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MAIN MANAGEMENT MARKET NOTE:

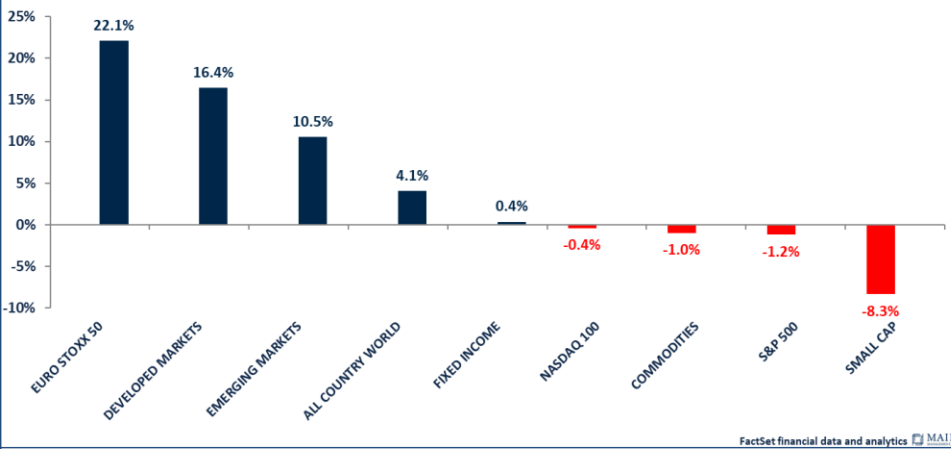
May 23, 2025

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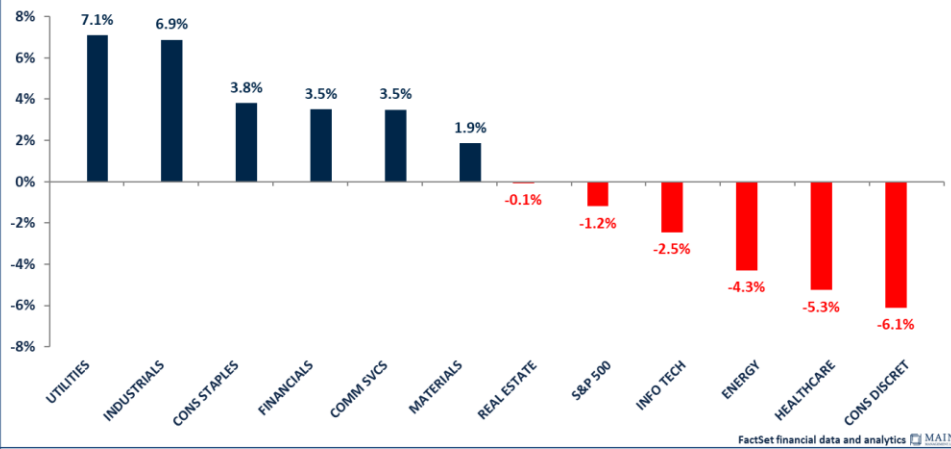
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Performance

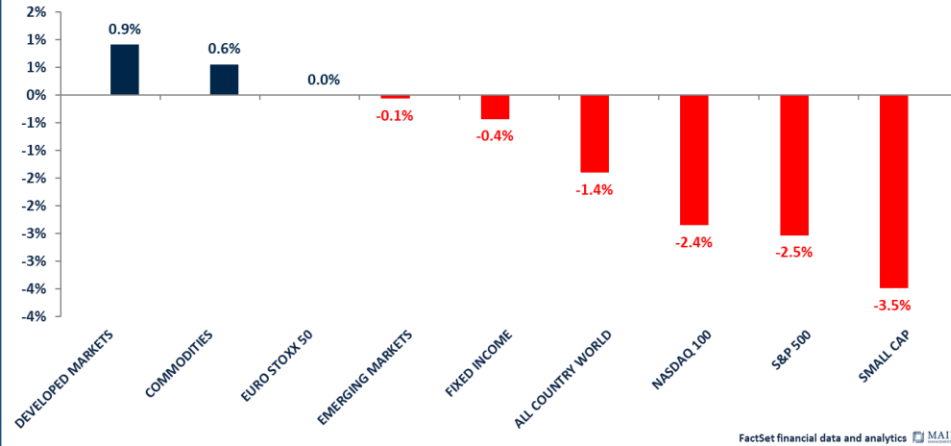
YTD 2025 ETF BROAD INDEX PRICE PERFORMANCE THROUGH MAY 23



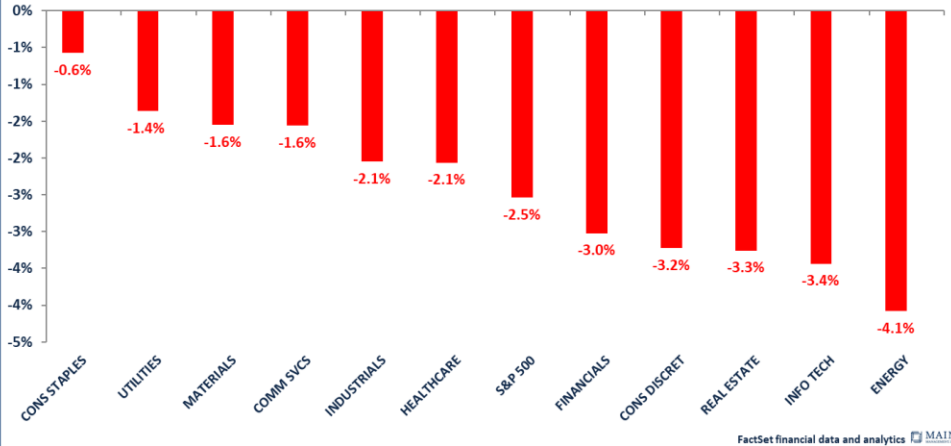
YTD 2025 ETF SECTOR PRICE PERFORMANCE THROUGH MAY 23



ETF BROAD INDEX PRICE PERFORMANCE TRAILING WEEK ENDED MAY 23



ETF SECTOR PRICE PERFORMANCE TRAILING WEEK ENDED MAY 23



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	↑	↑	↔	↔	↑	↔	↑	↔	↔
MAY 2025	↔	↔	↔*	↔	↔	↔	↓	↔	↑
LAST CHANGE	GREEN DEC '24	GREEN APR '25	RED MAR '23	GREEN DEC '24	GREEN APR '25	RED JAN '25	BLUE SEP '22	GREEN APR '25	BLUE DEC '24

↑	Positive	↔	Neutral	↓	Negative
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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, AAI 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.

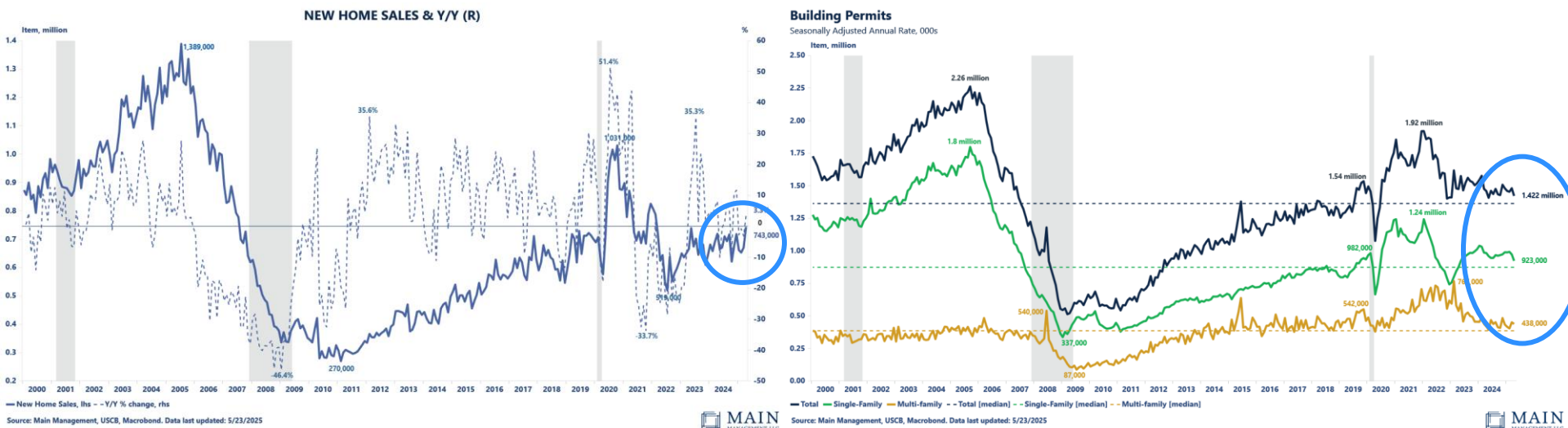
Existing Home Sales

Existing Home Sales slowed to 4.0mil units SAAR in April (left), below forecasts for a 4.1mil unit reading. They're down -2.0% from a year ago and continue to be stymied by elevated inventories and mortgage rates. Speaking of inventories (right), the Existing Housing Inventory hit 1.45mil units, the most since September 2020! It's up +20.8% from a year ago. Homes are clearly sitting on the market as buyers wait for mortgage rates and prices to come down.



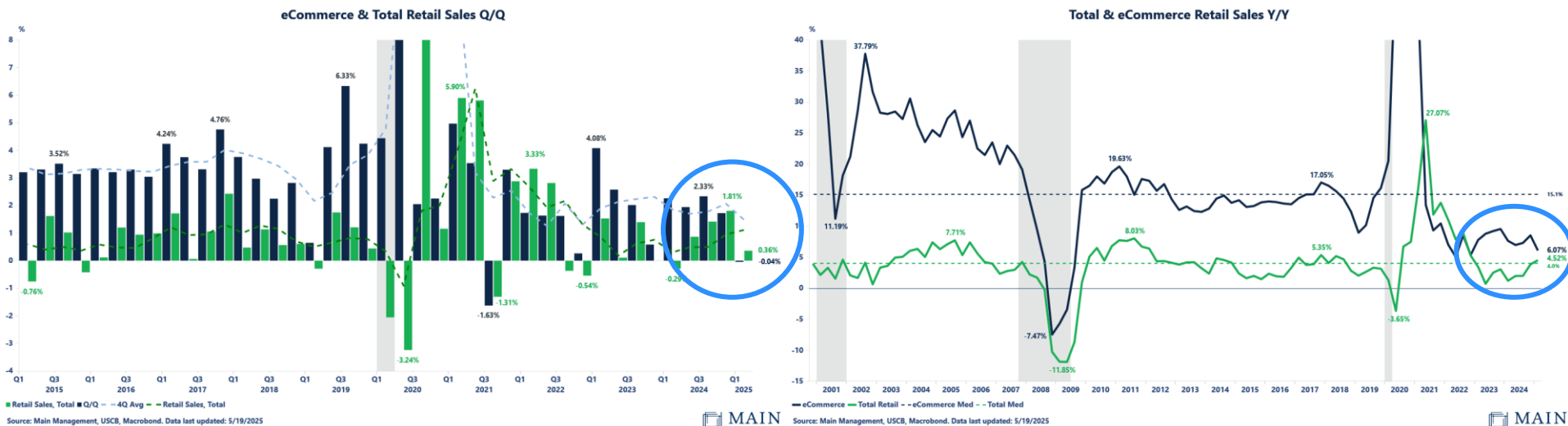
New Homes & Permits

On the other hand, New Home Sales (left) unexpectedly jumped to 743k units, solidly above forecasts for a 692k reading and the strongest since Feb. 2022! Most of the rise is attributed to builder incentives aimed at helping affordability challenges which aren't as easy to come by in the existing housing market. The final reading for Permits (right) was revised up slightly to 1.422mil from 1.412mil in the preliminary reading. However, Single Family Permits were only revised up by 1k to 923k and are at their lowest level since May 2023, falling -5% M/M in April.



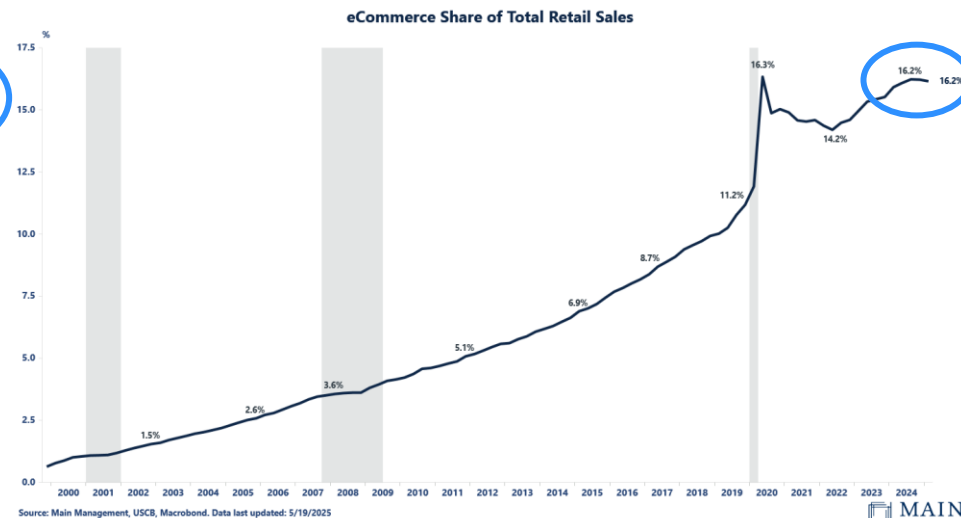
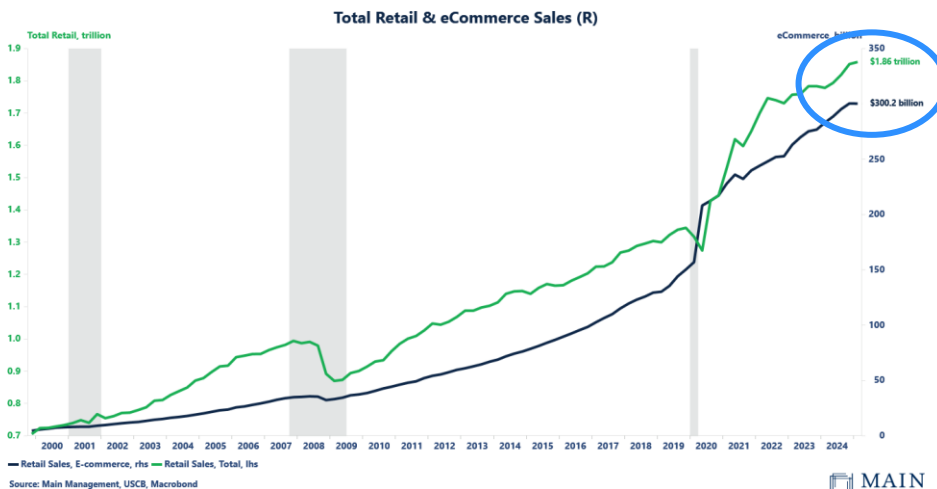
Q1 eCommerce Sales

Q1 2025 eCommerce Retail Sales ticked down -0.04% Q/Q (left), only the 4th quarterly decline since the data started back in 1999! On the other hand, Total Retail Sales posted their 4th consecutive Q/Q gain, up +0.36%. The biggest Y/Y gainers from the April Retail Sales report were Autos, Healthcare & Personal Stores, and Bars & Restaurants, all of which lend themselves to in-person experiences rather than buying online, as appears to be reflected in this quarterly report. On a Y/Y basis (right), eCommerce Sales decelerated to +6.07% while Total Retail rose to +4.52%.



eCommerce vs Total Retail

Despite the recent slowdown in eCommerce Sales, perspective is important. eCommerce Sales started being tracked in Q4 1999 (left) and their CAGR since then is a staggering 17.9%. Total Retail Sales have only grown at a 1.9% CAGR over that time. However, after seeing a massive acceleration around covid, eCommerce gains have moderated of late, stalling out around 16.2% of Total Retail Sales (right). They got as high as 16.3% in Q2 2020 and were until recently on track to surpass that, but it appears we'll have to wait a bit longer.

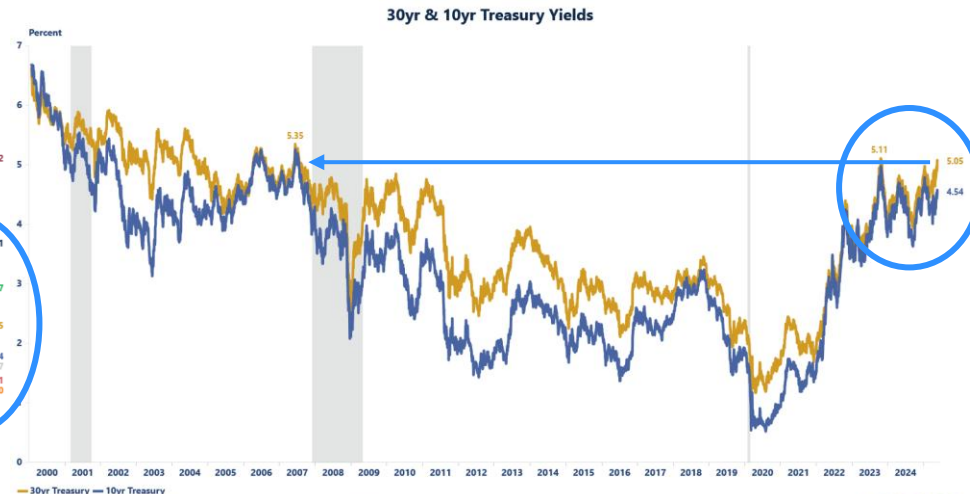
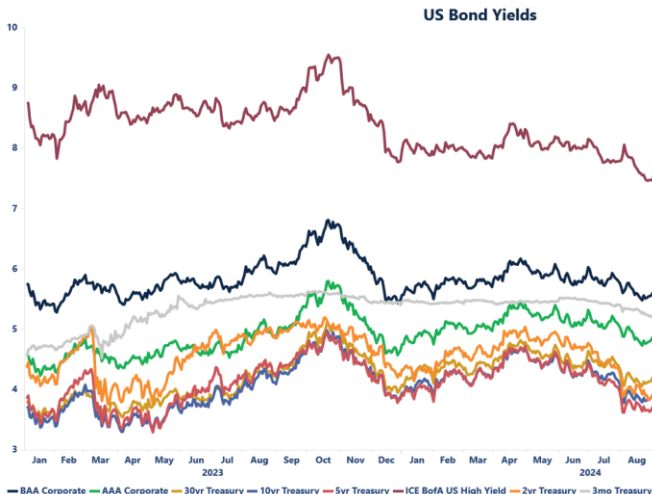


U.S. Debt Downgrade

Moody's finally got around to downgrading U.S. Government Debt this week, only 14 years after S&P did so back in August 2011 and 2 years after Fitch in August 2023. Markets largely shrugged off the news as it wasn't really anything particularly novel, given the prior downgrades. The higher-level concern is that the downgrade can result in higher borrowing costs across the economy, resulting in slower growth. Worries about the debt ceiling have been the common denominator across all 3 downgrades... Not sure why it took Moody's so long to get with the program, though. You can see the upward response in the U.S. 5yr Sovereign Credit Default Swaps (CDS), indicating a higher perceived risk of default.

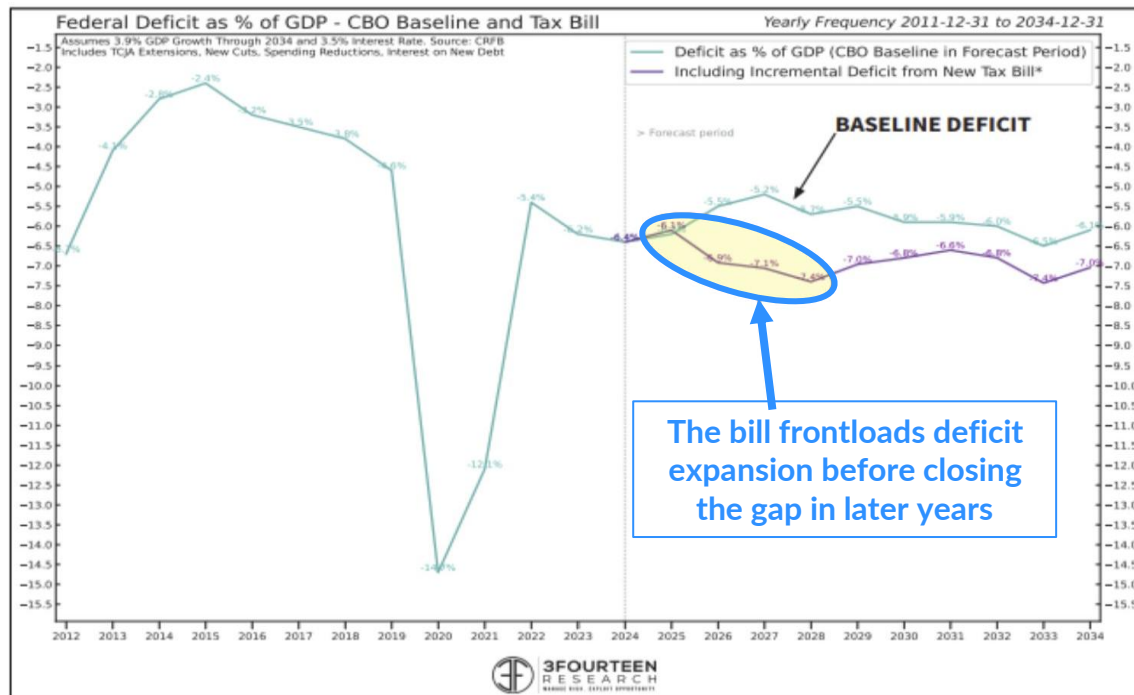


Yields have mostly been in a steady uptrend so far in May (left) but didn't really respond in any big way to the downgrade announcement. However, they did jump intraday on the passing of The Big, Beautiful Bill before retreating a bit. The 30yr Treasury yield got up to 5.15%, nearing its highest level since 2007 (behind only late 2023)! The 10yr has been moving higher, too, but still has a little ways to go before it breaks out above its recent peak, which was in late 2023 as well.



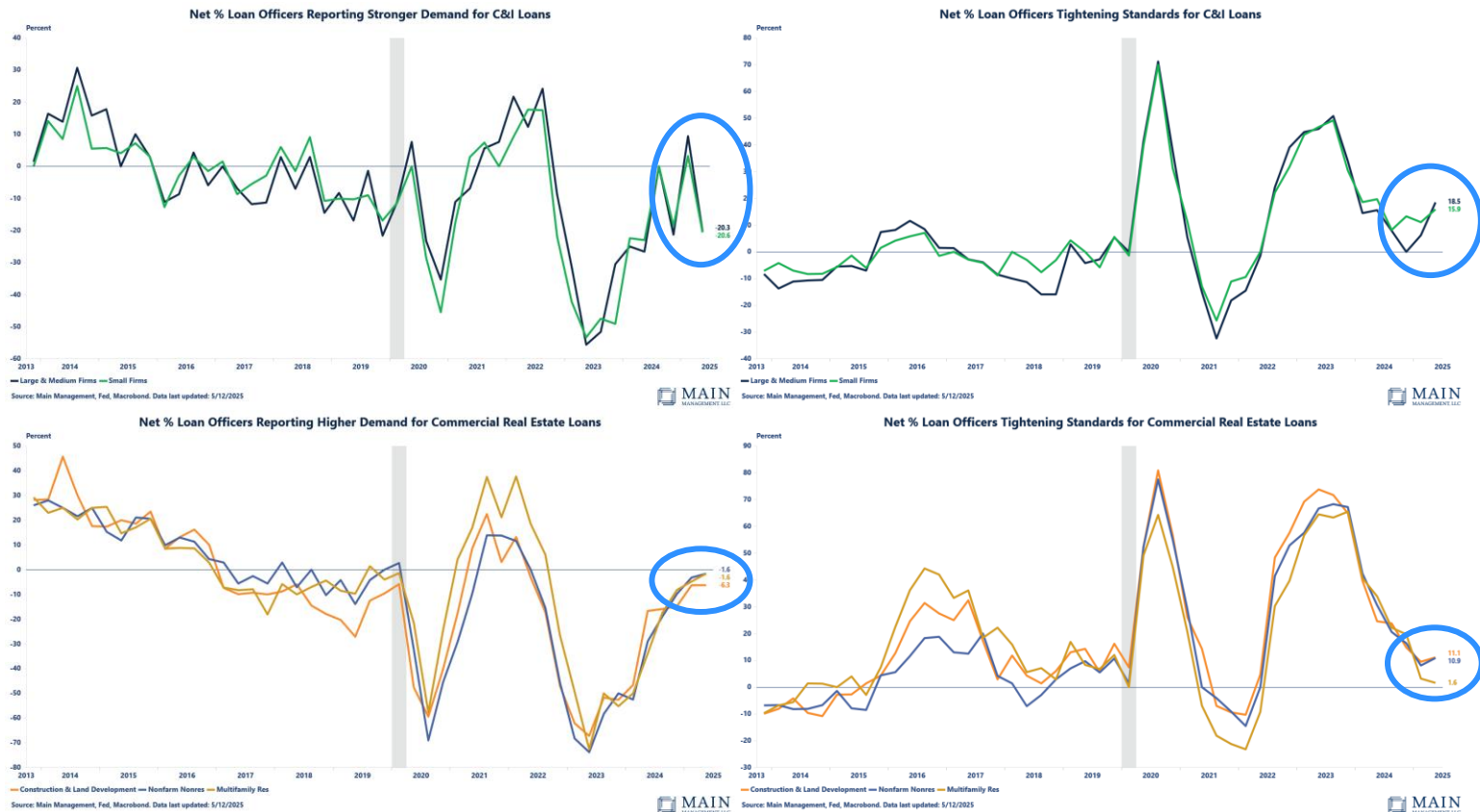
The Big, Beautiful Bill

The Big, Beautiful Tax Bill passed in the House by a very narrow margin this week. Now it will move to the Senate. According to Congressional Budget Office (CBO) estimates, the bill would add roughly \$2.3 trillion to the national debt over the next 10 years. The Committee for a Responsible Federal Budget (CRFB) estimates an increase of \$3.3t to \$5.3t over the same period, depending on whether temporary tax cuts (e.g., no taxes on tips/overtime) are extended beyond their initial 4-year duration. If extended for a full decade, the cost could reach \$5.7t or more. The bill front-loads deficit expansion, as seen below, before narrowing.



Loan Officer Survey

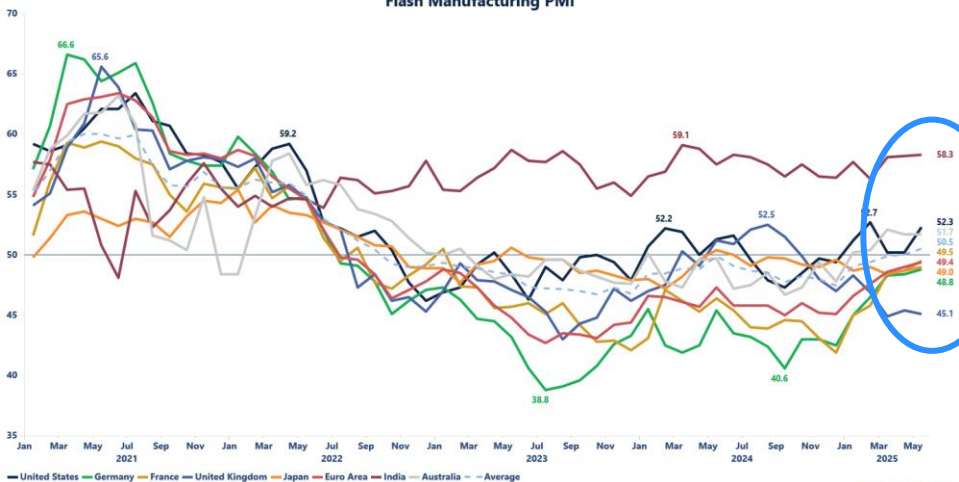
The Q1 2025 Senior Loan Officer Opinion Survey showed that demand for Commercial & Industrial Loans weakened (top left) while standards tightened (top right). For Commercial Real Estate Loans, demand is improving but remains net negative (bottom left) while standards were slightly tighter on the whole (bottom right).



Flash PMIs

Manufacturing flash PMIs (left) moved mostly higher, with the U.S. rising to 52.3, beating forecasts for a 50.1 reading. The UK was the only flash figure to decline, while France, Germany, and the Euro Area all hit multi-year highs but remain in contraction. On the Services side (right), the U.S. again beat forecasts at 52.3 versus 50.8. The other service figures were more mixed. France, the UK, and India moved higher while Germany, Japan, the Euro Area, and Australia declined.

Flash Manufacturing PMI



Source: Main Management, S&P Global, Macrobond. Data last updated: 5/22/2025

Flash Service PMI



Source: Main Management, S&P Global, Macrobond. Data last updated: 5/22/2025

Summary

- Existing Home Sales missed forecasts while New Home Sales beat.
- Q1 2025 eCommerce Sales ticked lower for only the 4th time in history. Still, they grown at a much faster pace than Total Retail Sales since Q1 1999.
- Moody's finally got around to downgrading U.S. Debt, the last major rating agency to do so. Markets largely shrugged at the development.
- The Big, Beautiful Bill narrowly passed in the House this week and will move to the Senate now. It frontloads deficit expansion and closes it back down later.
- Q1's Senior Loan Officer Opinion Survey was mixed across both demand and tightening standards for Commercial & Industrial and Commercial Real Estate Loans.
- Flash PMIs were broadly higher for manufacturing and mixed for services.
- Upcoming key data to watch:
 - Durable Goods (Tues)
 - Q1 2025 GDP 2nd estimate (Thurs)
 - Core PCE, Consumer Spending & Income (Fri)

Appendix

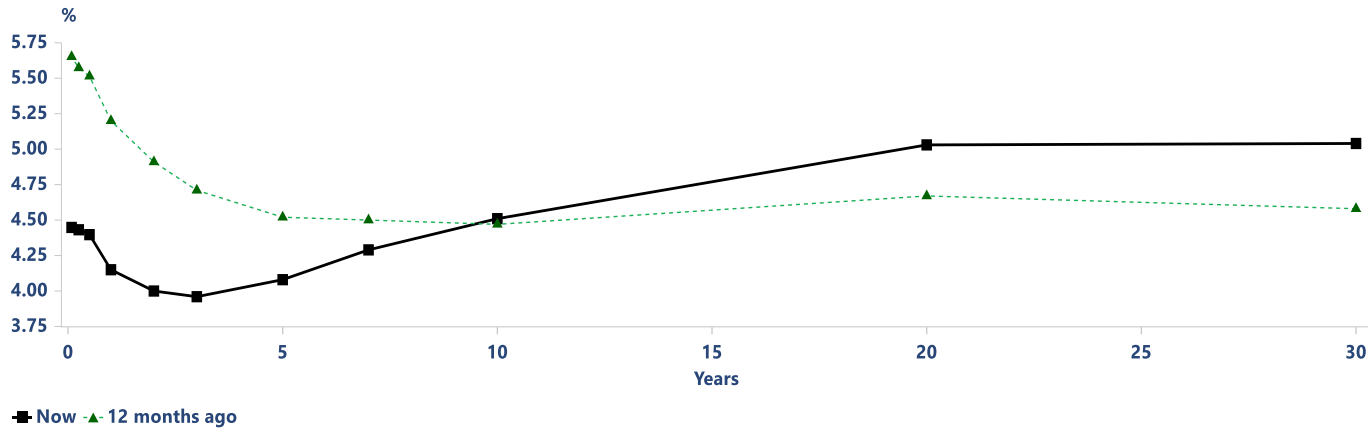
Yields & Futures

FED FUNDS FUTURES & 2-YEAR TREASURY YIELD



Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 5/23/2025

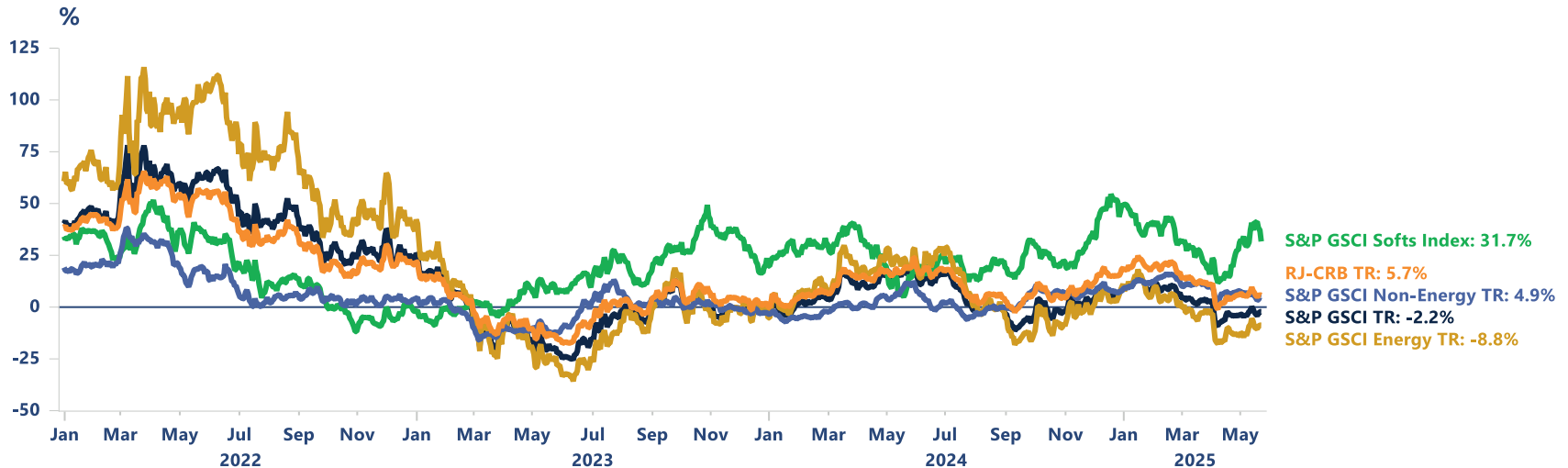
US TREASURY YIELD CURVE



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 5/23/2025

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: 5/23/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Gold	-0.6	12.1	26.4	36.1
Bitcoin	31.5%	13.6%	19.5%	59.2%
Silver	1.9	-1.2	14.2	3.7
Coffee	-3.9	-8.8	12.8	66.1
Copper	3.7	-0.3	9.9	-11.6
Lumber	4.1	-3.6	8.4	11.1
Soybeans	3.0	2.1	6.9	-13.7
Gasoline	1.5	2.1	6.5	-15.1
BBG Commodity Index	-1.0	-5.4	3.2	-4.8
Corn	-4.0	-7.0	1.0	1.1
S&P GSCI	-0.6	-7.0	-1.0	-3.7
Cotton	-1.0	-0.5	-4.0	-14.1
US Dollar (DXY)	0.6	-6.0	-7.9	-4.5
Natural Gas	0.2	-21.7	-10.5	21.8
Crude Oil	-4.8	-16.5	-15.3	-23.0

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 5/23/2025

Disclosures

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