

CAPITAL MARKETS REPORT - AUGUST 4, 2025



Birmingham (866) 405-6864
Baton Rouge (800) 421-6182
Shreveport (866) 453-5150
Little Rock (800) 737-0535

SERVICE BEYOND COMPARISON

- Rates Remain Unchanged
- Mixed Economic Data Released

• The Federal Reserve left interest rates unchanged at 4.25%–4.5%, but downgraded its assessment of the U.S. economy, signaling a possible shift toward future rate cuts. Officials noted that economic activity had moderated, in contrast to earlier descriptions of “solid” growth, and removed language suggesting reduced uncertainty. Dissenting votes from Governors Waller and Bowman—marking the first dual dissent by governors since 1993—reflected growing internal debate with both favoring a rate cut to address the weakening labor market. Amid economic concerns such as slowing consumer spending and tariff-related disruptions, inflation ticked up and unemployment rose to 4.2%. President Trump criticized the Fed’s inaction, predicting a rate cut in September, which markets now see as a likely possibility.

• On the eve of an August 1 deadline, President Trump unleashed a wave of tariff announcements and trade actions aimed at reshaping global commerce. These included surprise levies on South Korea and India, with the latter facing a 25% tariff and criticism over its Russian energy ties. Trump’s latest push included draft deals with Taiwan, Thailand, and Cambodia, and new copper tariff rules that shocked markets. While many countries still lack formal trade agreements, Trump’s strategy hinges on imposing tariffs of 15% to 50% on non-compliant nations, aiming to boost U.S. manufacturing and revenue. However, the rushed deals with very limited details have already dampened global growth and investment. Domestically, U.S. consumers and small businesses will also feel the impact, as new tariffs will apply to low-value imports starting August 29. Meanwhile, talks with China remain cautiously optimistic. Other historically friendly trading nations like Canada and Brazil, await clarity amid political and economic tensions.

• The jobs report for July, released Friday, was surprisingly weak. When coupled with the downward revision from the previous two months, nearly wiped out all or the year’s gains. Treasuries rallied in response prompting traders to boost their bets that the Federal Reserve will lower interest rates as soon as next month. With a 90.5% chance of a September cut, traders are now also fully pricing in a second cut by the end of 2025.

Market Last Week

	7/25/2025 Close	8/1/2025 Close	Weekly Change In Bps
2 yr. Note	3.92%	3.68%	-24
5 yr. Note	3.96%	3.76%	-20
10 yr. Note	4.39%	4.22%	-17
30 yr. Bond	4.93%	4.82%	-11
SOFR Rate	4.35485%	4.35134%	-0.351

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
8/7/2025 8:30 AM	Initial Jobless Claims (Aug 2)	221k	218k
8/4/2025 10:00 AM	Durable Goods Orders (June)	-0.093	0
8/6/2025 7:00 AM	MBA Mortgage Apps (Aug 1)	--	-3.80%
8/4/2025 10:00 AM	Factory Orders (June)	-0.048	8.20%
8/4/2025 10:00 AM	Factory Orders Ex Trans (June)	0.20%	0.20%
8/5/2025 8:30 AM	Trade Balance (June)	-\$61.6b	-\$71.5b
8/5/2025 10:00 AM	ISM Services Index (July)	5150.00%	5080.00%
8/7/2025 10:00 AM	Wholesale Inventories MoM (June)	0.002	0.002
8/4/2025 10:00 AM	Durables Ex Transportation (June)	0.002	0.002
8/5/2025 9:45 AM	S&P Global US Services PMI (July)	55.2	55.2
8/5/2025 9:45 AM	S&P Global US Composite PMI (July)	--	5460.00%
8/7/2025 8:30 AM	Continuing Claims (July 26)	1943k	1946k

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