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# Financial Week Newsletter

*Summarized by Smith Shellnut Wilson*

**June 23, 2025**

***"Failure is the condiment that gives success its flavor". Truman Capote***

## MARKETS

**Macro Recap:** The market experienced a shortened and turbulent week, driven by geopolitical tensions, central bank decisions, and key economic data releases.

Early in the week, concerns mounted over the potential for U.S. involvement in the Israel-Iran conflict. President Trump intensified rhetoric by demanding Iran's "unconditional surrender" and expressing diminishing patience. However, by week's end, he struck a more measured tone, suggesting there was still time for diplomacy and indicating a final decision on U.S. action would come within two weeks.

On the monetary policy front, the Federal Reserve held the federal funds rate steady at 4.25%–4.50%. The accompanying Summary of Economic Projections revealed a mixed outlook: upward revisions to PCE and core PCE inflation forecasts, a higher projected unemployment rate for 2025, and a downward revision to real GDP growth. The Fed maintained its projection for two rate cuts by year-end.

Fed Chair Jerome Powell emphasized a cautious, data-dependent approach, citing a resilient labor market and concerns that tariffs could drive inflation higher. He noted expectations for a meaningful uptick in inflation in the coming months due to tariff pressures.

Other major central banks also held steady. The Bank of Japan kept its policy rate unchanged at 0.50%, while the Bank of England maintained its rate at 4.25%, both in line with expectations.

**Equity Recap:** Despite heightened global volatility, the major U.S. equity indices ended the week largely unchanged. The Dow Jones Industrial Average finished flat, while the S&P 500 slipped slightly by 0.2%. In contrast, the Nasdaq Composite edged up 0.2%, reflecting modest strength in the tech sector.

**Bond/Rate Recap:** Bonds rallied across all maturities this week, reflecting a flight to safety amid global uncertainty. The yield on the 2-year U.S. Treasury fell 6 basis points, from 3.95% to 3.88%, while the 10-year yield declined from 4.40% to 4.34%. The broad-based drop in yields suggests increased investor demand for fixed income as geopolitical and economic risks remain elevated.

## INDICES

| | June 20 Close | June 16 Open | Weekly Change | Dec 31 2024 | YTD Change |
|---|---|---|---|---|---|
| DJIA | 42,207 | 42,198 | 0.0% | 42,544 | -0.8% |
| S&P 500 | 5,968 | 5,977 | -0.2% | 5,882 | 1.5% |
| NASDAQ | 19,447 | 19,407 | 0.2% | 19,311 | 0.7% |
| Russell 2000 | 2,109 | 2,101 | 0.4% | 2,230 | -5.4% |
| KBW Bank Indx | 131.4 | 127.2 | 3.3% | 127.5 | 3.1% |
| Bitcoin | $101,288 | $105,445 | -3.9% | $93,714 | 8.1% |
| Oil (WTI) | $73.91 | $73.13 | 1.1% | $71.72 | 3.1% |
| Gold | $3,358 | $3,432 | -2.2% | $2,625 | 28.0% |
| 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 | 4.30 | 4.35 | -0.05 | 4.31 | -0.01 |
| 2yr UST | 3.88 | 3.95 | -0.06 | 4.24 | -0.36 |
| 10yr UST | 4.34 | 4.40 | -0.06 | 4.57 | -0.23 |
| 2-10yr UST Spread | 46 | 45 | 1 | 33 | 13 |
| 2y AAA Muni/10y UST | 68.3% | 69.5% | -1.3% | 66.5% | 1.8% |
| 10y AAA Muni/10y UST | 74.6% | 75.6% | -0.9% | 68.4% | 6.2% |
| 5yr Inflation Forecast | 2.38 | 2.32 | 0.06 | 2.42 | -0.04 |

## Week Ahead

- **Monday:** Existing Home Sales
- **Tuesday:** FHFA price index, Consumer confidence
- **Wednesday:** New home sales
- **Thursday:** Wholesale inventories, 3rd est GDP
- **Friday:** PCE, U of M consumer sentiment

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