

# WEEKLY MARKET COMMENTARY

June 16, 2025

## WEEK IN REVIEW

While last week was lighter on economic data, global headlines were anything but quiet. Trade talks between the U.S. and China took center stage, and rising tensions between Israel and Iran rattled investor confidence. Still, beneath the surface, key inflation data and shifting expectations quietly shaped the market narrative. A central theme last week was inflation and inflation expectations. On Wednesday, the Department of Labor released May's Consumer Price Index (CPI) data. Core CPI – excluding food and energy – rose just 0.1% in May, below the 0.3% forecast. This marked the second straight month of softer inflation, bringing Core CPI back to March 2025 levels and suggesting inflationary pressures may be easing.

On Thursday, the Producer Price Index (PPI) echoed this trend. Core PPI also rose 0.1%, under the 0.3% forecast. While higher than April's revised -0.2%, it still marked a second month of subdued input costs. This could support wider producer margins and, potentially, lower consumer prices, adding downward pressure on core inflation.

On Friday, the University of Michigan released its preliminary June Inflation Expectations. One-year expectations dropped sharply to 5.1%, down from 6.6% in May and well below the 6.4% consensus. Five-year expectations met forecasts at 4.1%, also lower than the prior month. The report noted that while concerns about tariffs have eased, expectations remain elevated compared to late 2024, reflecting continued unease around trade policy.

Improved Consumer Expectations and Sentiment readings reflected this shift, though the report emphasized that sentiment remains cautious. Views on business conditions, personal finances, major purchases, labor markets, and equities are still well below December 2024 levels.

Despite easing inflation, interest rates moved higher across the curve. Yields rose in last week's 3-, 10-, and 30-year Treasury auctions, as markets continue to monitor inflation expectations, fiscal deficits, and credit outlooks.

## ECONOMIC AND CAPITAL MARKETS DASHBOARD

Broad Market Indices	1-week	1-month	3-month	YTD
<b>Stock Market (Total Return)</b>				
S&P 500	-0.36%	1.70%	8.63%	2.25%
Dow Jones 30	-1.30%	0.40%	3.83%	-0.01%
NASDAQ	-0.61%	2.19%	12.37%	0.82%
Russell 1000 Growth	-0.50%	2.24%	12.82%	1.23%
Russell 1000 Value	-0.47%	0.67%	4.35%	3.13%
Russell 2000	-1.45%	0.08%	5.77%	-5.23%
Wilshire 5000	-0.53%	1.50%	8.75%	1.76%
MSCI EAFE Index	-1.05%	0.76%	3.56%	7.56%
MSCI Emerging Market Index	0.67%	2.48%	5.48%	8.58%
VIX	24.15%	14.27%	-15.57%	20.00%
FTSE NAREIT All Equity REITs	-0.21%	1.51%	2.58%	1.94%
S&P U.S. Aggregate Bond Index	0.62%	0.93%	0.47%	2.65%
<b>Interest Rates</b>	<b>6/13/2025</b>	<b>6/6/2025</b>	<b>5/30/2025</b>	<b>5/23/2025</b>
3-month T-bill Yield (%)	4.35	4.34	4.34	4.34
10-year Treasury Yield (%)	4.41	4.50	4.39	4.51
10Y-2Y Treasury Spread (%)	0.46	0.47	0.50	0.52
<b>Commodities</b>				
WTI Crude (\$/bl)	68.04	65.30	61.46	62.89
Gold (\$/Troy Oz)	3,435.35	3,339.90	3,277.55	3,342.65
Bitcoin	106,055.85	104,354.15	104,146.12	107,041.45

Weekly Indicators	6/13/2025	6/6/2025	5/30/2025	5/23/2025
<b>Employment</b>				
Initial Unemployment Claims (000's)	-	248.00	248.00	239.00

Quarterly Data	3/31/2025	12/31/2024	9/30/2024	6/28/2024
<b>Output</b>				
Real GDP Growth (%q/q, saar)	-0.20	2.40	3.10	3.00
Private Consumption (%q/q, saar)	1.20	4.00	3.70	2.80

Monthly Indicators	5/30/2025	4/30/2025	3/31/2025	2/28/2025
<b>Consumption</b>				
Consumer Expenditures (%m/m, sa)	-	0.23	0.75	0.39
Retail Sales (%m/m, sa)	-	-0.12	1.47	0.12
Personal Savings Rate (%)	-	4.90	4.30	4.40
<b>Labor</b>				
Civilian Unemployment Rate (%)	4.20	4.20	4.20	4.10
Nonfarm Employment (Chg, 000's)	139	147	120	102
Real Average Hourly Earnings (%y/y)	1.66	1.72	1.52	1.37
JOLTS Job Openings (000's)	-	7391	7200	7480
<b>Inflation</b>				
Consumer Price Index (CPI) (%m/m, sa)	0.08	0.22	-0.05	0.22
Core CPI (%m/m, sa)	0.13	0.24	0.06	0.23
Producer Price Index (PPI) (%m/m, sa)	0.13	-0.24	-0.08	0.15
Core PPI (%m/m, sa)	0.22	0.33	0.31	0.35
Personal Consumption Expenditures (PCE) (%m/m, sa)	-	0.10	0.01	0.42
Core PCE (%m/m, sa)	-	0.12	0.09	0.46
<b>Output and Capacity</b>				
Industrial Production (%m/m, sa)	-	-0.01	-0.25	0.91
Mfg New Orders (%m/m, sa)	-	-3.69	3.36	0.54
Durable New Orders (%m/m, sa)	-	-6.33	7.56	0.96
Durable Inventories (%m/m, sa)	-	0.16	0.11	0.04
<b>Survey Data and Composite Indicators</b>				
Consumer Confidence (CB, 1985=100)	98.00	85.70	93.90	100.10
ISM Manufacturing Report (%)	48.50	48.70	49.00	50.30
ISM Non-Manufacturing Report (%)	49.90	51.60	50.80	53.50
Leading Economic Index (%m/m)	-	-1.00	-0.79	-0.20
<b>Housing and Construction</b>				
Building Permits (Mil. of Units, saar)	-	1.42	1.48	1.45
Housing Starts (Mil. of Units, saar)	-	1.36	1.34	1.49
New Home Sales (Mil. of Units, saar)	-	0.74	0.67	0.65

## WEEK AHEAD

Investors will turn their attention to a series of key data releases and policy decisions that could shape the market narrative heading into summer. With the Federal Reserve set to announce its latest rate decision and fresh data on housing and consumer spending on deck, markets will be watching closely for signals on inflation, growth, and the health of the U.S. consumer.

The spotlight will be on the Federal Reserve's interest rate decision Wednesday. While markets are overwhelmingly confident the Fed will hold rates steady at 4.25%–4.50%, with futures pricing in a ~96.8% probability, the real focus will be on Chair Jerome Powell's tone. Investors will be parsing his comments for any shifts in the inflation outlook or hints on how tariffs might influence future policy.

Also on Wednesday, housing data takes center stage with the release of Building Permits and Housing Starts. Building permits, a leading indicator of future construction activity, offer insight into builder confidence and broader economic sentiment, especially important in a high-rate environment. With the 10-year yield rising through May, markets will be watching for signs of consumer resilience in the housing sector.

On Tuesday, Core Retail Sales will provide a read on consumer strength. As a key driver of U.S. gross domestic product (GDP), consumer spending remains a critical gauge of economic momentum. Markets will be looking for any lingering effects from recent tariffs and shifts in buying behavior as inflation and interest rates continue to shape household decisions.

## DISCLOSURES AND DEFINITIONS

### Economic Indicators:

1. CPI: Consumer Price Index measures the average change in prices paid by consumers for goods and services over time. Source: Bureau of Labor Statistics.
2. Core CPI: Core Consumer Price Index excludes food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Labor Statistics.
3. PPI: Producer Price Index measures the average change in selling prices received by domestic producers for their output. Source: Bureau of Labor Statistics.
4. Core PPI: Core Producer Price Index excludes food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Labor Statistics.
5. PCE: Personal Consumption Expenditures measure the average change in prices paid by consumers for goods and services. Source: Bureau of Economic Analysis.
6. Core PCE: Core Personal Consumption Expenditures exclude food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Economic Analysis.
7. Industrial Production: Measures the output of the industrial sector, including manufacturing, mining, and utilities. Source: Federal Reserve.
8. Mfg New Orders: Measures the value of new orders placed with manufacturers for durable and non-durable goods. Source: Census Bureau.
9. Durable New Orders: Measures the value of new orders placed with manufacturers of durable goods. Source: Census Bureau.
10. Durable Inventories: Measures the value of inventories held by manufacturers for durable goods. Source: Census Bureau.
11. Consumer Confidence (CB, 1985=100): Measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation. Source: Conference Board.
12. ISM Manufacturing Report: Measures the economic health of the manufacturing sector based on surveys of purchasing managers. Source: Institute for Supply Management.
13. ISM Non-Manufacturing Report: Measures the economic health of the non-manufacturing sector based on surveys of purchasing managers. Source: Institute for Supply Management.
14. Leading Economic Index: Measures overall economic activity and predicts future economic trends. Source: Conference Board.
15. Building Permits (Mil. of Units, saar): Measures the number of new residential building permits issued. Source: Census Bureau.
16. Housing Starts (Mil. of Units, saar): Measures the number of new residential construction projects that have begun. Source: Census Bureau.
17. New Home Sales (Mil. of Units, saar): Measures the number of newly constructed homes sold. Source: Census Bureau.
18. SA: Seasonally adjusted.
19. SAAR: Seasonally adjusted annual rate.

### Market Indices & Indicators:

1. S&P 500: A market-capitalization-weighted index of 500 leading publicly traded companies in the U.S., widely regarded as one of the best gauges of large U.S. stocks and the stock market overall.
2. Dow Jones 30: Also known as the Dow Jones Industrial Average, it tracks the share price performance of 30 large, publicly traded U.S. companies, serving as a barometer of the stock market and economy.
3. NASDAQ: The world's first electronic stock exchange, primarily listing technology giants and operating 29 markets globally.
4. Russell 1000 Growth: Measures the performance of large-cap growth segment of the U.S. equity universe, including companies with higher price-to-book ratios and growth metrics.
5. Russell 1000 Value: Measures the performance of large-cap value segment of the U.S. equity universe, including companies with lower price-to-book ratios and growth metrics.
6. Russell 2000: A market index composed of 2,000 small-cap companies, widely used as a benchmark for small-cap mutual funds.
7. Wilshire 5000: A market-capitalization-weighted index capturing the performance of all American stocks actively traded in the U.S., representing the broadest measure of the U.S. stock market.
8. MSCI EAFE Index: An equity index capturing large and mid-cap representation across developed markets countries around the world, excluding the U.S. and Canada.
9. MSCI Emerging Market Index: Captures large and mid-cap representation across emerging markets countries, covering approximately 85% of the free float-adjusted market capitalization in each country.
10. VIX: The CBOE Volatility Index measures the market's expectations for volatility over the coming 30 days, often referred to as the «fear gauge.»
11. FTSE NAREIT All Equity REITs: Measures the performance of all publicly traded equity real estate investment trusts

(REITs) listed in the U.S., excluding mortgage REITs.

12. S&P U.S. Aggregate Bond Index: Represents the performance of the U.S. investment-grade bond market, including government, corporate, mortgage-backed, and asset-backed securities.
13. 3-Month T-bill Yield (%): The yield on U.S. Treasury bills with a maturity of three months, reflecting short-term interest rates.
14. 10-Year Treasury Yield (%): The yield on U.S. Treasury bonds with a maturity of ten years, reflecting long-term interest rates.
15. 10Y-2Y Treasury Spread (%): The difference between the yields on 10-year and 2-year U.S. Treasury bonds, often used as an indicator of economic expectations.
16. WTI Crude (\$/b): The price per barrel of West Texas Intermediate crude oil, a benchmark for U.S. oil prices.
17. Gold (\$/Troy Oz): The price per troy ounce of gold, a standard measure for gold prices.
18. Bitcoin: A decentralized digital currency without a central bank or single administrator, which can be sent from user to user on the peer-to-peer bitcoin network.

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange.

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