

Market Update – August 18, 2025

The Weekly Briefing

Equity markets rose last week despite worrisome inflation data. The S&P 500 gained +1.0% and the Russell 2000 increased +3.1%. Atypically, the tech-heavy Nasdaq 100 index lagged other domestic indexes, increasing just +0.4%.

Yields were fairly steady across the curve as futures markets continue to expect a 25-basis point cut to the benchmark lending rate at the Fed's September meeting. The yield on the 2-year treasury fell -1bp and the yield on the 10-year treasury increased +3 basis points. Yields on the longest-dated government debt exhibited slightly more movement. The yield on the 30-year treasury bond increased +7 basis points to 4.92% and remains near its 52-week high of 5.04%.

The stability in yields and market expectation for a September cut comes amidst hotter-than-expected CPI and PPI data released last week. Core CPI, which excludes fluctuations in volatile food and energy prices, rose +3.1% year-over-year in July, slightly above the +3.0% rise that was expected. The series increased +0.3% month-over-month. This measure of price increases has now accelerated on a year-over-year and month-over-month basis for the third consecutive month. Services such as medical care and transportation drove much of the year-over-year increase in prices.

While the Consumer Price Index accelerated at a slightly faster pace than expected, the increase in the Producer Price Index exceeded almost all economists estimates – as surveyed by Bloomberg. The PPI rose +3.3% year-over-year in July, well above the +2.5% increase expected, and a sharp acceleration from the +2.4% increase in June. This measure of input price inflation rose +0.9% month-over-month, which equates to an annualized rate of more than +10%. Input prices for both goods and services rose sharply. Prices for trade-related services increased the most substantially, growing +2.0% in July as compared to June.

Following the sharp increases in CPI and PPI, economists have increased their expectations for the change in the PCE Price Index. As a reminder, core PCE inflation is the Federal Reserve's preferred measure of inflation. Some firms now expect July core PCE to rise +0.6% month-over-month, up from the +0.3% month-over-month increase expected prior to the CPI and PPI releases.

Turning to earnings, the 2Q25 reporting season is nearing a close. 90% of S&P 500 companies have reported results, with 81% of those exceeding expectations. 2Q EPS for S&P 500 companies are now projected to grow +11.8% – well above the +5.0% growth expected before the reporting season began.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
PANW	Housing Starts Building Permits	FOMC Minutes	Initial Jobless Claims Continuing Claims Existing Home Sales	
	HD	EL LOW TGT TJX WMT	INTU	

Market Snapshot

	Last Week	YTD	1yr
S&P 500	1.0%	10.5%	17.6%
DJIA	1.8%	6.7%	12.4%
Nasdaq 100	0.4%	13.4%	22.4%
Russell 2000	3.1%	3.4%	8.2%
S&P 500 E/W	1.5%	7.1%	10.8%
2yr Yield	3.75%	-0.49%	-0.34%
10yr Yield	4.32%	-0.25%	0.40%
VIX	17.5	0.1	2.7
WTI Crude	\$ 67.0	-6.6%	-14.3%
Gold	\$ 3,337	27.1%	35.8%
Bitcoin	\$ 117,371	25.2%	97.6%

Economic Summary

	Actual	Expected	Prior (r)
CPI - m/m	0.2%	0.2%	0.3%
CPI - y/y	2.7%	2.8%	2.7%
Core CPI - m/m	0.3%	0.3%	0.2%
Core CPI - y/y	3.1%	3.0%	2.9%
PPI - m/m	0.9%	0.2%	0.0%
PPI - y/y	3.3%	2.5%	2.4%
Retail Sales - m/m	0.5%	0.6%	0.9%
Retail Sales - y/y	3.9%		4.4%

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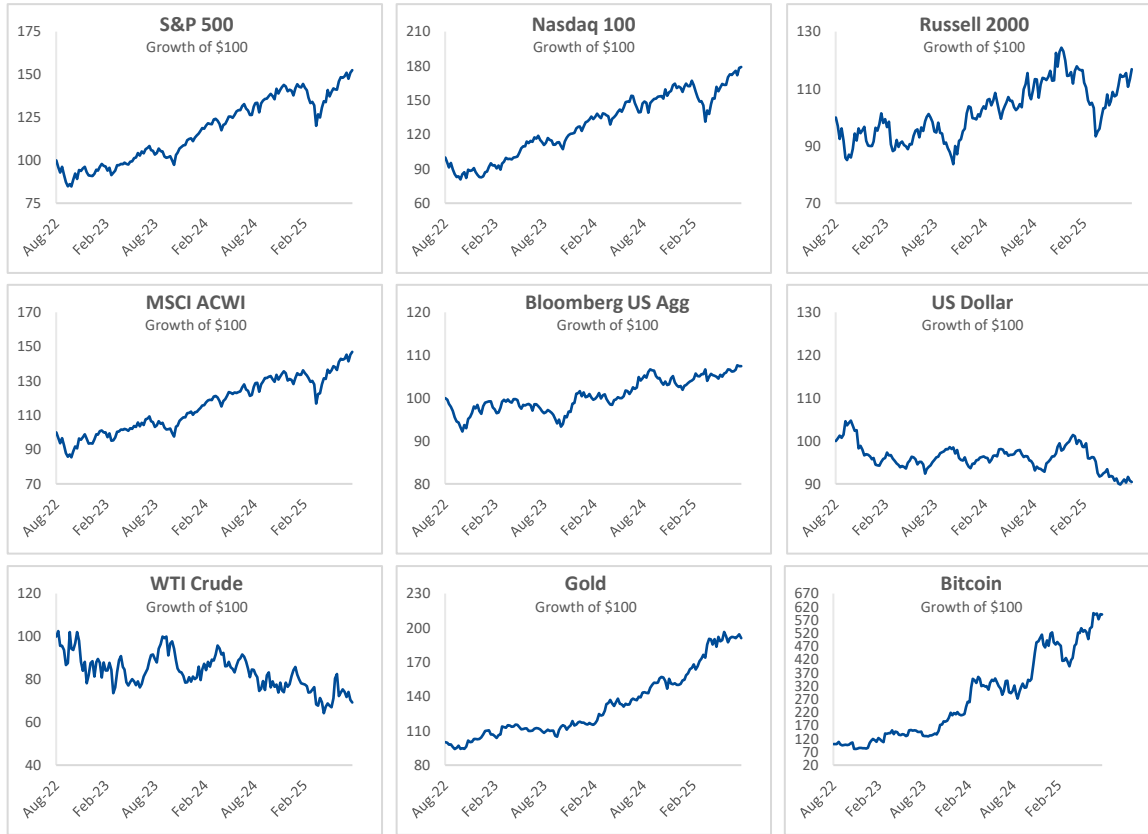
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
10.5%	15.8%	2.6%	5.6%
Energy	Financials	Healthcare	Industrials
1.5%	9.3%	-0.1%	14.9%
Materials	Real Estate	Technology	Utilities
8.0%	3.2%	14.7%	14.7%

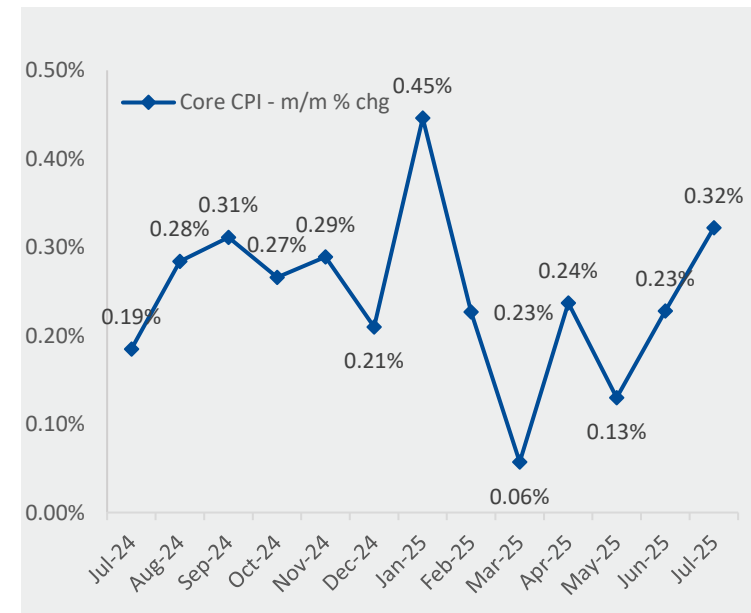
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
13-Aug	CSCO	Beat	Beat	-1.6%
14-Aug	AMAT	Beat	Beat	-14.1%
	DE	Beat	Beat	-6.8%
	TPR	Beat	Beat	-15.7%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	1.3%	14.3%	18.2%
MSCI Europe	2.1%	25.8%	17.9%
MSCI APAC	2.5%	19.4%	19.4%
DXY Index	97.9	-9.8%	-5.0%
EUR / USD	\$1.17	11.7%	5.1%
GBP / USD	\$1.36	8.3%	5.4%
USD / JPY	147.2	-6.4%	-1.4%
USD / CNY	7.18	-1.6%	0.1%

The Month-Over-Month Rate of Change in the core CPI has Accelerated the Last Three Months



WEALTH MANAGEMENT

As of 8/18/25
Sources: Bloomberg, BLS, Sunflower Wealth Advisors, Sunflower Bank.

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