Capital Markets Snapshot

Courtesy of Summit Pointe Advisors

Week ending August 8, 2025

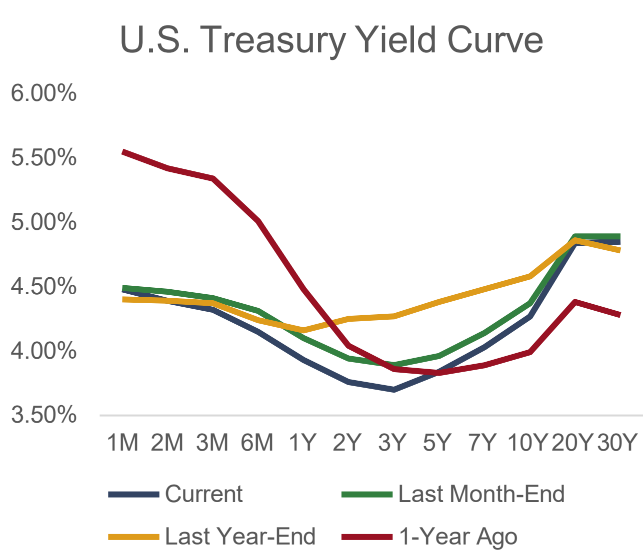
Last week, US equities rebounded strongly, led by technology and consumer discretionary stocks, with the S&P 500 gaining over 2% and the NASDAQ hitting a new record high. Corporate earnings continued to deliver upside surprises, especially among AI-related firms. Overall, reported EPS growth for Q2 climbed to 11.4%. Treasuries experienced slightly weaker demand at auctions. Yields experienced a modest steepening as short-term rates continue to tick lower while long-term rates higher. Renewed expectations of an impending rate cut appear to be part of the causes of falling short-term yields. Uncertainty on US monetary, trade, and taxation policies are contributing to rising long-term rates. The services sector, which accounts for around 70% of US GDP, showed mixed signals but still appears to be signaling the sector is expanding, albeit at a slowing rate. Tariffs increased from the April 10% baseline for more than 90 countries, including a new 100% rate on semiconductors, though exemptions softened the impact. Tariffs vary widely from 10% to 50%, but most countries are facing rates within the 10% - 20% range.

Fixed Income Markets Overview

- Weaker than expected auction demand led to modestly rising long-term Treasury yields. Auction metrics softened as the bid-to-cover ratio for the 10-year Treasury fell below its year-to-date average, a potentially bearish signal from the market.
- Expectations for a 25-basis point cut at the September FOMC increased to 90% vs. 87%. While many expect a cut sooner than later, total 2025 expected 25 basis point cuts fell slightly from 2.43 to 2.33 over the course of the week.
- While the labor market is showing signs of weakening, inflation is proving stubborn to squash. The Fed's preferred personal consumption expenditure (PCE) inflation measure rose to 2.6% annualized in June, up from 2.2% in April. The combination of rising inflation with weakening labor markets limits the available responses of the Federal Reserve and has markets wary of the US falling into an extended period of stagflation.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.0%	3.3%	3.9%	1.6%
Core Plus	Intermediate Govt/Credit	-0.1%	4.6%	3.4%	0.6%
	International Aggregate	0.4%	6.9%	2.0%	-1.8%
	US Aggregate	-0.2%	4.4%	2.1%	-1.0%
	US Treasury	-0.2%	4.0%	1.2%	-1.7%
	US TIPS	0.1%	5.5%	1.5%	1.3%
	US Corporate	-0.1%	4.8%	3.6%	-0.5%
	US Corporate High Yield	0.4%	5.3%	7.8%	5.0%
Other	Emerging Markets Aggregate	0.5%	6.6%	7.2%	1.2%
Muni	US Municipals	0.2%	0.1%	1.8%	0.2%
	US Municipals High Yield	-0.1%	-1.5%	2.8%	2.2%

Source: Bloomberg as of August 8, 2025



Source: Bloomberg and U.S Treasury as of August 8, 2025

Interest Rates (%)

Date	8/8/2025	7/31/2025	12/31/2024	8/8/2024
Federal Funds Rate	4.48%	4.49%	4.40%	5.55%
3 Month Treasury	4.32%	4.41%	4.37%	5.34%
6 Month Treasury	4.15%	4.31%	4.24%	5.01%
2 Year Treasury	3.76%	3.94%	4.25%	4.04%
5 Year Treasury	3.84%	3.96%	4.38%	3.83%
10 Year Treasury	4.27%	4.37%	4.58%	3.99%
30 Year Treasury	4.85%	4.89%	4.78%	4.28%
US Aggregate	4.53%	4.64%	4.91%	4.54%
US Corporate	4.98%	5.07%	5.33%	5.12%
US Corporate High Yield	6.99%	7.08%	7.49%	7.68%
US Municipal	3.90%	3.98%	3.74%	3.49%
US Municipal High Yield	5.88%	5.91%	5.52%	5.32%

Spreads Over 10-Year US Treasuries

Date	8/8/2025	7/31/2025	12/31/2024	8/8/2024
30 Year Treasury	0.58%	0.52%	0.20%	0.29%
US Aggregate	0.26%	0.27%	0.33%	0.55%
US Corporate	0.71%	0.70%	0.75%	1.13%
US Corporate High Yield	2.72%	2.71%	2.91%	3.69%
US Municipal	-0.37%	-0.39%	-0.84%	-0.50%
US Municipal High Yield	1.61%	1.54%	0.94%	1.33%

Source: Bloomberg and U.S. Treasury as of August 8, 2025

Equity Markets Overview

- Major US indices rebounded last week. The NASDAQ surged nearly 4% to a new ATH and the S&P 500 gained over 2%, driven by strong earnings and renewed optimism around AI and onshoring. Technology and consumer discretionary stocks led the rally, supported by robust earnings from firms like Palantir, Arista Networks, and Astera Labs, which hit fresh all-time highs.
- Corporate earnings exceeded expectations, with 81% of S&P 500 companies beating on the bottom line and Q2 EPS growth accelerating to 11.4%.
- The Magnificent 7 mega-cap stocks continued to dominate, contributing disproportionately to overall earnings growth, while most other sectors posted more modest gains. Market breadth narrowed, as fewer stocks participated in the rally, raising concerns about the sustainability of the uptrend.
- Tariff escalation introduced uncertainty, with new import duties affecting over 90 countries and select sectors like semiconductors and gold, potentially impacting margins and consumer demand.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	2.3%	8.7%	16.5%	15.2%
Large-Cap	S&P 500	2.4%	9.5%	17.3%	15.5%
	S&P 500 Growth	2.7%	13.4%	19.8%	16.1%
	S&P 500 Value	2.2%	5.1%	13.5%	14.0%
Mid-Cap	S&P Midcap 400	0.7%	1.0%	9.2%	11.7%
	S&P Midcap 400 Growth	0.5%	1.8%	9.6%	9.5%
	S&P Midcap 400 Value	0.8%	0.0%	8.6%	13.8%
Small-Cap	S&P Smallcap 600	2.2%	-3.0%	4.6%	10.0%
	S&P Smallcap 600 Growth	1.7%	-0.6%	5.4%	8.6%
	S&P Smallcap 600 Value	2.7%	-5.5%	3.6%	11.1%
Int'l.	MSCI ACWI ex-USA	2.7%	19.9%	13.2%	9.2%
	MSCI EM	2.3%	18.6%	10.5%	5.4%

Source: Bloomberg as of August 8, 2025

Alternative Markets Overview

- Gold futures surged to a record high before pulling back following a White House announcement of the potential to impose country-specific tariffs on gold bullion bars.
- Crude oil prices fell to below $64 per barrel on Friday. This marks the lowest price level since early June and signals potential weakness in global demand.
- Cryptocurrency gained policy support, as President Trump signed an executive order allowing crypto and private equity investments in 401(k) retirement plans.
- Private equity may see increased inflows, following the new retirement account flexibility, which could boost demand for non-traditional investment vehicles.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-1.2%	2.8%	1.9%	16.7%
Gold	2.7%	32.2%	24.6%	11.5%
FTSE All Equity NAREIT	-0.1%	0.4%	0.4%	5.3%
Bitcoin	2.9%	24.7%	69.5%	58.3%
Ethereum	15.1%	21.4%	31.4%	60.9%

Source: Bloomberg as of August 8, 2025

Upcoming Week

- It will be a slightly lighter week for Q2 earnings release. Two notable releases this week include AMC Entertainment and Cisco Systems.
- It is a decently busy week for economic releases, but two key themes to monitor will be inflation (with CPI and PPI releases this week) and retail sales data. This will provide information critical to the Federal Reserve's price stability mandate as inflation has remained above target for several years now.

Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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