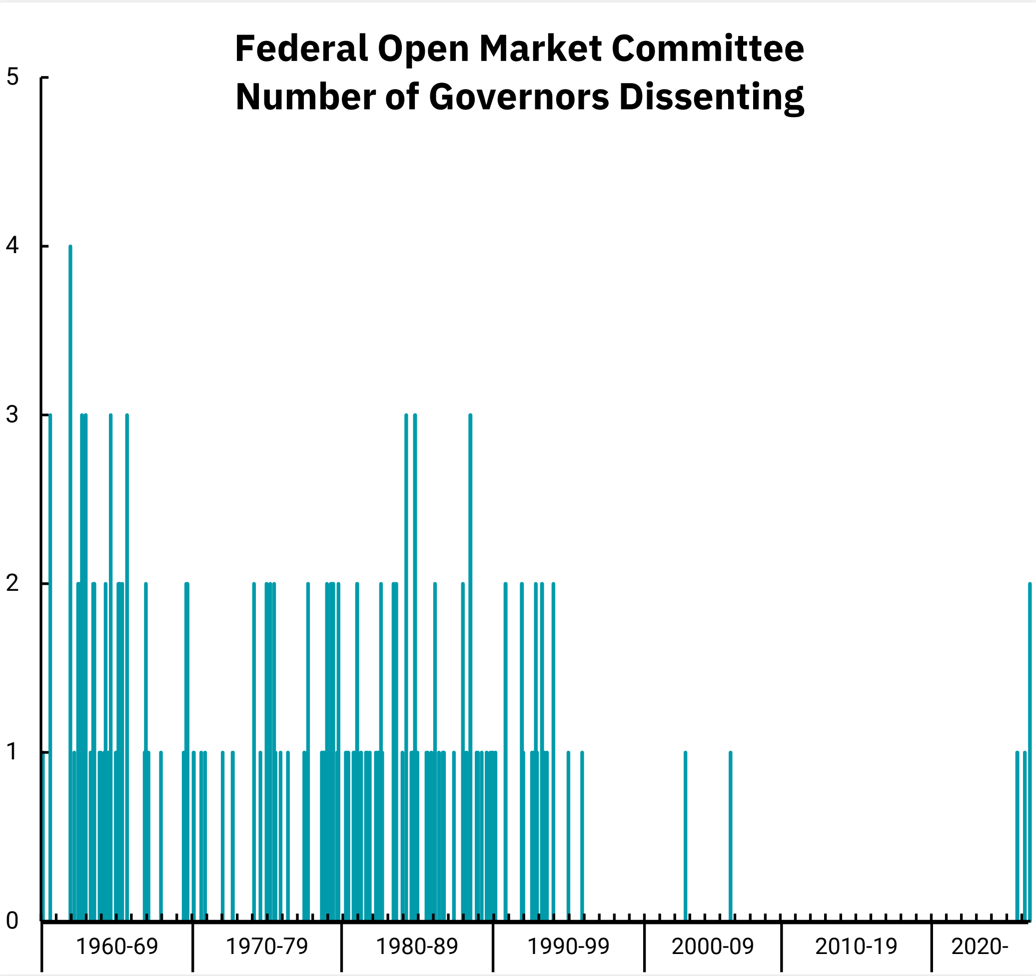
INVESTMENT MANAGEMENT

Weekly market update

Chart of the week (Aug. 1, 2025)



Source: Bloomberg, Federal Open Market Committee.

This week has been chock-full of events and data releases that have moved financial markets. Big tech earnings, a Federal Open Market Committee (FOMC) meeting on rates, lots of data on the job market and, of course, a helping of tariff announcements and Truth Social posts from the President.

For the most part, earnings for the second quarter of 2025 have been better than expected. While expectations were relatively low based upon fears of tariff-related impacts, companies in aggregate, and especially in the big tech area, have exceeded expectations for both revenues and earnings. After reporting better-than-expected earnings on Wednesday, Microsoft (MSFT) joined NVIDA (NVDA) in the $4-trillion market cap club. There have been some misses, Ford (F) comes to mind, but overall earnings are better, and revisions to future earnings are positive.

On the job front, the information we got from the Job Openings and Labor Turnover Survey (JOLTS), the ADP report on private employment and weekly jobless claims shows a continuing trend of a labor market where firings are not widespread but hiring has slowed. This set the stage for the real star of the economic data show this week, with the monthly report from the Department of Labor on Friday morning and those looking for drama were not disappointed.

While the headline numbers on job growth, wages and the overall unemployment rate were fine, the revisions to the previous two months of DOL reports were terrible. Total job growth for the previous two months was revised lower by 258,000 jobs—a number far higher than normal and high enough that it calls into question how confident we can be that this month's report was, in fact, fine. A similar downward revision next month could mean this month's job growth was actually negative. The response was for stocks to trade down and bond yields to decline as the odds of the Fed lowering rates at their next meeting in September soared higher.

That brings us to this week's chart. Post FOMC meeting commentary was practically breathless around the fact that we had two voting members of the FOMC dissent with their votes to keep rates stable. Members Bowman and Waller wanted to cut rates, as both have highlighted their feelings about the labor market weakening. Fed Chair Powell has noted potential price impacts from tariffs as a reason to stay stable while reflecting his thoughts on the labor market as 'firm.' Friday's release would seem to tip the scales in favor of the dissenting voters.

Longer term, we can see that dissents used to be more prevalent and numerous. What changed in the mid-90s when the Chair of the Fed was Alan Greenspan? In short, the Fed got more transparent and, along with that, dissents were viewed as lessening the impact of Fed policy decisions. This led to the "need" to have a more unified voice coming from the Fed. Is this better? I could host arguments on both sides, but for now, it might be that we see a few more dissents as the outlook on growth and inflation is in question and with it, what the Fed should be doing.

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BOK FINANCIAL

Commentary (Aug. 1, 2025)

Domestic Equities

- After a month marked by multiple all-time highs for both the S&P 500 Index and the Nasdaq Composite, equities pulled back sharply during the week. The Federal Reserve held interest rates steady, a weaker-than-expected labor report raised concerns about economic momentum and President Trump's revised tariff plan added pressure to markets.
- More than half of S&P 500 companies have now reported earnings. While the majority have exceeded expectations, many are cautioning that ongoing tariff uncertainty is clouding their business outlooks. Apple notably beat iPhone sales forecasts, as consumers accelerated purchases ahead of potential tariff-driven price hikes.
- In July, large-cap and growth stocks outperformed, led by the "Mag 7" and the broader technology sector. In contrast, the health care sector declined for the month, weighed down by shrinking profit margins and growing regulatory uncertainty.

Bonds

- U.S. Treasuries remained range-bound throughout the week, but yields dropped precipitously on Friday following the release of the July jobs report. Specifically, the yield curve bull steepened on weaker-than-expected payroll data for July and payrolls for the previous two months being revised lower by 258,000. The negative jobs data also sent Fed rate cut expectations higher, with Fed Fund Futures ending the week pricing in a +80% probability of a 0.25% cut by the FOMC in September.
- On Wednesday, the Federal Reserve announced that it was leaving policy rates unchanged at 4.25-4.50%, but two FOMC members dissented from this decision. In the post-meeting press conference, Chair Powell indicated that it's still too soon to tell whether the central bank will cut in September.
- In international markets, the central banks of Canada, Brazil and Japan announced that they were leaving policy rates unchanged. At the same time, the South Africa Reserve Bank cut its main policy rate by 0.25% to 7% due to lower inflation and global economic uncertainty.

International Equities

- Foreign stocks declined during the week as investors struggled to absorb the latest central bank decisions, fresh economic data and a relentless stream of tariff policy changes affecting countries worldwide.
- Developed markets declined, led by a downturn across European indices. The euro-area economy posted an unexpected 0.1% increase in gross domestic product (GDP) for the second quarter. The economies of Germany and Italy contracted slightly, while France and Spain reported modest growth. The broader outlook remains uncertain, clouded by ongoing volatility in U.S. tariff policy.
- Emerging markets faced headwinds, with losses seen across markets in Asia and Latin America. Taiwan's economy stood out, posting 7.96% year-over-year GDP growth in the second quarter, its fastest pace in four years. The surge was driven by $154 billion in exports last quarter, fueled by strong global demand for AI-related technologies and computer chips.

Economics

- On Wednesday, second-quarter GDP came in at 3%, exceeding consensus estimates of 2.5% and rebounding from the first quarter's decline of -0.5%. The sharp quarter-to-quarter swings can largely be attributed to fluctuations in trade activity. In the first quarter, tariff front-running led to a surge in imports, outpacing exports. In contrast, the second quarter saw a drop in imports, allowing exports to exceed imports.
- On Thursday, jobless claims totaled 218,000, better than expectations of 225,000, indicating that layoff activity remains relatively contained.
- While layoffs have been modest, job growth has also been sluggish. Friday's employment report showed that 73,000 jobs were added in July—below expectations of 100,000—causing the unemployment rate to edge up by 0.1% to 4.2%.

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Weekly Market Update

For Week Ending August 01, 2025

Markets

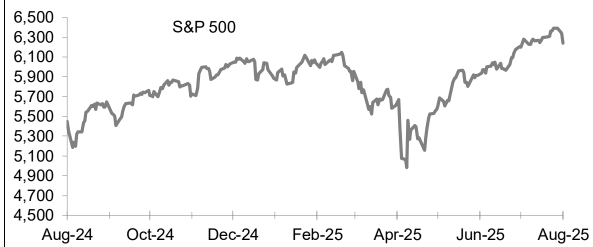
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	43,588.58	-2.9%	3.4%	9.9%
S&P 500 Index	6,238.01	-2.3%	6.8%	16.0%
NASDAQ Composite	20,650.13	-2.2%	7.3%	20.9%
S&P 400 Midcap Index	3,104.60	-3.5%	0.3%	3.9%
S&P 600 Smallcap Index	1,323.05	-3.9%	-5.2%	-3.7%
MSCI EAFE	9,482.05	-3.1%	17.3%	14.2%
MSCI Emerging Markets	665.17	-2.5%	15.9%	15.2%
Bloomberg US Agg	2,289.49	1.0%	4.6%	3.8%
Bloomberg Municipal 5 Yr	511.24	0.4%	3.4%	4.1%
Bloomberg US Corporate	3,451.69	0.8%	4.9%	4.9%
Bloomberg Glb Agg ex US Hdg	603.70	0.4%	1.8%	4.2%
Bloomberg High Yield	2,814.66	-0.2%	4.9%	8.5%
MSCI US REIT Index	2,264.66	-3.1%	-2.0%	-1.1%
Bloomberg Commodity Index	249.30	-2.7%	4.5%	10.1%

	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	4.27%	4.35%	4.31%	5.25%
1-Year Treasury	3.84%	4.09%	4.14%	4.62%
2-Year Treasury	3.68%	3.92%	4.24%	4.15%
5-Year Treasury	3.76%	3.96%	4.38%	3.83%
7-Year Treasury	3.96%	4.15%	4.48%	3.88%
10-Year Treasury	4.22%	4.39%	4.57%	3.98%
30-Year Treasury	4.82%	4.93%	4.78%	4.28%
Consumer Rates				
30-Year Mortgage	6.78%	6.79%	7.28%	5.83%
Prime Rate	8.25%	8.25%	8.25%	9.25%
SOFR	4.34%	4.36%	4.49%	5.35%
Commodities				
Gold (spot)	3,363.48	3,337.30	2,624.50	2,446.26
Crude Oil WTI	67.33	65.16	71.72	76.31
Gasoline	3.15	3.15	3.06	3.48
Natural Gas	3.08	3.11	3.63	1.97
Copper	4.44	5.76	4.03	4.08

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.00	21.90	5.49	1.72
S&P 500	21.83	24.42	5.27	1.31
S&P 500 Value	17.94	19.21	3.37	2.10
S&P 500 Growth	26.84	31.80	10.14	0.64
NASDAQ	27.64	33.89	7.28	0.77
S&P Midcap 400	16.24	16.84	2.54	1.74
S&P Smallcap 600	15.05	16.00	1.79	3.96
MSCI EAFE	15.07	16.39	2.06	3.12
MSCI Emerging Markets	12.76	15.26	1.97	2.76

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	-1.39	0.72	2.60
Mid	-2.45	-1.06	0.21
Small	-2.77	-2.21	-1.67

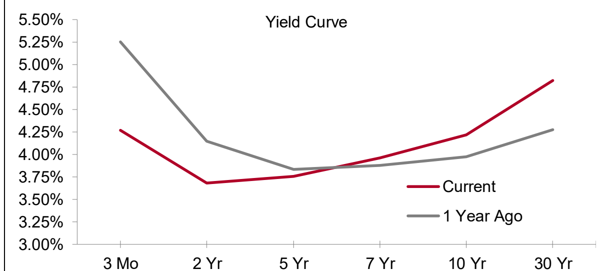
Year to Date*

	Value	Core	Growth
Large	2.87	6.85	10.49
Mid	-0.78	0.32	1.31
Small	-8.04	-5.16	-2.29

> 10% · 0% - 10% · <0%

*S&P Indices

Fixed Income Style



1 Month*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.52	0.64	0.26
Corp	0.58	0.80	0.40
HY	0.69	0.24	0.23

Year to Date*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	3.26	4.46	3.51
Corp	3.65	5.21	4.39
HY	4.92	4.89	5.50

> 10% · 0% - 10% · <0%

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.7%	3.0%
CPI Core Inflation	2.9%	3.3%
Personal Consumption Exp (PCE) Core	2.8%	2.6%
Jobs		
Unemployment Rate (U3)	4.2%	4.2%
Broader Unemployment Rate (U6)	7.9%	7.8%
JOLT Survey (in millions)	7.44	7.41
Jobless Claims (000's)	218	248
Change in Non-Farm Payroll (000's)	73	88
Average Hourly Earnings (Y/Y % Change)	3.9%	3.6%
Consumer & Spending		
Consumer Confidence (Conf Board)	97.2	101.9
Consumer Spending ($ Bil)	20,685	19,747
Consumer Credit ($ Bil)	5,048	5,027
Retail Sales ($ Bil)	720	693
Housing		
Housing Starts (000's)	1,321	1,327
Case-Shiller Home Price Index	331.11	323.82
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	23,685	23,224
Quarter over Quarter Change	3.0%	3.0%
Year Over Year Change	2.0%	3.0%
ISM Manufacturing	48.00	47.00
Capacity Utilization	77.64	78.20
Markit US Composite PMI	54.60	54.30
U.S. General		
Leading Economic Indicators	98.8	102.9
Trade Weighted Dollar Index	120.4	123.8
EUR / USD	1.16	1.08
JPY / USD	147.40	149.36
CAD / USD	0.73	0.72
AUD / USD	0.65	0.65

S&P 500 Sector Returns

	1 Month	YTD
Utilities	4.73%	14.97%
Industrials	1.21%	14.42%
Communication Services	1.95%	11.95%
Information Technology	4.18%	11.30%
Financials	-2.32%	7.27%
Materials	-3.43%	4.76%
Consumer Staples	-2.57%	4.45%
Real Estate	-0.93%	3.18%
Energy	0.33%	1.92%
Health Care	-4.04%	-3.77%
Consumer Discretionary	-1.22%	-4.87%

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