CAPITAL MARKETS REPORT - JULY 28, 2025

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SERVICE BEYOND COMPARISON

- S&P Hits Another All-Time High
- Mixed-Bag of Economic Data Released
- Look Ahead for the Week

• The S&P 500 rally continues with the index now poised to top 6,400. Over 80% of S&P firms have beaten Q2 earnings estimates—potentially the best beat rate since mid-2021. Optimism is driven by resilient corporate earnings, progress on trade talks, and stable economic data. However, concerns are growing about market overvaluation and speculative bubbles, especially as meme stocks surge again. A key upcoming test will be earnings from major tech players including Apple, Amazon, Microsoft, and Meta. Despite record stock highs, analysts warn that upcoming earnings from the "Magnificent Seven," inflation readings, and Friday's nonfarm payrolls could increase volatility. Tech earnings, especially on AI-related capex, will be a litmus test. Meanwhile, a looming Aug. 1 trade tariff deadline adds further uncertainty to market sentiment.

• Initial jobless claims fell to 217,000 in mid-July, indicating labor market resilience. However, hiring and firing remain in a holding pattern as businesses await clarity on fiscal and trade policy. The newly passed tax and spending policies have helped reduce tax uncertainty, but tariff concerns persist. New-home sales in June rose just 0.6% to an annualized pace of 627,000—below expectations. Builders are using heavier sales incentives (averaging 8.7% of gross sale price) to attract buyers amidst high mortgage rates (~7%). Inventories remain elevated, and the median home price is down 2.9% year-over-year to $401,800, but affordability is still a major constraint. Manufacturing activity in the Richmond Fed district weakened sharply in July, with the main index falling to -20. New orders, shipments, and employment all dropped to post-COVID lows. Expected price increases also ticked up—likely due to rising tariff concerns. This contrasts with stronger readings from other Fed districts, suggesting mixed regional industrial performance.

• A packed week includes the Fed's rate decision (expected to hold steady), Q2 GDP (estimated to rebound to 2.4%), and core PCE inflation (expected to rise 0.3% MoM). Payrolls are forecast to grow by 160K in July, with unemployment ticking up to 4.2%. The data will shape expectations for future Fed moves and test market resilience amid ongoing tariff uncertainty as Wall Street faces a pivotal week of data releases that will likely set the tone for markets and the economy for the remainder of 2025.

Market Last Week

	7/18/2025 Close	7/25/2025 Close	Weekly Change In Bps
2 yr. Note	3.85%	3.92%	7
5 yr. Note	3.92%	3.96%	4
10 yr. Note	4.37%	4.39%	2
30 yr. Bond	4.94%	4.93%	-1
SOFR Rate	4.35468%	4.35485%	0.017

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
7/29/2025 8:30 AM	Whsle Inventories MoM (June)	-0.10%	-0.30%
7/29/2025 10:00 AM	Conf. Board Consumer Confidence (July)	96	93
7/30/2025 8:15 AM	ADP Employment Change (July)	80k	-33k
7/30/2025 8:30 AM	GDP Annualized QoQ (2Q25)	0.024	-0.50%
7/30/2025 10:00 AM	Pending Home Sales MoM (June)	0.30%	1.80%
7/30/2025 2:00 PM	FOMC Rate Decision (July 30)	4.25% - 4.50%	4.50%
7/31/2025 8:30 AM	Personal Income (June)	0.20%	-0.40%
7/31/2025 8:30 AM	Personal Spending (June)	0.004	-0.001
7/31/2025 9:45 AM	MNI Chicago PMI (July)	42	40.4
8/1/2025 8:30 AM	Change in Nonfarm Payrolls (July)	109k	147k
8/1/2025 8:30 AM	Unemployment Rate (July)	4.20%	4.10%
8/1/2025 10:00 AM	U. of Mich. Sentiment (July)	61.80%	61.80%