WEEKLY ECONOMIC UPDATE JUNE 30, 2025

Stocks staged a broad-based rally last week on investors' hopes for a lasting Middle East ceasefire, hitting fresh record highs along the way.

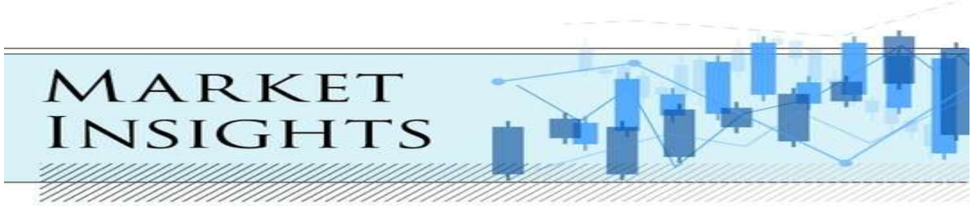
The Standard & Poor's 500 Index rose 3.44 percent, while the Nasdaq Composite Index added 4.25 percent. The Dow Jones Industrial Average advanced 3.82 percent. The MSCI EAFE Index, which tracks developed overseas stock markets, increased 3.04 percent.[1,2]

Stocks Push Higher

Last week opened with a rally powered by news of a tamer-than-expected escalation of tensions in the Middle East. Stocks continued their rise after this week's ceasefire agreement, although Wall Street appeared concerned about whether the truce would remain in place.[3,4]

Sentiment brightened after the White House played down the approaching July 8 tariff deadlines. Solid corporate earnings, a still-strong labor market, and a recovery in artificial intelligence-related stocks provided some underlying strength to the rally.[5]

As the week wrapped up, the S&P 500 hit its first new high since February—it marked the fastest-ever recovery from a 15-percent decline for the broad-market index. The tech-heavy Nasdaq Composite also closed at an all-time high.[6,7]



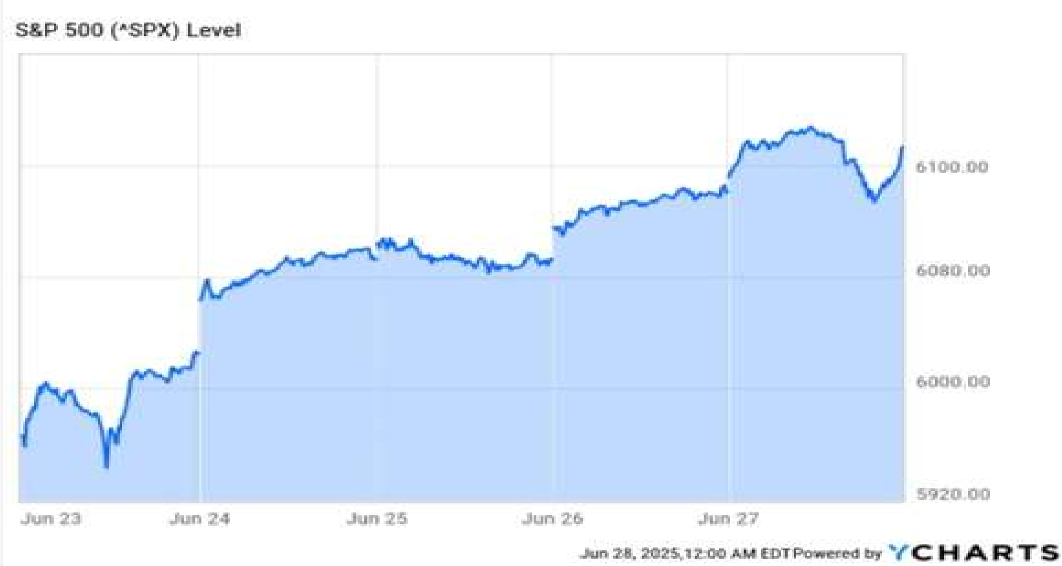
YCHARTS

Weekly Market Insights (WMI)

Major Index Return Summary

Name	1M TR	YTD TR	1Y TR	5Yr TR
Nasdaq Composite	5.67%	5.34%	14.32%	115.8%
S&P 500	4.37%	5.65%	14.11%	121.3%
Dow Jones Industrial Average	3.68%	3.89%	13.87%	93.32%
MSCI EAFE	2.13%	19.87%	18.32%	74.17%

S&P 500 Daily Close



10-Year Note Review

Indicator Name Date	Latest Value	1M Ago 3M Ago 1Y Ago	1M Change 3M Change 1Y Change
10 Year Treasury Rate 06/27/25	4.29%	4.43% 4.38% 4.29%	-3.16% -2.05% 0.00%

Economic Data Helped, Too

While trade and Middle East updates powered most of the markets' rise last week, a few economic bits of news also contributed to the week-long rally. For example, consumer sentiment climbed 16 percent in May—its first increase in six months.[8,9]

"The improvement was broadbased across numerous facets of the economy, with expectations for personal finances and business conditions climbing about 20% or more," the University of Michigan said in a statement.

This Week: Key Economic Data

Monday: Fed Officials Raphael Bostic and Austan Goolsbee speak.

Tuesday: Fed Chair Jerome Powell speaks. ISM Manufacturing Index. Construction Spending. Job Openings.

Wednesday: Motor Vehicle Sales. ADP Employment Report.

Thursday: U.S. Employment Report. International Trade in Goods & Services. Fed Official Raphael Bostic speaks. Factory Orders. ISM Services Index. 10-Year Treasury Note Announcement. Federal Balance Sheet.

Friday: MARKET HOLIDAY

Quote of the Week

"When you want to help people, you tell them the truth. When you want to help yourself, you tell them what they want to hear."

– Thomas Sowell

Of Note

With mainstream investment products increasingly finding a second home on the blockchain, it's a good time to ask what role central banks would play if everything they have learned while policing double-entry bookkeeping over the last 350 years becomes irrelevant.

The vision behind cryptocurrencies like Bitcoin was to free the financial wellbeing of individuals from the clutches of large custodial institutions. That utopia never materialized, but the embrace of the underlying technology by traditional banks and asset managers has taken off.

Democratizing finance by fractionalizing it was a lofty aspiration even a few years ago; it's becoming a reality now. Just last week, Franklin Templeton launched Singapore's first retail tokenized fund. The product is basically a mirror of an existing money-market instrument. But it will exist in the crypto space, allowing individuals to access it for as little as $20.

Alternative assets now have their tokenized versions, too. KKR & Co.'s Health Care Strategic Growth Fund debuted on the blockchain three years ago. Money has gone the same way as assets. Tether Holdings Ltd.'s market-leading coin USDT is well known to those who use the 1:1 representation of the dollar to buy crypto. Banks, meanwhile, are jumping into the $200 billion-plus stablecoin market to explore other use cases: Standard Chartered Plc plans to offer a Hong Kong dollar digital clone. Rival HSBC Holdings Plc has tokenized gold. Bank deposits may be up next.

This is a new terrain for central banks. Historically, money and securities have been tied to accounts, their movement and ownership recorded according to Italian mathematician Luca Pacioli's 1494 treatise on double-entry bookkeeping. Central banking, which emerged in Sweden 350 years ago, put the monetary authority's ledger at the top of the system, helping to stabilize it. Paper accounts eventually gave way to electronic entries, but the basics of traditional finance remained broadly intact — until now.

Unlike central banking, distributed ledgers are a decentralizing force. Using the technology, it's possible to create digital tokens that represent legal claims just like money and securities, but they aren't tied to accounts; they belong to whoever has the cryptographic key. The coins can be programmed using self-executing software code, or "smart contracts," removing the need for multiple layers of intermediaries.

Want to move some pension savings into a new fund? The back-and-forth of faxes and emails — between asset managers, distributors, fund administrators, trustees, and registrars — gets compressed when all the data needed by the software is on the blockchain. What used to take a week can be done in two days.

Selling one currency to buy another in cross-border commerce is instantaneous.

But what happens if tokens end up replacing all money and securities? Will central banks still be able to run monetary policy? When manias, panics and crashes hit, can they restore calm by their usual practices — paying interest on bank reserves; temporarily creating or absorbing liquidity; or permanently loosening and tightening financial conditions through outright purchases and sales of securities? The Bank for International Settlements and the New York Federal Reserve's innovation center joined hands to explore just those questions.

Theirs was no thought experiment. The researchers put together the central-banking toolkit on the blockchain. The good news is that the prototype works — in both routine situations and periods of stress. That isn't all. Project Pine also took a first stab at exploring if smart contracts could make implementation of monetary policy more nimble, efficient, and effective. They perhaps can, but not if central banks are just another participant in the money market. "They might also require privileged access to institutional data and higher standards of privacy and security," the researchers noted in their report last week.

In fact, when the central bank performs the functions of an "oracle," an outside source whose data is trusted by everyone else in a decentralized network, resources don't have to be wasted on seeking consensus from participants. (For instance, it's just more practical for intermediaries to let the central bank be the sole timekeeper in interest calculations.)

Project Pine assumes a scenario where all of today's money and assets have been tokenized. The transition to that stage, if it does ever occur, may be long and messy. In the interim, as the use of tokens increases, demand for bank reserves could become volatile and hard to predict. It will be interesting to see how monetary authorities handle the coexistence of money and tokens.[10]

Footnotes and Sources

1. WSJ.com, June 27, 2025
2. Investing.com, June 27, 2025
3. CNBC.com, June 23, 2025
4. CNBC.com, June 24, 2025
5. WSJ.com, June 18, 2025
6. WSJ.com, June 27, 2025
7. WSJ.com, June 27, 2025
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9. UMich.edu, June 27, 2025
10. advisorperspectives.com/articles/2025/05/21/central-banks-do-tokens-replace-money?topic=alternative-investments

The Dow Jones Industrial Average is an unmanaged index that is generally considered representative of large-capitalization companies on the U.S. stock market. The Nasdaq Composite is an index of the common stocks and similar securities listed on the Nasdaq stock market and considered a broad indicator of the performance of stocks of technology and growth companies. The MSCI EAFE Index was created by Morgan Stanley Capital International (MSCI) and serves as a benchmark of the performance of major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia. The S&P 500 Composite Index is an unmanaged group of securities that are considered to be representative of the stock market in general.