

MARKET HIGHLIGHTS

- **Embarking on monetary easing cycles with markets already near highs and the economy still growing has historically been favorable to equity markets.** There is now talk of the risk of a “melt up” occurring, but the end of this stimulus-infused bull market could be years, as opposed to months, away.
- **As expected, the Federal Reserve (Fed) cut the federal funds rate by 25 basis points (bps) to 4.00%–4.25%** at the September meeting. The recently appointed Governor Stephen Miran was the lone dissenter, opting for a 50-bps cut.
- The Summary of Economic Projections includes the so-called dot plot, which is predicting **50 bps more in cuts through year-end**. This is one more 25-bps cut than was expected at the end of the June meeting.
- **In his press conference, Fed Chair Jerome Powell acknowledged that labor demand has softened and the downside risk to employment has risen.** He said there was no widespread support for a 50-bps cut at this meeting, but in what appeared to be a slight nod to the political pressure being placed on the Fed, he went on to say that a dispersion of views is understandable and rational now.
- **August retail sales continued the strong summer buying pattern,** rising 0.6% on the headline, which was triple the +0.2% consensus estimate.

MARKET PERFORMANCE

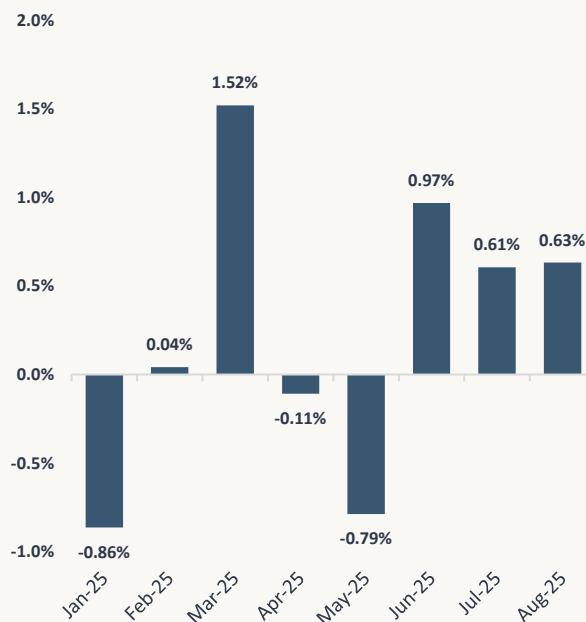
| ASSET CLASS | 1-WEEK | YTD |
|---------------------------|--------|---------|
| U.S. Aggregate Bond (Agg) | -0.19% | 6.20% |
| Municipal Bonds 1-10Y | 0.15% | 4.54% |
| U.S. High Yield | 0.31% | 7.21% |
| S&P 500 | 1.25% | 14.39% |
| Russell 2500 (SMID cap) | 1.05% | 10.29% |
| MSCI EAFE (International) | -0.18% | 24.30% |
| MSCI Emerging Markets | 1.19% | 26.99% |
| MSCI ACWI (Global) | 1.01% | 18.00% |
| Crude Oil (NYMEX WTI) | -1.56% | -13.49% |
| Gold LBMA PM | 0.15% | 40.40% |
| 60/40 ACWI/Agg Portfolio | 0.53% | 13.28% |

WHAT CAUGHT OUR EYES THIS WEEK

Retailers Had a Good Summer

August's retail sales data was solid: Consumers spent \$732 billion on retail and food services, which is 0.6% ahead of July and 5.0% ahead of August 2024. For the third straight month, people shrugged off economic uncertainty and softening labor markets, increasing their spending at a respectable rate. It may be tough out there for those who need a job, but with limited evidence of widespread firing and an unemployment rate still at a historically low 4.3%, softer labor markets aren't an immediate issue for most of the American population. For many of us, it's more about wages that are still growing faster than the rate of inflation. For baby boomers, who hold roughly half of the nations' wealth and are beginning to retire en masse, perhaps it isn't really about labor markets at all, but rather the value of their retirement portfolios (which probably look pretty good at the moment). Looking forward, a strong tailwind for spending is fast approaching as changes in the tax code from the One Big Beautiful Bill Act are reflected in higher tax refunds for many Americans in early 2026.

Retail Trade and Food Services, Monthly Change



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

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

[“Estate Planning Tax Strategies with the One Big Beautiful Bill Act”](#)

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

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

WEBINARS

SOCIAL MEDIA

[Cerity Partners LinkedIn Page](#)

EQUITIES

S&P 500 Index Level



12M Forward Price to Earnings Ratios



| S&P 500 SECTOR | 1-WEEK | YTD |
|------------------------|--------|-------|
| Comm. Services | 3.4% | 29.2% |
| Information Technology | 2.1% | 20.3% |
| Consumer Discretionary | 1.5% | 6.6% |
| Industrials | 1.0% | 16.9% |
| Financials | 0.8% | 13.1% |
| Energy | 0.0% | 5.4% |
| Health Care | -0.6% | 0.7% |
| Utilities | -0.6% | 13.9% |
| Materials | -0.9% | 10.5% |
| Real Estate | -1.1% | 4.6% |
| Consumer Staples | -1.2% | 4.6% |

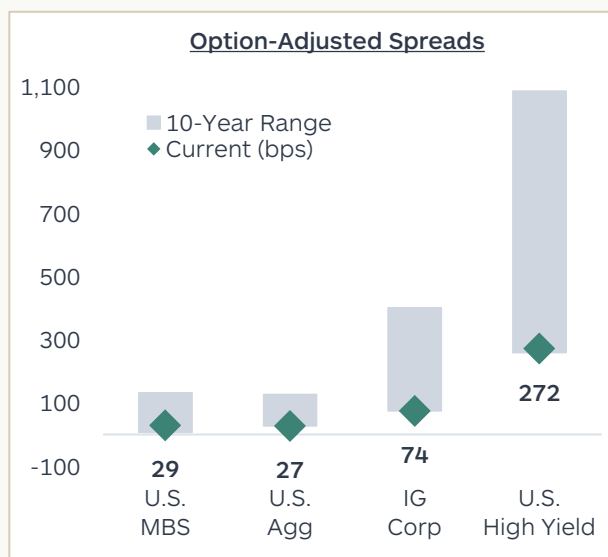
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What's On Our Minds

September 22, 2025

FIXED INCOME

| KEY INTEREST RATES | 09/19/25 | Δ YTD |
|------------------------------|----------|--------|
| Municipal Bonds 1-10Y | 2.80% | -0.56% |
| 3M T-Bill | 3.98% | -0.34% |
| Effective Federal Funds Rate | 4.08% | -0.25% |
| 10Y Treasury Yield | 4.13% | -0.45% |
| U.S. Aggregate | 4.32% | -0.58% |
| 30Y Mortgage Rate | 6.33% | -0.95% |
| U.S. High Yield | 6.96% | -0.69% |
| Prime Rate | 7.25% | -0.25% |



COMMODITIES, CURRENCIES, CRYPTO

| Asset Class | 09/19/2025 |
|-------------------|--------------|
| Crude Oil | \$62.67 |
| Gold | \$3,663.15 |
| U.S. Dollar Index | \$97.64 |
| Bitcoin | \$115,265.00 |

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THE WEEK AHEAD

| Sep. 22 (Mon) | Sep. 23 (Tue) | Sep. 24 (Wed) | Sep. 25 (Thu) | Sep. 26 (Fri) | Coming Up |
|---------------|------------------------------------|----------------|--|--|---|
| | S&P Manufacturing and Services PMI | New Home Sales | Initial Claims Existing Home Sales Wholesale Inventories Durable Orders | Personal Consumption Expenditures PCE Inflation | JOLTS Job Openings (9/30) ISM Manufacturing PMI (10/01) BLS Employment Report (10/03) |

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What's On Our Minds

September 22, 2025

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

CHART OF THE WEEK: Advance Retail Sales: Retail Trade, Percent Change, Monthly, Seasonally Adjusted, Cerity Partners, FRED, 09/19/2025

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 09/19/25. 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 09/19/25 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 09/19/25. 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 09/19/25.

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 09/19/25. 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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