



# Weekly Market Recap

## The week in review

- Core retail sales increased 0.7% m/m vs. 0.4% exp.
- Import price index rose 0.3% m/m
- Initial claims fell to 231K

## The week ahead

- Building permits
- PCE
- Consumer sentiment

## Thought of the week

The last two weeks were big ones for monetary policy, with five major central banks announcing their interest rate decisions and signaling the direction of travel. The Fed and Bank of Canada cut rates by 25bps, while the European Central Bank, Bank of England and Bank of Japan stayed on hold. For investors, these moves matter not just for their implications for the bond market but also for how diverging policy paths affect currencies, and, in turn, shape global portfolio returns.

Year-to-date, U.S. and European equities have posted nearly identical gains in local currency terms, but the picture looks wildly different when measured in dollar terms, with Europe up more than twice as much as the U.S., helped by a roughly 10% decline in the greenback. While several factors have weighed on the dollar index, its moves have closely followed shifts in the 2Y interest rate differential, as shown in this week's chart. In fact, over a third of the dollar's decline this year can be attributed to the narrowing in this spread. That makes sense because the 2Y tends to reflect where policy is headed, not just where it is today, in turn dictating the relative demand for the currency.

Looking ahead, as the chart's dashed line shows, the swaps market suggests the 2Y differential will compress further, as the Fed is expected to continue easing while many peers have already reached close to their neutral. Moreover, with the U.S. administration's explicit preference for a weaker dollar, the outlook for further softness gains traction. For investors, this, along with improving fundamentals overseas, reinforces the already strong case for international diversification, particularly as portfolios remain heavily tilted toward the U.S.

Please see important disclosures on next page.

## Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	6664	1.25	7.71	14.39	18.17	78.69
Dow Jones 30	46315	1.10	5.48	10.28	12.11	58.27
Russell 2000	6086	2.19	12.89	10.88	10.19	41.17
Russell 1000 Growth	3120	1.92	10.50	17.24	26.40	109.72
Russell 1000 Value	1233	0.52	4.86	11.16	9.95	46.26
MSCI EAFE	2754	-0.18	4.09	24.82	16.35	69.78
MSCI EM	1341	1.20	10.46	27.66	25.31	55.99
NASDAQ	22631	2.22	11.25	17.76	26.46	100.79

Fixed Income	Yield	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.32	-0.19	2.09	6.20	2.62	12.85
U.S. Corporates	4.76	-0.13	2.73	7.02	3.52	18.73
Municipals (10yr)	3.25	0.26	3.34	4.42	3.13	12.59
High Yield	6.98	0.34	2.65	7.34	7.65	32.87

Key Rates	Levels (%)					
	9/19/25	9/12/25	6/30/25	12/31/24	9/19/24	9/19/22
2-yr U.S. Treasuries	3.57	3.56	3.72	4.25	3.59	3.95
10-yr U.S. Treasuries	4.14	4.06	4.24	4.58	3.73	3.49
30-yr U.S. Treasuries	4.75	4.68	4.78	4.78	4.06	3.52
10-yr German Bund	2.74	2.70	2.60	2.35	2.19	1.79
SOFR	4.14	4.42	4.45	4.49	4.82	2.27
3-mo. EURIBOR	2.02	2.00	1.94	2.71	3.46	1.07
6-mo. CD rate	1.92	1.94	1.91	2.29	2.32	0.93
30-yr fixed mortgage	6.39	6.50	6.80	7.28	6.61	6.33
Prime Rate	7.25	7.50	7.50	7.50	8.00	5.50

Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
22.68	5.11	1.12	56508
20.51	5.45	1.66	20789
24.86	1.96	1.22	2790
31.20	13.27	0.46	32449
17.21	2.84	1.84	28925
15.14	1.96	2.71	19464
14.01	1.93	1.98	9668
29.09	6.99	0.56	37211

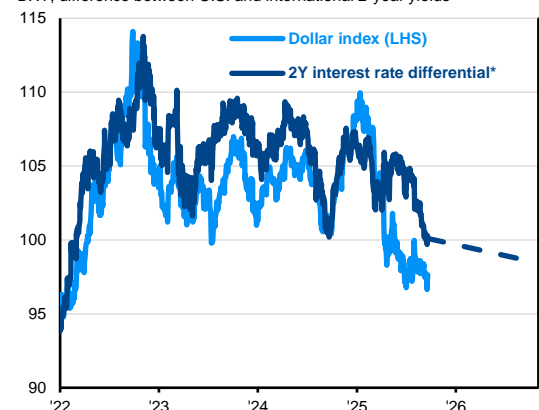
Levels			
Currencies	9/19/25	12/31/24	9/19/24
\$ per €	1.18	1.04	1.11
\$ per £	1.35	1.25	1.33
¥ per \$	147.89	157.16	142.93

Levels			
Commod.	9/19/25	12/31/24	9/19/24
Oil (WTI)	63.56	72.44	72.86
Gasoline	3.17	3.01	3.18
Natural Gas	2.94	3.40	2.24
Gold	3663	2609	2575
Silver	42.24	28.91	31.16
Copper	9904	8706	9406
Corn	4.02	4.53	3.76
BBG Idx	256.56	238.62	233.43

## Chart of the Week

### Dollar declines as rate differential narrows

DX-Y, difference between U.S. and international 2-year yields\*



## Style Returns

	V		
	B	G	
L	0.5	1.2	1.9
M	-0.1	0.0	0.3
S	1.3	2.2	3.1
	V		
	B	G	
L	11.2	14.4	17.2
M	8.8	10.3	14.6
S	9.2	10.9	12.4

## S&P 500 Sector Returns

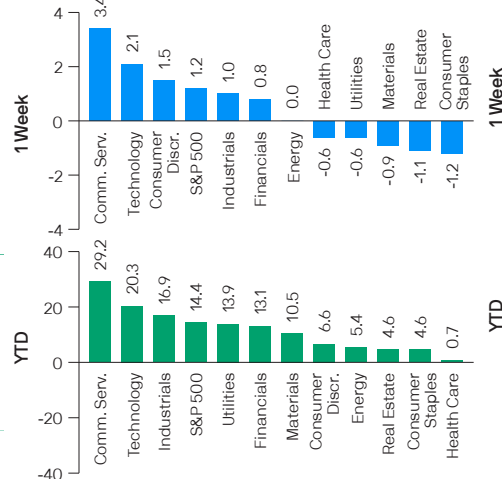




Chart of the Week: Source: BIS, Bloomberg, FactSet, J.P. Morgan Asset Management. \*Interest rate differential is the difference between the 2-year U.S. Treasury yield and a basket of the 2-year yields of each major trading partner (Australia, Canada, eurozone, Japan, Sweden, Switzerland and UK). Weights in the basket are calculated using the 2-year average of total government bonds outstanding in each region. Data show history from Jan. 1, 2022 to Sep. 19, 2025, with the forward path through Sep. 19, 2026 based on 1-year-ahead, swap-implied 2Y sovereign yields.

Thought of the week: Source: BIS, Bloomberg, FactSet, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.) ; provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI – EAFE; provided by: MSCI – gross official pricing. Index: MSCI – EM; provided by: MSCI – gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic Unless otherwise stated, all data is as of September 22, 2025 or as of most recently available.

average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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**Diversification does not guarantee investment returns and does not eliminate the risk of loss.**

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