

Equity Markets

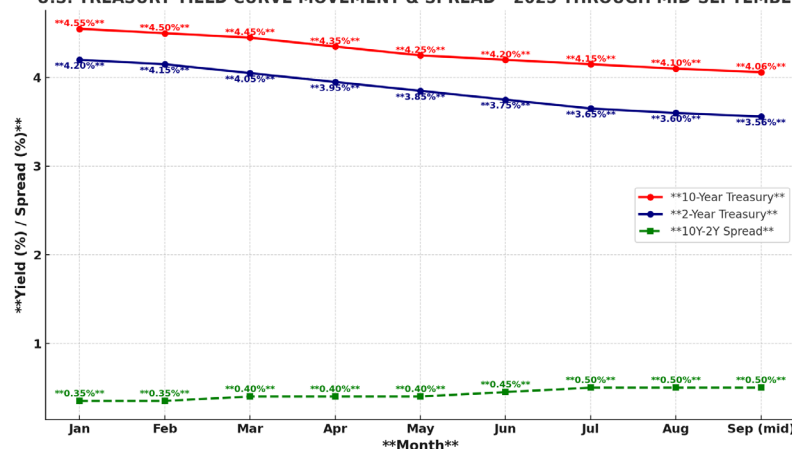
U.S. equities advanced strongly last week, with the **S&P 500 up about 1.6%** and the **Nasdaq gaining over 2%**. Tech led the rally, fueled by strong earnings from **Oracle (+26%)** and optimism around AI adoption. Utilities and energy also gained, while consumer staples lagged. Global equities followed suit, with **Europe and Asia benefiting from stimulus hopes and easing tariff uncertainty**. Investor sentiment was further supported by **expectations of Federal Reserve rate cuts** at this week's FOMC meeting.

Fixed

Income & Rates

Treasury yields flattened as short-term rates ticked higher, but the **10-year yield slipped to 4.06%**. Markets are fully pricing in a Fed rate cut this week, with speculation ranging from 25bp to 50bp. Historically, **equities have performed positively** after the Fed resumes cuts following long pauses, provided growth continues. The **U.S. Treasury yield curve flattened through 2025** as the 10-year yield declined more than the 2-year. This **reflects investor expectations for upcoming Fed rate cuts amid slowing growth and softer labor data**. A **narrower spread highlights market caution**—while easing supports risk assets, persistent inflation risks mean long-term yields are unlikely to fall much further without a clear economic slowdown.

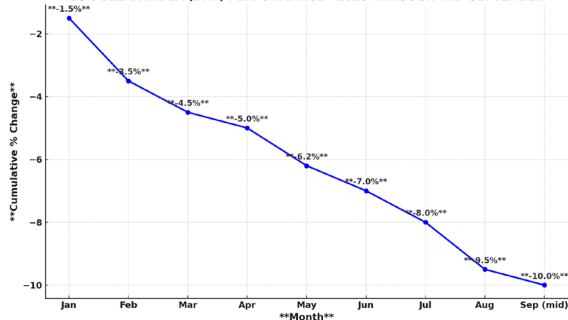
****U.S. TREASURY YIELD CURVE MOVEMENT & SPREAD - 2025 THROUGH MID-SEPTEMBER****



Inflation & Labor Markets

Inflation remains sticky. August CPI came in at 2.9% y/y with core CPI at 3.1%, still **above the Fed's target**. **Producer prices softened**, falling 0.1% m/m. Labor data showed ongoing weakness, with job revisions subtracting nearly 1M payrolls from the past year and **unemployment rising to 4.3%, the highest since the pandemic**.

****US DOLLAR INDEX (DXY) PERFORMANCE - 2025 THROUGH MID-SEPTEMBER****



Commodities & FX

Oil prices climbed despite OPEC+ boosting supply, ending the week at ~\$62 (WTI). **Gold hit record highs** around \$3,643/oz as investors positioned for rate cuts. The **dollar weakened modestly**, slipping against the euro and pound, while the Swiss franc gained on safe-haven demand.

Corporate Highlights

Earnings were dominated by standout reports: **Oracle surged on AI-driven revenue pipeline**, while Adobe's AI commentary also lifted sentiment.

UnitedHealth rose double-digits after strong Medicare plan ratings. Conversely, Chewy and Synopsys posted disappointing results, leading to sharp selloffs. M&A buzz included Teck's merger with Anglo American and a potential \$10B acquisition of Yes! Communities.

The Week Ahead

Markets now turn to Wednesday's **FOMC meeting**, with a **cut** all but assured. Key U.S. data include **retail sales**, industrial production, and housing starts. Globally, attention will be on U.K. and Eurozone inflation, plus central bank meetings in the U.K. and Japan. Earnings will slow, with FedEx, Lennar, and Darden Restaurants among the notable reporters.

-Scott Tremlett, CEO/Chief Investment Officer

