# Capital Markets Snapshot

## Week ending June 20, 2025

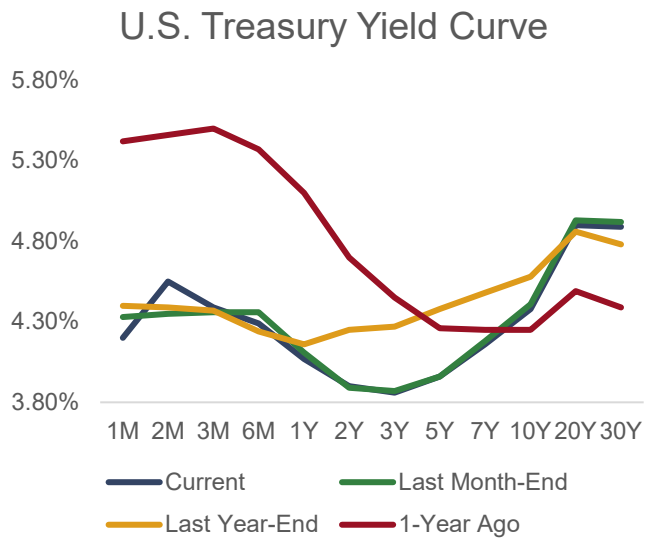
Last week, markets reflected a cautious tone as investors digested a mix of economic signals and geopolitical developments. The Federal Reserve held interest rates steady for the fourth consecutive meeting, maintaining a patient stance amid lingering inflation and trade uncertainties. Updated projections showed a slight downgrade in 2025 GDP expectations to 1.4% and an upward revision in inflation forecasts, suggesting a stagflationary tilt. Retail sales data was mixed—headline sales declined, but the control group, which feeds into GDP, rose modestly. Housing data was broadly weak, with notable drops in permits and starts, while jobless claims remained stable. Geopolitical tensions, particularly the Israel-Iran conflict, kept oil prices elevated, contributing to market unease. Equity markets, including the S&P 500 and Russell 2000, showed signs of consolidation, with breadth indicators weakening. Overall, markets appear to be in a "wait-and-see" mode, with near-term sentiment slightly bearish barring any major geopolitical or trade-related surprises.

## Fixed Income Markets Overview

- The Federal Reserve kept its benchmark rate unchanged at 4.25%–4.50%, but its updated projections showed a more cautious outlook, with upward revisions to inflation and unemployment forecasts and a downward revision to 2025 GDP growth.
- Yields on 2-year and 10-year Treasuries declined by 6 and 3 basis points, respectively, reflecting a modest shift toward safety amid geopolitical tensions and mixed economic data.
- Despite the Fed's patient tone, market pricing for rate cuts in 2025 remained largely unchanged, with expectations for just over two 25-basis-point cuts by year-end.

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|---|---|---|---|---|---|
| Short | 1-3 Year Govt/Credit | 0.2% | 2.5% | 3.8% | 1.5% |
| Core Plus | Intermediate Govt/Credit | 0.2% | 3.3% | 3.6% | 0.5% |
| | International Aggregate | -0.1% | 6.0% | 2.6% | -1.4% |
| | US Aggregate | 0.3% | 2.9% | 2.6% | -0.9% |
| | US Treasury | 0.2% | 2.8% | 1.7% | -1.7% |
| | US TIPS | 0.6% | 3.9% | 1.9% | 1.5% |
| | US Corporate | 0.3% | 3.0% | 4.1% | -0.1% |
| | US Corporate High Yield | 0.3% | 3.5% | 9.1% | 5.4% |
| Other | Emerging Markets Aggregate | 0.1% | 3.8% | 7.0% | 1.5% |
| Muni | US Municipals | 0.2% | -0.6% | 2.8% | 0.5% |
| | US Municipals High Yield | 0.2% | -0.6% | 5.0% | 3.2% |

Source: Bloomberg as of June 20, 2025




Source: Bloomberg and U.S Treasury as of June 20, 2025

**Interest Rates (%)**

| Date | 6/20/2025 | 5/30/2025 | 12/31/2024 | 6/20/2024 |
|---|---|---|---|---|
| Federal Funds Rate | 4.20% | 4.33% | 4.40% | 5.42% |
| 3 Month Treasury | 4.39% | 4.36% | 4.37% | 5.50% |
| 6 Month Treasury | 4.29% | 4.36% | 4.24% | 5.37% |
| 2 Year Treasury | 3.90% | 3.89% | 4.25% | 4.70% |
| 5 Year Treasury | 3.96% | 3.96% | 4.38% | 4.26% |
| 10 Year Treasury | 4.38% | 4.41% | 4.58% | 4.25% |
| 30 Year Treasury | 4.89% | 4.92% | 4.78% | 4.39% |
| US Aggregate | 4.68% | 4.71% | 4.91% | 4.90% |
| US Corporate | 5.16% | 5.21% | 5.33% | 5.39% |
| US Corporate High Yield | 7.30% | 7.46% | 7.49% | 7.90% |
| US Municipal | 4.00% | 4.04% | 3.74% | 3.66% |
| US Municipal High Yield | 5.83% | 5.85% | 5.52% | 5.35% |

**Spreads Over 10-Year US Treasuries**

| Date | 6/20/2025 | 5/30/2025 | 12/31/2024 | 6/20/2024 |
|---|---|---|---|---|
| 30 Year Treasury | 0.51% | 0.51% | 0.20% | 0.14% |
| US Aggregate | 0.30% | 0.30% | 0.33% | 0.65% |
| US Corporate | 0.78% | 0.80% | 0.75% | 1.14% |
| US Corporate High Yield | 2.92% | 3.05% | 2.91% | 3.65% |
| US Municipal | -0.38% | -0.37% | -0.84% | -0.59% |
| US Municipal High Yield | 1.45% | 1.44% | 0.94% | 1.10% |

Source: Bloomberg and U.S. Treasury as of June 20, 2025

## Equity Markets Overview

- It was a cautious week for US equities as the S&P 500 closed with a weekly loss of 0.12% while the Nasdaq and Dow Jones posted gains of 0.22% and 0.07%, respectively. On a YTD basis, S&P 500 continues to lead the pack with a 2.12% gain.
- Like last week, most sectors were down while a few managed to climb higher, particularly the Energy sector. Biggest losers include Healthcare, Telecommunications, and Materials falling 2.66%, 1.73%, and 1.21%, respectively. Energy, Technology, and Financials were the only sectors to post weekly gains of 1.1%, 0.88%, and 0.81%, respectively.
- Large caps booked a small loss while small and mid-cap stocks were modestly positive on the week, with mid-cap stocks leading the pack on the week with a 0.6% gain. From a style lens, value modestly outperformed growth across all size segments.

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|---|---|---|---|---|---|
| **All-Cap** | S&P 1500 | -0.1% | 1.6% | 18.7% | 15.5% |
| **Large-Cap** | S&P 500 | -0.1% | 2.1% | 19.3% | 15.8% |
| | S&P 500 Growth | -0.3% | 3.4% | 22.5% | 16.3% |
| | S&P 500 Value | 0.1% | 0.7% | 15.1% | 14.2% |
| **Mid-Cap** | S&P Midcap 400 | 0.6% | -2.4% | 12.7% | 12.8% |
| | S&P Midcap 400 Growth | 0.6% | -2.5% | 13.5% | 10.8% |
| | S&P Midcap 400 Value | 0.7% | -2.2% | 11.8% | 14.8% |
| **Small-Cap** | S&P Smallcap 600 | 0.2% | -7.2% | 7.7% | 11.4% |
| | S&P Smallcap 600 Growth | 0.2% | -4.3% | 9.6% | 10.4% |
| | S&P Smallcap 600 Value | 0.2% | -10.1% | 5.7% | 12.3% |
| **Int'l.** | MSCI ACWI ex-USA | -1.0% | 14.5% | 13.0% | 9.3% |
| | MSCI EM | 0.0% | 12.0% | 8.8% | 6.1% |

Source: Bloomberg as of June 20, 2025

## Alternative Markets Overview

- Gold prices fell nearly 2% last week as the conflict between Israel and Iran continued to escalate. The US may announce its intention to get involved in the next two weeks. It is reasonable to expect near-term volatility in this period of heighted geopolitical uncertainty.
- Oil prices rose around 1% last week reaching nearly $74/barrel, driven by heightened geopolitical tensions following Israeli airstrikes on Iranian facilities and concerns over potential supply disruptions.

| Name | 1W | YTD | 3Y (Ann.) | 5Y (Ann.) |
|---|---|---|---|---|
| S&P GSCI | 2.3% | 8.9% | -0.2% | 19.1% |
| Gold | -1.9% | 28.2% | 22.5% | 14.1% |
| FTSE All Equity NAREIT | 0.1% | 2.0% | 5.0% | 6.5% |
| Bitcoin | -1.7% | 10.7% | 72.7% | 61.9% |
| Ethereum | -4.4% | -27.6% | 30.7% | 60.3% |

Source: Bloomberg as of June 20, 2025



**Upcoming Week**

It is a lighter week for earnings reports as Q1 earnings season draws closer to its end. Earnings releases worth monitoring this week include FedEx, Micron Technology, and Nike.

It is another busy week of economic releases. Key releases include PCE Inflation and consumer confidence data.

# 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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