

**August 2025**


## Market Data

World Stock Market Indices  
data as of 7/31/2025

	Change (6/30/2025)	%CHG
S&P 500		
<b>6,339.39</b>	<b>134.44</b>	<b>2.17%</b>
NASDAQ		
<b>21,122.45</b>	<b>752.72</b>	<b>3.70%</b>
DOW JONES		
<b>44,130.98</b>	<b>36.21</b>	<b>0.08%</b>
FTSE (UK)		
<b>9,132.81</b>	<b>371.85</b>	<b>4.24%</b>
DAX (Germany)		
<b>24,065.47</b>	<b>155.86</b>	<b>0.65%</b>
Hang Seng (Hong Kong)		
<b>24,773.33</b>	<b>701.05</b>	<b>2.91%</b>
Nikkei (Japan)		
<b>41,069.82</b>	<b>582.43</b>	<b>1.44%</b>

Source: Bloomberg. Please see descriptions of indices on Page 2.



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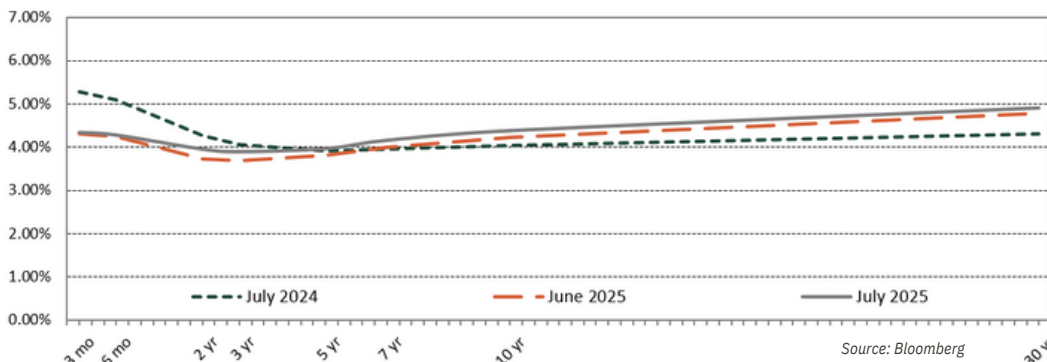
## Market Summary

July provided economic data that only left policy makers more divided on the direction of monetary policy. The US economy showed solid growth in the second quarter as the first estimate of Q2 GDP came in at 3.0%, inflation data was relatively benign, and retail sales showed gains. Yet, the labor market showed signs of slowing amid major downward revisions to recent payrolls reports, while concerns over the inflation impact from tariffs resurfaced following the latest Trump Administration trade policy announcement. Our view at Chandler remains unchanged as we continue to expect normalization of monetary policy consistent with data-driven rate cuts and a steepening yield curve.

The Federal Reserve held the benchmark federal funds rate steady at 4.25% to 4.50% at its July Federal Open Markets Committee (FOMC) meeting, as expected. Governors Christopher Waller and Michelle Bowman dissented, both favoring a rate cut, which marked the first time two governors voted against the committee since 1993. Chair Jerome Powell signaled the central bank would stick to a cautious, data-driven path, saying future moves will hinge on the trajectory of the economy and the impact from trade policy.

US Treasury yields rose, and the curve flattened in July. The 2-year Treasury yield jumped 24 basis points to 3.96%, the 5-year Treasury increased 18 basis points to 3.97%, and the 10-year Treasury yield rose 15 basis points to 4.38%. The spread between the 2-year and 10-year Treasury yield points on the curve narrowed to +42 basis points at July month-end versus +51 basis points at June month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -23 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was +4 basis points in July versus -7 basis points in June.

### U.S. Treasury Yields Jump in July on Tariff-Driven Inflation



Investors sent bond yields sharply higher in July, driven by rising inflation fears stemming from President Trump's latest tariff announcement—especially in consumer sectors such as coffee, home furnishings, and electronics—as well as concerns over burgeoning federal deficits. Coupled with resilient economic data and the Federal Reserve's decision to hold rates steady, the spike pushed yields upward, weighing on bond markets and signaling a more cautious approach ahead. On average, 2-year through 10-year US Treasuries finished the month of July higher by 19 basis points

TREASURY YIELDS	Trend (▲/▼)	7/31/25	6/30/25	Change
3-Month	▲	4.34	4.30	0.04
2-Year	▲	3.96	3.72	0.24
3-Year	▲	3.90	3.69	0.21
5-Year	▲	3.97	3.80	0.17
7-Year	▲	4.16	3.99	0.17
10-Year	▲	4.38	4.23	0.15
30-Year	▲	4.90	4.78	0.12

# BOND MARKET REVIEW

## Credit Spreads Were Tighter in July

Since 1988, Chandler Asset Management has specialized in providing fixed income investment solutions to risk-averse public agencies and institutions. Chandler's mission is to provide fully customizable client-centered portfolio management that preserves principal, mitigates risk, and generates income in our clients' portfolios.

CREDIT SPREADS	Spread to Treasuries	One Month Ago	Change
3-month top rated commercial paper	0.00	0.05	(0.05)
2-year A corporate note	0.33	0.42	(0.09)
5-year A corporate note	0.53	0.59	(0.07)
5-year Agency note	0.03	0.05	(0.02)

Source: Bloomberg

Data as of 7/31/2025

## Crude Oil Prices Increased in July

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(60.18) \$B JUN. 30	(71.66) \$B MAY. 31	(73.89) \$B JUN. 30
Gross Domestic Product	3.00% JUN. 30	(0.50%) MAR. 31	3.00% JUN. 30
Unemployment Rate	4.20% JUL. 31	4.10% JUN 30	4.20% JUL. 31
Prime Rate	7.50% JUL. 31	7.50% JUN 30	8.50% JUL. 31
Refinitiv/CoreCommodity CRB Index	299.78 JUL. 31	297.28 JUN 30	278.12 JUL. 31
Oil (West Texas Int.)	\$69.26 JUL. 31	\$65.11 JUN 30	\$77.91 JUL. 31
Consumer Price Index (y/o/y)	2.70% JUL. 31	2.70% JUN. 30	2.90% JUL. 31
Producer Price Index (y/o/y)	1.90% JUL. 31	1.90% JUN 30	1.80% JUL. 31
Euro/Dollar	1.14 JUL. 31	1.18 JUN 30	1.08 JUL. 31

Source: Bloomberg

## Economic Roundup

### Consumer Prices

In July, U.S. consumer inflation eased, with the Consumer Price Index up 0.2% from June and holding at 2.7% year-over-year. Core CPI edged up 0.3%, lifting its 12-month increase to 3.1%. Tariff-sensitive goods have not triggered notable price hikes yet; instead, services continue to lead inflation. Auto prices were flat for new vehicles and rose slightly for used cars, while medical-care services topped the monthly advance. Energy costs fell, thanks to a drop in gasoline, and food prices were largely unchanged. Overall, the data suggest inflation may be moderating—but persistent service-sector pressures could temper expectations for a near-term Fed rate cut.

### Retail Sales

Consumers continued to spend in July on vehicles and online but may have stepped away from dining out. Retail sales rose 0.5% month-over-month after a sizable upward revision of 0.9% in June. The main drivers were motor vehicle and parts dealers along with nonstore retailers, which mainly account for online store sales. The rise pushed retail sales up to 4.32% year-over-year. A notable caveat could be restaurant sales dropping into negative territory to -0.053% in July. Consumers may be shifting purchases away from discretionary items toward essential goods as their disposable personal incomes have been recently slowing.

### Labor Market

US hiring cooled in July, with employers adding 73,000 jobs and prior months' gains revised sharply lower. Meanwhile, the unemployment rate edged up to 4.2% as fewer Americans sought work. The Nonfarm Payroll Report came in lower than expected in July with just 73,000 jobs created, while payroll figures for the prior two months were revised lower by a combined 258,000, pointing to a cooler labor market. The lower revisions were largely attributed to the state and local government education sector. Payroll growth averaged 35,000 over the past three months and 81,000 over six months. The unemployment rate ticked up to 4.2% from 4.1% in June as the labor force contracted, with participation slipping to 62.2%, still shy of its 63.3% pre-pandemic level. The broader U-6 underemployment rate climbed to 7.9% from 7.7%. Average hourly earnings rose 3.9% from a year earlier, up slightly from June's 3.8% pace.

### Housing Starts

US housing starts rose in July, boosted by multifamily construction that offset headwinds in the single-family market. Overall starts climbed 5.2% to an annualized rate of 1.4328 million units, while single-family activity eked out a modest gain as builders grappled with high costs, labor shortages and regulatory hurdles that continue to strain affordability. Currently, there are 3.7% fewer single-family homes under construction than a year ago, which marks the lowest level since early 2021 as home builders scale back supply.

#### World Stock Market Index Descriptions

S&P 500—The S&P 500 is a market value-weighted index of 500 large-capitalization stocks. The 500 companies included in the index capture approximately 80% of available US market capitalization. NASDAQ—The NASDAQ Composite Index is the market capitalization-weighted index of over 3,300 common stocks listed on the NASDAQ stock exchange. Dow Jones—The Dow Jones Industrial Average is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ. The Financial Times Stock Exchange Group (FTSE)—The FTSE is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization. DAX—The Deutscher Aktienindex (DAX) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. Hang Seng—The Hang Seng Index is a freefloat-adjusted market-capitalization-weighted stock market index in Hong Kong. It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of overall market performance in Hong Kong. Nikkei—Japan's Nikkei 225 Stock Average is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

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