

Quarterly Economic Report

3rd Quarter 2025

SVB Asset Management views on
economic and market factors affecting
global markets and business health



Quarterly Economic Report

Published in Q3 2025 | [Data for Q2 2025](#)

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Overview

Key takeaways

- Cautious optimism remained in Q2 2025, although uncertainty about the US policy environment persisted. Tariff policy, monetary policy, inflation and treasury yields were still fluid and difficult to forecast. At his press conference following the June Federal Open Market Committee (FOMC) meeting, Board Chairman Jerome Powell stated that “despite elevated uncertainty, the economy is in a solid position.”
- Ongoing tariff negotiations and heightened geopolitical tensions created market volatility. The Trump administration’s tariff deadlines were seen as a critical input to inflation and growth.
- Core personal consumption expenditures (PCE) — the Federal Reserve’s preferred inflation indicator — rose 2.7% year-over-year (YoY) at the end of May. The Fed stated that it expects inflation to rise in 2025 due to tariffs, but then resume a disinflationary path in 2026.



The FOMC held interest rates steady for the second straight quarter in 2025.

Powell noted that Fed participants do not have a lot of conviction with their rate path forecasts and would continue to assess incoming data for their near-term monetary policy decisions. Market expectations still lean towards two rate cuts in 2025.



The unemployment rate remains low and has stayed in a narrow range.

While some deceleration has been observed, labor market conditions remain steady with little fluctuation in the unemployment rate, which ended June at 4.1%.



Uncertainty remains around how tariffs will continue to affect inflation.

While some inflationary pressures have been lifted, core price indicators remain above target. The Fed will balance potential inflation pressures with signs of slowing growth.



The US equity sector was marked by volatility but regained strength during the quarter.

US stocks, especially technology companies, recovered as investors felt better about possible changes in trade policy. Robust corporate earnings and the temporary pause on new tariffs somewhat eased investor concerns and helped foster a more positive environment.



The US Treasury yield curve has been steepening.

Although front-end yields have been volatile due to the uncertainty around policy, the yield curve has been normalizing, with short-term yields falling and longer-term yields increasing.

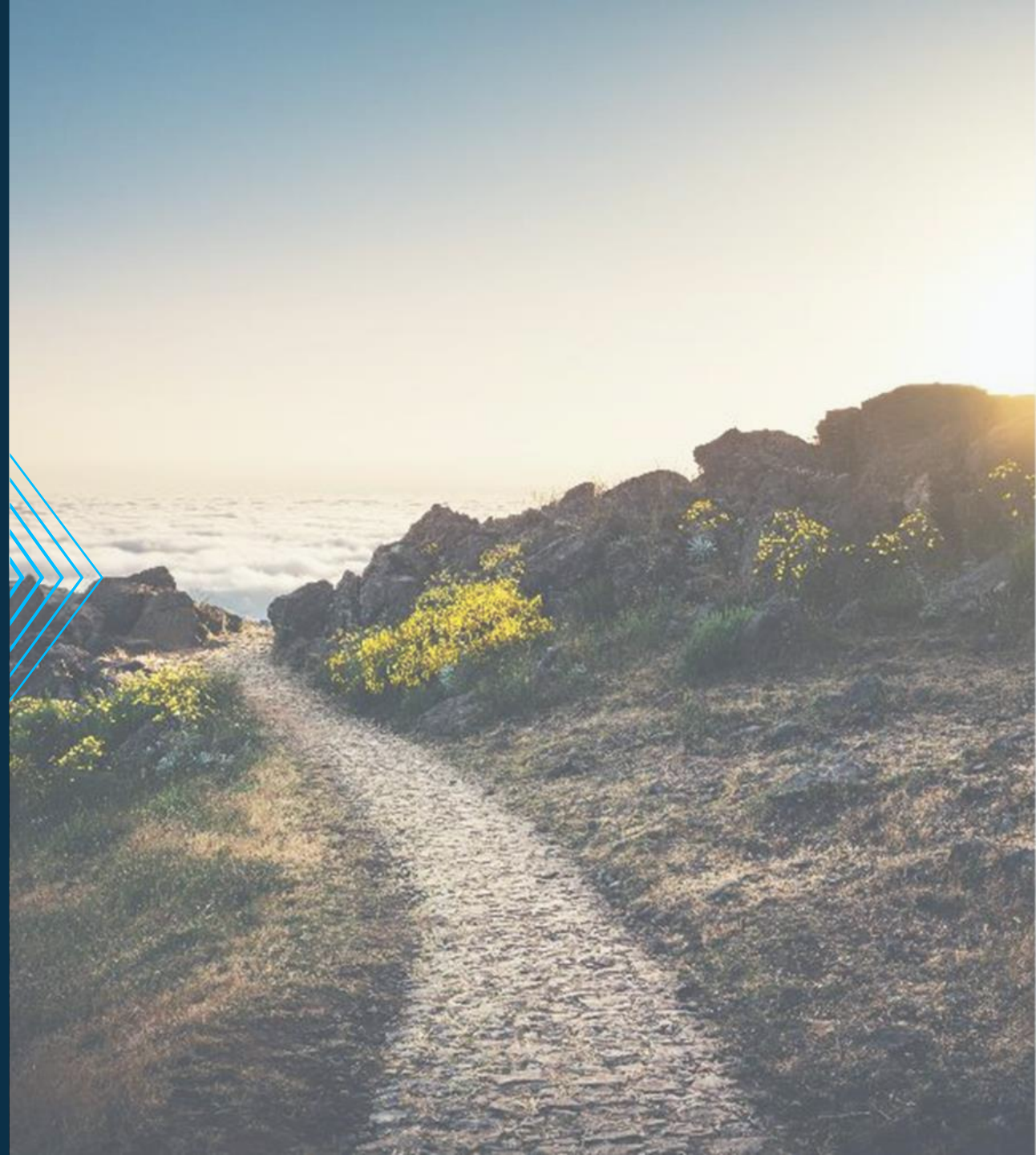


The bond market showed resilience and generated positive returns in aggregate in Q2 2025.

Bond performance was largely due to the market’s reactions to tariff negotiations, inflation remaining contained and economic indicators showing ongoing economic strength. Despite tariff-related widening in April, credit spreads tightened modestly amidst improving investor sentiment.



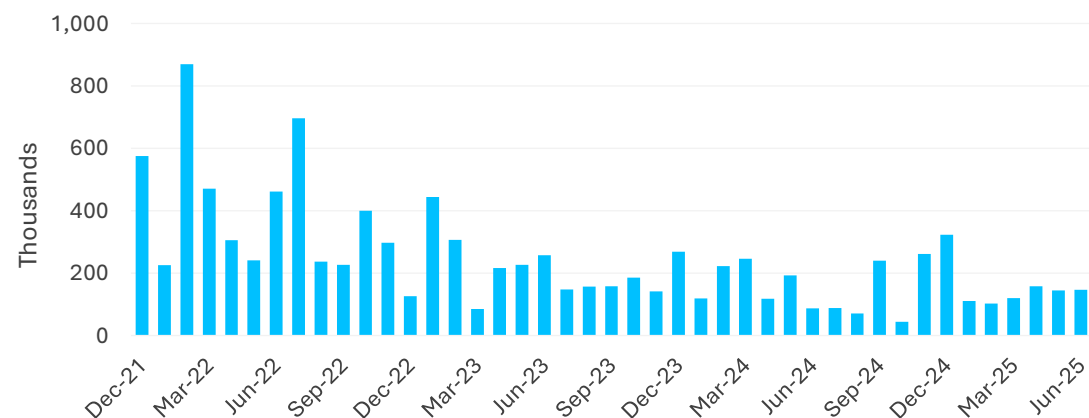
Domestic Economy



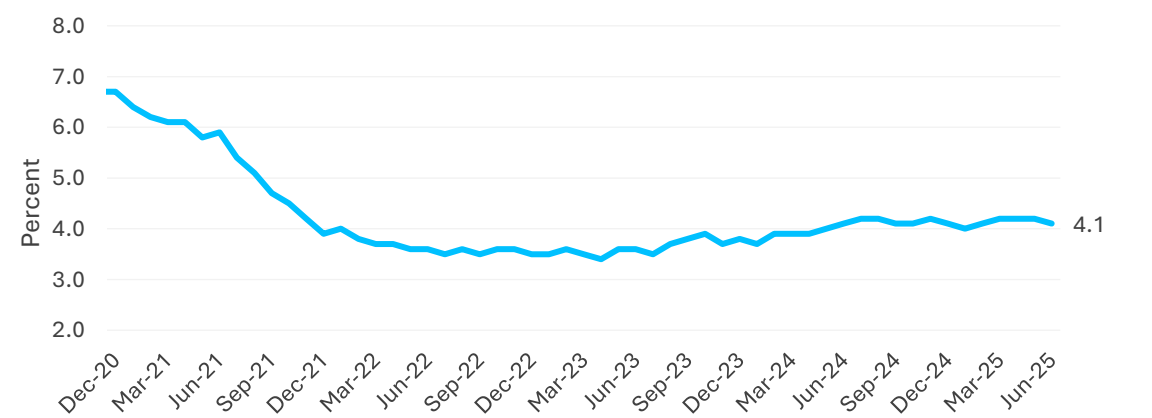
Unemployment remains steady

In Q2 2025, the average number of jobs grew by approximately 150,000 per month. The unemployment rate has remained mostly steady, staying at 4.2% before lowering to 4.1% in June. As measured in May, there continue to be more jobs available (~7.8 million) than unemployed Americans (~7.2 million). The number of unemployed Americans decreased slightly in June, down to ~7.0 million.

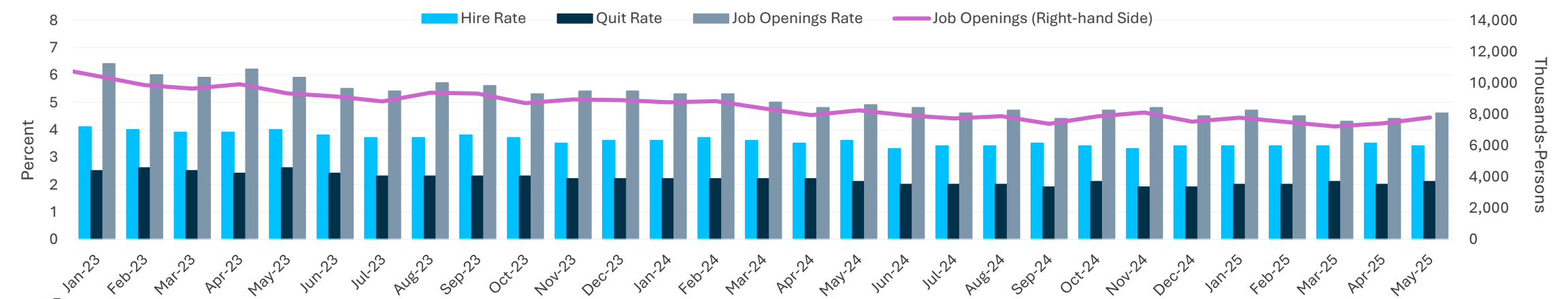
Non-Farm Payrolls



Unemployment Rate

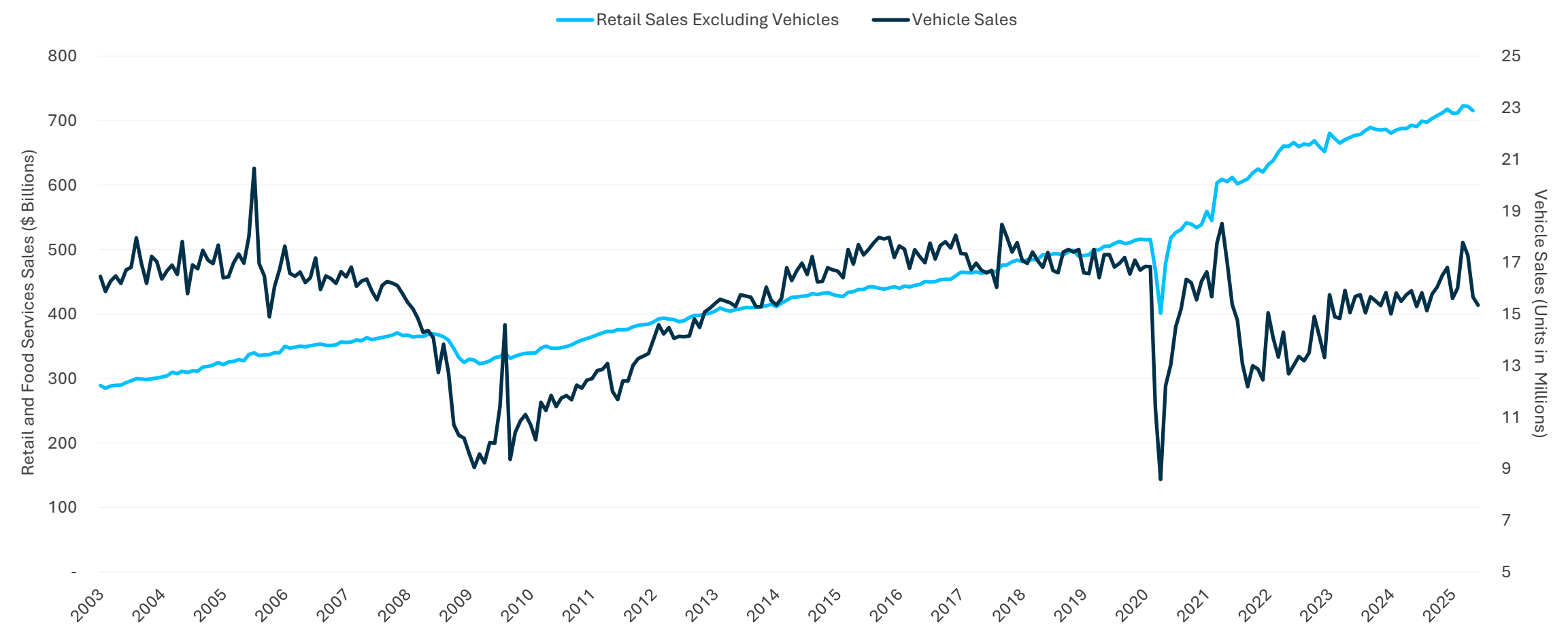


Job Openings and Labor Turnover



Consumption: Consumer retail and vehicle sales slump

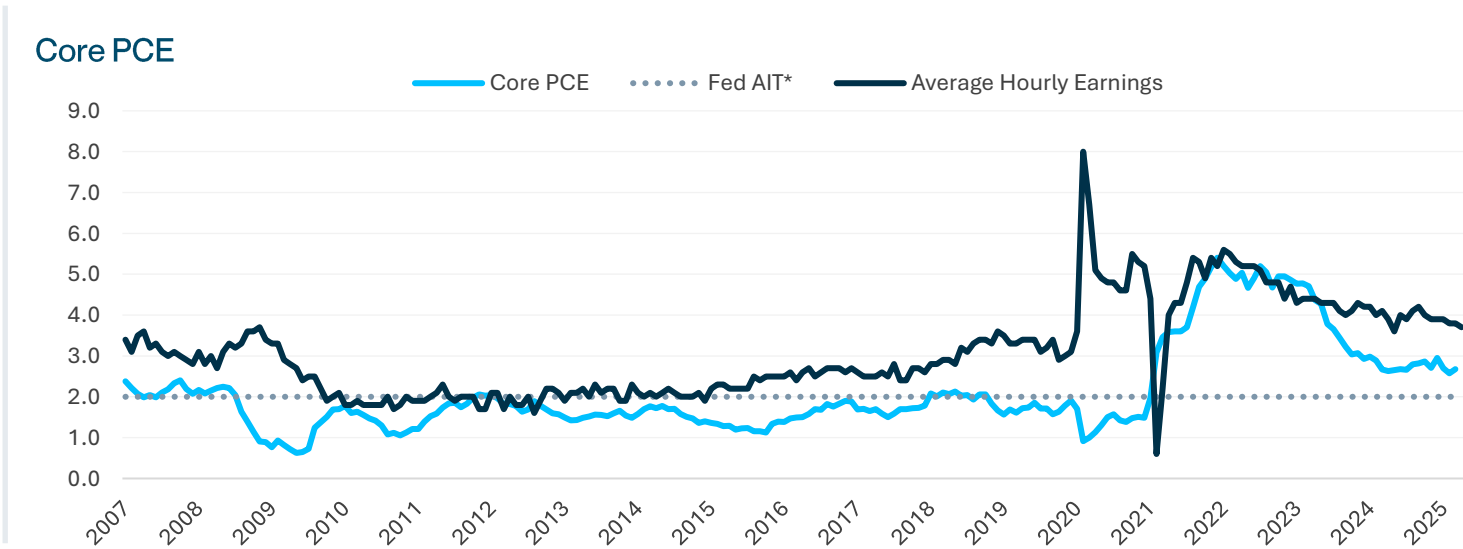
Retail sales, excluding vehicles, have flattened between Q1 2025 and Q2 2025 as consumers pulled back in the wake of possible tariffs. Vehicle sales have dipped in response to consumer fears of tariffs and economic strain.



Inflation is slowly on the rise

Inflation has slowly started to rise, with the June 2025 consumer price index (CPI) rising to 2.7% YoY. Core PCE hovered at 2.7% YoY in May 2025, which is the same as it was in May 2024.

The Fed stated that it expects inflation to rise in 2025 due to tariffs, but then resume a disinflationary path starting in 2026.

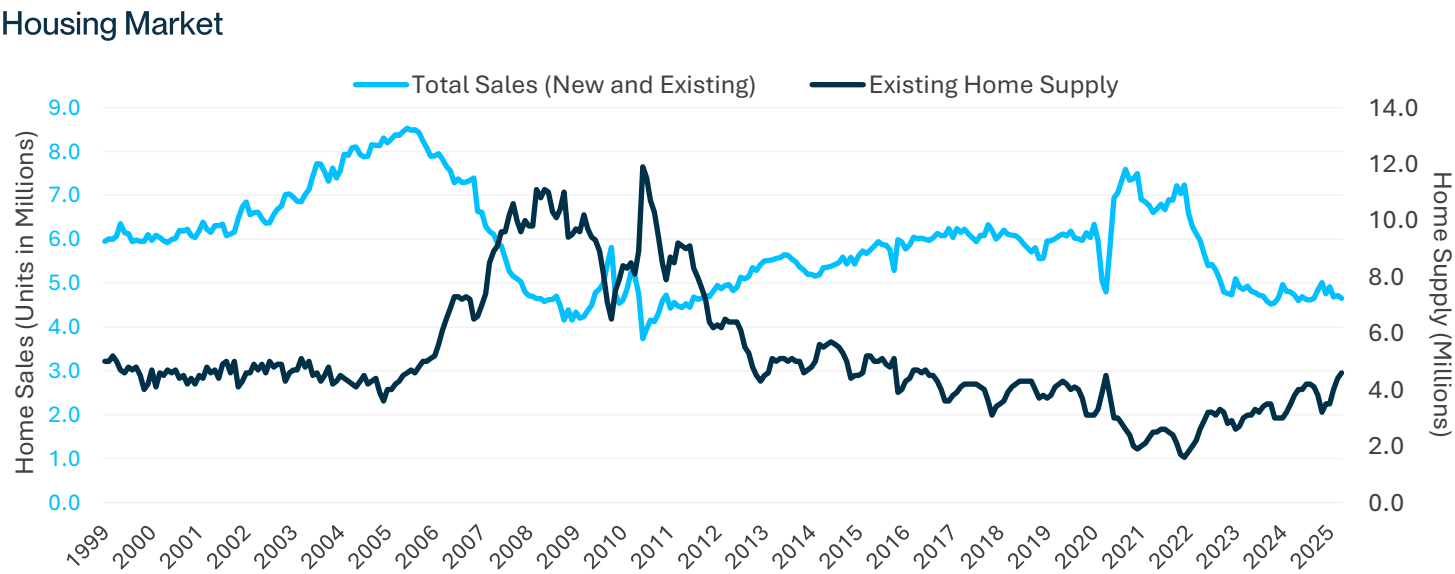


CPI Breakdown (MoM** Change)

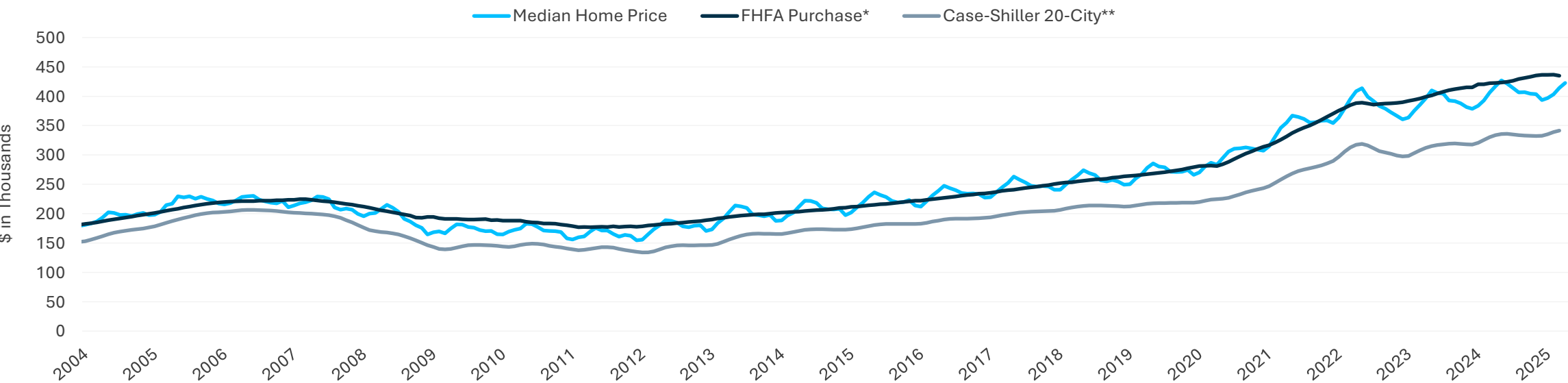
	All Items	Food	Food at Home	Food Away from Home	Energy	Gasoline (All Types)	Electricity	Natural Gas (Piped)	All Items Less Food and Energy	Commodities Less Food and Energy	Apparel	New Vehicles	Medical Care Commodities	Services Less Energy	Shelter	Medical Care	Education and Communication
Jun-25	2.70%	3.00%	2.40%	3.80%	-0.80%	-8.30%	5.80%	14.20%	2.90%	0.70%	-0.50%	0.20%	0.20%	3.60%	3.80%	3.40%	0.50%
May-25	2.40%	2.90%	2.20%	3.80%	-3.50%	-12.00%	4.50%	15.30%	2.80%	0.30%	-0.90%	0.40%	0.30%	3.60%	3.90%	3.00%	0.30%
Apr-25	2.30%	2.80%	2.00%	3.90%	-3.70%	-11.80%	3.60%	15.70%	2.80%	0.10%	-0.70%	0.30%	1.00%	3.60%	4.00%	3.10%	0.20%
Mar-25	2.40%	3.00%	2.40%	3.80%	-3.30%	-9.80%	2.80%	9.40%	2.80%	-0.10%	0.30%	0.00%	1.00%	3.70%	4.00%	3.00%	0.50%
Feb-25	2.80%	2.60%	1.90%	3.70%	-0.20%	-3.10%	2.50%	6.00%	3.10%	-0.10%	0.60%	-0.30%	2.30%	4.10%	4.20%	3.00%	0.30%
Jan-25	3.00%	2.50%	1.90%	3.40%	1.00%	-0.20%	1.90%	4.90%	3.30%	-0.10%	0.40%	-0.30%	2.30%	4.30%	4.40%	2.70%	0.50%
Dec-24	2.90%	2.50%	1.80%	3.60%	-0.50%	-3.40%	2.80%	4.90%	3.20%	-0.50%	1.20%	-0.40%	0.50%	4.40%	4.60%	3.40%	0.60%
Nov-24	2.70%	2.40%	1.60%	3.60%	-3.20%	-8.10%	3.10%	1.80%	3.30%	-0.60%	1.10%	-0.70%	0.40%	4.60%	4.70%	3.70%	0.70%
Oct-24	2.60%	2.10%	1.10%	3.80%	-4.90%	-12.20%	4.50%	2.00%	3.30%	-1.00%	0.30%	-1.30%	1.00%	4.80%	4.90%	3.80%	0.80%
Sep-24	2.40%	2.30%	1.30%	3.90%	-6.80%	-15.30%	3.70%	2.00%	3.30%	-1.00%	1.80%	-1.30%	1.60%	4.70%	4.90%	3.60%	0.90%
Aug-24	2.50%	2.10%	0.90%	4.00%	-4.00%	-10.30%	3.90%	-0.10%	3.20%	-1.90%	0.30%	-1.20%	2.00%	4.90%	5.20%	3.20%	1.00%
Jul-24	2.90%	2.20%	1.10%	4.10%	1.10%	-2.20%	4.90%	1.50%	3.20%	-1.90%	0.20%	-1.00%	2.80%	4.90%	5.10%	3.30%	0.90%

Home sales slow due to rising mortgage rates

Q2 2025 saw a rise in existing home supply, following decreasing home sales in a rising mortgage rate environment. Median home prices have been on the rise since January.

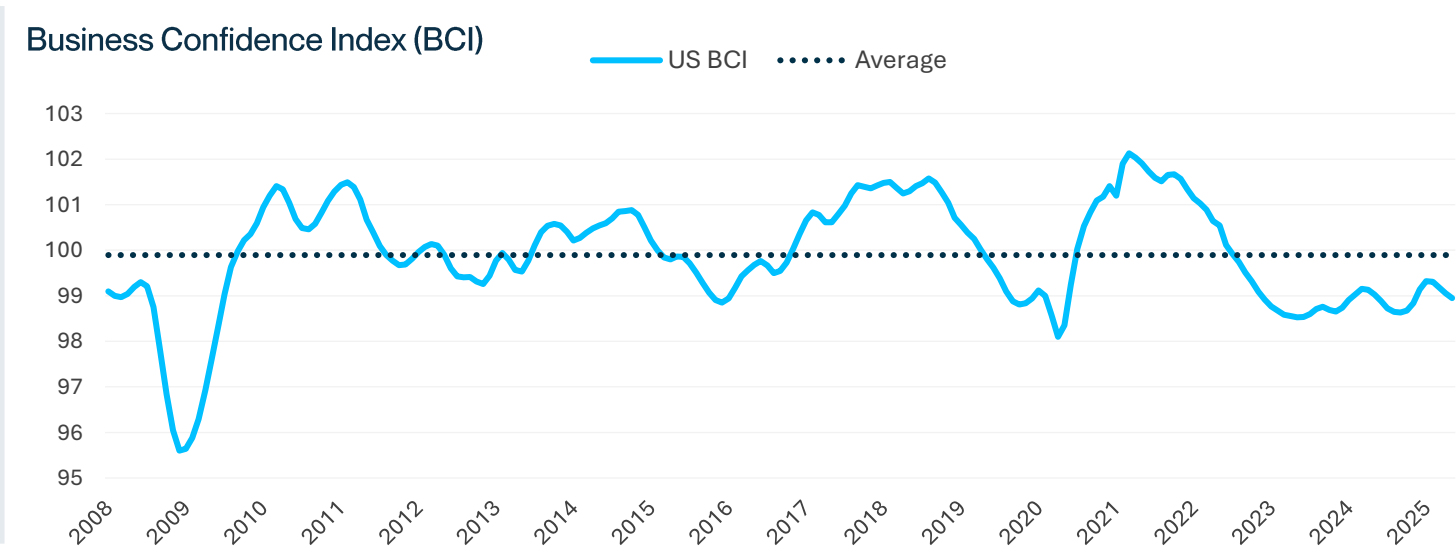


Home Prices



Business outlook is moderating

While business sentiment was up through Q1 2025, it saw a subsequent decline in Q2 2025. Institute for Supply Management (ISM) data shows a dip for Q2 2025 with these continual contractions due to weakening demand and higher material costs.



Business Sentiment

	Dallas Fed Manufacturing Survey	Philly Fed Manufacturing Survey	New York Fed Empire Manufacturing Survey	Kansas City Fed Manufacturing Survey	Richmond Fed Manufacturing Survey	ISM Manufacturing	ISM Services
Jun-25	-12.7	-4.0	-16.0	-2.0	-7.0	49.0	50.8
May-25	-15.3	-4.0	-9.2	-3.0	-9.0	48.5	49.9
Apr-25	-35.8	-26.4	-8.1	-4.0	-13.0	48.7	51.6
Mar-25	-16.3	12.5	-20.0	-2.0	-4.0	49.0	50.8
Feb-25	-8.3	18.1	5.7	-5.0	6.0	50.3	53.5
Jan-25	14.1	44.3	-12.6	-5.0	-4.0	50.9	52.8
Dec-24	4.5	-10.9	2.1	-5.0	-10.0	49.2	54.0
Nov-24	-1.7	-4.4	20.2	-4.0	-14.0	48.4	52.5
Oct-24	-1.5	6.0	-11.5	-5.0	-14.0	46.9	55.8
Sep-24	-8.0	0.9	2.4	-8.0	-21.0	47.5	54.5
Aug-24	-8.8	-3.3	2.8	-4.0	-19.0	47.5	51.6
Jul-24	-16.9	12.8	-14.8	-11.0	-17.0	47.0	51.4
Jun-24	-14.6	0.5	-7.7	-7.0	-10.0	48.3	49.2
May-24	-18.9	4.8	-9.0	-2.0	-2.0	48.5	53.5
Apr-24	-14.2	7.1	-19.4	-7.0	-5.0	48.8	49.6
Mar-24	-14.5	4.9	-9.0	-6.0	-12.0	49.8	51.3
Feb-24	-13.3	2.5	-5.5	-4.0	-7.0	47.6	52.2
Jan-24	-28.3	-4.7	-34.0	-9.0	-11.0	48.9	53.2
Dec-23	-10.6	-7.9	-13.8	-2.0	-11.0	46.9	50.6
Nov-23	-21.0	-6.8	-2.5	-3.0	-7.0	46.9	52.6
Oct-23	-20.2	-15.7	-4.5	-7.0	4.0	47.3	51.8

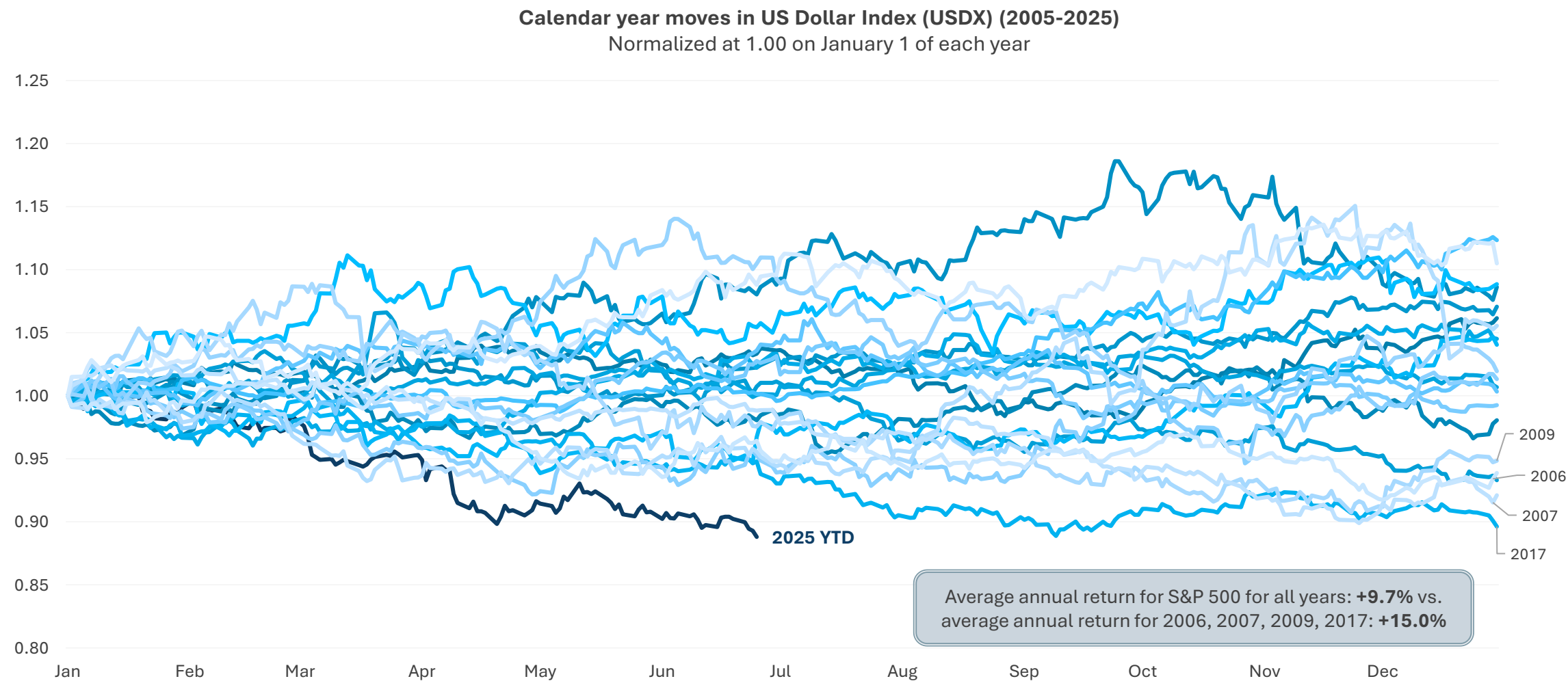


Foreign Exchange



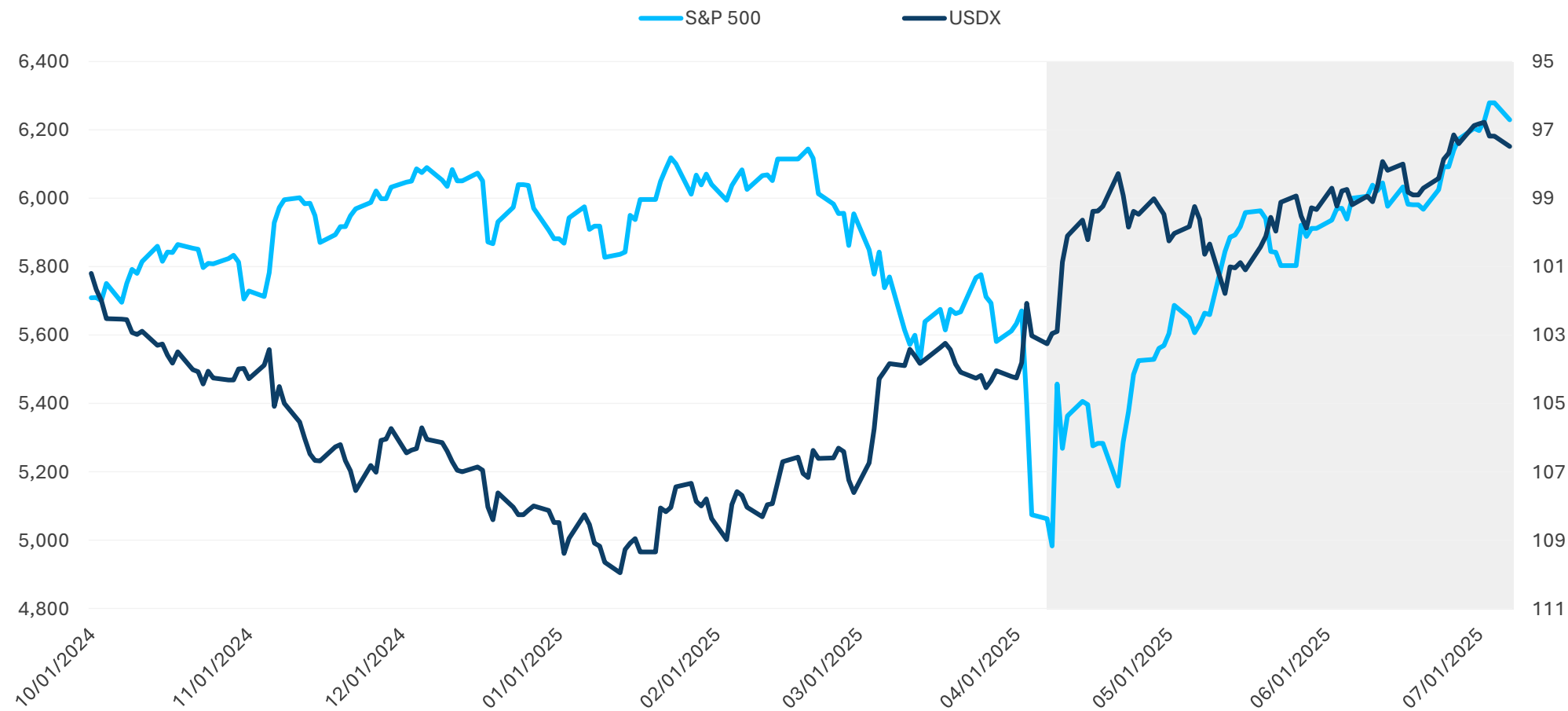
The 2025 year-to-date USD fall is the largest in decades

Historically, the steepest drops have come in years of stock market outperformance.



The inverse relationship between the USD and risk has been restored

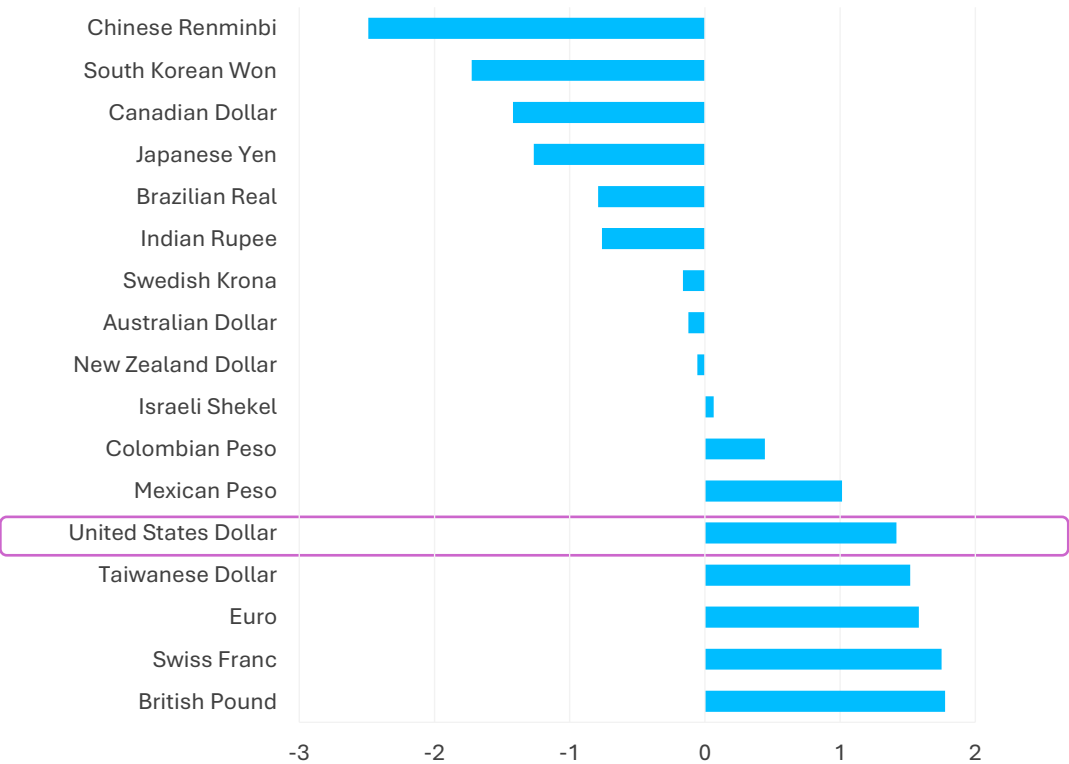
Since inflation returned in 2021, the USD had been trading on interest rate levels and expectations, diverging from its relationship to risk. Most recently, however, the inverse relationship has been restored.



Despite recent weakness, the USD remains structurally overvalued

Based on Inflation Differentials

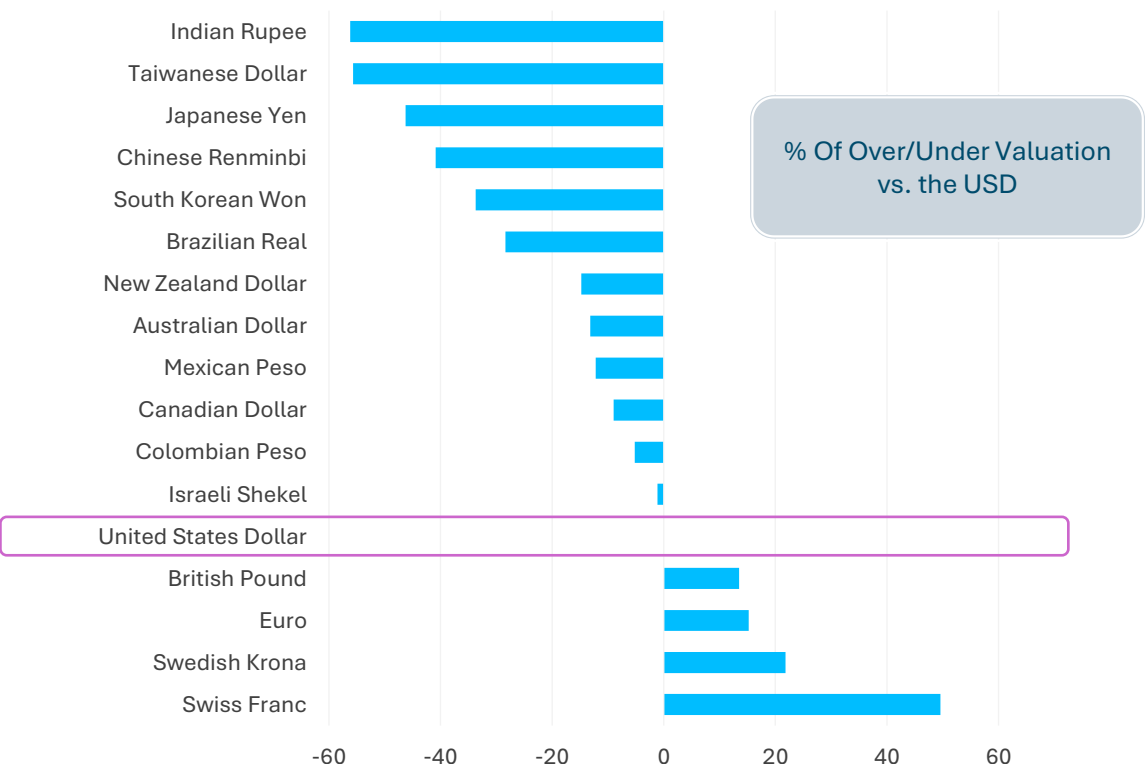
Bank for International Settlements REER Index



The Real Effective Exchange Rate index (REER) published by the Bank of International Settlements (BIS) is a valuation index that measures and tracks the value of each currency vs. a trade-weighted basket of other currencies, adjusted for inflation differentials.

Based on Purchasing Power Parity

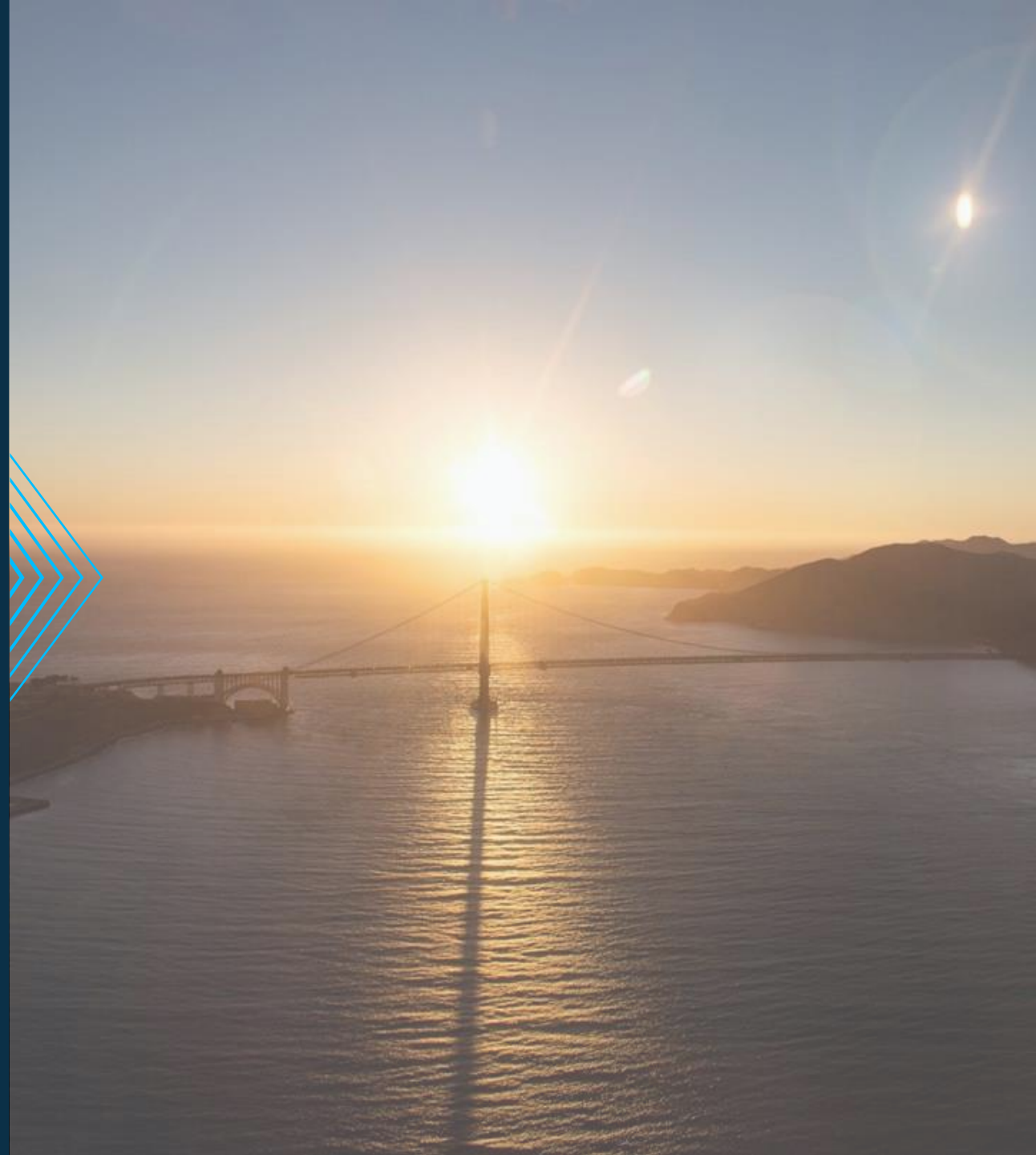
The Economist Big Mac Index



The Big Mac index is based on the theory of purchasing-power parity (PPP), the notion that, in the long run, exchange rates should move towards the rate that would equalize the prices of an identical basket of goods and services (in this case, a burger) in any two countries. The base currency for the index is the USD.

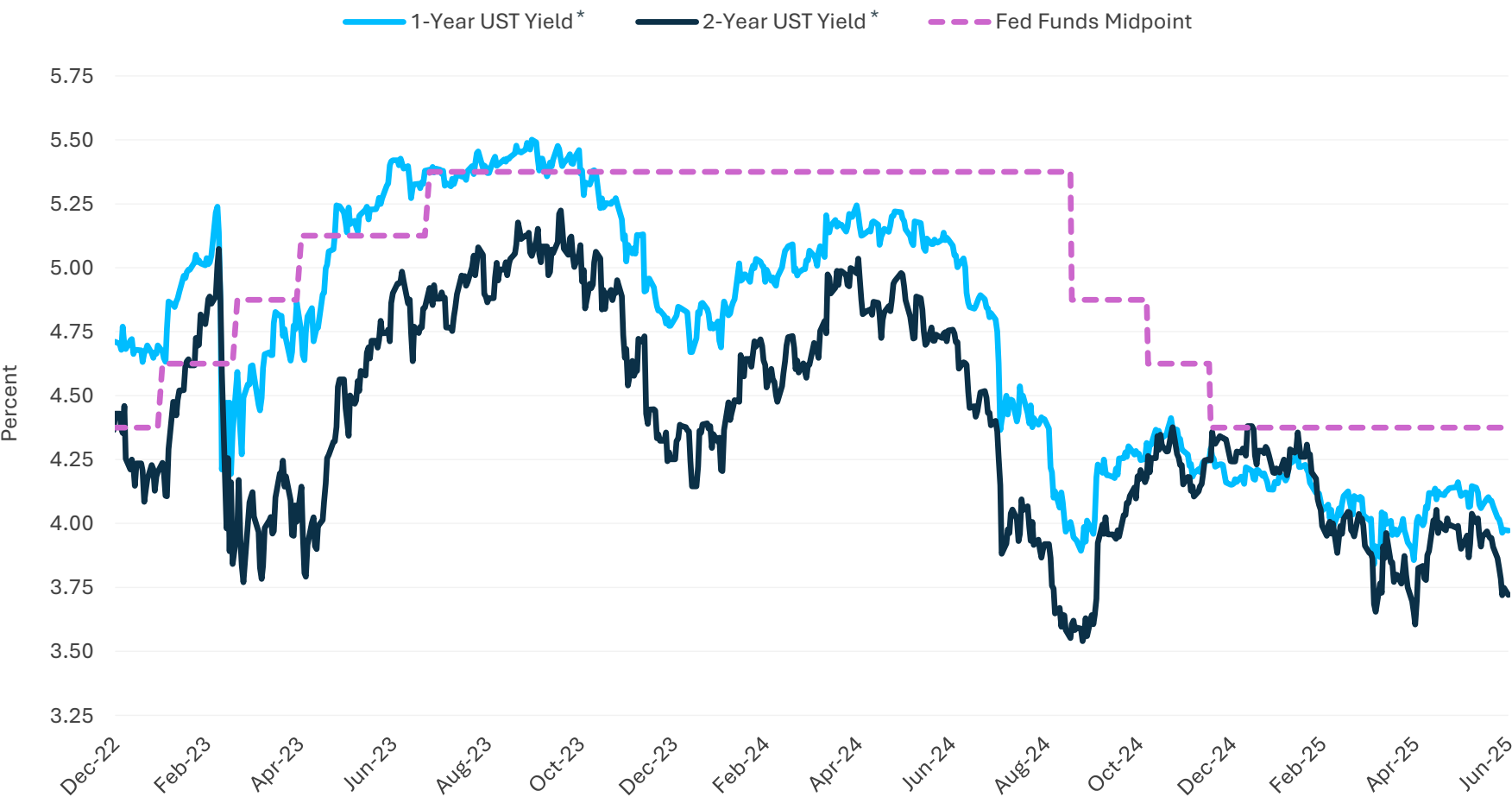


Central Banks and Monetary Policy



Short-end interest rates

Q2 2025 saw lower yields across the curve, but the Fed remained sidelined as trade policies continue to develop.



Q1 2024: Persistent, higher-than-expected inflation pushed the timing of Fed rate cuts into mid-2024 as market pricing reduced rate cuts from six to less than three for the year. The dot plot reiterated the Fed’s stance for three cuts in 2024.

Q2 2024: Elevated growth and stubborn inflation forced the Fed to revise rate cut timing to late 2024 and drop the cut count to one for this year. The holding pattern persists, but the quantity of easing expected through 2026 remains unchanged.

Q3 2024: Weaker employment data drove rates over 100 basis points (bps) lower in Q3. The Fed delivered an outsized 50-bps rate cut, sending the clear message it intends to ease the level of monetary restrictiveness on the economy.

Q4 2024: The political “red wave” drove markets to recalibrate rate cut expectations for 2025 and beyond. Potential pro-growth policies pushed inflation expectations higher, which drove 2-year rates up 60 bps+, even while the Fed eased 100 bps by the end of 2024.

Q1 2025: Bond yields dropped modestly in the first quarter as policy uncertainty somewhat dampened growth expectations. The markets are pricing in expectations of three rate cuts for 2025, though the Fed has so far paused to assess incoming inflation and growth data before easing rates further.

Q2 2025: Uncertainty around the timing and magnitude of rate cuts defined the market action in Q2 2025. The Fed preserved its forecast for two cuts in 2025 while taking out a rate cut in 2026/2027. Some Fed governors remain open to cutting sooner, but the committee as a whole remains patient as trade policies develop.

Economic forecasts

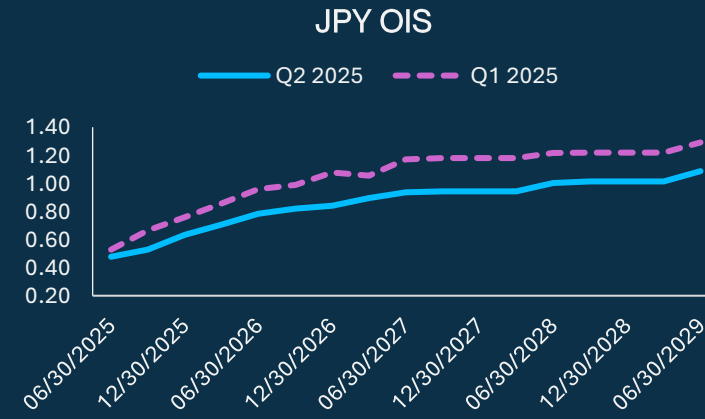
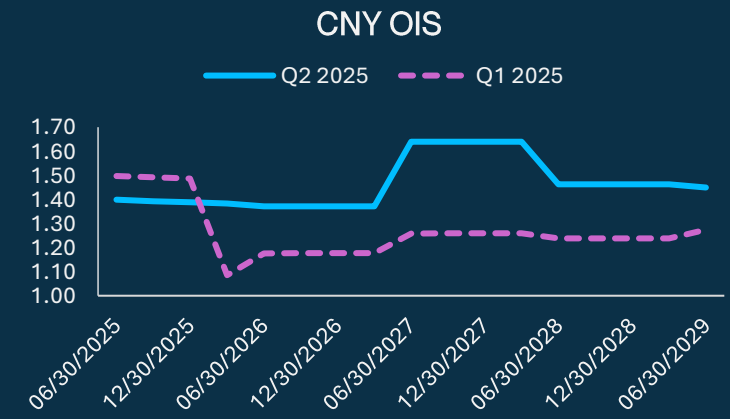
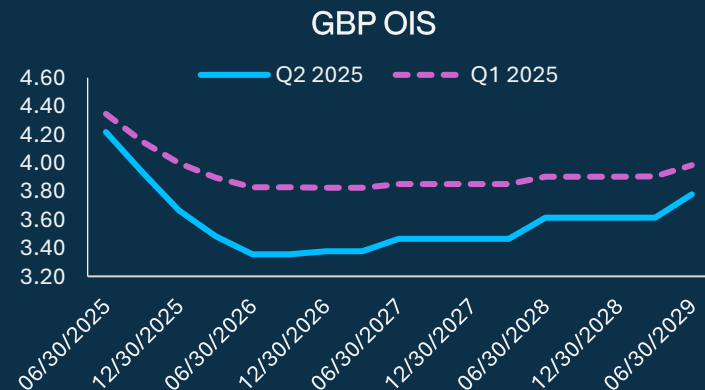
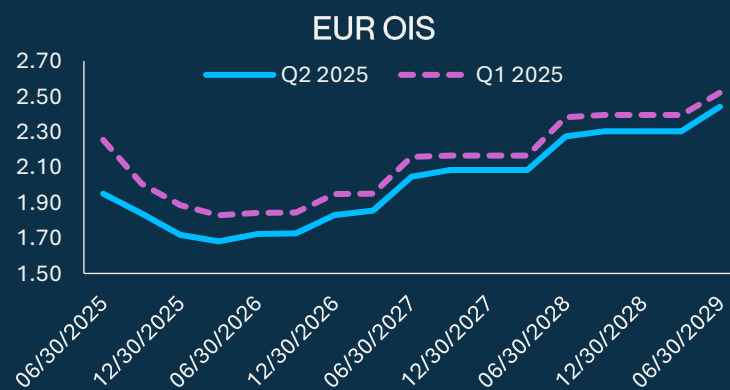
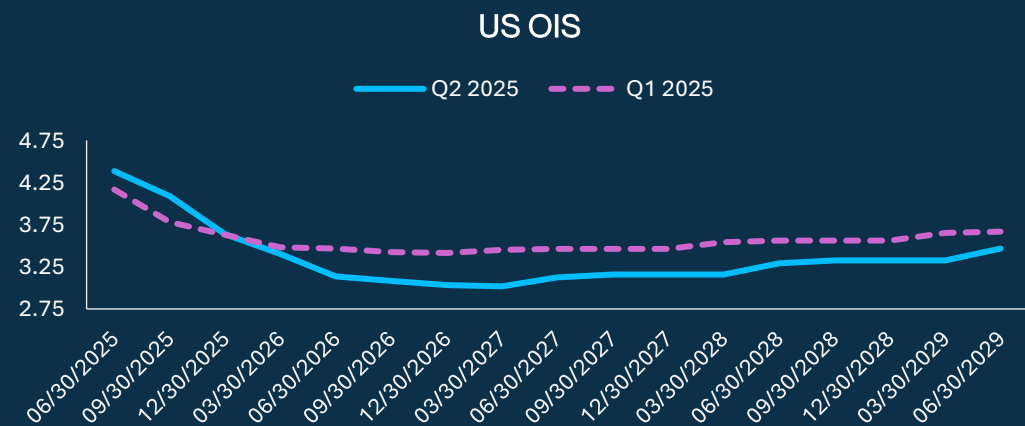


Economic Projections	2025	2026	2027
United States			
Change in Real GDP	1.5%	1.6%	2.0%
Core PCE	2.9%	2.7%	2.2%
Unemployment Rate	4.3%	4.4%	4.3%
United Kingdom			
Change in Real GDP	1.1%	1.2%	1.5%
CPI	3.1%	2.3%	2.0%
Unemployment Rate	4.6%	4.6%	4.7%
Eurozone			
Change in Real GDP	0.9%	1.0%	1.5%
CPI	2.0%	1.9%	2.0%
Unemployment Rate	6.3%	6.3%	6.2%
Japan			
Change in Real GDP	0.8%	0.7%	0.8%
CPI	2.8%	1.8%	2.0%
Unemployment Rate	2.5%	2.4%	2.3%
China			
Change in Real GDP	4.5%	4.2%	4.0%
CPI	0.2%	1.0%	1.5%
Unemployment Rate	5.1%	5.1%	5.0%



Global central bank expectations

In the US, the market is pricing just over two cuts in 2025 and three cuts in 2026, as implied by overnight index swap (OIS) rates. Europe and Great Britain are expected to ease further in 2025 and 2026. Japan is expected to hike 50 bps by year-end, which is less hawkish than the expectations for Q1 2025.





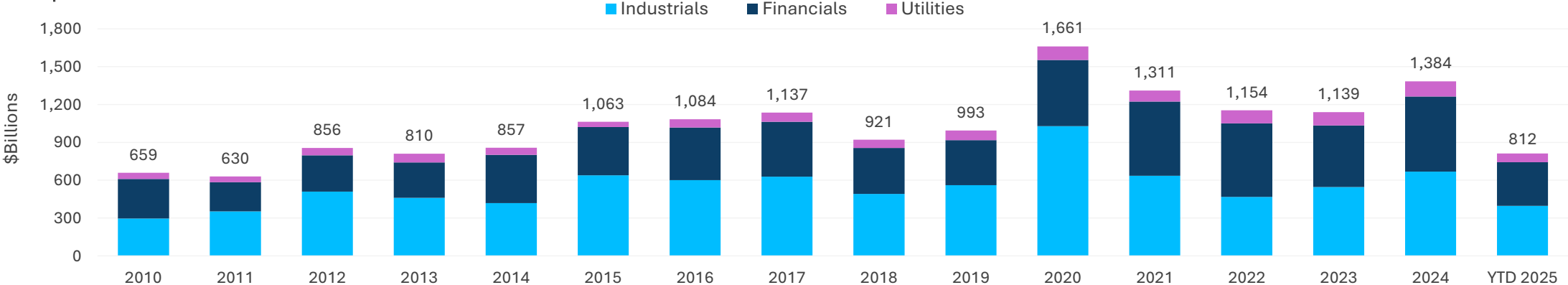
Corporate Bond Market



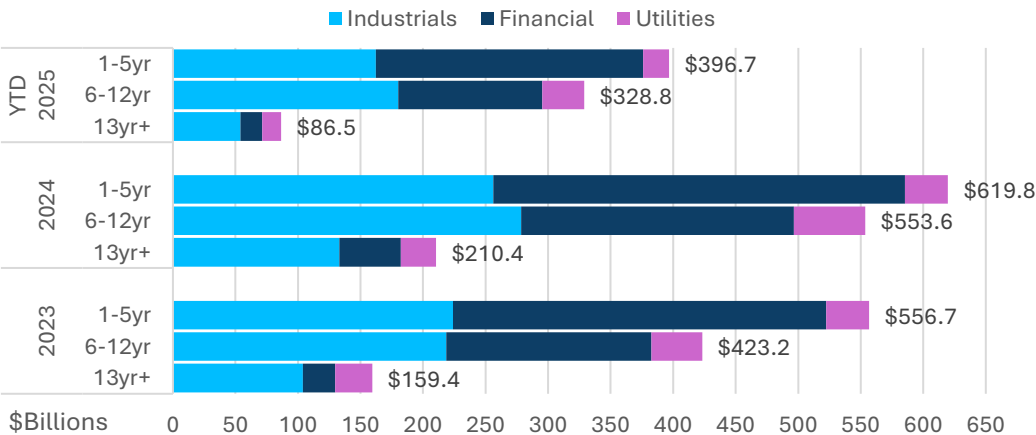
Investment grade (IG) corporates: New issue update

IG new issuance in Q1 2025 remained strong despite a momentary tariff-induced backup in funding spreads through April. Gross issuance was flat YoY at \$104B in April, up +6% YoY at \$135B in May and up +8% YoY at \$103B in June. For the entire first half of 2025, overall supply of \$910B was higher by +4% YoY, led by issuance from Banks (\$288B), followed by Technology (\$80B), Consumer (\$75B) and Utilities (\$73B). M&A picked up in June (\$13B) following a slow April and May, adding to total M&A-related issuance of \$95B YTD (~10% of total supply).

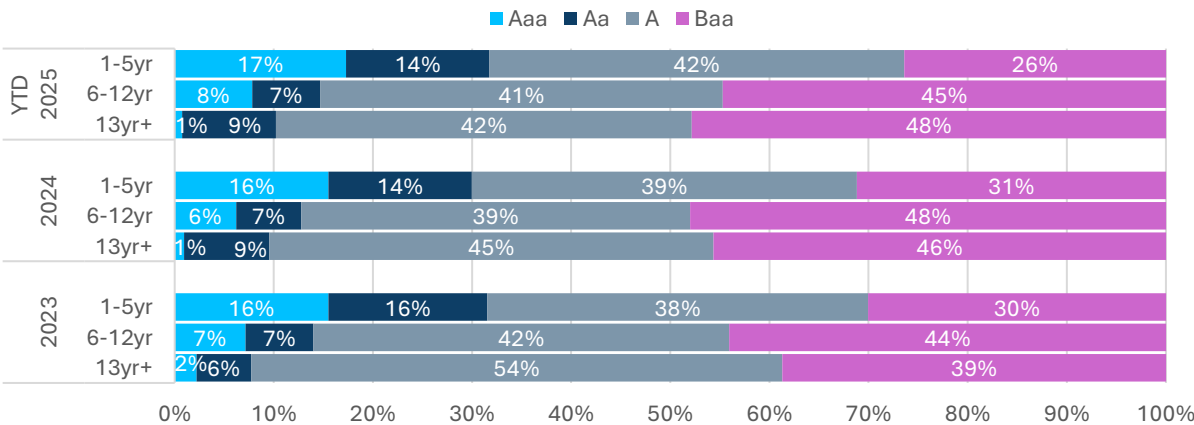
US IG Corporate New-Issue Volume



IG Corporate New-Issue Supply (Sector/Maturity)

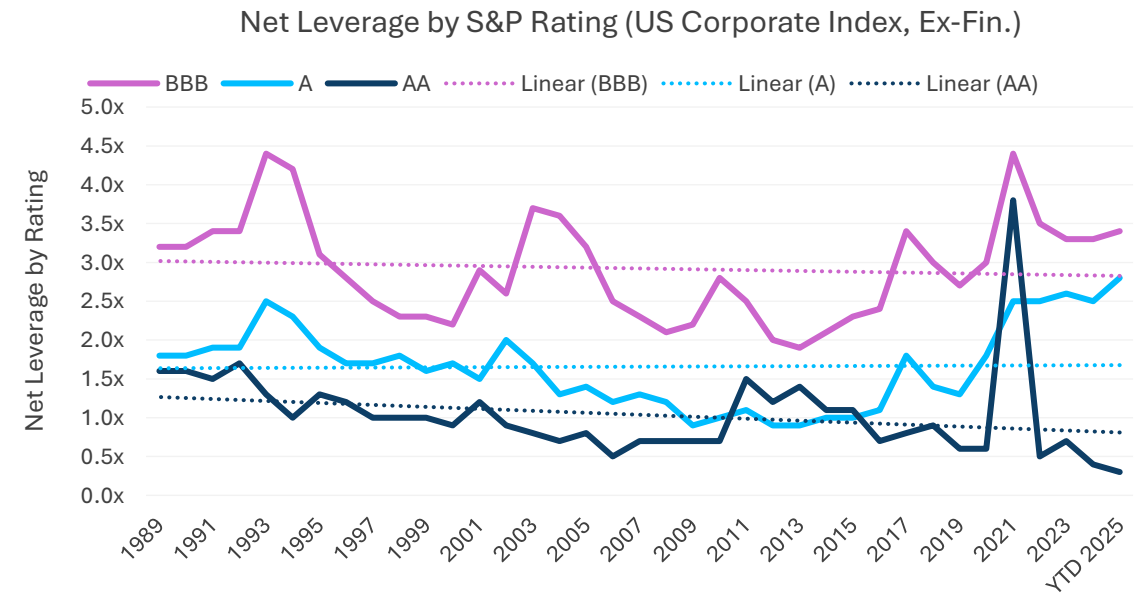
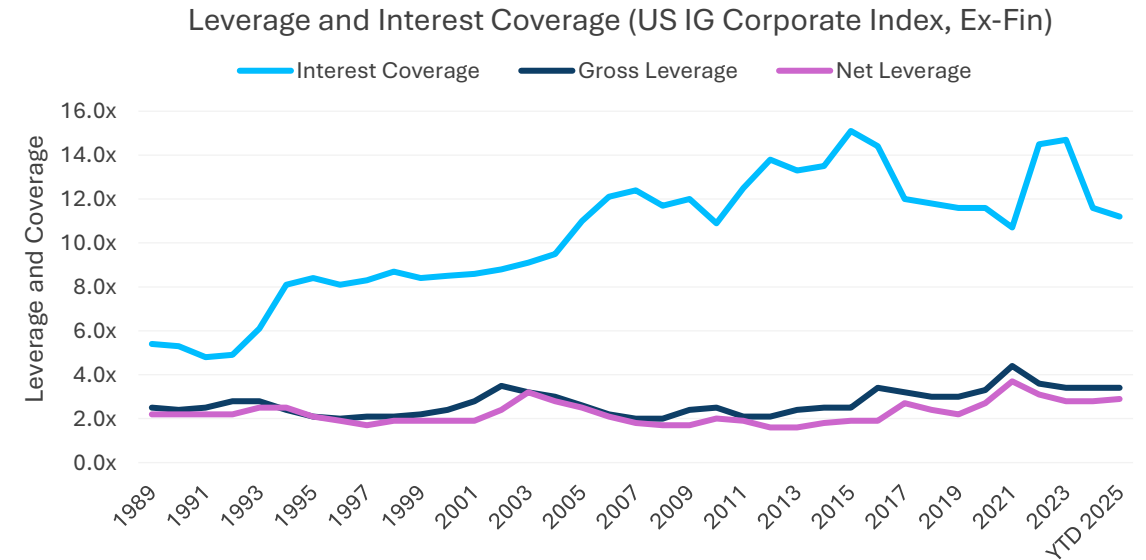
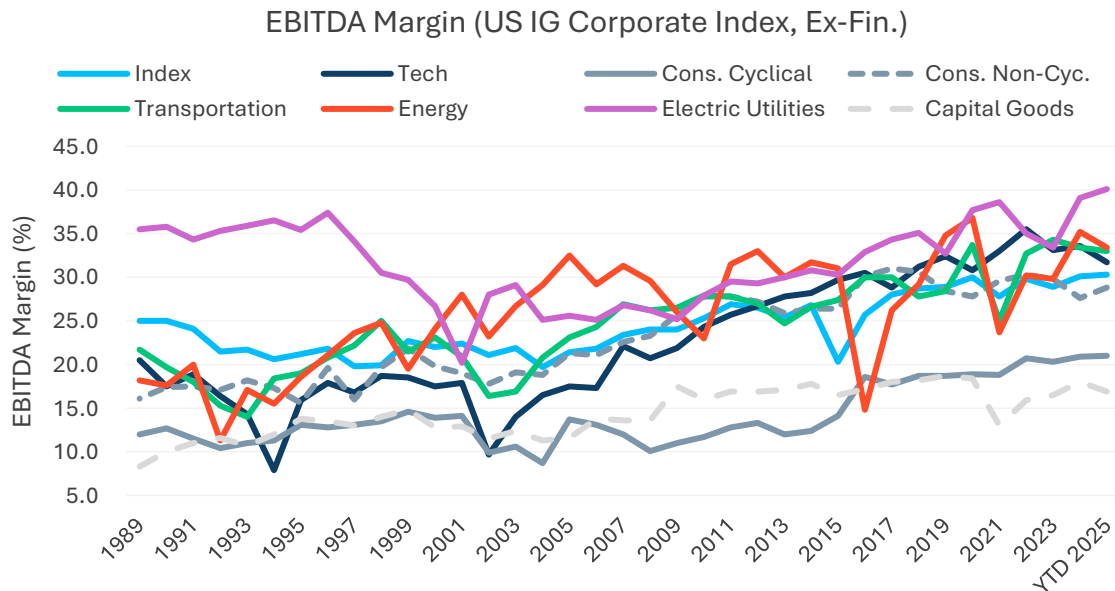


IG Corporate New-Issue Supply (Rating/Maturity)



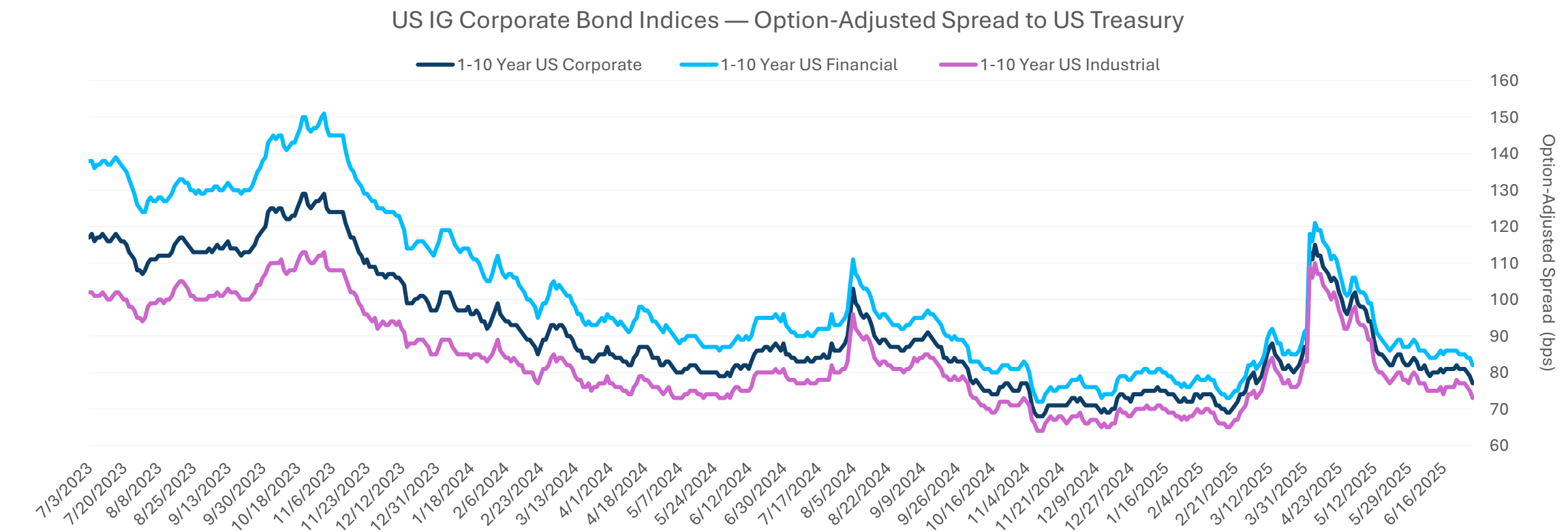
Credit fundamentals back on track, for now

Despite modest deterioration early in 2024, IG credit (ex-financials) metrics in Q1 2025 continued to show modest improvement, with the aggregate Last Twelve Months EBITDA remaining in growth territory (+2% YoY), EBITDA margins expanding higher by +0.5 percentage points quarter-over-quarter (QoQ), gross leverage ticking lower by -0.1x QoQ and interest coverage improving for another consecutive quarter by +0.1x QoQ. Still, tariff uncertainty looms large, as demand pull-forward ahead of tariff implementation likely provided a boost to corporate revenues, while the impact has yet to be reflected in corporate costs and margins for Q1 2025.



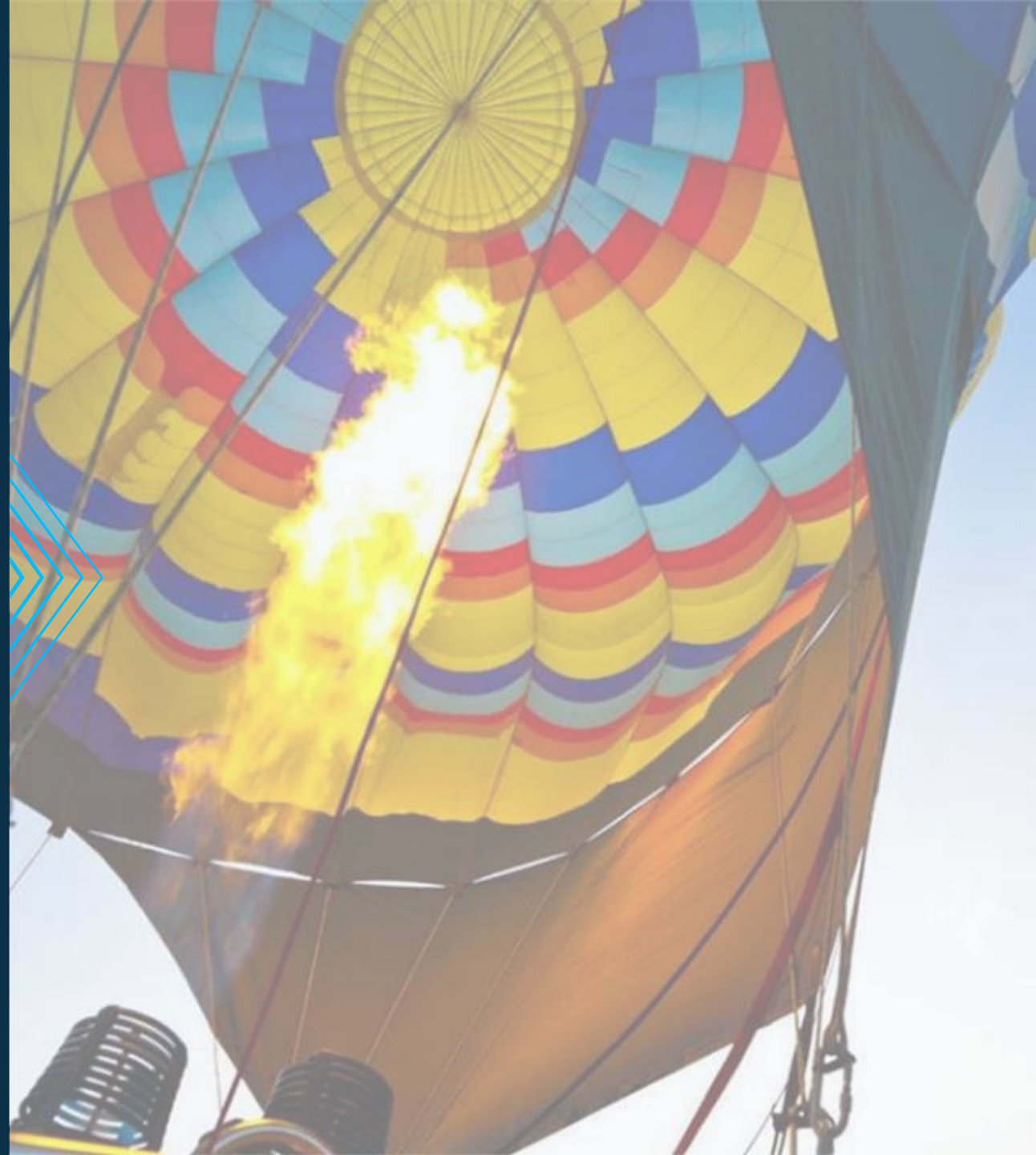
IG corporates: Spread and sector performance

Despite a sharp downdraft in April 2025 that pushed corporate credit spreads wider by over 20 bps, the overall corporate credit index ended Q2 2025 tighter than at the start of the quarter and only a few bps wider than at the start of the year. The momentary spike in spreads was triggered by President Trump’s announcement on April 2 of severe tariff hikes on all foreign goods imported into the US. Markets were quickly reassured by subsequent equivocation and tariff pauses by the administration, leading to a complete retracement of spreads by early May. The announcement of a trade deal with China, constructive inflation data in the face of labor market resiliency and steady earnings reported by IG corporates also contributed to spreads grinding tighter through quarter-end. The spread outlook for year-end is biased wider, given the current historically narrow spreads and potential fundamental headwinds. However, in the near term, impending trade deal announcements and greater policy certainty may pressure spreads even tighter.





Markets and Performance



Market sector performance

In the second quarter of 2025, US stocks, especially technology companies, recovered as investors felt better about possible changes in trade policy. The Fed kept interest rates unchanged and said future changes would depend on how the economy, particularly inflation, reacted to tariffs. Although bonds performed well, the bond market was a bit shaky because of shifting global fund flows and unclear US government policy plans.

Asset Class Returns

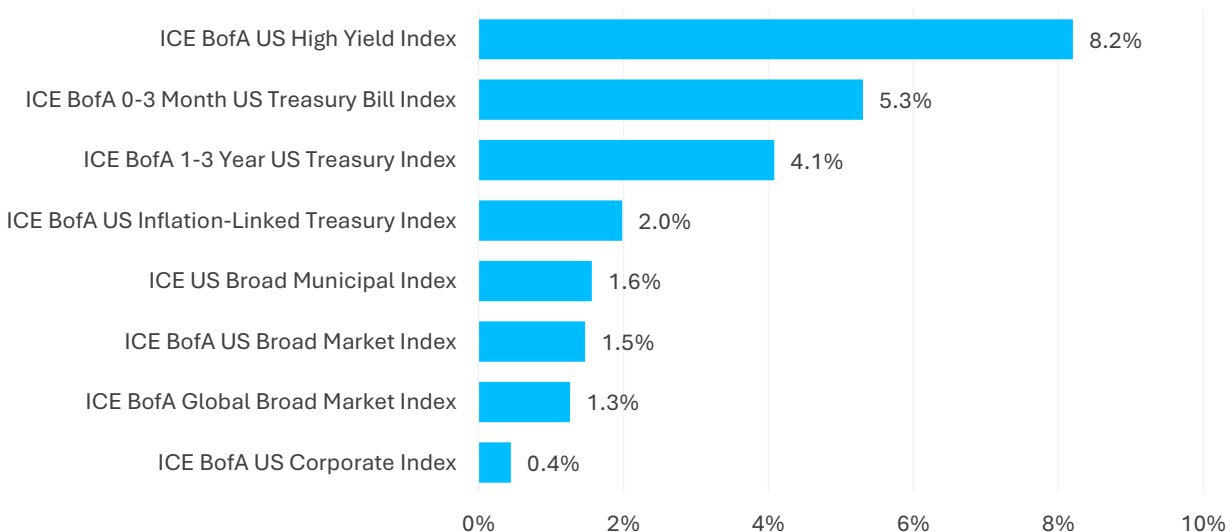
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD 2025
	Biotech 13.09%	Crude Oil 45.03%	Biotech 43.85%	US Treasury 0.86%	Tech 45.97%	IPO Index 109.60%	Crude Oil 55.01%	Crude Oil 6.71%	Tech 52.75%	Tech 31.77%	Tech 8.94%
	Tech 3.23%	High Yield 17.13%	Tech 39.65%	US Aggregate 0.01%	Crude Oil 34.46%	Biotech 48.10%	Tech 28.73%	High Yield -11.19%	IPO Index 50.90%	S&P 500 25.02%	S&P 500 6.20%
	S&P 500 1.38%	Tech 12.27%	IPO Index 35.75%	High Yield -2.08%	IPO Index 33.87%	Tech 42.64%	S&P 500 28.71%	US Treasury -12.46%	S&P 500 26.29%	IPO Index 15.49%	High Yield 4.57%
	US Treasury 0.84%	S&P 500 11.96%	S&P 500 21.83%	US IG Corporate -2.51%	Biotech 32.34%	S&P 500 18.40%	High Yield 5.28%	US Aggregate -13.01%	High Yield 13.45%	High Yield 8.19%	US IG Corporate 4.17%
	US Aggregate 0.55%	US IG Corporate 6.11%	Crude Oil 12.47%	S&P 500 -4.38%	S&P 500 31.49%	US IG Corporate 9.89%	US IG Corporate -1.04%	US IG Corporate -15.76%	US IG Corporate 8.52%	US IG Corporate 2.13%	US Aggregate 4.02%
	US IG Corporate -0.68%	US Aggregate 2.65%	High Yield 7.50%	Tech -6.02%	US IG Corporate 14.54%	US Treasury 8.00%	US Aggregate -1.54%	S&P 500 -18.11%	Biotech 7.76%	US Aggregate 1.25%	US Treasury 3.79%
	High Yield -4.47%	US Treasury 1.04%	US IG Corporate 6.42%	Biotech -14.99%	High Yield 14.32%	US Aggregate 7.51%	US Treasury -2.32%	Biotech -25.62%	US Aggregate 5.53%	Biotech 1.18%	IPO Index 3.09%
	IPO Index -7.98%	IPO Index -0.51%	US Aggregate 3.54%	IPO Index -17.53%	US Aggregate 8.72%	High Yield 7.11%	IPO Index -9.89%	Tech -30.29%	US Treasury 4.05%	US Treasury 0.58%	Biotech -7.91%
	Crude Oil -30.47%	Biotech -15.61%	US Treasury 2.31%	Crude Oil -24.84%	US Treasury 6.86%	Crude Oil -20.54%	Biotech -20.38%	IPO Index -57.06%	Crude Oil -10.73%	Crude Oil 0.10%	Crude Oil -9.22%

All returns above are on a total return basis. 2024 returns are on an aggregate basis through 06/30/2025. US Aggregate refers to Bloomberg Barclays Aggregate Bond Index. US Treasury refers to the US Treasury allocation of the Bloomberg Barclays Aggregate Bond Index. US IG Corporate refers to the IG Corporate allocation of the Bloomberg Barclays Aggregate Bond Index. High Yield refers to the US Corporate High-Yield Bloomberg Index. Crude Oil refers to the Spot West Texas Intermediate Crude Oil — Bloomberg-sourced. S&P 500 refers to the S&P 500 Total Return Index. Tech refers to the S&P Global 1200 Information Technology Index. Biotech refers to the S&P Biotechnology Select Industry Index. IPO Index refers to the Renaissance IPO Index.

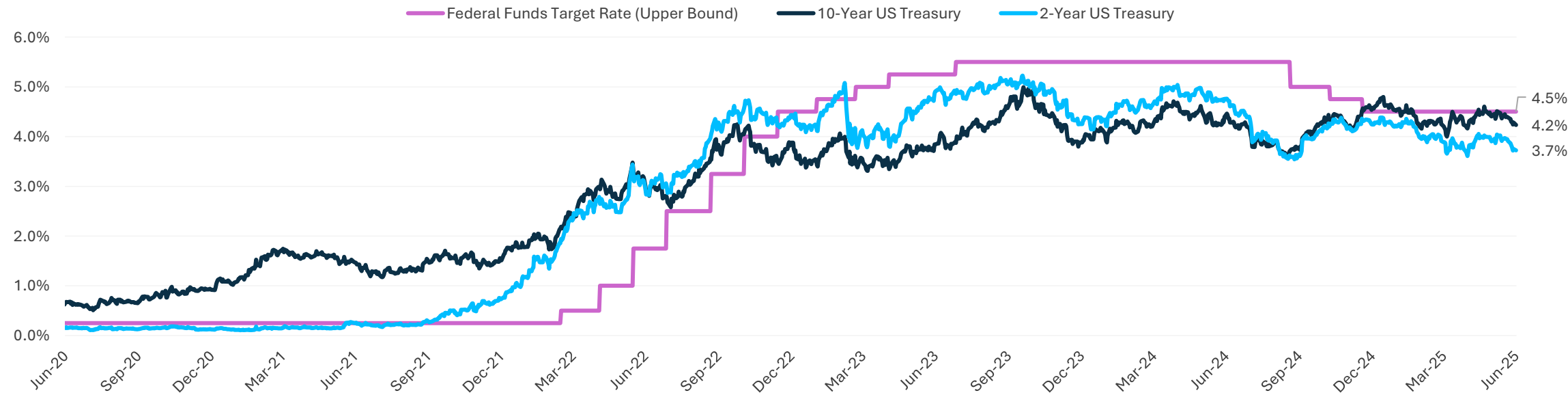
Bond market performance

Despite a volatile second quarter driven by changing tariff policies and fiscal uncertainty, the US bond market showed resilience, with most segments achieving positive returns and contributing to solid YTD performance. High-yield bonds, in particular, rebounded strongly, outperforming other sectors as credit spreads tightened and their shorter duration shielded them from the yield volatility experienced throughout the quarter.

YTD 2025 Bond Performance



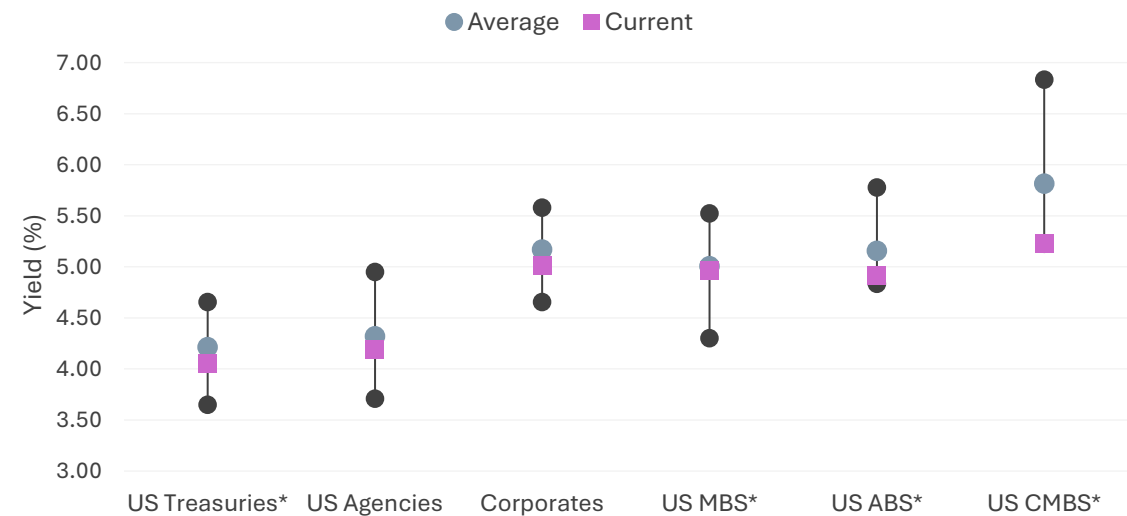
Bond Yields



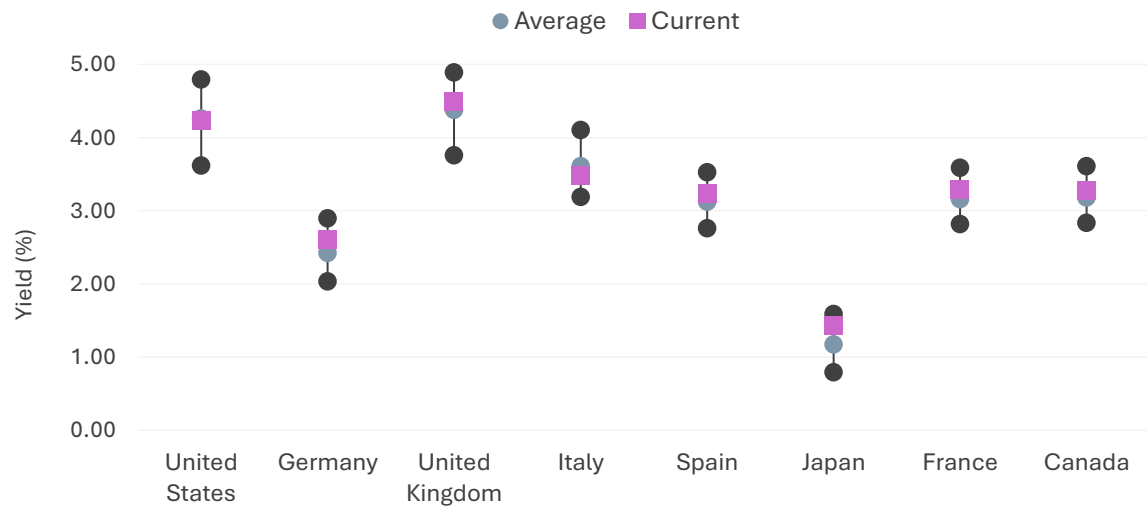
Global and domestic yields

Global yields moved higher, influenced by evolving US policy, international capital flows and a weakening USD. Meanwhile, US yields fluctuated throughout the quarter, initially falling on growth concerns before rising due to tariff-related inflation fears and fiscal uncertainty.

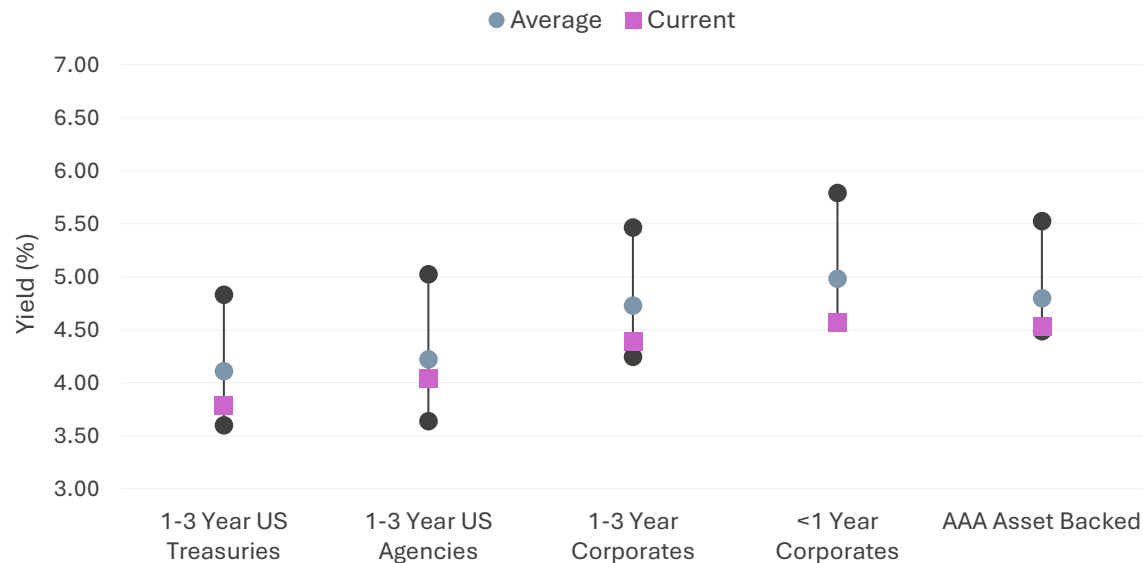
Broad Fixed Income Yields



Yields Across the Globe



Short-Duration Yields



Quarterly credit and duration performance stratification

The US administration's decision to delay the implementation of tariffs significantly eased investor concerns about potential economic disruption. This reduction in market anxiety helped to foster a more positive environment, which ultimately contributed to solid investment returns in the second quarter. As a result, many investors felt more comfortable increasing their exposure to both corporate credit and US Treasury bonds.

Corporate Credit

Duration	0-0.25	0.25-0.5	0.5-1.0	1.0-1.5	1.5-2.0	2.0-2.5	2.5-3.0	3.0-4.0	4.0-5.0	5.0-6.0	6.0-7.0	7.0-8.0	8.0-9.0	9.0-10.0	10.0-11.0	11.0-12.0	Over 12.0
AAA	1.12%	1.03%	0.95%	1.09%	1.19%	1.45%		1.67%	2.04%	2.08%	2.22%	1.87%	1.94%	1.38%	-0.96%	-0.47%	-0.28%
AA1	1.20%	1.10%	1.05%	1.15%	1.30%	1.46%	1.60%	1.80%	1.67%	1.85%	1.96%		1.62%	1.28%	1.61%		0.17%
AA2	1.14%	1.12%	0.99%	1.11%	1.29%	1.31%	1.58%	1.88%	2.01%	2.22%	1.92%	1.45%	2.00%	1.20%	1.07%	-0.43%	-0.14%
AA3	1.13%	1.12%	1.04%	1.19%	1.36%	1.46%	1.65%	1.91%	2.22%	2.29%	2.30%	2.20%	1.93%	1.66%	1.30%	1.46%	0.53%
A1	1.14%	1.14%	1.11%	1.20%	1.36%	1.55%	1.75%	1.95%	2.20%	2.56%	2.55%	2.22%	1.80%	1.61%	1.48%	1.27%	0.85%
A2	1.16%	1.13%	1.10%	1.23%	1.40%	1.57%	1.78%	2.00%	2.28%	2.51%	2.48%	2.30%	1.72%	2.00%	1.74%	1.36%	0.82%
A3	1.19%	1.19%	1.13%	1.28%	1.40%	1.61%	1.81%	2.06%	2.37%	2.67%	2.59%	2.45%	2.15%	2.12%	1.56%	1.23%	0.75%
BBB1	1.22%	1.21%	1.18%	1.37%	1.50%	1.65%	1.90%	2.14%	2.49%	2.72%	2.69%	2.45%	1.93%	1.96%	1.56%	1.55%	1.17%
BBB2	1.21%	1.19%	1.21%	1.36%	1.54%	1.71%	1.89%	2.20%	2.45%	2.58%	2.64%	2.43%	1.99%	2.20%	1.86%	1.38%	1.02%
BBB3	1.23%	1.32%	1.28%	1.82%	1.32%	2.07%	2.02%	2.30%	2.55%	2.25%	3.01%	2.75%	0.87%	2.27%	-2.08%	2.73%	1.96%

US Treasuries

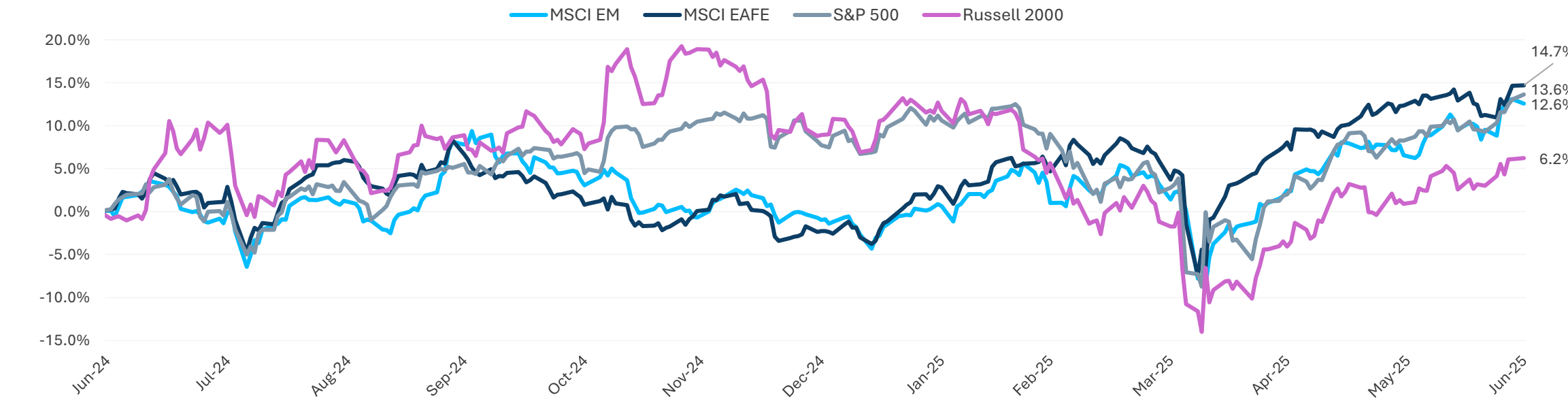
Duration	0-0.25	0.25-0.5	0.5-1.0	1.0-1.5	1.5-2.0	2.0-2.5	2.5-3.0	3.0-4.0	4.0-5.0	5.0-6.0	6.0-7.0	7.0-8.0	8.0-9.0	9.0-10.0	10.0-11.0	11.0-12.0	Over 12.0
Treasury	1.06%	1.03%	0.96%	0.99%	1.13%	1.32%	1.45%	1.63%	1.77%	1.81%	1.62%	1.24%	0.70%	0.42%	-0.25%	-0.58%	-1.58%

Percentages in table represent total return. Red cells indicate the lowest returns, and green cells indicate the highest returns. Gray cells indicate there were no securities within the specific duration range for the evaluation period.

Global equity performance

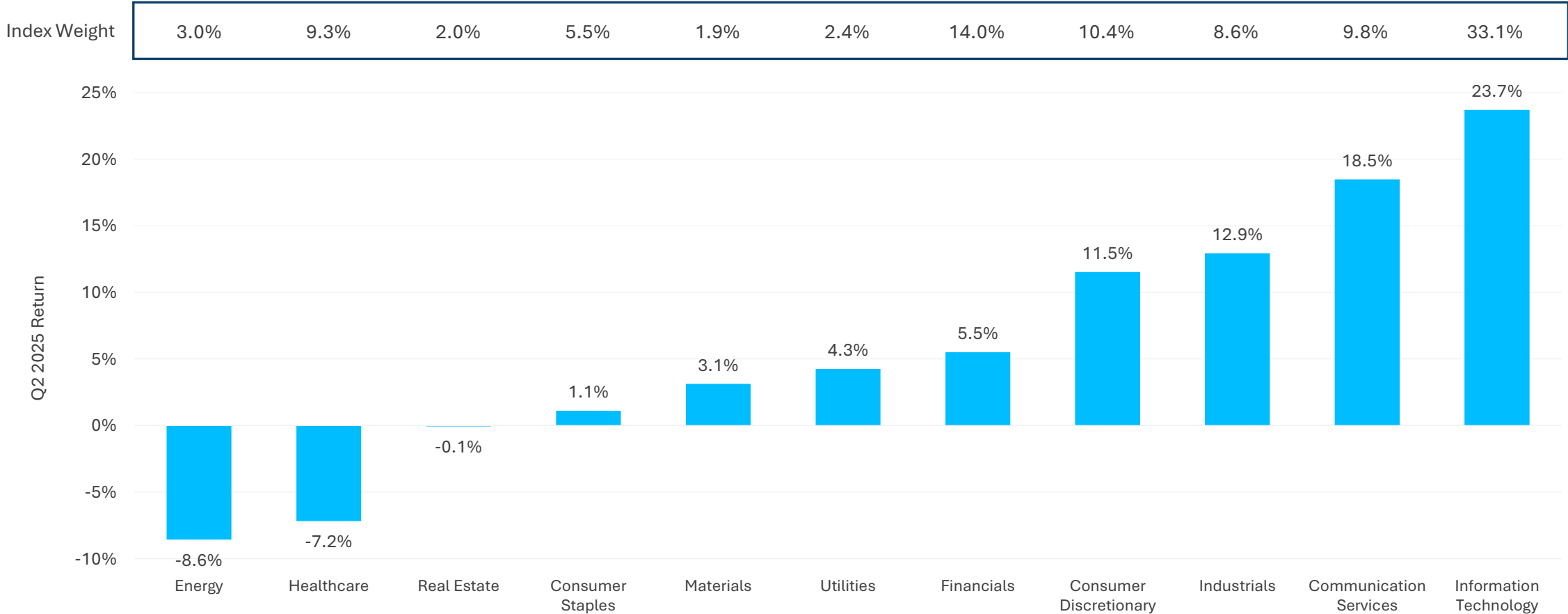
Fueled by easing tariff concerns and better-than-expected corporate earnings, the S&P 500 rebounded strongly in the second quarter after an initial period of volatility. Small-cap stocks underperformed due to their greater sensitivity to domestic economic conditions and potential tariff impacts. Meanwhile, emerging and developed markets (ex-North America) performed solidly YTD.

Price Return	
1-Year Returns	
MSCI EM	12.6%
MSCI EAFE	14.7%
S&P 500	13.6%
Russell 2000	6.2%



US equity sector performance

In Q2 2025, the S&P 500’s strong performance was largely driven by the technology and communication sectors. These sectors staged significant comebacks as easing tariff concerns helped restore investor confidence. While sectors like energy and healthcare lagged, robust corporate earnings and the temporary pause on new tariffs contributed to the positive momentum across most other industries.



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