



Summary

The stock market sank at the end of last week and oil prices shot up on fears of escalating tensions between Iran and Israel. The DJIA ended the week 1.3% down, while the S&P 500 and the NASDAQ lost 0.4% and 0.6%, respectively.

Initial jobless claims for the week ending June 7th were unchanged at 248,000, while continuing claims rose to 1,956,000, the highest level since November 2021, pointing to a continued low-fire/low-hire environment in the labor market. Meanwhile, inflation surprised many last week, with the May reading coming in below expectations.

The headline CPI increased only 0.1% from the previous month. After removing volatile energy and food prices, the core CPI was also up 0.1% month-over-month versus consensus expectations of 0.3%. Wholesale prices were also better than expected. Headline and core PPI increased only 0.1% from the previous month, versus expectations of 0.2% and 0.3%, respectively. The Treasury Budget for May showed a deficit of \$316.0 billion. The May deficit resulted from outlays (\$687.2 billion) exceeding receipts (\$371.2 billion) compared to a deficit of \$347.1 billion in the same period a year ago.

Total mortgage application volume rose 12.5% in the week ending June 7 despite mortgage interest rates remaining mostly unchanged.

Finally, the preliminary University of Michigan Index of Consumer Sentiment for June rose to 60.5 from the final reading of 52.2 for May. The June survey showed overall improvement in current sentiment and the expectations index underscored it with a sizable drop in year-ahead inflation expectations.

ECONOMIC RELEASES

Last Week: Indicator	Number Reported	Consensus Expectation*	Comment
MBA Mortgage Applications Index (06/07 – Wed 07:00)	+12.5%	NA	
Core CPI (May – Wed 08:30)	+0.1%	+0.3%	
CPI (May – Wed 08:30)	+0.1%	+0.2%	
Treasury Budget (May – Wed 14:00)	-\$316.0B	NA	Last year: -\$371.2B
PPI (May – Thu 08:30)	+0.1%	+0.2%	
Core PPI (May – Thu 08:30)	+0.1%	+0.3%	
Initial Claims (06/07 – Thu 08:30)	248K	250K	
Continuing Claims (05/31 – Thu 08:30)	1,956K	NA	
U. of Michigan Consumer Sentiment - Prelim (Jun – Fri 10:00)	60.5	53.0	
Next Week: Indicator	Consensus Expectation*	Prior	Comment
Retail Sales (May – Tue 08:30)	-0.6%	0.1%	
Retail Sales ex-auto (May – Tue 08:30)	0.1%	0.1%	
Import Prices (May – Tue 08:30)	NA	0.1%	
Export Prices (May – Tue 08:30)	NA	0.1%	
Import Prices ex-oil (May – Tue 08:30)	NA	0.4%	
Export Prices ex-ag. (May – Tue 08:30)	NA	0.1%	
Capacity Utilization (May – Tue 09:15)	77.7%	77.7%	
Industrial Production (May – Tue 09:15)	0.1%	0.0%	
MBA Mortgage Applications Index (06/14 – Wed 07:00)	NA	12.5%	
Housing Starts (May – Wed 08:30)	1,356K	1,361K	
Building Permits (May – Wed 08:30)	1,411K	1,412K	
Initial Claims (06/14 – Thu 08:30)	253K	248K	
Continuing Claims (06/14 – Thu 08:30)	NA	1956K	
Leading Indicators (May – Fri 10:00)	-0.1%	-1.0%	

*Sources: www.briefing.com and www.federalreserve.gov



Economic Review

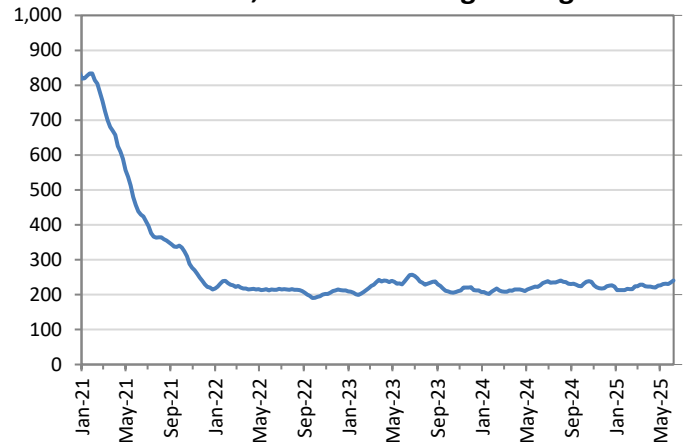
The four-week moving average for INITIAL UNEMPLOYMENT CLAIMS increased by 5,000 to 240,250 but remained relatively low. The current level of initial claims is consistent with levels historically associated with economic growth. However, the four-week moving average for continuing claims increased by 19,750 to 1,914,500, reaching its highest level since November 2021. The latter suggesting laid-off workers are having an increasingly difficult time finding new jobs quickly. The weekly unemployment claims report shows significant variation across states. Initial claims increased 4,682 in Minnesota, while they decreased 4,245 in Kentucky after a large increase in the prior week.

The TREASURY BUDGET for May showed a deficit of \$316.0 billion compared to a deficit of \$347.1 billion in the same period a year ago. The customs duties from steeper import tariffs helped boost receipts for May. Customs receipts quadrupled to a record \$23 billion in May 2025 from \$6 billion a year ago. Over the last 12 months, the budget deficit improved slightly, declining to \$1.995 trillion from \$2.026 trillion in April. The largest outlays by function were Medicare (\$149 billion), Social Security (\$132 billion),

Net Interest (\$86 billion), and Health (\$80 billion).

Inflation was mostly unchanged in May, according to the Bureau of Labor Statistics. On a year-over-year basis, headline CPI was up 2.38%, versus 2.33% in April. Excluding food and energy, the core CPI was flat at 2.8%. The May inflation reading defied fears that the Trump administration's recent hikes in tariffs would lead to an acceleration in inflation. In fact, cars and clothing prices, two import-sensitive categories, declined -0.3% and -0.4% respectively. The report left many wondering if the much anticipated bump in prices will materialize later in the year or if importers are bearing the increased costs imposed by the higher tariffs.

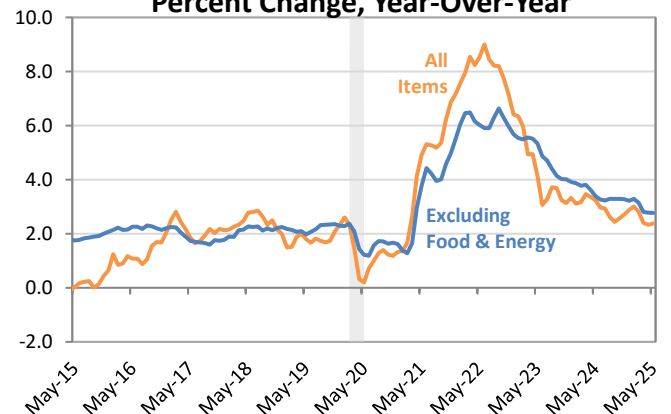
Initial Unemployment Claims
Thousands, 4-Week Moving Average



Federal Budget
(\$blns, Trailing Twelve Months)



Consumer Price Index
Percent Change, Year-Over-Year





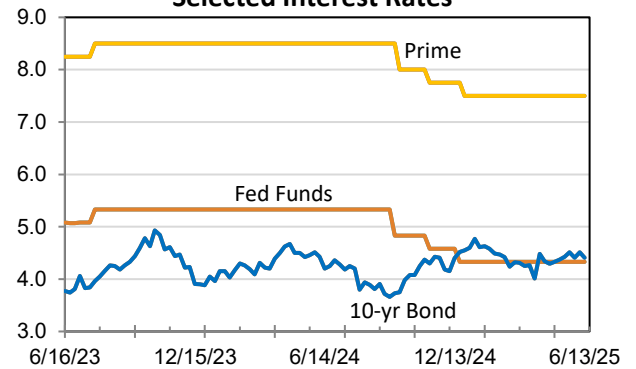
Fed Speeches

There were no speeches, testimony, or interviews by Federal Reserve officials last week relevant to monetary policy. This is due to the Federal Open Market Committee meeting next week.

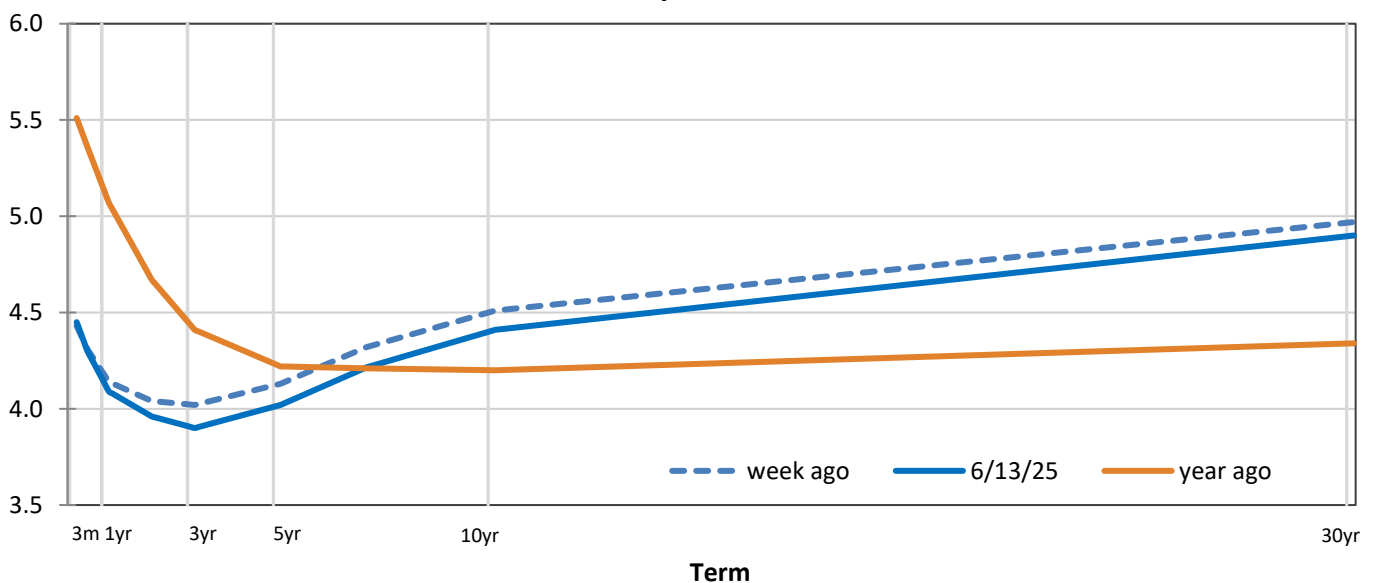
Financial Markets

The stock market fell on Friday, erasing gains from earlier in the week. The DJIA lost 1.3%, the S&P 500 dropped 0.4%, and the NASDAQ retreated 0.6%. Most treasury yields ended the week lower on a soft inflation report reigniting hopes for two interest rate cuts later this year. The 30-year mortgage rate dropped 1 basis point, sitting at 6.84%. Oil prices surged on Friday on growing tensions between Israel and Iran, ending the week at \$72.98 per barrel, up 12.7% from the previous week; gold prices advanced 3.7%. On the forex market, the U.S. dollar slipped against major currencies despite escalating tensions in the Middle East as investors continue to weigh the risks of trade policy disruptions. The greenback lost 1.4% against the euro and 0.5% against the Yen.

Selected Interest Rates



Treasury Curve





Interest Rate Forecast*

During the Fed's May policy meeting, the Federal Open Market Committee (FOMC) left the federal funds target rate unchanged at 4.25% to 4.50%. In the statement released following the meeting, the FOMC stated, "The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run.

Uncertainty around the economic outlook has increased further. The Committee is attentive to the risks to both

sides of its dual mandate and judges that the risks of higher unemployment and higher inflation have risen." This

statement emphasized the persistent economic uncertainty that has continued since the last meeting.

Avg. for:	Prime	Fed Funds	SOFR	6-Mo. T-Bill	2-Yr. Note	10-Yr. Treasury	30-Yr Bond	30-Yr Mortgage
2 nd Qtr '25	7.50	4.33	4.33	4.24	3.89	4.37	4.80	6.75
3 rd Qtr	7.44	4.28	4.27	4.24	3.92	4.37	4.73	6.64
4 th Qtr	7.25	4.13	4.12	4.17	3.88	4.34	4.64	6.45
1 st Qtr '26	7.08	3.96	3.95	4.01	3.90	4.28	4.53	6.26
2 nd Qtr	6.92	3.79	3.79	3.86	3.91	4.20	4.44	6.13

June 2025

FINANCIAL MARKET SUMMARY

	As of 6/13/2025	As of 6/6/2025	Weekly Change	4-Week Change	13-Week Change
MONEY MARKETS (Changes in BPs)					
Prime	7.50	7.50	0	0	0
Secured Overnight Financing Rate (SOFR)	4.28	4.29	(1)	(3)	(2)
Fed Funds (Wed close)	4.33	4.33	0	0	0
TREASURIES (BE) (Changes in BPs)					
3 Months	4.45	4.43	2	8	12
6 Months	4.30	4.31	(1)	0	1
1 Year	4.09	4.14	(5)	(4)	0
2 Years	3.96	4.04	(8)	(2)	(6)
5 Years	4.02	4.13	(11)	(4)	(7)
10 Years	4.41	4.51	(10)	(2)	10
30 Years	4.90	4.97	(7)	1	28
MUNICIPALS- AAA G.O. & Mortgage (Changes in BPs)					
2-Year Muni	2.70	2.75	(5)	(18)	6
5-Year Muni	2.81	2.85	(4)	(18)	1
10-Year Muni	3.29	3.32	(3)	30	20
30-Year Muni	4.56	4.58	(2)	11	33
30-Year Conventional Mortgage	6.84	6.85	(1)	3	19
MARKET INDICATORS (Changes in %)					
DJIA	42,197.79	42,762.87	(1.3)	(1.1)	1.7
S&P 500	5,976.97	6,000.36	(0.4)	0.3	6.0
NASDAQ	19,406.83	19,529.95	(0.6)	1.0	9.3
CRB Futures	379.93	368.58	3.1	5.0	3.5
Oil (WTI Crude)	72.98	64.75	12.7	19.6	8.9
Gold	3,432.34	3,311.03	3.7	7.1	15.0
Yen / Dollar	144.07	144.85	(0.5)	(0.9)	(2.7)
Dollar / Euro	1.15	1.14	1.4	3.5	6.1



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