SMITH SHELLNUT WILSON
AN AFFILIATE OF 61BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

June 30, 2025

"There are years that ask questions and years that answer." Zora Neale Hurston

MARKETS

Macro Recap: Markets opened the week on edge following reports that the U.S. had destroyed three Iranian nuclear facilities. A soft Israel-Iran ceasefire ensued, and as a result, oil prices tumbled roughly 12% to $65.07 per barrel.

Federal Reserve Chair Jerome Powell began his semiannual testimony before Congress on Tuesday. While he maintained a cautious, wait-and-see stance on rate cuts, he acknowledged that inflation could cool, opening the door to potential easing. His remarks followed dovish comments from Fed Governor Michelle Bowman, who indicated she could support a rate cut as early as July.

The economic calendar was mixed but leaned positive. Durable goods orders surged in May, weekly jobless claims dipped, and inflation data showed a modest uptick in the PCE and core PCE Price Indexes. However, new and existing real estate was soft, consumer confidence declined in June, Q1 GDP was revised downward, and personal spending fell, highlighting some lingering headwinds.

Ahead of a July 9 deadline on reciprocal tariffs, investor sentiment was lifted by updates from the Trump administration on negotiations with China and the European Union. However, the administration on Friday afternoon terminated trade talks with Canada in a dispute over dairy product tariffs and a digital services tax.

In Washington, attention turned to the Senate's ongoing negotiations over the sweeping "One Big, Beautiful Bill." Treasury Secretary Bessent expressed confidence, saying there's a strong chance the bill reaches the president's desk by July 4.

Equity Recap: The three major U.S. stock indexes surged around 4% for the week as falling oil prices and easing trade tensions boosted investor sentiment. The S&P 500 on Friday eclipsed a record high that it had set four months earlier, while the NASDAQ topped a record reached last December. The Dow remained nearly 3% below its historic peak.

Bond/Rate Recap: Yields of U.S. government bonds fell for the third week in a row, with yields of notes with shorter maturities posting the biggest declines. On Friday afternoon, the yield of the 10-year U.S. Treasury was 4.28%, down from a recent peak of 4.60% on May 21.

Week Ahead: A key labor market report scheduled for release on Thursday, just ahead of the U.S. market closure for the Independence Day holiday, will reveal whether the recent pattern of steady, better-than-expected job growth continued into June. In May, the economy added 139,000 jobs, surpassing forecasts of around 130,000. However, initial job gains reported for the two prior months were later revised downward, tempering some of the optimism.

INDICES

	June 27 Close	June 23 Open	Weekly Change	Dec 31 2024	YTD Change
DJIA	43,819	42,207	3.8%	42,544	3.0%
S&P 500	6,173	5,968	3.4%	5,882	4.9%
NASDAQ	20,273	19,447	4.2%	19,311	5.0%
Russell 2000	2,173	2,109	3.0%	2,230	-2.6%
KBW Bank Indx	138.7	131.4	5.6%	127.5	8.8%
Bitcoin	$107,449	$101,288	6.1%	$93,714	14.7%
Oil (WTI)	$65.52	$73.91	-11.4%	$71.72	-8.6%
Gold	$3,274	$3,358	-2.5%	$2,625	24.8%
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	4.29	4.30	0.00	4.31	-0.02
2yr UST	3.75	3.88	-0.14	4.24	-0.49
10yr UST	4.28	4.34	-0.06	4.57	-0.29
2-10yr UST Spread	53	46	7	33	20
2y AAA Muni/10y UST	70.2%	68.3%	1.9%	66.5%	3.7%
10y AAA Muni/10y UST	75.4%	74.6%	0.8%	68.4%	7.0%
5yr Inflation Forecast	2.32	2.38	-0.06	2.42	-0.10

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

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.