

Markets Move Pretty Fast

Markets move pretty fast. If you don't stop and look around once in a while, you could miss it.

In the first half of 2025, the S&P 500 gained just over 6%, but beneath that headline growth was significant volatility. Stocks fluctuated nearly 20%, experiencing sharp declines during the Liberation Day selloff in April, only to rally back to new highs to close out June.

GDP showed similar swings, contracting at an annualized 0.5% in the first quarter before rebounding to an expected 2.5% annualized growth in the second quarter, according to the Atlanta Fed's GDPNow forecast. This rebound highlights economic resilience despite uncertainty. Inflation eased from 2.9% year over year at the start of the year to around 2.4% by late spring. International stocks, previously lagging domestic markets, turned positive in the first half, reinforcing the value of diversification.

Periods of volatility like these demonstrate why disciplined investing and diversification matter. Investors who remained invested across asset classes benefited as markets stabilized and rallied. The first half of this year underscored the strength of a resilient economy and the long-term rewards of staying the course in a diversified portfolio.

S&P 500 Price Year-to-Date

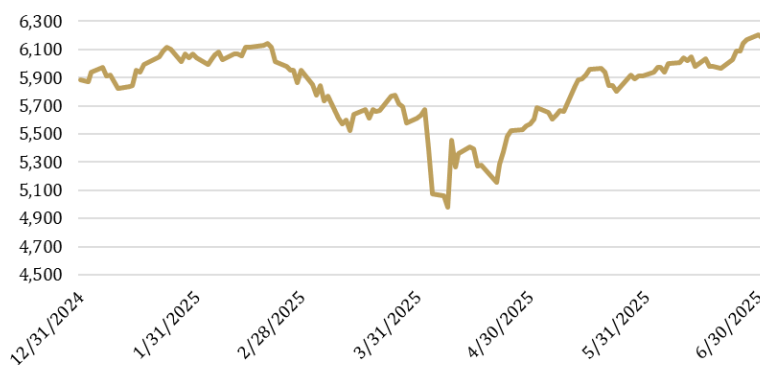


Chart Source, Bloomberg 7/1/25.

Economy

Last Week

- **New Home Sales:** 623k Actual, 743k Prior.

Median price rises, but inventories climb

- **Consumer Confidence:** 93.0 Actual, 98.4 Prior

Expectations Index at 69.0 indicates very low growth expectations

- **1Q25 GDP (3rd Release):** -0.5% Actual, -0.2% Prior

Considerable downward revision. Lower Consumer Demand.

- **Personal Income:** -0.4% Actual, 0.3% Survey. Large Miss.

Disposable Income: -0.6%. PCE Decline Concerning.

This Week

- **ISM Manufacturing:** 7/1

- **JOLTS Job Openings:** 7/1

- **Unemployment Rate:** 7/3

- **Market Holiday:** 7/4

(Bond Market Early Close 2:00 p.m. 7/3)

Equities

Returns (%)

Index	Level	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	6205	3.00	10.94	6.20	15.14	19.16	16.44
Russell 1000 Growth	4275	4.05	17.84	6.08	17.21	24.92	17.61
Russell 1000 Value	1913	1.72	3.79	6.00	13.68	12.42	14.05
FTSE High Dividend Yield*	481	2.09	4.12	5.95	15.60	12.47	14.66
S&P Small and Mid Cap	17052	1.75	6.13	-1.30	6.56	10.76	13.04
MSCI EAFE	2655	3.43	12.04	19.94	18.42	16.95	11.77
MSCI EM	1223	3.56	12.17	15.52	15.89	10.45	7.07

Characteristics

Index	NTM P/E	NTM P/E (20Y med)	Div Yield	S&P Sector Returns YTD
S&P 500	20.9	15.4	1.3	15
Russell 1000 Growth	28.2	17.8	0.6	10
Russell 1000 Value	16.2	13.5	2.2	5
FTSE High Dividend Yield*	12.9	13.0	4.0	0
S&P Small and Mid Cap	14.3	15.4	2.0	-5
MSCI EAFE	14.5	13.5	3.1	
MSCI EM	12.0	11.1	2.8	

* Bloomberg U.S. Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

Fixed Income

Returns (%)

Index	Yield	1 Week	QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.51	0.80	1.21	4.02	6.08	2.34	-0.72
U.S. Int. Gov/Credit	4.09	0.55	1.67	4.13	6.74	3.40	0.64
U.S. Corporates	4.99	0.94	1.82	4.17	6.91	4.14	0.11
High Yield	7.06	0.89	3.53	4.57	10.29	9.85	5.91
Municipals (1-10)	3.29	0.22	1.04	1.75	3.47	2.59	0.96

Levels (%)

Key Rates	Last	1 Wk Ago	Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago	5 Yrs Ago
2-yr Treasury	3.72	3.83	3.89	4.24	4.74	2.84	0.16
10-yr Treasury	4.23	4.30	4.21	4.57	4.43	2.88	0.68
30-yr Treasury	4.78	4.84	4.57	4.78	4.61	3.11	1.43
SOFR	4.45	4.30	4.41	4.49	5.35	1.52	0.11
6-mo. CD rate	4.36	4.29	4.25	4.33	5.38	3.10	0.25
Prime Rate	7.50	7.50	7.50	7.50	8.50	4.75	3.25
30-yr fixed mortgage	6.80	6.88	6.83	7.28	7.37	5.61	3.26