



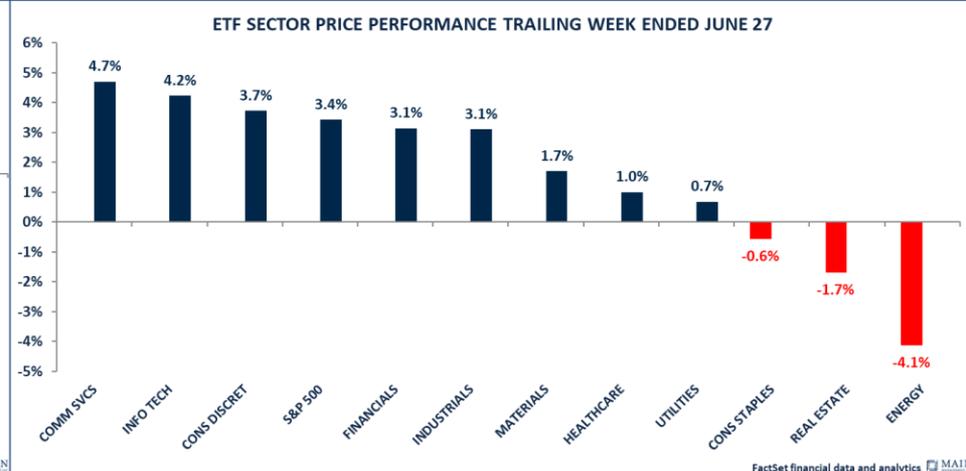
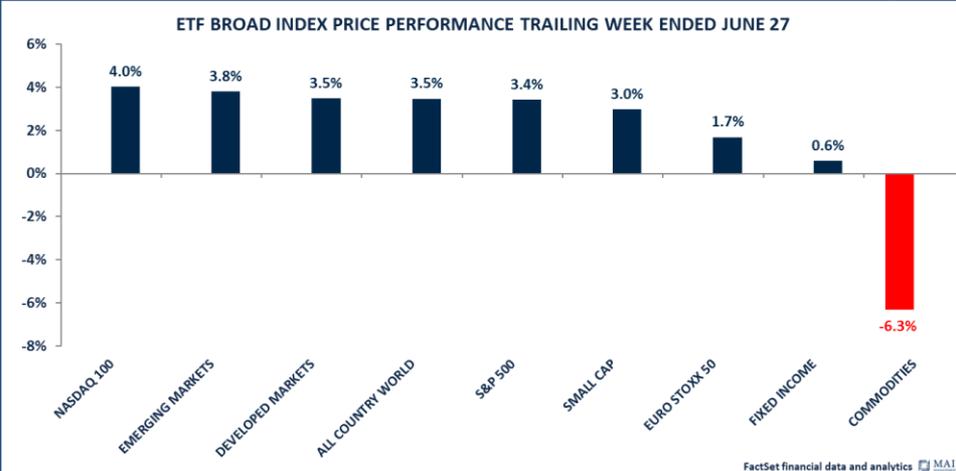
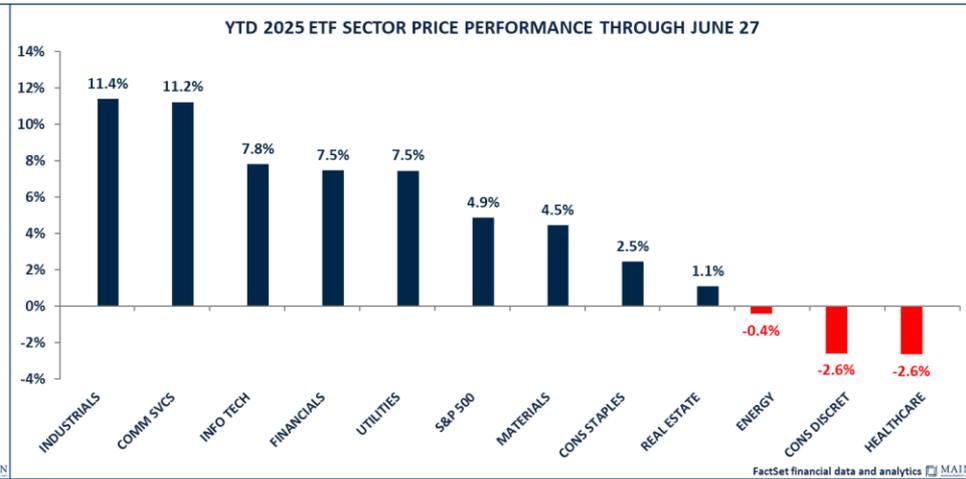
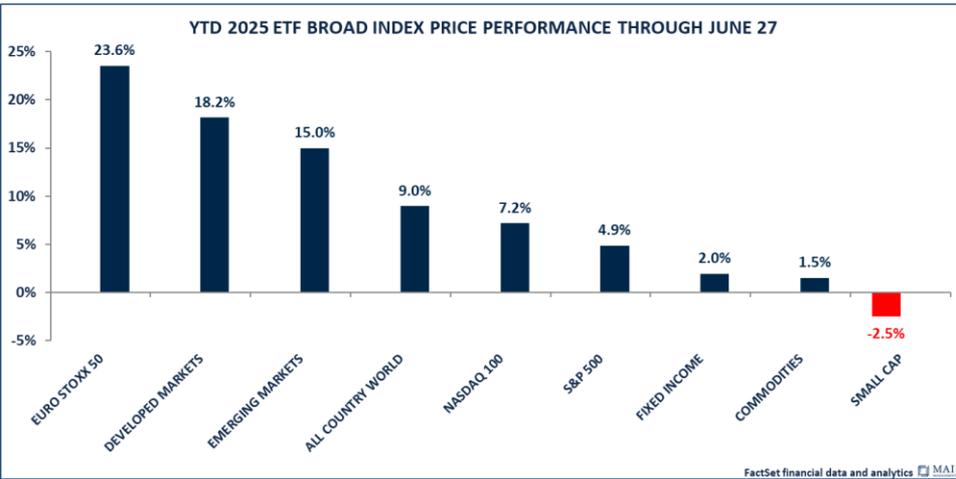
MAIN
MANAGEMENT, LLC

MAIN MANAGEMENT MARKET NOTE: **June 27, 2025**

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Performance



Recession Dashboard

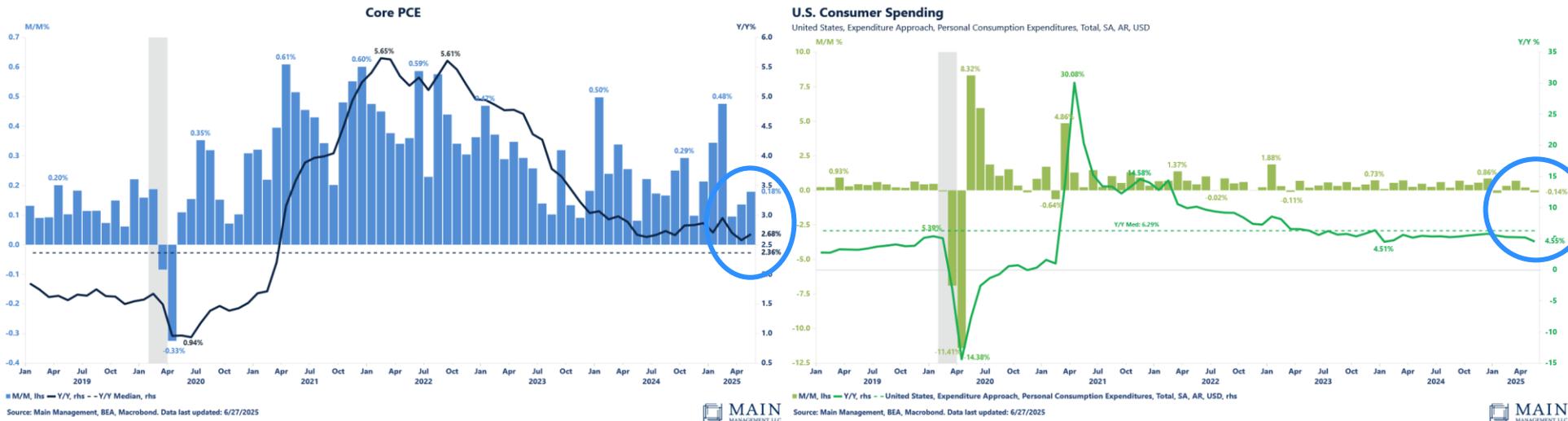
RECESSION START	INFLATION	CONSUMER	YIELD CURVE	HOUSING	SENTIMENT	AUTOS	EMPLOYMENT	PMI	RETAIL SALES
NOV 1973	↓	—	—	↓	—	—	↓	↓	—
JAN 1980	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1981	↓	↓	↓	↓	↔	↓	↓	↓	—
JUL 1990	↓	↓	↓	↓	↔	↓	↓	↔	—
MAR 2001	↔	↓	↓	↔	↔	↔	↓	↓	↔
DEC 2007	↓	↓	↓	↓	↔	↓	↓	↓	↓
DEC 2019	↑	↑	↔	↔	↑	↔	↑	↔	↔
JUNE 2025	↔	↔	↔*	↔	↔	↔	↓	↔	↑
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

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.

Core PCE

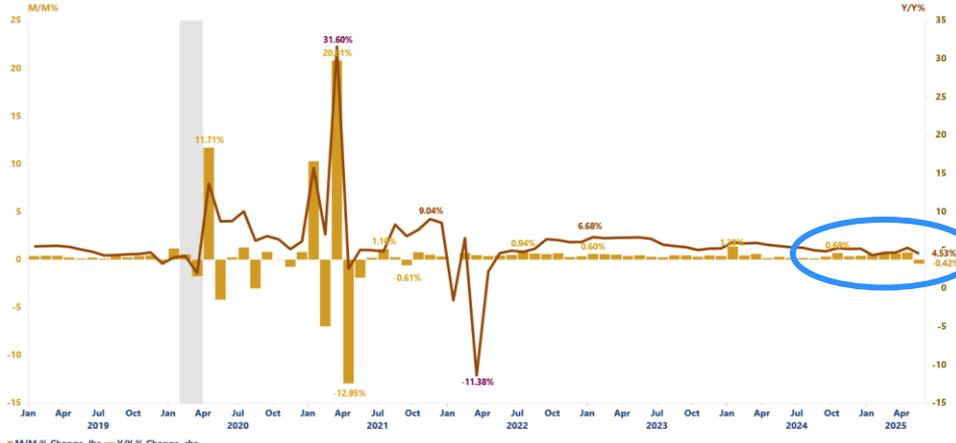
Core PCE (left), the Fed's preferred inflation measure, rose +0.18% M/M in May, basically in line with forecasts. The Y/Y figured accelerated to +2.68% as a tough +0.08% comparison rolled off from last May. Consumer Spending (right) declined -0.14% M/M, though, missing expectations for a +0.1% increase. On a Y/Y basis, Spending slowed to +4.55%, the slowest since Jan. 2024. Gotta think there's some tariff and market-related hangover still at play here. And fear not, consumers are still sitting on record cash levels (which we discuss later).



Income & Spending

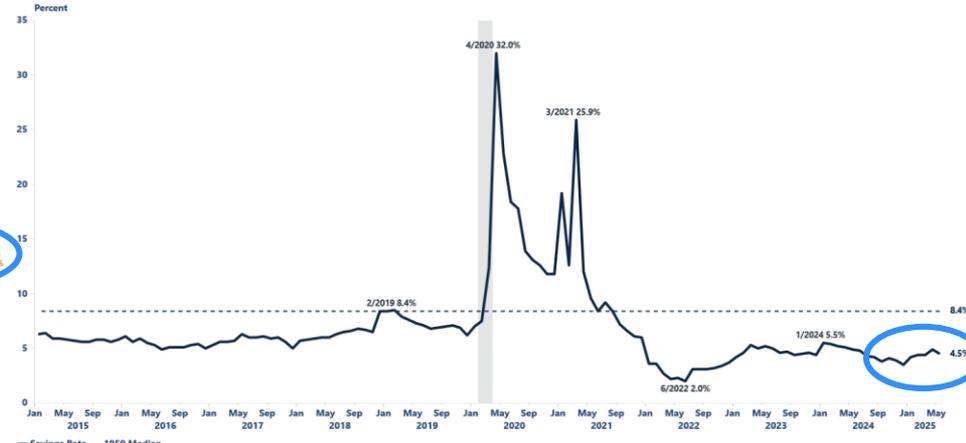
Incomes (left) fell -0.42% M/M, the first decline since September 2021 and well below the forecasted +0.3%. On a Y/Y basis, they decelerated to +4.53%, still handily outpacing inflation. The decline was due primarily to a -7.3% M/M decline in Social Security, which was the biggest drop since the 1970s! The Social Security decline was somewhat expected as it was predicated on eligibility rather than declines in payment amounts. We also saw the Savings Rate (right) slow to +4.5%.

U.S. Personal Income
United States, Income Approach, Personal Income, Total, SA, AR, USD



Source: Main Management, BEA, Macrobond. Data last updated: 6/27/2025

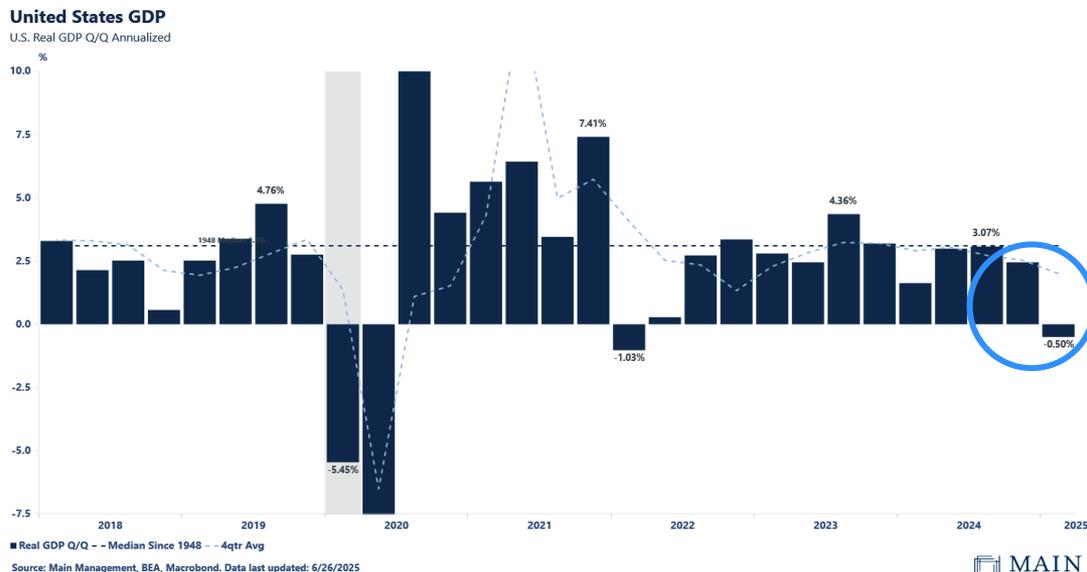
U.S. Personal Savings Rate
Calculated as Disposable Income Minus Personal Outlays, as a Percentage of Disposable Income



Source: Main Management, BEA, Macrobond. Data last updated: 6/27/2025

Q1 U.S. GDP

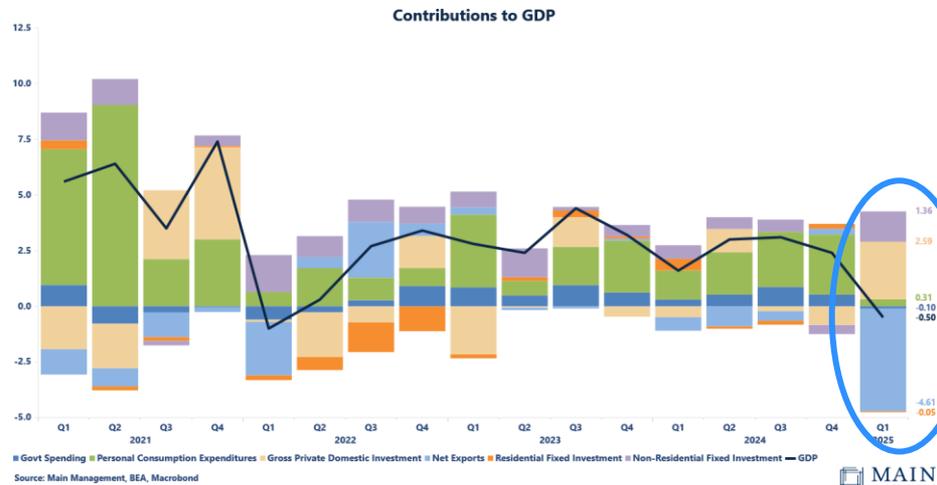
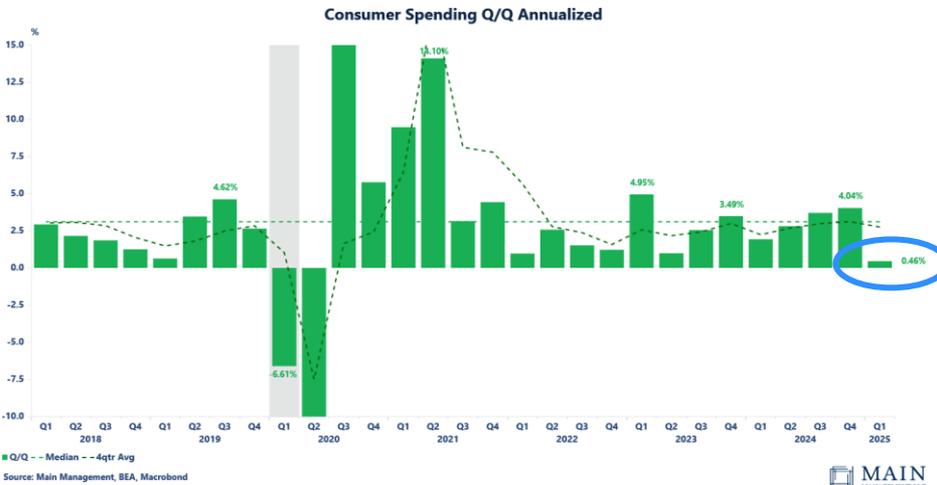
The final reading for Q1 2025 U.S. GDP came in at -0.50% (left), a downward revision from the -0.24% in the 2nd estimate. Imports were revised down to 38%, Exports down to +0.4%, and Consumer Spending down to +0.5%. The table on the right shows various line items and their revisions over the course of the 3 estimates. Probably the most concerning elements are the relatively weak Consumer Spending and Final Sales figures. However, these were likely due to declines in spending related to economic uncertainty rather than an erosion of purchasing power and destruction of demand.



ITEM	PRELIM	2ND EST	FINAL	2 - F Δ
GDP	-0.28%	-0.24%	-0.50%	-0.26%
CONS SPEND	1.79%	1.18%	0.46%	-0.72%
FINAL SALES	-2.51%	-2.85%	-3.06%	-0.21%
IMPORTS	41.33%	42.55%	37.95%	-4.60%
EXPORTS	1.78%	2.39%	0.41%	-1.98%
PRIV DOM INV	21.86%	24.36%	23.84%	-0.52%
REAL CORE PCE	3.46%	3.41%	3.53%	0.12%
GDP DEFLATOR	3.75%	3.70%	3.77%	0.07%
PCE GOODS	--	2.24%	2.24%	0.00%
PCE SERVICES	--	4.16%	4.31%	0.15%
PCE TOTAL	--	3.56%	3.66%	0.10%
GDP per CAPITA	--	-0.74%	-1.00%	-0.26%
10yR per CAPITA	--	1.98%	1.98%	0.00%

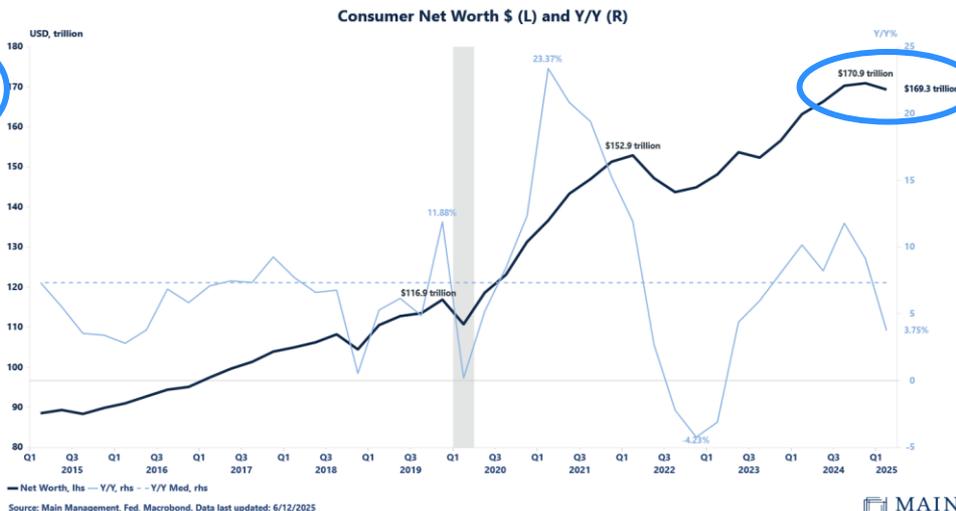
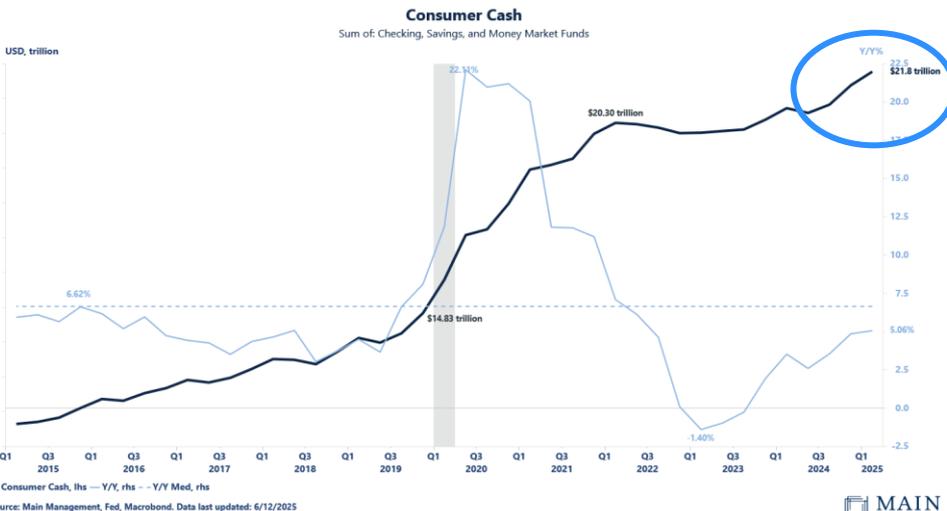
Spending & Final Sales

On the left, we show Consumer Spending, which was revised all the way down to +0.46% from +1.79% in the 1st estimate. That's the weakest reading since Q2 2020, but we don't view it as a huge cause for concern as we will discuss later. On the right, we show the various category contributions to GDP. As you can see, Net Exports were a huge drag, which is basically just the way the GDP equation works as it counts imports against exports. For context, the Q2 GDP figure is currently forecasted to be +1.7% per the NY Fed and +2.9% per the Atlanta Fed, indicating an anticipated reversal of the trade imbalances from Q1.



Consumer Cash Pile

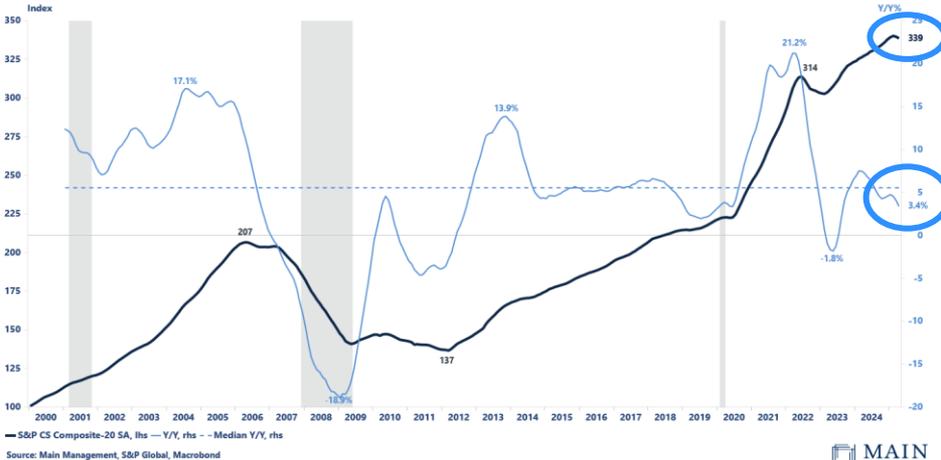
So why aren't we too concerned about the relatively weak consumer spending figures in the Q1 GDP and PCE data? The simple answer is that the consumer is currently sitting on a record \$21.8 trillion in cash (left). That figure has increased by \$1.2t in the last 3 quarters alone and is up +5.1% Y/Y and +47% from Q4 2019! Consumer Net Worth (right) ticked down in Q1 2025 due primarily to the decline in equity markets. JPMorgan notes that: "The increase in the Consumer Cash Pile has positively impacted consumption. In 2014, Retail Sales averaged \$420bn/month increasing to \$495bn/month in 2019 and to \$689bn in 2024. The CAGR from 2014 – 2019 was 3.4% and from 2019 – 2024 was 6.8%. In 2025, we have averaged \$717bn/month."



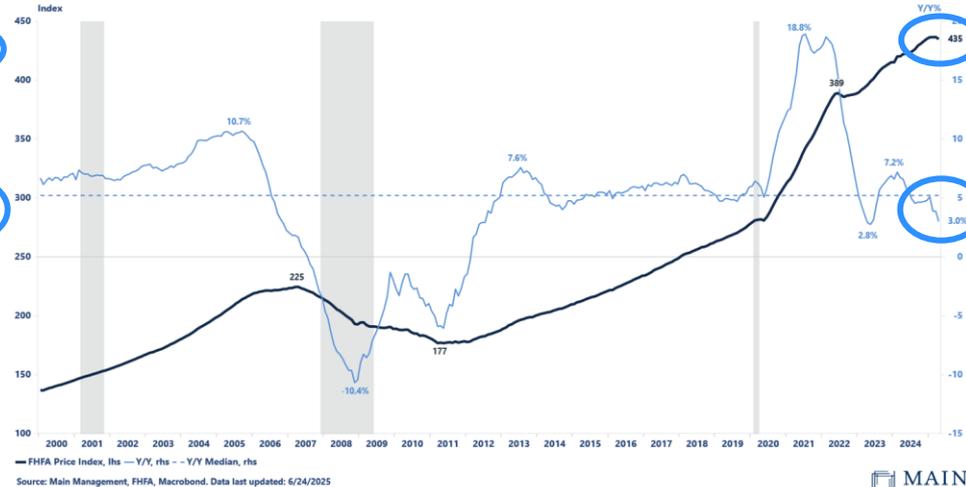
Home Price Indices

We may be starting to see signs softening in home prices. Both the S&P / Case-Shiller 20-City Home Price Index and the FHFA House Price Index both posted their biggest monthly declines in a couple years in May. They slowed to +3.4% and +3.0% Y/Y, respectively, also the smallest rises in a couple years. Continued price declines would be welcomed by buyers who have effectively been frozen out of the market by the combination of 7% mortgage rates and record high prices.

S&P / Case-Shiller 20-City Home Price Index

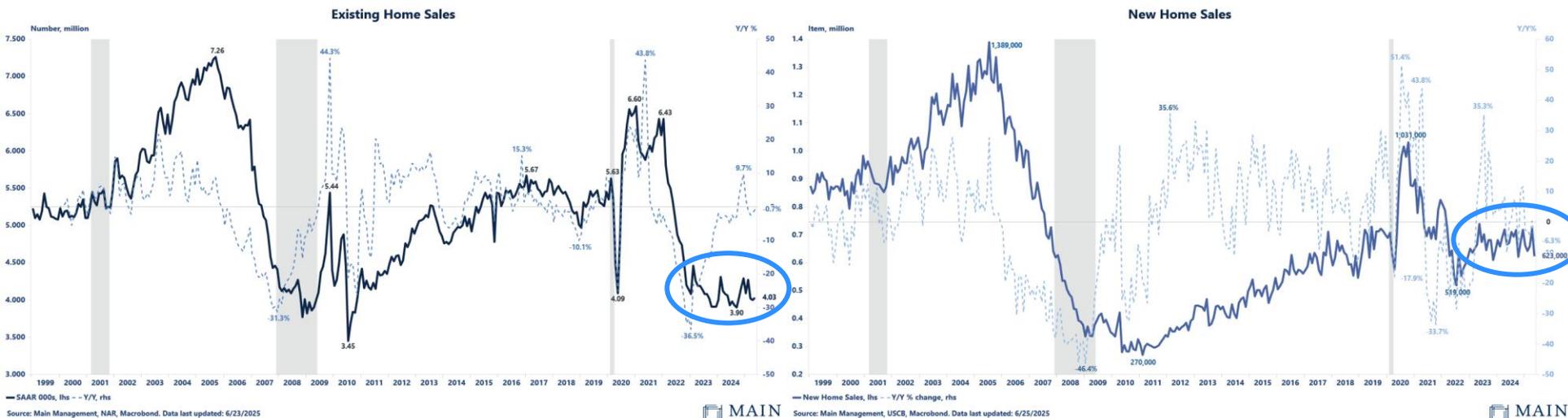


FHFA House Price Index



Home Sales

While Existing Home Sales (left) did surprise to the upside in May, rising +0.8% M/M to 4.03 million units, they remain depressed on an absolute level and have been unable to move meaningfully higher. On the other hand, New Home Sales (right), dropped -13.7% M/M, the biggest monthly decline since June 2022. They've also been stuck in a sideways pattern as high mortgage rates and elevated materials prices continue to pose big headwinds to the housing market.



Summary

- Core PCE ticked up to +2.68% Y/Y, basically in line with forecasts while incomes and spending declined unexpectedly.
- The final reading for Q1 2025 U.S. GDP came in at -0.5%, a downward revision. The tariff-induced import / export distortions resulted in a big negative impulse which is expected to reverse in Q2.
- While Consumer Spending was weak in Q1, we view it more as a temporary shift in consumer behavior due to increased uncertainty rather than a destruction of demand, as evidenced by the consumer cash pile which is currently at all-time highs despite a downtick in net worth in Q1.
- Existing and New Home Sales remain sluggish and unable to move meaningfully higher due to elevated mortgage rates and high materials prices.
- Upcoming key data to watch:
 - JOLTS (Tues)
 - Challenger Job Cuts (Weds)
 - NonFarm Payrolls (Thurs)

Appendix

Yields & Futures

FED FUNDS FUTURES & 2-YEAR TREASURY YIELD

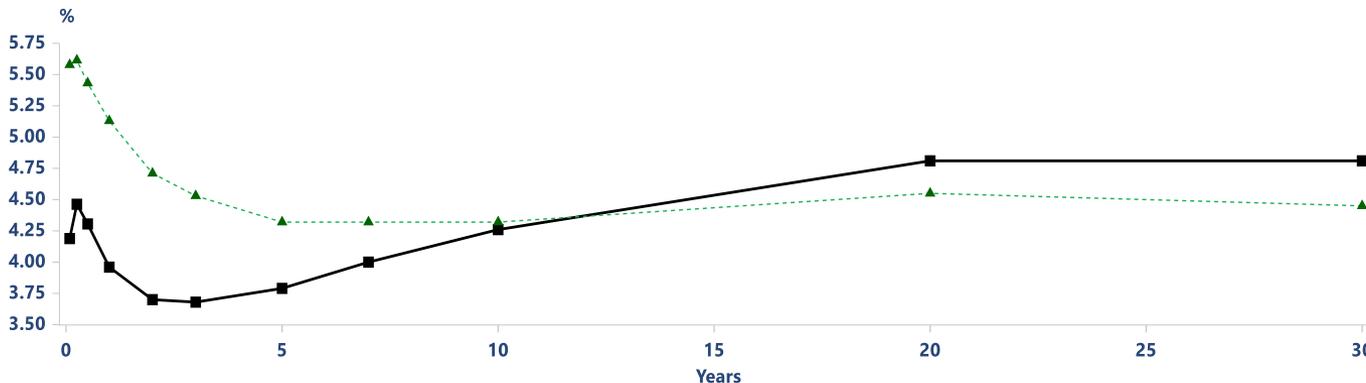


— Fed Funds Futures Dec '25 — 2yr Treasury Yield

Source: Main Management, CME Group, U.S. Treasury, Macrobond. Data last updated: 6/26/2025



US TREASURY YIELD CURVE



■ Now ▲ 12 months ago

Source: Main Management, U.S. Treasury, Macrobond. Data last updated: 6/26/2025



Inflation Watch

MAJOR COMMODITY INDICES Y/Y



Source: Main Management, S&P Global, CoreCommodity Management, LME, EIA, LBMA, Macrobond, LPPM, NRCan, ICCO, ICO, USDA, MIAx, TREA, TMX, Macrobond. Data last updated: 6/27/2025

Commodity	1 Month	3 Months	YTD ↓	1 Year
Gold	1.0	10.2	27.7	43.5
Silver	10.7	7.6	26.4	26.9
Copper	4.7	-1.3	15.2	5.5
Bitcoin	-4.2%	22.3%	14.5%	73.1%
Lumber	3.7	-9.8	12.4	34.2
Gasoline	-1.5	-5.0	4.9	-16.5
BBG Commodity Index	0.6	-2.5	3.8	1.1
Soybeans	-4.2	2.1	2.5	-12.1
S&P GSCI	3.1	-1.2	2.1	0.7
Cotton	2.2	3.0	-1.9	-7.6
Coffee	-14.2	-22.3	-3.2	33.9
Crude Oil	7.0	-6.2	-9.4	-20.0
Natural Gas	0.2	-15.1	-10.2	18.3
US Dollar (DXY)	-2.8	-6.7	-10.5	-8.0
Corn	-11.6	-10.5	-10.7	-3.8

Source: Main Management, S&P Global, CME Group, ICE, LME, Macrobond. Data last updated: 6/26/2025

Disclosures

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