SMITH SHELLNUT WILSON
AN AFFILIATE OF 61BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

June 16, 2025

"Life's most persistent and urgent question is, 'What are you doing for others?'"
Rev. Dr. Martin Luther King Jr.

MARKETS

Macro Recap: The week was shaped by a mix of encouraging inflation data and persistent geopolitical uncertainty. A monthly report on U.S. consumer prices showed that inflation remained somewhat muted, which eased concerns about the potentially inflationary impact from elevated tariffs. On a month-to-month basis, the Consumer Price Index rose 0.1% in May, less than most economists had expected. The annual inflation rate was 2.4%—in line with expectations and near a four-year low recorded in April.

Labor market signals were mixed, adding nuance to the economic outlook. Initial jobless claims held steady at 248,000, but continuing claims rose sharply to 1.956 million—the highest level since late 2021. This uptick suggests that displaced workers are finding it increasingly difficult to secure new employment, raising questions about the underlying strength of the job market. Meanwhile, the May Treasury Budget revealed a $316 billion deficit, slightly narrower than the same period last year, but still indicative of persistent fiscal imbalances. The year-to-date deficit remains elevated, though the pace of its growth has slowed compared to earlier in the year.

On the global front, trade developments and geopolitical tensions added complexity to the macro picture. While U.S. trade negotiations with India, Mexico, and Canada showed signs of progress, talks with China yielded little beyond reaffirmations of prior agreements. At the same time, the conflict between Israel and Iran escalated sharply, culminating in missile exchanges and the cancellation of nuclear talks. These developments injected fresh volatility into commodity markets—particularly oil—and heightened investor sensitivity to geopolitical risk, underscoring the fragile balance between economic fundamentals and external shocks.

Equity Recap: U.S. equity markets showed resilience early last week but ultimately closed lower, with the S&P 500 slipping 0.4% amid a flurry of economic data, geopolitical developments, and trade headlines. Optimism around U.S.-China trade talks and a cooler-than-expected CPI report initially buoyed sentiment, while strong performances in energy and select tech stocks provided support. However, escalating tensions between Israel and Iran weighed heavily on investor confidence by Friday. The technology and financial sectors led the decline, while energy stocks surged on rising oil prices, capping a volatile week that reflected both macroeconomic uncertainty and geopolitical risk.

Bond/Rate Recap: Treasury markets experienced a volatile week, initially driven by inflation data, which reinforced expectations for a potential rate cut later this year. Yields fell midweek after both the May CPI and PPI reports came in below forecasts, with the 10-year yield dipping to 4.36% on Thursday. However, rising geopolitical tensions—particularly the escalation between Israel and Iran—sparked a late-week selloff in bonds, pushing the 10-year yield back up to 4.42% by Friday. Shorter maturities showed relative strength early in the week, while long bonds outperformed following a strong 30-year auction.

Week Ahead: Along with further developments in the Middle East conflict, market participants will be focused on Wednesday's FOMC Rate Decision. While no rate change is expected at this meeting, investors are closely watching Chair Powell's guidance for clues on the timing and pace of potential rate cuts later this year.

INDICES

	June 13 Close	June 9 Open	Weekly Change	Dec 31 2024	YTD Change
DJIA	42,198	42,763	-1.3%	42,544	-0.8%
S&P 500	5,977	6,000	-0.4%	5,882	1.6%
NASDAQ	19,407	19,530	-0.6%	19,311	0.5%
Russell 2000	2,101	2,132	-1.5%	2,230	-5.8%
KBW Bank Indx	127.2	130.6	-2.6%	127.5	-0.2%
Bitcoin	$105,445	$104,622	0.8%	$93,714	12.5%
Oil (WTI)	$73.13	$64.74	13.0%	$71.72	2.0%
Gold	$3,432	$3,312	3.6%	$2,625	30.8%
Prime	7.50	7.50	0.00	7.50	0.00
Effective Fed Funds	4.33	4.33	0.00	4.33	0.00
3m Tbill	4.35	4.34	0.01	4.31	0.04
2yr UST	3.95	4.03	-0.09	4.24	-0.29
10yr UST	4.40	4.50	-0.10	4.57	-0.17
2-10yr UST Spread	45	47	-2	33	12
2y AAA Muni/10y UST	69.5%	68.0%	1.5%	66.5%	3.1%
10y AAA Muni/10y UST	75.6%	73.7%	1.9%	68.4%	7.1%
5yr Inflation Forecast	2.32	2.36	-0.04	2.42	-0.10

Week Ahead

- **Monday:** No major reports
- **Tuesday:** Retail Sales, Industrial Production, Import Prices
- **Wednesday:** FOMC Rate Decision, Jobless Claims, Housing Starts
- **Thursday:** No major reports
- **Friday:** No major reports

ALL CONTENT IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD IN NO WAY BE CONSTRUED OR INTERPRETED AS A SOLICITATION TO SELL OR AN OFFER TO SELL ADVISORY SERVICES OR PRODUCTS.