Weekly Macro Call

September 15, 2025

MARKET RECAP

Broad Equity Markets	Level	1 Week	QTD	YTD	3MO	6MO	1YR
S&P 500	6,584.29	1.60	6.38	12.98	9.69	18.96	20.13
NASDAQ 100	24,092.19	1.87	6.38	15.26	10.40	24.80	26.18
Dow Jones Industrial	45,834.22	0.97	4.33	9.07	7.39	11.60	14.11
Russell 2000	5,957.31	0.27	10.47	8.50	11.97	19.32	15.51
FTSE Developed International	2,472.44	1.36	5.17	25.98	6.67	18.06	21.88
FTSE Emerging International	2,017.91	3.28	8.70	20.87	9.28	18.96	25.69
Bloomberg US Aggregate Index		0.41	2.28	6.40	3.61	4.03	2.74
S&P GSCI		1.26	3.56	5.57	2.26	4.20	14.75
Bitcoin	116,734.29	4.70	8.41	24.17	7.09	40.00	102.12
Gold	3,651.10	1.57	11.06	39.94	9.65	25.17	45.59

Interest Rates			Last four weeks:			3 Months Ago	1 Year Ago
	Levels as of:	9/12/2025	9/5/2025	8/29/2025	8/22/2025	6/12/2025	9/12/2024
3 Month Treasury Yield		4.20	4.24	4.30	4.36	4.49	5.06
2 year Treasury Yield		3.66	3.51	3.59	3.68	3.90	3.64
10 Year Treasury Yield		3.81	4.10	4.23	4.26	4.36	3.68
30 Year Treasury Yield		4.65	4.78	4.92	4.88	4.84	4.00
CBOE VIX		14.4	16.6	14.8	16.6	18.6	17.7

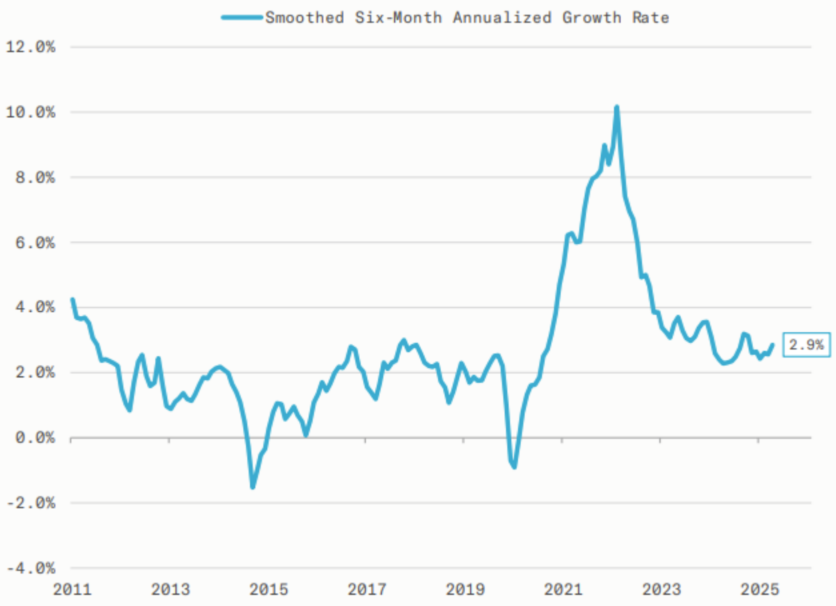
S&P 500 Sector Performance

Morningstar Super Sector Classification:
Defensive Sectors | Sensitive Sectors | Cyclical Sectors

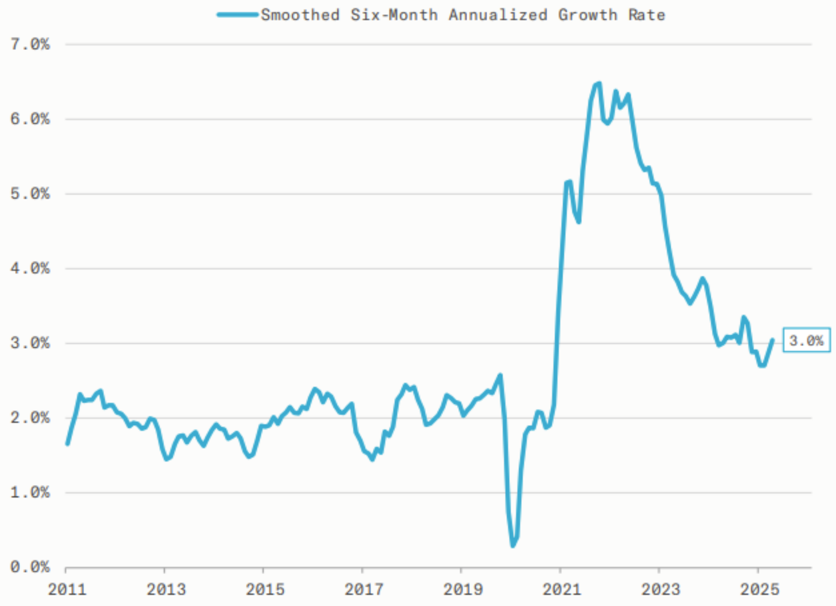
	S&P 500	Utilities	Healthcare	Staples	Energy	Industrials	Tech	Comm. Srvs.	Materials	Financials	Cons. Disc.	Real Estate
1 Week	1.60	2.44	0.16	-0.67	1.44	0.45	3.05	2.33	-0.32	1.34	1.48	0.39
YTD	12.51	14.44	1.59	3.74	6.54	15.68	15.99	21.45	10.53	12.29	6.12	6.66

HEADLINE INFLATION TRENDING LOWER

Headline CPI



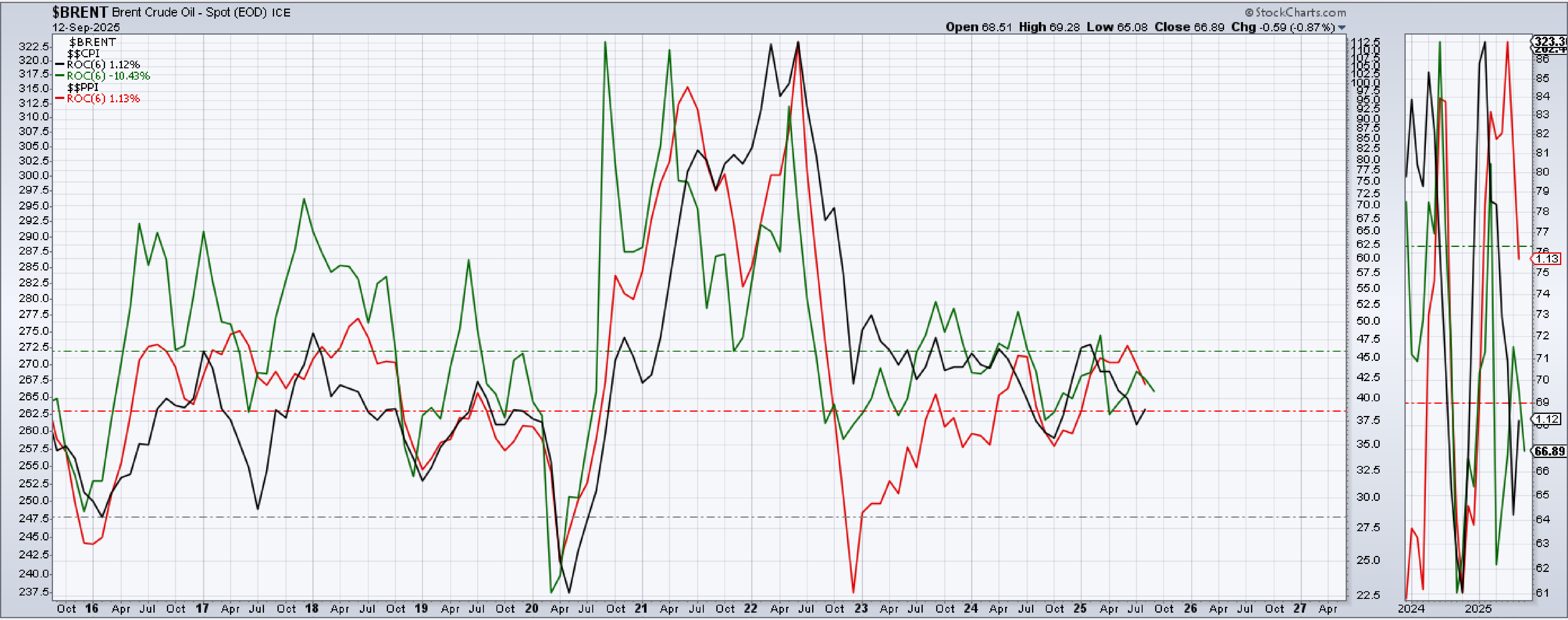
Core CPI



Moving to inflation, headline CPI increased to 2.9% on a smoothed six-month annualized basis and core inflation increased to 3.0%, both well above the Fed's 2% inflation target. Inflation lags employment in the business cycle so it's not unusual to see inflation holding above target until a more serious bout of job losses and rise in unemployment begins, but still, this most recent inflation report was not welcomed news for a Fed that is looking to ease monetary policy.

Chart: EPB Research • Source: Federal Reserve, BEA, BLS, Census Bureau, DOL

OIL PRICES SUGGEST INFLATION GOING TO CONTINUE TO SLIDE



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JOBS REVISIONS SHOW REAL WEAKNESS

Treasury Secretary Scott Bess... @SecScottBesse... · Sep 9

.@kwelkernbc pushed back last week when I warned that the BLS jobs data would show a massive downward revision.

Now it's official: 2024 job gains were exaggerated by nearly 1M workers, and this is on top of an already reported 577K in downward revisions. This brings the Biden jobs overstatement to a staggering 1.5M.

The truth: President Trump inherited a far worse economy than reported, and he's right to say the Fed is choking off growth with high rates.

WEAKNESS IN CRITICAL AREAS OF EMPLOYMENT SUGGEST SLOWING GROWTH

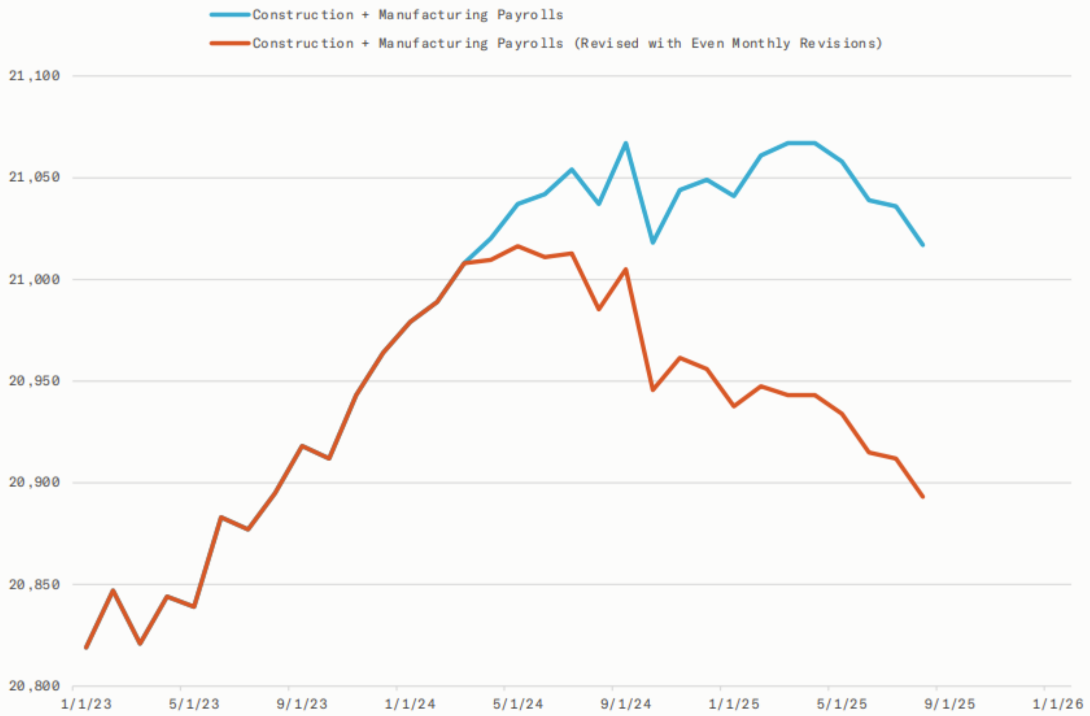
Construction & Manufacturing Payrolls w/ Benchmark Revisions

Before reviewing the August inflation data, it's worth highlighting the revisions to nonfarm payrolls, specifically, the construction and manufacturing payrolls which is what we focus on at EPB Research.

Construction payrolls were revised lower by 29,000 and manufacturing payrolls were revised lower by 95,000 for the 12 months ending March 2025.

The chart shows the unrevised data in blue and the revised data in orange. The revised data assumes the cumulative revisions are spread evenly across all months which will not be the case, but it's the easiest assumption to make since we are only given the 12-month cumulative revisions not the month-by-month revisions.

These revisions shift the peak in the cyclical payrolls to June 2024 from April 2025 and show a more consistent downward path over the last year – more in line with the fall in production data we've been highlighting in our Business Cycle Trends Reports.



POLICY IS TOO TIGHT AND MARKET EXPECTS EASING

Inflation Focused Report

So, what we see developing across the US economy is a cooling labor market, particularly in the leading and cyclical categories. These parts of the economy require policy support to avoid further contraction.

Nominal or top line growth is stable, but tariff policy is pushing the split more towards inflation and less towards real growth which is exactly what tariffs are expected to do.

The result of slowing real growth is further pressure on the labor market, particularly the cyclical categories which is exactly what we are seeing. The Fed must make the choice between supporting a cooling cyclical labor market with a rising unemployment rate or holding monetary policy firm due to still above target inflation.

As of this recording, three, 25bps rate cuts are expected at each of the three remaining FOMC meetings of the year, down to a policy rate of 3.75% by December.

Several months ago, we argued the view of three rate cuts by year end when there were growing calls for potential rate hikes.

Our overall asset market views based on these trends remains unchanged over the last several quarters. While this was a shorter update, please review our August Business Cycle Trends Update and last week's Employment-Focused Update for more detail.

Aggregated FOMC Rate Cut Probabilities

	CME FEDWATCH TOOL - AGGREGATED MEETING PROBABILITIES					
MEETING DATE	275-300	300-325	325-350	350-375	375-400	400-425
9/17/2025	0.00 %	0.00 %	0.00 %	0.00 %	11.21 %	88.79 %
10/29/2025	0.00 %	0.00 %	0.00 %	1.00 %	99.00 %	0.00 %
12/10/2025	0.00 %	0.00 %	0.00 %	93.86 %	6.14 %	0.00 %
1/28/2026	0.00 %	0.00 %	47.00 %	53.00 %	0.00 %	0.00 %
3/18/2026	0.00 %	4.03 %	95.97 %	0.00 %	0.00 %	0.00 %
4/29/2026	0.00 %	33.00 %	67.00 %	0.00 %	0.00 %	0.00 %
6/17/2026	0.00 %	94.93 %	5.07 %	0.00 %	0.00 %	0.00 %
7/29/2026	27.00 %	73.00 %	0.00 %	0.00 %	0.00 %	0.00 %
9/16/2026	64.50 %	35.50 %	0.00 %	0.00 %	0.00 %	0.00 %
10/28/2026	80.00 %	20.00 %	0.00 %	0.00 %	0.00 %	0.00 %
12/9/2026	88.45 %	11.55 %	0.00 %	0.00 %	0.00 %	0.00 %

Calculated September 11 at 12pm EST

ADMINISTRATION WANTS TO RUN IT HOT

SHOTS FIRED

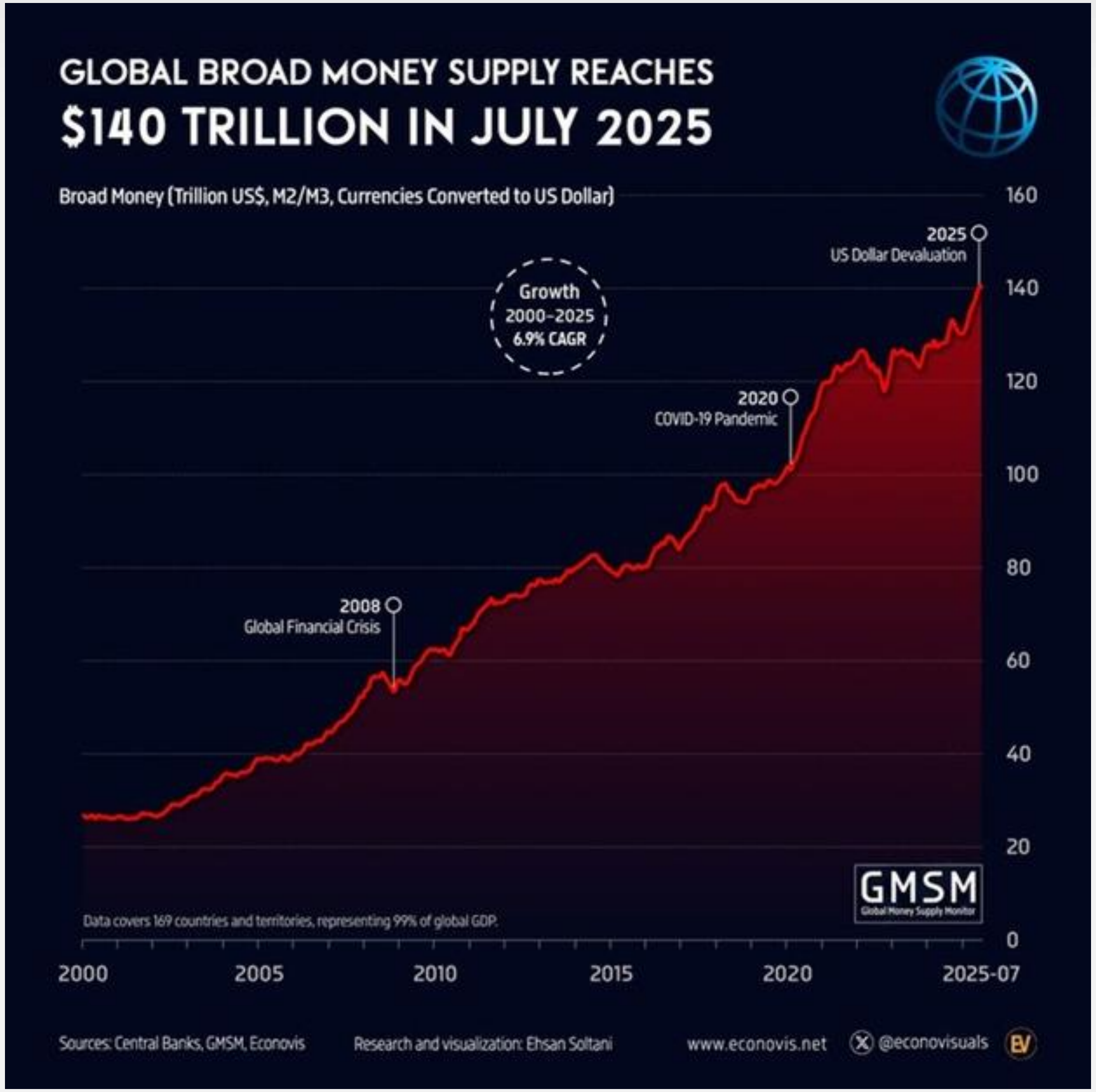
Treasury Secretary Scott Bess... @SecScottBesse... · Sep 9

The Federal Reserve is among the foremost drivers of inequality in America.

By failing to deliver on its inflation mandate, the Fed allowed class and generational disparities to grow worse, expanding the divide between asset-owners and lower-income Americans.

The Fed must regain its independence and stop serving the wealthy at the expense of everyone else.

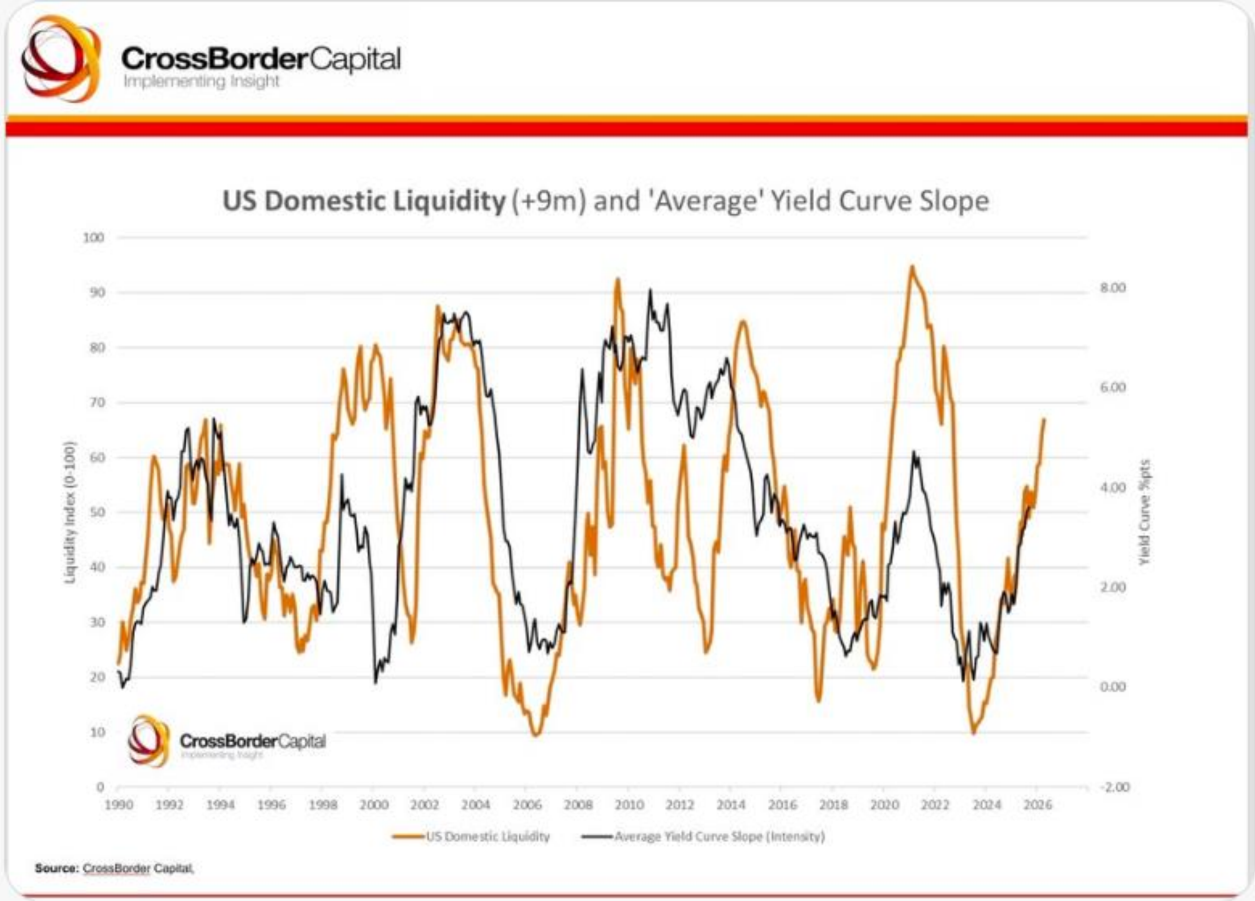
GLOBAL LIQUIDITY IS AT ALL TIME HIGHS



WILL LIQUIDITY IGNITE GROWTH AND INFLATION?

CrossBorder Capital @crossbordercap · 18h

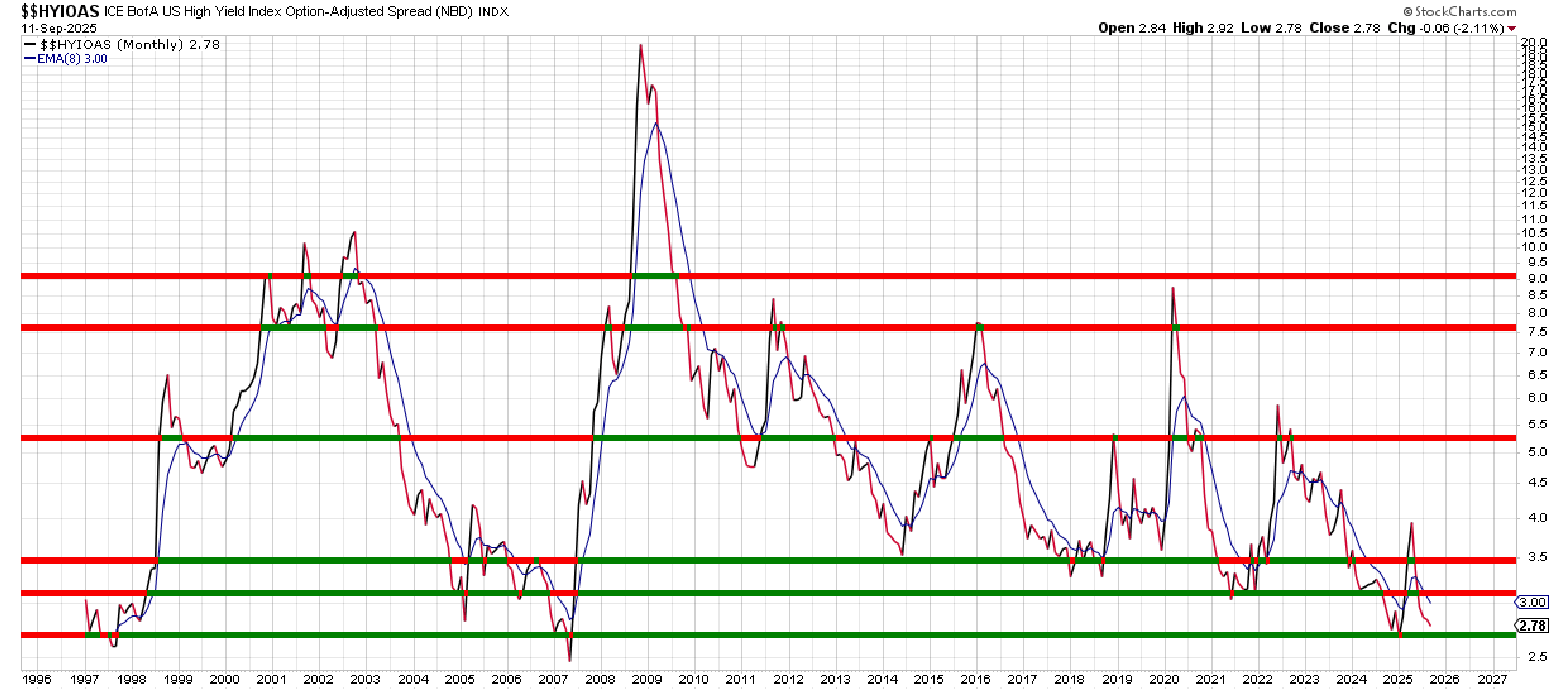
Evidence continuing link between YC and #Liquidity cited in Capital Wars (2020)



SURVEYS SAY YES

Source: Mott Capial Management, Macrobond, Federal Reserve Bank of Philadelphia, Federal Reserve Bank of New York, Federal Reserve Bank of Kansas City, Federal Reserve Bank of Dallas, U.S. Bureau of Labor Statistics (BLS)

NEVERTHELESS, WE REMAIN RISK ON



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Equity Insights

Kim Abmeyer, CFA, CFP®, EA

Q2 2025 Earnings Season To Date

- S&P 500 Q2 2025 earnings finished strong, with earnings growth reported at approximately 5%, among the highest rates seen since late 2023.
- About 81–82% of reporting companies beat EPS estimates, indicating broad strength in actual results versus analyst expectations.
- Revenue growth for Q2 2025 was also solid, contributing to the index's 20th consecutive quarter of year-over-year revenue growth.
- The Information Technology, Utilities, and Materials sectors led year-over-year growth, while the Energy sector posted a decline in both earnings and revenues.
- The forward 12-month P/E for the S&P 500 now stands at 22.5, above both the 5- and 10-year historical averages, reflecting elevated equity valuations after a strong earnings season.
- S&P 500 companies referenced tariffs less frequently in Q2 2025 earnings calls compared to Q1 2025, despite ongoing market concerns about tariffs.
- FactSet Document Search showed that the term "tariff" or "tariffs" appeared on 361 earnings calls in Q2 2025 (June 15–September 12), down 21% from 455 calls in Q1 2025 (March 15–June 14).
- This decline marks a notable quarter-over-quarter drop, but the Q2 count still represents the second-highest number of S&P 500 earnings calls citing tariffs in the past ten years—only Q1 2025 had more.
- The Industrials (63 calls) and Information Technology (52 calls) sectors had the most mentions by raw number, while Consumer Staples (95%), Materials (85%), and Industrials (83%) posted the highest percentages of calls mentioning tariffs within their sector.
- All 11 S&P 500 sectors experienced a decline in tariff mention frequency from Q1 to Q2 2025, with Financials (-18 calls) and Real Estate (-14 calls) showing the largest drops.

Market Technicals

- The S&P 500 closed in the red for the third straight Friday, continuing a pattern that started after Chair Powell's Jackson Hole speech one month ago.
- Despite these Friday declines, the overall market is up since that late-August speech, with major indexes touching record highs midweek but showing weak finishes as the week concludes.
- Breadth on Friday was poor: only about 25% of S&P 500 constituents posted gains, and the S&P 500 Equal Weight Index fell 0.7%, highlighting the limited participation outside of large-cap tech and select sectors.
- The main areas outperforming on Friday were tech (Nasdaq), select utilities, and Bitcoin, reflecting a market concentrated in the "Magnificent 7" mega-cap tech stocks while "value" and the other 493 S&P components lagged.
- Sentiment remains complacent rather than euphoric, with risk concentrated in a few large tech names and little enthusiasm for broader value or cyclical sectors.
- Market indicators did not shift significantly on Friday, suggesting investors are in a holding pattern ahead of the FOMC meeting, where a widely expected Fed rate cut could serve as a market-moving event.
- Commodity-related assets like Palladium and broad commodity indexes (e.g., DBC, ~55% energy sector exposure) remain range-bound but are forming long-term technical bases, awaiting catalysts such as a breakout in oil prices.
- Overall, market leadership remains narrowly focused, and the uptrend relies heavily on tech giants while most sectors remain subdued—leaving the market vulnerable to concentrated risk ahead of a pivotal Fed decision.

Portfolio Company Earnings the Week of 8/25– OKTA, NTNX, CRWD

8/26:
Okta, Inc., OKTA, $90.34:
EPS Estimate: $0.85
EPS Actual: $0.91, 7.57% surprise
Price targets are $75-$142, $112 average
Stock popped on earnings, but has since settled into sideways action. Strong beat and raise, but targets were mixed, with more firms lowering than raising. Ratings were maintained.

8/27:
Nutanix, NTNX, $79.23:
EPS Estimate: $0.33
EPS Actual: $0.37, 13.30% surprise
Price targets are $71-$95, average $82
Gapped down after earnings call, but has been off to the races since, revisiting recent highs. Guidance was a bit underwhelming, so some caution warranted and targets were lowered based on this.

Crowdstrike, CRWD, $436.10:
EPS Estimate: $0.83
EPS Actual: $0.93, 12.05% surprise
Price targets are $330-$610, average around $450
Stocks popped on a solid earnings report. Dropped, but has recovered back near that level. Some concern on slower core business and mgmt. not increasing revenue targets exists and targets were lowered across the street. Business has recovered quite well since the outage last summer, and clients seem sticky.

Portfolio Company Earnings the Week of 8/25 Cont'd– SNOW, NVDA

8/27 Cont'd:
Snowflake, SNOW, $221.15:
EPS Estimate: $0.27
EPS Actual: $0.35, 31.35% surprise
Price targets are $170-$440, recently upgraded and targets raised heading into call
Stock surged to $250 on positive news. AI continues to be the party line and they are in it.

Nvidia, NVDA, $177.82, Div. Yield of 0.02%, Ex. Div. Date 9/11/2025:
EPS Estimate: $1.01
EPS Actual: $1.05, 4.10% surprise
Price targets are $100-$270
Stock has sold off since earnings, but continues to show solid growth and has made up most of the drop. Albeit slowing, they're still the best of the best and are a true comprehensive strategy as a platform solution, not just chips. Buy on weakness.

Other news this week:
IONQ popped ~28% last week on news that the UK approved their acquisition of Oxford Ionics.
TSLA rises ~14% after Nevada DMV approves autonomous driving tests in public Tesla announced this week that it will start building its own electrical transformers, a business pegged at roughly $65 billion annually in the U.S. alone. Tesla stepping in means genuine disruption because Tesla already builds the Megapack and Megablock for energy storage. Producing transformers gets Tesla into the power business by vertically integrating currently separate components. New Porsche owners can now access TSLA's Supercharger network.
AAPL announced blood oxygen monitoring is coming back to Apple Watch in the U.S., thanks to a clever software workaround that sidesteps the ongoing patent infringement battle with Masimo. Apple is playing the long game in health tech, quietly positioning themselves for something far bigger and far more valuable… owning the intersection of consumer tech, wearables, and healthcare, which could lead to trillions of dollars in profit potential.
JPM presented a positive spin on their business at a Barclays Financial Svcs Conference: "big" IPOs coming back, robust equity markets and no concentrated areas in credit quality that have the bank worried. Stock was up on the news.

DISCLOSURE