Sage Advisors

# Capital Market Snapshot

## Courtesy of Sage Advisors

## Week ending August 1, 2025

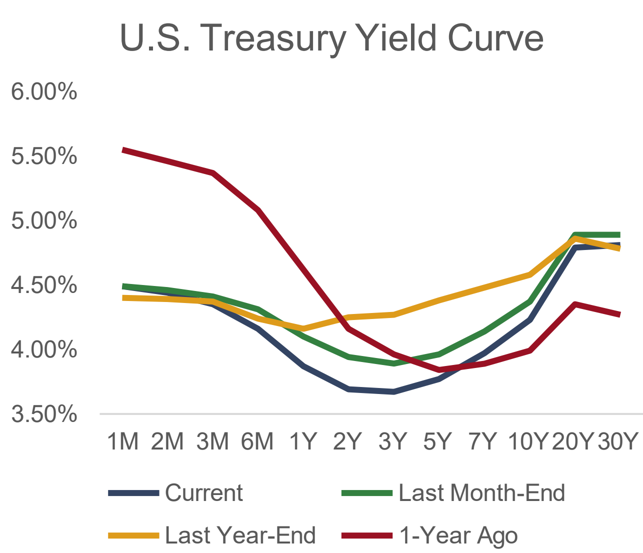
U.S. equity markets reversed sharply from record highs, with the S&P 500 and Nasdaq posting weekly losses of 2% to 3% amid rising volatility and macro uncertainty. A weaker-than-expected July jobs report, coupled with significant downward revisions to prior months, signaled a softening labor market and triggered a drop in Treasury yields. The Federal Reserve held rates steady but acknowledged growing risks, with markets now pricing in a high probability of a rate cut in September. Tariff negotiations intensified, with mixed outcomes across trading partners and a notable increase in average U.S. tariff rates, raising concerns about inflation and consumption. Despite macro headwinds, earnings season remained strong, with analysts upgrading Q2 S&P 500 EPS growth forecasts to over 10%. Technical indicators turned bearish, and market breadth narrowed, suggesting a potential near-term pullback following a strong multi-month rally.

## Fixed Income Markets Overview

- Treasury yields fell sharply across the curve, led by the 2-year note, which dropped ~18 basis points, reflecting increased expectations for Fed rate cuts following weak labor data.
- The 10-year yield declined ~14 basis points, while the 30-year yield eased ~6 basis points, signaling a bull steepening of the curve amid growth concerns.
- Market-implied probabilities for a September Fed rate cut surged to 84%, up from 39% the day before the jobs report, as investors priced in a more dovish policy path.
- The core PCE inflation reading came in slightly above expectations, but not enough to offset the bond market's reaction to deteriorating employment trends.

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|---|---|---|---|---|---|
| Short | 1-3 Year Govt/Credit | 0.4% | 3.4% | 3.7% | 1.6% |
| Core Plus | Intermediate Govt/Credit | 0.7% | 4.7% | 3.2% | 0.6% |
| | International Aggregate | 0.0% | 6.4% | 1.5% | -1.9% |
| | US Aggregate | 1.0% | 4.6% | 1.7% | -0.9% |
| | US Treasury | 1.0% | 4.3% | 1.0% | -1.7% |
| | US TIPS | 0.6% | 5.4% | 1.1% | 1.3% |
| | US Corporate | 0.8% | 4.9% | 3.3% | -0.4% |
| | US Corporate High Yield | -0.2% | 4.9% | 7.8% | 5.1% |
| Other | Emerging Markets Aggregate | 0.6% | 6.1% | 7.1% | 1.3% |
| Muni | US Municipals | 0.8% | -0.2% | 1.6% | 0.2% |
| | US Municipals High Yield | 0.9% | -1.4% | 2.7% | 2.4% |

Source: Bloomberg as of August 1, 2025




Source: Bloomberg and U.S Treasury as of August 1, 2025

**Interest Rates (%)**

| Date | 8/1/2025 | 7/31/2025 | 12/31/2024 | 8/1/2024 |
|---|---|---|---|---|
| Federal Funds Rate | 4.49% | 4.49% | 4.40% | 5.55% |
| 3 Month Treasury | 4.35% | 4.41% | 4.37% | 5.37% |
| 6 Month Treasury | 4.16% | 4.31% | 4.24% | 5.08% |
| 2 Year Treasury | 3.69% | 3.94% | 4.25% | 4.16% |
| 5 Year Treasury | 3.77% | 3.96% | 4.38% | 3.84% |
| 10 Year Treasury | 4.23% | 4.37% | 4.58% | 3.99% |
| 30 Year Treasury | 4.81% | 4.89% | 4.78% | 4.27% |
| US Aggregate | 4.48% | 4.64% | 4.91% | 4.56% |
| US Corporate | 4.94% | 5.07% | 5.33% | 5.09% |
| US Corporate High Yield | 7.11% | 7.08% | 7.49% | 7.61% |
| US Municipal | 3.93% | 3.98% | 3.74% | 3.53% |
| US Municipal High Yield | 5.86% | 5.91% | 5.52% | 5.33% |

**Spreads Over 10-Year US Treasuries**

| Date | 8/1/2025 | 7/31/2025 | 12/31/2024 | 8/1/2024 |
|---|---|---|---|---|
| 30 Year Treasury | 0.58% | 0.52% | 0.20% | 0.28% |
| US Aggregate | 0.25% | 0.27% | 0.33% | 0.57% |
| US Corporate | 0.71% | 0.70% | 0.75% | 1.10% |
| US Corporate High Yield | 2.88% | 2.71% | 2.91% | 3.62% |
| US Municipal | -0.30% | -0.39% | -0.84% | -0.46% |
| US Municipal High Yield | 1.63% | 1.54% | 0.94% | 1.34% |

Source: Bloomberg and U.S. Treasury as of August 1, 2025

## Equity Markets Overview

- Equity volatility surged, as the VIX jumped nearly 37% for the week, reflecting investor unease following disappointing jobs data and heightened geopolitical tensions.
- Technical signals turned bearish, with the S&P 500 closing below its 20-day moving average for the first time since June, suggesting a potential near-term trend reversal.
- Earnings season remained a bright spot, with over 80% of reporting S&P 500 companies beating EPS estimates and analysts revising Q2 earnings growth expectations upward to 10.3%.
- Sector performance was mixed, with information technology continuing to lead, while tariff-sensitive sectors like consumer discretionary and industrials faced pressure.
- Market breadth narrowed, as fewer stocks within major indexes held above their 200-day moving averages, indicating weakening participation in the broader rally.

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|---|---|---|---|---|---|
| All-Cap | S&P 1500 | -2.4% | 6.2% | 15.8% | 15.2% |
| Large-Cap | S&P 500 | -2.3% | 6.9% | 16.6% | 15.5% |
| | S&P 500 Growth | -1.8% | 10.5% | 19.3% | 16.1% |
| | S&P 500 Value | -3.0% | 2.9% | 12.6% | 14.1% |
| Mid-Cap | S&P Midcap 400 | -3.5% | 0.3% | 9.1% | 12.5% |
| | S&P Midcap 400 Growth | -3.0% | 1.3% | 9.7% | 10.2% |
| | S&P Midcap 400 Value | -4.1% | -0.8% | 8.3% | 14.7% |
| Small-Cap | S&P Smallcap 600 | -3.9% | -5.2% | 4.0% | 10.6% |
| | S&P Smallcap 600 Growth | -3.1% | -2.3% | 5.1% | 9.2% |
| | S&P Smallcap 600 Value | -4.8% | -8.0% | 2.6% | 11.9% |
| Int'l. | MSCI ACWI ex-USA | -2.9% | 16.7% | 12.1% | 9.0% |
| | MSCI EM | -2.5% | 15.9% | 9.9% | 5.1% |

Source: Bloomberg as of August 1, 2025

## Alternative Markets Overview

- Oil prices rose slightly last week, despite falling around $2 a barrel on Friday. The late week sell off partially resulted from news of possible increase in production by OPEC and its allies along with a weaker-than-expected U.S. jobs report fueling worries about decreased demand.
- Gold prices fell 0.2% last week but rose just over 2% on Friday. The late week positive price action was fueled from weaker-than-expected U.S. payrolls data boosting Federal Reserve rate cut expectations and fresh tariff announcements spurring safe-haven demand.

| Name | 1W | YTD | 3Y (Ann.) | 5Y (Ann.) |
|---|---|---|---|---|
| S&P GSCI | 0.2% | 4.0% | 1.4% | 17.3% |
| Gold | 0.2% | 28.7% | 23.9% | 11.4% |
| FTSE All Equity NAREIT | -3.5% | 0.5% | 0.4% | 5.6% |
| Bitcoin | -3.0% | 21.2% | 70.2% | 57.2% |
| Ethereum | -3.5% | 5.4% | 29.5% | 59.2% |

Source: Bloomberg as of August 1, 2025

## Upcoming Week

- It is another week loaded with earnings releases as Q2 earnings season continues to chug along. Two notable releases this week include Palantir Technologies and Constellation Energy.
- It will be a lighter week of economic releases. Several releases can help us gauge if/how much tariffs have impacted the US economy. Keep an eye out for factory orders, US trade balance, and wholesale inventories. Other notable releases include weekly claims data and consumer credit data.

# Glossary and Disclosures

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Neither MML Investors Services, LLC, nor its representatives, can assist with digital asset purchases or sales or otherwise provide investment advice concerning digital assets, such as cryptocurrencies. Any information provided is educational in nature and should not be relied upon to make digital asset related decisions.

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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