

Market Update

AUGUST 2025



“Digitization, Electrification, Financialization”

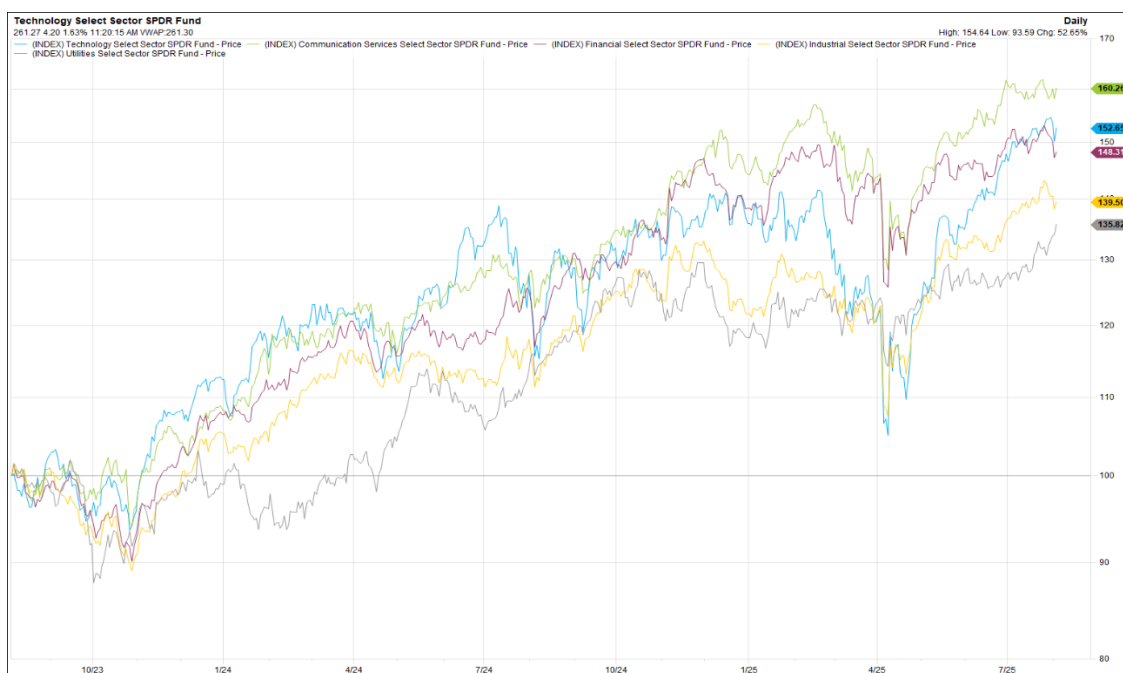
Index	July 2025*	YTD 2025*
S&P 500	2.2%	8.6%
Russell 2000	1.7%	-0.1%
MSCI World, Ex-US	-1.2%	18.0%
Bloomberg AGG Bond	-0.5%	3.6%

*Total Returns Source: Factset Data

As illustrated in the chart below, the three key trends highlighted in our title continue to drive nearly all economic growth and equity market upside in 2025. Microsoft (MSFT) posted a 39% year-over-year increase in Azure intelligent cloud services revenue, underscoring stronger-than-expected second-quarter results across much of the technology sector.

The financial sector has also rallied, buoyed by more favorable regulatory signals, substantial excess capital, rational growth opportunities in crypto, and a resurgence in corporate merger activity.

Meanwhile, the rapid expansion of artificial intelligence computing is fueling demand for two critical resources: massive new compute infrastructure and electricity generation. This trend is reflected in Corning's (GLW) earnings beat, driven by surging demand for fiber optic cable, and Southern Company's (SO) announcement of a \$13 billion expansion to its already significant capital investment plan for electric generation, distribution, and natural gas pipelines.



Source: Factset Data Research

Summary of ABSOLUTE MEAN revisions between nonfarm payroll employment over-the-month estimates, 1979-present

Time Period**	Seasonally adjusted			Not seasonally adjusted		
	2nd - 1st	3rd - 2nd	3rd - 1st	2nd - 1st	3rd - 2nd	3rd - 1st
1979 - 2003	48	29	61	46	53	83
2003 - present	33	34	51	47	18	53
Total All Periods	41	31	57	46	37	69

Source: US Bureau of Labor Statistics, in thousands

July concluded with significant developments on the macroeconomic front. The U.S. Bureau of Labor Statistics issued substantial downward revisions to prior monthly job creation estimates, while the FOMC meeting ended with a rare split vote on monetary policy. As shown in the table above, since 1979, average monthly revisions to nonfarm payrolls have typically ranged from +31 to +69, depending on seasonal adjustments. In stark contrast, 2025 revisions have ranged from +11 to -125—a shocking deviation.

While theories abound (some even conspiratorial) regarding the cause of this spike in error rates, our primary concern lies in the market volatility stemming from eroding trust in key government-reported economic data.

On the monetary policy front, the recent 9-2 vote to maintain the current Fed Funds rate marked the first instance in over 30 years with more than one dissenting vote. Rates markets now assign a 75%+ probability of a 25 basis point rate cut in September. Barring an inflationary shock in the next two months, the Federal Reserve appears poised to resume easing.

Aside from misses in healthcare and materials that we smartly moved on from, stock selection at Seacoast Wealth Management has been strong year-to-date. In addition to previously mentioned names, we've seen excellent performance from Citigroup (C), BNY Mellon (BK), Cardinal Health (CAH), L3Harris (LHX), and Oracle (ORCL). In each case, these companies have strong management teams intelligently leveraging advantaged market positions for outsized growth.

In fixed income, our strategy of constructing shorter-duration ladders across corporate and government bonds continues to generate competitive returns with minimal risk.

As always, we appreciate the opportunity to work with you, and if you have any questions, please do not hesitate to reach out to your Seacoast Wealth Management Associate.

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Sources: JP Morgan Asset Management; NASDAQ; FactSet; Bloomberg; Broadridge; Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful. The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks.