WEST SHORE BANK

WEEKLY RECAP - August 4, 2025

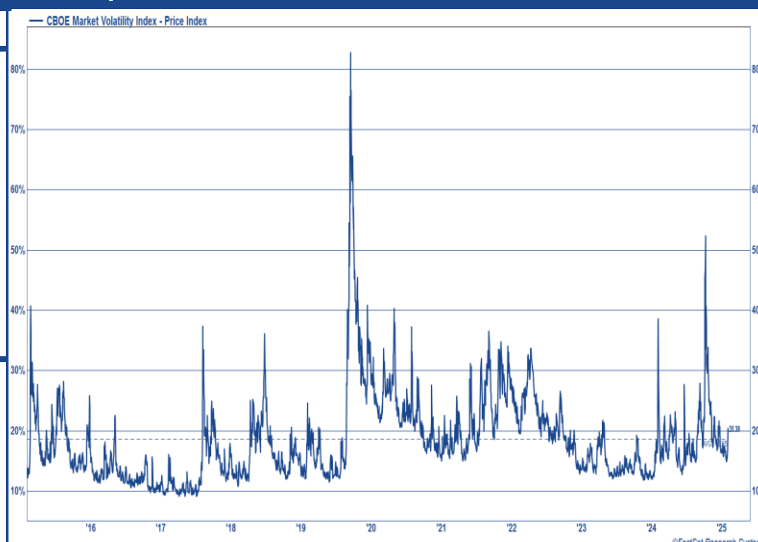
Economic & Market Commentary

Stock markets finished mostly higher in July, with the S&P 500 up for a third-straight month and Nasdaq for a fourth-straight month. Volatility for the month trending well below its historical average of twenty and daily closing prices saw no moves for the S&P 500 of 1% in either direction, marking the first time since July 2023. The month also saw the S&P 500 and Nasdaq push to multiple closing record highs. While an easing of tariffs and trade tensions were a key piece of the bullish narrative, markets were also boosted by a strong start to 2Q25 earnings season, a resilient macroeconomic backdrop, some positive takeaways around the AI secular growth narrative, a pickup in deal activity, and the removal of the Big Beautiful Bill overhang after the bill's passage early this month. Despite tariff rate levels approaching seven times the historical rate of 2.5%, market participants were more focused on the reduced level of uncertainty as many major trade agreements were announced and that the overall impact of tariffs so far has been muted. 2Q25 earnings season started last month and has been so far well received. According to FactSet, the blended earnings growth rate for Q2 currently stands at 8.6%, well above the 4.9% expected at the start of earnings reporting season. Full-year 2025 earnings have also moved higher and stand at 9.9% up from 8.9% a few weeks ago. Economic data released in July was mostly positive as June payrolls, jobless claims, consumer and wholesale inflation, and consumer and business surveys all coming in better than expected. Housing remains weak as existing and new home sales continue to lag. AI momentum rebounded in July helped by the U.S. easing restrictions on semiconductor sales to China. Entering August, headwinds remain including dampened rate cut odds by the Federal Reserve, growing inflation worries, potential lagged impact of tariffs on growth and spending, and rising debt and deficit concerns.

Index Total Returns - August 1, 2025

	1-Wk	YTD	1-Yr
MSCI-Developed	-3.13	17.33	14.21
MSCI-Emerging	-2.47	15.91	15.25
NASDAQ	-2.16	7.33	20.94
S&P 500	-2.34	6.85	16.06
Dow Jones	-2.92	3.43	9.93
S&P 400	-3.52	0.32	3.93
Russell 2000	-4.16	-2.11	0.47
Barclay's U.S. Bond Index			
High Yield	-0.16	4.90	8.53
Int. Gov. Credit	0.74	4.71	5.07
Aggregate	0.95	4.59	3.79
5-year Muni	0.37	3.37	4.11
Municipal	0.85	-0.16	0.06

Volatility Index - VIX



U.S. Treasury Yields

Treasury Yields	Latest Close	Week Ago	1-Year Ago
U.S. 1-Yr	3.87	4.09	4.67
U.S. 2-Yr	3.68	3.92	4.16
U.S. 3-Yr	3.66	3.86	3.97
U.S. 5-Yr	3.76	3.95	3.85
U.S. 10-Yr	4.21	4.38	3.99
U.S. 30-Yr	4.81	4.92	4.28

Municipal Yields - Bloomberg/Barclays Index

Issue Type	Latest Close	Week Ago	1-Year Ago
U.S. AAA	3.76	3.85	3.39
U.S. AA	3.80	3.89	3.41
U.S. A	4.18	4.29	3.75
U.S. Baa	4.79	4.86	4.22
U.S. Municipal	3.93	4.02	3.53
Michigan	4.07	4.19	3.64

S&P 500 Sector Total Returns - August 1, 2025

Sector	1-Wk	YTD	1-Yr
Utilities	1.56	14.97	19.19
Industrials	-3.33	14.42	21.13
Comm. Services	0.02	11.95	27.96
Info Tech	-1.40	11.30	25.30
Financials	-3.73	7.27	21.07
Materials	-5.40	4.76	-3.25
Consumer Staples	-1.10	4.45	6.85
Real Estate	-3.45	3.18	2.17
Energy	-1.53	1.92	-2.42
Health Care	-3.86	-3.77	-11.74
Con. Discretion	-4.54	-4.87	17.91

Index Characteristics	P/E NTM	P/E NTM 10yr-Avg.	Dividend Yield
S&P 500 - Large Cap	21.92	18.82	1.19
S&P 400 - Mid Cap	15.67	16.13	1.42
S&P 600 - Small Cap	14.60	15.30	1.66

Sources: FactSet