

Market Update – July 7, 2025

The Weekly Briefing

The S&P 500 rose for the second consecutive week, ending the week at a new all-time high. The blue-chip index has rebounded more than 25% from the closing low set shortly after the Liberation Day announcement. The index is now up +7% year-to-date despite declining as much as 16% to start the year. The tech-heavy Nasdaq 100 has exhibited a similar trend. This index is up more than 30% off its low and nearly +10% year-to-date. The Russell 2000 has lagged its large-cap peers. The small-cap index is up less than 1% year-to-date.

Most of the recovery in domestic equities has been driven by valuation. According to Factset, calendar year 2025 earnings estimates for companies in the S&P 500 Index have continued to move lower as the year has progressed. CY25 earnings estimates are 5% lower than at the start of the year and are at their lowest level to date. The S&P 500 is now trading at 22x next-twelve-month earnings, the same level as at the start of the year. The Index's valuation dipped as low as 18x NTM earnings in early April.

Labor market data dominated last week's economic calendar. The week began with the May Job Openings and Labor Turnover Survey. JOLTS job openings increased for the second straight month and exceeded expectations. The series has remained rangebound between 7,000 and 8,000 openings since early 2024. Openings are much lower than the peak reached in 2021 and 2022 but remain above pre-pandemic levels, signaling solid demand for labor.

An additional employment-related data point released was ADP Payrolls data. The ADP report is a privately conducted report that surveys employers across the US. ADP data showed that private payrolls declined by 33,000 jobs in June – the first decline in employment reported by this survey since 2020. The weak report drove interest rate futures markets to price in a 25% chance of a 25-basis point rate cut at the Fed's July meeting.

Investor anxiety sparked by the ADP report was brief. The June Employment Report – an official government survey – showed that the economy added 147,000 jobs in June, a larger gain than expected and an increase compared to May. This report also contains the unemployment rate which unexpectedly fell to 4.1% from 4.2% in May. Positive surprises on both nonfarm payroll adds and the unemployment rate assuaged concerns that the labor market was rapidly deteriorating. Following the official jobs report, market participants repriced the odds of the Fed cutting rates in July from the above noted 25% likelihood to almost 0%. Markets continue to expect two 25-basis point rate cuts this year.

The upcoming week includes the release of Fed minutes from the June meeting and the beginning of 2Q25 earnings season. According to Factset, analysts expect year-over-year EPS growth of 5.0% for the quarter. The Q2 growth rate would be a sharp deceleration from the 13% year-over-year growth in EPS in 1Q25. Earnings growth is expected to pick up after the second quarter. Analysts currently expect +9% EPS growth in 2025.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
		FOMC Minutes	Initial Jobless Claims	
		CAG	Continuing Claims	
		DAL		

Market Snapshot

	Last Week	YTD	1yr
S&P 500	1.8%	7.5%	14.3%
DJIA	2.3%	6.3%	15.9%
Nasdaq 100	1.5%	9.3%	13.0%
Russell 2000	3.6%	1.6%	12.5%
S&P 500 E/W	2.4%	6.8%	15.3%
2yr Yield	3.88%	-0.36%	-0.72%
10yr Yield	4.35%	-0.22%	0.07%
VIX	17.5	0.1	5.0
WTI Crude	\$ 67.0	-6.6%	-19.4%
Gold	\$ 3,337	27.1%	41.5%
Bitcoin	\$ 109,986	17.4%	92.1%

Economic Summary

	Actual	Expected	Prior (r)
ISM Manufacturing PMI	49.0	48.8	48.5
JOLTS Job Openings	7,769k	7,300k	7,395k
ADP Employment Change	-33k	98k	29k
Nonfarm Payrolls	147k	106k	144k
Private Payrolls	74k	100k	137k
Unemployment Rate	4.1%	4.3%	4.2%
Initial Jobless Claims	223k	241k	237k
Continuing Claims	1,964k	1,962k	1,964k

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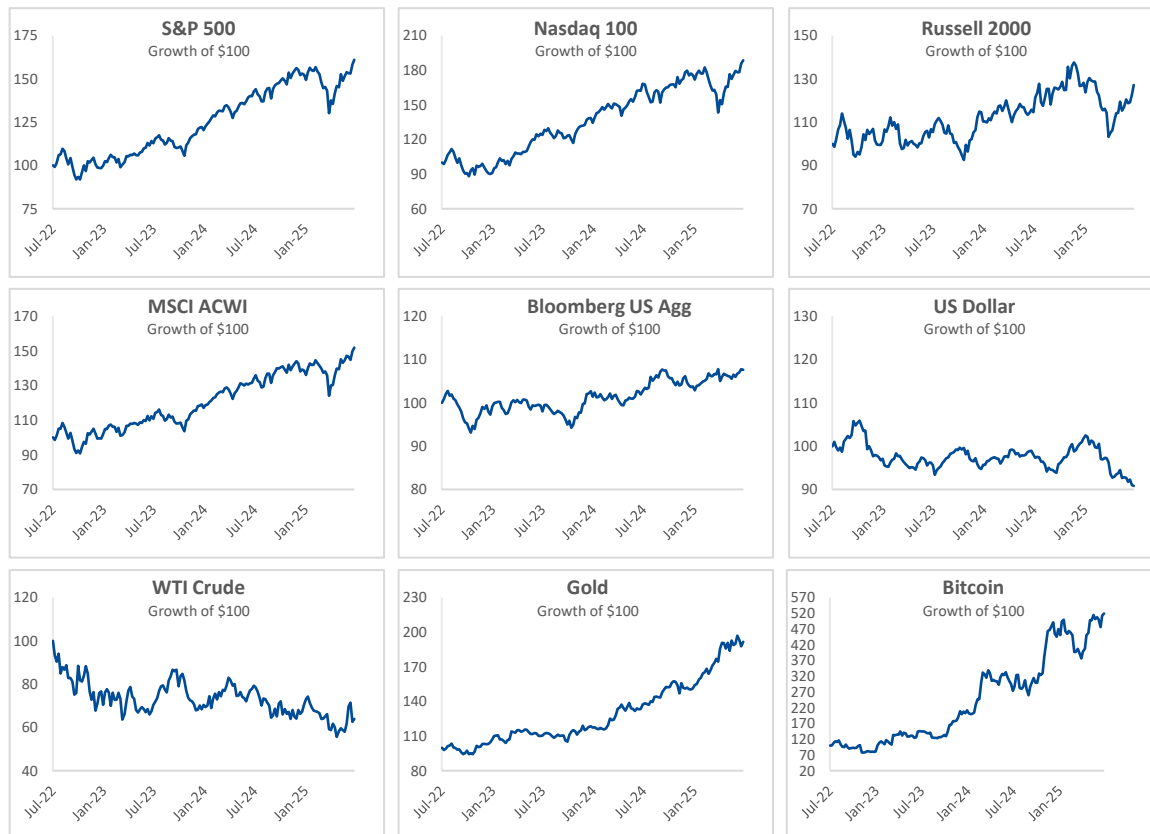
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Markets Monitor



S&P 500 Sector Heatmap Total Return YTD

S&P 500 7.5%	Comm. Services 12.2%	Cons. Discretionary -0.9%	Cons. Staples 5.8%
Energy 3.2%	Financials 10.8%	Healthcare -0.7%	Industrials 14.1%
Materials 9.7%	Real Estate 4.3%	Technology 10.9%	Utilities 9.6%

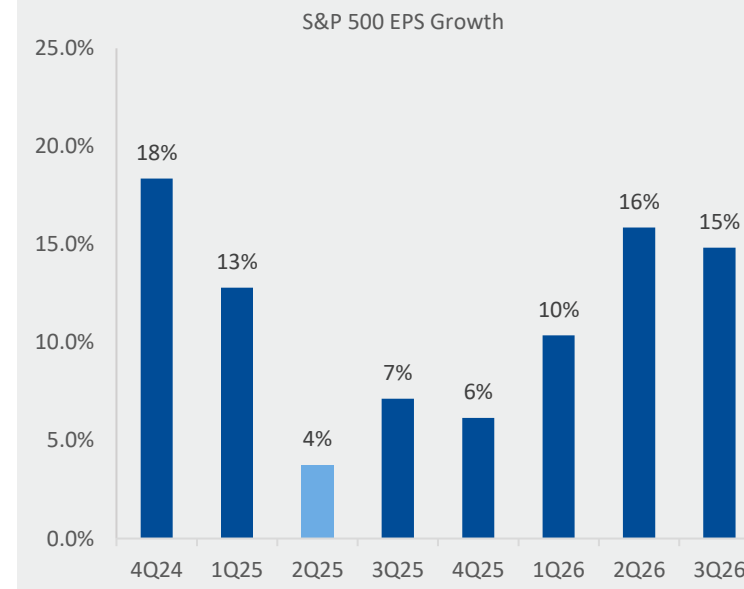
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
None of note.				

World Watch

	Last Week	YTD	1yr
MSCI ACWI	1.3%	11.0%	14.9%
MSCI Europe	0.3%	23.5%	16.5%
MSCI APAC	0.1%	13.4%	12.6%
DXY Index	97.1	-10.5%	-7.4%
EUR / USD	\$1.18	12.6%	7.0%
GBP / USD	\$1.36	8.8%	6.3%
USD / JPY	145.0	-7.8%	-9.8%
USD / CNY	7.17	-1.7%	-1.3%

Year-over-Year EPS Growth is Expected to Trough in Q2 and Accelerate Throughout the Year



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As of 7/7/25
Sources: Factset, Logia Portfolio Management, Sunflower Bank.

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