

# Weekly Market Recap

August 4, 2025

| Index                                       | Price   | Price Returns |       |
|---|---------|---------------|-------|
|   | Close   | Week          | YTD   |
| S&P 500® Index                              | 6,238   | -2.4%         | 6.1%  |
| Dow Jones Industrial Average                | 43,589  | -2.9%         | 2.5%  |
| NASDAQ                                      | 20,650  | -2.2%         | 6.9%  |
| Russell 2000® Index                         | 2,167   | -4.2%         | -2.8% |
| MSCI EAFE Index                             | 2,616   | -2.8%         | 15.7% |
| Ten-Year Treasury Yield                     | 4.21%   | -0.2%         | 0.3%  |
| Oil WTI <sup>1</sup> (\$/bbl <sup>2</sup> ) | \$67.30 | 3.3%          | -6.2% |
| Bonds <sup>3</sup>                          | \$99.14 | 0.7%          | 3.8%  |

<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

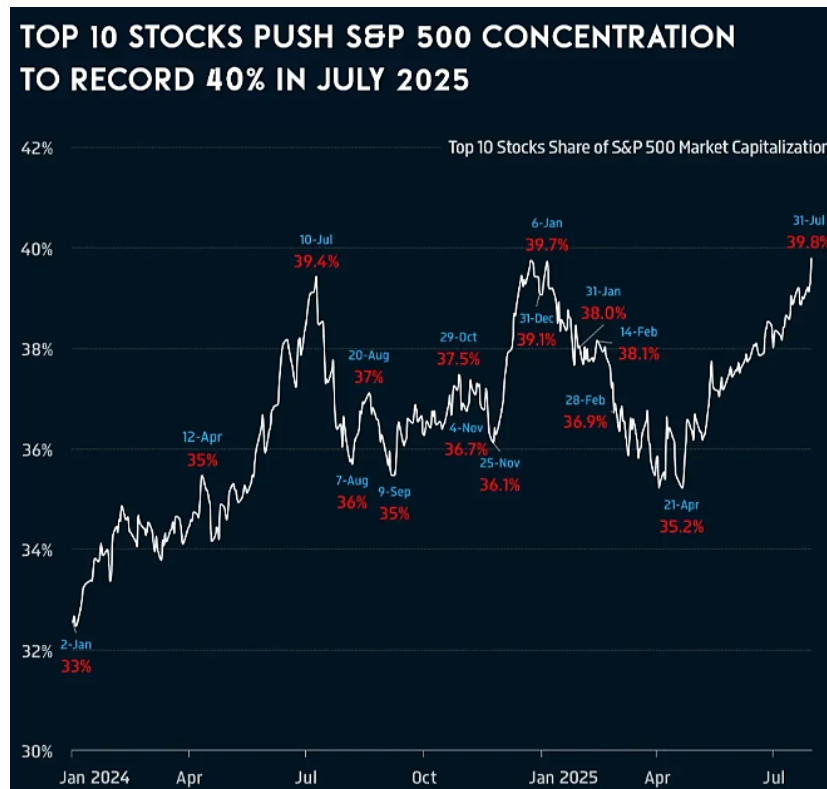
- U.S. large-cap equities (S&P 500 Index) fell -2.4% with macro growth concerns weighing on investor sentiment as the July nonfarm payrolls report (+73k) and sharp downward revisions (-258k) for the two prior months supported the narrative for weaker U.S. economic growth. Hawkish comments from Fed Chair Jerome Powell also appeared to weigh on investor sentiment. However, CME Fedwatch odds for the Fed to cut rates by 0.25% at the September meeting increased to 90% from below 40% earlier in the week. President Trump announced new tariff modifications on July 31 after the U.S. announced multiple trade deals with the E.U., Japan, and South Korea, and extended the tariff truce with China. The 10-year Treasury yield dropped to 4.21% from 4.38%. Gold was up +1.9% and oil (WTI) rose +3.3%.
- S&P 500 Index Sector Returns:
  - Utilities (+1.5%) and consumer staples (-1.1%) underperformed, as investors appeared to favor less-defensive sectors.
  - Communication services (0%) was flat, with strength from social media.
  - Technology (-1.4%) fell, despite strength from Microsoft (better-than-expected earnings), NVIDIA, and select semiconductors.
  - Energy (-1.6%) fell, despite the price of oil rising +3.3%.
  - Industrials (-3.4%) fell, led lower by airlines, transports, and aerospace and defense stocks.
  - Real Estate (-3.5%) fell, led lower by cell towers and data centers.
  - Financials (-3.8%) fell, led lower by banks and asset managers.
  - Healthcare (-3.9%) fell, led lower by managed care and pharmaceuticals.
  - Consumer discretionary (-4.5%) fell, led lower by Amazon, Tesla, and travel stocks.
  - Materials (-5.4%) fell, led lower by chemical companies.

Fed = Federal Reserve. Specific securities identified and described do not represent all of the securities purchased, sold or recommended to clients. There are no assurances that securities identified will be profitable investments. 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.

All data is as of 08.01.2025 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.

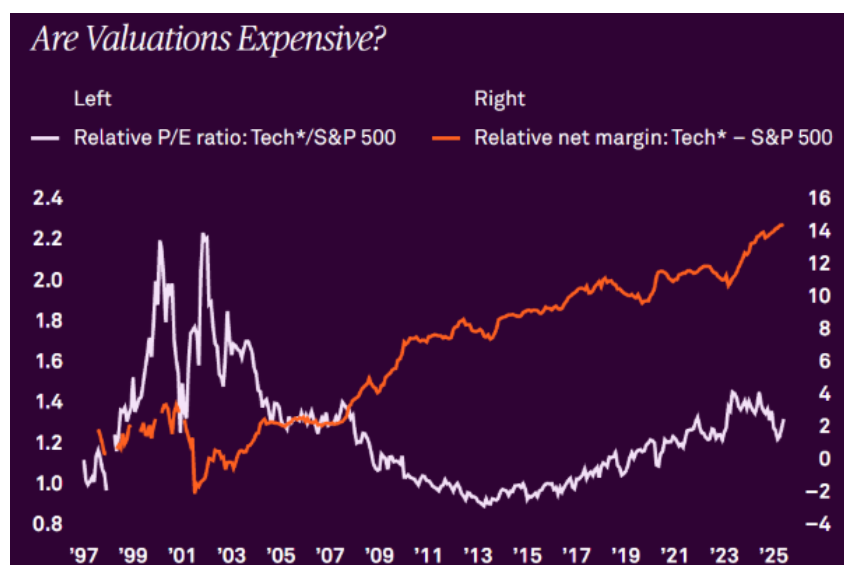
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- Strong performance from Meta Platforms and Microsoft this week contributed to the concentration in the top ten stocks of the S&P 500 to nearly 40% as of July 31.



Sources: S&P 500; NASDAQ; Econovis; Voronoi.

- The information technology sector experienced a rise in valuations as measured by the price-to-earnings (P/E) ratio over the last 10+ years. However, these elevated valuations may be justified by the increase in net margins.

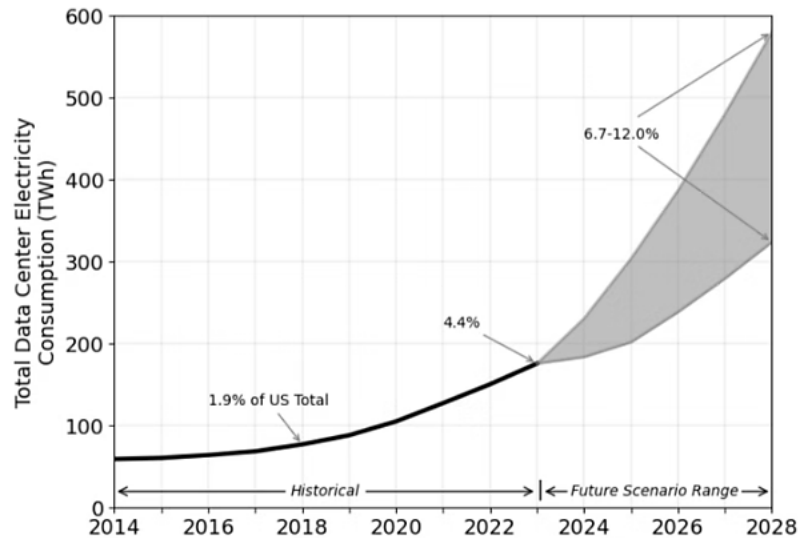


\*Tech = S&P 500 information technology sector. 12-month forward P/E and net margin estimate. Data is as of 06.30.2025. Sources: FactSet; BNY.

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- Data center demand for electricity is expected to drive an overall increase for power over the next several years, but the estimates vary widely.

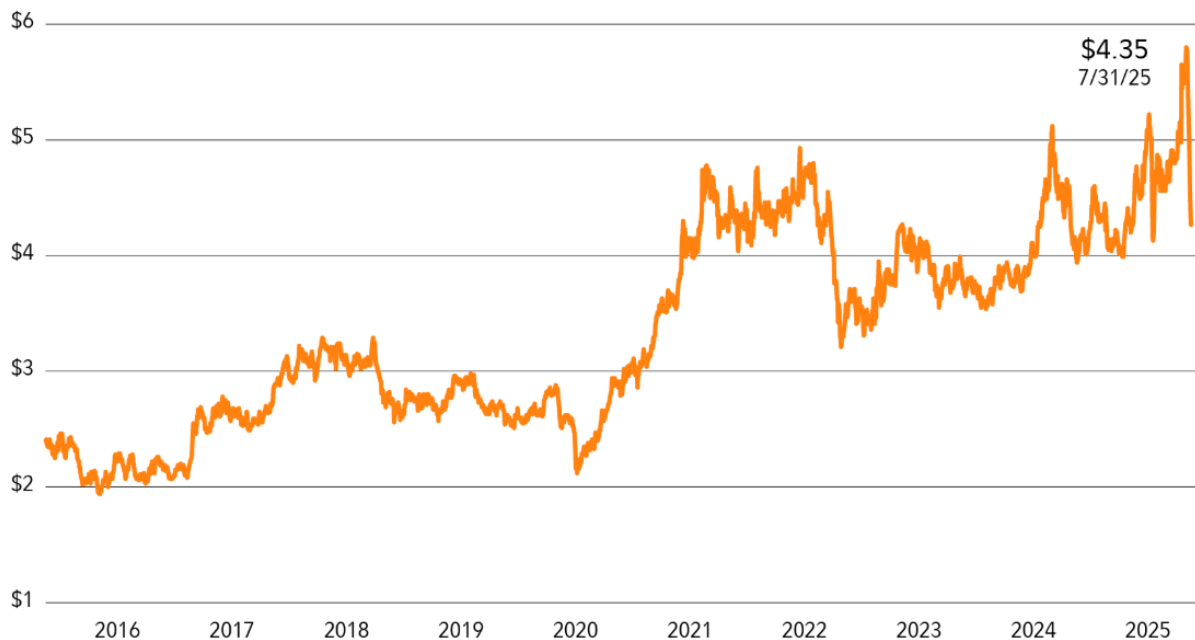
**Projections for how much electricity data centers will consume in the coming years vary widely. The most aggressive AI projections could run into power constraints, but societal upheaval may be its biggest hurdle given the discombobulating pace of change.**



AI: artificial intelligence. TWh: Terawatt-hour. Sources: Energy.gov; AO wealth.

- Copper prices were rallying on supply concerns when Trump announced a 50% tariff on imports in mid-July. However, on July 31, prices plunged below \$5 per pound on news that the U.S. government would exclude refined copper from these tariffs.

Copper price per pound

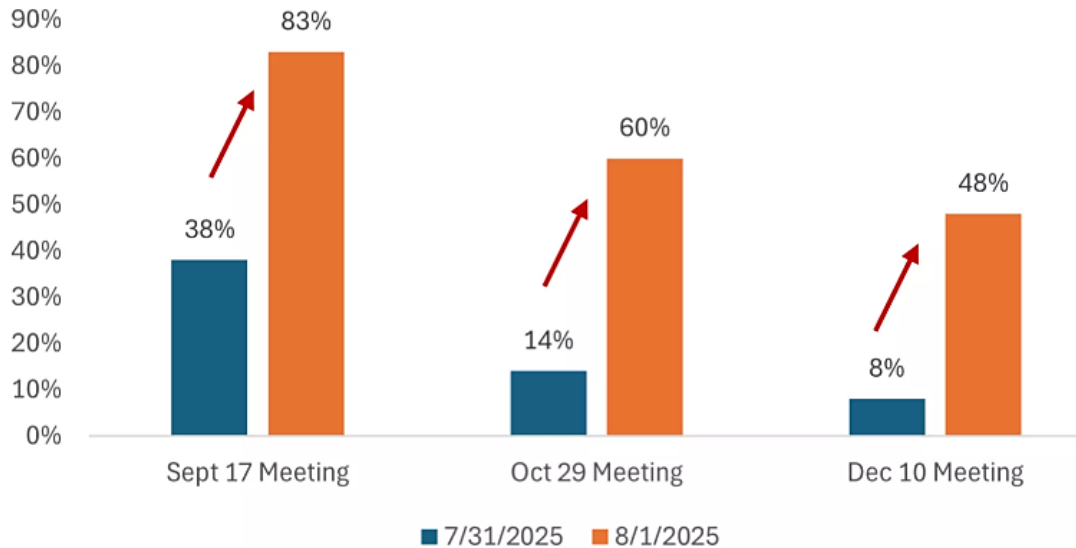


Sources: FactSet; Fidelity.

## Fixed Income Markets

- After the July jobs report came in softer than expected with jobs growth slowing over the past three months, the Fed appears more likely to cut interest rates at the September, October, and December meetings, according to CME FedWatch.

The probability of a rate cut has gone up for the Sept, Oct, and Dec Fed meetings after the soft jobs report (%)



Sources: CME FedWatch; Edward Jones.

- The chart below shows that the U.S. debt markets are significantly larger than foreign country debt markets.

## Value of Debt Securities



Sources: Bank for International Settlements; World Bank. Data is as of 4Q24. The data for Italy, Canada, Germany, the U.K., France, and Japan includes a combination of both corporate and government debt (dotted bars). U.S. government and corporate debt are shown separately (striped bars). Gross global savings = gross domestic product (GDP) less total consumption (solid bar).

## U.S. Economic and Political News

- The June core Personal Consumption Expenditures Index met analyst expectations, though personal spending came in slightly below consensus expectations.
- Q2 GDP grew +3.0% quarter-over-quarter which beat analyst expectations for the +2.0% forecast, with personal consumption rising but slightly missing analyst estimates.
- The July Institute for Supply Management (ISM) Manufacturing Index was below analyst expectations as new orders and production improved but employment fell.

## International Markets and News

- European markets (STOXX 600 Index) fell -2.6%, likely due to the framework trade deal between the U.S. and the E.U.
- The Chinese stock market (Shanghai Composite) fell -0.9% along with global markets. The S&P Global Purchasing Managers' Index (PMI) for China fell to 49.5 in July (below 50 level indicates a contraction), which was below June's 50.4 reading.
- Japanese equities (Nikkei 225 Index) fell -1.6% as the Bank of Japan held its key interest rate at 0.5%. However, the bank revised its expectations for inflation to 2.7% in fiscal 2025 from the 2.2% forecast in April.

## This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
  - Monday: Factory Orders;
  - Tuesday: Trade Balance, PMI Services Final, ISM Services;
  - Wednesday: Mortgage Bankers Association (MBA) Applications, Cushing O.K. Inventories, Energy Information Administration (EIA) Crude Oil, Distillate and Gasoline stocks;
  - Thursday: Unit Labor Costs (preliminary), Productivity (preliminary), Consumer Credit;
  - Friday: Baker Hughes U.S. rotary gas/oil rigs, Baker Hughes U.S. rig count.

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 Baker Hughes Rig Count** is a weekly measure of the number of drilling rigs actively exploring for or developing oil and natural gas in the United States and Canada. 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 **CME FedWatch Tool** is an online resource from the CME Group that gives investors, analysts, and economists a measure of the market's expectations for future monetary policy from the Federal Reserve (Fed). Specifically, it estimates the probability of federal funds rate changes by the Federal Open Market Committee (FOMC) at upcoming meetings. **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. The **ISM manufacturing index**, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at manufacturing firms nationwide. **Nonfarm payroll** measures the number of workers in the U.S. economy, excluding farm employees, self-employed individuals, volunteers, private household workers, sole proprietors, and active military service members. The **price-to-earnings ratio** compares a company's share price with its earnings per share. Analysts and investors use it to determine the relative value of a company's shares in side-by-side comparisons. 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.)

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