

WEEKLY MARKET COMMENTARY

September 22, 2025

WEEK IN REVIEW

FOMC Decision and Inflation Outlook

The Federal Open Market Committee (FOMC) dominated headlines as the Fed cut its target rate by 25 bps, citing a softening labor market and downside risks. Chair Powell noted core personal consumption expenditure (PCE) inflation remains above the 2% target, with goods inflation picking up. While tariffs may create short-term inflation pressure, the Fed expects normalization over the medium to long term.

Retail Sales and Industrial Production

Retail sales surprised to the upside, with core (ex-autos) rising 0.7% vs. 0.4% expected, reinforcing the narrative of resilient consumer spending – a key driver of U.S. gross domestic product (GDP).

Industrial production also delivered a positive surprise. Output from manufacturers, quarries, and utilities rose 0.1% month-over-month (MoM), beating expectations of -0.1% and reversing the prior month's -0.4% decline.

However, inventory data painted a more nuanced picture. Business inventories and retail inventories ex-auto both increased, signaling stockpiles are building at wholesale and retail levels. While this can sometimes point to softening demand, it may also reflect businesses preparing for future consumption. Investors will be watching closely to see which narrative prevails.

HOUSING MARKET WEAKNESS

Wednesday brought disappointing housing data, with both building permits and housing starts coming in weaker than expected. Building permits, a forward-looking indicator, suggest softer future demand, while housing starts point to a market that may not be as resilient as hoped.

Quick Hitters

- Labor Market: Weekly jobless claims were a bright spot. Both continuing and initial claims came in below expectations, with continuing claims improving for five straight weeks and initial claims breaking a two-week losing streak
- Inflation Expectations: The 10-year TIPS yield fell to 1.734% from 1.985%, while the TIPS/Treasury breakeven held at 2.38%, signaling lower real rates even as long-term inflation expectations remain anchored

ECONOMIC AND CAPITAL MARKETS DASHBOARD

Broad Market Indices	1-week	1-month	3-month	YTD
Stock Market (Total Return)				
S&P 500	1.60%	2.30%	9.27%	12.98%
Dow Jones 30	0.97%	3.36%	7.14%	9.07%
NASDAQ	2.05%	2.20%	12.78%	15.20%
Russell 1000 Growth	2.48%	2.22%	12.20%	15.03%
Russell 1000 Value	0.51%	2.68%	6.16%	10.58%
Russell 2000	0.27%	5.15%	12.39%	8.50%
Wilshire 5000	1.48%	2.60%	9.52%	12.78%
MSCI EAFE Index	1.10%	1.83%	4.54%	13.45%
MSCI Emerging Market Index	3.56%	5.53%	11.91%	22.50%
VIX	-2.77%	0.20%	-18.09%	-14.93%
FTSE NAREIT All Equity REITs	0.38%	3.97%	1.62%	4.50%
S&P U.S. Aggregate Bond Index	0.36%	1.71%	3.06%	6.12%
Interest Rates	9/12/2025	9/5/2025	8/29/2025	8/22/2025
3-month T-bill Yield (%)	4.02	4.01	4.14	4.19
10-year Treasury Yield (%)	4.06	4.09	4.22	4.26
10Y-2Y Treasury Spread (%)	0.51	0.57	0.61	0.56
30-year Fixed Mortgage Rate (%)	--	6.58	6.62	6.65
Commodities				
WTI Crude (\$/bl)	62.36	62.22	64.36	64.08
Gold (\$/Troy Oz)	3,651.10	3,594.55	3,429.15	3,334.25
Bitcoin	116,168.30	110,621.22	108,316.43	116,833.61
Weekly Indicators	9/12/2025	9/5/2025	8/29/2025	8/22/2025
Employment				
Initial Unemployment Claims (000's)	-	263.00	236.00	229.00
Quarterly Data	6/30/2025	3/31/2025	12/31/2024	9/30/2024
Output				
Real GDP Growth (%q/q, saar)	3.30	-0.50	2.40	3.10
Private Consumption (%q/q, saar)	1.60	0.50	4.00	3.70

Monthly Indicators	8/29/2025	7/31/2025	6/30/2025	5/30/2025
Consumption				
Consumer Expenditures (%m/m, sa)	-	0.53	0.37	-0.02
Retail Sales (%m/m, sa)	-	0.66	0.95	-0.88
Personal Savings Rate (%)	-	4.40	4.40	4.50
Labor				
Civilian Unemployment Rate (%)	4.30	4.20	4.10	4.20
Nonfarm Employment (Chg, 000's)	22	79	-13	19
Real Average Hourly Earnings (%y/y)	0.99	1.15	1.28	1.53
JOLTS Job Openings (000's)	-	7181	7357	7712
Inflation				
Consumer Price Index (CPI) (%m/m, sa)	0.38	0.20	0.29	0.08
Core CPI (%m/m, sa)	0.35	0.32	0.23	0.13
Producer Price Index (PPI) (%m/m, sa)	-0.12	0.70	0.05	0.37
Core PPI (%m/m, sa)	0.32	0.39	0.21	0.25
Personal Consumption Expenditures (PCE) (%m/m, sa)	-	0.20	0.29	0.15
Core PCE (%m/m, sa)	-	0.27	0.26	0.20
Output and Capacity				
Industrial Production (%m/m, sa)	-	-0.12	0.35	0.08
Mfg New Orders (%m/m, sa)	-	-1.28	-4.83	8.25
Durable New Orders (%m/m, sa)	-	-2.76	-9.39	16.54
Durable Inventories (%m/m, sa)	-	0.34	0.24	0.18
Survey Data and Composite Indicators				
Consumer Confidence (CB, 1985=100)	97.40	98.70	95.20	98.40
ISM Manufacturing Report (%)	48.70	48.00	49.00	48.50
ISM Non-Manufacturing Report (%)	52.00	50.10	50.80	49.90
Leading Economic Index (%m/m)	-	-0.10	-0.30	0.00
Housing and Construction				
Building Permits (Mil. of Units, saar)	-	1.36	1.39	1.39
Housing Starts (Mil. of Units, saar)	-	1.43	1.36	1.28
New Home Sales (Mil. of Units, saar)	-	0.65	0.66	0.63

WEEK AHEAD

After a week dominated by the Fed's rate cut and mixed economic signals, attention now turns to a packed slate of data that could influence growth expectations, inflation trends, and the market's outlook for policy.

The week begins with S&P Global Manufacturing and Services Purchasing Managers' Index (PMI), offering an early read on business sentiment across two critical sectors. These forward-looking indicators often shape expectations for future economic activity.

Housing will remain in focus after last week's soft data. Investors will look for upward revisions to building permits and fresh insights from new home sales on Wednesday, followed by existing home sales on Thursday. Together, these reports provide a clearer picture of housing demand and consumer appetite for large purchases – a key gauge of economic resilience.

On Thursday, attention shifts to core durable goods orders, a proxy for business investment and confidence. Strong readings here would suggest firms remain willing to commit capital despite uncertainty.

The week concludes with the Fed's preferred inflation measure: headline and core PCE. Markets expect a 0.2% MoM increase, down from 0.3% previously. Any upside surprise could complicate the rate-cut narrative. Later in the day, the University of Michigan will release updated inflation expectations and consumer sentiment, offering additional insight into the economic outlook and policy decisions.

DISCLOSURES AND DEFINITIONS

Economic Indicators:

1. CPI: Consumer Price Index measures the average change in prices paid by consumers for goods and services over time. Source: Bureau of Labor Statistics.
2. Core CPI: Core Consumer Price Index excludes food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Labor Statistics.
3. PPI: Producer Price Index measures the average change in selling prices received by domestic producers for their output. Source: Bureau of Labor Statistics.
4. Core PPI: Core Producer Price Index excludes food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Labor Statistics.
5. PCE: Personal Consumption Expenditures measure the average change in prices paid by consumers for goods and services. Source: Bureau of Economic Analysis.
6. Core PCE: Core Personal Consumption Expenditures exclude food and energy prices to provide a clearer picture of long-term inflation trends. Source: Bureau of Economic Analysis.
7. Industrial Production: Measures the output of the industrial sector, including manufacturing, mining, and utilities. Source: Federal Reserve.
8. Mfg New Orders: Measures the value of new orders placed with manufacturers for durable and non-durable goods. Source: Census Bureau.
9. Durable New Orders: Measures the value of new orders placed with manufacturers of durable goods. Source: Census Bureau.
10. Durable Inventories: Measures the value of inventories held by manufacturers for durable goods. Source: Census Bureau.
11. Consumer Confidence (CB, 1985=100): Measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation. Source: Conference Board.
12. ISM Manufacturing Report: Measures the economic health of the manufacturing sector based on surveys of purchasing managers. Source: Institute for Supply Management.
13. ISM Non-Manufacturing Report: Measures the economic health of the non-manufacturing sector based on surveys of purchasing managers. Source: Institute for Supply Management.
14. Leading Economic Index: Measures overall economic activity and predicts future economic trends. Source: Conference Board.
15. Building Permits (Mil. of Units, saar): Measures the number of new residential building permits issued. Source: Census Bureau.
16. Housing Starts (Mil. of Units, saar): Measures the number of new residential construction projects that have begun. Source: Census Bureau.
17. New Home Sales (Mil. of Units, saar): Measures the number of newly constructed homes sold. Source: Census Bureau.
18. SA: Seasonally adjusted.
19. SAAR: Seasonally adjusted annual rate.

Market Indices & Indicators:

1. S&P 500: A market-capitalization-weighted index of 500 leading publicly traded companies in the U.S., widely regarded as one of the best gauges of large U.S. stocks and the stock market overall.
2. Dow Jones 30: Also known as the Dow Jones Industrial Average, it tracks the share price performance of 30 large, publicly traded U.S. companies, serving as a barometer of the stock market and economy.
3. NASDAQ: The world's first electronic stock exchange, primarily listing technology giants and operating 29 markets globally.
4. Russell 1000 Growth: Measures the performance of large-cap growth segment of the U.S. equity universe, including companies with higher price-to-book ratios and growth metrics.
5. Russell 1000 Value: Measures the performance of large-cap value segment of the U.S. equity universe, including companies with lower price-to-book ratios and growth metrics.
6. Russell 2000: A market index composed of 2,000 small-cap companies, widely used as a benchmark for small-cap mutual funds.
7. Wilshire 5000: A market-capitalization-weighted index capturing the performance of all American stocks actively traded in the U.S., representing the broadest measure of the U.S. stock market.
8. MSCI EAFE Index: An equity index capturing large and mid-cap representation across developed markets countries around the world, excluding the U.S. and Canada.
9. MSCI Emerging Market Index: Captures large and mid-cap representation across emerging markets countries, covering approximately 85% of the free float-adjusted market capitalization in each country.
10. VIX: The CBOE Volatility Index measures the market's expectations for volatility over the coming 30 days, often referred to as the "fear gauge."

11. FTSE NAREIT All Equity REITs: Measures the performance of all publicly traded equity real estate investment trusts (REITs) listed in the U.S., excluding mortgage REITs.
12. S&P U.S. Aggregate Bond Index: Represents the performance of the U.S. investment-grade bond market, including government, corporate, mortgage-backed, and asset-backed securities.
13. 3-Month T-bill Yield (%): The yield on U.S. Treasury bills with a maturity of three months, reflecting short-term interest rates.
14. 10-Year Treasury Yield (%): The yield on U.S. Treasury bonds with a maturity of ten years, reflecting long-term interest rates.
15. 10Y-2Y Treasury Spread (%): The difference between the yields on 10-year and 2-year U.S. Treasury bonds, often used as an indicator of economic expectations.
16. WTI Crude (\$/bbl): The price per barrel of West Texas Intermediate crude oil, a benchmark for U.S. oil prices.
17. Gold (\$/Troy Oz): The price per troy ounce of gold, a standard measure for gold prices.
18. Bitcoin: A decentralized digital currency without a central bank or single administrator, which can be sent from user to user on the peer-to-peer bitcoin network.

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The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 leading companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange.

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