

# Capital Markets Snapshot

Courtesy of The Davis Financial Group

Week ending June 6, 2025

Markets showed resilience last week, with global equities rebounding strongly - driven by solid corporate earnings, easing trade tensions, and a better-than-expected U.S. jobs report. The labor market added 139,000 jobs in May, keeping the unemployment rate steady at 4.2%, which helped ease fears of a sharp economic slowdown. Despite downward revisions to prior months' job gains and a dip in labor force participation, wage growth continued to outpace inflation. The S&P 500 and other major indexes posted gains, with small-cap stocks outperforming large caps. Volatility declined and oil prices surged. However, uncertainty remains around trade negotiations, fiscal policy debates, and the Federal Reserve's next moves, with rate cuts not expected until September at the earliest. We are watching upcoming inflation data and Treasury auctions for further market direction.

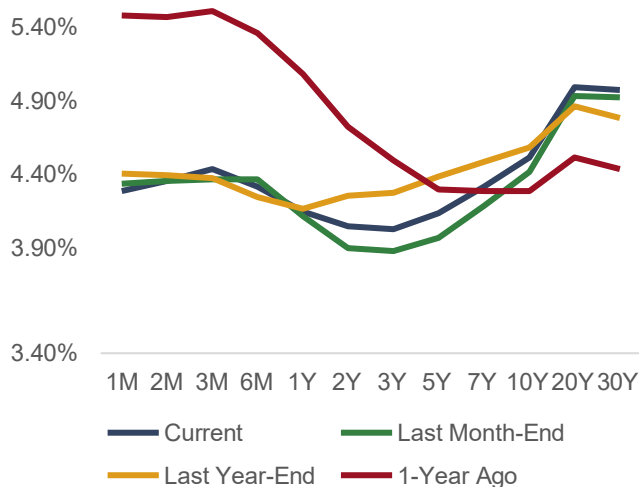
## Fixed Income Markets Overview

- Longer term yields rose last week. The 10-year yield ended the week just above 4.5% while the 30-year yield was just under 5%.
- Expectations for rate cuts from the Fed fell last week due to positive jobs reports. Bloomberg expectations for a 25-basis point cut at the July FOMC meeting fell from 28% to 16% and expected number of rate cuts in 2025 fell from 2.17 to 1.77.
- Mortgage rates fell slightly with the average 30Y rate ending the week at 6.85%. Rates remain below 7% for the 20th consecutive week. Lower rates should be a positive for homebuyers who also are seeing rising inventories and slowing price growth.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	-0.2%	2.1%	3.4%	1.4%
	Intermediate Govt/Credit	-0.4%	2.6%	2.9%	0.5%
Core Plus	International Aggregate	-0.1%	5.2%	1.3%	-1.4%
	US Aggregate	-0.4%	2.0%	1.7%	-0.9%
	US Treasury	-0.5%	2.0%	1.0%	-1.6%
	US TIPS	-0.8%	2.8%	0.7%	1.6%
	US Corporate	-0.2%	2.0%	3.0%	0.0%
	US Corporate High Yield	0.3%	3.0%	7.1%	5.2%
Other	Emerging Markets Aggregate	0.2%	3.2%	5.6%	1.5%
Muni	US Municipals	-0.1%	-1.0%	1.7%	0.5%
	US Municipals High Yield	-0.2%	-1.1%	3.1%	3.4%

Source: Bloomberg as of June 6, 2025

## U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of June 6, 2025

Interest Rates (%)				
Date	6/6/2025	5/30/2025	12/31/2024	6/6/2024
Federal Funds Rate	4.28%	4.33%	4.40%	5.48%
3 Month Treasury	4.43%	4.36%	4.37%	5.51%
6 Month Treasury	4.31%	4.36%	4.24%	5.36%
2 Year Treasury	4.04%	3.89%	4.25%	4.72%
5 Year Treasury	4.13%	3.96%	4.38%	4.29%
10 Year Treasury	4.51%	4.41%	4.58%	4.28%
30 Year Treasury	4.97%	4.92%	4.78%	4.43%
US Aggregate	4.81%	4.71%	4.91%	4.92%
US Corporate	5.29%	5.21%	5.33%	5.37%
US Corporate High Yield	7.43%	7.46%	7.49%	7.88%
US Municipal	4.05%	4.04%	3.74%	3.74%
US Municipal High Yield	5.87%	5.85%	5.52%	5.49%

Spreads Over 10-Year US Treasuries				
Date	6/6/2025	5/30/2025	12/31/2024	6/6/2024
30 Year Treasury	0.46%	0.51%	0.20%	0.15%
US Aggregate	0.30%	0.30%	0.33%	0.64%
US Corporate	0.78%	0.80%	0.75%	1.09%
US Corporate High Yield	2.92%	3.05%	2.91%	3.60%
US Municipal	-0.46%	-0.37%	-0.84%	-0.54%
US Municipal High Yield	1.36%	1.44%	0.94%	1.21%

Source: Bloomberg and U.S. Treasury as of June 6, 2025

## Equity Markets Overview

- All three major US equity indices rose between 1.2% to 2.2% as the market reacted to the better-than-expected jobs report. Nasdaq led the pack and after last week all three major indices are in positive territory for their YTD returns.
- Almost all sectors posted gains for the week ranging 0.3% to 3.2%. Consumer Staples, Utilities, and Consumer Discretionary were the only losers posting losses ranging from 0.6% to 1.6%. Telecommunications, Technology, and Energy posted the biggest gains of 3.2%, 3%, and 2.2%, respectively.
- Small caps outpaced their larger peers with all size segments posting gains ranging from 1.5% to 2.2%. From a style lens, growth outpaced value across all size segments caps, tied in mid-caps, and lagged in small caps.
- International stocks continue to deliver strong performance on a YTD basis, outpacing US equities. Despite weaker US performance, the MSCI ACWI, a proxy for global equities, posted a new all time high last week.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	1.6%	2.2%	14.4%	14.8%
Large-Cap	S&P 500	1.5%	2.6%	15.1%	15.2%
	S&P 500 Growth	1.8%	4.2%	18.2%	16.4%
	S&P 500 Value	1.2%	0.9%	10.9%	12.8%
Mid-Cap	S&P Midcap 400	1.7%	-1.6%	8.1%	11.5%
	S&P Midcap 400 Growth	2.0%	-0.9%	9.1%	10.0%
	S&P Midcap 400 Value	1.3%	-2.4%	7.1%	12.8%
Small-Cap	S&P Smallcap 600	2.2%	-6.2%	3.4%	9.6%
	S&P Smallcap 600 Growth	2.3%	-2.7%	5.4%	9.1%
	S&P Smallcap 600 Value	2.0%	-9.7%	1.3%	9.8%
Int'l.	MSCI ACWI ex-USA	1.2%	15.4%	9.8%	9.1%
	MSCI EM	2.3%	11.2%	6.1%	5.9%

Source: Bloomberg as of June 6, 2025

## Alternative Markets Overview

- Gold prices rose 0.9% last week but experienced a selloff Friday after a stronger-than-expected U.S. jobs report dampened hopes for imminent Federal Reserve rate cuts this year.
- Oil prices posted their first weekly gain in three weeks after a favorable U.S. jobs report and resumed trade talks between the U.S. and China, raising hopes for growth in the world's two largest economies.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	4.1%	1.5%	-4.3%	17.4%
Gold	0.9%	26.7%	22.0%	14.7%
FTSE All Equity NAREIT	0.3%	2.2%	1.3%	5.4%
Bitcoin	-0.3%	11.7%	49.1%	60.9%
Ethereum	-3.4%	-25.5%	10.3%	59.4%

Source: Bloomberg as of June 6, 2025



### Upcoming Week

- It is a lighter week for earnings reports as Q1 earnings season draws closer to its end. Earnings releases worth monitoring this week include GameStop, Oracle, and Adobe.
- It is another busy week of economic releases. We will be monitoring the CPI and PPI inflation releases as well as the University of Michigan Consumer Sentiment data.

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## Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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