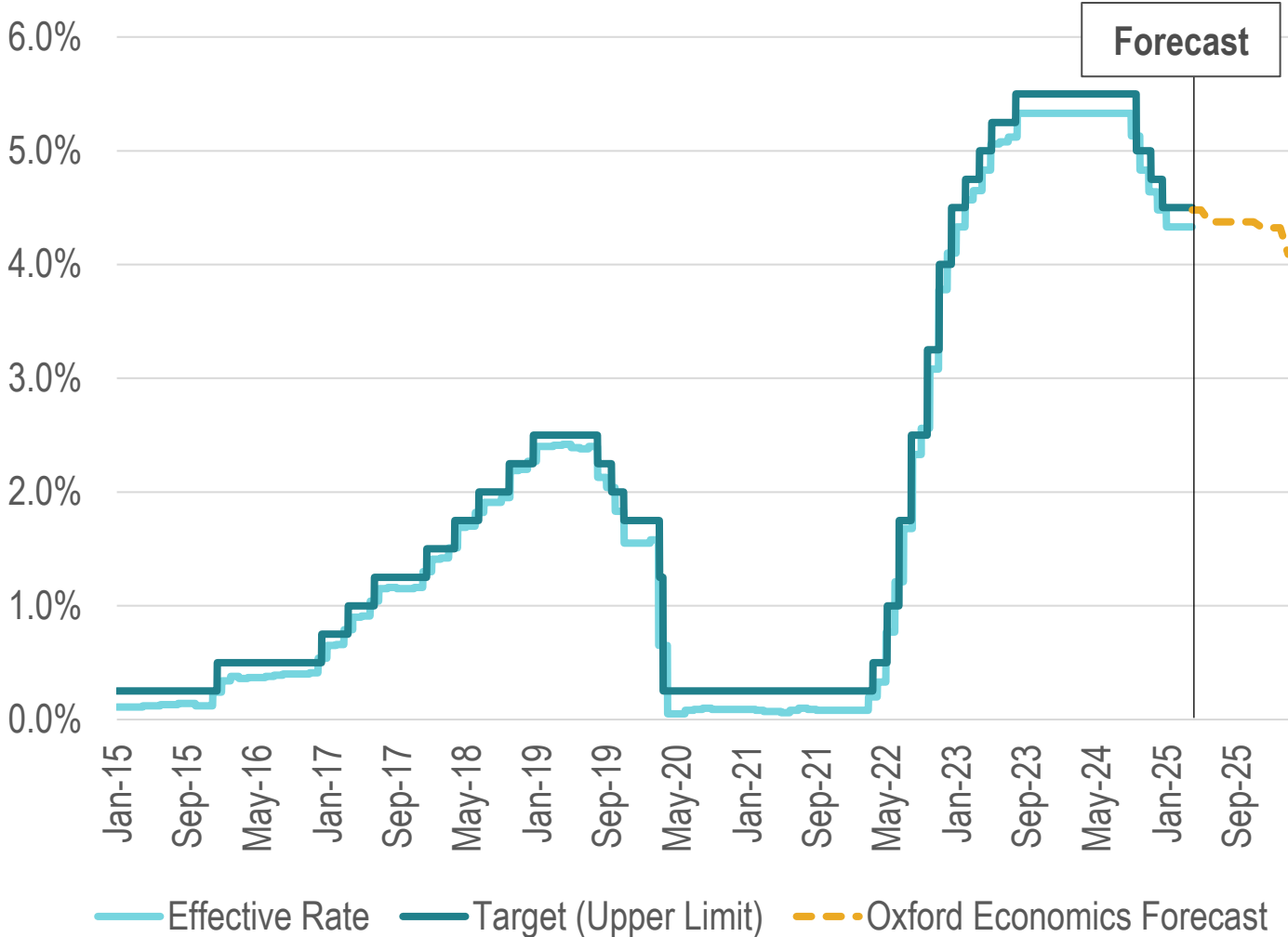
10-Year UST Forecasts Are Volatile but the Rate Is Expected to Remain Above 4%

The Fed Held Rates Steady in March; Risks Look Tilted Toward Higher-for-Longer with Tariff Policy Changes

10-Year US Treasury Yield and Forecasts

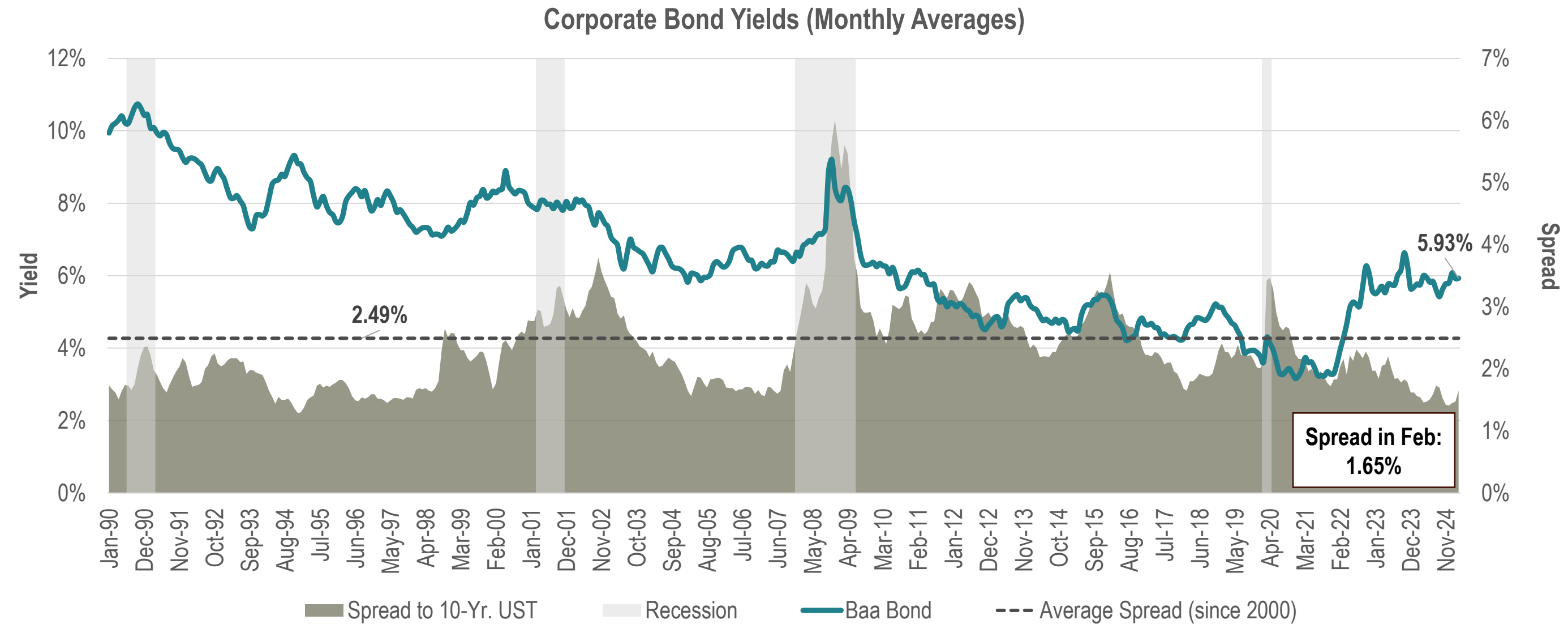


Federal Funds Rate



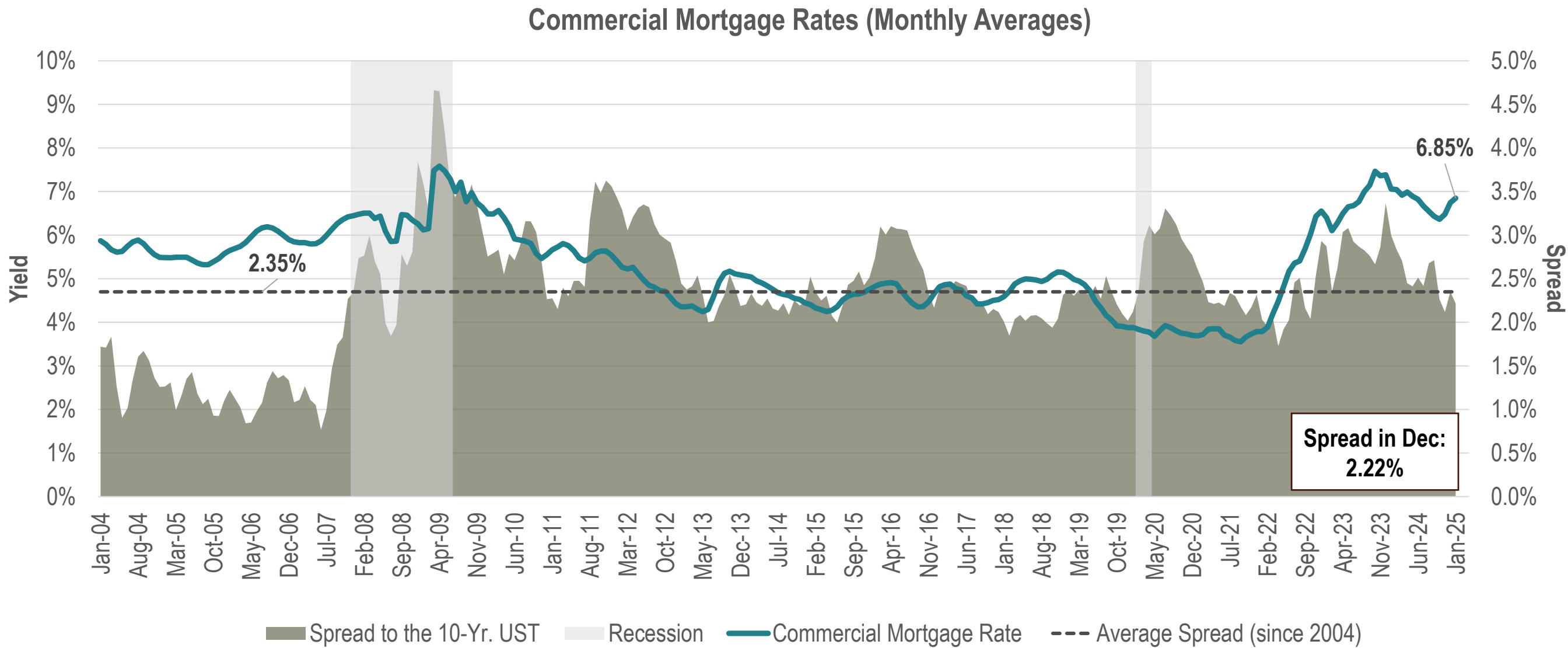
Baa Corporate Bond Yields Held Steady in March

The Spread to the 10-Year UST Expanded 18 bps as 10-Year Yields Fell



Average Commercial Mortgage Rates Rose 10 bps to 6.85% in January

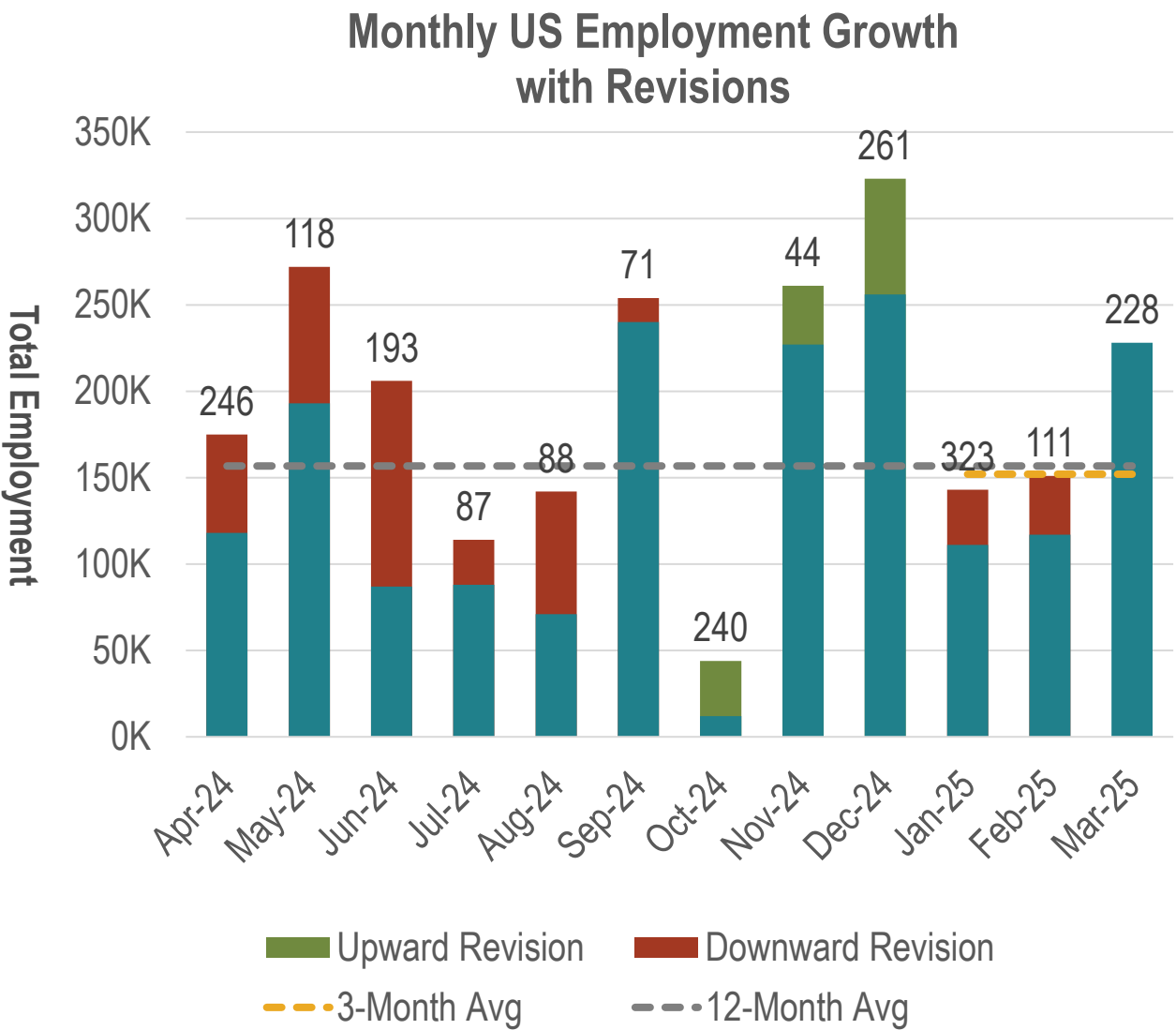
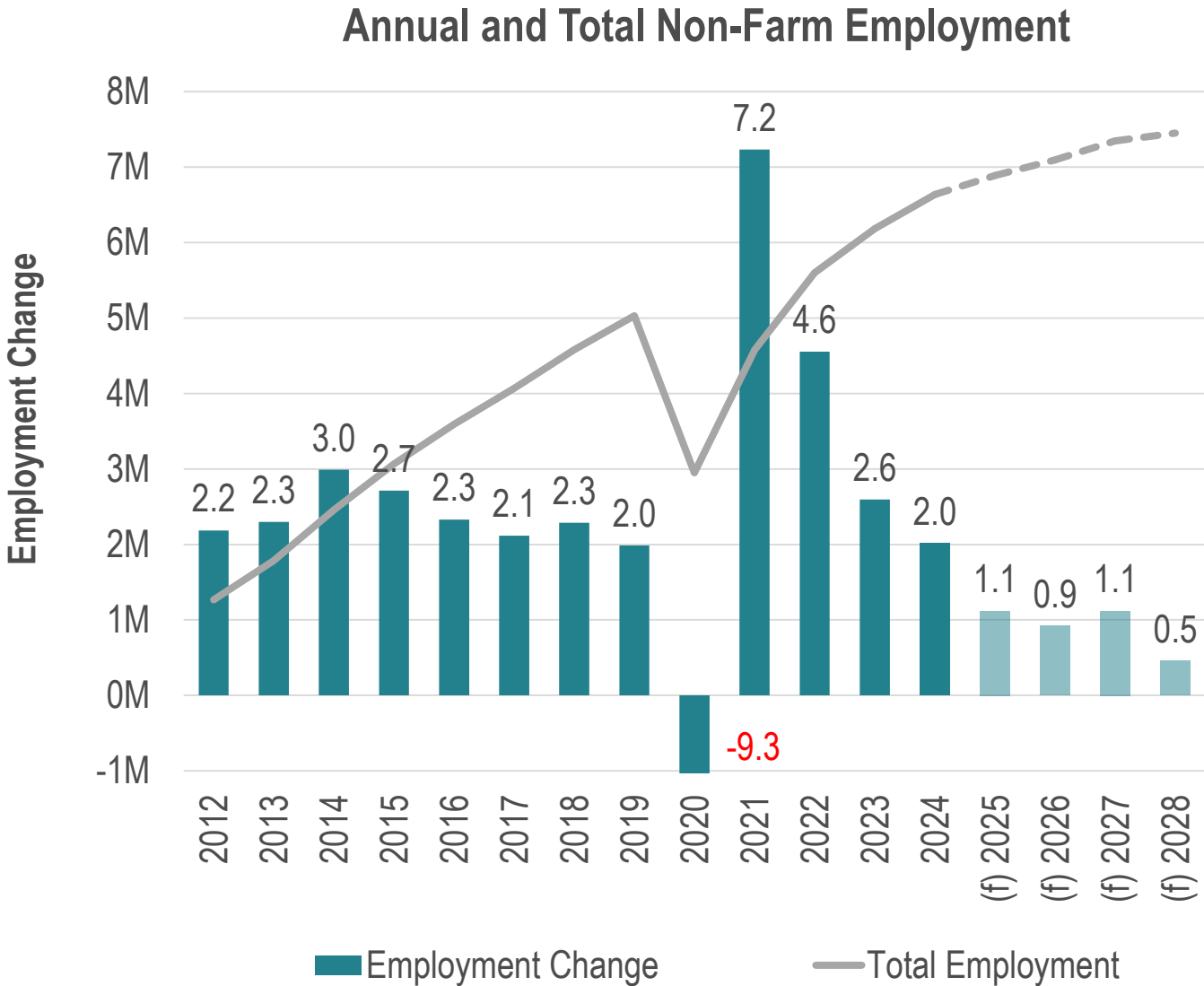
The Spread to the 10-Year UST Yield Compressed 14 bps MoM, Modestly Below the Long-term Average



Employment

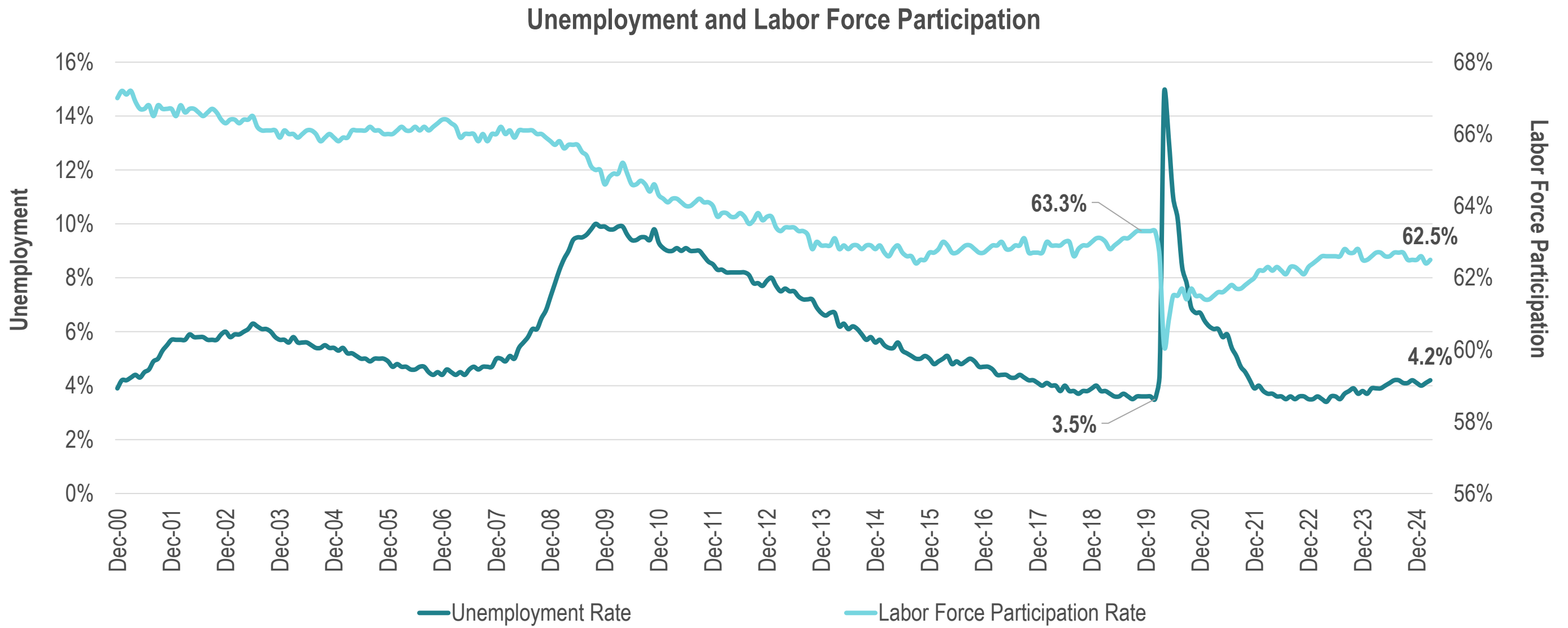
The Economy Outperformed Expectations, Adding 228K Jobs in March

Labor Market Is Forecast to Cool in the Medium Term as Tariffs and Government Layoffs Take Effect



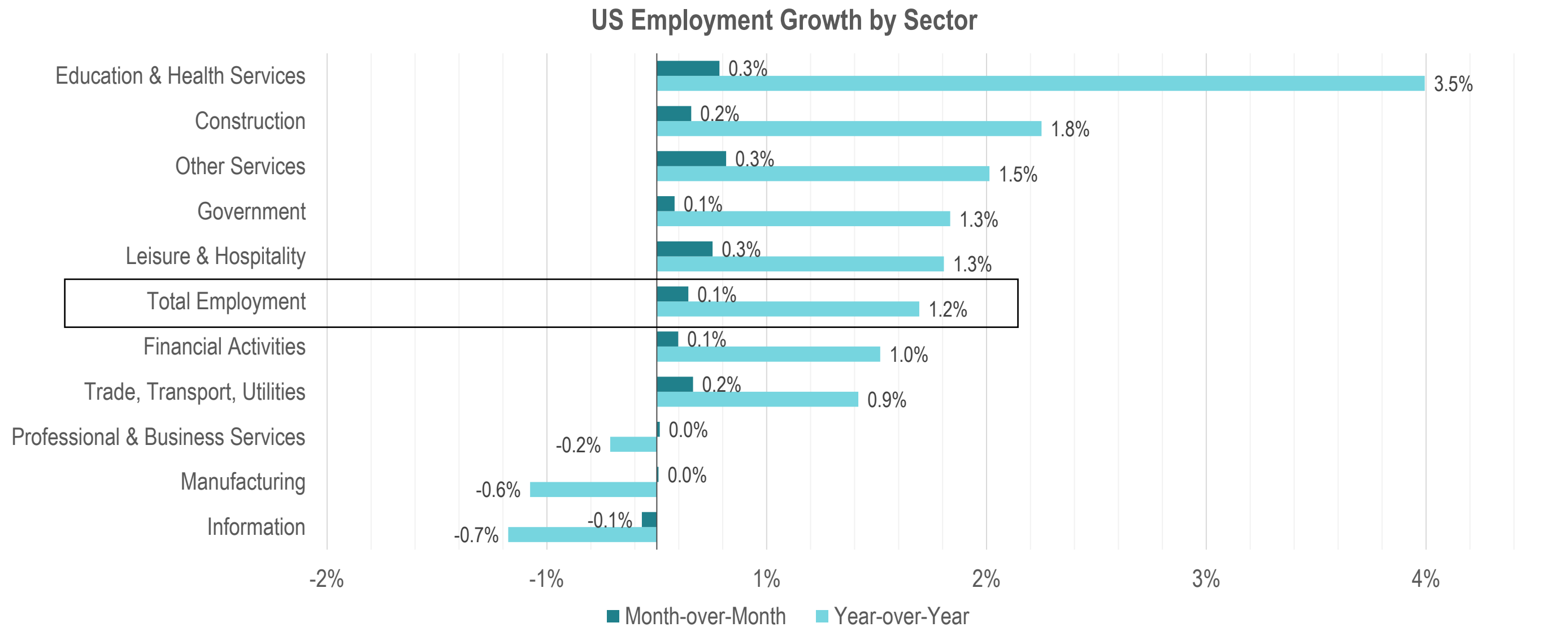
Unemployment Rate Rose 10 bps to 4.2%, Still Indicating a Healthy Labor Market

Labor Force Participation Rate Increased 10 bps MoM to 62.5%



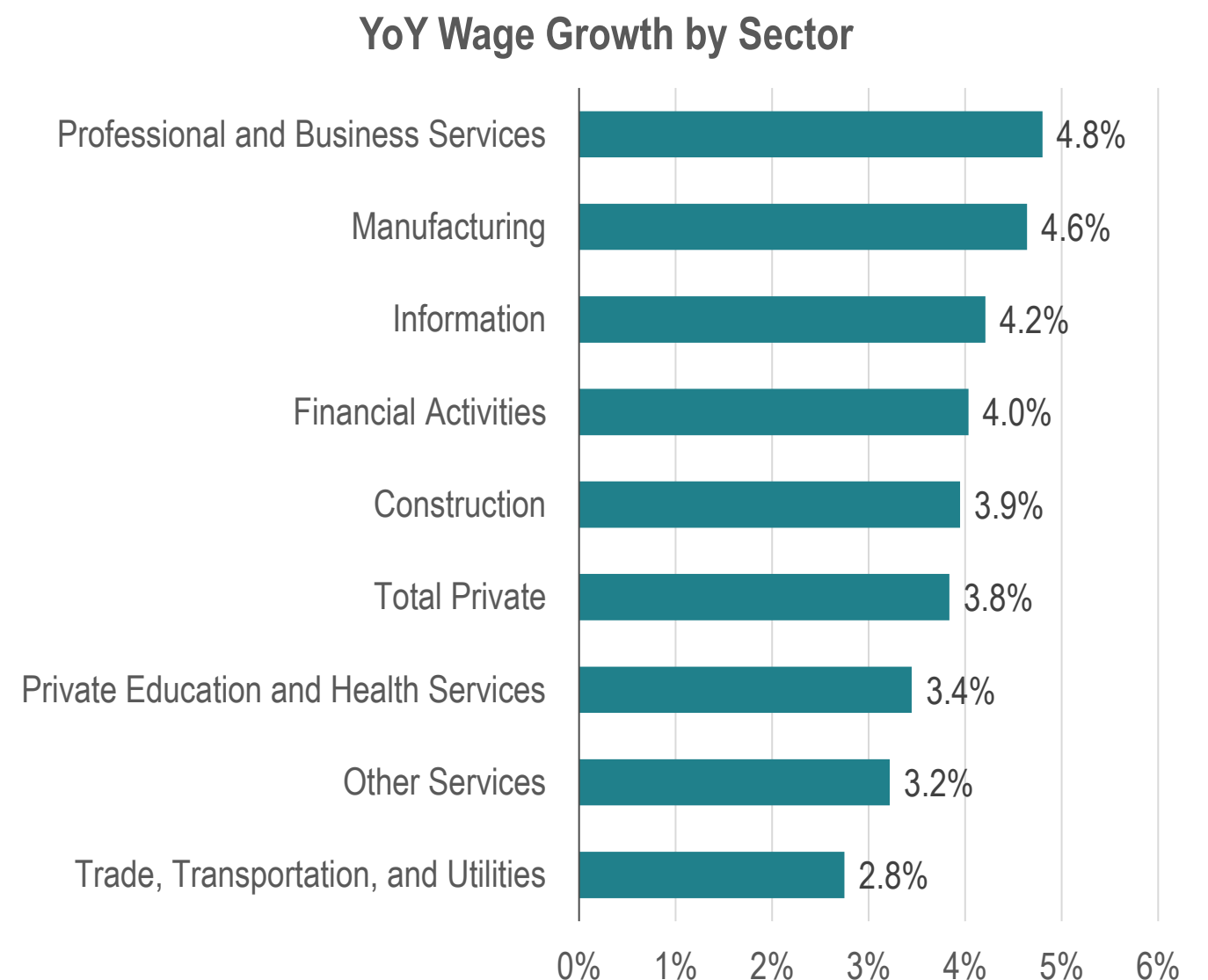
Education & Health Services Led Annual and Monthly Employment Growth

Information Recorded Job Losses Both MoM and YoY



Wage Growth Edged Down Annually but Rose Over the Last Three Months

Information Saw Strong Wage Growth Despite Job Losses Over the Last Year



Strong Employment Growth Forecast in Sunbelt, Seattle, and SF Bay Area

Weak Job Growth Expected in Several Gateway and Midwest Markets

30 Largest Employment Markets

	Employment Change	
	February 2024 - February 2025	2025 - 2029 Forecast (CAGR)
Austin	1.4%	1.4%
Orlando	2.0%	1.0%
Dallas-Fort Worth	1.3%	1.0%
Phoenix	-0.3%	1.0%
Inland Empire	0.3%	1.0%
Charlotte	1.8%	0.9%
Seattle	1.0%	0.9%
Denver	-0.3%	0.8%
San Antonio	1.8%	0.8%
Nashville	0.5%	0.8%
Atlanta	0.7%	0.7%
Houston	1.2%	0.7%
Tampa	0.8%	0.7%
SF/Oakland	-0.7%	0.6%
Miami	1.1%	0.6%
Portland	-0.2%	0.6%
Indianapolis	0.1%	0.6%

	Employment Change	
	February 2024 - February 2025	2025 - 2029 Forecast (CAGR)
Columbus	0.3%	0.5%
San Diego	0.6%	0.5%
Los Angeles	-0.1%	0.5%
Boston	-0.1%	0.5%
Minneapolis	0.8%	0.5%
New York	1.2%	0.4%
Philadelphia	0.9%	0.3%
Baltimore	-0.3%	0.3%
Saint Louis	-0.1%	0.2%
Detroit	0.7%	0.2%
Chicago	0.6%	0.2%
Washington DC	0.7%	0.1%
Pittsburgh	0.5%	0.1%

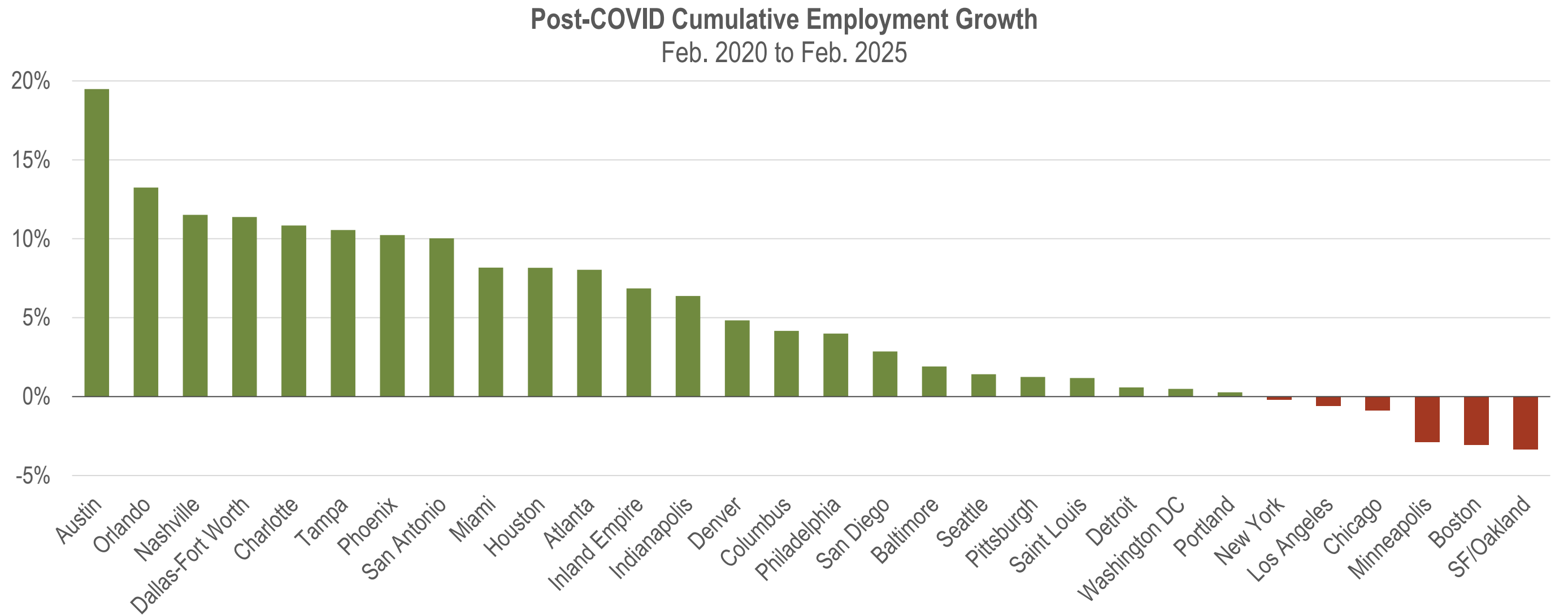
Midwest Markets
Gateway Markets
Sunbelt Markets

The information contained in this report is confidential, may be legally privileged, and is intended only for the use of select clients of RCLCO Fund Advisors.

Data are as of February 2025.
Note: The table shows the 30 largest markets by nonfarm employment; MSA employment data release one month in arrears.
Source: U.S. Bureau of Labor Statistics; Oxford Economics

Sunbelt Markets Have Dominated Post-COVID Employment Growth

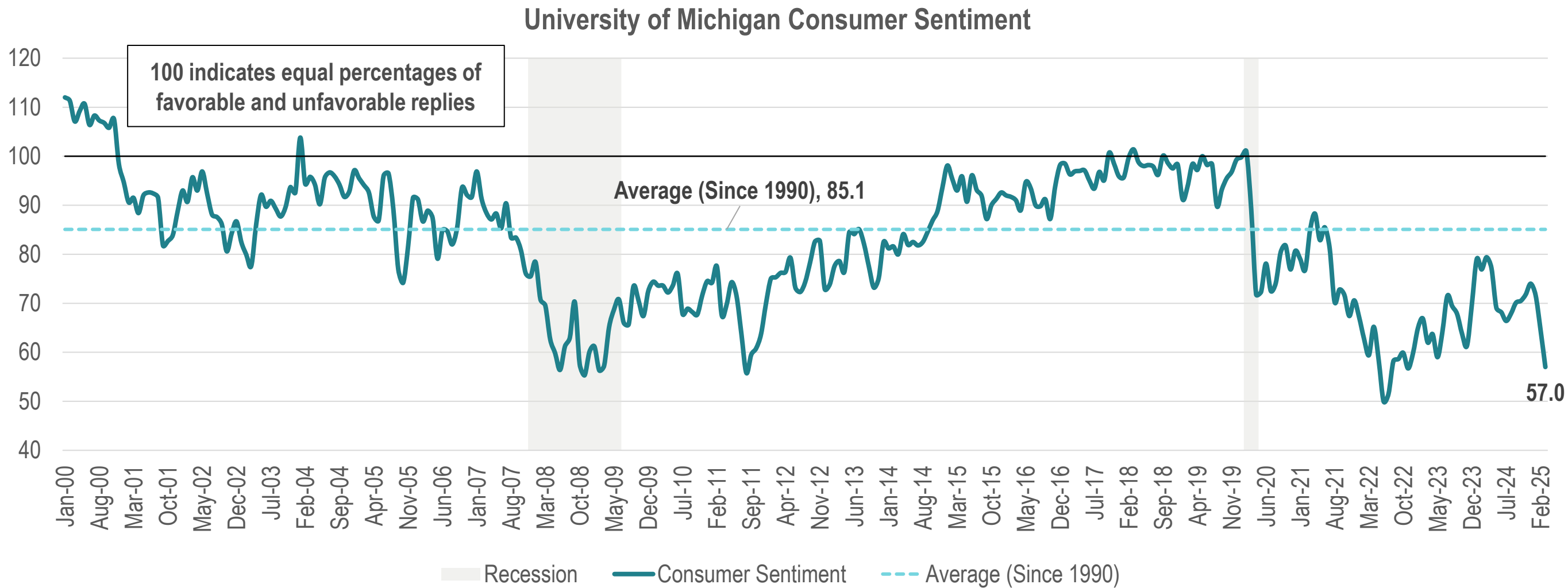
Most Gateway Markets Remain Below Their Pre-COVID Employment Levels



Sentiment & Retail Sales

Consumer Sentiment Fell for a Third Consecutive Month in March

Consumers Remained Concerned About the Risk of Rising Unemployment and a Resurgence of Inflation



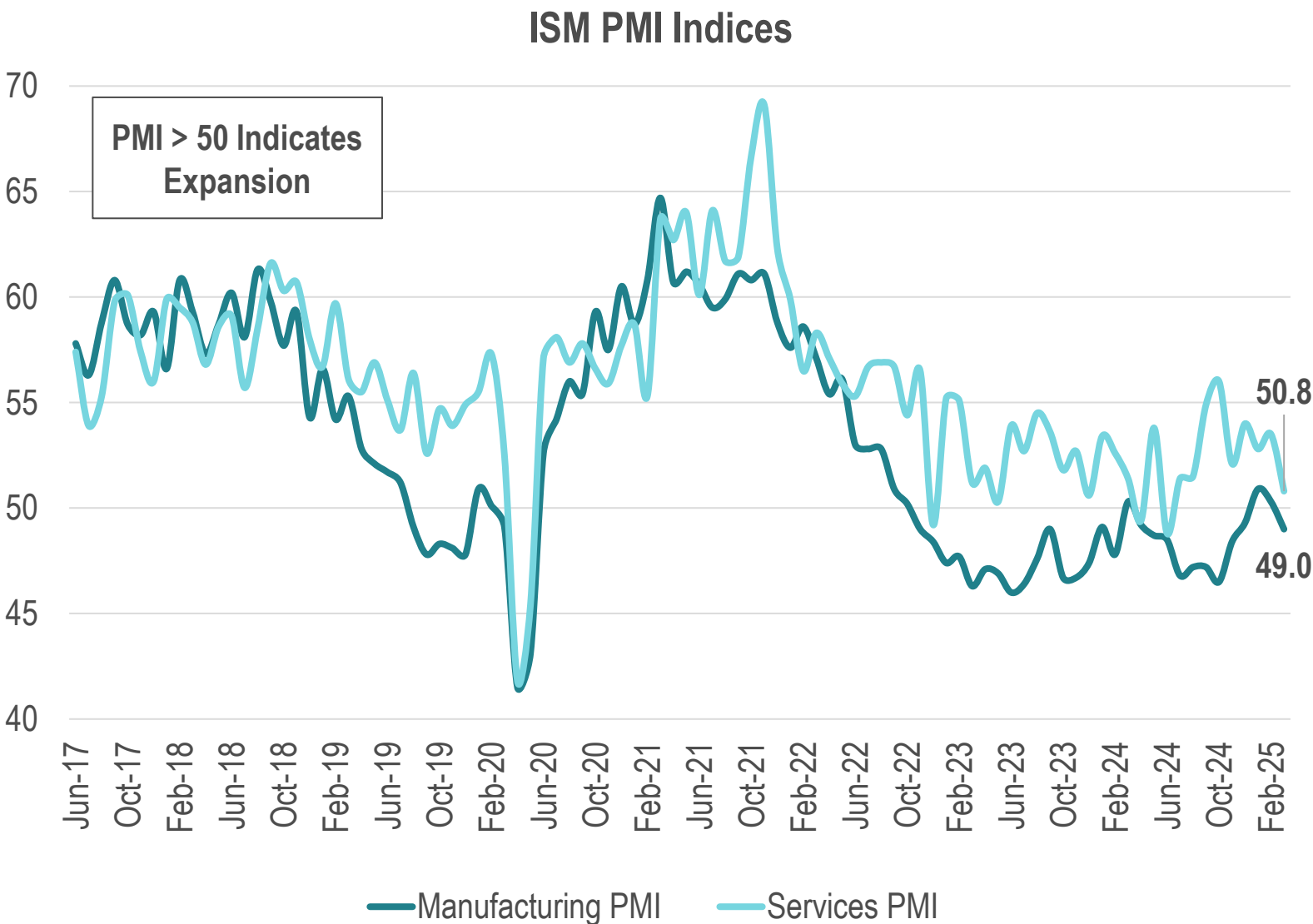
Data are as of March 2025.

Note: The University of Michigan's Index of Consumer Sentiment is a composite index that measures consumers' outlook on economic and financial conditions; it is based on five survey questions and is calculated by computing the percent of respondents giving favorable replies minus the percent giving unfavorable replies plus 100; scores below 100 indicate that more than 50% of replies were unfavorable while scores above 100 indicate that more than 50% of replies were favorable; the two subindices are the Index of Current Economic Conditions and the Index of Consumer Expectations which measures consumers' expectations for the year ahead.

Source: University of Michigan; Federal Reserve Bank of St. Louis

Services PMI Fell Notably in March but Remained in Expansion

Manufacturing PMI Also Declined and Fell into Contraction After Two Months of Expansion

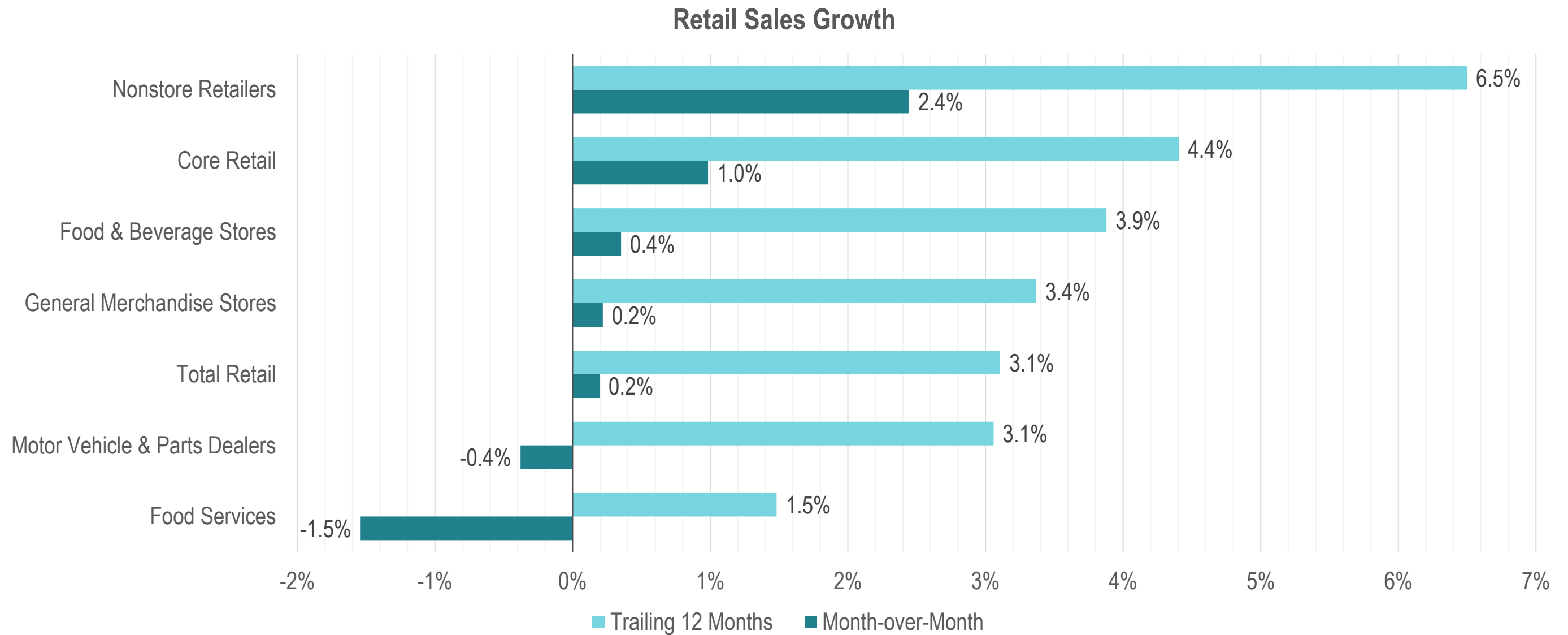


Manufacturing PMI Components	Series Index Mar.	Series Index Feb.	MoM Change	Weight
New Orders	45.2	48.6	-3.4	20%
Production	48.3	50.7	-2.4	20%
Employment	44.7	47.6	-2.9	20%
Supplier Deliveries	53.5	54.5	-1	20%
Inventories	53.4	49.9	3.5	20%

Services PMI Components	Series Index Mar.	Series Index Feb.	MoM Change	Weight
Business Activity	55.9	54.4	1.5	25%
New Orders	50.4	52.2	-1.8	25%
Employment	46.2	53.9	-7.7	25%
Supplier Deliveries	50.6	53.4	-2.8	25%

Monthly Total and Core Retail Sales Rose in February and Were Up YoY

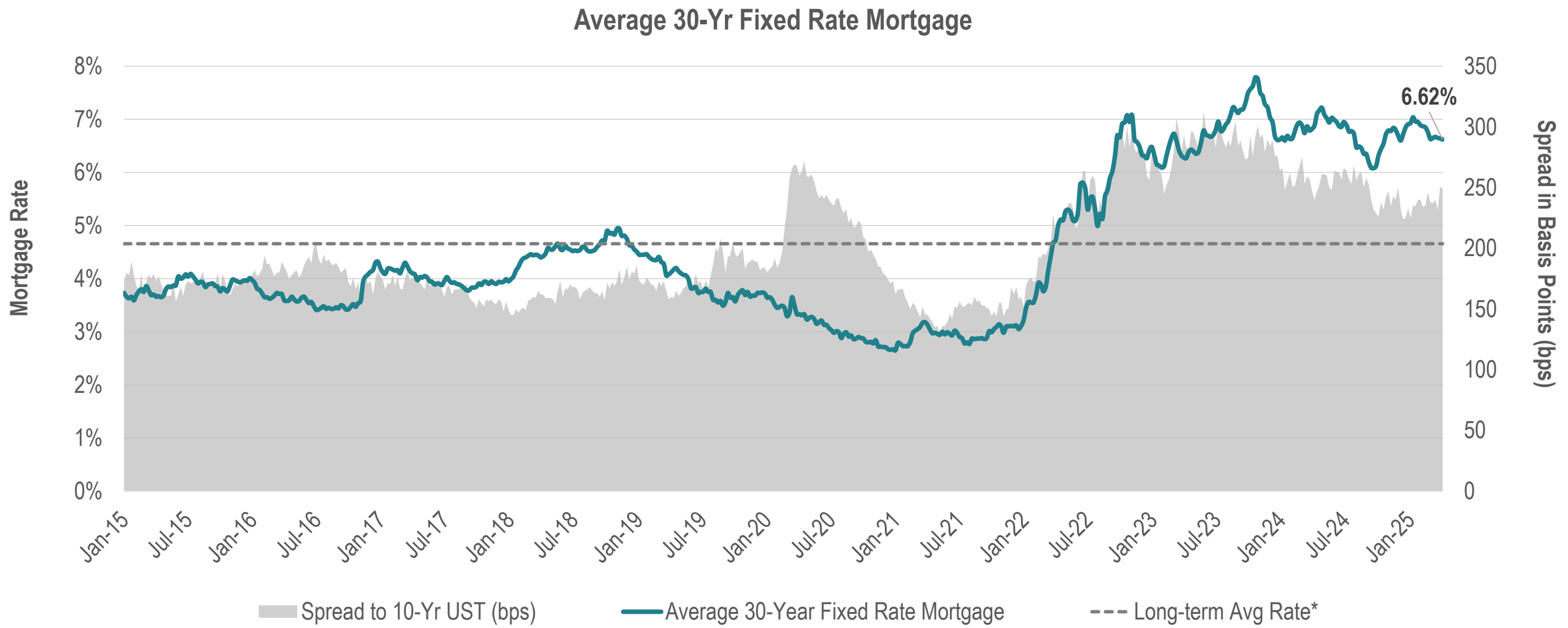
Food Services Sales Declined Notably in February but Remained Up Over the Last Year



Housing

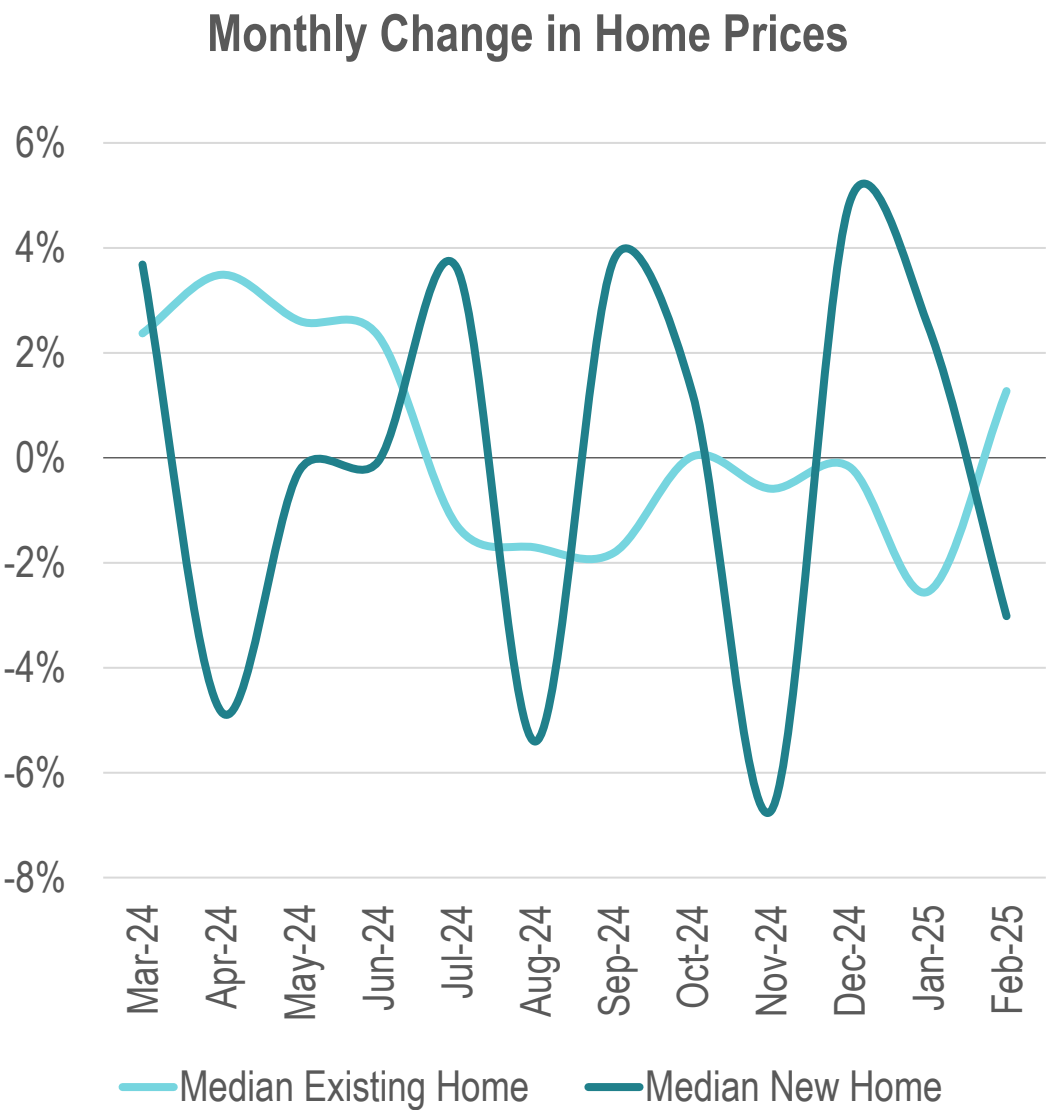
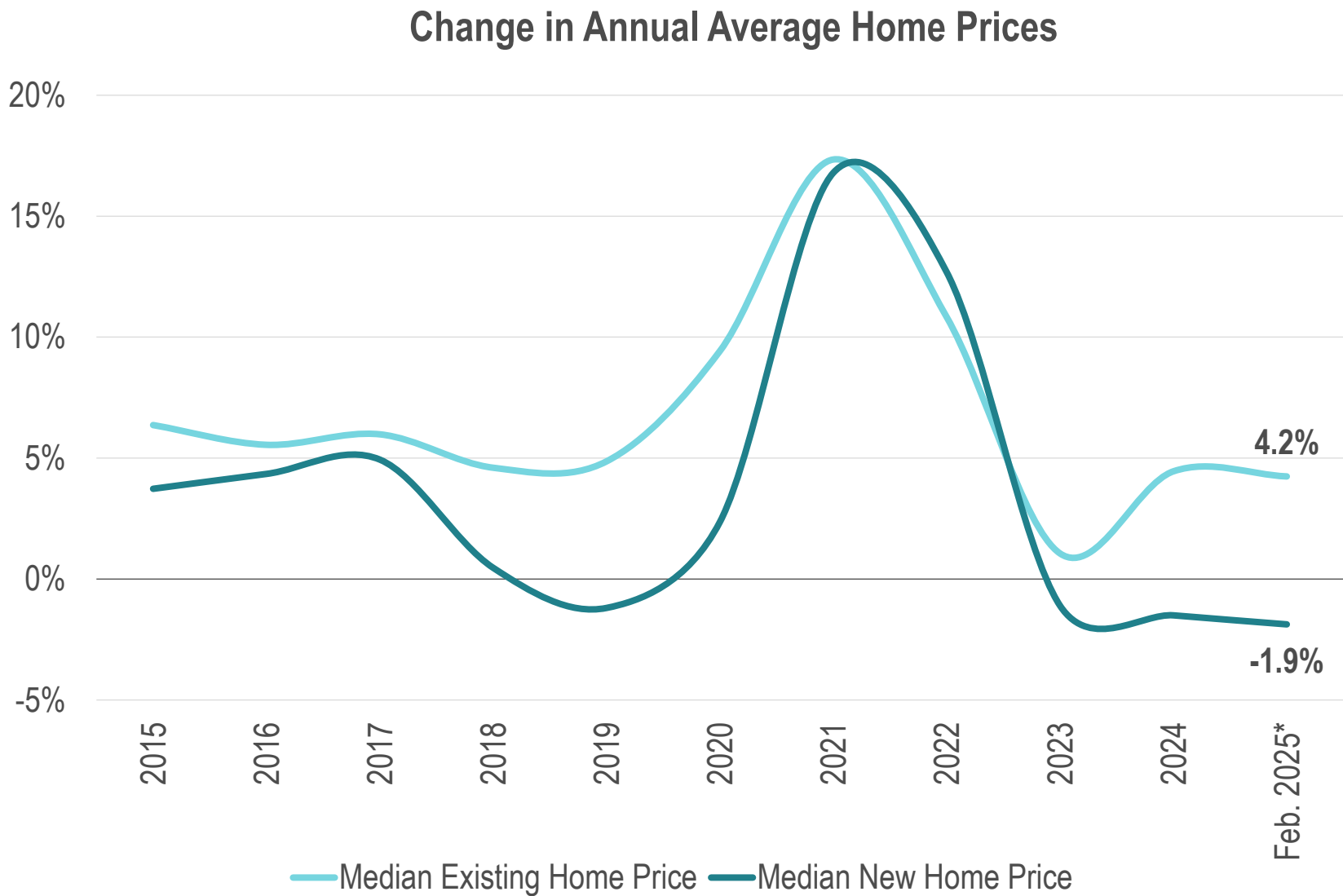
30-Year Mortgage Rate Remained Elevated at ~6.6% in March

The Spread to the 10-Year US Treasury Yield Remained Steady, About 60 bps Above the Long-term Average



Annual New Home Prices Fell 1.9% while Existing Home Prices Rose 4.2%

Existing Home Prices Rose MoM in February; New Home Price Changes Have Been Volatile Over the Last Year



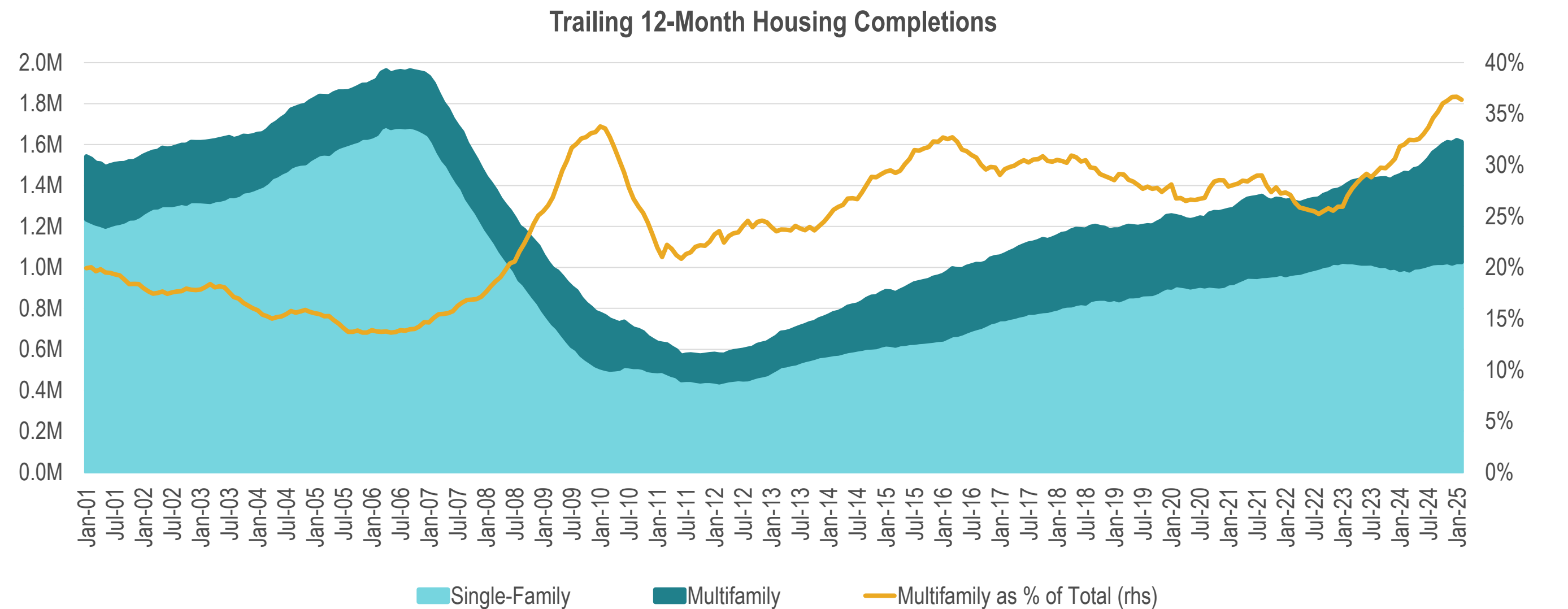
Monthly Existing and New Home Sales Rose by 4.2% and 1.8%, Respectively

Supply of Housing Held steady for Both Existing and New Homes in February



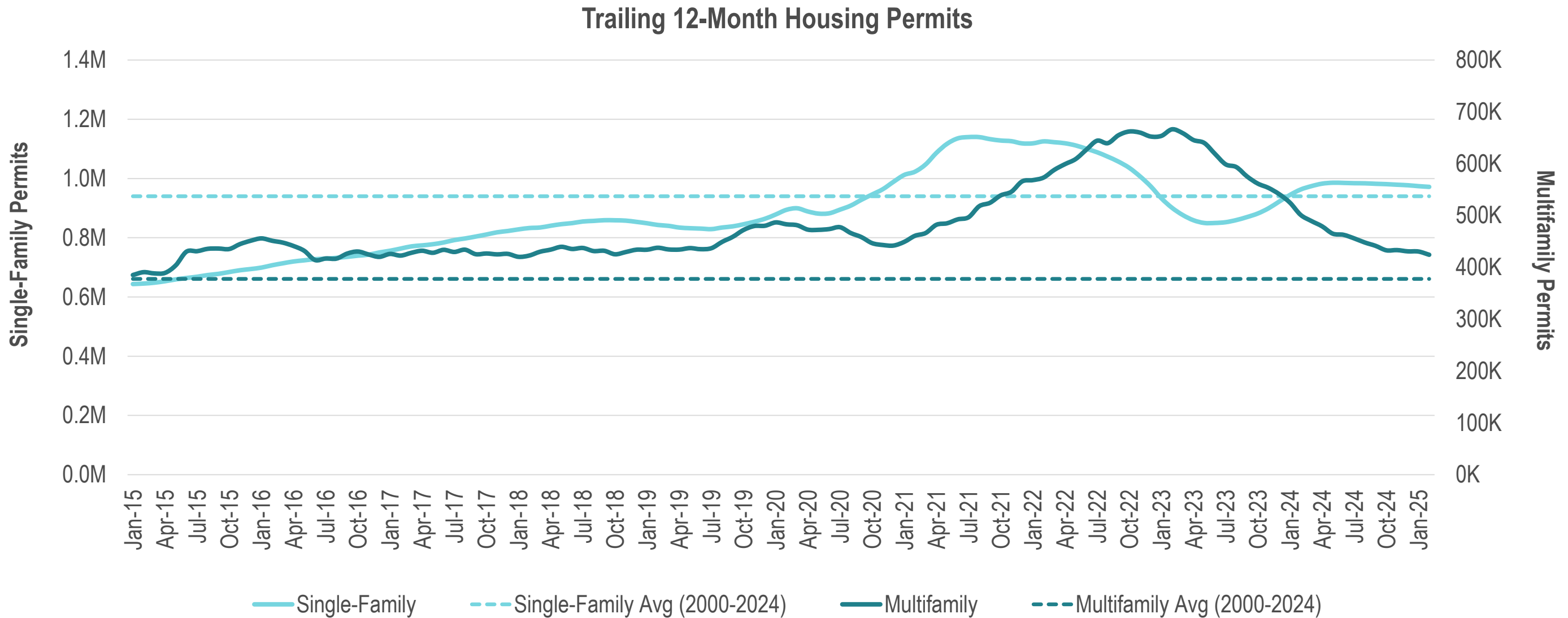
Total Housing Completions Edged Down 0.6% MoM but Were Up 10.3% YoY

Multifamily's Share of Total Completions Contracted Slightly to Near 36%



Trailing 12-Month Permits Declined for Both Multifamily and Single-Family

Both Multifamily and Single-Family Remained Slightly Above their Long-term Averages



Disclaimers

Disclosures

RFA is a SEC registered investment advisor, collectively hereinafter (“RFA”). The information provided by RFA (or any portion thereof) may not be copied or distributed without RFA’s prior written approval. All statements are current as of the date written and does not constitute an offer or solicitation to any person in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it would be unlawful to make such offer or solicitation.

Research & Outlook Disclosure

This information was produced by and the opinions expressed are those of RFA as of the date of writing and are subject to change. Any research is based on RFA’s proprietary research and analysis of global markets and investing. The information and/or analysis presented have been compiled or arrived at from sources believed to be reliable; however, RFA does not make any representation as their accuracy or completeness and does not accept liability for any loss arising from the use hereof. Some internally generated information may be considered theoretical in nature and is subject to inherent limitations associated therein. There are no material changes to the conditions, objectives or investment strategies of the model portfolios for the period portrayed. Any sectors or allocations referenced may or may not be represented in portfolios of clients of RFA, and do not represent all of the securities purchased, sold or recommended for client accounts.

Due to differences in actual account allocations, account opening date, timing of cash flow in or out of the account, rebalancing frequency, and various other transaction-based or market factors, a client’s actual return may be materially different than those portrayed in the model results. The reader should not assume that any investments in sectors and markets identified or described were or will be profitable. Investing entails risks, including possible loss of principal. The use of tools cannot guarantee performance. Past performance is no guarantee of future results. The information provided may contain projections or other forward-looking statements regarding future events, targets or expectations, and is only current as of the date indicated. There is no assurance that such events or targets will be achieved, and may be significantly different than that shown here. The information presented, including statements concerning financial market trends, is based on current market conditions, which will fluctuate and may be superseded by subsequent market events or for other reasons.

Market indices are included in this report only as context reflecting general market results during the period. RFA may trade in securities or invest in other asset classes that are not represented by such market indexes and may have concentrations in a number of securities and in asset classes not included in such indexes. Accordingly, no representations are made that the performance or volatility of the model allocations will track or reflect any particular index. Market index performance calculations are gross of management and performance incentive fees.

The charts depicted within this presentation are for illustrative purposes only and are not indicative of future performance.



Contacts

Bill Maher

Director, Strategy & Research

P: (301) 455-5295

E: WMAHER@RCLCO.COM

Scot Bommarito

Vice President, Research

P: (323) 489-3264

E: SBOMMARITO@RCLCO.COM

Nolan Eyre

Research Associate

P: (618) 944-1163

E: NEYRE@RCLCO.COM

