

MARKET VIEW WEEKLY

Ladenburg Asset Management

HEADLINES: ISRAEL-IRAN CONFLICT

- After Israel struck nuclear facilities and military leadership in Iran, the two Middle Eastern countries exchanged barrages of missiles over the weekend.
 - This followed a stalemate in negotiations between the U.S. and Iran regarding the latter's nuclear program.
- After multiple days of trading blows, Israel has firmly secured the upper hand, recently announcing total control of Iran's airspace.
 - Israel is backed by more sophisticated U.S. weaponry and fighting a substantially weakened Iranian regime whose primary proxies, Hamas and Hezbollah, have been severely disabled in the past year.
- Iran appears weary and potentially open to a deal, but Israel seems adamant to eliminate the nuclear and ballistic missile threats from Tehran.
- Oil prices spiked to nearly \$79 after the initial attack but have since fallen back to around \$71, as investors price in more uncertainty, but not a significant escalation.
 - Neither country is a significant oil producer, so market impact thus far has been limited and will likely remain that way unless the conflict expands across the region or involves the U.S.
 - Geopolitical strategists and commodities experts maintain essentially 0% probability that Iran shuts the Strait of Hormuz.
 - The country exports nearly all of its oil to China through the Strait, so shutting the crucial trade route would essentially cut off its only major trading partner and most critical revenue source.
- Like the situation in Gaza, if this regional conflict remains contained to Iran and Israel and does not significantly escalate, then it should have limited impacts on financial markets.



ECONOMIC REVIEW¹

- The Consumer Price Index (CPI) rose 0.1% in May, less than the consensus expectation and the previous month's reading, both of which were 0.2%.
 - This marks the fourth consecutive month that inflation readings fell short of expectations.
 - Headline CPI is up 2.4% in the last year, a slight increase from April's 2.3% figure.
- Core CPI, which excludes the volatile food and energy categories, also increased 0.1% last month, again, rising less than the median forecast (0.3%) and the April reading.
 - Annualized core prices held steady at 2.8% from the previous month.
- The Producer Price Index (PPI) rose 0.1% in May, amounting to a reversal from the deflation (-.2%) seen in April, but still trailed the median forecast of 0.2%.
 - Producer prices are up 2.6% from a year ago, showing a marginal uptick from April's annual reading.
- Core PPI, excluding food and energy, increased 0.1% in the last month and is up 3.0% versus a year ago.
 - Both goods and services prices were slightly higher last month, but have not yet shown a material impact from increased tariffs.
- A preliminary reading of the June University of Michigan's consumer sentiment index rose to 60.5, indicating a dramatic increase from the near-record low seen in April and May (52.2).
 - Substantial improvements in survey participants' assessment of both current conditions and future expectations drove the index to its first increase in six months.

How does the most recent economic data impact you?

- Despite all the doom and gloom about the impending inflationary impact of tariffs, broad price measures have yet to show any truly material impact from evolving trade policy.
 - Goods prices, where most would expect a direct impact from tariffs, did tick up 0.2% in May, but are down at a 2.8% annualized rate over the last three months.
- Improving consumer sentiment, at least preliminarily, appears significant given the depths to which the index fell over the last two months.
 - Consumers who feel better about their current situation and prospects are more likely to spend, meaning the primary engine driving the U.S. economy may be in better shape than figures indicated just a month ago.



A LOOK FORWARD¹

- This week, retail sales, leading economic indicators, import prices, and a collection of critical housing market metrics highlight the economic data releases.
 - The Federal Reserve's (Fed's) June meeting should also draw attention, particularly the statement and press conference, as investors parse the Chairman's words for any indication of future rate cuts.

How does this week's slate of economic data impact you?

- Although investors expect the Fed to hold steady, retail sales, import prices, and housing data will all provide critical information on the overall health of the economy.



MARKET UPDATE²

Market Index Returns (%) as of 6/13/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.36%	6.81%	2.25%	11.51%	18.75%	16.22%
NASDAQ	-0.61%	12.35%	0.82%	10.47%	22.42%	16.02%
Dow Jones Industrial Average	-1.30%	0.87%	-0.01%	11.28%	13.82%	12.70%
Russell Mid-Cap	-1.19%	5.01%	1.43%	12.35%	13.02%	12.71%
Russell 2000 (Small Cap)	-1.45%	4.69%	-5.23%	6.13%	8.73%	10.10%
MSCI EAFE (International)	-0.17%	9.97%	17.52%	16.32%	15.34%	10.98%
MSCI Emerging Markets	0.75%	8.85%	12.04%	13.23%	8.21%	6.43%
Bloomberg Barclays US Agg Bond	0.67%	-0.09%	2.68%	3.88%	3.00%	-0.90%
Bloomberg Barclays High Yield Corp.	0.15%	2.14%	3.17%	9.08%	8.95%	5.54%
Bloomberg Barclays Global Agg	0.81%	3.33%	6.05%	6.91%	3.02%	-1.36%



OBSERVATIONS

- All major equity indices (save emerging markets) pulled back last week, reversing at least a portion of the gains achieved the week before.
 - The S&P 500 and the NASDAQ pulled back more modestly (-0.36% and -0.61%, respectively), while the Dow Jones fell well over a percent (-1.30%).
- Small caps remain volatile; after strongly outperforming all other domestic stock indexes two weeks ago, the Russell 2000 gave back a little less than half that improvement last week (-1.45%).
 - Mid-caps also fell more than 1.00% last week (-1.19%).
- MSCI Emerging Markets, the only positive equity index last week, rallied 0.75% and continued to gain ground on its developed counterpart.
 - International developed markets avoided most of the volatility; the MSCI EAFE index fell just -0.17%.
- Fixed income indexes were positive domestically, internationally, and across the credit spectrum.



BY THE NUMBERS

- **Iran missile attacks on Israel kill 5, while Israel claims it controls the skies over Tehran:** *Tel Aviv, Israel* — Iran fired a new wave of missile attacks on Israel early Monday, killing at least five people, while Israel claimed it had achieved air superiority over Tehran and could fly over the Iranian capital without facing major threats. On the fourth day of the conflict, the Israeli military said it had destroyed more than 120 surface-to-surface missile launchers in central Iran, a third of Iran's total. It also said fighter jets had struck 10 command centers in Tehran belonging to Iran's Quds Force, an elite arm of its Revolutionary Guard that conducts military and intelligence operations outside Iran. "At this time, we can say that we have achieved full aerial superiority over Tehran's skies," said military spokesperson Brig. Gen. Effie Defrin. Israeli strikes "amount to a deep and comprehensive blow to the Iranian threat." Iran, meanwhile, announced it had launched some 100 missiles and vowed further retaliation for sweeping attacks on its military and nuclear infrastructure that have killed at least 224 people in the country since Friday.³
- **The College Walk-On Who Threw Away the U.S. Open—and Then Won It Again:** In astonishingly quick fashion on Sunday, J.J. Spaun appeared to play himself completely out of contention at the U.S. Open. With five bogeys over the first six holes, he shot a 40 on the front nine and tumbled down the leaderboard. When a downpour hit Oakmont Country Club and interrupted play midway through his final round, Spaun could have been forgiven if he never even bothered to re-emerge from the clubhouse. But on a brutally difficult final day, in which five players were briefly tied for the lead at 1-over par on the back nine, Spaun emerged from the weather delay as the lone player capable of surviving the carnage. And he closed it out with a finish for the ages.⁴

Economic Definitions

Consumer Price Index - CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Producer Prices - PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

University of Michigan Consumer Sentiment Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: a representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations, summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

Conference Board Leading Economic Index: Leading indicators include economic variables that tend to move before changes in the overall economy. These indicators give a sense of the future state of an economy.

Index Definitions

&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: 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 February 5, 1971.

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

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 6/13/2025.

² Data obtained from Morningstar as of 6/13/2025.

³ [Iran missile attacks on Israel kill 5, while Israel claims it controls the skies over Tehran](#)

⁴ [The College Walk-On Who Threw Away the U.S. Open—and Then Won It](#)