



MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The Consumer Price Index (CPI), which is a broad measure of inflation, rose roughly in line with expectations.
 - Core CPI, which excludes the volatile food and energy categories, came in slightly higher than expected, driven by the cost of services.
 - Headline inflation rose 2.7%, while core CPI rose 3.1% on a year-over-year (YoY) basis, both remaining elevated relative to their 2% target.
- The Producer Price Index (PPI), which is a measure of inflation that pertains to price pressures businesses are feeling, rose unexpectedly.
 - This suggests that inflation is not yet tamed by the Federal Reserve's (Fed) interest rate hiking campaign.
 - The inflation report also raised concerns around the impact of tariffs and how producers are going to handle rising input costs.
- Import prices rose 0.4% in the month, higher than expected, as potential tariff-related price increases could be seen from total import costs.
- Retail sales, which provide a glimpse into the spending of American consumers, rose 0.5%. This showed a continuation of strong spending that has bolstered the economy in the past few years.
 - The only measure of services spending, food and drink services, showed a decline in the most recent report, but spending growth was broad elsewhere.

How does the most recent economic data impact you?

- The Fed has continued to keep rates high on the basis that inflation has been stubborn, and the potential for further tariff-related impacts on inflation is not yet fully understood.
 - Higher inflation and import costs both provide reasons to keep interest rates elevated in the near term.
 - Although tariffs are likely to cause a one-time price increase as opposed to an ongoing change in the pace of price increases, they are going to impact the overall inflation landscape.
- Retail sales are a core tenet of economic growth, and a continuation of their growth is a positive sign for the economy.



A LOOK FORWARD¹

- This week, investors will get key insights into the housing market. Existing home sales, building permits, and housing starts.
- Investors will also receive the meeting minutes from the Fed's last meeting, where they chose to hold interest rates where they are.

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

- The housing market has been historically tight, with prices and interest rates elevated. Additional supply would not only boost economic activity but also increase available housing.
- The Fed meeting minutes will give insight into how many governors thought rates should be cut, and what data points each has been monitoring.



MARKET UPDATE²

Market Index Returns (%) as of 8/15/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.99%	4.09%	10.55%	17.65%	16.15%	15.57%
NASDAQ	0.83%	6.21%	12.42%	23.45%	19.09%	15.30%
Dow Jones Industrial Average	1.79%	2.08%	6.72%	12.43%	11.76%	12.15%
Russell Mid-Cap	1.43%	2.40%	7.36%	13.50%	9.77%	11.76%
Russell 2000 (Small Cap)	3.12%	5.27%	3.39%	8.22%	5.75%	9.15%
MSCI EAFE (International)	2.36%	3.43%	23.54%	18.44%	14.86%	10.43%
MSCI Emerging Markets	1.55%	4.47%	20.42%	18.94%	10.53%	5.62%
Bloomberg Barclays US Agg Bond	-0.02%	0.34%	4.38%	2.70%	2.06%	-0.79%
Bloomberg Barclays High Yield Corp.	0.27%	0.98%	5.59%	8.47%	7.63%	5.19%
Bloomberg Barclays Global Agg	0.01%	-0.37%	6.87%	3.89%	2.12%	-1.73%



OBSERVATIONS

- U.S. equity indices rose on the week, driven by an early week rally that held its steam through a late week slump. The Dow Jones outpaced both the NASDAQ and the S&P 500 as large tech companies struggled on the week.
- Small-cap stocks took the spotlight on the week, rising 3.12%, beating out large caps and international stocks. Midcap stocks also rallied to a slightly lesser extent, finishing the week up 1.43%.
- Developed international markets, as measured by the MSCI EAFE, rose 2.36%, while Emerging Markets rose 1.55%, both recovering from a difficult few weeks but remaining staunchly positive for the year.
- Broad fixed income stagnated on the week with U.S. fixed income falling -0.02%, and international fixed income rising 0.01%. Interest rates held steady on the week as a result of mixed inflation data.
 - Lower quality credit performed well as the economy remains in shape, and credit fundamentals remained strong.



BY THE NUMBERS

- **Zelenskyy Will Meet with Trump Following the Putin Summit:** Presidents Putin and Trump met in Alaska on Friday in a meeting that was described as useful and very productive by both sides. The meeting also marked the first time since 2015 that a U.S. President has hosted Putin in a meeting in the United States. Both Trump and Secretary of State Marco Rubio have stated that concessions from both sides are likely necessary to come to a ceasefire. After a lengthy phone call, Zelenskyy and other European leaders will travel to Washington, D.C. to meet with President Trump and hold further conversations around ending hostilities in Europe. The possibility of a trilateral meeting between Putin, Zelenskyy, and Trump is likely to be a top priority as Zelenskyy thinks Ukraine should remain included in all negotiation conversations.³
- **What Does a Lottery Ticket Pay... After Taxes:** If a ticket is sold matching all of Monday's numbers, the winner will have the option of either receiving a full jackpot of \$605 million spread out over 30 annualized payments over 29 years, or a lump cash sum of \$273.4 million all at once. If the winner chooses the lump sum, the more popular option, they would face an automatic 24% federal withholding tax, bringing the winnings down to \$207.8 million. The winner is then likely to face the highest federal marginal tax rate of 37%, bringing the jackpot down to \$172.2 million. If the winner chooses the annuity, their average annual payment would drop from more than \$20 million down to \$12.7 million after applying taxes. Some states and territories tax lottery winnings further, including New York, Washington, D.C., and Maryland, while others, like California, Texas, and Delaware, apply no further taxes. Substantively lower earnings than broadcasted, and a roughly 1 in 292 million chance of winning, are both reasons that the lottery is considered one of the least profitable gambles.⁴

Economic Definitions

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

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

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.

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.

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.

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

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.

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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Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss. In general, the bond market is volatile; bond prices rise when interest rates fall and vice versa. This effect is usually pronounced for longer-term securities. Any fixed-income security sold or redeemed prior to maturity may be subject to a substantial gain or loss. Vehicles that invest in lower-rated debt securities (commonly referred to as junk bonds or high-yield bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. International investing involves special risks not present with U.S. investments due to factors such as increased volatility, currency fluctuation, and differences in auditing and other financial standards. These risks can be accentuated in emerging markets.

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¹ Data obtained from Bloomberg as of 8/15/2025.

² Data obtained from Morningstar as of 8/15/2025.

³ [Trump-Putin summit: Zelenskyy to travel to DC on Monday to meet with President Trump - ABC News](#)

⁴ [Powerball Jackpot Rises Above \\$600 Million—Here’s What The Winner Could Take Home After Taxes](#)