CSMcKee

Market Overview

Weekly Market & Economic Overview

Edition: July 28, 2025

**Data through 7/25/25, unless otherwise stated*

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Executive Summary

Market Movement

Fixed Income & Yield Curve	• Yields were mixed, with the long-end falling and middle rising, resulting in a flatter curve • Markets priced in less cuts looking forward to 2026, but remain split on the first cut being September or October, with 2 potential total cuts by the end of 2025 • Broad Fixed Income indices were positive on the week, with Corporates outperforming again
Equity	• US and International Markets were both positive, led widely by most major sectors • Healthcare and Industrials outperformed, while Consumer Staples declined • Internationally, Developed Markets outperformed Emerging Markets
Other Markets	• US Dollar strengthened • Broad commodity prices increased, led upward by Natural Gas and Agriculture • Cryptocurrencies rose strongly, even with Bitcoin largely unchanged during the week

Top Market News

Trade Deals	• Japan and the US reached a deal on Wednesday to lower reciprocal tariffs to a 15% rate, with Japan agreeing to invest $550bn in the US • Positive comments from both sides, including remarks on the deal strengthening U.S.-Japan relations, contributed to stock market gains in both countries. • The European Union (EU) and the US also reached a preliminary deal on Sunday to lower tariff rates to 15%, with an agreement to buy $750bn of US energy and invest another $600bn in the US • EU representatives were much less excited about the deal, with analysis showing the 15% tariff could lower EU GDP by 0.5%, according to Capital Economics via WSJ • EU companies were slightly more optimistic, agreeing this was much better than a trade war • August 1st tariff deadline is quickly approaching, turning attention to countries without a deal, especially China
Composite Economic Indicators	• S&P PMI data provided mixed signals, with Services beating expectations but Manufacturing missing expectations • Housing market data also came in weaker than expected • Conference Board Leading Index declined again as well
Return of the Meme	• A new batch of Meme stocks appeared this week, as retail traders and Reddit followers boosted share prices of "DORKs" stocks – a term coined by a Reddit trading forum • Kohl's, Opendoor, Krispy Kreme, and GoPro were the main attraction, with shares soaring

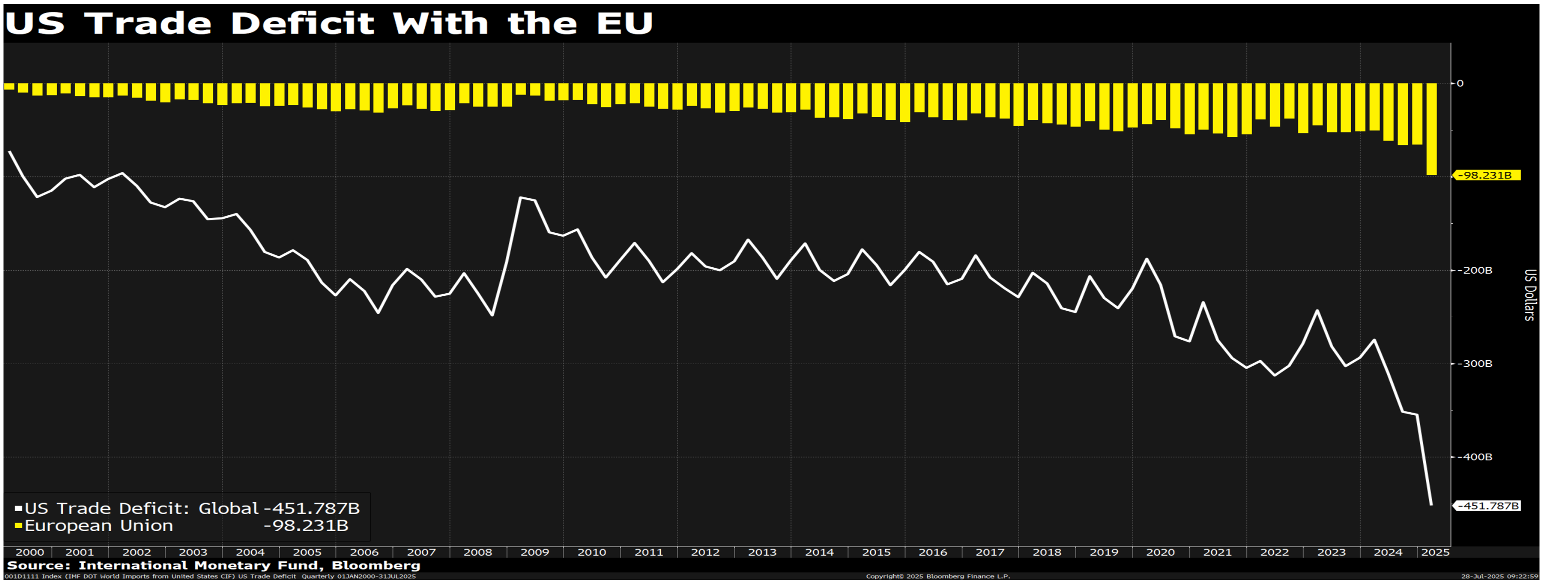
Top Events to Watch For This Week

Core PCE & July FOMC	• Core PCE, the FED's preferred inflation measure, will be released Thursday, while the July FOMC interest rate decision will be announced on Wednesday • Core PCE is expected to increase slightly month-over-month but hold steady year-over-year • The FOMC is expected to leave rates unchanged, but the comments from FOMC members, especially Chair Powell, will be significant for future interest rate expectations
Labor Market & GDP	• Friday's employment data, including the Unemployment Rate and Nonfarm Payrolls, will be a key market focus, with both expected to weaken from June levels • Q2 GDP on Wednesday is expected to show a rebound in growth from a weak 1st quarter, with GDP of 2.4% (vs. -0.4% in Q1) and Personal Consumption of 1.5% (vs. 0.5% in Q1) • Both measures will be key focus points for the FED and broader market, as the FED debates future interest rate moves and markets assess economic strength amidst rising tariffs
Earnings Season	• 38% of the S&P 500's weight will report this week – the largest concentration week of this quarter • Mag-7 giants AAPL, AMZN, MSFT, and META highlight the week, alongside other major players from several industries including Energy, Industrials, and Healthcare

Geopolitical & Other News Highlights

Global Conflicts	• Russia and Ukraine remain entrenched in a 3.5year+ conflict that started back in February 2022, sparking fresh comments from President Trump who is "very disappointed" in Putin and plans to reduce his 50-day deadline before imposing more economic pressures on Russia • India and Pakistan have maintained their ceasefire agreement, despite heightened tensions at times, while Thailand and Cambodia recently agreed to a ceasefire of their own • After unsuccessful ceasefire talks with Hamas last week, Israel announced a daily pause in military activity in the Gaza Strip from 10 a.m. to 8 p.m. for the delivery of humanitarian aid, but broader ceasefire negotiations remain stalled
Tariff Talks Continue	• The US and China are in Sweden to begin another round of trade talks, with the goal of reaching a deal before their August 12th deadline, which most experts expect to be delayed • Other major countries face an August 1st (Friday) deadline for trade deals before higher reciprocal tariffs go into effect, setting the table for a busy week of negotiations

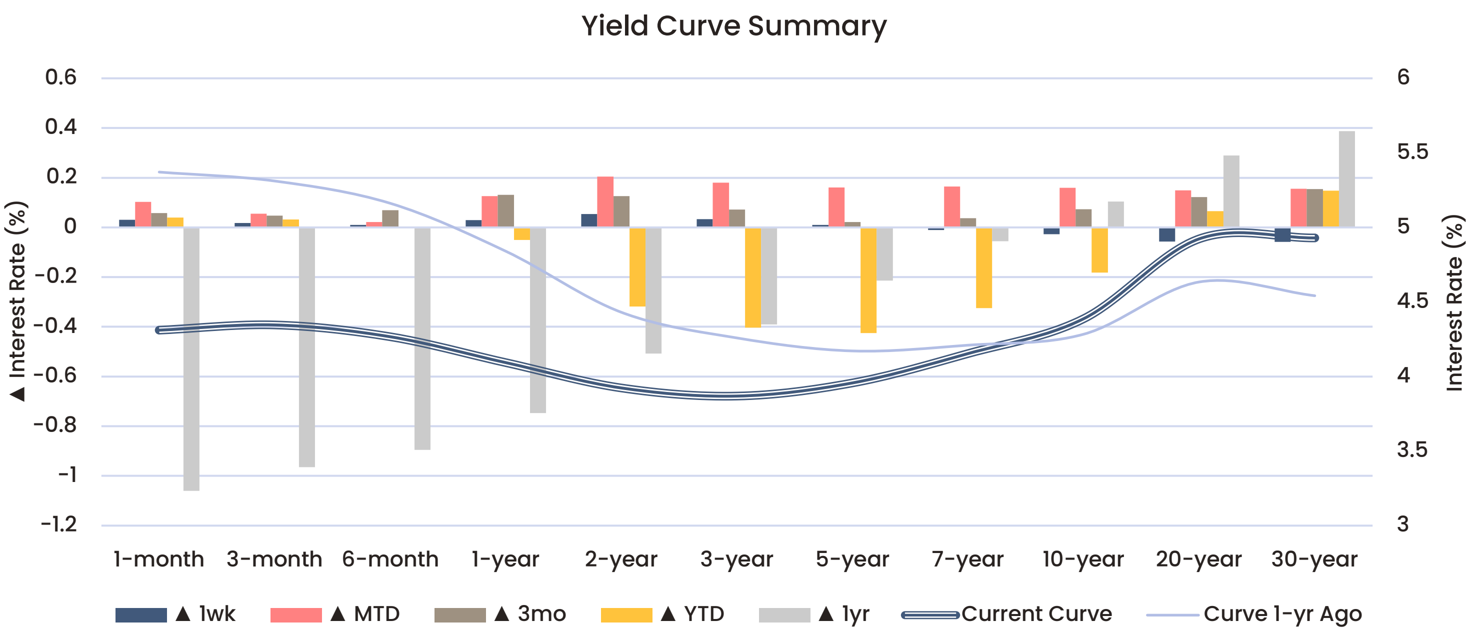
Charts of The Week



Yield Curve

- Yields were mixed during the week, with the middle of the curve rising and long end rates falling
- Yield curve flattened

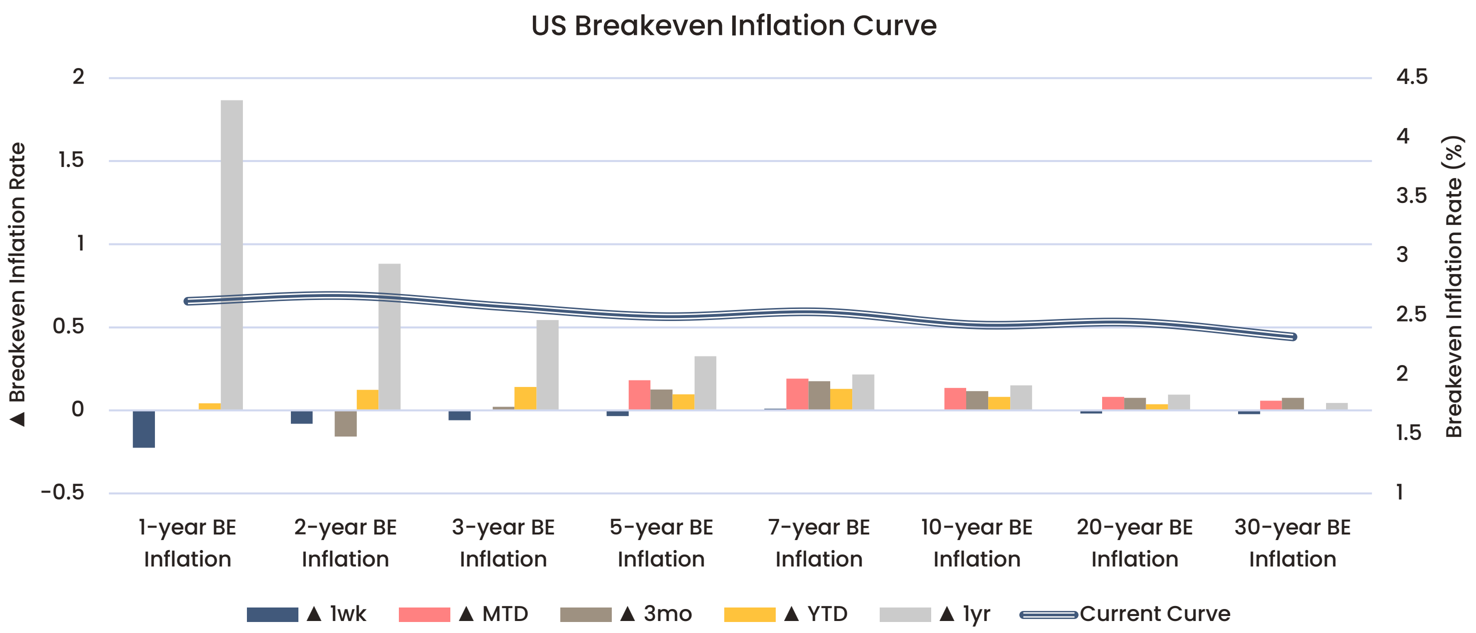
Data as of 7/25/25	Yield Curve Movement						Range
	Current Rate	▲ 1wk	▲ MTD	▲ 3mo	▲ YTD	▲ 1yr	vs. 5yr Range
Yield Curve Levels							
1-month	**4.31**	0.03	0.10	0.06	0.04	-1.06	0.65
3-month	**4.35**	0.02	0.05	0.05	0.03	-0.97	0.61
6-month	**4.27**	0.01	0.02	0.07	0.00	-0.89	0.55
1-year	**4.09**	0.03	0.13	0.13	-0.05	-0.75	0.53
2-year	**3.92**	0.05	0.20	0.13	-0.32	-0.51	0.54
3-year	**3.87**	0.03	0.18	0.07	-0.40	-0.39	0.58
5-year	**3.96**	0.01	0.16	0.02	-0.42	-0.21	0.69
7-year	**4.15**	-0.01	0.16	0.04	-0.32	-0.06	0.81
10-year	**4.39**	-0.03	0.16	0.07	-0.18	0.10	0.99
20-year	**4.92**	-0.06	0.15	0.12	0.07	0.29	1.17
30-year	**4.93**	-0.06	0.16	0.15	0.15	0.39	1.32
Yield Curve Spreads							
2yr vs. 10yr	**46.04**	-8.18	-4.43	-5.13	13.51	61.14	0.44
2yr vs. 30yr	**100.22**	-11.20	-4.89	2.96	46.15	89.51	0.57
5yr vs. 10yr	**42.88**	-3.84	0.16	5.14	24.18	32.01	0.88
5yr vs. 30yr	**97.16**	-6.75	-0.39	13.33	57.24	60.48	0.89



Breakeven Inflation Curve

- Breakeven inflation levels decreased
- Long-end inflation breakeven levels remain near the Fed 2% target, while short-end levels remain elevated as markets assess tariff impacts

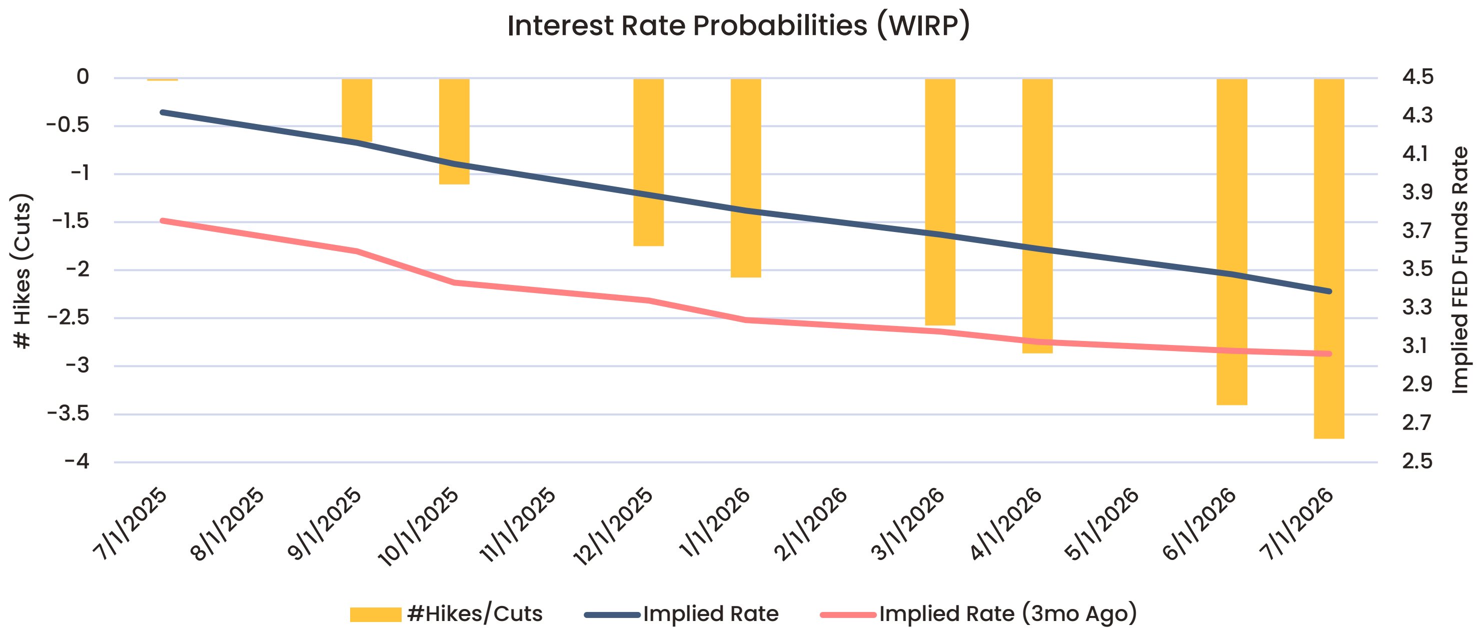
Data as of 7/25/25	Inflation Breakeven Curve Movement						Range
	Current Rate	▲ 1wk	▲ MTD	▲ 3mo	▲ YTD	▲ 1yr	vs. 5yr Range
Yield Curve Levels							
1-year	**2.62**	-0.23	---	---	0.04	1.87	-0.04
2-year	**2.67**	-0.08	---	-0.16	0.12	0.88	0.17
3-year	**2.57**	-0.06	---	0.02	0.14	0.54	0.20
5-year	**2.49**	-0.03	0.18	0.13	0.10	0.33	0.20
7-year	**2.53**	0.01	0.19	0.18	0.13	0.22	0.54
10-year	**2.42**	0.00	0.14	0.12	0.08	0.15	0.46
20-year	**2.44**	-0.02	0.08	0.08	0.04	0.10	0.58
30-year	**2.32**	-0.02	0.06	0.08	0.00	0.05	0.37



Interest Rate Projections

- Markets priced in less rate cuts for the FED during 2026
- Markets still expect the first rate cut to be in September or October
- Markets now price in 3.41 cuts (~85bps total) by June 2026

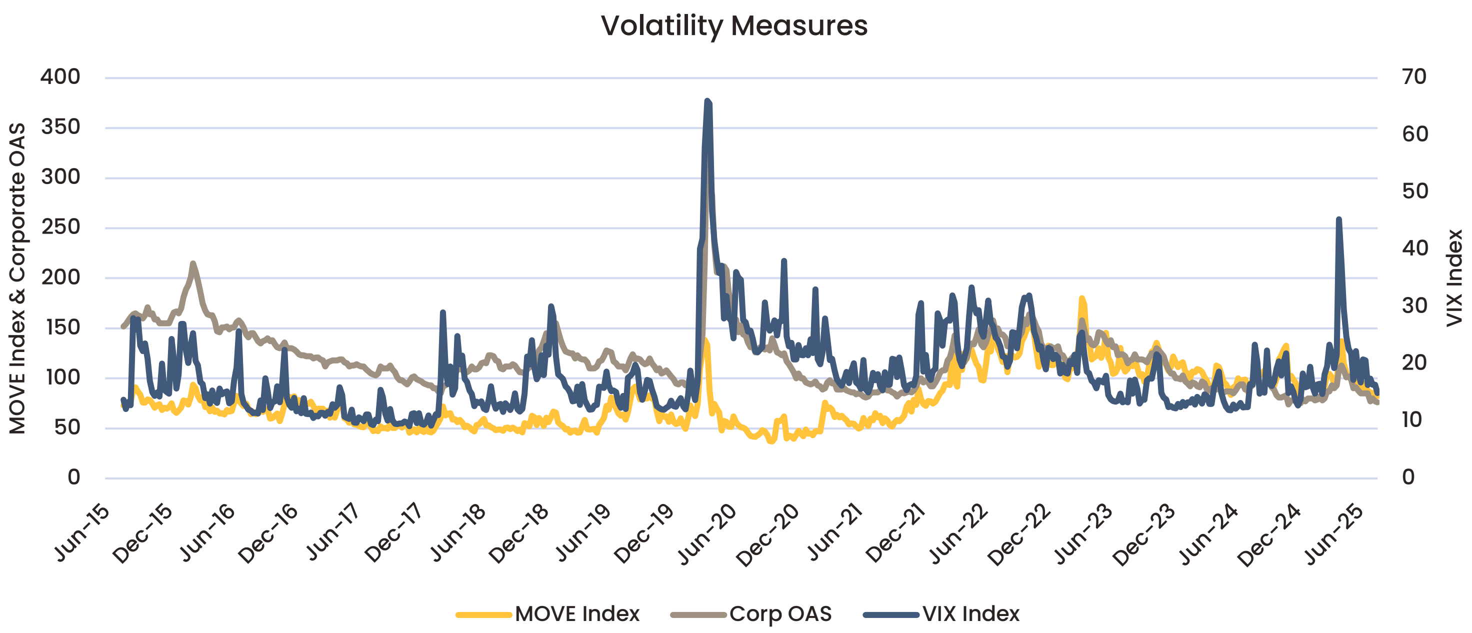
Data as of 7/25/25	FED Meeting Expectations					Change	
	Implied Rate	#Hikes/Cuts	% Hike/Cut	Imp. Rate Δ	Implied Rate (3mo Ago)	▲ Implied Rate (3mo)	▲ Implied Rate (1wk)
Future FED Meetings							
7/30/2025	**4.32**	-0.03	-2.60	-0.01	3.76	0.56	0.00
9/17/2025	**4.16**	-0.66	-63.90	-0.17	3.60	0.57	-0.01
10/29/2025	**4.05**	-1.11	-44.10	-0.28	3.44	0.62	0.01
12/10/2025	**3.89**	-1.75	-64.40	-0.44	3.34	0.55	0.02
1/28/2026	**3.81**	-2.08	-32.60	-0.52	3.24	0.57	0.04
3/18/2026	**3.69**	-2.58	-50.10	-0.65	3.18	0.51	0.06
4/29/2026	**3.61**	-2.87	-28.90	-0.72	3.13	0.49	0.07
6/17/2026	**3.48**	-3.41	-53.90	-0.85	3.08	0.40	0.08
7/29/2026	**3.39**	-3.76	-35.10	-0.94	3.07	0.33	0.08
9/16/2026	**3.29**	-4.16	-40.20	-1.04	3.09	0.20	0.08



Market Volatility Measures

- Equity Market VIX declined
- Bond Market Volatility (MOVE) decreased
- Corporate spreads tightened again, moving near all-time historical tights

Data as of 7/25/25	Volatility Movement						Range
	Current Rate	▲ 1wk	▲ MTD	▲ 3mo	▲ YTD	▲ 1yr	vs. 5yr Range
Volatility Measures							
VIX Index	**14.93**	-1.48	-1.80	-11.54	-2.42	-3.11	-0.63
Move Index	**82.09**	-1.20	-8.17	-26.19	-16.71	-12.72	-1.42
IG Corp Spread	**76.0**	-1.00	-7.00	-27.00	-4.00	-17.00	-1.25



Fixed Income

- Broad Fixed Income indices were positive
- Corporates outperformed again during the week

Data as of 7/25/25

	Total Returns					Characteristics	
	1wk	MTD	3mo	YTD	1yr	Duration	YTW
Bloomberg Index Total Returns							
Aggregate	0.37%	-0.40%	1.24%	3.60%	4.69%	5.99	4.64
Intermediate Aggregate	0.20%	-0.27%	1.30%	3.88%	5.33%	4.38	4.49
1-3yr Aggregate	0.03%	-0.01%	0.92%	2.91%	5.09%	1.80	4.09
US Treasury	0.33%	-0.55%	0.54%	3.22%	3.89%	5.75	4.18
Government-Related	0.29%	-0.24%	1.62%	4.13%	5.00%	5.26	4.62
US Agency	0.14%	-0.15%	1.05%	3.29%	4.86%	3.16	4.37
Corporate	0.56%	-0.11%	2.44%	4.06%	5.86%	6.73	5.07
A-Rated	0.56%	-0.11%	2.27%	4.11%	5.67%	6.72	4.94
BBB-Rated	0.54%	-0.07%	2.79%	4.13%	6.31%	6.54	5.25
High-Yield	0.35%	0.48%	4.21%	5.07%	9.10%	2.78	7.03
Securitized	0.30%	-0.44%	1.30%	3.76%	4.94%	5.83	5.05
CMBS	0.18%	-0.17%	1.73%	4.32%	6.41%	3.89	4.82
ABS	0.13%	0.06%	1.39%	2.99%	5.51%	2.59	4.51
MBS	0.31%	-0.47%	1.27%	3.74%	4.84%	6.01	5.07

	Excess Returns					Characteristics	
	1wk	MTD	3mo	YTD	1yr	OAS	DTS
Bloomberg Index Excess Returns							
Aggregate		0.17	0.62	0.28	0.76	30.23	1.77
Intermediate Aggregate		0.12	0.47	0.26	0.60	26.78	1.16
1-3yr Aggregate		0.04	0.17	0.16	0.25	13.51	0.26
US Treasury		0.00	0.00	0.00	0.00	-0.34	0.00
Government-Related		0.26	0.95	0.81	0.95	41.86	2.20
US Agency		0.05	0.25	0.18	0.33	11.43	0.36
Corporate		0.57	1.82	0.80	2.33	75.52	5.06
A-Rated		0.57	1.67	0.88	2.14	62.79	4.22
BBB-Rated		0.58	2.10	0.77	2.66	94.37	6.13
High-Yield		0.65	3.20	1.72	4.13	275.93	7.95
Securitized		0.10	0.54	0.22	0.57	39.55	2.17
CMBS		0.19	0.87	0.53	1.56	81.31	3.23
ABS		0.20	0.68	0.18	0.90	51.60	1.40
MBS		0.09	0.52	0.20	0.50	36.75	2.07

Market Overview

Global Equities

- US Markets were positive during the week, led by a broad range of sectors
- Healthcare, Materials and Industrials led the way, while Consumer Staples retreated
- International markets also increased, with Developed leading Emerging Markets

Data as of 7/25/25	Total Returns					Characteristics	
	1wk	MTD	3mo	YTD	1yr	P/E TTM	P/E F1
United States							
S&P 500	1.47%	3.03%	16.86%	9.41%	19.28%	27.10	23.54
NASDAQ	1.02%	3.66%	23.20%	9.73%	22.61%	43.48	31.77
Dow Jones	1.28%	1.91%	12.49%	6.55%	14.64%	23.86	21.23
S&P 500 Equal-Weighted	1.90%	3.26%	12.45%	8.23%	14.39%	21.44	18.88
Russell 3000	1.40%	3.08%	16.87%	9.01%	18.91%	27.83	23.31
Russell Midcap	1.44%	3.60%	14.67%	8.61%	17.12%	23.82	19.94
Russell 2000	0.95%	4.00%	15.91%	2.14%	4.39%	52.84	19.58
Russell 1000 Value	1.60%	2.48%	10.63%	8.63%	13.64%	20.48	18.47
Russell 1000 Growth	1.25%	3.57%	22.49%	9.88%	25.08%	37.35	31.48
International							
Emerging Markets	0.70%	3.16%	16.33%	19.18%	19.43%	16.59	13.82
China	1.77%	5.53%	10.86%	6.97%	24.26%	16.83	14.07
EAFE	1.93%	1.42%	10.82%	21.65%	17.73%	17.34	16.01
Europe	0.57%	1.68%	7.50%	11.26%	11.08%	15.65	15.11
Japan	4.11%	2.39%	18.46%	6.60%	7.95%	19.19	21.15
Comparisons							
USA vs. Int'l	-0.53%	1.66%	6.05%	-12.64%	1.18%	10.49	7.30
Value vs. Growth	0.36%	-1.09%	-11.86%	-1.24%	-11.44%	-16.87	-13.01
Mkt Breadth	0.43%	0.23%	-4.42%	-1.18%	-4.89%	-5.67	-4.66
Small vs. Large	-0.52%	0.97%	-0.95%	-7.28%	-14.88%	25.73	-3.96
EAFE vs. EM	1.23%	-1.74%	-5.51%	2.48%	-1.71%	0.75	2.19
US Sectors (All-Cap)							
Russell 3000	1.40%	3.08%	16.87%	9.01%	18.91%	27.83	23.31
Communication Services	1.81%	0.80%	20.68%	13.51%	33.72%	25.46	20.96
Consumer Discretionary	0.78%	1.70%	15.33%	3.65%	26.14%	30.94	27.72
Consumer Staples	-0.22%	-0.54%	0.28%	7.82%	7.61%	19.03	18.18
Energy	1.14%	2.67%	7.51%	2.47%	-1.27%	16.65	16.76
Financials	1.31%	2.75%	13.21%	12.62%	25.89%	17.71	15.94
Healthcare	3.48%	1.59%	0.94%	-1.01%	-7.71%	25.84	22.14
Industrials	2.23%	4.15%	17.44%	11.39%	22.58%	28.46	25.19
Materials	2.57%	6.10%	14.09%	16.51%	8.65%	27.52	20.76
Real Estate	2.00%	2.99%	6.32%	4.98%	8.01%	48.68	37.43
Technology	0.61%	4.22%	29.26%	12.13%	25.50%	43.86	29.27
Utilities	0.96%	3.30%	6.99%	12.07%	17.43%	21.29	19.67

Currencies & Commodities

- Dollar weakened
- Broad commodity prices decreased, with most commodities declining
- Cryptocurrency prices increased again on aggregate, even with Bitcoin remaining flat

Data as of 7/25/25

Currency & Commodity Movement	Current Rate	▲ 1wk	▲ MTD	▲ 3mo	▲ YTD	▲ 1yr
Currency Movement (US Dollar Strength Monitor)						
Dollar Index	97.65	-0.85%	0.79%	-1.74%	-9.99%	-6.46%
USD vs. Euro	0.85	-0.98%	0.39%	-2.98%	-11.82%	-7.67%
USD vs. Jap Yen	147.69	-0.75%	2.54%	3.55%	-6.05%	-4.03%
USD vs. Brit Pound	0.74	-0.16%	2.20%	-0.71%	-6.86%	-3.95%
USD vs. Swiss Franc	0.80	-0.74%	0.29%	-3.82%	-12.34%	-10.13%
USD vs. Sweden	9.53	-1.42%	0.77%	-0.69%	-13.91%	-11.56%
USD vs. Norway	10.16	-0.26%	0.90%	-2.26%	-10.74%	-7.85%
USD vs. Hong Kong	7.85	0.03%	0.00%	1.17%	1.04%	0.53%
USD vs. Can Dollar	1.37	-0.17%	0.70%	-1.08%	-4.73%	-0.76%
USD vs. Aus Dollar	1.52	-0.87%	0.22%	-2.41%	-5.75%	0.24%
Broad Commodity Movement						
Commodity Index	103.47	-1.56%	1.42%	0.54%	4.77%	6.35%
WTI Crude	65.16	-3.24%	0.08%	3.77%	-9.15%	-16.02%
Natural Gas	3.11	-12.76%	-10.01%	6.14%	-14.40%	46.91%
Gold	3,337.30	-0.38%	1.03%	-0.36%	27.16%	39.19%
Silver	38.16	-0.04%	5.68%	13.64%	32.03%	32.00%
Copper	576.35	3.33%	14.58%	18.69%	43.14%	40.61%
Steel	871.00	-0.46%	-1.02%	-7.73%	22.85%	32.37%
Corn	399.50	-2.20%	-4.99%	-16.29%	-12.87%	-1.05%
Wheat	538.25	-1.46%	1.80%	1.70%	-2.40%	-1.60%
Cattle	226.48	1.31%	0.27%	6.08%	16.83%	21.17%
Sugar	16.29	-3.15%	5.23%	-9.10%	-15.42%	-9.05%
Soybean	998.75	-2.82%	-2.49%	-5.15%	0.05%	-10.10%
Broad Commodity Movement						
BBG Galaxy Crypto Index	3,513.23	1.16%	26.09%	49.49%	11.29%	31.53%
Bitcoin	117,104.31	-0.33%	8.83%	25.31%	24.96%	77.32%
Ethereum	3,686.74	4.73%	47.24%	109.11%	10.17%	9.23%
Litecoin	112.87	11.14%	30.48%	35.24%	8.86%	56.26%
Dogecoin	0.24	0.34%	43.34%	29.75%	-24.92%	85.14%

Key Economic Data & Events – 7/21 – 7/25

- S&P Manufacturing PMI came in weaker than expected in contraction territory, while Services came in stronger than expected
- Durable Goods Orders came in slightly better than expected, but declined month-over-month
- Conference Board's Leading Index contracted again, marking a negative trend for 34 of the last 36 months

Monday

Conf Board - Leading Index	
Actual	-0.30%
Survey	-0.30%
Previous	0.00%

Tuesday

Philly FED Non-Manuf Index	
Actual	-10.3
Survey	---
Previous	-25.0

Richmond FED Manuf Index	
Actual	-20
Survey	-2
Previous	-8

Wednesday

MBA Mortgage Applications	
Actual	0.80%
Survey	---
Previous	-10.00%

Existing Home Sales (MoM)	
Actual	-2.70%
Survey	-0.70%
Previous	1.00%

Thursday

S&P US Manufacturing PMI	
Actual	49.5
Survey	52.7
Previous	52.9

S&P US Services	
Actual	55.2
Survey	53.0
Previous	52.9

Chicago FED Nat Activity	
Actual	-0.1
Survey	-0.15
Previous	-0.16

New Home Sales (MoM)	
Actual	0.60%
Survey	4.30%
Previous	-11.60%

Initial Jobless Claims	
Actual	217k
Survey	226k
Previous	221k

Friday

Durable Goods Orders	
Actual	-9.30%
Survey	-10.70%
Previous	16.50%

Durable Goods ex Transport	
Actual	0.20%
Survey	0.10%
Previous	0.60%

KC FED Services	
Actual	-5
Survey	---
Previous	3

Key Economic Data & Events – 7/28 – 8/1

- Core PCE, the FED's preferred inflation measure, will be a key focus of the week as the markets try to predict the future path of interest rate cuts
- Employment data will also be a key factor, with Unemployment Rate and Nonfarm Payrolls highlighting the week on Friday
- Q2 GDP will also be released this week, with markets expecting a strong bounce-back after the disappointing 1st quarter

Monday		Tuesday		Wednesday		Thursday		Friday	
Dallas FED Manuf Activity		**JOLTS Job Openings**		**Q2 GDP**		**Core PCE (MoM)**		**Unemployment Rate**	
Survey	-9.5	Survey	7,525k	Survey	2.40%	Survey	0.30%	Survey	4.20%
Previous	-12.7	Previous	7,769k	Previous	-0.50%	Previous	0.20%	Previous	4.10%
		Wholesale Inventories (MoM)		**Q2 Personal Consumption**		**Core PCE (YoY)**		**▲ Nonfarm Payrolls**	
		Survey	-0.10%	Survey	1.50%	Survey	2.70%	Survey	109k
		Previous	-0.30%	Previous	0.50%	Previous	2.70%	Previous	147k
		FHFA House Price Index		**Fed FOMC Rate Decision**		**Personal Income**		**ISM Manufacturing PMI**	
		Survey	-0.20%	Survey	4.50%	Survey	0.20%	Survey	49.5
		Previous	-0.40%	Previous	4.50%	Previous	-0.40%	Previous	49.0
		Conf Board Consumer Confidence		**ADP Employment Change**		**Personal Spending**		**Construction Spending**	
		Survey	96.0	Survey	80k	Survey	0.40%	Survey	0.00%
		Previous	93.0	Previous	-33k	Previous	-0.10%	Previous	-0.30%
		S&P Core Logic (YoY)		**Pending Home Sales (MoM)**		**MNI Chicago PMI**		**UMich Consumer Sentiment**	
		Survey	3.00%	Survey	0.30%	Survey	42.0	Survey	61.8
		Previous	3.42%	Previous	1.80%	Previous	40.4	Previous	61.8

Treasury Auction Schedule

Treasury Auction Data – 7/28 – 8/1

- 2-, 5-, and 7-year Treasuries highlight the nominal auctions
- 2-year Floating Rate Notes (FRN) auction Tuesday will be the key non-nominal focus

Monday	Tuesday	Wednesday	Thursday	Friday
3 & 6-month Nominal	7-year Nominal	4-month Nominal	1 & 2-month Nominal	N/A
2-year Nominal	2-year Floating Rate (FRN)			
5-year Nominal				

Key Company Earnings Watch – 7/28 – 8/1 *(+ Shareholder Meetings)*

- Earnings season is in full force with 38% of the S&P 500 weight reporting this week
- Big Tech, Industrial giants, Consumer Finance, Consumer Discretionary, Energy, and Healthcare are among the most important reporters
- META, MSFT, AAPL, and AMZN represent the Mag-7, alongside other large reporters including CVX, XOM, SBUX, and BA

Monday		Tuesday		Wednesday		Thursday		Friday	
WM	Waste Management	**MRK**	Merck	**META**	META Platforms	**AAPL**	Apple Inc	**CVX**	Chevron
WHR	Whirlpool	**PYPL**	PayPal Holdings	**MSFT**	Microsoft	**AMZN**	Amazon.com	**XOM**	Exxon Mobil
WU	Western Union	**SBUX**	Starbucks	**HUM**	Humana	**BIIB**	Biogen	**MRNA**	Moderna
		SYY	Sysco	**F**	Ford Motor	**BWA**	BorgWarner	**D**	Dominion Energy
		BA	Boeing	**WDC**	Western Digital	**GTLS**	Chart Industries	**TROW**	T Rowe Price Group
		V	Visa	**LRCX**	Lam Research	**BLDR**	Builders FirstSource		
		PG	Procter & Gamble	**HOOD**	Robinhood	**HWM**	Howment Aerospace		

*SM = Shareholder Meeting

Disclosure

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