

# Weekly Market Recap

July 28, 2025

Index	Price	Price Returns	
	Close	Week	YTD
S&P 500® Index	6,389	1.5%	8.6%
Dow Jones Industrial Average	44,902	1.3%	5.5%
NASDAQ	21,108	1.0%	9.3%
Russell 2000® Index	2,261	0.9%	1.4%
MSCI EAFE Index	2,715	2.8%	20.0%
Ten-Year Treasury Yield	4.38%	0.0%	0.5%
Oil WTI <sup>1</sup> (\$/bbl <sup>2</sup> )	\$65.04	-1.5%	-9.3%
Bonds <sup>3</sup>	\$98.45	0.3%	3.4%

<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:

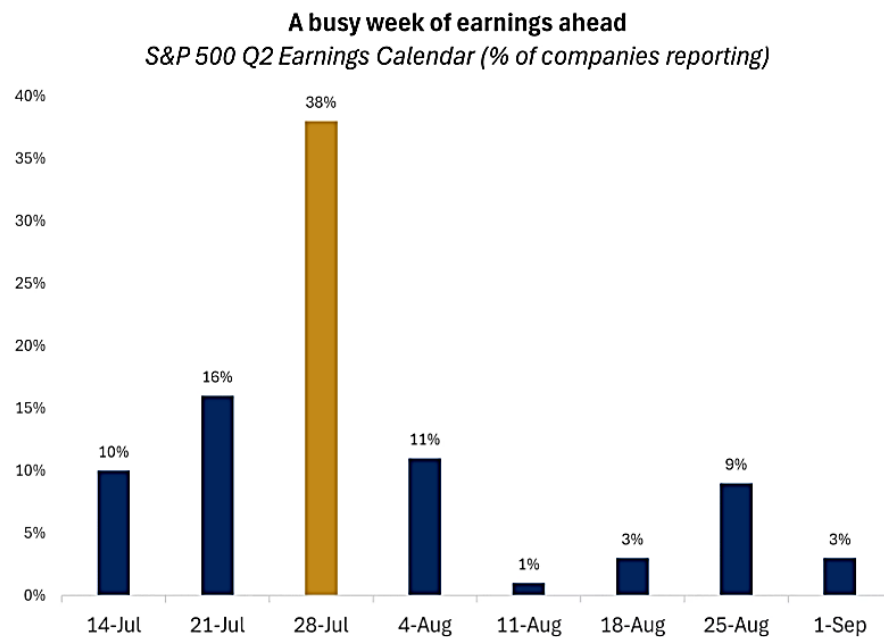
### U.S. Equity Market

- U.S. large-cap equities (S&P 500 Index) rose +1.5% as earnings reports were generally better than expected for the 112 S&P 500 constituents that reported thus far with a blended earnings growth rate of 6.4% (4.9% was expected on June 30). Bilateral trade deals were announced with Indonesia, the Philippines, and Japan. This morning (July 28), the U.S. and the E.U. agreed to a trade deal. Treasury Secretary Scott Bessent said that China's August 12 deadline would likely get extended. June core durable goods orders unexpectedly contracted. The 10-year Treasury yield moderated to 4.38% from 4.43%. Gold fell -0.4% and oil (WTI) fell -1.5%.
- S&P 500 Index Sector Returns:
  - Healthcare (+3.4%) rose, led by medical devices and pharmaceuticals.
  - Materials (+2.4%) rose, led by chemical companies and mining stocks.
  - Industrials (+2.3%) rose, led by aerospace and defense stocks and transports.
  - Real Estate (+2.2%) rose, with strength from cell towers.
  - Communication services (+2.2%) rose, led by internet search stocks.
  - Financials (+1.7%) rose, led by banks and asset managers.
  - Energy (+1.7%) rose, despite the price of oil falling -1.5%.
  - Consumer discretionary (+1.2%) rose, led by travel stocks and Amazon.
  - Technology (+0.7%) rose, led by NVIDIA and select artificial intelligence (AI) software.
  - Utilities (+0.9%) and consumer staples (0%) underperformed, as investors appeared to favor less-defensive sectors.

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.

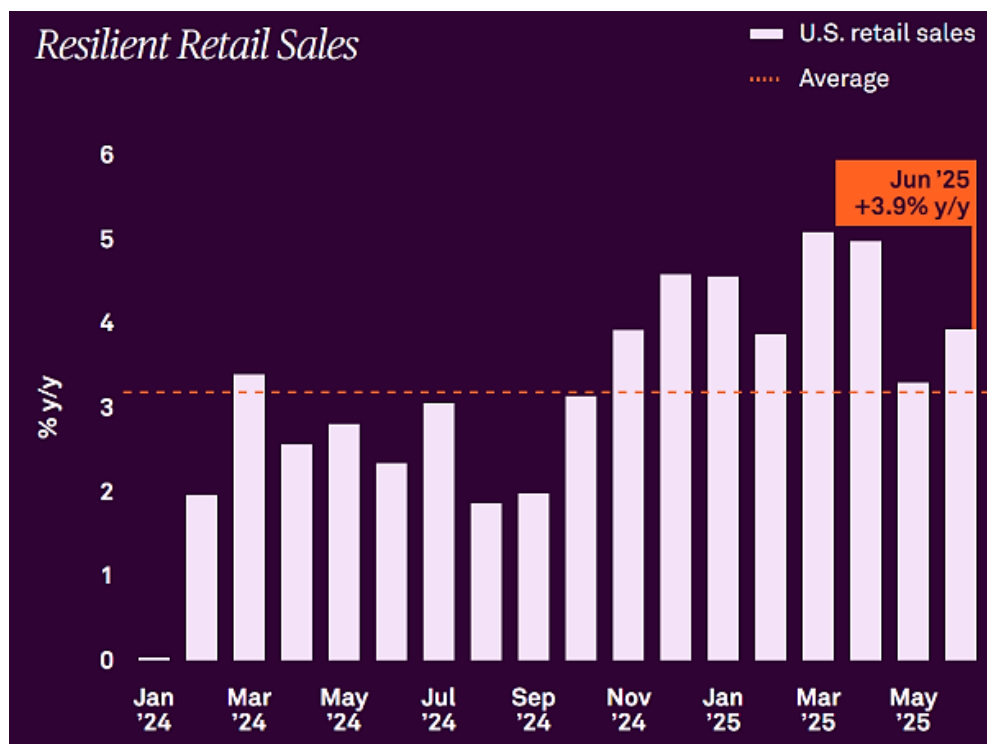
All data is as of 07.25.2025 unless otherwise noted. Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Please reference important disclosures on pages 6-7.

- With 112 of the S&P 500 companies already reporting blended earnings growth of 6.4% thus far, investors may be focused on this week as 38% of S&P 500 companies will be reporting Q2 earnings.



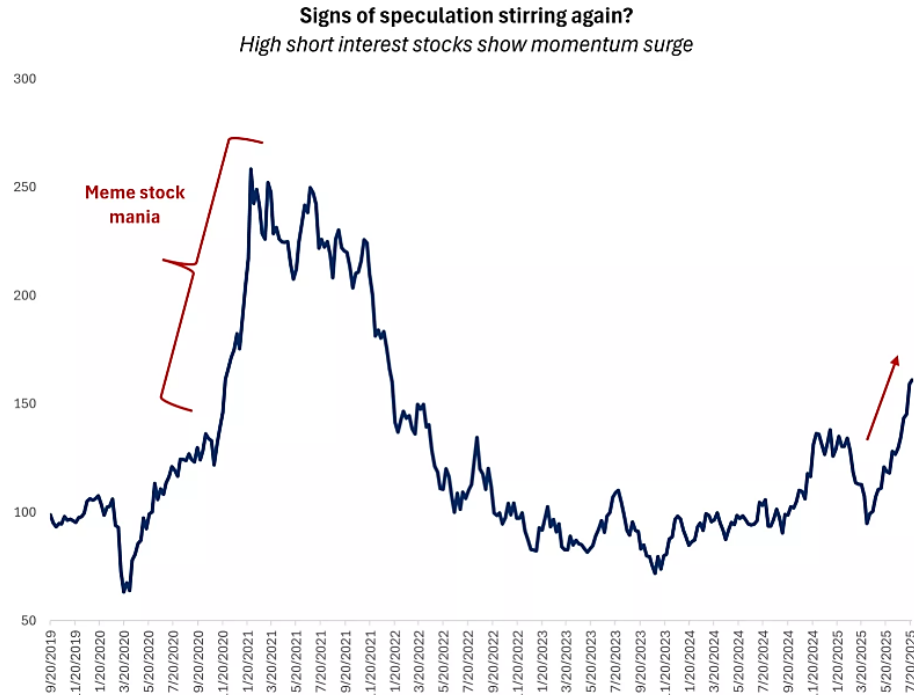
Sources: FactSet; Edward Jones.

- Despite concerns related to tariffs, inflation, and economic weakness, the U.S. consumer appears to be holding up well as U.S. retail sales grew +3.9% year-over-year in June.



Sources: FactSet; BNY.

- Meme stocks appear to be increasingly popular as retail traders may be targeting stocks with heavy short interest. If enough buyers invest in stocks with heavy short interest, the shorted stocks can rise rapidly, which is often referred to as a “short squeeze.” The chart below shows that meme stock momentum in 2021 created price gains for a period of time but ultimately came back to reality in 2022 and 2023.

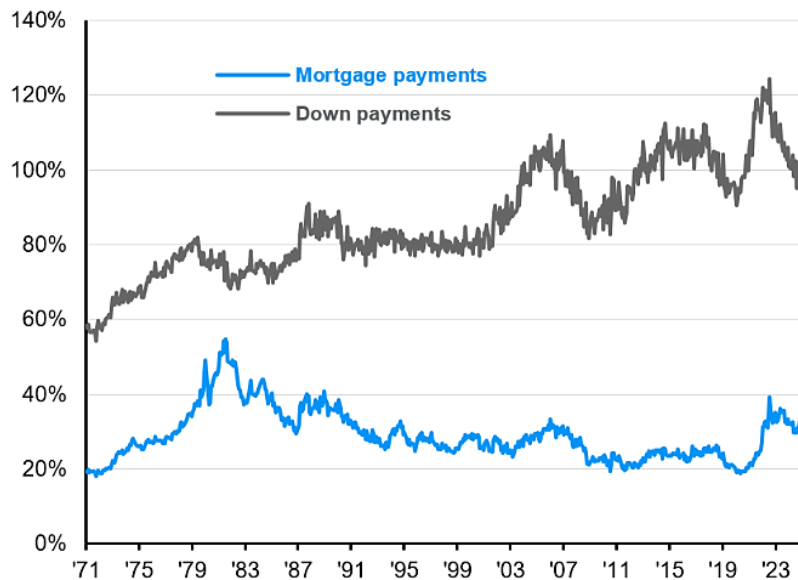


Y axis is total return (rebased to 100) of high short interest stocks in the U.S. Sources: LPL Research; Bloomberg L.P.

- The chart below shows that the required down payment and monthly mortgage payments as a percentage of median households’ pre-tax annual income is elevated relative to the last 30 years.

## Drivers of housing affordability

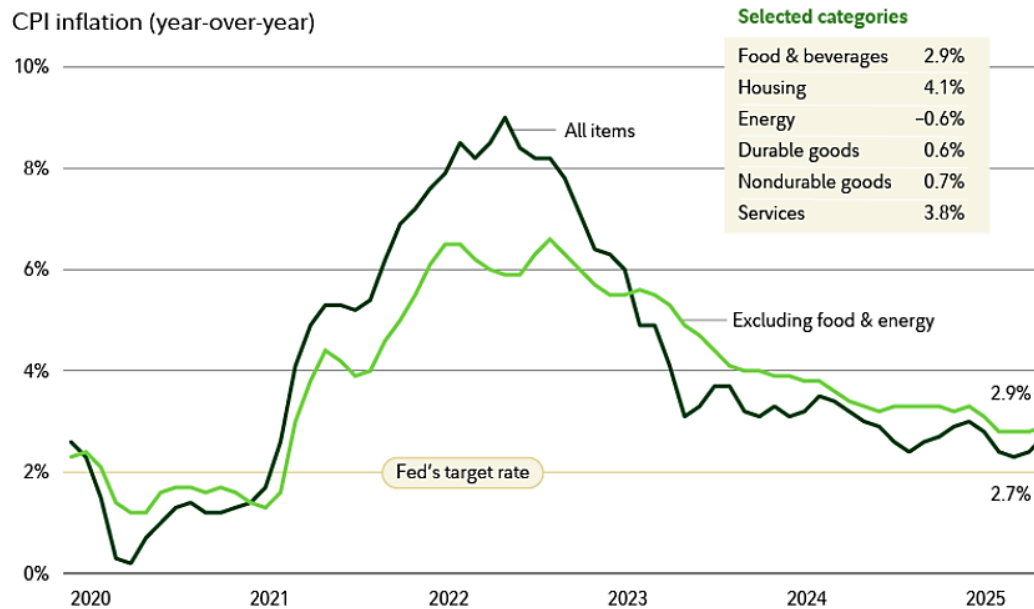
Mortgage payment and down payment as a % of median household's pre-tax annual income



Sources: Census Bureau; Freddie Mac; J.P. Morgan.

## Fixed Income Markets

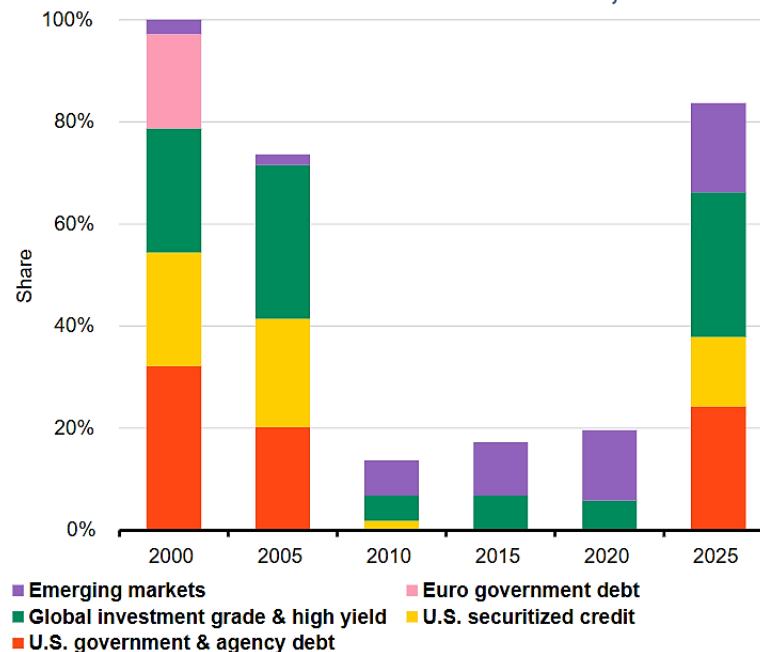
- Inflation metrics of the Consumer Price Index (CPI) and CPI Core (excluding food and energy) have fallen from peaks in 2022 and continue to approach the Federal Reserve's target of 2%.



Sources: Bureau of Labor Statistics; Fidelity.

- The chart below shows fixed income assets with yields of 4% or greater from 2000-2025.

## Fixed Income Assets with Yields of 4%+, 2000-2025



Sources: BlackRock Investment Institute; LSEG Datastream.

## U.S. Economic and Political News

- July flash composite Purchasing Managers' Index (PMI) was a bit stronger than analyst expectations, though manufacturing was a drag.
- June new home sales and existing home sales were lighter than analyst forecasts.

## International Markets and News

- European markets (STOXX 600 Index) rose +0.5% as optimism increased for a potential trade deal between the U.S. and the E.U., which was formally announced today (July 28).
- The Chinese stock market (Shanghai Composite) rose +1.7% in anticipation of an extension of trade talks past the August 12 deadline. Bessent plans to meet with Chinese officials in Stockholm this week.
- Japanese equities (Nikkei 225 Index) rose +4.1% as the U.S. and Japan reached a trade deal, leading Japanese exporters (including autos) to rally.

## This Week:

- The volume of corporate earnings reports will be lighter this week.
- Economic data:
  - Monday: Limited data;
  - Tuesday: Wholesale Inventories, Federal Housing Finance Agency (FHFA) House Price Index, Job Openings and Labor Turnover Survey (JOLTS), Consumer Confidence, Redbook Chain Store, American Petroleum Institute (API) Crude Inventories;
  - Wednesday: Federal Open Market Committee (FOMC) Meeting, Fed Funds Target Rate, Mortgage Bankers Association (MBA) Applications, Automatic Data Processing (ADP) Employment Report, gross domestic product (GDP) (advance), GDP Chain Price (advance), Pending Home Sales, Department of Energy (DOE) Crude Inventories;
  - Thursday: Challenger Job Cuts, Weekly Jobless Claims, core Personal Consumption Expenditures Index, Personal Spending, Personal Income, Employment Cost Index, Chicago PMI, Energy Information Administration (EIA) Natural Gas Inventories;
  - Friday: Nonfarm Payrolls, Unemployment Rate, Average Weekly Hours, Average Hourly Earnings, PMI Manufacturing Final, Construction Spending, Institute for Supply Management (ISM) Manufacturing Index, 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:

The **Chicago PMI** is a monthly measure of the level of business activity for the Chicago area in the manufacturing sector. 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 **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 **Employment Cost Index (ECI)** is a quarterly measure published by the Bureau of Labor Statistics (BLS) that tracks changes in the cost of labor for employers in the United States. It specifically measures the changes in wages, salaries, and benefits costs for all civilian workers, private industry workers, and state and local government workers. The **federal funds target rate** is a specific interest rate range that the Federal Open Market Committee (FOMC) aims to keep the federal funds rate within. This target rate is a key tool for the Federal Reserve to implement its monetary policy, influencing the overall economy. **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 **House Price Index (HPI)** is a broad measure of the movement of single-family property prices in the United States. The HPI is published and updated by the Federal Housing Finance Agency (FHFA). The **ISM Manufacturing Index**, also known as the Purchasing Managers' Index (PMI), is a monthly economic indicator that gauges the health of the U.S. manufacturing sector. It is based on a survey of purchasing and supply executives at over 300 manufacturing firms. The **job openings and labor turnover survey (JOLTS)** is a monthly report by the Bureau of Labor Statistics (BLS) of the U.S. Department of Labor counting job vacancies and separations, including the number of workers voluntarily quitting employment. A **meme stock** is a publicly traded company's share that gains significant popularity and trading volume, driven primarily by online communities and social media platforms, rather than the company's underlying financial performance. 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. **Nonfarm payroll (NFP)** refers to the total number of paid workers in the U.S. excluding those in the farming industry, private household employees, and non-profit organization employees. 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. (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.