

## Weekly Update – July 21, 2025

Market Returns Ending 7/18/2025			
Category	1 Week	QTD	YTD
<b>US</b>			
Large Cap	0.6%	1.5%	7.8%
Mid Cap	0.4%	2.9%	3.3%
Small Cap	0.2%	3.0%	1.2%
<b>International</b>			
Developed	-0.3%	-0.5%	19.3%
Emerging	1.7%	2.4%	18.3%
<b>Bonds</b>			
Aggregate	0.0%	-0.8%	3.2%
High Yield	0.1%	0.1%	4.7%

Equity			
<b>Weekly</b>			
	Value	Core	Growth
Large	-0.6	-0.4	-0.2
Mid	-0.1	-0.5	-1.8
Small	-0.1	-0.6	-1.1
<b>YTD</b>			
	Value	Core	Growth
Large	7.1	7.1	6.9
Mid	5.2	6.2	8.9
Small	1.3	0.9	0.6
Source: Bloomberg			

### **Key Events: The Fed's "Apprentice" reboot**

Two Federal Reserve governors made an unusual and public case for cutting interest rates, while President Trump exerted pressure on Chair Powell to align with his desire for lower rates.

While this theater dominated the news, economic data was, for the most part, positive: Inflation was in-line while forward expectations declined, jobless claims dropped, and consumer confidence improved.<sup>i</sup>

### **Market review: Modest stock movements**

The stock markets took a breather amid a typical Wall Street summer lull. US Stocks and international stocks showed small moves, while bonds were flat.

### **Outlook: The outlook for inflation and labor market**

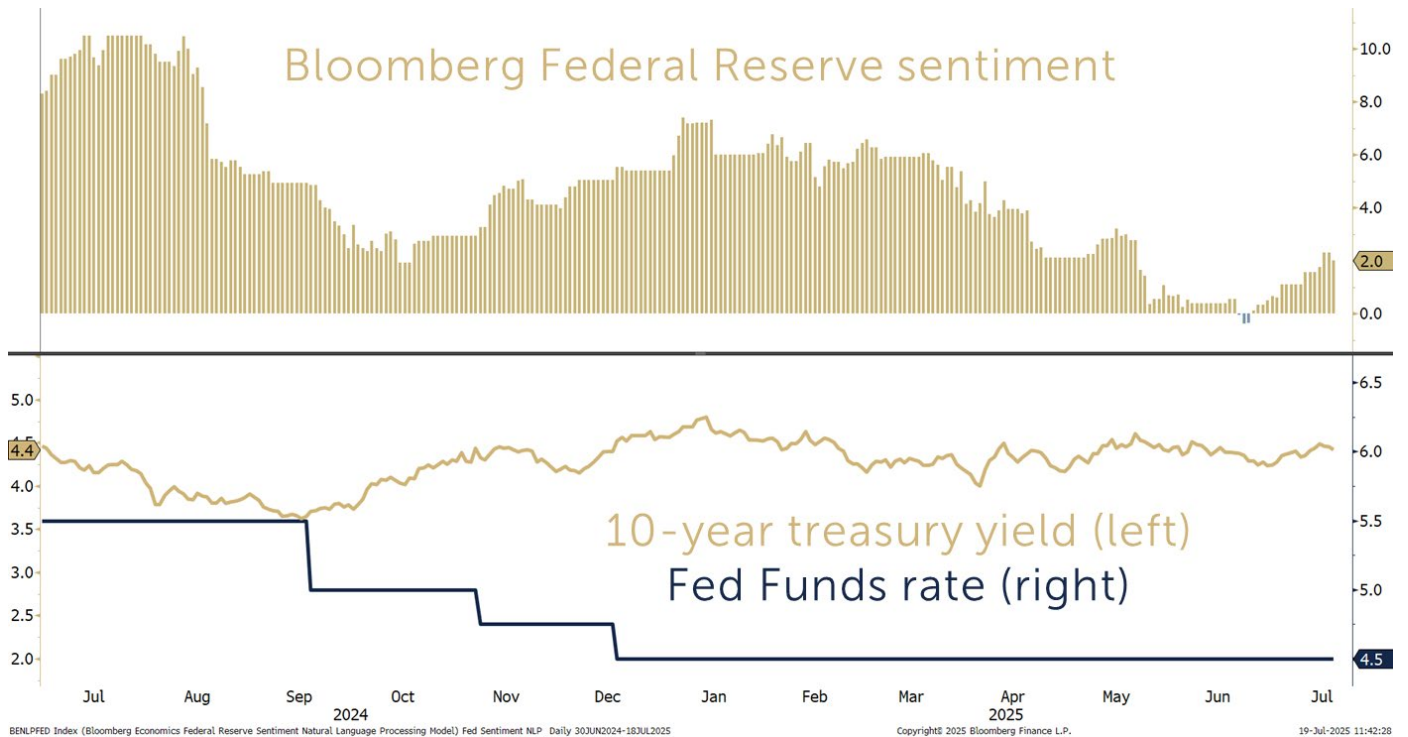
With renewed attention on President Trump's push for lower rates, our focus remains on the Fed's mandate: maintaining stable inflation and supporting a healthy labor market. Encouragingly, Inflation continues to moderate, and the labor market appears to be in decent shape. Acknowledging some downside risks to the economic outlook, the Fed has signaled its intent to cut rates twice this year. Despite two outspoken governors, the broader consensus within the Fed supports this path, as illustrated in the top chart below.

The bottom chart shows that worries about higher inflation caused yields to jump when the Fed started lowering rates last year. In 2025, though, rates have been range-bound, suggesting the bond market is now balanced in its view of the risks of higher inflation and weaker labor market, manifested in recession.

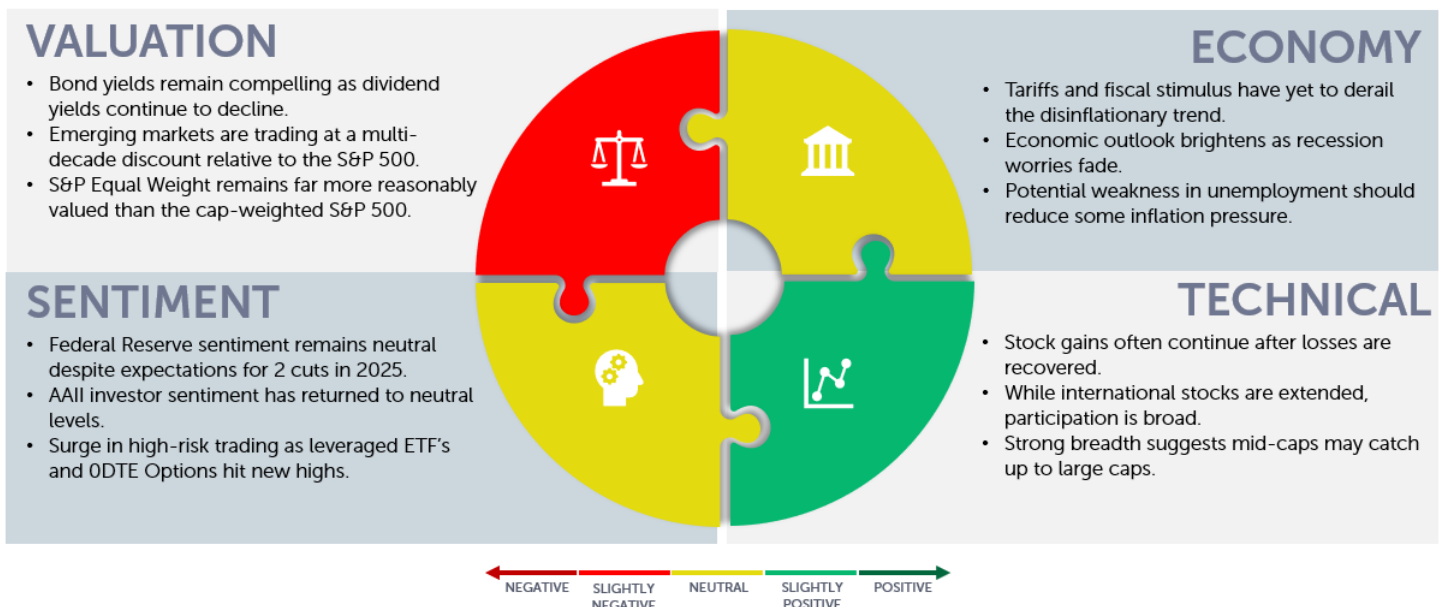
Given the strong stock market recovery from the April lows, we advise investors to remain invested, but balanced, exercising valuation discipline. Remain focused on your long-term plan.



# Both the Fed and bond market are signaling a balanced view of risks



## OneAscent Navigator Outlook: July 2025



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<sup>i</sup> Source: Bureau of Labor Statistics, Department of Labor, University of Michigan

<sup>ii</sup> Market Returns reference the following indices: Large Cap – S&P 500, Mid Cap Growth – Russell Midcap growth, Mid Cap Value – Russell Midcap Value, Small Cap – Russell 2000, Developed – MSCI EAFE, Emerging – MSCI Emerging Markets, Aggregate – Bloomberg US Aggregate, High Yield – Bloomberg High Yield