

# Economic and Market Update

Second Quarter 2025



**STEVENS**  
VISIONARY STRATEGIES



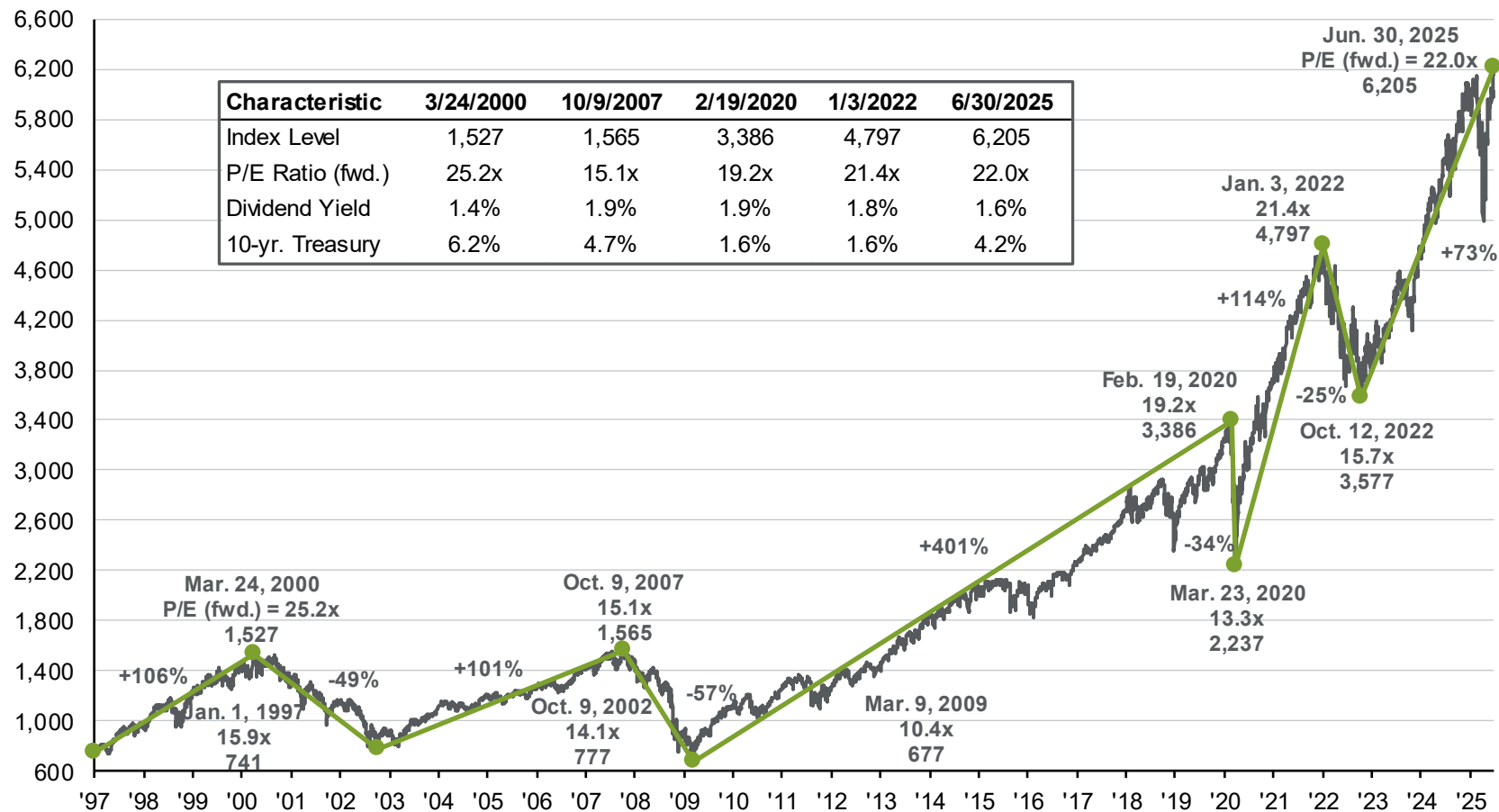
# Market and Economic Issues

- Major new tax legislation signed 7/4/25
- Tariff policy probably not yet absorbed into economic impact
- Possible .25% interest rate cut coming by Fed as inflation is steady
- U.S. Dollar has fallen -11% year-to-date
  - Weaker dollar can boost international performance
- U.S. Stock market +5% through 6/30/2025
  - All U.S. cap sizes fully valued; many overvalued
  - International markets offer better valuations in some areas

# S&P 500 index at inflection points

Equities

## S&P 500 Price Index



Source: FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management.  
Dividend yield is calculated as consensus analyst estimates of dividends in the next 12 months, provided by FactSet, divided by the most recent S&P 500 index price. Forward P/E ratio is the most recent S&P 500 index price divided by consensus estimates for earnings in the next 12 months, provided by IBES since January 1997 and FactSet since January 2022. Returns are cumulative and do not include the reinvestment of dividends. Past performance is not indicative of future returns.

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U.S.

## Returns and valuations by style

Equities

10-year annualized				YTD			
	Value	Blend	Growth		Value	Blend	Growth
Large	9.2%	13.6%	17.0%	Large	6.0%	6.2%	6.1%
Mid	8.4%	9.9%	12.1%	Mid	3.1%	4.8%	9.8%
Small	6.7%	7.1%	7.1%	Small	-3.2%	-1.8%	-0.5%
Since market peak (January 2022)				Since market low (October 2022)			
	Value	Blend	Growth		Value	Blend	Growth
Large	24.5%	36.4%	42.0%	Large	50.8%	80.7%	108.2%
Mid	15.6%	17.6%	24.9%	Mid	44.0%	53.9%	80.3%
Small	1.3%	0.7%	-1.0%	Small	27.5%	34.2%	40.5%

Forward P/E vs. 20-year avg. P/E			
	Value	Blend	Growth
Large	16.9 / 13.9	22.0 / 16.0	28.7 / 19.5
Mid	15.8 / 14.5	18.1 / 16.4	30.0 / 21.1
Small	16.8 / 16.9	23.9 / 22.3	38.7 / 31.3

Forward P/E as % of 20-year avg. PE			
	Value	Blend	Growth
Large	122.0%	137.5%	147.0%
Mid	109.2%	110.6%	142.5%
Small	99.3%	107.0%	123.8%

Source: FactSet, FTSE Russell, Standard & Poor's, J.P. Morgan Asset Management.

All calculations are cumulative total return, including dividends reinvested for the stated period. Returns are not annualized. Since market peak represents the period from January 3, 2022, to June 30, 2025. Since market low represents the period from October 12, 2022, to June 30, 2025. For all time periods, total return is based on Russell style indices except for the large blend category, which is based on the S&P 500 index. Forward P/E ratio is the most recent S&P 500 index price divided by consensus analyst estimates for earnings in the next 12 months. provided by FactSet. Past performance is not indicative of future returns.

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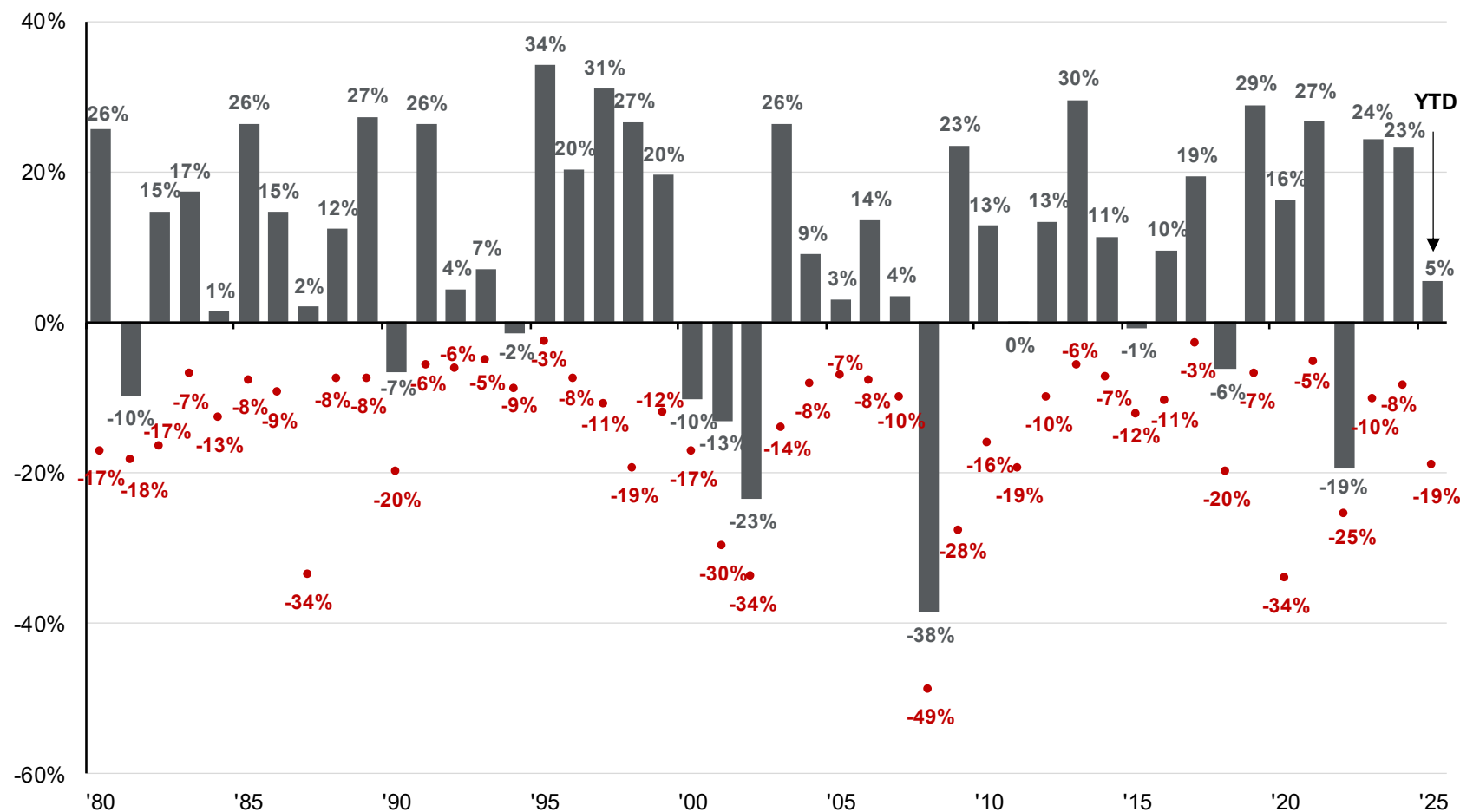
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# Annual returns and intra-year declines

Equities

## S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

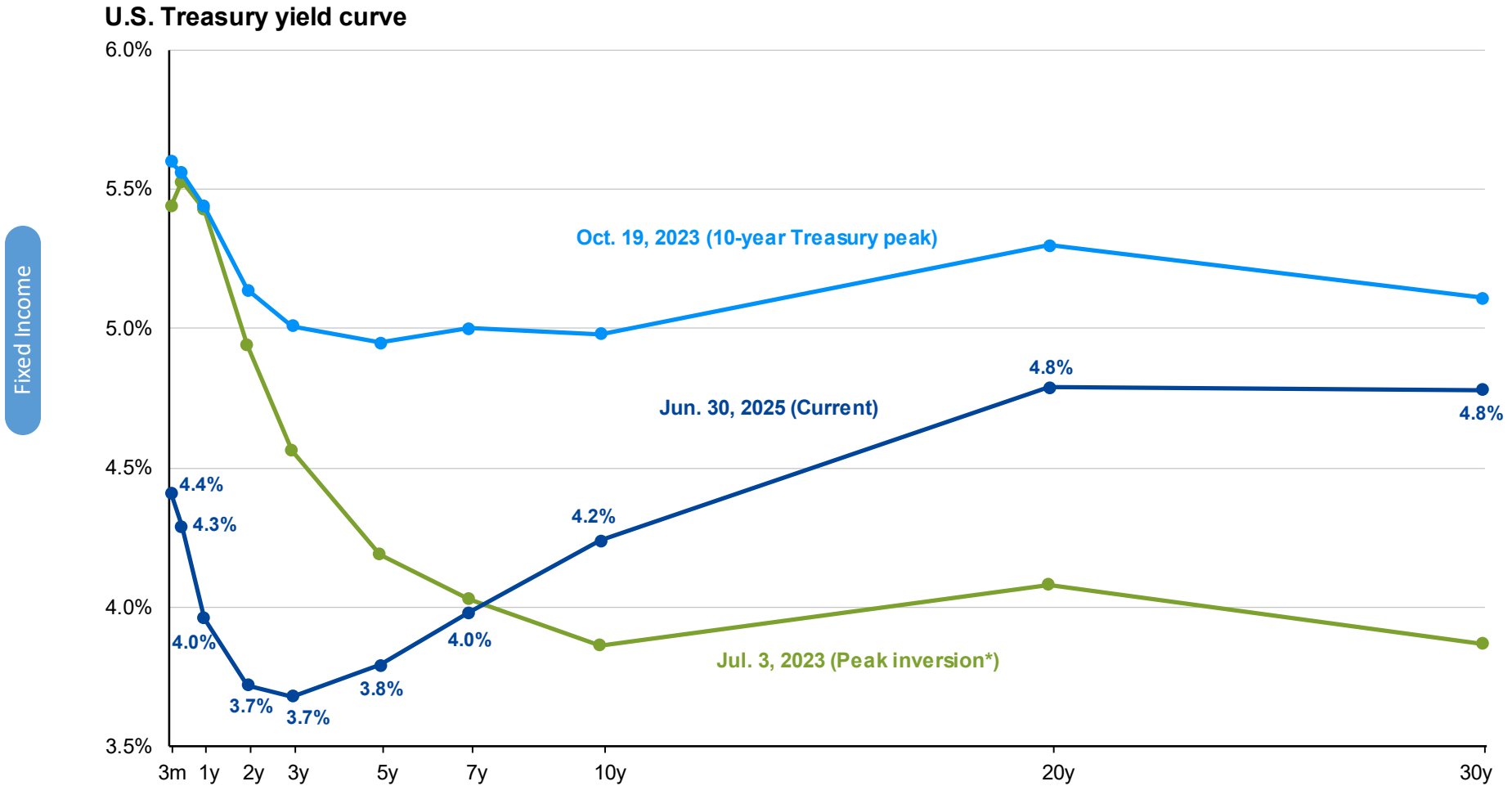
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest peak-to-trough decline during the year. Returns shown are calendar year returns from 1980 to 2024, over which the average annual return was 10.6%. For illustrative purposes only.

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# Yield curve

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Source: FactSet, Federal Reserve, J.P. Morgan Asset Management. Analysis references data back to 2020. \*Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.  
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