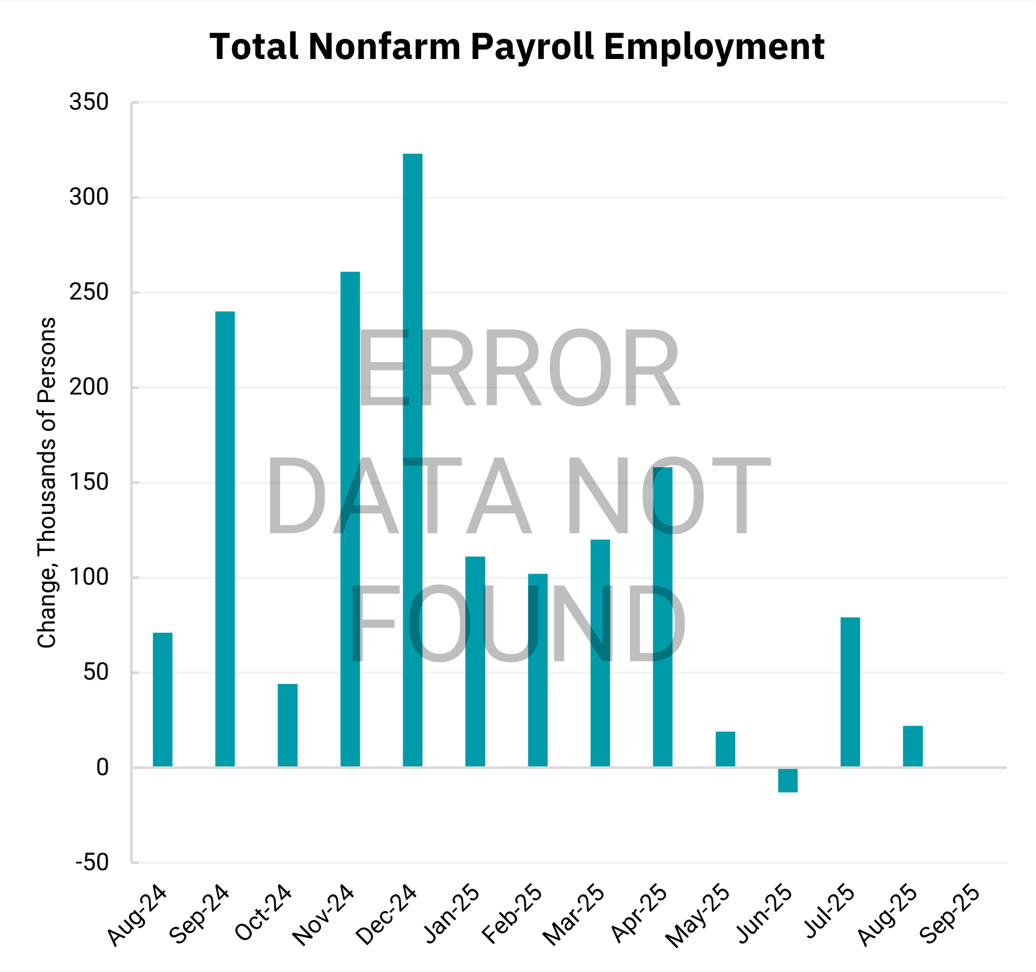
INVESTMENT MANAGEMENT

Weekly market update

BOK FINANCIAL

Chart of the week (Oct. 3, 2025)



The government shutdown is impacting many people, and we hope we can find a resolution quickly. Beyond people's jobs, we are not getting several key data points, including what is probably the most important information within our economy at present: the monthly jobs report for September.

The Federal Reserve indicated that increasing downside risks to the job market were the primary reason they lowered rates at their last meeting, despite inflation remaining above target. This shift in focus from the inflation mandate to the labor mandate only increased the importance of the data we normally receive on the job market. Recent data showing a slowing rate of job growth, evident in our chart even without a report this month, along with a huge downward revision in new jobs over the last 12 months, has the markets primarily keyed on job-related data as we try to ascertain future actions from the Fed.

That's not to say we didn't get any job-related data this week. The Job Openings and Labor Turnover Survey (JOLTS) data on Tuesday showed a continuation of recent job market trends, as job openings remained subdued while the number of unemployed exceeded total job openings. This is a big reversal from earlier in the pandemic, when we reached a level of two open jobs for every unemployed person. Then, on Wednesday, we got a report from ADP on the private sector job market showing the first outright decline in employment since 2023. In fairness, the JOLTS data is not "bad," as the numbers are still better than average in the longer term. Additionally, the correlation between the ADP report and the monthly jobs report has lessened over the last few years. All this means that we are left with imperfect and incomplete information.

Our sense is that in the absence of data showing a marked improvement in employment, which we are not getting, the Fed is set to lower rates again at their late October meeting. It is hard to say that a 4.3% unemployment rate and positive gross domestic product (GDP) growth, 3.8% in the second quarter and a recent Atlanta Fed GDPNow model reading of 3.8% for the third quarter, means the Fed needs to get aggressive or outright accommodative in their policy. However, we do not want a negative trend in the job market to begin to accelerate. Our views on the positive outlook for growth in 2026 and 2027 help further lessen this risk, but some reduction in the restrictive nature of interest rates is still an acceptable policy outcome.

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

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Commentary (Oct. 3, 2025)

Domestic Equities

- Investors overlooked the government shutdown this week and pushed U.S. stock market indices to new highs, driven by fresh AI optimism and heightened anticipation of an interest rate cut by the Federal Reserve.
- OpenAI's $500 billion valuation after a secondary share sale boosted the technology sector this week. Chip makers like Nvidia and Broadcom were top performers, as was Tesla, which reported strong vehicle sales.
- The Bureau of Labor Statistics won't collect or release any economic data during the government shutdown, and the Federal Reserve will likely have to rely on private data ahead of its October rate-setting meeting. ADP released weaker-than-expected payroll data on Friday, increasing speculation of a rate cut.
- Small-caps, which have underperformed large-caps for 12 years, outperformed for the week. Small companies stand to benefit more than large-caps from rate cuts because they have more floating-rate and short-term debt.

International Equities

- Global stock investors looked past the political risk of the U.S. government shutdown to reward technology companies exposed to AI applications and infrastructure.
- Meanwhile, strong performance from European health care and technology helped drive developed market stocks higher for the week. In key economic news, Euro-area inflation accelerated in September, with consumer prices rising 2.2% from a year ago. Stronger-than-expected inflation data in key economies, such as Germany, pushed the rate higher for the 20-nation currency union. The new data reaffirmed expectations that the European Central Bank will maintain its current policy rates through the end of 2025.
- Emerging markets surged higher this week as Asian technology stocks related to AI continue to climb. India's central bank maintained its policy rate at 5.5%, as U.S. tariffs cloud the country's economic outlook.

Bonds

- U.S. Treasury yields were lower for the week on government shutdown worries and labor market concerns.
- Fed Governor Miran reiterated his support for aggressive rate cuts during an interview on Friday. Additionally, the governor commented that his outlook for the path of interest rates between now and the end of the year is not that different from his colleagues.
- Treasury Secretary Bessent reiterated his support of the foundering Argentine economy on Thursday. However, the secretary warned that aid would not involve outright U.S. investment, but only swap lines.
- At the annual Osaka conference, Bank of Japan Governor Ueda reiterated the central bank's current policy stance, increasing speculation that a rate hike is likely at the October 30 meeting. However, Japanese bond markets were little changed for the week as investors prepared for the upcoming elections, with the Liberal Democratic Party expected to choose a new leader this Saturday.

Economics

- The government shutdown resulted in a light week for economic releases. Both Thursday's jobless claims and Friday's employment report were delayed, as employees at the Bureau of Labor Statistics have been furloughed.
- On Tuesday, the Consumer Confidence Index came in at 94.2, below the consensus estimate of 96.0 and last month's reading of 97.8. While consumer confidence has remained relatively stable despite uncertainty around tariffs and the labor market, the government shutdown appears to have caused some unease.
- Also on Tuesday, the Job Openings and Labor Turnover Survey (JOLTS) showed that job openings rose to 7.227 million, up from last month's figure of 7.181 million. This increase suggests that, despite concerns about a slowing labor market, job openings are continuing to rise and remain stable.

Weekly Market Update

For Week Ending October 03, 2025

Markets

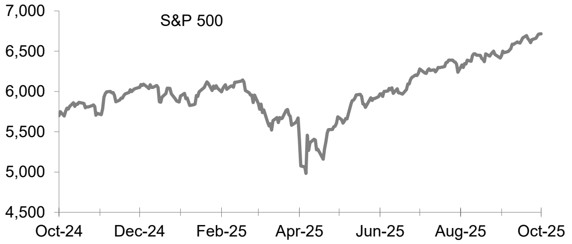
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	46,758.28	1.1%	11.3%	13.2%
S&P 500 Index	6,715.79	1.1%	15.3%	19.3%
NASDAQ Composite	22,780.51	1.3%	18.6%	28.0%
S&P 400 Midcap Index	3,288.93	0.7%	6.6%	8.1%
S&P 600 Smallcap Index	1,465.17	1.4%	5.4%	7.5%
MSCI EAFE	10,273.82	2.7%	27.1%	19.1%
MSCI Emerging Markets	747.09	3.7%	30.2%	19.5%
Bloomberg US Agg	2,328.90	0.5%	6.4%	3.4%
Bloomberg Municipal 5 Yr	517.22	0.1%	4.6%	3.3%
Bloomberg US Corporate	3,525.98	0.6%	7.2%	4.2%
Bloomberg Glb Agg ex US Hdg	606.75	0.3%	2.3%	3.1%
Bloomberg High Yield	2,880.12	0.2%	7.3%	7.6%
MSCI US REIT Index	2,397.55	0.7%	3.8%	-0.9%
Bloomberg Commodity Index	262.88	0.3%	10.2%	7.5%

	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%	3.95%	4.31%	4.58%
1-Year Treasury	3.63%	3.66%	4.14%	4.00%
2-Year Treasury	3.58%	3.64%	4.24%	3.71%
5-Year Treasury	3.71%	3.77%	4.38%	3.63%
7-Year Treasury	3.90%	3.96%	4.48%	3.71%
10-Year Treasury	4.12%	4.18%	4.57%	3.85%
30-Year Treasury	4.71%	4.75%	4.78%	4.18%
Consumer Rates				
30-Year Mortgage	6.38%	6.34%	7.28%	5.83%
Prime Rate	8.00%	8.00%	8.25%	8.75%
SOFR	4.18%	4.16%	4.49%	4.85%
Commodities				
Gold (spot)	3,886.54	3,759.98	2,624.50	2,655.89
Crude Oil WTI	60.88	65.72	71.72	73.71
Gasoline	3.14	3.14	3.06	3.18
Natural Gas	3.32	2.84	3.63	2.97
Copper	5.11	4.72	4.03	4.55

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.87	22.81	5.11	1.63
S&P 500	22.83	25.67	5.49	1.20
S&P 500 Value	18.75	20.27	3.51	1.94
S&P 500 Growth	27.93	33.14	10.47	0.58
NASDAQ	30.41	36.93	7.72	0.62
S&P Midcap 400	16.79	17.84	2.64	1.63
S&P Smallcap 600	16.10	17.35	1.95	2.37
MSCI EAFE	15.63	16.72	2.15	2.94
MSCI Emerging Markets	14.03	16.06	2.12	2.45

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	3.01	4.26	5.35
Mid	1.68	1.88	2.07
Small	3.97	3.06	2.18

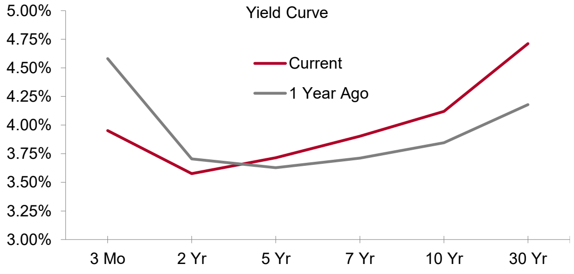
Year to Date*

	Value	Core	Growth
Large	10.38	15.30	19.84
Mid	6.55	6.60	6.66
Small	4.85	5.41	5.95

> 10%
0% - 10%
<0%

*S&P Indices

Fixed Income Style



1 Month*

	Short	Interm.	Long
Govt	0.38	0.40	3.06
Corp	0.50	0.88	3.31
HY	0.59	0.93	6.15
	1-3 Yrs	1-10 Yrs	+10 Yrs

Year to Date*

	Short	Interm.	Long
Govt	4.08	5.42	5.95
Corp	4.72	6.79	8.07
HY	6.54	7.21	14.37
	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%	2.9%
Jobs		
Unemployment Rate (U3)	4.3%	4.2%
Broader Unemployment Rate (U6)	8.1%	7.8%
JOLT Survey (in millions)	7.23	7.65
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)	94.2	99.2
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	331.13	325.66
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	49.10	47.50
Capacity Utilization	77.38	77.87
Markit US Composite PMI	53.90	54.00
U.S. General		
Leading Economic Indicators	98.4	102.1
Trade Weighted Dollar Index	120.9	121.3
EUR / USD	1.17	1.10
JPY / USD	147.47	146.93
CAD / USD	0.72	0.74
AUD / USD	0.66	0.68

S&P 500 Sector Returns

	1 Month	YTD
Information Technology	1.00%	23.06%
Communication Services	6.75%	19.94%
Utilities	3.45%	18.45%
Industrials	0.74%	12.45%
Financials	-0.88%	9.44%
Materials	6.21%	6.72%
Health Care	1.24%	6.61%
Energy	2.26%	5.98%
Real Estate	2.88%	4.45%
Consumer Discretionary	-2.37%	3.15%
Consumer Staples	0.41%	0.72%

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