

MARKET HIGHLIGHTS

- After a brief pullback, **equity markets again reached record highs** on anticipation of further Federal Reserve ease at this week's Federal Open Market Committee (FOMC) meeting. Investors continue to worry about heightened trade and geopolitical tensions and growing labor market weakness.
- Headline inflation came in at 0.3%**, bringing the year-over-year rate to 3.0% from 2.9% at the end of August. This data point clears the path for a rate cut at Wednesday's FOMC meeting, with the growing likelihood of a December cut. A pause of quantitative tightening is also expected.
- Crude oil prices rose over 7% on the week** as the U.S. placed significant sanctions on Russian oil companies Lukoil and Rosneft. President Donald Trump cancelled his planned meeting with Russian President Vladimir Putin. The U.S. is also trying to strike a trade deal with India that would have them stop buying Russian oil.
- The Trump administration is weighing retaliatory controls on exports to China** in response to restrictions placed on rare-earth exports from China.

MARKET PERFORMANCE

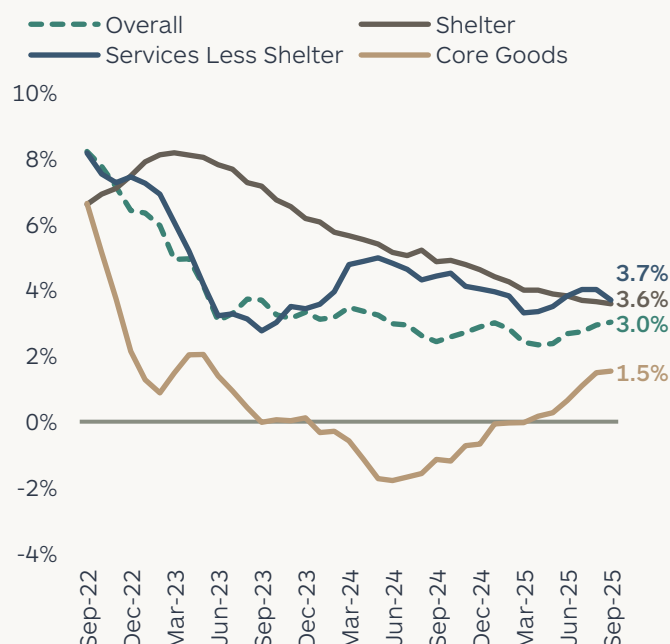
ASSET CLASS	1-WEEK	YTD
U.S. Aggregate Bond (Agg)	0.17%	7.41%
Municipal Bonds 1-10Y	0.04%	4.63%
U.S. High Yield	0.43%	7.37%
S&P 500	1.93%	16.68%
Russell 2500 (SMID cap)	2.41%	11.93%
MSCI EAFE (International)	1.25%	27.19%
MSCI Emerging Markets	2.05%	31.69%
MSCI ACWI (Global)	1.78%	20.49%
Crude Oil (NYMEX WTI)	5.90%	-14.72%
Gold LBMA PM	-4.42%	57.31%
60/40 ACWI/Agg Portfolio	1.14%	15.26%

WHAT CAUGHT OUR EYES THIS WEEK

Nothing Spooky in September CPI

As the federal government shutdown stretches on, investors have been starved of major macroeconomic data for nearly a month. But thanks to cost-of-living adjustments for next year's Social Security payments, the Bureau of Labor Statistics finally gave us something to sink our teeth into. Headline consumer price inflation is still sticky, running in the range of 3% as it has for over two years. Under the surface, shelter inflation continues to cool as falling rent growth slowly gets incorporated into the surveyed metric. Inflation for other services is running hotter (as it typically does), but a brief bump higher over the summer appears to have dissipated. Goods prices are slowly climbing, up to 1.5% year over year. If we extrapolate the trend in monthly price changes over the past few months, we could see goods inflation climb to somewhere in the range of 3% over the next few quarters. This could be manageable if shelter and services prices don't accelerate while tariff rates are still being absorbed by goods prices. For now, with the FOMC focused on keeping a floor under softer labor markets, this report removes the last potential roadblock to delivering a second rate cut at this week's meeting.

Year-Over-Year Consumer Price Index



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

OUR CURRENT OUTLOOK

- **The U.S. economy is resilient**, but softer labor markets are translating into slower (albeit still positive) trends for consumer spending.
- **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**, with benefits accelerating in 2026.
- **The Federal Reserve is still looking to cut interest rates.** We expect three rate cuts in total for 2025.
- **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.
- **Potential risks to our outlook include** disappointments in return on investment for AI spending, growing signs of speculative excess in certain pockets of equity markets, continued geopolitical uncertainty, and further deterioration in foreign sentiment for U.S. Dollar assets

IN CASE YOU MISSED IT

INSIGHTS

[“Turning Equity Compensation into a Strategic Asset”](#)

[“Financial Pitfalls for Anglo-American Couples”](#)

[“Fourth Quarter 2025 Economic and Market Outlook”](#)

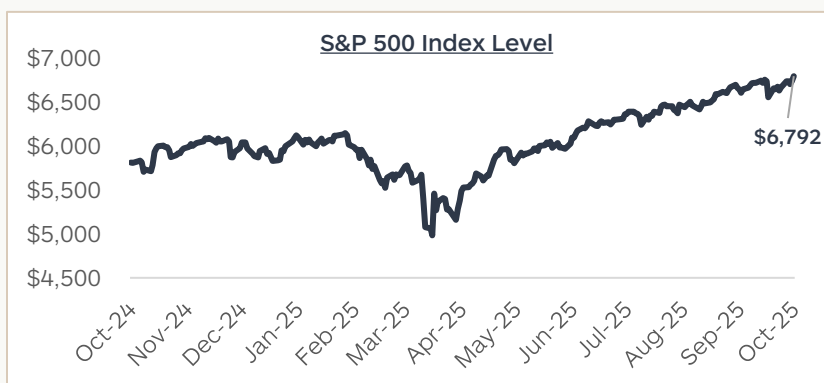
WEBINARS

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

SOCIAL MEDIA

[Cerity Partners LinkedIn Page](#)

EQUITIES



S&P 500 SECTOR	1-WEEK	YTD
Information Technology	2.7%	26.2%
Energy	2.4%	5.8%
Industrials	2.1%	18.8%
Consumer Discretionary	1.9%	4.9%
Health Care	1.9%	7.6%
Financials	1.8%	11.2%
Real Estate	1.4%	7.6%
Comm. Services	1.0%	26.1%
Materials	0.6%	7.8%
Utilities	-0.2%	23.3%
Consumer Staples	-0.5%	5.3%

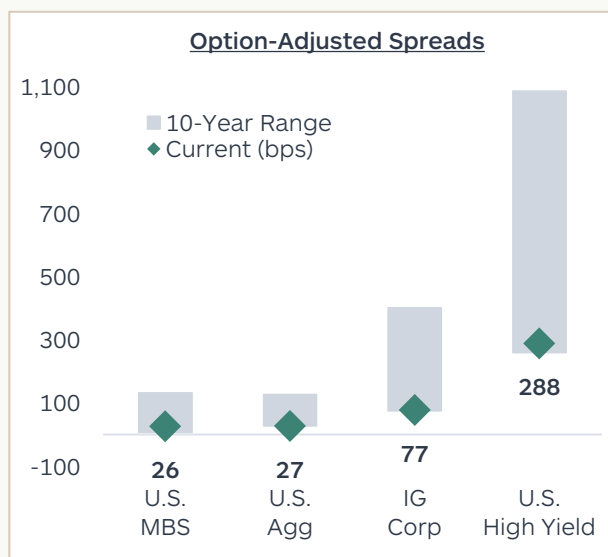
Please see important disclosures and other key information on page 4.

What's On Our Minds

October 27, 2025

FIXED INCOME

KEY INTEREST RATES	10/24/25	Δ YTD
Municipal Bonds 1-10Y	2.97%	-0.39%
3M T-Bill	3.85%	-0.47%
10Y Treasury Yield	3.99%	-0.58%
Effective Federal Funds Rate	4.11%	-0.22%
U.S. Aggregate	4.22%	-0.68%
30Y Mortgage Rate	6.33%	-0.95%
Prime Rate	7.25%	-0.25%
U.S. High Yield	7.01%	-0.64%



COMMODITIES, CURRENCIES, CRYPTO

Asset Class	10/24/2025
Crude Oil	\$61.78
Gold	\$4,104.40
U.S. Dollar Index	\$98.95
Bitcoin	\$110,740.00

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THE WEEK AHEAD

*Delayed Due to Government Shutdown

Oct. 27 (Mon)	Oct. 28 (Tue)	Oct. 29 (Wed)	Oct. 30 (Thu)	Oct. 31 (Fri)	Coming Up
Durable Orders*	FHFA Home Price Index*	FOMC Meeting	Initial Claims*	Personal Consumption Expenditures*	ISM Manufacturing (11/3)
	Consumer Confidence	Pending Home Sales*		PCE Inflation*	ADP Employment (11/5)
				Chicago PMI	Nonfarm Payrolls & Unemployment Rate (11/6)*
				Employment Cost Index*	

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October 27, 2025

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

CHART OF THE WEEK: Cerity Partners, FactSet as of 10/24/2025.

MARKET PERFORMANCE: All returns represent total return for the stated period. 1-Week and Year-to-Date (YTD) returns are as of 10/24/25. 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 10/24/25 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 10/24/25. 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 10/17/25.

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 10/24/25. 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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