



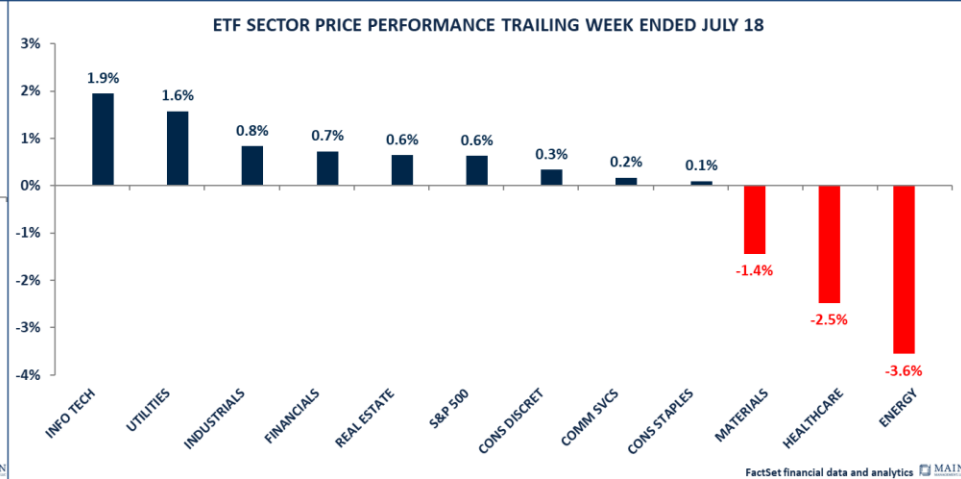
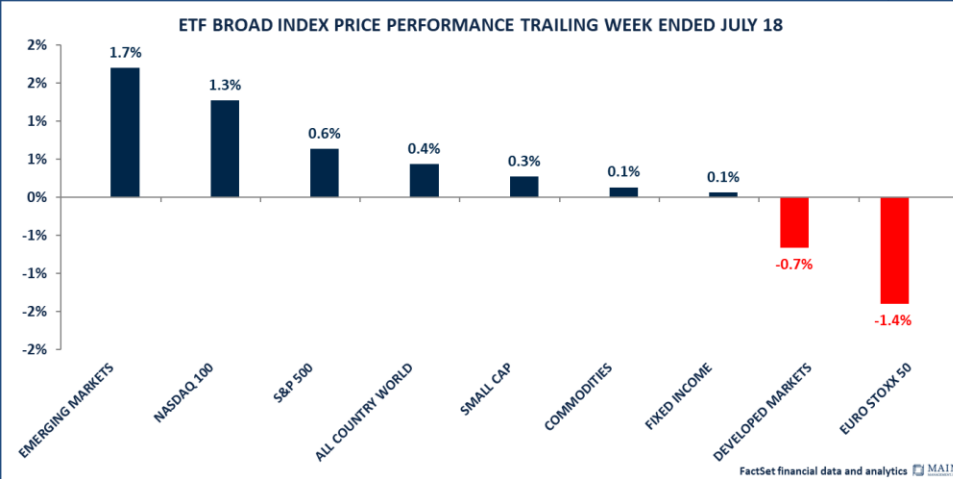
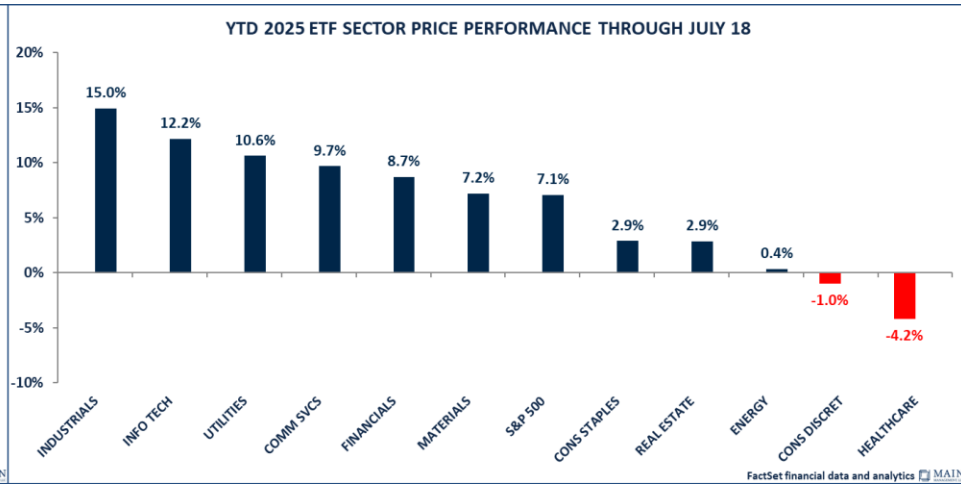
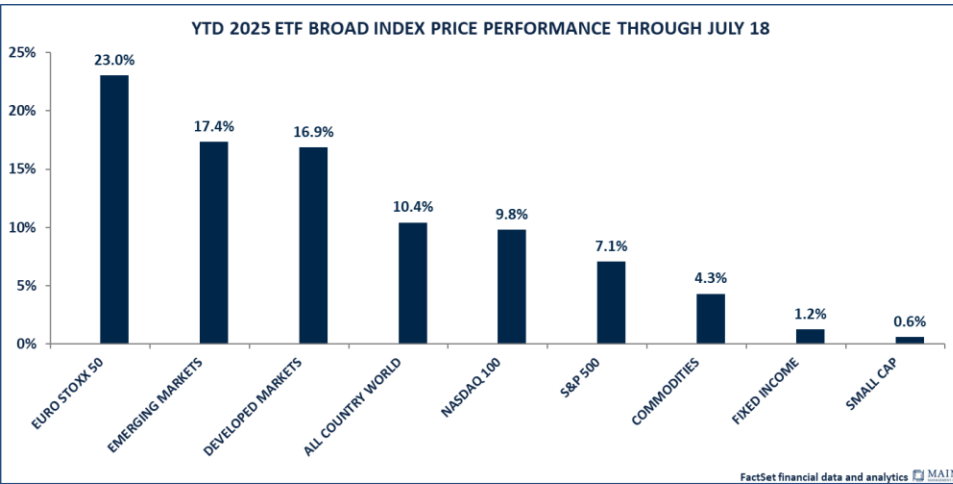
MAIN
MANAGEMENT, LLC

MAIN MANAGEMENT MARKET NOTE: July 18, 2025

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Performance



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	↑	↑	↔	↔	↑	↔	↑	↔	↔
JULY 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

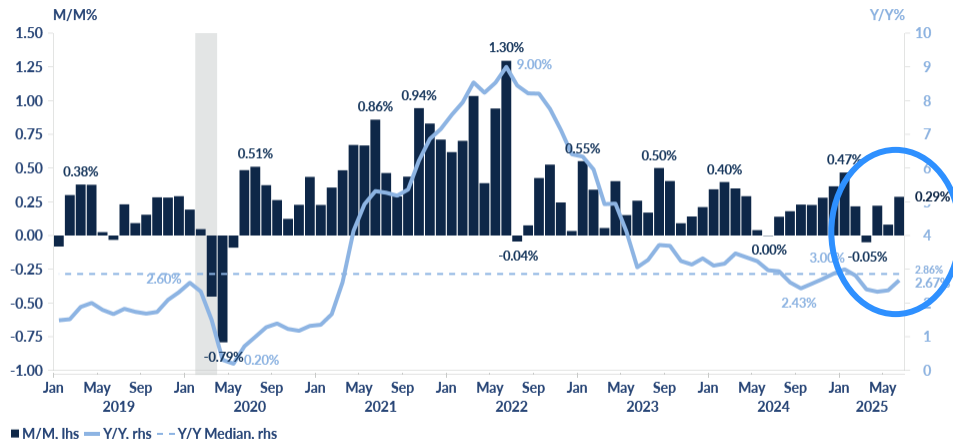
↑ Positive
 ↔ Neutral
 ↓ Negative

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, AAll 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.

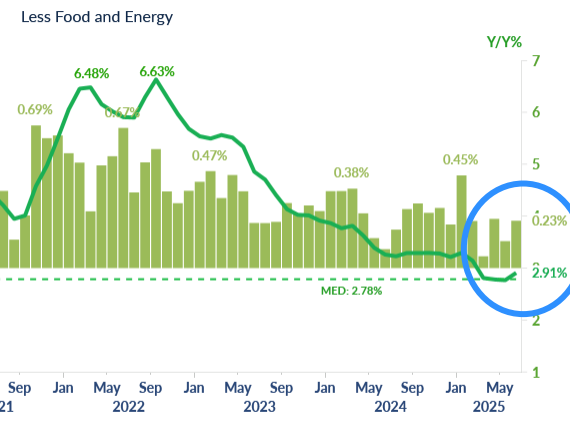
CPI

June's Headline CPI reading (left) came in as expected, up +0.29% M/M, the biggest monthly increase since January 2025. The Y/Y figured ticked up to +2.67%. On the other hand, Core CPI (right) came in below forecasts, rising +0.23% M/M versus +0.3% expected. The Core Y/Y figure inched up to +2.91% as a tough comparison rolled off. Despite the benign figures, certain goods categories are showing upticks in prices due to the pass-through effects of tariffs put on them. A few more sensitive goods categories include consumer electronics, home furnishings, and recreational goods. Vehicles have been surprisingly soft, but that is expected to reverse as the year continues. For the time being, this reading allows the Fed to stay put.

Headline CPI



Core CPI

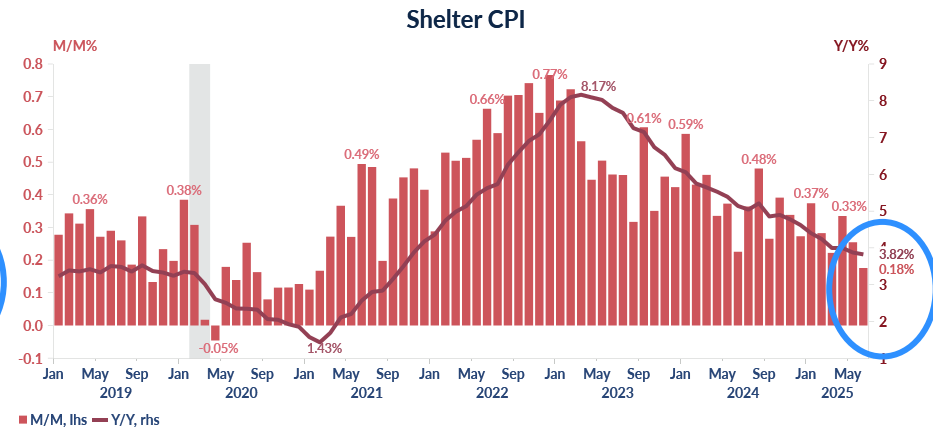
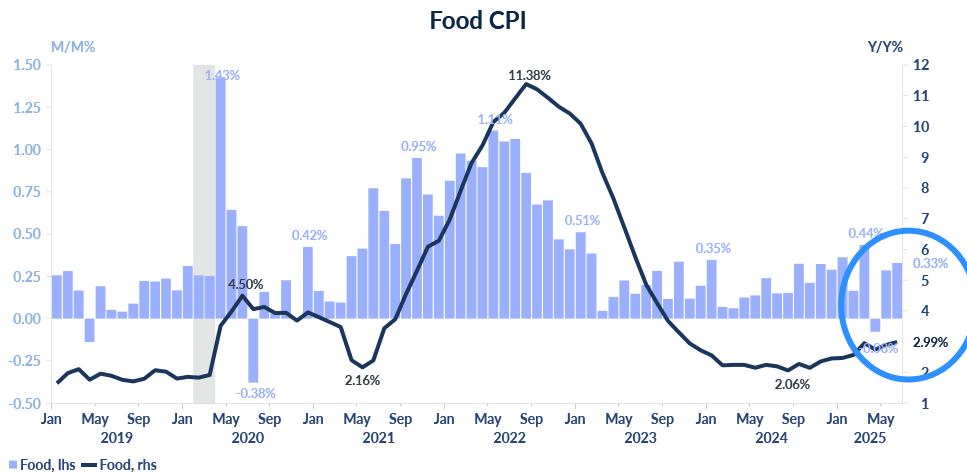


Source: Main Management, BLS, Macrobond. Data last updated: 7/15/2025

Source: Main Management, BLS, Macrobond. Data last updated: 7/15/2025

Food & Shelter

Food CPI (left) accelerated to +0.33% M/M in June, one of the higher readings of late. The Y/Y figure has been trending steadily higher and hit 2.99%, the fastest increase since October 2023! On the other hand, Shelter (right), a major component of CPI, slowed to just +0.18% M/M, the smallest monthly increase since February 2021! On a Y/Y basis, Shelter decelerated to +3.82%, the smallest rise since October 2021!

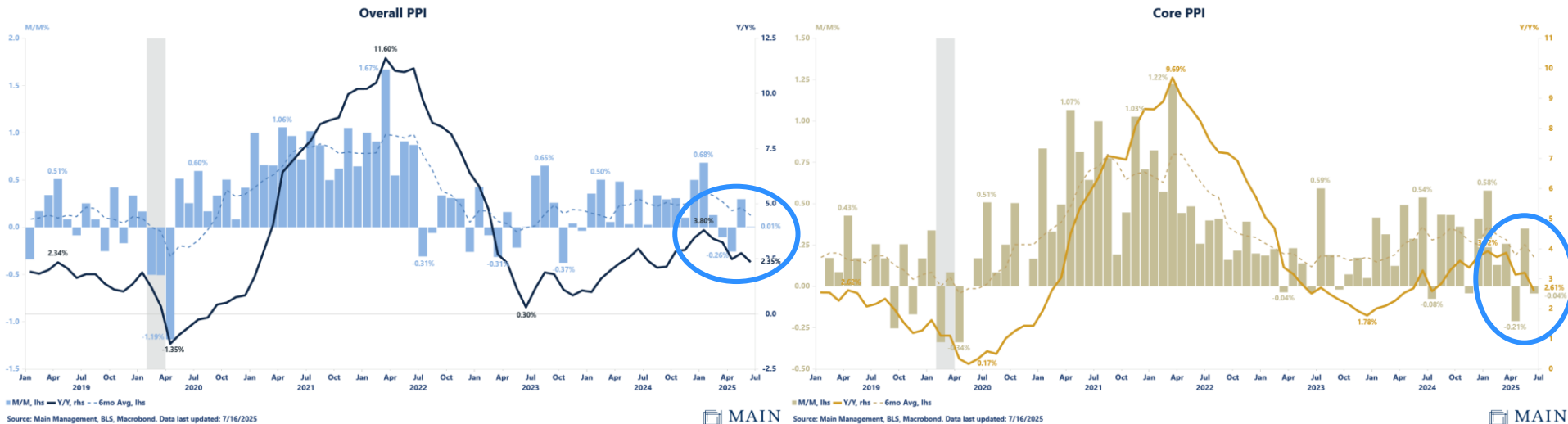


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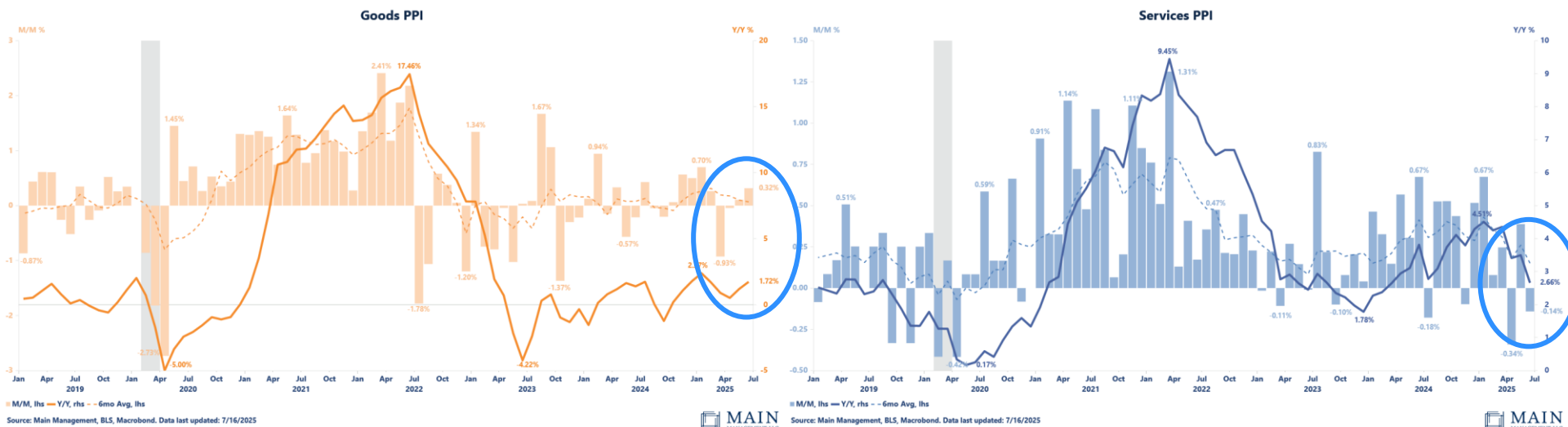
PPI

June's PPI reading was disinflationary. The Headline figure (left) was basically unchanged at +0.01% M/M, bringing the Y/Y figure down to +2.35%, the smallest rise since September 2024. The Core PPI reading was down for the 2nd month out of the last 3 at -0.04% M/M and brought the Y/Y figure down to +2.61% which is the smallest rise since July 2024. As these PPI figures generally flow through to the CPI figures, the odds of a hot CPI reading next month declined and furthered the case for the Fed's continued inaction.



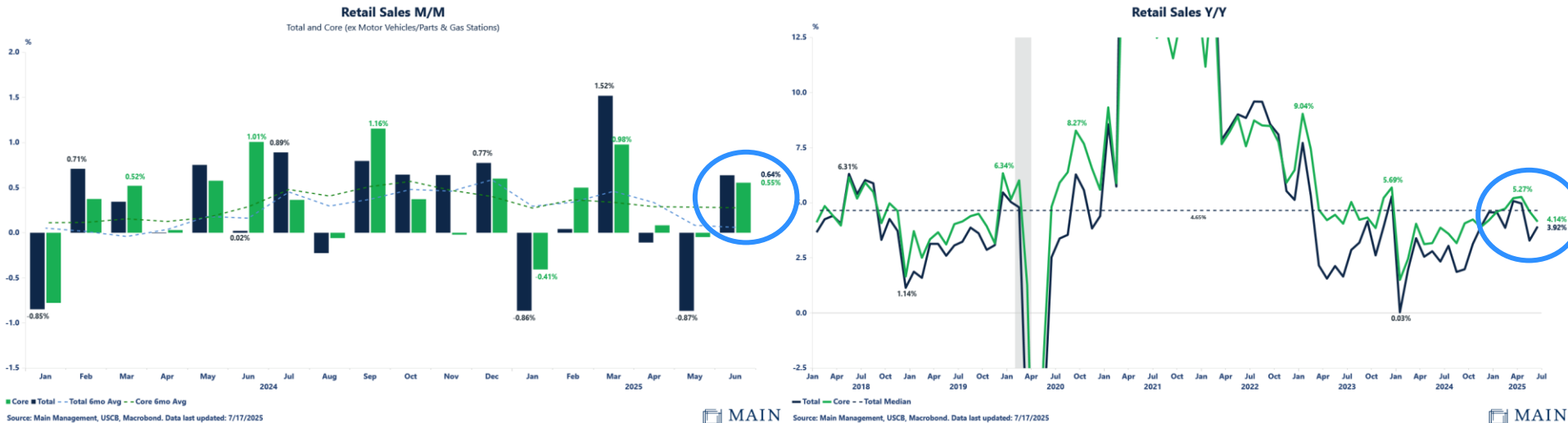
Goods & Services

Looking through the data, we see that Goods (left) were more inflationary than Services (right). Goods PPI rose +0.32% M/M, likely indicative of some tariff-related pricing. Services were down -0.14% M/M and given their nearly 70% weight in the PPI basket, are primarily responsible for the flat headline PPI reading. On a Y/Y basis, Goods ticked up to +1.72% while Services slowed to +2.66%, the smallest rise since March 2024.



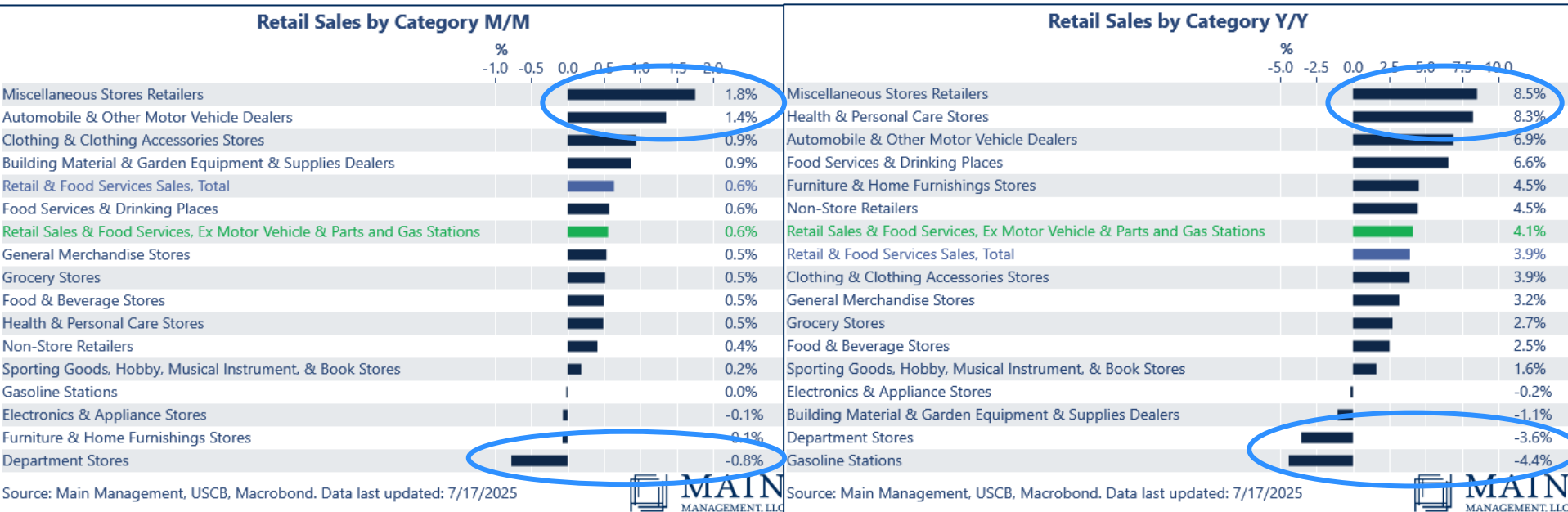
Retail Sales

Retail Sales surprised to the upside in June (left). Total Retail Sales posted a +0.64% M/M gain, solidly above forecasts for a +0.1% increase. Core Retail Sales also posted a solid M/M reading at +0.55%. It's good to see these rebound after a couple lackluster months started to raise concerns around the state of the consumer. On a Y/Y basis (right), Total Sales ticked up to +3.92% while Core slowed to +4.14%. The choppy uptrend that began back in January 2024 might be at risk of topping out...



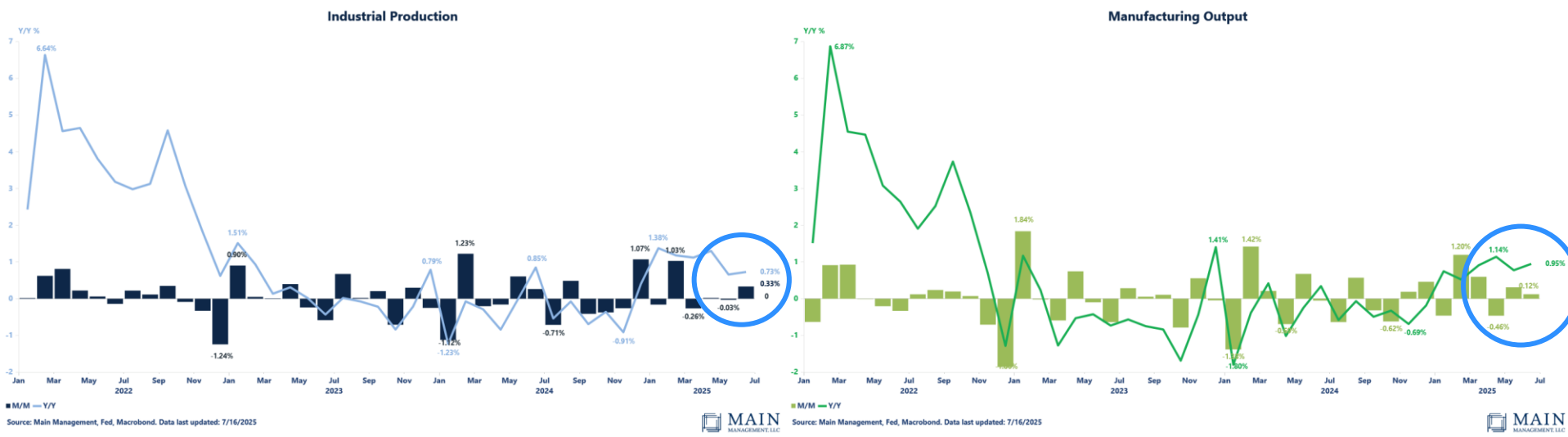
Sales by Category

Looking through at the category detail, we see that Misc. and Autos led the way up on a M/M basis (left), posting gains of +1.8% and +1.4%, respectively. Department Stores were the big laggards, down -0.8% M/M. On a Y/Y basis (right), Misc. also leads the way, up +8.5%, followed closely by Health & Personal Care up +8.3%. The Y/Y laggards are Gas Stations, down -4.4% mostly due to oil prices, and again, Department Stores, down -3.6%.



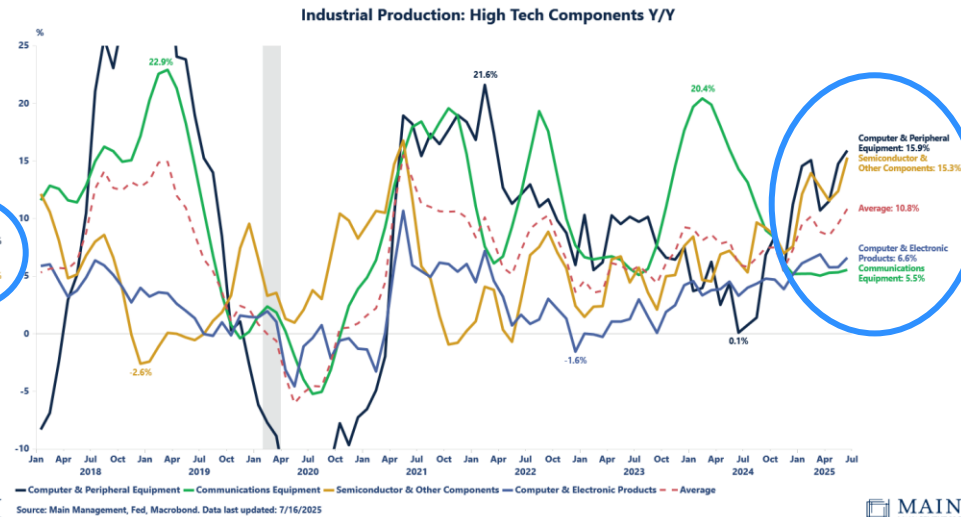
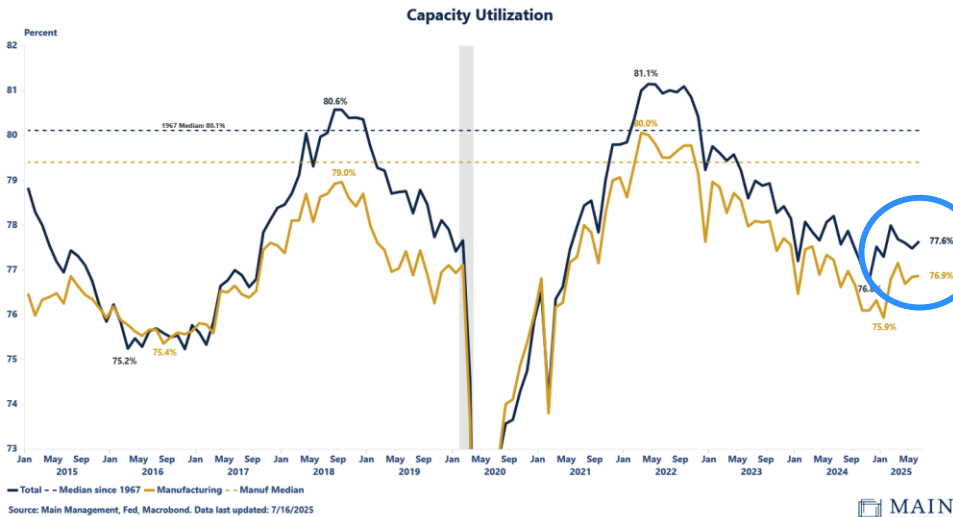
Industrial Production

Industrial Production (left) surprised to the upside, posting a +0.33% M/M gain, solidly above forecasts for a +0.1% reading and the biggest rise since February 2025. The Y/Y figure ticked up to +0.73%. Manufacturing Output (right) was up a more muted +0.12% M/M, but that was also above forecasts for a flat reading. The Y/Y figure has been accelerating choppily and is now up +0.95%.



Capacity & High Tech

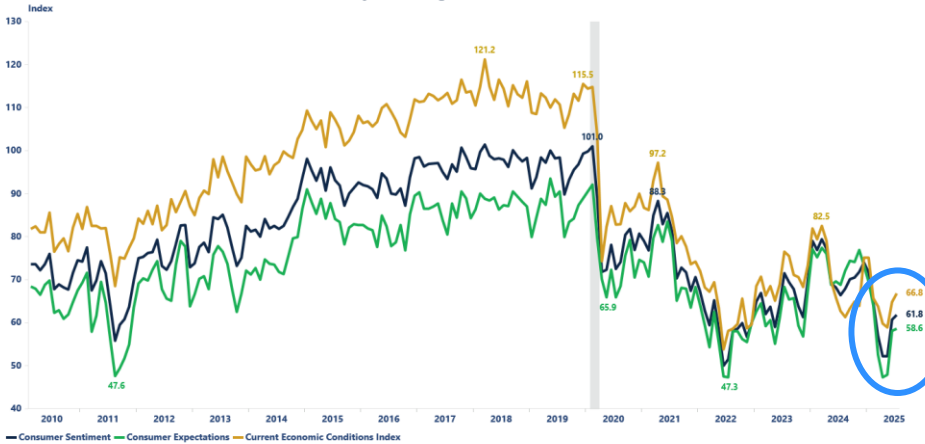
Total Capacity Utilization (left) ticked up to 77.6% as Manufacturing inched up to 76.9%, ahead of forecasts. Hopefully we're starting a more prolonged uptrend following the recent bottom several months ago. High Tech Components (right) continue to post solid readings. All are accelerating Y/Y with Computer & Peripheral Equipment leading the way up +15.9%, the highest since March 2022. Semiconductors & Other Components rose to +15.3%, the best since May 2021!



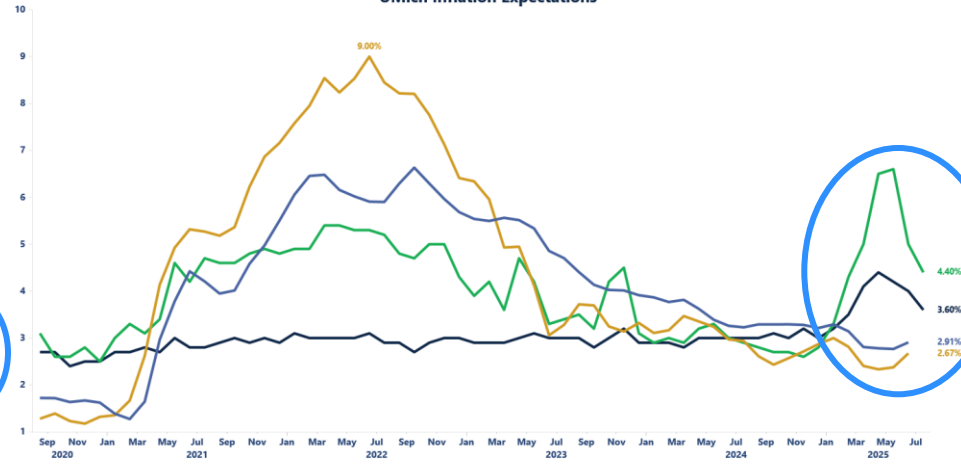
Consumer Sentiment

The preliminary reading of the University of Michigan Consumer Sentiment Index improved to 61.8 (left), beating forecasts for a 61.5 reading and the best in 5 months. Consumer Expectations rose to 58.6 and Current Economic Conditions hit 66.8, both 6-month highs. We also saw inflation expectations (right) continue to decline, with the 1-year forecast coming down to 4.4% and the 5yr down to 3.6%. It's good to see improving sentiment as we enter the heart of summer...

University of Michigan Consumer Sentiment



UMich Inflation Expectations



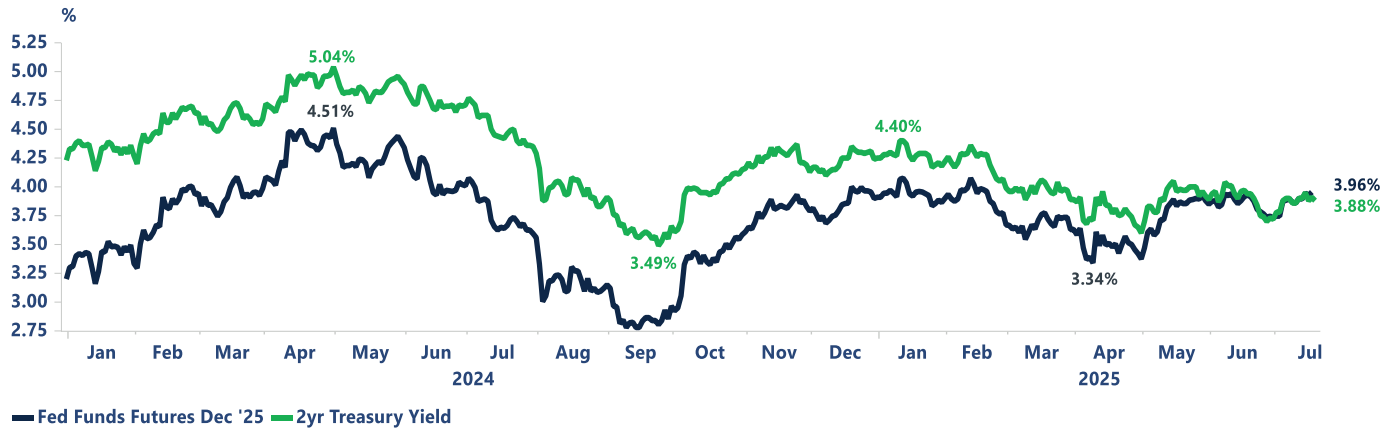
Summary

- The CPI and PPI readings for June came paint a picture of ongoing disinflation. The Core CPI, Headline PPI, and Core PPI readings came in below forecasts and give the Fed room to stay put.
- Retail Sales came in above expectations with both Total and Core Sales posting +0.6% gains. It was good to see these solid readings after a few weak months.
- Industrial Production and Manufacturing Output surprised to the upside, as did Capacity Utilization.
- The preliminary UMich Consumer Sentiment reading for July improved to 61.8, beating forecasts, and accompanied by declining inflation expectations.
- Upcoming key data to watch:
 - Existing Home Sales (Weds)
 - Flash PMIs (Thurs)
 - Durable Goods Orders (Fri)

Appendix

Yields & Futures

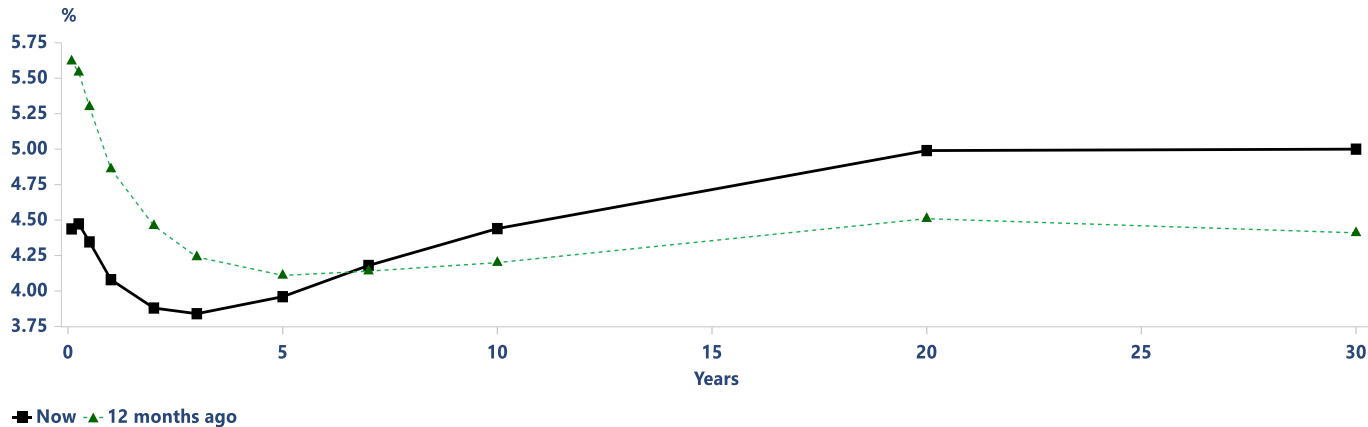
FED FUNDS FUTURES & 2-YEAR TREASURY YIELD



Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 7/18/2025



US TREASURY YIELD CURVE

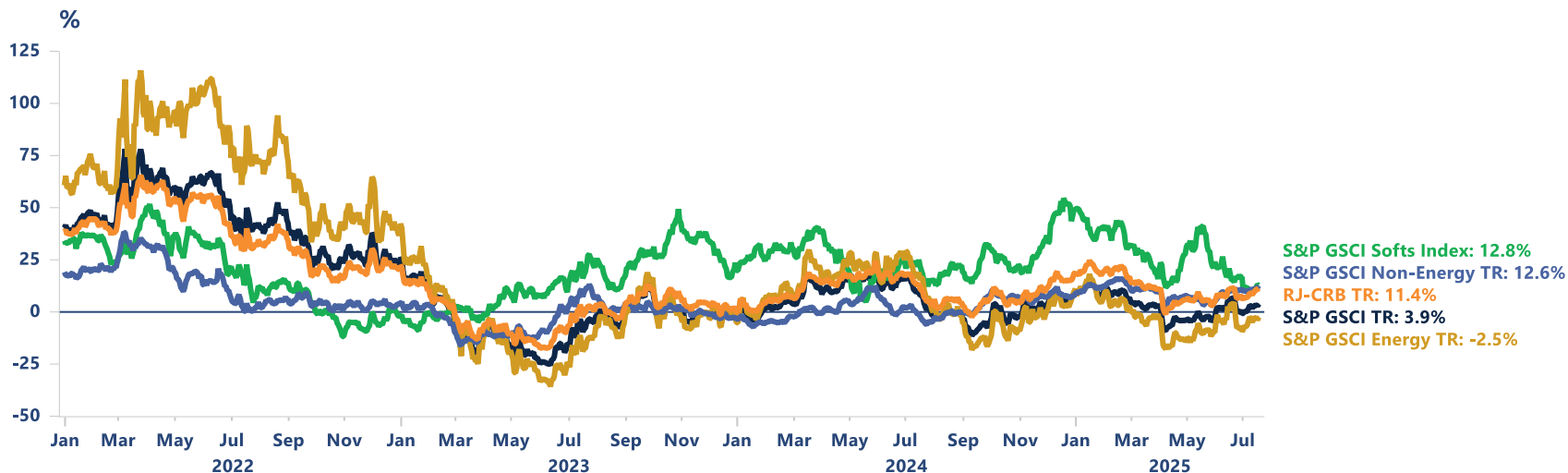


Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 7/18/2025



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, TREA, TMX, Macrobond. Data last updated: 7/18/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Silver	4.6	15.6	31.5	22.0
Gold	-1.4	-0.1	28.1	35.2
Bitcoin	11.7%	42.0%	27.7%	83.2%
Lumber	5.4	15.3	20.1	41.5
Copper	-1.6	4.8	11.2	0.8
Gasoline	-2.2	6.2	8.4	-12.4
BBG Commodity Index	-1.2	2.0	5.8	4.9
S&P GSCI	-1.7	6.4	4.5	4.4
Soybeans	-4.5	-1.7	2.3	-6.3
Cotton	2.8	2.2	-1.7	-4.4
Coffee	-9.1	-16.9	-2.3	27.3
Natural Gas	-5.5	9.1	-2.5	61.9
Crude Oil	-7.7	6.3	-7.5	-18.1
US Dollar (DXY)	0.7	-0.7	-9.0	-5.3
Corn	-7.5	-17.0	-12.3	1.6

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 7/17/2025

Disclosures

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