Market Overview

Weekly Market & Economic Overview

Edition: *August 11, 2025*

**Data through 8/8/25, unless otherwise stated*

Table of Contents

Executive Summary

Market Movement

Fixed Income & Yield Curve	• Yields rose across the curve, with the middle rising most and causing the curve to flatten • Markets priced in less cuts looking forward to 2026, with an 89% chance of a September cut, but only 2 cuts expected by year-end • Broad Fixed Income indices were negative on the week due to rising rates, but spreads tightened during the week, causing Corporates and Mortgages to outperform
Equity	• US and International Markets rebounded strongly, posting widespread gains • Technology and Communications led the way, while Healthcare and Energy retreated • Internationally, Developed Markets outperformed Emerging Markets
Other Markets	• US Dollar weakened • Broad commodity prices were mixed, with Oil and Natural Gas falling, while Precious Metals rose • Cryptocurrency prices rose strongly

Top Market News

Services Data	• ISM and S&P Services data both revealed that the US Services sector remains expansionary, but the levels between the two diverged meaningfully in July • ISM Services PMI came in at 50.1, which was weaker than expected but still above 50 • S&P US Services PMI came in at 55.7 and accelerated better than expected • 50 represents the key level of expansion vs. contraction for both surveys (>50 = expansion), meaning both surveys still show expansionary conditions within the Services sector • Service sectors account for more than 2/3 of US GDP, making these a key for future periods
Earnings Season Update	• With more than 90% of S&P 500 constituents and 80% market cap reported so far, Q2 earnings season has been very strong, shaking off tariff and slowdown concerns for now • Of S&P 500 reporters: 81% beat Earnings (EPS) and 69% beat Sales expectations for the quarter • Small Cap stocks have also been strong with 62% of reporters beating EPS expectations • Company forecasts have been generally more optimistic than feared earlier in the year, but companies still are keenly aware of global risks • While daily news often makes headlines and geopolitical decisions can impact business activity, Earnings are the long-term driver of markets
Treasury Auctions	• Quarterly Refunding for the US Dept of Treasury resulted in disappointing auctions for the 3-, 10-, and 30-year auctions, spurred by weak demand amid geopolitical concerns and debt levels • According to Bloomberg, auction grades were – 3yr: C, 10yr: C-, 30yr: D

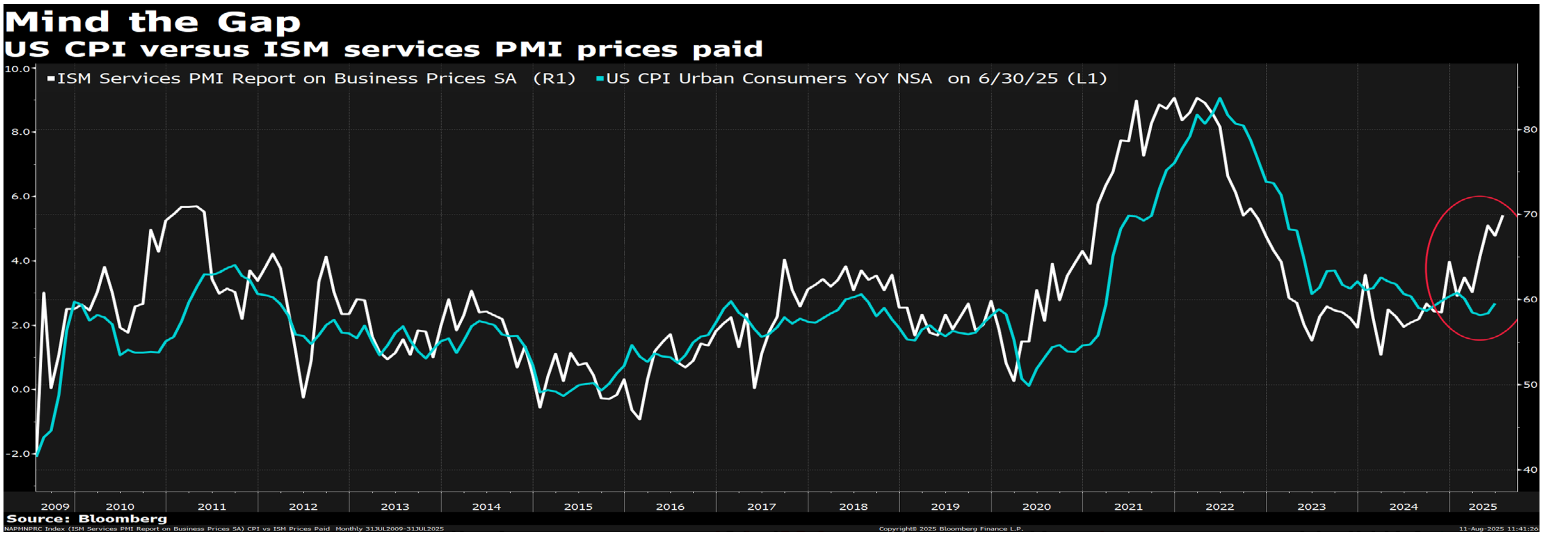
Top Events to Watch For This Week

Inflation	• Inflation will headline the week, with both Consumer (CPI) and Producer (PPI) inflation measures • Consumer Price Inflation (CPI) is expected to accelerate on a Core Basis (0.3% vs. 0.2% MoM) but decelerate on a Headline basis (0.2% vs. 0.3% MoM) • Producer Price Inflation (PPI) is also expected to accelerate on a MoM basis (0.2% v 0.0%)and on a YoY basis (2.5% v 2.3%)
Consumer (Retail & Confidence)	• Retail spending is expected to grow again this quarter (0.6% vs. 0.6%) but show a slight deceleration excluding autos (0.3% vs. 0.5%) • Univ. of Michigan Consumer Sentiment numbers are expected to show improvement (62.0 v 61.7) but remain below the recent highs from earlier this year • Sentiment and spending numbers remain resilient, but consumers are keeping a keen eye on the impact of tariffs and the job market moving forward
Earnings Season	• Earnings season begins to slow down and transition to more off-cycle reporters • Deere (DE) and Cisco Systems (CSCO) are the largest reporters, with several smaller Industrial and Technology companies reporting as well

Geopolitical & Other News Highlights

Putin & Trump Meeting	• President Trump and Valdimir Putin are set to meet in Alaska on Friday to discuss the war in Ukraine, marking the first time Putin will enter the US in nearly a decade • Negotiations about a ceasefire are expected to take place; however, President Zelensky of Ukraine has not been invited to the meeting yet, per request of the Kremlin • European Leaders will meet with Trump virtually this week before Trump's meeting to emphasize the "red lines" that would prevent European acceptance of a cease-fire deal • Leaders around the world will be paying close attention to the meeting this week, both in terms of Russia-Ukraine war progress and the diplomatic tone of President Trump
Trade Negotiations	• Reciprocal tariffs for most countries officially went into place last week, introducing higher import costs for many goods from US trading partners • With the 90-day tariff truce between China and the U.S. set to expire on Tuesday, market attention is on trade negotiations, with experts anticipating the implementation of a new 90-day extension • Additional semiconductor tariffs of 100% were also announced by the Trump administration, with exceptions given to firms committed to manufacturing in the US, including TSMC (Taiwan Semi) • AMD and NVDA also agreed to pay 15% of revenue on chips sold to China

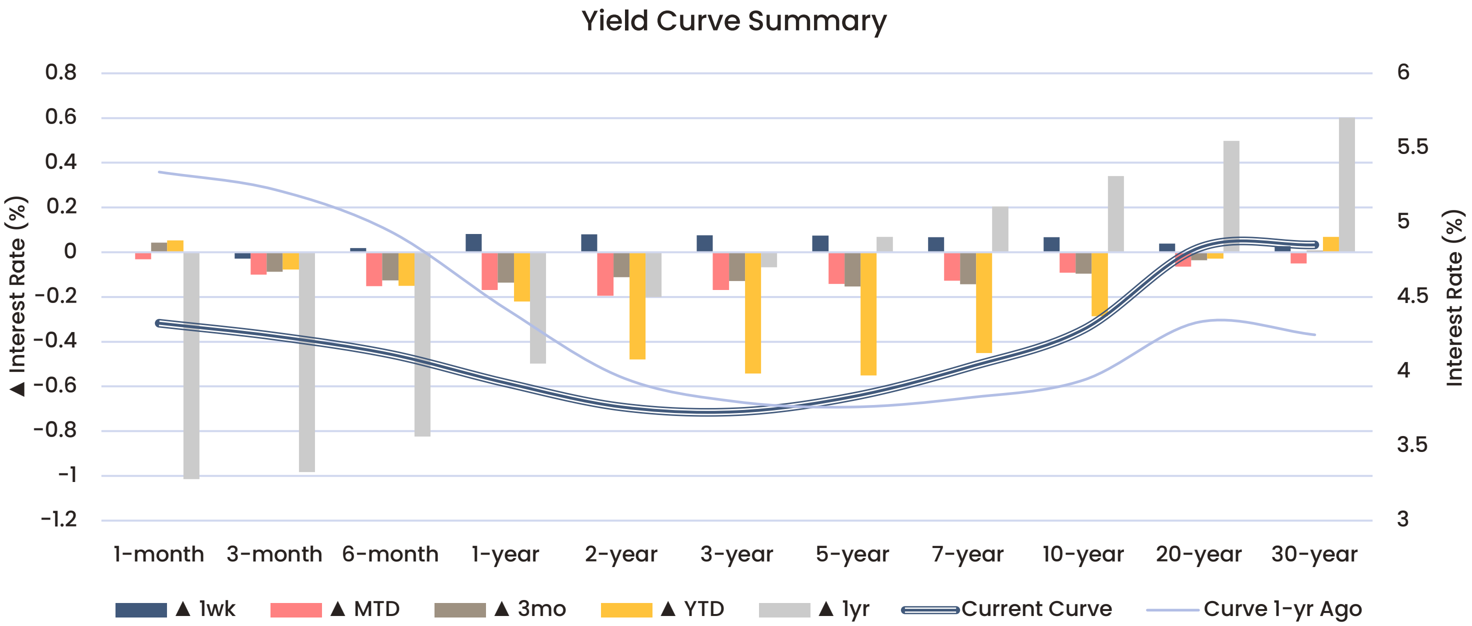
Charts of The Week



Yield Curve

- Yields rose across the middle to end of the curve
- Yield curve flattened

Data as of 8/8/25	Yield Curve Movement						Range
	Current Rate	▲ 1wk	▲ MTD	▲ 3mo	▲ YTD	▲ 1yr	vs. 5yr Range
Yield Curve Levels							
1-month	**4.32**	0.00	-0.03	0.04	0.05	-1.01	0.65
3-month	**4.24**	-0.03	-0.10	-0.09	-0.08	-0.98	0.55
6-month	**4.12**	0.02	-0.15	-0.13	-0.15	-0.82	0.47
1-year	**3.92**	0.08	-0.17	-0.14	-0.22	-0.50	0.43
2-year	**3.76**	0.08	-0.19	-0.11	-0.48	-0.20	0.44
3-year	**3.73**	0.08	-0.17	-0.13	-0.54	-0.07	0.48
5-year	**3.83**	0.07	-0.14	-0.15	-0.55	0.07	0.60
7-year	**4.03**	0.07	-0.13	-0.14	-0.45	0.20	0.71
10-year	**4.28**	0.07	-0.09	-0.10	-0.29	0.34	0.90
20-year	**4.83**	0.04	-0.07	-0.04	-0.03	0.50	1.08
30-year	**4.85**	0.03	-0.05	0.01	0.07	0.60	1.24
Yield Curve Spreads							
2yr vs. 10yr	**51.85**	-1.16	10.36	2.01	19.32	53.96	0.52
2yr vs. 30yr	**108.29**	-5.35	14.20	11.82	54.22	80.07	0.66
5yr vs. 10yr	**45.00**	-0.71	5.01	6.00	26.30	27.07	0.95
5yr vs. 30yr	**101.64**	-4.68	9.06	16.02	61.71	53.39	0.98

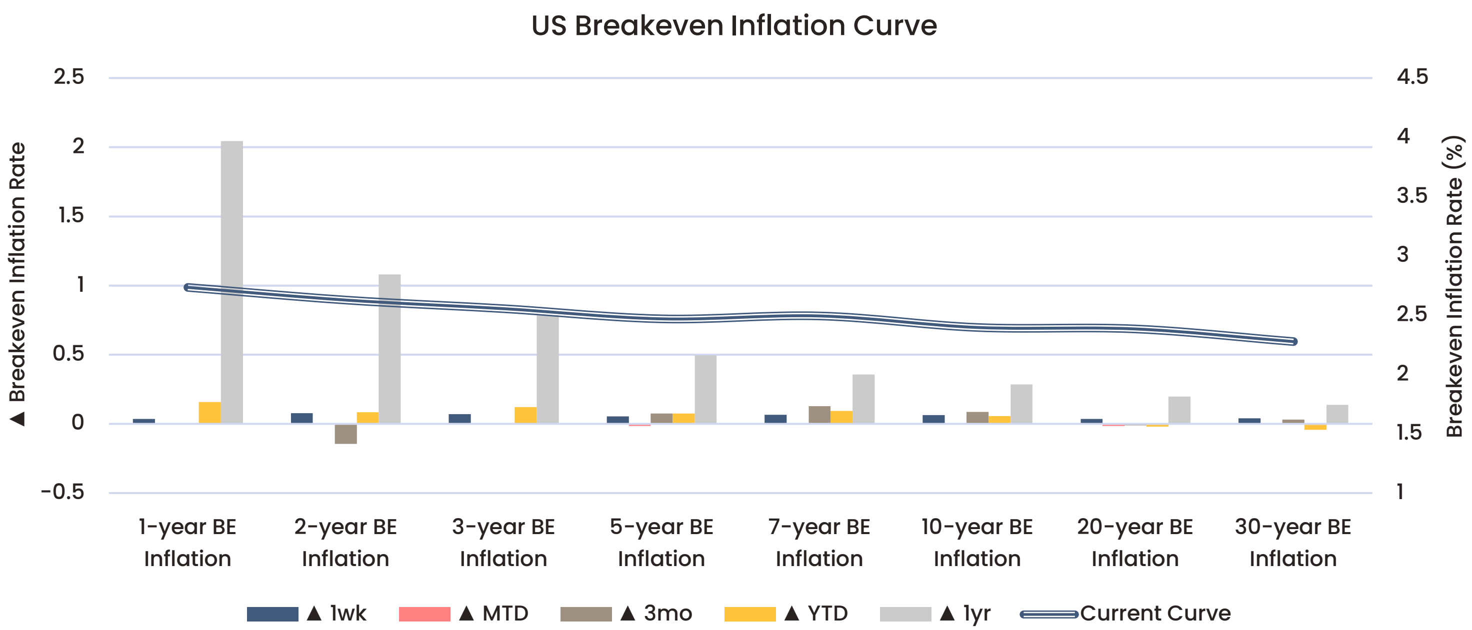


Breakeven Inflation Curve

- Breakeven inflation levels increased
- 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 8/8/25

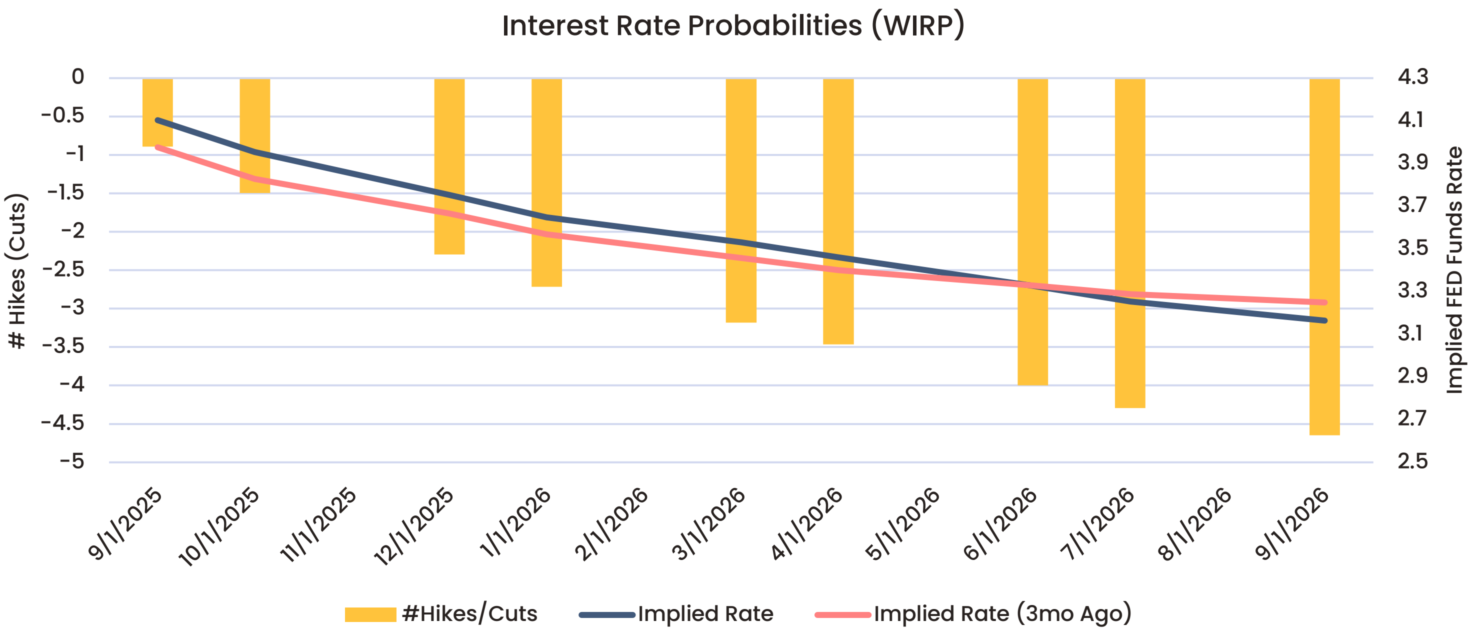
	Inflation Breakeven Curve Movement						Range
	Current Rate	▲ 1wk	▲ MTD	▲ 3mo	▲ YTD	▲ 1yr	vs. 5yr Range
Yield Curve Levels							
1-year	**2.73**	0.04	---	---	0.16	2.04	0.05
2-year	**2.63**	0.08	---	-0.14	0.08	1.08	0.10
3-year	**2.55**	0.07	---	0.00	0.12	0.78	0.15
5-year	**2.47**	0.05	-0.02	0.07	0.07	0.50	0.13
7-year	**2.49**	0.07	-0.01	0.13	0.09	0.36	0.41
10-year	**2.40**	0.06	0.00	0.09	0.06	0.28	0.35
20-year	**2.38**	0.04	-0.02	-0.01	-0.02	0.20	0.32
30-year	**2.28**	0.04	0.00	0.03	-0.04	0.14	0.10



Interest Rate Projections

- Markets priced in less rate cuts for the FED
- Markets still expect the first rate cut to be in September or October
- Markets now price in 4.00 cuts (~100bps total) by June 2026

Data as of 8/8/25	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							
9/17/2025	**4.10**	-0.89	-89.30	-0.23	3.98	0.13	0.00
10/29/2025	**3.95**	-1.50	-60.20	-0.38	3.83	0.13	0.04
12/10/2025	**3.75**	-2.29	-79.80	-0.58	3.67	0.09	0.04
1/28/2026	**3.65**	-2.72	-42.20	-0.68	3.57	0.08	0.04
3/18/2026	**3.53**	-3.18	-46.70	-0.80	3.46	0.07	0.06
4/29/2026	**3.46**	-3.47	-28.30	-0.87	3.40	0.06	0.07
6/17/2026	**3.33**	-4.00	-53.10	-1.00	3.33	0.00	0.09
7/29/2026	**3.25**	-4.30	-29.90	-1.08	3.29	-0.03	0.10
9/16/2026	**3.16**	-4.65	-35.30	-1.17	3.25	-0.09	0.10
10/28/2026	**3.12**	-4.83	-17.70	-1.21	3.25	-0.13	0.11

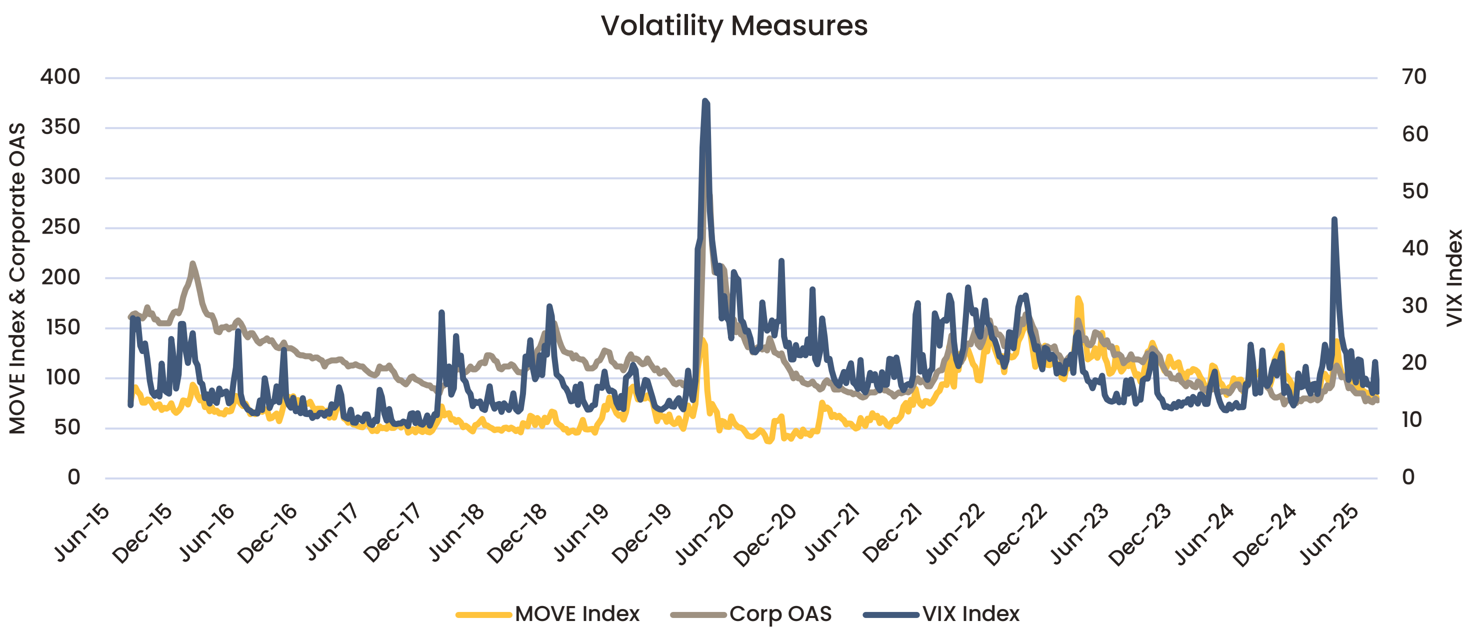


Market Volatility Measures

- Equity Market VIX decreased
- Bond Market Volatility (MOVE) also decreased
- Corporate spreads tightened

Data as of 8/8/25

	Volatility Movement						Range
	Current Rate	▲ 1wk	▲ MTD	▲ 3mo	▲ YTD	▲ 1yr	vs. 5yr Range
Volatility Measures							
VIX Index	**15.15**	-5.23	-1.57	-7.33	-2.20	-12.70	-0.64
Move Index	**79.20**	-4.63	-0.64	-19.46	-19.60	-33.49	-1.52
IG Corp Spread	**78.0**	-2.00	2.00	-21.00	-2.00	-27.00	-0.95



- Broad Fixed Income indices were negative, largely due to rising rates
- Mortgages and Corporates both outperformed during the week

Data as of 8/8/25

	Total Returns					Characteristics	
	1wk	MTD	3mo	YTD	1yr	Duration	YTW
Bloomberg Index Total Returns							
Aggregate	-0.18%	0.63%	2.23%	4.40%	3.39%	6.01	4.53
Intermediate Aggregate	-0.14%	0.61%	2.04%	4.57%	4.25%	4.38	4.37
1-3yr Aggregate	-0.04%	0.41%	1.32%	3.33%	4.59%	1.84	3.95
US Treasury	-0.25%	0.60%	1.62%	4.01%	2.43%	5.81	4.06
Government-Related	-0.06%	0.63%	2.46%	4.99%	4.15%	5.33	4.51
US Agency	-0.14%	0.45%	1.60%	3.80%	4.07%	3.15	4.25
Corporate	-0.12%	0.55%	3.35%	4.81%	4.88%	6.79	4.98
A-Rated	-0.12%	0.56%	3.19%	4.86%	4.64%	6.80	4.85
BBB-Rated	-0.11%	0.52%	3.62%	4.87%	5.41%	6.59	5.16
High-Yield	0.38%	0.25%	3.74%	5.30%	9.19%	2.84	6.99
Securitized	-0.14%	0.75%	2.22%	4.61%	3.52%	5.76	4.93
CMBS	-0.16%	0.62%	2.32%	5.02%	5.52%	3.89	4.68
ABS	-0.08%	0.45%	1.90%	3.52%	4.94%	2.68	4.36
MBS	-0.13%	0.77%	2.22%	4.61%	3.37%	5.92	4.96

	Excess Returns					Characteristics	
	1wk	MTD	3mo	YTD	1yr	OAS	DTS
Bloomberg Index Excess Returns							
Aggregate		0.01	0.58	0.27	0.89	30.59	1.81
Intermediate Aggregate		0.02	0.42	0.27	0.65	27.15	1.18
1-3yr Aggregate		0.00	0.14	0.16	0.28	13.54	0.26
US Treasury		0.00	0.00	0.00	0.00	-0.71	0.00
Government-Related		0.02	0.87	0.92	1.28	41.04	2.18
US Agency		-0.01	0.19	0.15	0.29	11.92	0.38
Corporate		-0.12	1.69	0.68	2.85	77.96	5.26
A-Rated		-0.10	1.54	0.76	2.63	65.26	4.41
BBB-Rated		-0.14	1.94	0.66	3.21	96.98	6.32
High-Yield		-0.22	2.32	1.43	4.77	284.10	8.15
Securitized		0.13	0.53	0.27	0.53	40.13	2.19
CMBS		0.03	0.73	0.58	1.81	79.75	3.18
ABS		0.01	0.64	0.22	1.02	50.88	1.37
MBS		0.14	0.51	0.25	0.45	37.50	2.10

CSMcKee

Market Overview

Global Equities

- US markets rebounded strongly, with gains across most major indices
- Technology, Communications, and Materials led the way, while Healthcare and Energy lagged
- International markets also rallied, with Developed leading Emerging Markets

Data as of 8/8/25	Total Returns					Characteristics	
	1wk	MTD	3mo	YTD	1yr	P/E TTM	P/E F1
United States							
S&P 500	2.44%	0.81%	13.19%	9.46%	24.51%	27.08	23.51
NASDAQ	3.88%	1.56%	19.87%	11.52%	33.42%	62.10	31.67
Dow Jones	1.37%	0.12%	7.28%	4.85%	15.99%	24.36	20.57
S&P 500 Equal-Weighted	0.79%	-0.30%	6.55%	5.52%	14.12%	20.23	17.74
Russell 3000	2.36%	0.68%	12.79%	8.81%	24.09%	27.75	23.67
Russell Midcap	0.50%	-0.88%	7.49%	5.84%	17.58%	22.11	18.66
Russell 2000	2.41%	0.34%	9.86%	0.25%	10.50%	55.38	23.98
Russell 1000 Value	1.41%	0.11%	6.20%	6.72%	14.28%	19.88	17.53
Russell 1000 Growth	3.23%	1.24%	19.04%	11.45%	34.85%	37.81	31.74
International							
Emerging Markets	2.32%	0.93%	11.82%	18.95%	22.73%	16.23	13.87
China	1.27%	0.76%	8.37%	6.51%	26.33%	16.82	14.44
EAFE	2.87%	2.48%	7.33%	21.23%	21.89%	16.14	15.61
Europe	2.18%	0.25%	3.19%	10.78%	14.18%	15.64	14.74
Japan	2.50%	1.83%	13.40%	7.55%	21.52%	19.51	20.64
Comparisons							
USA vs. Int'l	-0.50%	-1.80%	5.46%	-12.42%	2.20%	11.61	8.06
Value vs. Growth	-1.82%	-1.13%	-12.84%	-4.73%	-20.57%	-17.92	-14.22
Mkt Breadth	-1.66%	-1.11%	-6.64%	-3.94%	-10.39%	-6.85	-5.76
Small vs. Large	-0.03%	-0.47%	-3.33%	-9.21%	-14.01%	28.30	0.47
EAFE vs. EM	0.54%	1.56%	-4.49%	2.27%	-0.85%	-0.09	1.75
US Sectors (All-Cap)							
Russell 3000	2.36%	0.68%	12.79%	8.81%	24.09%	27.75	23.67
Communication Services	3.38%	1.57%	19.35%	16.69%	41.60%	24.35	21.00
Consumer Discretionary	3.03%	0.43%	9.61%	2.90%	33.06%	30.70	28.04
Consumer Staples	1.97%	2.27%	0.37%	7.73%	4.97%	19.00	18.25
Energy	-0.78%	-2.57%	5.34%	-0.10%	0.26%	16.85	15.54
Financials	1.19%	-0.61%	7.05%	9.82%	28.10%	16.82	15.06
Healthcare	-0.56%	-0.10%	-1.21%	-5.21%	-8.79%	24.29	19.16
Industrials	0.54%	-1.13%	8.02%	7.76%	20.84%	28.32	22.93
Materials	3.98%	2.96%	11.42%	13.90%	10.51%	26.70	19.76
Real Estate	0.05%	-0.22%	1.45%	1.77%	3.10%	45.45	35.33
Technology	4.13%	1.84%	24.84%	14.86%	38.41%	44.74	32.12
Utilities	0.52%	0.49%	6.51%	13.73%	16.91%	21.31	19.47

Currencies & Commodities

- Dollar weakened
- Broad commodities were mixed, with Oil and Nat Gas falling, while Precious Metals increased
- Cryptocurrency prices rose strongly

Data as of 8/8/25

	Currency & Commodity Movement					
	Current Rate	▲ 1wk	▲ MTD	▲ 3mo	▲ YTD	▲ 1yr
Currency Movement (US Dollar Strength Monitor)						
Dollar Index	98.18	-0.97%	-1.79%	-2.44%	-9.50%	-4.86%
USD vs. Euro	0.86	-0.48%	-1.94%	-3.56%	-11.07%	-6.17%
USD vs. Jap Yen	147.74	0.23%	-2.00%	1.25%	-6.02%	0.72%
USD vs. Brit Pound	0.74	-1.29%	-1.82%	-1.52%	-6.96%	-5.65%
USD vs. Swiss Franc	0.81	0.53%	-0.49%	-2.81%	-10.92%	-6.20%
USD vs. Sweden	9.58	-0.79%	-2.19%	-1.64%	-13.50%	-8.73%
USD vs. Norway	10.28	0.47%	-0.47%	-1.41%	-9.69%	-4.85%
USD vs. Hong Kong	7.85	0.01%	0.00%	0.98%	1.05%	0.66%
USD vs. Can Dollar	1.38	-0.20%	-0.70%	-1.19%	-4.35%	0.00%
USD vs. Aus Dollar	1.53	-0.74%	-1.48%	-1.87%	-5.12%	-0.04%
Broad Commodity Movement						
Commodity Index	100.79	0.17%	-0.39%	-0.82%	2.06%	6.34%
WTI Crude	63.88	-5.12%	-7.77%	6.63%	-10.93%	-15.09%
Natural Gas	2.99	-3.02%	-3.73%	-16.76%	-17.70%	41.57%
Gold	3,397.75	1.02%	3.28%	2.78%	29.46%	42.59%
Silver	38.34	3.53%	4.44%	18.12%	32.67%	44.10%
Copper	447.15	0.81%	2.69%	-1.96%	11.05%	13.15%
Steel	835.00	-1.42%	-0.83%	-6.18%	17.77%	22.08%
Corn	382.75	-1.73%	-2.86%	-12.81%	-16.52%	-0.13%
Wheat	514.50	-0.44%	-1.67%	0.29%	-6.71%	-4.41%
Cattle	232.55	1.05%	2.10%	8.54%	19.96%	27.58%
Sugar	16.25	0.43%	-0.61%	-7.14%	-15.63%	-10.42%
Soybean	966.75	0.52%	0.52%	-6.75%	-3.16%	-5.24%
Broad Commodity Movement						
BBG Galaxy Crypto Index	3,681.12	9.08%	4.80%	40.74%	16.61%	79.61%
Bitcoin	116,915.22	2.64%	0.36%	13.93%	24.76%	111.98%
Ethereum	4,058.68	14.64%	8.67%	85.70%	21.28%	72.74%
Litecoin	124.85	17.23%	15.48%	32.07%	20.41%	120.07%
Dogecoin	0.23	14.73%	4.73%	16.36%	-26.92%	141.11%

Key Economic Data & Events – 8/4 – 8/8

- ISM Services data came in weaker than expected, nearing the key level of 50
- Nonfarm productivity increased more than expected

Monday	Tuesday	Wednesday	Thursday	Friday
Factory Orders	**ISM Services PMI**	**MBA Mortgage Applications**	**Wholesale Inventories**	**N/A**
Actual -4.80%	**Actual 50.1**	**Actual 3.10%**	**Actual 0.10%**	**Actual ---**
Survey -4.80%	Survey 51.5	Survey ---	Survey 0.20%	Survey ---
Previous 8.30%	Previous 50.8	Previous -3.80%	Previous 0.20%	Previous ---
Durable Goods Orders	**S&P US Services**		**NY FED 1yr Inflation Exp**	
Actual -9.40%	**Actual 55.7**		**Actual 3.09%**	
Survey -9.30%	Survey 55.2		Survey ---	
Previous -9.30%	Previous 55.2		Previous 3.02%	
Durable Goods ex Transport	**Trade Balance**		**Nonfarm Productivity**	
Actual 0.20%	**Actual -$60.2bn**		**Actual 2.40%**	
Survey 0.20%	Survey -$61.0bn		Survey 2.00%	
Previous 0.20%	Previous -$71.7bn		Previous -1.80%	
			Initial Jobless Claims	
			Actual 226k	
			Survey 222k	
			Previous 219k	
			▲ Consumer Credit	
			Actual $7.37bn	
			Survey $7.50bn	
			Previous $5.13bn	

Week Ahead in Economics

Key Economic Data & Events – 8/11 – 8/15

- Inflation data will take center stage for the week, with CPI data expecting to accelerate year-over-year
- PPI is also expected to accelerate slightly, which will be important to monitor if producers eventually pass cost pressures onto customers
- Focus will also be on Retail Sales and Consumer Sentiment this week, offering insight into consumer health and activity

Monday	Tuesday	Wednesday	Thursday	Friday
N/A	**CPI - Headline (MoM)**	**MBA Mortgage Applications**	**PPI - Headline (MoM)**	**Retail Sales (MoM)**
Survey ---	Survey 0.20%	Survey ---	Survey 0.20%	Survey 0.50%
Previous ---	Previous 0.30%	Previous 3.10%	Previous 0.00%	Previous 0.60%
	CPI - Core (MoM)		**PPI - Headline (YoY)**	**Retail Sales ex Auto (MoM)**
	Survey 0.30%		Survey 2.50%	Survey 0.30%
	Previous 0.20%		Previous 2.30%	Previous 0.50%
	CPI - Headline (YoY)		**PPI - Ex Food & Energy (YoY)**	**Empire Manufacturing**
	Survey 2.80%		Survey 3.00%	Survey -1.0
	Previous 2.70%		Previous 2.60%	Previous 5.5
	CPI - Core (YoY)		**PPI - Ex Food & Energy (MoM)**	**Industrial Production (MoM)**
	Survey 3.00%		Survey 0.20%	Survey 0.00%
	Previous 2.90%		Previous 0.00%	Previous 0.30%
	NFIB Small Biz Optimism		**Initial Jobless Claims**	**UMich Consumer Sentiment**
	Survey 98.2		Survey ---	Survey 62.0
	Previous 98.6		Previous 226k	Previous 61.7

Treasury Auction Data – 8/11 – 8/15

- Light week of Treasury issuance

Monday	Tuesday	Wednesday	Thursday	Friday
3 & 6-month Nominal	N/A	4-month Nominal	1 & 2-month Nominal	N/A

Company Earnings Calendar

Key Company Earnings Watch – 8/11 – 8/15 *(+ Shareholder Meetings)*

- Earnings seasons begins to slow down
- Technology and Industrials are most well represented, with Cisco Systems (CSCO) and Deere (DE) as the largest companies to watch for the week

Monday		Tuesday		Wednesday		Thursday		Friday	
ACHR	Archer Aviation	**CE**	Celanese	**CSCO**	Cisco Systems	**DE**	Deere & Co	**SBET**	Sharplink Gaming
GPRO	GoPro	**LITE**	Lumentum Holdings	**COHR**	Coherent Corp	**AMAT**	Applied Materials		
PLUG	PLUG Power	**CRWV**	CoreWeave			**AAP**	Advance Auto Parts		
BBAI	BigBear.ai	**RGTI**	Rigetti Computing						

*SM = Shareholder Meeting

General Disclosure Statements

CS McKee is an investment adviser registered with the U.S. Securities and Exchange Commission. This presentation is intended solely to provide general information and should not be construed as a recommendation or offer to buy or sell any security or adopt any investment strategy.

This material is not intended to provide, and should not be relied on for, accounting, legal, or tax advice. Individuals should consult with their professional advisers before implementing any financial strategies.

The information herein has been obtained from sources believed to be reliable, including Bloomberg Professional Services, but we make no representations as to its accuracy or completeness. All opinions and views expressed are as of the date indicated and are subject to change without notice.

Past performance is not indicative of future results. Investing involves risks, including the possible loss of principal. Any forward-looking statements are not guarantees of future performance and involve uncertainties that could cause actual outcomes to differ.