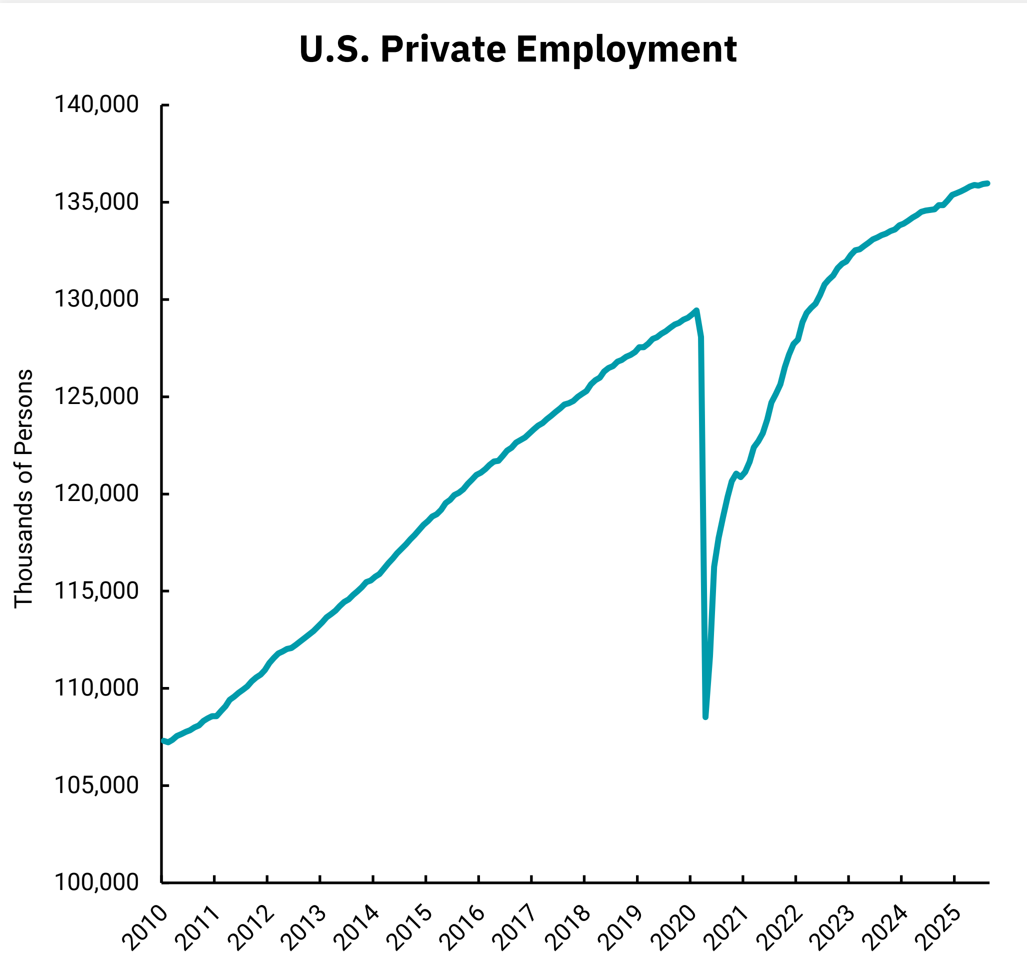
INVESTMENT MANAGEMENT

Weekly market update

Chart of the week (Sep. 5, 2025)



The monthly employment report for August surprised on the downside as job growth totaled only 22,000, and the headline unemployment rate rose to 4.3%. In addition, while last month's job number was revised slightly higher, the jobs number for June was revised lower again and now shows negative job growth for the month. There are some areas where we can take solace: stable earnings indicate that wage pressure remains subdued and the labor force participation rate nudged higher. However, the overall trend in the job market is now clearly slower.

In some ways, it has taken the monthly Department of Labor report a while to catch up to other data points showing slower economic growth. Job openings, as reported in the Job Openings and Labor Turnover Survey (JOLTS), have been declining, and this month showed just under one open job for every unemployed person in the U.S. Recall, as we were recovering from the pandemic-related economic shutdown, that open jobs at one time showed two open jobs for every unemployed person. One may also recall the chaos of the job market at that time, as another data point in the JOLTS report showed people were quitting their jobs at very high rates as they pursued other opportunities and higher wages. The "quit rate" within JOLTS is now much lower. Even in the weekly jobless claims data, we have seen an environment where companies are not laying off many people, but hiring has slowed.

Our chart this week shows the private sector employment within the monthly DOL report. While job growth was robust last year and coming into this year, we can see that growth in private sector employment has begun to slow. It is still positive but growing at a slower rate. We can also see that, even as we have recovered from the steep decline of the pandemic, private sector job growth has not regained its pre-pandemic level. This is not to say public sector employment is not important, it is. However, in the longer term, it private sector growth which will lead to more sustainable U.S. job growth.

Following the release of the employment report, the chances of a 0.25% rate cut at the Fed's meeting in two weeks increased to 100%. There is even a small chance of a 0.5% cut (we are not of the mind that a 0.5% cut will happen). Beyond that, the market is now pricing in as many as three rate cuts between now and year-end.

Based on these projected cuts, Treasury yields fell, and initially, stock prices rose to new records across the large-cap domestic indexes. Lower interest rates can help justify equity valuations and might even help get the housing market going again, but we need to be careful what we wish for. If rates are falling because the employment market is deteriorating, then the growth outlook will moderate as well. Consumer spending accounts for two-thirds of the U.S. economy, and consumers without jobs cannot spend nearly as much. In that case, the outlook for company profits might begin to slow as well.

We do not think a recession is imminent, but understanding why rates are falling is an important part of the actions an investor might take. In short, we do not want a Fed that is having to lower rates aggressively.

Source: U.S. Bureau of Labor Statistics via FRED®

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BOK FINANCIAL

Commentary (Sep. 5, 2025)

Domestic Equities

- U.S. equity markets opened the week cautiously after the Labor Day holiday, as investor sentiment was dampened by renewed tariff concerns and anticipation surrounding Friday's jobs report. The S&P 500 initially struggled but steadily climbed to a new all-time high by Thursday. However, Friday's disappointing jobs report erased most of the week's gains, leaving the index nearly flat for the week.
- T. Rowe Price shares rose 6% after announcing a $1 billion private-markets partnership with Goldman Sachs. The deal marks a strategic shift beyond mutual funds, boosting its presence in alternative investments. It also reflects broader industry trends and aligns with Trump-era efforts to expand retail access to alternative assets.
- Broadcom shares rose after a strong earnings report, beating profit and revenue estimates. Revenue jumped 22% to $16 billion, driven by strong demand across its semiconductor and software divisions. The company's optimistic outlook also reinforced investor confidence.

Bonds

- U.S. Treasury yields shifted lower across the curve as softer employment stoked expectations for a more aggressive rate cut from the Federal Reserve. As of the end of the week, Fed Fund futures are pricing in +2.80 cuts through the end of 2025.
- Inflation expectations moved lower, as indicated by a drop in the U.S. Treasury Inflation Breakeven across the curve.
- High-yield bonds experienced their fifth consecutive week of gains, with the yield on the Bloomberg US Corporate High-Yield Index closing just shy of a 40-month low.
- Mortgage rates continue to trend lower with the spread between 30-year fixed-rate mortgage rates (national average) and the yield on the 30-year U.S. Treasury narrowing to 1.65% on Tuesday, its lowest level since 2022.
- Yields on longer-term German, French and Japanese bonds made new multi-decade highs on Thursday but gave back much of their gains going into the end of the week following the rallying in U.S. Treasuries.

International Equities

- Foreign investors faced renewed uncertainty due to bond market volatility, fresh economic data and trade uncertainty following the U.S. Court of Appeals' ruling that the U.S. administration's global tariffs are illegal.
- Developed markets across Europe struggled to gain traction due to sluggish economic data and volatility across global sovereign bond markets. In European economic news, consumer prices rose 2.1% year-over-year in August, while core inflation remained steady at 2.3%. The eurozone economy grew 0.1% in the second quarter, a slowdown from the prior quarter's 0.6% expansion.
- Emerging markets advanced this week as select markets across Asia and Latin America moved higher. India's economy accelerated in the second quarter, expanding 7.8% from a year earlier and significantly exceeding economists' estimates. However, the outlook is more uncertain as the 50% tariff on most Indian goods took effect last week.

Economics

- On Thursday, the International Trade in Goods and Services report showed a trade deficit of $73.8 billion, slightly wider than the forecasted $70.2 billion and notably larger than last month's $59.1 billion. The widening deficit continues to reflect the broader impact of tariffs.
- Jobless claims came in at 237,000 for the week, slightly above consensus estimates of 232,000 and the prior week's reading of 229,000. While the number of unemployed continues to grow, broad-based layoffs remain stable.
- Friday's employment report highlighted ongoing weakness in the labor market. The economy added just 22,000 jobs for the month of August, well below the forecast of 79,000. The unemployment rate ticked up to 4.3%.
- On Thursday, the Consumer Price Index (CPI) will be released. This will be another important report ahead of the Fed's September meeting later this month.

Weekly Market Update

For Week Ending September 05, 2025

Markets

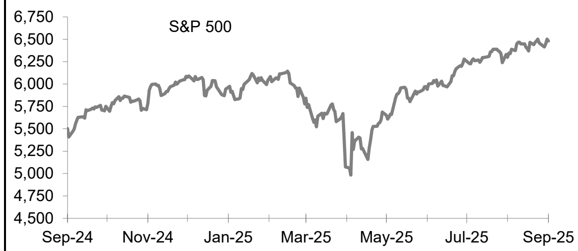
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	45,400.86	-0.3%	8.0%	13.3%
S&P 500 Index	6,481.50	0.4%	11.2%	19.3%
NASDAQ Composite	21,700.39	1.2%	12.9%	27.6%
S&P 400 Midcap Index	3,296.77	1.3%	6.7%	12.3%
S&P 600 Smallcap Index	1,449.75	0.9%	4.1%	8.3%
MSCI EAFE	9,948.74	0.3%	23.1%	17.0%
MSCI Emerging Markets	692.75	1.4%	20.7%	21.0%
Bloomberg US Agg	2,319.48	0.9%	6.0%	2.9%
Bloomberg Municipal 5 Yr	516.23	0.4%	4.4%	3.8%
Bloomberg US Corporate	3,504.22	1.2%	6.5%	3.9%
Bloomberg Glb Agg ex US Hdg	605.25	0.3%	2.1%	3.4%
Bloomberg High Yield	2,862.70	0.3%	6.7%	8.3%
MSCI US REIT Index	2,383.71	0.4%	3.2%	-0.6%
Bloomberg Commodity Index	254.80	-0.3%	6.8%	12.5%

	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	4.00%	4.14%	4.31%	5.06%
1-Year Treasury	3.65%	3.83%	4.14%	4.20%
2-Year Treasury	3.51%	3.62%	4.24%	3.74%
5-Year Treasury	3.58%	3.70%	4.38%	3.54%
7-Year Treasury	3.79%	3.93%	4.48%	3.62%
10-Year Treasury	4.07%	4.23%	4.57%	3.73%
30-Year Treasury	4.76%	4.93%	4.78%	4.02%
Consumer Rates				
30-Year Mortgage	6.58%	6.62%	7.28%	5.83%
Prime Rate	8.25%	8.25%	8.25%	9.25%
SOFR	4.42%	4.34%	4.49%	5.35%
Commodities				
Gold (spot)	3,586.69	3,447.95	2,624.50	2,516.76
Crude Oil WTI	61.87	64.01	71.72	69.15
Gasoline	3.20	3.19	3.06	3.30
Natural Gas	3.05	3.00	3.63	2.25
Copper	4.48	4.52	4.03	4.08

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.71	22.35	5.58	1.65
S&P 500	22.25	24.75	5.31	1.26
S&P 500 Value	18.47	19.76	3.42	2.00
S&P 500 Growth	27.01	31.64	10.06	0.62
NASDAQ	27.33	33.83	7.37	0.69
S&P Midcap 400	16.90	17.91	2.64	1.65
S&P Smallcap 600	16.21	17.18	1.93	2.51
MSCI EAFE	15.41	16.20	2.10	3.02
MSCI Emerging Markets	13.27	14.91	1.93	2.66

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	3.57	3.04	2.61
Mid	6.21	5.09	4.12
Small	9.75	7.42	5.22

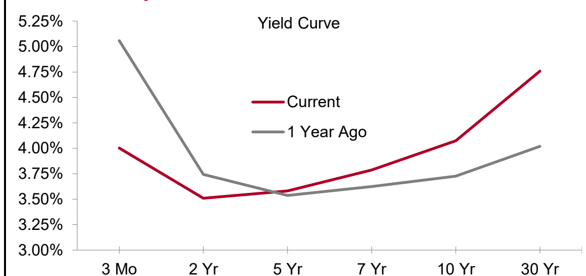
Year to Date*

	Value	Core	Growth
Large	7.39	11.18	14.67
Mid	6.68	6.69	6.72
Small	3.26	4.12	4.97

> 10%
0% - 10%
<0%

*S&P Indices

Fixed Income Style



1 Month*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.65	0.93	0.81
Corp	0.74	1.14	1.70
HY	0.93	1.36	2.78

Year to Date*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	3.91	5.43	4.88
Corp	4.42	6.46	6.71
HY	6.14	6.65	8.76

> 10%
0% - 10%
<0%

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	2.9%	2.7%
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)	237	228
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)	20,802	19,866
Consumer Credit ($ Bil)	5,055	5,029
Retail Sales ($ Bil)	726	699
Housing		
Housing Starts (000's)	1,428	1,265
Case-Shiller Home Price Index	331.52	325.37
U.S. Productivity		
Real Gross Domestic Product ($ Bil)	23,704	23,224
Quarter over Quarter Change	3.3%	3.0%
Year Over Year Change	2.1%	3.0%
ISM Manufacturing	48.70	47.50
Capacity Utilization	77.52	77.57
Markit US Composite PMI	54.60	54.60
U.S. General		
Leading Economic Indicators	98.7	102.4
Trade Weighted Dollar Index	120.6	122.5
EUR / USD	1.17	1.11
JPY / USD	147.43	143.45
CAD / USD	0.72	0.74
AUD / USD	0.66	0.67

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	8.83%	23.89%
Industrials	0.07%	15.30%
Information Technology	1.42%	14.27%
Utilities	-3.36%	11.85%
Materials	4.00%	11.39%
Financials	2.69%	10.71%
Consumer Staples	1.22%	6.00%
Real Estate	0.99%	5.35%
Energy	2.11%	3.75%
Consumer Discretionary	7.99%	3.73%
Health Care	4.08%	1.17%

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