



The Weekly Market Update – 6/9/25: Mixed Jobs Report Will Keep the Fed on Hold

Major Indices (Price Returns)	Close	Last Week	Quarter-to-Date	Year-to-Date	Trailing 12-Months	All-Time High	% to High
S&P 500	6,000.36	1.50%	6.92%	2.02%	13.70%	6,144.15	2.4%
Dow Jones Industrial Average	42,762.87	1.17%	1.81%	0.51%	10.54%	45,014.04	5.3%
NASDAQ Composite	19,529.95	2.18%	12.89%	1.13%	16.70%	20,173.89	3.3%
Russell 2000	2,132.25	3.19%	5.98%	-4.39%	3.00%	2,442.74	14.6%
MSCI EAFE (USD)	2,618.67	0.71%	9.07%	15.78%	11.16%	2,627.30	0.3%
MSCI Emerging Markets (USD)	1,182.93	2.21%	7.40%	9.99%	12.77%	1,444.93	22.1%
Bloomberg Commodity Index	103.31	3.33%	-2.90%	4.61%	0.31%	237.95	130.3%
Barclays U.S. Aggregate Bond	90.99	-0.57%	-1.42%	0.62%	1.90%	112.07	23.2%

Source: FactSet

The U.S. economy created +139 thousand (K) nonfarm payrolls (jobs) in May, exceeding estimates but still reflecting a slowing labor market in 2025. While weaker sustained jobs growth provides support for the U.S. Federal Reserve Bank (Fed) to lower its overnight bank lending fed funds interest rate target, the full data is mixed, and we expect the Fed to remain on hold for the upcoming Fed meetings (in June and July). May jobs data (from the Bureau of Labor Statistics, BLS) included a downward revision for April and May, which are now -95K lower than previously reported. The average monthly jobs gain over the past six months sits at +136K, the lowest six-month average since November of last year. According to the St. Louis Federal Reserve Bank, the “breakeven” jobs number (a dynamic number that estimates the amount of monthly job creation needed to keep pace with changes in the labor force) is currently 153K per month. This indicates that recent job creation is a bit below a full employment expectation. This could suggest slowing economic activity in the months ahead, pointing to lower interest rates. However, given concern that tariff uncertainty and weak consumer confidence already drives cautionary positioning from businesses, reported jobs growth has held up well and reflects an orderly slowdown. We believe that the Fed is watching the data closely and will remain patient because jobs growth can accelerate if trade deals are signed, and the federal budget bill is passed by Congress. In addition, monthly wage growth, as measured by average hourly earnings (AHE) from the BLS, increased +3.9% Y/Y in May, unchanged for each of the past six months. Economists (FactSet consensus) expected a lower AHE in May due to easing labor conditions. Consumer inflation data has trended lower in 2025, including the most recent consumer price index (CPI) for April of +2.3% Y/Y, the lowest reading in four years. If the Fed cuts its fed funds target while the economy is rebounding, it could add inflation pressure to the mix. For now, we see the Fed (next meeting on 6/18/25) holding its fed funds target range unchanged at 4.25% to 4.50%.

Improved investor sentiment since early April can be attributed to trade deal optimism, and U.S. and China trade delegates are meeting in the U.K. this week. This is the second round of meetings with China and includes U.S. Treasury Secretary Scott Bessent and Commerce Secretary Howard Lutnick. At the very least, investors expect further easing of the trade war with China. The White House said that rare earth metals will be a topic of discussion, as well as semiconductors. In addition, Reuters reported that the administration has pushed other countries to provide “best offer” trade offers to the White House this week. The president’s 90-day pause on “reciprocal tariffs” is set to expire in one month (7/8/25), making June a crucial month for negotiations to move forward. In our view, market expectations remain high for pro-growth trade deals to replace tariffs, and progress appears set in a positive direction. However, this adds risk for markets if trade negotiations unravel or if trade deals are less positive than expected.

Second quarter economic data continues to trend positively and the first look at consumer inflation for May is due this week on Wednesday. The Atlanta Federal Reserve Bank’s GDPNow estimate, which shows the trend of current quarter GDP (gross domestic product) as data is reported, tracked at +3.8% as of 6/6/25. While much data remains unreported with a month to go in 2Q25, trends are better than expected. The May CPI data is expected to show a +2.5% Y/Y increase and an uptick from +2.3% in April. This could reflect tariff-related price increases and higher input costs.

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Market Indices: The information on indices is presented for illustrative purposes only and is not intended to imply the potential performance of any fund or investment. Indices provide a general source of information on how various market segments and types of investments have performed in the past. Index performance assumes the reinvestment of all distributions, but does not assume any transaction costs, taxes, management fees, or other expenses. You may not invest directly in an index. Past performance is not an indicator of future results. The S&P 500 Index is a market cap weighted index that is designed to measure the US large-cap equity performance. The index is composed of the 500 leading publicly traded US companies based on size, liquidity, industry, and profitability criteria. The Dow Jones Industrial Average is a price weighted index that tracks 30 large, exchange-traded companies trading on the New York Stock Exchange (NYSE) and the NASDAQ. The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. Today the NASDAQ Composite includes over 3,000 companies. The Russell 2000® Index is a market cap weighted index that measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI EAFE® Index (Europe, Austral, Asia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US and Canada. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The S&P 500 Equal Weight Index is compiled by S&P Dow Jones. It is an equal-weight version of the widely used S&P 500. The index includes the same constituents as the capitalization-weighted S&P 500, but each company is allocated a fixed weight, or 0.2%, of the index total at each quarterly rebalance.

The Global Industry Classification Standard (GICS) is a four-tiered, hierarchical industry classification system. Companies are classified quantitatively and qualitatively. Each company is assigned a single GICS classification at the Sub-Industry level according to its principal business activity. MSCI and S&P Dow Jones Indices use revenues as a key factor in determining a firm's principal business activity. The 11 sectors are: Communication Services, Consumer Discretionary, Consumer Staples, Energy, Financials, Health Care, Industrials, Information Technology, Materials, Real Estate, and Utilities.

FactSet is a data aggregation software utilized by D.A. Davidson's Wealth Management Research. The FactSet consensus refers to the aggregate of all analysts' estimates from firms that submit estimates to FactSet for a given financial metric.

The Trump Administration on 2/12/25 announced a framework for its Reciprocal Tariffs, with a link to the memorandum, "[Fair and Reciprocal Plan](#)." On 3/26/25 the White House announced tariffs on imported automobiles and certain automobile parts. Here is a link to a [Fact Sheet](#) from the President that outlines the action. The President's [April 2, 2024 Tariff Announcement](#) is also linked. Also linked is the White House [Fact Sheet on the U.K. trade agreement](#).

In 2025 the U.S. Congress (both the Senate of House of Representatives) will work on a joint budget bill that is expected to include an increase in the debt ceiling and include spending priorities and spending cuts supported by the President. The reconciliation process is a way the expedite bills, as they can be passed by a simple majority vote in the senate as long as certain budgetary rules are followed.

Gross domestic product (GDP) refers to the monetary measure of the market value of all final goods and services produced within a country's borders within a specific time period. Real GDP is adjusted for the impact of inflation. GDP numbers are compiled by the Bureau of Economic Analysis (BEA), a division within the U.S. Department of Commerce. Quarterly GDP is reported as a percentage change from the prior quarter, annualized. The BEA also reports data as a year-over-year percentage change from the same period one year prior. The most recent GDP report can be found at www.bea.gov.

The Conference Board conducts a monthly Consumer Confidence Survey design to reflect prevailing business conditions and potential outcomes in the months ahead. It surveys consumer attitudes, buying intent, and expectations stratified by age and income in nine U.S. regions. A second widely followed survey of consumer confidence is conducted monthly by the University of Michigan. Its Survey of Consumers, surveys personal finances, business condition, unemployment and inflation.

The Bureau of Labor Statistics (BLS) compiles U.S. labor statistics from two monthly surveys. The household survey measures labor force status by demographics, while the establishment survey measures nonfarm employment and data by industry. The nonfarm payrolls component of the establishment survey is drawn from private businesses and government entities. The nonfarm payrolls number is among the most widely used data points to assess U.S. employment trends. The unemployment rate is the percentage of the labor force that is jobless and actively willing and available to work.

The St. Louis Federal Reserve Bank wrote a paper in 2025 to answer the question, How many new jobs are needed to keep unemployment stable? The answer and methodology can be found in their paper on [Breakeven Employment Growth](#).

The Federal Reserve Bank's Open Market Committee (FOMC) consists of twelve members – the seven members of the Board of Governors of the Federal Reserve System, the president of the Federal Reserve Bank of New York, and four of the remaining eleven Federal Reserve Bank

presidents, who serve one-year terms on a rotating basis. The FOMC holds eight regularly scheduled meetings per year. At these meetings, the Committee reviews economic and financial conditions, determines the appropriate stance of monetary policy, and assesses the risks to its long-run goals of price stability and sustainable economic growth.

The term "monetary policy" refers to the actions undertaken by a central bank, such as the Federal Reserve, to influence the availability and cost of money and credit to help promote national economic goals. The Board of Governors of the Federal Reserve System is responsible for the discount rate and reserve requirements, and the Federal Open Market Committee is responsible for open market operations. The Federal Reserve influences the demand for, and supply of, balances that depository institutions hold at Federal Reserve Banks and, in this way, alters the federal funds rate. The federal funds rate is the interest rate at which depository institutions lend balances at the Federal Reserve to other depository institutions overnight.

The Treasury yield curve displays the market interest rate across different contract lengths for U.S. Treasury securities, indicating the relationship between the interest rate and the time ("term") to maturity. The yields of the 2-year and 10-year U.S. Treasury notes are widely followed barometers of the current U.S. interest rate environment. Treasury security data used in calculating interest rate spreads is obtained directly from the U.S. Treasury Department, through FactSet.

The consumer price index (CPI) is a measure of average change, over time, in the prices paid by urban consumers for a market basket of goods and services. It is reported monthly by the U.S. Bureau of Labor Statistics.

We track a measure of wages, average hourly earnings of all private employees, which is calculated and reported on a monthly basis by the U.S. Bureau of Labor Statistics. The data measures average hourly earnings of all private employees on a "gross" basis (includes overtime and late shift work, but excludes benefits).

The Federal Reserve Bank of Atlanta publishes its [GDPNow estimate](#) to track the progress of as reported data for the current quarter change in gross domestic product (GDP). As more monthly source data becomes available, the GDPNow forecast for a particular quarter evolves and generally becomes more accurate. The forecasting error can be substantial just prior to the "advance" GDP estimate release. It is not an official forecast of the Federal Reserve Bank of Atlanta or the U.S. Federal Reserve Bank.