



August 11, 2025

Weekly Viewpoint

S&P 500 Delivers Biggest Weekly Gain Since Late June

Performance for Week Ending 8.8.2025

The Dow Jones Industrial Average (Dow) finished up 1.4 percent, the Standard & Poor's 500 Index (S&P 500) added 2.4 percent, and the Nasdaq Composite Index (Nasdaq) tacked on 3.9 percent. Sector breadth was positive, with eight of the 11 S&P sector groups closing higher. The technology sector (+4.3 percent) was the biggest gainer while energy (-1.0%) posted the biggest loss.

Index*	Closing Price 8.8.2025	Percentage Change for Week Ending 8.8.2025	Year-to-Date Percentage Change Through 8.8.2025
Dow	44175.61	1.4%	3.8%
S&P 500	6389.45	2.4%	8.6%
Nasdaq	21450.02	3.9%	11.1%

Market Observations: 8.4.2025–8.8.2025

The S&P 500 finished the week solidly higher reflecting a batch of solid earnings reports and dovish comments from a few Federal Reserve (Fed) officials. The technology sector led gains, driven by heavy weight Apple, following a White House announcement that the company will commit another \$100 billion to U.S. investments, bringing the total to \$600 billion over the next four years. Semiconductor stocks also gained after President Trump pledged to exempt a 100 percent levy on computer chips for companies relocating production to the US. Further boosting sentiment tone were growing expectations for a rate cut in September. Odds for a cut at next month's Fed meeting stand at 95 percent, compared with just 40 percent at the end of July, according to Bloomberg's World Interest Rate Probability tool. Traders are also betting on at least one additional reduction by year-end.

Fed Speak: Following the recent payroll data showing the labor market stagnating, last week's Fed speakers shifted to a more dovish tone. Minneapolis Fed President Kashkari acknowledge the U.S. labor market is cooling and the economy is slowing, suggesting the central bank must respond accordingly. He indicated two interest rate cuts this year seem "reasonable" and suggested it "may be appropriate to begin adjusting the policy rate in the near term." Meanwhile, Fed Governor Cook called the July jobs report

“concerning,” noting “The revisions are somewhat typical of turning points.” San Francisco Fed President Daly said the time is nearing for interest rate cuts, citing mounting evidence that the job market is softening and the absence of persistent tariff-driven inflation.

In Other Fed News: A Bloomberg report indicates that Fed Governor Waller is emerging as a leading candidate to succeed Jerome Powell as the central bank’s chair. Trump advisers reportedly value Waller’s willingness to move on policy based on forecasting, rather than solely on current data, as well as his deep understanding of the Fed system. While Waller has met with the president’s team, he has yet to meet with Trump directly. Meanwhile, President Trump chose Dr. Stephen Miran, current Chairman of the Council of Economic Advisors, to fill a recently vacated seat on the Federal Reserve Board until January 31, 2026. Miran holds a Ph.D. in Economics from Harvard University and served in Trump’s first administration.

Q2 Earnings: Through Friday, 453 companies in S&P 500 had released second quarter results, with over 81 percent beating expectations. Aggregate earnings for this group are up 11.4 percent from a year ago, more than double what analysts were forecasting at the start of reporting season. At the sector level, the biggest upside surprises are coming from the consumer discretionary and communication services sectors. In terms of year-over-year growth, communication services (44.6 percent) and technology (16.7 percent) lead the pack.

Economic Roundup: The U.S. services sector stagnated in July as firms responded to tepid demand and rising costs by reducing headcount. The Institute for Supply Management’s index of services declined last month to 50.1. The employment index dropped to 46.4—its fourth time in five months and among the lowest readings since the pandemic. The group’s measure of prices paid for materials and services, meanwhile, climbed to its highest point since October 2022. On the labor front, initial jobless claims rose 226,000 in the week ending August 2, up 7,000 from the prior period, surpassing Bloomberg expectations for 222,000. Continuing claims, a proxy for the number of people receiving benefits, increased 38,000 to 1.97 million, the highest since Nov. 6, 2021.

The Week Ahead: Tariff developments remain a central concern, with attention focused on whether the tariff pause between the U.S. and China that is set to expire on Tuesday will be extended. The focal point of this week’s data calendar will be on Tuesday’s Consumer Price Index report for July. Other inflation indicators will follow, including the Producer Price Index on Thursday and consumer inflation expectations from the preliminary University of Michigan consumer survey on Friday. Economic activity indicators, including retail sales and industrial production for July, are also due Friday. On the earnings front, just 5 members of the S&P 500 are scheduled to report, including Cisco, Deere, and Applied Materials. The Fed speaking calendar includes seven speeches throughout the week.

Definitions

The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally defined as the leaders in their industry. It has been a widely followed indicator of the stock market since Oct. 1, 1928.

Standard and Poor's 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Nasdaq Composite Index is a broad-based capitalization-weighted index of stocks in all three Nasdaq tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of Feb. 5, 1971.

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