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Market Watch

September 22, 2025

Primary Market Drivers

Earnings & Economic Data

This week's economic calendar is busy, highlighted by an important August Core PCE report on Friday (9/26). We will see PMI Manufacturing (9/23), PMI Services (9/23), New Home Sales (9/24), Durable Goods Orders (9/25), US Q2 GDP (9/25), Wholesale Inventories (9/25), Existing Home Sales (9/25), Personal Spending & Income (9/26), and Michigan Consumer Sentiment (9/26). With the Fed cutting rates last week and the dot plot updated, Friday's Core PCE report will be closely monitored. It will also be important to watch the housing data given the recent retreat in interest rates, though it's likely we won't see that show up in the data until next month. While we are in between earnings seasons, keep an eye on announcements from Micron (MU 9/23) and Costco Wholesale (COST 9/25) this week.

Fed Policy

The Fed cut rates by 25bps to a target of 4.00% - 4.25% at its last meeting, citing employment risks and a shift in balance of risks. The move was widely expected. The dot plot update showed that the majority of participants and median projection aligned at 3.50% - 3.75%, implying two more 25bps cuts before year end. Powell's press conference didn't offer a ton of insight either way, though he did stress a newfound concern over the strength of the labor market. The next Fed policy decision comes on October 29th. Market odds for a 25bps rate cut are very high at 89.8%, showing investors are taking the Fed's dot plot update seriously.

Tariff Policy

The Supreme Court has agreed to hear the reciprocal tariff case, setting the stage for a determination on whether or not the Trump administration's global tariffs are legal. Arguments in the case are expected to be heard first week of November. Elsewhere, tariff policy and talk was rather quiet last week. South Korean tariff negotiations were in focus as the US pushed for a $350b investment from South Korea in the US economy. South Korea's acting President warned that the demand could trigger financial instability in Seoul's economy. We will continue to monitor new developments are report them as they are released, though tariffs have taken a back seat in recent weeks to economic data, the Fed, and other news.

All referenced market information, statistics, and economic data were gathered from StreetAccount, a paid subscription data service provided by FactSet Research Systems Inc.

Market Returns		9/19/2025
Category	*Ticker*	*YTD%*
Domestic Equity		
S&P 500	SPY	14.24%
Dow Jones	DIA	10.08%
Large-Cap Growth	QQQ	17.54%
Large-Cap Value	IVE	8.52%
Mid Caps	MDY	6.13%
Small Caps	IWM	10.83%
International Equity		
Developed Intl	EFA	25.12%
Emerging Markets	EEM	27.97%
Fixed Income		
Core Bonds	AGG	6.23%
Corporate Bonds	LQD	7.79%
High Yield Bonds	HYG	7.37%
ST Treasuries	IEI	5.98%
LT Treasuries	TLT	4.93%
International Bonds	BNDX	2.42%

Performance data and stock chart were gathered from eSignal, a paid market screening application provided by Intercontinental Exchange, Inc.

Current Environment Summary

What's Working	What's Not	What's Next
Inflation Subdued	Tariff Policy Uncertainty Remains	**August Core PCE (9/26)**
Strong Earnings Growth	Stubborn Elevated Interest Rates	US Q2 GDP (9/25)
AI & Tech Revolution Bull Market	Negative Seasonality	Earnings: MU (9/23), COST (9/25)
Consumers Still Spending	Uncertain Labor Market	Equities at all-time highs
Trade & Global Investment Deals		Earnings season over, tariff talk quiet
		Rally starting to include all market caps?

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***Value Investment Risk** : Value stocks may perform differently from the market as a whole and following a value-oriented investment strategy may cause a portfolio to underperform equity funds that use other investment strategies.*

***Small Company Risk** : Securities of small companies are often less liquid than those of large companies and this could make it difficult to sell a small company security at a desired time or price. As a result, small company stocks may fluctuate relatively more in price. In general, smaller capitalization companies are also more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.*

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