

What's On Our Minds

MARKET HIGHLIGHTS

- > Last Wednesday, **the Senate rejected the stopgap legislation previously passed by the House, and the U.S. government has since shut down.** Probably because we have been through several shutdowns over the last 40 years without tangible economic consequence, **investors have been relaxed.** Current concerns are on key economic data delays that could guide Federal Reserve policy ahead of this month's Federal Open Market Committee meeting.
- > **September marked the second consecutive month of job contraction.** The ADP employment report showed a decline of 32,000 versus the consensus estimate of +50,000. The August reading was revised down 37,000 to -3,000.
- > **The September ISM manufacturing index remained in contraction at 49.1,** lower than the 49.4 estimate but better than the 48.7 reading from August. Tariffs were cited by respondents as the biggest drag on sentiment and the business outlook. Supply managers are also seeing some weak demand and order delays and cancellations.
- > **The September ISM services index came in at exactly 50.0,** signaling neither expansion nor contraction.
- > **Crude oil prices fell close to 7% last week** in what has been a bumpy ride in a gradual descent throughout the summer. Supply fundamentals remain the biggest factor, as the OPEC-Russia cartel has announced production increases while global demand appears flat.

MARKET PERFORMANCE

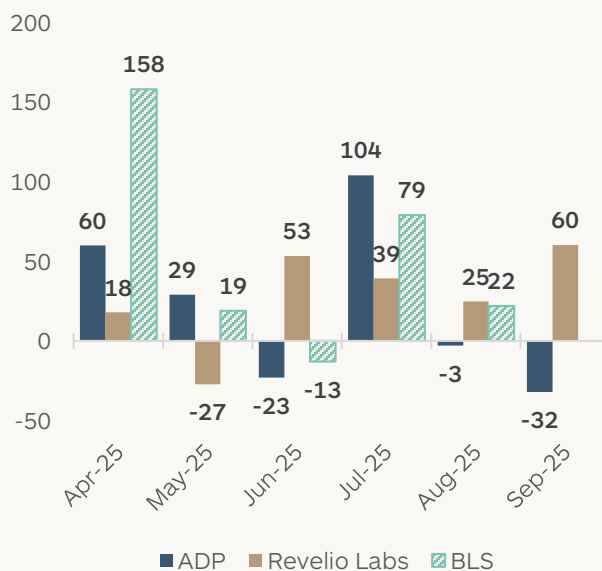
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.46%	6.39%
Municipal Bonds 1-10Y	0.15%	4.22%
U.S. High Yield	0.24%	7.21%
S&P 500	1.11%	15.32%
Russell 2500 (SMID cap)	1.45%	10.93%
MSCI EAFE (International)	2.70%	27.13%
MSCI Emerging Markets	3.67%	30.18%
MSCI ACWI (Global)	1.72%	19.47%
Crude Oil (NYMEX WTI)	-5.90%	-16.51%
Gold LBMA PM	1.54%	48.93%
60/40 ACWI/Agg Portfolio	1.22%	14.24%

WHAT CAUGHT OUR EYES THIS WEEK

Filling the Shutdown Data Gap

With government agencies temporarily out of commission, alternative sources of economic data have been thrust into the limelight. Two such sources for labor markets are ADP and Revelio Labs. Each covers much smaller samples sizes than the Bureau of Labor Statistics (BLS) and can paint a very different picture from month to month. And yes, each is also subject to revisions. But with the lights out at the BLS, beggars can't be choosers. For September, ADP reported negative payroll gains of -32,000, while Revelio's data looked a bit better at +60,000. According to Revelio, its own data is slightly more correlated to BLS data (0.74) than ADP's data (0.71). Taken together, regression analysis suggests the BLS will ultimately show payroll gains of 38,000 for September. This number would be consistent with the recent trend of a sluggish but steady employment picture.

Payroll Estimates (Monthly Change, Thousands)



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.
- > **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

["October 2025 Economic & Market Outlook"](#)

["The Power of Substitution"](#)

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

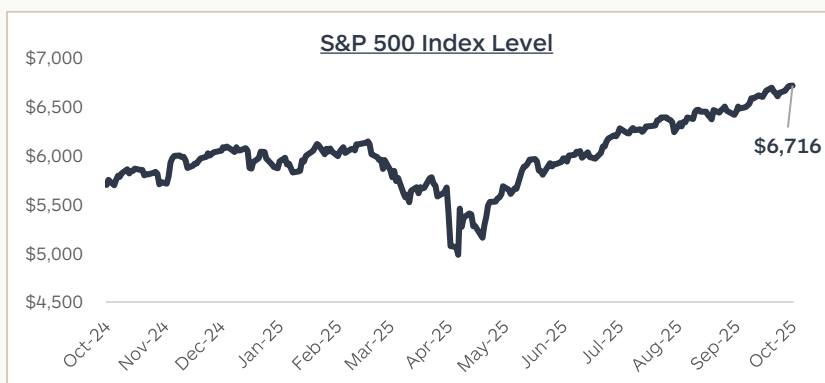
WEBINARS

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

SOCIAL MEDIA

[Cerity Partners LinkedIn Page](#)

EQUITIES



S&P 500 SECTOR	1-WEEK	YTD
Health Care	6.9%	6.7%
Utilities	2.4%	19.9%
Information Technology	2.3%	23.4%
Industrials	1.2%	18.5%
Materials	1.1%	9.4%
Real Estate	0.4%	6.0%
Financials	-0.2%	12.4%
Consumer Staples	-0.3%	3.2%
Consumer Discretionary	-0.8%	4.4%
Comm. Services	-2.1%	23.1%
Energy	-3.3%	6.6%

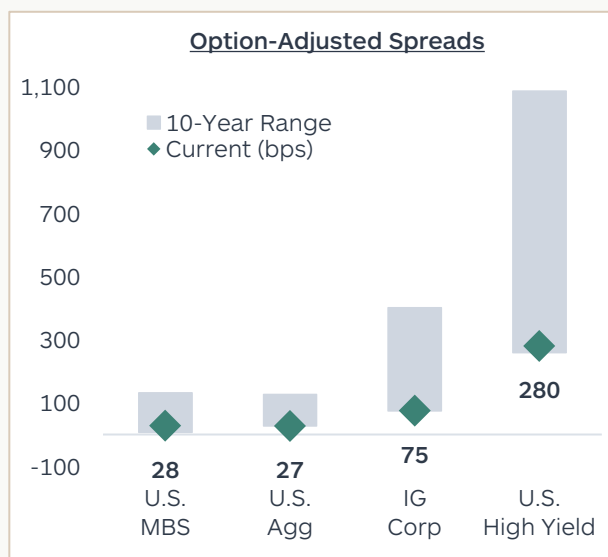
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What's On Our Minds

October 6, 2025

FIXED INCOME

KEY INTEREST RATES	10/03/25	Δ YTD
Municipal Bonds 1-10Y	2.96%	-0.40%
3M T-Bill	3.95%	-0.37%
Effective Federal Funds Rate	4.09%	-0.24%
10Y Treasury Yield	4.12%	-0.45%
U.S. Aggregate	4.34%	-0.57%
30Y Mortgage Rate	6.33%	-0.95%
U.S. High Yield	7.02%	-0.63%
Prime Rate	7.25%	-0.25%

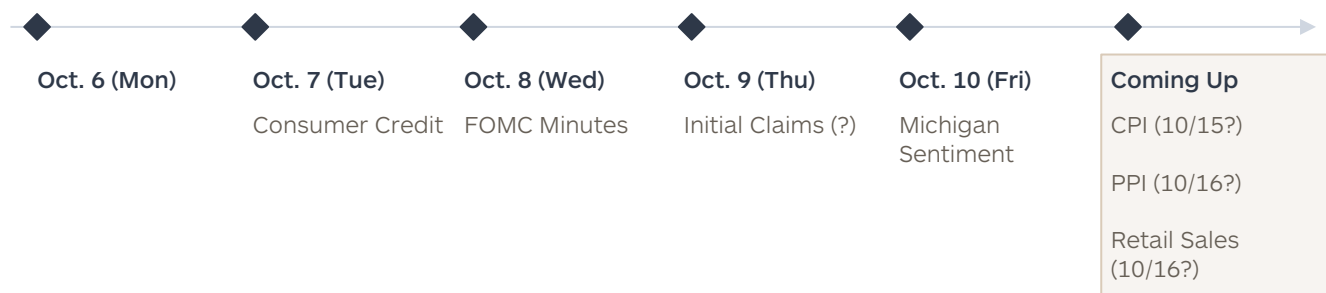


COMMODITIES, CURRENCIES, CRYPTO

Asset Class	10/03/2025
Crude Oil	\$60.48
Gold	\$3,885.70
U.S. Dollar Index	\$97.72
Bitcoin	\$123,635.00

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THE WEEK AHEAD



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

CHART OF THE WEEK: ADP, Revelio Labs, Bureau of Labor Statistics, Cerity Partners, September 2025

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 10/03/25. 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 10/03/25 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 10/03/25. 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 10/03/25.

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 10/03/25. 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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