



Weekly Market Recap

The week in review

- Core CPI ticked up to 3.1% y/y
- Core PPI fell 0.1% m/m
- Consumer sentiment fell to 55.4

The week ahead

- FOMC meeting
- Retail sales
- Housing starts

Thought of the week

To cut or not to cut? Markets have been weighing each economic data print on the Fed's balance of risks. As this week's chart shows, mixed reports on jobs and inflation have sent the scale tipping back and forth, underscoring the difficulty of the Fed's position.

After several months of stronger than expected payroll gains, July's jobs report showed definitively that hiring momentum had slowed. Last Friday's August report told a similar story. The U.S. economy added just 22k jobs last month, well below expectations of 75k, and 27k jobs were removed from the past two months. But this weaker labor market hasn't translated to material disinflation. Immigration policies are contracting the labor supply, putting upward pressure on wage growth, despite the slowdown in hiring. August's 4.3% unemployment rate is the highest since the pandemic, but well below the 50-year average of 6.1%. On the other hand, Thursday's CPI report showed core inflation of 3.1%, well above the Fed's 2% target, and tariffs and OBBA stimulus could spark an acceleration.

So, while the last two jobs reports green light the Fed to cut next week, the margin of error is razor thin. Stock and bond markets might cheer the decision initially, but the longer-term investing implications aren't so clear. Rather than boosting demand, rate cuts can destroy it as households lose interest income much faster than the cost of debt comes down. Longer-term yields may actually rise, as a cut next week could fuel concerns about inflation and Fed independence. Real assets like infrastructure and diversifying globally could help investors with the tough task of building portfolios resilient to both a growth slowdown and an inflation speedup.

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	6584	1.60	6.38	12.98	19.23	67.52
Dow Jones 30	45834	0.97	4.33	9.07	13.46	50.00
Russell 2000	5957	0.27	10.47	8.50	14.11	31.44
Russell 1000 Growth	3061	2.48	8.42	15.03	26.85	93.88
Russell 1000 Value	1228	0.51	4.32	10.58	12.05	38.97
MSCI EAFE	2759	1.15	4.27	25.04	19.14	61.71
MSCI EM	1326	3.97	9.15	26.15	26.69	47.88
NASDAQ	22141	2.05	8.83	15.20	26.88	84.75

Fixed Income	Yield	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.29	0.41	2.28	6.40	2.87	11.94
U.S. Corporates	4.75	0.59	2.86	7.15	4.04	17.76
Municipals (10yr)	3.28	1.26	3.07	4.14	3.04	11.36
High Yield	7.03	0.27	2.31	6.98	8.43	29.52

Key Rates	Levels (%)					
	9/12/25	9/5/25	6/30/25	12/31/24	9/12/24	9/12/22
2-yr U.S. Treasuries	3.56	3.51	3.72	4.25	3.64	3.58
10-yr U.S. Treasuries	4.06	4.10	4.24	4.58	3.68	3.37
30-yr U.S. Treasuries	4.68	4.78	4.78	4.78	4.00	3.53
10-yr German Bund	2.70	2.66	2.60	2.35	2.15	1.65
SOFR	4.41	4.42	4.45	4.49	5.33	2.28
3-mo. EURIBOR	2.00	2.05	1.94	2.71	3.48	0.99
6-mo. CD rate	N/A	1.92	1.91	2.29	2.32	0.93
30-yr fixed mortgage	N/A	6.58	6.80	7.28	6.63	6.10
Prime Rate	7.50	7.50	7.50	7.50	8.50	5.50

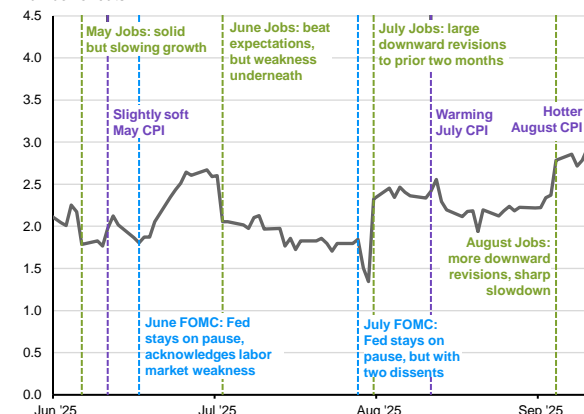
Index Characteristics			
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)
22.49	5.07	1.13	55829
20.34	5.41	1.68	20526
24.48	1.93	1.25	2732
30.78	13.08	0.47	31841
17.17	2.83	1.84	28790
15.21	1.96	2.69	19497
13.92	1.91	1.99	9557
28.55	6.88	0.57	36394

Levels			
Currencies	9/12/25	12/31/24	9/12/24
\$ per €	1.17	1.04	1.10
\$ per £	1.36	1.25	1.31
¥ per \$	147.68	157.16	142.52

Levels			
Commod.	9/12/25	12/31/24	9/12/24
Oil (WTI)	62.36	72.44	69.89
Gasoline	3.19	3.01	3.24
Natural Gas	2.93	3.40	2.13
Gold	3651	2609	2546
Silver	42.26	28.91	28.77
Copper	10005	8706	9116
Corn	4.15	4.53	3.89
BBG Idx	258.39	238.62	227.97

Chart of the Week

Consensus expectations for Fed rate cuts in 2025
Number of cuts



Style Returns

	V	B	G
L	0.5	1.6	2.5
M	0.2	0.4	1.1
S	-0.2	0.3	0.8
L	10.6	13.0	15.0
M	8.8	10.2	14.2
S	7.9	8.5	9.1

S&P 500 Sector Returns

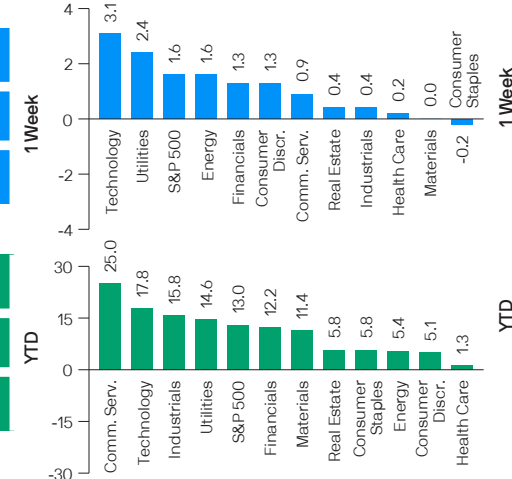




Chart of the Week: Bloomberg, J.P. Morgan Asset Management.

Thought of the week: BLS, 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 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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