

Weekly market update

Chart of the week (Sep. 26, 2025)



Money Market Funds Assets



Cash is king...or is it? One of the benefits of the Federal Reserve raising rates was that for the first time in the better part of 15 years, investors could make some semblance of income on their cash. Granted, when inflation was running at levels far above the overnight rate, investors were not making "real" rates of return—that is, return when adjusted for inflation. However, as inflation began to ebb, we have seen real rates of return turn positive.

Our chart this week shows the material increase in overnight money market mutual funds (MMMF) assets since 2015. We should expect asset levels, like debt levels, to increase as the economy grows. However, money market assets as a percent of gross domestic product (GDP) have roughly doubled since 2015. A big part of this can be seen during the period of the pandemic when the combination of fiscal stimulus and extraordinary monetary accommodation led to an increase in the overall money supply of over 40%.

Following this period, consumers spent heavily, and inflation impacted price levels, leading to a decline and then a period of stability before beginning another rapid ascent as interest rates rose. For years, it didn't matter where one parked their money—whether in non-interest-bearing checking accounts, savings accounts, CDs or MMMFs—because rates were at or near 0% everywhere. But then, cash management mattered again, and investors began seeking options that paid interest while also keeping assets liquid.

The liquidity part of the equation can matter too. Risk market participants, such as those investing in stocks, sometimes look at MMMF asset levels and flows as a sign of the potential for future demand. The higher the level of MMMF balances, the more money that might flow to more risky parts of the market.

Where that money might go is an open question. Uncertainty about the economy might mean investors do not move money as "return of principal" outweighs "return on principal." Conservative investors might look to the bond market or other income-generating assets to maintain current cash flow levels by accepting less liquidity. And yes, some might go to higher-risk areas like the stock market. The bottom line, though, is that most everyone agrees that having some level of cash reserves, while still earning interest, is a prudent action.

Weekly market update



Commentary (Sep. 26, 2025)

Domestic Equities

- U.S. stocks declined for the week as investors digested some mixed economic data and new tariff announcements. On Friday, President Trump unveiled new tariffs on drugs, trucks and furniture.
- The anticipation of 50% tariffs on kitchen cabinets and 30% tariffs on upholstered furniture drove shares of furniture and home-goods retailers lower.
- A 100% levy on pharmaceutical imports will only apply to companies that aren't building plants in America. Eli Lilly, Merck and Pfizer already have committed to domestic production, and those stocks rose on the news.
- Consumer sentiment fell this month and is approaching a low touched in April. Consumers are citing tariffs and the labor market as concerns.
- Intel shares continued to rally during the week. Following a \$5 million investment from Nvidia, the company now is seeking investments and partnerships with Apple and Taiwan Semiconductor. The embattled chip company's stock has doubled in price since late July.

International Equities

- Foreign stocks faced headwinds during the week as investors continued to look for clues on the direction and timing of future Federal Reserve rate moves while digesting new tariffs on a range of goods.
- The weakness in European equities depressed returns across developed markets this week. In central banking news, Sweden's central bank delivered its third interest-rate cut this year and signaled that it expects to hold borrowing costs steady to bolster its economy. The Swiss National Bank (SNB) maintained its benchmark interest rate at zero, as it cautioned that U.S. tariff policies have dimmed the outlook for the Swiss economy.
- Emerging markets struggle to gain traction as risk sentiment has been affected by geopolitical tensions and new U.S. tariffs. Mexico's central bank lowered its policy rate by 0.25% to 7.5%. Mexico has cut policy rates for the tenth consecutive meeting, as economic growth remains sluggish due to persistent trade tensions with the U.S.

Bonds

- U.S. Treasury yields were higher for the week on solid consumer spending, rebounding jobs data and Q2 GDP (QoQ) beating expectations. During a speech in Rhode Island, Fed Chair Powell also signaled that he is taking a cautious stance toward future interest rate cuts. This pushed rate cut odds lower, with expectations for year-end 2025 finishing the week pricing in 1.6 cuts.
- Bank reserves fell below \$3 trillion last week, the lowest level since January 1, as the U.S. Treasury ramps up debt issuance to rebuild its coffers.
- Mortgage-refinancing applications continue to surge, with the MBA Refinance FHA Index and MBA Refinance VA Index reaching levels not seen since the 2020-2021 refinancing boom.
- The PBOC left the one- and five-year loan prime rates unchanged during the week, sending the yield on the 10-year CGB to its highest level since March. The SNB also left policy rates unchanged, which was in line with market expectations, whereas the Riksbank and Banxico cut rates by 0.25%.

Economics

- Following the previous week's rate cut by the Fed, Chair Jerome Powell held a press conference on Tuesday. He noted that weakness in the labor market contributed to the Fed's decision to cut rates and acknowledged that current monetary policy remains modestly restrictive.
- On Thursday, second-quarter GDP was revised upward from 3.3% to 3.8%, exceeding consensus estimates of 3.3% to 3.5%. The revision was primarily driven by stronger consumer spending data. While the higher GDP figures indicate that the economy is performing well, they raise questions about the pace at which the Fed will continue to cut interest rates.
- On Friday, the Personal Income and Outlays report showed that the core PCE price index rose 2.9% year-over-year, in line with estimates of 2.9% to 3.0%. Although slightly above the Fed's 2.0% target, the data suggests that tariffs have not yet had a material impact on the cost of goods.

Weekly Market Update

For Week Ending September 26, 2025

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	46,247.29	-0.1%	10.1%	11.5%
S&P 500 Index	6,643.70	-0.3%	14.0%	17.1%
NASDAQ Composite	22,484.07	-0.6%	17.0%	24.4%
S&P 400 Midcap Index	3,267.79	-0.5%	5.8%	6.5%
S&P 600 Smallcap Index	1,446.73	-0.6%	4.0%	4.5%
MSCI EAFE	10,003.94	-0.4%	23.8%	13.4%
MSCI Emerging Markets	720.61	-1.1%	25.6%	16.3%
Bloomberg US Agg	2,318.23	-0.3%	5.9%	2.7%
Bloomberg Municipal 5 Yr	516.73	-0.6%	4.5%	3.5%
Bloomberg US Corporate	3,506.15	-0.4%	6.6%	3.5%
Bloomberg Glb Agg ex US Hdg	605.13	-0.1%	2.1%	2.9%
Bloomberg High Yield	2,873.53	-0.2%	7.1%	7.5%
MSCI US REIT Index	2,382.05	0.8%	3.1%	-2.7%
Bloomberg Commodity Index	262.06	2.1%	9.8%	9.9%

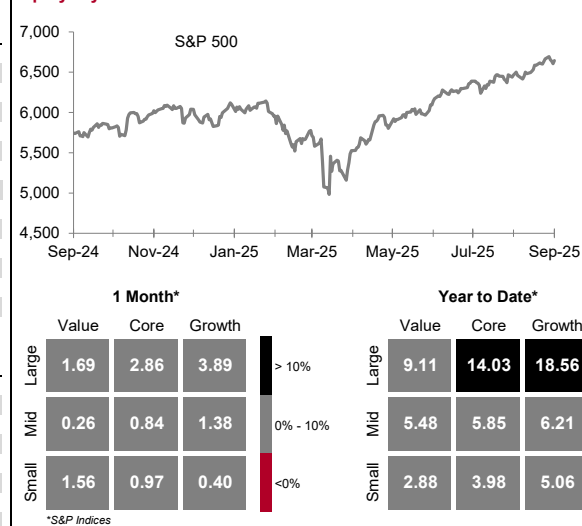
	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.25%	4.25%	4.50%	5.00%
3-Month Treasury	3.95%	3.96%	4.31%	4.61%
1-Year Treasury	3.66%	3.58%	4.14%	3.98%
2-Year Treasury	3.64%	3.57%	4.24%	3.63%
5-Year Treasury	3.77%	3.68%	4.38%	3.57%
7-Year Treasury	3.96%	3.87%	4.48%	3.66%
10-Year Treasury	4.18%	4.13%	4.57%	3.80%
30-Year Treasury	4.75%	4.74%	4.78%	4.13%

Consumer Rates				
30-Year Mortgage	6.34%	6.37%	7.28%	5.83%
Prime Rate	8.00%	8.00%	8.25%	8.75%
SOFR	4.16%	4.14%	4.49%	4.83%

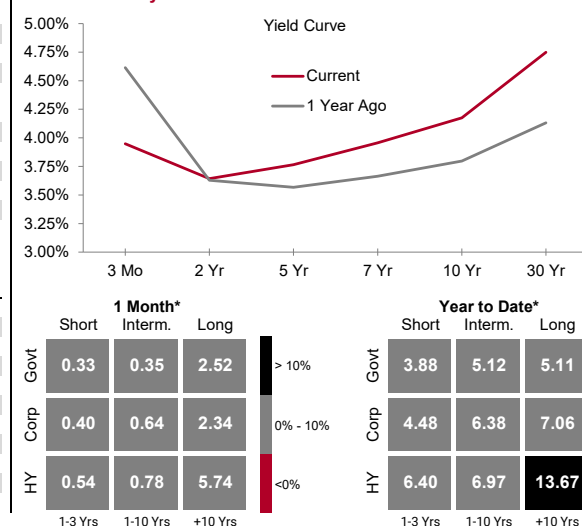
Commodities				
Gold (spot)	3,759.98	3,685.30	2,624.50	2,672.38
Crude Oil WTI	65.72	62.68	71.72	67.67
Gasoline	3.14	3.19	3.06	3.22
Natural Gas	2.84	2.89	3.63	2.59
Copper	4.72	4.57	4.03	4.58

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	21.03	22.77	5.68	1.62
S&P 500	22.64	25.39	5.43	1.22
S&P 500 Value	18.45	19.91	3.44	1.98
S&P 500 Growth	27.58	32.62	10.31	0.60
NASDAQ	28.79	35.20	7.60	0.63
S&P Midcap 400	16.72	17.72	2.62	1.64
S&P Smallcap 600	15.78	16.95	1.90	2.42
MSCI EAFE	15.25	16.25	2.09	3.02
MSCI Emerging Markets	13.80	15.64	2.06	2.50

Equity Style



Fixed Income Style



Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.9%	2.5%
CPI Core Inflation	3.1%	3.2%
Personal Consumption Exp (PCE) Core	2.9%	2.9%
Jobs		
Unemployment Rate (U3)	4.3%	4.2%
Broader Unemployment Rate (U6)	8.1%	7.8%
JOLT Survey (in millions)	7.18	7.50
Jobless Claims (000's)	218	221
Change in Non-Farm Payroll (000's)	22	71
Average Hourly Earnings (Y/Y % Change)	3.7%	4.0%
Consumer & Spending		
Consumer Confidence (Conf Board)	97.4	105.6
Consumer Spending (\$ Bil)	21,112	20,001
Consumer Credit (\$ Bil)	5,060	5,045
Retail Sales (\$ Bil)	732	697
Housing		
Housing Starts (000's)	1,307	1,391
Case-Shiller Home Price Index	331.52	325.37
U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	23,771	23,287
Quarter over Quarter Change	3.8%	3.6%
Year over Year Change	2.1%	3.1%
ISM Manufacturing	48.70	47.50
Capacity Utilization	77.38	77.87
Markit US Composite PMI	53.60	54.00
U.S. General		
Leading Economic Indicators	98.4	102.1
Trade Weighted Dollar Index	120.2	121.6
EUR / USD	1.17	1.12
JPY / USD	149.49	144.81
CAD / USD	0.72	0.74
AUD / USD	0.65	0.69

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	7.16%	25.67%
Information Technology	5.28%	20.67%
Industrials	2.50%	17.09%
Utilities	0.02%	17.05%
Financials	0.70%	12.71%
Energy	5.07%	10.30%
Materials	-2.81%	8.22%
Real Estate	0.62%	5.54%
Consumer Discretionary	2.38%	5.31%
Consumer Staples	-1.56%	3.47%
Health Care	-0.67%	-0.14%

Source: Bloomberg

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