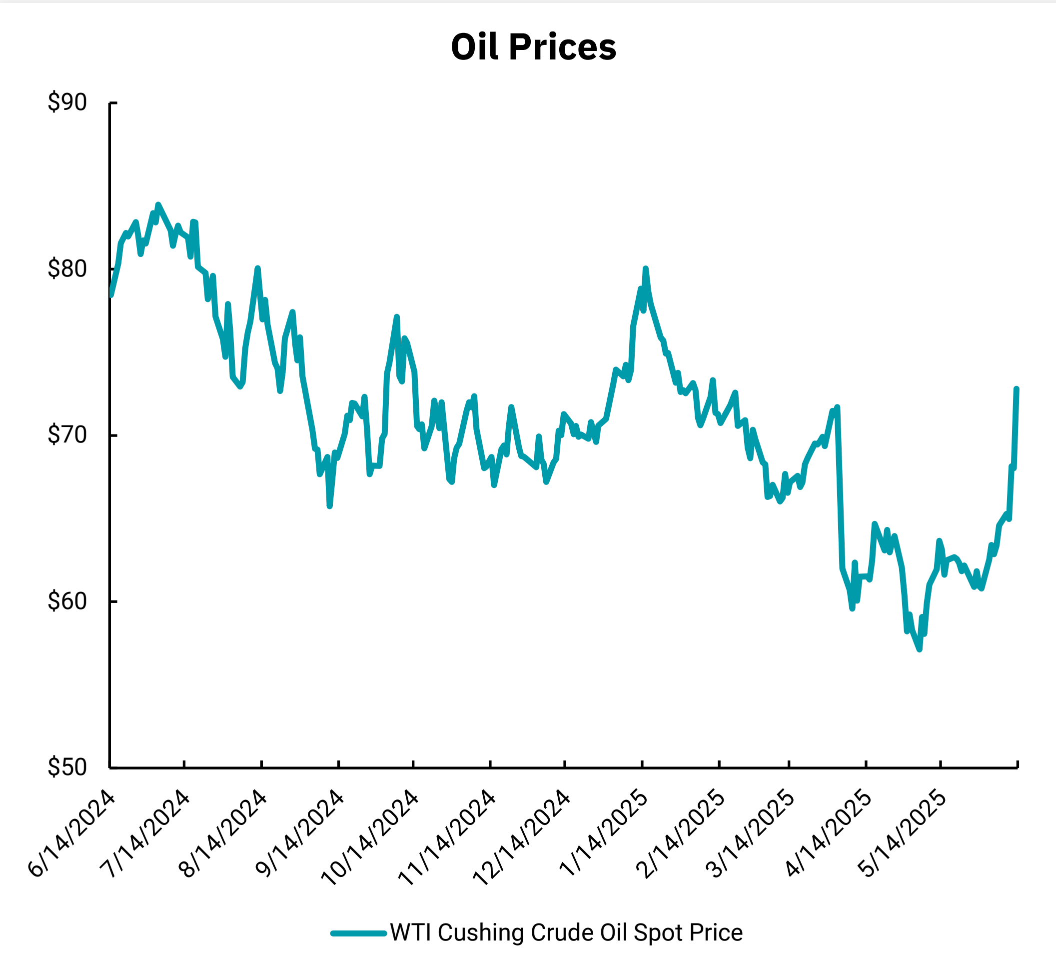
INVESTMENT MANAGEMENT

Weekly market update

Chart of the week (Jun. 13, 2025)



The positive sentiment after the recent better-than-expected readings on inflation took a hit overnight as news of Israeli airstrikes against Iranian nuclear facilities and military leadership became known. We will start by stating we hope for a quick resolution to this conflict within a region that seems to suffer from outsized geopolitical risks.

The initial response to the airstrikes has been for oil prices to move materially higher. Our chart shows a spike upward but also reveals that oil prices have been moving higher over the past couple of weeks. Some of that move could have been speculative as Middle Eastern tensions moved a bit higher, but oil prices had begun recovering from the year-to-date lows set in early May.

There are reasons to question the sustainability of this move higher in oil, while also acknowledging that any escalation or broadening of these latest actions might very well lead to even higher prices. Iran's daily oil output is about 3.6 million barrels. Of that, they export about 1.7 million barrels of oil. While not immaterial, this amount is not the difference between an under-supplied versus an over-supplied global oil market. OPEC+ had already agreed to increase production by another 400,000+ barrels per day before this latest event. Indeed, Saudi Arabia, with a daily production of close to 10 million barrels, and the rest of OPEC+ are estimated to have additional production capacity to make up for the loss of Iranian oil. So, just how long these higher prices stick will be driven more by global economic activity and demand than the recent events.

Meanwhile, the recent reports on inflation might portend a bit weaker U.S. consumer. Prices for highly tariff-sensitive items, such as furniture and appliances, were higher but were offset by lower airfares and hotel accommodations, as well as declines in new and used car prices. The consumer is still supported, for the most part, by a solid job market, but evidence of a slow-down there is visible. Add in reduced demand for travel and durable goods, and we can see a picture of an economy whose momentum is slowing. Higher oil prices, which will increase inflation measures and hit stressed consumers, will be a headwind if they stick for long.

It appears that the Federal Reserve is still of the mind that it should remain stable with monetary policy. The risk of higher inflation from tariffs remains, and increasing oil prices add to this perspective. However, ignoring other data that shows a stressed consumer and a weakening labor market is a risk as well. Let's hope Chair Powell and his colleagues at the Eccles Building remain alert to risks on both sides of their mandates.

Source: Bloomberg.

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BOK FINANCIAL

Commentary (Jun. 13, 2025)

Domestic Equities

- The S&P 500 posted gradual gains throughout the week, supported by easing tariff concerns and continued strength in corporate earnings. However, the index closed the week slightly lower following a volatile trading session on Friday.
- Aerospace and defense stocks experienced significant movement in the latter half of the week as two globally watched events unfolded. Shares of Boeing and one of its engine manufacturers, GE, dropped sharply following the crash of a Boeing 787 in India. In contrast, stocks of Lockheed Martin, General Dynamics and Northrop Grumman surged after Israel launched attacks on nuclear sites across Iran.
- Chime Financial made a strong debut on the Nasdaq, with its stock price surging nearly 40% from the IPO price, signaling investor interest in fintech companies. The successful launch reflects growing optimism in the IPO market, which had been sluggish in recent years.

Bonds

- U.S. Treasury yields were lower for the week on cooler CPI data for May and news that U.S. and China had reached a trade deal framework. However, the market gave back much of its gains on Friday, with yields spiking as commodities rallied following Israel's strike on Iran.
- Credit markets were mixed for the week, with higher quality and longer duration investment-grade corporates moving higher, while high-yield bonds were essentially flat. Across the high-yield market, CC & Below-rated credits were the worst performing area of the market, while BB-rated credits and the energy sector outperformed.
- Foreign bonds outperformed domestic bonds with U.S. dollar weakness driving returns for local currency-denominated foreign bonds.
- Japanese bond yields retreated off recent highs. Still, Bank of Japan officials indicated that they see prices rising a little stronger than they expected earlier in the year, which may open the door for further rate hikes should global trade tensions ease.

International Equities

- The World Bank lowered its forecast for global economic growth to 2.3% for 2025. They expect slower growth in nearly 60% of all developing economies, and the euro area and Japan are forecasted to grow by 0.7%.
- Developed markets moved higher on modest gains in Europe and Japan. In economic news, the U.K. economy contracted by 0.3% month-over-month in April, marking the most significant contraction since October 2023. The impact of the U.S. trade tariffs and higher business taxes dampened its economic momentum.
- Emerging markets rallied for the second straight week as Asian markets continued to climb. Chinese stocks appear to have found some firmer footing after the U.S. administration announced that both sides had agreed to a framework to restore an agreement made in Switzerland, which saw both sides lower tariffs, along with Beijing's promise to accelerate the export of rare earth metals and magnets.

Economics

- On Wednesday, the monthly Consumer Price Index (CPI) report showed a year-over-year increase of 2.4%, while core CPI, which excludes food and energy, rose 2.8%. With many tariffs now in place, the softer CPI report was a welcome surprise, raising hopes that the Federal Reserve may be able to lower interest rates later this year.
- On Thursday, jobless claims came in at 248,000, slightly above consensus estimates of 243,000 and the previous week's figure of 247,000. While claims have ticked up slightly in recent weeks, the labor market remains stable.
- The Federal Open Market Committee (FOMC) will hold its next meeting on June 17-18, where it will announce its decision on interest rates. In recent weeks, the Fed has emphasized its need for more data on the impact of tariffs, and it is widely expected to keep interest rates unchanged at the upcoming meeting.

Weekly Market Update

For Week Ending June 13, 2025

Markets

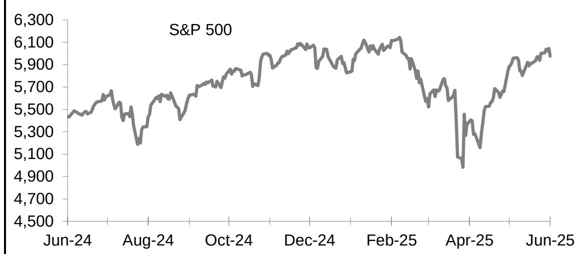
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	42,197.79	-1.3%	0.0%	11.1%
S&P 500 Index	5,976.97	-0.4%	2.2%	11.5%
NASDAQ Composite	19,406.83	-0.6%	0.8%	10.6%
S&P 400 Midcap Index	3,006.70	-1.4%	-3.0%	4.0%
S&P 600 Smallcap Index	1,294.07	-1.3%	-7.4%	1.8%
MSCI EAFE	9,606.12	0.6%	18.9%	14.3%
MSCI Emerging Markets	642.98	0.8%	12.0%	13.4%
Bloomberg US Agg	2,247.81	0.7%	2.7%	4.0%
Bloomberg Municipal 5 Yr	503.31	0.2%	1.8%	3.8%
Bloomberg US Corporate	3,378.19	0.7%	2.7%	4.5%
Bloomberg Glb Agg ex US Hdg	601.76	0.2%	1.5%	5.9%
Bloomberg High Yield	2,768.11	0.1%	3.2%	8.8%
MSCI US REIT Index	2,311.50	-0.5%	0.0%	9.9%
Bloomberg Commodity Index	259.40	2.0%	8.7%	7.3%

	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.50%	4.50%	4.50%	5.50%
3-Month Treasury	4.35%	4.34%	4.31%	5.38%
1-Year Treasury	4.06%	4.14%	4.14%	5.07%
2-Year Treasury	3.95%	4.04%	4.24%	4.70%
5-Year Treasury	4.00%	4.12%	4.38%	4.24%
7-Year Treasury	4.18%	4.31%	4.48%	4.24%
10-Year Treasury	4.40%	4.51%	4.57%	4.24%
30-Year Treasury	4.89%	4.97%	4.78%	4.40%
Consumer Rates				
30-Year Mortgage	6.87%	6.92%	7.28%	5.83%
Prime Rate	8.25%	8.25%	8.25%	9.25%
SOFR	4.28%	4.29%	4.49%	5.31%
Commodities				
Gold (spot)	3,432.34	3,310.42	2,624.50	2,304.21
Crude Oil WTI	72.98	64.58	71.72	78.62
Gasoline	3.13	3.13	3.06	3.46
Natural Gas	3.58	3.78	3.63	2.96
Copper	4.81	4.85	4.03	4.48

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	19.80	21.29	5.32	1.74
S&P 500	21.74	23.52	5.05	1.36
S&P 500 Value	18.15	19.11	3.34	2.10
S&P 500 Growth	27.14	30.43	9.65	0.68
NASDAQ	27.26	32.11	6.83	0.76
S&P Midcap 400	16.19	16.35	2.46	1.81
S&P Smallcap 600	15.50	15.95	1.78	2.63
MSCI EAFE	15.24	16.60	2.10	3.11
MSCI Emerging Markets	12.61	14.95	1.94	2.82

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	0.80	1.70	2.51
Mid	-1.33	-1.54	-1.74
Small	-1.79	-1.61	-1.43

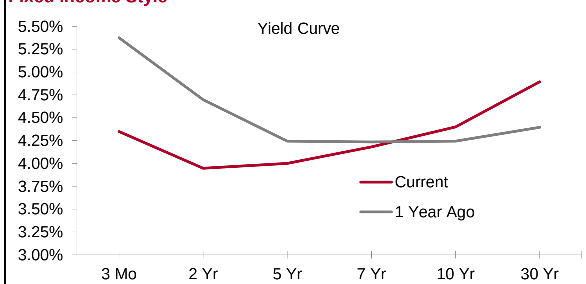
> 10% | 0% - 10% | <0%

Year to Date*

	Value	Core	Growth
Large	0.57	2.24	3.77
Mid	-2.92	-2.99	-3.06
Small	-10.32	-7.41	-4.51

*S&P Indices

Fixed Income Style



1 Month*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.44	0.66	0.94
Corp	0.57	1.00	2.05
HY	0.26	0.61	1.17

> 10% | 0% - 10% | <0%

Year to Date*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	2.26	2.99	0.91
Corp	2.50	3.26	1.55
HY	3.22	3.18	2.39

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.4%	3.3%
CPI Core Inflation	2.8%	3.4%
Personal Consumption Exp (PCE) Core	2.5%	2.9%
Jobs		
Unemployment Rate (U3)	4.2%	4.0%
Broader Unemployment Rate (U6)	7.8%	7.4%
JOLT Survey (in millions)	7.39	7.62
Jobless Claims (000's)	248	241
Change in Non-Farm Payroll (000's)	139	193
Average Hourly Earnings (Y/Y % Change)	3.9%	4.1%
Consumer & Spending		
Consumer Confidence (Conf Board)	98.0	101.3
Consumer Spending ($ Bil)	20,670	19,603
Consumer Credit ($ Bil)	5,010	5,053
Retail Sales ($ Bil)	724	689
Housing		
Housing Starts (000's)	1,361	1,385
Case-Shiller Home Price Index	327.68	316.99
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	23,528	23,054
Quarter over Quarter Change	-0.2%	1.6%
Year Over Year Change	2.1%	2.9%
ISM Manufacturing	48.50	48.50
Capacity Utilization	77.74	77.66
Markit US Composite PMI	53.00	54.50
U.S. General		
Leading Economic Indicators	99.4	103.5
Trade Weighted Dollar Index	121.5	122.7
EUR / USD	1.15	1.07
JPY / USD	144.07	157.03
CAD / USD	0.74	0.73
AUD / USD	0.65	0.66

S&P 500 Sector Returns

	1 Month	YTD
Industrials	0.98%	8.64%
Utilities	2.17%	8.33%
Communication Services	5.80%	6.08%
Consumer Staples	1.61%	5.70%
Materials	1.95%	4.76%
Energy	2.85%	3.92%
Financials	-2.17%	3.84%
Real Estate	1.94%	3.68%
Information Technology	2.84%	1.32%
Health Care	3.22%	-0.61%
Consumer Discretionary	-1.34%	-6.40%

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