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MARKET VIEW WEEKLY

Philip Blancato, Chief Market Strategist, Osaic



ECONOMIC REVIEW¹

- June's NFIB Small Business Optimism Index edged down 0.2 points to 98.6, missing the 98.7 forecast and slipping from May's 98.8 reading. It remains near the 51-year average of 98.
 - Rising inventory concerns and weaker sales expectations weighed on sentiment, while 19% of owners cited taxes as their top issue, just ahead of a major tax cut bill.
- The minutes of the Federal Reserve's (Fed) May meeting revealed growing divisions over tariffs' inflation impact, with most officials warning that persistent price pressures from duties could complicate the rate outlook, despite economic uncertainty easing modestly since the prior meeting.
 - While the Fed held rates steady in June, most officials see cuts ahead, citing subdued inflation and rising risks.
 - A "couple" members were open to a July cut, though the committee maintained a patient stance amid solid growth and low unemployment.
- Signed into law on July 4th, the One Big Beautiful Bill Act (OBBBA) extends 2017 tax cuts and introduces new deductions for tips, overtime pay, and Social Security income. It also raises the SALT deduction cap.
 - Despite \$1.2 trillion in spending cuts, the bill is estimated to increase the federal deficit by \$3.3 trillion over the next decade as it slashes revenues by \$4.5 trillion, raising concerns about long-term fiscal sustainability.
- Following the July 9th expiration of the 90-day reciprocal tariff pause, President Trump announced new tariffs on over 20 countries effective August 1st unless trade deals are struck.
 - Rates range from 20 to 50%, with Brazil and Canada facing steep hikes.
 - While most tariffs align with prior rounds, some variation signals potential negotiating flexibility. Goods that comply with USMCA remain largely exempt, limiting the direct impact on North American trade.

How does the most recent economic data impact you?

- June's dip in small business optimism points to slowing momentum on Main Street, signaling potential headwinds for domestic growth, capital spending, and small-cap equities.
- Heightened policy uncertainty could increase market volatility as investors navigate diverging Fed views on tariffs and inflation, unclear rate trajectories, and long-term fiscal risks from the OBBBA.
- Tariffs and fiscal stimulus present mixed inflation signals; new tariffs could raise input costs, while tax cuts may stimulate consumer demand. Together these two may pressure inflation and complicate the Fed's ability to cut rates without risking overheating the economy.



A LOOK FORWARD¹

- This week, investors will be closely watching as the slate of high-impact economic data includes the Consumer Price Index (CPI), Producer Price Index (PPI), retail sales, Consumer Sentiment, and housing market figures.

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

- If consumer and producer prices come in hotter than expected, markets may dial back expectations for Fed rate cuts, pressuring equities and lifting yields. Softer prints would support a more dovish policy path.
- Strong spending data could signal resilient demand and economic momentum, benefiting cyclical sectors. Weak results may raise concerns about slowing growth, especially if coupled with rising prices.
- Updates on home builder sentiment and housing starts reflect both consumer confidence and interest rate sensitivity, offering clues about the health of the real estate market and the sustainability of growth.



MARKET UPDATE²

Market Index Returns (%) as of 7/11/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.29	0.92	7.18	12.97	19.70	16.21
NASDAQ	-0.07	1.07	6.99	12.67	23.22	15.03
Dow Jones Industrial Average	-1.01	0.67	5.25	12.88	14.97	13.43
Russell Mid-Cap	-0.54	1.34	6.25	13.58	14.44	13.21
Russell 2000 (Small Cap)	-0.62	2.78	0.94	5.46	10.56	10.93
MSCI EAFE (International)	-0.23	-0.22	19.18	12.41	16.26	10.70
MSCI Emerging Markets	-0.16	0.69	16.07	11.86	11.09	5.37
Bloomberg Barclays US Agg Bond	-0.37	-0.81	3.18	3.62	2.14	-0.99
Bloomberg Barclays High Yield Corp.	-0.22	-0.02	4.55	9.09	9.29	5.74
Bloomberg Barclays Global Agg	-0.88	-0.95	6.25	6.01	2.60	-1.51



OBSERVATIONS

- The S&P 500 and NASDAQ briefly reached record highs on July 10th before retreating, with the S&P down -0.29%, the NASDAQ off -0.07%, and the Dow falling -1.01% on the week as trade tensions resurfaced.
- Small and mid-cap stocks underperformed, with the Russell Mid Cap down -0.54% and the Russell 2000 slipping -0.62%, amid sensitivity to domestic policy shifts.
- International and emerging market equities declined as MSCI EAFE fell by -0.23% and MSCI Emerging Markets dropped by -0.16% in response to renewed tariff pressure.
- US fixed income declined, with the Bloomberg US Aggregate Bond Index down -0.37% and US high yield credit down -0.22% as yields edged higher.
 - Global bonds underperformed, falling -0.88% for the week amid currency volatility and shifting interest rate expectations.



BY THE NUMBERS

- **Original Birkin Bag Shatters Record With £7m Sale³:** The original Birkin bag, custom-made for Jane Birkin in 1985, sold for a record-breaking €8.6 million (£7.4m / \$10.1m) at a Sotheby's auction in Paris, becoming the most expensive handbag ever sold. The previous record was €439,000, making this sale nearly 20 times higher. The 10-minute bidding war involved nine collectors, highlighting the cultural and collectible significance of the bag. Jane Birkin used the prototype for a decade before donating it to an AIDS charity auction in 1994; it changed hands once more before this historic sale. The bag includes unique personal details such as Birkin's initials, a non-removable strap, nail clippers, and sticker marks from her activism.
- **'Superman' Smashes Box Office Expectations⁴:** The new Superman film soared to a strong start, earning \$122 million at the domestic box office—making it DC Studios' biggest U.S. opening since The Batman in 2022. Internationally, the movie added \$95 million, bringing its global opening total to \$217 million. While slightly below early projections of \$125–145 million, it still exceeded Warner Bros.' expectations of \$90–125 million. With a reported production budget of \$225 million, the film is on track for profitability, especially given its \$56.5 million opening-day haul, the second-highest of 2025. Superman now holds the title of the strongest DC debut since Man of Steel, which opened with \$116.6 million.

Economic Definitions

Building Permits: This concept tracks the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

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

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period

National Federation of Independent Business (NFIB) Small Business Optimism Index: The National Federation of Independent Business (NFIB) Small Business Optimism Index is a composite of ten seasonally adjusted components. It indicates the health of small businesses in the U.S., which account of roughly 50% of the nation's private workforce.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: a representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations, summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

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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¹ Data obtained from Bloomberg as of 7/11/2025.

² Data obtained from Morningstar as of 7/11/2025.

³ [Original Birkin bag shatters record with £7m sale](#)

⁴ ['Superman' smashes box office expectations](#)