



# Weekly market update: Stocks end week well-Fed.

## The market and economy

- U.S. stocks saw mixed performance for the week ending August 22. A sharp market upturn on Friday in response to Federal Reserve (Fed) Chair Jerome Powell's comments at the Kansas City Fed's annual Jackson Hole Economic Symposium in Wyoming mostly offset investors' concerns about numerous weaker-than-expected corporate earnings reports, particularly in the technology sector. The Dow Jones Industrial Average closed the week at a record high. The tech-heavy Nasdaq Composite Index recouped some earlier losses during the rally on Friday, but still recorded a negative return for the week.
- During his speech at Jackson Hole on Friday, Powell maintained a cautious tone, but appeared to be open to a rate cut in the near future. He commented that an accelerated downturn in the labor market could alleviate the central bank's concerns that the Trump administration's tariffs on imports will lead to higher inflation. "In terms of the Fed's dual-mandate goals, the labor market remains near maximum employment, and inflation, though still somewhat elevated, has come down a great deal from its post-pandemic highs. At the same time, the balance of risks appears to be shifting," Powell said. Furthermore, he noted that, "with policy in restrictive territory, the baseline outlook and the shifting balance of risks may warrant adjusting our [monetary] policy stance."
- According to minutes from the Federal Open Market Committee's (FOMC) July 29-30 meeting, released on Wednesday, most members viewed the risk of elevated inflation as outweighing relative weakness in the labor market. By a 7-2 margin, the FOMC voted to maintain the federal-funds rate in a range of 4.25%-4.50%. Several meeting participants acknowledged the impact of tariffs on inflation, commenting that "tariff effects were becoming more apparent in the data, as indicated by recent increases in goods price inflation, while services price inflation had continued to slow. Some Committee members noted that "the low and stable unemployment rate reflected a combination of low hiring and low layoffs...Regarding the outlook for the labor market, some participants mentioned indicators that could suggest a softening in labor demand."
- At the end of the week, CME's FedWatch Tool, which provides a gauge of the market's expectations of potential changes to the federal-funds target rate while assessing potential Fed monetary policy actions at FOMC meetings, implied an 83.1% chance that the central bank will reduce the federal-funds rate by 0.25% to a range of 4.00% to 4.25% following its meeting on September 16-17.
- The Conference Board Leading Economic Index® (LEI), which is designed to signal peaks and troughs in the U.S. business cycle, dipped 0.1% to 98.7% in July. The LEI fell 2.7% for the six-month period ending July 31, 2025, a larger downturn than the 1.0% decline over the previous six months (July 2024 to January 2025). Seven of the 10 leading indicators within the LEI moved lower or were virtually flat in July, hampered by declines in average consumer expectations for business conditions and the Institute for Supply Management (ISM) New Orders Index. These losses were partially offset by the strong performance of the U.S. broad-market S&P 500 Index.
- There was notable news this week regarding the U.S. residential real-estate market. According to the Census Bureau, new housing starts, a gauge of the health of the residential real-estate market, rose 5.2% to an annual rate of 1,428,000 in July, and climbed 12.9% year-over-year. The Midwest and South regions of the U.S. led the upturn in housing starts in July, posting gains of 33.3% and 19.2%, respectively.

## Stocks

- Global equities lost ground during the week. Developed markets outperformed emerging markets.
- U.S. equities ended mixed for the week. Energy and real estate were the top-performing sectors, while information technology and communication services were the primary market laggards.
- Value stocks outperformed growth, while small caps surpassed large caps.

## Bonds

- The 10-year U.S. Treasury note yield fell to 4.25% during the week.
- Global bond markets were virtually flat for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of August 22, 2025	1 Week	YTD	1 Year	Friday's Close
<b>Global Equity Indexes</b>				
MSCI ACWI (\$)	-1.0%	12.0%	14.6%	942.5
MSCI EAFE (\$)	-0.4%	20.7%	13.0%	2729.0
MSCI Emerging Mkts (\$)	-0.8%	17.3%	14.6%	1261.7
<b>US &amp; Canadian Equities</b>				
Dow Jones Industrials (\$)	1.5%	7.3%	12.1%	45631.7
S&P 500 (\$)	0.3%	10.0%	16.1%	6466.9
NASDAQ (\$)	-0.6%	11.3%	22.0%	21496.5
S&P/ TSX Composite (C\$)	1.5%	14.6%	23.0%	28333.4
<b>UK &amp; European Equities</b>				
FTSE All-Share (£)	1.9%	13.0%	11.3%	5049.5
MSCI Europe ex UK (€)	0.6%	10.2%	7.2%	1944.8
<b>Asian Equities</b>				
Topix (¥)	-0.2%	11.3%	16.1%	3100.9
Hong Kong Hang Seng (\$)	0.3%	26.3%	43.6%	25339.1
MSCI Asia Pac. Ex-Japan (\$)	-0.8%	16.5%	15.4%	663.5
<b>Latin American Equities</b>				
MSCI EMF Latin America (\$)	-1.3%	24.8%	2.2%	2311.6
Mexican Bolsa (peso)	1.5%	19.5%	11.0%	59178.3
Brazilian Bovespa (real)	1.0%	14.5%	1.9%	137751.7
<b>Commodities (\$)</b>				
West Texas Intermediate Spot	1.8%	-10.9%	-13.4%	63.9
Gold Spot Price	1.0%	28.4%	35.7%	3370.6
<b>Global Bond Indices (\$)</b>				
Bloomberg Global Aggregate (\$)	0.0%	4.3%	2.4%	2284.2
JPMorgan Emerging Mkt Bond	-0.3%	7.9%	7.8%	967.9
<b>10-Year Yield Change (basis points*)</b>				
US Treasury	-7	-32	40	4.25%
UK Gilt	0	13	73	4.69%
German Bund	-7	36	48	2.72%
Japan Govt Bond	5	52	75	1.63%
Canada Govt Bond	-3	20	36	3.43%
<b>Currency Returns**</b>				
US\$ per euro	0.2%	13.2%	5.5%	1.172
Yen per US\$	-0.2%	-6.5%	0.4%	146.94
US\$ per £	-0.2%	8.0%	3.3%	1.352
C\$ per US\$	0.1%	-3.9%	1.5%	1.383

Source: Bloomberg. Equity-index returns are price only, others are total returns.

\*100 basis points = 1 percentage point.

\*\*Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

## Important information

Index returns are for illustrative purposes only and do not represent actual investment performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged, and one cannot invest directly in an index. Past performance does not guarantee future results.

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