



MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The ISM Non-Manufacturing (or Services) Index declined to 50.1 in July, lagging both the consensus expectation of 51.5 and the previous month's reading of 50.8.
 - July's figure trailed even the most pessimistic forecast from any economics group surveyed by Bloomberg.
 - (Levels above 50 indicate expansion, while levels below 50 signal contraction.)
- The June International Trade deficit, totaling goods and services, came in at -\$60.2 billion in June, smaller than the consensus expected -\$61.0 billion and -\$71.1 billion seen the month before.
 - Imports fell by \$12.8 billion, led by pharmaceuticals, autos, and crude oil, while exports declined by \$1.3 billion, led by finished metal shapes and non-monetary gold.
 - In the last year, imports are down by 1.4% while exports are up by 3.3%.
- In total, consumer credit increased by a marginal 1.8% in June, but importantly, revolving credit, largely credit cards, declined by 1.0% after a 3.5% drop the prior month.
 - Declining credit-card borrowing is fairly uncommon; the last time revolving credit fell for two consecutive months was in 2020 during the COVID pandemic.
- Nonfarm business sector labor productivity increased by 2.4% in the second quarter of 2025, reaccelerating from a fall in productivity during the first quarter and easily surpassing consensus forecasts of 1.9% for Q2.
 - Output increased by 3.7% and hours worked increased by 1.3%.

How does the most recent economic data impact you?

- Although the US service sector narrowly avoided slipping into contraction territory, the latest ISM Services data add to a growing list of evidence indicating a slowing economy.
 - Outside of a few occasional contractionary readings since the pandemic (December 2022, April and June 2024, and May 2025), last month marks the slowest pace since the COVID shutdowns.
- The narrowing trade deficit could be viewed as accomplishing President Trump's objectives to decrease reliance on imports in favor of greater domestic production, but could simply indicate weaker demand at home and abroad.
 - For a decline in imports to translate into a lasting economic win, it needs to be matched by a revival in U.S. manufacturing and investment, which remains tentative at this point.
- Declining credit card debt is positive, particularly given the near-record levels seen recently, but may also indicate weaker consumer spending.



A LOOK FORWARD¹

- This week, the Consumer Price Index (CPI), the Producer Price Index (PPI), Consumer sentiment, and U.S. retail sales highlight a busy week of economic data releases.

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

- CPI and PPI mark the first of several critical inflation reports ahead of the next Federal Reserve (Fed) interest rate decision in September.
- Retail sales and consumer sentiment will help to clarify consumer spending strength going forward.



MARKET UPDATE²

Market Index Returns (%) as of 8/8/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	2.44%	3.07%	9.47%	21.15%	17.48%	15.50%
NASDAQ	3.88%	5.33%	11.50%	28.98%	20.67%	15.13%
Dow Jones Industrial Average	1.37%	0.29%	4.85%	13.79%	12.66%	12.17%
Russell Mid-Cap	0.50%	0.95%	5.84%	14.86%	11.04%	11.59%
Russell 2000 (Small Cap)	2.41%	2.08%	0.26%	8.07%	6.62%	8.61%
MSCI EAFE (International)	2.87%	1.04%	20.69%	20.43%	14.58%	10.45%
MSCI Emerging Markets	2.31%	2.87%	18.58%	20.53%	10.52%	5.38%
Bloomberg Barclays US Agg Bond	-0.18%	0.37%	4.40%	3.27%	2.13%	-0.97%
Bloomberg Barclays High Yield Corp.	0.38%	0.70%	5.30%	9.00%	7.88%	5.03%
Bloomberg Barclays Global Agg	0.39%	-0.39%	6.86%	4.29%	2.09%	-1.84%



OBSERVATIONS

- All three major U.S. equity indexes closed the week solidly in the black: the NASDAQ composite led the way, improving 3.88% on the week, followed by the S&P 500 (2.44%) and the Dow Jones Industrial Average (1.37%).
- The Russell Midcap Index turned in the weakest performance among the domestic stock indices, gaining just 0.50% last week, but small-cap stocks rallied with Russell 2000 Index improving 2.41%.
- Developed international markets, as measured by the MSCI EAFE, gained 2.87%, while emerging markets improved 2.31%, as global equities clawed back some ground lost to a strengthening U.S. dollar and ongoing trade tensions the prior week.
- International bonds and U.S. corporate credit improved nearly in lockstep last week with the Global Aggregate Bond and U.S. High Yield Corporate indexes gaining 0.39% and 0.38%, respectively.
 - The U.S. Aggregate Bonds Index declined -0.18%.



BY THE NUMBERS

- **Nvidia, AMD to Give U.S. 15% Cut on AI Chip Sales to China:** Nvidia and Advanced Micro Devices have agreed to give the Trump administration a portion of the sales from their artificial-intelligence chips to China, unusual agreements that deepen their relationships with the U.S. government. The Trump administration will receive 15% of the sales as part of a deal to approve exports of Nvidia's H20 AI chip to China, according to people familiar with the matter. That could amount to billions of dollars, given demand for the H20 chips, and is the latest example of the White House employing novel tactics to raise revenue. The administration has reached the same agreement with AMD for its MI308 chip, the people said. Details of the arrangements and the financial structures are still being worked out. The Commerce Department began issuing licenses for Nvidia to send its H20 chip to China Friday, following through on a July promise. Over the weekend, the agency started moving licenses for the AMD chip, some of the people familiar with the matter said. Exports of the H20 and MI308 were halted in April.³
- **A New Generation of 'Buy the Dip' Investors Is Propping Up the Market:** You can't keep everyday investors down for long, at least not in this market. When markets swooned this spring in the face of tariff turmoil, individual investors jumped in to buy the dip. For many Wall Street pros, this is yet another sign of froth at a time when stocks, especially the biggest tech names, are historically expensive. The meme-stock trades are rekindling memories of the dot-com boom. But the resilience of individual investors may signal something more than just misplaced optimism. Their willingness to stick with stocks may be more enduring than many veterans realize. That, in turn, may help temper any eventual reversion to the mean for high-flying stocks. Fewer remember calamities such as the dot-com downturn or even the financial crisis. They came of age during a time of super-low interest rates when markets moved only higher over time. Striking gold during their early investing years emboldened many to take bigger risks. And it encouraged them to hold on during moments of tumult.⁴

Economic Definitions

Consumer Credit: Consumer Credit refers to outstanding credit flows extended to individuals for household, family, and other personal expenditures, excluding loans secured by real estate. Total consumer credit comprises two major types: revolving and nonrevolving.

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.

ISM Services Index: The ISM Services Index is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries) this report shows the percentage reporting each response, and the diffusion index. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Orders to the service producers make up about 90 percent of the US economy.

Personal Consumption Expenditure Price Index (PCE) (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

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.

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 8/8/2025.

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

³ [Nvidia, AMD to Give U.S. 15% Cut on AI Chip Sales to China](#)

⁴ [A New Generation of 'Buy the Dip' Investors Is Propping Up the Market](#)