

## MARKET HIGHLIGHTS

- > **Expectations of Federal Reserve (Fed) easing amid a slowing but still-growing economy continued to support equities**, though market breadth remained narrow as gains were concentrated in AI names (with Oracle joining the party after a strong quarterly earnings report).
- > **Labor market developments dominated August data releases**, with Bureau of Labor Statistics payroll revisions showing 911,000 fewer jobs than previously reported. Weekly initial jobless claims rose to 263,000, the highest in nearly five years.
- > **Markets now price in 75 basis points (bps) of cuts by year-end** and a 10% chance of a 50-bps cut at the next Federal Open Market Committee (FOMC) meeting.
- > **Inflation data showed modest firming but limited pipeline pressures**. The August Consumer Price Index (CPI) reading rose 0.4% month over month (2.9% year over year) while core CPI remained stable at 3.1%. Producer prices unexpectedly fell 0.1%, driven by weaker margins in machinery and vehicles, signaling easing cost pressures.
- > **Central bank developments** included a court ruling keeping Fed Governor Lisa Cook in place and likely voting at this week's meeting, where new Governor Stephen Miran may tilt policy more dovish. The European Central Bank kept rates unchanged, signaling the end of its easing cycle.
- > **Geopolitical tensions rose** as President Donald Trump urged Europe to impose tariffs on China and India over Russian oil, while Poland downed Russian drones.

## MARKET PERFORMANCE

| ASSET CLASS               | 1-WEEK | YTD     |
|---------------------------|--------|---------|
| U.S. Aggregate Bond (Agg) | 0.41%  | 6.40%   |
| Municipal Bonds 1-10Y     | 0.79%  | 4.39%   |
| U.S. High Yield           | 0.27%  | 6.88%   |
| S&P 500                   | 1.60%  | 12.98%  |
| Russell 2500 (SMID cap)   | 0.12%  | 9.14%   |
| MSCI EAFE (International) | 1.15%  | 24.52%  |
| MSCI Emerging Markets     | 3.96%  | 25.49%  |
| MSCI ACWI (Global)        | 1.74%  | 16.82%  |
| Crude Oil (NYMEX WTI)     | 0.11%  | -13.49% |
| Gold LBMA PM              | 0.51%  | 39.94%  |
| 60/40 ACWI/Agg Portfolio  | 1.21%  | 12.65%  |

## WHAT CAUGHT OUR EYES THIS WEEK

### Tariffs Are Having a Clear, but So Far Mild, Impact on Prices

Core goods inflation (which excludes food and energy) is starting to move higher, up 1.5% year over year as of August. That rate isn't alarming, but it is above average for the 21st century. There is evidence that companies have so far chosen to absorb much of the initial wave of tariff costs, passing only a small portion onto customers. Going forward, the extent to which they start to get aggressive in protecting margins will matter for goods inflation. Luckily, imported goods aren't a big portion of the CPI basket, estimated at just 11%.

Elsewhere in the report, shelter continues along a painfully slow but steady path of disinflation, while inflation for other services cooled off a bit, which is likely what the FOMC will focus on when members meet this week. Tariff inflation is real, but as of now it is not leaking out into other less-impacted industries. This gives the FOMC a green light to focus on labor markets, where initial jobless claims just jumped to their highest level in almost five years (although a funky seasonal adjustment might be to blame). Finding a sustainable path back to 2% is still a problem, but as Fed Chair Jerome Powell made clear in Jackson Hole, it's a problem for another day.

### Year-Over-Year CPI: Core Goods



Please see important disclosures and other key information on page 4.

# What's On Our Minds

## OUR CURRENT OUTLOOK

- > **The U.S. economy is resilient**, but labor markets are showing signs of slowing that could impact consumer spending in the back half of this year.
- > **Uncertainty works both ways.** Companies appear hesitant to embark on new projects but equally hesitant to lay off workers. Recent tariff announcements should help clear some of this confusion.
- > **Our current expectations of a recession in the next 12 months are moderately low.**
- > The One Big Beautiful Bill Act can **offset some of the negative impacts of tariffs on consumers and businesses.**
- > **The Federal Reserve is still looking to cut interest rates.** We expect two cuts this year, starting in September.
- > **We expect S&P 500 profits to grow at mid-single-digits in 2025** and re-accelerate to low double digits by 2026.
- > **AI capital spending, driven by the hyperscalers, should continue to boost the U.S. economy**, fueling productivity gains and infrastructure growth.

## IN CASE YOU MISSED IT

### INSIGHTS

[“September 2025 Economic & Market Outlook”](#)

[“How AI Is Affecting the Global Economy”](#)

[“Tax-Aware Investing with Long-Short Equity Strategies”](#)

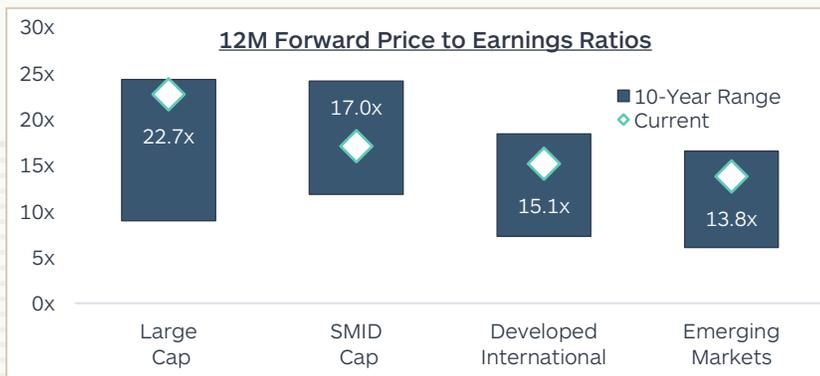
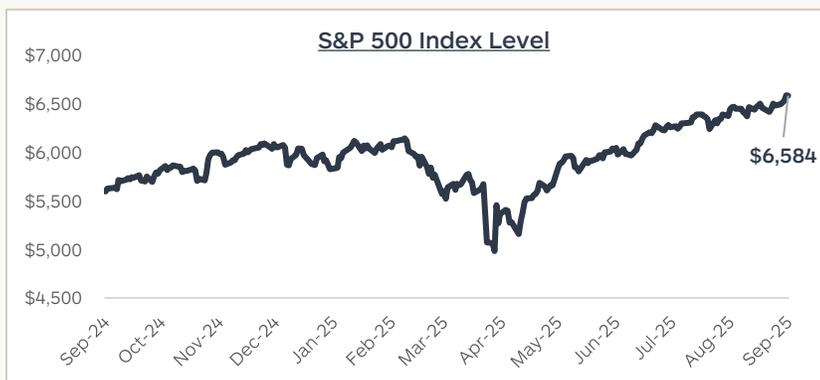
### WEBINARS

[“Liquidity Event Playbook: Tax Optimization and Thoughtful Wealth Planning”](#)

### SOCIAL MEDIA

[Cerity Partners LinkedIn Page](#)

## EQUITIES

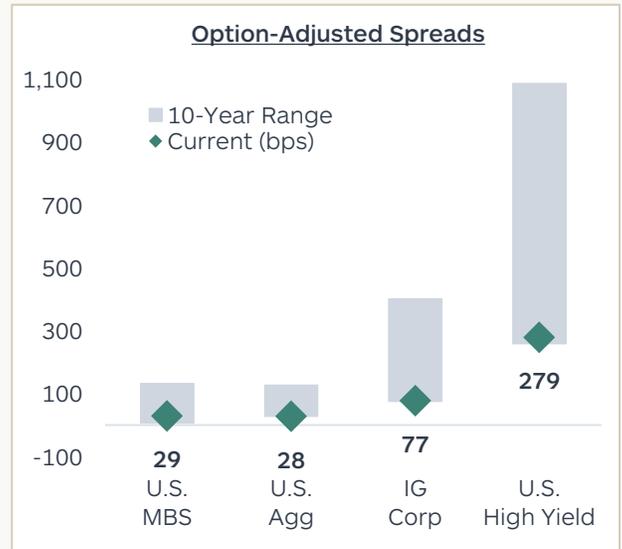


| S&P 500 SECTOR         | 1-WEEK | YTD   |
|------------------------|--------|-------|
| Information Technology | 3.1%   | 17.8% |
| Utilities              | 2.4%   | 14.6% |
| Energy                 | 1.6%   | 5.4%  |
| Financials             | 1.3%   | 12.2% |
| Consumer Discretionary | 1.3%   | 5.1%  |
| Comm. Services         | 0.9%   | 25.0% |
| Industrials            | 0.4%   | 15.8% |
| Real Estate            | 0.4%   | 5.8%  |
| Health Care            | 0.2%   | 1.3%  |
| Materials              | 0.0%   | 11.4% |
| Consumer Staples       | -0.2%  | 5.8%  |

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## FIXED INCOME

| KEY INTEREST RATES           | 09/12/25 | Δ YTD  |
|------------------------------|----------|--------|
| Municipal Bonds 1-10Y        | 2.82%    | -0.54% |
| 3M T-Bill                    | 4.02%    | -0.30% |
| 10Y Treasury Yield           | 4.06%    | -0.51% |
| Effective Federal Funds Rate | 4.33%    | 0.00%  |
| U.S. Aggregate               | 4.29%    | -0.62% |
| 30Y Mortgage Rate            | 6.43%    | -0.85% |
| U.S. High Yield              | 7.03%    | -0.62% |
| Prime Rate                   | 7.50%    | 0.00%  |

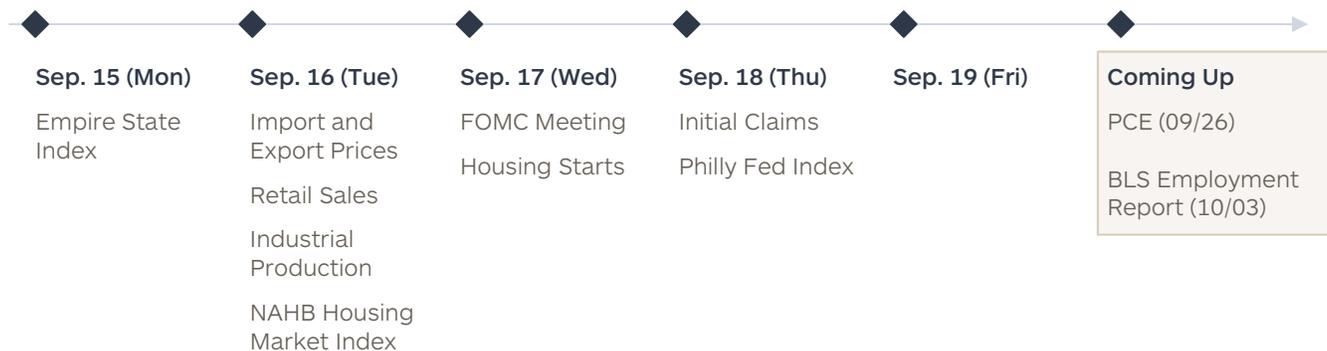


## COMMODITIES, CURRENCIES, CRYPTO

| Asset Class       | 09/12/2025   |
|-------------------|--------------|
| Crude Oil         | \$62.67      |
| Gold              | \$3,651.10   |
| U.S. Dollar Index | \$97.55      |
| Bitcoin           | \$117,265.00 |

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## THE WEEK AHEAD



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# What's On Our Minds

September 15, 2025

**ABBREVIATIONS:** Agg: Aggregate. EM: Emerging Markets. SOFR: Secured Overnight Financing Rate. MBS: Mortgage-backed securities. IG: Investment Grade.

**CHART OF THE WEEK:** Consumer Price Index for All Urban Consumers: Commodities Less Food and Energy Commodities in U.S. City Average, Seasonally Adjusted, Cerity Partners, FRED, 09/12/2025

**MARKET PERFORMANCE:** All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 09/12/25. Underlying indices are in descending order: Bloomberg US Aggregate provided by Bloomberg Capital; Bloomberg Municipal Bond 10 Yr provided by Bloomberg Capital; ICE BofA US High Yield Index provided by Bloomberg Capital; S&P 500; provided by: Standard & Poor's. Index; Russell 2500; provided by: Russell Investments; MSCI Europe, Australasia, and the Far East (EAFE) provided by MSCI net official pricing; MSCI EM provided by MSCI net official pricing; MSCI All Country World Index (ACWI) provided by MSCI net official pricing; Crude Oil (WTI) provided by CME; LBMA Gold Price PM provided by FactSet. The 60/40 ACWI/Agg Portfolio (60% ACWI / 40% AGG) is not a recommendation and is provided for reference purposes only.

**EQUITIES:** Top Left-hand Chart. S&P 500 Index Level as of 09/12/25 and provided by Standard & Poor's. Bottom Left-hand Chart. Forward Price to Earnings Ratios refers to the price-to-earnings ratio for the forward 12 months, which is a valuation measure applied to respective broad equity indices as of 09/12/25. Large Cap data is proxied with the S&P 500 and provided by FactSet. SMID data is proxied by the Russell 2500 and provided by FactSet. Developed International data is proxied with the MSCI EAFE and provided by FactSet. Emerging Markets data is proxied by the MSCI EM and provided by FactSet. S&P 500 Sector performance table. Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends. 1-Week and Year-to-Date (YTD) returns are as of 09/12/25.

**FIXED INCOME:** Top Table. Effective Federal Funds Rate provided by FactSet. Composite Municipal Bond Yield provided by FactSet. Bloomberg US Aggregate provided by FactSet. 3-Month Treasury Bill rate provided by FactSet. 10-Year Treasury Yield provided by FactSet. 30-Year Mortgage Rate provided by FactSet. ICE BofA US High Yield Index provided by FactSet. Prime Rate provided by FactSet. Bottom Table. Option Adjusted Spreads as of 09/12/25. Bloomberg US Aggregate Securitized – MBS, Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US High Yield data provided by Bloomberg Capital.

**COMMODITIES, CURRENCIES, CRYPTO:** WTI NYMEX Crude Oil provided by FactSet. Gold is proxied with the LBMA Gold PM and provided by FactSet. Bitcoin is proxied by the Bitcoin (CME) Continuous index and provided by FactSet. U.S Dollar prices are proxied with the U.S. Dollar Index and provided by FactSet.

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