

8/18/2025

The Week Ahead



THINGS TO WATCH

Jackson Hole

All eyes will be on Federal Reserve Chair Jerome Powell's keynote speech at the Kansas City Fed's annual Jackson Hole Economic Policy Symposium on Friday morning. The address often sets the tone for U.S. monetary policy in the year ahead. For most of 2025, Powell has stressed that a cautious approach is warranted, preferring to assess the impact of tariffs on inflation before moving forward with additional rate cuts. He now faces mounting political pressure from President Trump and Treasury Secretary Bessent to signal support for a renewed policy easing cycle, a decision that could carry significant implications for financial markets.

Walmart (WMT)

Walmart reports quarterly results Thursday morning, with investors watching closely for commentary on tariffs, pricing, and competitive positioning. UBS estimates just 10%–15% of Walmart's U.S. business is tied to Chinese imports, while roughly 65% of products (including groceries) are sourced domestically. On its last earnings call, management signaled summer price increases tied to tariffs. The company also reaffirmed its focus on keeping grocery prices low, aided by USMCA tariff exemptions on many agricultural imports. Investors will also watch for WMT's response to Amazon's recent expansion of same-day grocery delivery, which could heighten competition in a key growth segment.

Housing Market Data

This week's housing data includes July housing starts and building permits (tomorrow) and existing home sales (Thursday). Starts are expected to ease to a 1.3 million annualized pace from 1.32 million in June amid bloated new-home inventories. Meanwhile, provisions in the One Big Beautiful Bill Act focused on supporting low-income home ownership may have supported multifamily construction. Existing-home supply remains scarce, with high mortgage rates and record prices constraining activity. July existing home sales are projected to hold near June's 3.92 million units.

| LAST WEEK'S ECONOMIC DATA | LATEST | 3MO PRIOR | CHANGE |
|---------------------------------|--------|-----------|--------|
| NFIB Small Business Optimism | 100.3 | 95.8 | ▲ |
| Consumer Price Index (Y/Y) | 2.7% | 2.3% | ▲ |
| Core Consumer Price Index (Y/Y) | 3.1% | 2.8% | ▲ |
| Producer Price Index (Y/Y) | 3.3% | 2.4% | ▲ |
| Retail Sales (M/M) | 0.5% | -0.1% | ▲ |
| U. of Mich. Consumer Sentiment | 58.6 | 52.2 | ▲ |

| INDEX | LEVEL | WEEK | YTD | 12 MO |
|-----------------------|----------|-------|--------|--------|
| DJ Industrial Average | 44946.12 | 1.79% | 6.72% | 12.76% |
| NASDAQ | 21622.98 | 0.83% | 12.45% | 23.77% |
| S&P 500 | 6449.80 | 0.99% | 10.54% | 17.87% |
| MSCI EAFE | 2740.81 | 2.01% | 24.03% | 18.99% |
| BB U.S. Aggregate | 2284.83 | 0.00% | 4.46% | 2.94% |

| KEY BOND RATES | WEEK | 1MO AGO | 1YR AGO |
|------------------|-------|---------|---------|
| 3-Month T-Bill | 4.21% | 4.33% | 5.22% |
| 10-Year Treasury | 4.32% | 4.48% | 3.91% |

| REPORTS DUE THIS WEEK | LATEST |
|---|--------|
| Housing Starts (Millions Annualized) | 1.32 |
| Building Permits (Millions Annualized) | 1.39 |
| S&P Global U.S. Manufacturing PMI | 49.8 |
| S&P Global U.S. Services PMI | 55.7 |
| Existing Home Sales (Millions Annualized) | 3.93 |

Total returns are as of 8/15/25. Source data: Bloomberg and Morningstar are believed to be correct but not verified.

NUMBERS OF THE WEEK

41

The Producer Price Index (PPI) released last Thursday showed U.S. wholesale prices jumped 0.9% in July, the largest monthly increase in 41 months since March 2022. That figure far exceeded the 0.2% median estimate from Bloomberg's survey of forecasters. The data suggests some wholesalers may have raised prices to offset tariff-related cost pressures. By contrast, the Consumer Price Index (CPI) report released last Wednesday largely met expectations and indicated limited tariff-driven cost pressures.

6.4%

The small-cap Russell 2000 Index closed last week at 2,286.52, 6.4% below its all-time high of 2,442.03 set on November 25, 2024. Its struggle to reclaim that peak likely reflects investors' skepticism about a sharp pickup in economic growth, as smaller companies' more cyclical, rate-sensitive business models continued to struggle compared to larger peers. By contrast, the S&P 500, Nasdaq, and Dow Jones Industrial Average all ended last week within 0.5% of their most recent record highs.

DISCLOSURES



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