

WEEKLY ECONOMIC UPDATE AUG. 11, 2025

Stocks rebounded last week as investor optimism for a September rate adjustment and strong Q2 corporate results overcame the rollout of fresh tariffs.

The Standard & Poor's 500 Index rose 2.43 percent, while the Nasdaq Composite Index gained 3.87 percent. The Dow Jones Industrial Average added 1.35 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, increased 2.77 percent.^{1,2}

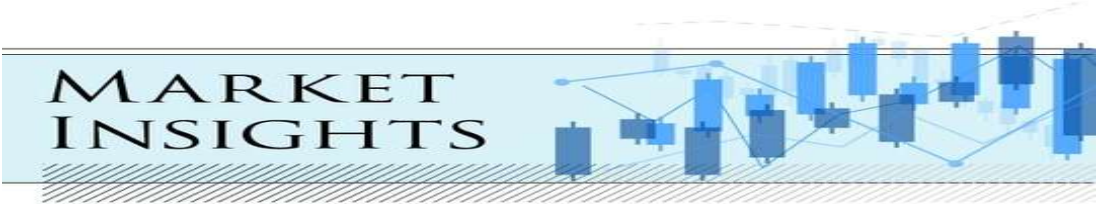
Stocks Gyrate

Stocks pushed higher to start the week, with major averages gaining between 1.3 percent and 2 percent—their best day since May. Investors seemed more optimistic for a rate move after the weaker-than-expected July jobs report.^{3,4}

Stocks rose again midweek after the White House confirmed a mega-cap tech company would invest \$500 billion more in domestic manufacturing. News of additional tariffs on India was greeted with a muted reaction from investors.⁵

The updated tariffs previously announced by the White House went into effect on Thursday. Markets initially rose in early trading but then came under pressure as the day continued.⁶

But the S&P and Dow rose again on Friday, ending the week with solid gains. The tech-heavy Nasdaq ended the week with a record close.⁷



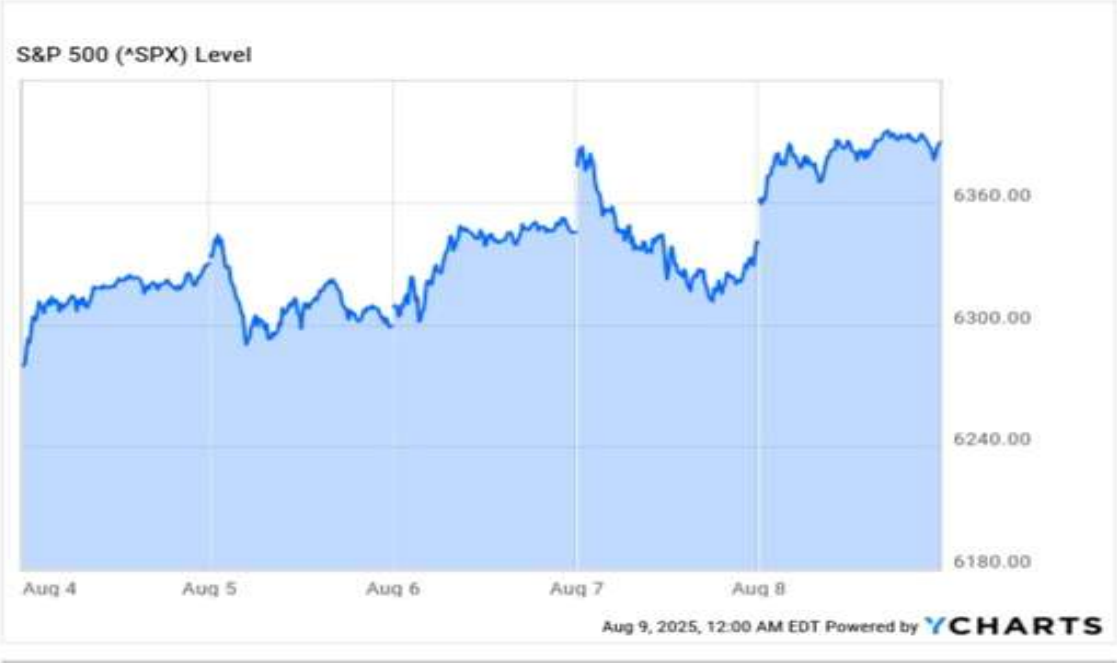
YCHARTS

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
Nasdaq Composite	4.08%	10.42%	32.08%	100.3%
S&P 500	1.83%	8.61%	23.56%	103.9%
Dow Jones Industrial Average	-0.94%	4.33%	15.41%	76.69%
MSCI EAFE	0.79%	20.51%	21.11%	67.60%

S&P 500 Daily Close



10-Year Note Review

Indicator Name	Latest Value	1M Ago	1M Change
Date		3M Ago	3M Change
		1Y Ago	1Y Change
10 Year Treasury Rate	4.27%	4.42%	-3.39% ▼
08/08/25		4.37%	-2.29% ▼
		3.99%	7.02% ▲

Economy Watch

Services comprise 70 percent of the economy, so Wall Street closely monitors the Institute for Supply Management's Services Index.

So, news on Tuesday that growth in services came below economists' expectations was a bit of a concern. However, investors seemed to quickly look past the number and focus more on the 122 S&P 500 companies that reported earnings last week.^{8,9}

This Week: Key Economic Data

Tuesday: NFIB Small Business Optimism Index. Consumer Price Index (CPI). Federal Budget.

Wednesday: Atlanta Fed President Raphael Bostic speaks. Chicago Fed President Austan Goolsbee speaks.

Thursday: Weekly Jobless Claims. Producer Price Index (PPI). Fed Balance Sheet. Richmond Fed President Tom Barkin speaks.

Friday: Retail Sales. Industrial Production. Import & Export Prices. Business Inventories. Consumer Sentiment.

Quote of the Week



“Everyone thinks of changing the world, but no one thinks of changing himself.”

– **Leo Tolstoy**

Of Note



Stablecoins (digital tokens pegged to traditional assets) represent an epochal shift in monetary evolution with the potential to reshape the infrastructure of global finance. As a building block in the digital-asset ecosystem, stablecoins unlock efficiencies in cross-border remittances, retail payments and future Artificial Intelligence (AI) driven machine-to-machine commerce. US-listed companies in fintech, asset management, retail and technology stand to benefit from stablecoin adoption as these assets move from niche to mainstream.

Many technological advances take decades to reshape industries and societies, making them easy to overlook—until, suddenly, the world changes. When it comes to money itself, however, real innovation is even more elusive. The story of monetary evolution is measured not in decades, but in millennia, with each leap—from cows (c. 6000 BC) to shells (c. 3000 BC) to coins (c. 600 BC) to banknotes to digital dollars—representing a profound societal turning point.

Today, we are in the early innings of another epochal shift. The emergence of stablecoins marks a simple yet profound leap forward. This is not a mere technical upgrade; it is the opening act of a new era for money and value exchange that has the potential to reshape profit pools and the very infrastructure of global finance.

At their core, stablecoins are programmable, internet-native forms of money—digital tokens issued on blockchains and pegged 1:1 with fiat assets like the US dollar. They offer the stability of fiat currency combined with the speed and efficiency of blockchain technology.

Stablecoins serve as a bridge between the world of traditional finance and the burgeoning digital-asset ecosystem. By anchoring digital value to familiar currencies, stablecoins make the exchange of value as seamless as the exchange of information—moving money globally, 24/7, with near-instant settlement and programmable capabilities that legacy systems cannot match.

Consider the limitations of today's financial rails: money wires are often confined to business hours, intermediaries extract value at every step, and cross-border money movement can drag on for days. In contrast, stablecoins operate globally around the clock, eliminating friction and reducing costs. Stablecoins are not simply another crypto novelty; they represent a platform shift in financial infrastructure. There are approximately \$250 billion in stablecoins in circulation currently, a figure that continues to grow as adoption widens. US Treasury Secretary Scott Bessent recently commented that the stablecoin market could surpass \$2 trillion within three years.

Stablecoins have rapidly become a foundational building block in the digital asset ecosystem, where they are predominantly used to facilitate trading and money transfers. But the potential is far broader, spreading into multiple large “traditional finance” markets.

- Cross-border remittances: With an estimated \$300 billion profit pool (the total amount of profit that companies in the industry can potentially earn), cross-border payments remain high cost and high friction. Stablecoins can dramatically reduce fees and processing times, making global money movement as simple as sending an email.
- Capital markets and collateral management: The ability to instantly post, transfer or return collateral using stablecoins

unlocks efficiency in a market with a \$180 billion profit pool.

- **Dollarization:** One of the strongest areas of product/market fit for stablecoins is providing access to US dollars in international markets. Stablecoins significantly reduce the cost and friction of accessing US dollars for global consumers and businesses, particularly those in unstable monetary environments. This helps extend the US dollar's position as the global reserve currency.

- **Retail payments:** While the relative value proposition of stablecoins is stronger in other areas of traditional finance, they could gain traction in certain areas of retail payments, which represents a staggering \$2.4 trillion profit pool.

- **Agentic commerce:** As AI agents become more sophisticated, machine-to-machine payments—where devices autonomously transact—will require programmable, digital-native forms of money. Stablecoins are uniquely positioned to power this future.

The landscape for stablecoins is changing rapidly. Recent regulatory developments have provided much-needed clarity, unlocking growth and investor confidence.

- **GENIUS Act:** A pivotal new framework for stablecoins has just passed the US Congress with bipartisan support. This provides a legal foundation and regulatory clarity around the issuance of stablecoins and paves the way for increased adoption of stablecoins within the financial system. Both digital asset and traditional finance companies are accelerating their stablecoin strategies following the passage of this monumental bill.

- **Circle's initial public offering:** Circle, the issuer of USDC and the second-largest stablecoin player, held its IPO in June 2025. This milestone reflects both a validation of the stablecoin opportunity and the maturation of the crypto sector.

- **Adoption by major corporations:** Companies like Walmart and Amazon are exploring stablecoin integrations, signaling that blue-chip corporates see both utility and inevitability in this new

form of money.

As barriers fall, stablecoin adoption is poised to accelerate across global markets. In our view, the regulatory support for the crypto industry in the United States stems from an underlying desire to ensure that the United States becomes the world's crypto capital. As stablecoins move from niche to mainstream, a range of US-listed companies stand to benefit from their growth and adoption.

- Crypto-native firms and other digital asset platforms are at the forefront of stablecoin issuance, custody and integration. The pipeline for US IPOs in the digital asset universe is burgeoning.
- Payment networks and platforms are actively developing stablecoin settlement capabilities and services, ensuring their continued relevance in a world where digital money moves 24/7.
- Financial infrastructure providers, through partnerships and testing, are positioning themselves to capture the next wave of collateral management and capital markets innovation powered by stablecoins.
- Asset managers and banks are launching stablecoin-based products, services and custody solutions to tap into new revenue streams and deepen client engagement.
- Retailers and large technology platforms are seeking to leverage stablecoins to lower transaction costs and improve customer experiences globally.

We are witnessing the dawn of a new money platform—one that will make value exchange as seamless, programmable and global as the transfer of information itself. While evolution takes time in financial services and adoption hurdles remain, stablecoins are not a passing fad. They are a structural innovation, with the potential to democratize access to financial services and unlock vast profit pools. As the regulatory landscape becomes clear, adoption is moving from the edges to the mainstream. Stablecoin summer has just begun.¹⁰

Footnotes and Sources

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