WEEKLY MARKET UPDATE | JULY 3, 2025

The market rally goes Fourth during a holiday-shortened week.

The economy

- Major U.S. equity market indexes moved higher during the week ending July 3. Investors appeared to take favorable views of the U.S. Senate's approval of the government's proposed tax-and-spending bill, generally positive developments on the trade policy front, and better-than-expected labor market data. Both the broad-market S&P 500 Index and the tech-heavy Nasdaq Composite Index closed at record highs on Thursday. The U.S. financial markets are closed on Friday in observance of the Independence Day holiday.
- The Senate approved President Donald Trump's "One Big Beautiful Bill," a tax-and-spending plan for the government's 2026 fiscal year, which begins on October 1 of this year, by a slim margin on Tuesday. Vice President JD Vance cast the deciding vote to break a 50-50 deadlock after three Republican Senators joined 47 Democrats in voting against the legislation. Following many hours of contentious debate, the House of Representatives narrowly passed the bill on Thursday afternoon. The bill extends the tax cuts enacted by the first Trump administration in 2017, increases funding for defense and border security, and seeks to reduce Medicaid spending by implementing work requirements and mandating more frequent eligibility checks for some recipients.
- On Sunday, the Canadian government announced the withdrawal of its digital services tax in expectation of a trade agreement with the U.S. that would benefit both countries. The 3% levy would have been placed on digital services companies' revenues generated in Canada retroactive to 2022. Several U.S.-based mega-cap technology companies, including Amazon.com Inc., Alphabet Inc. (the parent company of Google), and Meta Platforms Inc. (the parent company of Facebook), would have been subject to the tax.
- At a conference in Portugal sponsored by the European Central Bank on Tuesday, Federal Reserve (Fed) Chair Jerome Powell indicated that the U.S. central bank is gauging the possible impact of the Trump administration's tariffs on inflation. "We're simply taking some time," Powell said. "As long as the U.S. economy is in solid shape, we think the prudent thing to do is wait and learn more and see what those effects might be." He also commented that the Federal Open Market Committee (FOMC) most likely would have continued its policy of gradual interest-rate cuts if the members did not have concerns about the tariffs.
- There was significant news during the week regarding the U.S. labor market. The Department of Labor reported that U.S. payrolls expanded by 147,000 jobs in June. The total exceeded expectations and was slightly higher than the 144,000 positions added in May, which represented an upward adjustment of 5,000 from the government's initial tally of 139,000 last month. The unemployment rate edged down 0.1 percentage point to 4.1%. State and local government, and the healthcare, and social assistance sectors added 73,000, 39,000, and 19,000 positions, respectively, in June. Conversely, federal government employment declined by 7,000. Average hourly earnings rose 0.2% in June and 3.7% year-over-year.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), a gauge of the status of the U.S. labor market, job openings in the U.S. rose by a greater-than-expected total of 374,000 (+5.1%) in May (the most recent reporting period) to 7,769,000, but were down 1.7% from the 7,901,000 openings a year earlier. There were notable month-over-month increases in open positions in accommodation and food services, finance and insurance, and transportation, warehousing, and utilities. Conversely, there were downturns in job openings in federal, and state and local government in May.

Stocks

- Global equities rose sharply during the week. Developed markets outperformed emerging markets.
- U.S. equities garnered positive returns. Materials and industrials were the top-performing sectors, while utilities and healthcare were the primary market laggards.
- Value stocks outperformed growth, while small caps outpaced large caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.35% during the week.
- Global bond markets were nearly flat for the week.
  High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of July 3, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI ($)	1.2%	9.4%	13.2%	920.5
MSCI EAFE ($)	1.1%	17.4%	13.0%	2655.6
MSCI Emerging Mkts ($)	0.3%	14.4%	12.6%	1230.2
US & Canadian Equities				
Dow Jones Industrials ($)	3.3%	5.4%	14.0%	44828.5
S&P 500 ($)	2.3%	6.8%	13.4%	6279.4
NASDAQ ($)	2.1%	6.7%	13.3%	20601.1
S&P/ TSX Composite (C$)	1.0%	9.2%	21.6%	27014.6
UK & European Equities				
FTSE All-Share (£)	1.0%	7.5%	7.6%	4804.2
MSCI Europe ex UK (€)	1.2%	7.7%	4.0%	1900.8
Asian Equities				
Topix (¥)	0.9%	1.6%	-1.5%	2829.0
Hong Kong Hang Seng ($)	-1.1%	20.0%	33.9%	24069.9
MSCI Asia Pac. Ex-Japan ($)	0.1%	13.4%	13.2%	645.5
Latin American Equities				
MSCI EMF Latin America ($)	2.2%	27.5%	7.0%	2362.7
Mexican Bolsa (peso)	0.9%	17.1%	9.8%	57970.9
Brazilian Bovespa (real)	3.0%	17.4%	12.3%	141163.7
Commodities ($)				
West Texas Intermediate Spot	3.4%	-6.0%	-19.6%	67.5
Gold Spot Price	0.1%	27.0%	41.5%	3334.0
Global Bond Indices ($)				
Bloomberg Global Aggregate ($)	0.1%	7.2%	8.5%	496.9
JPMorgan Emerging Mkt Bond	0.6%	5.7%	9.7%	948.7
10-Year Yield Change (basis points*)				
US Treasury	11	-22	-1	4.35%
UK Gilt	7	-2	37	4.54%
German Bund	4	25	3	2.61%
Japan Govt Bond	2	34	34	1.44%
Canada Govt Bond	5	16	-18	3.39%
Currency Returns**	11	-22	-1	4.35%
US$ per euro	7	-2	37	4.54%
Yen per US$	4	25	3	2.61%
US$ per £	2	34	34	1.44%
C$ per US$	5	16	-18	3.39%

Source: Bloomberg. Equity-index returns are price only, others are total returns.
*100 basis points = 1 percentage point.
**Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

This material is provided by SEI Investments Management Corporation (SIMC) for educational purposes only and is not meant to be investment advice. The reader should consult with his/her financial advisor for more information. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. There are risks involved with investing, including possible loss of principal. SIMC is a wholly owned subsidiary of SEI Investments Company.

