

CHIEF INVESTMENT OFFICE

# Capital Market Outlook

July 7, 2025

All data, projections and opinions are as of the date of this report and subject to change.

## IN THIS ISSUE

### Macro Strategy—*Strong Profits and Tame Oil Prices Likely to Keep Economy Going*

The U.S. economy remains in a “soft patch,” with weaker-than-initially-reported consumer spending and depressed business sentiment offset by strong corporate profits and still relatively balanced labor-market conditions. Wage gains remain healthy, and consumers still have room to draw on savings. Despite an increase in May, core personal consumption expenditures (PCE) inflation ran at just 1.65% on a three-month annualized basis, opening the door for potential Federal Reserve (Fed) rate cuts if growth falters further. Also positive, corporate profits stayed strong in Q1, and real business equipment investment surged at a 24% annualized rate, driven by information technology (IT) and intellectual-property outlays, a positive for productivity.

Both economywide and in the S&P 500, earnings and margins have remained strong, giving companies room to absorb part of the tariff increases without major damage to the economy. This is likely to help keep inflation in check, preventing Fed rate hikes. With Fed restraint out of the way, the profit cycle is likely to be extended by tailwinds from fiscal stimulus and deregulation, all supportive of economic growth and risk-asset performance.

**Market View—*The First-Half Market Turnaround and the Economic Cycle*:** Equity markets concluded a volatile first half at new highs for the year after a three-month surge from the early-April lows took them back to fresh peaks in June. Investor consensus coming into 2025 had been for the U.S.-led gains of 2023 and 2024 to extend further on the back of a pro-growth stance from the incoming administration. But for much of the first quarter, risk appetite was buffeted by market events related to trade and geopolitics. There has been no shortage of event risk facing investors over the course of the year so far. But looking through the noise, the business cycle has historically played the most important role in determining the magnitude and duration of equity market pullbacks.

**Thought of the Week—*Is the Bull Recharged for the Second Half?*:** U.S. Equities have made a stunning recovery from the sharp market correction earlier this year. The question is whether the positive performance can continue for the rest of 2025. Momentum seems to be building in favor of further upside ahead, especially as a better technical picture coalesces with a positive fundamental story. The S&P 500 has repaired some technical damage after it formed its first “golden cross” in more than two years, which is when the 50-day moving average crosses above its 200-day moving average. Market breadth and investor sentiment also look to be improving, adding to equity market optimism. We therefore remain constructive on U.S. Equities for the rest of 2025 but continue to monitor risks that could cloud the outlook.

## MACRO STRATEGY ►

Chief Investment Office

Macro Strategy Team

## MARKET VIEW ►

Ehiwario Efeyini

Director and Senior Investment Strategist

## THOUGHT OF THE WEEK ►

Kirsten Cabacungan

Vice President and Investment Strategist

## MARKETS IN REVIEW ►

Data as of 7/7/2025,  
and subject to change

## Portfolio Considerations

We maintain an overweight to Equities with a preference for U.S. Equities relative to the rest of the world, and still favor a significant allocation to bonds in a well-diversified portfolio. We would use any weakness in equity markets over the second half of the year as an opportunity to rebalance. We are neutral across Fixed Income in all-Fixed Income low-tax sensitivity portfolios, and, for qualified investors, we continue to emphasize potential long-term growth and income opportunities in Alternative Investments.

We believe there are four key catalysts for the remainder of the year:

1. Tariff and trade deals.
2. Solid corporate earnings to continue.
3. Economic and consumer resilience remains.
4. Weaker dollar and easier financial conditions support risk taking.

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## Strong Profits and Tame Oil Prices Likely to Keep Economy Going

*Chief Investment Office, Macro Strategy Team*

Based on incoming data, the U.S. economy remains in a growth “soft patch,” with the consumer sector contributing more than initially apparent to the malaise. Negative revisions reduced Q1 real consumer spending growth to just a 0.5% annualized rate from 1.8% originally reported and 4% in Q4. Despite normal wage-and-salary gains, spending also weakened into May, resulting in a slight but unusual five-month contraction. Not surprisingly, hiring has cooled, and continuing claims have “mini spiked” since April.

That said, with fading tariff-related uncertainty and disruptions, initial jobless claims remain tame, and continuing claims remain low relative to employment. As per the Bureau of Labor Statistics (BLS), the quits rate stabilized this year, and the job openings rate jumped in May to the highest levels since November, both still consistent with a balanced labor market. Small business owners’ employee pay-raise plans increased in May, also hovering around normal levels. All this, together with the typical quits-wage link, argues against undue weakness in payrolls and wage growth in coming months.

Absent an inflation flareup, which we don’t expect given tame energy prices, moderate wage-growth conditions, and other disinflationary underlying pressures discussed in recent reports, real spending is likely to rebound, in our view. Yes, PCE inflation rose more than projected in May, with headline inflation at 2.3% year over year and core inflation 2.7%. Both are within reach of the 2% target, though. Indeed, core inflation is running at just a 1.65% three-month annualized rate, suggesting the underlying disinflationary trend remains in place. Not surprisingly, markets are pricing about two Fed rate cuts this year, assuming the “soft patch” deepens before fiscal and deregulation support arrives.

With benign inflation opening the possibility for easier Fed policy, a softening dollar, strong Q1 corporate profit growth, and fiscal stimulus/deregulation in the pipeline, the economic and profits growth outlook remains positive boosting risk appetite and equity prices. Robust earnings and equity prices underpin capex, hiring, and wealth effects, also largely explaining employers’ reluctance to lay off staff despite high uncertainty, subdued business sentiment, and cautious investment plans.

Real business equipment investment is projected to barely increase in Q2 after surging 24% in Q1 at an annualized rate, about six times the norm. This left it 8.3% higher year over year, a robust, above average increase more typical of midcycles than late-cycle economies. Still, the spike was mainly driven by an eye-popping 73% annualized tariff-related surge in IT equipment investment, now 20% above year ago levels. Industrial and transportation equipment increased at more “pedestrian” mid-single-digit quarterly rates.

Industrial equipment has long lagged IT and intellectual-property investment as the U.S. embraced high-technology, higher-margin, asset-light economic activity while offshoring labor-intensive work. Moreover, weak overseas growth since 2010, a 40% real trade-weighted dollar appreciation, and China’s moving up the value chain have constrained U.S. exports and domestic manufacturing production. As a result, though 40% higher compared to 2005, industrial equipment lost share of total inflation-adjusted equipment investment from 27% to 19%, and it’s just 17% of intellectual-property investment in real terms.

To maintain its 16% share of economy-wide profits and 20% of domestic profits in the face of flatlining production after China’s 2001 accession to the World Trade Organization, manufacturing employment was cut about 20%. With an eye on quality versus volume, and payrolls reduced to a minimum level necessary to ensure operational quality and safety, profits have about sextupled over the same period, according to Bureau of Economic Analysis accounts, with the same share in Q1 2025 as in 2001 and 2011 despite cyclical roundtrips (Exhibit 1).

Robotization, a focus on higher value-added/high-profit-margin activity, declining interest rates, and rising government deficit spending have been strong forces behind the increase in economywide profit margins to six-decade highs in recent years. In contrast, persistent dollar appreciation and weaker overseas growth (slow rebound from the Great Financial Crisis, the euro crisis, Chinese slowdown) have hampered profits from overseas. Since its 2010 peak, their share of pretax profits plunged to a 26-year low.

### Portfolio Considerations

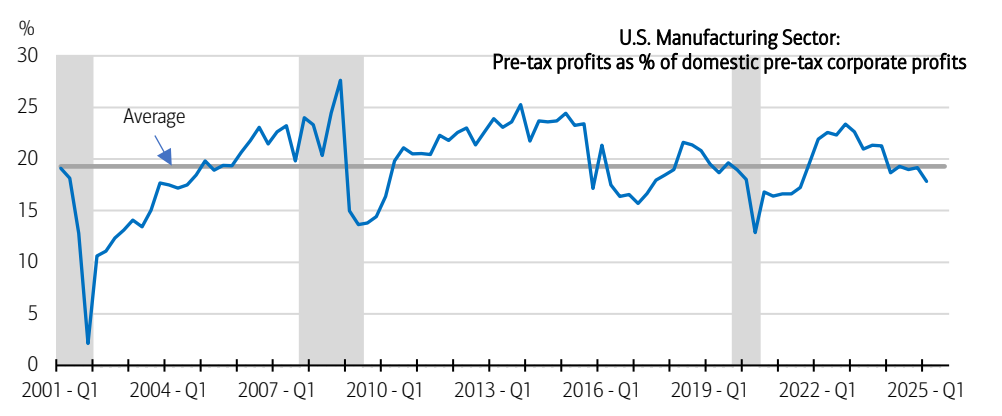
Profit growth has remained firm through Q1 and the sharp rebound in the U.S. earnings revisions ratio is positive for risk assets looking forward. Equity-market leadership, tight credit spreads, normalized volatility, and a softening dollar from overvalued levels suggest the midcycle is likely to continue notwithstanding a temporary “soft patch.”

Both NIPA<sup>1</sup> profits and S&P 500 earnings per share (EPS) surprised again to the upside in Q1 with firm, mid-cycle-type growth, boosting sentiment about economic prospects and investor risk appetite. Here are few more considerations regarding their differences and likely outlook:

- The long-term trends of the NIPA profits and EPS are similar, as both track nominal GDP.
- EPS are more volatile due to different coverage and accounting principles. NIPA profits encompass both publicly traded and privately held companies, while the S&P 500 covers a changing mix of the largest and generally more profitable publicly traded 500 companies.
- The S&P 500 index doesn't entirely match the industry composition of the economy, as few corporations in construction, legal services and medical services, for example, meet inclusion criteria. Also, larger-capitalization companies have a greater impact on EPS given index construction methodology. Industrial, capital-goods, and high-technology firms tend to be overrepresented.
- Short-term developments such as a spike in energy prices may affect EPS more because of the heavy weight of large energy corporations in the index.
- Share buybacks tend to enhance EPS, a source of divergence between the two measures of earnings growth.
- Because of a greater share of multinational companies, 40% of S&P 500 revenues come from exports and overseas affiliates. Thus, changes in the dollar have a much bigger impact on S&P 500 revenue growth than on economywide revenues and profits.
- Given its large overvaluation on a trade-weighted basis despite an 8% decline in H1, the greenback is likely to remain on a downtrend, suggesting tailwinds for profits, particularly EPS.
- Elevated U.S. government outlays, combined with business incentives related to 100% bonus depreciation of equipment spending, R&D, and other qualifying expenses—equivalent to an effective tax cut from 21% to 15%—are a boon to profits. A meaningfully positive fiscal impulse planned over the next 10 years in Europe is another likely tailwind.
- According to a BofA Global Research, June 25, 2025, report, the U.S. has recently seen the largest earnings revisions ratio swing compared to other countries, with upgrades again exceeding downgrades. In contrast, the ratio remained weak in Europe and fell to a two-year low in Japan. Among global sectors, the ratio was above 1.00 for Financials and Software. By global style, the ratio was highest for Momentum and Growth.

All told, the recovery of global equity prices after the sharp April correction seems to reflect renewed confidence in the Fed's inclination to cut rates further should the "soft patch" persist, a sustained expansion, and a strong underlying profits trend.

**Exhibit 1: Focus On Efficiency and High-Technology/High-Value-Added Products Has Paid Off.**



Source: Bureau of Economic Analysis. Data as of July 2, 2025. Please refer to index definitions at the end of this report. **Past performance is no guarantee of future results.**

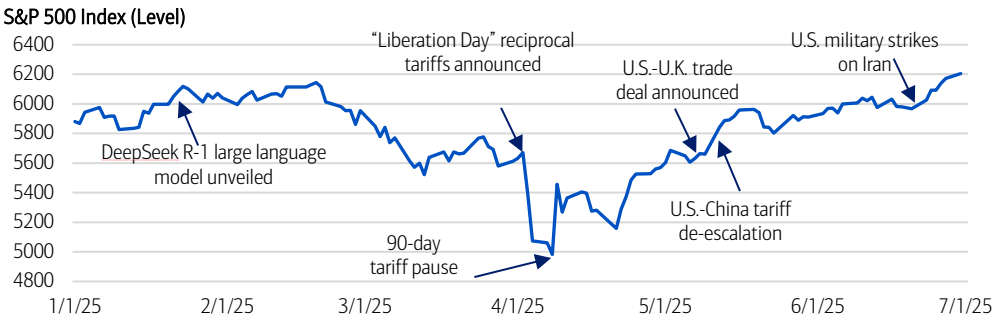
<sup>1</sup> National Income and Product Accounts, Bureau of Economic Analysis.

# The First-Half Market Turnaround and the Economic Cycle

Ehiwario Efeiyini, Director and Senior Investment Strategist

Equity markets concluded a volatile first half at new highs for the year after a three-month surge from the early-April lows took them back to fresh peaks in June. Investor consensus coming into 2025 had been for the U.S.-led gains of 2023 and 2024 to extend further on the back of a pro-growth stance from the incoming administration. But for much of the first quarter, risk appetite was buffeted by market events. Assumptions about the dominance of U.S. technology leaders were challenged in January following the release of a new research paper by Chinese artificial intelligence startup DeepSeek, whose latest large language model was able to deliver comparable performance with top U.S. firms at a fraction of the cost. Uncertainty over prospective U.S. trade policy rose in February and March, culminating in the April 2 “Liberation Day” announcements of steep tariffs on U.S. imports from the rest of the world. The market then troughed a week later as a process of de-escalation began. First came a 90-day pause on the implementation of new tariffs subject to negotiations with U.S. trading partners, then the striking of a first deal with the U.K. in May, followed by a bilateral reduction in tariff levels with China for an additional 90-day period. A rise in geopolitical risk then concluded the half after the U.S. military conducted strikes on three nuclear facilities in Iran (Exhibit 2).

Exhibit 2: Equity Market Regains 2025 Highs After A Volatile First Half of the Year.



Source: Bloomberg; Chief Investment Office. Data as of June 30, 2025. Short-term performance shown to illustrate more recent trend. Please refer to index definitions at the end of this report. **Past performance is no guarantee of future results.**

There has been no shortage of event risk facing investors over the course of the year so far. But looking through the noise, the business cycle has historically played the most important role in determining the magnitude and duration of equity market pullbacks. The most severe instances of market weakness have typically occurred around contractions in the real economy. And by contrast, periods of economic expansion have usually been associated with a trend rise in equity index levels and more limited market drawdowns. That is to say, whether selloffs of the type witnessed between February and April develop into anything more persistent—or are quickly reversed—has largely depended on the state of economic growth and corporate earnings. And as we move into the second half, investors should keep this top of mind in the face of any additional shocks from trade or geopolitics.

We remain of the view that current conditions point away from an imminent downturn for the U.S. economy. And our internal indicator also suggests a low current probability of recession at just 7.9% in the latest reading.<sup>2</sup> After the rapid first half turnaround in equities and a return to the highs of the year, we would therefore expect the market advance to continue. Examining significant market pullbacks in past cycles, we find that they have occurred in all phases of the cycle. But we nonetheless also find a clear contrast between recessionary and non-recessionary pullbacks in terms of their magnitude, duration and time taken to recover.

The individual episodes of material market weakness highlight the consistency with which recessions have produced the deepest and most persistent market drawdowns of the post-war era, in contrast with the shallower and more brief drawdowns generally seen outside of recessions. And the aggregated profile of each recessionary and non-recessionary episode illustrates the large divergence between these two economic outcomes in terms of their implications for the direction of equity markets. Though the February-April selloff was deeper than the typical non-recessionary decline, its duration was still much shorter than the average (Exhibit 3), in contrast with the more protracted market declines associated with economic downturns.

## Portfolio Considerations

The first half of 2025 was challenging for investors, with uncertainty over tariff policy and geopolitics causing large swings in sentiment and market prices. We nonetheless remain of the view that current conditions point away from an imminent downturn for the U.S. economy. And with Equity indexes breaking to new highs, the market appears to be signaling that an extended economic cycle should prolong the uptrend and that participants should stay invested.

<sup>2</sup> The Recession Indicator is a logistic regression of four macroeconomic variables (initial claims, housing starts, industrial production, vehicle sales) against recessionary and non-recessionary periods since January 1970.

### Exhibit 3: Equity Market Selloffs and Recoveries In Non-Recessionary And Recessionary Periods.

Post-WWII major S&P 500 declines and recoveries.

| Peak/Recession start             | S&P 500 peak-to-trough | Duration of market selloff (trading days) | (months)  | Time to regain prior peak (trading days) | (months)  |
|----------------------------------|------------------------|-------------------------------------------|-----------|------------------------------------------|-----------|
| 2025 peak                        | -18.9%                 | 34                                        | 2         | 58                                       | 3         |
| <b>Non-recessionary average*</b> | <b>-16.0%</b>          | <b>85</b>                                 | <b>4</b>  | <b>131</b>                               | <b>6</b>  |
| <b>Recessionary average</b>      | <b>-29.9%</b>          | <b>272</b>                                | <b>13</b> | <b>701</b>                               | <b>33</b> |
| 1948                             | -20.6%                 | 259                                       | 12        | 409                                      | 19        |
| 1953                             | -14.8%                 | 180                                       | 8         | 308                                      | 14        |
| 1957                             | -20.7%                 | 71                                        | 3         | 306                                      | 14        |
| 1960                             | -13.9%                 | 321                                       | 15        | 389                                      | 18        |
| 1969                             | -36.1%                 | 388                                       | 18        | 851                                      | 40        |
| 1973                             | -48.2%                 | 450                                       | 21        | 1960                                     | 92        |
| 1980                             | -17.1%                 | 31                                        | 1         | 108                                      | 5         |
| 1981                             | -27.1%                 | 444                                       | 21        | 503                                      | 24        |
| 1990                             | -19.9%                 | 62                                        | 3         | 152                                      | 7         |
| 2001                             | -49.1%                 | 663                                       | 31        | 1873                                     | 88        |
| 2007                             | -56.8%                 | 369                                       | 17        | 1427                                     | 67        |
| 2020                             | -33.9%                 | 23                                        | 1         | 129                                      | 6         |

\*For Equity market selloffs of 10% or more. Source: Chief Investment Office; Bloomberg. Data as of June 30, 2025.

Looking across the major market selloffs of the post-war period, we would emphasize at least four main conclusions. And these should help to anchor investor risk appetite in the face of additional shocks as we move through the second half of the year.

1. Major market pullbacks have historically occurred both during periods of economic expansion and economic contraction. Since 1945, we count 40 episodes in which the S&P 500 registered a peak-to-trough decline of 10% or more. Of these 40 cases, 12 were associated with recessions for the U.S. economy and the remaining 28 took place outside of recessions while the economy was growing. Investors can therefore expect periods of heightened volatility at any point in the cycle. But these major pullbacks are far more likely to occur in the rarer instance of a contracting economy than at a time of economic growth.
2. Market declines associated with periods of recession have also been much larger on average than those associated with non-recessionary periods. The mean recessionary decline for the S&P 500 since 1945 has been 29.9% (median 23.9%), whereas the mean non-recessionary 10%-plus decline has been a much lower 16.0% (median 14.0%). When the economy has been in expansion, investors have therefore generally avoided the most severe periods of retrenchment for the broad market.
3. The market pullbacks that happen during periods of economic expansion tend to be relatively short in duration, while the periods of market weakness associated with recessions tend to be much more persistent. The average length of the 12 post-war recessionary market declines has been 272 trading days (13 months), versus an average across the 28 non-recessionary declines of 85 trading days (4 months). Investors would therefore have to be very nimble to capture major market drawdowns during expansions but typically have more time to reposition for market weakness during times of recession.
4. By the same token, recoveries from market drawdowns are usually much quicker when the economy remains in expansion. Following recessionary market declines, the average time taken to climb back to prior peaks has been close to three years (33 months). But on average following 10%-plus pullbacks outside of recessions, the broad market has regained its prior peak in just six months. The 2025 first half selloff much more closely resembles the latter than the former.

We therefore continue to watch for any material deterioration in the economic releases, or any further shocks from geopolitical developments or upcoming trade negotiation deadlines in August for China and later this week for the rest of the world. But with equity indexes breaking to new highs, the market appears to be signaling that an extended economic cycle should prolong the uptrend and that participants should stay invested.

Is the Bull Recharged for the Second Half?

Kirsten Cabacungan, Vice President and Investment Strategist

U.S. Equities have made a stunning recovery from the sharp market correction earlier this year. The question is whether the positive momentum can continue for the rest of 2025?

The S&P 500 finished the second quarter with its biggest quarterly advance since Q4 2023 and capped the strong performance with back-to-back new all-time highs. Several factors explain the bid up in stocks: tariff policy progress, better-than-expected earnings results, renewed artificial intelligence (AI) enthusiasm and a string of solid economic data including both moderating inflation and stable unemployment prints. These positive market factors helped return the S&P 500 back into the green with the index up 5.5% overall for the first six months of the year. **Since 1950, when the index returned between 5% and 10% in the first half, stocks were higher 85.7% of the time in the second half, gaining 6.1% on average.**<sup>3</sup>

Recent signs of improving underlying market conditions add to equity market optimism. The S&P 500 repaired some of its technical damage after it formed its first “golden cross” in more than two years, which is when the index’s 50-day moving average crosses above its 200-day moving average (Exhibit 4B). **Historically, golden crosses have been bullish signals for stocks, with the S&P 500 up 6.8% and 10.7% on average in the six- and 12-month periods that followed based on data since 1950.** Stocks have gained 48.3% since the last time the signal flashed in February 2023.<sup>3</sup>

Investment Implications

We expect a combination of factors from improving market conditions to positive fundamental catalysts to form a solid base for U.S. Equities in the second half of the year. While we remain constructive on U.S. Equities, we continue to emphasize diversification as risks to the outlook remain.

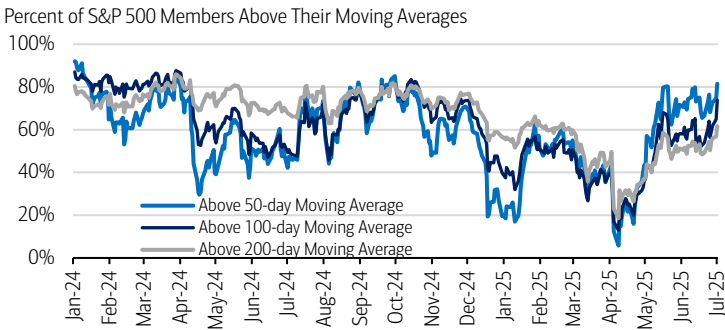
Market breadth measures also show early indications of broader participation in the uptrend. Mega-cap Tech stocks have largely led this rally, with the **Magnificent 7<sup>4</sup> stocks accounting for 42.9% of the S&P 500’s total return since the April low. Now 81.5% of S&P 500 members are above their 50-day moving average**, which is the highest level since September 2024 and well off its low of 5.8% from April (Exhibit 4A).<sup>3</sup> That suggests the recovery could be moving beyond just AI-beneficiaries.

Investor sentiment seems to be trending more positively too. In April, the bearish reading from the American Association of Individual Investors Sentiment Survey touched its third highest level on record behind March 2009 and October 1990. Overall, **bearish sentiment spent 11 consecutive weeks above 50%, the longest stretch in the history of the survey.** Since then, investor pessimism has trended lower with bearish sentiment now below 33.1%.<sup>5</sup> The recent collapse in volatility has likely added a boost to confidence, **with the Volatility Index (VIX) down 67.8% since its early-April peak.**<sup>3</sup>

Momentum seems to be building in favor of further upside ahead, especially as a better technical picture coalesces with a positive fundamental story. Risks to the outlook though have not abated. We continue to monitor the potential for any tariff-related disruptions to recent economic and earnings resilience as well as any escalation in geopolitical tensions and the looming U.S. debt situation.

Exhibit 4: Improving Market Conditions Could Fuel the Bull Further.

4A) Market breadth is improving.



4B) A golden cross signals positive momentum building.

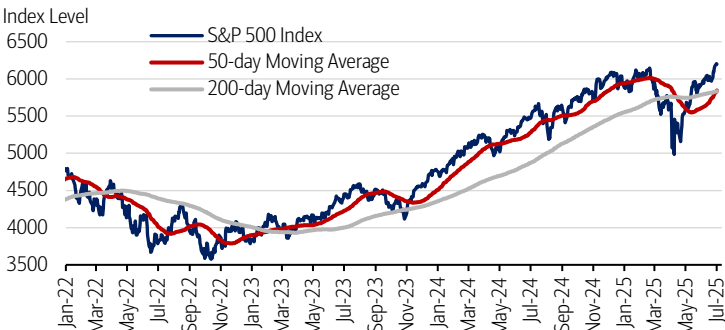


Exhibit 4A) Source: Bloomberg. Data as of July 1, 2025. Exhibit 4B) Source: Bloomberg. Data as of July 1, 2025. Please refer to index definitions at the end of this report. **Past performance is no guarantee of future results.**

<sup>3</sup> Bloomberg. Data as of July 1, 2025.  
<sup>4</sup> Alphabet, Amazon, Apple, Meta, Microsoft, NVIDIA, Tesla.  
<sup>5</sup> American Association of Individual Investors Sentiment Survey. Data as of July 3, 2025.

Equities

|                       | Total Return in USD (%) |     |     |      |
|-----------------------|-------------------------|-----|-----|------|
|                       | Current                 | WTD | MTD | YTD  |
| DJIA                  | 44,828.53               | 2.3 | 1.7 | 6.3  |
| NASDAQ                | 20,601.10               | 1.6 | 1.1 | 7.1  |
| S&P 500               | 6,279.35                | 1.8 | 1.2 | 7.5  |
| S&P 400 Mid Cap       | 3,191.31                | 2.9 | 2.9 | 3.1  |
| Russell 2000          | 2,249.04                | 3.6 | 3.4 | 1.6  |
| MSCI World            | 4,063.04                | 1.4 | 0.9 | 10.5 |
| MSCI EAFE             | 2,658.13                | 0.2 | 0.1 | 19.6 |
| MSCI Emerging Markets | 1,236.97                | 0.8 | 1.3 | 16.7 |

Fixed Income†

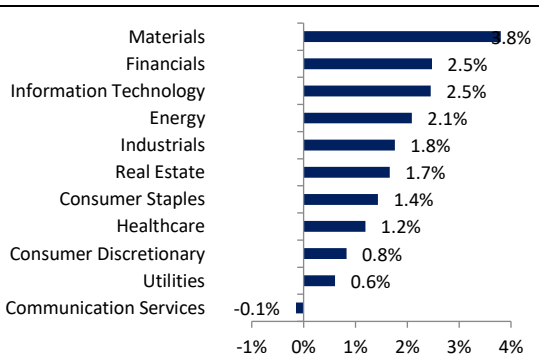
|                              | Total Return in USD (%) |       |       |       |
|------------------------------|-------------------------|-------|-------|-------|
|                              | Current                 | WTD   | MTD   | YTD   |
| Corporate & Government       | 4.48                    | -0.07 | -0.45 | 3.48  |
| Agencies                     | 4.35                    | -0.16 | -0.34 | 3.09  |
| Municipals                   | 3.96                    | 0.07  | -0.03 | -0.38 |
| U.S. Investment Grade Credit | 4.62                    | -0.09 | -0.44 | 3.56  |
| International                | 5.05                    | 0.27  | -0.21 | 3.96  |
| High Yield                   | 6.95                    | 0.46  | 0.21  | 4.78  |
| 90 Day Yield                 | 4.35                    | 4.29  | 4.29  | 4.31  |
| 2 Year Yield                 | 3.88                    | 3.75  | 3.72  | 4.24  |
| 10 Year Yield                | 4.35                    | 4.28  | 4.23  | 4.57  |
| 30 Year Yield                | 4.86                    | 4.84  | 4.77  | 4.78  |

Commodities & Currencies

|                       | Total Return in USD (%) |     |     |      |
|-----------------------|-------------------------|-----|-----|------|
|                       | Current                 | WTD | MTD | YTD  |
| Commodities           |                         |     |     |      |
| Bloomberg Commodity   | 255.28                  | 0.6 | 1.4 | 7.0  |
| WTI Crude \$/Barrel†† | 67.00                   | 2.3 | 2.9 | -6.6 |
| Gold Spot \$/Ounce††  | 3326.12                 | 1.6 | 0.7 | 26.7 |

|            | Total Return in USD (%) |                 |               |        |
|------------|-------------------------|-----------------|---------------|--------|
|            | Prior Week End          | Prior Month End | 2022 Year End |        |
| Currencies |                         |                 |               |        |
| EUR/USD    | 1.18                    | 1.17            | 1.18          | 1.04   |
| USD/JPY    | 144.93                  | 144.65          | 144.03        | 157.20 |
| USD/CNH    | 7.17                    | 7.17            | 7.16          | 7.34   |

S&P Sector Returns



Sources: Bloomberg, Factset. Total Returns from the period of 6/30/2025 to 7/3/2025. †Bloomberg Barclays Indices. ††Spot price returns. All data as of the 7/3/2025 close. Data would differ if a different time period was displayed. Short-term performance shown to illustrate more recent trend. **Past performance is no guarantee of future results.**

Economic Forecasts (as of 7/3/2025)

|                                    | Q1 2025A | Q2 2025A | Q3 2025E | Q4 2025E | 2025E | 2026E |
|------------------------------------|----------|----------|----------|----------|-------|-------|
| Real global GDP (% y/y annualized) | -        | -        | -        | -        | 3.0   | 3.0   |
| Real U.S. GDP (% q/q annualized)   | -0.5     | 2.3*     | 1.0      | 1.6      | 1.6   | 1.6   |
| CPI                                |          |          |          |          |       |       |

## Index Definitions

**Securities indexes assume reinvestment of all distributions and interest payments. Indexes are unmanaged and do not take into account fees or expenses. It is not possible to invest directly in an index. Indexes are all based in U.S. dollars.**

**S&P 500 Index** is a market-capitalization-weighted index that is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

**Euro Stoxx 50 Index** is a stock index of Eurozone stocks designed by STOXX, an index provider owned by the Deutsche Börse Group. The index is composed of 50 stocks from 11 countries in the Eurozone.

**DAX Index** is a stock market index consisting of the 40 major German blue chip companies trading on the Frankfurt Stock Exchange.

**CAC 40 Index** is a benchmark French stock market index. The index represents a capitalization-weighted measure of the 40 most significant stocks among the 100 largest market caps on the Euronext Paris.

**Kospi Index** is the index of all common stocks traded on the Stock Market Division of the Korea Exchange. It is the representative stock market index of South Korea, analogous to the S&P 500 in the United States.

**Shanghai Composite Index** is a stock market index of all stocks that are traded at the Shanghai Stock Exchange.

## Important Disclosures

**Investing involves risk, including the possible loss of principal. Past performance is no guarantee of future results.**

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