

# MARKET VIEW WEEKLY

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## ECONOMIC REVIEW<sup>1</sup>

- The monthly labor report was released on Thursday, a day early in front of the holiday, and pointed towards strength in the job market.
  - Nonfarm payrolls rose by 147,000, which was well above consensus expectations, and in-line with the historic average.
    - Initial jobless claims rose 233,000, which was below expectations and signaled a drop from the previous reading as fewer people were filing for unemployment.
- The unemployment rate fell to 4.1%, a slight decline from May's reading of 4.2%.
  - However, this may be a product of a lower participation rate as fewer people in the workforce can lead to a lower unemployment figure.
- Average hourly earnings rose 3.7% year-over-year (YoY), and 0.2% month-over-month (MoM).
  - This suggests higher wages are outpacing the rate of inflation, which is positive for consumers.
- The ISM Services Index, a survey of purchasing managers for services-based companies, which acts as a proxy for the health of the service sector rose above expectations to 50.8.
  - A reading above 50 signals expansion, while a reading below 50 suggests contraction.
- The increase in the ISM Services Index was marked by a rebound in new orders and business activity, both encouraging indicators that the elevated reading can be maintained going forward.

### How does the most recent economic data impact you?

- The main driver of the economy has been consumer spending, which has largely been supported by steady job growth and rising wages.
  - The labor market coming out of the pandemic has continued to show resilience with no major signs of breakage, but rather a trend back to pre-pandemic averages.
- The service sector has been the primary source of spending for consumers, and its rebound in June provides an encouraging sign for the economy.



## A LOOK FORWARD<sup>1</sup>

- Investors will shift focus to the Federal Reserve's (Fed's) meeting minutes, which can provide more comprehensive insights into how the Federal Reserve Board members are viewing the economy.
  - The minutes can also provide more localized insights into consumer strength.

### How does this week's slate of economic data impact you?

- After holding interest rates during the first half of the year, most market participants are expecting one or two rate cuts by year end.
- If inflation continues to ease in the coming months, current interest rate levels may become increasingly restrictive for the economy.



## MARKET UPDATE<sup>2</sup>

| Market Index Returns (%) as of 7/4/2025 | WTD    | QTD    | YTD    | 1 YR   | 3 YR   | 5 YR   |
|---|--------|--------|--------|--------|--------|--------|
| S&P 500                                 | 1.75%  | 1.22%  | 7.50%  | 14.31% | 19.70% | 16.70% |
| NASDAQ                                  | 1.63%  | 1.15%  | 7.06%  | 13.04% | 23.04% | 15.95% |
| Dow Jones Industrial Average            | 2.34%  | 1.70%  | 6.33%  | 15.87% | 15.38% | 13.88% |
| Russell Mid-Cap                         | 2.40%  | 1.89%  | 6.82%  | 18.06% | 14.42% | 13.40% |
| Russell 2000 (Small Cap)                | 3.58%  | 3.41%  | 1.57%  | 12.49% | 10.52% | 10.92% |
| MSCI EAFE (International)               | 0.05%  | 0.01%  | 19.46% | 15.24% | 16.82% | 10.86% |
| MSCI Emerging Markets                   | 0.41%  | 0.85%  | 16.25% | 14.08% | 10.30% | 6.16%  |
| Bloomberg Barclays US Agg Bond          | -0.09% | -0.44% | 3.56%  | 4.86%  | 2.06%  | -0.84% |
| Bloomberg Barclays High Yield Corp.     | 0.46%  | 0.21%  | 4.78%  | 10.21% | 9.92%  | 5.86%  |
| Bloomberg Barclays Global Agg           | 0.19%  | -0.07% | 7.20%  | 8.09%  | 2.67%  | -1.20% |



## OBSERVATIONS

- Major U.S. stock indexes continued to push higher on the back of stronger than anticipated economic data in the shortened trading week.
  - The Russell 2000 Index led the advance with a +3.58% gain, followed by the Dow Jones (+2.34%), S&P 500 (+1.75%), and NASDAQ (+1.63%).
- This marked the second consecutive week that small caps returned over 2% and are now positive on the year.
- International markets rose slightly on the week, with developed markets up +0.05%, and emerging markets up +0.41%.
- International fixed income, and high yield indices were positive, but the U.S. Aggregate Bond Index dipped slightly as domestic interest rates rose marginally.



## BY THE NUMBERS

- House Republicans Pass Trump's "Big Beautiful Bill" <sup>3</sup>:** House Republicans handed President Donald Trump his first legislative victory of his second term Thursday after overcoming resistance from a handful of members, passing a sweeping \$3.4 trillion tax-and-spending package known as the "Big Beautiful Bill" that extends his 2017 tax cuts, provides a large funding boost for his immigration policies, and imposes deep cuts to Medicaid and other safety-net programs. The bill passed 218 to 214, with Reps. Brian Fitzpatrick of Pennsylvania and Thomas Massie of Kentucky as the only two Republicans to join all Democrats in opposition, sending the measure to Trump's desk a day before his self-imposed July 4 deadline. House Speaker Mike Johnson could only afford to lose three Republican votes given his party's slim majority in the chamber, but despite this the bill was ultimately passed.
- Flash Flooding in Texas Kills More Than 80 People <sup>4</sup>:** Flash floods in Texas killed at least 82 people over the Fourth of July holiday weekend and left others still missing, including girls attending a summer camp. The devastation along the Guadalupe River, outside of San Antonio, has drawn a massive search effort as officials face questions over their preparedness and the speed of their initial actions. The Texas Hill Country in the central part of the state is naturally prone to flash flooding due to the dry dirt-packed areas where the soil lets rain skid along the surface of the landscape instead of soaking it up. Friday's flash floods started with a particularly bad storm that dropped most of its 12 inches (30 centimeters) of rain in the dark early morning hours. Gov. Greg Abbott said Sunday that there were 41 people confirmed to be unaccounted for across the state and more could be missing.

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## Economic Definitions

**Federal Reserve (Fed):** The Federal Reserve System is the central banking system of the United States of America.

**ISM Services Index:** PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

**Nonfarm Payrolls:** This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

**Initial Jobless Claims:** Initial unemployment claims track the number of people who have filed jobless claims for the first time during the specified period with the appropriate government labor office. This number represents an inflow of people receiving unemployment benefits.

**Unemployment Rate:** The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

## Index Definitions

**S&P 500:** The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

**NASDAQ:** The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

**Dow Jones Industrial Average:** The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

**Russell Mid-Cap:** Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

**Russell 2000:** The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

**MSCI EAFE:** The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

**MSCI EM:** The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Bloomberg Barclays US Agg Bond:** The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

**Bloomberg Barclays High Yield Corp:** The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

**Bloomberg Barclays Global Agg:** The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**Bloomberg Barclays Municipal Bond Index:** The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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<sup>1</sup> Data obtained from Bloomberg as of 7/4/2025.

<sup>2</sup> Data obtained from Morningstar as of 7/4/2025.

<sup>3</sup> [Watch Live: Senate nears final vote on Trump's "big, beautiful bill"](#)

<sup>4</sup> [What to know about the flash floods in Texas that killed more than 80 people](#)