

July 2025


Market Data

World Stock Market Indices
data as of 6/30/2025

	Change (5/30/2025)	%CHG
S&P 500		
6,204.95	293.26	4.96%
NASDAQ		
20,369.73	1,255.96	6.57%
DOW JONES		
44,094.77	1,824.70	4.32%
FTSE (UK)		
8,760.96	(11.42)	(0.13%)
DAX (Germany)		
23,909.61	(87.87)	(0.37%)
Hang Seng (Hong Kong)		
24,072.28	782.51	3.36%
Nikkei (Japan)		
40,487.39	2,522.29	6.64%

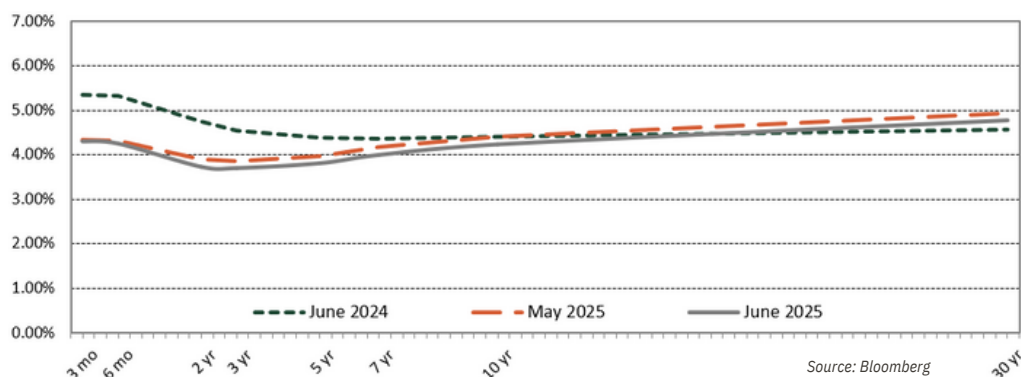
Source: Bloomberg. Please see descriptions of indices on Page 2.

Market Summary

A downward revision to first quarter GDP and Israel's bombing of Iran were among several unexpected variables that affected financial markets in June. Furthermore, recent economic data may suggest slower growth for the second half of 2025. After a brief pullback in May, when retail sales slipped into negative territory, U.S. consumers resumed spending in June, with sales posting a month-over-month gain. Initial Jobless Claims spiked, and the ISM Services and Manufacturing indexes fell into contracting territory. Yet, Inflation trends continued to subside, with some components remaining sticky, leaving core levels stubbornly above the Fed's target. The Chandler team continues to expect gradual normalization of monetary policy and a steepening yield curve.

June marked the fourth consecutive meeting the Federal Open Market Committee (FOMC) chose to leave the Federal Funds Rate unchanged at the range of 4.25 - 4.50%. Federal Reserve officials continue to pencil in two rate cuts in 2025. Although, a divergence of opinions is emerging among policy makers over the pace and magnitude of rate cuts in 2025. According to the Fed Minutes from the June meeting, 10 of 19 officials called for at least two rate cuts by year end, two projected one cut, while 7 opted for no cuts. The prevailing view among officials is that tariffs may lead to prolonged inflationary pressure with "considerable uncertainty" surrounding the magnitude of inflation that may result. The Chandler team's view continues to be for two rate cuts in the second half of 2025 with the timing to be sensitive to changing economic data.

THE FLIGHT TO SAFETY TRADE SENDS TREASURY YIELDS LOWER



US Treasury yields declined in June. The 2-year Treasury yield fell 18 basis points to 3.72%, the 5-year Treasury dropped 17 basis points to 3.80%, and the 10-year Treasury yield also declined 17 basis points to 4.23%. The spread between the 2-year and 10-year US Treasury notes edged up to +51 basis points at June month-end versus +50 basis points at May month-end while the spread between the 3-month and 10-year Treasury yield remained slightly inverted in June at -7 basis points. This time last year, the 2-year and 10-year Treasury yield spread was inverted by -36 basis points.

TREASURY YIELDS	Trend (▲/▼)	6/30/25	5/30/25	Change
3-Month	▼	4.30	4.34	-0.04
2-Year	▼	3.72	3.90	-0.18
3-Year	▼	3.69	3.86	-0.17
5-Year	▼	3.80	3.96	-0.16
7-Year	▼	3.99	4.17	-0.18
10-Year	▼	4.23	4.40	-0.17
30-Year	▼	4.78	4.93	-0.15

BOND MARKET REVIEW

Credit Spreads Were Tighter in June

CREDIT SPREADS	Spread to Treasuries	One Month Ago	Change
3-month top rated commercial paper	0.05	0.03	0.02
2-year A corporate note	0.42	0.40	0.02
5-year A corporate note	0.59	0.63	(0.04)
5-year Agency note	0.05	0.05	-

Source: Bloomberg

Data as of 6/30/2025

Crude Oil Prices Increased in June

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(71.52) \$B MAY. 31	(60.26) \$B APR. 30	(74.46) \$B MAY 31
Gross Domestic Product	(0.50%) MAR. 31	2.40% DEC. 31	1.60% MAR. 31
Unemployment Rate	4.10% JUN. 30	4.20% MAY 31	4.10% JUN. 30
Prime Rate	7.50% JUN. 30	7.50% MAY 30	8.50% JUN. 28
Refinitiv/CoreCommodity CRB Index	297.28 JUN. 30	290.43 MAY 30	290.47 JUN. 28
Oil (West Texas Int.)	\$65.11 JUN. 30	\$60.79 MAY 30	\$81.54 JUN. 28
Consumer Price Index (y/o/y)	2.70% JUN. 30	2.40% MAY 31	3.00% JUN. 30
Producer Price Index (y/o/y)	1.90% JUN. 30	1.30% MAY 31	1.70% JUN. 30
Euro/Dollar	1.18 JUN. 30	1.13 MAY 30	1.07 JUN. 28

Source: Bloomberg

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.

Economic Roundup

Consumer Prices

According to the Consumer Price Index (CPI), June resulted in a relatively benign increase in inflation. Consumer prices were up slightly in June from May on both the headline and core CPI basis, 0.3% and 0.2% respectively. On a year-over-year basis CPI increased 2.7%, while the core metric increased by 2.9%. Significant tariff driven inflation has yet to rear its head, as another month goes by where price increases were led by services components rather than tariff sensitive consumer goods prices. Notably, New and Used vehicle prices were down for the second consecutive month, while Medical Care Services led month-over-month price increases for June. Economists project Personal Consumption Expenditures (PCE) for June to remain elevated.

Retail Sales

Following May’s surprising contraction in Retail Sales, the pendulum swung back in June. Sales at retailers were better than consensus estimates across all metrics, rising 0.6% in June after falling -0.9% in May. The GDP component Control Group was up 0.5%, beating consensus estimates calling for a 0.3% rise. Motor Vehicles and Parts Dealers – the most heavily weighted component – led the rebound adding 0.23% after falling -0.74% in May. Retail Sales are not adjusted for inflation; however recent inflation data has indicated lower prices for new and used vehicles. Taken together with the sales beat, more sales volume points to continued consumer resilience.

Labor Market

The U.S. economy added 147,000 jobs in June, exceeding consensus expectations, and the last two months were revised up by 16,000. Gains were primarily driven by state and local government education, while job growth in service sectors has languished. The three-month moving average and six-month moving average payrolls totaled 150,000 and 130,000 respectively. The unemployment rate declined to 4.1% in June from 4.2% in May, due to a shrinking labor force. The labor force participation rate dipped to 62.3%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons, dropped to 7.7% in June. Average hourly earnings fell slightly, marking a 3.7% year-over-year increase.

Housing Starts

Housing Starts increased 4.6% from the prior month, which followed the trend of other economic data for June, reversing the negative print in May. The increase was led by a surge in multifamily home starts, but it is worth noting that single family home starts dropped -4.6% month-over-month if the highly volatile multifamily starts are stripped out. Homebuilder confidence remains shaky due to elevated mortgage rates, affordability constraints, and a weakening economic outlook. The Freddie Mac 30-year fixed rate mortgage averaged approximately 6.8% in June. The most recent Case-Shiller 20-City Home Price Index shows housing prices rose 3.4% year-over-year in April, compared to 4.1% in March. Limited inventory, elevated mortgage rates, and lack of affordability continue to weigh on the housing market.

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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