

June 2025

# DeMarche Dashboard

A Flash Report on Markets and the Economy



Data and Commentary for the Period Ended 06/30/2025

## Global Overview

June marked another strong month for global markets, driven by improving macroeconomic data and investor confidence across both developed and emerging economies. In the U.S., Growth outperformed value across the market cap spectrum, and bond markets rallied as softer inflation and a cooling labor market led investors to price in a possible Fed rate cut by September. Internationally, the ECB signaled an end to its rate-cutting cycle, while the euro's appreciation and rising German corporate bankruptcies raised concerns. In Asia, Japan held rates steady, and China signed a trade deal with the U.S. amid tariff shifts. In the news, geopolitical tensions spiked mid-month following Israeli strikes on Iran, briefly driving up oil prices before stabilizing as the ceasefire helped reduce volatility and re-anchor oil prices.

## U.S. Markets & Economy

U.S. equity markets extended their upward trend in June, building on May's gains as easing inflation, increased optimism around monetary policy, strong tech leadership, and resilient economic data all contributed to gains across major indices. The S&P 500 rose 5.1% for the month, with nine out of eleven sectors posting positive returns, underscoring the breadth of the rally. However, the Conference Board Consumer Confidence Index declined from 98.0 to 93.0 in June, reflecting growing consumer unease around inflation, tariffs, and future economic conditions despite strength in financial markets. In June, the ISM Manufacturing PMI edged up to 49.0 from 48.5 in May, marking a modest improvement, but still reflecting contraction in the manufacturing sector. Initial jobless claims hit a six-week high in early June but trended lower as the month progressed, ending at 233,000, down from 240,000 in May, suggesting a still-resilient but gradually cooling labor market. As June came to a close, investor focus began to shift towards Washington, where the Senate began voting on the "One Big Beautiful Bill," with a final decision expected in July. Growth outpaced value in June, with the Russell 1000 Growth index rising 6.4%, compared to a 3.4% gain for the Russell 1000 Value. Although the gap was narrower in small caps, the Russell 2000 Growth still outperformed, returning 5.9% versus 5.0% for the Russell 2000 Value. The annual Russell reconstitution began on June 27<sup>th</sup> and notably added mega-cap names like Amazon, Alphabet, and Meta into the Value index, providing a technical tailwind for value stocks. This shift reflects Russell's "banding" methodology, which allows for dual style inclusion when companies exhibit characteristics of both growth and value.

The Federal Reserve held rates steady for a seventh consecutive meeting, while acknowledging progress on inflation. Chair Powell noted that the data had shown encouraging signs but emphasized that the Fed needed greater confidence that inflation was sustainably moving toward its 2% target before adjusting the federal funds rate. Markets are now pricing in at least one rate cut by September amid softer inflation data and signs of a stable-to-weak labor market. As a result, bond indexes posted gains for the month, as Treasury yields broadly declined across the maturity spectrum. The Bloomberg U.S. Aggregate Index returned 1.5%, the Bloomberg U.S. Long Government/Credit Index returned 2.8%, and the Bank of America High Yield Index posted a return of 1.9%. Credit spreads narrowed across the corporate bond universe, with high yield spreads tightening from 331 to 296 basis points and investment grade spreads compressing from 91 to 86 basis points.

## International Markets & Economy

After eight rate cuts that lowered its key interest rate from 4% to 2%, the ECB chief economist said in June that the central bank's monetary intervention to bring inflation in check "is done." EU June inflation was 2%, down from the 10% peak caused by surging energy prices and global supply chain disruptions during the pandemic. The euro has appreciated 9.0% (trading at 1.1789 EUR/USD on June 30) against the dollar after Liberation Day, casting clouds over

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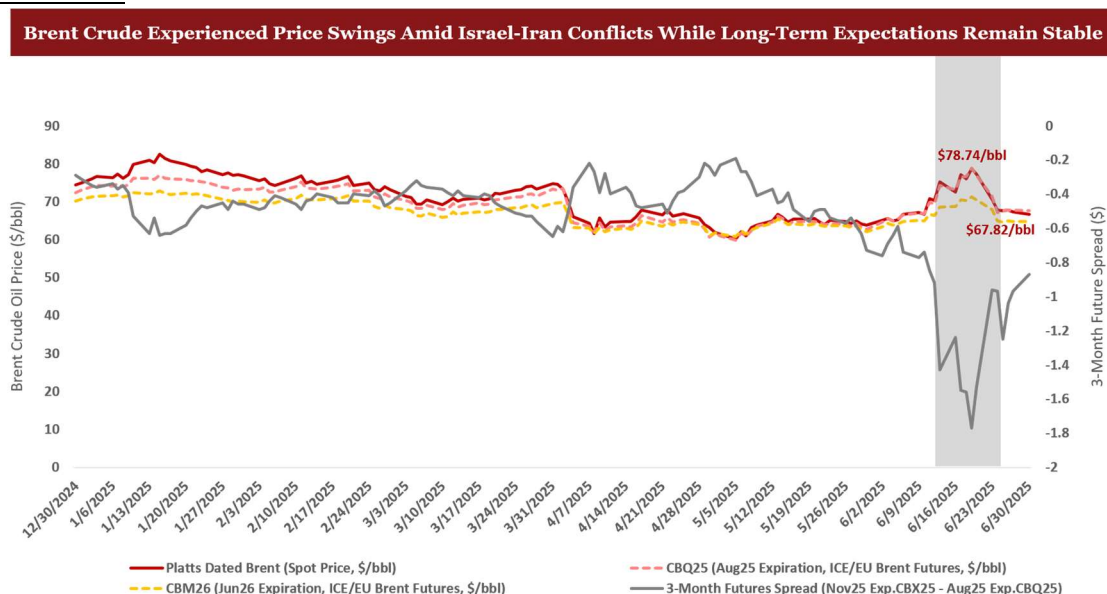
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EU exporters on top of tariffs. The ECB said it could ignore the euro's rise up to \$1.20 but not higher. A total of 11,900 German corporate bankruptcies were registered in the first half of 2025, the highest level in a decade, as firms struggled with weak demand, rising costs, and uncertainty. Germany's Manufacturing PMI rose to 49 in June from 48.3 in May, the highest since August 2022, while France's fell to 48.1 from 49.8. Japan's core consumer prices rose 3.7% in May, up from 3.5% in April, marking the fastest increase in two years. While still waiting for trade talks to unfold, the Bank of Japan held its policy rate steady at 0.5%, aiming to create a cycle of wage and price growth, though momentum may be hurt if higher tariffs erode corporate profits. China and the U.S. signed a trade deal in late June: U.S. exporters face 10% tariffs to China, while Chinese exporters face 55%, including a 10% universal tariff, a 20% fentanyl tariff, and 25% levies from Trump's first term. China agreed to ease export controls on magnets and rare earths, while the U.S. will lift restrictions on high-tech exports and student visas. The U.S. trade deal with Vietnam set a 20% tariff on Vietnamese exports and 40% on any transshipped goods. Thanks to the weaker U.S. dollar, easing geopolitical concerns, and strong emerging market fundamentals, the MSCI EAFE Index returned 2.2%, and the MSCI Emerging Markets Index returned 6.0% during the month.

## In the News

On Friday, June 13, Israel launched an unprecedented attack on Iran's nuclear facilities, missile factories, and military commanders. Tehran retaliated with ballistic missiles and drones targeting multiple Israeli cities, prompting Israel to strike key Iranian oil and gas infrastructure, including the Shahrn fuel depot, Shahr Rey oil refinery, and part of the South Pars gas field. Brent crude futures surged over 4% that evening, trading above \$77 per barrel, following an 8% spike earlier on Friday, marking one of the sharpest two-day increases in recent years. In March, President Trump had pushed for renewed nuclear talks with Iran, aiming to prevent weapons development while easing sanctions. Though initially staying out of the conflict, Trump ordered strikes on three Iranian nuclear sites on Sunday, June 22. Iran responded by bombing a U.S. airbase in Qatar, after tipping off the U.S. in advance. The U.S. strike was seen as instrumental in securing a ceasefire on June 24. The Brent crude benchmark hovered near a five-month high amid escalating tensions. On June 22, Iran's parliament passed a non-binding resolution urging closure of the Strait of Hormuz, which handles 20% of global petroleum liquids, pushing Brent crude up to \$79.12 from \$77.20. ECB President Christine Lagarde warned the disruption could cause broader secondary effects. Following the ceasefire, crude markets saw a sharp four-day selloff through June 26, erasing most of mid-June's gains as traders refocused on supply and demand fundamentals.

## Chart of the Month



Source: Barchart.com

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## Capital Markets Overview

		TRAILING			ANNUALIZED			
		1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Broad Market	MSCI World NR USD	4.32	11.47	9.47	16.26	18.31	14.55	10.66
	Bloomberg US Agg Bond TR USD	1.54	1.21	4.02	6.08	2.55	(0.73)	1.76
	Russell 3000 TR USD	5.08	10.99	5.75	15.30	19.08	15.96	12.96
	DJ Industrial Average TR USD	4.47	5.46	4.55	14.72	14.99	13.52	12.06
	NASDAQ Composite PR USD	6.57	17.75	5.48	14.87	22.69	15.16	15.11
	MSCI EAFE NR USD	2.20	11.78	19.45	17.73	15.97	11.16	6.51
	FTSE Treasury Bill 3 Mon USD	0.36	1.09	2.21	4.88	4.75	2.88	2.01
	Bloomberg Commodity TR USD	2.41	(3.08)	5.53	5.77	0.13	12.68	1.99
Domestic Equities	S&P 500 TR USD	5.09	10.94	6.20	15.16	19.71	16.64	13.65
	S&P MidCap 400 TR	3.58	6.71	0.20	7.53	12.83	13.44	9.25
	S&P SmallCap 600 TR USD	4.04	4.90	(4.46)	4.60	7.65	11.68	8.02
	Russell 1000 TR USD	5.06	11.11	6.12	15.66	19.59	16.30	13.35
	Russell 1000 Growth TR USD	6.38	17.84	6.09	17.22	25.76	18.15	17.01
	Russell 1000 Value TR USD	3.42	3.79	6.00	13.70	12.76	13.93	9.19
	Russell Mid Cap TR USD	3.73	8.53	4.84	15.21	14.33	13.11	9.89
	Russell Mid Cap Growth TR USD	4.36	18.20	9.79	26.49	21.46	12.65	12.13
	Russell Mid Cap Value TR USD	3.51	5.35	3.12	11.53	11.34	13.71	8.39
	Russell 2000 TR USD	5.44	8.50	(1.79)	7.68	10.00	10.04	7.12
	Russell 2000 Growth TR USD	5.89	11.97	(0.48)	9.73	12.38	7.42	7.14
	Russell 2000 Value TR USD	4.95	4.97	(3.16)	5.54	7.45	12.47	6.72
International Equities	MSCI ACWI Ex USA NR USD	3.39	12.03	17.90	17.72	13.99	10.13	6.12
	MSCI EAFE NR USD	2.20	11.78	19.45	17.73	15.97	11.16	6.51
	MSCI EAFE Growth NR USD	2.66	13.54	15.96	11.39	13.57	7.90	6.70
	MSCI EAFE Value NR USD	1.74	10.11	22.84	24.24	18.38	14.29	6.05
	MSCI Japan NR USD	1.71	11.36	11.73	13.88	15.03	8.76	6.07
	MSCI AC Asia Ex Japan NR USD	6.06	12.46	14.50	16.81	9.24	6.42	5.41
	MSCI Europe NR USD	2.06	11.38	23.05	18.38	17.21	12.38	6.78
	MSCI United Kingdom NR USD	1.41	8.72	19.26	19.96	15.17	14.00	5.45
	MSCI EAFE Small Cap NR USD	4.35	16.59	20.89	22.46	13.30	9.28	6.51
	MSCI EM NR USD	6.01	11.99	15.27	15.29	9.70	6.81	4.81
Fixed Income	Bloomberg US Govt/Credit TR USD	1.47	1.22	3.95	5.89	2.61	(0.83)	1.92
	Bloomberg US Govt/Credit Interm TR USD	1.07	1.67	4.13	6.74	3.57	0.64	2.04
	Bloomberg US Govt/Credit Long TR USD	2.76	(0.18)	3.38	3.32	(0.31)	(4.93)	1.79
	ICE BofA US High Yield TR USD	1.86	3.57	4.55	10.24	9.85	6.01	5.29
	Credit Suisse HY USD	1.80	3.61	4.33	9.57	9.71	6.08	5.17
	Morningstar LSTA US LL TR USD	0.80	2.32	2.81	7.29	9.69	7.45	5.15
	FTSE WGBI NonUSD USD	2.29	7.37	9.87	10.87	1.83	(3.21)	0.00
	Bloomberg Gbl Agg Ex USD TR USD	2.19	7.29	10.01	11.21	2.74	(1.63)	0.61
REITs	FTSE Nareit All REITs TR	0.09	(1.12)	1.71	8.51	3.17	6.54	6.33
	Wilshire US REIT TR USD	(0.57)	(1.24)	(0.24)	9.13	5.71	8.67	6.30

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

Source: Morningstar

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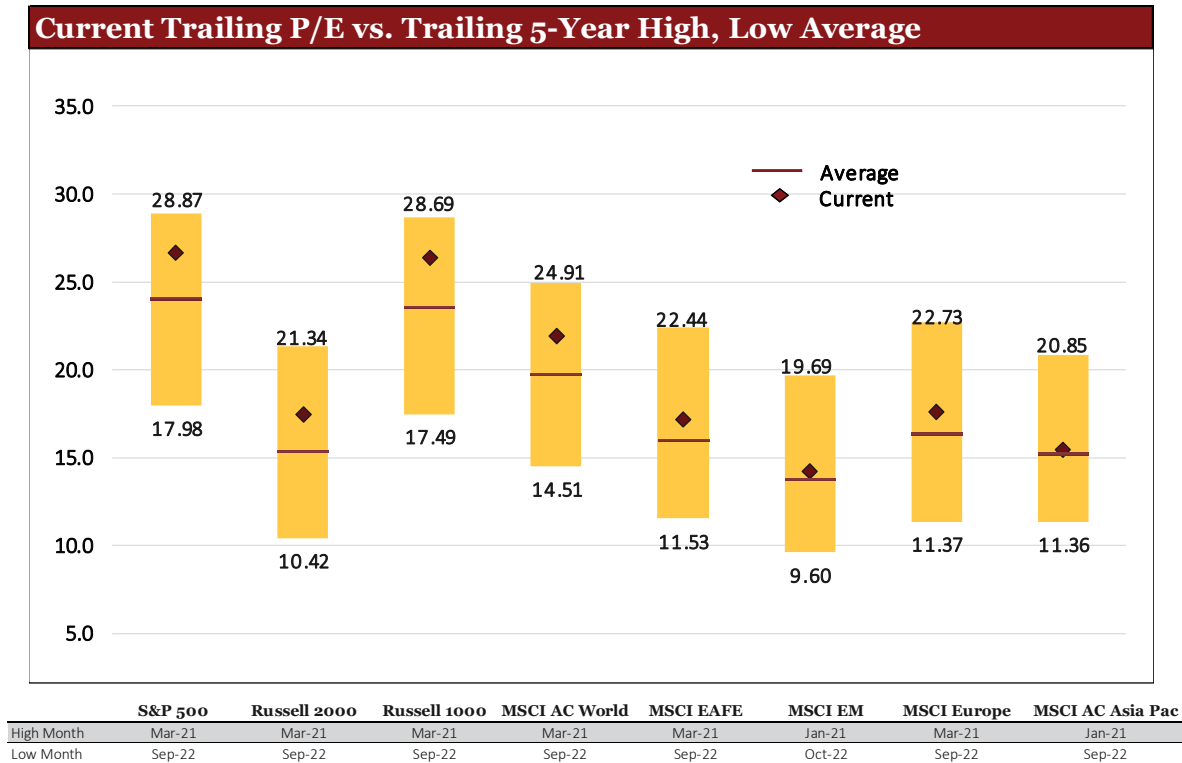
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Source: Morningstar



Source: Morningstar; Data as of 06/30/2025

## Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates <sup>3</sup>		Inflation <sup>2</sup>
	Latest <sup>1</sup>	2025 <sup>1</sup>	2026 <sup>1</sup>	(Most recently available)	Sovereign Bonds, 10 Year	per US \$		(Most recently available)
						Current	1 Year Ago	
<b>United States</b>	-0.50	1.60	1.50	4.10	4.26	-	-	2.40
<b>China</b>	1.20	4.70	4.30	5.00	1.65	7.16	7.27	-0.10
<b>Japan</b>	0.00	0.70	0.40	2.50	1.44	144.17	160.88	3.50
<b>United Kingdom</b>	0.70	1.30	1.00	4.60	4.48	1.37	1.26	3.40
<b>Euro Area</b>	0.60	1.30	1.50	6.30	3.11	1.18	1.07	2.00
<b>Germany</b>	0.40	0.40	1.20	6.30	2.58	1.18	1.07	2.00
<b>France</b>	0.10	0.60	0.90	7.40	3.26	1.18	1.07	0.90
<b>Italy</b>	0.30	0.60	0.70	6.50	3.48	1.18	1.07	1.70
<b>Canada</b>	0.50	1.00	1.10	7.00	3.30	1.36	1.37	1.70
<b>India</b>	2.00	6.30	6.40	7.90	6.39	85.88	83.46	2.82
<b>Mexico</b>	0.20	0.40	1.10	2.70	9.14	18.83	18.26	4.42
<b>Brazil</b>	1.40	2.10	1.60	6.20	13.86	5.43	5.56	5.32

Sources: (Most recently available data) St. Louis Federal Reserve, The Wall Street Journal, OECD, Trading Economics

1. Latest GDP is seasonally adjusted annualized rate. 2025 & 2026 is forecasted data from OECD

2. In terms of Core CPI

3. Euro Area and U.K. exchange rates quoted in market standard format (USD/Non-USD currency)

4. Germany, France, and Italy currency exchange rates are taken at the Euro Area exchange rates

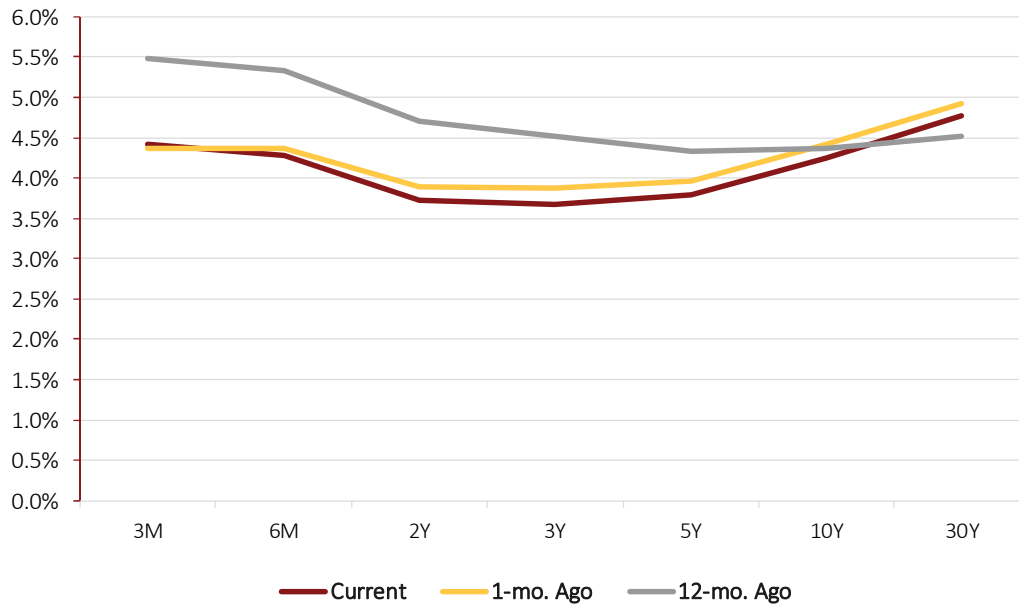
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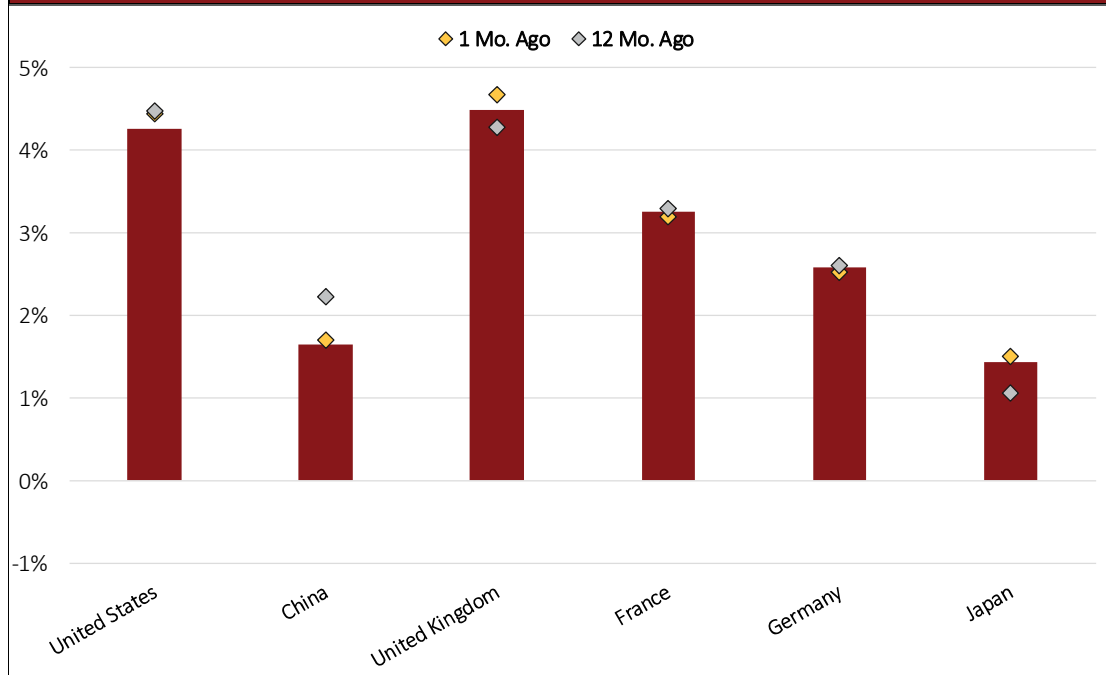
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## U.S. Treasury Yield Curves



Source: Federal Reserve Bank; Data as of 06/30/2025

## 10-Year Sovereign Yields



Source: Trading Economics; Data as of 06/30/2025

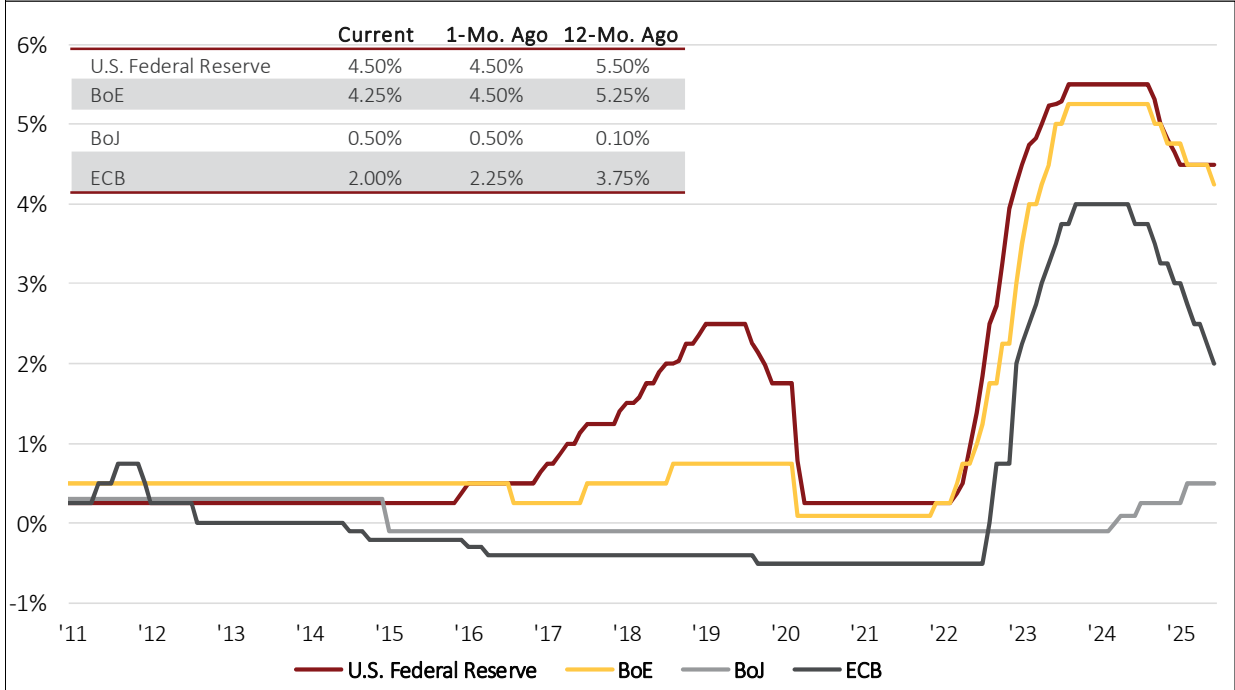
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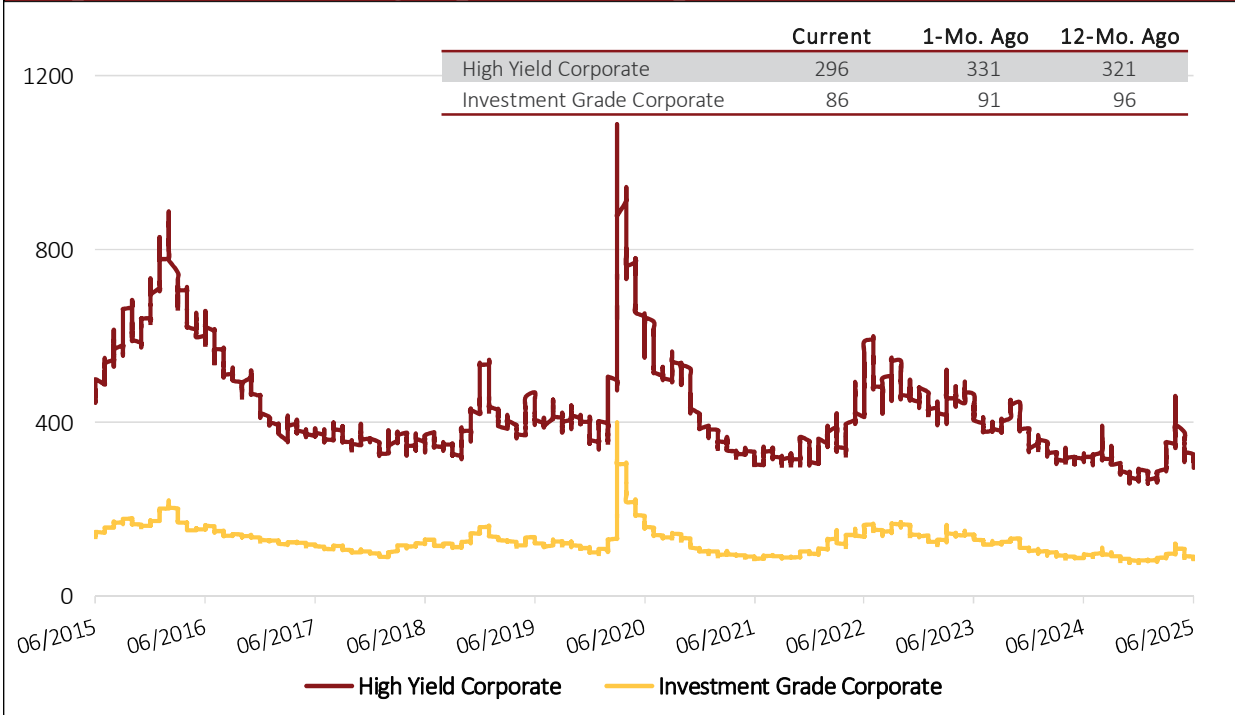
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## Central Bank Policy Rates



Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics; Data as of 06/01/2025

## Corporate Bond Average Spread (basis points)



Source: Federal Reserve Bank, Bank of America; Data as of 06/30/2025