

Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending September 19, 2025

Last week, the U.S. Federal Reserve resumed its rate-cutting cycle, delivering a widely anticipated 25 basis point reduction in response to signs of a slowing labor market. While most FOMC members expect further cuts, there is significant uncertainty about the timing and extent, which could fuel market volatility as investors parse economic data. The Fed's move was seen as proactive "risk management," aiming to ensure against recession risks without signaling imminent economic distress. U.S. equity markets responded positively, with all major indices closing at record highs and small caps outperforming large caps for the week. Retail sales surprised to the upside, indicating resilient consumer demand despite labor market softness and persistent inflation. Yields on U.S. government bonds rose modestly, especially for longer durations, even as mortgage rates declined.

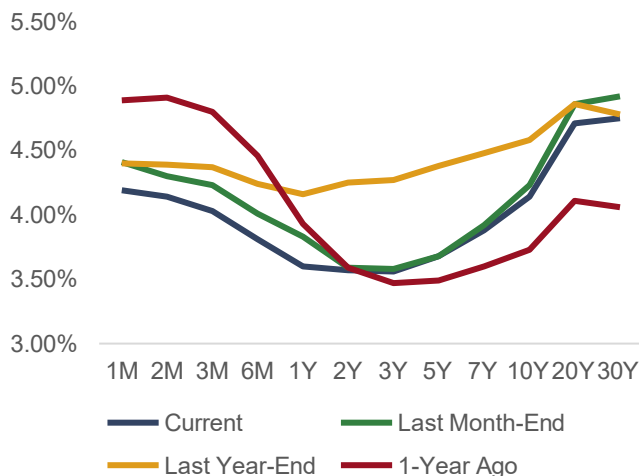
Fixed Income Markets Overview

- The Fed cut its benchmark rate by 25 basis points to 4.0–4.25%, marking its first reduction since late 2024. Despite the rate cut, yields on U.S. government bonds rose, with the 10-year Treasury closing at 4.13%, up from 4.06% the prior week.
- Longer-duration bonds posted the steepest yield increases, reflecting a more hawkish tone than anticipated. The Fed's "dot plot" suggests two more cuts by year-end, with another possible in 2026.
- Mortgage rates fell for the fourth consecutive week, with the average 30-year fixed rate dropping to 6.26%. Fiscal concerns and lingering inflation risks may limit the Fed's ability to cut rates as quickly as markets hope. Markets are pricing in a 92% probability of two more Fed cuts by year-end.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
Short	1-3 Year Govt/Credit	0.1%	4.1%	4.5%	1.8%
	Intermediate Govt/Credit	0.0%	5.8%	4.7%	0.8%
Core Plus	International Aggregate	-0.1%	8.0%	4.4%	-1.7%
	US Aggregate	-0.2%	6.2%	4.1%	-0.5%
	US Treasury	-0.2%	5.4%	2.9%	-1.3%
	US TIPS	-0.2%	7.0%	3.6%	1.5%
	US Corporate	-0.1%	7.0%	5.9%	0.2%
	US Corporate High Yield	0.3%	7.3%	9.9%	5.4%
	Emerging Markets Aggregate	-0.3%	8.2%	8.8%	1.6%
Muni	US Municipals	0.2%	2.9%	4.1%	0.9%
	US Municipals High Yield	0.1%	1.5%	5.7%	2.9%

Source: Bloomberg as of September 19, 2025

U.S. Treasury Yield Curve



Interest Rates (%)

Date	9/19/2025	8/29/2025	12/31/2024	9/19/2024
Federal Funds Rate	4.00%	4.00%	4.00%	4.00%
3 Month Treasury	4.03%	4.23%	4.37%	4.80%
6 Month Treasury	3.81%	4.01%	4.24%	4.46%
2 Year Treasury	3.57%	3.59%	4.25%	3.59%
5 Year Treasury	3.68%	3.68%	4.38%	3.49%
10 Year Treasury	4.14%	4.23%	4.58%	3.73%
30 Year Treasury	4.75%	4.92%	4.78%	4.06%
US Aggregate	4.32%	4.44%	4.91%	4.16%
US Corporate	4.76%	4.91%	5.33%	4.67%
US Corporate High Yield	6.58%	6.75%	7.49%	6.96%
US Municipal	3.56%	3.89%	3.74%	3.33%
US Municipal High Yield	5.64%	5.88%	5.52%	5.19%

Spreads Over 10-Year US Treasuries

Date	9/19/2025	8/29/2025	12/31/2024	9/19/2024
30 Year Treasury	0.61%	0.69%	0.20%	0.33%
US Aggregate	0.18%	0.21%	0.33%	0.43%
US Corporate	0.62%	0.68%	0.75%	0.94%
US Corporate High Yield	2.44%	2.52%	2.91%	3.23%
US Municipal	-0.58%	-0.34%	-0.84%	-0.40%
US Municipal High Yield	1.50%	1.65%	0.94%	1.46%

Source:
Bloomberg and
U.S.
Treasury
as of
September 19,
2025

Equity Markets Overview

- All four major U.S. equity indices closed at fresh all-time highs, with the S&P 500 and DJIA up over 1%, and the NASDAQ up over 2% for the week. The Russell 2000 small-cap index outperformed large caps and reached its first all-time high since November 2021.
- Intel surged to a 52-week high on news of a partnership with Nvidia, which also took a \$5B stake in the company. The technology and communication services sectors led the stock market this week as defensive sectors such as healthcare and consumer staples were laggards.
- Market breadth expanded for the Nasdaq and Russell 2000 indices, with more stocks trading above their 200-day moving averages. Market breadth contracted modestly for the S&P 500. Investor sentiment remains healthy but not exuberant, with skepticism present in the latest AAI Investor Sentiment Survey.
- Growth stocks outperformed value across all size segments, highlighted by a 1.6% weekly gain for large-cap growth. Mid-cap stocks lagged large and small-cap stocks, with the S&P Midcap 400 returning 0.1% for the week.

Asset Class	Name	1W	YTD	3Y(Ann.)	5Y(Ann.)
All-Cap	S&P 1500	1.2%	13.7%	20.6%	16.4%
Large-Cap	S&P 500	1.2%	14.4%	21.3%	16.7%
	S&P 500 Growth	1.6%	19.6%	25.4%	17.6%
	S&P 500 Value	0.8%	8.7%	16.0%	14.9%
Mid-Cap	S&P Midcap 400	0.1%	6.4%	12.7%	13.7%
	S&P Midcap 400 Growth	0.5%	7.0%	13.5%	11.4%
	S&P Midcap 400 Value	-0.3%	5.7%	11.7%	15.9%
Small-Cap	S&P Smallcap 600	1.0%	4.6%	9.9%	12.6%
	S&P Smallcap 600 Growth	1.2%	5.8%	10.6%	11.2%
	S&P Smallcap 600 Value	0.8%	3.5%	9.1%	14.0%
Int'l.	MSCI ACWI ex-USA	0.4%	25.4%	17.7%	9.6%
	MSCI EM	1.2%	27.0%	15.4%	6.4%

Source: Bloomberg as of September 19, 2025

Alternative Markets Overview

- Gold prices rose for a fifth consecutive week, reaching a new record high and finishing the week up 0.5%. Deutsche Bank recently revised its 2026 gold price forecast to an average of \$4,000/oz, citing tailwinds such as a potentially weaker dollar, a Fed easing cycle, and persistent demand from central banks.
- Oil prices dropped slightly to around \$62/barrel. Concerns over increasing oil supply outweighed expectations of an uptick in consumption following the Fed's September interest rate cut.

Name	1W	YTD	3Y (Ann.)	5Y (Ann.)
S&P GSCI	-0.4%	5.2%	3.0%	16.8%
Gold	0.5%	40.3%	30.2%	13.6%
FTSE All Equity NAREIT	-1.4%	3.1%	4.1%	6.5%
Bitcoin	-1.4%	23.3%	80.7%	59.8%
Ethereum	-4.5%	33.2%	48.4%	63.6%

Source: Bloomberg as of September 19, 2025



Upcoming Week

- As we prepare to enter the next earnings season, it will be light on earnings reports over the next few weeks. Two notable releases this week include Costco and AutoZone.
- It is a busy week for economic data. We will be monitoring New Home Sales, Durable Goods Orders, and the University of Michigan Surveys of Consumers. The Personal Consumption Expenditures (PCE) price index, which the Fed closely monitors to measure inflation, will also be released this week.

Glossary and Disclosures

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S&P 1500 Index combines three leading indices, the S&P 500, the S&P Midcap 400, and the S&P Smallcap 600, to cover approximately 90% of U.S. equity market capitalization.

S&P 500 Index includes approximately 500 leading companies that covers approximately 80% of available U.S. equity market capitalization.

S&P 500 Growth Index is a stock index that represents the fastest-growing companies in the S&P 500 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P 500 Value Index is a stock index that represents the companies in the S&P 500 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Midcap 400 Index is distinct from the large-cap S&P 500 and designed to measure the performance of 400 U.S. mid-sized companies, which have differing liquidity and growth potential than large and small cap companies.

S&P Midcap 400 Growth Index is a stock index that represents the fastest-growing companies in the S&P Midcap 400 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Midcap 400 Value Index is a stock index that represents the companies in the S&P Midcap 400 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

S&P Smallcap 600 Index measures the performance of 600 small-sized U.S. companies to reflect the small-cap segment of the U.S. equity market, which is typically known for less liquidity than large cap stocks.

S&P Smallcap 600 Growth Index is a stock index that represents the fastest-growing companies in the S&P Smallcap 600 based on three factors: sales growth, ratio of earnings change to price, and momentum.

S&P Smallcap 600 Value Index is a stock index that represents the companies in the S&P Smallcap 600 with the most attractive valuations based on three factors: book value, earnings, and sales to price.

MSCI ACWI ex-US Index captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries.

MSCI Emerging Markets Index captures large and mid-cap representation across 24 Emerging Markets (EM) countries.

S&P GSCI is broad-based and production weighted to represent the global commodity market beta. The index is designed to be investable by including the most liquid commodity futures.

S&P GSCI Gold a sub-index of the S&P GSCI, provides investors with a reliable and publicly available benchmark tracking the COMEX gold future.

FTSE All Equity NAREIT Index contains all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property that also meet minimum size and liquidity criteria.

Bitcoin USD Spot Exchange Rate measures the last price of 1 Bitcoin in USD.

Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD.

Ethereum USD Spot Exchange Rate measure the last price of 1 Ethereum in USD.

Bloomberg Galaxy Ethereum Index is designed to measure the performance of a single Ethereum traded in USD.

Bloomberg Barclays 1-3 Year Govt/Credit Index is the 1-3 Yr. component of the U.S. Government/Credit index, which includes securities in the Government, which includes treasuries and agencies debt securities, and Credit Indices, which includes publicly issued U.S. corporate and foreign debt that meet specified maturity, liquidity, and quality requirements.

Bloomberg Intermediate US Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index with less than 10 years to maturity; this includes investment grade, US dollar-denominated, fixed-rate treasuries, government-related and corporate securities

Bloomberg Barclays Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income markets, with three major components of this index are the U.S. Aggregate, the Pan-European Aggregate, and the Asian-Pacific Aggregate Indices.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg Barclays U.S. Treasury Aggregate Bond Index is the U.S. Treasury component of the U.S. Government index and represents public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg US TIPS Index consists of Inflation-Protection securities issued by the U.S. Treasury.

Bloomberg Barclays US Corporate Bond Index is the Corporate component of the U.S. Credit index and represents publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements.

Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed rate, non-investment grade debt.

Bloomberg Barclays Emerging Markets Bond Index is broad-based with country eligibility and classification as an Emerging Market being rules-based and reviewed on an annual basis using World Bank income group and International Monetary Fund (IMF) country classifications.

Bloomberg Barclays U.S. Municipal Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

Bloomberg Barclays US High Yield Municipal Index is an unmanaged index of noninvestment-grade municipal debt securities, which provides a representation of the performance of US high-yield tax-exempt bonds.

Federal Funds Rate is the interest rate at which depository institutions trade federal funds (balances held at Federal Reserve Banks) with each other overnight.

U.S. Treasury Securities are issued by the federal government and are considered to be among the safest investments you can make, because all Treasury securities are backed by the "full faith and credit" of the U.S. government.

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