

# Monthly Market Review

Multi-Asset Class | July 2025

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## U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000, both returned approximately 5.08% in June.<sup>1</sup>
- Ten of the 11 sectors saw positive returns for the month. The Information Technology sector was the best performing sector, returning 9.77% for the month, followed by Communication Services at 7.28%. The Consumer Staples sector was the worst performing sector, returning -1.89% in June.
- Positive returns were seen across all capitalizations, with small-caps (Russell 2000) returning 5.43%, mid-caps (Russell Mid Cap Index) returning 3.73%, and large-caps (Russell 1000 Index) returning 5.06%. Growth stocks outperformed value stocks across all capitalizations during the month.
- According to FactSet Earnings Insight (as of June 27, 2025), analysts are projecting a moderate earnings growth rate of 5.0% for Q2 2025, and for calendar year 2025, analysts are projecting year-over-year earnings growth of 9.1%. If the projected earnings growth for Q2 is correct, this will mark the lowest earnings growth since Q4 2023.

## Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S. Index returned 3.39% in June. Developed markets, represented by the MSCI EAFE Index returned 2.20%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 6.01% with Chinese equities (MSCI China Index) returning 3.71%.
- Within the ACWI ex-U.S. Index, nine of the 11 sectors posted positive returns. Information Technology was the best performing sector for the month, returning 8.80%, while the Communication Services sector was the second-best performer, returning 5.74%. Consumer Staples was the worst performing sector, posting a return of -1.44%.

## Fixed Income

- In June, Treasury yields fell along the curve with the 2- and 5-year yields falling 18 and 16 basis points (bps) respectively. The yield on the 10-year also fell 17 bps, while the 30-year U.S. Treasury fell 15 bps.
- The Bloomberg U.S. Aggregate Index returned 1.54% in June. Investment-grade (IG) credit returned 1.83%, AAA-rated bonds returned 1.11%, AA-rated bonds returned 1.72%, A-rated bonds returned 1.85%, while BBB-rated bonds saw a positive return of 1.95%. High-yield corporates, as represented by ICE BofA U.S. High Yield Index returned 1.86% during the month, while the Broad Treasury Index returned 1.29%. Spreads compressed over the month across the ratings spectrum.

## Diversifying Assets

- During June, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned -0.82% and -0.54% respectively. The Office sector saw the strongest performance for the month while the Data Centers sector was the most challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned 1.29% for the month.

## Items to Watch

- Continued geopolitical risk and trade relations remain areas of concern for the markets. Conflict in the Middle East has the potential to impact energy prices, a consequence that we briefly saw before the ceasefire between Israel and Iran. Trade deals have not been finalized with a variety of important partners and while continued trade negotiations may end the tariff uncertainty in the intermediate term, many questions have not yet been resolved and their possible effects on inflation remain unclear.
- We continue to monitor the strength of the labor market and the related strength of the consumer for signs of deterioration. Unemployment ticked down to 4.1% in June. The latest initial jobless claims number ticked slightly higher to 233,000 in June, while the outstanding claims rose to 1.96 million as unemployed workers struggled to find suitable employment. Businesses appear to be in a relative “low hire, low fire” mode. The number of job openings shows some signs of recovery after a drop at the beginning of the quarter, rising to 7.8 million in May.
- Recent Federal Reserve (Fed) projections for rate cuts maintained a median forecast of two cuts in 2025, while the Summary of Economic Projections (SEP) was revised in June to include a high inflation path and lower growth. The uncertainty regarding when and if these cuts will occur adds to market uncertainty.

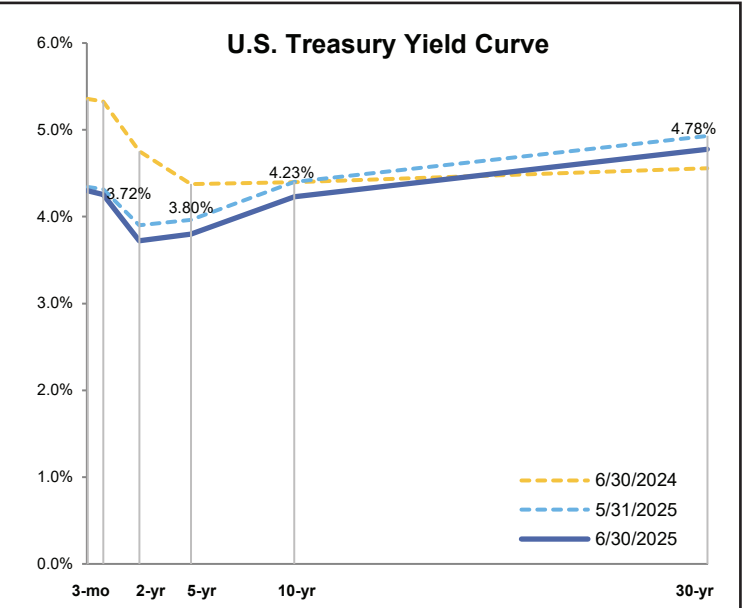
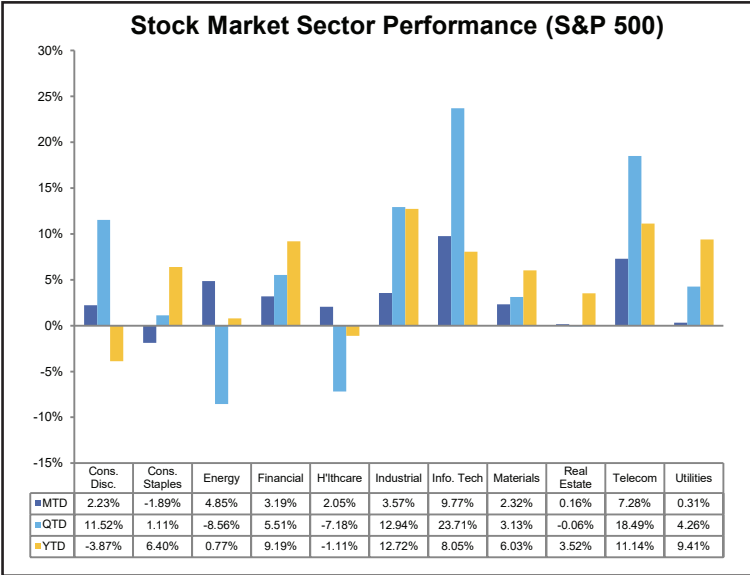
## Sources

- Bloomberg
- FactSet
- BEA [U.S. Bureau of Economic Analysis](#)

*1 - All returns are expressed as total returns (price returns net of dividends).*

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	5.08%	10.94%	6.20%	15.14%
Russell 3000	5.08%	10.99%	5.74%	15.28%
Russell 2000	5.43%	8.50%	-1.79%	7.66%
Russell 1000	5.06%	11.11%	6.11%	15.65%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	3.39%	12.03%	17.90%	17.72%
MSCI EAFE	2.20%	11.78%	19.45%	17.73%
MSCI Emerging Markets	6.01%	11.99%	15.27%	15.29%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg U.S. Agg	1.54%	1.21%	4.02%	6.08%
Bloomberg Global Agg	1.89%	4.52%	7.27%	8.91%
ICE BofA U.S. HY	1.86%	3.57%	4.55%	10.24%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	-0.82%	-1.46%	-0.71%	7.62%
FTSE NAREIT Index	-0.54%	-1.16%	-0.25%	8.60%
MSCI World Core Infrastructure	1.29%	5.45%	13.44%	21.38%
Bloomberg Commodity	2.41%	-3.08%	5.53%	5.77%

Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.1%	4.2%
Initial Jobless Claims (4 week average)	233K	225 K
CB Leading Economic Indicators	-0.1	-1.4
Capacity Utilization	77.4%	77.7%
GDP (annual growth rate)	-0.5%	2.4%
University of Michigan Consumer Confidence	60.7	52.2
New Home Starts	623 K	722 K
Existing Home Sales	4 MM	4 MM
Retail Sales (YoY)	3.3%	5.0%
U.S. Durable Goods (MoM)	16.4%	-6.6%
Consumer Price Index (YoY)	2.4%	2.3%
Producer Price Index (MoM)	0.4%	-0.1%
Developed International*	3/31/2025	12/31/2024
Market GDP (annual rate)	1.6%	1.6%
Market Unemployment	4.7%	4.6%



Source: Bloomberg. Data as of June 30, 2025, unless otherwise noted.

\*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of March 31, 2025 due to release dates of numerous countries.

\*\*P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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