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# MARKET VIEW WEEKLY

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## ECONOMIC REVIEW<sup>1</sup>

- The final reading for the second quarter Gross Domestic Product (GDP) improved to 3.8%, beating consensus forecasts of 3.3%.
  - Stronger consumer spending on services and improved business investment marked a welcome rebound after the first quarter's -0.6% contraction.
- New home sales leapt 20.5% in August, the largest monthly gain since 2022, bringing the annualized rate to 800,000. Year-over-year (YoY) sales increased 15.4%.
  - The median price of a new home sold increased 1.9% over the last year to \$413,500.
- Existing home sales remain challenged as sales slipped 0.2% in August to an annual rate of 4.0 million. On a YoY basis sales are up 1.8%.
  - The median price of an existing home sold increased 2% over the last year to \$422,600.
- The Personal Consumption Expenditures (PCE) inflation report, which is the Federal Reserve's (Fed) preferred inflation metric, matched expectations and saw headline consumer prices rise 0.3% in August and 2.7% over the last year.
  - Core prices, which exclude the volatile food and energy categories, rose 0.2% in August and 2.9% YoY.

### How does the most recent economic data impact you?

- The upwardly revised GDP report highlights that the economy remains on firmer footing and is still being supported by steady consumer spending.
- The housing market saw an uplift in new home sales as lower mortgage rates boosted demand. However, existing home sales still remain muted as current owners remain hesitant to sell and take on a higher mortgage rate.
- The latest PCE inflation report continued to show that tariff-related price pressures have been milder than expected. While inflation is still trending above the Fed's 2% target, the primary driver has not been from tariffs.
  - With the report largely in line with expectations, the Fed is likely to move ahead with another rate cut in October.



## A LOOK FORWARD<sup>1</sup>

- This week, investors will turn their attention to several key economic reports, including the September employment report and new data on manufacturing and services activity.

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

- The September jobs report is expected to show hiring picked up, with 43,000 new jobs compared to 22,000 in August, which would signal modest improvement in an overall sluggish labor market in recent months. Any surprises, whether weaker or stronger, could play an important role in shaping the Fed's future interest rate decisions.
- Both the services and manufacturing sectors improved last month, and investors will be watching to see if this trend continues as a sign of strengthening economic momentum.



## MARKET UPDATE<sup>2</sup>

Market Index Returns as of 9/26/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	-0.30%	7.39%	14.05%	17.30%	23.95%	16.77%
NASDAQ	-0.64%	10.54%	17.01%	24.92%	28.55%	16.42%
Dow Jones Industrial Average	-0.15%	5.33%	10.11%	11.18%	18.94%	13.41%
Russell Mid-Cap	-0.29%	4.89%	9.96%	10.81%	17.44%	12.99%
Russell 2000 (Small Cap)	-0.58%	12.24%	10.23%	10.92%	15.23%	12.03%
MSCI EAFE (International)	-0.41%	3.63%	23.79%	12.02%	21.47%	11.25%
MSCI Emerging Markets	-1.12%	8.94%	25.57%	15.15%	16.91%	7.15%
Bloomberg Barclays US Agg Bond	-0.28%	1.81%	5.90%	2.42%	5.09%	-0.50%
Bloomberg Barclays High Yield Corp.	-0.23%	2.42%	7.10%	7.31%	11.02%	5.68%
Bloomberg Barclays Global Agg	-0.54%	0.10%	7.37%	1.72%	5.69%	-1.59%



## OBSERVATIONS

- Major U.S. large-cap indices finished the week lower after touching new all-time highs earlier in the week.
  - The Nasdaq led the pullback with a -0.64% loss, followed by the S&P 500 at -0.30% and the Dow which fell the least, at -0.15%.
- Small-cap stocks also fell and underperformed large caps with a -0.58% decline. Mid-cap stocks also declined and were down -0.29% for the week.
- International markets were broadly weaker as well. Developed markets dropped -0.41% while emerging markets posted the steepest decline at -1.12%.
- Domestic and international fixed income indices were negative for the week as interest rates moved higher. The U.S. Aggregate Bond Index fell -0.28% and high yield corporate bonds declined -0.23%.
  - International bonds also experienced negative returns for the week and finished down -0.54%.



## BY THE NUMBERS

- **Government Shutdown Draws Closer as Congressional Leaders Head to White House:** Democratic and Republican congressional leaders are heading to the White House for a meeting with President Donald Trump on Monday in a late effort to avoid a government shutdown, but both sides have shown hardly any willingness to budge from their entrenched positions. If government funding legislation is not passed by Congress and signed by Trump on Tuesday night, many government offices across the nation will be temporarily shuttered and non-exempt federal employees will be furloughed. Democrats are pushing for an extension to Affordable Care Act tax credits that have subsidized health insurance for millions of people since the COVID-19 pandemic. The credits, which are designed to expand coverage for low- and middle-income people, are set to expire at the end of the year. Any legislation to fund the government will need support from at least 60 senators. That means that at least eight Democrats would have to vote for the short-term funding bill, because Republican Sen. Rand Paul of Kentucky is expected to vote against it.<sup>3</sup>
- **Eric Adams Drops Out of New York Mayoral Race:** New York Mayor Eric Adams announced Sunday that he is dropping his third-party bid for re-election, narrowing the field for November's election. Adams' announcement comes after weeks of speculation that he could exit the race and help consolidate non-Mamdani support behind Cuomo. Mamdani defeated Cuomo in the June Democratic primary. Adams has not been a major factor in the race for some time. The public polls have shown him running in a distant fourth place, with Mamdani staked to a double-digit lead ahead of Cuomo and then Sliwa, with Adams further behind. Adams was elected as a Democrat in 2021. But he decided this year to seek re-election as an independent, amid cratering poll numbers in his party in the aftermath of his federal indictment and then the move by Trump's Justice Department to drop the charges.<sup>4</sup>

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## Economic Definitions

**Existing Home Sales:** This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services. Foreclosed homes are only counted in the inventory if the bank is working with a realtor. Foreclosed homes that sell via auction (or other closings outside of the Multiple Listing Services) are not included.

**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.

**ISM Manufacturing Index:** The Manufacturing ISM Report On Business is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (New Orders, Backlog of Orders, New Export Orders, Imports, Production, Supplier Deliveries, Inventories, Customers' Inventories, Employment and Prices), the report shows the percentage reporting each response, the net difference between the number of responses in the positive economic direction and the negative economic direction, and the diffusion index. A PMI reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally declining.

**ISM Services Index:** The Services ISM Report On Business® is based on data compiled from purchasing and supply executives nationwide. Survey responses reflect the change, if any, in the current month compared to the previous month. For each of the indicators measured (Business Activity, New Orders, Backlog of Orders, New Export Orders, Inventory Change, Inventory Sentiment, Imports, Prices, Employment and Supplier Deliveries) this report shows the percentage reporting each response, and the diffusion index. An index reading above 50 percent indicates that the non-manufacturing economy in that index is generally expanding; below 50 percent indicates that it is generally declining. Orders to the service producers make up about 90 percent of the US economy.

**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.

**New Home Sales:** This concept tracks sales of newly constructed homes during the reference period. The Implicit US index is computed by taking the number of houses sold in the US and dividing it by the seasonally adjusted number of houses sold in the US.

**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.

**PCE (headline and core):** PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

## 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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<sup>1</sup> Data obtained from Bloomberg as of 9/26/2025.

<sup>2</sup> Data obtained from Morningstar as of 9/26/2025.

<sup>3</sup> [Government shutdown draws closer as congressional leaders head to the White House](#)

<sup>4</sup> [Eric Adams drops out of New York mayoral race](#)