

Market Update – August 11, 2025

The Weekly Briefing

Equity indexes had a strong week as stocks were boosted by the prospect of rate cuts. The S&P 500 rose +2.4%, the Nasdaq 100 climbed +3.7%, and the Russell 2000 gained +2.4%. Interestingly, the S&P 500 equal-weight index rose just +0.8%, meaning that most of the gains in the S&P 500 were driven by the largest companies.

Futures markets are now pricing in a 90% chance that the Federal Open Market Committee lowers its overnight lending rate by 25 basis points in September. Prior to the weak July Jobs Report, markets were pricing in a 40% chance of a cut during the September meeting. As discussed in [last week's note](#), the July Employment Report revealed that job creation over the past three months has been very weak.

Other economic data released this week also flashed warning signs. Factory Orders and Durable Goods Orders fell sharply month-over-month. June Factory Orders fell -4.8% compared to May and June Durable Goods Orders dropped -9.4% compared to May.

The July ISM Non-Manufacturing Index, a survey-based measure of activity in the services sector missed expectations and deteriorated compared to June. The headline Index came in at 50.1. A reading above 50 signals expansion while a reading below 50 signals a contraction in activity. This measure of activity rarely falls below 50, dipping into contraction territory just four times in the last five years. The underlying components of the Index were also worrying. The new orders component, a forward-looking measure of activity, came in at 50.3, a decline from 51.3 in June. The employment component was 46.4, signaling that firms are pulling back on hiring. This metric deteriorated compared to June and has indicated a reduction in hiring in four of the last five months. Underscoring the difficulty for the Fed in this moment, the prices paid component – a measure of input prices – came in at 69.9, meaning that most firms are experiencing an increase in prices. This is the highest reading in the price component since October 2022. At that point in time core PCE inflation was growing at +5.5% year-over-year.

Although the data from the Non-Manufacturing PMI paints a worrisome picture, one should be cautious when forming conclusions from survey-based data. On several occasions over the past few years, survey-based measures of activity, referred to as “soft data”, has signaled contraction while concrete measures of economic output, or “hard data”, has shown that the economy continued to grow.

This week's economic releases include the Consumer Price Index, the Producer Price Index, and Retail Sales. Economists are expecting another sequential increase in the year-over-year rate of CPI inflation in July.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
	CPI	CSCO	Initial Jobless Claims Continuing Claims PPI	Retail Sales
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Market Snapshot

	Last Week	YTD	1yr
S&P 500	2.4%	9.5%	21.2%
DJIA	1.4%	4.8%	13.8%
Nasdaq 100	3.7%	12.8%	28.5%
Russell 2000	2.4%	0.3%	8.1%
S&P 500 E/W	0.8%	5.5%	11.9%
2yr Yield	3.76%	-0.48%	-0.28%
10yr Yield	4.28%	-0.29%	0.30%
VIX	17.5	0.1	(2.9)
WTI Crude	\$ 67.0	-6.6%	-12.1%
Gold	\$ 3,337	27.1%	37.5%
Bitcoin	\$ 116,915	24.8%	99.8%

Economic Summary

	Actual	Expected	Prior (r)
Factory Orders	-4.8%	-4.8%	8.3%
ISM Services PMI	50.1	51.5	50.8
ISM Services New Orders	50.3		51.3
Initial Jobless Claims	226k	222k	219k
Continuing Claims	1,974k	1,950k	1,936k

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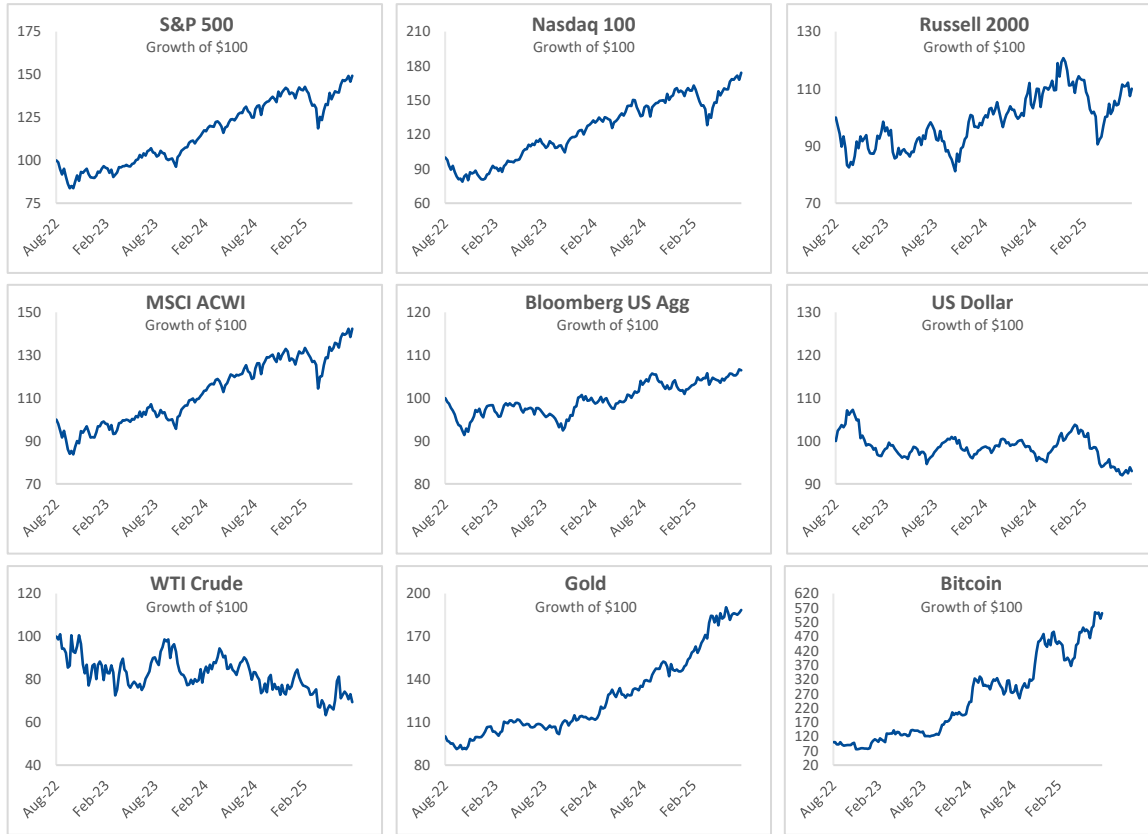
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WEALTH MANAGEMENT

Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
9.5%	11.8%	0.2%	6.2%
Energy	Financials	Healthcare	Industrials
0.7%	8.0%	-4.6%	15.2%
Materials	Real Estate	Technology	Utilities
6.0%	3.0%	14.7%	15.5%

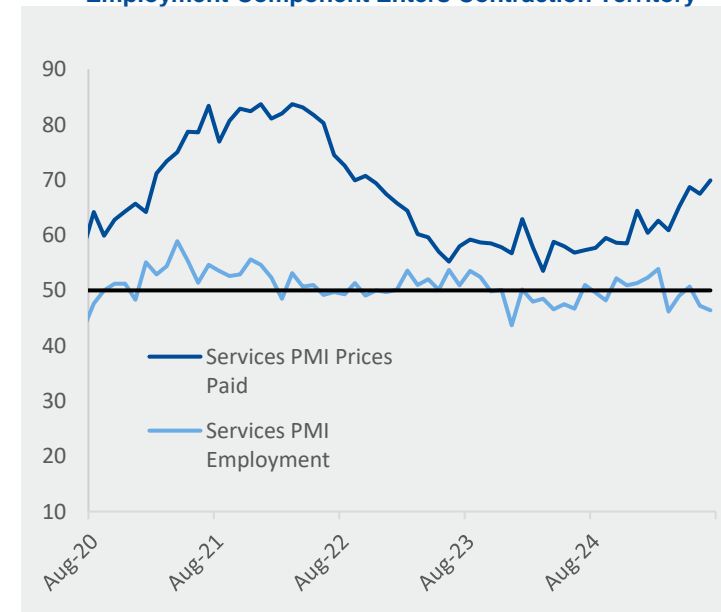
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
4-Aug	ON	Miss	Beat	-15.5%
	PLTR	Beat	Beat	7.9%
5-Aug	CAT	Miss	Beat	0.1%
	MRO	Beat	Beat	5.0%
	PFE	Beat	Beat	5.2%
6-Aug	DIS	Beat	Miss	-2.7%
	MCD	Beat	Beat	3.0%
7-Aug	LLY	Beat	Beat	-14.1%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	2.5%	12.9%	21.2%
MSCI Europe	2.1%	22.8%	18.8%
MSCI APAC	2.3%	16.5%	21.5%
DXY Index	98.2	-9.5%	-4.9%
EUR / USD	\$1.17	11.3%	5.3%
GBP / USD	\$1.34	7.4%	5.3%
USD / JPY	147.6	-6.1%	0.3%
USD / CNY	7.18	-1.6%	0.1%

The ISM Services PMI Prices Component Has Been Rising as the Employment Component Enters Contraction Territory



WEALTH MANAGEMENT

As of 8/10/25
Sources: Bloomberg, Sunflower Wealth Advisors, Sunflower Bank.

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