Capital Markets Snapshot

Week ending July 4, 2025

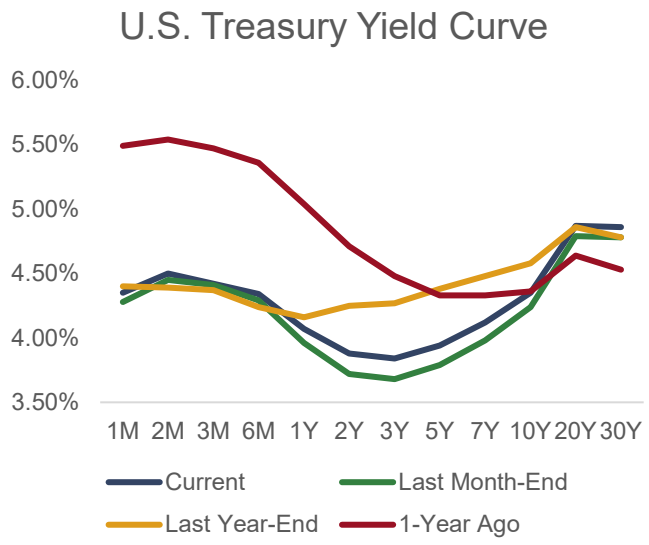
Last week, U.S. capital markets continued their strong upward momentum, with the S&P 500 and Nasdaq reaching new all-time highs. This rally was fueled by a combination of easing geopolitical tensions in the Middle East, falling oil prices, and a robust performance from mega-cap tech stocks. A better-than-expected U.S. jobs report also boosted investor sentiment, showing 147,000 new jobs added in June and a slight drop in the unemployment rate to 4.1%. However, the labor force participation rate declined, and private sector hiring was relatively soft, tempering some of the optimism. Markets also responded positively to a new U.S.-Vietnam trade agreement, which provided clarity on tariffs despite higher rates than previously expected. Meanwhile, Congress passed a significant tax and spending bill, which is expected to offer a modest economic boost in 2026 but raises concerns about long-term federal debt. Bond yields rose as the strong jobs data reduced expectations for imminent Fed rate cuts, with the 2-year Treasury yield climbing notably. Overall, while bullish momentum remains strong, markets may face volatility ahead due to potential trade developments and overbought conditions.

Fixed Income Markets Overview

- Treasury yields rose across the curve, particularly in short-term maturities, after a stronger-than-expected U.S. jobs report reduced the likelihood of near-term Federal Reserve rate cuts. The 2-year Treasury yield climbed to around 3.88%, while the 10-year yield reached 4.35%.
- Bond prices declined as yields moved higher, reflecting investor recalibration of interest rate expectations and a more resilient economic outlook than previously anticipated.
- Volatility remained elevated in the fixed income space, with long-term yields continuing to rise amid concerns over growing U.S. government debt and the implications of the recently passed tax-and-spending bill.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	-0.1%	2.7%	3.6%	1.5%
Core Plus	Intermediate Govt/Credit	-0.2%	3.7%	3.3%	0.5%
	International Aggregate	0.2%	7.2%	2.6%	-1.2%
	US Aggregate	-0.1%	3.6%	2.2%	-0.8%
	US Treasury	-0.3%	3.2%	1.2%	-1.7%
	US TIPS	0.0%	4.4%	1.9%	1.5%
	US Corporate	0.3%	4.0%	4.1%	0.0%
	US Corporate High Yield	0.5%	4.8%	9.9%	5.9%
Other	Emerging Markets Aggregate	0.5%	5.2%	7.5%	1.6%
Muni	US Municipals	0.1%	-0.4%	2.4%	0.5%
	US Municipals High Yield	-0.1%	-0.5%	4.2%	3.1%

Source: Bloomberg as of July 4, 2025



Source: Bloomberg and U.S Treasury as of July 4, 2025

Interest Rates (%)

Date	7/3/2025	6/30/2025	12/31/2024	7/3/2024
Federal Funds Rate	4.35%	4.28%	4.40%	5.49%
3 Month Treasury	4.42%	4.41%	4.37%	5.47%
6 Month Treasury	4.34%	4.29%	4.24%	5.36%
2 Year Treasury	3.88%	3.72%	4.25%	4.71%
5 Year Treasury	3.94%	3.79%	4.38%	4.33%
10 Year Treasury	4.35%	4.24%	4.58%	4.36%
30 Year Treasury	4.86%	4.78%	4.78%	4.53%
US Aggregate	4.62%	4.51%	4.91%	4.96%
US Corporate	5.05%	4.99%	5.33%	5.41%
US Corporate High Yield	6.95%	7.06%	7.49%	7.92%
US Municipal	3.96%	3.96%	3.74%	3.74%
US Municipal High Yield	5.85%	5.81%	5.52%	5.46%

Spreads Over 10-Year US Treasuries

Date	7/3/2025	6/30/2025	12/31/2024	7/3/2024
30 Year Treasury	0.51%	0.54%	0.20%	0.17%
US Aggregate	0.27%	0.27%	0.33%	0.60%
US Corporate	0.70%	0.75%	0.75%	1.05%
US Corporate High Yield	2.60%	2.82%	2.91%	3.56%
US Municipal	-0.39%	-0.28%	-0.84%	-0.62%
US Municipal High Yield	1.50%	1.57%	0.94%	1.10%

Source: Bloomberg and U.S. Treasury as of July 4, 2025

Equity Markets Overview

- Major U.S. indexes hit new all-time highs, with the S&P 500 and Nasdaq leading the charge, driven by strong bullish momentum, easing geopolitical tensions, and optimism around trade developments. A better-than-expected U.S. jobs report added fuel to the rally, with 147,000 jobs created in June and upward revisions to prior months, reinforcing confidence in the economic outlook .
- Mega-cap technology stocks continued to outperform, contributing significantly to the market's gains, while small-cap stocks also surged, with the Russell 2000 rising 3.6% for the week.
- A new U.S.-Vietnam trade agreement provided clarity on tariffs and was interpreted positively by markets, despite higher-than-expected rates, as it reduced uncertainty on the trade front.
- Investors remained cautiously optimistic, with some analysts warning of overbought conditions and potential volatility ahead, especially as the 90-day U.S. tariff pause nears its end.
- Corporate earnings expectations for Q2 remained modest, with analysts forecasting around 5% growth for S&P 500 companies, the slowest pace since late 2023.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	1.8%	7.0%	19.1%	16.5%
Large-Cap	S&P 500	1.8%	7.5%	19.8%	16.7%
	S&P 500 Growth	1.4%	9.7%	23.4%	17.1%
	S&P 500 Value	2.2%	5.1%	15.1%	15.3%
Mid-Cap	S&P Midcap 400	2.9%	3.1%	13.4%	14.1%
	S&P Midcap 400 Growth	2.4%	2.7%	14.3%	11.7%
	S&P Midcap 400 Value	3.5%	3.5%	12.6%	16.5%
Small-Cap	S&P Smallcap 600	3.3%	-1.1%	8.6%	12.7%
	S&P Smallcap 600 Growth	2.6%	1.3%	10.1%	11.3%
	S&P Smallcap 600 Value	4.1%	-3.6%	6.9%	13.9%
Int'l.	MSCI ACWI ex-USA	0.3%	18.3%	14.1%	9.7%
	MSCI EM	0.4%	16.2%	10.3%	6.2%

Source: Bloomberg as of July 4, 2025

Alternative Markets Overview

- Gold prices rose just under 2% last week due to a retreat in the U.S. dollar and safe-haven inflows. Safe haven flows were the result of increased uncertainty from the impending deadline for U.S. President Donald Trump's trade deals and the passage of the tax and spending bill.
- Texas recently signed into law the establishment of a Strategic Bitcoin Reserve, making it the third U.S. state to create a crypto reserve. Texas made a $10M commitment to purchase Bitcoin for the strategic reserve using taxpayer money, which makes it the first state to make such a move.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	1.3%	3.7%	-0.3%	17.6%
Gold	1.7%	26.6%	22.9%	13.3%
FTSE All Equity NAREIT	1.7%	2.8%	3.1%	6.5%
Bitcoin	0.6%	15.1%	75.7%	63.8%
Ethereum	7.1%	-22.5%	34.2%	62.9%

Source: Bloomberg as of July 4, 2025



Upcoming Week

It is a light week for economic releases, we will be monitoring Tuesday's NFIB Small Business Optimism and Consumer Credit reports, Wednesday's Wholesale Inventories, Thursday's weekly unemployment update, and Friday's Federal Budget Balance release.

Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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