

Weekly Market Recap

June 16, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	5,977	-0.4%	1.6%
Dow Jones Industrial Average	42,198	-1.3%	-0.8%
NASDAQ	19,407	-0.6%	0.5%
Russell 2000® Index	2,100	-1.5%	-5.8%
MSCI EAFE Index	2,644	1.0%	16.9%
Ten-Year Treasury Yield	4.41%	-0.1%	0.5%
Oil WTI ¹ (\$/bbl ²)	\$73.56	13.9%	2.6%
Bonds ³	\$97.96	0.7%	3.1%

¹WTI = West Texas Intermediate Oil. ²bbl = Barrel. ³Bonds are represented by the iShares U.S. Aggregate Bond ETF. Sources: Bloomberg L.P.; FactSet.

Last Week:

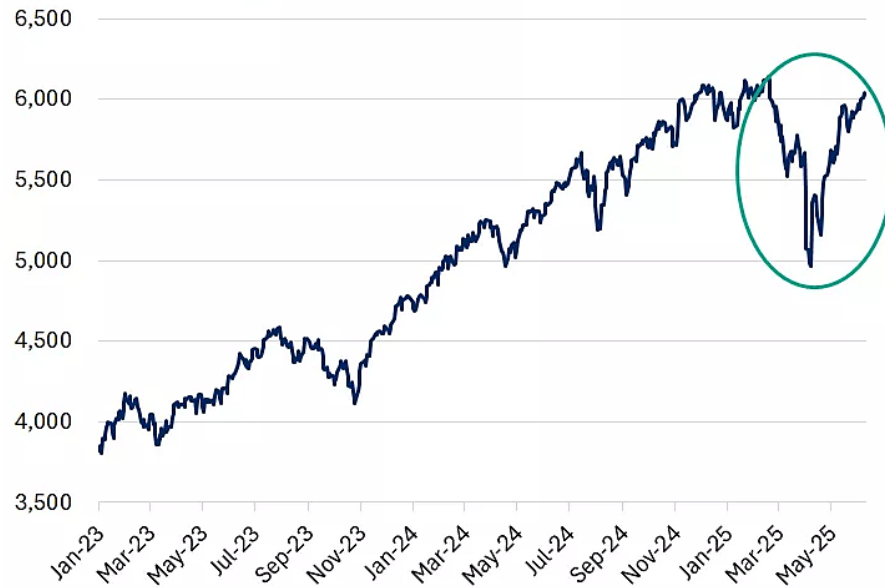
U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) fell -0.4% as U.S. and China trade discussions in London reached an agreement. China will open exports of rare earth products while allowing up to a 55% tariff on their imports to the U.S. in addition to letting Chinese students back in U.S. universities. On Thursday night, Israel launched a large series of strikes against Iran aimed at crippling its nuclear program and killing senior military commanders, which drove global equities lower and oil prices higher on Friday. President Trump expressed some support of Israel and called Tehran back to the bargaining table to conclude a nuclear deal. The core Consumer Price Index (CPI) was below analyst estimates with limited signs of tariff impact and May's Producer Price Index (PPI) was similarly cool, which increased support for the narrative that the Federal Reserve (Fed) may cut rates sooner than expected. The 10-year Treasury yield dropped to 4.41% from 4.50%. Gold rose +3.2% and oil (WTI) rose +13.9% as a result of the Israel-Iran conflict.
- S&P 500 Index Sector Returns:
 - Energy (+5.7%) rose, as the price of oil rallied +13.9% from the growing Israel-Iran conflict.
 - Healthcare (+1.3%) and utilities (+0.2%) outperformed, as investors appeared to favor more-defensive sectors.
 - Consumer discretionary (+0.1%) rose, led by autos.
 - Technology (-0.1%) fell, led lower by select software stocks.
 - Real Estate (-0.2%) fell, with weakness from public storage and cell towers.
 - Materials (-0.5%) fell, led lower by chemical and paint companies.
 - Consumer staples (-1.1%) fell, led lower by mega retailers.
 - Communication services (-0.8%) fell, led lower by social media and streaming stocks.
 - Industrials (-1.6%) fell, led lower by airlines, transports, and aerospace and defense stocks.
 - Financials (-2.6%) fell, led lower by fintech and banks.

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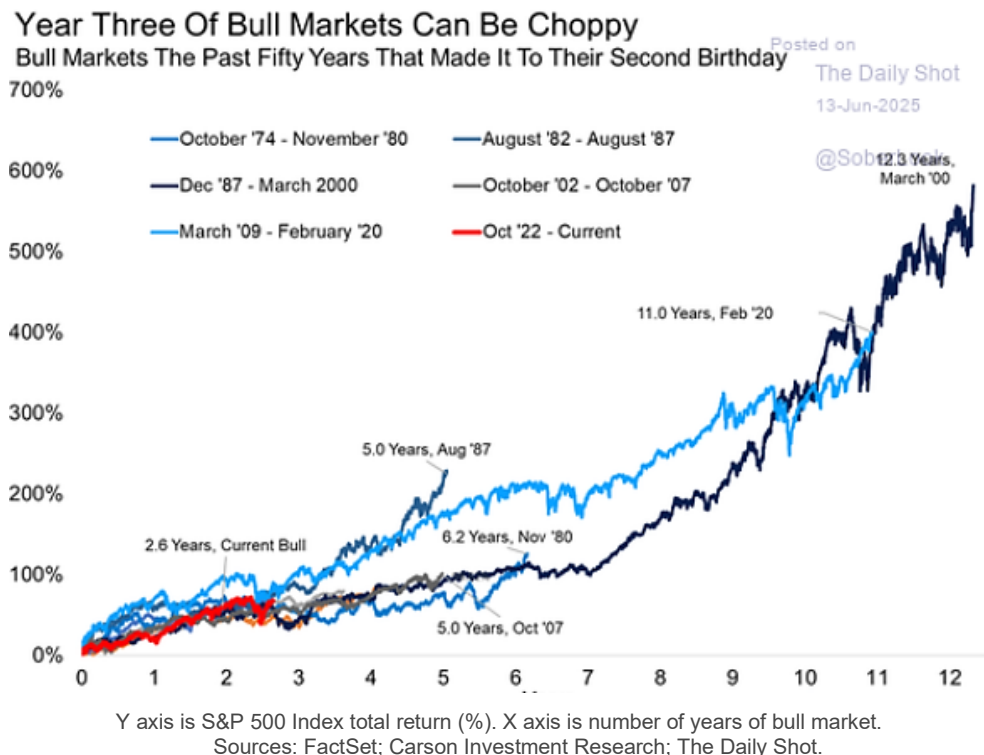
- After falling nearly 20% from mid-February highs, the S&P 500 has rebounded and recovered over 20% from the low on April 8.

The S&P 500 has rebounded over 20% since its April 8 low
(S&P 500 price index)



Sources: Bloomberg L.P.; Edward Jones.

- The current bull market appears to be following historical patterns of a choppy third year of a typical bull market after a sharp recovery rally in year one (calendar year 2023) and strong returns in year two (calendar year 2024).



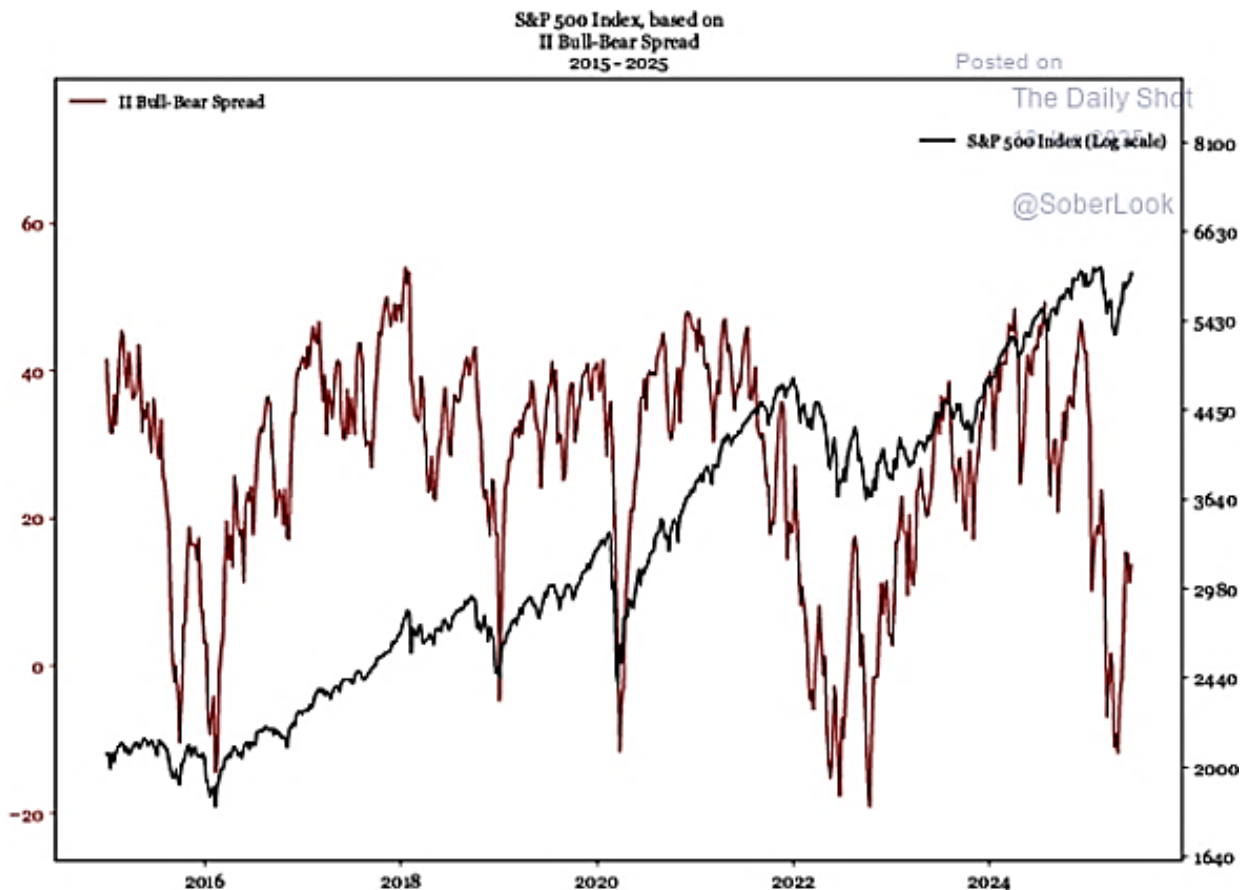
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- Historically, geopolitical shocks have created short-term volatility in the S&P 500. However, the index has averaged a +9.7% return one year after the last six major oil supply disruptions.

Geopolitical shocks tend to have short-lived impact on stock market performance							
Major oil supply disruptions	Date	Oil Spike	S&P return	Oil price 1 week later	S&P 500 1 week later	Oil price 1 year later	S&P 500 1 year later
Invasion of Kuwait	8/6/1990	14.5%	-3.0%	-6.5%	0.3%	-23.8%	16.8%
Iraq oil export halt	12/26/2001	8.4%	0.4%	-6.7%	-0.1%	52.8%	-22.3%
Venezuela strike	12/16/2002	5.8%	2.4%	0.7%	-1.6%	9.3%	18.1%
War in Iraq	3/24/2003	6.5%	-3.5%	5.2%	-0.1%	29.1%	26.3%
Libyan Civil war	2/22/2011	8.6%	-2.1%	2.6%	0.3%	11.4%	3.2%
Saudi Aramco attack	9/16/2019	14.7%	-0.3%	-7.6%	-0.5%	-26.0%	15.8%
Average		9.8%	-1.0%	-2.1%	-0.3%	8.8%	9.7%

Sources: Factset; Edward Jones.

- The American Association of Individual Investors (AAII) Bull-Bear Spread (red line) is a survey that measures the difference between the percentage of individual investors who are bullish versus bearish on U.S. equities. It bounced off the lows in April 2025 but still remains quite low. The S&P 500 (black line) has historically bottomed near the lows of the AAII Bull-Bear Spread.



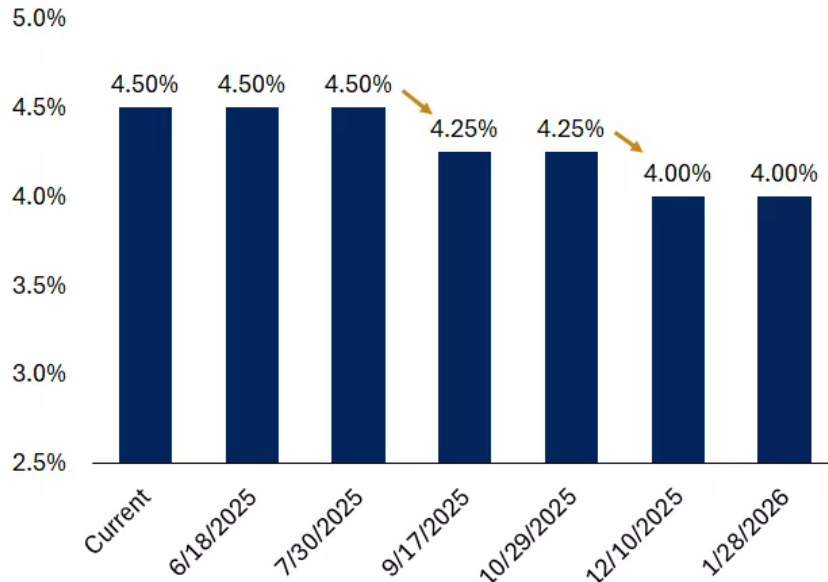
Left Y axis is the AAII Bull-Bear Spread. Right Y axis is the S&P 500 Index. Sources: EPFR; Nomura; The Daily Shot.

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Fixed Income Markets

- The futures markets expect the Fed to cut rates twice in 2025.

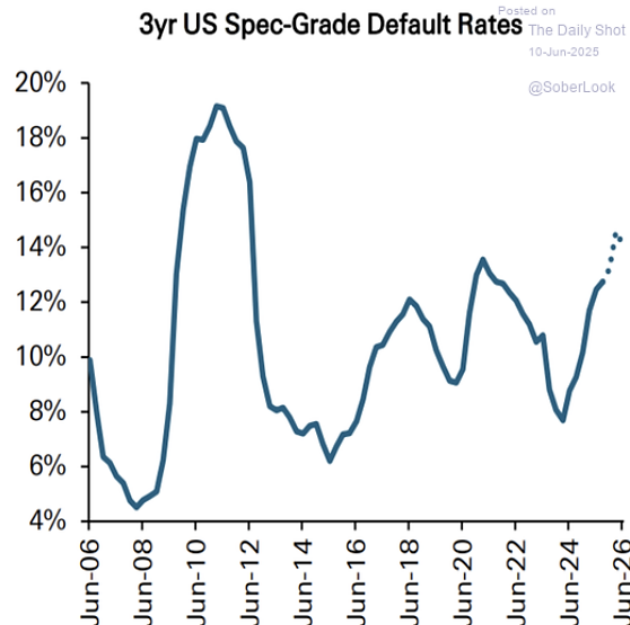
Markets expect 2 Fed cuts in 2025



Sources: CME FedWatch; Edward Jones.

- Deutsche Bank forecasts higher U.S. speculative-grade bond default rates, which could be the largest cycle since 2012.

3yr US Spec-Grade Default Rates



..... Q3'25 to Q2'26 Forecast

Sources: Deutsche Bank; The Daily Shot.

U.S. Economic and Political News

- Initial jobless claims were a touch above consensus estimates while continuing claims data were at their highest levels since November 2021. Some economists believe that a few seasonal factors may be at play.
- National Federation of Independent Business (NFIB) small-business optimism rose, breaking a four-month streak of declines. However, the report continued to suggest elevated uncertainty remains.

International Markets and News

- European markets (STOXX 600 Index) fell -1.6% as U.S.-European trade discussions and escalating geopolitical tensions in the Middle East weighed on investor sentiment.
- The Chinese stock market (Shanghai Composite) fell -0.3% as China's CPI declined in May for the fourth straight month on a year-over-year basis.
- Japanese equities (Nikkei 225 Index) rose +0.3% as Trump indicated new plans to set unilateral tariffs on key trading partners, including expectations for a potential U.S.-Japan trade deal at the upcoming Group of Seven summit.

This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
 - Monday: Empire Manufacturing;
 - Tuesday: Import/Export Prices, Retail Sales, Capacity Utilization, Industrial Production, Business Inventories, National Association of Home Builders (NAHB) Housing Market Index, Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
 - Wednesday: Federal Open Market Committee (FOMC) Meeting, Fed Funds Rate, Mortgage Bankers Association (MBA) Purchase Applications, Building Permits, Housing Starts, Treasury International Capital (TIC) Flows, Weekly Jobless Claims, Department of Energy (DOE) Crude Inventories, Energy Information Administration (EIA) Natural Gas Inventories;
 - Thursday: U.S. Market Holiday;
 - Friday: Philadelphia Fed Index, Leading Indicators.

As always, thank you very much for your interest in our thoughts and support of our services.

Whitney Stewart, CFA®
Executive Director

Griffith Jones, Jr.
Executive Director

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Index Definitions

Performance is compared to an index, however, the volatility of an index varies greatly. Indices are unmanaged and investments cannot be made directly in an index.

The **S&P 500® Index** is a readily available, carefully constructed, market-value-weighted benchmark of common stock performance. Currently, the S&P 500 Composite includes 500 of the largest stocks (in terms of stock market value) in the United States and covers approximately 80% of available market capitalization.

The **Russell 2000® Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The **Dow Jones Industrial Average (DJIA)** is an index that tracks 30 large, publicly-owned blue chip companies trading on the New York Stock Exchange (NYSE) and the NASDAQ.

The **NASDAQ Composite Index** is the market capitalization-weighted index of over 2,500 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debenture securities.

The **MSCI EAFE Index** is an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the U.S. and Canada. With 900 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The **Nikkei 225** is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

The **Shanghai Stock Exchange Composite Index** is a capitalization-weighted index. The index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

Technical Terms:

The AAI Sentiment Survey is a weekly survey conducted by the American Association of Individual Investors (AAII) to gauge the outlook of individual investors regarding the stock market's direction over the next six months. Participants are asked whether they believe the market will be up (bullish), down (bearish), or unchanged (neutral). **The CME FedWatch Tool** is a tool provided by the Chicago Mercantile Exchange (CME) that calculates the probability of each outcome (no change, increase, or decrease) while accounting for the market volatility and uncertainty inherent in the fed funds futures market. The **Composite Index of Leading Indicators**, or Leading Economic Index (LEI), is a monthly index published by The Conference Board that combines ten economic components to predict the direction of the U.S. economy. The **Consumer Price Index (CPI)** measures the monthly change in prices paid by U.S. consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. **The Empire State Manufacturing Index** is a monthly survey conducted by the Federal Reserve Bank of New York that measures the business conditions in the manufacturing sector within New York State. A reading above 0 indicates expansion, while a reading below 0 indicates contraction in manufacturing activity. **The federal funds rate** is the target interest rate that the Federal Reserve (the Fed) sets for banks to lend each other money, typically on an overnight, uncollateralized basis. **A futures market** is an auction market in which participants buy and sell commodity and futures contracts for delivery on a specified future date. Futures are exchange-traded derivatives contracts that lock in future delivery of a commodity or security at a price set today. **The Group of Seven (G-7)** is an intergovernmental organization made up of the world's largest developed economies: France, Germany, Italy, Japan, the United States, the United Kingdom, and Canada. Government leaders of these countries meet periodically to address international economic and monetary issues, with each member taking over the presidency on a rotating basis. **The NAHB Housing Market Index (HMI)** is a monthly survey conducted by the National Association of Home Builders (NAHB) that gauges builder sentiment about the current and future state of the single-family housing market. It reflects homebuilders' perceptions of sales conditions, both present and future, as well as buyer traffic. **The NFIB Small Business Optimism Index** is a composite measure that reflects the overall health and outlook of small businesses in the United States. It's calculated monthly by the National Federation of Independent Business (NFIB) based on surveys of its members. **The Philadelphia Fed Index**, also known as the Manufacturing Business Outlook Survey, is a monthly report that measures manufacturing conditions in the Philadelphia Federal Reserve District (encompassing Pennsylvania, New Jersey, and Delaware). The **Producer Price Index (PPI)** is a measure of inflation at the wholesale level. It's compiled from thousands of indexes that measure producer prices by industry and product category. The index is published monthly by the U.S. Bureau of Labor Statistics (BLS). **TIC (Treasury International Capital) flows** refer to the monthly and quarterly data collected by the U.S. Treasury Department on cross-border financial transactions, specifically the flows of money into and out of the U.S. for the purchase and sale of securities and other financial instruments. (Technical definitions are sourced from Corporate Finance Institute.)

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