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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"I was smart enough to go through any door that opened." Joan Rivers

MARKETS

Macro Recap: It was a relatively quiet week on the economic front, with few major data releases. Instead, headlines and market sentiment were largely driven by political developments and ongoing trade negotiations. As the August 1 tariff deadline set by the Trump administration approached, investors closely monitored U.S. trade talks with key global partners. The administration reported progress toward agreements with countries such as Japan and Indonesia, while discussions continued with the European Union, India, and Canada.

Meanwhile, the U.S. housing market showed signs of strain. Elevated mortgage rates and persistently high home prices continued to weigh on demand. Existing home sales fell 2.7% in June to an annualized rate of 3.93 million, while new home sales edged up just 0.6% to 627,000, falling short of analysts' expectations in both cases.

Equity Recap: U.S. equity markets continued their upward trajectory, with the S&P 500 and Nasdaq posting record highs for the fourth time in five weeks. All three major indexes, including the Dow, closed more than 1% higher for the week, underscoring broad-based investor confidence. Since June 20, the S&P 500 has surged over 7%, while the Nasdaq has climbed nearly 9%.

The rally was underpinned by strong corporate earnings, easing Treasury yields, and growing optimism around international trade negotiations. These trade advancements helped ease investor concerns ahead of the August 1 tariff deadline, further fueling bullish sentiment across the markets.

Bond/Rate Recap: Bond markets were relatively stable. The 2-year Treasury yield rose five basis points to 3.92%, while the 10-year yield fell three basis points to 4.39%.

Week Ahead: Investors are bracing for a critical week, with roughly 38% of the S&P 500's market capitalization set to report quarterly earnings. The spotlight will also be on Wednesday's initial estimate of second-quarter GDP, which will reveal whether the U.S. economy rebounded in the spring following a first-quarter contraction. From January through March, GDP declined at an annualized rate of 0.5%, marking the first negative quarter since early 2022, driven in part by a surge in imports ahead of anticipated tariff increases.

In addition to earnings and GDP data, the week features a U.S. Federal Reserve policy meeting concluding Wednesday and the July jobs report on Friday. The Fed is widely expected to hold interest rates steady, while the jobs report will offer insight into labor market momentum following June's stronger-than-expected gain of 147,000 jobs. .

INDICES

	July 25 Close	July 21 Open	Weekly Change	Dec 31 2024	YTD Change
DJIA	44,902	44,342	1.3%	42,544	5.5%
S&P 500	6,389	6,297	1.5%	5,882	8.6%
NASDAQ	21,108	20,896	1.0%	19,311	9.3%
Russell 2000	2,261	2,240	0.9%	2,230	1.4%
KBW Bank Indx	146.1	143.8	1.6%	127.5	14.6%
Bitcoin	$118,216	$117,151	0.9%	$93,714	26.1%
Oil (WTI)	$65.16	$67.52	-3.5%	$71.72	-9.1%
Gold	$3,337	$3,358	-0.6%	$2,625	27.2%
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	4.33	0.02	4.31	0.04
2yr UST	3.92	3.87	0.05	4.24	-0.32
10yr UST	4.39	4.42	-0.03	4.57	-0.18
2-10yr UST Spread	46	54	-8	33	14
2y AAA Muni/10y UST	62.2%	64.5%	-2.3%	66.5%	-4.3%
10y AAA Muni/10y UST	76.0%	76.1%	-0.1%	68.4%	7.6%
5yr Inflation Forecast	2.49	2.52	-0.03	2.42	0.07

Week Ahead

- **Monday:** No major reports
- **Tuesday:** JOLTS, Case-Shiller Home index, Consumer Confidence
- **Wednesday:** FOMC announcement, 2nd Q GDP, ADP employment
- **Thursday:** PCE price index
- **Friday:** Nonfarm payrolls, ISM mfg, UofM sent, Constr. spending

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