



Weekly market update: Weak jobs report gets mixed reaction.

The market and economy

- Major U.S. equity market indexes saw mixed performance during the week ending September 5. Stocks had a rough start to the week due to renewed inflation concerns and a global bond market selloff that boosted European bond yields to their highest levels in more than a decade, and also pushed U.S. Treasury yields modestly higher. (Bond prices move inversely to yields.) The broad-market S&P 500 Index and the tech-heavy Nasdaq Composite Index moved higher for the week, while the Dow Jones Industrial Average declined.
- Stocks initially rallied on Friday as weaker-than-expected employment data buoyed investors' hopes that the Federal Reserve (Fed) will implement an interest-rate cut at its meeting later this month. However, this optimism subsequently faded amid concerns that a Fed rate cut would not be sufficient to boost the relatively sluggish U.S. economy.
- 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 Federal Open Market Committee meetings, implied an 89.8% chance that the central bank will reduce its benchmark rate by 0.25% to a range of 4.00% to 4.25% following its meeting on September 16-17.
- The Department of Labor reported that U.S. payrolls expanded by 22,000 jobs in August, and the unemployment rate ticked up 0.1 percentage point to 4.3%. The total fell short of expectations and was down sharply from the 79,000 positions added in July, which represented an upward adjustment of 6,000 from the government's initial tally of 73,000 last month. Additionally, employment numbers for June were revised downward from a gain of 14,000 jobs to a decline of 13,000. The healthcare and social assistance sectors registered the largest job gains for the month, while there was a downturn in employment in the federal government, mining, quarrying, and oil and gas extraction, and wholesale trade sectors. Average hourly earnings rose 0.3% in August and 3.7% year-over-year.
- According to the Department of Labor's Job Openings and Labor Turnover Survey (JOLTS), a gauge of the status of the U.S. labor market, job openings in the U.S. decreased by 176,000 (-2.4%) in July (the most recent reporting period) to 7,181,000—the lowest total since September 2024—and were down 4.3% from the 7,504,000 openings a year earlier. There were notable month-over-month declines in open positions in healthcare and social assistance, and arts, entertainment, and recreation. There were increases in job openings in the manufacturing sector and the federal government.
- The Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI) gained 0.7 percentage point to 48.7% in August, but indicated contraction in the U.S. manufacturing sector for the sixth consecutive month. (A PMI reading below 50% denotes a decrease in manufacturing activity.) The Employment Index ticked up 0.4 percentage point to 43.8% in August, while the New Orders Index climbed 4.3 percentage points to 51.4%—expanding for the first time in six months. The ISM Services PMI increased 1.9 percentage points to 52.0% in August—signifying expansion for the third month in a row. The Business Activity Index rose 2.4 percentage points to 55.0%. In contrast, the Employment Index ticked up 0.1% in August, but remained in contraction territory for the third consecutive month.
- **Stocks**
 - Global equities posted modest gains during the week. Emerging markets outperformed developed markets.
 - U.S. equities were mixed for the week. Communication services and consumer discretionary were the top-performing sectors, while energy and financials 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 4.09% during the week.
- Global bond markets recorded positive returns for the week.
- Corporate bonds led the markets, followed by high-yield bonds and government bonds.

The Numbers as of September 5, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	0.3%	13.4%	17.4%	954.1
MSCI EAFE (\$)	-0.8%	19.4%	12.8%	2699.9
MSCI Emerging Mkts (\$)	0.2%	17.3%	17.2%	1261.6
US & Canadian Equities				
Dow Jones Industrials (\$)	-0.3%	6.7%	11.4%	45400.9
S&P 500 (\$)	0.3%	10.2%	17.8%	6481.5
NASDAQ (\$)	1.1%	12.4%	26.7%	21700.4
S&P/ TSX Composite (C\$)	1.7%	17.5%	26.4%	29050.6
UK & European Equities				
FTSE All-Share (£)	0.2%	11.5%	10.6%	4981.4
MSCI Europe ex UK (€)	0.0%	8.4%	6.8%	1914.0
Asian Equities				
Topix (¥)	1.0%	11.5%	18.5%	3105.3
Hong Kong Hang Seng (\$)	1.4%	26.7%	45.7%	25418.0
MSCI Asia Pac. Ex-Japan (\$)	-0.1%	16.3%	17.5%	662.5
Latin American Equities				
MSCI EMF Latin America (\$)	0.2%	29.8%	8.1%	2404.6
Mexican Bolsa (peso)	3.1%	22.2%	17.1%	60505.1
Brazilian Bovespa (real)	0.9%	18.6%	4.5%	142691.0
Commodities (\$)				
West Texas Intermediate Spot	-0.8%	-11.5%	-8.2%	63.5
Gold Spot Price	4.2%	37.0%	43.2%	3595.2
Global Bond Indices (\$)				
Bloomberg Global Aggregate (\$)	0.5%	5.5%	2.4%	2308.6
JPMorgan Emerging Mkt Bond	0.3%	8.7%	7.9%	974.9
10-Year Yield Change (basis points*)				
US Treasury	-14	-48	36	4.09%
UK Gilt	-8	8	73	4.64%
German Bund	-6	30	46	2.66%
Japan Govt Bond	-2	48	70	1.58%
Canada Govt Bond	-10	5	30	3.27%
Currency Returns**				
US\$ per euro	0.3%	13.2%	5.5%	1.172
Yen per US\$	0.3%	-6.2%	2.8%	147.46
US\$ per £	0.0%	7.9%	2.5%	1.351
C\$ per US\$	0.7%	-3.8%	2.5%	1.384

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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