

*July 2025*

# Economic Outlook and Investment Strategy

# Investment Strategy Committee Highlights

## Economic Outlook

- **Geopolitical Stability:** Global markets exhibited remarkable stability despite the recent rise in geopolitical tensions. This response aligns with historical patterns of low market impact despite heightened media attention.
- **Revised Growth Outlook:** US GDP growth projections have moved lower, reflecting the negative impact of tariffs on major trading partners. Corporate profit growth is also expected to decline. Service consumption remains strong, powering over 70% of the economy, as goods spending has slowed.
- **Rising Global Debt:** Increasing debt levels are a global trend, not just limited to the US. Many countries, including strong performers this year, show rising debt-to-GDP ratios. While debt has contributed to growth, and we expect spending to increase, it remains a key global focus point.
- **Sentiment Recovery:** Consumer and business confidence have stabilized, rebounding from earlier lows. However, spending has slowed despite real income growth while capital expenditures softened across industries as concerns about tariffs persist.
- **Equity Discipline:** We guide investors to maintain a disciplined equity approach. While valuations have modestly improved, there is potential market volatility as sharp two-way market moves are possible. We remain constructive but deliberate on equity exposure, focused on risk-aware rebalancing.
- **Fixed Income Strength:** Fixed income remains a valuable portfolio component, offering clarity and resilience. With yields still elevated and credit markets orderly, fixed income remains a reliable ballast in portfolios. We continue to emphasize its role in navigating uncertain policy and economic environments.

Sources: Bloomberg, CNR Research, as of June 30, 2025.  
Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE

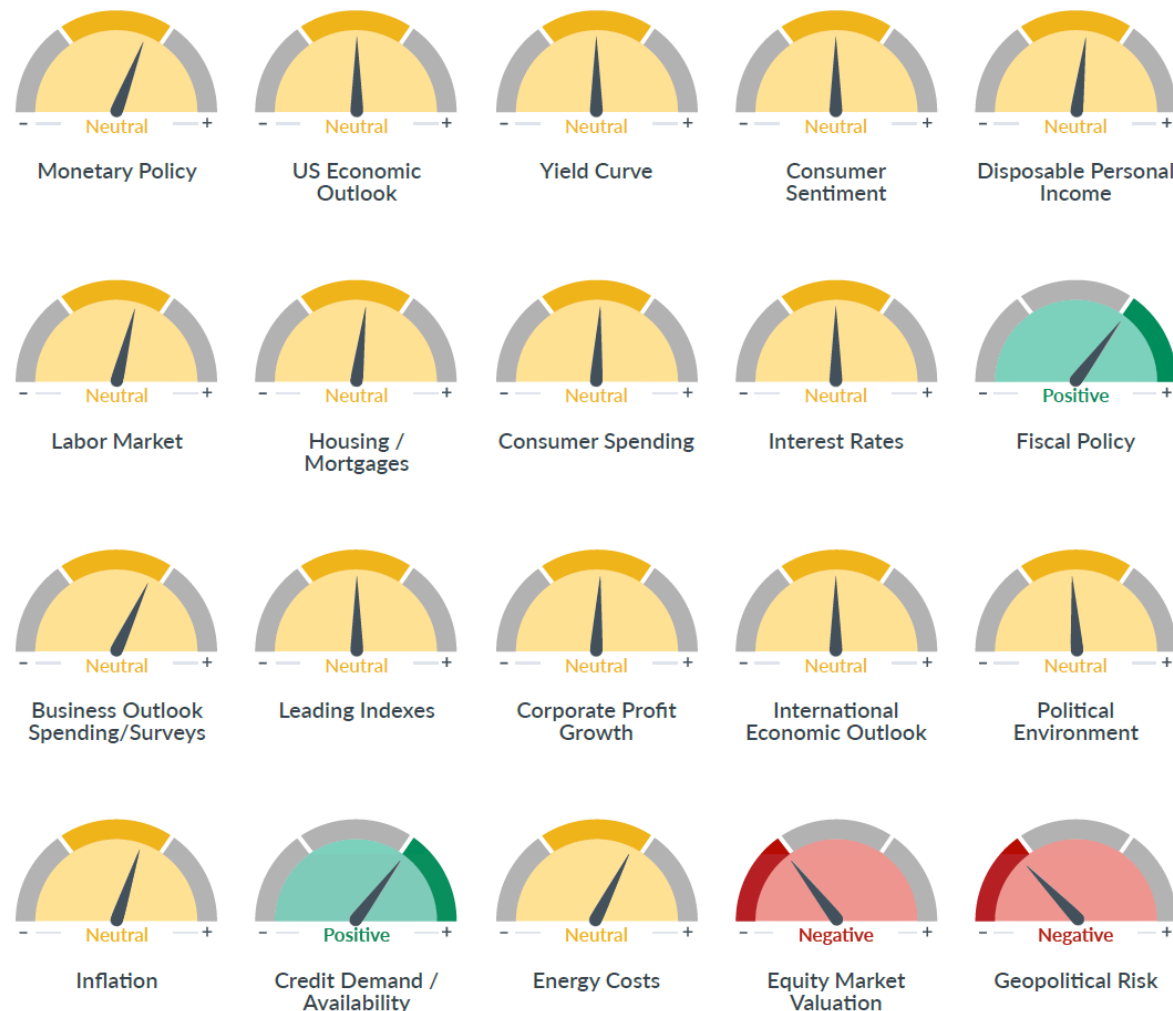


# CNR Speedometers® – July 2025

## Economic and Financial Indicators That Are Forward-Looking Six to Nine Months

- The global outlook for growth remains dynamic while tariffs continue to be hashed out.
- The Federal Reserve will remain on hold, unless price impacts are clear or unemployment rises.
- Consumer financials remain strong, sentiment is recovering from recent lows, and spending has slightly slowed.
- Despite the concern on tariffs, fiscal stimulus through deregulation and tax policy is on the horizon.
- US stock valuations are lower but have not corrected to attractive levels.
- The tariff situation continues to be a key concern, especially approaching July 9 extension expiration.

### Impact on Economy and Financial Markets



Impact on investment: ■ Positive ■ Neutral ■ Negative

Timeframe: ■ Current ■ Change from last month

Source: Proprietary opinions based on CNR Research, as of June 30, 2025. Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



# Economic Forecasts

- July forecasts remain unchanged, while consensus has moved closer into CNR's range.
- GDP growth is expected to remain positive, but it may be weighed down by policy decisions.
- Corporate profits for the year may swing within a wide range, but Q1 results were positive.
- Some inflation pressure is likely to materialize based on the administration's tariff policy.
- The Fed may cut rates one to two times later this year, which may be a tailwind for stocks.
- Structural pressure will likely keep 10-year Treasury yields over 4%.

City National Rochdale Forecasts		2024	CNR 2025 (est.)	Consensus 2025 (est.)
Real Annual GDP Growth		2.5%	1.0% to 1.75%	1.4%
Corporate Profit Growth		9.6%	7.0% to 10.0%	7.5%
Headline CPI Year End		2.9%	3.25% to 3.50%	3.0%
Interest Rates	Federal Funds Rate	4.25% to 4.50%	3.75% to 4.25%	4.05%
	Treasury Note, 10-Yr.	4.57%	4.0% to 4.5%	4.25

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

e: estimate.

The consumer price index (CPI) measures the monthly change in prices paid by US consumers.

Sources: Bloomberg, FactSet, proprietary opinions based on CNR Research, as of June 30, 2025. Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



# Shifting Global Dynamics and Domestic Impact

- The foundational elements of global relationships are colliding, culminating in geopolitical uncertainty and the Trump administration's policy priorities, which broadly span tariffs, deregulation and tax incentives.
- The creditworthiness of the federal government, political uncertainty, development of critical technology and the increased potential for additional nonfinancial shocks combined with the post-pandemic economy will influence global capital and dictate forward market returns.

## Labor

The labor market remains strong, but questions remain about the forward outlook due to federal job cuts and tariff policy.

## Inflation

Inflation is likely to rise this summer due to higher producer costs, but tariffs will not transfer to consumers on a one-to-one basis.

## Tariffs

Tariffs will continue to dominate headlines, but ongoing negotiations have improved sentiment.

## The Fed

The path of long-term inflation is unclear, and unemployment remains steady, putting pressure on the Fed to stay on hold.

Source: CNR Research, as of June 30, 2025.

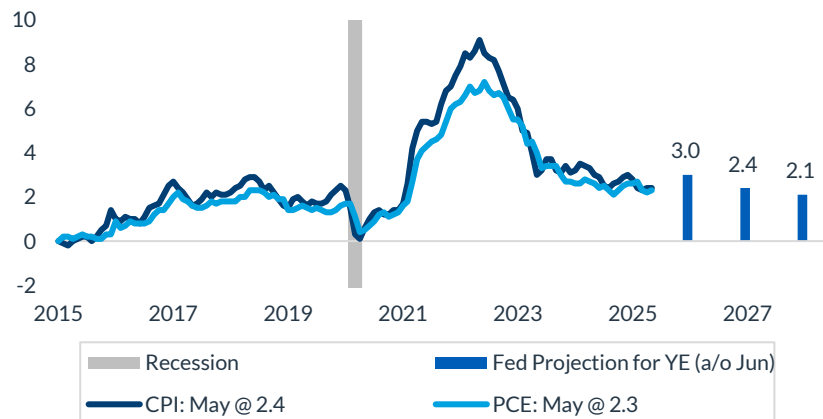
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



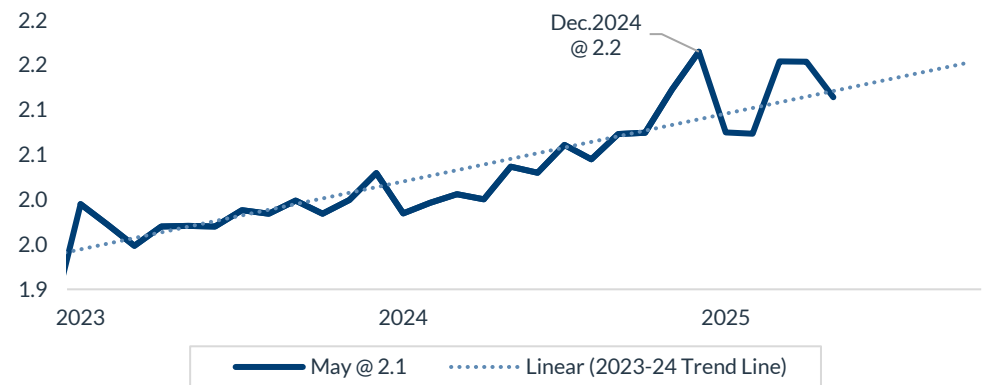
# Consumer Fundamentals Remain Strong

- Inflationary pressures are below the Fed’s expectations, driven mainly through lower gasoline prices.
- Spending on durable goods, like vehicles and appliances, has been volatile due to tariff fears.
- Income is growing faster than inflation, spending even quicker, while credit card delinquencies have declined.

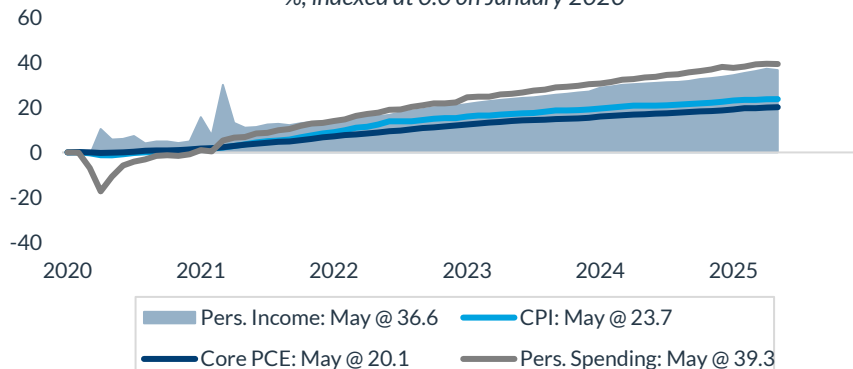
Inflation: CPI, PCE and the Fed's Projection for PCE  
%, year-over-year



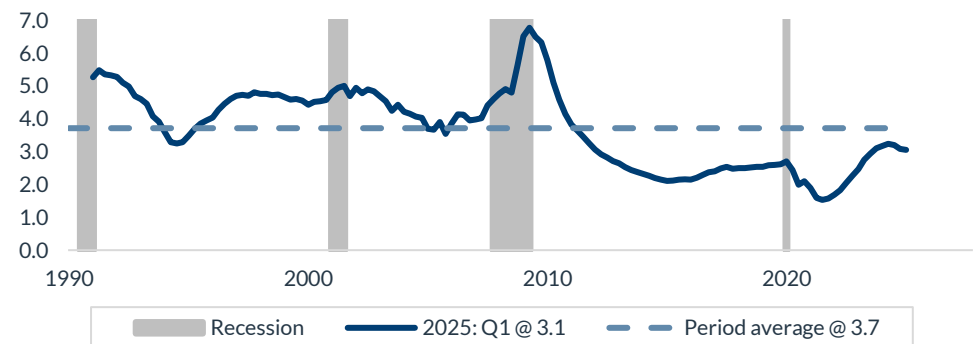
Personal Spending: Durable Goods: Inflation Adjusted  
\$, trillions, seasonally adjusted annual rate



Income, Inflation and Spending  
%, indexed at 0.0 on January 2020



Delinquency Rates for Credit Card Loans  
%, seasonally adjusted



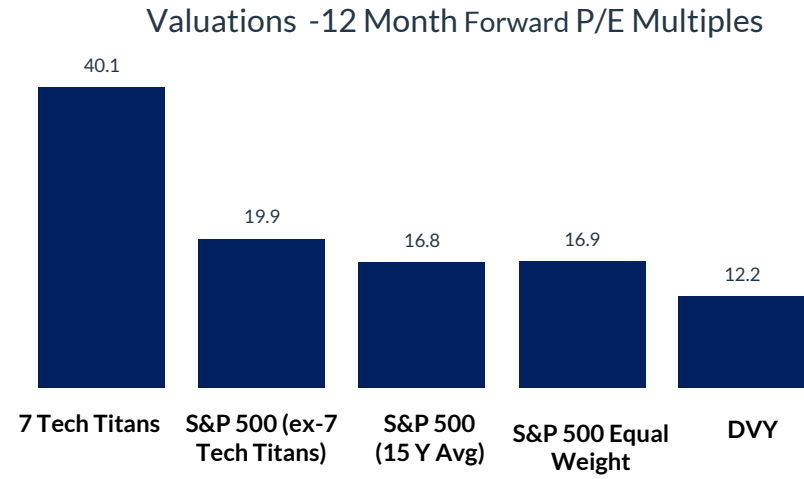
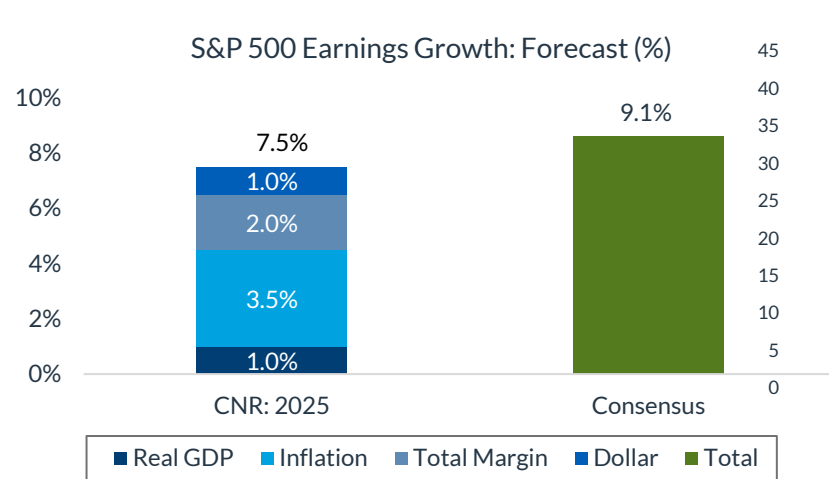
Sources: Chart 1: Federal Reserve Bank, Bureau of Economic Analysis, Bureau of Labor Statistics, as of May 2025. Chart 2: Bureau of Economic Analysis, as of May 2025. Chart 3: Bureau of Economic Analysis, Bureau of Labor Statistics, as of May 2025. Chart 4: Federal Reserve Bank, as of Q1 2025. Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE

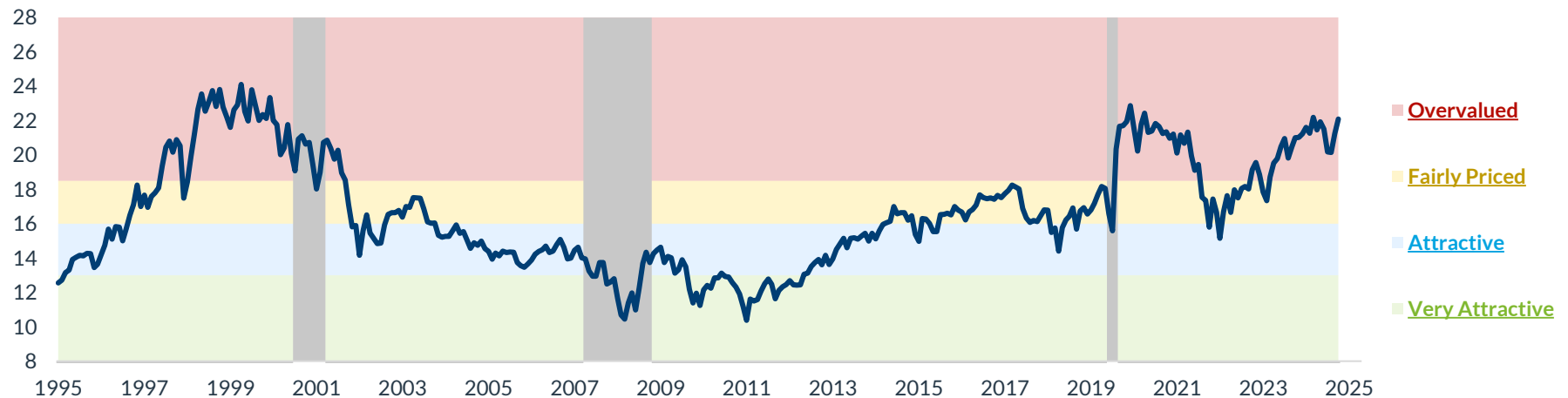


# Equity Risk/Reward Conditions Appear Modestly Positive

- Focusing on fundamentals is key.
- Improving non-tech earnings are expected to support corporate profit growth, but the 2025 expectations bar is high.
- Equity valuations appear more reasonable for the broader market.



## S&P 500 Forward Price/Earnings Ratio



Sources: Bloomberg, FactSet, CNR Research, as of June 30, 2025.

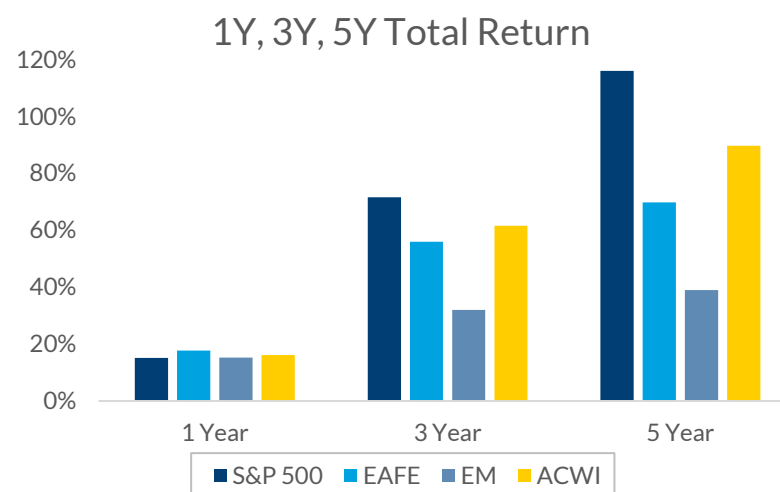
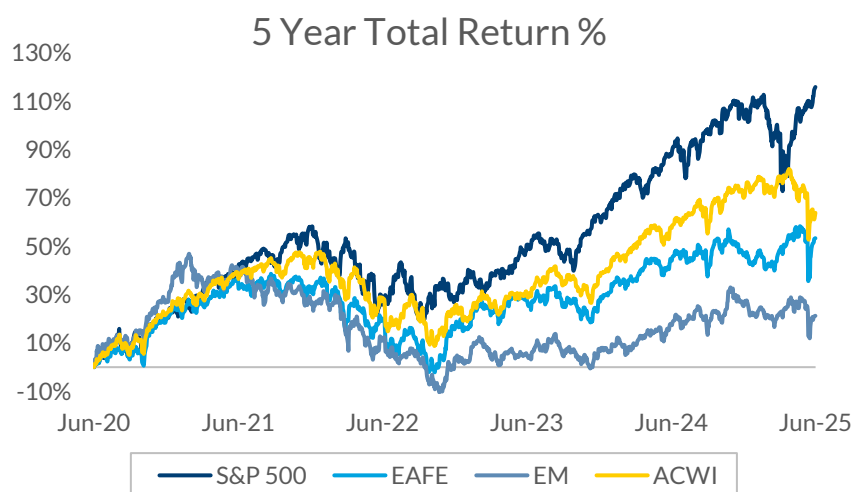
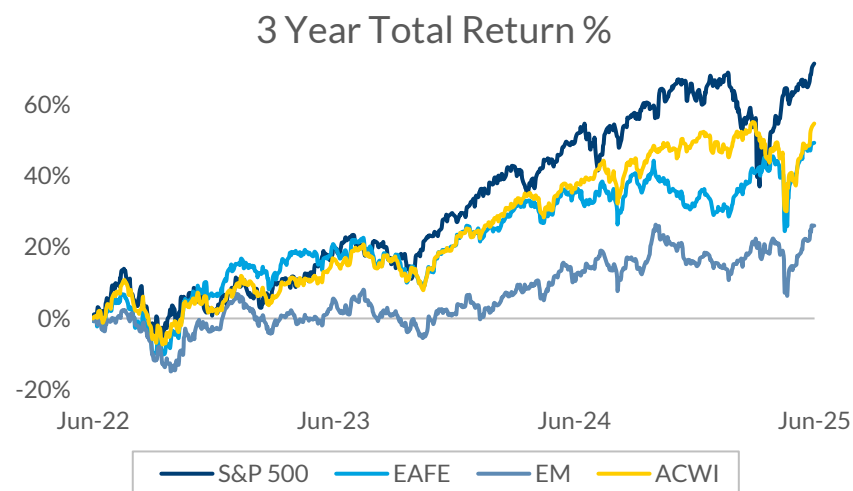
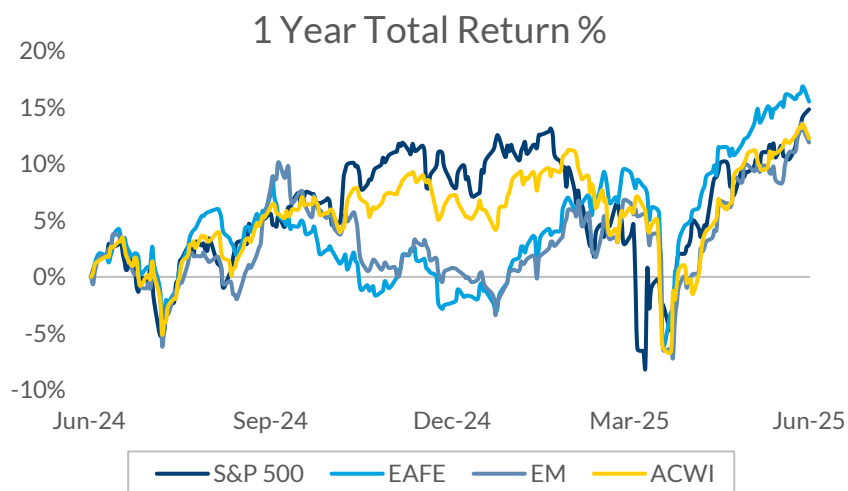
Indices are unmanaged, and one cannot invest directly in an index. Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



# Global Markets Have Underperformed US

- The US market has surpassed the return of global non-US developed and emerging markets over time.
- The outperformance of non-US markets this year has been heavily dependent on the direction of the US dollar.



Source: Bloomberg, as of June 30, 2025. Past performance is not a guarantee of future results. Indexes used: The Standard & Poor's 500 Index (S&P 500), MSCI EAFE Index, MSCI Emerging Markets (EM) Index, The MSCI All Country World Index (ACWI).

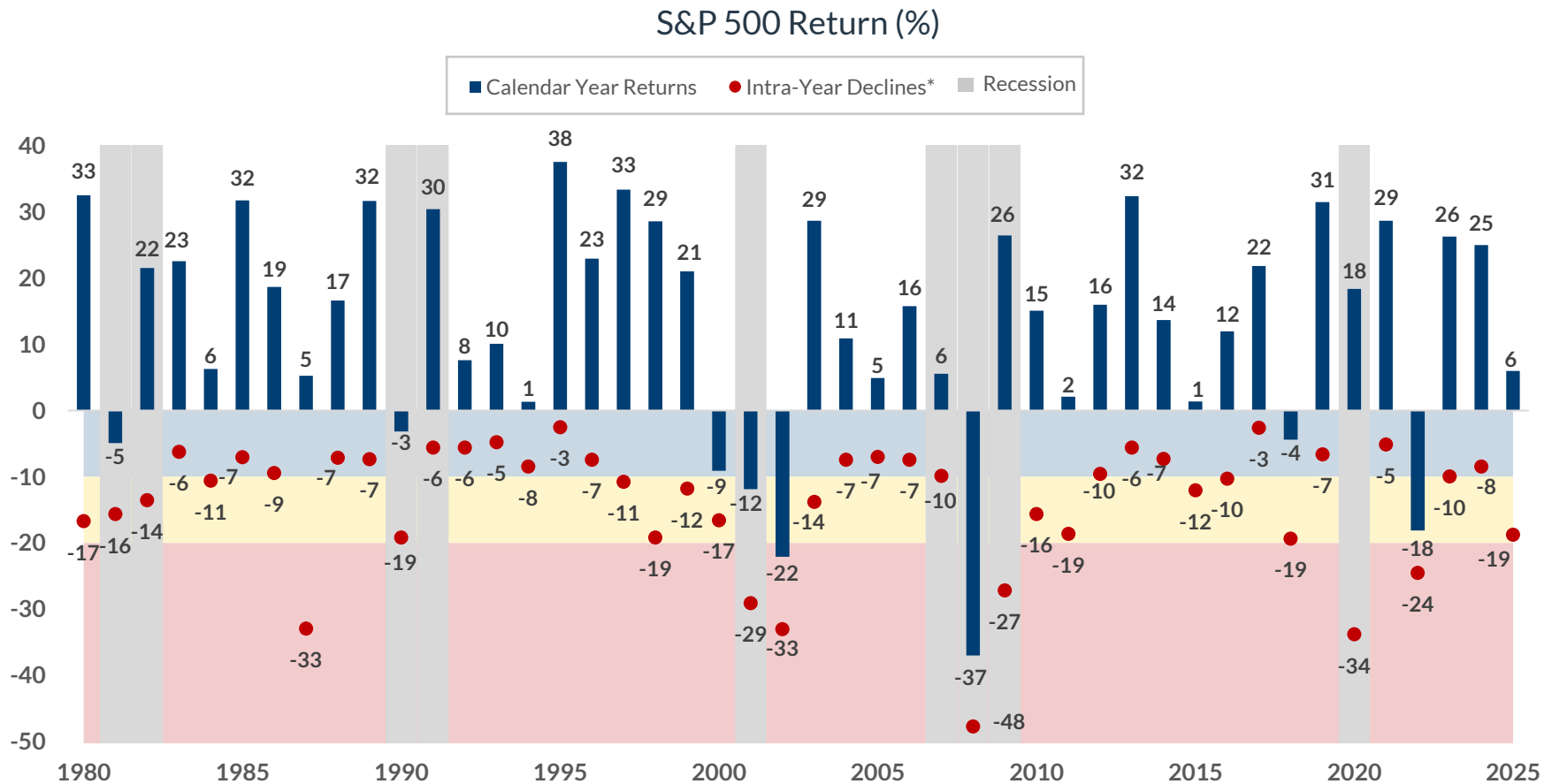
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE





# Short-Term Volatility Is Normal

- Corrections are a normal part of market movements. Since 1980, the S&P 500 has ended the year above its intra-year low. Volatility should always be expected.



Sources: Bloomberg, CNR Research, as of June 30, 2025

\*Intra-year declines are the largest declines within the calendar year.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

Past performance is no guarantee of future results.

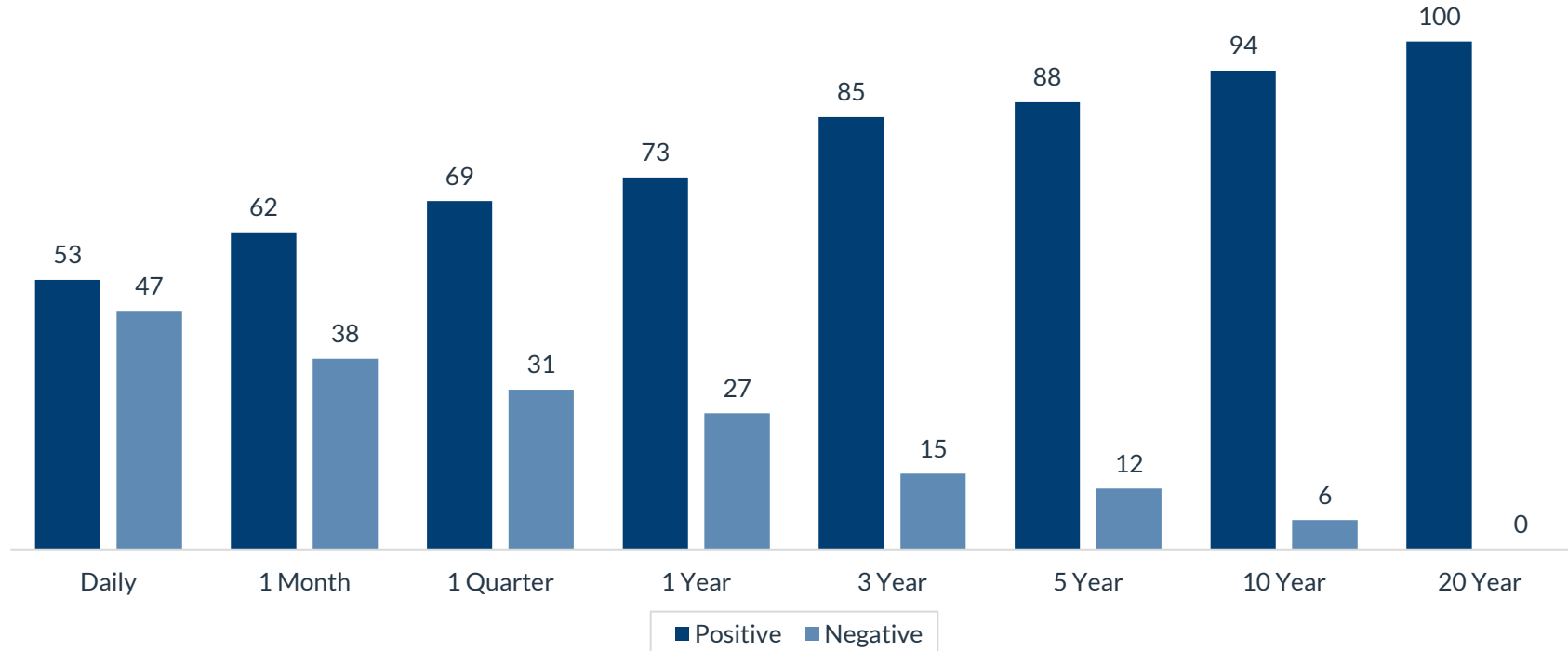
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



# Volatility ≠ Risk of Loss Given Appropriate Time Horizon

- While stocks are volatile in the shorter term, the risk of loss has been low over long time horizons.
- Focusing on goals rather than short-term volatility can increase the probability of success.

Probability of Positive and Negative Stock Performance  
%, across various time horizons



Sources: FactSet, CNR Research. Data reflects S&P 500 performance January 1928-December 2024.

Daily returns were calculated for the periods shown above, with the number of positive and negative days counted. The number of positive and negative days, respectively, was then divided by the total number of days to calculate the percentages.

Past performance is no guarantee of future results.

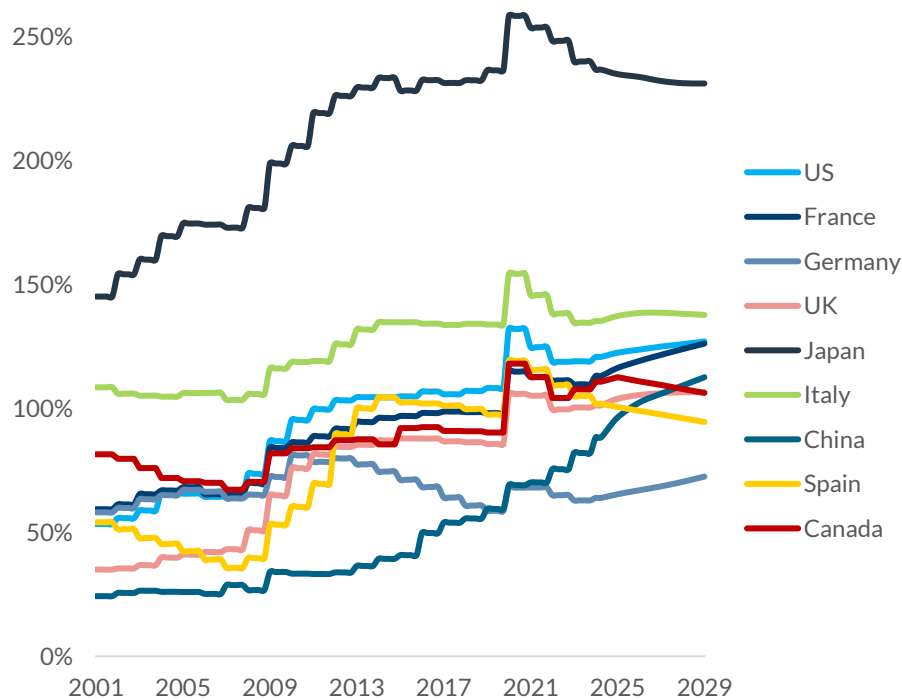
NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



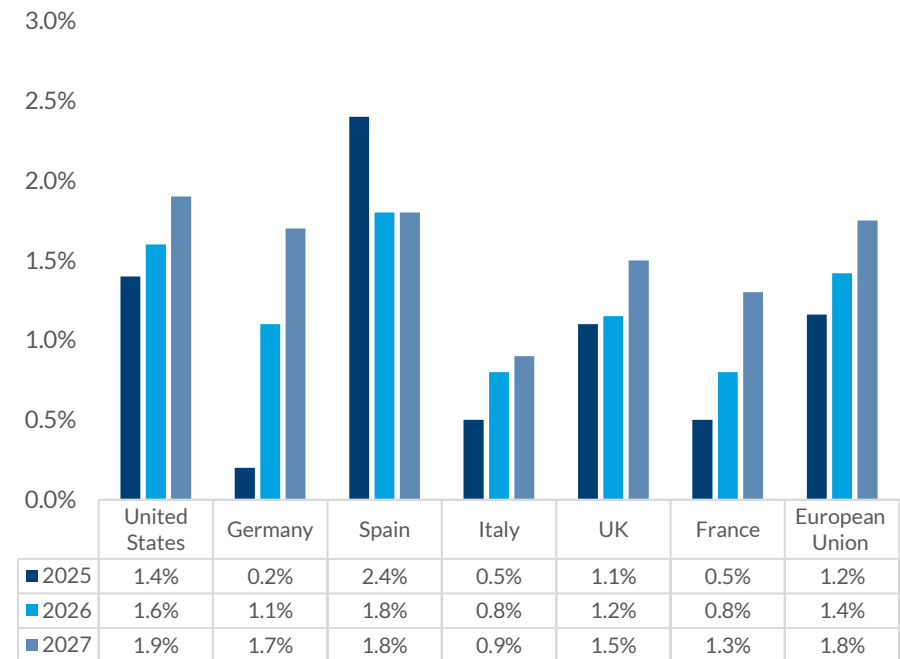
# Popular Regional Allocations Still Have Debt Problems

- The US has its debt problems, but it is far from unique on the global stage, especially as Europe and China are set to increase spending.
- Growth forecasts are starting to look better in Europe, but US growth expectations maintain the advantage.

Developed World Debt (% of GDP)



YoY Consensus GDP Forecast



Data current as of June 30, 2025.

Sources: Bloomberg, International Monetary Fund, CNR Research.

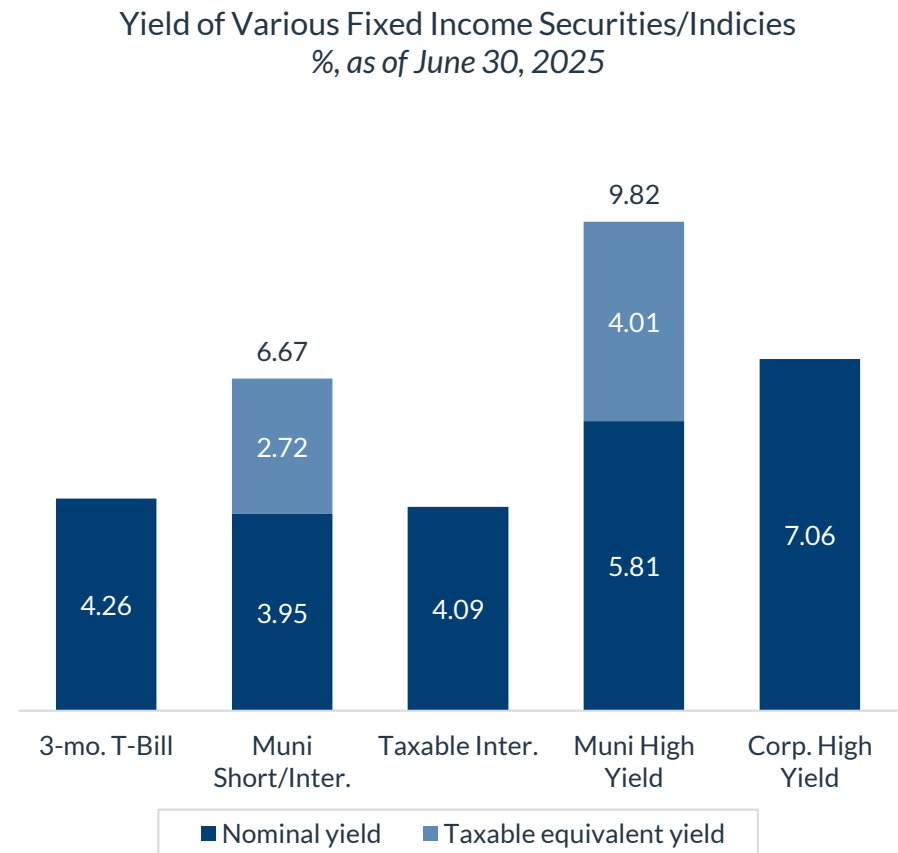
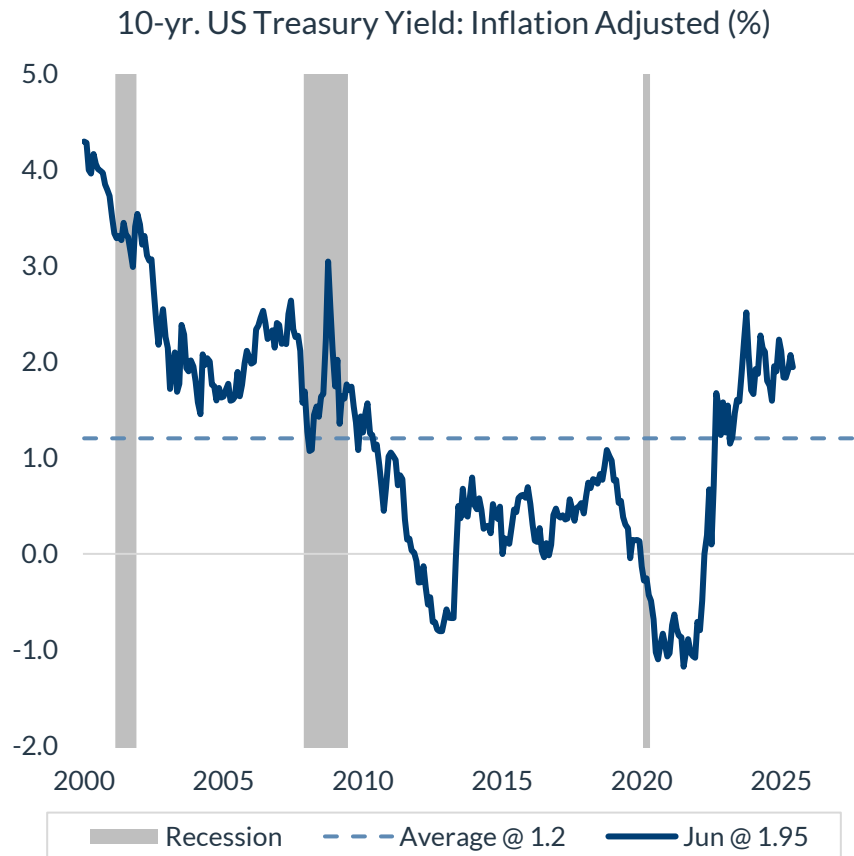
Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



# Conflicting Signals from the Bond Market

- Some shifts in the bond market suggest rates have not moved as high as they should.
- However, real yields indicate a potential opportunity that aligns with historical rate levels.



Data current as of June 30, 2025.  
 Sources: Bloomberg, CNR Research.  
 Taxable Equivalent Yield assumes 37% federal tax and 3.8% Medicare surcharge  
 Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



# Investment Strategy Committee Summary

- Equity positioning remains steady, as tariff-related headwinds led us to drop growth and earnings expectations; we continue to emphasize valuation discipline within US markets.
- Our focus remains on US domestic equities, where fundamentals are still comparatively stronger; international allocations remain in flux, and we are actively evaluating regional exposures as trade dynamics evolve. The single most important element of global allocation will be the direction of the US dollar.
- Volatility may persist, given uncertainty around policy direction; we see opportunities in markets, but patience and selectivity are key.
- Fed policy remains on hold, not easing aggressively, and with inflation still elevated, we see limited scope for near-term cuts.
- Municipal bonds have sold off substantially and now offer compelling tax-exempt yields, both in investment grade and high-yield segments.
- High yield corporate bond spreads have retreated from recent highs; we prefer a credit barbell, where absolute yields will have the potential to provide high long-term return, while rotating into selective lower quality, which may help drive total return.
- Select alternatives\* may provide valuable diversification, particularly for clients who can tolerate illiquidity and are seeking exposure to private market opportunities in a more complex macro environment.

\*Alternative investments are speculative, may entail substantial risks and may not be suitable for all investors.

Diversification does not ensure a gain or protect a loss.

Sources: Bloomberg, CNR Research, as of June 30, 2025.

Information is subject to change and is not a guarantee of future results.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE



# Index Definitions

The Standard & Poor's 500 Index (S&P 500) is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity and industry group representation to represent US equity performance.

The Consumer Price Index (CPI) measures the monthly change in prices paid by US consumers. The Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate US consumer spending.

Gross domestic product (GDP) is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period.

The Bloomberg Barclays US Corporate High Yield Index is an unmanaged, US-dollar-denominated, nonconvertible, non-investment-grade debt index. The index consists of domestic and corporate bonds rated Ba and below with a minimum outstanding amount of \$150 million.

The MSCI Europe Index captures large and mid cap representation across Developed Markets (DM) countries in Europe. The index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization weighted index that is designed to measure developed equity market results, excluding the US and Canada.

MSCI Emerging Markets (EM) Index The MSCI Emerging Markets Index captures large and mid cap representation across Emerging Markets countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country. The MSCI Europe Index captures large and mid cap representation across Developed Markets (DM) countries in Europe. The index covers approximately 85% of the free float-adjusted market capitalization across the European Developed Markets equity universe.

The S&P 500® Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

The Bloomberg 1-3 Month US Treasury Bill Index includes all publicly issued zero-coupon US Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value.

The Bloomberg Municipal Short/Intermediate Index is a measure of the US municipal tax-exempt investment grade bond market.

The Bloomberg Taxable Intermediate Government Credit Index measures investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related bond markets with a maturity greater than 1 year and less than 10 years.

The Bloomberg Municipal High Index is a measure of the US municipal tax-exempt non-investment grade bond market.

The Bloomberg 1-3 Month U.S. Treasury Bill Index includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and more than 1 month, are rated investment grade, and have \$250 million or more of outstanding face value.

High Yield Corporate Bond Yield is derived from the Bloomberg High Yield Corporate Bond Index (LF98), Yield Spread Is the U.S. Corporate High Yield Bond Yield minus the 12-Month Yield of BKLN.

MSCI EAFE Index. The MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization weighted index that is designed to measure developed equity market results, excluding the US and Canada.

The seven tech titan stocks are a group of high-performing and influential companies in the US stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

Nasdaq is an online global marketplace for buying and trading securities—the world's first electronic exchange.

The MSCI All Country World Index (ACWI) is a global stock index that encompasses nearly 3,000 companies from 23 developed countries and 25 emerging markets.

The SPDR Bloomberg 1-3 Month T-Bill ETF enables anyone to easily invest in short-term U.S. Treasury bills (T-bills).



# Definitions

Employment Index: US jobs with the exception of farmwork; unincorporated self-employment; and employment by private households, the military, and intelligence agencies.

A leveraged loan is a type of loan that is extended to companies or individuals that already have considerable amounts of debt or poor credit history.

Muni Bond: A municipal bond is a debt security issued by a state, municipality or county to finance its capital expenditures, including the construction of highways, bridges or schools. These bonds can be thought of as loans that investors make to local governments.

Investment Grade Municipal Bonds: Investment-grade municipal bonds are debt securities, issued by state and local governments carrying the lowest credit risk that a bond issuer may default. Investment Grade Municipal Bonds: Bloomberg Municipal Bond Inter-Short 1-10 Year Total Return Index.

Investment Grade Corporate Bonds: Investment grade corporate bonds are low-risk bonds. Because they are bonds, they are not tied to equity. Instead, they are like debt notes issued by a corporation. Investment Grade Corporate Bonds: Bloomberg Intermediate Corporate Bond Index.

The “core” Personal Consumption Expenditures (PCE) price index is defined as prices excluding food and energy prices. The core PCE price index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation.

CNR Speedometers® are indicators that reflect forecasts of a 6 to 9 month time horizon. The colors of each indicator, as well as the direction of the arrows represent our positive/negative/neutral view for each indicator. Thus, arrows directed towards the (+) sign represents a positive view which in turn makes it green. Arrows directed towards the (-) sign represents a negative view which in turn makes it red. Arrows that land in the middle of the indicator, in line with the (0), represents a neutral view which in turn makes it yellow. All of these indicators combined affect City National Rochdale’s overall outlook of the economy.



# Important Information

The views expressed represent the opinions of City National Rochdale, LLC (CNR) which are subject to change and are not intended as a forecast or guarantee of future results. Stated information is provided for informational purposes only, and should not be perceived as personalized investment, financial, legal or tax advice or a recommendation for any security. It is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness. While CNR believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and management's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions which may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements.

All investing is subject to risk, including the possible loss of the money you invest. As with any investment strategy, there is no guarantee that investment objectives will be met, and investors may lose money. Diversification may not protect against market risk or loss. Past performance is no guarantee of future performance.

Indices are unmanaged, and one cannot invest directly in an index. Index returns do not reflect a deduction for fees or expenses.

CNR is free from any political affiliation and does not support any political party or group over another.

Bonds are subject to interest rate risks and will decline in value as interest rates rise.

HY: Investing in securities that are not investment grade offers a higher yield but also carries a greater degree of risk of default or downgrade and are more volatile than investment grade securities, due to the speculative nature of their investments.

Equity investing strategies & products. There are inherent risks with equity investing. These risks include, but are not limited to stock market, manager or investment style. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Fixed Income investing strategies & products. There are inherent risks with fixed income investing. These risks include, but are not limited to, interest rate, call, credit, market, inflation, government policy, liquidity or junk bond risks. When interest rates rise, bond prices fall. This risk is heightened with investments in longer-duration fixed income securities and during periods when prevailing interest rates are low or negative.

High yield securities. Investments in below-investment-grade debt securities, which are usually called "high yield" or "junk bonds," are typically in weaker financial health. Such securities can be harder to value and sell, and their prices can be more volatile than more highly rated securities. While these securities generally have higher rates of interest, they also involve greater risk of default than do securities of a higher-quality rating.

Municipal securities. The yields and market values of municipal securities may be more affected by changes in tax rates and policies than similar income-bearing taxable securities. Certain investors' incomes may be subject to the Federal Alternative Minimum Tax (AMT), and taxable gains are also possible. Investments in the municipal securities of a particular state or territory may be subject to the risk that changes in the economic conditions of that state or territory will negatively impact performance. These events may include severe financial difficulties and continued budget deficits, economic or political policy changes, tax base erosion, state constitutional limits on tax increases and changes in the credit ratings.

Alternative Investments such as derivatives, hedge funds, private equity funds, and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect investments. Alternative investments are speculative and involve a high degree of risk.

© 2025 City National Rochdale, LLC. All rights reserved.

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE







### New York Headquarters

400 Park Avenue  
New York, NY 10022  
212-702-3500

### Beverly Hills Headquarters

400 North Roxbury Drive  
Beverly Hills, CA 90210  
310-888-6000

NON-DEPOSIT INVESTMENT PRODUCTS: • ARE NOT FDIC INSURED • ARE NOT BANK GUARANTEED • MAY LOSE VALUE

[www.cnr.com](http://www.cnr.com)

