

# July 28, 2025

## Financial Services Group

Author:

### Economic Review



Troy Clark, CFA

Senior VP

Mr. Clark has been in investment banking since 1983. He is a Chartered Financial Analyst. He has been a fixed income strategist at Stephens Inc. since 1996, developing investment strategies, policies and procedures for institutions consistent with overall asset/liability management. Mr. Clark is the risk manager for Fixed Income Sales and Trading, monitoring inventories, product, transactions and counterparty risk. He is also a member of Stephens Fixed Income Management, providing discretionary management services for institutional customers. He is a member of the American Institute of Certified Public Accountants and the CFA Institute.

tclark@stephens.com

Stephens Inc.  
111 Center Street  
Little Rock, AR 72201

501.377.6314  
800.809.2016

www.stephens.com

Member NYSE, SIPC

- The Labor Department reported that **initial jobless claims** declined for a sixth straight week last week, underscoring the resilience of the labor market. First time claims in regular state programs recorded 217,000 for the week ending July 19<sup>th</sup>, after the prior week's report of 221,000. The four-week moving average dropped to 224,500 from 229,500 the prior week. Continuing claims, a proxy for people who are already receiving benefits and still cannot find a job, edged higher by 4,000 to 1,955,000 for the week ending July 12<sup>th</sup>. The insured unemployment rate, the number of people currently receiving unemployment insurance as a percentage of the labor force, remained at 1.3%.
- The Conference Board reported the **index of leading economic indicators** declined 0.3% in June after remaining unchanged the prior month. The drop was led by a decline in consumer expectations, ISM new orders and jobless claims, which was somewhat offset by a gain in stock prices. The index of U.S. leading indicators is a gauge of the economic outlook for the next three to six months. The **coincident index**, a gauge of current economic activity, gained 0.3% in June after climbing 0.1% in the previous month.
- The National Association of Realtors reported that **existing home sales** fell in June to a nine-month low. Potential buyers continue to be pressured by record prices and high mortgage rates. Contract closings decreased 2.7% in June to an annualized selling rate of 3.93 million units after climbing 1.0% in May. There is a 4.7 month supply in June compared to a 3.2 month supply in December. The median price climbed to \$435,300, 2.0% higher than a year ago.
- The Federal Reserve Bank of Chicago reported the pace of U.S. economic activity continued to be below trend territory in June, although an improvement from May. The **Chicago Fed National index**, which draws on 85 economic indicators, was negative 0.10 in June after reporting negative 0.16 in May. 37 of the indicators affected the index positively and 48 made negative contributions. A reading below zero indicates below-trend-growth in the national economy.
- The Census Bureau and Department of Housing and Urban Development reported the pace of sales of new homes climbed below expectations in June. Homebuilders are struggling to offset a mix of high prices and borrowing costs by offering incentives and subsidizing customers' mortgage rates, which are hurting profit margins. **New home sales** climbed 0.6% to a 627,000 annualized pace in June after plunging 11.6% the prior month. The supply of new homes climbed to 511,000 during the month from 505,000 the prior month. The report also showed the median sales price of a new house dropped to \$401,800 compared to \$422,700 in May. New home sales, which account for about 10% of the residential market, are accounted for when contracts are signed, which makes this data a more timely indicator than existing home transactions.
- The Commerce Department reported **durable goods orders**, which are bookings for goods and materials meant to last at least three years, pulled back in June after May's surge. The drop highlights the uncertainty related to trade and tariffs, particularly for companies with global supply chains, continues to pose risks for long-term investment planning. Orders decreased 9.3% in June after surging 16.5% in May. **Excluding transportation**, durable orders gained 0.2% in June after gaining 0.6% in May. The non-military capital goods orders excluding aircraft, a proxy for business investment, decreased 0.7% in June after gaining 2.0% in May. The ratio of inventory to shipments remained unchanged at 1.95.

The Mortgage Bankers Association reported the **MBA index of mortgage applications** climbed last week from the lowest level since late May as borrowing costs remained elevated. **Refinancing applications** decreased 2.6% to 747.5 from 767.6 the prior week. **Home purchase mortgage applications** rose 3.4% to 165.1. Refinancing made up 39.6% of applications with an average loan size of \$287,900, while purchases average loan size is \$426,700. The **average contract rate** on a 30-year fixed-rate mortgage increased to 6.84% from 6.82% the previous week.

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### BOND MARKET REVIEW

Rates were mixed last week with short-term rates rising slightly and longer term rates declining slightly. Friday's yields for the 2-, 5-, 10- & 30-year Treasury benchmark securities closed at 3.92%, 3.96%, 4.39% and 4.93%. The 2yr/5yr, 5yr/10yr, 10yr/30yr and 2yr/30yr spreads closed at 4, 43, 54, and 101 basis points respectively.

### Economic/Events Calendar

Tuesday	July 29	Jun Goods Trade Balance (-\$98.0b)	7:30 Central
		Jun Wholesale/Retail Inventories (-0.1%/0.3%)	7:30 Central
		May FHFA House Price Index (-0.2%)	8:00 Central
		May S&P CoreLogic CS 20-City Index (-0.20%)	8:00 Central
		Jun JOLTS Job Openings (7,525k)	9:00 Central
		Jul Conf Board Consumer Confidence (96.0)	9:00 Central
Wednesday	July 30	Jul 25 <sup>th</sup> MBA Mortgage Applications	6:00 Central
		Jul ADP Employment Change (75k)	7:15 Central
		2 <sup>nd</sup> Qtr Gross Domestic Product-Annual (2.5%)	7:30 Central
		2 <sup>nd</sup> Qtr GDP Price Index-Annualized (2.2%)	7:30 Central
		2 <sup>nd</sup> Qtr Personal Consumption (1.5%)	7:30 Central
		Jun Pending Home Sales (0.3%)	7:30 Central
		FOMC Rate Decision (4.25% to 4.50%)	13:00 Central
		Fed Interest on Reserve Balances (4.40%)	13:00 Central
Thursday	July 31	Jul 26 <sup>th</sup> Initial Jobless Claims (224k)	7:30 Central
		Jun Personal Income (0.2%)	7:30 Central
		Jun Personal Spending (0.4%)	7:30 Central
		Jun PCE Price Index-YOY (2.5%)	7:30 Central
		Jun Core PCE Price Index-YOY (2.7%)	7:30 Central
		2 <sup>nd</sup> Qtr Employment Cost Index (0.8%)	7:30 Central
Friday	August 1	Jul Change in Nonfarm Payrolls (107k)	7:30 Central
		Jul Unemployment Rate (4.2%)	7:30 Central
		Jul Labor Force Participation Rate (62.3%)	7:30 Central
		Jul Average Hourly Earnings-YOY (3.8%)	7:30 Central
		Jul ISM Manufacturing (49.5)	9:00 Central
		Jun Construction Spending (0.0%)	9:00 Central
		Jul University of Michigan Sentiment (61.9)	9:00 Central
		Jul Univ of Michigan 5-10 year Inflation (3.6%)	9:00 Central

Source: Bloomberg Finance L.P.

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