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MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- The Producer Price Index (PPI) surprised significantly to the downside in August, falling 0.1% – in contrast to the consensus forecast calling for a 0.3% increase – after spiking higher in July.
 - Headline producer prices are up 2.6% from a year ago.
- “Core” producer prices, excluding the often-volatile categories of energy and food, also declined 0.1%, but remain elevated relative to the headline figure at 2.8% vs. a year ago.
 - Energy prices declined 0.4% in August, while food prices increased 0.1%.
- The Consumer Price Index (CPI) rose 0.4% last month, above the consensus expectation (0.3%) and the previous reading (0.2%). The increase brings the year-ago comparison to 2.9%, in line with forecasts.
 - “Core” CPI rose 0.3%, as expected, while the year-over-year core figure held steady at 3.1%.
 - Details of the report revealed that the volatile energy and food categories led overall prices higher, with energy prices climbing 0.7% and food close behind (0.5%).
- The Bureau of Labor Statistics (BLS) released initial benchmark revisions to nonfarm payrolls for the year ending March 2025 and now estimates that the measure added 911,000 fewer jobs than previously reported.
 - With the revision, the average payroll addition per month for the year fell by more than half, from 147,000 to 71,000, suggesting the labor market could be materially weaker than previously thought.

How does the most recent economic data impact you?

- Although the two big inflation readings released this week somewhat contradict each other, with producer prices falling and consumer prices rising, the Federal Reserve (Fed) is likely to place greater weight on the prices directly impacting the consumer.
 - However, PPI is viewed as an upstream inflation reading, and the change in prices of intermediate goods seen by producers is likely to flow through the supply chain and eventually impact consumers.
 - As such, declining producer prices (particularly after the concerning higher spike in July) likely indicate that inflation’s general trend lower remains intact, and the Fed will resume interest rate cuts this week.
- The surprisingly large annual revision to nonfarm payrolls will provide further ammunition to those on the Federal Open Market Committee (FOMC) lobbying to lower interest rates in support of a slowing, but not collapsing, labor market.



A LOOK FORWARD¹

- Although retail sales, import prices, and several housing data releases may attract some attention early in the week, most investors and market participants will be squarely focused on the September FOMC meeting and the Fed’s interest rate decision.

How does this week’s slate of economic data impact you?

- Retail sales will provide critical insight into how consumer spending held up through the end of the summer.
- While inflation has been stubborn recently, there seems to be very little that may deter the Fed from resuming interest rate cuts. The market, as indicated by Fed funds futures, expects at least one 25-bp cut.



MARKET UPDATE²

Market Index Returns as of 9/12/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.60%	6.38%	12.98%	18.57%	20.52%	16.26%
NASDAQ	2.05%	8.83%	15.20%	26.04%	24.88%	16.20%
Dow Jones Industrial Average	0.97%	4.33%	9.07%	12.63%	16.01%	12.79%
Russell Mid-Cap	0.39%	5.15%	10.23%	14.13%	13.62%	12.95%
Russell 2000 (Small Cap)	0.27%	10.47%	8.50%	11.32%	11.00%	11.35%
MSCI EAFE (International)	1.15%	4.25%	24.52%	17.41%	17.57%	10.60%
MSCI Emerging Markets	3.96%	8.87%	25.49%	24.99%	13.30%	6.51%
Bloomberg Barclays US Agg Bond	0.41%	2.28%	6.40%	2.66%	4.01%	-0.44%
Bloomberg Barclays High Yield Corp.	0.27%	2.31%	6.98%	8.21%	9.38%	5.35%
Bloomberg Barclays Global Agg	0.20%	0.71%	8.04%	2.57%	4.23%	-1.56%



OBSERVATIONS

- In a week of relatively subdued volatility ahead of the Fed's interest rate decision, the NASDAQ (2.05%), S&P 500 Index (1.60%), and the Dow Jones Industrial Average (0.97%) all finished solidly in the black.
- Down-cap equities, while still positive, trailed the major indices over the last five trading sessions.
 - The Russell Mid-Cap Index climbed 0.39% while the Russell 2000 improved just 0.27%.
- The MSCI Emerging Markets Index turned in the best weekly performance among the major asset classes for the second week in a row, gaining 3.96%.
 - Developed market international equities (MSCI EAFE) returned 1.15%.
- Bonds were positive domestically, internationally, and across the credit spectrum, but the U.S. Aggregate Bond Index (0.41%) bested both international fixed income markets (0.20%) and high-yield corporate bonds (0.27%).



BY THE NUMBERS

- **Wall Street's 'Run It Hot' Trade Powers Stock Records:** The coolest trade on Wall Street is known as "run it hot." While slowing job growth and tariff-related costs remain primary concerns for investors, the core of the trade lies in betting on an economic resurgence, not a recession. The thinking: Tax cuts and falling interest rates will heat up the economy, fueling a new burst of growth. That line of reasoning has sent all manner of investments to records, from stocks to bitcoin to gold. Even if the labor market weakens further, many investors believe the near-term outlook remains bright, which they expect to fuel further gains across markets. Wall Street's continued enthusiasm comes as a surprise given investors' main economic narratives. Many expect tariffs to hurt economic growth by taxing real incomes. The jobs report was described as dismal, and Tuesday's revisions showed the U.S. added 911,000 fewer jobs than initially thought in the year ended in March. Traders have largely shrugged off such concerns, instead embracing the prospect that lower rates will boost corporate profits. The Fed has signaled it's likely to cut short-term rates this month, and Wall Street expects more in the months ahead.³
- **Gold Hasn't Rallied This Much Since 1979:** A modern-day gold rush is stretching from Costco store aisles to underground vaults in London to the flickering screens of Wall Street. Old jewelry now glimmers with potential dollar signs. Gold's value has ballooned by 39% this year, putting it on track for a greater annual price jump than during the depths of the Covid-19 pandemic or 2007-09 recession, according to Dow Jones Market Data. Futures for the precious metal haven't surged so much in a year since 1979, when a global energy crisis fueled an inflationary shock that thrashed the world's economy. These days, it isn't a financial meltdown that is drawing people to one of the original market refuges. The recent run-up to record prices—reaching \$3,649.40 a troy ounce on Friday—instead stems in part from the White House, with investors big and small rushing to shield themselves from an uncertain outlook for the U.S. economy and its role in the world.⁴

Economic Definitions

Producer Prices – PPI (headline and core): Producer prices (output) are a measure of the change in the price of goods as they leave their place of production (i.e. prices received by domestic producers for their outputs either on the domestic or foreign market).

Consumer Prices – CPI (headline and core): Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

Retail Sales: Retail sales (also referred to as retail trade) tracks the resale of new and used goods to the general public, for personal or household consumption. This concept is based on the value of goods sold.

The ADP Report: The ADP National Employment Report is an independent estimate of the change in U.S. nonfarm, private employment derived from actual, anonymous payroll data of client companies served by ADP.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Job Openings and Labor Turnover Survey – JOLTS: This concept tracks the number of specific job openings in an economy. Job vacancies generally include either newly created or unoccupied positions (or those that are about to become vacant) where an employer is taking specific actions to fill these positions.

Nonfarm Payrolls: This indicator measures the number of employees on business payrolls. It is also sometimes referred to as establishment survey employment to distinguish it from the household survey measure of employment.

Unemployment Rate: The unemployment rate tracks the number of unemployed persons as a percentage of the labor force (the total number of employed plus unemployed). These figures generally come from a household labor force survey.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 9/12/2025.

² Data obtained from Morningstar as of 9/12/2025.

³ [Wall Street's 'Run It Hot' Trade Powers Stock Records](#)

⁴ [Gold Hasn't Rallied This Much Since 1979](#)