

Monthly Market Perspectives

July 2025

KEY INSIGHTS

- U.S. equities extended their rally in July, supported by progress on trade deals, strong Q2 earnings, and the passage of the budget bill.
- Q2 GDP rose 3.0%, up from 0.5% in Q1, though the swing is exaggerated by front-loaded imports earlier in the year.
- The Bloomberg U.S. Aggregate Bond Index fell 0.26% in July, as rising yields reflected solid data, inflation concerns, and fiscal uncertainty. Yields have since eased in early August following downward revisions to jobs data, revealing signs of labor market softening.
- The Federal Reserve held rates steady at its July meeting, with Fed Funds futures now pricing in roughly two 25bps cuts by year-end.

ECONOMY

- The Federal Reserve kept rates unchanged during their July meeting due to the current jobs numbers looking strong while inflation is still above their 2% target.
- However, days later, the July jobs report painted a weaker picture—showing just 73,000 jobs added, well below the 105,000 estimate, along with 258,000 in combined downward revisions to May and June.
- Inflation, as measured by the consumer price index (CPI), rose to 2.7% year-over-year, up from 2.4% last month.
- Congress passed the “One Big Beautiful Bill” in July, a major fiscal package that boosted market sentiment and clarified future government spending and tax policy.

FIXED INCOME

- Treasury yields climbed in the first half of July on the back of strong economic data, before retreating later in the month to finish only modestly higher.
- The Bloomberg U.S. Aggregate Index declined by 0.26%, while the Bloomberg U.S. Corporate High Yield Index rose 0.5% in July.
- Credit spreads on both investment grade and high yield corporate remain tight by historical standards.
- Fed Funds futures now imply two 25bp cuts by year-end, with a high probability of the first cut in September.

WHAT TO WATCH

- Consumer Price Index (CPI) 08/12
- Producer Price Index (PPI) 08/14
- Retail Sales 08/15
- Import Price Index 08/15
- Personal Income and Spending 08/29
- Personal Consumption Expenditures (PCE) 08/29

EQUITY MARKETS

- In July, the Nasdaq and S&P 500 led the market higher as they rose 3.7% and 2.2%, respectively. Emerging markets rose 2.0%, while developed international fell 1.4%.
- Developed International equities (+18.3% YTD) and Emerging Markets (+17.9% YTD) continue to lead global markets this year
- As of August 1, 2025, the S&P 500's blended Q2 earnings growth rate stands at 10.3%, up sharply from the 4.9% estimate at quarter-end, according to FactSet.
- According to JP Morgan, the market remains highly concentrated, with the top 10 stocks in the S&P 500 accounting for roughly 39% of its total market capitalization. While this level is historically elevated, it is partly justified by the fact that these same companies generate about 32% of the index's total earnings.
- The S&P 500 continues to trade at historically elevated valuations, with a forward price-to-earnings ratio of roughly 22x versus a 10-year average of about 18.5x.

COMMODITIES / CURRENCIES / REAL ESTATE

- West Texas Intermediate (WTI) rose 6.4% during the month, ending at \$69.26 a barrel.
- Gold prices ended the month down 0.4%, at \$3,289.93 per oz.
- The U.S. dollar (USD) Spot Index increased 3.2% against a basket of currencies.
- Domestic real estate finished the month lower, as the Wilshire U.S. Real Estate Securities Index fell 0.8% in July.



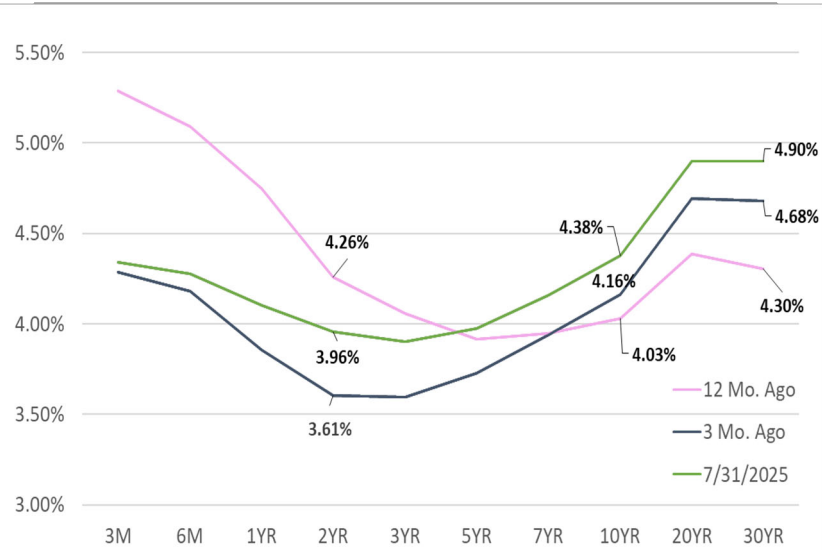
GLOBAL MARKET SUMMARY

Index	Level	1 Mos.	3 Mos.	12 Mos.
S&P 500	6,339.39	2.2%	14.2%	16.3%
Dow Jones Industrial Average	44,130.98	0.2%	9.0%	9.9%
NASDAQ Composite	21,122.45	3.7%	21.3%	20.9%
MSCI Emerging Markets	1,243.23	2.0%	12.9%	17.8%
MSCI EAFE	2,616.21	-1.4%	5.6%	13.4%
MSCI All Country World	929.62	1.4%	12.1%	16.4%

U.S. TREASURY MARKET

Maturity	12 Mo. Ago	3 Mo. Ago	7/31/2025	Change 3 Month
1M	5.37%	4.30%	4.36%	0.06%
3M	5.29%	4.29%	4.34%	0.05%
6M	5.09%	4.18%	4.28%	0.10%
1YR	4.75%	3.86%	4.10%	0.25%
2YR	4.26%	3.61%	3.96%	0.35%
3YR	4.06%	3.60%	3.90%	0.31%
5YR	3.91%	3.73%	3.97%	0.25%
7YR	3.95%	3.94%	4.16%	0.22%
10YR	4.03%	4.16%	4.38%	0.21%
20YR	4.39%	4.70%	4.90%	0.20%
30YR	4.30%	4.68%	4.90%	0.22%

U.S. TREASURY YIELD CURVE



U.S. EQUITY SIZE & STYLE RETURNS

3 Month				12 Months		
Value	Core	Growth		Value	Core	Growth
7.8%	14.2%	20.3%	Large	5.6%	16.3%	25.6%
9.5%	10.9%	12.2%	Medium	4.3%	3.2%	2.2%
10.3%	10.5%	10.7%	Small	-5.5%	-4.8%	-4.2%

S&P 500 Index Sector Returns

Index	1 Mos.	3 Mos.	12 Mos.
Information Technology	5.2%	28.0%	23.7%
Health Care	-3.3%	-6.8%	-11.3%
Financials	0.0%	7.7%	21.4%
Cons. Discretionary	2.6%	14.8%	19.5%
Industrials	3.0%	16.1%	20.5%
Communication Services	2.4%	20.5%	31.3%
Cons. Staples	-2.4%	-2.5%	7.4%
Energy	2.9%	9.0%	-3.2%
Utilities	4.9%	9.3%	21.3%
Real Estate	-0.1%	1.1%	4.0%
Materials	-0.4%	4.9%	-2.9%

U.S. FIXED INCOME

Index	Level	1 Mos.	3 Mos.	1 Year
Bloomberg U.S. Treasury Bills: 1-3 Months	297	-0.1%	0.3%	4.4%
Bloomberg U.S. Aggregate	2,271	-0.3%	0.5%	3.4%
Bloomberg Treasury	2,368	-0.4%	-0.2%	2.6%
Bloomberg U.S. TIPS	365	0.1%	0.5%	4.1%
Bloomberg U.S. Credit	3,429	0.1%	1.9%	4.5%
Bloomberg Corporate High Yield	2,818	0.5%	4.0%	8.7%

OTHER

	7/31/2025	6/30/2025	4/30/2025
Fed Funds Target	4.5	4.5	4.5
30-Year Fixed Mortgage	6.78	6.8	6.9
WTI Oil (\$/barrel)	69.26	65.11	58.21
Gold (\$/oz)	3,289.93	3,303.14	3,288.71
Natural Gas (\$/mmBtu)	3.11	3.46	3.33
Euro (\$/€)	1.14	1.18	1.13



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