

Capital Markets Snapshot

Courtesy of Sage Advisors

Week ending September 26, 2025

Last week, U.S. economic data surprised to the upside, with second-quarter GDP growth revised higher to 3.8% annualized, well above trend rates. Consumer spending remained healthy, and personal income and spending for August both exceeded forecasts, signaling continued household strength. The Atlanta Fed's GDPNow model now points to third-quarter growth near 3.9%. Inflation, as measured by the Fed's preferred PCE index, ticked up slightly but remained in line with expectations, with headline PCE at 2.7% and core at 2.9%. Treasury yields rose modestly, driven by strong economic data, while expectations for Fed rate cuts in 2025 edged lower. Equity markets saw volatility, with the S&P 500 hitting a record high before pulling back, partially fueled by profit-taking in tech and AI stocks. Gold continued its rally, setting another record high, and oil surged over 5% for its biggest weekly gain in months. Political uncertainty around a potential U.S. government shutdown and upcoming jobs data remain key risks for markets.

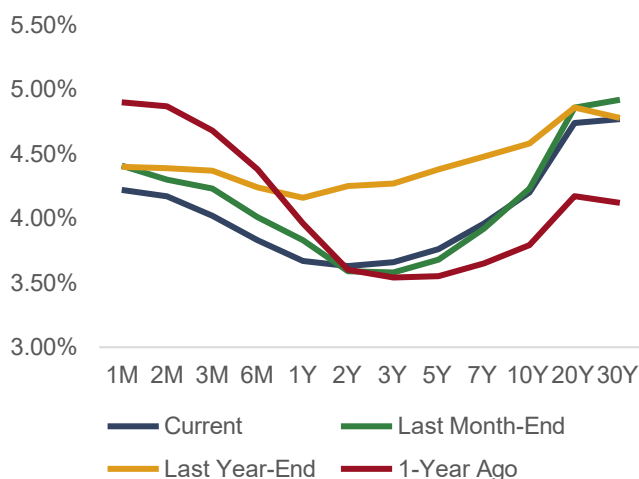
Fixed Income Markets Overview

- Treasury yields rose across the curve, with the 10-year closing at a three-week high. The yield curve flattened slightly, as two-year yields moved more than the long end.
- Expectations for Fed rate cuts in 2025 decreased modestly, with October and December probabilities for cuts both declining.
- Core PCE inflation reached a 17-month high year-over-year, signaling persistent inflation pressures. Initial jobless claims fell sharply, indicating labor market stabilization. The Atlanta Fed's GDPNow model revised Q3 growth up to 3.9%, supporting higher yields.
- Mortgage rates reversed their recent downward trend and crept up slightly this week. Housing market activity has improved evidenced by purchase and refinance applications increasing 18% and 42%, respectively, compared to last year.

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|------------------|----------------------------|-------|------|----------|----------|
| Short | 1-3 Year Govt/Credit | -0.1% | 4.1% | 4.7% | 1.8% |
| Core Plus | Intermediate Govt/Credit | -0.2% | 5.5% | 5.2% | 0.8% |
| | International Aggregate | -0.5% | 7.4% | 5.5% | -1.6% |
| | US Aggregate | -0.3% | 5.9% | 5.0% | -0.5% |
| | US Treasury | -0.2% | 5.1% | 3.6% | -1.4% |
| | US TIPS | -0.3% | 6.7% | 4.5% | 1.4% |
| | US Corporate | -0.4% | 6.6% | 6.8% | 0.3% |
| | US Corporate High Yield | -0.2% | 7.1% | 10.9% | 5.7% |
| Other | Emerging Markets Aggregate | 0.4% | 8.6% | 9.9% | 1.9% |
| Muni | US Municipals | -0.4% | 2.5% | 4.5% | 0.8% |
| | US Municipals High Yield | -0.3% | 1.2% | 6.4% | 2.8% |

Source: Bloomberg as of September 26, 2025

U.S. Treasury Yield Curve



Source: Bloomberg and U.S. Treasury as of September 26, 2025

Interest Rates (%)

| Date | 9/26/2025 | 8/29/2025 | 12/31/2024 | 9/26/2024 |
|-------------------------|-----------|-----------|------------|-----------|
| Federal Funds Rate | 4.22% | 4.41% | 4.40% | 4.90% |
| 3 Month Treasury | 4.02% | 4.23% | 4.37% | 4.68% |
| 6 Month Treasury | 3.83% | 4.01% | 4.24% | 4.38% |
| 2 Year Treasury | 3.63% | 3.59% | 4.25% | 3.60% |
| 5 Year Treasury | 3.76% | 3.68% | 4.38% | 3.55% |
| 10 Year Treasury | 4.20% | 4.23% | 4.58% | 3.79% |
| 30 Year Treasury | 4.77% | 4.92% | 4.78% | 4.12% |
| US Aggregate | 4.40% | 4.44% | 4.91% | 4.22% |
| US Corporate | 4.84% | 4.91% | 5.33% | 4.73% |
| US Corporate High Yield | 6.71% | 6.75% | 7.49% | 7.03% |
| US Municipal | 3.67% | 3.89% | 3.74% | 3.33% |
| US Municipal High Yield | 5.69% | 5.88% | 5.52% | 5.20% |

Spreads Over 10-Year US Treasuries

| Date | 9/26/2025 | 8/29/2025 | 12/31/2024 | 9/26/2024 |
|-------------------------|-----------|-----------|------------|-----------|
| 30 Year Treasury | 0.57% | 0.69% | 0.20% | 0.33% |
| US Aggregate | 0.20% | 0.21% | 0.33% | 0.43% |
| US Corporate | 0.64% | 0.68% | 0.75% | 0.94% |
| US Corporate High Yield | 2.51% | 2.52% | 2.91% | 3.24% |
| US Municipal | -0.53% | -0.34% | -0.84% | -0.46% |
| US Municipal High Yield | 1.49% | 1.65% | 0.94% | 1.41% |

Source: Bloomberg and U.S. Treasury as of September 26, 2025

Equity Markets Overview

- Major U.S. stock indexes all posted losses last week, despite the S&P 500 posting a new all-time high to start the week. This is a rare down week given the recent positive momentum. There are risks that could result in continued short-term downside risks such as the potential for a US government shutdown.
- Selling pressure was concentrated in tech/AI and momentum stocks, especially after concerns about vendor financing in AI stemming from Nvidia's announcement of a \$100B investment in helping OpenAI build data centers.
- Market breadth modestly contracted last week, as fewer stocks traded above their 200-day moving averages. However, major US indices still appear well positioned as market breadth has improved drastically since collapsing in April.
- Small- and mid-cap stocks lagged large-caps this week, the former group posting losses of 0.6%, and 0.5%, respectively, and the latter a loss of 0.3%. Similarly, value outperformed growth across all size segments, highlighted by a 0.4% weekly gain for large cap value.

| Asset Class | Name | 1W | YTD | 3Y(Ann.) | 5Y(Ann.) |
|-------------|-------------------------|-------|-------|----------|----------|
| All-Cap | S&P 1500 | -0.3% | 13.4% | 23.1% | 16.5% |
| Large-Cap | S&P 500 | -0.3% | 14.1% | 23.9% | 16.8% |
| | S&P 500 Growth | -0.9% | 18.6% | 27.6% | 17.2% |
| | S&P 500 Value | 0.4% | 9.1% | 18.8% | 15.6% |
| Mid-Cap | S&P Midcap 400 | -0.5% | 5.8% | 15.9% | 14.2% |
| | S&P Midcap 400 Growth | -0.7% | 6.2% | 16.7% | 11.6% |
| | S&P Midcap 400 Value | -0.2% | 5.5% | 15.0% | 16.8% |
| Small-Cap | S&P Smallcap 600 | -0.6% | 4.0% | 12.8% | 13.4% |
| | S&P Smallcap 600 Growth | -0.7% | 5.1% | 13.3% | 11.7% |
| | S&P Smallcap 600 Value | -0.6% | 2.9% | 12.1% | 15.1% |
| Int'l. | MSCI ACWI ex-USA | -0.7% | 24.5% | 20.1% | 10.3% |
| | MSCI EM | -1.1% | 25.6% | 17.1% | 7.1% |

Source: Bloomberg as of September 26, 2025

Alternative Markets Overview

- Gold futures climbed for the sixth consecutive week, setting another record high above \$3,800/oz. Gold has risen about 14% over the past six weeks.
- Oil prices surged more than 5% for the week, posting the biggest gain in over three months. U.S. crude traded near \$66 per barrel to end the week.

| Name | 1W | YTD | 3Y (Ann.) | 5Y (Ann.) |
|------------------------|-------|-------|-----------|-----------|
| S&P GSCI | 2.9% | 8.3% | 6.2% | 18.2% |
| Gold | 2.8% | 44.2% | 32.6% | 15.3% |
| FTSE All Equity NAREIT | 0.7% | 3.8% | 7.7% | 7.2% |
| Bitcoin | -5.1% | 16.9% | 78.5% | 59.1% |
| Ethereum | -9.5% | 20.5% | 44.7% | 62.5% |

Source: Bloomberg as of September 26, 2025



Upcoming Week

- With Q3 earnings season slated to kick off in mid-October, it is a light week for earnings reports. Notably, Nike will be reporting earnings on Tuesday.
- It is another busy week for economic data. We will see labor market updates with the JOLTS release, ADP employment change, weekly jobless claims, and nonfarm payrolls. Other notable releases include the ISM Survey, Durable Goods, and Factory Orders.

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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