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MAIN MANAGEMENT MARKET NOTE:

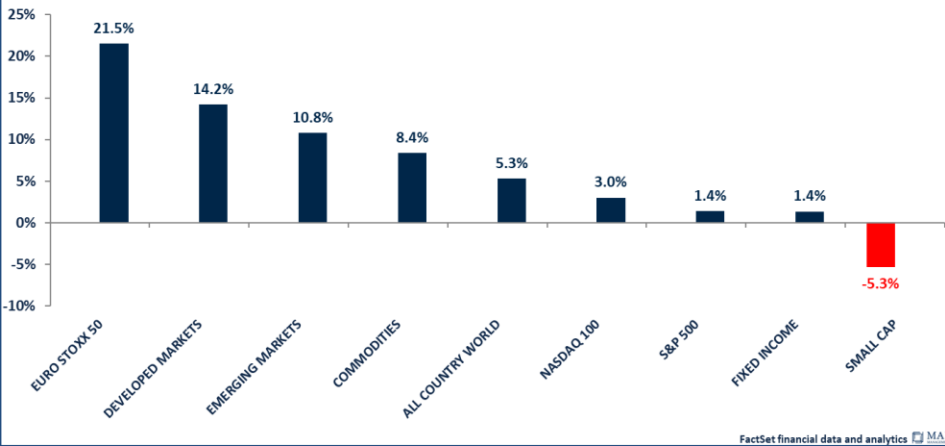
June 20, 2025

601 California Street, Suite 300, San Francisco, CA 94108

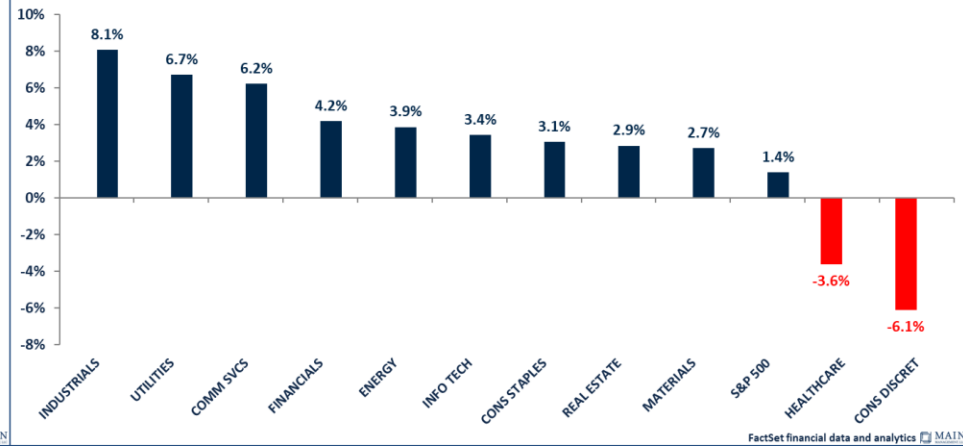
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Performance

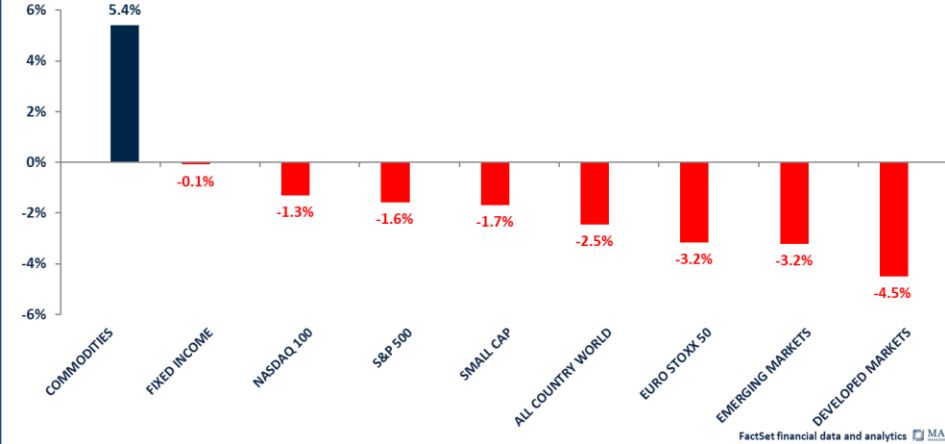
YTD 2025 ETF BROAD INDEX PRICE PERFORMANCE THROUGH JUNE 20



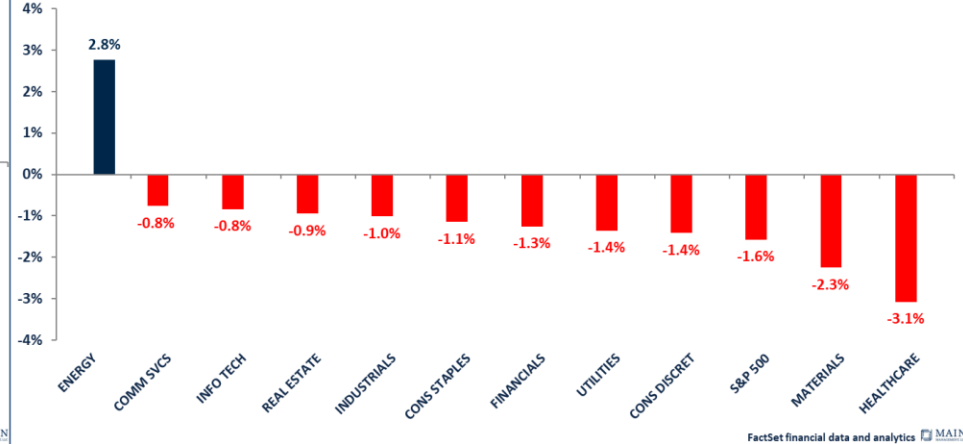
YTD 2025 ETF SECTOR PRICE PERFORMANCE THROUGH JUNE 20



ETF BROAD INDEX PRICE PERFORMANCE TRAILING WEEK ENDED JUNE 20



ETF SECTOR PRICE PERFORMANCE TRAILING WEEK ENDED JUNE 20



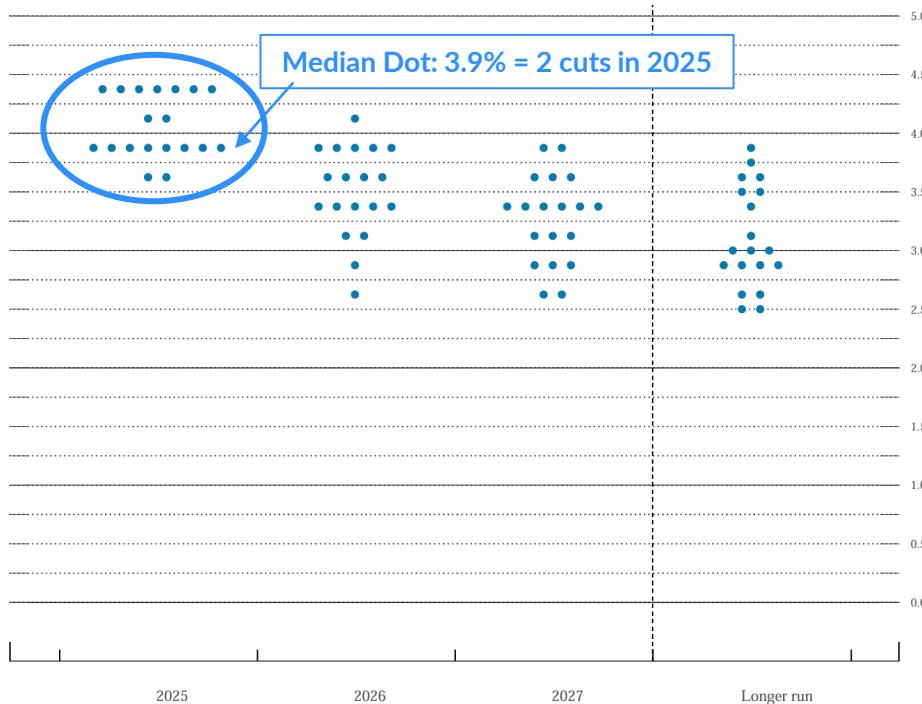
Recession Dashboard

RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOYMENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
JUNE 2025	↔	↔	↔*	↔	↔	↔	↓	↔	↑
LAST CHANGE	GREEN DEC '24	GREEN APR '25	RED MAR '23	GREEN DEC '24	GREEN APR '25	RED JAN '25	BLUE SEP '22	GREEN APR '25	BLUE DEC '24

↑	Positive	↔	Neutral	↓	Negative
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Inflation: Headline CPI. Source: St. Louis Fed. **Consumer:** Conference Board Consumer Confidence. Source: The Conference Board. **Yield Curve:** 10 year – 3 month Treasury spread. Source: FactSet financial data and analytics. **Housing:** Housing Starts & Existing Home Sales. Source: St. Louis Fed. **Sentiment:** Conference Board Consumer Confidence, UMich Consumer Sentiment, State Street Investor Confidence, CEO Confidence, VIX, AAI Autos: Auto Sales. Source: St. Louis Fed. **Employment:** Initial Weekly Unemployment Claims & Nonfarm Payrolls. Source: St. Louis Fed. **PMI:** Markit US Manufacturing PMI & US ISM Manufacturing PMI & Chicago PMI. Source: Markit, ISM. **Retail Sales:** Advance Retail Sales. Source: St. Louis Fed. * 10 year – 3 month Treasury spread inverted on 11/2/22.

The FOMC met this week and kept rates unchanged, as expected. The median forecast on the dot plot (left) still shows 50bps of cuts in 2025. The Fed was a bit more hawkish in its Summary of Economic Projections, though, lowering its 2025 GDP estimate to 1.4% and lifting inflation to 3% while noting that uncertainty has diminished but is still relatively elevated.



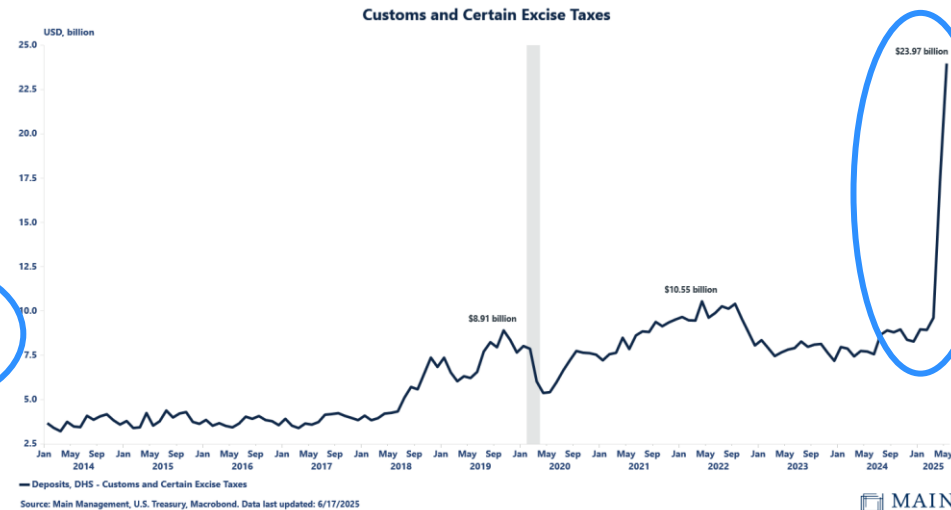
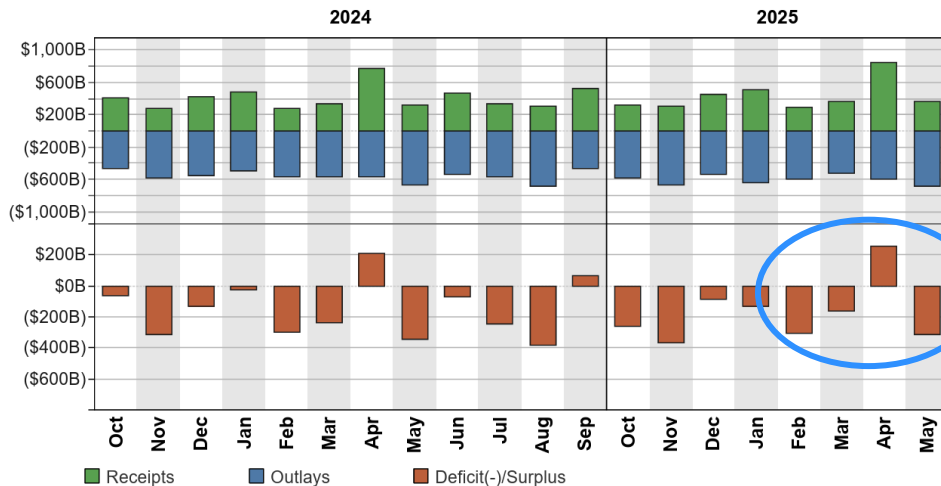
Percent

Variable	Median ¹			
	2025	2026	2027	Longer run
Change in real GDP	1.4	1.6	1.8	1.8
March projection	1.7	1.8	1.8	1.8
Unemployment rate	4.5	4.5	4.4	4.2
March projection	4.4	4.3	4.3	4.2
PCE inflation	3.0	2.4	2.1	2.0
March projection	2.7	2.2	2.0	2.0
Core PCE inflation ⁴	3.1	2.4	2.1	
March projection	2.8	2.2	2.0	
Memo: Projected appropriate policy path				
Federal funds rate	3.9	3.6	3.4	3.0
March projection	3.9	3.4	3.1	3.0

Budget & Tariffs

With the Big, Beautiful Bill still very much up for debate, a lot of discussion has been centered on the deficit. The Monthly Treasury Statement through May 2025 was released recently and shows the ongoing deficit at which the U.S. Government is operating (left). April is really the only month to regularly post a surplus because of tax day. One benefit from the tariffs is that they are bringing in money to the government at a historically high run rate (right).

Figure 3. Monthly Receipts, Outlays, and Budget Deficit/Surplus of the U.S. Government, Fiscal Years 2024 and 2025



Retail Sales

Retail Sales slumped -0.91% M/M in May, the 2nd down month in a row and the biggest decline since March 2023. Core Retail Sales (ex-Autos & Gas Stations) were down -0.12% M/M. The drop in the headline figure was due primarily to auto sales, which saw a big pull-forward in February and March on tariff fears and have since slowed.



Category Breakdown

Looking at the categories on a M/M basis (left), Misc Stores led the way up +2.9% followed by Sporting Goods at +1.3%. The laggards were Autos down -3.9% and then Building Materials down -2.7%. On a Y/Y basis (right), Furniture/Home Furnishings lead the way up +8.8% followed by NonStore at +8.3%. Gas Stations are the laggards, down -6.9%, and then Department Stores at -2.8%.

Retail Sales by Category M/M



Retail Sales by Category Y/Y



Source: Main Management, USCB, Macrobond. Data last updated: 6/17/2025

Source: Main Management, USCB, Macrobond. Data last updated: 6/17/2025

Industrial Production

Industrial Production dipped -0.22% M/M in May, missing forecasts for a +0.1% rise. Meanwhile, Manufacturing Output rose +0.12% M/M but also missed forecasts for a +0.2% increase. Still, the rolling 6mo averages have been solid and hopefully we get a resumption of the uptrend in the coming months. On a Y/Y basis, both Industrial Production and Manufacturing Output slowed to +0.60% and +0.64%, respectively.

Industrial Production & Manufacturing Output M/M



Source: Main Management, Fed, Macrobond. Data last updated: 6/17/2025

Industrial Production & Manufacturing Output Y/Y



Source: Main Management, Fed, Macrobond. Data last updated: 6/17/2025

Capacity Utilization

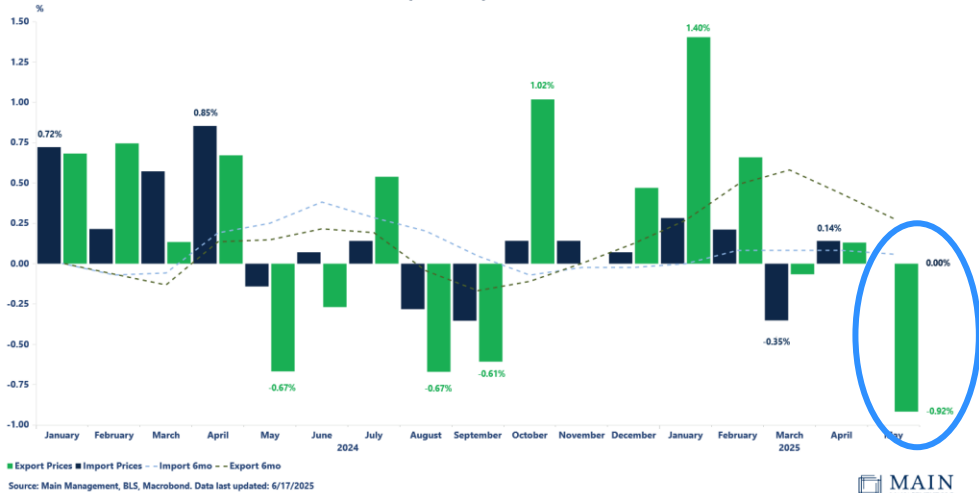


Source: Main Management, Fed, Macrobond. Data last updated: 6/17/2025

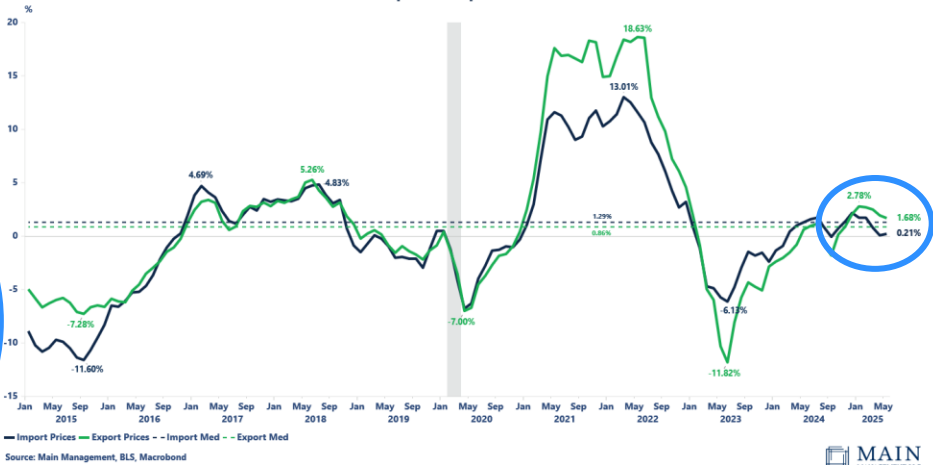
Import / Export Prices

Import Prices were flat in May (left), above forecasts for a -0.2% dip, while Export Prices fell -0.92% M/M, considerably more than expectations for a -0.2% decline. It's important to remember that these prices are measured before tariffs. If you exclude fuels, Import Prices were up +0.3% M/M, with gains in every major category outside of food. On a Y/Y basis (right), Import Prices ticked up to +0.21% while Export Prices slowed to +1.68%.

U.S. Import & Export Prices M/M

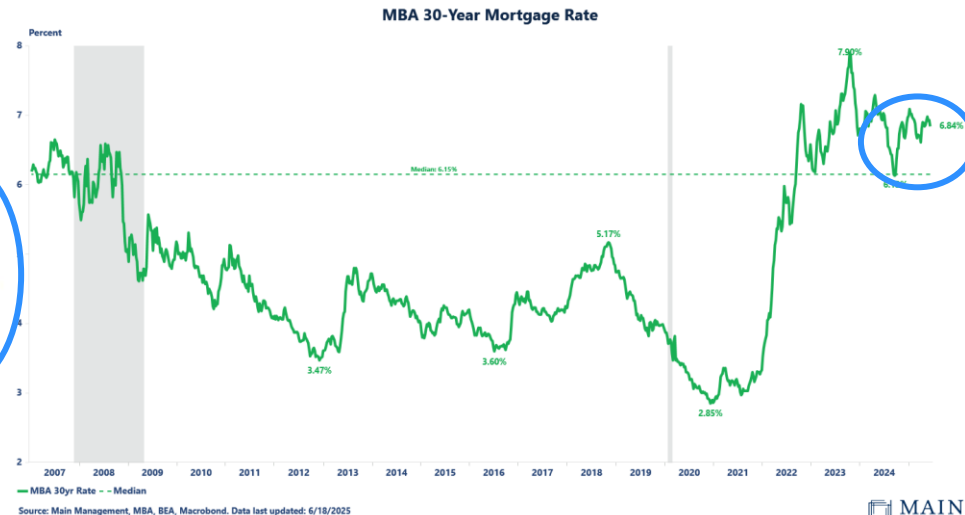
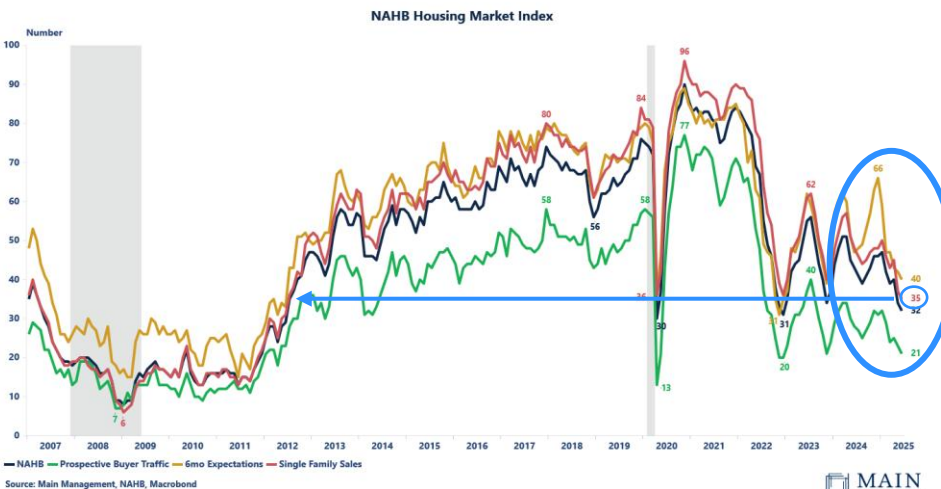


U.S. Import & Export Prices Y/Y



Homebuilder Sentiment

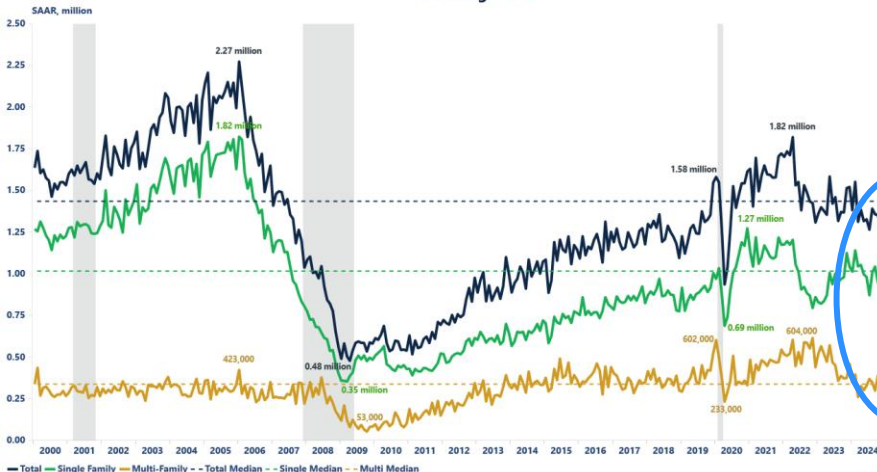
The housing market remains stymied by high mortgage rates (right). The NAHB Housing Market Index (left) was down again for the 4th month out of the last 5. It fell to 32, below forecasts for 36 and the lowest since December 2022. Buyer Traffic fell to 21, the lowest since May 2022. 6-Month Expectations moved lower to 40, the lowest since November 2023. Notably, Single-Family Sales (left, red line) dropped all the way down to 35, the lowest since June 2012!!



Housing Starts & Permits

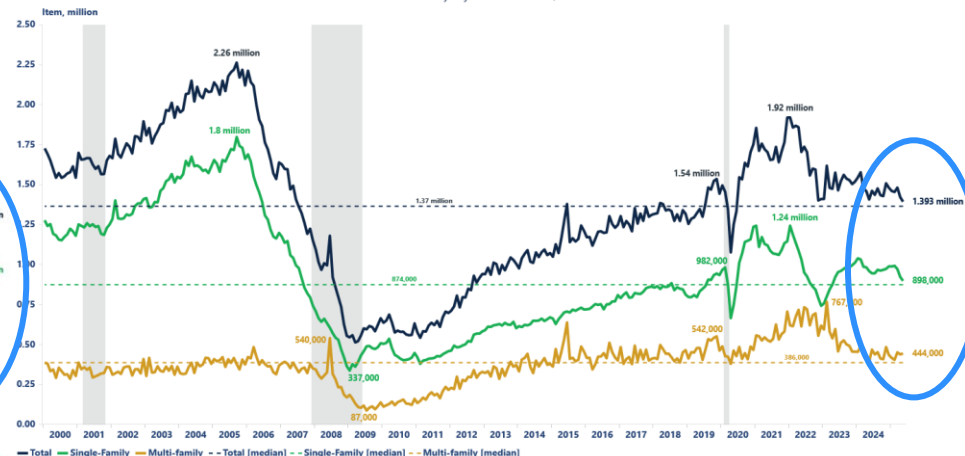
Both Housing Starts (left) and Building Permits (right) fell in May. Total Housing Starts dropped to 1.26mil units, missing forecasts for a 1.36mil unit reading and the slowest since May 2020! Multi-Family Starts drove the decline as they were down -30% M/M. Total Permits slowed to 1.39mil units, below expectations for a 1.43mil unit reading and the slowest since June 2020! High mortgage rates and elevated materials costs pose sizeable headwinds.

Housing Starts



Building Permits

Seasonally Adjusted Annual Rate, 000s



Summary

- The FOMC kept rates unchanged as expected, with 2 cuts forecasted for the rest of the year. The SEP was a bit more hawkish, though, compared to March.
- The government budget deficit continues unchecked but at least tariffs are bringing in additional funds.
- Retail Sales missed forecasts as the pre-tariff pull-forward is unwinding.
- Industrial Production came in below forecasts as Capacity Utilization declined.
- The housing market continues to face headwinds with high mortgage rates.
- Upcoming key data to watch:
 - Existing Home Sales (Mon)
 - GDP Final Reading (Thurs)
 - Core PCE & Consumer Spending (Fri)

Appendix

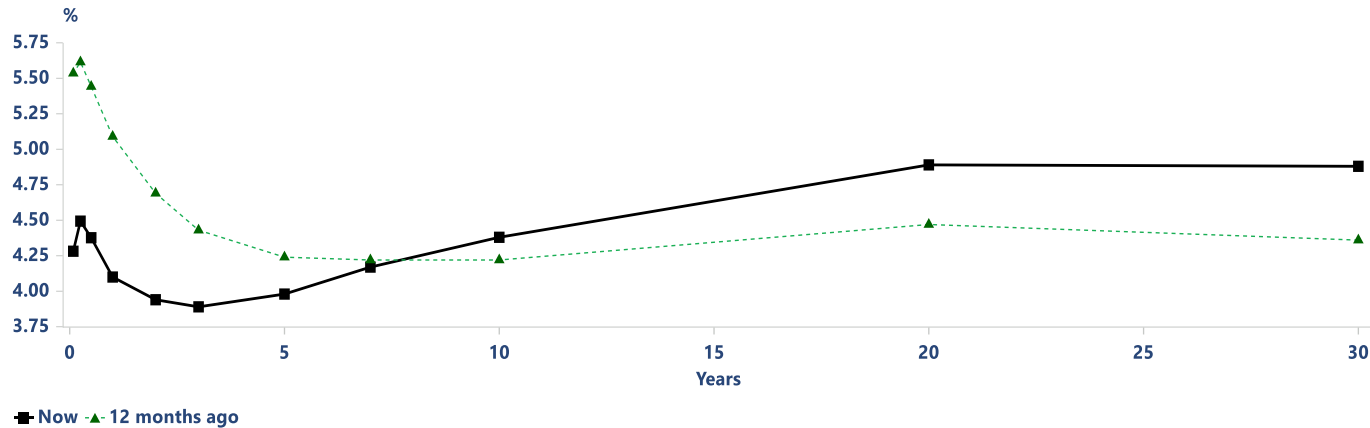
Yields & Futures

FED FUNDS FUTURES & 2-YEAR TREASURY YIELD



Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 6/18/2025

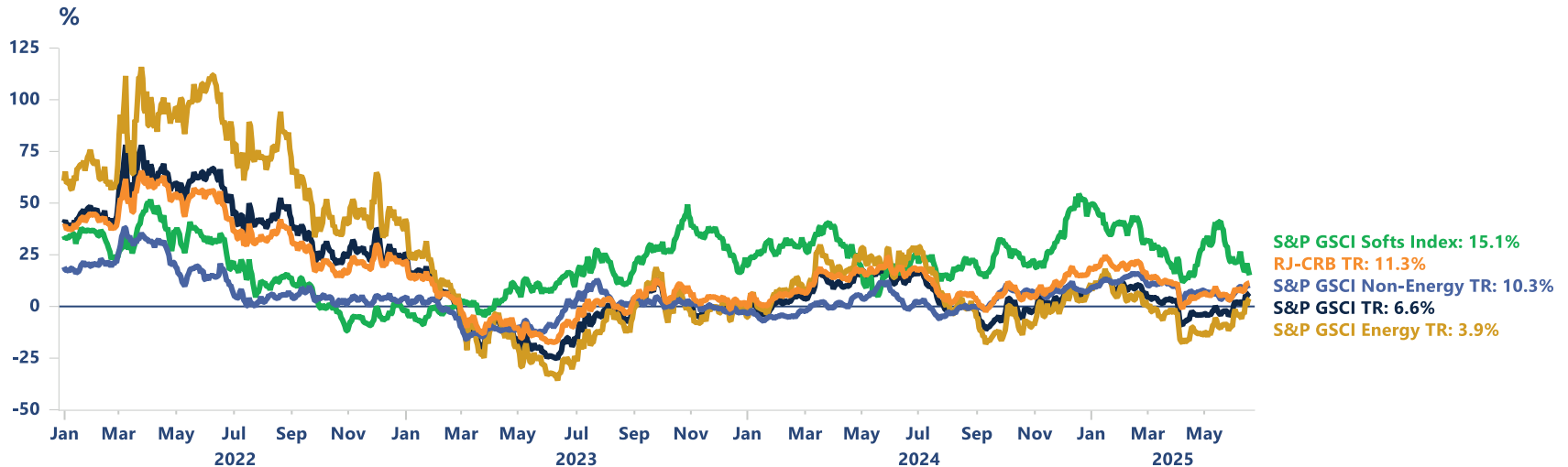
US TREASURY YIELD CURVE



Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 6/18/2025

Inflation Watch

MAJOR COMMODITY INDICES Y/Y



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCAN, ICCO, ICO, USDA, MIA, TRE, TMX, Macrobond. Data last updated: 6/20/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Gold	5.3	11.1	29.3	45.3
Silver	13.5	8.2	27.4	25.7
Gasoline	8.2	5.8	15.3	-5.7
Lumber	3.0	-6.9	12.3	22.1
Bitcoin	1.2%	26.6%	12.0%	57.4%
Copper	2.0	-2.2	11.4	1.3
Natural Gas	18.6	-0.7	9.8	43.1
S&P GSCI	10.2	6.3	9.0	7.5
BBG Commodity Index	5.6	1.9	8.7	5.4
Soybeans	2.2	5.8	7.7	-7.2
Crude Oil	18.6	10.4	2.8	-8.3
Coffee	-13.6	-16.1	1.6	43.0
Cotton	-0.1	-2.5	-5.2	-7.3
Corn	-3.3	-6.0	-5.5	-2.3
US Dollar (DXY)	-2.2	-4.2	-8.8	-6.1

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 6/19/2025

Disclosures

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