

# CAPITAL MARKETS REPORT - JUNE 16, 2025



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## SERVICE BEYOND COMPARISON

### Market Movers:

- Treasury Safe-Haven Status Further Tested as Tensions Grow in Middle East
- US/China Agreement Awaits Executive Approvals
- Consumer Sentiment Improves
- In the wake of Israel's strike on Iran late last Thursday, U.S. Treasuries opened Friday's session with yields higher and initially the dollar slipped in a contradiction to what investors expect after similar events in the past. Typically, yields on U.S. Treasuries take a nose dive and the dollar strengthens sharply in the aftermath of disruptive world news as the demand for safe haven investments increases – regardless of where the event occurs. Friday's higher Treasury yields and weaker dollar have many analysts questioning if the opposing forces of the U.S. budget deficit, credit concerns, and overall uncertainty about the U.S. economy are pulling against the “bad news” forces that usually create the flight to safety after such events. One analyst pointed out that “the ‘safe haven’ label – for assets like the dollar and the yen – rests on three pillars: economic stability, liquidity, and credibility... this year's dollar weakness is exposing cracks in all three.”
- After news broke Friday afternoon of Iran's retaliation on Israel, the S&P finished the day wiping out the 1% gain on the week. While travel and airline companies led the drop, energy producers and defense companies gained. The swell in oil prices renews recently ameliorated concerns over inflation and raises questions about supply-side price pressures, which could potentially complicate the path forward for the Fed. As of market close on Friday, the probability of a rate cut in June is still unlikely.
- The U.S. and China have agreed on an outline of a plan to restore trading between the two countries following two days of discussion in London. The agreement, which will implement the Geneva consensus reached last month, includes some concessions from both sides, but few details of the agreement have been released. Market reactions to the news were largely muted, signaling that investors are embracing the cooperation and coordination resulting from these talks but chatter from analysts, citing unprecedented moves on both sides, reiterate that trade relations are still fragile.
- U. S. consumer sentiment rose 8.3 points in June to 60.5, exceeding expectations and signaling an improvement in the concerns over short-term inflation.

### Market Last Week

	6/06/25 Close	6/13/25 Close	Weekly Change
2 yr. Note	4.04%	3.95%	-9bps
5 yr. Note	4.12%	4.00%	-12bps
10 yr. Note	4.51%	4.40%	-11bps
30 yr. Bond	4.97%	4.89%	-8bps
SOFR Rate	4.31127	4.31370	+0.0024

### Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
6/16/2025 8:30 AM	Empire Manufac- turing (June)	-6.0	-9.2
6/17/2025 8:30 AM	Retail Sales Ad- vance MoM (May)	-0.60%	0.10%
6/17/2025 8:30 AM	Import Price Index YoY (May)	-0.2%	0.10%
6/17/2025 8:30 AM	Export Price Index YoY (May)	-0.2%	2.00%
6/17/2025 9:15 AM	Industrial Produc- tion MoM (May)	0.00%	0.00%
6/18/2025 8:30 AM	Initial Jobless Claims (June 14)	245k	248k
6/18/2025 8:30 AM	Housing Starts (May)	1359k	1361k
6/18/2025 8:30 AM	Continuing Claims (June 7)	1925k	1956k
6/18/2025 8:30 AM	Building Permits (May)	1425k	1422k
6/18/2025 2:00 PM	FOMC Rate Deci- sion (June 18)	4.50%	4.50%
6/20/2025 8:30 AM	Phil. Fed Business Outlook (June)	-1.0	-4.0
6/20/2025 10:00 AM	Leading Index (May)	-0.10%	-1.00%

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