

# Weekly Market Recap

June 23, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	5,968	-0.2%	1.5%
Dow Jones Industrial Average	42,207	0.0%	-0.8%
NASDAQ	19,447	0.2%	0.7%
Russell 2000® Index	2,109	0.4%	-5.4%
MSCI EAFE Index	2,603	-0.4%	15.1%
Ten-Year Treasury Yield	4.38%	0.0%	0.5%
Oil WTI <sup>1</sup> (\$/bbl <sup>2</sup> )	\$73.96	1.3%	3.1%
Bonds <sup>3</sup>	\$98.22	0.3%	2.9%

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

## Last Week:

### U.S. Equity Market

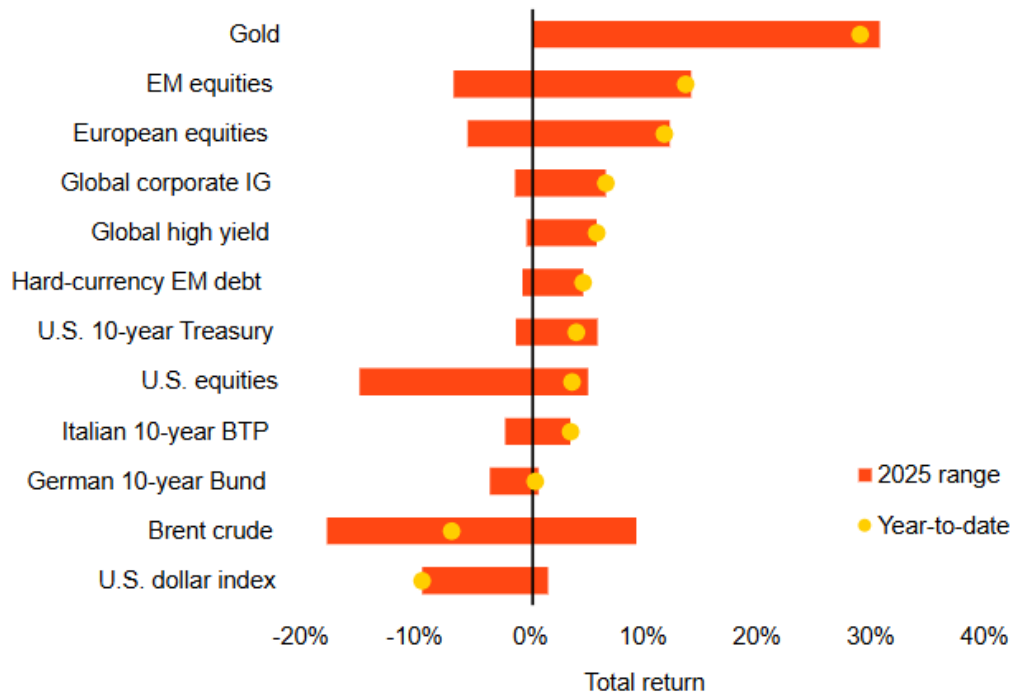
- U.S. large-cap equities (S&P 500 Index) fell -0.2% with the conflict between Israel and Iran weighing on investor sentiment. Israeli intelligence believes Iran is just 15 days away from developing a nuclear weapon and encouraged the U.S. administration to participate in the war against Iran, according to *The New York Times*. Over the weekend, U.S. warplanes and submarines fired on three nuclear facilities in Iran. President Trump addressed the nation shortly after the attacks, saying that the nuclear sites were “completely and totally obliterated.” He also noted that any retaliation from Iran on U.S. assets “will be met with even greater force than what was unleashed today.” The Federal Reserve (Fed) left interest rates unchanged at 4.25-4.50%, in line with analyst expectations, but lowered its 2025 gross domestic product (GDP) estimate and increased its inflation estimate for 2025. Fed Chair Jerome Powell said at the June Federal Open Market Committee (FOMC) meeting that the Fed expects a meaningful amount of inflation over the coming months. The 10-year Treasury yield fell to 4.38% from 4.41%. Gold fell -1.9% and oil (WTI) rose +1.3% on ongoing tensions between Israel and Iran.
- S&P 500 Index Sector Returns:
  - Energy (+1.1%) rose, as the price of oil rose with the growing Israel-Iran conflict.
  - Technology (+0.9%) rose, led by select semiconductors.
  - Financials (+0.8%) rose, led by banks.
  - Industrials (-0.2%) fell, led lower by transports and aerospace and defense stocks.
  - Real Estate (-0.3%) fell, with weakness from public storage and data center.
  - Consumer discretionary (-0.7%) fell.
  - Consumer staples (-0.3%), utilities (-0.8%), and healthcare (-2.3%) fell, as investors appeared to favor less-defensive sectors.
  - Materials (-1.2%) fell, led lower by chemical and paint companies.
  - Communication services (-1.7%) fell, led lower by internet search and social media stocks.

# Weekly Market Recap

- Year-to-date (YTD), gold, emerging market (EM) equities, and European equities have outperformed while the U.S. dollar has underperformed.

## Assets in review

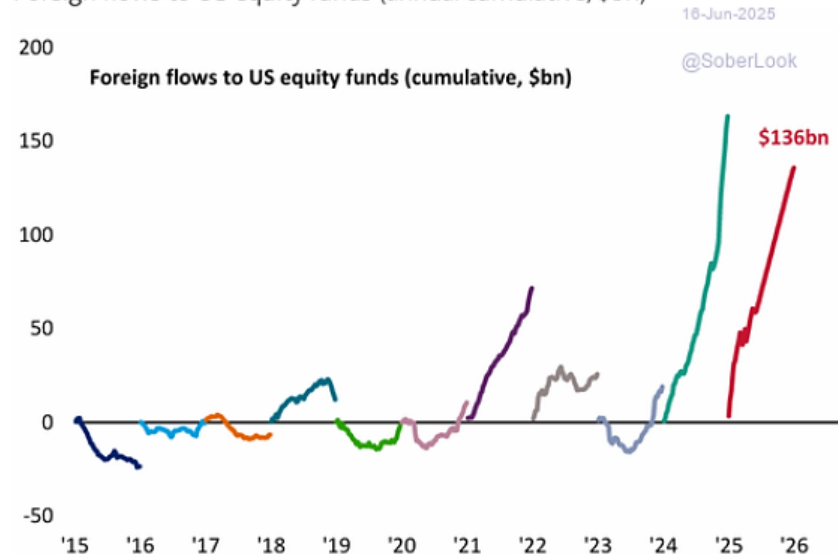
Selected asset performance, 2025 year -to-date and range



- Foreign inflows to U.S. stocks YTD are annualizing the second-largest year at approximately \$136B.

## Chart 6: Foreign inflow to US stocks YTD annualizing 2<sup>nd</sup> largest year

Foreign flows to US equity funds (annual cumulative, \$bn)

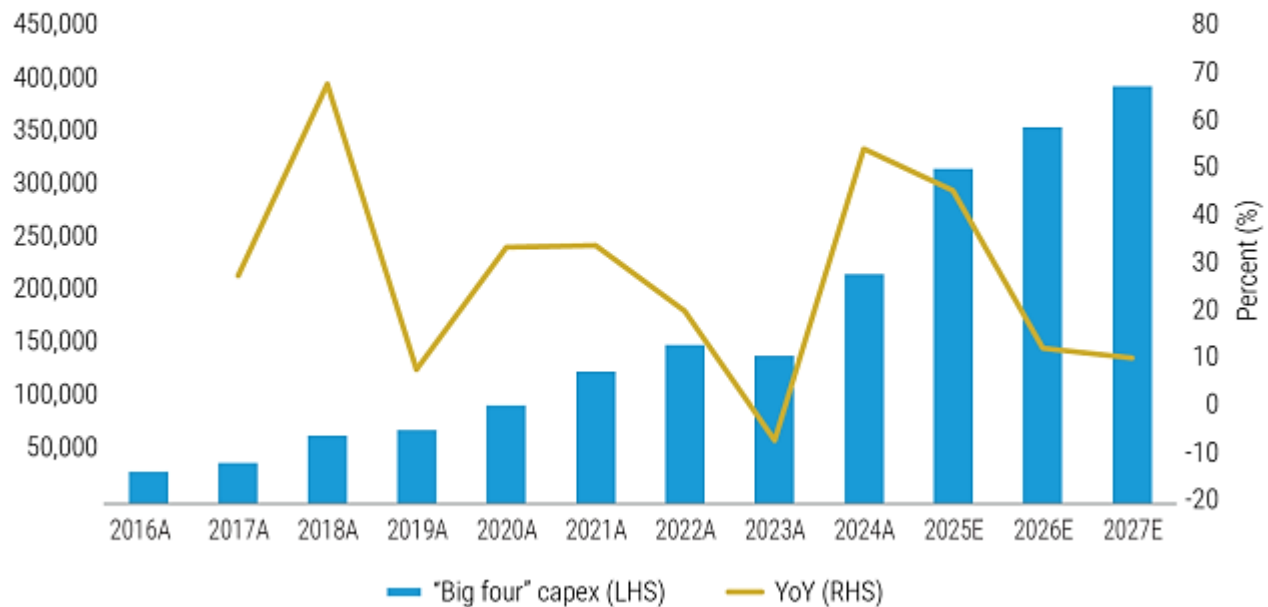


Sources: EPFR; Bank of America; The Daily Shot.

- The largest four hyperscalers (Amazon, Microsoft, Alphabet, and Meta) continue to increase their capital expenditures for artificial intelligence (AI) infrastructure.

## Hyperscalers boost AI spending

Forecasted capital expenditure (\$ millions)



Hyperscalers refer to large technology companies that operate massive, global networks of data centers, providing cloud computing services at scale. A: actual, E: estimate. CapEx: capital expenditures. LHS/RHS: left-hand side, right-hand side. Source: Columbia Threadneedle.

- U.S. Initial Public Offerings (IPOs) are modestly behind the S&P 500 Index thus far in 2025.

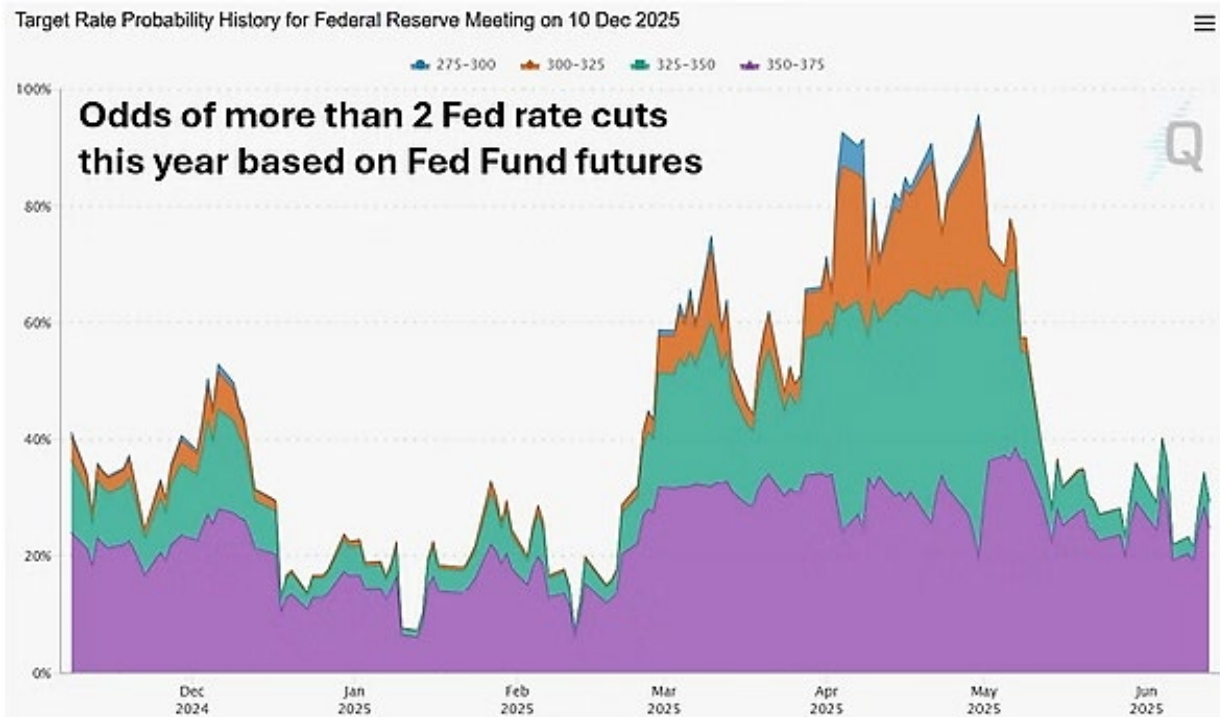
US IPO performance, year-to-date



Sources: Renaissance Capital; Fidelity.

## Fixed Income Markets

- Despite declining inflation towards the Fed's 2% inflation target, futures markets are not expecting more than two cuts from the Fed in 2025.



- Loans from U.S. commercial banks to non-bank financial institutions have more than doubled since 2020, now exceeding \$1.25T.

### Lenders of first resort

US commercial banks, loans to non-bank financial institutions, \$trn



## U.S. Economic and Political News

- May retail sales came in below analyst expectations, as did retail sales, excluding autos.
- Jobless claims were steady while May housing starts fell below analyst expectations.

## International Markets and News

- European markets (STOXX 600 Index) fell -1.5% as escalating geopolitical tensions in the Middle East weighed on investor sentiment. The Bank of England held interest rates steady at 4.25%.
- The Chinese stock market (Shanghai Composite) fell -0.5% despite May retail sales rising +6.4% year-over-year.
- Japanese equities (Nikkei 225 Index) rose +1.5% as the Bank of Japan left its policy rate unchanged at 0.5%, as analysts expected, signaling that it would slow the pace at which it tapers its purchases of Japanese government bonds from April 2026.

## This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
  - Monday: Purchasing Managers' Index (PMI) Manufacturing Preliminary, PMI Services Preliminary, Existing Home Sales;
  - Tuesday: Current Account Balance, Federal Housing Finance Agency (FHFA) House Price Index, Consumer Confidence;
  - Wednesday: Mortgage Bankers Association (MBA) Applications, New Home Sales, Department of Energy (DOE) Crude Inventories;
  - Thursday: Core Durable Orders, Durable Orders ex transport, Durable Orders, GDP Chain Price (second revision), GDP (second revision), Wholesale Inventories, Pending Home Sales;
  - Friday: Core personal consumption expenditures (PCE), Personal Spending, Personal Income, Michigan Consumer Sentiment (Final).

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

## Important Information & Disclosures

**Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Economic charts are provided for illustrative purposes only. The information provided herein is subject to market conditions and is therefore expected to fluctuate.**

The opinions contained in this presentation reflect those of Sterling Capital Management LLC (SCM), are for general information only, and are educational in nature. The opinions expressed are as of the date of publication and are subject to change without notice. These opinions are not meant to be predictions and do not constitute an offer of individual or personalized investment advice. They are not intended as an offer or solicitation with respect to the purchase or sale of any security. This information and these opinions are subject to change without notice. All opinions and information herein have been obtained or derived from sources believed to be reliable. SCM does not assume liability for any loss which may result from the reliance by any person upon such information or opinions.

Investment advisory services are available through SCM, an investment adviser registered with the U.S. Securities & Exchange Commission and an indirect, wholly-owned subsidiary of Guardian Capital Group Limited. SCM manages customized investment portfolios, provides asset allocation analysis, and offers other investment-related services to affluent individuals and businesses.

Sterling Capital does not provide tax or legal advice. You should consult with your individual tax or legal professional before taking any action that may have tax or legal implications.

The securities described are neither a recommendation nor a solicitation. Security information is being obtained from resources the firm believes to be accurate, but no warrant is made as to the accuracy or completeness of the information.

## 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:

**A 10-year Italian BTP** (Buono del Tesoro Poliennale) is a medium to long-term Italian government bond with a maturity of 10 years. These bonds are issued by the Italian Treasury to finance the Italian state and offer investors a fixed interest rate (coupon) paid semi-annually. The **Consumer Confidence Index (CCI)** is a measure of the results from the Consumer Confidence Survey administered by the Conference Board that measures consumer attitudes about individual financial prospects. The **Core Personal Consumption Expenditure (PCE) Index** is a measure of prices that people living in the U.S., or those buying on their behalf, pay for goods and services. **Fed Funds futures** are financial contracts traded on the Chicago Mercantile Exchange (CME) that allow investors to speculate on or hedge against future movements in the Federal Funds Rate. The **FHFA House Price Index (HPI)** is a comprehensive measure of average house price changes in the United States, published by the Federal Housing Finance Agency (FHFA). It tracks price movements of single-family homes using data from mortgages purchased or securitized by Fannie Mae and Freddie Mac. A **futures market** is a financial marketplace where participants trade standardized contracts to buy or sell assets (like commodities, currencies, or financial instruments) at a predetermined price on a specific future date. A **German 10-year Bund** is a fixed-interest, euro-denominated debt security issued by the German government with a maturity of 10 years. **Gross domestic product (GDP)** is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. **Hard-currency Emerging Market (EM) debt** refers to debt instruments, primarily bonds, issued by emerging market governments or corporations, but denominated in a major, stable currency like the US dollar, rather than the issuer's local currency. An **Initial Public Offering (IPO)** is when a privately held company offers shares of its stock to the public for the first time, becoming a publicly traded company. This process allows the company to raise capital, while also giving early investors a way to cash out. The **Michigan Consumer Sentiment Index (MCSI)** is a monthly survey of consumer confidence levels in the United States conducted by the University of Michigan. The survey is based on telephone interviews that gather information on consumer expectations for the economy. 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). A monthly **Purchasing Managers Index (PMI)** highlighting the manufacturing sector is made available by the Institute for Supply Management (ISM), a nonprofit supply management organization. The **Services PMI** (Purchasing Managers' Index) is a key economic indicator that measures business activity in the services sector. It provides a forward-looking perspective on the health of the economy, specifically within the service industry. (Technical definitions are sourced from Corporate Finance Institute.)

The **Chartered Financial Analyst® (CFA)** charter is a graduate-level investment credential awarded by the CFA Institute — the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.