

	Previous Close (as of: 07/10/2025)			Futures (as of: 07:37 E.T.)		Today's Events			
	1D	YTD	Last	%	Last	E.T.	Event	Consensus	Prior
S&P 500	▲ 0.3%	▲ 6.8%	6,280	▼ -0.6%	6,288	2:00pm	Treasury Budget	-\$67.5B	-\$316B
DJIA	▲ 0.4%	▲ 5.0%	44,651	▼ -0.6%	44,632				
NASDAQ 100	▼ -0.2%	▲ 8.6%	22,829	▼ -0.5%	22,903				
Oil (\$/bbl)	▼ -2.6%	▼ -7.2%	67	▲ 1.0%	67				
10-Yr Yield*	▲ 1	▲ 4.2%	4.35%	--	--				
USD Index	▲ 0.1%	▼ -10.0%	97.65	--	--				

*Change in bps.

Source: FactSet

Fed Governor Waller Reaffirms July Rate Cut And Backs More Short-Term Bill Issuance



Yesterday, Fed Governor Waller—known for his more dovish stance on interest rates and a possible future Fed Chair—reaffirmed his support for a rate cut in July. While markets currently see only a 5% chance of a cut at the Fed's July 29–30 meeting (rising to 72% in September), Waller argued that inflation has cooled enough to justify easing policy sooner. He also voiced support for the government to issue more short-term Treasury bills, a move that aligns with the Treasury's strategy to help keep long-term interest rates in check.

Unexpectedly Hefty 35% On Canada Is Just The Latest Instance Of Tariff Escalation



Following Japan and Korea at 25% and Brazil at 50%, a 35% tariff was announced on Canadian imports, effective August 1. Canada is the #4 source of imports (\$413b in '24). Goods covered under USMCA and oil may be exempt, and autos are already covered by the 25% sectoral tariff, but 35% is still very high. With other key trading partners potentially set to be in the 15-20% range, our preliminary take is that the weighted average tariff rate may go well above our 15-17% expectation—another reason we remain cautious near term.

As Tariffs Compound Broader Cost Pressures, Conagra Is The Latest Food Company To Guide Down



Conagra, known for brands like Slim Jim and Vlasic, became the latest example of margin pressure in the food industry—following similar reports from Hershey, Mondelez, JM Smucker, and General Mills. The company projects flat sales for fiscal year 2026 but expects EPS to decline by 20% to 26%. The company sees input costs rising 7%, of which 4% is organic, and 3% is due to tariffs. Notably, the 50% aluminum tariff is a big headwind for companies that make canned goods. We remain neutral on Consumer Staples.

Claims Data Shows a Softening Labor Market



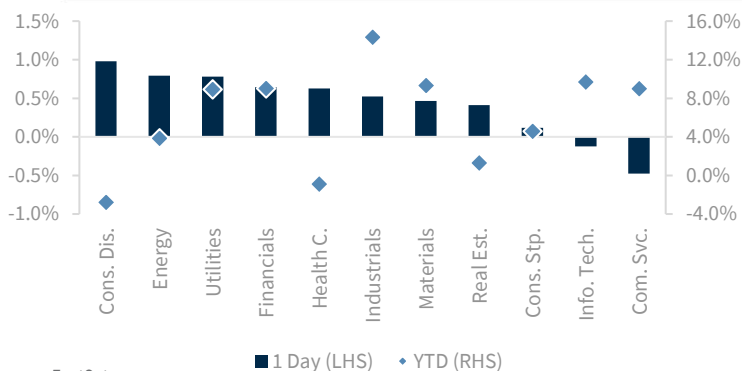
Initial jobless claims dropped to 227,000 last week—the lowest level since mid-May and fourth consecutive weekly decline—suggesting layoffs remain relatively low. However, continuing claims rose to 1.965 million, the highest since 2018 (excluding the pandemic period). This tells us that while companies aren't cutting jobs aggressively, they're also not hiring at the pace they once were. It aligns with our view that the job market is cooling but not collapsing as job growth will likely slow in the coming months.

The Utilities Sector Joins The Record High Party As S&P 500 Notches Another Record High



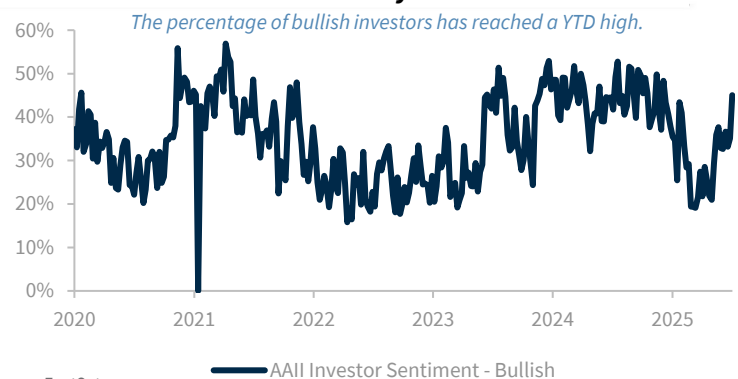
The equity rally extended its momentum yesterday, with the S&P 500 now up ~7% YTD and marking its 8th record high of 2025. Notably, the Utilities sector joined the rally, alongside Technology, Industrials, Financials, and Communication Services—all of which have recently reached record highs. However, with the S&P 500 now in overbought territory (14-day RSI > 70), valuations sitting in the 93rd percentile relative to historical norms, and bullish investor sentiment at YTD highs, the market may be poised for a near-term pause.

Sector Performance



Source: FactSet

Chart of the Day: Full of Bull



Source: FactSet

Disclosures

LHS/RHS: Left-hand side/Right-hand side axes. The **Dow Jones Industrial Average (DJIA)** is an unmanaged index of 30 widely held stocks. The S&P 500 is an unmanaged index of 500 widely held stocks. The **NASDAQ 100 Index** is a stock market index that includes 100 of the largest, most actively traded, non-financial companies listed on the Nasdaq Stock Market. **US government bonds and Treasuries** are guaranteed by the US government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. US government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. **Sector** investments are companies focused on a specific economic sector and are presented here for illustrative purposes only. Sectors are subject to varying levels of competition, economic sensitivity, and political and regulatory risks. Investing in any individual sector involves limited diversification. **Bond** prices and yields are subject to change based upon market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise. The **US Dollar Index (DXY)** is a measure of the value of the U.S. dollar against six other major foreign currencies. The **AII Sentiment Survey** is a weekly poll conducted by the American Association of Individual Investors (AII) that gauges the bullish, bearish, and neutral opinions of individual investors regarding the stock market's direction over the next six months.

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Data Source | FactSet as of 7/10/2025

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