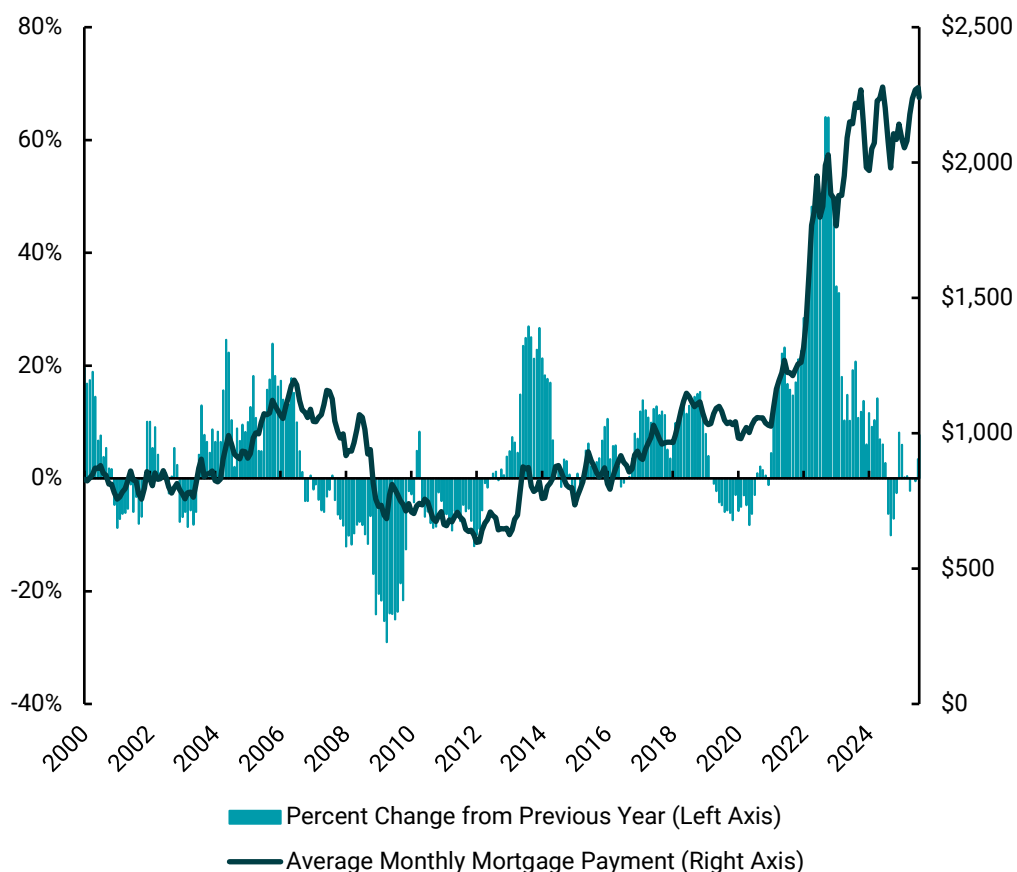


Weekly market update

Chart of the week (Aug. 15, 2025)



Average Monthly Mortgage Payment



Note: The average monthly mortgage payments include principal and interest, assuming a median home price with a 30-year fixed-rate loan and a 20% down payment.

Source: Bloomberg.

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We have often written about the struggles of the housing market and heard from our resident mortgage expert, CJ Maloney, on the multifaceted problem of affordability. In short, there is a supply problem, a rate problem and a price problem. At any given time, any one of these can be a headwind to housing, but at present, we have all three working against us.

That said, as the number of organizations, charitable and otherwise, that have identified affordable housing as a crisis is expanding, and we are now seeing higher levels of capital, both monetary and skill-set, focus on solutions. Cities are also becoming more engaged, but even with all that, solving this issue will take time. Also, when considering interest rate policy, we need to remember that a Federal Reserve decision to lower the overnight lending rate may not lead to lower home mortgage rates.

Thinking about where we are today, we came across this chart, which helps us visualize why the housing market seems so bifurcated between the “haves” and the “have-nots.” The dark line is the average mortgage payment, principal and interest, for the median-priced home in the U.S., at the prevailing mortgage rate, assuming a 20% down payment. The light blue shade represents the year-over-year change in payment in percentage terms. I suppose the good news from the chart is that the percentage change has slowed. However, the bad news is the payment level is not changing either. No wonder then that home sales are low, as one must add taxes and insurance to these numbers.

For those lucky enough to have owned and/or refinanced a home with a fixed-rate mortgage prior to early 2022, the sharp increase in rates has been a non-event. It has, in fact, resulted in a rare occurrence as the low-rate debt you carry is almost an asset, not a liability. As an aside, fixed-rate mortgages have not, however, kept the taxes and insurance part of the payment from increasing, and a growing number of households now face the reality that taxes and insurance comprise over half of their overall monthly mortgage payments. For those who have experienced this, it is a stark reminder that even after paying off the mortgage, and about 40% of all homes in the U.S. do not have a mortgage balance, it is still costly to own a home.

For those unlucky enough to be outside the housing market and wanting in? As a reflection of the difficulties faced, recent data shows that the number of households identifying as permanent renters has increased, and sales data show a high percentage of first-time home buyers get assistance from family or others for down payments. For many, owning a home has been ingrained in us to be part of the American dream, a part of what success looks like. From that perspective, a housing market that is becoming more difficult in which to participate is disappointing. Stable prices over time with lower rates and higher incomes can help, but absent a material move in one or more of these factors, it seems we will be talking about a tough housing market for a while.

Weekly market update



Commentary (Aug. 15, 2025)

Domestic Equities

- U.S. equities advanced, with the Dow Jones Industrial Average reaching a new all-time high for the first time since the April drawdown.
- The Russell 2000 Index outperformed large-cap indices, supported by softer inflation data and rising expectations for a September rate cut. The rally in small caps and the Dow signals a boarding of market leadership which could be a healthy sign for the overall equity market.
- Berkshire Hathaway disclosed a new stake in UnitedHealth and reduced its Apple holdings, contributing to the Dow's relative strength versus the Nasdaq this week.
- Intel shares rose following reports of a potential U.S. government investment, discussed in a meeting between Donald Trump and CEO Lip-Bu Tan. Analysts remain cautious about the deal's viability and the potential impact of the deal given the company's ongoing challenges in competing with global leaders in advanced chip design and manufacturing.

International Equities

- Global stocks moved higher as investors anticipate a possible U.S. Federal Reserve interest rate cut next month and await the Russia-U.S. summit, which could help bring an end to the war in Ukraine.
- Broad gains in Europe and Japan pushed developed markets higher for a second straight week. Australia's central bank cut its policy rate by 0.25% and lowered its economic growth forecast to 1.7% for the year. Japan's economy beat expectations, expanding 0.3% in the second quarter and 1.2% year-over-year, as exports remained resilient despite new U.S. tariffs.
- Strong performance from markets across Asia sent emerging markets stocks higher. In key economic news, the U.S. administration extended the existing pause on higher tariffs for another 90 days on Chinese goods, which will last into early November. The extension provides more time for countries to discuss unresolved issues related to a larger trade deal.

Bonds

- U.S. Treasuries were mixed for the week with yields initially falling, led by the front-end, after CPI data for July came in-line with market expectations. However, the market reversed higher into the week-end after initial jobless claims showed an improvement and PPI data came in hotter than expected. While the PPI report put a damper on calls for a 0.50% rate cut by the Fed in September, the market finished the week continuing to price in a 0.25% cut next month at just under a 90% probability.
- U.S. mortgage rates continued to trend lower with the national average on a 30-year fixed-rate mortgage falling to an 11-month low. Mortgage rates on shorter-term loans have fallen even further with the national average on 15-year fixed-rate mortgages ending the week at its lowest level since 2023.
- In international markets, German bund yields made new highs as trades continue to price in larger fiscal spending and a higher for longer ECB policy stance. The Royal Bank of Australia also cut the cash target rate by 0.25% to 3.60%, while the Norges Bank decided to leave policy rates unchanged.

Economics

- On Tuesday, the Consumer Price Index (CPI) showed a year-over-year increase of 2.7%, slightly below the estimate of 2.8% and consistent with last month's reading. Core CPI, which excludes food and energy, rose 3.1% year-over-year, slightly above the expected 3%. While core inflation remains somewhat elevated, the overall report was encouraging and supports the likelihood of a rate cut by the Federal Reserve in September.
- On Thursday, jobless claims rose to 224,000, below both the estimate of 230,000 and last week's figure of 226,000. The continued stability in the labor market, along with modest inflation, strengthens the case for interest rate cuts.
- On Friday, retail sales increased 0.5% month-over-month, matching expectations. This suggests that consumer spending remains resilient despite ongoing tariff uncertainty.

Weekly Market Update

For Week Ending August 15, 2025

Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	44,946.12	1.8%	6.7%	12.8%
S&P 500 Index	6,449.80	1.0%	10.5%	17.9%
NASDAQ Composite	21,622.98	0.8%	12.4%	23.7%
S&P 400 Midcap Index	3,172.49	1.6%	2.6%	7.1%
S&P 600 Smallcap Index	1,394.59	3.2%	0.1%	3.8%
MSCI EAFE	9,984.38	2.4%	23.5%	19.9%
MSCI Emerging Markets	691.06	1.6%	20.4%	20.9%
Bloomberg US Agg	2,284.83	0.0%	4.4%	2.9%
Bloomberg Municipal 5 Yr	512.94	0.1%	3.7%	4.0%
Bloomberg US Corporate	3,454.16	0.2%	5.0%	4.0%
Bloomberg Glb Agg ex US Hdg	602.94	-0.3%	1.7%	3.6%
Bloomberg High Yield	2,833.19	0.3%	5.6%	8.6%
MSCI US REIT Index	2,288.79	0.8%	-0.9%	-0.9%
Bloomberg Commodity Index	249.11	-0.3%	4.4%	9.2%

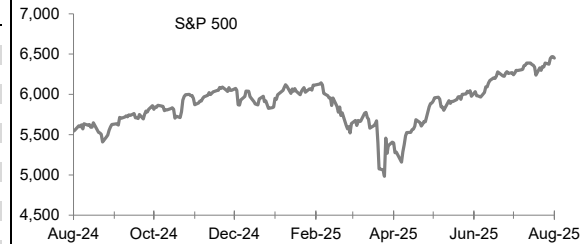
	Last Price/Yield	Prior Week	Year End	Year Ago
Key Rates				
Fed Funds Target	4.50%	4.50%	4.50%	5.50%
3-Month Treasury	4.21%	4.24%	4.31%	5.22%
1-Year Treasury	3.92%	3.92%	4.14%	4.53%
2-Year Treasury	3.75%	3.76%	4.24%	4.09%
5-Year Treasury	3.84%	3.83%	4.38%	3.79%
7-Year Treasury	4.05%	4.03%	4.48%	3.82%
10-Year Treasury	4.32%	4.28%	4.57%	3.91%
30-Year Treasury	4.92%	4.85%	4.78%	4.17%

Consumer Rates				
30-Year Mortgage	6.69%	6.74%	7.28%	5.83%
Prime Rate	8.25%	8.25%	8.25%	9.25%
SOFR	4.36%	4.35%	4.49%	5.35%

Commodities				
Gold (spot)	3,336.19	3,397.75	2,624.50	2,456.79
Crude Oil WTI	62.80	63.88	71.72	78.16
Gasoline	3.14	3.15	3.06	3.43
Natural Gas	2.92	2.99	3.63	2.20
Copper	4.49	4.47	4.03	4.15

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.58	23.19	5.54	1.66
S&P 500	22.42	25.25	5.45	1.26
S&P 500 Value	18.48	19.90	3.49	2.01
S&P 500 Growth	27.47	32.83	10.47	0.62
NASDAQ	28.37	35.54	7.62	0.68
S&P Midcap 400	16.56	17.24	2.55	1.71
S&P Smallcap 600	15.81	16.65	1.86	2.40
MSCI EAFE	15.52	16.27	2.11	3.00
MSCI Emerging Markets	13.13	15.65	2.04	2.67

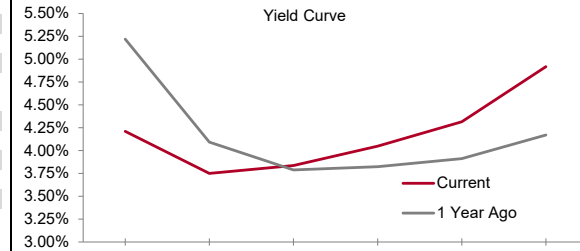
Equity Style



1 Month*				Year to Date*			
Value	Core	Growth		Value	Core	Growth	
Large	2.93	3.39	3.79	Large	6.63	10.54	14.12
	0.98	1.61	2.19		2.24	2.59	2.90
	4.22	3.34	2.51		-1.87	0.06	1.97
Mid				Mid			
Small				Small			

*S&P Indices

Fixed Income Style



1 Month*				Year to Date*			
Short	Interm.	Long		Short	Interm.	Long	
Govt	0.69	1.06	2.07	Govt	3.28	4.31	2.02
	0.84	1.44	2.89		3.83	5.33	4.37
	0.97	1.04	1.96		5.36	5.57	6.72
Corp				Corp			
HY				HY			

1-3 Yrs 1-10 Yrs +10 Yrs

Economic Data

	Last Release	Year Ago
Inflation		
CPI Headline Inflation	2.7%	2.9%
CPI Core Inflation	3.1%	3.2%
Personal Consumption Exp (PCE) Core	2.8%	2.6%

Jobs		
Unemployment Rate (U3)	4.2%	4.2%
Broader Unemployment Rate (U6)	7.9%	7.8%
JOLT Survey (in millions)	7.44	7.41
Jobless Claims (000's)	224	228
Change in Non-Farm Payroll (000's)	73	88
Average Hourly Earnings (Y/Y % Change)	3.9%	3.6%

Consumer & Spending		
Consumer Confidence (Conf Board)	97.2	101.9
Consumer Spending (\$ Bil)	20,685	19,747
Consumer Credit (\$ Bil)	5,055	5,029
Retail Sales (\$ Bil)	726	699

Housing		
Housing Starts (000's)	1,321	1,327
Case-Shiller Home Price Index	331.11	323.82

U.S. Productivity		
Real Gross Domestic Product (\$ Bil)	23,685	23,224
Quarter over Quarter Change	3.0%	3.0%
Year over Year Change	2.0%	3.0%
ISM Manufacturing	48.00	47.00
Capacity Utilization	77.52	77.57
Markit US Composite PMI	55.10	54.30

U.S. General		
Leading Economic Indicators	98.8	102.9
Trade Weighted Dollar Index	120.8	123.7
EUR / USD	1.17	1.10
JPY / USD	147.19	149.28
CAD / USD	0.72	0.73
AUD / USD	0.65	0.66

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	7.84%	18.11%
Information Technology	4.49%	15.93%
Industrials	0.35%	14.92%
Utilities	4.41%	14.69%
Financials	1.47%	9.38%
Materials	2.23%	9.24%
Consumer Staples	2.09%	6.98%
Real Estate	0.02%	3.23%
Energy	-1.67%	1.73%
Consumer Discretionary	4.19%	1.26%
Health Care	2.69%	-0.09%

Source: Bloomberg

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