



Weekly market update: Late-week tech downturn weighs on the market.

The market and economy

- Major U.S. equity market indexes moved modestly lower during the week ending August 29, as a selloff in the technology sector on Friday offset investors' optimism regarding generally positive gross domestic product (GDP) data.
- With tech stocks trading at record prices and the frenzy over the promise of artificial intelligence (AI) delivering more hope than progress, disappointing earnings reports from the sector pushed stock prices down.
- Nevertheless, according to the second estimate from the Department of Commerce, U.S. GDP expanded at an annual rate of 3.3% in the second quarter of 2025—a notable increase from the 0.5% decline in the first quarter and a significant improvement from the initial estimate of 3.0% growth. The upturn in the economy for the second quarter was attributable primarily to a substantial decline in imports (which are subtracted from the calculation of GDP) following a surge in imports in the first quarter as businesses rushed to stockpile goods before the Trump administration's tariffs took effect, as well as an increase in consumer spending. Conversely, there were declines in residential fixed investment (purchases of private residential structures and residential equipment that property owners use for rentals). The upward adjustment in second-quarter GDP from the government's initial estimate resulted from increases in nonresidential fixed investment (purchases of equipment and software, and nonresidential structures), partially offset by a downward revision to private inventory investment (a measure of the changes in values of inventories from one time period to the next).
- The Department of Commerce also announced that the personal-consumption expenditures (PCE) price index rose 0.2% in July. The index advanced 2.6% year-over-year, matching the annual increase in June. The PCE price index excluding food and energy (commonly referred to as the core PCE price index) increased 0.3% in July following a 0.3% rise in June. The index advanced 2.9% year-over-year, marginally higher than the 2.8% annual rise in June. The core PCE price index is widely considered the Federal Reserve's preferred measure of inflation as it tracks the prices that consumers pay for goods and services excluding volatile food and energy costs—to reveal underlying inflation trends.
- The University of Michigan's Index of Consumer Sentiment fell 3.5 points (5.7%) to 58.2 in August, and was down 9.7 points (14.3%) year-over-year. Consumers' expectations for inflation over the next year rose 0.3 percentage point to 4.8% in August, while long-run inflation expectations ticked up 0.1 percentage point to 3.5%. However, both readings were below the highs reached in April and May of this year. In a news release, the University of Michigan commented, "This month's decrease [in the Index of Consumer Sentiment] was visible across groups by age, income, and stock wealth. Moreover, perceptions of many aspects of the economy slipped."
- There was significant news this week regarding the U.S. housing market. The S&P CoreLogic (formerly CoreLogic) Case-Shiller U.S. National Home Price NSA Index, a composite of single-family home price indexes for the nine U.S. Census Bureau geographical divisions, ticked up 0.1% month-over-month in June (the most recent reporting period), and increased 1.9% year-over-year. The annual upturn was lower than the 2.3% rise in May. New York and Chicago were strongest-performing markets over the previous 12-month period, with increases of 7.0% and 6.1%, respectively. The primary market laggards were Tampa and San Francisco, which saw corresponding annual price declines of 2.4% and 2.0%.

Stocks

- Global equities saw virtually flat performance during the week. Emerging markets outperformed developed markets.
- U.S. equities recorded modest losses for the week. Energy and financials were the top-performing sectors, while utilities and consumer staples 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 4.23% during the week.
- Global bond markets posted gains for the week.
- High-yield bonds led the markets, followed by corporate bonds and government bonds.

The Numbers as of August 29, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	0.1%	13.7%	15.6%	956.3
MSCI EAFE (\$)	-1.2%	20.7%	11.6%	2730.7
MSCI Emerging Mkts (\$)	-0.4%	17.3%	15.2%	1261.3
US & Canadian Equities				
Dow Jones Industrials (\$)	-0.2%	7.1%	10.2%	45544.9
S&P 500 (\$)	-0.1%	9.8%	15.5%	6460.3
NASDAQ (\$)	-0.2%	11.1%	22.5%	21455.6
S&P/ TSX Composite (C\$)	0.8%	15.5%	23.0%	28564.5
UK & European Equities				
FTSE All-Share (£)	-1.5%	11.3%	8.7%	4972.8
MSCI Europe ex UK (€)	-1.5%	9.1%	4.6%	1925.6
Asian Equities				
Topix (¥)	-0.8%	10.4%	14.2%	3075.2
Hong Kong Hang Seng (\$)	-1.0%	25.0%	41.0%	25077.6
MSCI Asia Pac. Ex-Japan (\$)	-0.2%	16.6%	15.6%	663.8
Latin American Equities				
MSCI EMF Latin America (\$)	1.4%	30.0%	7.6%	2408.0
Mexican Bolsa (peso)	-0.9%	18.5%	10.5%	58694.7
Brazilian Bovespa (real)	2.6%	17.7%	4.1%	141568.5
Commodities (\$)				
West Texas Intermediate Spot	0.8%	-9.9%	-14.9%	64.6
Gold Spot Price	2.3%	31.4%	36.6%	3449.3
Global Bond Indices (\$)				
Bloomberg Global Aggregate (\$)	0.3%	5.1%	3.0%	2301.0
JPMorgan Emerging Mkt Bond	0.1%	8.4%	8.0%	972.1
10-Year Yield Change (basis points*)				
US Treasury	-3	-35	37	4.23%
UK Gilt	3	16	70	4.72%
German Bund	0	36	45	2.72%
Japan Govt Bond	-2	50	70	1.60%
Canada Govt Bond	-6	15	24	3.38%
Currency Returns**				
US\$ per euro	-0.2%	13.0%	5.6%	1.170
Yen per US\$	0.0%	-6.5%	1.4%	147.00
US\$ per £	-0.1%	8.0%	2.6%	1.351
C\$ per US\$	-0.6%	-4.5%	1.9%	1.374

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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