Capitol Building, Austin, Texas

QUARTER ENDING JUNE 30, 2025

Market Update

Markets wrapped up June on a strong note, extending the rally that began in late spring. Investor sentiment was buoyed by robust corporate earnings, easing trade tensions, and encouraging economic data. Despite lingering geopolitical risks, the overall tone remained optimistic as fundamentals continued to support market gains.

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LIFETIME Asset Management

Beyond the Headlines: Markets Stay Strong to Close Out the Quarter

June was another good month for investors, continuing the upward trend that began in late April. All three major U.S. stock indices—the S&P 500, Dow Jones Industrial Average, and Nasdaq—finished the month and the quarter with gains. The S&P 500 gained 5.09 percent during the month and 10.94 percent for the quarter. The Dow Jones Industrial Average was up 4.47 percent in June and 5.46 percent in the second quarter. The Nasdaq led the way with a 6.64 percent rise for the month and an impressive 17.96 percent increase for the quarter.

The positive momentum wasn't limited to the U.S. International markets also had a strong June, helping both developed and emerging market stocks post solid results for the quarter. The MSCI EAFE Index was up 2.20 percent in June and 11.78 percent for the quarter. The MSCI Emerging Market Index was up 6.14 percent for the month and 12.20 percent in the quarter.

Even bonds, which often move differently than stocks, performed well. That's because interest rates fell during the month, which tends to boost bond prices. The Bloomberg U.S. Aggregate Bond Index gained 1.54 percent in June and 1.21 percent in the quarter.

The Federal Reserve (the U.S. central bank) didn't change short-term interest rates at its June meeting, but many investors now expect the Fed to start lowering rates sometime in the third quarter.

Finally, high-yield bonds also ended the month and quarter in positive territory. The Bloomberg U.S. Corporate High Yield Index gained 1.84 percent for the month and 3.53 percent throughout the quarter.

Trade Tensions Ease, Supporting Market Confidence

Just like in May, markets benefited from a calmer tone around global trade. A new trade agreement between the U.S. and the U.K. officially took effect at the end of June. While there's still a lot to sort out on the global trade front, this deal could serve as a model for future agreements. Overall, the direction seems to be moving toward more cooperation, which is encouraging for investors.

Instead of reacting to headlines or political uncertainty, investors in June were able to focus more on the basics—how companies are actually performing. The latest earnings season (when companies report their profits) wrapped up, and the results were better than expected.

On average, companies in the S&P 500 reported earnings growth of 13.6 percent for the quarter. That's more than double what analysts had predicted (6.6 percent). Even more impressive, all 11 major sectors of the market beat expectations.

This shows that the strength wasn't limited to just a few industries—it was widespread. That's a good sign for the overall health of the market.

S&P 500 Reported Earnings Growth

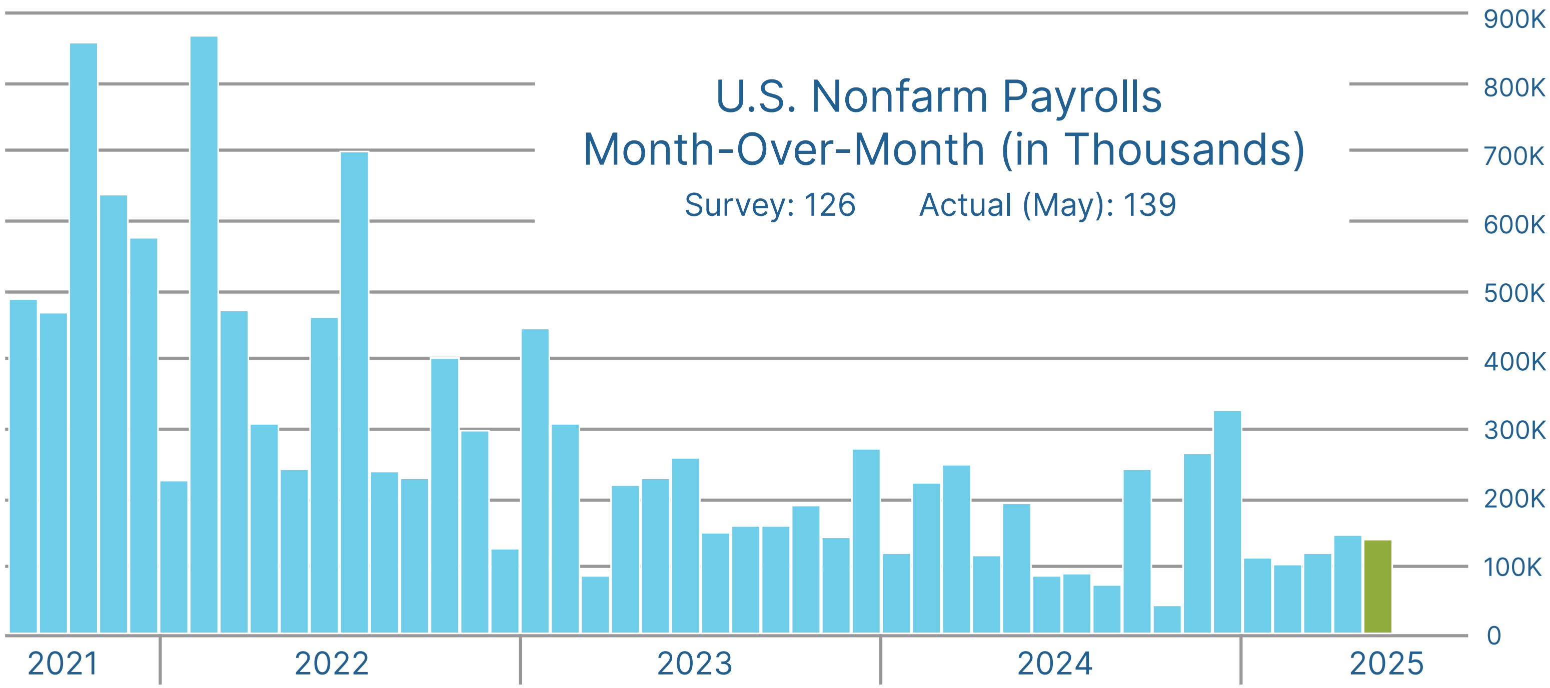
13.6%

In the first quarter

Economic Data Shows Steady Progress

The broader economy also showed signs of strength in June. According to the May jobs report, the U.S. added 139,000 new jobs, and the unemployment rate stayed at 4.2 percent. That's a solid pace of hiring.

Consumer confidence—a measure of how optimistic people feel about the economy—also improved. After months of decline, it jumped to a four-month high at the end of June. This was the first increase in six months and could mean that people are starting to feel better about their financial outlook. Since consumer spending is a big part of the U.S. economy, this is an important trend to watch in the second half of the year.



Source: The Daily Shot, June 9, 2025.

Risks Remain, Even in a Strong Market

Despite all the good news, there are still risks that could affect markets. Global tensions rose in June after Israel launched attacks on Iran. Although the situation was short-lived and didn't have a major impact on markets, it was a reminder that unexpected events can happen at any time.

There's also a lot of uncertainty coming from Washington, DC, especially around trade policies, government spending, and taxes. While the most likely outcome is continued progress on these issues, political surprises could still create challenges for markets in the months ahead.

As we move into the second half of the year, the overall picture remains positive. The economy is in decent shape, and company performance has been strong. While it's important to stay aware of potential risks, the long-term outlook still points toward continued economic growth and rising markets. As always, if concerns remain, you should speak to your financial advisor to go over your financial plans.

San Antonio Riverwalk, Texas

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