



# Weekly Market Recap

## The week in review

- New home sales rose to 627k
- Durable goods orders fell -9.3% m/m
- Markit U.S. composite PMI rose to 54.6 from 52.9

## The week ahead

- 2Q GDP (first est.)
- Nonfarm payrolls

## Thought of the week

Homeownership remains a distant dream for many Americans, with a lack of affordable housing boxing many consumers out of the market. Some argue that the recent rise in mortgage rates is largely to blame. However, the affordability issue doesn't stem from the elevated mortgage rates of today but from the artificially low mortgage rates of the last 20 years and the resulting rise in home prices.

While elevated compared to the last decade, mortgage rates today are not outrageously high. At 6.74%, current 30-year fixed-rate mortgage rates are lower than they have been 60% of the time since 1971. At this rate, 31% of the median household's annual pre-tax income would go toward mortgage payments. This is up from 19% in 1971 but down from over 54% in 1981. Instead, higher home prices, and consequently higher required down payments, are the issue. In 1971, a 20% down payment on a single-family home consumed 57% of the median household's annual income, and around 80% for much of the '90s. However, excessive demand spurred by low interest rates after the dot-com bubble burst and the Great Financial Crisis, along with sluggish building activity, pushed home prices significantly higher. As a result, a 20% down payment on a single-family home now represents a whopping 100% of annual household income.

Lower interest rates could only address part of the housing affordability crisis, at least in the short run. While lower rates would mean smaller monthly mortgage payments for consumers, they might also pressure housing prices higher, making down payments even more difficult to afford. We don't expect the Fed to cut rates next week, but even if it opts to ease policy in the months ahead, an immediate bounce in the housing market is unlikely.

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             | 6389  | 1.47              | 3.03 | 9.42  | 19.92  | 68.54      |
| Dow Jones 30        | 44902 | 1.28              | 1.91 | 6.55  | 14.41  | 48.93      |
| Russell 2000        | 5619  | 0.95              | 4.00 | 2.14  | 3.11   | 30.00      |
| Russell 1000 Growth | 2927  | 1.25              | 3.57 | 9.89  | 26.39  | 93.59      |
| Russell 1000 Value  | 1209  | 1.60              | 2.48 | 8.64  | 13.32  | 41.76      |
| MSCI EAFE           | 2691  | 1.93              | 1.41 | 21.61 | 19.38  | 56.60      |
| MSCI EM             | 1258  | 0.71              | 3.17 | 19.23 | 20.44  | 39.43      |
| NASDAQ              | 21108 | 1.02              | 3.64 | 9.71  | 23.71  | 83.42      |

| Fixed Income      | Yield | Index Returns (%) |       |      |        |            |
|-------------------|-------|-------------------|-------|------|--------|------------|
|                   |       | 1 week            | QTD   | YTD  | 1 year | 3-yr. Cum. |
| U.S. Aggregate    | 4.64  | 0.37              | -0.40 | 3.60 | 4.49   | 5.81       |
| U.S. Corporates   | 5.07  | 0.56              | -0.11 | 4.06 | 5.63   | 11.04      |
| Municipals (10yr) | 3.76  | 0.30              | -0.23 | 0.81 | 1.29   | 6.12       |
| High Yield        | 7.33  | 0.35              | 0.48  | 5.07 | 9.12   | 27.82      |

| Key Rates             | Levels (%) |         |         |          |         |         |
|-----------------------|------------|---------|---------|----------|---------|---------|
|                       | 7/25/25    | 7/18/25 | 6/30/25 | 12/31/24 | 7/25/24 | 7/25/22 |
| 2-yr U.S. Treasuries  | 3.91       | 3.88    | 3.72    | 4.25     | 4.41    | 3.00    |
| 10-yr U.S. Treasuries | 4.40       | 4.44    | 4.24    | 4.58     | 4.27    | 2.81    |
| 30-yr U.S. Treasuries | 4.92       | 5.00    | 4.78    | 4.78     | 4.50    | 3.04    |
| 10-yr German Bund     | 2.73       | 2.69    | 2.60    | 2.35     | 2.41    | 1.04    |
| SOFR                  | 4.30       | 4.30    | 4.45    | 4.49     | 5.35    | 1.53    |
| 3-mo. EURIBOR         | 1.97       | 2.00    | 1.94    | 2.71     | 3.69    | 0.23    |
| 6-mo. CD rate         | 1.89       | 1.88    | 1.91    | 2.29     | 2.30    | 0.67    |
| 30-yr fixed mortgage  | 6.80       | 6.78    | 6.80    | 7.28     | 7.20    | 5.71    |
| 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) |
| 22.46                 | 4.99  | 1.17      | 54154         |
| 20.05                 | 5.39  | 1.71      | 20133         |
| 23.72                 | 1.86  | 1.33      | 2590          |
| 30.93                 | 12.78 | 0.48      | 30442         |
| 17.23                 | 2.80  | 1.87      | 28382         |
| 15.08                 | 1.92  | 2.72      | 19052         |
| 13.25                 | 1.82  | 2.07      | 9021          |
| 28.57                 | 6.66  | 0.61      | 34646         |

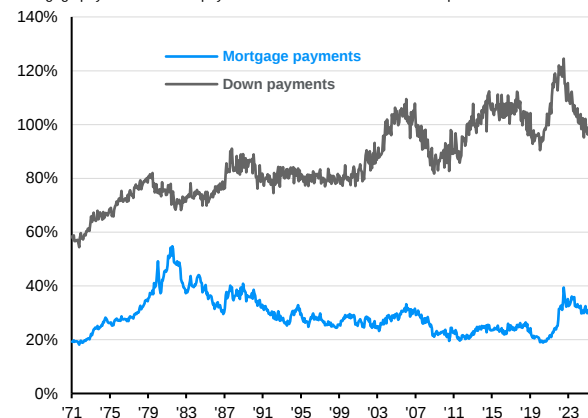
| Levels     |         |          |         |
|------------|---------|----------|---------|
| Currencies | 7/25/25 | 12/31/24 | 7/25/24 |
| \$ per €   | 1.17    | 1.04     | 1.09    |
| \$ per £   | 1.34    | 1.25     | 1.29    |
| ¥ per \$   | 147.75  | 157.16   | 153.67  |

| Levels      |         |          |         |
|-------------|---------|----------|---------|
| Commod.     | 7/25/25 | 12/31/24 | 7/25/24 |
| Oil (WTI)   | 66.06   | 72.44    | 79.43   |
| Gasoline    | 3.12    | 3.01     | 3.47    |
| Natural Gas | 3.09    | 3.40     | 2.00    |
| Gold        | 3344    | 2609     | 2364    |
| Silver      | 38.74   | 28.91    | 27.99   |
| Copper      | 9788    | 8706     | 8917    |
| Corn        | 4.10    | 4.53     | 4.10    |
| BBG Idx     | 256.15  | 238.62   | 229.05  |

## Chart of the Week

### Drivers of housing affordability

Mortgage payment and down payment as a % of median household's pre-tax annual income



## Style Returns

| V   |     |     | B   |     |      | G   |     |     |
|-----|-----|-----|-----|-----|------|-----|-----|-----|
| L   | M   | S   | L   | M   | S    | L   | M   | S   |
| 1.6 | 1.5 | 1.2 | 1.6 | 1.4 | 1.2  | 1.6 | 0.9 | 0.5 |
| 8.6 | 9.4 | 9.9 | 7.2 | 8.6 | 12.7 | 1.8 | 2.1 | 2.5 |

## S&P 500 Sector Returns

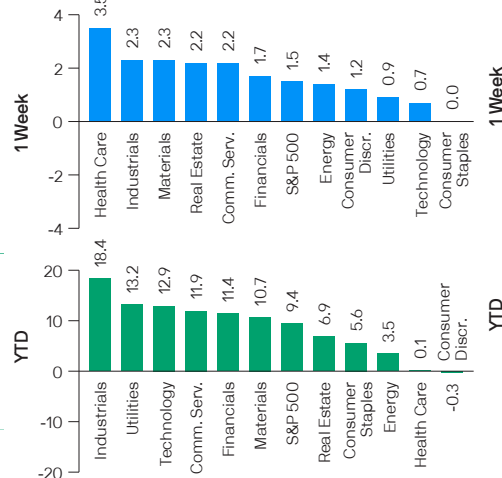




Chart of the Week: Census Bureau, Freddie Mac, J.P. Morgan Asset Management. Annual income data are interpolated into monthly values, and 2024 and 2025 figures are JPMAM forecasts.

Thought of the week: Census Bureau, Freddie Mac, J.P. Morgan Asset Management. Calculations based on monthly average 30-year fixed-rate mortgage rate, the median sales price of a new privately owned single-family home and the annual median household's income. Assumes a 20% down payment.

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. 0903c02a81dbac80

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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