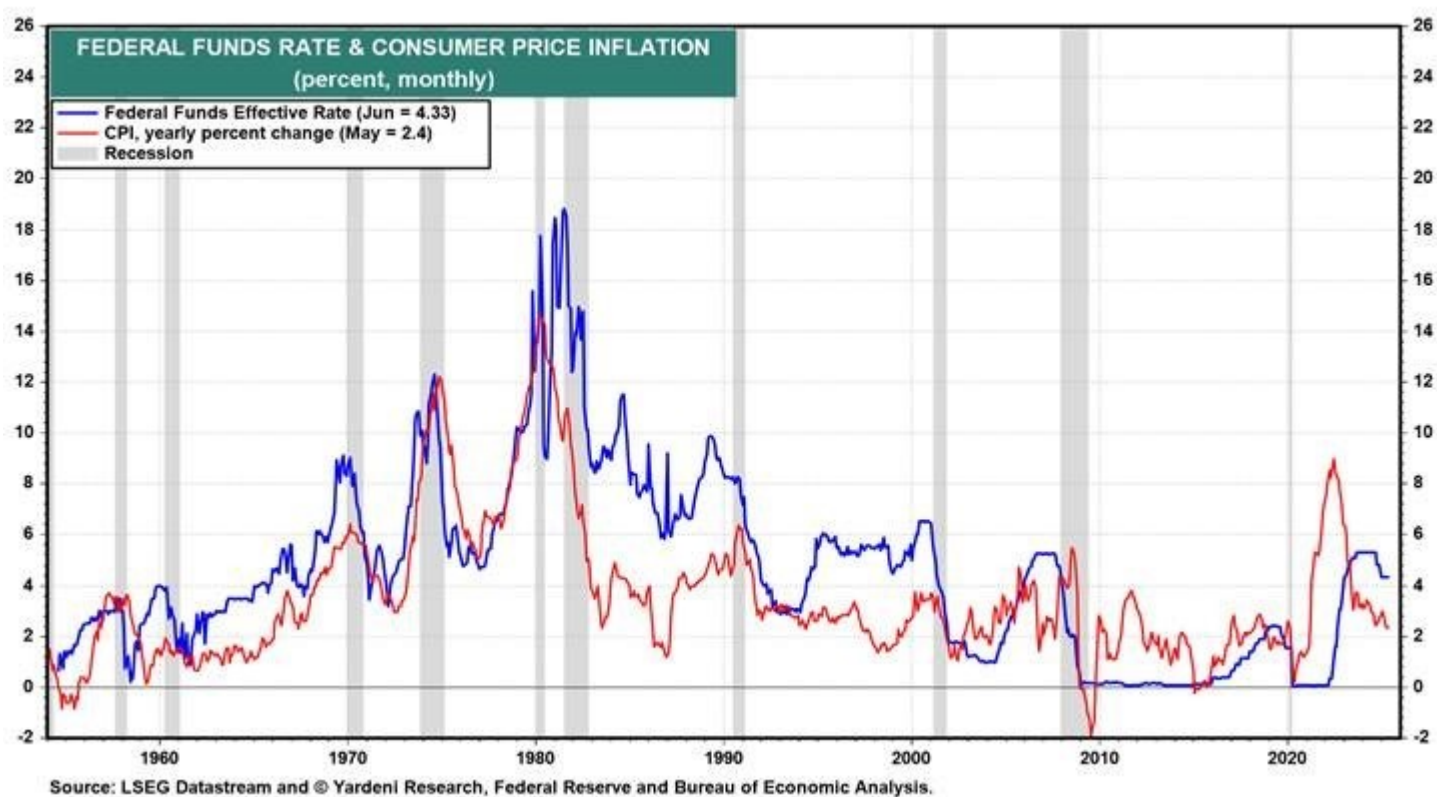


CHART OF THE MONTH

JUNE 2025



The U.S. economy and markets have been grappling with a number of items recently, many of which are summarized below.

Inflation. The Consumer Price Index (CPI) and Producer Price Index (PPI) reports released last week showed inflation has been rising in the mid-2% range on an annual basis, better than expected but slightly above the Fed’s targeted rate of 2.0%.

Interest Rates. The Federal Open Market Committee (FOMC) meets every six weeks. Its next two-day meeting is scheduled on June 17 and 18. The Fed is widely expected to take a “wait and see” approach on inflation and keep its benchmark interest rate steady at 4.25%-4.50% when it announces its decision on Wednesday. The Fed Funds Futures market is pricing in a 58% probability for a rate cut to 4.00%-4.25% in September. Meanwhile, the yield on the 10-year Treasury is around 4.40%.

Middle East. Israel and Iran traded new attacks on Monday as the most intense fighting between the two countries in decades entered its fourth day. Israel has struck Iran’s military and nuclear installations as well as residences of senior officials while Iran has been targeting Israeli citizens. Oil prices surged on fears of supply disruptions before pulling back this morning. West Texas Intermediate (WTI) futures are currently trading near \$70 per barrel.

Tariffs. The 90-day pause on President Trump’s reciprocal tariffs is set to expire on July 9. To date, negotiations have only produced limited trade deals with the U.K. and China. The administration has indicated that the pause could be extended for countries that are negotiating “in good faith” while others could be subject to dictated terms or what Trump has called “take it or leave it” deals. In the meantime, the economy, labor market, and inflation have proven to be more resilient to the tariffs thus far than generally forecasted.

Budget Reconciliation Bill. The “One Big Beautiful Bill” would extend the major provisions of the 2017 Tax Cuts and Jobs Act, which are set to expire at the end of 2025. It passed the House of Representatives on May 22, largely along party lines. The Senate is expected to amend the bill as Congress faces a self-imposed deadline to get the legislation to the President’s desk by July 4.

The most widely anticipated recession remains a “no show” while the major stock market indexes are within a couple percentage points from the all-time highs reached in February. We believe the issues above may add to volatility from time to time but are unlikely to derail the positive direction of the economy and stock market in the summer months ahead.

