

7/28/2025

The Week Ahead



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THINGS TO WATCH

Apple: Pull-Forward Boost?

Apple (AAPL) reports fiscal 3Q25 results next Thursday, with Wall Street expecting about 4% year-over-year sales growth. The company might easily clear that bar amid reporting that consumers accelerated iPhone purchases this spring to avoid potential tariff-driven price hikes. A weaker U.S. dollar and shifting iPhone production from China to India and Vietnam may further support results. However, guidance for 4Q could be subdued due to potential demand pull-forward and the anticipated iPhone 17 launch late this year. Tariff-related costs are expected to total \$900 million in 3Q25, which could possibly double in 4Q if a 25%-30% tariff rate is assumed for Chinese imports.

Fed Indecision

On Wednesday afternoon, the Federal Open Market Committee (FOMC) is widely expected to leave its policy rate in a 4.25%-4.5% range for the fifth straight meeting. It would not be surprising to hear Fed Chair Jerome Powell say in his press conference that economic activity remains solid and thus waiting for several more months of inflation data before resuming rate cuts seems prudent.

Microsoft: Azure Growth and CapEx

Microsoft (MSFT) reports fiscal 4Q25 results Wednesday afternoon, with prior guidance suggesting 34%–35% annual growth in its core Azure cloud computing segment. Analysts expect AI-specific sales near \$4.5 billion, or 16% of Azure's total. The company is expected to provide its initial fiscal year 2026 forecasts and could discuss AI-driven productivity gains that have helped offset profit margin pressure related to rising data center infrastructure and computing costs. MSFT's forecasted capital outlays in fiscal year 2026 could approach \$100 billion, highlighting the scale of its infrastructure expansion.

US-China Talks in Sweden

U.S. Treasury Secretary Scott Bessent meets his Chinese counterparts in Stockholm this week for a third round of trade talks aimed at extending a tariff deadline and structuring a broad deal. The Trump administration's US-China tariff pause expires on August 12.

LAST WEEK'S ECONOMIC DATA

	LATEST	3MO PRIOR	CHANGE
Existing Home Sales (Millions Annualized)	3.93	4.02	▼
New Home Sales (Thousands Annualized)	627	660	▼
S&P Global U.S. Manufacturing PMI	49.5	50.2	▼
S&P Global U.S. Services PMI	55.2	50.8	▲

INDEX

	LEVEL	WEEK	YTD	12 MO
DJ Industrial Average	44901.92	1.28%	6.55%	14.41%
NASDAQ	21108.32	1.02%	9.73%	23.76%
S&P 500	6388.64	1.47%	9.41%	19.89%
MSCI EAFE	2714.59	2.70%	22.10%	19.34%
BB U.S. Aggregate	2263.38	0.35%	3.59%	4.40%

KEY BOND RATES

	WEEK	1MO AGO	1YR AGO
3-Month T-Bill	4.35%	4.29%	5.31%
10-Year Treasury	4.39%	4.29%	4.24%

REPORTS DUE THIS WEEK

	LATEST
JOLTS Job Openings (Millions)	7.77
Conf. Board Consumer Confidence	93.0
2Q25 GDP (Q/Q Annualized)	-0.5%
Non-Farm Payrolls (Thousands)	147
Unemployment Rate	4.1%

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

NUMBERS OF THE WEEK

109,000

The median estimate for net nonfarm payroll additions in June is 109,000 based on a Bloomberg survey of 70 professional forecasters. This would be a deceleration from gains of 147,000, 144,000, and 158,000 in the prior three months. We will be paying close attention to hiring trends in the local government, construction, and logistics sectors given concerns about the potential effects of a federal stimulus wind-down, a housing market malaise, and tariff-related supply chain kinks.

10.5%

The consensus forecast for Amazon's (AMZN) consolidated operating margin in the second quarter of 2025 is 10.5%, which would be a modest expansion from 9.9% in the same period a year ago. AMZN, which reports quarterly results this Thursday after the market closes, has been reducing corporate headcount in 2025 to help offset growing investments in warehouse automation and AI cloud computing capacity.

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