



# Weekly Market Recap

## The week in review

- Markit Composite PMI fell to 52.8 in June
- Consumer confidence fell to 93.0 in June
- Headline PCE rose 0.1% m/m and 2.3% y/y

## The week ahead

- Jolts / job report
- ISM PMIs

## Thought of the week

The budget reconciliation bill, currently winding its way to the president's desk, includes many provisions that will have significant impacts on the economy for years to come. Central to the bill is the extension of personal tax cuts from the 2017 Tax Cuts and Jobs Act that were due to expire at the end of this year. The administration hopes to partially offset revenue losses from these and new tax cuts with environmental tax credit reforms and tariff revenues. However, the Congressional Budget Office (CBO) estimates that the House version of the bill passed in May would increase the federal deficit over the next 10 years by ~\$2.8 trillion.

In the chart of the week, the federal deficit as a percentage of GDP is projected out to 2032 using these estimates but also adding in the impact of tariff revenues and an assumption that the new tax cuts (like the old ones) are not actually allowed to expire. On tariffs, we assume increases in the effective tariff rate of 4% for fiscal 2025 and 10% thereafter, relative to the baseline, and assume that nominal goods imports increase at a 3% annual rate throughout the forecast. This results in a deficit/GDP ratio of between 6% and 7% from fiscal 2026 on, which would push the federal debt as a share of GDP to over 120% by 2032, from 98.2% at the end of fiscal 2024.

For investors, this rising level of debt means more Treasury issuance, boosting yields but limiting the potential for a Treasury rally to offset some future stock market slump. This underscores the need for broader sources of diversification, including alternatives, as the U.S. fiscal situation continues to worsen.

Please see important disclosures on next page.

## Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	6173	3.45	10.36	5.65	14.11	65.68
Dow Jones 30	43819	3.83	4.80	3.89	13.87	47.92
Russell 2000	5399	3.01	8.32	-1.95	8.05	28.17
Russell 1000 Growth	2807	4.46	17.04	5.38	15.62	90.06
Russell 1000 Value	1177	2.13	3.39	5.59	13.41	39.39
MSCI EAFE	2654	3.11	12.02	19.87	18.32	54.23
MSCI EM	1229	3.37	12.68	16.07	16.96	31.30
NASDAQ	20273	4.25	17.39	5.34	14.32	80.13

Fixed Income	Yield	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.56	0.68	0.85	3.65	5.22	8.56
U.S. Corporates	5.06	0.67	1.34	3.68	5.90	13.82
Municipals (10yr)	3.67	0.29	0.68	0.94	2.22	8.71
High Yield	7.41	0.81	3.27	4.30	10.08	30.07

Key Rates	Levels (%)					
	6/27/25	6/20/25	3/31/25	12/31/24	6/27/24	6/27/22
2-yr U.S. Treasuries	3.73	3.90	3.89	4.25	4.70	3.08
10-yr U.S. Treasuries	4.29	4.38	4.23	4.58	4.29	3.20
30-yr U.S. Treasuries	4.85	4.89	4.59	4.78	4.43	3.31
10-yr German Bund	2.58	2.52	2.70	2.35	2.44	1.53
SOFR	4.40	4.29	4.41	4.49	5.34	1.50
3-mo. EURIBOR	1.94	2.03	2.34	2.71	3.70	-0.22
6-mo. CD rate	1.91	1.92	1.89	2.29	2.38	0.43
30-yr fixed mortgage	6.85	6.89	6.77	7.28	7.29	5.90
Prime Rate	7.50	7.50	7.50	7.50	8.50	4.75

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
22.00	4.93	1.20	52226
19.93	5.34	1.76	19170
23.86	1.88	1.32	2550
28.71	11.94	0.54	31003
16.90	2.72	1.99	25577
14.81	1.90	2.70	18778
12.88	1.78	2.04	8807
27.90	6.55	0.63	33307

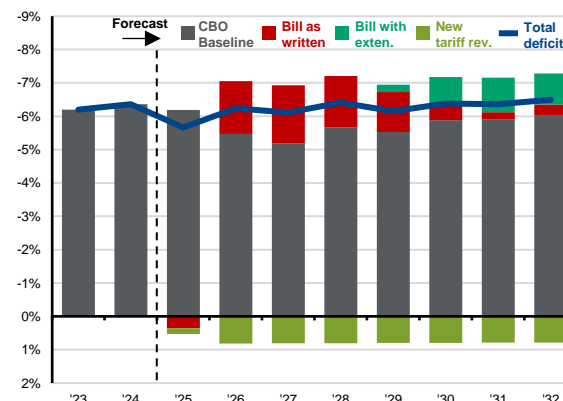
Levels			
Currencies	6/27/25	12/31/24	6/27/24
\$ per €	1.17	1.04	1.07
\$ per £	1.37	1.25	1.26
¥ per \$	144.89	157.16	160.60

Levels			
Commod.	6/27/25	12/31/24	6/27/24
Oil (WTI)	65.24	72.44	83.04
Gasoline	3.21	3.01	3.44
Natural Gas	3.53	3.40	2.55
Gold	3272	2609	2324
Silver	35.98	28.91	28.87
Copper	10115	8706	9423
Corn	4.20	4.53	4.19
BBG Idx	253.86	238.62	238.84

## Chart of the Week

### Federal deficit as a share of GDP

%, 2023-2032, based on the May 22 House-passed budget reconciliation bill



## Style Returns

	V B G		
	L	M	S
L	2.1	3.5	4.5
M	2.1	2.2	2.6
S	3.0	3.0	3.0
L	5.6	5.6	5.4
M	2.7	4.3	9.1
S	-3.1	-1.9	-0.8

## S&P 500 Sector Returns

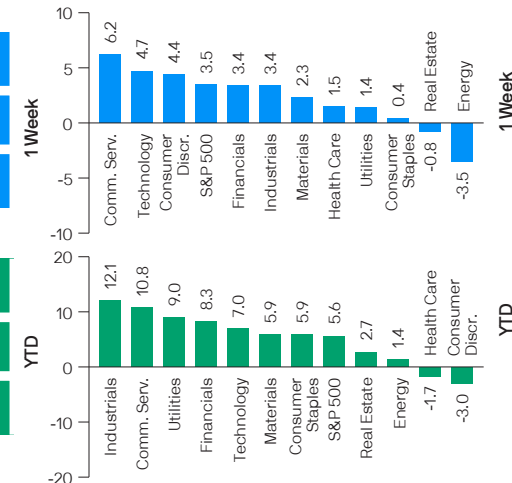




Chart of the Week: Source: Census Bureau, Congressional Budget Office, J.P. Morgan Asset Management. The extended provisions assume that certain tax provisions set to expire in FY28 are made permanent. Years shown are fiscal years.

Thought of the week: Source: Census Bureau, Congressional Budget Office, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI – EAFE; provided by: MSCI – gross official pricing. Index: MSCI – EM; provided by: MSCI – gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by

Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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