

## Americans Step Up Purchases Before Tariffs Hit

U.S. retail sales jumped +1.4% in March, the biggest monthly gain in over two years, as consumers rushed to buy before prices move higher. Last month's increase was widespread with 11 of 13 categories advancing, although auto sales contributed more than a full percentage point to the overall gain.

With imported vehicles facing a 25% tariff rate, sales at auto dealerships jumped +5.7% in March following declines of -3.6% and -1.9% in the first two months of 2025. When big-ticket autos are excluded, sales rose +0.5%, indicating modest front running in most other categories. Gasoline sales were an exception as falling pump prices lowered station receipts by -2.5%, subtracting 0.2 percentage points from the headline.

Control group sales, which exclude food services, purchases at auto dealerships, gas stations and building materials stores rose +0.4%, slightly below forecast. However, the February control group gain was revised upward from +1.0% to +1.3%. Since the control group numbers feed into the quarterly GDP calculation, Q1 growth measures are expected to rise. Assuming the global trade war lingers into the spring months, Q2 GDP is likely to reflect significantly weaker growth.

There was some apparent positive news on the trade front late yesterday as China expressed an interest in negotiating with the U.S., provided the U.S. offers a lead negotiator supported by the president, and that President Trump and his cabinet members treat China with respect.

Fed Chairman Powell is scheduled to speak today, although he's unlikely to provide the guidance investors seek. *Fed officials are as uncertain as market participants.*

Bonds are mixed in early trading with the short end rallying (yields down) and the long end selling off. Stocks are getting clobbered again, led by a -6% drop in Nvidia after the administration banned the company from selling its H20 chip in China.

### Market Indications as of 8:56 A.M. Central Time

DOW	Down -333 to 40,036 (HIGH: 45,014)
NASDAQ	Down -386 to 16,437 (HIGH: 20,174)
S&P 500	Down -49 to 5,347 (HIGH: 6,144)
1-Yr T-bill	current yield 3.97%; opening yield 3.96%
2-Yr T-note	current yield 3.80%; opening yield 3.83%
3-Yr T-note	current yield 3.82%; opening yield 3.84%
5-Yr T-note	current yield 3.96%; opening yield 3.97%
10-Yr T-note	current yield 4.33%; opening yield 4.34%
30-Yr T-bond	current yield 4.79%; opening yield 4.79%

*Scott McIntyre, CFA*  
HilltopSecurities Asset Management  
Senior Portfolio Manager  
Managing Director  
512.481.2009  
scott.mcintyre@hilltopsecurities.com

*Greg Warner, CTP*  
HilltopSecurities Asset Management  
Senior Portfolio Manager  
Managing Director  
512.481.2012  
greg.warner@hilltopsecurities.com

*With imported vehicles facing a 25% tariff rate, sales at auto dealerships jumped +5.7% in March following declines of -3.6% and -1.9% in the first two months of 2025.*

*Fed Chairman Powell is scheduled to speak today, although he's unlikely to provide the guidance investors seek.*

*The paper/commentary was prepared by Hilltop Securities Asset Management (HSAM). It is intended for informational purposes only and does not constitute legal or investment advice, nor is it an offer or a solicitation of an offer to buy or sell any investment or other specific product. Information provided in this paper was obtained from sources that are believed to be reliable; however, it is not guaranteed to be correct, complete, or current, and is not intended to imply or establish standards of care applicable to any attorney or advisor in any particular circumstances. The statements within constitute the views of HTS and/or HSAM as of the date of the document and may differ from the views of other divisions/departments of affiliates Hilltop Securities Inc. In addition, the views are subject to change without notice. This paper represents historical information only and is not an indication of future performance. Sources available upon request.*

*Hilltop Securities Asset Management is an SEC-registered investment advisor. Hilltop Securities Inc. is a registered broker-dealer, registered investment adviser and municipal advisor firm that does not provide tax or legal advice. HTS and HSAM are wholly owned subsidiaries of Hilltop Holdings, Inc. (NYSE: HTH) located at 717 N. Harwood St., Suite 3400, Dallas, Texas 75201, (214) 859-1800, 833-4HILLTOP.*