

MARKET HIGHLIGHTS

- > There was somewhat of a “good news is bad” vibe to the equity markets last week as some better-than-expected economic data in the housing, consumer, and capital spending sectors led to a slight reduction in expectations for future Federal Reserve (Fed) rate cuts. Perhaps the looming federal government shutdown begins to finally attract investor attention.
- > The housing sector saw some welcomed signs of strength in the August data as it attempts to at least find a bottom in this three-year industry slowdown. New home sales rose 20.5% month over month to 800,000, well above the 650,000 estimate. Existing home sales were basically flat month over month, but the 4,000,000 reported sales beat the 3,960,000 estimate.
- > August personal income rose 0.4% while consumer spending rose 0.6%. The important inflation data imbedded in this report showed core prices for goods and services up 2.9% year over year. Inflation remains stubbornly sticky in its anticipated descent toward the Fed's 2.0% target.
- > “Fed speak” was heavy last week with some conflicting signals between policy hawks and doves, although the market interpretation was of a slightly more hawkish bias. The expressed wariness and better monthly and weekly data points led to a decline in the probability of two more rate cuts in calendar year 2025. The odds are now 60%, compared to 82% last week.
- > It appears that a government shutdown is inevitable as seven Democrats in the Senate need to vote for the continuing resolution passed in the House to break any potential filibuster of the legislation. President Donald Trump will be meeting with congressional leaders early this week to hopefully find a resolution.

MARKET PERFORMANCE

ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	-0.28%	5.90%
Municipal Bonds 1-10Y	-0.46%	4.07%
U.S. High Yield	-0.24%	6.95%
S&P 500	-0.30%	14.05%
Russell 2500 (SMID cap)	-0.85%	9.35%
MSCI EAFE (International)	-0.41%	23.79%
MSCI Emerging Markets	-1.12%	25.57%
MSCI ACWI (Global)	-0.48%	17.44%
Crude Oil (NYMEX WTI)	4.29%	-9.32%
Gold LBMA PM	1.35%	44.49%
60/40 ACWI/Agg Portfolio	-0.40%	12.83%

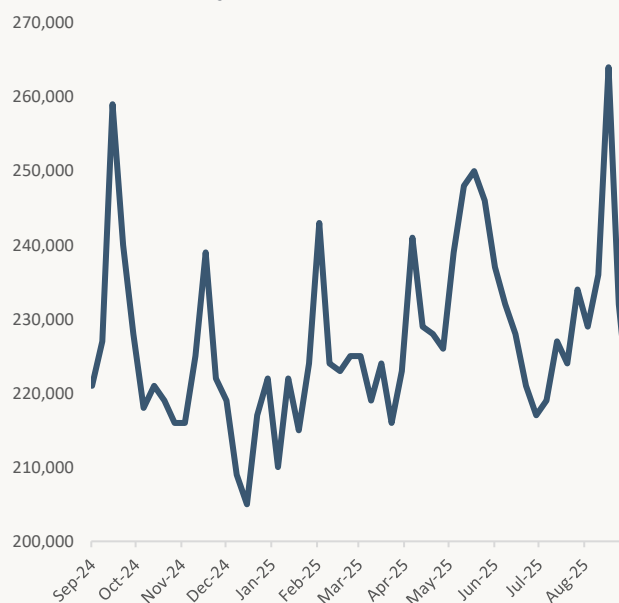
WHAT CAUGHT OUR EYES THIS WEEK

The “Curious Balance” Lives On

Weekly initial jobless claims notched back down to 218,000, reversing a brief spike to 264,000 earlier in September. Weekly claims are a widely followed high-frequency labor market indicator. They're the closest thing to a real-time read on the labor market we have. After a quick scare, it appears the “no firing” side of the “no hiring, no firing” state of the labor market is still intact. Fed Chair Jerome Powell described it as a “curious balance.”

For most consumers, softer labor markets don't matter until they matter—that is, when they (or people they know) start losing their jobs. Thankfully, evidence of widespread layoffs remains limited. Job creation is still tepid as companies continue to sit on the sidelines, but with the unemployment rate steady at 4.3%, a dearth of new jobs hasn't been enough to make a meaningful dent in consumer spending on its own. No vicious cycle of weaker employment feeding weaker consumption feeding weaker employment just yet. We'll get more data on the status of the curious balance in Friday's Bureau of Labor Statistics employment report.

Weekly Initial Jobless Claims



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.
- > **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”](#)

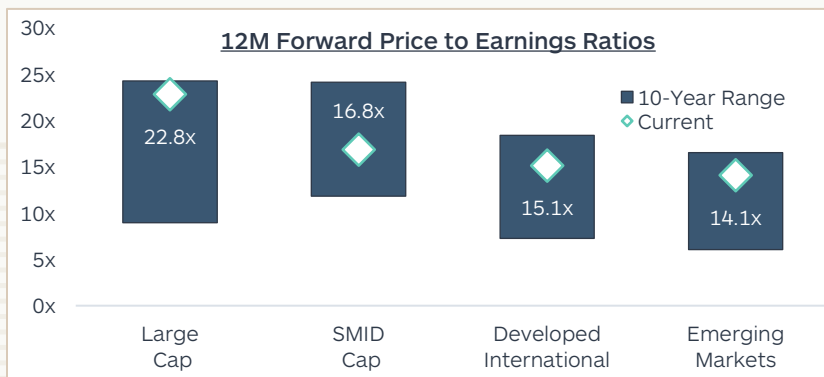
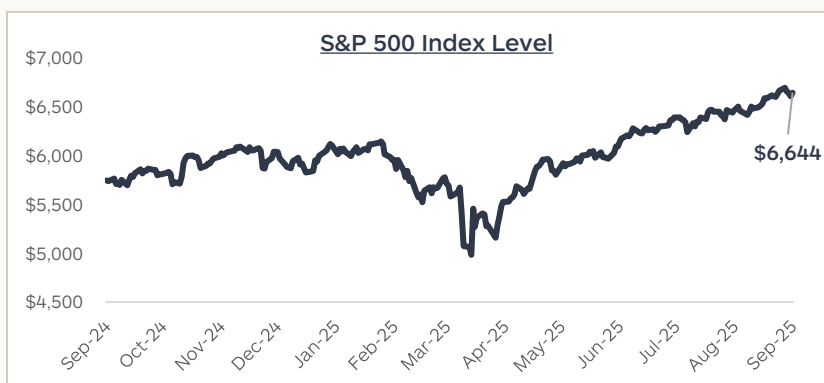
WEBINARS

[“Recording: Tax Optimization and Thoughtful Wealth Planning for Liquidity Events”](#)

SOCIAL MEDIA

[Cerity Partners LinkedIn Page](#)

EQUITIES



S&P 500 SECTOR	1-WEEK	YTD
Energy	4.7%	10.3%
Utilities	2.8%	17.1%
Real Estate	0.9%	5.5%
Information Technology	0.3%	20.7%
Industrials	0.1%	17.1%
Financials	-0.4%	12.7%
Health Care	-0.8%	-0.1%
Consumer Staples	-1.1%	3.5%
Consumer Discretionary	-1.2%	5.3%
Materials	-2.0%	8.2%
Comm. Services	-2.7%	25.7%

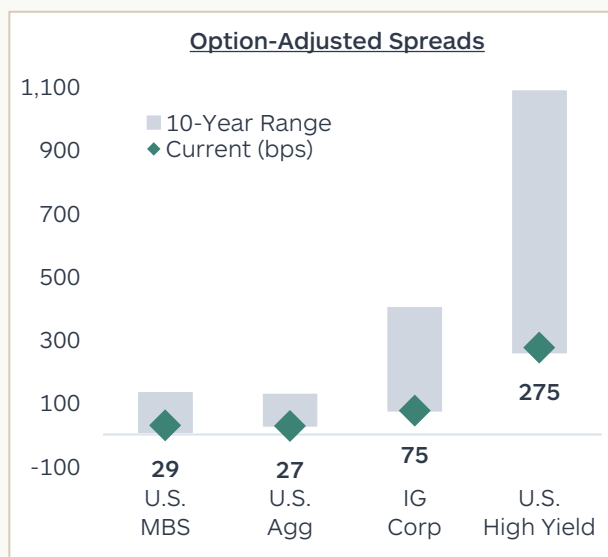
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What's On Our Minds

September 29, 2025

FIXED INCOME

KEY INTEREST RATES	09/26/25	Δ YTD
Municipal Bonds 1-10Y	2.97%	-0.39%
3M T-Bill	3.96%	-0.36%
Effective Federal Funds Rate	4.09%	-0.24%
10Y Treasury Yield	4.18%	-0.39%
U.S. Aggregate	4.40%	-0.51%
30Y Mortgage Rate	6.33%	-0.95%
U.S. High Yield	7.05%	-0.61%
Prime Rate	7.25%	-0.25%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	09/26/2025
Crude Oil	\$65.69
Gold	\$3,769.85
U.S. Dollar Index	\$98.15
Bitcoin	\$109,195.69

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THE WEEK AHEAD

Sep. 29 (Mon)	Sep. 30 (Tue)	Oct. 1 (Wed)	Oct. 2 (Thu)	Oct. 3 (Fri)	Coming Up
Pending Home Sales	JOLTS Job Openings	ADP Employment	Initial Claims	Nonfarm Payrolls	Michigan Sentiment (10/10)
	Consumer Confidence	ISM Manufacturing	Factory Orders	Unemployment Rate	CPI (10/15)
	Chicago PMI	Construction Spending		ISM Services PMI	PPI (10/16)
	FHFA Home Price Index				

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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: Initial Claims, Number, Weekly, Seasonally Adjusted, Cerity Partners, FRED, 09/25/2025

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 09/26/25. 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 09/26/25 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 09/26/25. 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 09/26/25.

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 09/26/25. 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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