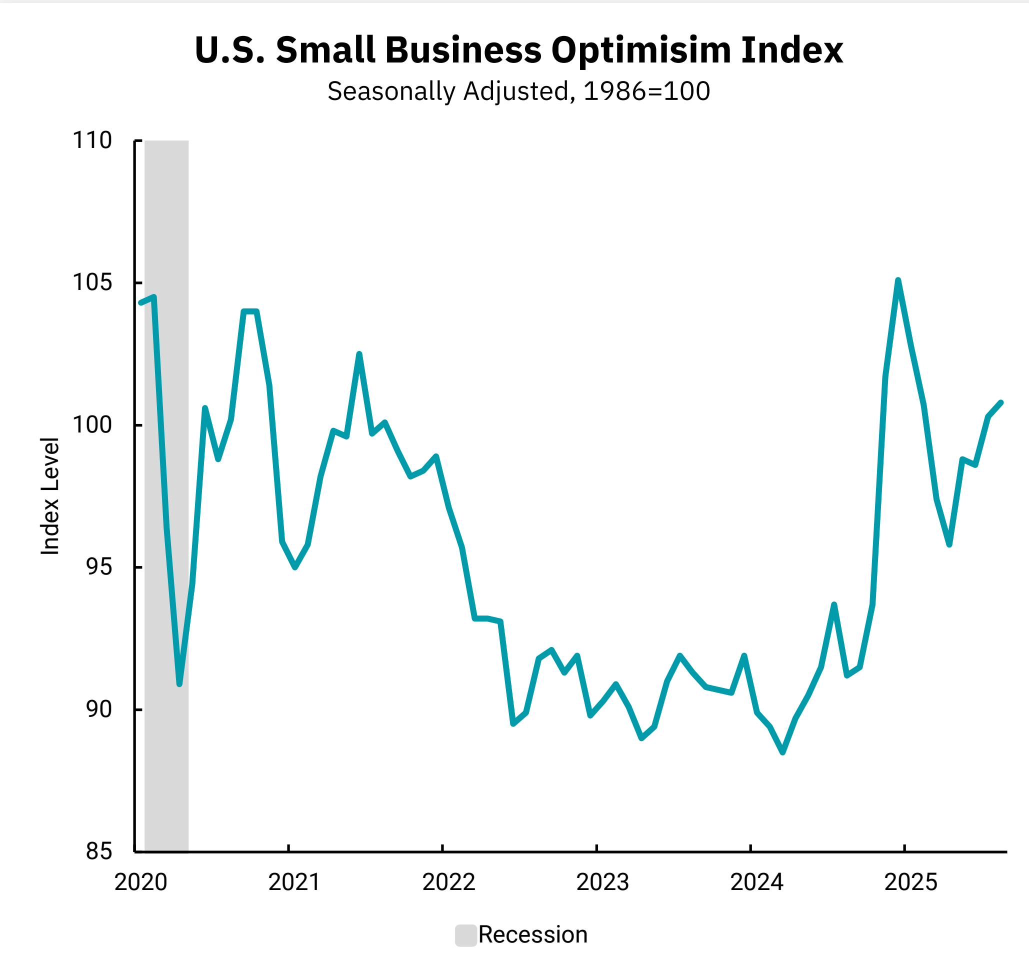
INVESTMENT MANAGEMENT

Weekly market update

Chart of the week (Sep. 12, 2025)



We generally get two types of data as we consider the direction and speed of economic growth. So-called "hard" data covers topics like inflation and employment, while "soft" data aims to gauge public sentiment about inflation, employment and business prospects overall. It is not unusual for there to be times, as we have seen recently, where the "picture" of the economy from these two sources diverges.

Recently, despite data showing a reasonable level of economic activity, positive gross domestic product (GDP) and low unemployment, survey data on consumers and businesses were decidedly more dour. For some consumer surveys, we were at levels more closely associated with recessions, not positive growth and record equity index levels. Clearly, sometimes people "feel" differently than the economic data might reflect.

Our chart this week follows the small business optimism index. We find this index important because small businesses are responsible for a material portion of employment in the U.S. and drive much of the innovation within our economy. Many of the biggest companies in our economy today were small companies only a couple of decades, or less, ago. We took our chart back to the onset of the pandemic so we could see the rebound as the economy began to reopen, but then the U.S. went into a lengthy period of reduced optimism even as the overall economy continued to perform. The spike higher at the end of 2024 corresponded with the presidential election and an increasing sense of economic optimism.

This optimism, though, was met with the reality of some policies, like tariffs, which were viewed somewhat negatively for growth prospects. (We agree). Yet as time has gone by and the worst-case scenarios of the inelegant tariff policy roll-out have been scaled back, optimism is returning. The extension of the Tax Cuts and Jobs Act, along with the addition of some stimulative actions for consumers, has helped fuel some improvements in consumer optimism and an even greater rebound in small business optimism.

I feel this improvement when I visit with business owners during my travels. The additional benefits around expensing versus depreciation, and the ongoing burst of spending on artificial intelligence (AI), have businesses looking through our current period of slower growth and thinking about a better environment in 2026 and 2027. This could also be a factor in why it seems companies, while slowing their rate of hiring, have been slow to reduce workforces materially. Due to the memory of how hard it was to hire people over the last few years, companies might be willing to hold on to employees to make sure they are staffed for an improving economy.

We acknowledge the headwinds that the U.S. currently faces, including the recent softness in the labor market. Tame, if not declining, inflation, is going to give the Fed room to lower rates to some degree beginning this week. Lower rates can also add to a sense of small business optimism and put them, and us, in a position to remain way more optimistic than pessimistic as we think about the economy moving forward.

Source: NFIB, Small Business Economic Trends, August 2025.

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BOK FINANCIAL

Commentary (Sep. 12, 2025)

Domestic Equities

- U.S. equity markets extended their rally during the week, with the S&P 500, Dow Jones Industrial Average and Nasdaq Composite all closing at new record highs. Investor optimism was fueled by expectations of a potential rate cut from the Federal Reserve, along with continued enthusiasm for AI-driven growth.
- Oracle shares rose 36% on Wednesday, marking their largest single-day gain since 1992, after reporting an "astonishing quarter." The company announced it had secured hundreds of billions of dollars in future AI-related business, pushing its market capitalization above JPMorgan Chase and Walmart.
- Investor interest in oilfield service companies is rising, as AI-driven data centers fuel soaring energy demand and strain the U.S. power grid. These companies are adapting to support the infrastructure behind digital expansion, using their oil and gas expertise to help data centers secure reliable energy.

Bonds

- The U.S. Treasuries were mixed with the long-term yield moving lower, while the belly of the curve was higher. The U.S. Treasury bond auction saw solid demand this week, with yields stopping through at the 10-year auction and yields finishing on the screws at the 30-year auction.
- Fed Fund futures finished the week pricing in just under three cuts through year-end 2025. Additionally, the market continues to fully price in a 0.25% cut at the Sep. 17 Federal Open Market Committee (FOMC) meeting.
- Municipal bonds lead U.S. Treasuries for the week, but new issuance across the municipal market remains elevated. Municipal bond new issuance has already reached $400 billion for the year, which is the fastest pace for the market since at least 2014.
- The European Central Bank (ECB) announced that it was leaving policy rates unchanged, with the deposit rate remaining at 2%. This decision contributed to European yield curves to bear-flattening last week.

International Equities

- Foreign stocks advanced for the second consecutive week as weak U.S. job data spurred expectations of Federal Reserve rate cuts, fueling a buying spree in global technology stocks.
- Developed market stocks move higher this week with broad gains seen across most European and Pacific markets. The European Central Bank (ECB) kept its policy rate unchanged at 2%. Policymakers viewed the risks to economic growth as balanced, with inflation reasonably stable. However, volatile trade policy changes could create additional economic uncertainty. They expect the region's economy to grow 1.2% this year and 1.0% in 2026.
- Emerging markets rallied for the second consecutive week, with markets across Asia and Latin America posting gains. Asian technology stocks posted strong gains, driven by improved sentiment, robust fundamental performance and growing expectations of a weaker U.S. dollar, as well as the potential for Federal Reserve rate cuts.

Economics

- On Thursday, the Consumer Price Index (CPI) showed a year-over-year increase of 2.9%, which was in line with expectations and slightly above last month's reading of 2.7%. Core CPI, which excludes food and energy, rose 3.1% over the same period, also matching estimates.
- Thursday also featured the release of weekly jobless claims. Claims came in at 263,000, slightly above the consensus estimate of 234,000. The higher-than-expected figure raised concerns about potential softness in the labor market.
- On Friday, the Consumer Sentiment Index came in at 55.4, below both the estimate of 58.0 and last month's reading of 58.2. The decline suggests that consumers are feeling more uncertain about the labor market and future inflation expectations.
- Looking ahead, the Federal Reserve is scheduled to meet this week for its September policy meeting.

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Weekly Market Update

For Week Ending September 12, 2025

Markets

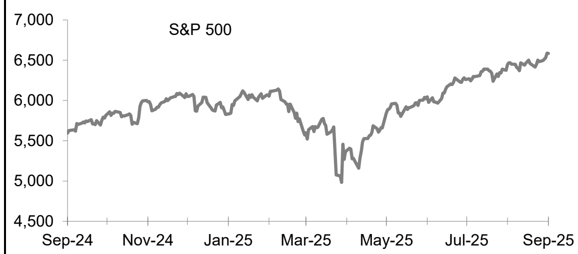
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	45,834.22	1.0%	9.1%	13.5%
S&P 500 Index	6,584.29	1.6%	13.0%	19.2%
NASDAQ Composite	22,141.10	2.0%	15.2%	26.9%
S&P 400 Midcap Index	3,282.40	-0.4%	6.3%	11.7%
S&P 600 Smallcap Index	1,441.96	-0.5%	3.6%	8.6%
MSCI EAFE	10,063.35	1.2%	24.5%	18.5%
MSCI Emerging Markets	720.20	4.0%	25.5%	25.8%
Bloomberg US Agg	2,329.04	0.4%	6.4%	2.9%
Bloomberg Municipal 5 Yr	519.27	0.6%	5.0%	4.2%
Bloomberg US Corporate	3,524.83	0.6%	7.2%	4.0%
Bloomberg Glb Agg ex US Hdg	605.51	0.0%	2.1%	3.0%
Bloomberg High Yield	2,870.50	0.3%	7.0%	8.4%
MSCI US REIT Index	2,399.03	0.6%	3.8%	-2.6%
Bloomberg Commodity Index	258.39	1.4%	8.3%	13.3%

	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	4.02%	4.00%	4.31%	4.96%
1-Year Treasury	3.65%	3.65%	4.14%	4.08%
2-Year Treasury	3.56%	3.51%	4.24%	3.64%
5-Year Treasury	3.63%	3.58%	4.38%	3.46%
7-Year Treasury	3.82%	3.79%	4.48%	3.56%
10-Year Treasury	4.06%	4.07%	4.57%	3.67%
30-Year Treasury	4.68%	4.76%	4.78%	3.99%
Consumer Rates				
30-Year Mortgage	6.47%	6.58%	7.28%	5.83%
Prime Rate	8.25%	8.25%	8.25%	9.25%
SOFR	4.42%	4.42%	4.49%	5.33%
Commodities				
Gold (spot)	3,643.14	3,586.69	2,624.50	2,557.90
Crude Oil WTI	62.69	61.87	71.72	68.97
Gasoline	3.18	3.20	3.06	3.23
Natural Gas	2.94	3.05	3.63	2.36
Copper	4.59	4.48	4.03	4.13

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.85	22.56	5.63	1.64
S&P 500	22.54	25.14	5.38	1.23
S&P 500 Value	18.54	19.89	3.44	1.98
S&P 500 Growth	27.59	32.42	10.27	0.60
NASDAQ	28.41	34.55	7.48	0.66
S&P Midcap 400	16.73	17.82	2.63	1.66
S&P Smallcap 600	16.30	17.31	1.94	2.32
MSCI EAFE	15.51	16.39	2.12	3.00
MSCI Emerging Markets	13.56	15.34	2.01	2.57

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	1.73	2.29	2.77
Mid	3.99	3.27	2.66
Small	5.32	3.62	2.01

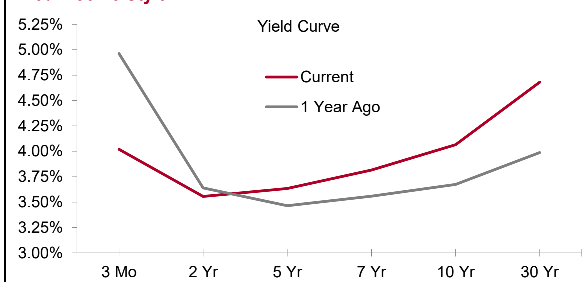
Year to Date*

	Value	Core	Growth
Large	7.83	12.97	17.68
Mid	6.00	6.25	6.50
Small	2.63	3.59	4.54

> 10%
0% - 10%
<0%

*S&P Indices

Fixed Income Style



1 Month*

	Short	Interm.	Long
Govt	0.61	1.04	3.51
Corp	0.68	1.36	3.75
HY	0.90	1.37	6.79
	1-3 Yrs	1-10 Yrs	+10 Yrs

Year to Date*

	Short	Interm.	Long
Govt	3.92	5.44	6.20
Corp	4.48	6.68	8.21
HY	6.20	6.86	13.44
	1-3 Yrs	1-10 Yrs	+10 Yrs

> 10%
0% - 10%
<0%

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%	2.7%
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)	263	230
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)	5,060	5,045
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	120.5	122.7
EUR / USD	1.17	1.11
JPY / USD	147.68	141.82
CAD / USD	0.72	0.74
AUD / USD	0.66	0.67

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	6.25%	24.97%
Information Technology	0.63%	17.81%
Industrials	-0.22%	15.81%
Utilities	-0.88%	14.58%
Financials	2.56%	12.19%
Materials	2.94%	11.43%
Consumer Staples	-2.07%	5.84%
Real Estate	3.05%	5.76%
Energy	4.73%	5.39%
Consumer Discretionary	5.32%	5.07%
Health Care	5.29%	1.34%

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