

Weekly Market Recap

July 14, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	6,260	-0.3%	6.4%
Dow Jones Industrial Average	44,372	-1.0%	4.3%
NASDAQ	20,586	-0.1%	6.6%
Russell 2000® Index	2,235	-0.6%	0.2%
MSCI EAFE Index	2,666	0.3%	17.9%
Ten-Year Treasury Yield	4.42%	0.1%	0.5%
Oil WTI ¹ (\$/bbl ²)	\$68.69	2.5%	-4.2%
Bonds ³	\$98.05	-0.4%	3.6%

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 -0.3% as U.S. trade developments continued. In a series of letters sent to U.S. trading partners, President Trump announced 25% tariffs on Japan and South Korea, a 50% tariff on Brazil, and a 50% tariff on copper that would go into effect on August 1. Trump also said in the letters that he would impose a 35% tariff on goods imported from Canada on August 1 and implied a higher baseline of tariffs (15-20%) on most trading partners. In a light week for economic data, initial claims fell week-over-week, while continuing claims rose to the highest level since November 2021. The N.Y. Federal Reserve (Fed) survey of consumer expectations showed inflation expectations ticked down on a short-term horizon and remained unchanged at medium- and longer-term horizons. The 10-year Treasury yield rose to 4.42% from 4.35%. Gold rose +0.6% and oil (WTI) rose +2.5%.
- S&P 500 Index Sector Returns:
 - Energy (+2.5%) rose, as the price of oil rose +2.5%.
 - Utilities (+0.8%) rose, led by Vistra, American Electric, and Southern Company.
 - Industrials (+0.6%) rose, led by airlines, aerospace and defense stocks, and transports.
 - Technology (+0.2%) rose, led by NVIDIA (first company to reach \$4T in market cap) and select artificial intelligence (AI) software.
 - Consumer discretionary (+0.1%) rose, led by travel stocks and Amazon.
 - Materials (-0.3%) fell, led lower by chemical companies and paint stocks.
 - Healthcare (-0.3%) and consumer staples (-1.8%) fell, as investors appeared to favor less-defensive sectors.
 - Real Estate (-0.6%) fell, with weakness from offices, public storage, and cell towers.
 - Communication services (-1.2%) fell, led lower by streaming and social media stocks.
 - Financials (-1.9%) fell, led lower by banks.

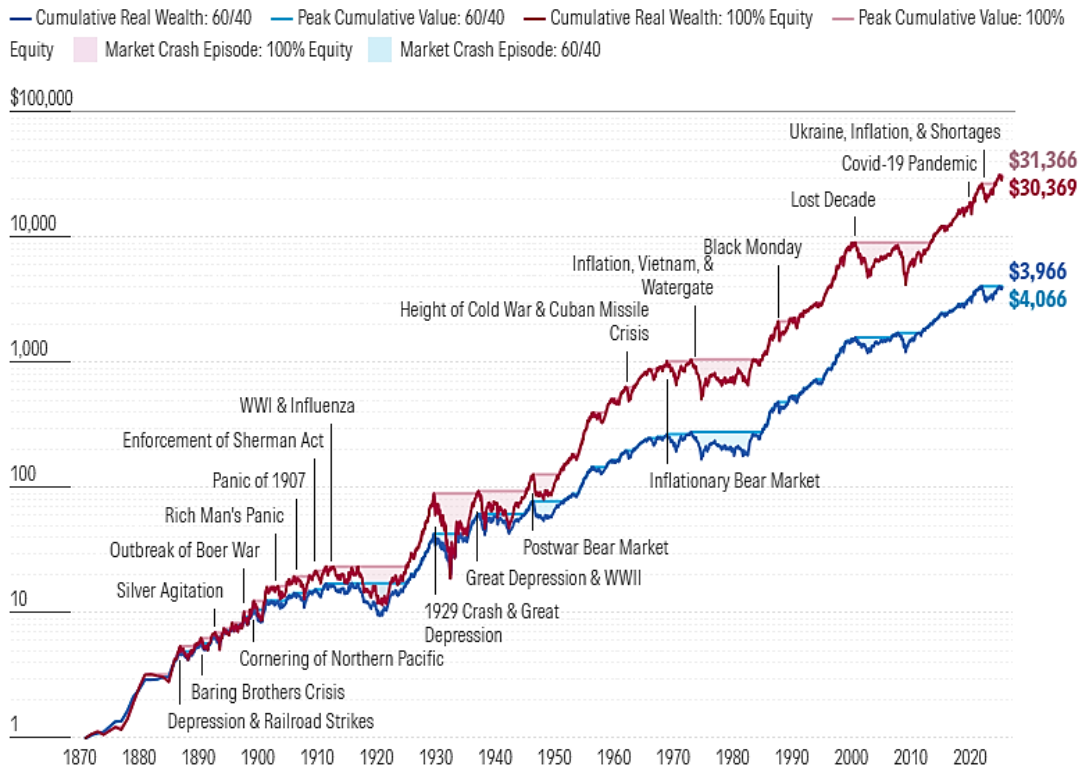
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All data is as of 07.13.2025 unless otherwise noted. Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on pages 6-7.

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- The chart below shows that U.S. equities (represented by the S&P 500 in the red line) has grown a \$1 investment to over \$30,000 from 1870 to 2025, while a 60% equity and 40% bond portfolio (blue line) has grown a \$1 investment to nearly \$4,000 over the same time period. Both values have increased over the long term despite several macro events causing downside volatility in short-term time periods.

Market Crash Timeline: Growth of \$1 and the US Stock Market's Real Peak Values

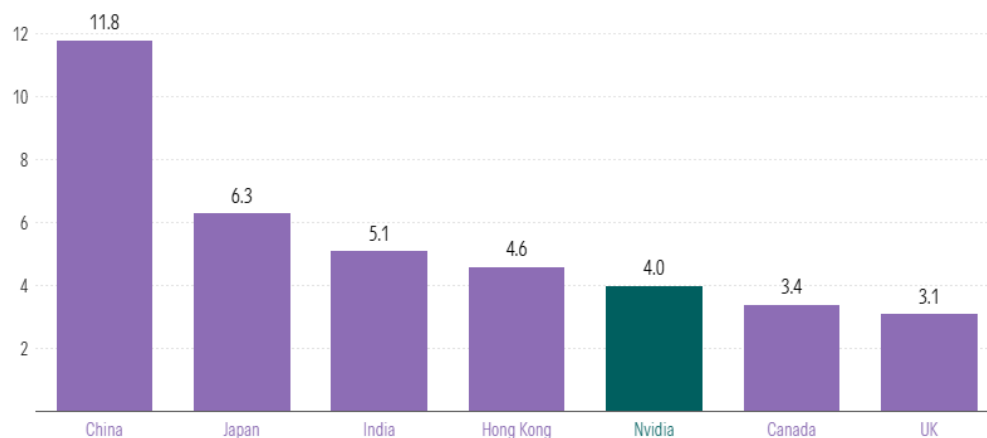


Sources: Kaplan, Ibbotson, Morningstar Direct; Goetzmann, Ibbotson, and Peng; Pierce.

- NVIDIA became the first company to reach \$4T in market capitalization and is now larger than the entire stock markets of Canada and the U.K.

How Does Nvidia Compare to Global Markets?

Market capitalizations in trillions of USD.

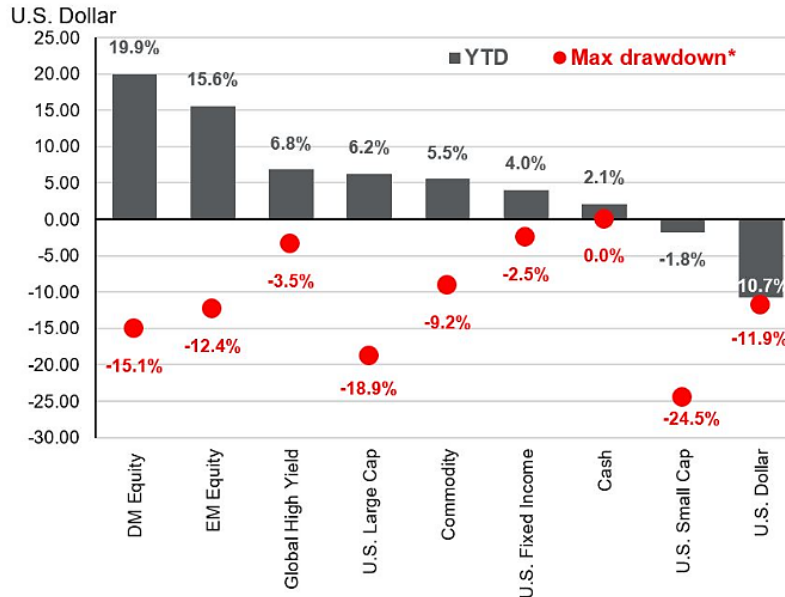


Sources: World Bank; World Federation of Exchanges; Morningstar.

Weekly Market Recap

- In the first half of 2025, foreign equities outperformed while the U.S. dollar and U.S. small caps underperformed.

1H25 asset class returns and drawdowns

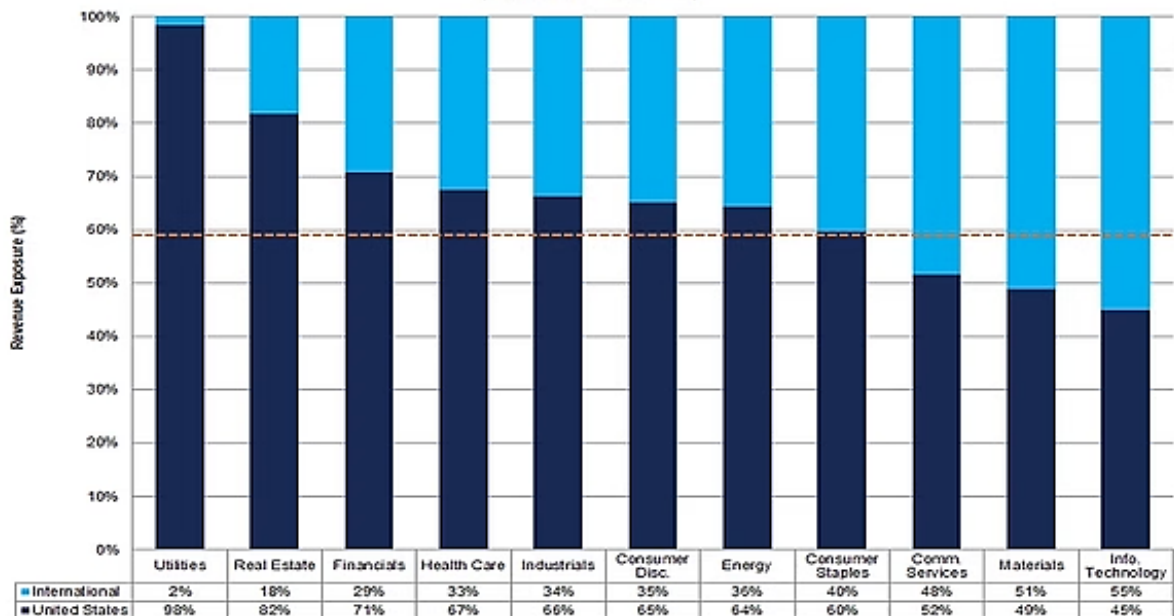


*Maximum drawdown for equities is calculating using price return and reflects largest peak to trough drawdown during the year.

DM: developed market. EM: emerging market. Sources: Bloomberg L.P.; FactSet; MSCI; NAREIT; FTSE Russell; Standard & Poor's; J.P. Morgan Asset Management.

- The technology, materials, and communication services sectors have the most foreign revenue exposure, which may receive a boost from the decline in value of the U.S. dollar relative to sectors that have less foreign revenue exposure like the utilities, real estate, and financials sectors.

S&P 500: Aggregate Sector Geographic Revenue Exposure (%) (Source: FactSet)

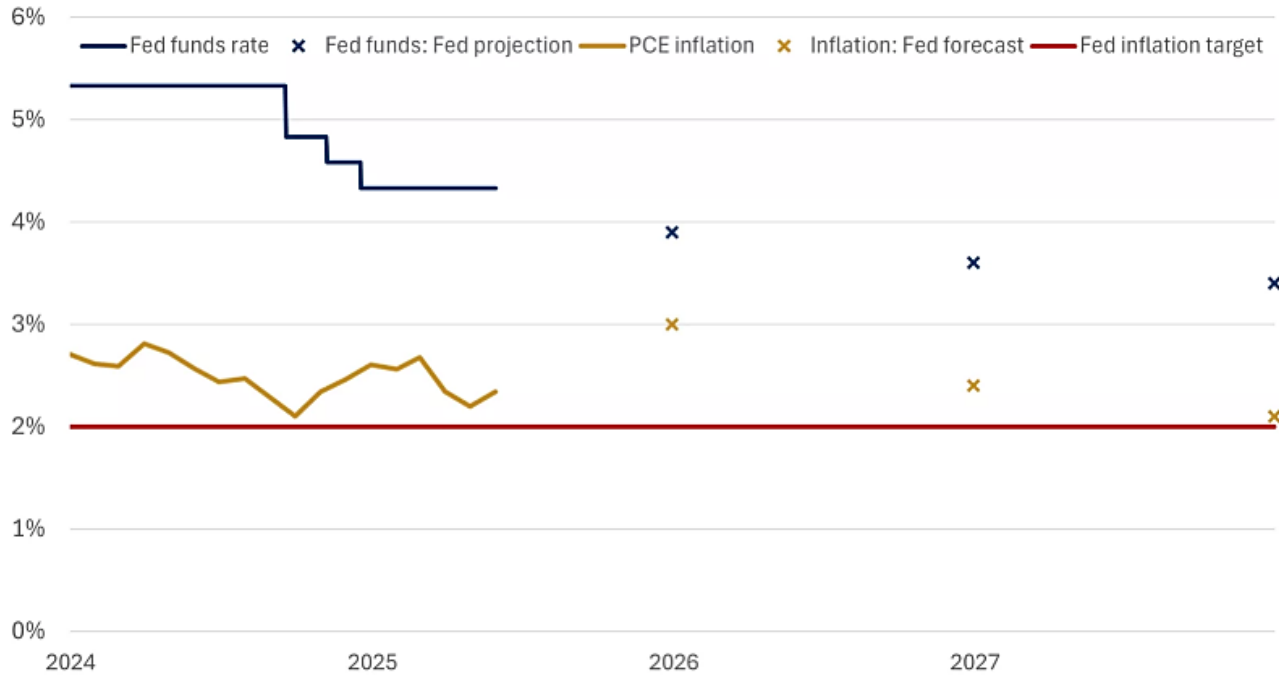


Sources: YCharts; FactSet; AO Wealth.

Fixed Income Markets

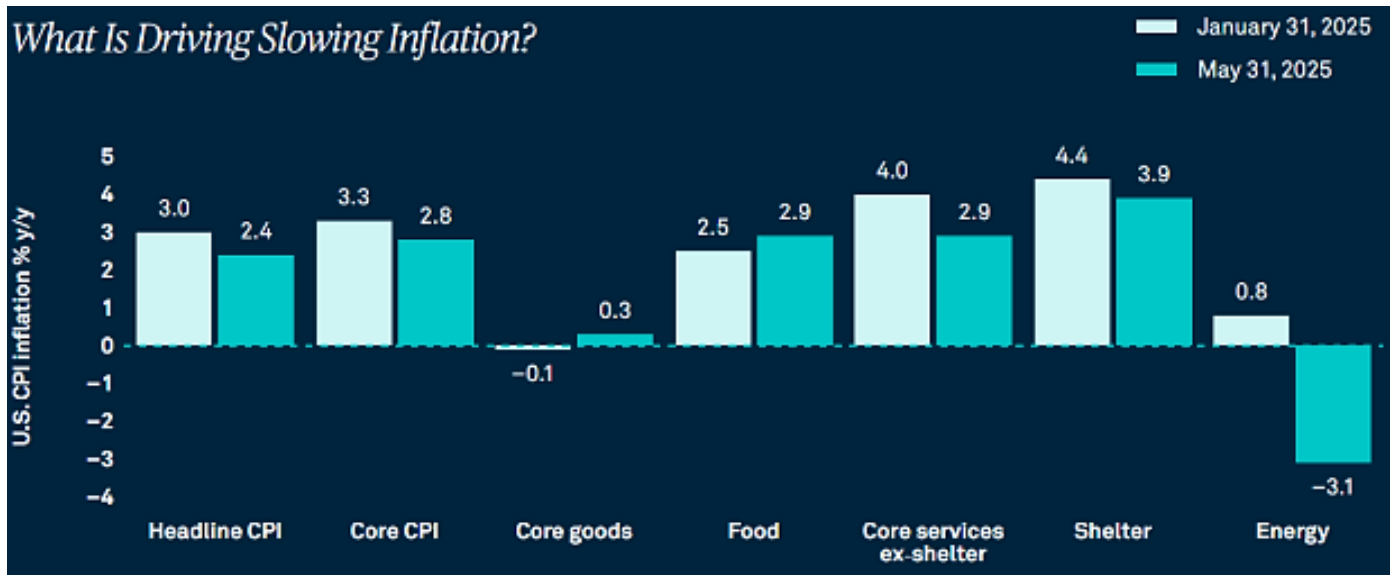
- Moderating inflation and the federal funds projections suggest the Fed may continue cutting interest rates by the end of 2025 as well as in 2026 and 2027.

The Fed should be able to resume rate cuts soon



Sources: U.S. Federal Reserve; U.S. Bureau of Economic Analysis; Edward Jones.

- Slowing inflation or disinflation appears to have been driven by declines in inflation rates for energy, shelter, and core service ex-shelter.



CPI: Consumer Price Index. y/y: year-over-year. Sources: Bloomberg L.P.; BNY.

U.S. Economic and Political News

- The National Federation of Independent Business (NFIB) Small Business Optimism Index slipped in June, which was in line with analyst expectations.

International Markets and News

- European markets (STOXX 600 Index) rose +1.2% amid hopes for more trade deals, but Trump sent a letter notifying the European Union of higher tariffs on its goods.
- The Chinese stock market (Shanghai Composite) rose +1.1% as the June Producer Price Index (PPI) fell 3.6% y/y, supporting the narrative that persistent deflation could increase probabilities for more government stimulus to jump start the local economy.
- Japanese equities (Nikkei 225 Index) fell -0.6% as signs of growing tensions in the U.S.-Japan trade negotiations and mixed Japanese economic data releases weighed on investor sentiment.

This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
 - Monday: Limited U.S. data;
 - Tuesday: CPI ex Food, Energy, CPI, Empire Manufacturing, Redbook y/y;
 - Wednesday: Mortgage Bankers Association (MBA) Applications, PPI ex Food, Energy, PPI, Capacity Utilization, Industrial Production, Energy Information Administration (EIA) Crude/Distillate, Cushing O.K. Manufacturing Production;
 - Thursday: Export Prices, Import Prices, Philadelphia Fed Index, Retail Sales ex Autos, Retail Sales, Business Inventories, The National Association of Home Builders (NAHB) Housing Market Index, Treasury International Capital (TIC) Flows;
 - Friday: Building Permits, Housing Starts, Michigan Consumer Sentiment (Preliminary).

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:

Capacity utilization rate measures the percentage of an organization's potential output that is actually being realized. 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 **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. The **federal funds rate** is the interest rate at which depository institutions (mainly banks) lend reserve balances to other depository institutions overnight on an uncollateralized basis. The **Federal Reserve's Survey of Consumer Expectations (SCE)** is a monthly online survey conducted by the Federal Reserve Bank of New York. It tracks the expectations of a rotating panel of approximately 1,300 U.S. household heads regarding various economic factors, including inflation, the labor market, and household finances. 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 **NAHB Housing Market Index (HMI)**, also known as the NAHB/Wells Fargo Housing Market Index, is a monthly survey conducted by the National Association of Home Builders (NAHB) that gauges builder confidence in the single-family housing market. The **NFIB Small Business Optimism Index** is a composite index published monthly by the National Federation of Independent Business (NFIB) that gauges the overall health and sentiment of small businesses in the United States. It's based on a survey of NFIB's member businesses and comprises ten components related to employment, capital investment, sales expectations, and other key indicators. The **NY Empire State Index** is a monthly economic indicator derived from a survey of manufacturers in New York state that assesses general business conditions and forecasts future manufacturing activity. The **Philadelphia Fed Index**, also known as the Business Outlook Survey, is a monthly report from the Federal Reserve Bank of Philadelphia that gauges manufacturing conditions in the Third Federal Reserve District (eastern and central Pennsylvania, southern 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). **Treasury International Capital (TIC)** data from the U.S. Treasury tracks the flow of portfolio capital into and out of the U.S. and can predict trends in the U.S. dollar and interest rates. (Technical definitions are sourced from Corporate Finance Institute.)

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