

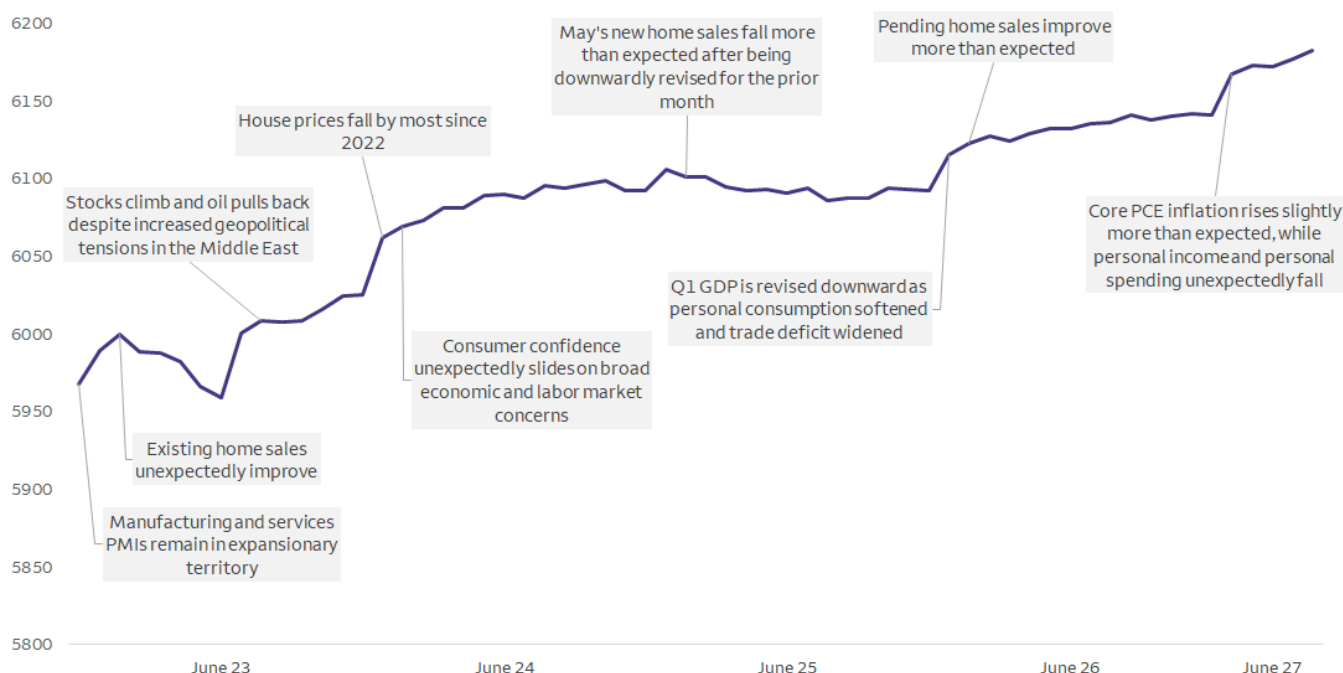
Looking Ahead

June 27, 2025

Stocks climb on trade-deal optimism

Stocks moved toward all-time highs as the resolution of some trade deals appear to be on the horizon ahead of the July 9 expiration of the freeze on most reciprocal tariffs. Additionally, while geopolitical uncertainty remains, the recent Israel-Iran truce suggests that the current risk of further conflict has declined. Meanwhile, Personal Consumption Expenditures (PCE) inflation along with personal income and spending indicated that while inflation remains relatively subdued, consumers have become more cautious amid tariff-related price increases. Consumer confidence and the third print of first-quarter gross domestic product (GDP) both corroborated this, with the GDP downward revision driven largely by consumer spending. Purchasing Managers' Indexes (PMIs) from S&P Global also pointed to elevated pressures with subdued activity. Looking ahead to next week, investors will be watching for additional geopolitical and trade-related developments. Key data releases include the jobs report for June and other labor-market data, PMIs from the Institute for Supply Management, the trade balance, and factory orders.

S&P 500 Index performance for the week of June 23 – 27



Sources: Bloomberg, Wells Fargo Investment Institute. Data from June 23, 2025, through June 27, 2025, at 12:00 p.m. ET. Past performance is no guarantee of future results. An index is unmanaged and not available for direct investment. Q1 = first quarter.

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Week in review: June 23 – 27

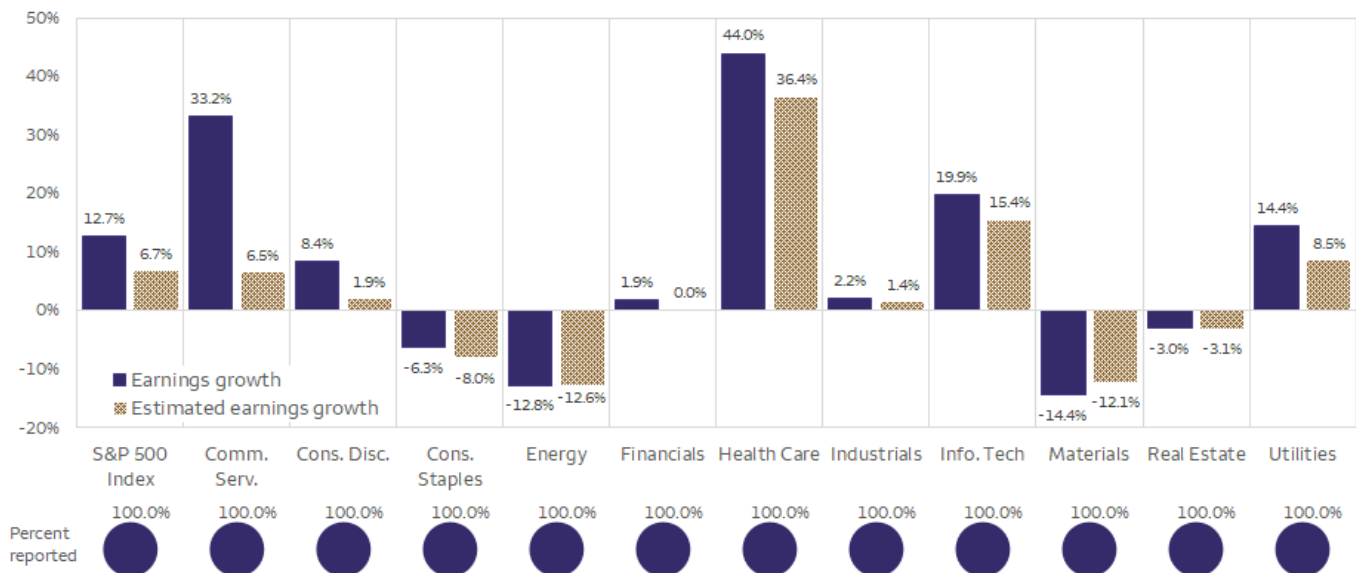
Economic data

- PCE inflation for May showed that inflation remains relatively subdued. Though still above the Federal Reserve’s (Fed’s) 2% target, market expectations for rate cuts later in the year held following the release.
 - The headline prints increased by 0.1% month over month (MOM) and 2.3% year over year (YOY), while the core prints came in at 0.2% MOM and 2.7% YOY (slightly above consensus expectations).
- Personal income declined by 0.4% MOM while personal spending declined by 0.1% MOM, with the decreases pointing to tariff-related uncertainty and price increases weighing on consumers.
 - The decrease in personal income was driven by recent policy changes related to the Social Security Fairness Act and American Relief Act, which first led to a sharp uptick and now a sharp decline. The MOM change amounts to a nearly 0.2% gain when excluding social security and proprietors’ income.
- The third print of first-quarter GDP was revised downward, from an annualized 0.2% decline to a 0.5% decline.
 - Consumer spending was revised from an initial annualized 1.8% gain to 0.5%, indicating that tariff-related uncertainty and price increases have impacted consumers to a greater extent than previously evidenced.
 - Within consumer spending, the services revisions were particularly pronounced, down from the first estimate of a 2.4% annualized increase to the most recent estimate of 0.6%.
- Consumer confidence from The Conference Board declined to 93.0 for June, with a broad-based deterioration across consumers’ perceptions of current conditions and expectations for the future.
 - Tariffs, inflation, and prices remained top of mind, and concerns about the labor market reemerged.
- June’s PMIs from S&P Global declined to 53.1 for services and remained unchanged at 52.0 for manufacturing, with both remaining in expansionary territory despite a drag from lower exports and inflationary pressures.
- Housing-market data for May pointed to ongoing pressures, with new home sales declining sharply by 13.7% MOM amid an uptick in already elevated mortgage rates. Meanwhile, existing home sales increased by 0.8% MOM, though sales remained subdued.

Stock market recap

By Friday morning, the major averages were on track to end the week higher, with the S&P 500 Index in striking distance of its all-time high. As of 12:00 p.m. ET, the S&P 500 Index was on track to advance 3.6%, the Nasdaq to climb 4.4%, and the Dow to rise 3.9%.

Earnings exceeded expectations in the first quarter



Sources: Bloomberg, Wells Fargo Investment Institute. Chart shows actual versus projected S&P 500 Index earnings growth by sector. Actual earnings growth as of June 27, 2025, at 8:30 a.m. ET. Bloomberg consensus estimated earnings growth as of March 28, 2024, at 8:30 a.m. ET. **Past performance is no guarantee of future results.** An index is unmanaged and not available for direct investment.

Looking ahead to next week: June 30 – July 4

U.S.

- Thursday's jobs report for June will be the highlight in the upcoming holiday-shortened week that also includes June PMIs for manufacturing and services from the Institute for Supply Management.
- Other potential market movers include May's trade balance, factory orders, construction spending, and the Job Openings and Labor Turnover Survey (JOLTS). Also on tap: June's ADP survey of private employment, Challenger job cuts, and vehicle sales. Rounding out the docket are June's Market News International Chicago PMI and measures of economic activity from the Dallas Fed.

Asia

- In China, June PMIs for the manufacturing and services sectors will be in focus, including the official government release and private-sector data from Caixin.
- From Japan, look for May's industrial production, household spending, and housing starts; June's monetary base, consumer confidence, and finalized PMIs; and second-quarter business activity updates from Tankan.
- Elsewhere in the region, South Korea's Consumer Price Index (CPI), trade balance, industrial production, and manufacturing PMI hit the tape, along with Australia's trade balance, PMIs, retail sales, building approvals, private sector credit, and a measure of inflation.

Europe

- In Europe, the highlight will be June CPIs and finalized PMIs, in addition to the eurozone's May unemployment rate. German reports include unemployment claims, retail sales, factory orders, and the Import Price Index, while France releases industrial production data.
- British releases include mortgage approvals, house prices, consumer credit, and finalized first-quarter GDP.

Scheduled economic releases for week of June 30, 2025

Date	Time	Country	Release	For	Consensus	Prior
Monday, 6/30	8:30 PM	South Korea	S&P Global South Korea PMI Mfg	June		47.7
Monday, 6/30	9:45 PM	China	Caixin China PMI Mfg	June	49.3	48.3
Tuesday, 7/1	5:00 AM	Eurozone	CPI Estimate YoY	June Prelim	2.0%	1.9%
Tuesday, 7/1	10:00 AM	U.S.	Construction Spending MoM	May	0.0%	-0.4%
Tuesday, 7/1	10:00 AM	U.S.	ISM Manufacturing	June	48.8	48.5
Tuesday, 7/1	10:00 AM	U.S.	JOLTS Job Openings	May	7,320k	7,391k
Tuesday, 7/1	7:00 PM	South Korea	CPI YoY	June	2.1%	1.9%
Tuesday, 7/1	9:30 PM	Australia	Retail Sales MoM	May	0.5%	-0.1%
Wednesday, 7/2	5:00 AM	Eurozone	Unemployment Rate	May	6.2%	6.2%
Wednesday, 7/2	7:30 AM	U.S.	Challenger Job Cuts YoY	June		47.0%
Wednesday, 7/2	8:15 AM	U.S.	ADP Employment Change	June	88k	37k
Wednesday, 7/2	9:30 AM	Canada	S&P Global Canada Manufacturing PMI	June		46.1
Wednesday, 7/2	9:45 PM	China	Caixin China PMI Services	June	51.0	51.1
Thursday, 7/3	8:30 AM	U.S.	Average Hourly Earnings MoM	June	0.3%	0.4%
Thursday, 7/3	8:30 AM	U.S.	Change in Nonfarm Payrolls	June	113k	139k
Thursday, 7/3	8:30 AM	U.S.	Initial Jobless Claims	June 28		236k
Thursday, 7/3	8:30 AM	U.S.	Unemployment Rate	June	4.3%	4.2%
Thursday, 7/3	10:00 AM	U.S.	Factory Orders MoM	May	7.8%	-3.7%
Thursday, 7/3	10:00 AM	U.S.	ISM Services Index	June	50.5	49.9
Friday, 7/4	5:00 AM	Eurozone	PPI YoY	May	0.3%	0.7%

Source: Bloomberg. Data as of June 27, 2025, as of 12:00 P.M. ET. Times shown in table are in Eastern Time.

Scheduled earnings releases for week of June 30, 2025

Ticker	Company	Report date	Call time	Revenue est. (billions)	EPS est.	EPS year ago
STZ	Constellation Brands, Inc. Class A	Tuesday, 7/1	10:30 AM	\$2.55	\$3.31	\$3.57

Source: FactSet. Data as of June 27, 2025, as of 8:30 A.M. ET. Times shown in table are in Eastern Time. EPS = earnings per share.

Risk Considerations

Different investments offer different levels of potential return and market risk. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. **Foreign investing** has additional risks including those associated with currency fluctuation, political and economic instability, and different accounting standards. These risks are heightened in emerging markets. **Sector investing** can be more volatile than investments that are broadly diversified over numerous sectors of the economy and will increase a portfolio's vulnerability to any single economic, political, or regulatory development affecting the sector. This can result in greater price volatility.

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Definitions

An index is unmanaged and not available for direct investment.

The S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the US stock market.

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.

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 ADP employment change (private employment) report measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Building permits (or building approvals) track the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

Challenger job cuts track involuntary job separations initiated by the employer.

Construction spending generally refers to the value of new construction activity on residential and nonresidential projects.

Consumer confidence (or consumer sentiment) tracks sentiment among households or consumers.

Consumer or household credit tracks the outstanding amount of credit (or loans) used by consumers to finance purchases of goods or services. It can include everything from credit card lending, to auto loans, to lines of credit but it excludes mortgage loans.

The Consumer Price Index (CPI) is 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.

Existing home sales tracks the sales of previously owned homes during the reference period.

Factory orders track the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

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 industry approach (or output-based GDP) is the sum of the gross value added (output less intermediate consumption) of all industry and services sectors of the economy (at basic prices), plus all taxes less subsidies on products. This concept is adjusted for inflation.

House/home prices track changes in residential property prices.

Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Import price indexes track changes in the prices of goods produced abroad and sold domestically (imports).

Industrial production measures the output of industrial establishments in the following industries: mining and quarrying, manufacturing and public utilities (electricity, gas and water supply). Production is based on the volume of the output.

The international trade balance measures the difference between the movement of merchandise trade and/or services leaving a country (exports) and entering a country (imports). This measure tracks the value of the merchandise trade balance.

The Job Openings by Industry Total Survey (JOLTS) tracks the number of specific job openings in an economy.

Jobless (or unemployment) claims tracks the total number of people who have filed jobless claims with the appropriate government labor office; typically, in order to receive unemployment benefits.

The monetary base tracks notes and coins in circulation plus minimum reserves that credit institutions hold with the central bank. It is sometimes also referred to as base money.

Mortgage approvals track the number and/or value of mortgage loans that have been approved by lenders.

New home sales tracks sales of newly constructed homes during the reference period.

Nonfarm productivity tracks the total output that can be produced with a given input of labor. Generally it is measured by dividing total real gross domestic product by either total employment or total hours worked.

PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Pending home sales tracks signed real estate contracts for existing single-family homes, condos and co-ops that have not yet closed. As such it is a leading indicator for existing home sales.

Personal income or consumer/household income tracks all income received by households including such things as wages and salaries, investment income, rental income, transfer payments, etc. This concept is not adjusted for inflation.

Personal spending or consumer/household spending (also referred to as consumption) tracks consumer expenditures on goods and services. This concept is not adjusted for inflation.

Private sector credit tracks the outstanding amount of credit (or loans) extended to businesses and consumers.

Purchasing Managers' Indexes (PMIs) track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

The Tankan Survey (Tankan Manufacturing Index), conducted quarterly by the Bank of Japan, is the most comprehensive and influential measure of business confidence in Japan. The survey is conducted among a broad range of large manufacturing enterprises.

The unemployment (or jobless) rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Vehicle sales tracks the number of motor vehicles newly registered with a government authority.

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