

Equity Research  
Macroeconomics

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# Economics Weekly

## Snapshot of a Slowing Labor Market



*You asked about the job market. Again, look at labor force participation, look at wages, look at job creation, they're all at healthy levels now. I would say you can see, perhaps, a very, very slow continued cooling, but nothing that's troubling at this time. But, you know, we watch it—we watch it very, very carefully.*

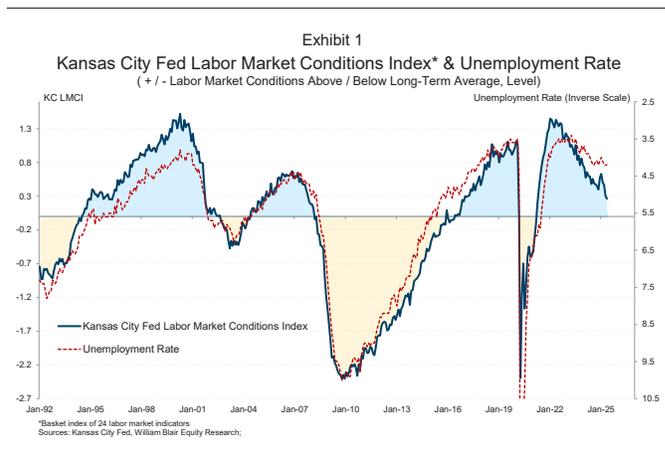
– Fed Chair Powell, FOMC Press Conference, June 18, 2025

Concerns about the state of the labor market are growing. The fear stems from a recent uptick in private sector layoff announcements, as well as a very slow escalation in the pace of initial and continuing jobless claims. In addition to the slowing in the housing market, the softer employment data is being seen as one of the main catalysts for the Fed to start lowering interest rates in the coming few months. **In this *Economics Weekly*, we take a fresh look at the latest employment data. We find that while there is some deceleration in growth where lower rates may be needed to shore up the expansion, the labor market is also structurally tight, and while we expect to see some further softening, we do not see this as the start of a major round of layoffs leading to recession.**

## Employment Demand—Growth Is Decelerating

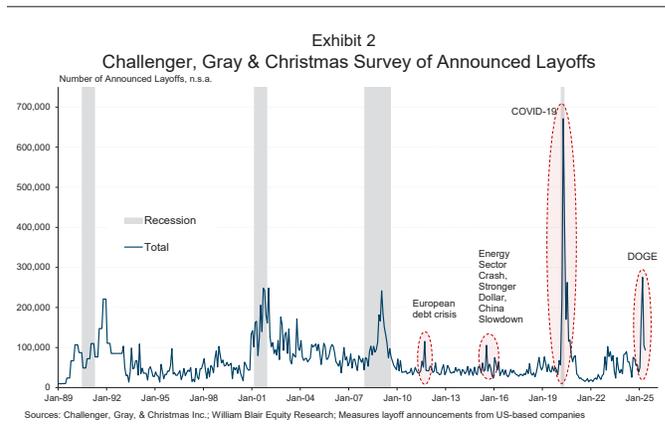
Over the last few weeks financial market participants have started to become a little more wary about the state of the labor market. There are several areas of concern where signals are flashing amber, but none at this point are red lights that would demand immediate aggressive action by the Federal Reserve.

The Kansas City Fed's Labor Market Conditions Index, a basket index of 24 labor market indicators, is a broad-based gauge of the state of the labor market. As exhibit 1 shows, activity continues to decelerate. The index also tends to move in one direction with little variability until the cycle changes. The latest reading shows a sharper decline through May, and history suggests that such a fall would be consistent with a rising unemployment rate.



## Layoff Announcements Have Largely Been DOGE Related

Over the last few months we have seen a growing number of high-profile layoff announcements (exhibit 2). It is worth noting that these are announcements only, they are gross numbers (i.e., not offset by hiring), they are not all domestic, and they also include layoffs that can take place over several years (such announcements are often made to appease shareholders and may or may not actually transpire several years down the road when things change). Nevertheless, they are a useful gauge of the labor market.

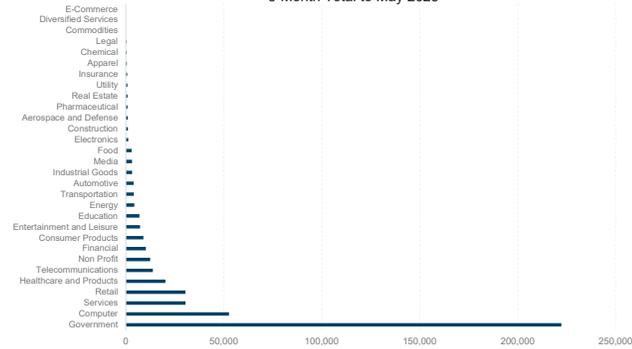


As exhibit 3 shows, 50% of the announcements have come from the government sector as a result of DOGE—many of these announcements have been inflated, and many have also been reversed. Chair Powell also mentioned this week that the Fed was planning on reducing 10% of its staff over the next few years. The industry with the next highest announcements has been computers, then services, followed by retail. Microsoft, for example, has recently announced it will let go of about 6,000 workers (3% of its employees)

## William Blair

across all areas of the business and geographies. Procter & Gamble announced it would cut 7,000 jobs over the next two years (also making clear these would be about 15% of its nonmanufacturing workforce).

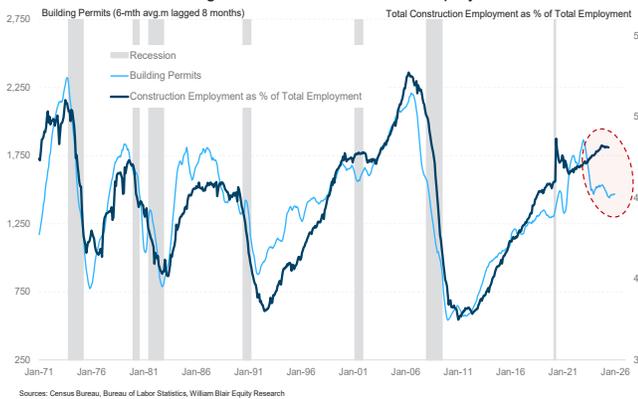
Exhibit 3  
Challenger, Gray & Christmas Layoff Announcements by Industry,  
3-Month Total to May 2025



Sources: Challenger, Gray & Christmas, William Blair Equity Research

The continued weakness in the housing market as depicted in Wednesday's latest housing starts release, for example, would also be consistent with emerging layoffs in the number of construction jobs (exhibit 4). The fact that this has not yet happened is likely because following the pandemic, construction workers were extremely hard to find. Availability is likely also being made worse by deportations, as construction is the No. 1 employer of illegal immigrants by share of workers in that industry. As a result, builders may be very reluctant to let workers leave, particularly when the depth and duration of any slowing is still very uncertain.

Exhibit 4  
Building Permits vs Construction Employment

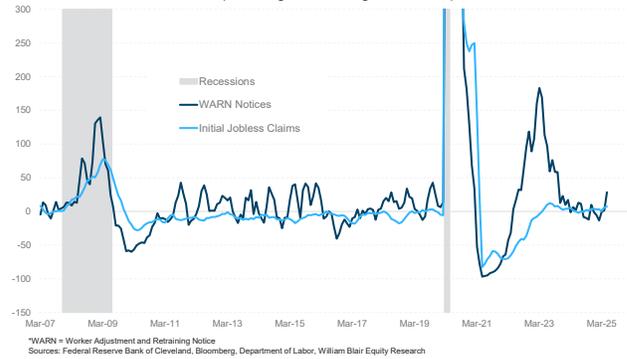


Sources: Census Bureau, Bureau of Labor Statistics, William Blair Equity Research

The number of WARN Act notices, which private companies of 100 or more workers are obliged to provide if they intend on laying off more than 500 workers (or 50-499 workers, if the number of workers amounts to 33% or more of their

entire workforce), has increased slightly in May, though as exhibit 5 shows, not to unusual levels.

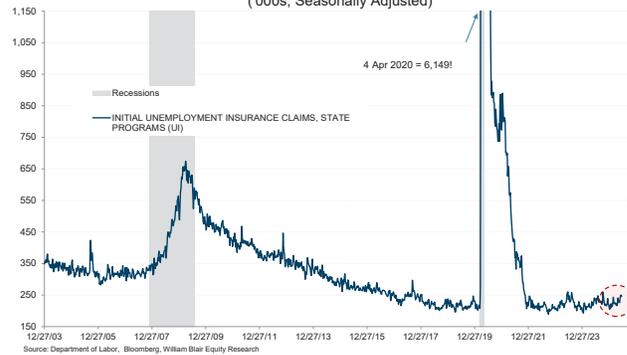
Exhibit 5  
WARN\* Act Notices & Initial Jobless Claims  
(% Change on Year Ago, 3mth m.a.)



\*WARN = Worker Adjustment and Retaining Notice  
Sources: Federal Reserve Bank of Cleveland, Bloomberg, Department of Labor, William Blair Equity Research

Much is also being made of the increases in initial jobless claims and continuing claims. Yet as exhibits 6-7 show, while these have moved up a bit, the increases have not been extraordinary, nor are they at levels that would be indicative of recession, though they bear watching closely.

Exhibit 6  
Initial Jobless Claims  
('000s, Seasonally Adjusted)



Source: Department of Labor, Bloomberg, William Blair Equity Research

Exhibit 7  
Continuing Jobless Claims  
(% Change from 12-month Low)

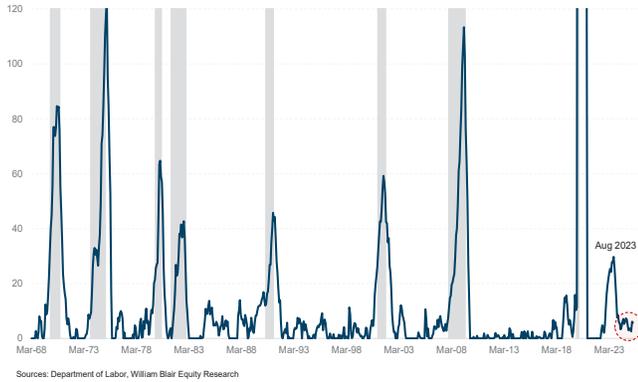
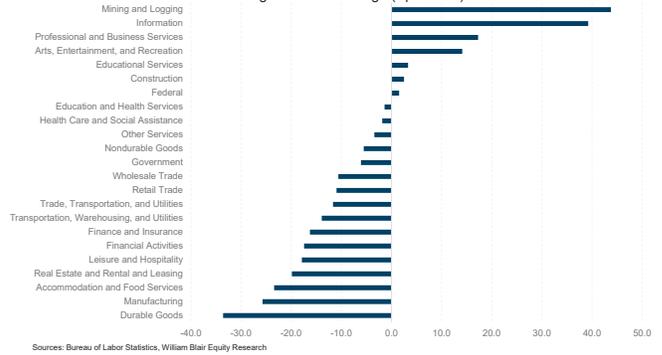


Exhibit 9  
Job Openings by Industry  
% Change on 3-Months Ago (April 2025)



### Job Openings Decelerating

In aggregate, the number of job openings continues to decline (exhibit 8). While many companies are still not laying off workers, they are allowing their payrolls to decline by attrition and are dragging their feet on new hires.

Exhibit 8  
Job Openings

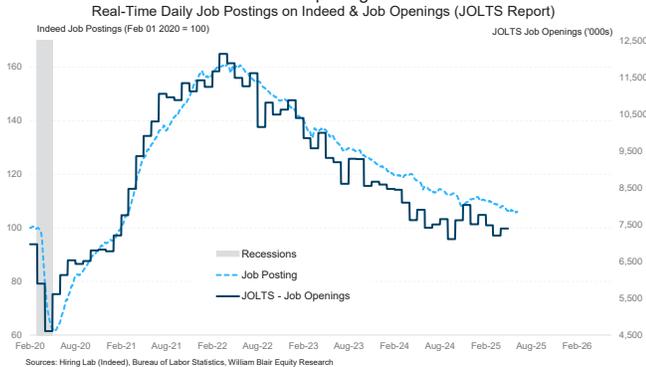
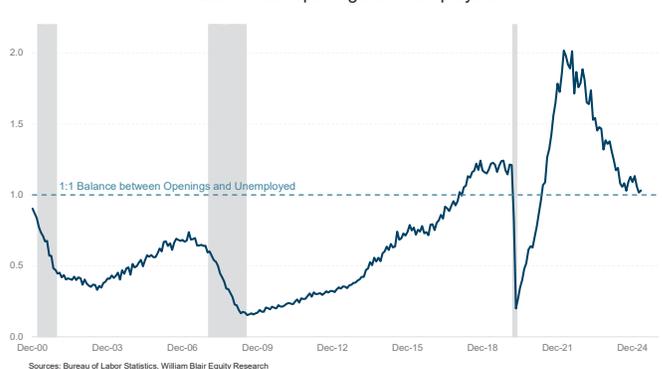


Exhibit 9 shows that most of the strength in new job openings has come from mining and logging, information, and professional business services. The largest declines, however, have come from the durable goods and manufacturing sectors, industries that are faced with the highest degree of uncertainty from the tariffs.

Exhibit 10  
Ratio of Job Openings to Unemployed



One recruitment company we saw at William Blair's 45th Annual Growth Stock Conference several weeks ago felt the ratio of job openings to the number of unemployed was the best gauge of the labor market, and the current reading of 1:1 in April was indicative of the labor market being in balance after having the number of openings far outpacing the level of unemployed over the last four years (exhibit 10).

### Hiring Intentions Moderating

Recent surveys of small businesses also show that hiring plans continue to slow, though for the most part to levels that are once again consistent with historical averages. The latest NFIB small business survey of company hiring intentions, for example, shows that companies' employment plans are still moderating, but so far consistent with modest growth in the labor market and not an outright decline (exhibit 11).

Exhibit 11

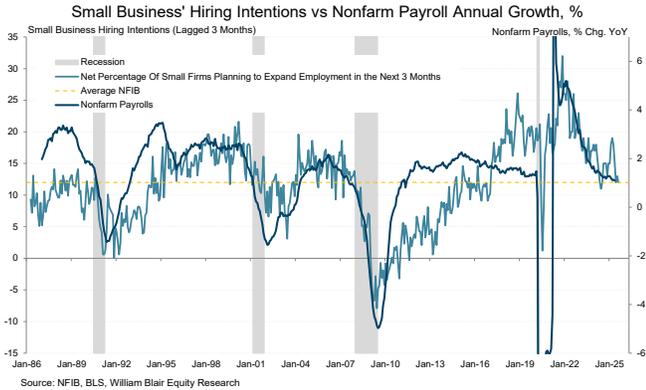
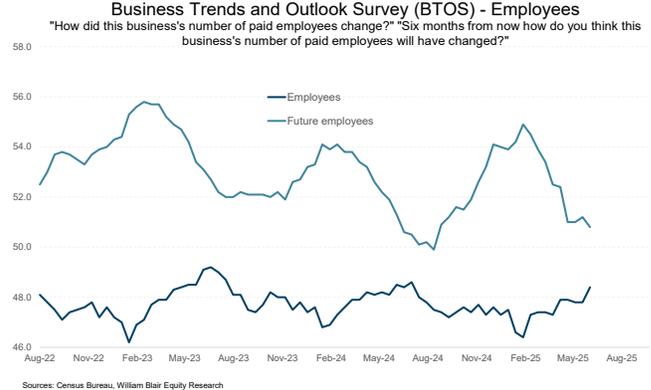


Exhibit 12



One relatively new survey on future hiring plans comes from the Census Bureau’s Business Trends and Outlook Survey (BTOS), and while the history is limited, it can provide some insights as to industry intentions and the aggregate market; conveniently, the data is also released bi-weekly, hence there is more of a real-time aspect to the report. As exhibit 12 shows, companies have still been hiring, though their future plans continue to drift lower.

From a company size perspective, the BTOS future employment diffusion indices indicate that most of the softening has been among the smallest of companies, though the rate of change has been much more evenly spread across companies by firm size (table 1).

On an industry basis (table 2), similar to the JOLTS data, we are seeing that mining companies show the fastest pace of hiring intentions, whereas agriculture is the slowest.

Table 1

	01-Jun-25	18-May-25	04-May-25	20-Apr-25	06-Apr-25	23-Mar-25	09-Mar-25	23-Feb-25	09-Feb-25	26-Jan-25	12-Jan-25	29-Dec-24	15-Dec-24
1-4 Employees	49.7	50.2	50.0	49.7	50.9	50.9	51.7	51.8	52.4	52.6	52.4	52.1	52.5
5-9 Employees	51.0	51.5	51.6	51.5	52.7	53.0	54.6	54.6	56.1	56.2	54.6	54.7	54.6
10-19 Employees	52.6	52.5	51.7	53.2	55.0	55.5	55.6	57.7	57.2	58.1	57.0	56.6	55.8
20-49 Employees	52.5	54.3	53.1	55.1	56.9	56.9	57.5	59.7	59.8	61.1	58.9	58.5	58.0
50-99 Employees	56.2	55.9	57.0	55.5	57.9	60.3	62.2	61.6	62.9	63.5	61.6	61.0	61.7
100-249 Employees	59.5	58.2	59.7	58.5	61.2	59.6	62.5	63.0	65.7	67.1	64.9	63.2	63.6
250 or More Employees	59.8	62.3	60.9	60.0	63.2	60.5	61.3	65.6	63.6	67.8	66.6	66.8	65.9

Sources: Census Bureau BTOS, William Blair Equity Research

Business Trends and Outlook Survey - Future Employment Diffusion Index (% Change on Year Ago)

	01-Jun-25	18-May-25	04-May-25	20-Apr-25	06-Apr-25	23-Mar-25	09-Mar-25	23-Feb-25	09-Feb-25	26-Jan-25	12-Jan-25	29-Dec-24	15-Dec-24
1-4 Employees	0.0	-0.2	-0.8	-2.2	-0.8	-0.4	-0.2	0.4	1.2	1.5	0.8	1.6	1.9
5-9 Employees	-1.7	-2.6	-2.3	-2.3	-1.7	-1.9	0.7	-0.4	2.4	2.9	-0.2	0.4	2.1
10-19 Employees	-0.8	-1.9	-5.1	-2.2	-1.3	-2.6	-0.7	1.2	0.4	3.0	1.1	2.0	1.5
20-49 Employees	-4.9	-1.6	-5.3	-5.8	-2.7	-3.6	-4.2	1.2	-0.5	1.3	-0.7	1.4	-0.9
50-99 Employees	-1.2	-3.8	-6.4	-7.0	-6.2	-4.7	2.1	-3.1	-2.3	0.6	-3.0	0.8	3.0
100-249 Employees	-2.1	-6.6	-5.7	-5.2	-7.1	-4.9	-3.7	-3.7	2.0	2.8	-2.1	-1.9	-0.8
250 or More Employees	-4.0	1.8	-3.8	-10.4	-4.8	-6.6	-6.0	-2.4	-4.6	3.4	-2.2	5.9	1.9

Sources: Census Bureau BTOS, William Blair Equity Research

Table 2

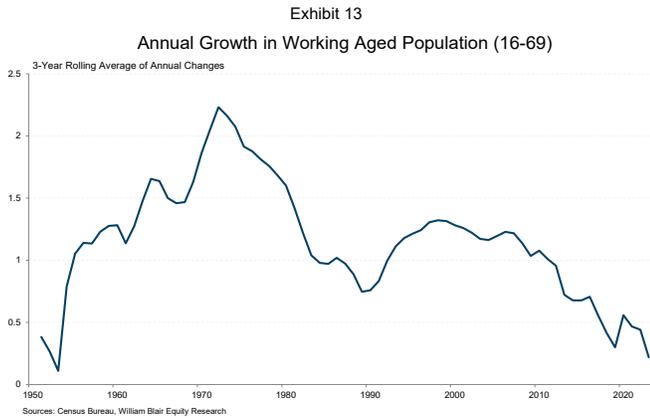
Business Trends and Outlook Survey (BTOS) Future Employees Diffusion Index (% Chg. YoY)

	01-Jun-25	18-May-25	04-May-25	20-Apr-25	06-Apr-25	23-Mar-25	09-Mar-25	23-Feb-25	09-Feb-25	26-Jan-25	12-Jan-25	29-Dec-24
Agriculture, Forestry, Fishing and Hunting	-10.0	-5.3	9.3	1.1	-2.1	10.1	-3.9	-2.4	0.4	6.4	0.9	-5.6
Mining, Quarrying, and Oil and Gas Extraction	10.5	0.0	4.9	5.2	-5.8	9.5	-2.8	2.9	16.1	4.5	2.3	4.4
Utilities	4.5	2.1	-0.7	3.1	-15.6	0.0	8.9	-9.6	-4.3	-0.2	-8.2	-4.4
Construction	-1.0	1.7	2.9	0.4	1.8	3.5	-0.9	1.5	3.0	4.2	4.5	3.9
Manufacturing	-0.2	-1.5	-0.8	-2.6	-0.4	-2.6	0.0	1.5	5.1	5.4	1.1	0.9
Wholesale Trade	-2.0	-6.5	-6.7	-7.5	-1.4	-1.7	0.6	-0.8	2.1	-1.3	-2.1	0.6
Retail Trade	0.0	-2.6	-1.6	-3.8	-3.9	-0.6	0.6	0.8	1.4	2.0	0.2	3.3
Transportation and Warehousing	4.8	-1.2	-3.2	0.2	0.8	-5.4	1.2	5.3	3.1	0.6	-3.6	1.6
Information	-2.5	-2.5	-2.1	-5.2	-6.9	-3.1	-1.5	4.3	-3.1	0.4	0.0	-1.6
Finance and Insurance	1.1	-0.6	-0.6	-0.2	1.3	3.9	0.0	2.8	1.9	5.2	0.2	2.4
Real Estate and Rental and Leasing	1.4	1.6	-4.3	-3.8	3.2	-0.6	1.8	-0.8	0.8	0.0	3.6	2.4
Professional, Scientific, and Technical Services	-3.4	-2.1	-4.9	-5.6	-3.7	-4.1	-1.5	-1.9	-2.0	0.6	-0.7	-0.2
Management of Companies and Enterprises	-4.8	-17.0	-11.3	-13.9	6.0	-9.9	3.0	-31.7	-11.4	2.6	-0.4	19.2
Administrative and Support and Waste Management and Remediation Services	1.2	0.6	-0.6	-3.7	-1.6	-0.9	-2.3	-0.9	3.0	1.6	-1.7	2.8
Educational Services	-6.5	-5.4	-8.3	-6.9	-5.3	-4.9	-6.2	0.4	0.2	-2.2	-0.3	-2.6
Health Care and Social Assistance	-1.6	-1.3	-4.3	-2.4	-3.2	-2.7	-0.4	-2.1	-3.2	0.7	-0.2	-0.9
Arts, Entertainment, and Recreation	-0.6	-2.9	-4.6	-5.8	-4.1	-7.6	-0.2	0.4	-2.9	-1.6	-1.3	-1.6
Accommodation and Food Services	-1.4	-4.3	-3.0	-2.2	-1.9	-4.6	-0.9	0.2	0.6	3.4	-1.9	0.0
Other Services (except Public Administration)	-1.6	2.1	0.6	0.0	-0.8	-1.2	-3.3	-0.4	2.3	0.6	-0.6	0.8

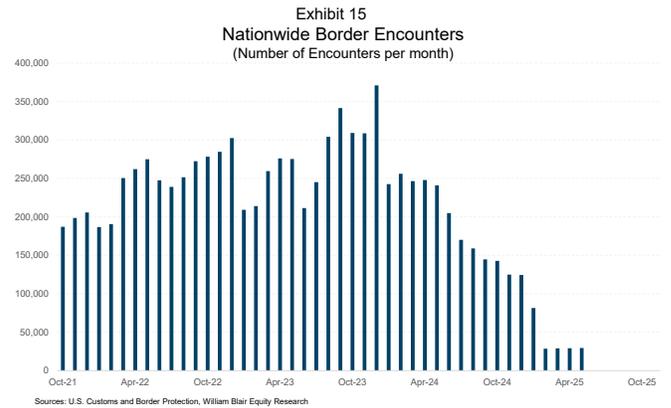
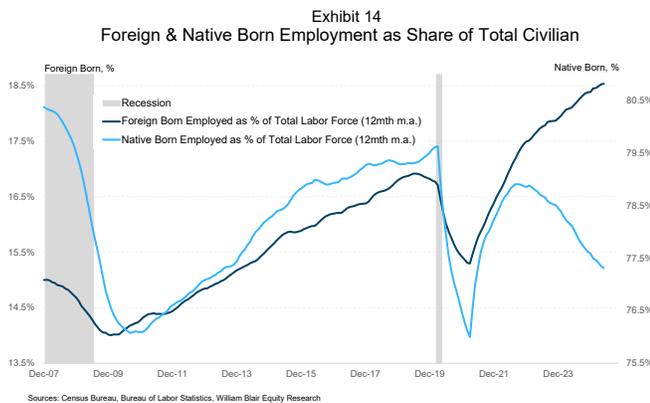
Sources: Census Bureau BTOS, William Blair Equity Research

## Employment Supply—Still Limited

The supply of labor is constrained. The number of live births continues to decline relative to the size of the population, and growth in the working age population is similarly shrinking and increased by just 0.2% in 2024 (exhibit 13).



While some of this weakness was previously being offset by immigration—with a rising share of the labor market going to foreign-born workers where supply has eased for native-born workers (exhibit 14)—the sharp fall in border crossings and increased restrictions on immigration will put additional constraints on supply (exhibit 15).



In effect, the labor market is structurally tight. This will limit the extent of any increase in the unemployment rate, but it also means that the number of new workers employed per month will necessarily be lower to keep that unemployment rate steady. Whereas a rate of roughly 125,000-150,000 was previously the breakeven rate above or below which the unemployment rate would rise or fall, with a diminished supply of workers that rate will start to fall, meaning it will take a smaller rise in monthly nonfarm payrolls to bring the unemployment rate down or prevent it from increasing.

Where supply would seem to be rising, however, relates to robots and the transfer of work to AI and machines. When asked about this at the FOMC press conference this week, Chair Powell stated that the Fed did not know what would happen, but that AI could create jobs as well as destroy them. Think of the creation of the role of drone pilot, an area of employment that did not exist several years ago, but has been expanding. We prefer to think back to our economics classes with the lump of labor fallacy—i.e., the false belief that there is a fixed amount of work in an economy that does not change, so if one person works more, another will have to work less. While there will undoubtedly be increased frictional unemployment and governments would be wise to prepare for this, employment will not be permanently reduced by innovation and automation—think horse and buggy drivers being replaced by the motor car.

## Conclusion

The pace of demand for labor is slowing, companies are placing fewer job openings in the market, and surveys of hiring intentions continue to come down. However, while we have also seen a spike in layoff announcements, the bulk of these have been related to DOGE, which in many cases have been reversed. These layoff announcements have seemingly also only resulted in a small increase in actual departures,

judging by the changes in the weekly initial and continuing jobless claims data as well as the monthly employment report. Nevertheless, the Fed is right to be wary about the pace going forward.

The data shows that companies that are most affected directly by the tariffs are also the most impacted in the labor market, and the uncertainty is casting a pall over expected future demand for employment.

On the supply-side, the combination of slower population growth and an aging population is reducing the available pool of labor, as is the reduction in immigration. The shrinkage here is lowering the breakeven level of employment needed to raise or lower the unemployment rate from the current 125,000-150,000 to something closer to 75,000-100,000 in the coming years. Meanwhile, innovation and automation will necessarily have an important role to play here, effectively acting as a new supply of robot labor, though likely also opening up new and as-yet-unknown areas of employment in the future.

## Highlights in the Week Ahead

Date	Time (ET)	Indicator	Last	Consensus	WB Estimate	Actual
24 June	10:00 a.m.	Consumer Confidence (June)	98.0	99.4	99.7	
25 June	10:00 a.m.	New Home Sales (May)	10.9%	-6.5%	-12.0%	
26 June	8:30 a.m.	Durable Goods Orders (May)	-6.3%	6.7%	5.5%	
		Orders Less-transportation	0.2%	0.1%	-0.5%	
27 June	8:30 a.m.	Personal Income (May)	0.8%	0.2%	0.3%	
		Personal Spending	0.2%	0.2%	0.2%	

Sources: Bloomberg, William Blair Equity Research

## Indicator of the Week: Personal Income & Spending

Personal Consumption Expenditure Price Deflator & Excluding Food & Energy  
% Change on Year Ago



Source: Bureau of Economic Analysis, William Blair Equity Research

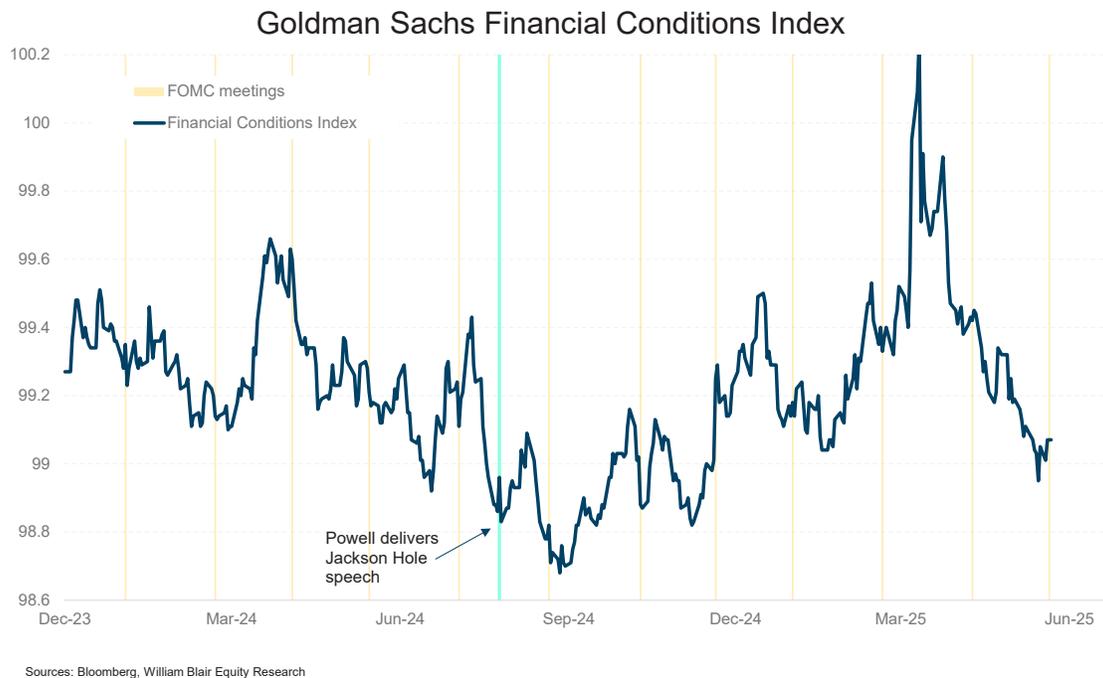
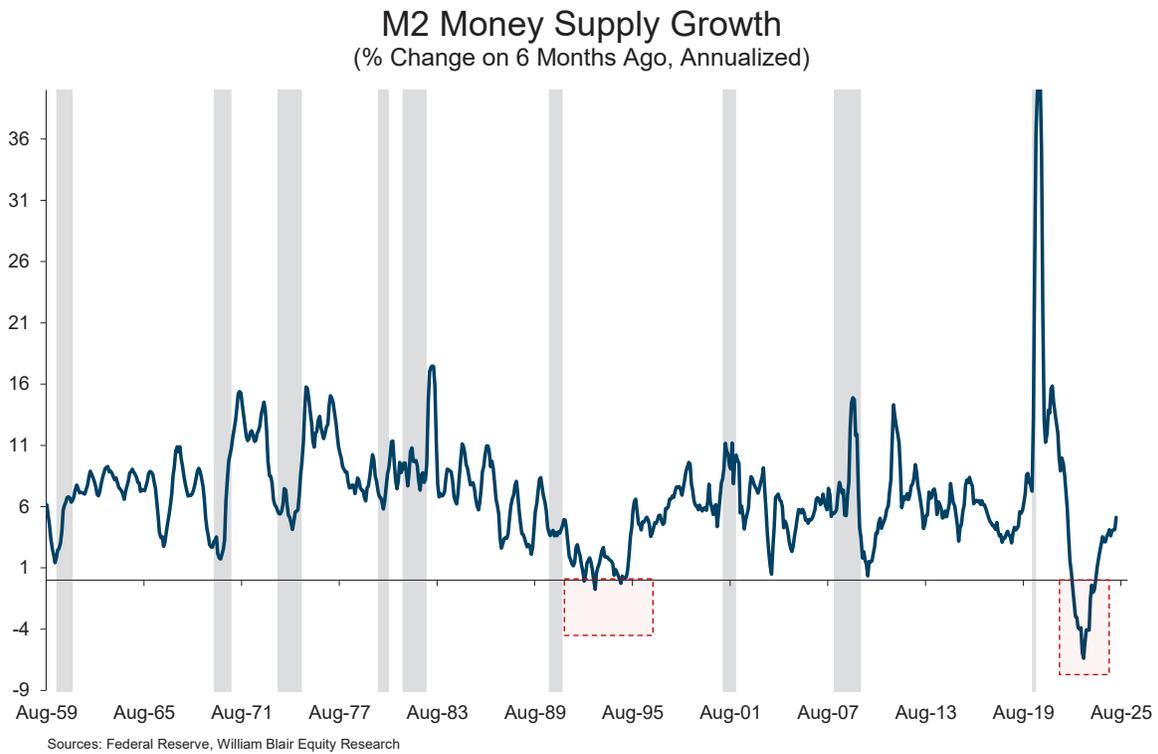
# Economic Scorecard

Rolling monthly heat map, % Change on Year Ago (unless otherwise noted)

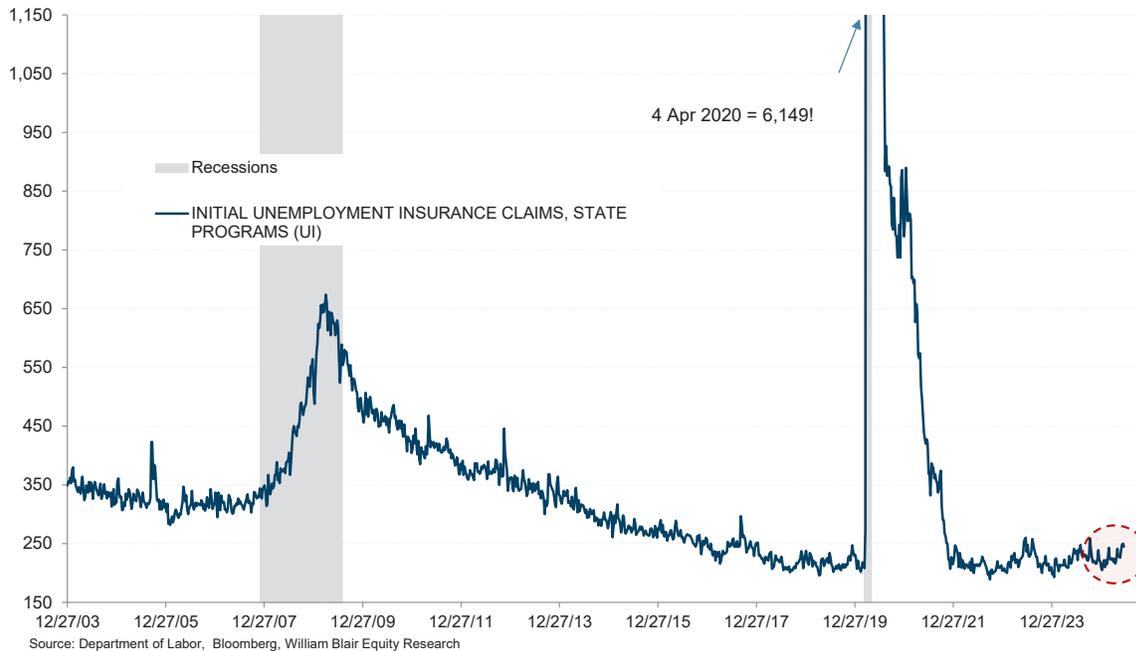
	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
<b>Growth</b>																			
US Leading Indicators	-6.8	-7.0	-6.5	-5.5	-5.4	-5.0	-4.5	-4.7	-4.6	-4.3	-3.7	-3.0	-3.0	-2.7	-3.0	-3.6	-4.0		
US Coincident Indicators	2.4	1.6	2.0	2.1	1.7	1.9	2.1	1.7	1.7	1.6	1.6	1.3	1.6	1.6	1.6	1.8	2.0		
US Lagging Indicators	0.3	1.2	1.2	1.2	1.4	1.2	1.1	1.0	0.8	0.3	0.1	0.0	0.1	-0.2	-0.1	-0.2	-0.1		
<b>Consumer</b>																			
Total Retail Sales	5.3	0	2	3.4	2.6	2.8	2	3	1.9	2	3.1	3.9	4.6	4.6	3.9	5.1	5.0	3.3	
Personal Income	5.2	6	5.9	5.9	5.7	5.5	5.4	5.3	5	4.8	5.2	5.1	5.2	4.3	4.7	4.8	5.5		
Real Disposable Personal Income	4.7	3.7	3.3	3.1	2.8	2.8	2.7	2.6	2.4	2.4	2.5	2.3	2.2	1.3	1.6	2.1	2.9		
Real Personal Consumption	3.6	1.9	2.1	2.7	2.4	2.8	2.9	2.9	2.9	3.2	3.1	3.1	3.1	3	2.7	3.1	3.2		
Personal Saving Rate (%)	4.4	5.5	5.4	5.2	5.1	4.9	4.8	4.3	4.2	3.8	4.1	3.9	3.5	4.1	4.4	4.3	4.9		
Consumer Confidence (Conference Board)**	108	110.9	104.8	103.1	97.5	101.3	97.8	101.9	105.6	99.2	109.6	112.8	109.5	105.3	100.1	93.9	85.7	98	
<b>Employment</b>																			
Employment Growth	1.7	1.5	1.4	1.5	1.5	1.4	1.3	1.3	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.1	1.1	1.1	1.1
ASA Temporary Staffing Index	-5.5	-12.2	-9.4	-8.2	-9.3	-10.2	-9.9	-12.5	-12.2	-12.0	-9.5	-6.6	-21.0	-8.2	-7.5	-8.7	-6.4	-5.8	
ISM Employment Index Manufacturing*	47.6	47.2	46.1	47.5	48.2	50.4	48.4	43.6	45.8	44.6	44.8	48.1	45.4	50.3	47.6	44.7	46.5	46.8	
ISM Employment Index Services*	43.7	50.2	48	48.5	46.6	47.5	46.7	51	49.6	48.2	52.2	50.9	51.3	52.3	53.9	46.2	49	50.7	
Unemployment Rate, %	3.8	3.7	3.9	3.9	3.9	4	4.1	4.2	4.2	4.1	4.1	4.2	4.1	4	4.1	4.2	4.2	4.2	4.2
Average Hourly Earnings	4.1	4.3	4.2	4.2	4	4.1	3.9	3.6	4	3.9	4.1	4.2	4	3.9	3.9	3.9	3.9	3.9	3.9
Initial Jobless Claims (avg. wkly. chg. '000s)	205	210	211	216	210	222	237	237	230	225	236	219	222	218	227	223	226	235	
Job Openings	-21.1	-18.5	-14.2	-15.5	-23.7	-15.1	-19.4	-12.8	-17.6	-23.5	-10.9	-7.3	-12.5	-8.3	-11.4	-11.0	-3.0	-6.5	
Layoff Announcements	-20.2	-20	8.8	0.7	-3.3	-20.3	19.8	9.2	1	53.4	50.9	26.8	11.4	-39.5	103.2	204.8	62.7	47	
<b>Housing Market</b>																			
Housing Starts	16.3	1.5	10.9	-4.7	2.3	-16.9	-6.6	-13.4	5.6	-1	-1.2	-14.5	-0.5	-1.7	-4	3.3	0.5	-4.6	
New Home Sales	3.5	4.8	3.5	6.3	8.1	-10	-0.4	1.1	7.4	5.3	-8.8	10.7	11.7	2.8	-0.8	-3.2	3.3		
Existing Home Sales	-5.6	-2.0	-3.4	-3.3	-2.6	-3.1	-5.1	-2.5	-3.7	-3.0	3.1	6.7	9.7	2.3	-0.9	-2.4	-2.0		
Median House Price (Existing Homes)	-2.2	5.4	-2.9	-0.6	-0.5	-1.6	-0.9	-1.6	-8	-1.2	2.1	-7.4	1.1	-0.2	-2	-7.5	-2		
Existing Homes Inventory (Mths' supply)	3.5	3.5	3.3	3.5	3.5	3.5	3.8	3.7	3.9	4	3.9	3.8	3.7	3.9	3.8	4.2	4.3		
New Homes Inventory (Mths' supply)	8.4	8.1	8.4	8.1	7.7	8.5	8.4	7.9	8.2	7.9	9.3	8.7	8.2	9	9.2	9.1	8.1		
NAB Homebuilder Sentiment*	37	44	48	51	51	45	43	41	39	41	43	46	46	47	42	39	40	34	32
<b>Inflation</b>																			
Consumer Price Index	3.4	3.1	3.2	3.5	3.4	3.3	3	2.9	2.5	2.4	2.6	2.7	2.9	3	2.8	2.4	2.3	2.4	
CPI Less-food & energy	3.9	3.9	3.8	3.8	3.6	3.4	3.3	3.2	3.2	3.3	3.3	3.2	3.3	3.1	2.8	2.8	2.8	2.8	
Producer Price Index	1.1	1	1.6	2	2.3	2.5	2.9	2.4	2.1	2.1	2.8	2.9	3.5	3.8	3.4	3.3	2.5	2.6	
PPI Less-food & energy	1.8	2	2.1	2.3	2.5	2.7	3.3	2.6	2.8	3.3	3.6	3.4	3.7	3.9	3.7	3.9	3.2	3	
PCE Price Index	2.7	2.6	2.6	2.8	2.7	2.6	2.4	2.5	2.3	2.1	2.3	2.5	2.6	2.5	2.6	2.3	2.1		
PCE Prices Less-food & energy	3.0	3.1	2.9	3.0	2.9	2.7	2.6	2.7	2.7	2.7	2.8	2.8	2.9	2.7	2.9	2.7	2.5		
<b>Business Activity - US</b>																			
Industrial Production	0.8	-1.2	-0.1	-0.3	-0.8	0.0	0.9	-0.5	-0.1	-0.7	-0.4	-0.9	0.4	1.4	1.2	1.2	1.4	0.6	
New Cap Gds Orders less-aircraft & parts	-2.9	-2.5	2.2	-1.5	2.1	-2.8	-4	-0.6	-1.8	0.5	0.2	-1.1	1.9	3.3	-0.9	2.2	0.4		
Business Inventories	-0.1	-0.1	-0.2	0.3	0.2	0.6	1.1	1.5	2.1	2.1	1.9	2.2	2.6	1.9	2.5	2.3	2.5		
ISM Manufacturing PMI*	46.9	48.9	47.6	49.8	48.8	48.5	48.3	47	47.5	47.5	46.9	48.4	49.2	50.9	50.3	49	48.7	48.5	
Markit US Manufacturing PMI*	47.9	50.7	52.2	51.9	50	51.3	51.6	49.6	47.9	47.3	48.5	49.7	49.4	51.2	52.7	50.2	50.2	52	
ISM Services Index*	50.6	53.2	52.2	51.3	49.6	53.5	49.2	51.4	51.6	54.5	55.8	52.5	54	52.8	53.5	50.8	51.6	49.9	
Markit US Services PMI*	51.4	52.5	52.3	51.7	51.3	54.8	55.3	55	55.7	55.2	55	56.1	56.8	52.9	51	54.4	50.8	53.7	
<b>Business Activity - International</b>																			
Germany Manufacturing PMI Markit/BME*	43.3	45.5	42.5	41.9	42.5	45.4	43.5	43.2	42.4	40.6	43	43	42.5	45	46.5	48.3	48.4	48.3	
Japan Manufacturing PMI Jibun Bank*	47.9	48	47.2	48.2	49.6	50.4	50	49.1	49.8	49.7	49.2	49	49.6	48.7	49	48.4	48.7	49.4	
Caixin China Manufacturing PMI*	50.8	50.8	50.9	51.1	51.4	51.7	51.8	49.8	50.4	49.3	50.3	51.5	50.5	50.1	50.8	51.2	50.4	48.3	
China Manufacturing PMI*	49	49.2	49.1	50.8	50.4	49.5	49.5	49.4	49.1	49.8	50.1	50.3	50.1	49.1	50.2	50.5	49	49.5	
UK Manufacturing PMI Markit/CIPS*	46.2	47	47.5	50.3	49.1	51.2	50.9	52.1	52.5	51.5	49.9	48	47	48.3	46.9	44.9	45.4	46.4	
France Manufacturing PMI Markit*	42.1	43.1	47.1	46.2	45.3	46.4	45.4	44	43.9	44.6	44.5	43.1	41.9	45	45.8	48.5	48.7	49.8	
<b>Currencies***</b>																			
Euro (EUR/USD)	3.1	-0.4	2.2	-0.5	-3.2	1.5	-1.8	-1.6	1.9	5.3	2.9	-2.9	-6.2	-4.2	-4.0	0.2	6.2	4.6	
Renmimbi (USD/CNY)	2.9	6.1	3.6	5.1	4.7	1.9	0.2	1.2	-2.3	-3.8	-2.7	1.6	2.8	1.1	1.2	0.5	0.4	-0.6	
Yen (USD/Yen)	7.6	12.9	10.1	13.9	15.8	12.9	11.5	5.4	0.4	-3.8	0.2	1.1	11.5	5.6	0.4	-0.9	-9.3	-8.4	
Sterling (GBP/USD)	5.4	3.0	5.0	2.3	-0.6	2.4	-0.5	0.2	3.6	9.6	6.1	0.9	-1.7	-2.3	-0.4	2.3	6.7	5.6	
Canadian \$ (USD/CAD)	-2.3	1.0	-0.5	0.2	1.7	0.4	3.3	4.7	-0.1	-0.4	0.4	3.3	8.6	8.2	6.5	6.3	0.2	0.8	
Mexican Peso (USD/MXN)	-13.0	-8.6	-6.8	-8.2	-4.8	-3.8	7.0	11.2	15.8	13.0	11.0	17.2	22.7	20.1	20.5	23.6	14.4	14.3	
<b>US Equities</b>																			
S&P 500	24.2	18.9	28.4	27.9	20.8	26.3	22.7	20.3	25.3	34.4	36.0	32.1	23.3	24.7	16.8	6.8	10.6	12.0	
S&P 400 Midcap	14.4	3.0	11.1	21.3	14.9	23.9	11.7	13.5	16.9	24.8	30.9	31.3	12.2	18.6	7.1	-4.2	-0.3	0.6	
S&P 600 Smallcap	13.9	-0.1	4.5	13.8	10.4	18.1	6.6	12.0	15.1	23.5	27.6	30.9	6.8	14.5	4.5	-5.0	-3.6	-3.4	
Russell 2000	15.1	0.8	8.3	17.9	11.6	18.3	8.4	12.5	16.7	24.9	32.1	34.6	10.0	17.5	5.3	-5.3	-0.5	-0.2	

\* Diffusion Index, \*\*1985=100, \*\*\*Currencies - green/red = strengthening/weakening foreign currency vs dollar  
Source: ISM, Federal Reserve, Census Bureau, Bureau of Labor Statistics, Conference Board, Bloomberg, William Blair

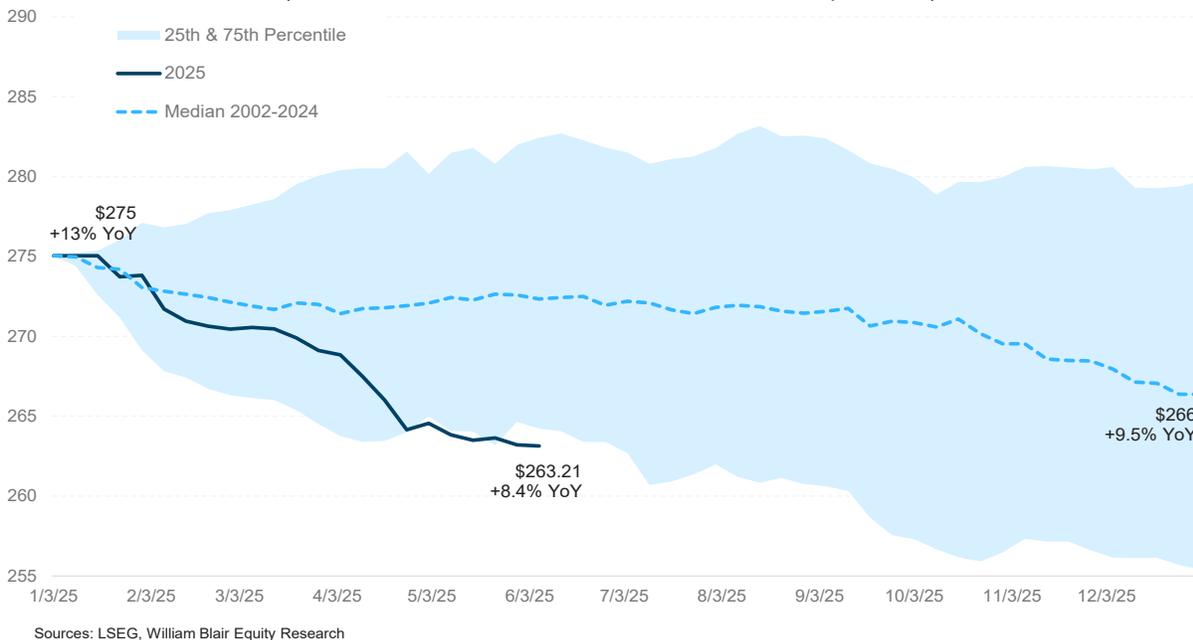
## Other Economic Indicators



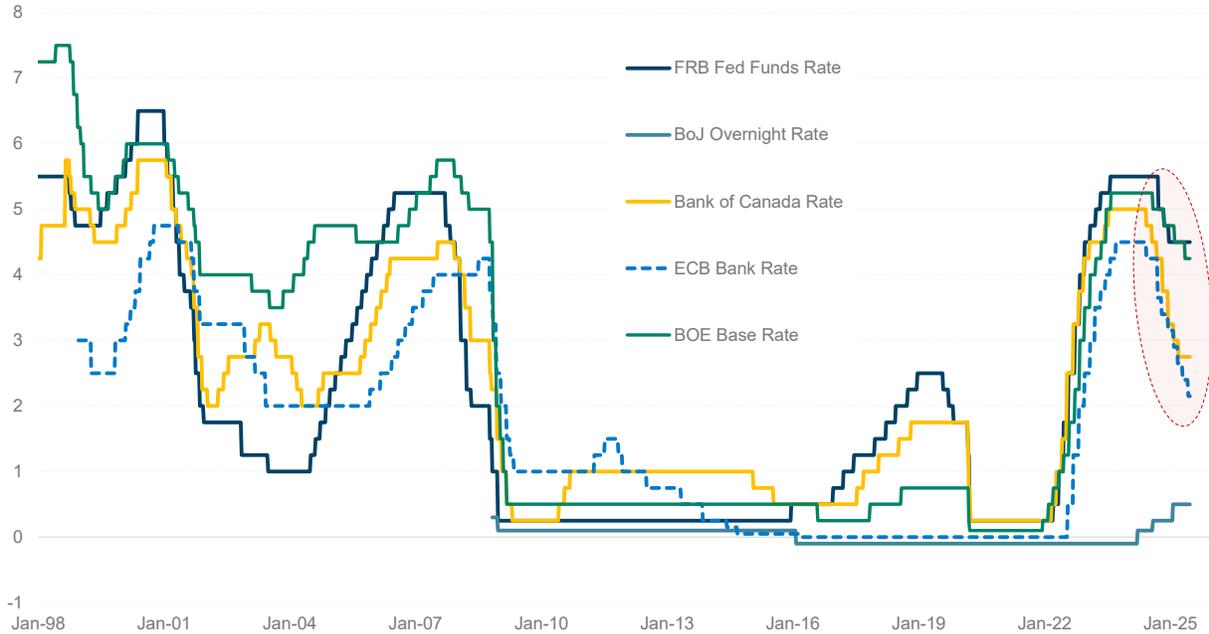
### Initial Jobless Claims ('000s, Seasonally Adjusted)



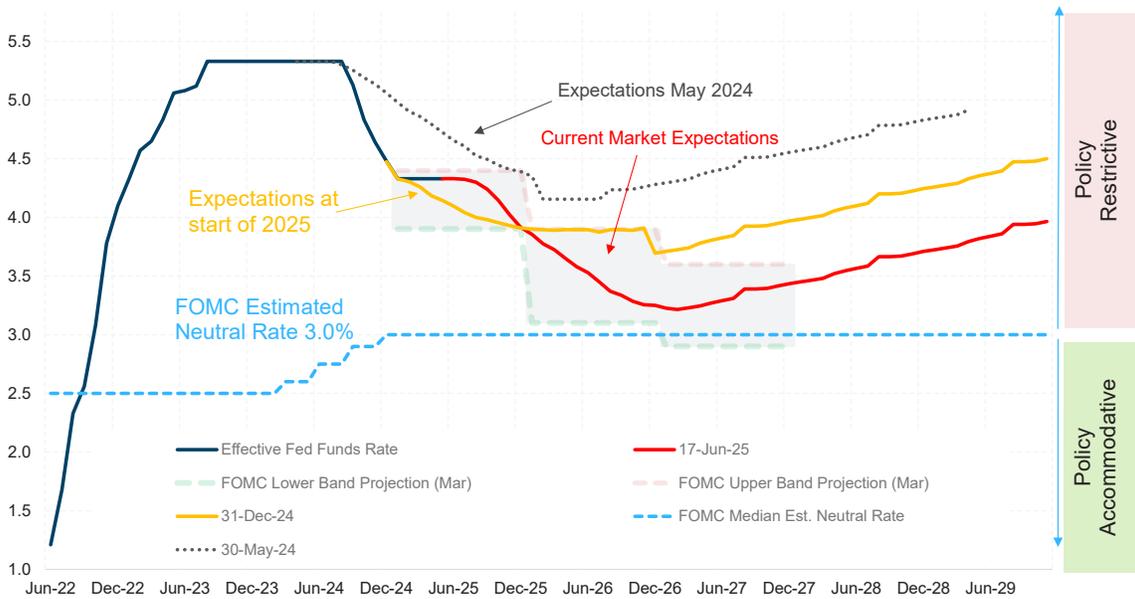
### Progression of S&P 500 2025 EPS Estimates, 2025 vs Median 2002-2024 (Rebased to Estimate at End of Q4 2024 of \$275.05 per share)



### Central Bank Target Short-Term Interest Rates, %



### Fed Funds Rate Futures Market Expectations & FOMC Projections, %



## S&P 500 Sector Performance

Global Industry Classification System	Current Weight* 18-Jun-25	Week Ago 11-Jun-25	Month Ago 19-May-25	Qtr-to-Date 31-Mar-25	Year-to-Date 31-Dec-24
<b>S&amp;P 500 Index</b>	<b>100.00</b>	<b>-0.69</b>	<b>0.29</b>	<b>6.58</b>	<b>1.69</b>
<b>S&amp;P 400 MidCap Index</b>		<b>-0.94</b>	<b>-1.76</b>	<b>3.57</b>	<b>-3.12</b>
<b>S&amp;P 600 SmallCap Index</b>		<b>-2.01</b>	<b>-1.27</b>	<b>1.66</b>	<b>-7.81</b>
<b>Dow Jones Industrials</b>		<b>-1.62</b>	<b>-1.45</b>	<b>0.40</b>	<b>-0.88</b>
<b>Nasdaq Composite</b>		<b>-0.35</b>	<b>1.72</b>	<b>12.99</b>	<b>1.22</b>
<b>Communication Services</b>	<b>10.00</b>	<b>-1.34</b>	<b>3.80</b>	<b>12.99</b>	<b>5.74</b>
Advertising	0.04	-4.37	-9.62	-15.79	-18.67
Broadcasting	0.06	-0.37	-1.06	-2.62	12.54
Cable & Satellite	0.34	-3.29	-4.84	-5.21	-5.16
Integrated Telecommunication Services	0.71	-3.51	-3.53	-5.07	12.72
Interactive Home Entertainment	0.16	1.90	1.03	9.78	15.45
Interactive Media & Services	6.63	-1.26	5.97	15.60	2.09
Movies & Entertainment	1.54	-0.05	3.48	25.72	24.84
Publishing & Printing	0.03	0.86	-1.04	3.91	2.95
Wireless Telecommunication Svcs	0.48	-4.31	-9.52	-17.14	0.12
<b>Consumer Discretionary</b>	<b>10.92</b>	<b>-1.69</b>	<b>-2.27</b>	<b>7.81</b>	<b>-7.25</b>
Apparel Retail	0.34	-2.70	-11.19	0.51	-3.08
Apparel & Accessories & Luxury Goods	0.10	-3.81	-16.54	-2.46	-17.63
Auto Parts & Equipment	0.03	-3.61	0.47	13.71	7.25
Automobile Manufacturers	2.14	-1.49	-5.65	22.02	-18.81
Automobile Retail	0.28	-1.95	-5.89	-7.45	8.96
Broadline Retail	4.37	-0.32	3.15	11.75	-2.73
Casinos & Gaming	0.10	0.15	-3.71	8.98	-11.36
Computer & Electronics Retail	0.03	-6.73	-5.36	-7.95	-21.03
Consumer Electronics	0.07	-5.18	-3.22	-8.67	-3.86
Distributors	0.07	-4.75	-10.35	-7.00	-4.66
Footwear	0.16	-5.83	-7.60	-6.88	-28.73
Home Furnishings	0.01	-6.41	-8.90	-14.17	-17.74
Home Improvement Retail	0.88	-4.02	-8.93	-6.45	-11.79
Homebuilding	0.19	-4.52	-4.46	-5.55	-13.28
Hotels, Resorts & Cruise Lines	0.93	-2.87	-1.60	13.53	1.66
Household Appliances	0.01	5.05	11.68	1.85	-19.81
Leisure Products	0.02	-1.60	-0.37	10.47	21.50
Restaurants	1.05	-2.19	-2.10	-2.16	1.39
Other Specialty Retail	0.09	2.36	5.22	7.15	2.47
<b>Consumer Staples</b>	<b>6.27</b>	<b>-1.55</b>	<b>-2.59</b>	<b>-0.87</b>	<b>3.66</b>
Agricultural Products	0.07	11.66	7.52	12.30	7.85
Brewers	0.02	-5.70	-13.78	-19.81	-14.85
Hypermarkets	2.44	-1.41	-3.67	5.69	4.56
Distillers & Vintners	0.07	-5.57	-19.02	-14.88	-28.42
Drug Retail	0.02	0.44	1.24	1.97	22.08
Food Distributors	0.07	-1.03	1.33	-1.43	-3.26
Food Retail	0.08	1.39	-4.99	-3.21	7.15
Household Products	1.00	-2.94	-4.51	-7.92	-5.95
Packaged Foods & Meats	0.55	-1.81	-1.97	-8.00	-4.58
Personal Products	0.11	0.34	-4.68	-4.85	-0.06
Soft Drinks	1.11	-2.07	-2.71	-6.37	0.79
Tobacco	0.73	-0.49	3.98	10.40	39.53
<b>Energy</b>	<b>3.20</b>	<b>2.19</b>	<b>4.46</b>	<b>-6.49</b>	<b>2.21</b>
Integrated Oil & Gas	1.51	3.07	6.57	-7.18	3.66
Oil & Gas Equipment & Services	0.20	0.23	3.17	-12.84	-8.30
Oil & Gas Exploration & Production	0.79	2.35	4.21	-6.40	1.61
Oil & Gas Refining & Marketing & Transportation	0.28	2.89	3.00	7.02	14.35
Oil & Gas Storage & Transportation	0.42	-0.67	-0.61	-8.84	-3.33

## William Blair

<b>Financials</b>	<b>13.60</b>	<b>-1.48</b>	<b>-2.80</b>	<b>0.49</b>	<b>3.61</b>
Asset Management & Custody Banks	1.08	-1.21	-2.08	4.28	-7.77
Consumer Finance	0.68	-1.18	-0.38	11.62	4.08
Diversified Banks	3.19	0.92	1.39	8.41	7.59
Financial Exchanges & Data	1.23	0.87	-0.91	2.52	7.57
Insurance Brokers	0.62	0.30	-6.20	-11.21	2.40
Investment Banking & Brokerage	1.15	1.31	1.76	14.55	10.98
Life & Health Insurance	0.33	0.08	-3.59	-6.30	-4.24
Multi-line Insurance	0.09	-0.18	-0.11	-3.09	15.73
Multi-Sector Holdings	1.24	-0.61	-5.32	-8.91	7.03
Property & Casualty Insurance	1.13	-0.40	-5.51	-5.02	5.77
Regional Banks	0.27	-1.32	-2.87	0.09	-5.91
Reinsurance	0.03	-0.72	-4.22	-8.37	-8.15
Transaction & Payment Processing	2.52	-8.06	-7.13	-4.50	-0.04
<b>Health Care</b>	<b>9.57</b>	<b>-1.94</b>	<b>-1.06</b>	<b>-9.10</b>	<b>-3.58</b>
Biotechnology	1.58	-2.00	0.31	-9.10	3.80
Health Care Distributors	0.38	3.24	1.98	9.89	29.87
Health Care Equipment	2.18	-1.61	-4.45	-0.49	4.81
Health Care Facilities	0.19	2.10	-4.08	6.34	20.65
Health Care Services	0.42	1.34	1.77	-1.06	24.75
Health Care Supplies	0.08	-2.53	-8.01	-4.91	-13.07
Life Sciences Tools & Services	0.83	-4.47	-1.87	-11.92	-19.65
Managed Health Care	0.83	-0.64	-4.27	-33.20	-29.45
Pharmaceuticals	3.08	-3.09	1.69	-8.37	-4.41
<b>Industrials</b>	<b>8.53</b>	<b>-1.40</b>	<b>-1.56</b>	<b>8.20</b>	<b>7.63</b>
Aerospace & Defense	2.15	-1.25	1.27	12.81	20.51
Agricultural & Farm Machinery	0.27	0.79	-0.92	11.85	23.90
Air Freight & Logistics	0.29	-1.27	-1.36	-8.87	-18.34
Building Products	0.54	-1.61	-3.24	14.32	7.75
Construction & Engineering	0.10	1.31	4.56	41.80	14.04
Construction Machinery & Heavy Trucks	0.56	-1.65	-1.30	5.09	-3.60
Data Processing & Outsourced Services	0.05	-1.41	-2.06	-1.93	5.18
Diversified Support Svcs	0.26	-2.28	-11.00	-2.11	4.07
Electrical Components & Equipment	0.59	1.31	2.68	18.09	1.47
Environmental & Facilities Services	0.42	-0.53	-0.91	1.35	14.79
Human Resource & Employment Services	0.38	-2.56	-5.35	-0.22	4.16
Industrial Conglomerates	0.42	-2.25	-3.61	1.94	2.17
Industrial Machinery	0.71	-2.36	-3.99	-0.06	-3.22
Passenger Airlines	0.14	-4.97	-5.89	4.02	-18.98
Railroads	0.48	-0.80	-0.18	0.18	0.17
Research & Consulting Svcs	0.21	-2.34	-5.32	4.91	3.86
Trading Companies & Distributors	0.27	-3.00	-3.00	7.93	4.07
<b>Information Technology</b>	<b>32.06</b>	<b>0.65</b>	<b>2.93</b>	<b>17.17</b>	<b>2.18</b>
Application Software	2.64	-2.29	-2.17	13.94	4.21
Communications Equipment	0.90	0.30	-0.55	5.90	-0.57
Electronic Components	0.30	0.34	7.32	32.59	26.00
Electronic Equipment & Instruments	0.16	-1.31	-1.36	4.19	-4.10
Electronic Manufacturing Services	0.13	3.31	6.50	24.90	22.01
Internet Software & Services	0.12	0.19	-3.06	2.45	1.01
IT Consulting & Services	1.02	-1.66	-0.11	5.53	4.08
Semiconductor Equipment	0.74	0.08	7.29	21.73	16.32
Semiconductors	11.07	1.06	7.43	32.77	8.24
Systems Software	8.99	2.60	5.82	28.62	13.93
Technology Distributors	0.04	-3.27	-9.59	6.08	-2.32
Technology Hardware, Storage & Peripherals	5.95	-0.94	-5.41	-10.11	-20.40
<b>Materials</b>	<b>1.89</b>	<b>-1.25</b>	<b>-0.45</b>	<b>0.85</b>	<b>3.17</b>
Commodity Chemicals	0.07	-5.82	-3.49	-17.66	-25.76
Construction Materials	0.13	-1.21	-5.84	11.64	2.26
Copper	0.11	0.41	6.14	8.77	8.14
Fertilizers & Agricultural Chemicals	0.15	3.71	8.42	22.23	27.29
Gold	0.12	9.29	14.39	20.67	56.53
Industrial Gases	0.53	-2.17	-0.43	-2.66	5.99

## William Blair

Metal & Glass Containers	0.03	1.64	2.76	7.22	1.27
Paper Packaging	0.19	-2.18	-6.47	-7.88	-14.47
Specialty Chemicals	0.47	-5.04	-4.59	-4.03	-4.44
Steel	0.09	4.65	3.42	4.53	10.32
<b>Real Estate</b>	<b>2.10</b>	<b>-0.73</b>	<b>-1.16</b>	<b>-0.77</b>	<b>1.93</b>
Data Center REITs	0.28	-0.30	1.96	14.03	-3.84
Health Care REITs	0.29	0.56	-0.44	-5.41	8.89
Hotel & Resort REITs	0.02	-1.50	2.01	10.70	-10.22
Industrial REITs	0.19	-3.16	-5.03	-6.01	-0.59
Multi-Family Residential REITs	0.00	-0.68	-2.96	-6.32	-3.73
Office REITs	0.02	-1.74	5.61	6.73	-3.56
Real Estate Service	0.14	-1.41	2.82	1.30	5.77
Retail REITs	0.26	-0.80	-1.70	-2.91	-3.23
Self-Storage REITs	0.16	-2.89	-5.23	-2.25	-2.58
Single-Family Residential REITs	0.16	-2.89	-5.23	-2.25	-2.58
Telecom Tower REITs	0.32	0.53	-1.27	-1.28	14.53
Timber REITs	0.04	-5.08	-2.00	-11.30	-7.74
<b>Utilities</b>	<b>2.35</b>	<b>-0.44</b>	<b>-2.69</b>	<b>1.45</b>	<b>5.63</b>
Electric Utilities	1.51	-0.65	-3.48	1.18	5.51
Gas Utilities	0.05	-0.05	-4.74	-1.42	9.43
Independent Power Producers & Energy Traders	0.13	6.47	11.73	41.65	23.28
Water Utilities	0.05	0.35	-1.81	-4.35	13.35
Multi-Utilities	0.61	-1.40	-3.38	-3.20	1.86

\*Current Weight is market cap based, based on calculations by William Blair Intl. Ltd.

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DOW JONES: 42171.70

S&P 500: 5980.87

NASDAQ: 19546.30

Additional information is available upon request.

**Current Rating Distribution (as of June 20, 2025):**

<b>Coverage Universe</b>	<b>Percent</b>	<b>Inv. Banking Relationships *</b>	<b>Percent</b>
Outperform (Buy)	71	Outperform (Buy)	11
Market Perform (Hold)	29	Market Perform (Hold)	2
Underperform (Sell)	1	Underperform (Sell)	0

\*Percentage of companies in each rating category that are investment banking clients, defined as companies for which William Blair has received compensation for investment banking services within the past 12 months.

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