

WEEKLY MARKET COMMENTARY

July 28, 2025

WEEK IN REVIEW

Markets digested a mixed bag of economic data this week, with housing and sentiment indicators taking center stage. While some metrics pointed to resilience, others hinted at emerging cracks in consumer and business confidence.

Housing: Optimism Tempered

Housing demand softened, casting a shadow over the prior week's upbeat tone. On Wednesday, June existing home sales fell short of expectations, coming in at 3.93 million versus the 4.00 million forecast, marking a 2.7% decline from the previous month. Thursday's new home sales report also missed forecasts, though it showed a modest 0.6% month-over-month increase, suggesting some underlying strength. However, the June building permits revision, while still above expectations, dampened enthusiasm as a leading indicator of future demand.

Sentiment: Manufacturing Weakens, Services Shine

Thursday's Purchasing Managers' Index (PMI) data painted a split picture. The manufacturing PMI dropped into contraction territory at 49.5 versus 52.7 expected, signaling caution among purchasing managers. In contrast, the services PMI surprised to the upside at 55.2 versus 53, reinforcing the narrative of robust consumer activity and validating the week prior's strong retail sales figures.

Quick Hitters: Durable Goods, Oil, Jobs, Inflation

- Core durable goods orders for June edged up 0.2% versus 0.1% expected, pointing to steady business investment and manufacturing momentum
- Crude oil inventories declined for the second consecutive week, suggesting rising demand and broader economic strength
- Initial and continuing jobless Ccaims both came in below expectations, marking the sixth and third straight weeks of declines respectively, an encouraging sign for labor market stability
- Inflation expectations ticked higher as 10-year Treasury Inflation-Protected Securities (TIPS) yields fell and breakeven rates rose, indicating a modest uptick in forward-looking inflation sentiment

ECONOMIC AND CAPITAL MARKETS DASHBOARD

Broad Market Indices	1-week	1-month	3-month	YTD
Stock Market (Total Return)				
S&P 500	1.47%	4.95%	16.01%	9.42%
Dow Jones 30	1.28%	4.55%	12.43%	6.55%
NASDAQ	1.02%	5.70%	21.64%	9.71%
Russell 1000 Growth	1.25%	5.89%	20.66%	9.89%
Russell 1000 Value	1.60%	4.03%	10.87%	8.64%
Russell 2000	0.95%	5.95%	15.91%	2.14%
Wilshire 5000	1.42%	5.08%	16.25%	9.04%
MSCI EAFE Index	1.43%	3.49%	8.82%	10.68%
MSCI Emerging Market Index	0.74%	3.65%	13.33%	15.29%
VIX	-9.02%	-10.92%	-39.90%	-13.95%
FTSE NAREIT All Equity REITs	1.56%	3.08%	5.51%	4.20%
S&P U.S. Aggregate Bond Index	0.34%	0.06%	0.99%	3.53%
Interest Rates	7/25/2025	7/18/2025	7/11/2025	7/3/2025
3-month T-bill Yield (%)	4.34	4.33	4.34	4.35
10-year Treasury Yield (%)	4.38	4.43	4.42	4.35
10Y-2Y Treasury Spread (%)	0.47	0.55	0.53	0.46
Commodities				
WTI Crude (\$/bl)	66.06	68.53	69.63	68.13
Gold (\$/Troy Oz)	3,343.50	3,355.10	3,352.10	3,332.15
Bitcoin	117,525.74	118,009.80	117,616.27	109,662.95

Weekly Indicators	7/25/2025	7/18/2025	7/11/2025	7/3/2025
Employment				
Initial Unemployment Claims (000's)	-	217.00	221.00	228.00

Quarterly Data	6/30/2025	3/31/2025	12/31/2024	9/30/2024
Output				
Real GDP Growth (%q/q, saar)	-	-0.50	2.40	3.10
Private Consumption (%q/q, saar)	-	0.50	4.00	3.70

Monthly Indicators	6/30/2025	5/30/2025	4/30/2025	3/31/2025
Consumption				
Consumer Expenditures (%m/m, sa)	-	-0.14	0.21	0.70
Retail Sales (%m/m, sa)	0.65	-0.99	-0.26	1.36
Personal Savings Rate (%)	-	4.50	4.90	4.40
Labor				
Civilian Unemployment Rate (%)	4.10	4.20	4.20	4.20
Nonfarm Employment (Chg, 000's)	147	144	158	120
Real Average Hourly Earnings (%y/y)	1.22	1.56	1.69	1.52
JOLTS Job Openings (000's)	-	7769	7395	7200
Inflation				
Consumer Price Index (CPI) (%m/m, sa)	0.29	0.08	0.22	-0.05
Core CPI (%m/m, sa)	0.23	0.13	0.24	0.06
Producer Price Index (PPI) (%m/m, sa)	0.01	0.30	-0.26	-0.11
Core PPI (%m/m, sa)	0.26	0.23	0.30	0.30
Personal Consumption Expenditures (PCE) (%m/m, sa)	-	0.14	0.12	0.02
Core PCE (%m/m, sa)	-	0.18	0.14	0.10
Output and Capacity				
Industrial Production (%m/m, sa)	0.33	-0.03	0.02	-0.26
Mfg New Orders (%m/m, sa)	-	8.17	-3.87	3.36
Durable New Orders (%m/m, sa)	-9.34	16.51	-6.64	7.56
Durable Inventories (%m/m, sa)	0.16	0.17	0.13	0.11
Survey Data and Composite Indicators				
Consumer Confidence (CB, 1985=100)	93.00	98.40	85.70	93.90
ISM Manufacturing Report (%)	49.00	48.50	48.70	49.00
ISM Non-Manufacturing Report (%)	50.80	49.90	51.60	50.80
Leading Economic Index (%m/m)	-0.30	0.00	-1.39	-0.69
Housing and Construction				
Building Permits (Mil. of Units, saar)	1.39	1.39	1.42	1.48
Housing Starts (Mil. of Units, saar)	1.32	1.26	1.40	1.36
New Home Sales (Mil. of Units, saar)	0.63	0.62	0.71	0.66

WEEK AHEAD

Next week is shaping up to be an especially busy one for markets, with major economic releases and a pivotal Federal Reserve meeting on the calendar.

Fed Decision

The Federal Open Market Committee (FOMC) meeting next week will most certainly grab the most headlines next week. While political noise has surrounded the lead-up, the decision itself is expected to be uneventful. By the end of last week, markets were showing a 97% chance that rates remain unchanged at 4.5%. The real focus will be Chair Jerome Powell's press conference, where investors will look for clues about future rate moves.

Labor Market Update

Labor market data will be front and center. Tuesday's Job Openings and Labor Turnover Survey (JOLTS) report offers insight into job openings and voluntary quits, key indicators of labor demand. Wednesday's ADP Employment Change provides a preview of Friday's official jobs report. On Friday, the unemployment rate is expected to rise to 4.2%, while markets will watch to see if nonfarm payrolls continue their streak of beating expectations.

Inflation: Gauging Price Pressures and Expectations

Inflation data rounds out the week. Treasury auctions of 2-, 5-, and 7-year notes early in the week will help gauge market sentiment on inflation and debt demand. On Thursday, the core and headline Personal Consumption Expenditures (PCE) Price Index, the Fed's preferred inflation measure, will be released. Unlike the Consumer Price Index (CPI), PCE adjusts for changing consumer behavior, offering a broader view of price pressures. Friday's University of Michigan survey will finalize 1- and 5-year inflation expectations, confirming or challenging the preliminary report's optimistic tone.

As always, markets are dynamic and may or may not react to any single data point. But if nothing else, next week promises to be a pivotal one for investors and policymakers alike.

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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