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MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The Consumer Price Index (CPI) showed prices increased, but were below expectations.
 - Tariffs may have contributed slightly to the rise, but expectations of a broad-based increase in goods prices because of the trade policy were once again not seen in the report.
- CPI was up 2.7% year-over-year (YoY), the highest reading since February after declining to start the year. The rise was primarily driven by higher housing and medical care prices.
- Month-over-month (MoM) CPI rose 0.3%, attributed mainly to higher food and energy prices, both of which remained subdued in prior readings this year.
 - Core inflation, which excludes the volatile food and energy sectors, rose 2.9% YoY, and 0.2% MoM, both of which were a slight increase versus last month, but below the expectations of a larger rise in June.
- The Producer Price Index (PPI), which is a measure of inflation that producers are facing, came in unchanged at 0.0% on a MoM basis, and is up 2.3% YoY. Core PPI was also unchanged MoM but rose 2.6% YoY.
 - The absence of rising prices for producers suggests that companies have not yet experienced any significant impact from tariffs.
- Retail Sales were also released for the month of June and showed an upturn in consumer spending above expectations.
 - Retail Sales rose 0.6% MoM, rebounding from a large decline in May. This could point towards renewed consumer optimism as the summer spending months kick off.
 - Ten of the thirteen spending categories rose, signifying that consumers made purchases across a broad range of sectors in the economy.

How does the most recent economic data impact you?

- The rise in inflation puts the Federal Reserve (Fed) in a difficult predicament, as they are under intense scrutiny to cut interest rates, but are unlikely to lower benchmark rates as inflation has accelerated for the past two months.
- The Fed is currently projected to cut interest rates two times this year, but is likely to pause at their next meeting, and not begin lowering rates until September.
 - Higher interest rates and increasing inflation could hurt consumers, particularly those in the lower income brackets.



A LOOK FORWARD¹

- This week, investors will focus on key housing market data releases, including new and existing home sales.
 - Both indices have softened through the first half of the year.

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

- The housing market remains historically unaffordable, with limited supply and growing demand—driven by millennials reaching their prime home-buying years.
- Both new and existing home sales will act as a barometer for activity within the housing market, reflecting how many homes were sold.
 - Typically, existing home sales make up the bulk of total home sales. However, with mortgage rates rising in recent years, many current homeowners are hesitant to sell and give up their sub-3% mortgage in favor of financing a new home at nearly 7%.



MARKET UPDATE²

Market Index Returns (%) as of 7/18/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.61%	1.54%	7.83%	15.92%	18.73%	16.06%
NASDAQ	1.51%	2.60%	8.60%	18.70%	22.23%	15.62%
Dow Jones Industrial Average	-0.05%	0.62%	5.20%	12.00%	13.91%	12.90%
Russell Mid-Cap	0.78%	2.13%	7.07%	14.42%	13.51%	12.71%
Russell 2000 (Small Cap)	0.24%	3.03%	1.19%	3.96%	9.17%	10.20%
MSCI EAFE (International)	-0.29%	-0.52%	18.83%	14.82%	15.20%	10.15%
MSCI Emerging Markets	1.68%	2.39%	18.02%	17.22%	11.21%	5.98%
Bloomberg Barclays US Agg Bond	0.04%	-0.77%	3.22%	4.00%	2.20%	-1.03%
Bloomberg Barclays High Yield Corp.	0.14%	0.13%	4.70%	8.91%	9.00%	5.53%
Bloomberg Barclays Global Agg	-0.20%	-1.15%	6.04%	5.96%	2.47%	-1.60%



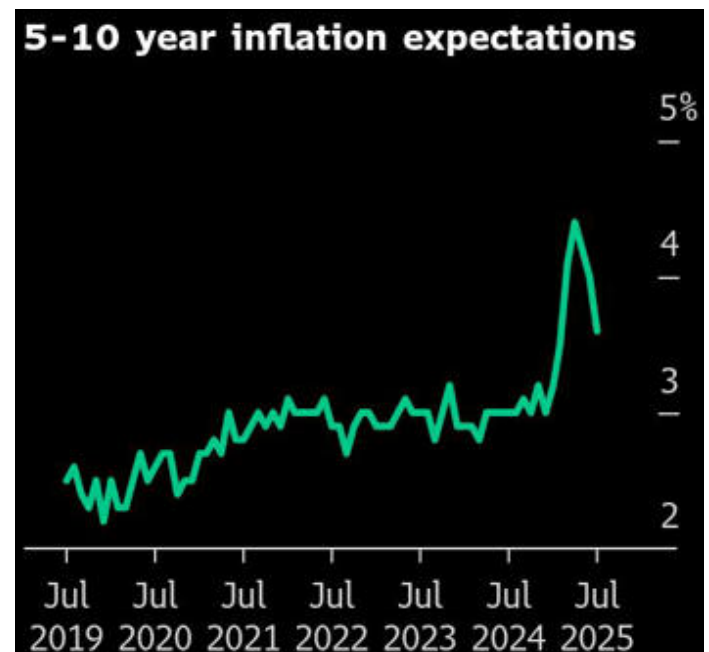
OBSERVATIONS

- U.S. equity markets continued to grind higher, with the tech-heavy NASDAQ leading the way, up +1.51%, as Big Tech names drove markets.
- Small and mid-cap stocks notched a positive week but underperformed the S&P 500. Small caps lead all major indices in the month of June but lagged over the past week on the back of tariff uncertainty.
- International and emerging market equities showed a bifurcation, with developed markets selling off -0.29%, but emerging markets rallied and beat U.S. domestic indices rising +1.68% on the week.
- U.S. fixed income was relatively flat on the week, with high yield bonds adding only +0.14%, and the U.S. Aggregate index adding only +0.04% as domestic interest rates remained rangebound.
 - Global bonds underperformed, falling -0.20% for the week amid currency volatility and shifting global interest rate expectations.



BY THE NUMBERS

- **Inflation Expectations Fall as Inflation Rises³:** Inflation accelerated for the second straight month, reaching the highest level since February. Despite the increase in prices, the expectation for future inflation has moved lower, highlighting a stark contrast between consumer sentiment and inflation data. The drop in inflation expectations is likely a result of falling gas prices, and rising equity markets which both play an outsized role on a variety of consumer sentiment indicators. Additionally, consumers are no longer as concerned about tariffs causing inflation as the data thus far has not yet pointed to price gains from tariff policy. If inflation expectations remain anchored, consumers and businesses are less likely to react to temporary price changes, making it easier for the Fed to meet its inflation goals.



Economic Definitions

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.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services. Foreclosed homes are only counted in the inventory if the bank is working with a realtor. Foreclosed homes that sell via auction (or other closings outside of the Multiple Listing Services) are not included.

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

New Home Sales: This concept tracks sales of newly constructed homes during the reference period. The Implicit US index is computed by taking the number of homes sold in the US and dividing it by the seasonally adjusted number of houses sold in the US.

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.

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 7/18/2025.

² Data obtained from Morningstar as of 7/18/2025.

³ [US Consumer Sentiment Rises as Inflation Expectations Improve](#)