

7/14/2025

The Week Ahead



CAPE ANN SAVINGS
TRUST & FINANCIAL SERVICES
PLANNING ♦ ADVISING ♦ INVESTING

THINGS TO WATCH

Will June Inflation Data Show Tariff Effects?

Tomorrow morning, data from the Bureau of Labor Statistics is expected to show the consumer price index (CPI) climbed 0.3% in June after rising by 0.1% and 0.2% the prior two months. Year-over-year CPI is projected to be 2.6%, up from 2.4% in May. A softer inflation reading could bolster expectations for a Federal Reserve rate cut on September 18. On the other hand, persistent price pressures in shelter and services may temper Fed officials' desire to ease policy.

Consumer Confidence

The University of Michigan's preliminary consumer sentiment index for July will be released Friday morning. The Bloomberg consensus expects a reading of 61.5, marking a second consecutive monthly gain following June's 8.5-point jump to 60.7—the highest in six months. Slowing inflation, low gas prices, a still-resilient labor market, and reduced tariff anxiety likely supported sentiment. Inflation expectations also improved in June, with year-ahead expectations falling to 5.0% from 6.6%, and long-run expectations easing to 4.0%.

Bank Earnings

The unofficial start of the second quarter earnings season begins tomorrow, with JPMorgan Chase (JPM), Wells Fargo (WFC), and Citigroup (C) set to report results. Bank of America (BAC), Goldman Sachs (GS), and Morgan Stanley (MS) will follow on Wednesday. Recent strength in U.S. bank stocks suggests investors are anticipating strong results, along with upbeat management commentary focused on eased capital requirements, a pickup in dealmaking, and a less stringent regulatory environment.

10-Year Treasury Yield

Yields on the 10-year Treasury have quietly climbed above 4.4% in recent weeks, driven by stronger-than-expected U.S. data and renewed tariff concerns. The 4.6% level has been a challenging area for equity and credit markets in recent years. It will likely be a key threshold to watch in the weeks ahead as the Treasury Department looks to refill its General Account after the debt ceiling was raised.

LAST WEEK'S ECONOMIC DATA

	LATEST	3MO PRIOR	CHANGE
NFIB Small Business Optimism	98.6	97.4	▲
Initial Jobless Claims (Thousands)	227	224	▲
Continuing Jobless Claims (Thousands)	1,965	1,844	▲

INDEX	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	44828.53	2.34%	6.33%	16.11%
NASDAQ	20601.10	1.63%	7.07%	14.09%
S&P 500	6279.35	1.75%	7.49%	14.92%
MSCI EAFE	2658.13	0.20%	20.44%	16.02%
BB U.S. Aggregate	2266.97	-0.01%	3.62%	5.37%

KEY BOND RATES

	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.35%	4.34%	5.38%
10-Year Treasury	4.35%	4.36%	4.36%

REPORTS DUE THIS WEEK

	LATEST
Consumer Price Index (Y/Y)	2.4%
Core Consumer Price Index (Y/Y)	2.8%
Producer Price Index (Y/Y)	2.6%
Retail Sales (M/M)	-0.9%
U. of Mich. Consumer Sentiment	60.7

Total returns are as of 7/11/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

\$400 Million

Last Thursday, the U.S. Department of Defense announced a \$400 million investment in newly issued preferred stock from MP Materials (MP). The capital injection is aimed at expanding rare earth separation facilities at Mountain Pass, CA, and launching a new magnetics plant. The capital, which will convert to common equity, supports the Trump administration's efforts to secure a domestic supply chain for critical defense-grade magnets and reduce supply chain reliance on China.

81.58

The ICE BofA MOVE Index, a key gauge of U.S. interest rate volatility, fell to 81.58 last Thursday—its lowest level since February 2022. Lower values reflect calmer bond markets, while higher values signal turbulence. Just three months ago, the index spiked to an 18-month high of 140 during the brief window between "Liberation Day" on April 2 and the April 8 tariff pause. Over the last 10 years, it has ranged from 36.6 (Sept. 2020) to 198.7 (Mar. 2023), with an average of 80.2.

This publication was prepared by MainStreet Investment Advisors, LLC ("MainStreet Advisors"), an investment adviser registered with the SEC. Registration as an investment adviser does not imply any level of skill or training. Information and opinions herein are as of the publication date and are subject to change without notice based on market and other conditions. The week is calculated beginning with Monday's market open. The specific securities identified are shown for illustrative purposes only and should not be considered a recommendation by MainStreet Advisors. Index and sector statistics are unmanaged and a common measure of performance of their respective asset classes. Indexes are not available for direct investment. Any graph, data, or information is considered reliably sourced and for educational purposes only. Any suggestion of cause and effect or of the predictability of economic or investment cycles is unintentional. This Financial Market Update may contain forward-looking statements and/or candid statements and observations regarding investment strategies, asset allocation, individual securities, and economic and market conditions; however, there is no guarantee that the statements, opinions, or forecasts will prove to be correct. The material included herein was prepared or is distributed solely for information purposes; is not a solicitation or an offer to buy/sell any security or instrument, to participate in any trading strategy or to offer advisory services by MainStreet Advisors; is not intended to be used as a general guide to investing or as a source of any specific investment recommendations; makes no implied or express recommendations concerning the manner in which any client's account should or would be handled; and should not be relied on for accounting, tax or legal advice. There are risks involved with investing including possible loss of principal and the value of investments and the income derived from them can fluctuate. Investing for short periods may make losses more likely. Past performance is not indicative of future results, which may vary. Investors are urged to consult with their financial advisors before buying or selling any securities.