

CAPITAL MARKETS REPORT - JULY 21, 2025



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SERVICE BEYOND COMPARISON

- Waller Announced Possible Dissent
- Positive Economic Data Released

• Federal Reserve Governor Christopher Waller hinted last Friday that he would dissent if his colleagues vote to hold interest rates steady at their July meeting, making his case for a rate cut to support the labor market. Bond yields fell alongside the dollar on this news. Citing data suggesting the U.S. labor market is “on the edge”, Waller voiced his belief that the private sector is “not doing as well as everyone thinks.” According to University of Michigan data, consumers expect prices to rise at an annual rate of 4.4% over the next year, down from 5% in the prior month. Waller, who said he sees no sign that inflation expectations are currently on the rise, is concerned that the next Chair of the Federal Reserve have market credibility to avoid a spike in inflation at that time. As of this morning, there is only a 4.7% chance of a rate cut this month but the market has fully priced in one 25bp cut for October 29th and one additional cut probable by year end.

• Last week saw a rebound in regional manufacturing surveys. The New York Fed Empire State Index jumped from -16 in June to a positive 5.5 in July, with the prices-paid sub-index also climbing sharply—signaling renewed manufacturing optimism despite rising input costs. The Philadelphia Fed Manufacturing Index jumped from -4.0 to a robust 15.9 in July, marking its first positive reading in months. On the inflation front, June’s Producer Price Index (PPI) was unchanged month-over-month, slightly below forecasts following a revised +0.3% in May, while the Consumer Price Index (CPI) rose 0.3% in June (May +0.1%), pushing annual CPI to 2.7% and core CPI to 2.9%—a modest acceleration from May. Lastly, early July consumer sentiment (University of Michigan index) edged up to 61.8 from 60.7 in June. Though inflation expectations eased to 4.4% for the next year and 3.6% longer term, sentiment remains cautious amid trade-policy uncertainty. The S&P 500 briefly topped 6,300 last week after investors reacted to the relatively positive economic news, closing at an all-time high of 6,297.36 on Thursday, but ended the week slightly off this high at 6,296.79.

Market Last Week

	7/11/2025 Close	7/18/2025 Close	Weekly Change In Bps
2 yr. Note	3.88%	3.85%	-3
5 yr. Note	3.97%	3.92%	-5
10 yr. Note	4.41%	4.37%	-4
30 yr. Bond	4.95%	4.94%	-1
SOFR Rate	4.34194%	4.35468%	1.27

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
7/21/2025 10:00 AM	Leading Index (June)	-0.30%	-0.10%
7/22/2025 10:00 AM	Richmond Fed Mnft. Idx (July)	-2	-7
7/23/2025 10:00 AM	Exst Home Sales MoM (June)	-0.70%	0.80%
7/23/2025 7:00 AM	MBA Mortgage Apps (July 18)	--	-10.00%
7/24/2025 10:00 AM	New Home Sales MoM (June)	4.30%	-13.70%
7/24/2025 8:30 AM	Initial Jobless Claims (July 19)	227k	221k
7/24/2025 8:30 AM	Continuing Claims (July 12)	1953k	1956k
7/24/2025 8:30 AM	Chicago Fed Nat Acty Idx (June)	-0.14	-0.28
7/24/2025 8:30 AM	Building Permits MoM (June)	--	0.002
7/24/2025 9:45 AM	S&P Global US Comp PMI (July)	52.7	52.9
7/25/2025 8:30 AM	Durable Goods Orders (June)	-10.30%	16.40%
7/25/2025 8:30 AM	Durables Ex Transport (June)	0.10%	0.50%

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