



# Monthly Economic Indicators June 2025

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## About RCLCO Fund Advisors

RCLCO Institutional Advisory Services, the predecessor to RCLCO Fund Advisors, LLC (RFA), was formed in 2011. RFA was incorporated in 2013 and registered with the SEC as a registered investment advisor (RIA) in 2014. RFA specifically addresses the complex global investment environment facing pension funds and similar institutional investors. Our broad background across a wide variety of disciplines—including portfolio analysis, development feasibility, and urban planning—makes us uniquely adept at navigating property markets from both a “bottom-up” and “top-down” approach. The team is comprised of more than 30 members with diverse and relevant experience in research, consulting, investment management, property operations, and lending.

RFA is improving the traditional institutional real estate investment model by: providing customized and aligned advisory and investment management solutions to LPs; facilitating partnerships that generate greater LP control and transparency; and driving and achieving long-term objectives in allocation, access, diversification, and performance with greater fee effectiveness.

# Monthly Highlights – June 2025

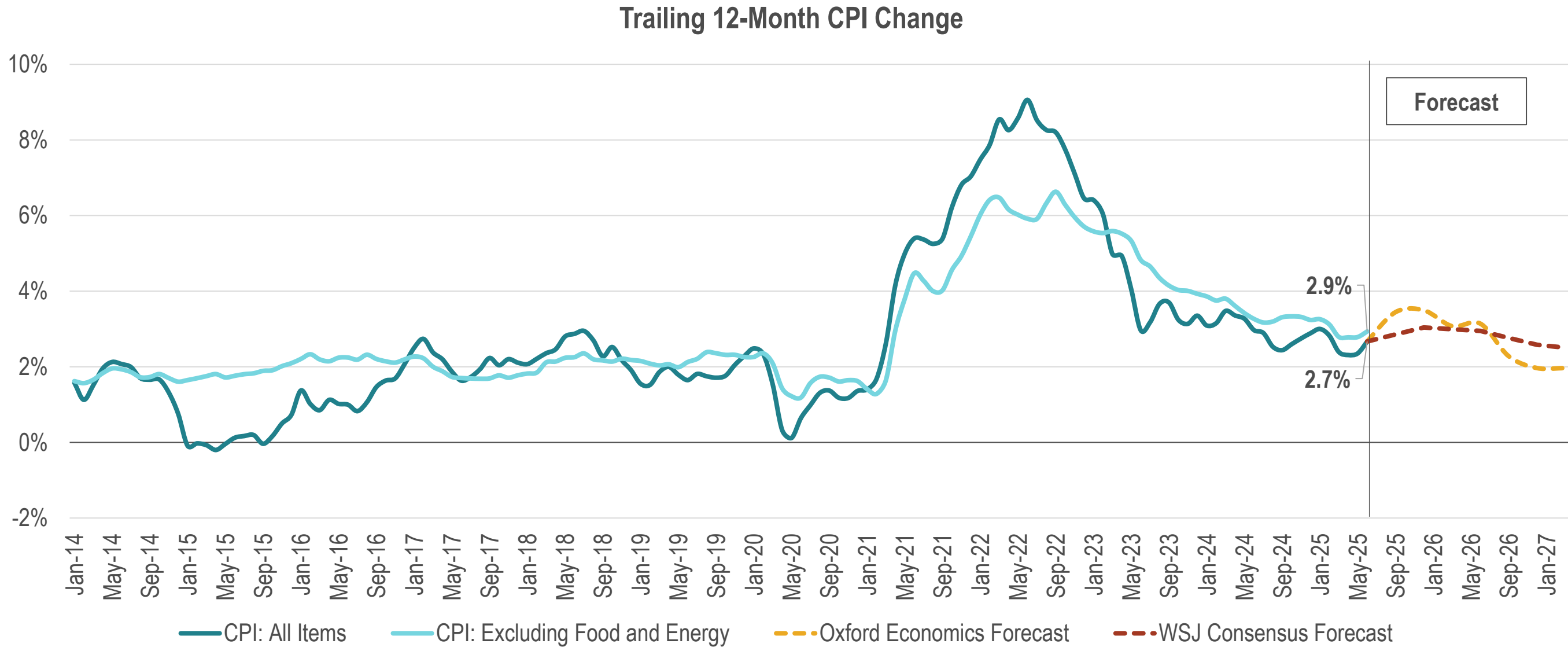
Inflation	<ul style="list-style-type: none"><li>Annual headline CPI inflation rose 30 bps MoM to 2.7% in June and core CPI held rose 10 bps to 2.9%. Inflation is projected to continue to rise in the near term – particularly for goods – as tariff policies take effect.</li><li>Annual total and core PCE inflation both rose 10 bps to 2.3% and 2.7%, respectively, in May*, slightly above the Fed’s target rate.</li><li>The 5-year TIPS-implied inflation rate fell slightly to 2.3% MoM and consumer expectations for 5-year inflation in the U Michigan survey fell slightly to 4.0%.</li></ul>
Interest Rates	<ul style="list-style-type: none"><li>The 10-Year UST ended June at 4.24%, 17 bps below its May-end level. The yield was up to near 4.45% in mid-July.</li><li>The UST yield curve inverted once again in June as the average 10-Year yield fell slightly below the 3-Month yield which ended the month at 4.41%.</li><li>Average commercial real estate mortgage rates held steady at 6.4% in April*. The spread to the UST remained below its long-term average.</li><li>The Fed held rates steady in June at 4.25-4.5%, amid increasing inflationary risks from tariff policy. It is expected to cut rates 1-2 times in 2025.</li></ul>
Employment	<ul style="list-style-type: none"><li>Job growth remained strong at 147K in June, slightly below the trailing 12-month average. Job growth is projected to slow later in the year but recent forecasts have been overly pessimistic.</li><li>The unemployment rate fell 10 bps to 4.1%, and the labor force participation rate also fell 10 bps MoM to 62.3% in June.</li><li>Annual wage growth slowed slightly to 3.7% in June. Over the last three months, wages grew by 3.1% (annualized).</li></ul>
Sentiment & Retail Sales	<ul style="list-style-type: none"><li>Consumer sentiment improved for the first time in six months in June, rising to 60.7. Views of current conditions and future expectations both rose.</li><li>The ISM Purchasing Mangers’ Index (PMI) for services rose into expansion. Manufacturing PMI also rose but remained in contraction.</li><li>Total retail sales fell 0.9% MoM but rose 3.3% YoY in May*. Core retail sales grew 0.3% MoM and 5.0% YoY.</li></ul>
Housing	<ul style="list-style-type: none"><li>Trailing-year median existing home prices rose 3.4% YoY while new home prices fell 2.0% in May*.</li><li>Existing home sales declined 0.7% YoY and new home sales fell 6.3% in May*.</li><li>Trailing-year multifamily completions fell slightly in May*. Permits and starts rose, although they remained below recent highs.</li></ul>

# Inflation

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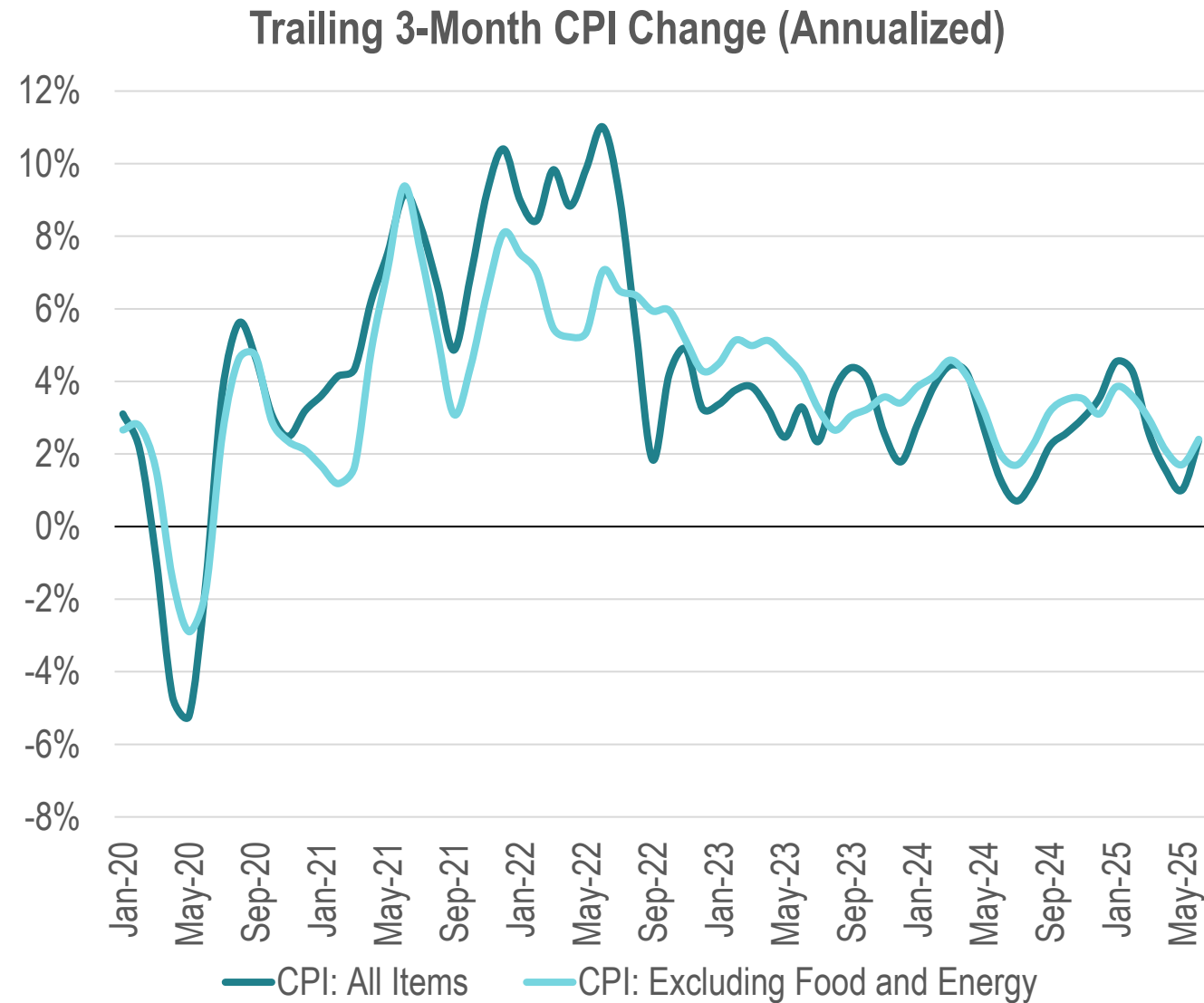
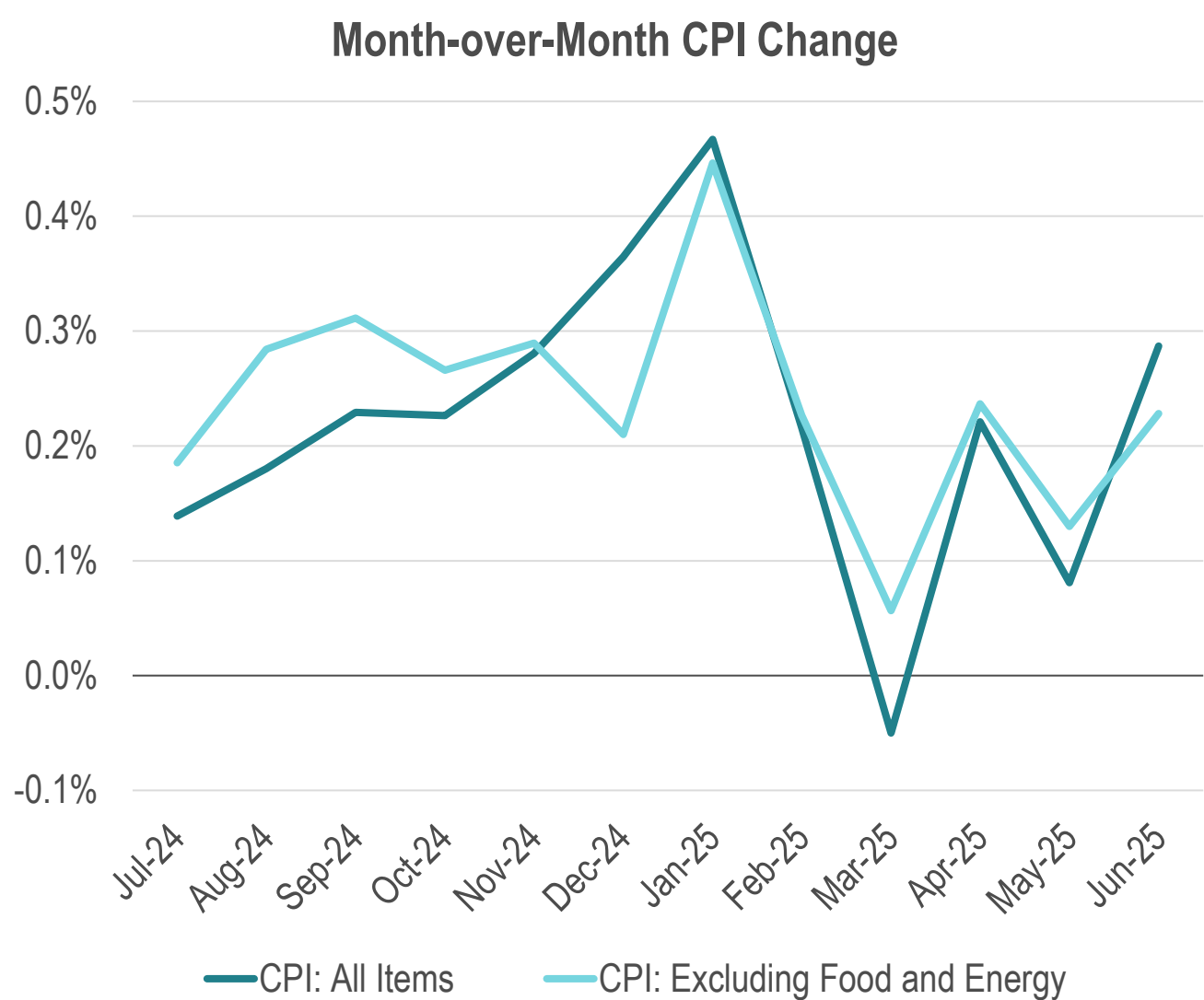
# Annual Headline and Core CPI Rose to 2.7% and 2.9%, Respectively

Inflation Is Forecast to Reaccelerate in Late 2025 and Early 2026 Before Regulating



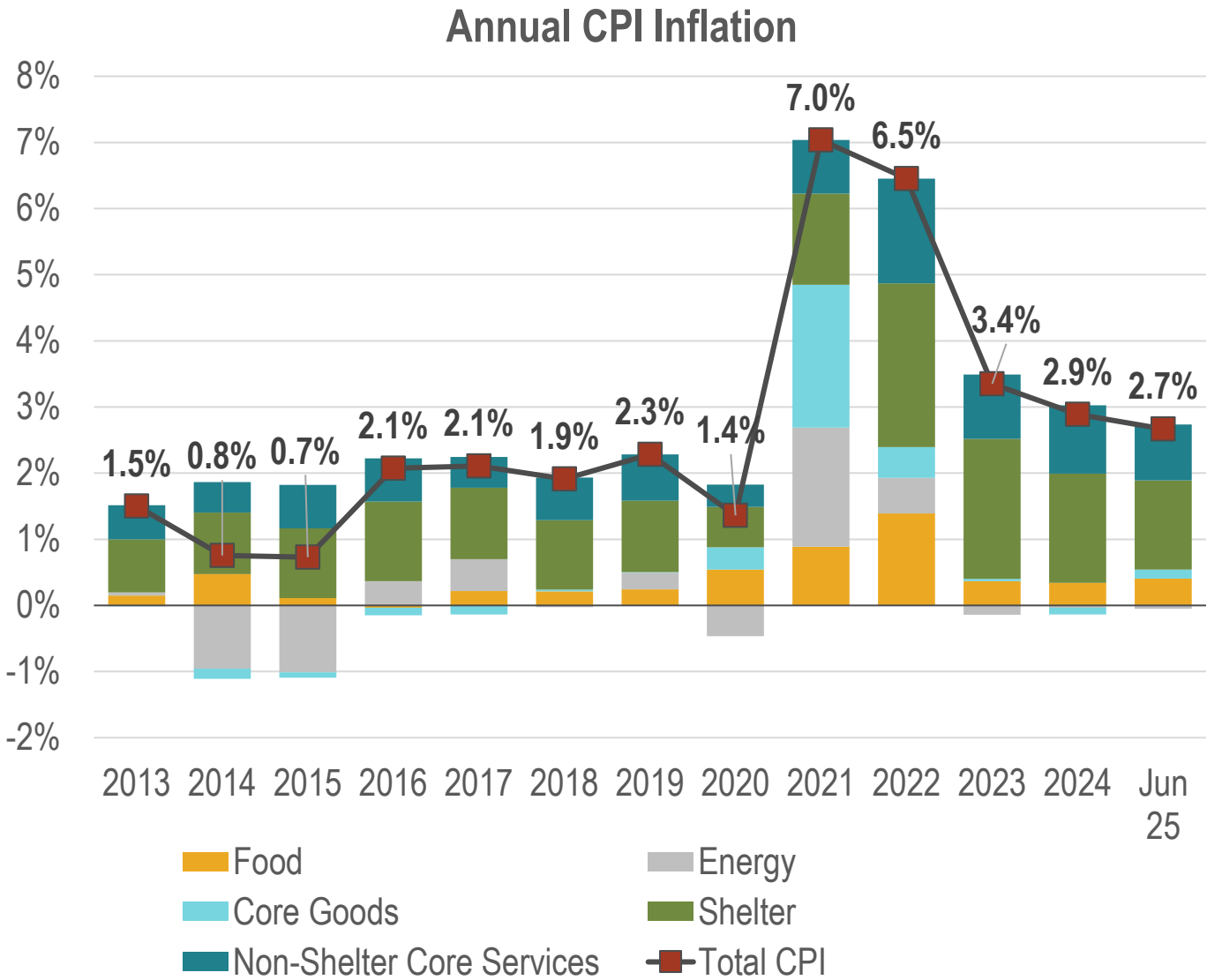
# All Items and Core CPI Ticked Up 0.3% and 0.2% MoM, Respectively

3-Month Annualized All Items and Core CPI Both Rose to 2.4% in June



# Annual Core Services CPI Rose 3.6% and Core Goods Prices Rose 0.7%

Shelter Still Driving Inflation with 3.8% Increase Over the Past Year; Energy Prices Fell 0.8%

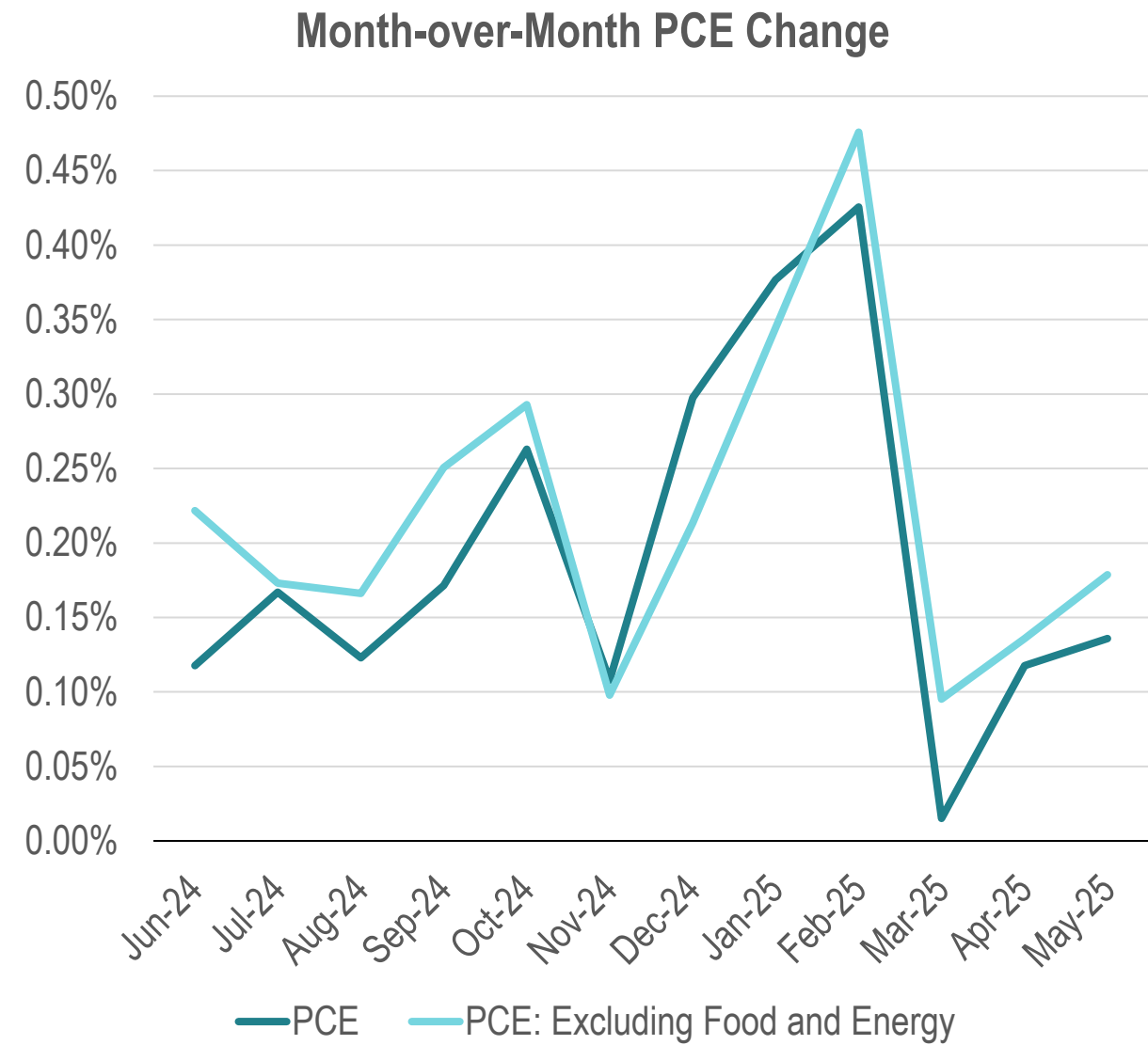
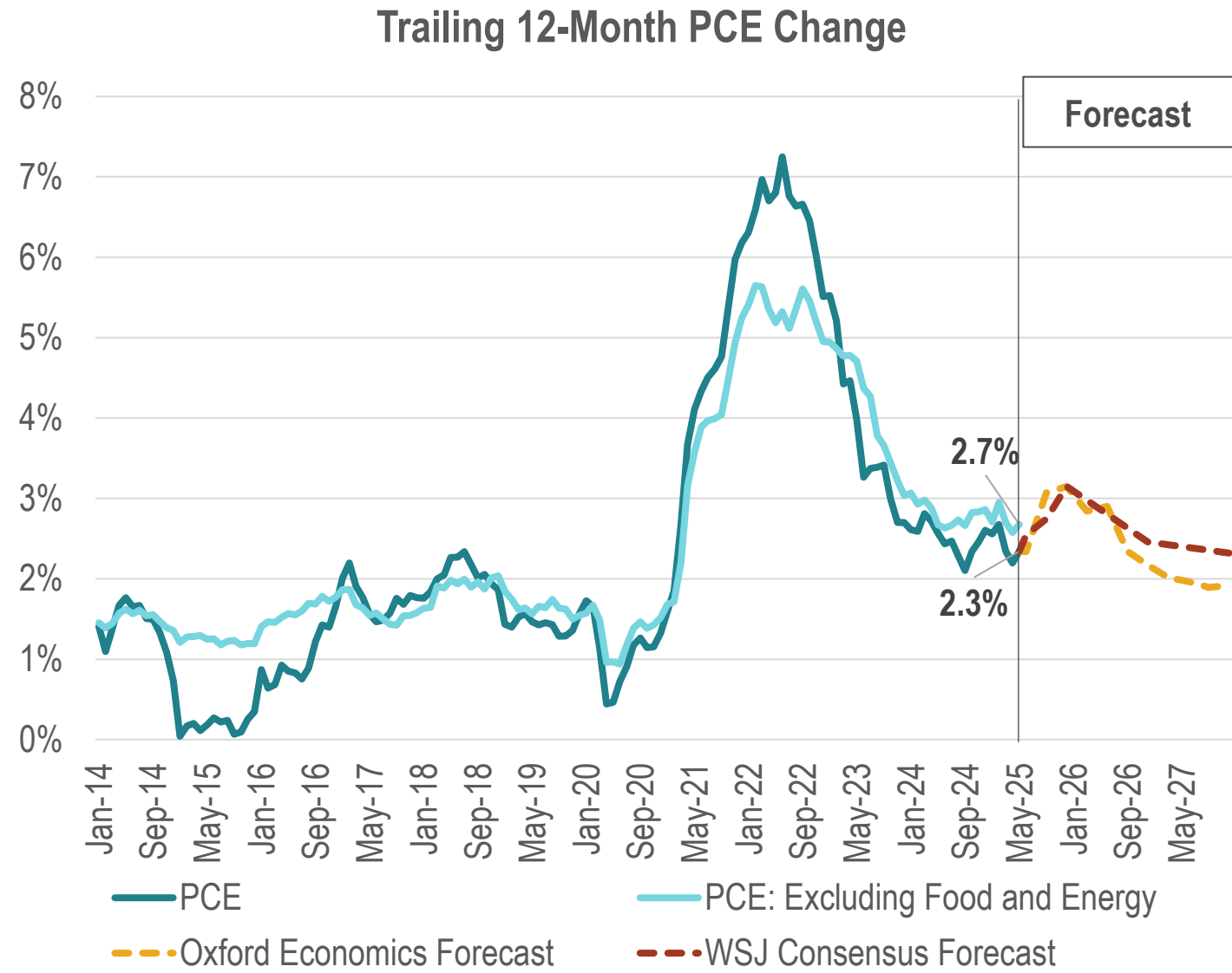


June 2025 Inflation			
	Monthly	Trailing 12-Month	Weights
Apparel	0.4%	-0.5%	2.5%
Education & Communication	0.1%	0.5%	5.7%
Food & Beverages	0.3%	2.9%	14.5%
Other Goods & Services	0.4%	3.7%	2.9%
Housing	0.3%	4.0%	44.2%
Shelter*	0.2%	3.8%	35.5%
Medical Care	0.5%	2.8%	8.3%
Recreation	0.4%	2.1%	5.3%
Transportation	0.1%	-0.1%	16.6%
Food	0.3%	3.0%	13.7%
Energy	0.9%	-0.8%	6.2%
Core Goods	0.2%	0.7%	19.4%
Core Services	0.3%	3.6%	60.7%
Total Core	0.2%	2.9%	80.1%
All Items	0.3%	2.7%	100.0%



# Annual Headline and Core PCE Both Rose 10 bps to 2.3% and 2.7%, Respectively

PCE Is Predicted to Continue Rising in 2025 and Early 2026 Before Moderating

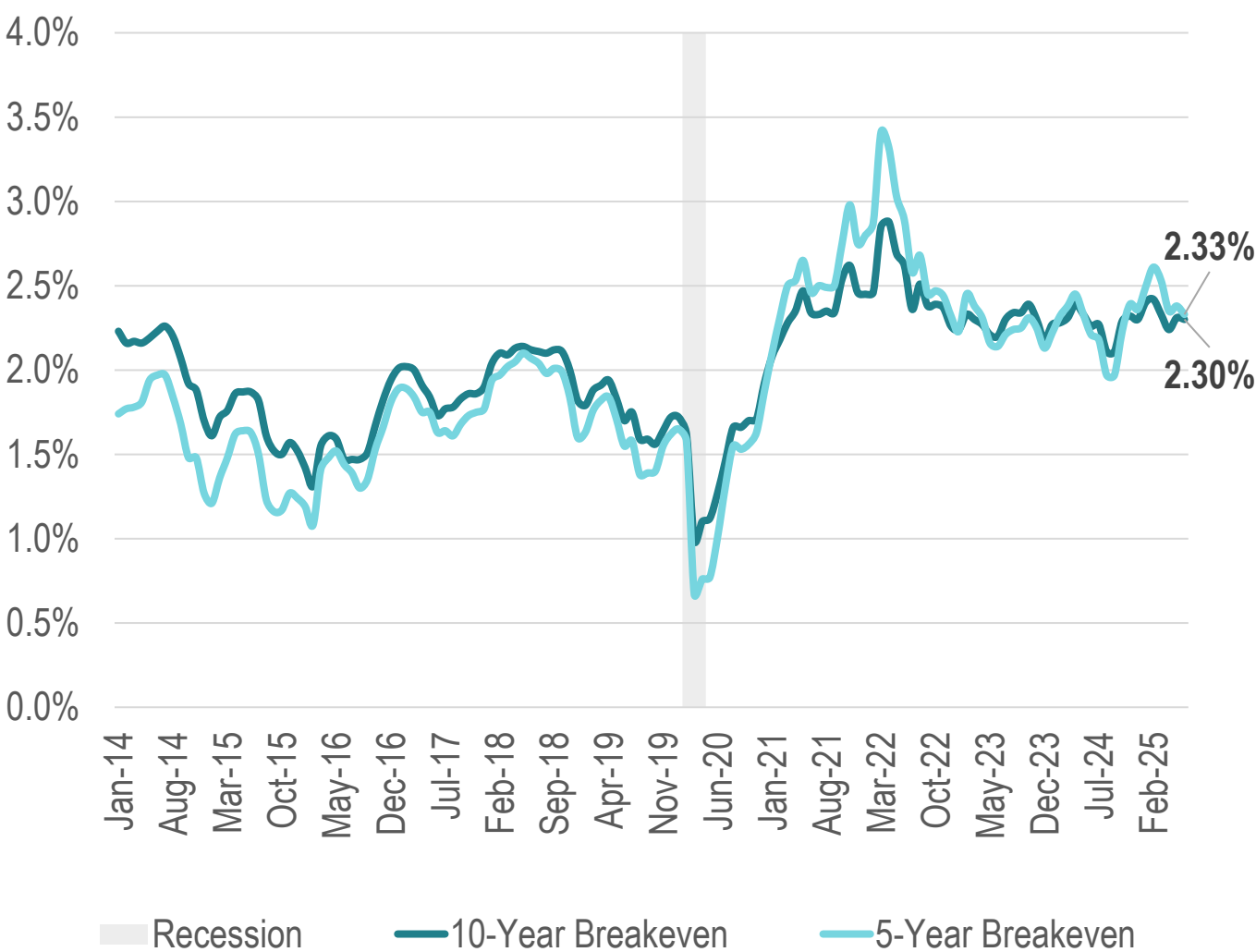




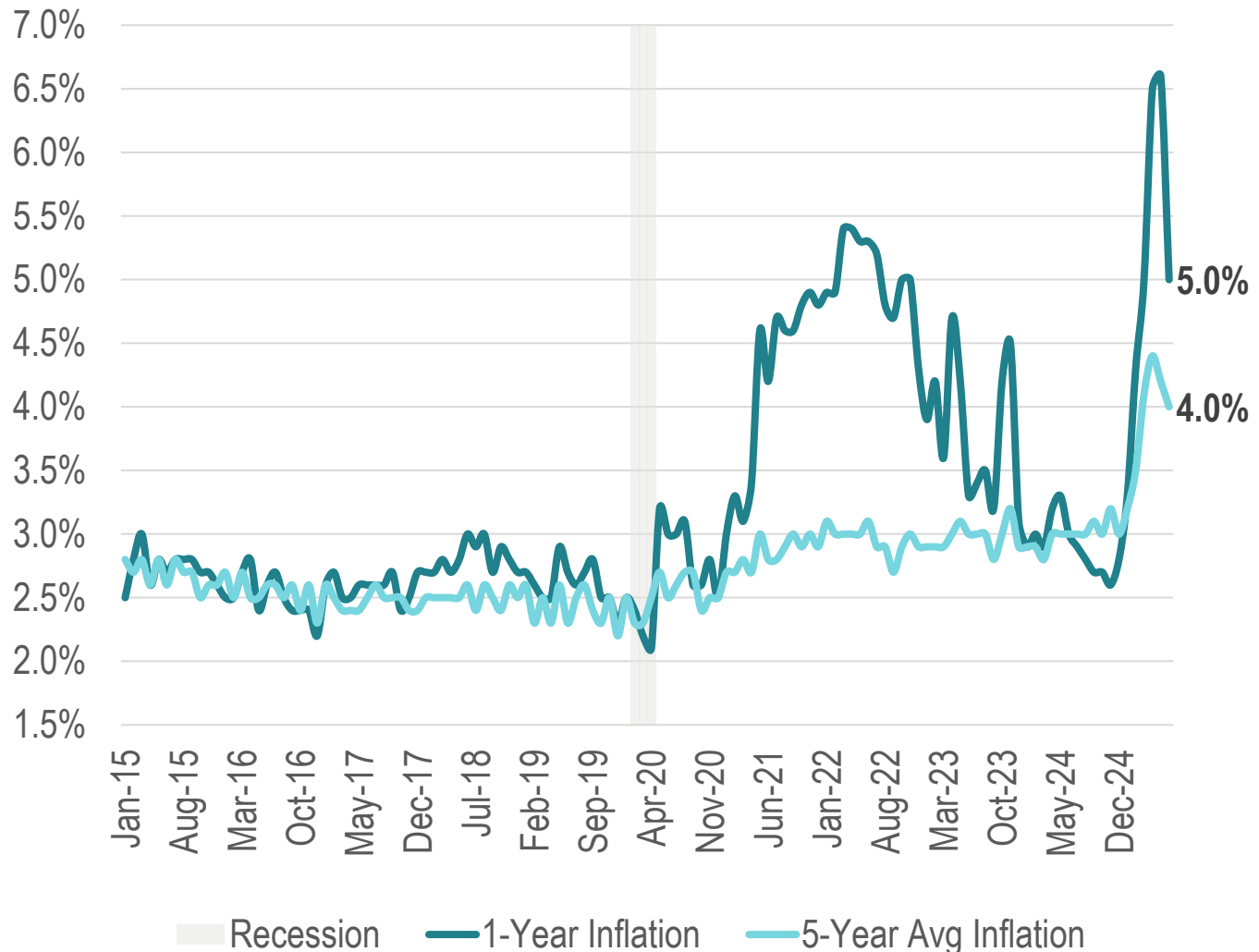
# 5-Year TIPS Breakeven Inflation Rate Fell Slightly; 10-Year Rate Held Steady in June

Consumer Expectations of Year-Ahead Inflation Fell to 5.0% and 5-Year Expectations Declined Slightly to 4.0%

TIPS-Implied Breakeven Inflation Rate



University of Michigan Inflation Expectations

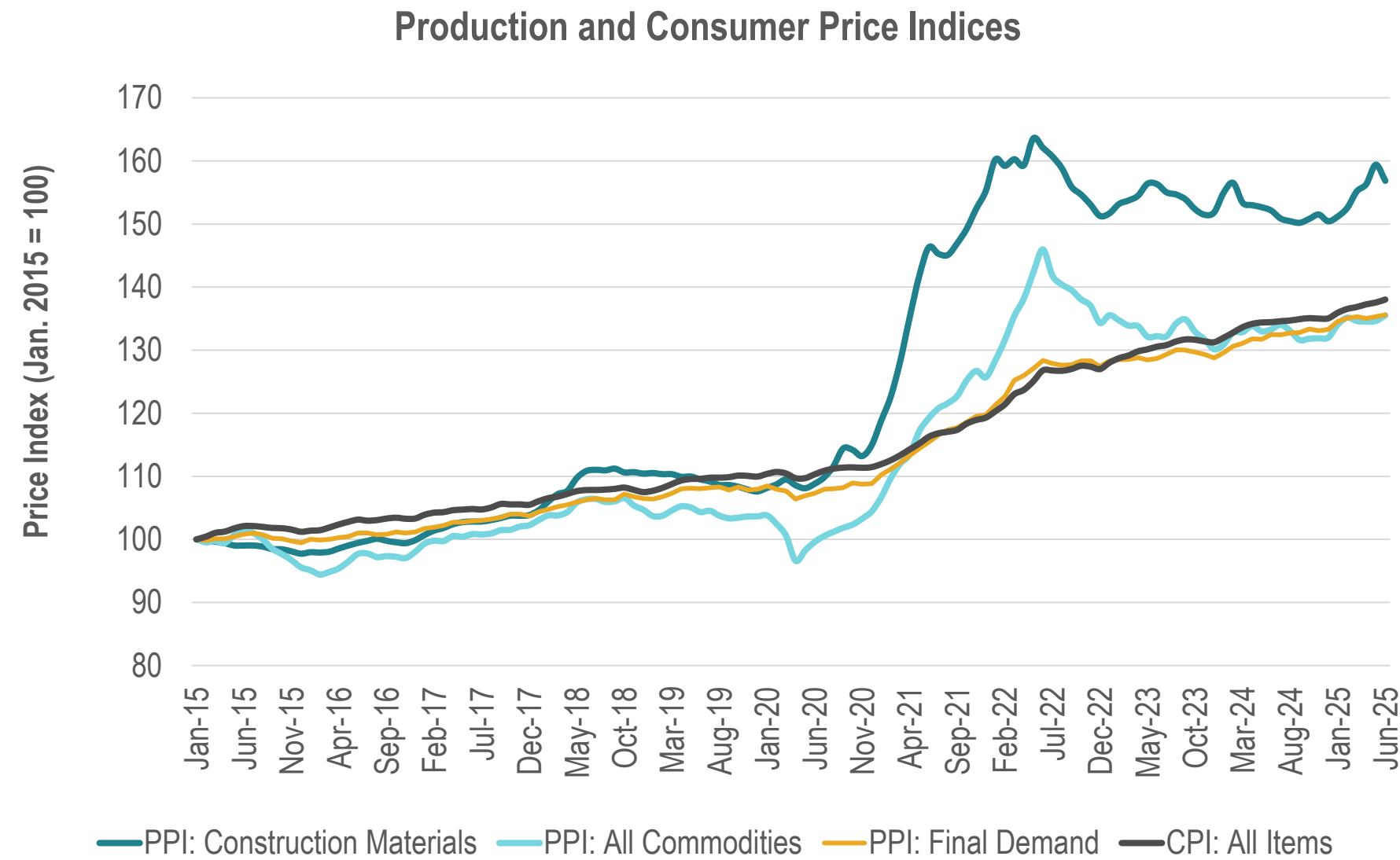


The information contained in this report is confidential, may be legally privileged, and is intended only for the use of select clients of RCLCO Fund Advisors.

Data are as of June 2025.  
Note: The breakeven inflation rate is calculated by subtracting the yield on treasury inflation-protected securities (TIPS) from the yield on non-protected securities; inflation at this rate equalizes real yields on the two securities.  
Source: Federal Reserve Bank of St. Louis; University of Michigan

# Monthly Final Demand and All Commodities PPI Rose 0.2% and 0.6%, Respectively

Construction Materials PPI Fell a Sharp 1.6% MoM but Remained Up 3.1% YoY



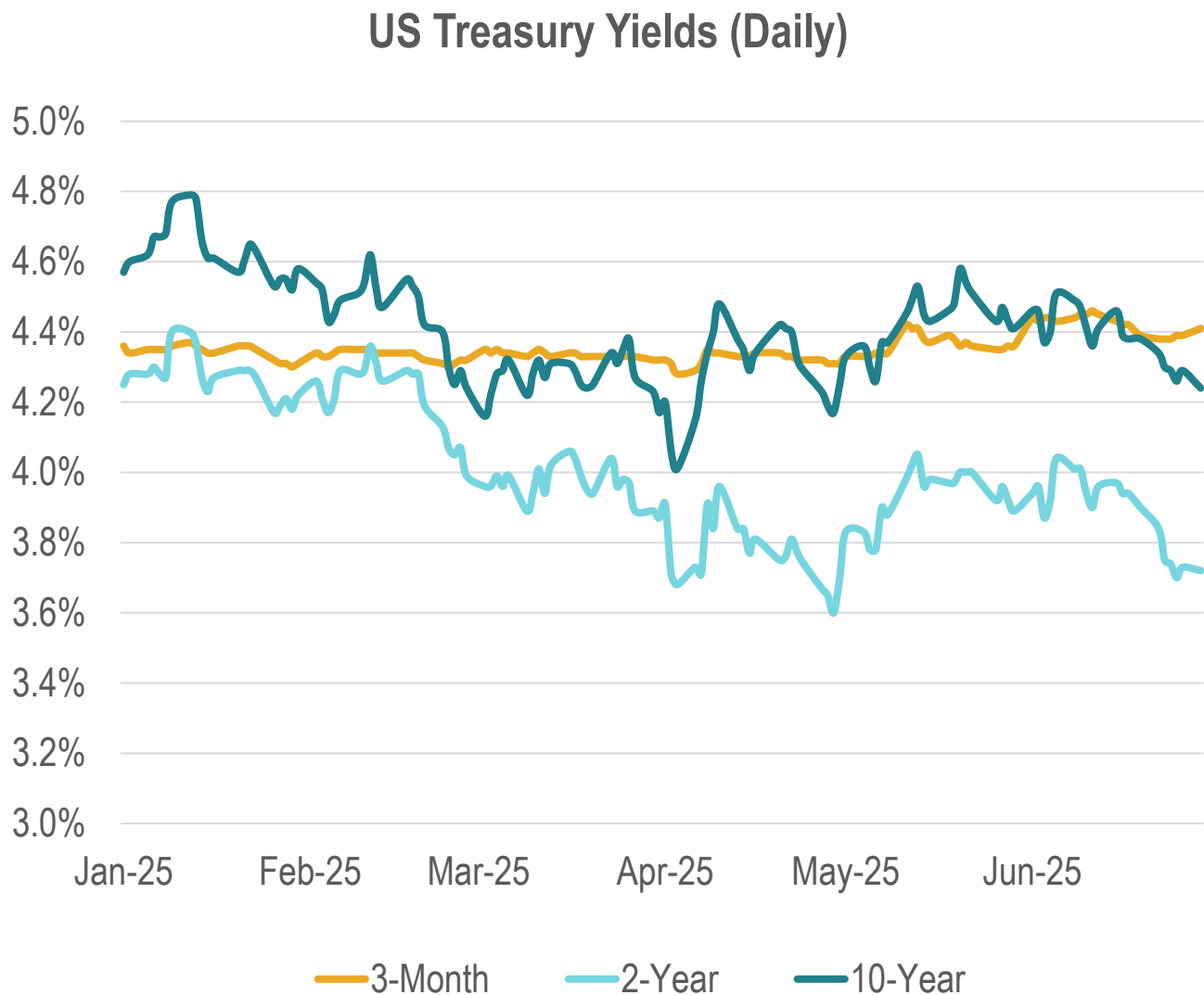
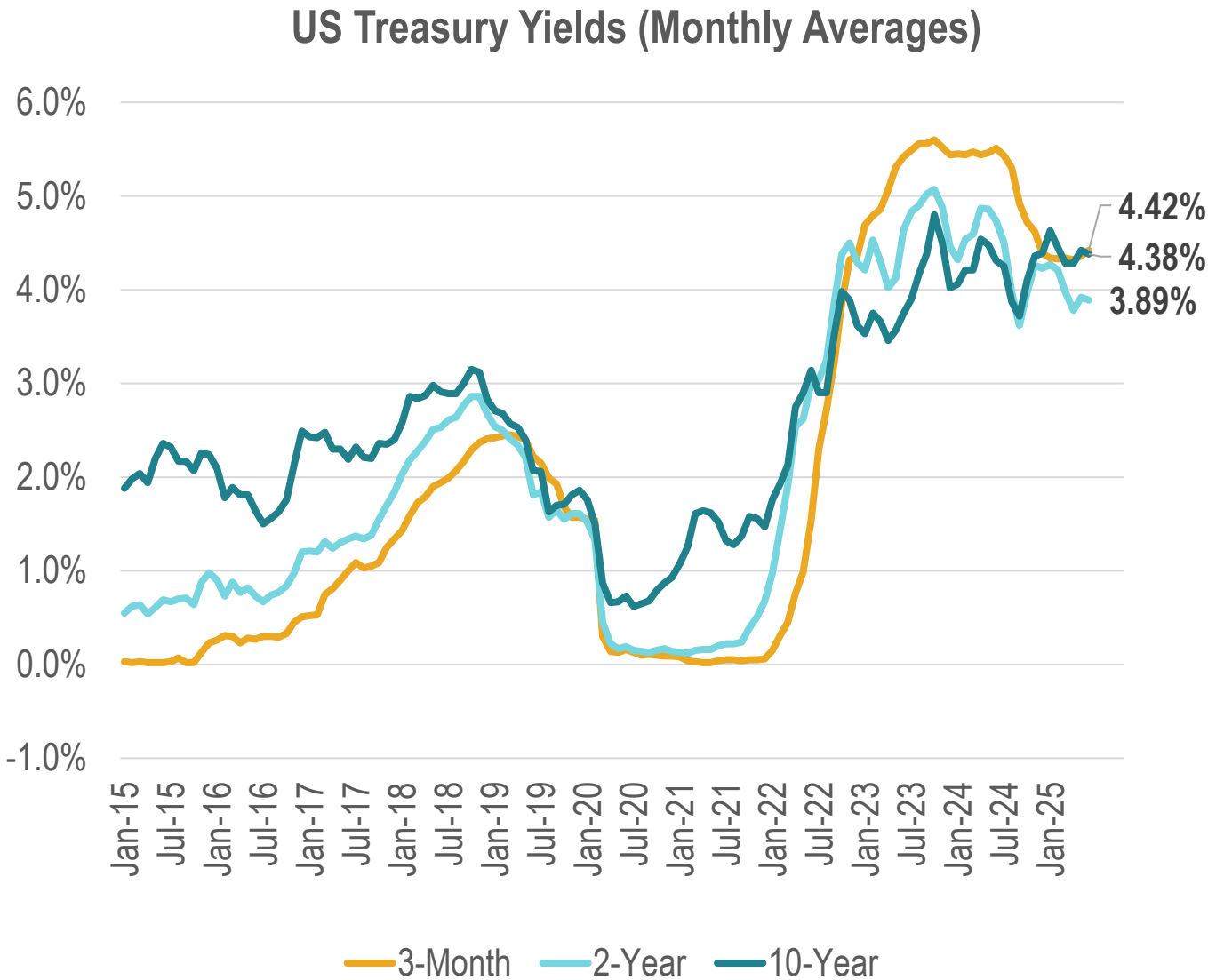
June 2025 Producer Price Index			
	Monthly	Trailing 12-Month	10-Yr Annual Avg
PPI: Construction Materials	-1.6%	3.1%	4.7%
PPI: All Commodities	0.6%	1.7%	2.9%
PPI: Final Demand	0.2%	2.3%	3.0%
CPI: All Items	0.3%	2.7%	3.1%

# Interest Rates

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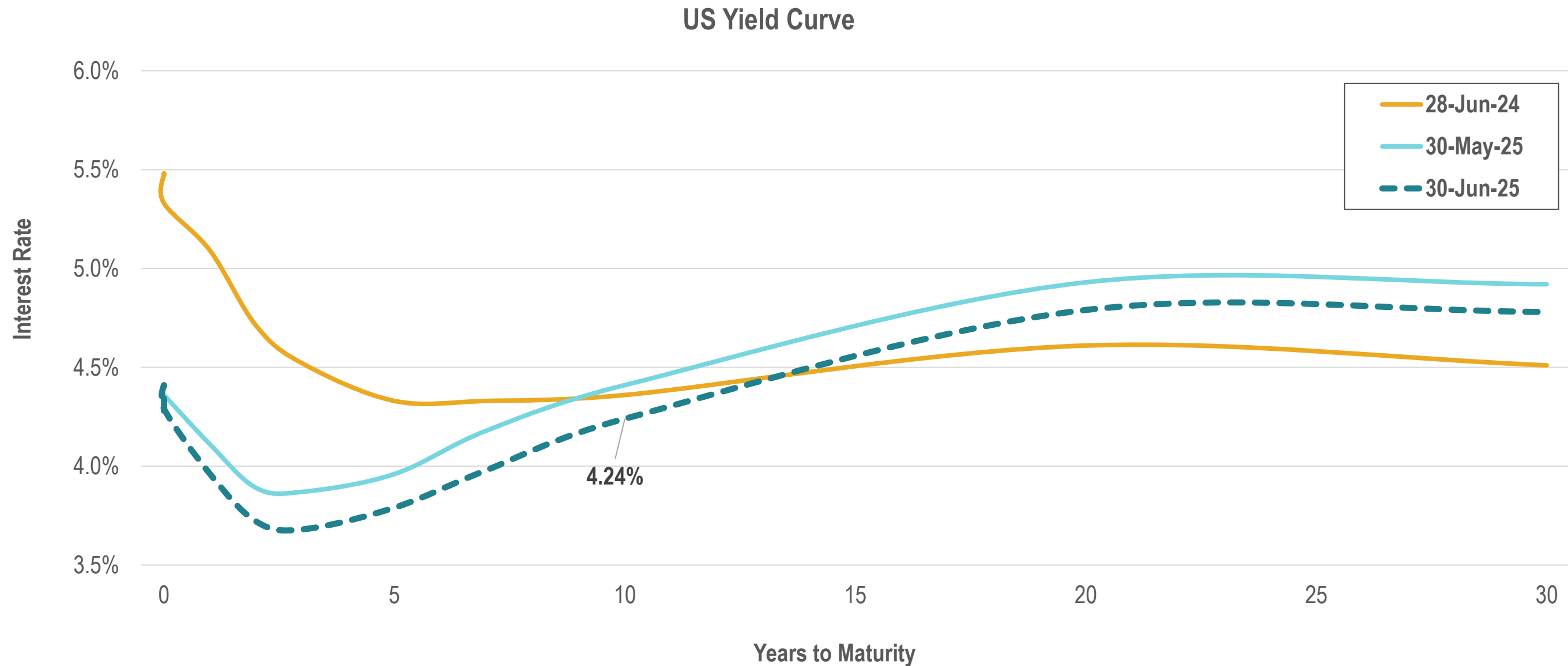
# The 10-Year to 3-Month UST Yield Spread Reinverted in June Amid Volatility

2-Year and 10-Year Yields Ended June Down from the Month Prior; 3-Month Yields Rose Slightly



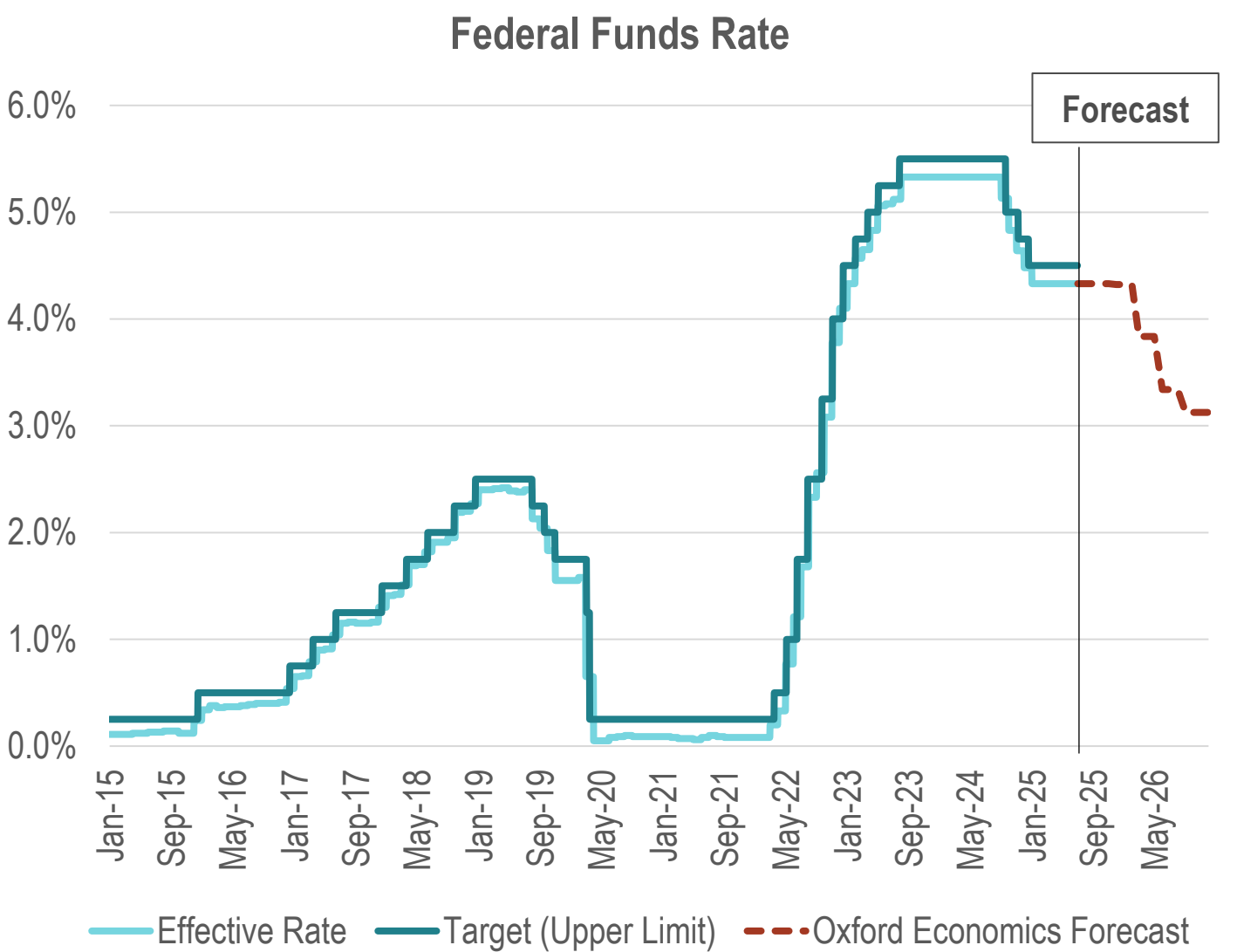
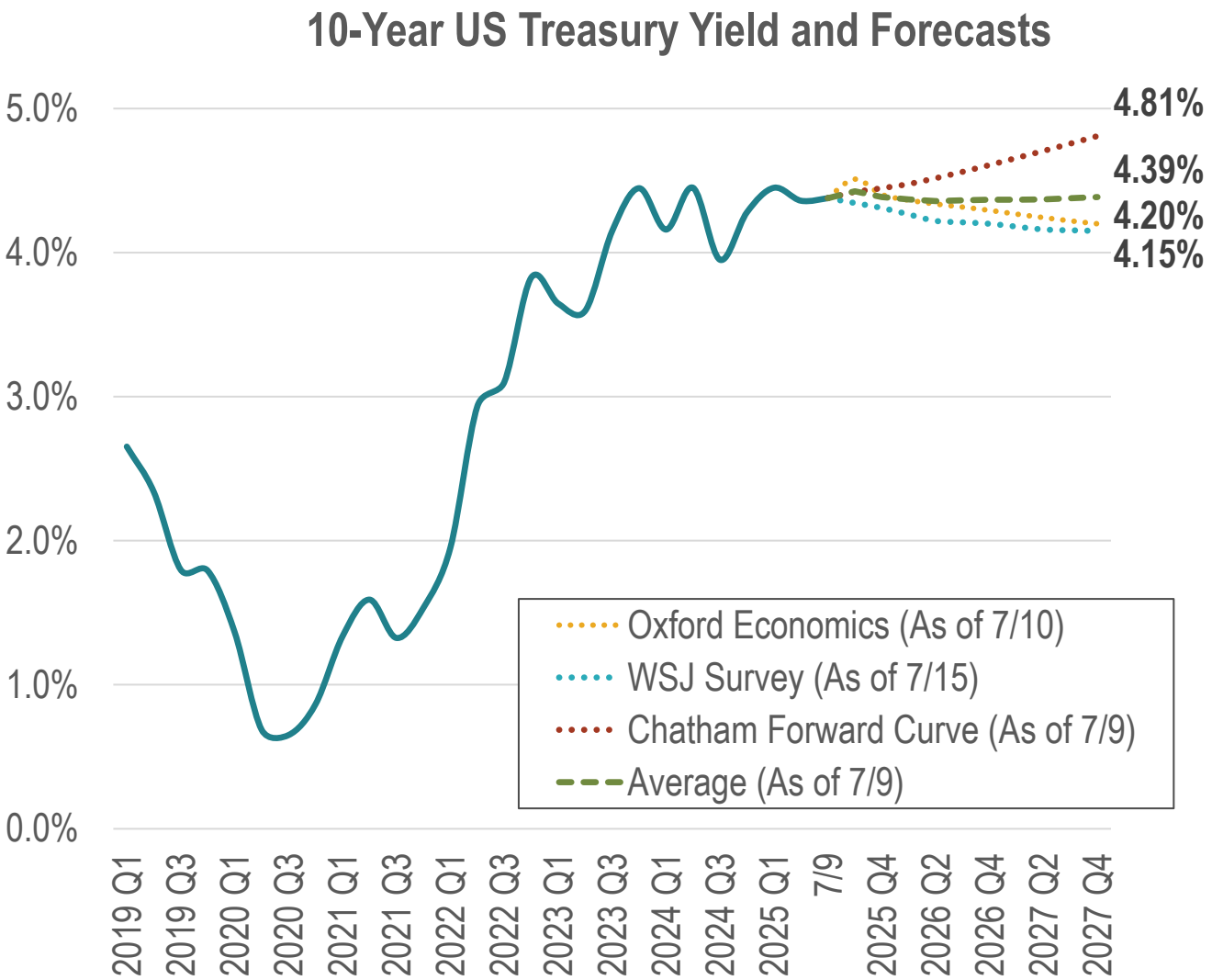
# Treasury Rates Broadly Fell in June (Except the 3-Month Yield)

Medium- and Long-term Rates Fell More Meaningfully MoM



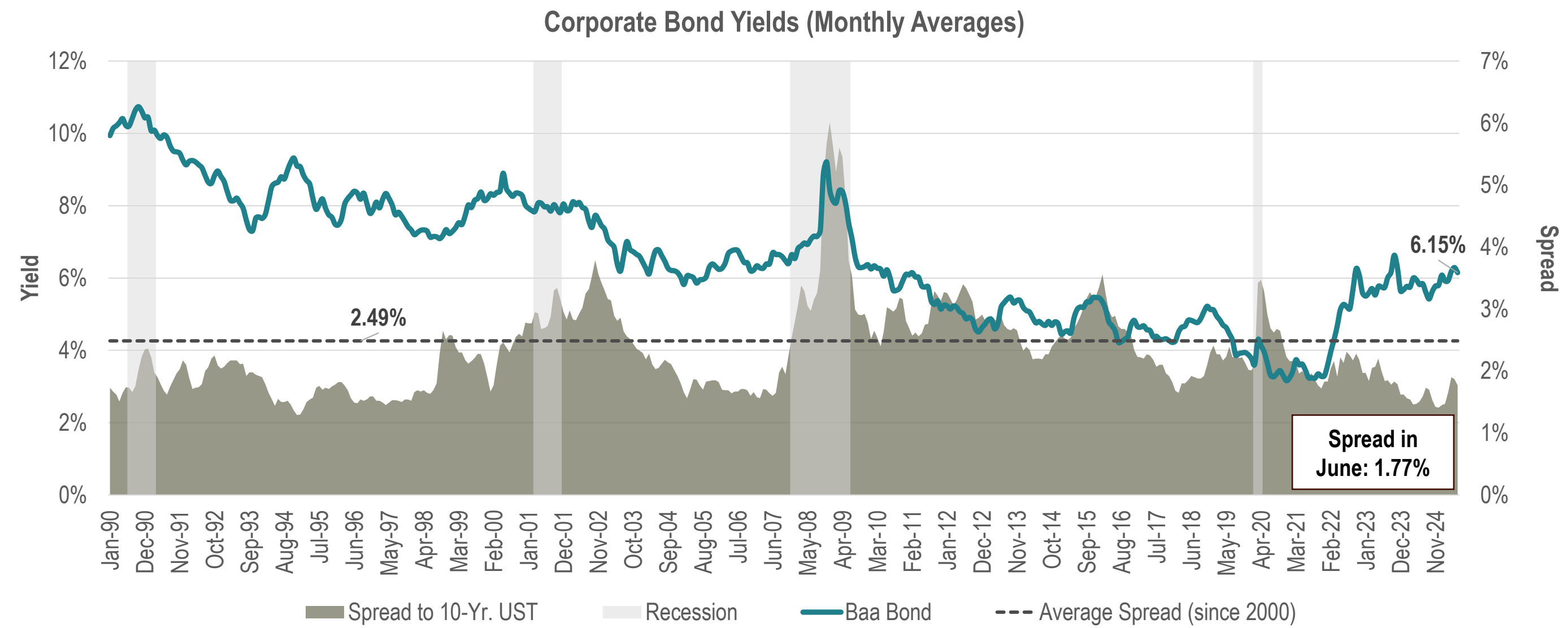
# 10-Year UST Yields Are Forecast to Remain Near Current Levels Through 2027

The Fed Held Rates Steady in June, Citing Risks of Higher Inflation



# Baa Corporate Bond Yields Fell Slightly in June to 6.15%

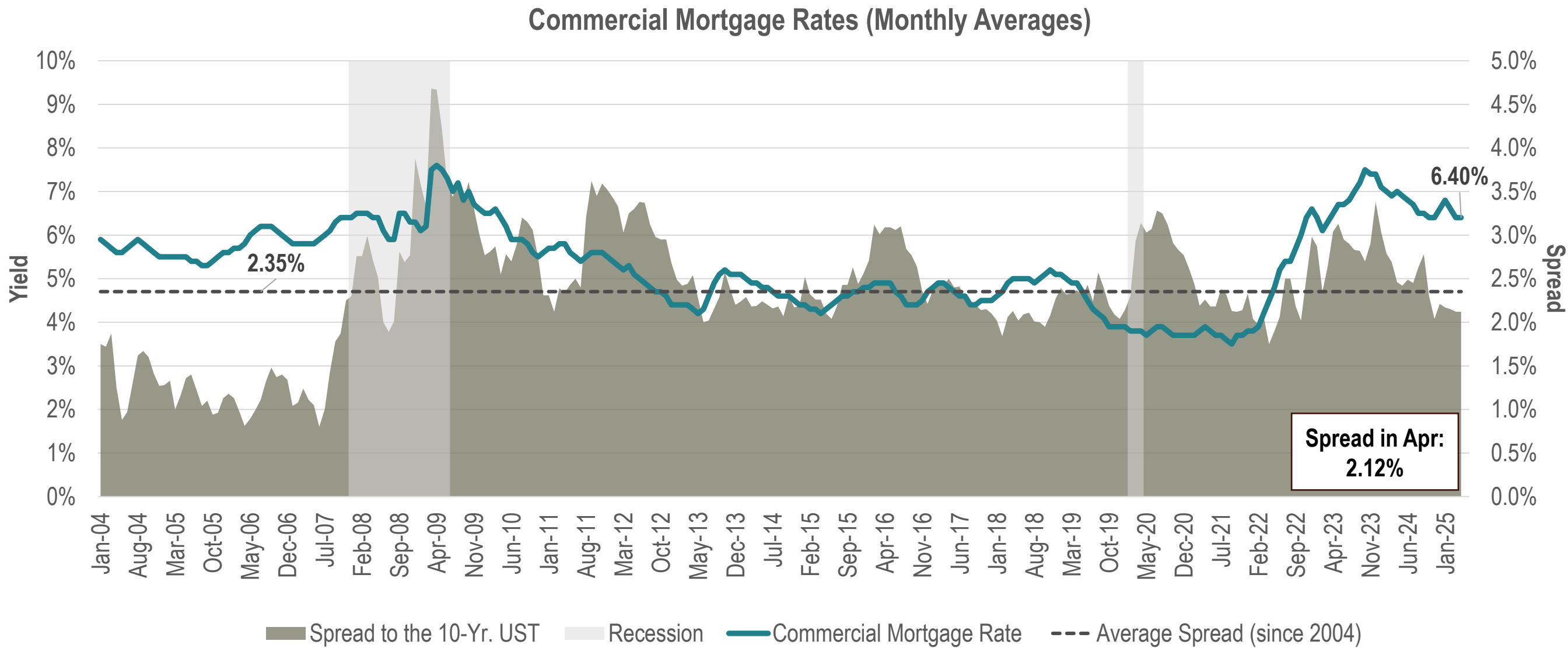
Spread to the 10-Year Remains Below Long-Term Average, Indicating Low Likelihood of Recession





# Average Commercial Mortgage Rates Remained Unchanged in April at 6.4%

The Spread to the 10-Year UST Yield Remained Below the Long-term Average

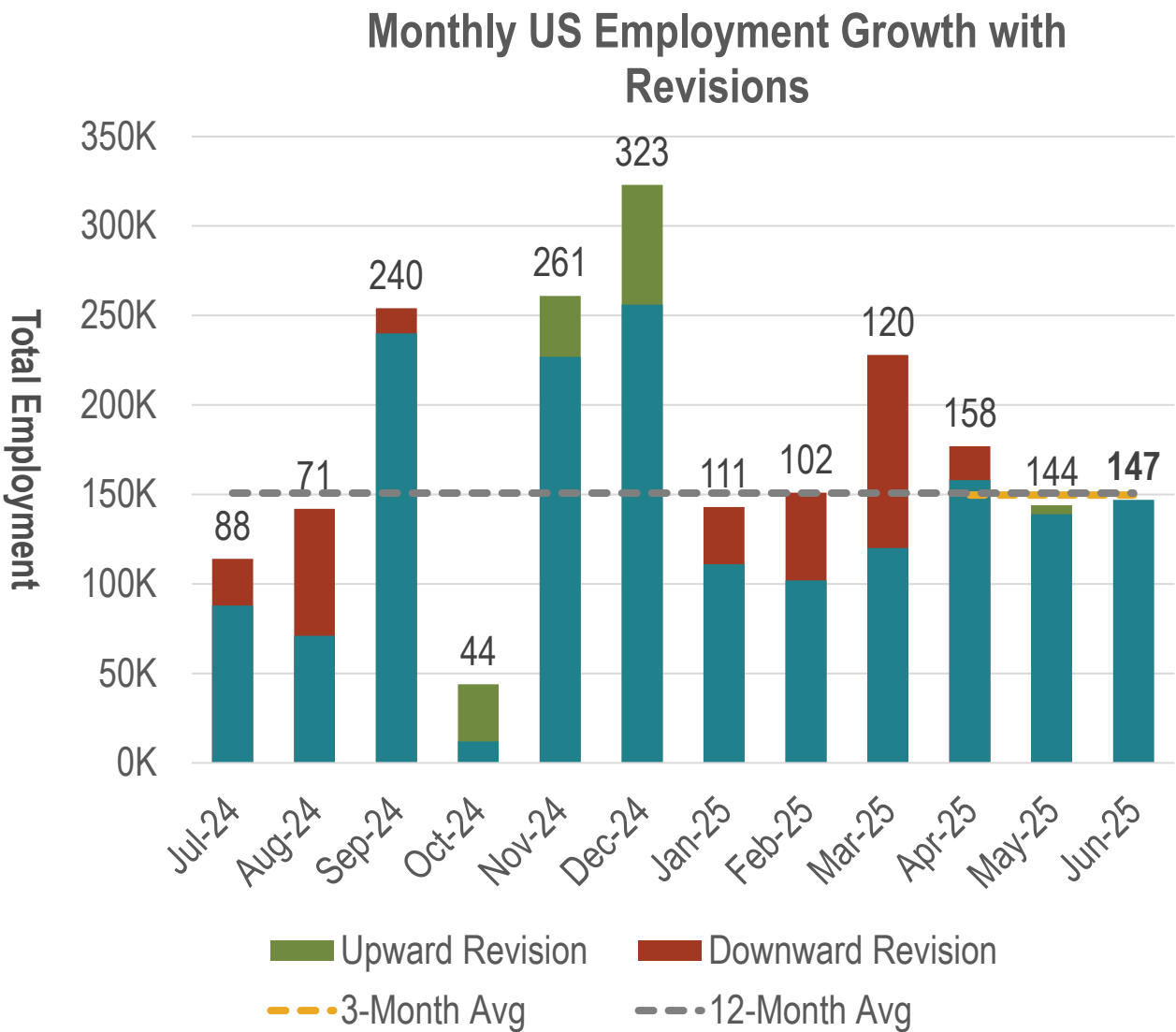
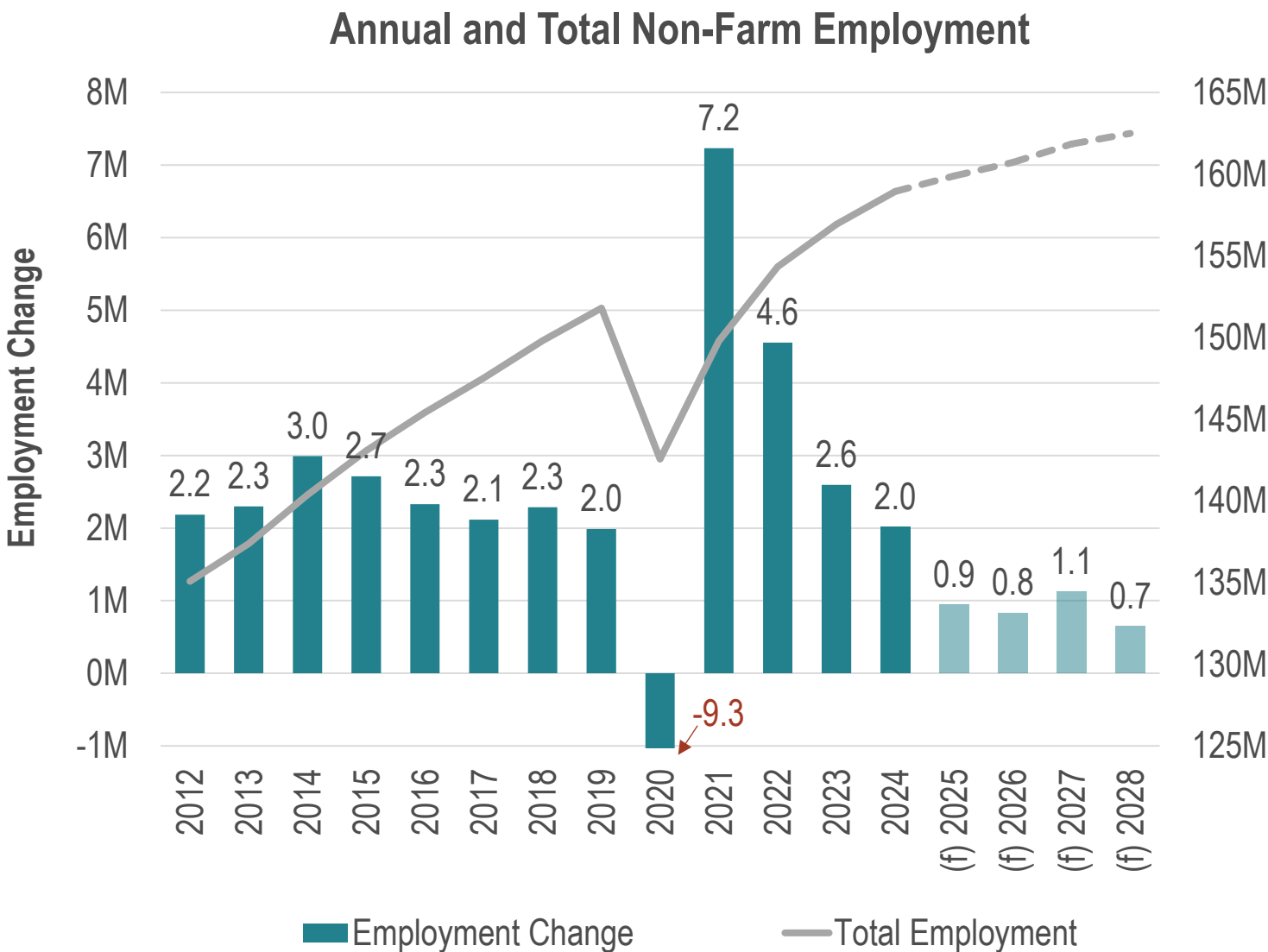


# Employment

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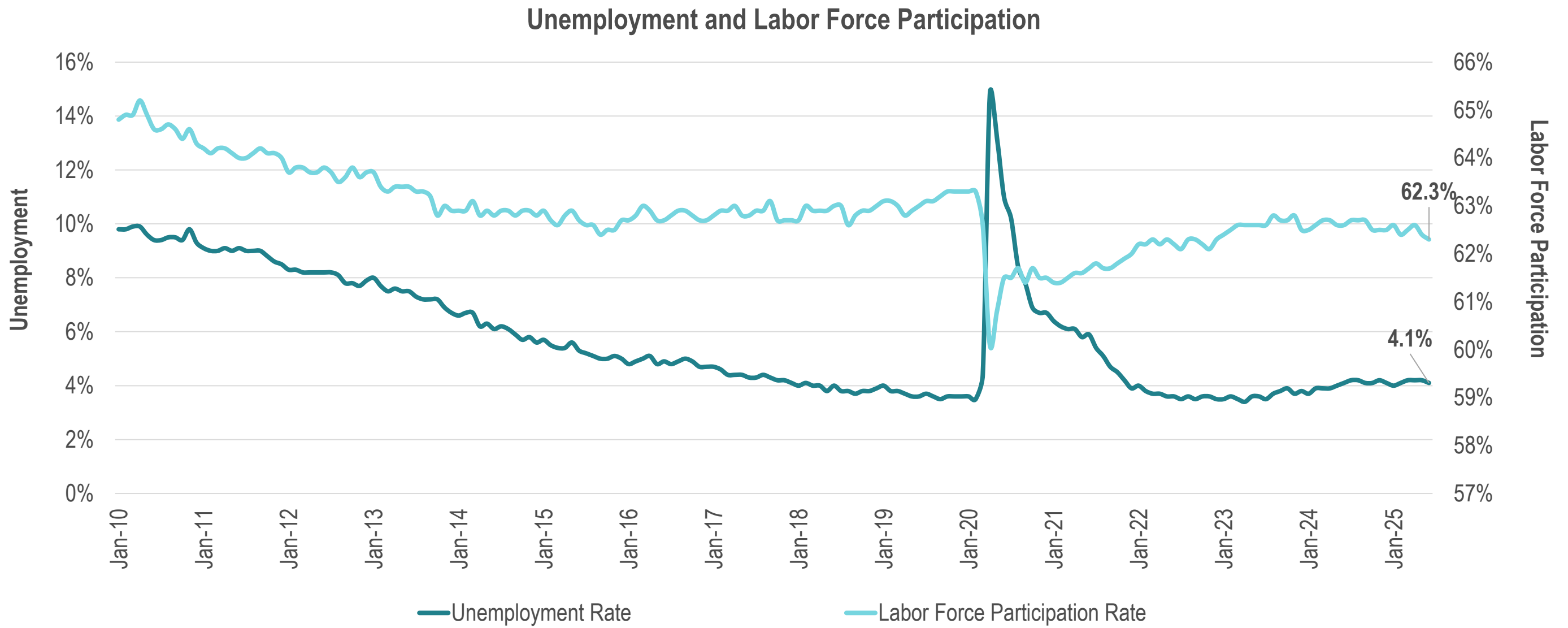
# US Labor Market Remained Resilient in June, Adding 147K Jobs

Labor Market Is Forecast to Cool but Stay Relatively Healthy in the Medium Term



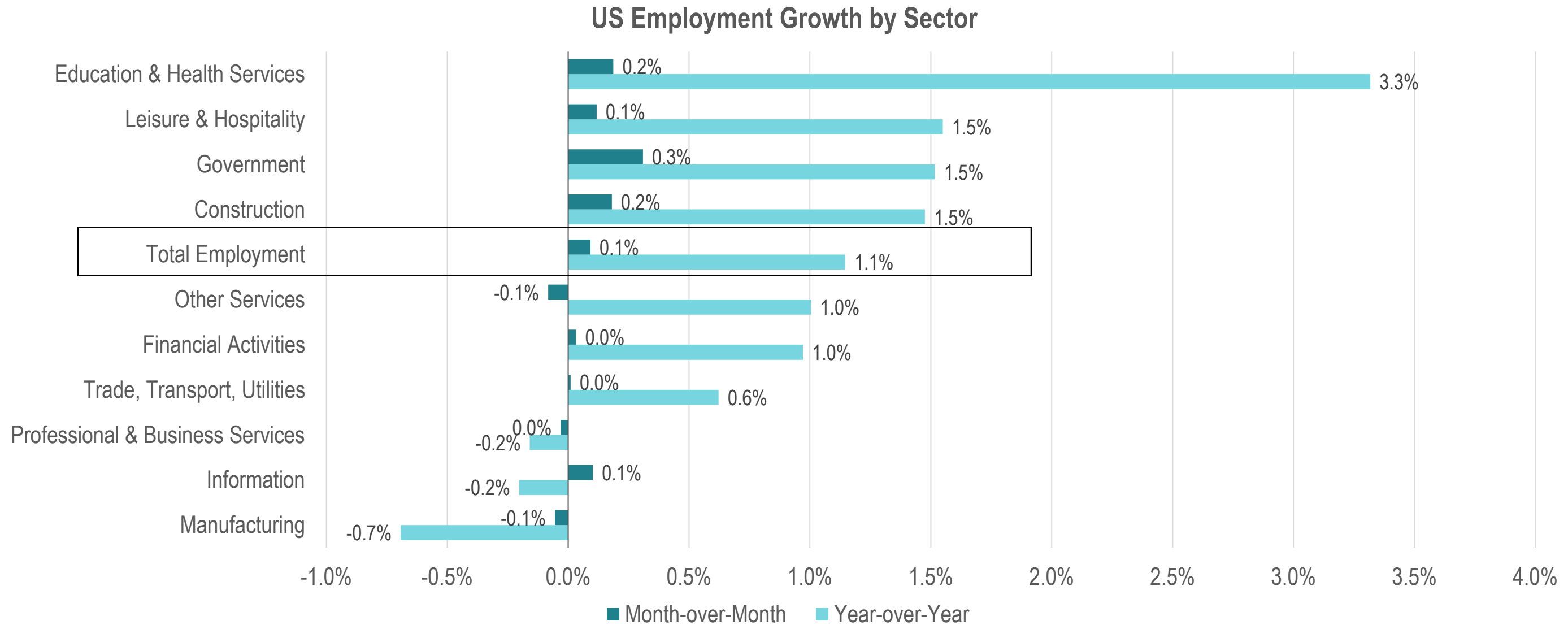
# Unemployment Rate Fell 10 bps to 4.1% in June

Labor Force Participation Rate Also Fell 10 bps MoM to 62.3%



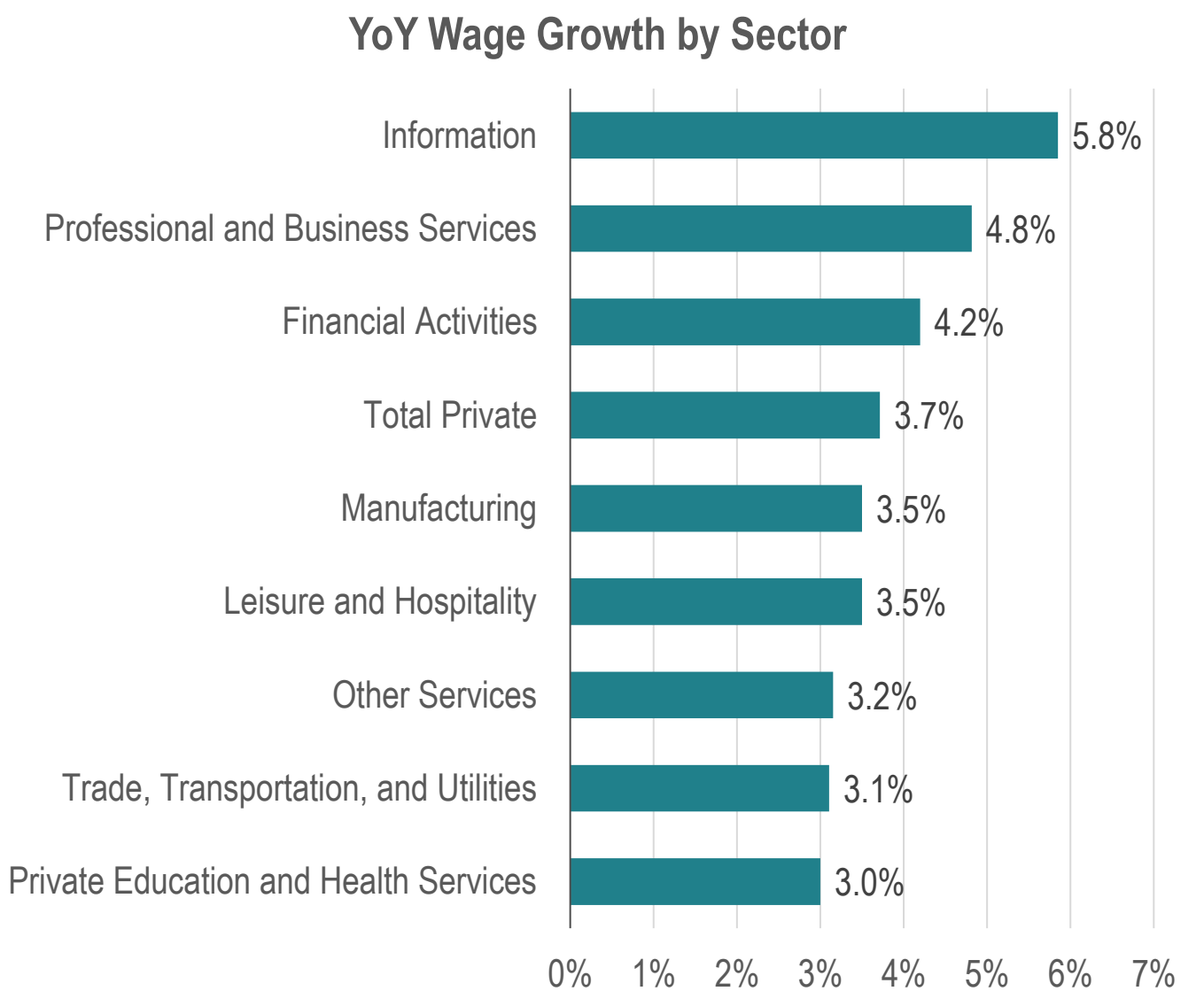
# Education & Health Services Led Annual Job Growth

Annual Job Losses in Several Sectors; Government Employment Continued to Grow Despite Publicized Cuts



# Annual Wage Growth Slowed to 3.7% in June

Information, Professional & Business Services, and Financial Activities Led Annual Wage Growth



# Strong Annual Job Growth Recorded in Major Sunbelt Markets

Negative Employment Growth Was Recorded in the Bay Area and Saint Louis Over the Past Year

30 Largest Employment Markets (Ranked by Forecast Growth)

	Employment Change	
	May. 24 - May. 25	2025 - 2029 Forecast (CAGR)
Austin	1.4%	1.4%
Orlando	2.1%	1.0%
Dallas-Fort Worth	1.1%	1.0%
Inland Empire	0.6%	1.0%
Phoenix	0.6%	0.9%
Charlotte	1.8%	0.9%
Seattle	0.8%	0.9%
Denver	0.3%	0.8%
San Antonio	2.1%	0.8%
Nashville	1.2%	0.8%
Atlanta	0.1%	0.8%
Houston	0.9%	0.7%
Tampa	1.0%	0.7%
Miami	1.4%	0.6%
Portland	0.0%	0.6%
SF/Oakland	-0.9%	0.6%
Indianapolis	0.4%	0.6%

	Employment Change	
	May. 24 - May. 25	2025 - 2029 Forecast (CAGR)
New York	1.0%	0.5%
San Diego	1.0%	0.5%
Columbus	0.4%	0.5%
Los Angeles	0.5%	0.5%
Minneapolis	0.8%	0.5%
Boston	0.1%	0.4%
Philadelphia	1.3%	0.4%
Saint Louis	-0.5%	0.3%
Baltimore	0.8%	0.3%
Detroit	0.4%	0.2%
Chicago	0.4%	0.2%
Washington DC	0.8%	0.2%
Pittsburgh	1.2%	0.2%

Midwest Markets
Gateway Markets
Sunbelt Markets

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Data are as of May 2025.  
Note: The table shows the 30 largest markets by nonfarm employment; MSA employment data release one month in arrears.  
Source: U.S. Bureau of Labor Statistics; Oxford Economics

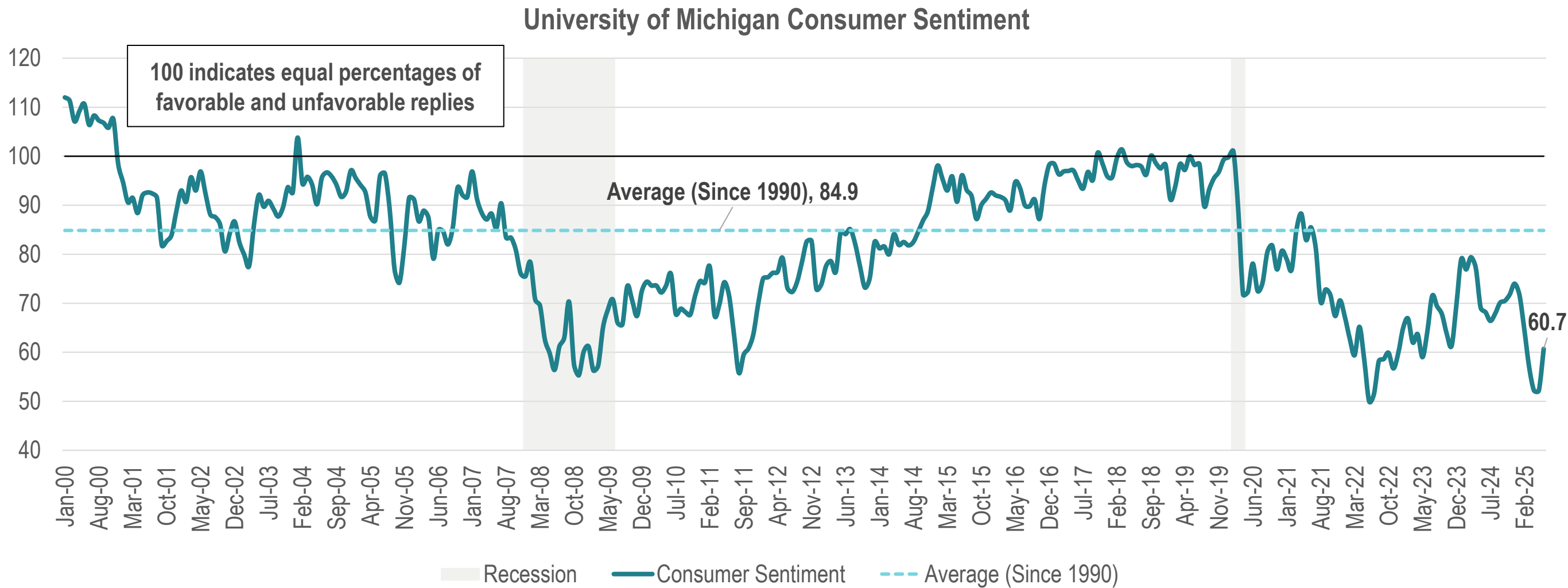


# Sentiment & Retail Sales

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# Consumer Sentiment Improved in June for the First Time in Six Months

Consumers Appear to Be Assuaged by the Perceived Easing of Tarriff Policy



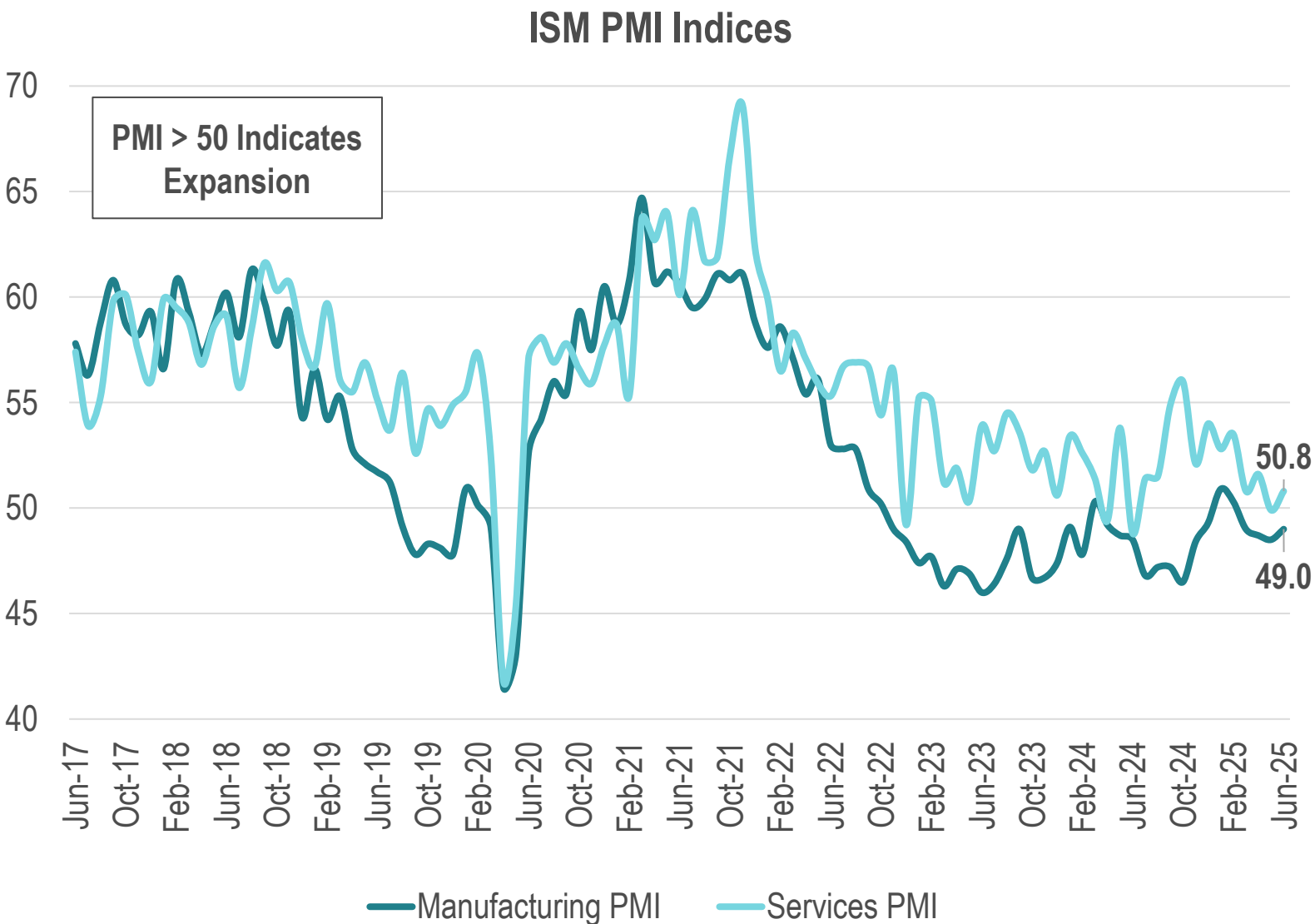
Data are as of June 2025.

Note: The University of Michigan's Index of Consumer Sentiment is a composite index that measures consumers' outlook on economic and financial conditions; it is based on five survey questions and is calculated by computing the percent of respondents giving favorable replies minus the percent giving unfavorable replies plus 100; scores below 100 indicate that more than 50% of replies were unfavorable while scores above 100 indicate that more than 50% of replies were favorable; the two subindices are the Index of Current Economic Conditions and the Index of Consumer Expectations which measures consumers' expectations for the year ahead.

Source: University of Michigan; Federal Reserve Bank of St. Louis

# Services PMI Rose into Expansion in June

Manufacturing PMI Also Increased but Remained in Contraction for a Fourth Consecutive Month

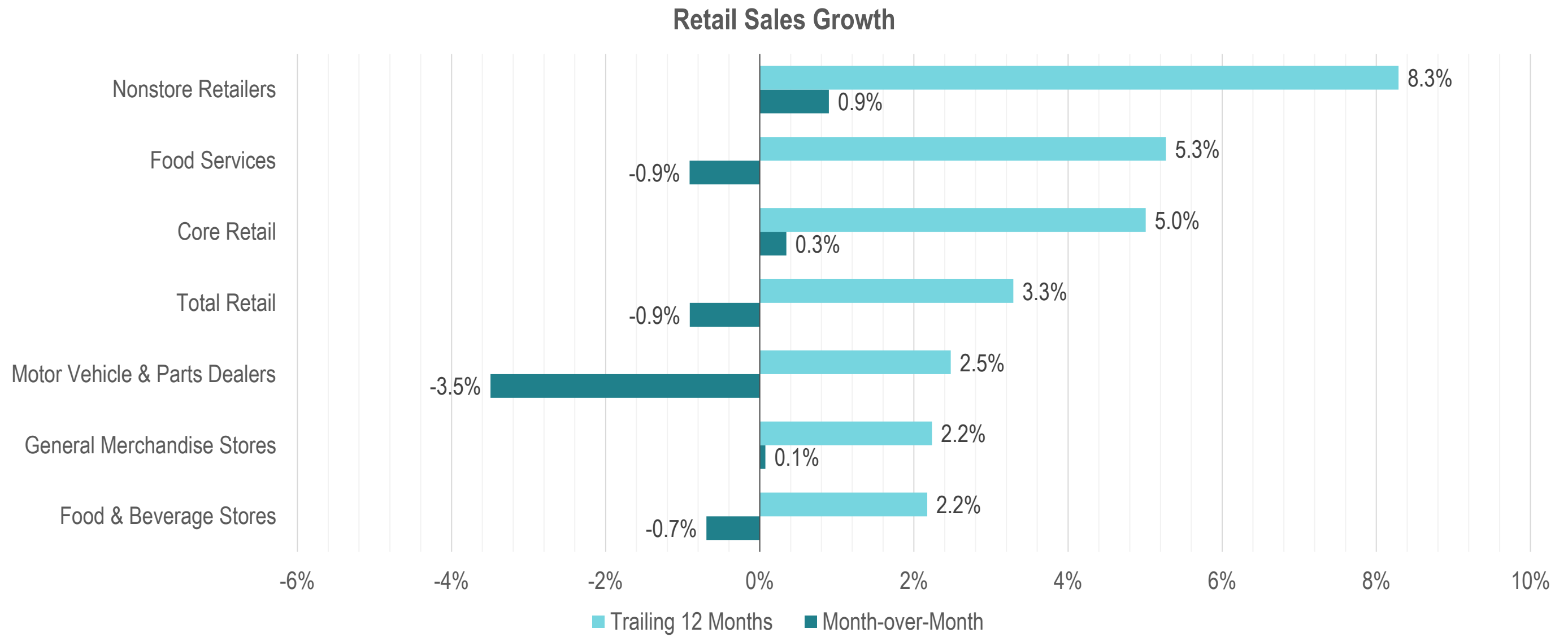


Manufacturing PMI Components	Series Index June	Series Index May	MoM Change	Weight
New Orders	46.4	47.6	-1.2	20%
Production	50.3	45.4	4.9	20%
Employment	45	46.8	-1.8	20%
Supplier Deliveries	54.2	56.1	-1.9	20%
Inventories	49.2	46.7	2.5	20%

Services PMI Components	Series Index June	Series Index May	MoM Change	Weight
Business Activity	50	54.2	-4.2	25%
New Orders	46.4	51.3	-4.9	25%
Employment	50.7	47.2	3.5	25%
Supplier Deliveries	52.5	50.3	2.2	25%

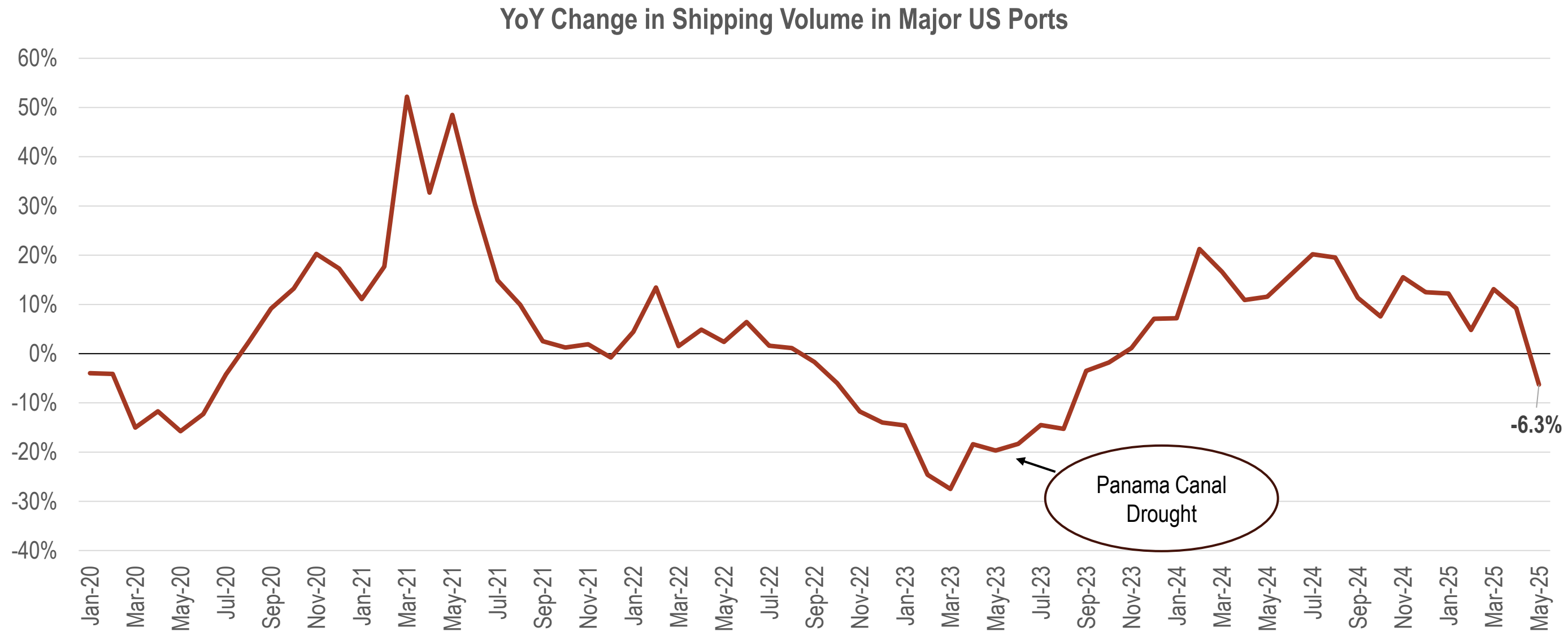
# Monthly Total Retail Sales Fell 0.9% in May, Core Retail Sales Rose Slightly MoM

Retail Sales for Motor Vehicle & Parts Dealers, Food Services, and Food & Beverage Stores All Saw Monthly Declines



# Shipping Volume at Major US Ports Fell by 6% YoY in May

The Drop Came as the New Administration Announced Tarriff Policies

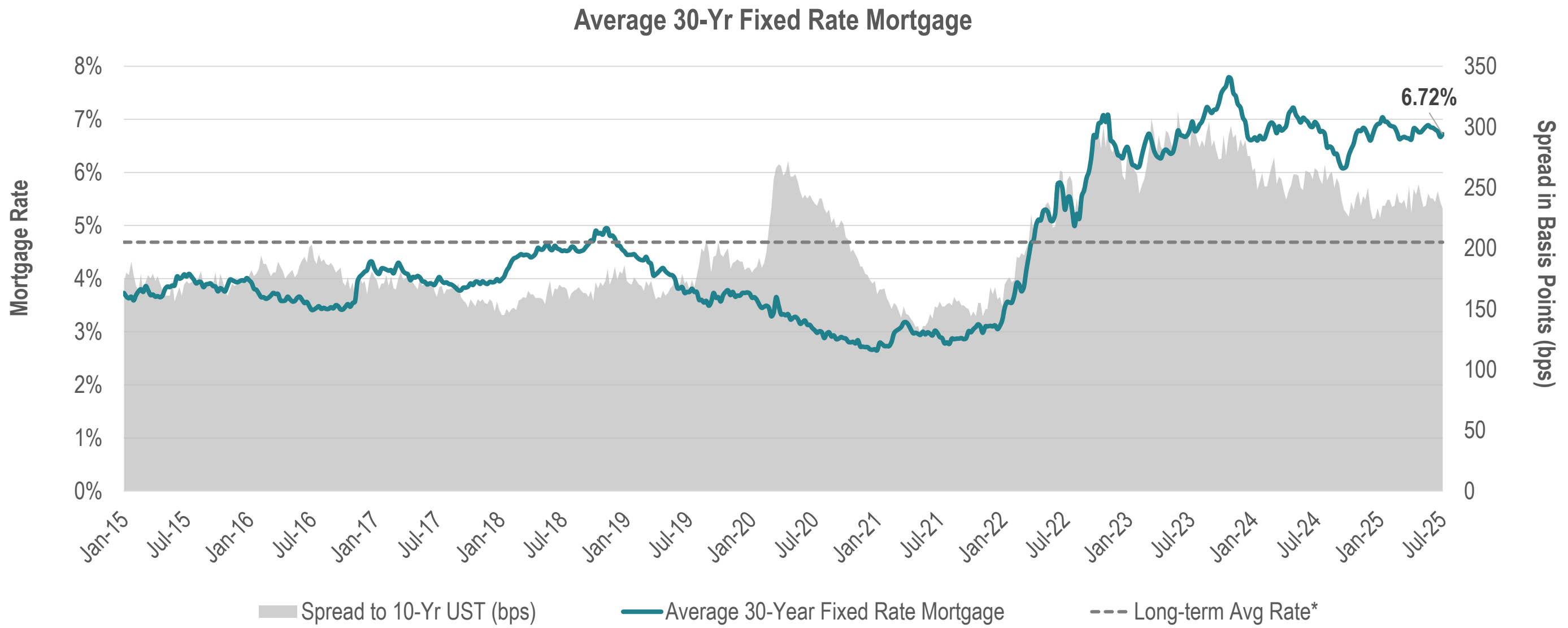


# Housing

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# 30-Year Mortgage Rate Moderated in Late June to 6.7%

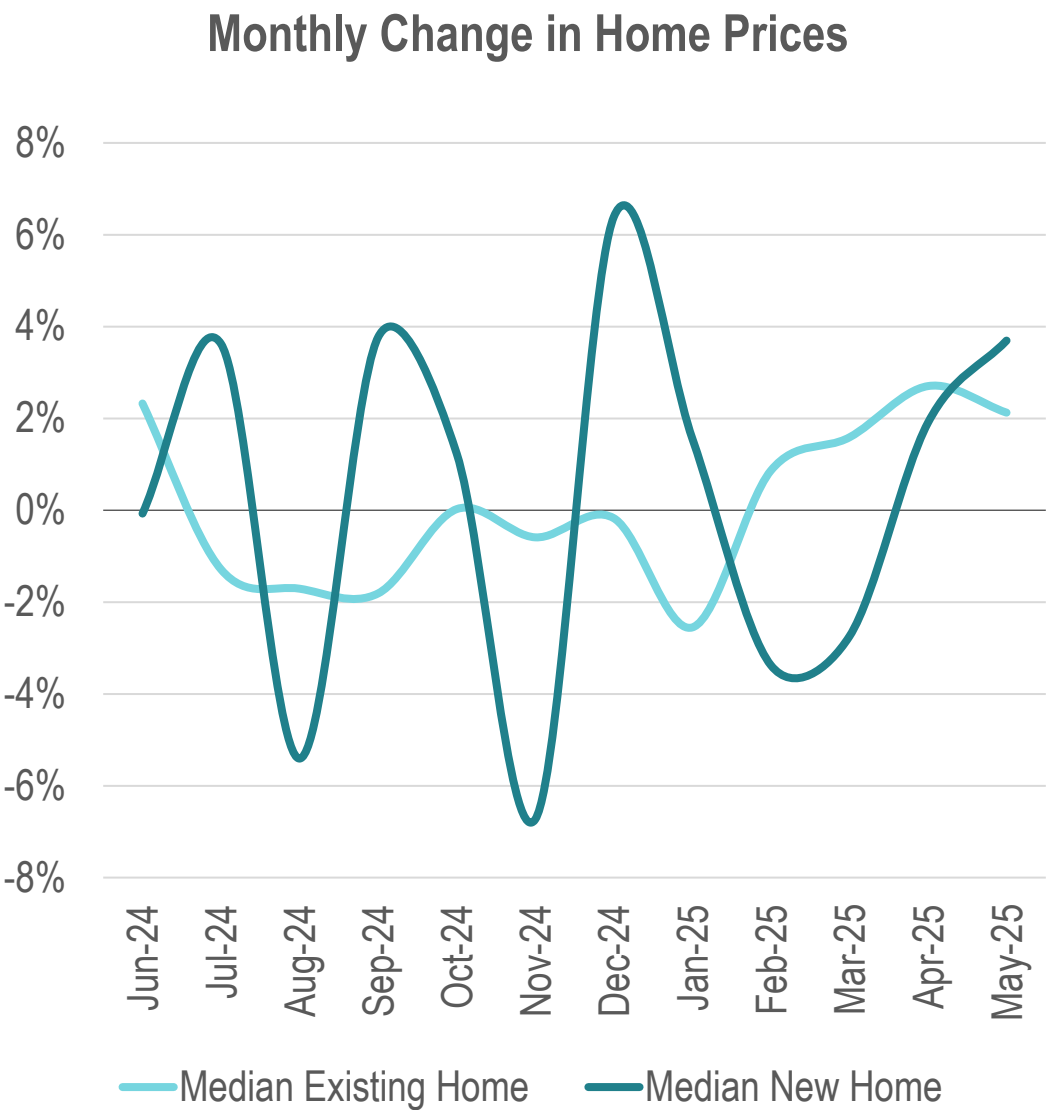
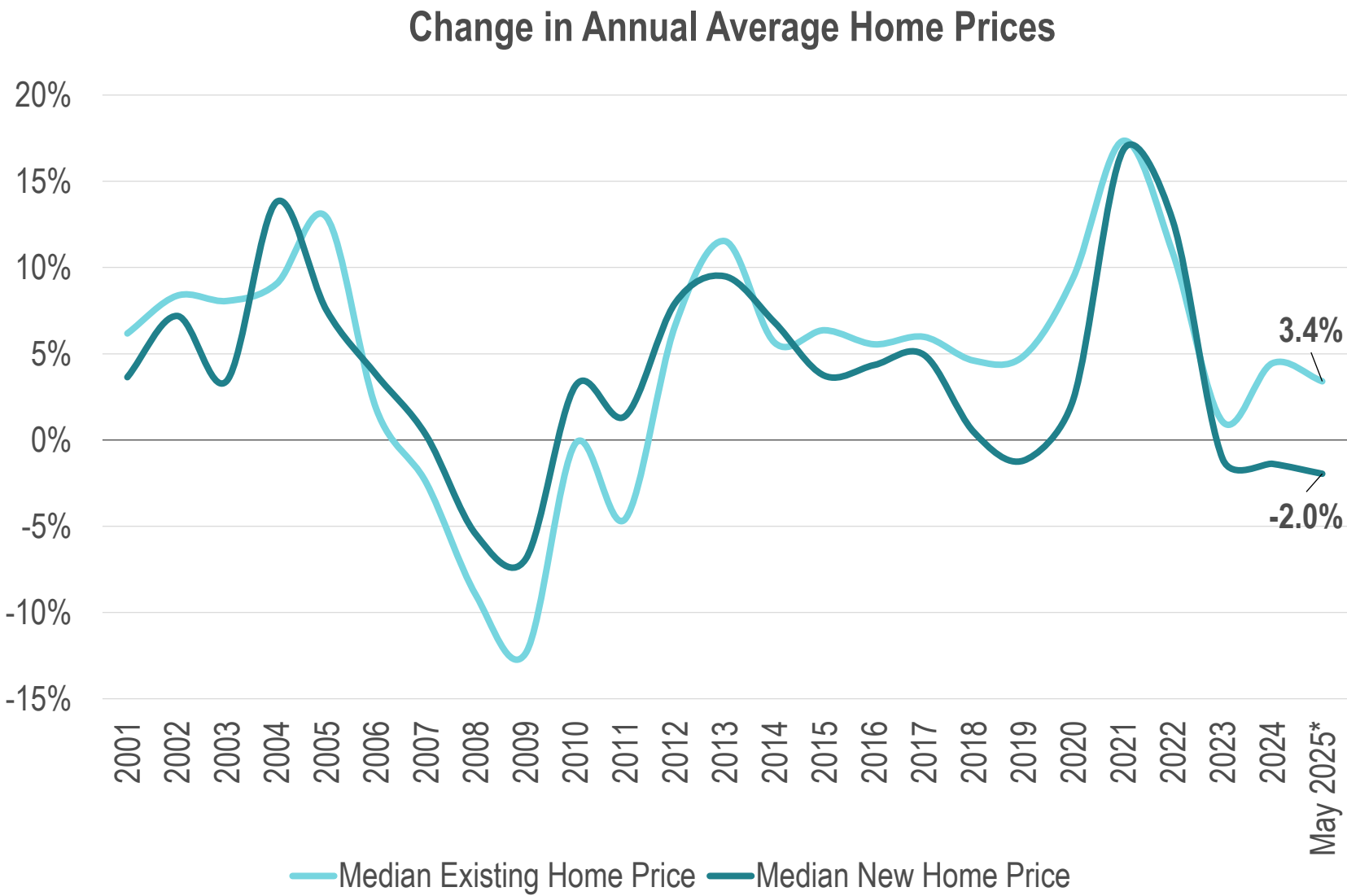
The Spread to the 10-Year UST Yield Has Fluctuated and Was 42 bps Above the Long-term Average in Early July





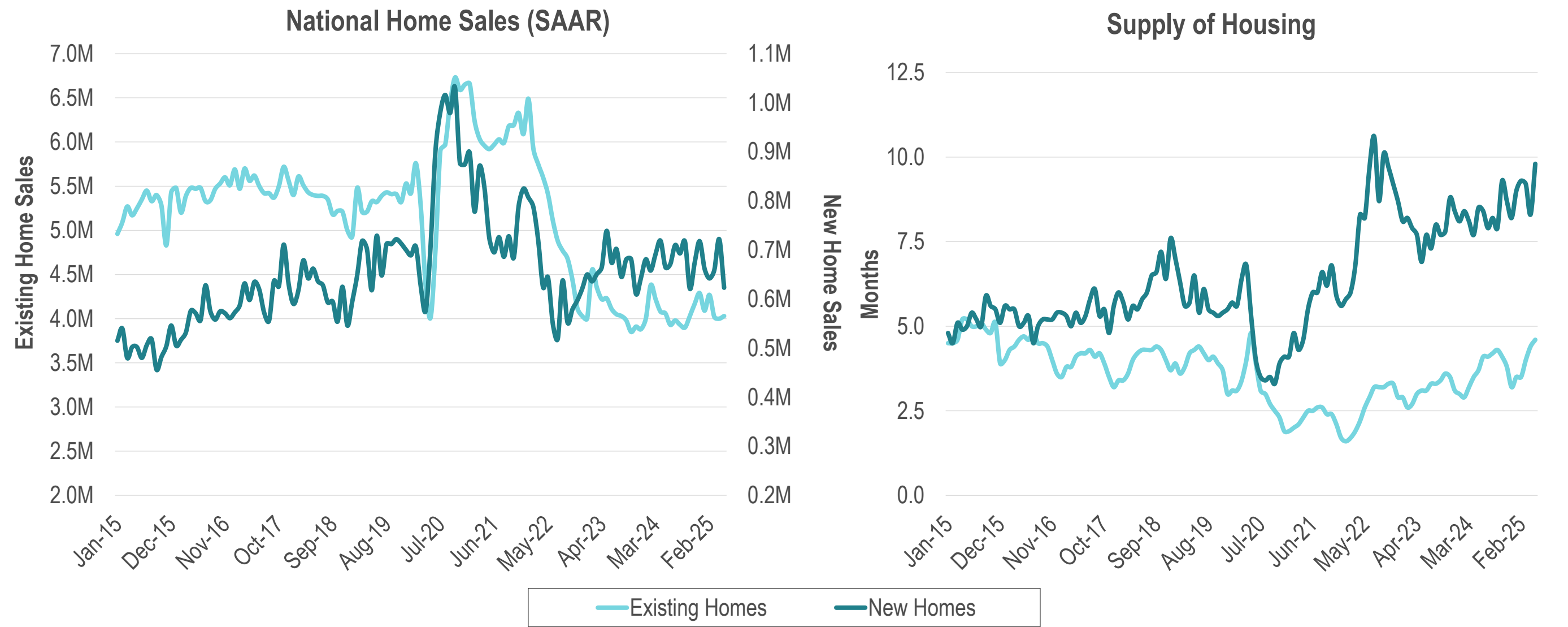
# Annual New Home Prices Fell 2.0% while Existing Home Prices Rose 3.4%

Existing and New Home Prices Both Rose MoM in May



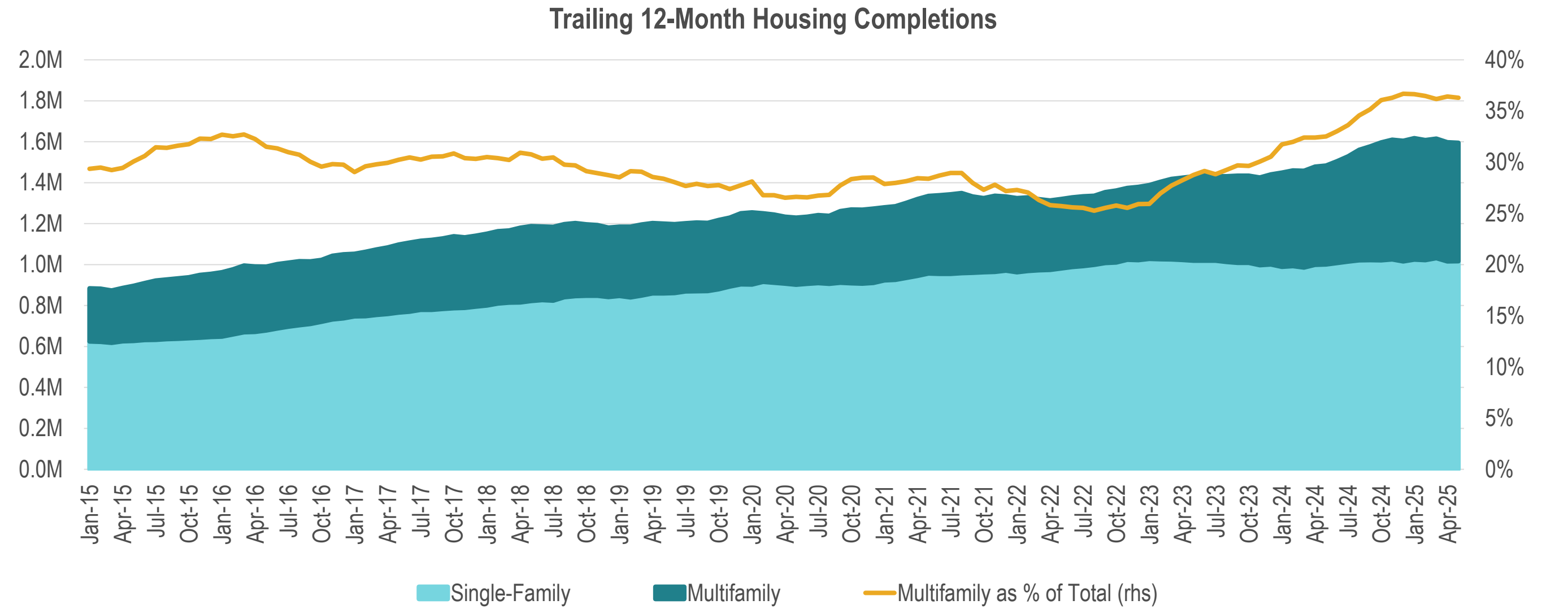
# Monthly Existing Home Sales Rose 0.8% while New Home Sales Fell by 13.7%

Supply of Existing and New Homes Both Increased in May



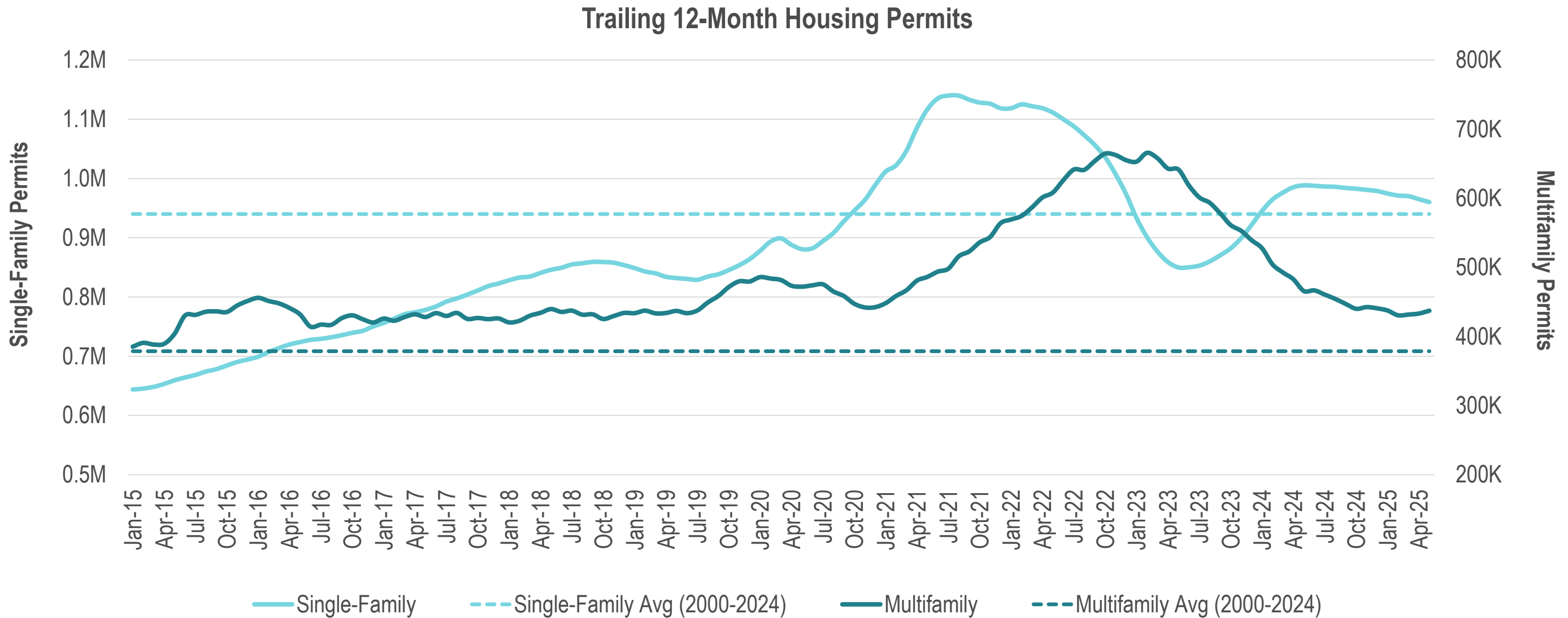
# Total Housing Completions Fell 0.2% MoM but Were Up 7.5% YoY

Multifamily’s Share of Total Completions Fell Slightly but Remained Near All-Time High



# Trailing 12-Month Permits Fell for Single-Family, Rose for Multifamily

Both Multifamily and Single-Family Permits Remained Slightly Above their Long-term Averages



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## Disclosures

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