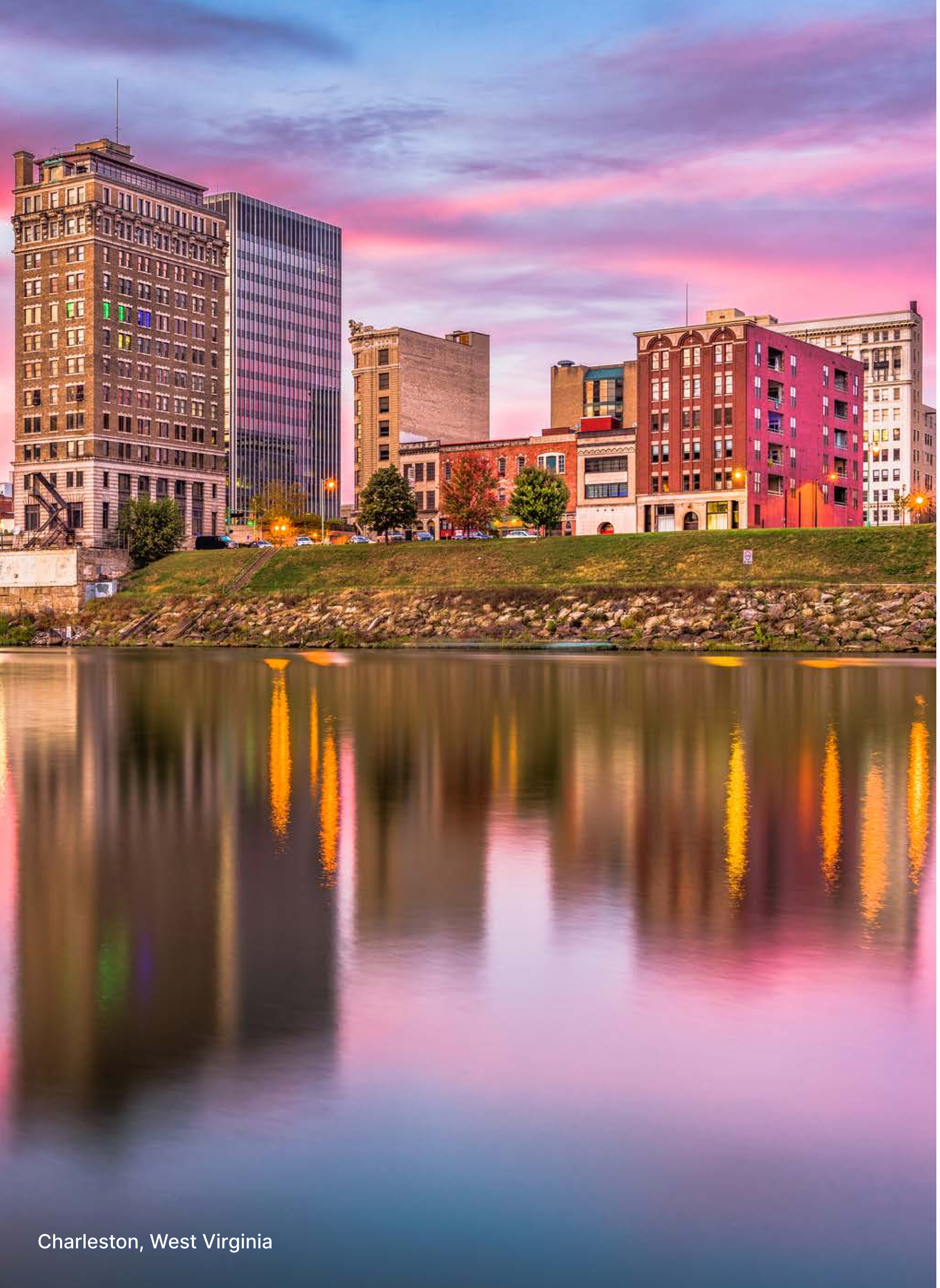

Charleston, West Virginia

WEEK OF JUNE 30, 2025

Market Update

U.S. equities rallied to record highs as easing geopolitical tensions, soft economic data, and rising rate-cut expectations fueled risk appetite. Tech and consumer sectors led, while defensives and energy lagged. Treasuries strengthened notably on weak consumer and housing data, with a steeper curve reflecting a dovish shift in Fed expectations.

Quick Hits

1. **Beyond the headlines:** What the recent proposal to change bank rules means for you.
2. **Report releases:** Consumer confidence unexpectedly fell in June; however, the index still remains above recent lows.
3. **Financial market data**: U.S. indices hit new records amid easing geopolitical concerns and Fed tone.
4. **Looking ahead:** This week's data will focus on manufacturer sentiment, employment, and service sector sentiment.

LifeTime Asset Management

Beyond the Headlines: What Just Changed with Bank Rules—and Why It Matters for You

The Federal Reserve recently proposed a change to a rule that affects how the biggest banks manage their money. While it may sound technical, it could have real effects on interest rates, stock markets, and how easily banks can lend to businesses and consumers.

What Is the Supplementary Leverage Ratio (SLR)?

Banks are required to keep a cushion of safe money (called capital) to protect against losses during tough times—such as when loans go bad or markets are volatile. One rule that sets how much capital a bank must hold is called the Supplementary Leverage Ratio, or SLR. It compares a bank's capital to its total exposure, including all loans, investments, and even U.S. Treasury debt.

Until now, the SLR used a one-size-fits-all approach. Large banks had to hold at least 5 percent–6 percent of their total assets as capital, no matter how risky or safe those assets were. That discouraged banks from holding even low-risk securities such as Treasuries, which made it harder for them to help keep financial markets running smoothly.

For most big banks, this would lower how much capital they're required to hold under the SLR. This could free up hundreds of billions of dollars that are currently held back under the old rule.

What Did the Fed Propose?

The Fed now wants to tailor that requirement. Instead of applying the same fixed rule to every big bank, the new approach adjusts the requirement based on how systemically important each bank is—that is, how much risk its failure could pose to the financial system.

For most big banks, this would lower how much capital they're required to hold under the SLR. This could free up hundreds of billions of dollars that are currently held back under the old rule. The goal is to make the rule more balanced, giving banks flexibility while keeping the system safe.

Why Does This Matter?

If banks have more flexibility, they may feel more comfortable making loans or investing in markets such as U.S. Treasuries. That could increase lending activity and help money move more efficiently through the economy. It may also help stabilize the bond market. Under the old rules, Treasuries were treated the same as riskier loans, which discouraged banks from holding them. By easing that burden, banks may return to playing a larger role in buying and selling government debt, which helps hold interest rates steady.

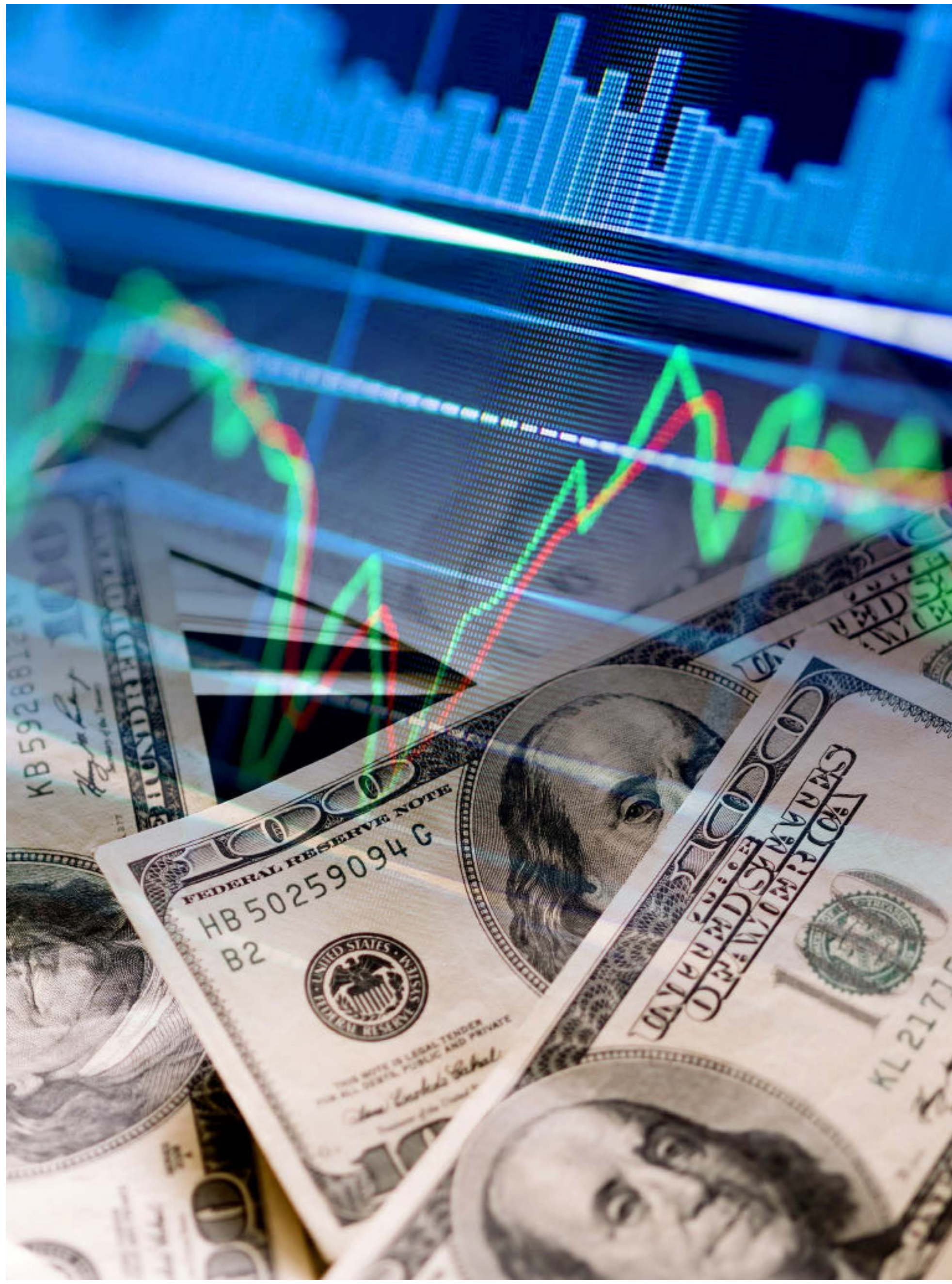
Stock investors also took notice. With fewer capital constraints, big banks like JPMorgan and Bank of America may see higher profits over time. That has already led to gains in bank stocks and could help improve returns in the financial sector more broadly.

When Would This Happen?

The proposal was announced on June 25, 2025, and is now in a 60-day public comment period, ending in late August. After that, regulators will review feedback and may revise the rule before finalizing it. If approved, the new rule could take effect in early to mid-2026, following the required waiting period after publication.

Final Takeaway

This change won't happen overnight, but it's an important reminder of how policy tweaks can affect markets. If implemented, it could support banks, improve bond market liquidity, and help the broader economy—all while regulators aim to maintain financial stability.



Report Releases: June 23–27, 2025

Existing Home Sales
May (Monday)

The pace of existing home sales unexpectedly rose in May after falling in both March and April.

- Expected/prior month existing home sales monthly change: –1.3%/–0.5%
- Actual existing home sales monthly change: +0.8%

Conference Board Consumer Confidence
June (Tuesday)

Consumer confidence fell in June after rebounding notably in May. Consumer views on both present economic conditions and future expectations soured during the month.

- Expected/prior month Conference Board consumer confidence: 99.8/98.4
- Actual Conference Board consumer confidence: 93.0

Durable Goods Orders
May (Thursday)

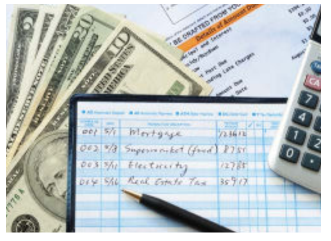
Headline and core durable goods orders both came in above economist expectations during the month. The surge in headline orders was primarily driven by volatile transportation orders during the month.

- Expected/prior durable goods orders monthly change: +8.5%/-6.6%
- Actual durable goods orders change: +16.4%
- Expected/prior core durable goods orders monthly change: +0.0%/+0.0%
- Actual core durable goods orders change: +0.5%

Personal Income and Spending
May (Friday)

Personal income and spending both unexpectedly fell in May. This marks the first month with declining consumer spending since January.

- Expected/prior month personal income monthly change: +0.3%/+0.7%
- Actual personal income monthly change: –0.4%
- Expected/prior month personal spending monthly change: +0.1%/+0.2%
- Actual personal spending monthly change: –0.1%



>> The Takeaway

- Consumer confidence fell sharply in June to 93.0, while personal income and spending both declined in May, pointing to growing consumer caution amid persistent economic uncertainty.
- Despite the weakness in spending, durable goods orders surprised to the upside in May, while existing home sales posted a modest rebound, rising 0.8 percent after two monthly declines.

Financial Market Data

Equity

U.S. equities rallied broadly, with major indices hitting fresh record highs as easing geopolitical tensions, weaker economic data, and a dovish shift in rate expectations buoyed sentiment. Tech, communication services, and consumer discretionary led gains, while defensives, energy, and materials underperformed. Market strength was supported by enthusiasm around AI, automation, and improving risk appetite across cyclicals.

Index	Week-to-Date	Month-to-Date	Year-to-Date	12-Month
S&P 500	3.45	4.54	5.64	14.08
Nasdaq Composite	4.25	6.13	5.35	14.34
DJIA	3.83	3.82	3.89	13.87
MSCI EAFE	3.11	2.18	19.89	18.41
MSCI Emerging Markets	3.35	6.57	16.02	16.88
Russell 2000	3.01	5.26	–1.95	8.03

Source: Bloomberg, as of June 27, 2025

Fixed Income

Treasuries rallied sharply, driven by easing geopolitical tensions, weak consumer and housing data, and a dovish repricing of the Fed’s rate path. The curve bull steepened, with the 2-year yield falling more than 15 bps and the 10-year dropping below 4.30 percent. Market expectations for rate cuts rose, aided by soft consumer confidence, declining income and spending, and speculation of a more dovish Fed leadership. Credit markets remained firm amid improved risk sentiment and narrowing rate volatility.

Index	Month-to-Date	Year-to-Date	12-Month
U.S. Broad Market	1.55	3.65	5.22
U.S. Treasury	1.28	3.45	4.52
U.S. Mortgages	1.85	3.91	5.60
Municipal Bond	0.55	-0.45	1.03

Source: Bloomberg, as of June 27, 2025

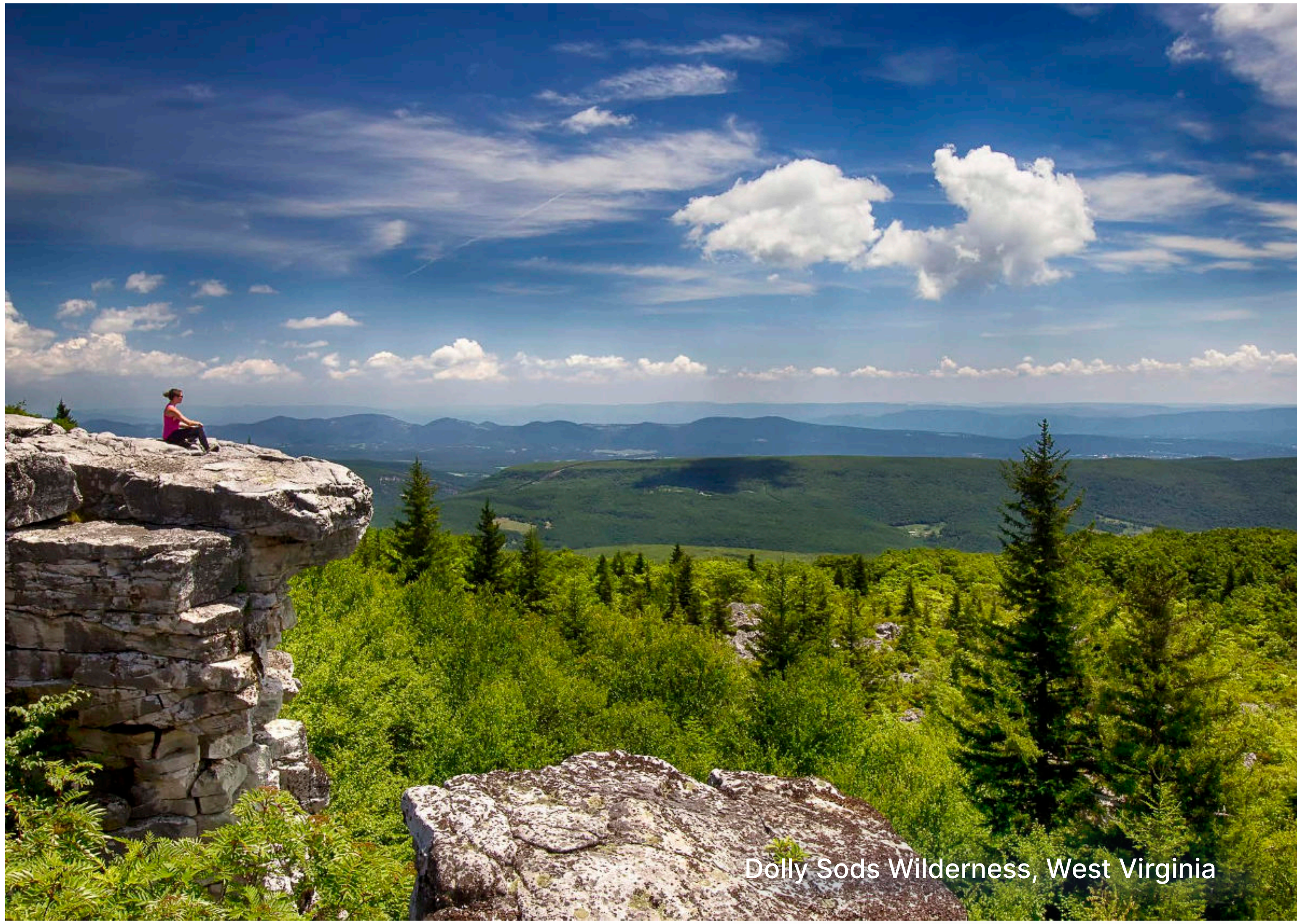
>> The Takeaway

- Equities rallied as major indices hit record highs, supported by easing geopolitical tensions, softer data, and rising rate-cut expectations. Cyclical sectors outperformed, while defensives and energy lagged amid renewed enthusiasm for AI and automation.
- Treasuries strengthened notably with a bull steepening curve, driven by weak consumer data and speculation of more dovish Fed leadership. Credit markets held steady as rate volatility declined.

Looking Ahead

This week will be a bit lighter on the economic data front with the Fourth of July holiday on Friday. The data will focus on manufacturer sentiment, employment, and service sector sentiment.

- Tuesday will kick off with the **ISM Manufacturing Index** release for June. Manufacturer sentiment is expected to remain unchanged in June, which would leave the index in contractionary territory for the month.
- The week will be wrapped up on Thursday with both the **Employment Report** and **ISM Services Index** for June. Economists expect to see that 116,000 jobs were added in June while the unemployment rate is set to tick up to 4.3 percent. Service sector confidence is expected to improve in June after an unexpected decline in May.



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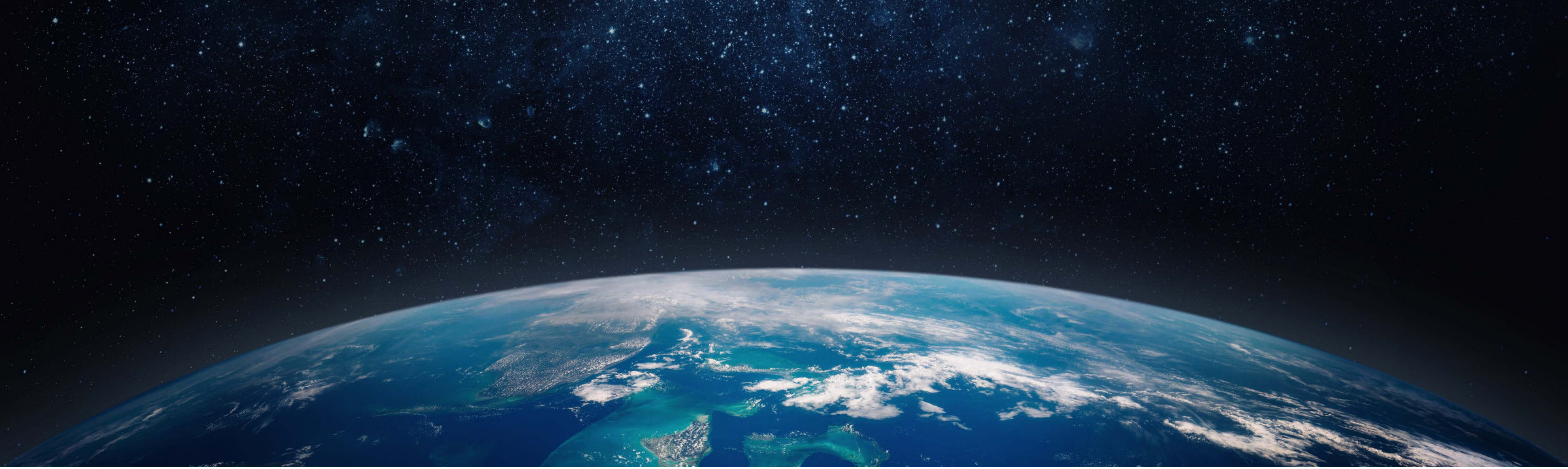

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