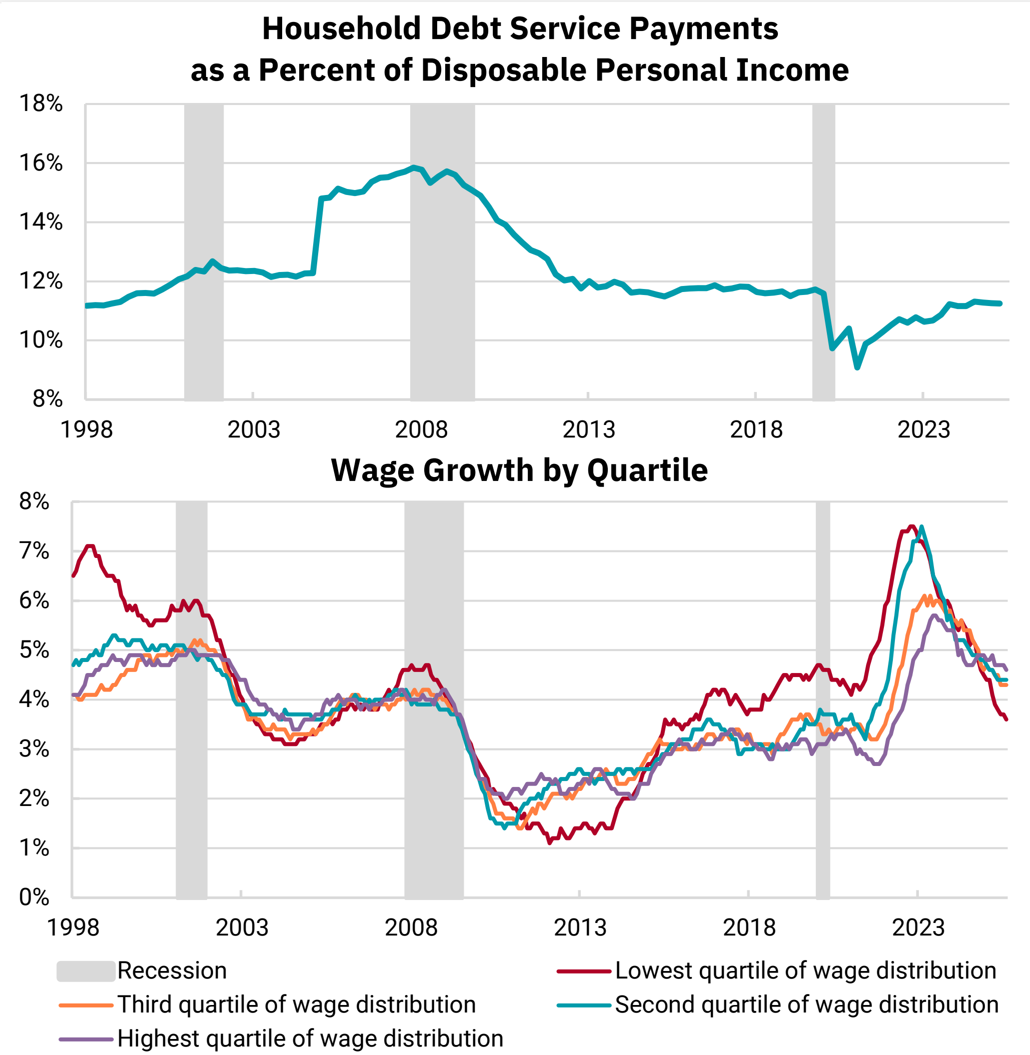
INVESTMENT MANAGEMENT

Weekly market update

Chart of the week (Oct. 17, 2025)



The health of the U.S. consumer is of the utmost importance as we think about future economic growth, as roughly 70% of U.S. gross domestic product (GDP) is based on consumer spending. The Federal Reserve recently shifted from focusing on inflation to focusing on signs of weakness in the labor market, which highlights the importance of consumers' financial health. Whatever the environment, a consumer with a job and confidence in their employment situation is much more likely to spend than a consumer with little confidence or no job.

However, even having a job doesn't mean everything is rosy. Past charts and commentary have pointed out the bifurcation of consumers based upon income quartiles, as well as the fact that inflation impacts people who don't own financial assets, like a house and stocks, the hardest. With this in mind, our charts this week look at consumers from a couple of different perspectives, including their debt and earnings.

Total consumer debt levels—encompassing mortgages, student loans, auto loans and credit cards—are at record levels. That, in and of itself, is not bad, as we would expect that to be true within a growing economy. And growing it is: the gross output of the U.S. economy is at record levels. We also know it is not just the level of debt but the cost of that debt that matters. Our top chart tries to look at how the level and cost of overall consumer debt compares to past periods. What we see is a U.S. consumer that is in worse shape than they were after trillions of stimulus as we worked through the pandemic, but one that is still in better shape than when we went into the pandemic and materially better than the period leading up to and through the financial crisis. This is an overall picture, so we know within this data are consumers who are better off and worse off, but in aggregate, the U.S. consumer is okay from a debt service standpoint.

The bottom chart helps provide some clarity on the differing positions of the U.S. consumer. In this chart, we look at wage growth by income quartile. Coming out of the financial crisis and then through and out of the pandemic, we see a period where the lowest wage quintile was getting outsized wage gains compared to other income quintiles. That was particularly true as government stimulus plans were in effect, and we saw two open jobs for every unemployed person. You may not know this, but the federal minimum wage rate is still $7.25/hour. The "effective" minimum wage rate, however, is significantly higher than that.

Over the past couple of years, we have seen wage gains converge across income quintiles, and recently, lower income quintile wage gains have begun to lag. This helps explain why delinquencies by income and FICO score are rising faster for lower scores and income levels. I take from this data two things: First, it is still important for the Fed to work towards getting inflation back to their 2% target. Second, taking action to protect the job market is important, too. Unfortunately, doing both at the same time is difficult. For now, the focus of the Fed is the job market.

Source: Chart one: Board of Governors of the Federal Reserve System (US) via FRED®. Chart two: Federal Reserve Bank of Atlanta.

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BOK FINANCIAL

Commentary (Oct. 17, 2025)

Domestic Equities

- U.S. stocks ended a volatile week with gains as investors began to digest third-quarter earnings reports and continue to be concerned about the government shutdown and tariffs on China.
- Regional banks came under pressure after Zions Bancorp disclosed a large loss and fraud accusations against a set of borrows tied to other lenders. Meanwhile, larger banks reported solid results and bank CEOs do not believe there is reason for wider concern.
- On Friday, President Trump said that the extra 100% charge on goods from China that he has threatened to introduce is not sustainable, calming trade war fears which had been weighing on the market.
- The VIX, a volatility index widely considered Wall Street's "fear gauge," rose to its highest level in six months. The index, which had been running under 20 since May, hit a high of 28 mid-week.

Bonds

- U.S. Treasuries rallied in a flight to safety on growing concerns over U.S. regional bank credit exposures related to the collapse of First Brands Group and Tricolor Holdings and the escalation of trade tension between the U.S. and China.
- The Federal Reserves' reverse repo facility hit its lowest level since 2020 during the week, suggesting that the liquidity in the market is slowing. Repo rates have also been moving higher, with the spread between SOFR and IORB making a new high on Thursday. During a speech Tuesday, Fed Chair Jerome Powell also noted that "some signs have begun to emerge that liquidity conditions are gradually tightening including the firming of repo rates." He also signaled that quantitative tightening is likely to be done soon.
- Investment-grade, corporate and agency MBS spreads were essentially flat for the week, while high-yield spreads narrowed. Spreads across the ABS market continued to widen driven by weakness in auto securitizations.

International Equities

- Foreign stock markets advanced during the week, setting aside concerns about trade disputes and U.S. credit market weakness. Key catalysts were a weaker U.S. dollar after political risks in Japan and France eased, and strong earnings momentum from AI-related companies.
- Developed markets rebounded as gains in Pacific and European stocks boosted weekly index returns. In Europe, industrial production fell in August, mainly due to lower capital and durable goods manufacturing, reflecting trade uncertainty. Meanwhile, France's consumer price index rose 1.2% year-over-year, and Germany's inflation increased 2.4%.
- Latin American markets clawed back some of last week's losses, while key Asian stock markets continued to trend higher, driving emerging markets higher for the week. South Korean stocks advanced amid optimism that a trade deal with the U.S. could be completed before the end of October, lifting investor sentiment.

Economics

- As the government shutdown continued to drag on, most economic releases were delayed. The Consumer Price Index (CPI), which was planned to be released during the week, will be released on Oct. 24, regardless of the government shutdown.
- On Tuesday, Fed Chairman Jerome Powell spoke at an event hosted by the National Association for Business Economics. In his remarks, Powell indicated that the recent labor market weakness leaves additional rate cuts on the table. He also noted that the Fed has likely reached a point where they will stop reducing the size of their balance sheet.
- On Wednesday, the Fed's Beige Book indicated that tariffs had started to push prices higher, although not all the costs were passed on to consumers. The report suggested that the economy remained roughly in the same shape as it did during the last report on Sep. 3.

Weekly Market Update

For Week Ending October 17, 2025

Markets

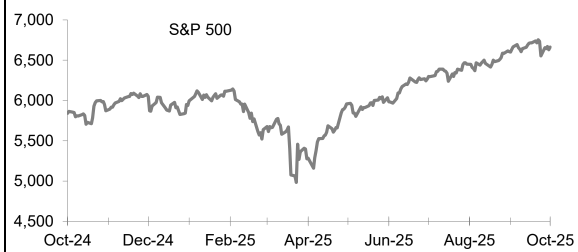
	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
Capital Markets				
Dow Jones Industrial Avg	46,190.61	1.6%	10.0%	8.7%
S&P 500 Index	6,664.01	1.7%	14.5%	15.5%
NASDAQ Composite	22,679.97	2.1%	18.0%	24.3%
S&P 400 Midcap Index	3,223.89	2.0%	4.5%	2.3%
S&P 600 Smallcap Index	1,434.27	3.0%	3.2%	1.3%
MSCI EAFE	10,151.92	0.7%	25.6%	18.7%
MSCI Emerging Markets	740.61	-0.3%	29.1%	22.4%
Bloomberg US Agg	2,347.28	0.5%	7.2%	5.5%
Bloomberg Municipal 5 Yr	518.06	0.1%	4.8%	3.9%
Bloomberg US Corporate	3,548.51	0.5%	7.9%	5.8%
Bloomberg Glb Agg ex US Hdg	611.10	0.5%	3.1%	3.9%
Bloomberg High Yield	2,872.45	0.5%	7.1%	7.4%
MSCI US REIT Index	2,401.76	3.8%	4.0%	-2.4%
Bloomberg Commodity Index	263.93	1.5%	10.6%	12.1%

	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	3.91%	3.94%	4.31%	4.64%
1-Year Treasury	3.55%	3.58%	4.14%	4.21%
2-Year Treasury	3.46%	3.50%	4.24%	3.97%
5-Year Treasury	3.59%	3.62%	4.38%	3.90%
7-Year Treasury	3.78%	3.81%	4.48%	3.99%
10-Year Treasury	4.01%	4.03%	4.57%	4.09%
30-Year Treasury	4.61%	4.62%	4.78%	4.39%
Consumer Rates				
30-Year Mortgage	6.37%	6.39%	7.28%	5.83%
Prime Rate	8.00%	8.00%	8.25%	8.75%
SOFR	4.18%	4.15%	4.49%	4.85%
Commodities				
Gold (spot)	4,251.82	4,017.79	2,624.50	2,692.71
Crude Oil WTI	57.54	58.90	71.72	70.67
Gasoline	3.04	3.09	3.06	3.19
Natural Gas	3.01	3.11	3.63	2.35
Copper	4.97	4.89	4.03	4.33

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
Index Characteristics				
Dow Jones Industrial Avg	20.13	21.92	4.86	1.77
S&P 500	22.50	25.45	5.44	1.21
S&P 500 Value	18.33	19.96	3.45	1.98
S&P 500 Growth	27.42	32.72	10.36	0.60
NASDAQ	29.76	36.75	7.69	0.63
S&P Midcap 400	16.43	17.43	2.59	1.65
S&P Smallcap 600	15.65	16.94	1.91	2.43
MSCI EAFE	15.66	16.69	2.15	2.93
MSCI Emerging Markets	13.88	16.12	2.12	2.43

Source: Bloomberg

Equity Style



1 Month*

	Value	Core	Growth
Large	1.14	1.04	0.97
Mid	-1.13	-1.20	-1.26
Small	-0.59	-0.25	0.07

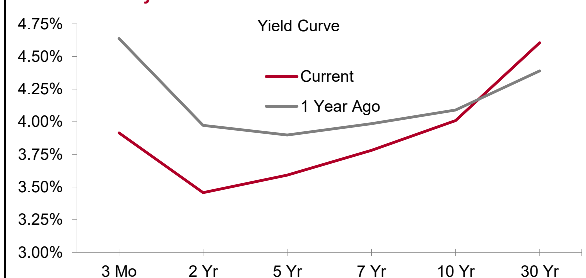
> 10% · 0% - 10% · <0%

Year to Date*

	Value	Core	Growth
Large	9.40	14.45	19.10
Mid	4.26	4.51	4.77
Small	1.95	3.22	4.46

*S&P Indices

Fixed Income Style



1 Month*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	0.45	0.53	1.37
Corp	0.44	0.48	0.78
HY	0.17	-0.12	0.12

> 10% · 0% - 10% · <0%

Year to Date*

	Short (1-3 Yrs)	Interm. (1-10 Yrs)	Long (+10 Yrs)
Govt	4.46	6.04	7.89
Corp	5.02	7.27	9.20
HY	6.52	6.93	13.55

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)	5,061	5,053
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	121.5	123.3
EUR / USD	1.17	1.08
JPY / USD	150.61	150.21
CAD / USD	0.71	0.72
AUD / USD	0.65	0.67

S&P 500 Sector Returns

	1 Month	YTD
Communication Services	3.64%	-2.59%
Utilities	1.53%	9.26%
Informationa Technology	2.09%	4.70%
Industrials	1.19%	0.79%
Financials	0.03%	-3.18%
Materials	1.05%	-2.89%
Real Estate	3.46%	1.04%
Consumer Staples	1.98%	-0.11%
Health Care	0.81%	4.86%
Energy	0.97%	-3.58%
Consumer Discretionary	1.89%	-3.64%

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