



Monthly Economic Indicators July 2025

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Contents

3	Summary
4	Inflation
11	Interest Rates
17	Employment
23	Sentiment & Retail Sales
27	Housing

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.

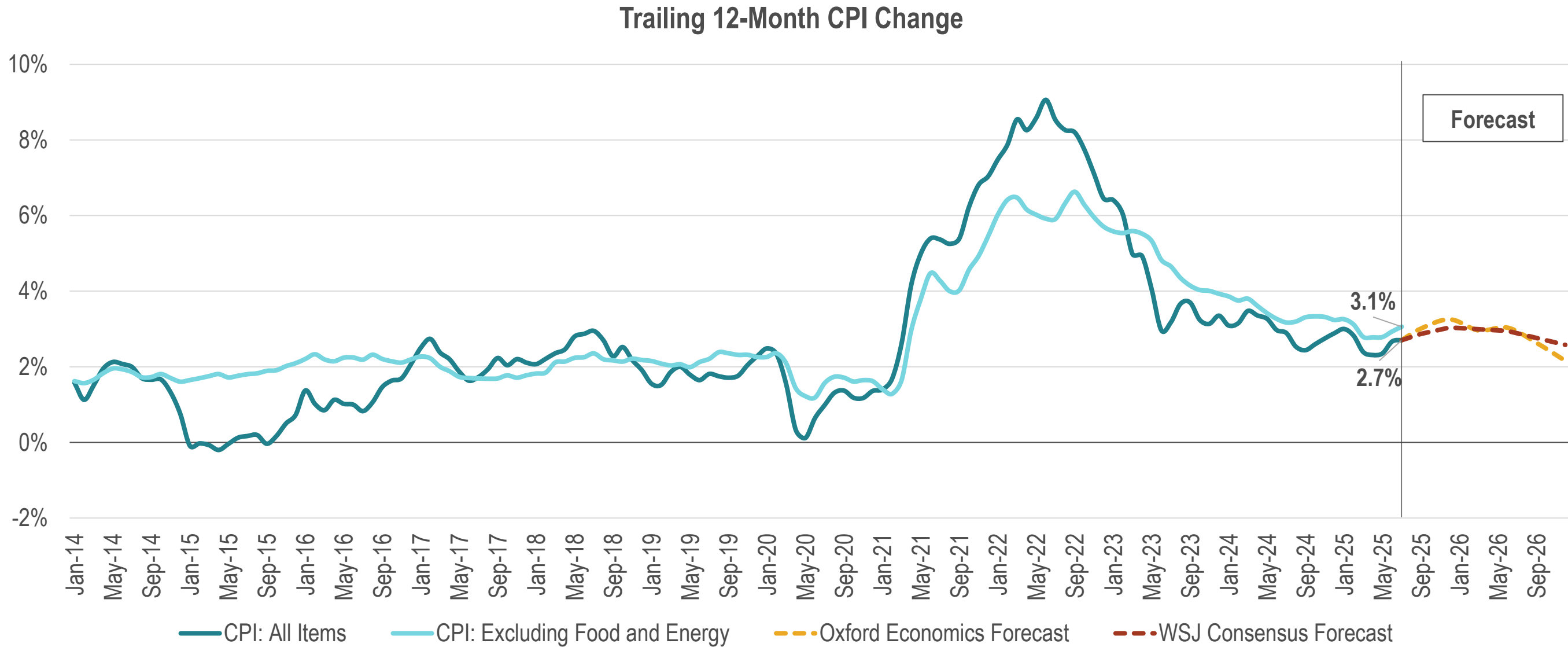
Monthly Highlights – July 2025

Inflation	<ul style="list-style-type: none">Annual headline CPI inflation held steady at 2.7% in July and core CPI rose by 20 bps to 3.1%. Goods prices rose by 1.2% YoY as the impacts of tariff policies began to take effect.July Final Demand and All Commodities Producer Price Indexes (PPI) rose 0.9% and 0.7%, respectively, a worrisome sign for future inflation.Annual total PCE rose by 20 bps to 2.6% while core PCE held steady at 2.8% in June*, increasing above the Fed’s target rate.The 5-year TIPS-implied inflation rate rose to 2.4% MoM while consumer expectations for 5-year inflation in the U Michigan survey fell to 3.4%.
Interest Rates	<ul style="list-style-type: none">The 10-Year UST ended July at 4.37%, 13 bps above its June-end level. The yield was near 4.3% in mid-August.The UST yield curve remained slightly inverted for a second consecutive month with little change in the monthly averages of the 10-Year and 3-Month yields.Average commercial real estate mortgage rates rose to 6.5% in May*. The spread to the UST remained below its long-term average.The Fed is expected to cut rates at its September meeting as the employment market cools, although inflationary risks remain.
Employment	<ul style="list-style-type: none">July job growth slowed to 73K and May and June employment estimates were revised down a cumulative 258K. Three-month average employment growth was a very low 35K.The unemployment rate rose 10 bps to 4.2%, and the labor force participation rate fell 10 bps MoM to 62.2% in July.Annual wage growth rose slightly to 3.9% in July. Over the last three months, wages grew by 4.1% (annualized).
Sentiment & Retail Sales	<ul style="list-style-type: none">Consumer sentiment improved slightly to 61.7. Views of current conditions rose while consumer expectations fell slightly in July.The ISM Purchasing Mangers’ Index (PMI) for services fell but remained slightly in expansion. Manufacturing PMI also fell and remained in contraction.Total retail sales rose 0.6% MoM and 3.9% YoY in June*. Core retail sales grew 0.5% MoM and 4.1% YoY.
Housing	<ul style="list-style-type: none">Trailing-year median existing home prices rose 3.2% YoY while new home prices fell 2.0% in June*.Existing home sales were unchanged YoY while new home sales fell 6.6% in June*.Trailing-year multifamily completions fell in June*. Permits and starts rose, although they remained below recent highs.

Inflation

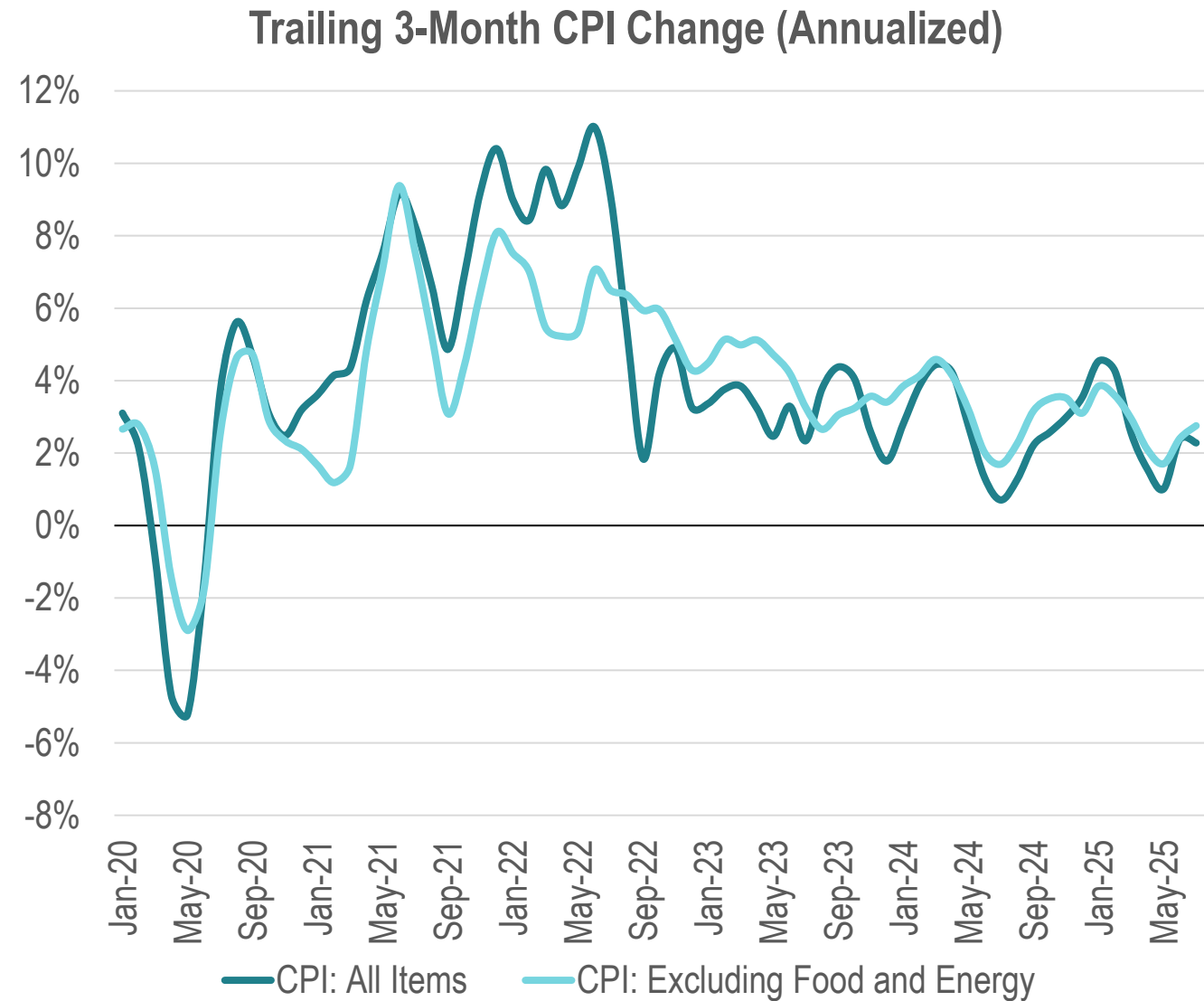
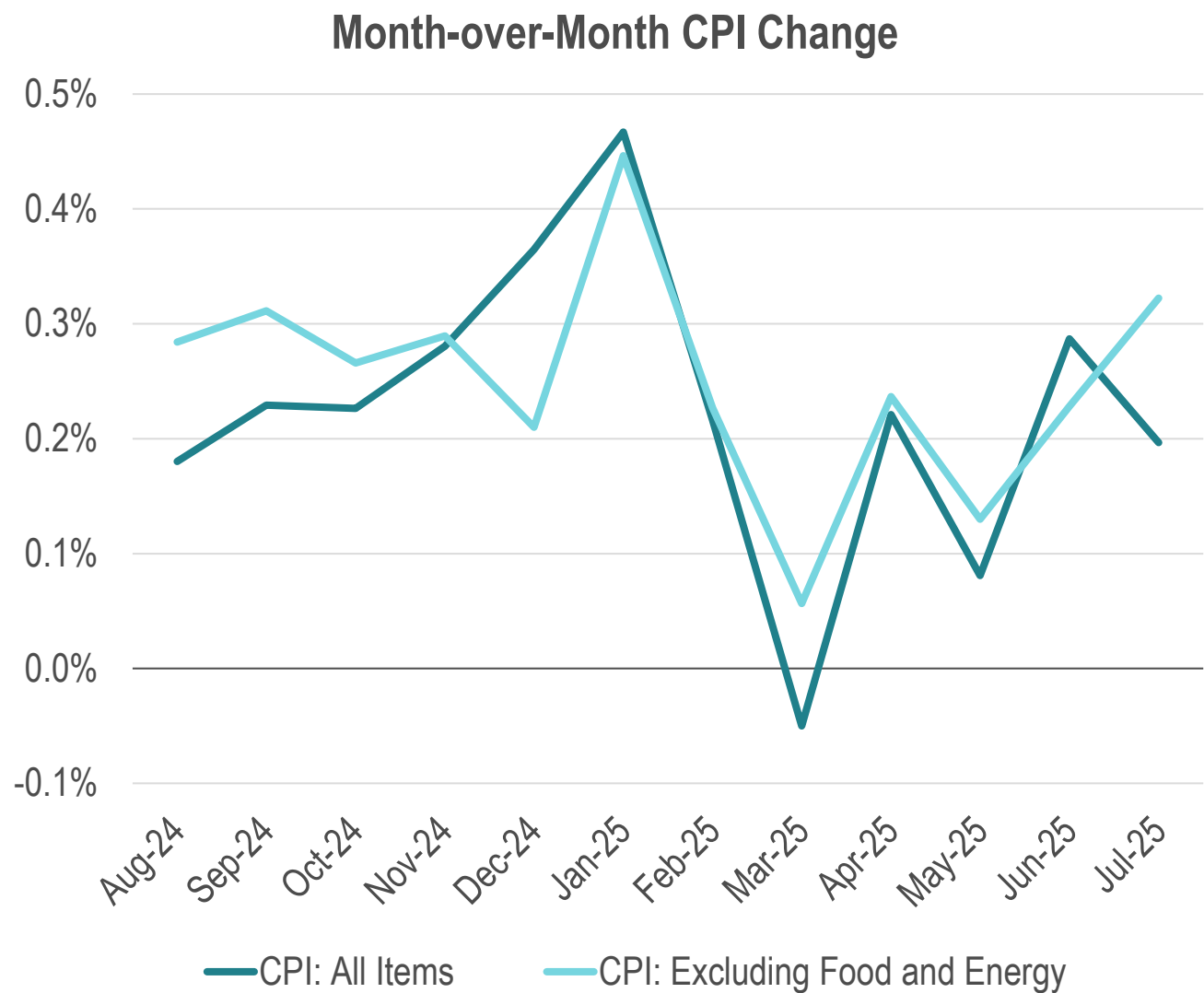
Annual Headline CPI Held Steady at 2.7% while Core Inflation Rose 20 bps to 3.1%

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



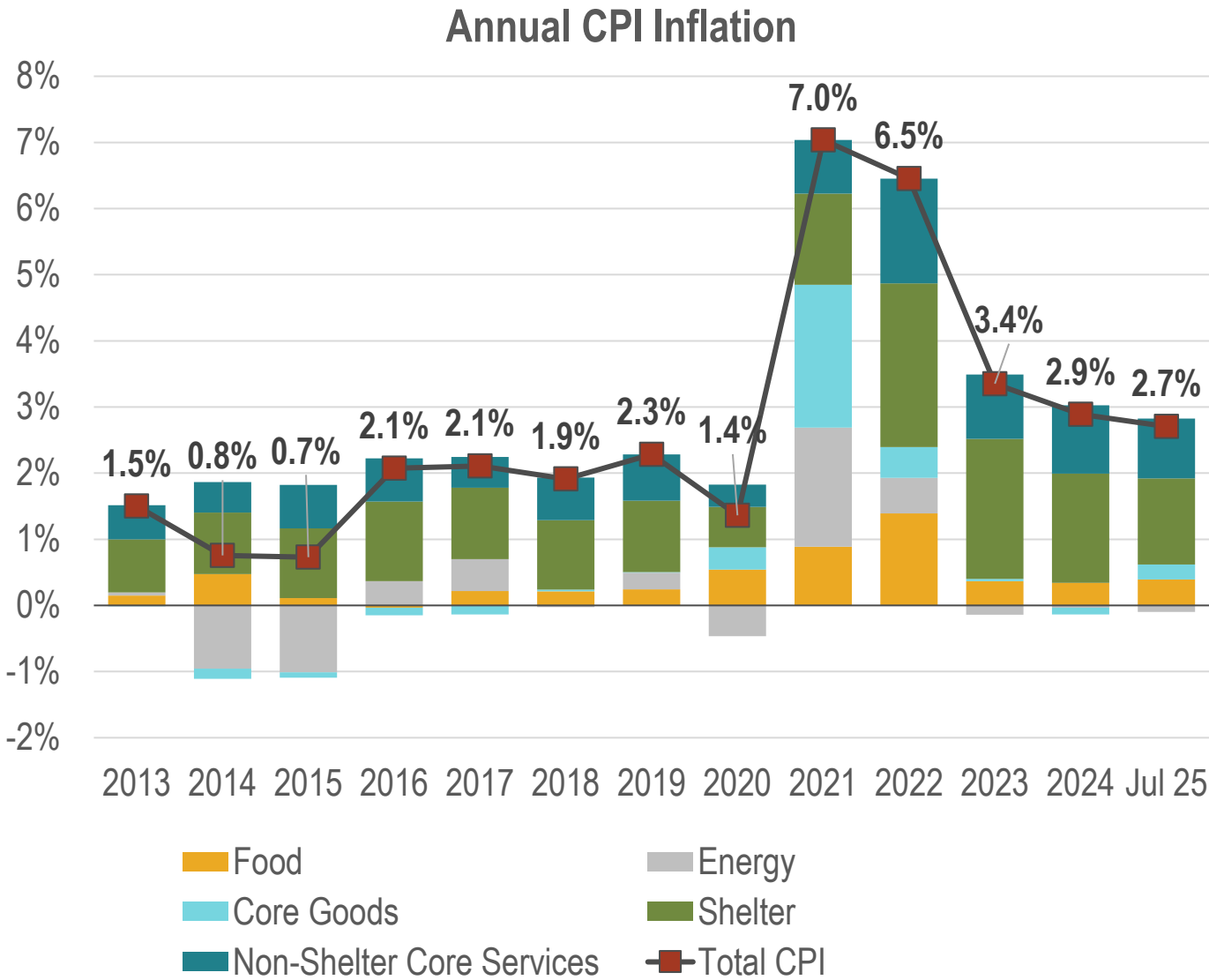
All Items and Core CPI Rose 0.2% and 0.3% MoM, Respectively, in July

3-Month Annualized All Items CPI Moderated to 2.3% while Core CPI Accelerated to 2.8%



Annual Core Services CPI Rose 3.6%, with Shelter Prices Rising by 3.7%

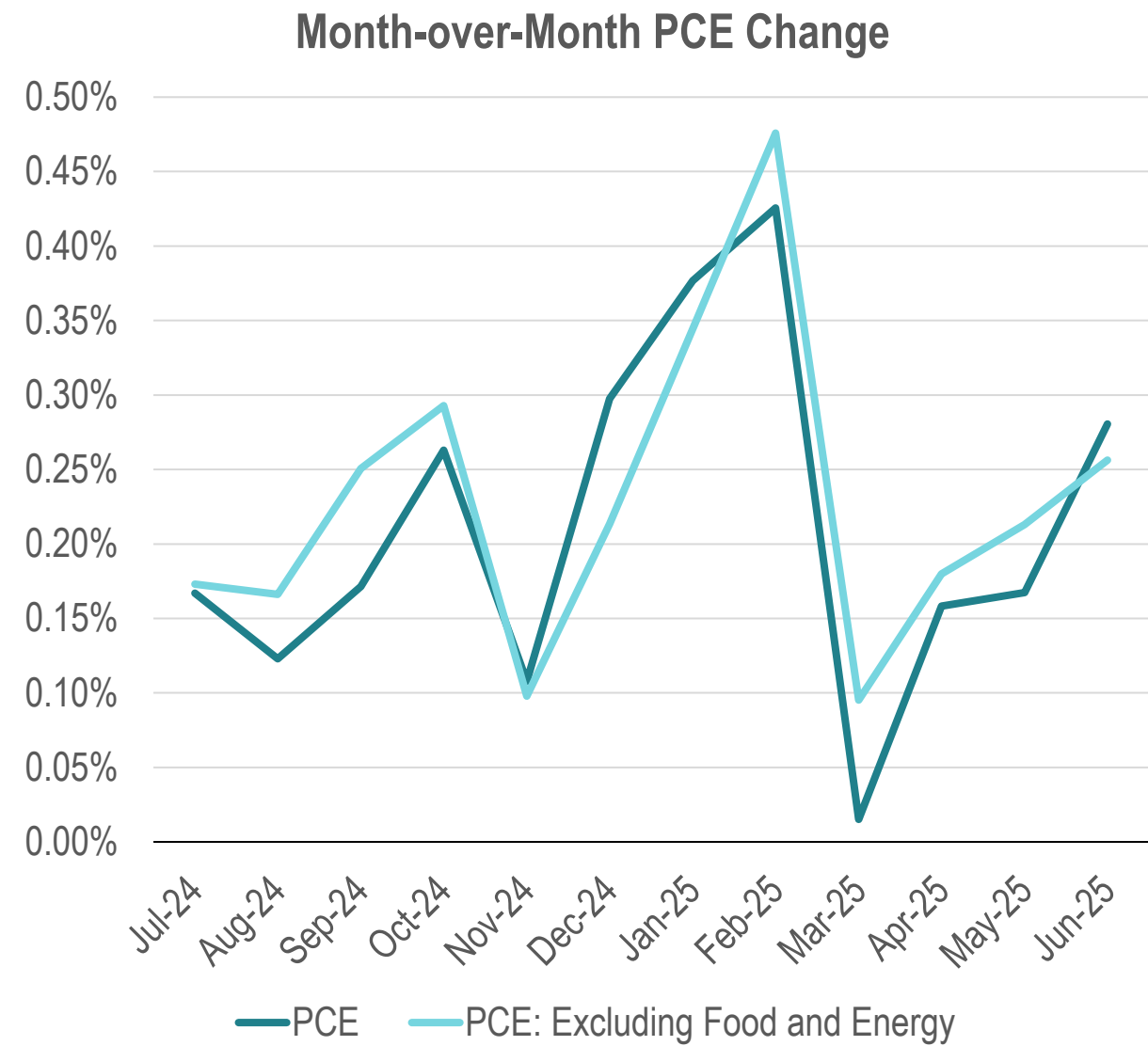
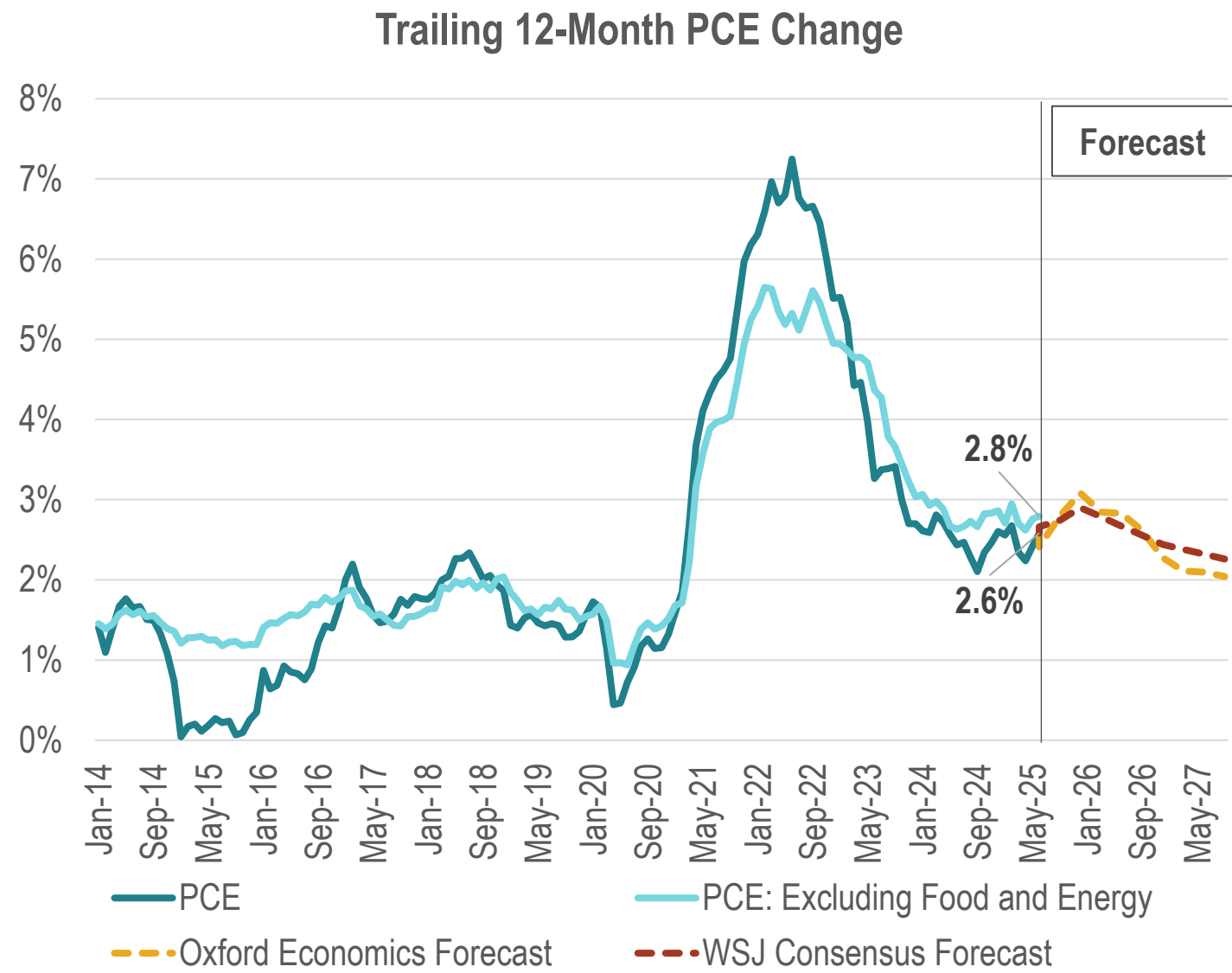
Core Goods Prices Rose by 1.2% Over the Past Year as Impacts of Tarriff Policy Began to Take Effect



July 2025 Inflation			
	Monthly	Trailing 12-Month	Weights
Apparel	0.1%	-0.2%	2.5%
Education & Communication	0.0%	0.3%	5.7%
Food & Beverages	0.0%	2.8%	14.5%
Other Goods & Services	0.4%	3.9%	2.9%
Housing	0.2%	3.9%	44.2%
<i>Shelter*</i>	0.2%	3.7%	35.5%
Medical Care	0.7%	3.5%	8.3%
Recreation	0.4%	2.4%	5.3%
Transportation	0.0%	0.0%	16.6%
Food	0.0%	2.9%	13.7%
Energy	-1.1%	-1.6%	6.2%
Core Goods	0.2%	1.2%	19.4%
Core Services	0.4%	3.6%	60.7%
Total Core	0.3%	3.1%	80.1%
All Items	0.2%	2.7%	100.0%

Annual Headline PCE Rose 20 bps to 2.6% while Core PCE Held Steady at 2.8%

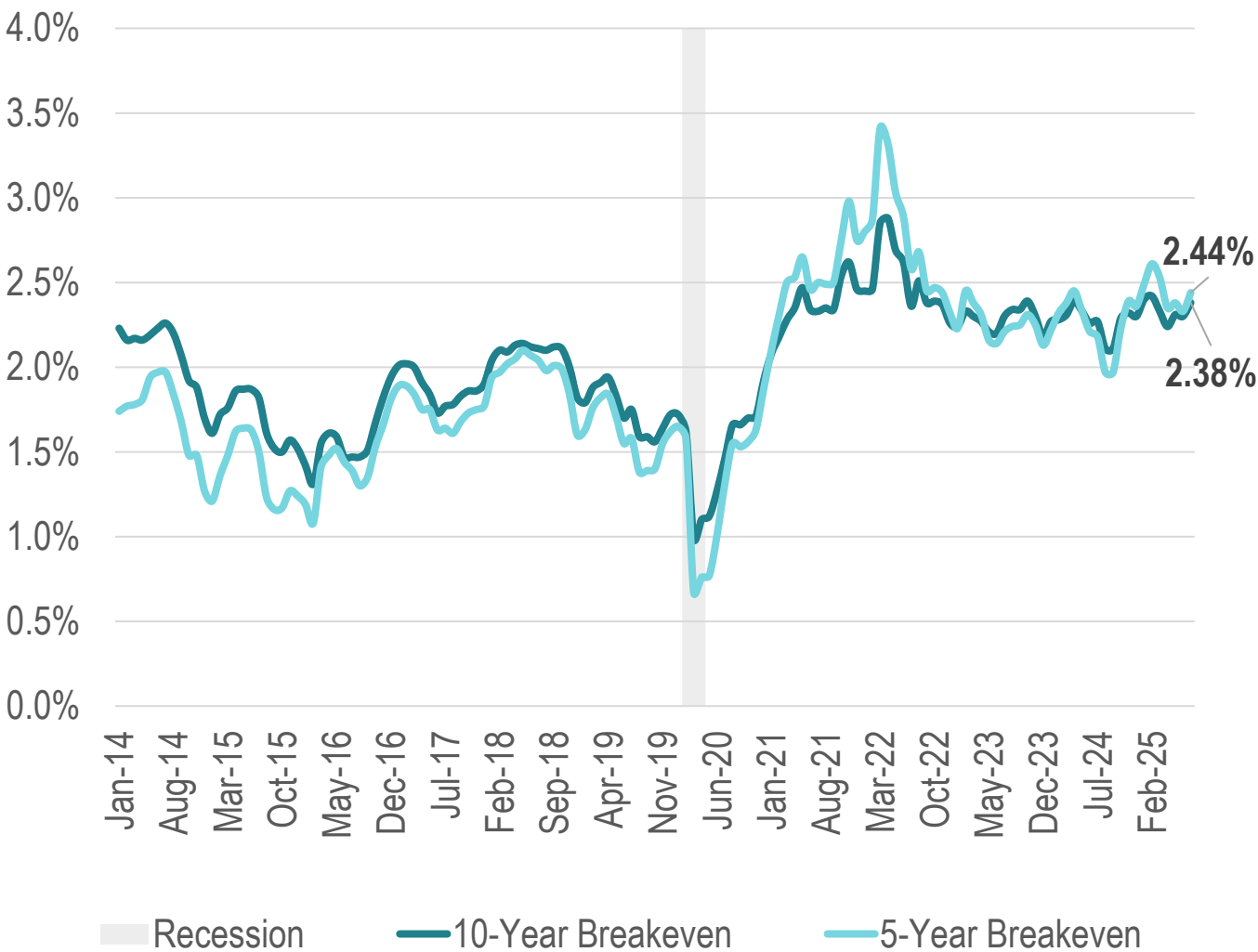
PCE Is Predicted to Continue Rising in 2025 and Early 2026 Before Moderating



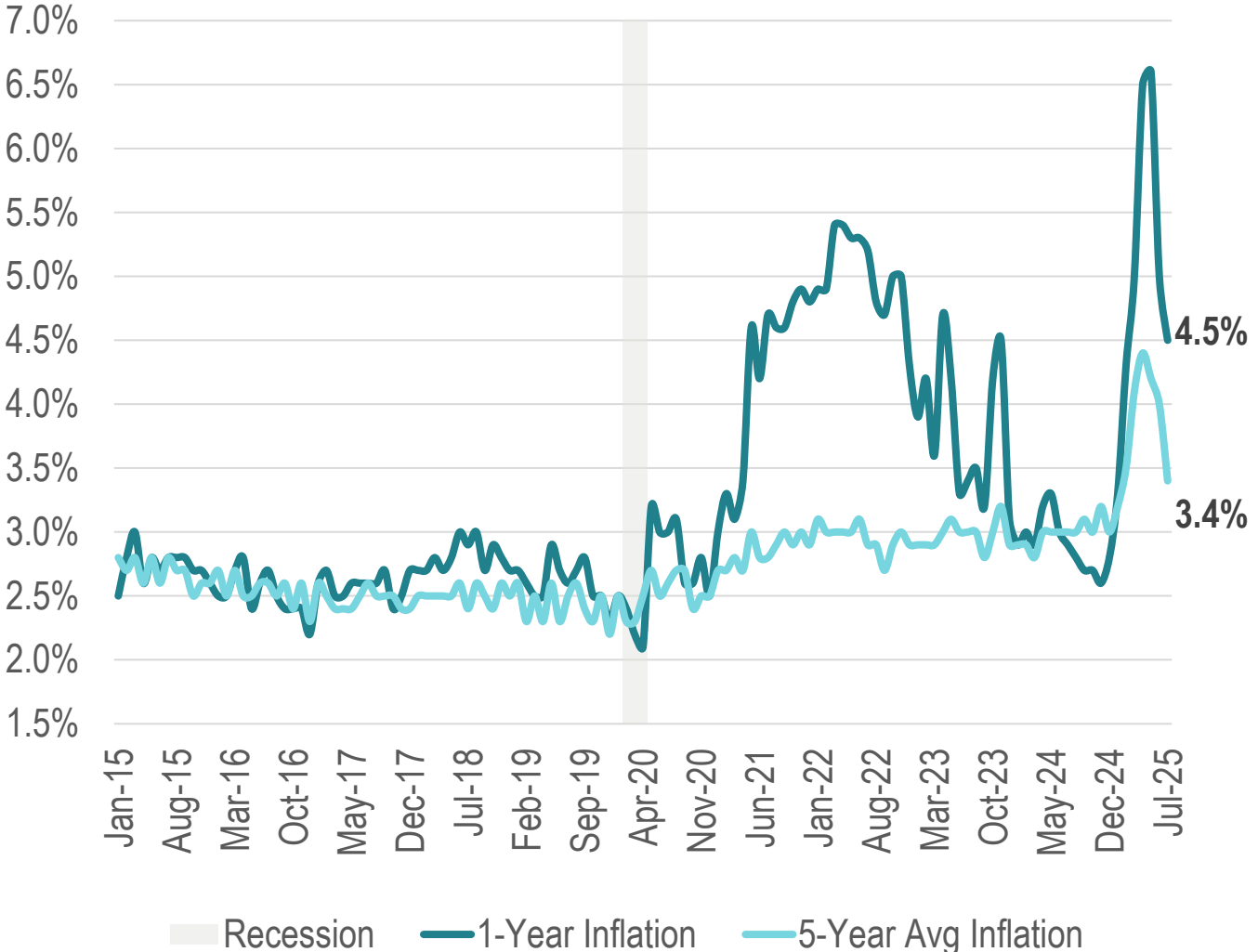
5- and 10-Year TIPS Breakeven Rates Both Rose by 10 bps in July

Consumer Expectations of Year-Ahead Inflation Fell to 4.5% and 5-Year Expectations Declined to 3.4%

TIPS-Implied Breakeven Inflation Rate



University of Michigan Inflation Expectations

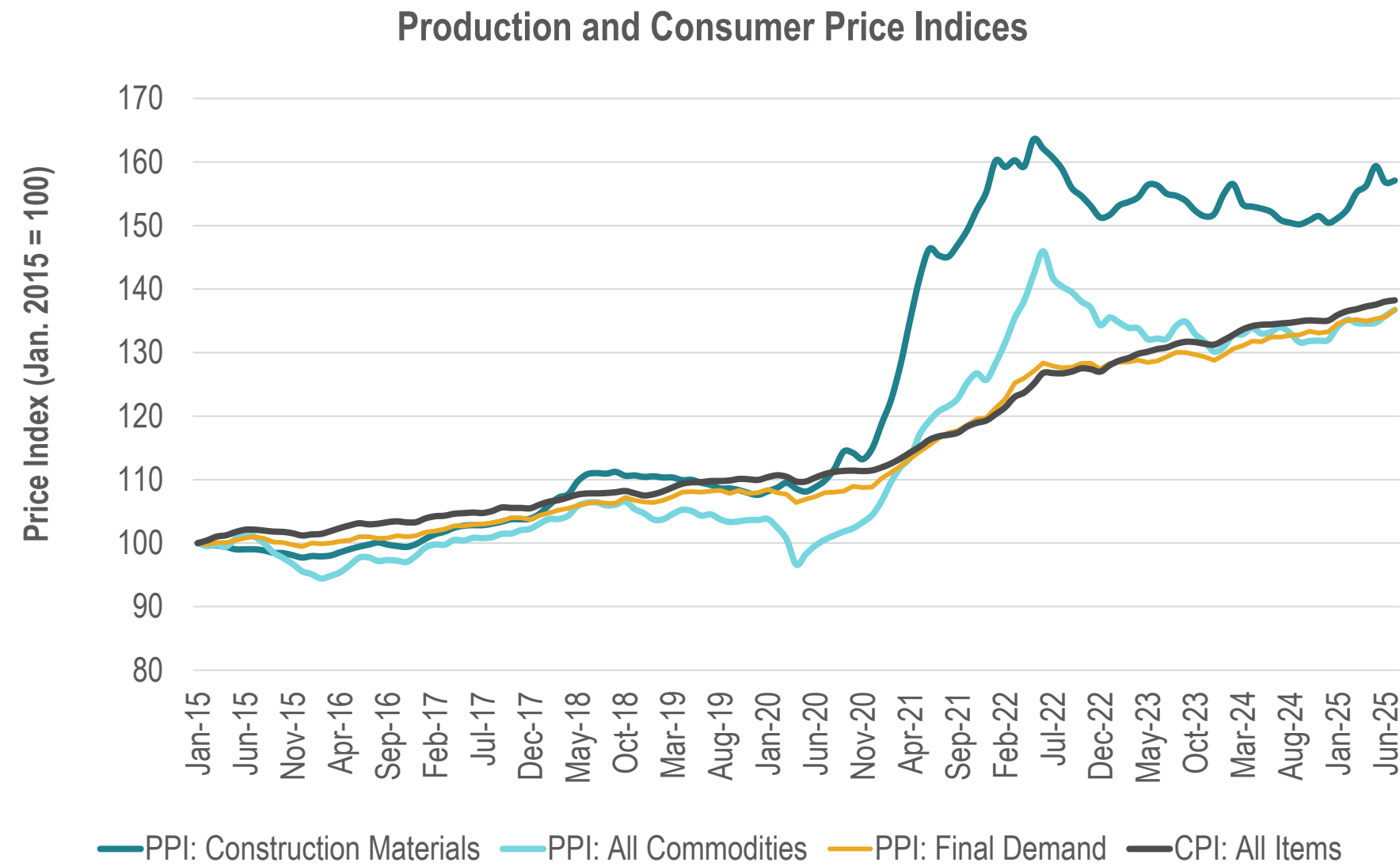


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Data are as of July 2025.
Note: The breakeven inflation rate is calculated by subtracting the yield on treasury inflation-protected securities (TIPS) from the yield on non-protected securities; inflation at this rate equalizes real yields on the two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

Monthly Final Demand and All Commodities PPI Rose 0.9% and 0.7%, Respectively

Construction Materials PPI Rose 0.2% MoM and 4.1% YoY



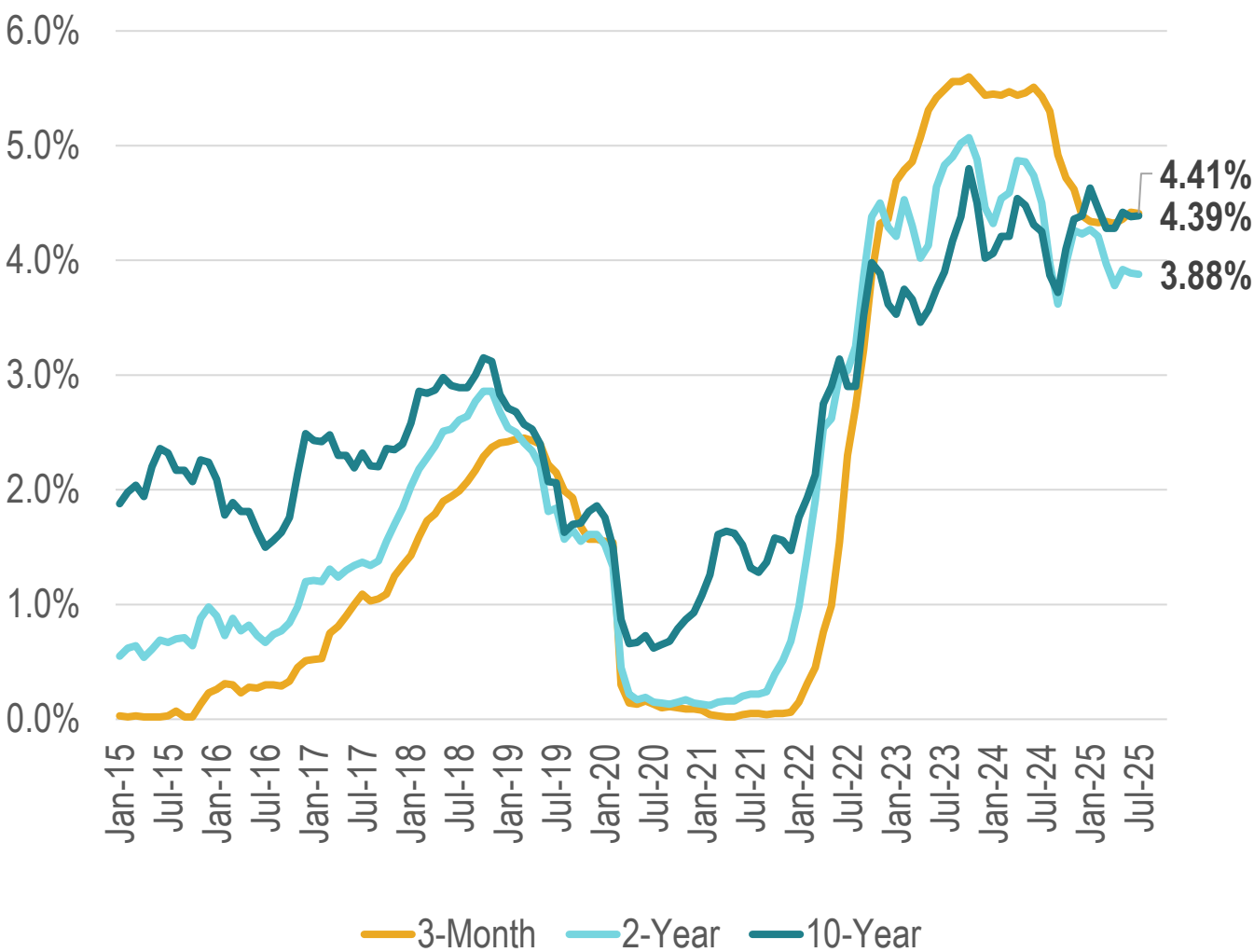
July 2025 Producer Price Index			
	Monthly	Trailing 12-Month	10-Yr Annual Avg
PPI: Construction Materials	0.2%	4.1%	4.7%
PPI: All Commodities	0.7%	2.0%	3.1%
PPI: Final Demand	0.9%	3.3%	3.1%
CPI: All Items	0.2%	2.7%	3.1%

Interest Rates

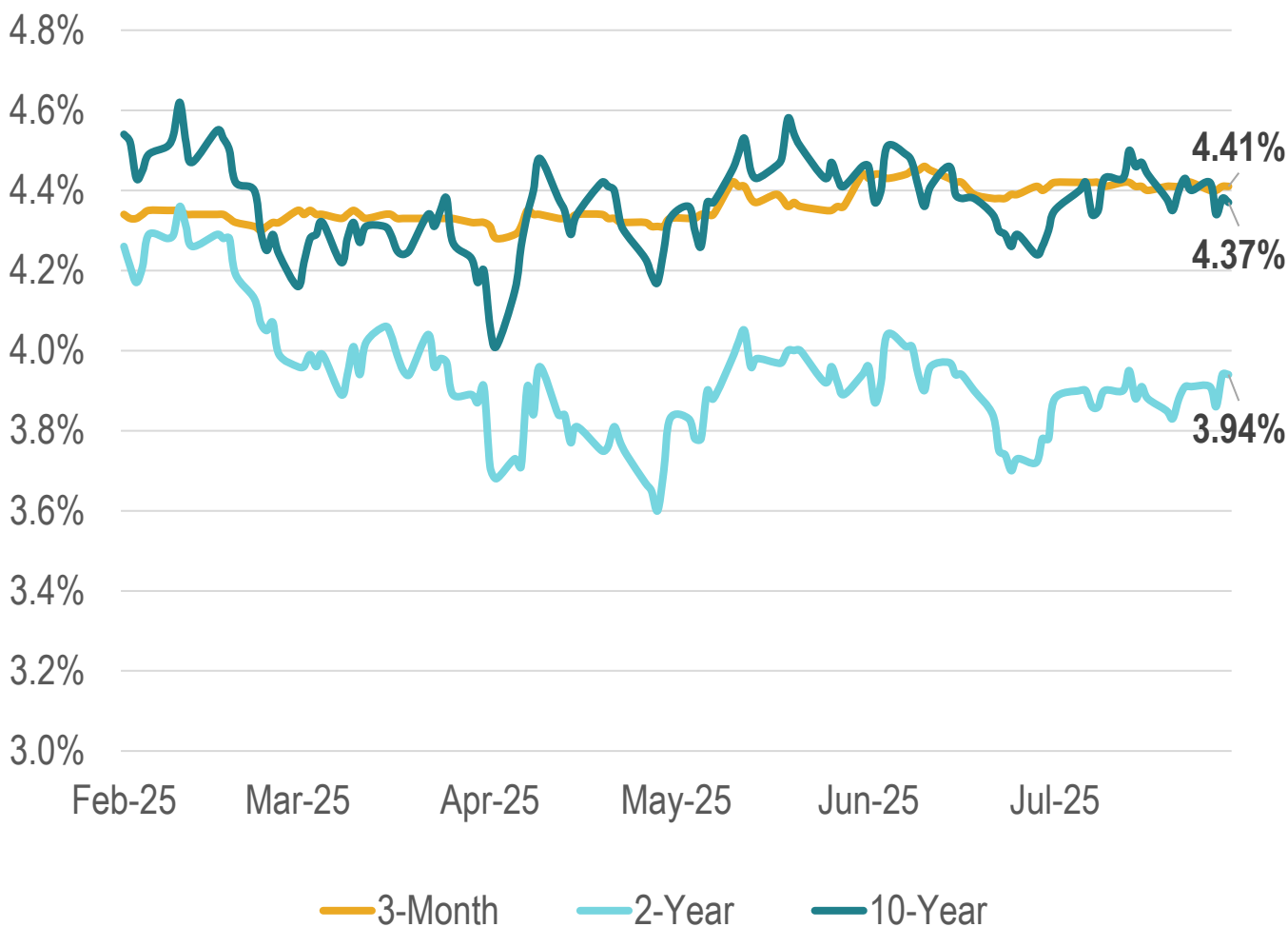
The 10-Year to 3-Month UST Yield Spread Remained Slightly Inverted in July

Monthly Average Rates for the 3-Month, 2-Year, and 10-Year UST Yields All Held Steady From Month Prior

US Treasury Yields (Monthly Averages)

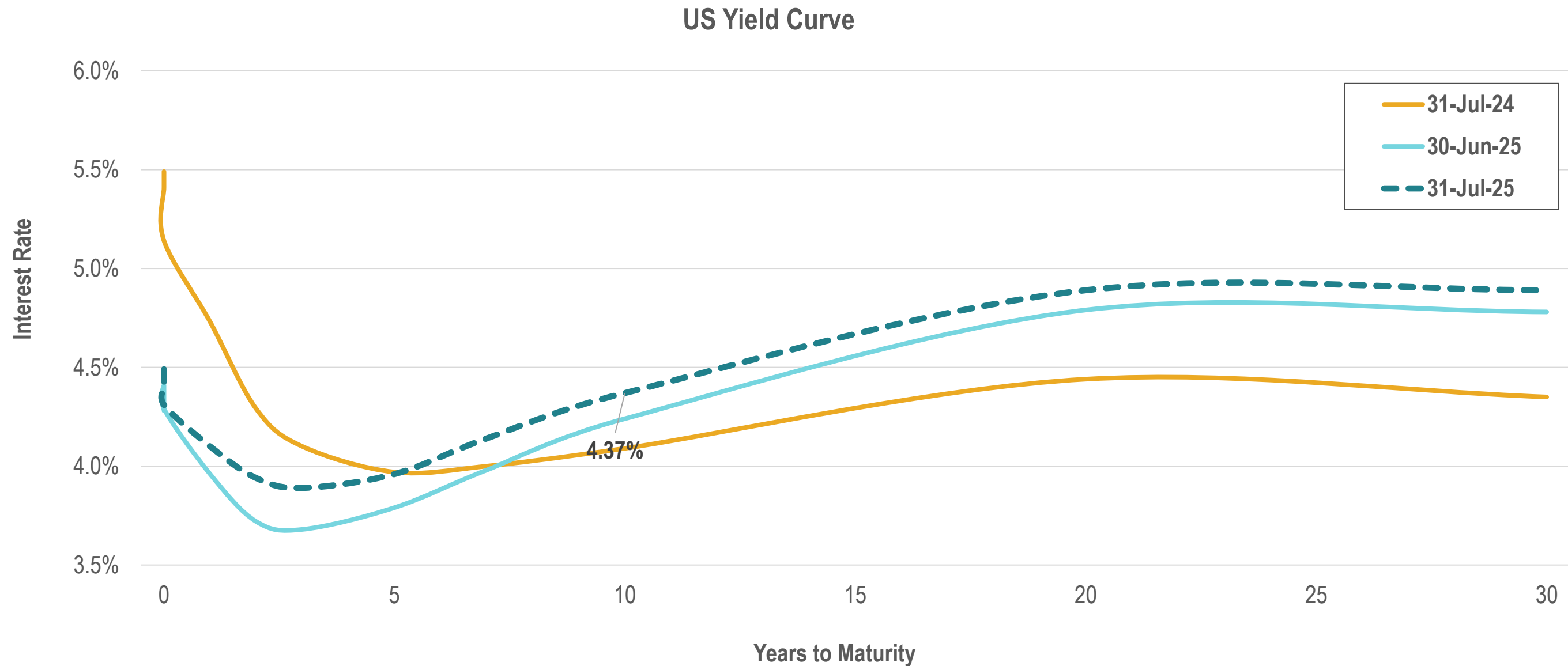


US Treasury Yields (Daily)



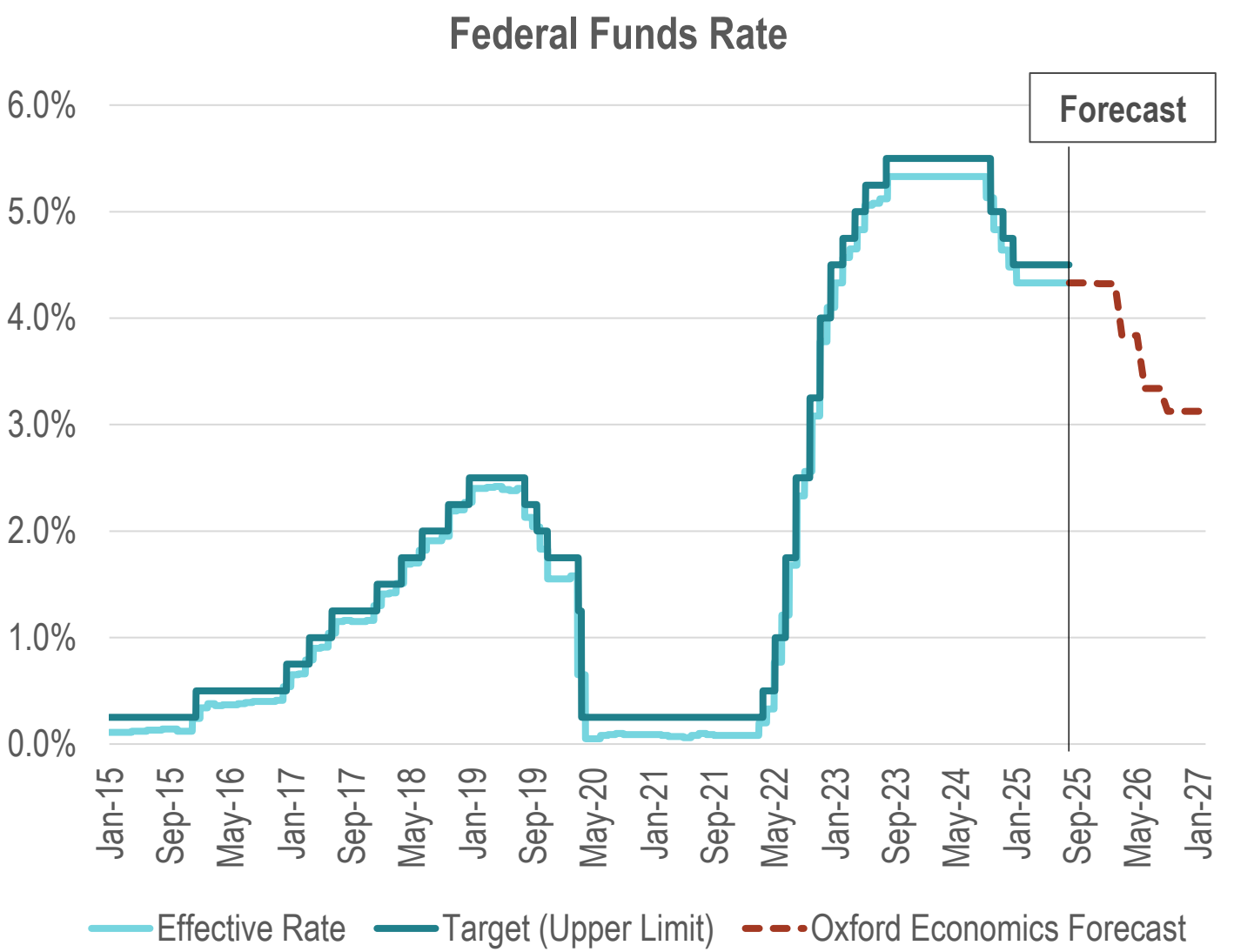
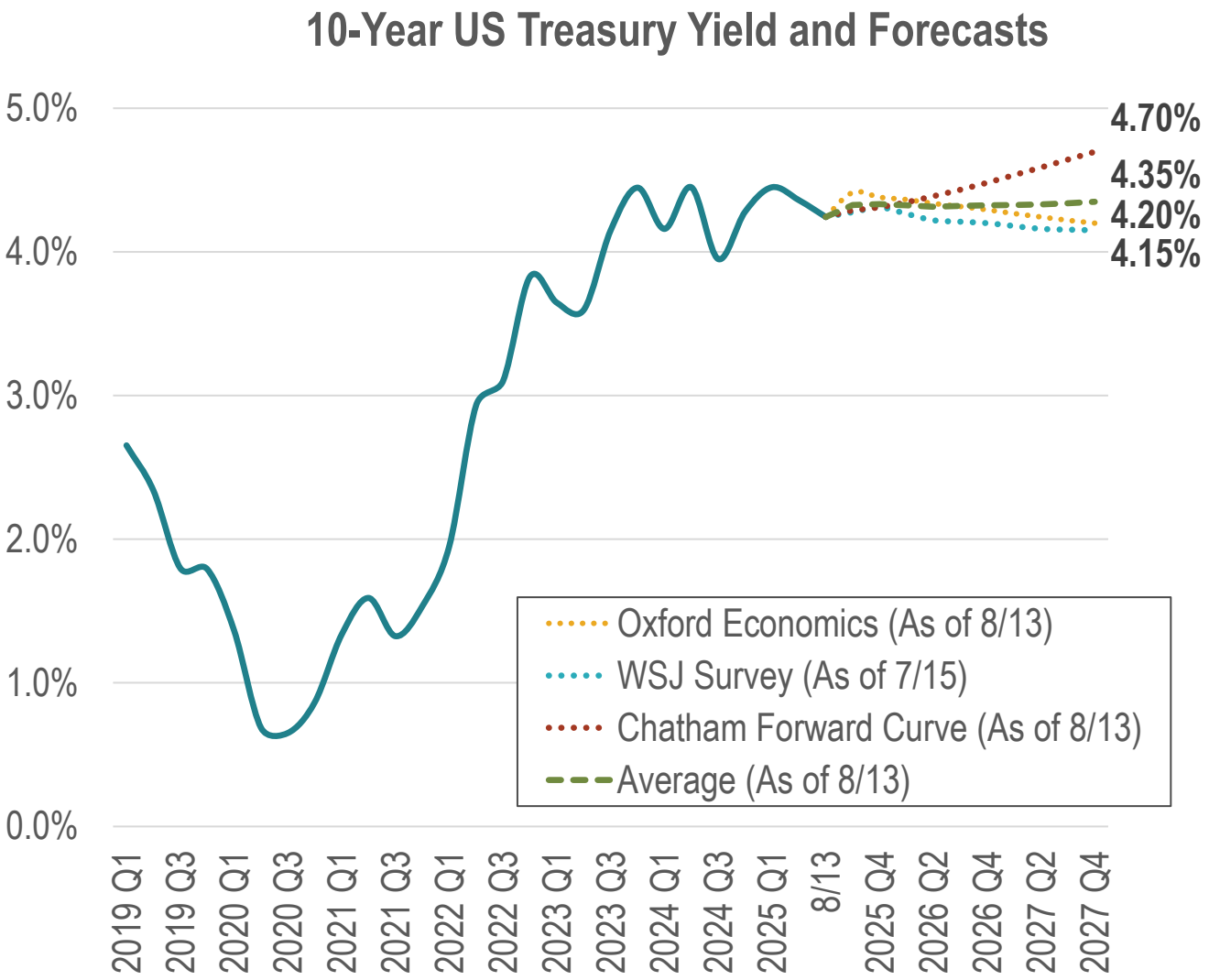
US Treasury Rates Broadly Rose in July

2-Year UST Yields Rose at a Faster Quip than 10-Year Yields MoM; 3-Month UST Yields Were Unchanged



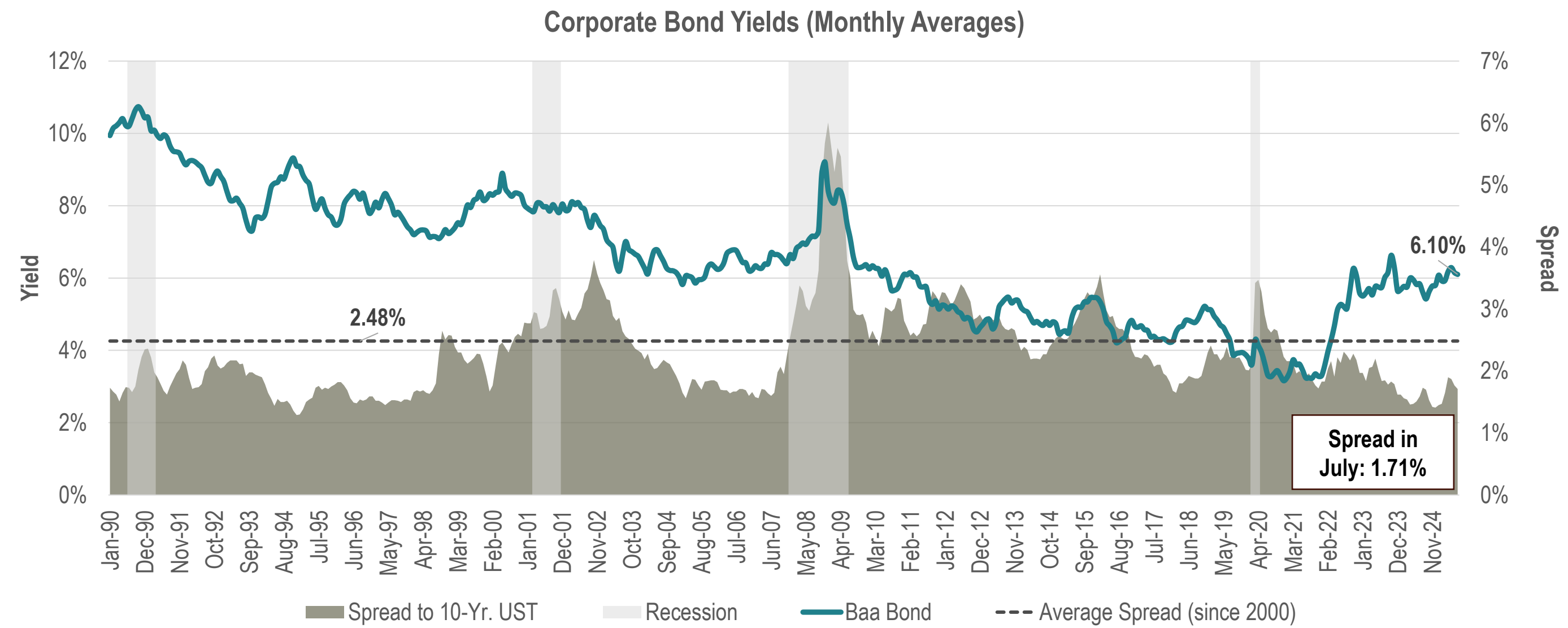
10-Year UST Yields Are Forecast to Remain Near Current Levels Through 2027

The Fed Is Likely to Cut Rates in September as the Labor Market Cools, Despite the Risk of Rising Inflation



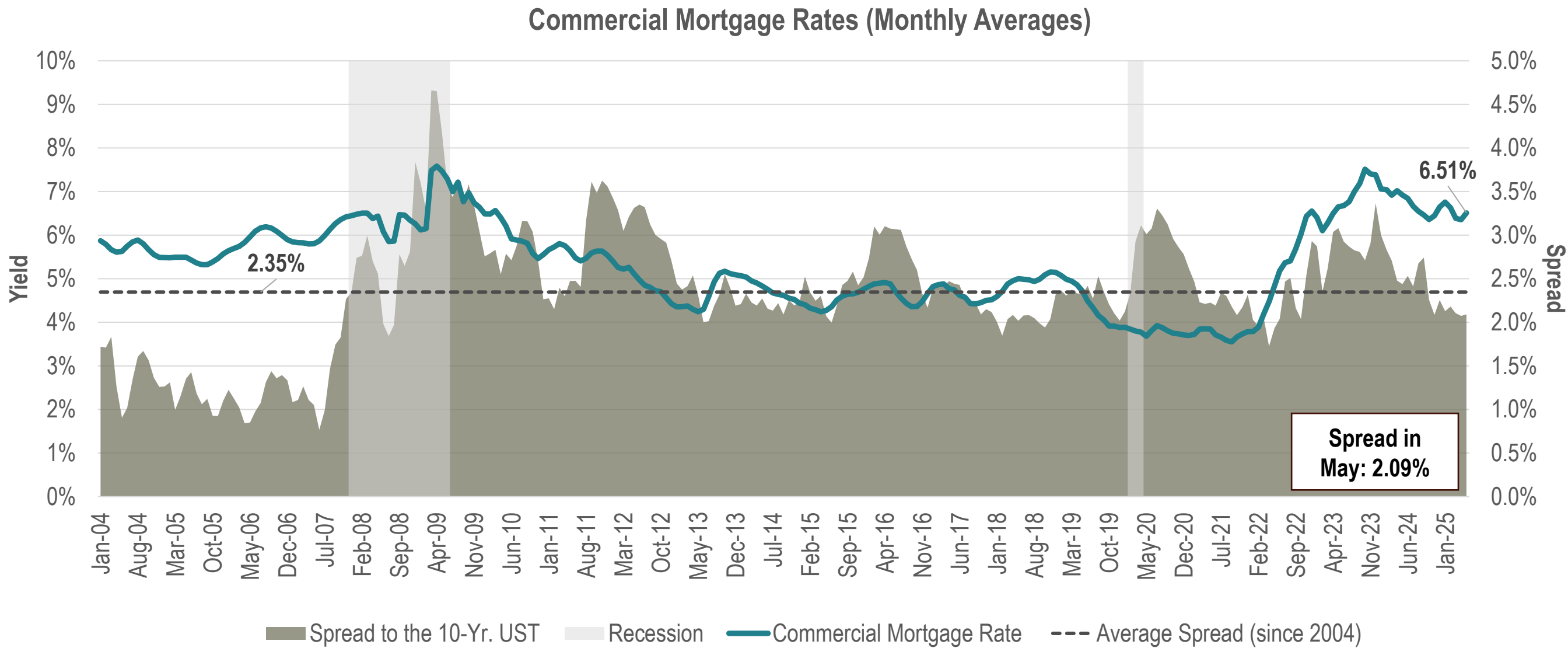
Baa Corporate Bond Yields Fell Slightly in July to 6.10%

Spread to the 10-Year UST Contracted and Was Far Below the Long-term Average



Average Commercial Mortgage Rates Rose 16 bps MoM to 6.5% in May

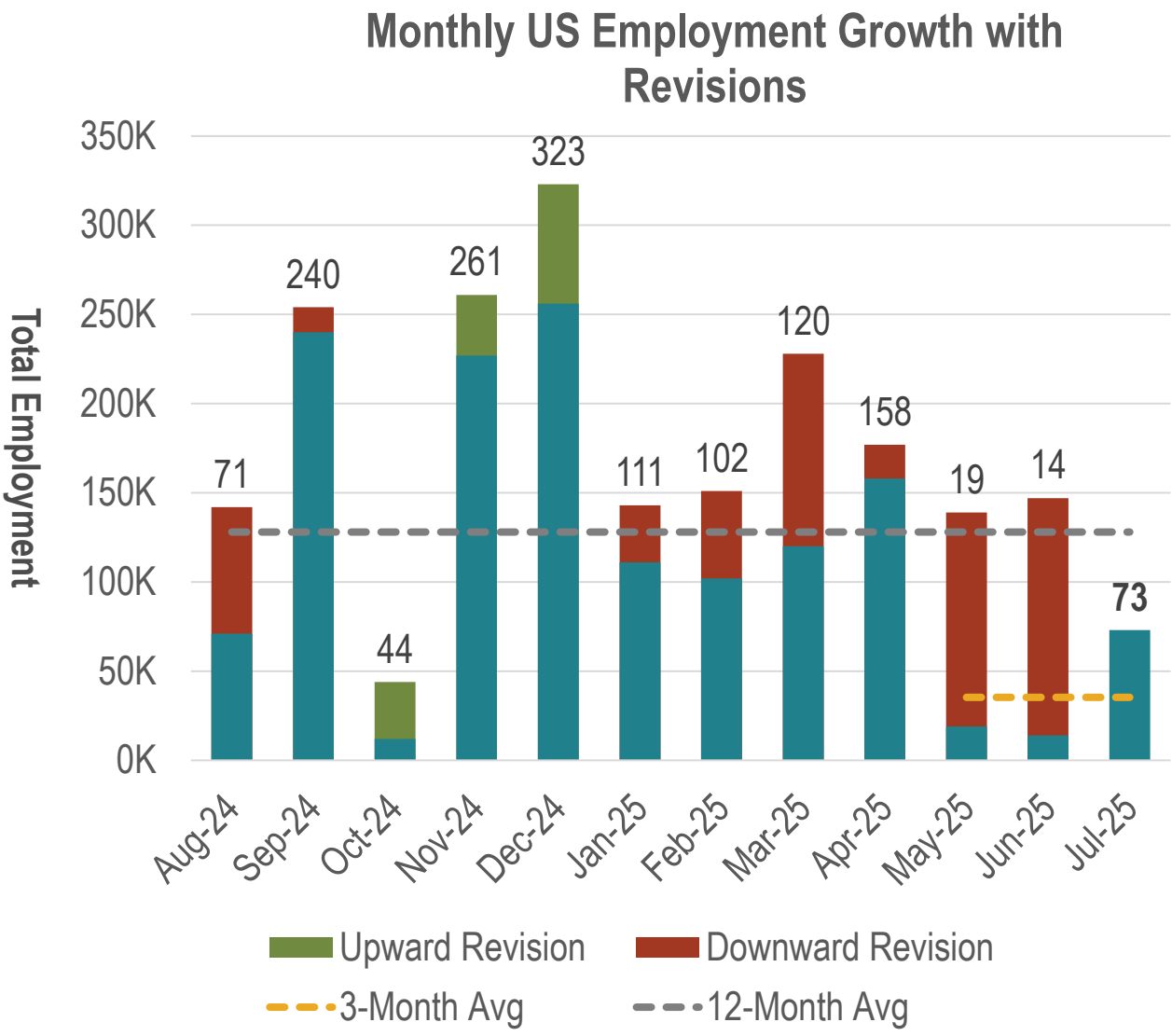
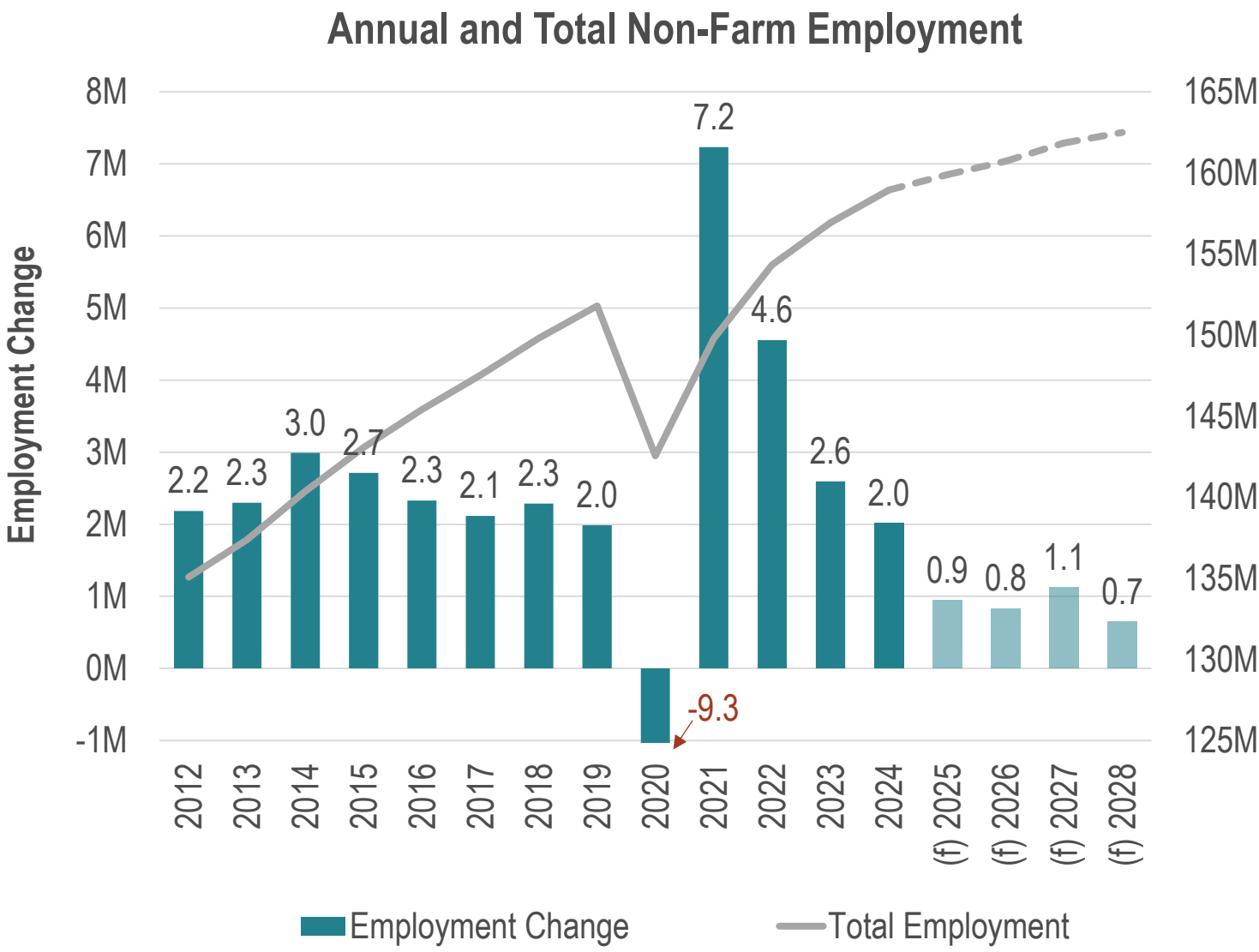
The Spread to the 10-Year UST Yield Remained Below the Long-term Average



Employment

US Added 73K Jobs in July as Labor Market Cooled

Job Growth in May and June Were Also Revised Down 258K; 3-Month Average Employment Growth Was A Low 35K

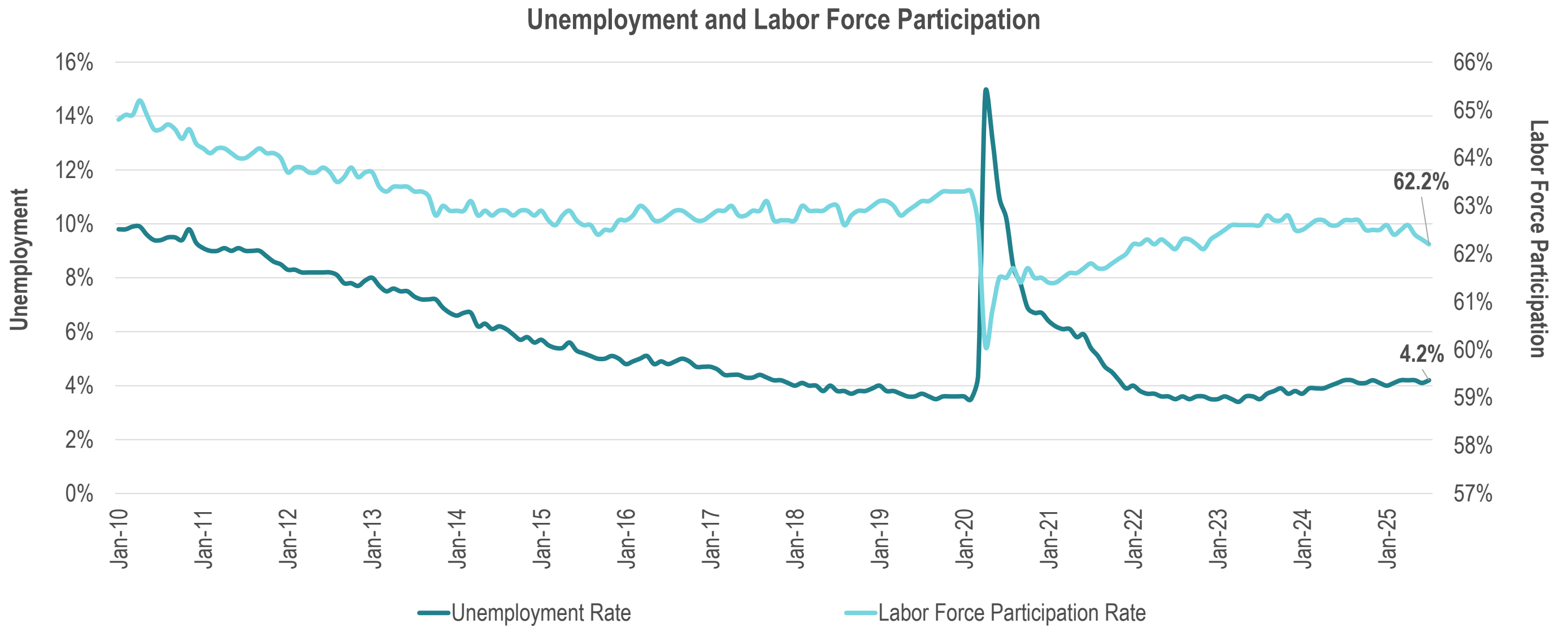


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Data are as of July 2025.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis; Oxford Economics

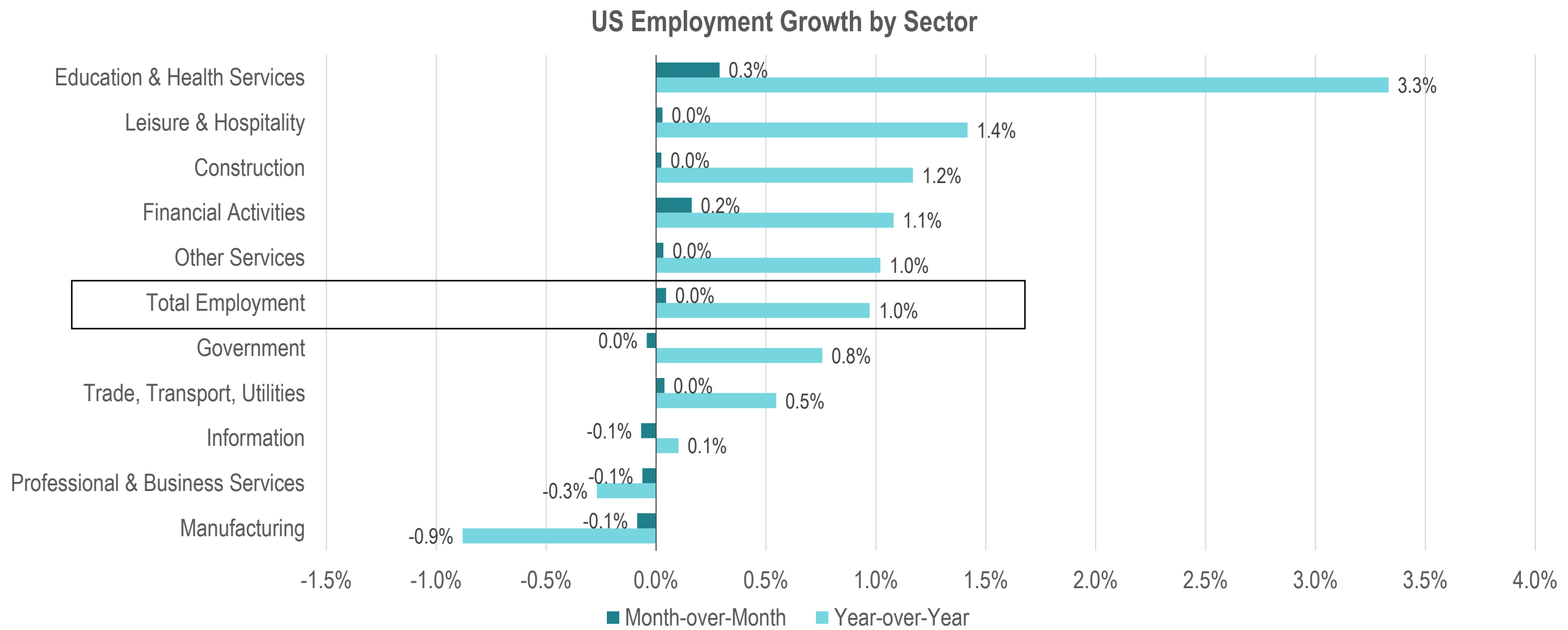
Unemployment Rate Rose 10 bps to 4.2% in July

Labor Force Participation Rate Fell 10 bps MoM to 62.2%



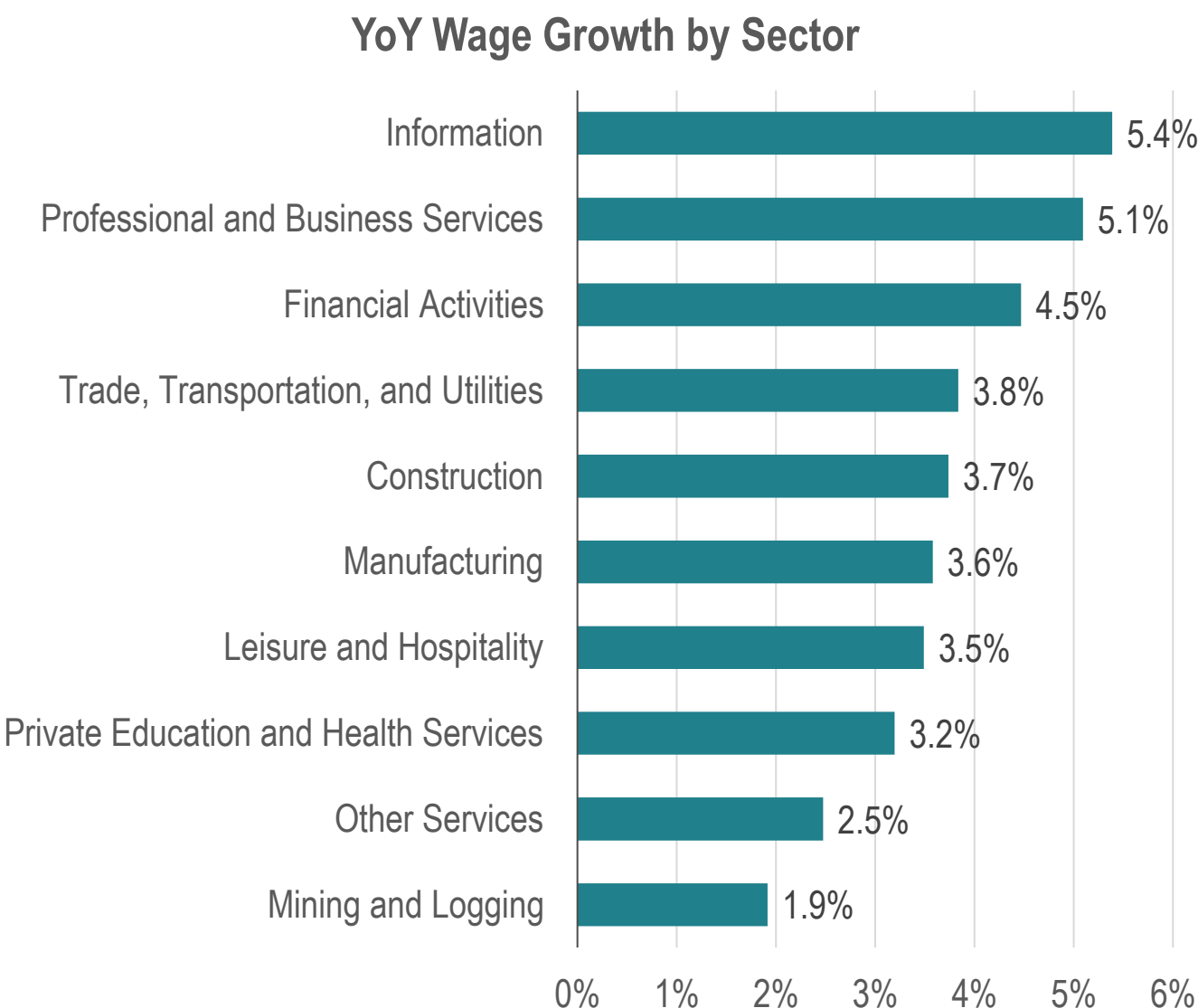
Flat Monthly Job Growth for Total Employment and Across Many Sectors

Annual Job Losses in Several Sectors; Government Employment Fell Slightly MoM



Annual Wage Growth Rose 10 bps to 3.9% in July

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



Moderate Annual Job Growth Recorded in Major Sunbelt Markets

Slow Employment Growth Is Forecast in Most Gateway and All Midwest Markets Through 2029

30 Largest Employment Markets

	Employment Change	
	Jun. 24 - Jun. 25	2025 - 2029 Forecast (CAGR)
Austin	0.8%	1.4%
Orlando	2.1%	1.0%
Dallas-Fort Worth	1.0%	1.0%
Inland Empire	1.0%	0.9%
Phoenix	0.4%	0.9%
Charlotte	2.6%	0.8%
Seattle	1.0%	0.8%
San Antonio	1.9%	0.8%
Nashville	1.1%	0.8%
Denver	0.2%	0.8%
Atlanta	0.7%	0.7%
Houston	0.9%	0.7%
Tampa	1.0%	0.6%
Miami	1.5%	0.6%
Portland	-0.5%	0.6%
SF/Oakland	-0.6%	0.6%
Columbus	1.3%	0.5%

	Employment Change	
	Jun. 24 - Jun. 25	2025 - 2029 Forecast (CAGR)
San Diego	0.9%	0.5%
New York	1.1%	0.5%
Los Angeles	0.9%	0.4%
Minneapolis	1.1%	0.4%
Boston	-0.1%	0.4%
Philadelphia	1.5%	0.3%
Cincinnati	1.4%	0.3%
Baltimore	0.5%	0.3%
Saint Louis	-0.3%	0.2%
Washington DC	0.3%	0.2%
Detroit	0.7%	0.2%
Chicago	0.6%	0.2%
Pittsburgh	1.5%	0.1%

Midwest Markets
Gateway Markets
Sunbelt Markets

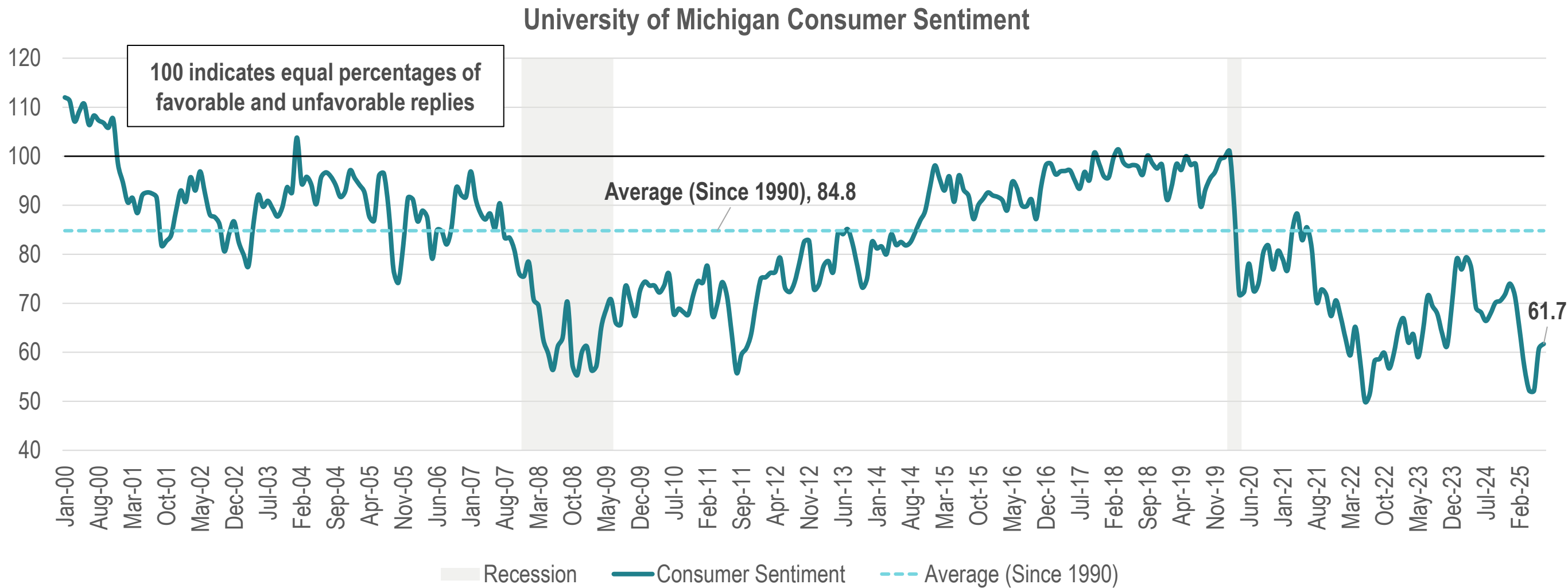
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Data are as of June 2025.
Note: The table shows the 30 largest markets by nonfarm employment; MSA employment data release one month in arrears.
Source: U.S. Bureau of Labor Statistics; Oxford Economics

Sentiment & Retail Sales

Consumer Sentiment Improved Slightly in July

Rising Sentiment Among Stockholders Helped Support the Increase



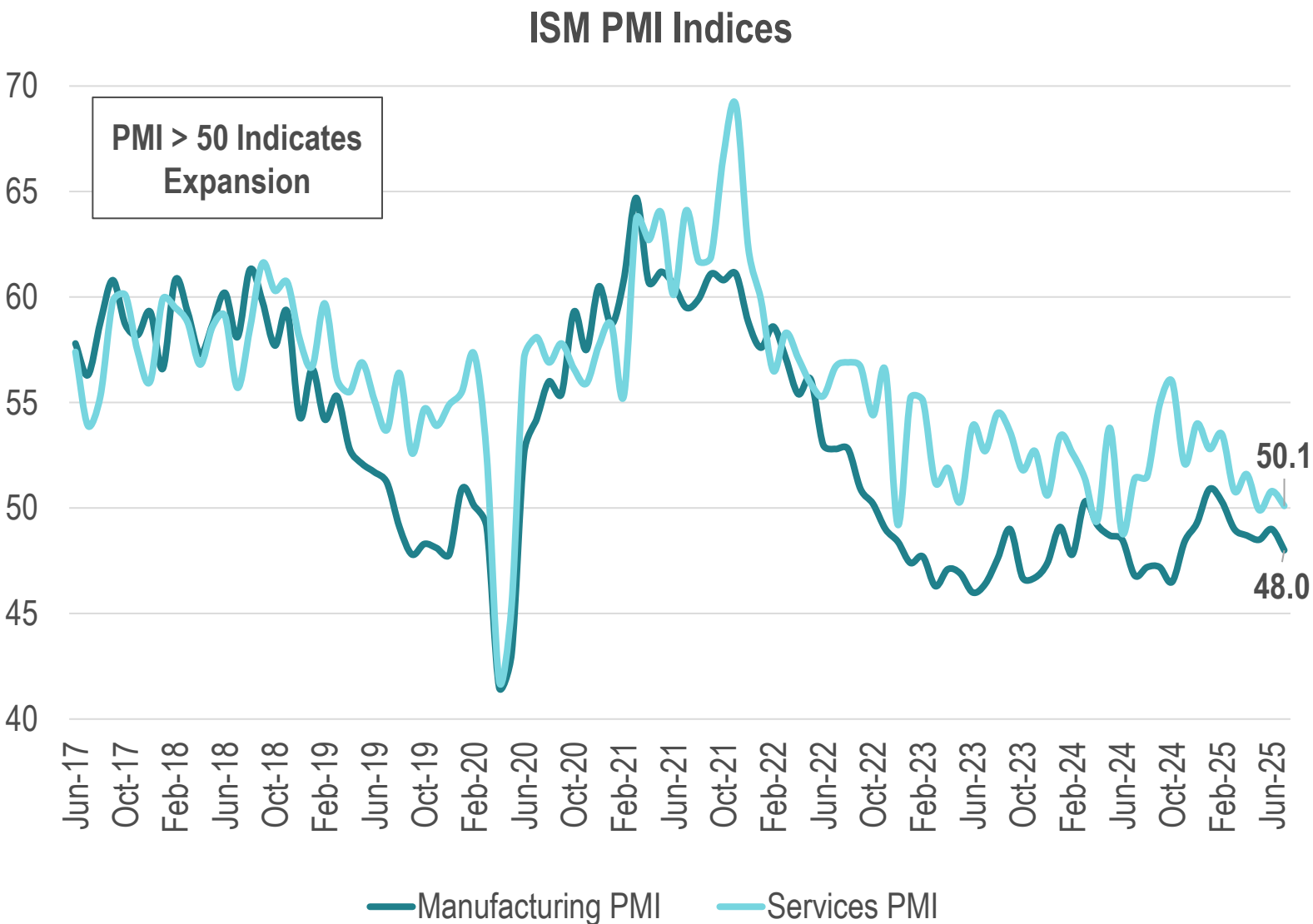
Data are as of July 2025.

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 Fell but Remained Slightly in Expansion in July

Manufacturing PMI Also Fell and Remained in Contraction for a Fifth Consecutive Month

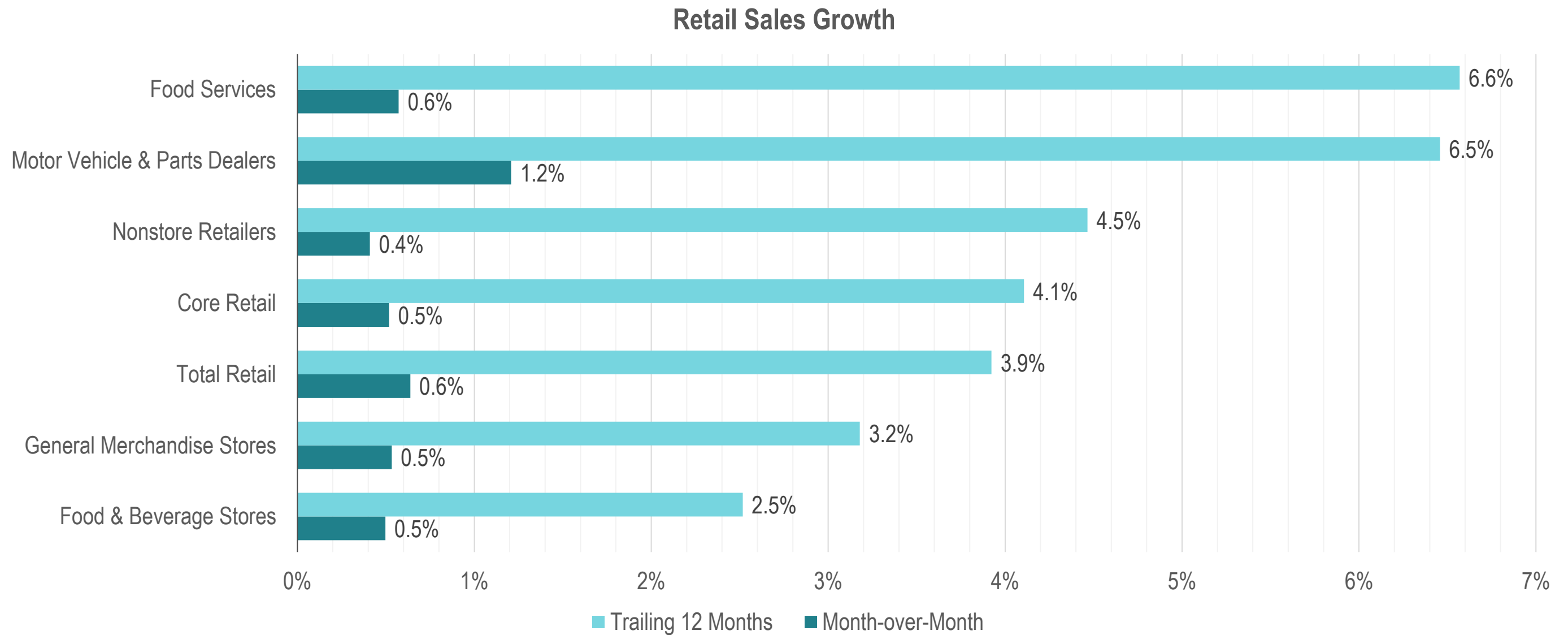


Manufacturing PMI Components	Series Index July	Series Index June	MoM Change	Weight
New Orders	47.1	46.4	0.7	20%
Production	51.4	50.3	1.1	20%
Employment	43.4	45	-1.6	20%
Supplier Deliveries	49.3	54.2	-4.9	20%
Inventories	48.9	49.2	-0.3	20%

Services PMI Components	Series Index July	Series Index June	MoM Change	Weight
Business Activity	52.6	50	2.6	25%
New Orders	50.3	46.4	3.9	25%
Employment	46.4	50.7	-4.3	25%
Supplier Deliveries	51	52.5	-1.5	25%

Monthly Total and Core Retail Sales Rose 0.6% and 0.5%, Respectively, in June

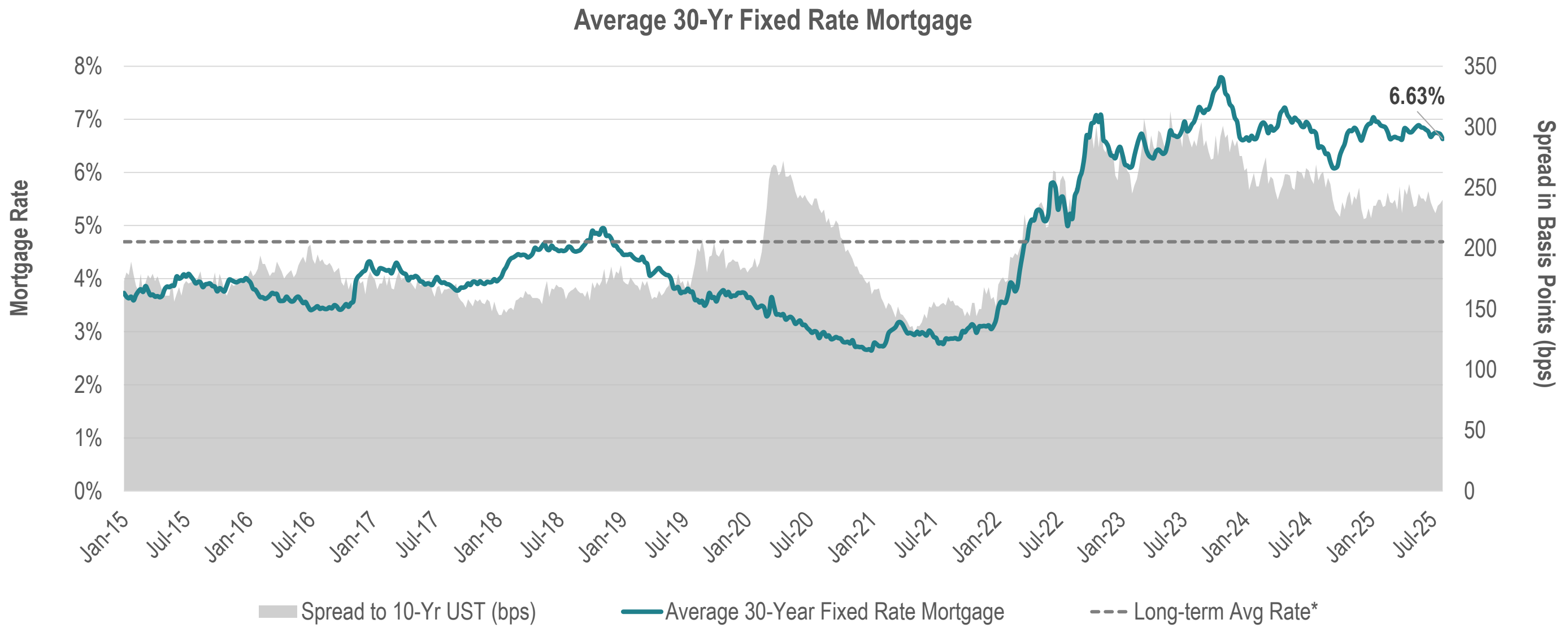
Nonstore Retail Sales Also Grew 0.4% MoM and 4.5% YoY



Housing

30-Year Mortgage Rate Fell to 6.6% in Early August

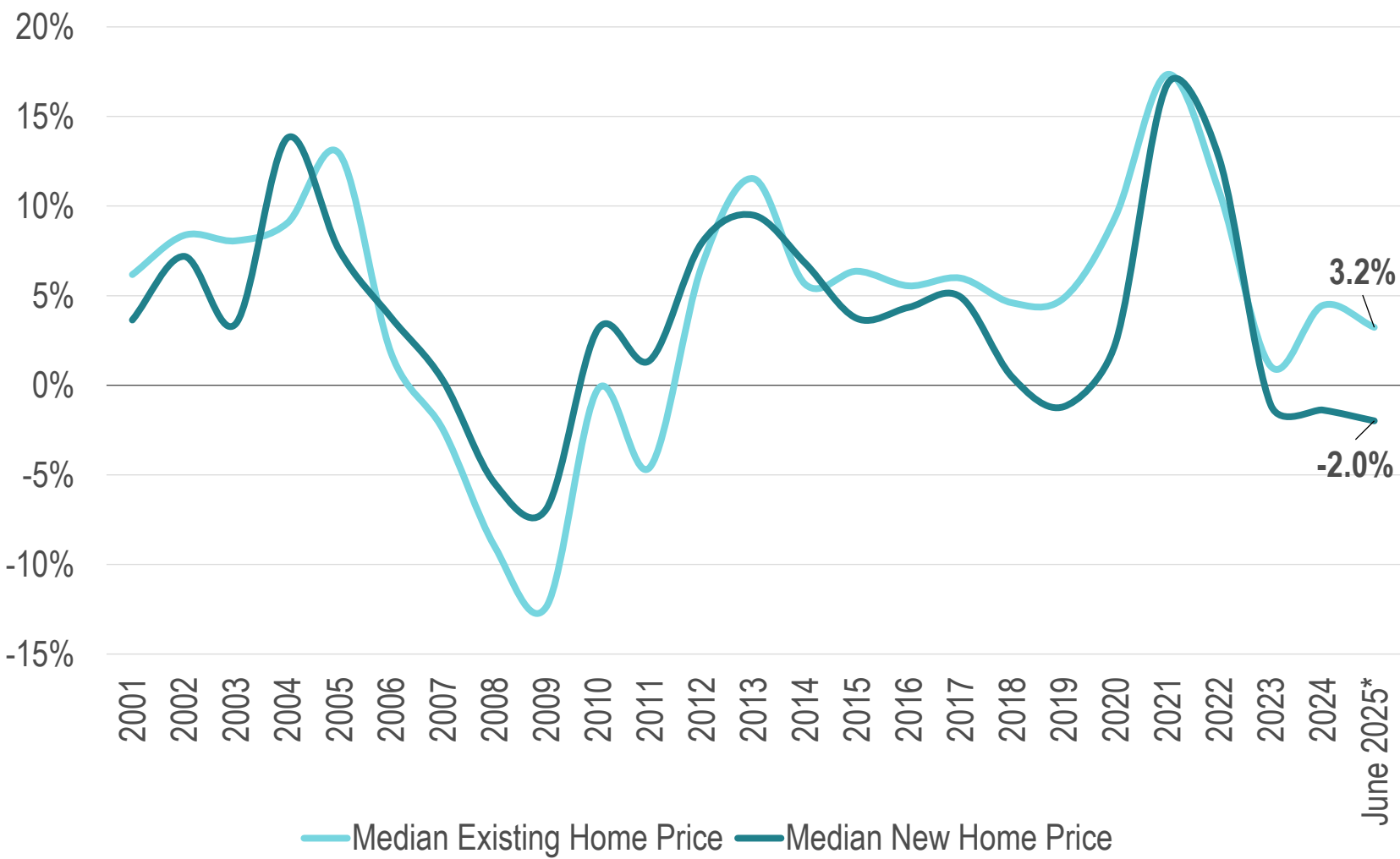
The Spread to the 10-Year UST Yield Expanded in Late July and Remained Above the Long-term Average



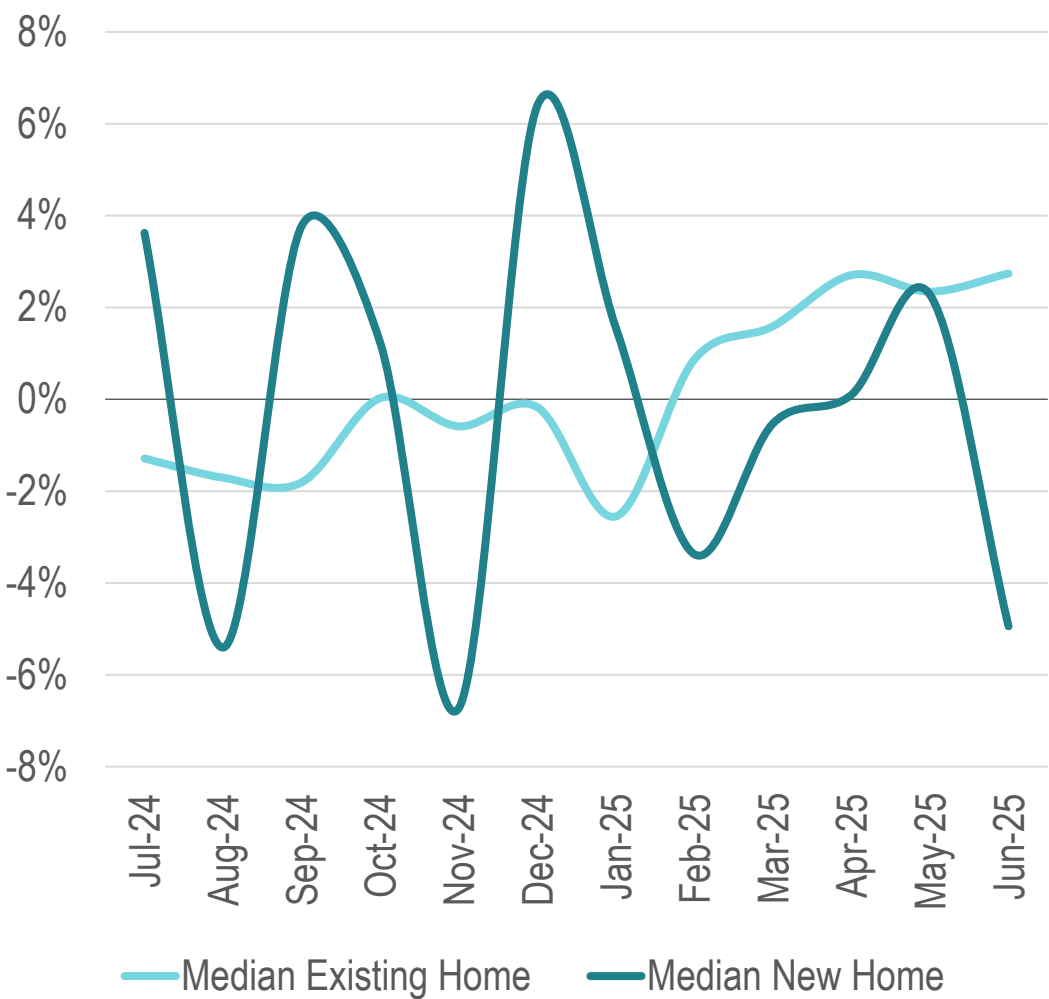
Annual New Home Prices Fell 2.0% while Existing Home Prices Rose 3.2%

Existing Home Prices Rose while New Home Prices Fell MoM

Change in Annual Average Home Prices

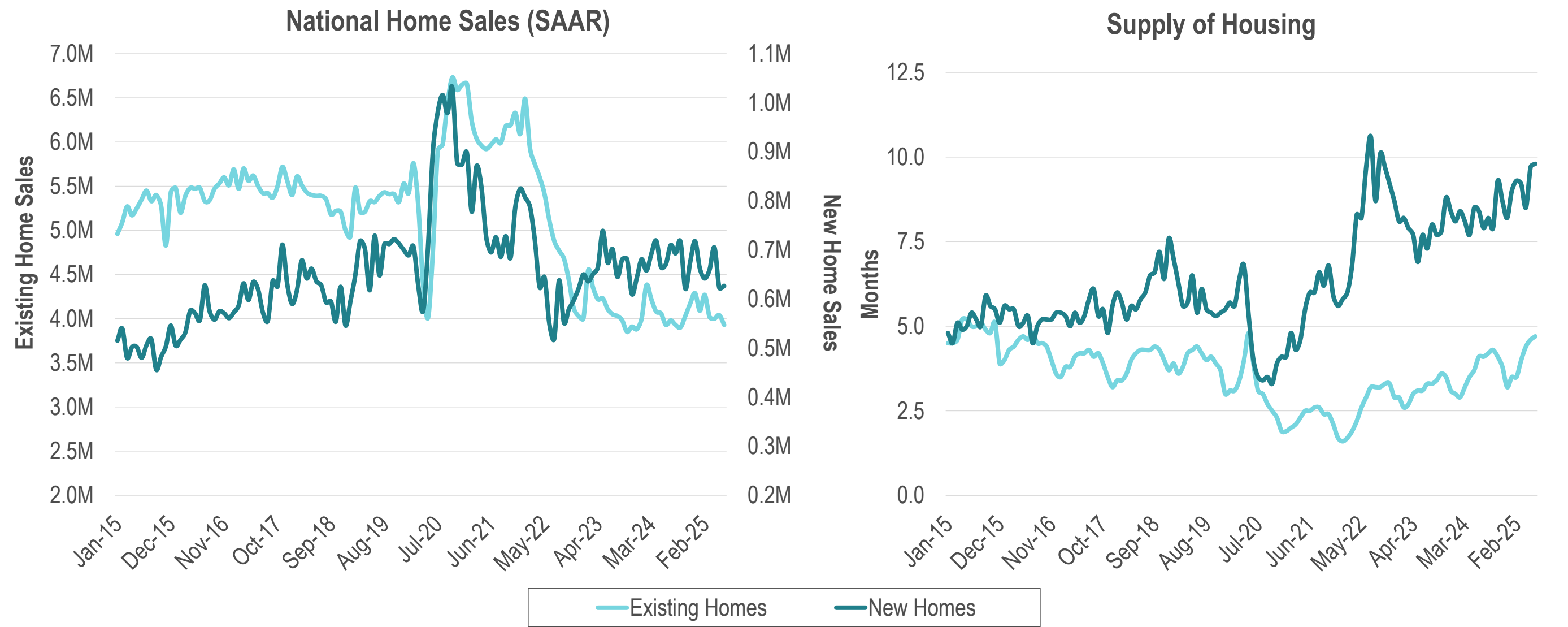


Monthly Change in Home Prices



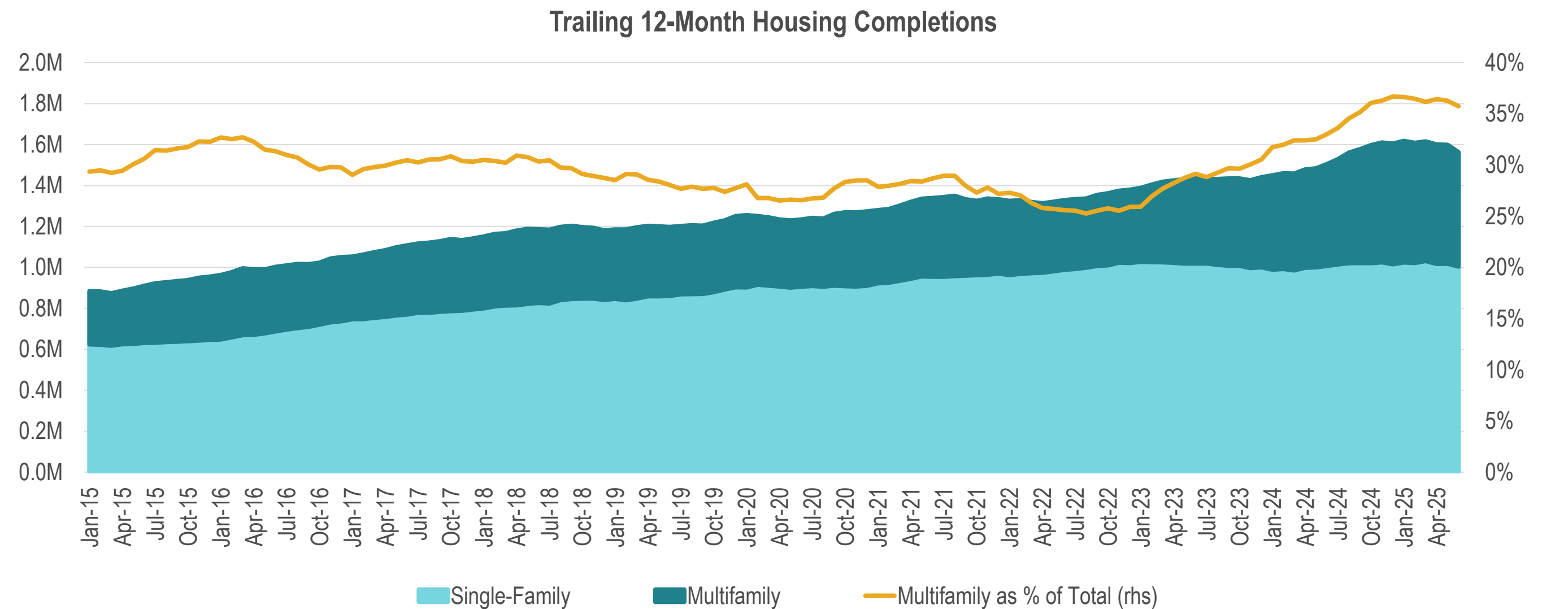
Monthly Existing Home Sales Fell by 2.7% while New Home Sales Rose 0.6%

Supply of Existing and New Homes Both Increased in June



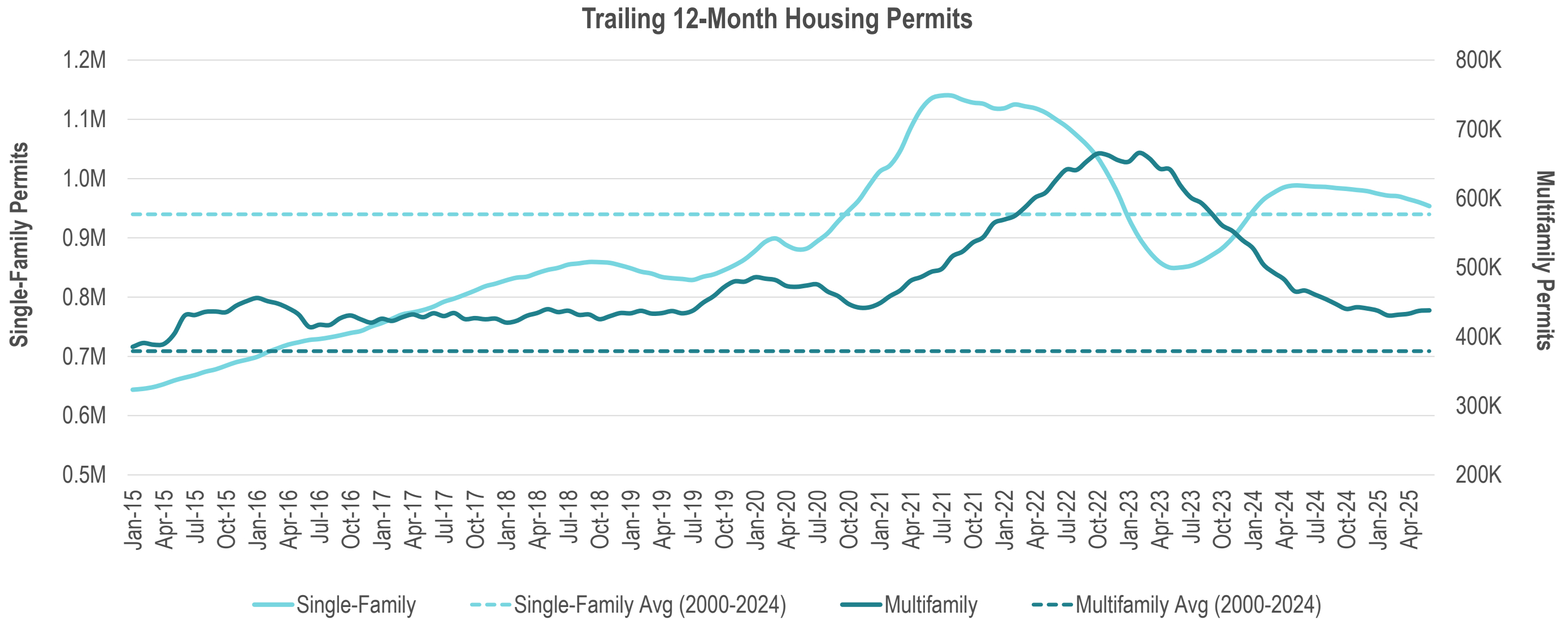
Total Housing Completions Fell by 2.2% MoM, with Declines in SF and Multifamily

Multifamily's Share of Total Completions Continued to Fall from Historic Highs in June



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

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



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