Market Update – August 4, 2025

The Weekly Briefing

Domestic equity markets declined last week amidst a flurry of economic data, earnings reports, and market-moving events. Markets have been relatively placid in recent weeks. Prior to Friday's -1.6% decline, the S&P 500 had gone 25 trading days without experiencing a daily move of more than 1% up or down. There have only been seven such streaks of 25 or more trading days since the inception of the index.

The S&P 500 and Nasdaq 100 ended last week down slightly more than -2%. The Russell 2000 declined -4%, and the S&P 500 Equal-Weight Index fell -3%. Government bond yields also fell. The yield on the 2-year Treasury declined -27 basis points on Friday following the weak jobs report on Friday – the 6th steepest decline in the last five years. The 10-year Treasury declined -15 basis points on the day.

The most consequential event last week was the July Jobs Report. The report showed that the economy added 73,000 jobs in July, fewer than expected and a tepid print. More importantly, prior month adds were revised down sharply. Job gains in May and June were revised down by -258,000. The steep revision means that the economy added just +14k jobs in June and +19k jobs in May, down from initial estimates of +147k and +139k, respectively. The Employment Report spooked investors as recent employment data now reflects a soft labor market as opposed to a moderately solid one.

Last week's economic data also included a modest Q2 GDP report. Second quarter GDP grew +3.0% on a headline basis, however, the underlying data depicts a less robust picture. Net exports added approximately +5% to GDP in the quarter as imports fell -30% after rising +38% Q1. The volatile import data reflects companies frontloading purchases in Q1 to build inventories ahead of the implementation of tariffs. Looking through the lumpiness created by import fluctuations, final sales to private domestic purchasers – a measure of purchases by consumers and businesses – rose just +1.2%. This print marked the slowest rate of growth since 4Q22 and followed a similarly unremarkable +1.9% in 1Q25.

Touching briefly on earnings, 2Q25 earnings reports included tech giants Meta (+11%), Microsoft (+4%), Apple (-3%) and Amazon (-8%).

The Federal Open Market Committee met last week and voted to leave the benchmark interest rate unchanged at 4.25-4.50%. Notably, there were two dissenting members among the committee, who preferred to reduce the benchmark rate by 25 basis points. This meeting marked the first since 1993 in which two or more governors had dissented. Statement language was changed to reflect slower economic growth and increased uncertainty regarding the labor market and inflation as compared to the June meeting.

Perhaps the most significant piece of news was President Trump ordering the firing of the Commissioner of the Bureau of Labor Statistics following the weak Jobs Report. Despite the jarring revision to July's data the magnitude of revisions of BLS-provided employment data has declined substantially over time and is at a historically low level. Refer to the chart on the next page of this report for historical nonfarm payroll revision data. It is important to note that the payroll survey estimates the total number of jobs in the economy. Thus, while a revision of 125,000 in a month may seem large, 125,000 represents less than 1/10th of 1% of the approximately 160,000,000 jobs measured in the survey.

Following the revision to prior data, markets now expect the Fed to reduce its benchmark lending rate by 25 basis points during the September meeting. The Sunflower Team shares this view.

Market Snapshot

	Last Week	YTD	1yr
S&P 500	-2.3%	6.9%	18.2%
DJIA	-2.9%	3.4%	11.6%
Nasdaq 100	-2.2%	8.8%	24.4%
Russell 2000	-4.2%	-2.1%	4.1%
S&P 500 E/W	-3.3%	4.7%	10.9%
2yr Yield	3.68%	-0.56%	-0.20%
10yr Yield	4.22%	-0.35%	0.43%
VIX	17.5	0.1	(5.9)
WTI Crude	$ 67.0	-6.6%	-8.9%
Gold	$ 3,337	27.1%	38.4%
Bitcoin	$ 113,905	21.5%	92.6%

Economic Summary

	Actual	Expected	Prior (r)
JOLTS Job Openings	7,437k	7,500k	7,712k
GDP - q/q SAAR	3.0%	2.6%	-0.5%
Personal Income	0.3%	0.2%	-0.4%
Personal Spending	0.3%	0.4%	0.0%
Core PCE Prices - m/m	0.3%	0.3%	0.2%
Core PCE Prices - y/y	2.8%	2.7%	2.8%
Nonfarm Payrolls	73k	104k	14k
Unemployment Rate	4.2%	4.2%	4.1%

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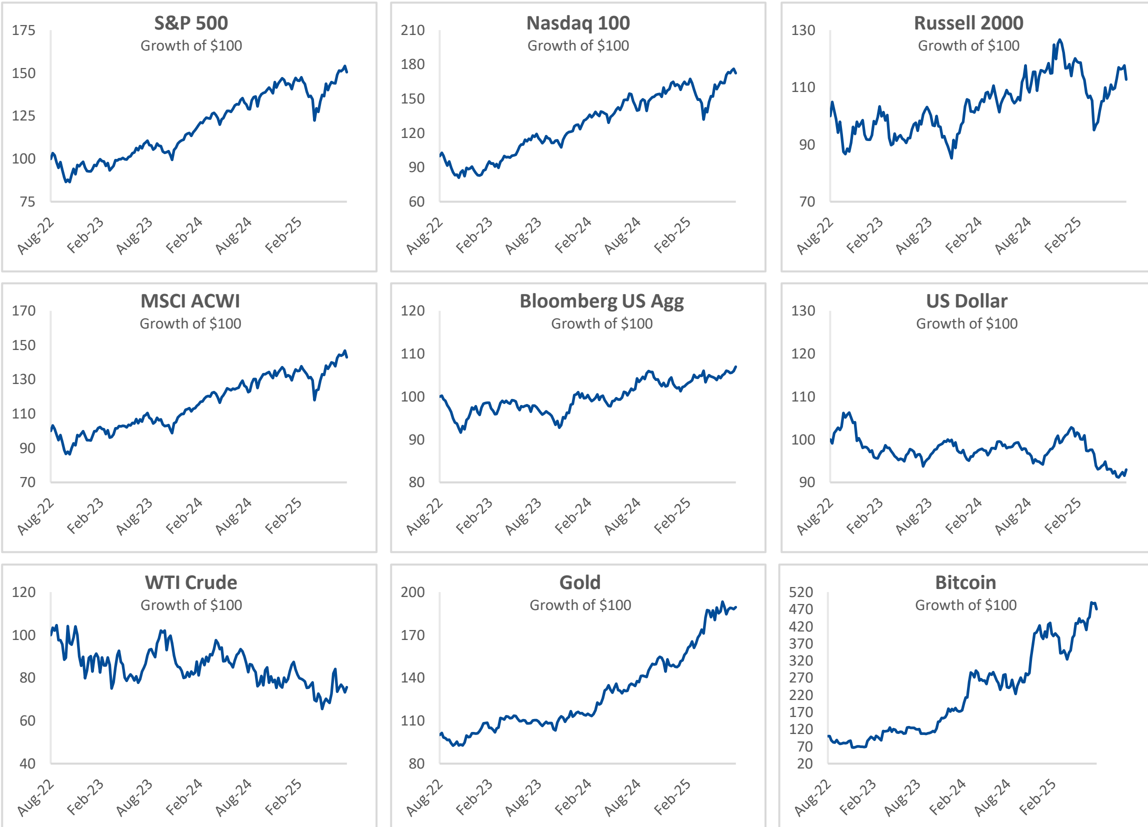
WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap
Total Return YTD

S&P 500 6.9%	Comm. Services 10.2%	Cons. Discretionary -3.2%	Cons. Staples 3.2%
Energy 1.5%	Financials 7.1%	Healthcare -3.9%	Industrials 14.3%
Materials 4.1%	Real Estate 3.1%	Technology 10.9%	Utilities 14.9%

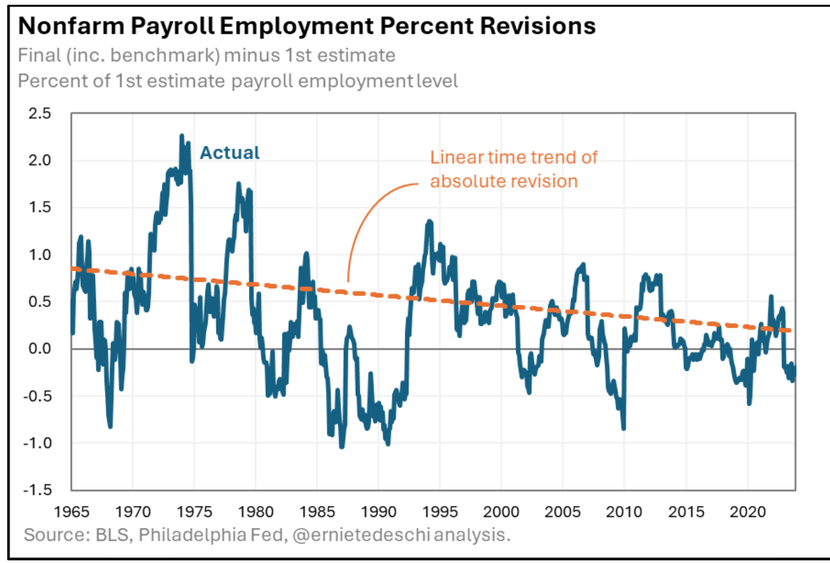
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
29-Jul	PG	Beat	Beat	-0.3%
	V	Beat	Beat	-0.1%
30-Jul	META	Beat	Beat	11.3%
	MSFT	Beat	Beat	4.0%
	QCOM	Beat	Beat	-7.8%
31-Jul	AAPL	Beat	Beat	-2.5%
	AMZN	Beat	Beat	-8.3%
1-Aug	CVX	Beat	Miss	-0.2%
	XOM	Beat	Beat	-1.8%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	-2.5%	10.1%	18.3%
MSCI Europe	-4.1%	19.7%	16.2%
MSCI APAC	-2.0%	14.0%	17.9%
DXY Index	98.8	-9.0%	-4.3%
EUR / USD	$1.16	10.6%	4.7%
GBP / USD	$1.33	6.1%	4.0%
USD / JPY	147.7	-6.0%	2.5%
USD / CNY	7.18	-1.6%	0.6%

Recent Revisions to Employment Data are Historically Low and Reflect a Change of Less than 0.5%



As of 8/4/25
Source: Ernie Tedeschi.

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WEALTH MANAGEMENT

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