

# Weekly Macro Call

August 25, 2025

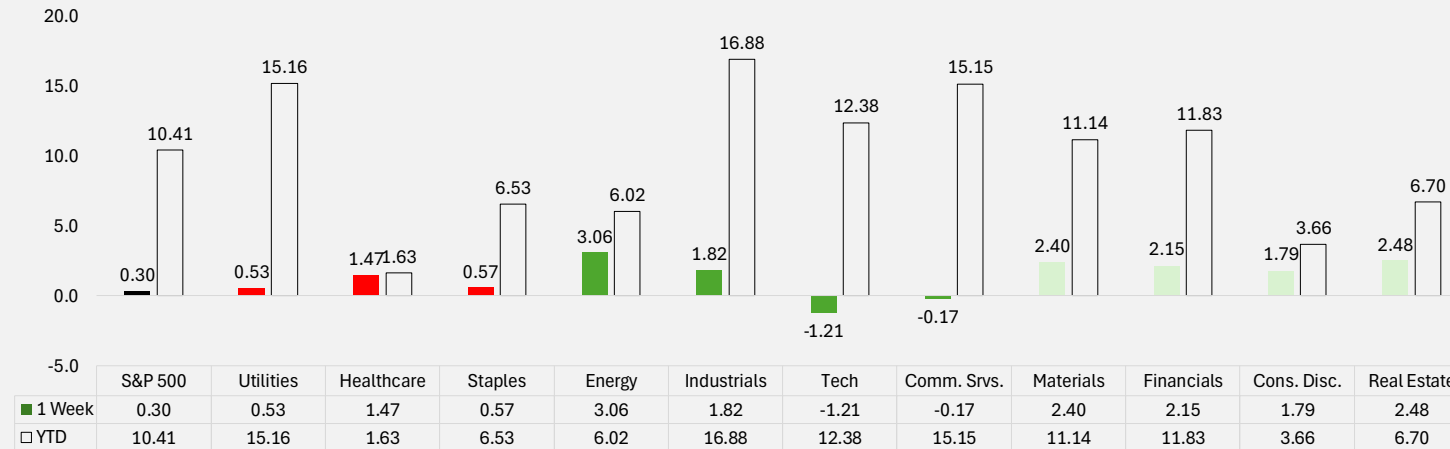
# MARKET RECAP

Broad Equity Markets	Level	1 Week	QTD	YTD	3MO	6MO	1YR
S&P 500	6,389.45	0.30	4.95	10.41	11.00	8.26	16.58
NASDAQ 100	23,611.27	-0.87	4.38	11.39	11.67	9.14	19.43
Dow Jones Industrial	44,175.61	1.59	4.36	8.35	9.48	6.00	13.54
Russell 2000	5,513.33	3.32	8.94	6.99	15.83	8.39	10.32
FTSE Developed International	2,396.07	0.79	4.62	25.24	8.15	16.42	18.45
FTSE Emerging International	1,912.31	0.11	4.02	15.92	7.63	11.12	17.63
Bloomberg US Aggregate Index		0.43	1.13	4.70	3.56	3.31	2.47
S&P GSCI		2.12	2.01	4.78	4.86	-0.30	9.74
Bitcoin	116,466.98	-0.36	9.19	23.39	8.41	22.49	90.42
Gold	3,394.15	-0.04	1.91	27.79	1.05	13.64	33.48

Interest Rates	Levels as of:	Last four weeks:				3 Months Ago	1 Year Ago
		8/22/2025	8/15/2025	8/8/2025	8/1/2025	5/22/2025	8/22/2024
3 Month Treasury Yield		4.36	4.35	4.39	4.44	4.35	5.28
2 year Treasury Yield		3.87	3.93	3.93	3.87	4.13	3.99
10 Year Treasury Yield		3.98	4.07	4.03	3.97	4.32	3.86
30 Year Treasury Yield		4.84	4.91	4.84	4.79	5.05	4.13
CBOE VIX		16.6	16.7	15.4	16.5	18.4	17.6

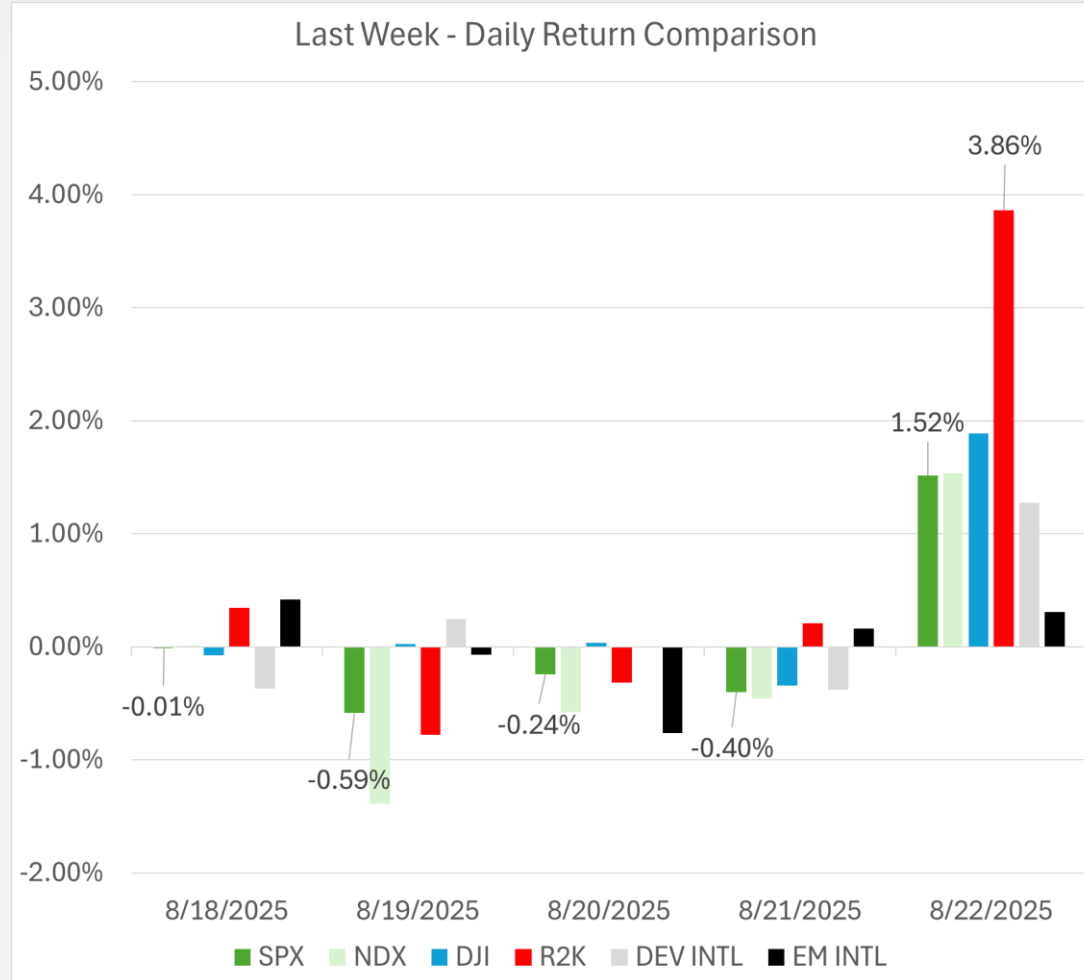
S&P 500 Sector Performance

Morningstar Super Sector Classification:		
Defensive Sectors	Sensitive Sectors	Cyclical Sectors



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## FED HINTS AT RATE CUTS



“Putting the pieces together, what are the implications for monetary policy? In the near term, risks to inflation are tilted to the upside, and risks to employment to the downside—a challenging situation. When our goals are in tension like this, our framework calls for us to balance both sides of our dual mandate.

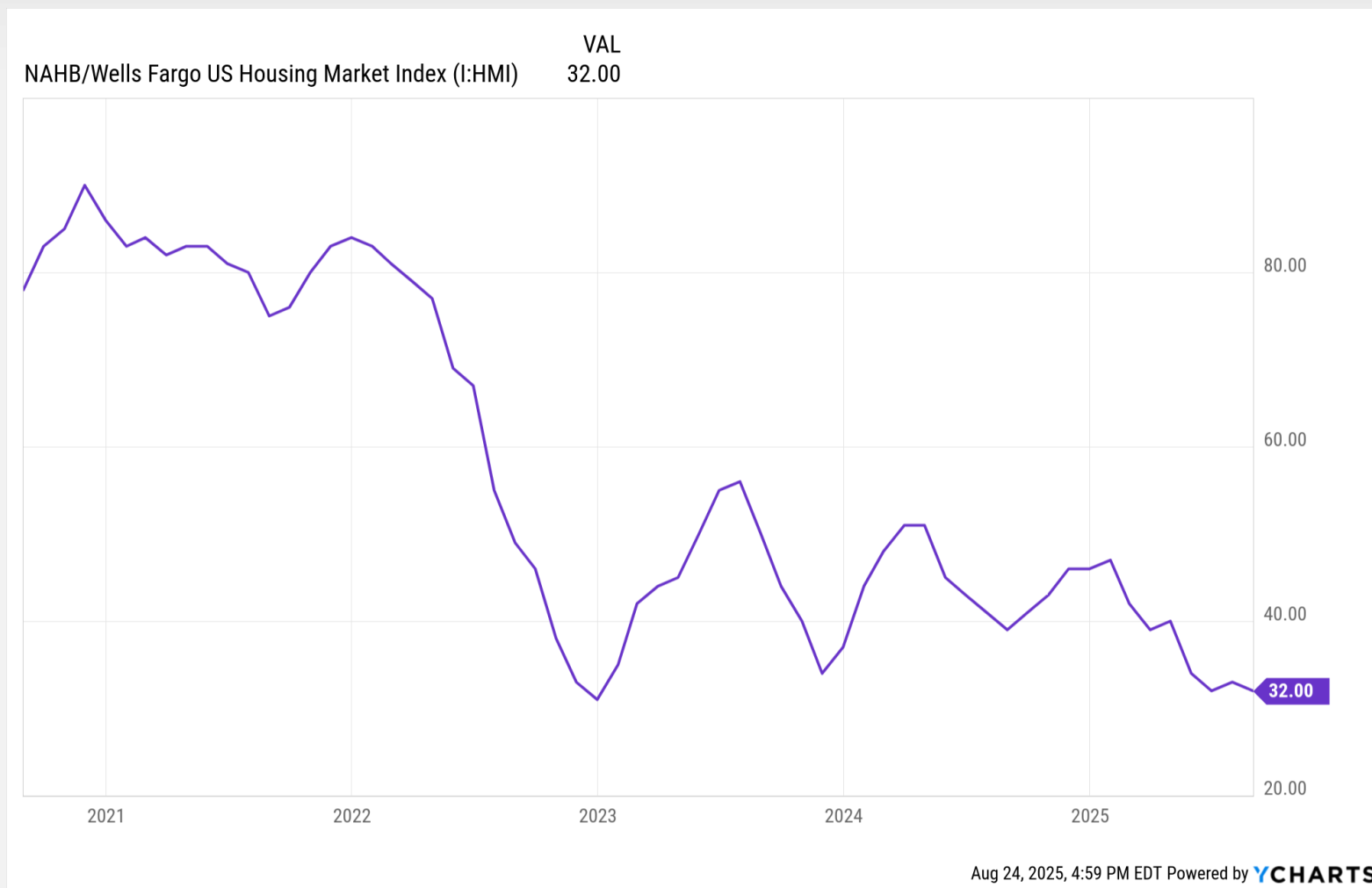
Our policy rate is now 100 basis points closer to neutral than it was a year ago, and the stability of the unemployment rate and other labor market measures allows us to proceed carefully as we consider changes to our policy stance.

**Nonetheless, with policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance.”**

- Jerome Powell - Jackson Hole Symposium - 8/22/2025

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## NAHB CONTINUES TO SHOW SIGNS OF HOUSING WEAKNESS



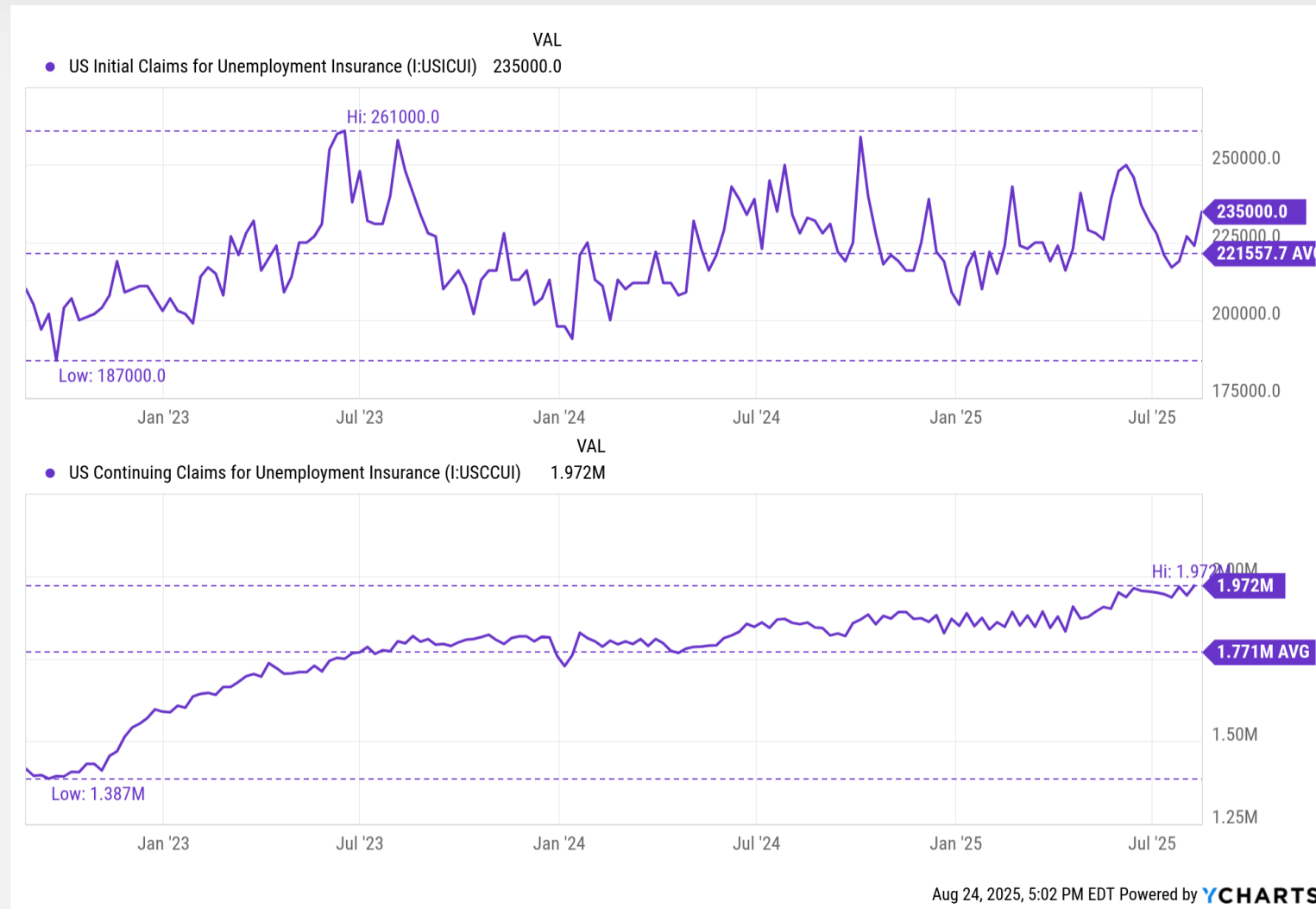
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## EXISTING HOME SALES REMAIN IN THE DOLDRUMS – UPSIDE COMING?



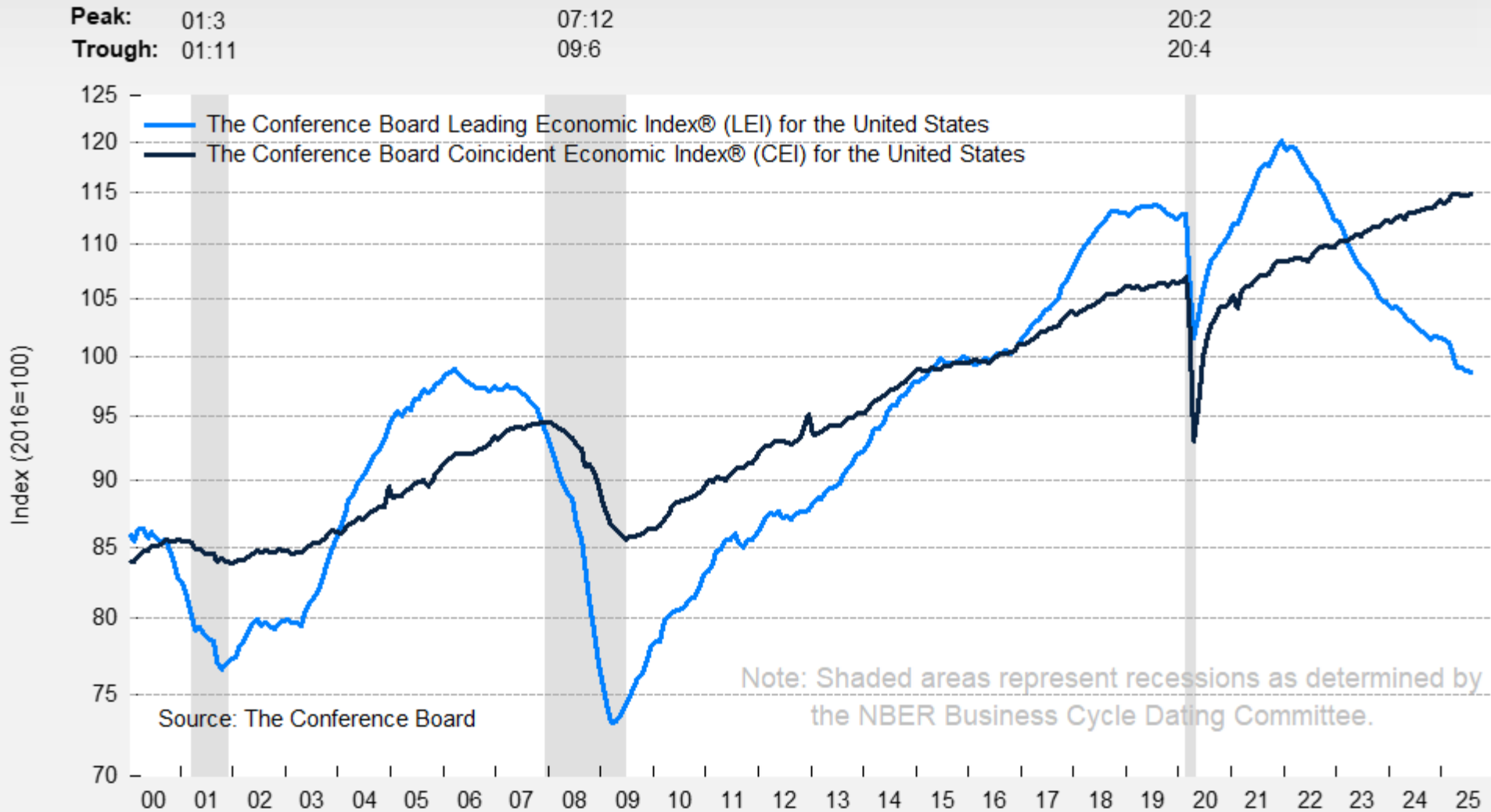
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## EMPLOYMENT CONTINUES TO SHOW SOFTENING



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## CONFERENCE BOARD LEADING ECONOMIC INDEX



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# Equity Insights

Kim Abmeyer, CFA, CFP®, EA



## Q2 2025 Earnings Season To Date

### Sector Performance

- Big Tech (“Great 8”/Magnificent Seven): Drove outperformance, posting roughly 27% EPS growth and about 15.5% sales growth.
- Excluding Tech Giants: The rest of the S&P 500 saw more moderate 7.4% EPS growth and about 3.5% sales growth.
- Financials, Communication Services, and Consumer Discretionary sectors also contributed notably to earnings growth.
- Energy sector experienced the largest decline, driven by lower oil prices, with earnings down about -17.6%; utilities were also weak.

### Company Examples and Guidance

- Many major retailers (e.g., Target, Ross Stores) reported mixed results—some saw sales grow but margins compress due to higher costs and tariff issues.
- Forward guidance is cautious but expects stable to slightly growing profitability into the year-end.

### Outlook

- The overall earnings environment remains more positive than initially feared, primarily due to strong results from large technology companies and positive surprises in financials and consumer sectors.
- Energy and utilities may continue to struggle if commodity prices remain muted, while high-quality large caps are favored for their resilience.

In summary, S&P 500 earnings for 2025 year-to-date and Q2 are robust, with headline growth driven by tech while certain defensive and cyclical sectors lag.

## Market Technicals

### **Key Points for the Coming Weeks**

- Heading into Friday, the markets were showing signs of being oversold after extended losing streaks, which prompted a short-term bounce, but key indicators and patterns do not yet confirm a sustained turnaround. However, despite this bounce, there has not been a shift in underlying market indicators.

#### Weakness in Recent IPOs

- Recent high-profile IPOs in tech and crypto (Circle Internet, Figma, Coreweave, Bullish BLSH) soared after debut but have since lost more than half their peak value, reflecting broader selling momentum, not just within the last week but for nearly two months. This suggests speculative excesses are unwinding and investor enthusiasm for new tech listings has faded.

#### Technical Levels: 50-Day Moving Averages

- The QQQs (Nasdaq ETF) have not touched their 50-day moving average since May; now, prices and the moving average are converging, raising the risk of a technical correction if breached.

- The SOX (semiconductor index) has tested but not broken below its 50-day average; if it fails to rise above 5800 in the next month and the moving average curls down, it could lead to further weakness.

#### Investor Sentiment Remains Complacent

- The NAAIM Exposure Index shows high levels of equity exposure by active managers (reading of 98), signaling complacency, not fear, among professionals. With overbought/oversold indicators remaining elevated and the call/put ratio still heading lower, a true, sustainable buy signal has not appeared yet.

## Market Technicals, Cont'd

### **Key Points for the Coming Weeks**

- Pattern-Based Approach Favored
- The author emphasizes waiting for recognizable bottoming patterns (like “W” formations or head-and-shoulders bottoms) in key stocks (e.g., Coinbase, Palantir) before committing, which could take several more weeks to develop.
- If September sees further breakdowns of key trendlines, sentiment could swing rapidly from complacency to panic.
- Short-Term vs. Long-Term Outlook
- Short-term: Expect a bounce or rally after the streak of down days, regardless of macro headlines like Fed commentary.
- Medium-term: Remain cautious, as indicators and sentiment do not support a strong or lasting move higher until new patterns and capitulation signals emerge.

## Portfolio Company Earnings the Week of 8/18– HD

**8/19:**

**Home Depot, HD, \$412.90, Div. Yield of 2.30%, Ex. Div. Date 6/5/2025:**

**EPS Estimate: \$4.55**

**EPS Actual: \$4.60, 1.16% surprise**

Price targets are \$335-\$475, some targets were raised and the stock reacted positively

### **Strategic Commentary**

CEO Ted Decker highlighted ongoing strength in smaller, everyday projects—customers showed broad engagement across most departments, but larger discretionary home improvement projects remain constrained by macro uncertainty. Home Depot's teams continue to execute at a high level and gain market share, supported by investments in Pro services, digital infrastructure, and the integration of acquisitions like SRS.

### **Outlook and Confidence**

Management reaffirmed 2025 full-year guidance: ~2.8% sales growth, ~1% comp sales growth, but a modest EPS decline is expected due to margin pressure and higher costs. The home improvement market is steady but not seeing a robust recovery in larger, discretionary projects; demand is strongest for tools, outdoor equipment, décor, and other small project categories. Despite the minor miss, investor sentiment was positive, and shares rose as management reiterated confidence in strategy and execution.

### **Strengths and Risks**

Strengths: resilient core demand, market share gains, effective operations, and strategic investments backing growth.

Risks: margin pressures from higher costs, slower inventory turnover, and no significant rebound yet in big-ticket home renovations.

In summary, Home Depot reported solid top-line results, stability in the core business, and confidence in ongoing strategy, despite continued caution for larger projects and some margin headwinds.

**\*\*Will likely benefit if there are rate cuts**

## Portfolio Company Earnings the Week of 8/25– HD

**8/27:**

**Snowflake, SNOW, \$197.15:**

**EPS Estimate: \$0.27**

Price targets are \$150-\$440, recently upgraded and targets raised heading into call

- Product Adoption and AI Initiatives

Watch for commentary on adoption rates for newer features, especially in AI (like Snowflake Cortex), and how quickly customers are integrating these into their workloads. Pay attention to new product launches and updates on Snow Park and data engineering features, as prior quarters have highlighted rapid product rollouts.

- Listen for clear signals around cloud growth, enterprise AI adoption, margin direction, and stronger evidence of Snowflake's competitive moat in the evolving data cloud landscape.

**Nvidia, NVDA, \$177.99, Div. Yield of 0.02%, Ex. Div. Date 6/11/2025:**

**EPS Estimate: \$1.01**

Price targets are \$100-\$250

- Listen carefully for key updates on data center revenue growth, adoption of Blackwell GPUs, the China business outlook, guidance for Q3, and commentary about AI demand—all crucial for investor sentiment given Nvidia's rich valuation and central role in the AI ecosystem.

## Portfolio Company Earnings the Week of 8/25– HD

**8/28:**

**Nutanix, NTNX, \$68.77:**

**EPS Estimate: \$0.33**

Price targets are \$85-\$100

- Focus on revenue growth, ARR momentum, customer and partner traction (highlight recent large customer signings, expansions, and deepening strategic partnerships with firms like Dell and Cisco), margin performance, competitive environment, GenAI and Kubernetes strategy, and fiscal 2026 guidance.

**Okta, Inc., OKTA, \$92.01:**

**EPS Estimate: \$0.85**

Price targets are \$75-\$148

- Listen for signals around AI-driven security expansion, enterprise adoption, margin sustainability, macro strategy, and progress handling security and compliance—with all these factors important for Okta's continued strength and premium market valuation.
- Analysts are closely watching if Okta can maintain strong revenue growth (11–13% y/y projected) while sustaining or improving margins, given sector-high valuation and slowing net retention (about 106% currently).

**CrowdStrike, CRWD, \$420.43:**

**EPS Estimate: \$0.83**

Price targets are \$330-\$610

- Recently announced a partnership with Zscaler, expanded AI collaboration with AWS, will want to hear confidence in continued robust cybersecurity spending.

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