



Weekly market update: Stocks rally on Fed rate-cut expectations.

The market and economy

- U.S. stocks garnered positive returns for the week ending September 12 as economic data reports further bolstered investors' confidence that the Federal Reserve (Fed) will approve an interest-rate cut at its meeting next week. All three major equity market indexes reached record highs during the week.
- According to the Department of Labor, the consumer-price index (CPI) rose 0.4% in August, up from the 0.2% rise in July and slightly exceeding expectations. Housing costs rose 0.4% and comprised the bulk of the upturn in the index for the month. Additionally, food prices were up 0.5% as the food at home index climbed 0.6%. Conversely, prices for utility gas service fell 1.6% during the month. The CPI advanced 2.9% year-over-year in August—modestly higher than the 2.7% rise in July and in line with expectations. Costs for utility gas service surged 13.8% over the previous 12-month period, while electricity prices were up 6.2%. In contrast, gasoline and fuel oil prices saw year-over-year declines of 6.6% and 0.5%, respectively. Core inflation, as measured by the CPI for all items less food and energy, rose 3.1% year-over-year in August, unchanged from the increase in July. Prices for used cars and trucks, medical services, and housing rose by corresponding margins of 6.0%, 4.2%, and 3.6% over the previous 12 months.
- Regarding inflation at the wholesale level, the Department of Labor reported that the producer-price index (PPI), which tracks the average change over time in selling prices received by domestic producers of goods and services providers, unexpectedly dipped 0.1% in August, down sharply from the 0.7% rise in July. The PPI advanced 2.6% year-over-year, sharply lower than July's 3.3% gain. The services index was down 0.2% in August, while the index for goods ticked up 0.1%. Wholesale prices for food rose 0.1% for the month, while energy prices decreased 0.4%. Core wholesale inflation, as measured by the PPI less food, energy, and trade services, moved up 0.3% in August, a decline from the 0.6% upturn for the previous month. The index advanced 2.8% year-over-year—the largest 12-month increase since March of this year.
- There was significant news during the week regarding the U.S. labor market. The U.S. economy added 911,000 fewer jobs (-0.6%) than previously reported between March 2024 and March 2025, according to the Department of Labor's annual revision to nonfarm employment data. The largest reductions to the government's original estimates were in leisure and hospitality, which tallied 176,000 fewer jobs (a 1.1% decline) and professional and business services, which saw a downward revision of 158,000 positions (a 0.7% decrease).
- The Department of Labor also announced that initial unemployment insurance claims, a barometer of the health of the labor market, increased by 27,000 to a greater-than-expected total of 263,000 during the week ending September 6—the highest level since October 23, 2021. The total represented a significant upturn from the 230,000 claims filed during the same week in 2024. The four-week moving average of initial claims rose by 9,750 week-over-week to 240,500 and was up from the four-week average of 230,500 a year earlier.
- The University of Michigan's preliminary Index of Consumer Sentiment fell 2.8 points (4.8%) to 55.4 in September—the second consecutive monthly decline—and plunged 14.7 points (21.0%) year-over-year. Consumers' expectations for inflation over the next 12 months was unchanged at 4.8% in September, while long-run inflation expectations rose 0.4 percentage point to 3.9%.

Stocks

- Global equities finished in positive territory for the week. Emerging markets outperformed developed markets.
- U.S. equities gained ground during the week. Information technology and utilities were the top-performing sectors, while consumer staples and materials were the primary market laggards.
- Growth stocks outperformed value, while small caps surpassed large caps.

Bonds

- The 10-year U.S. Treasury note yield dipped to 4.07% during the week.
- The U.S. bond market posted a gain for the week.
- Corporate bonds led the market, followed by government bonds and high-yield bonds.

The Numbers as of September 12, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	1.6%	15.5%	18.2%	971.4
MSCI EAFE (\$)	1.1%	22.0%	15.5%	2758.4
MSCI Emerging Mkts (\$)	2.7%	21.8%	21.8%	1310.1
US & Canadian Equities				
Dow Jones Industrials (\$)	1.0%	7.7%	11.5%	45834.2
S&P 500 (\$)	1.6%	11.9%	17.7%	6584.3
NASDAQ (\$)	2.0%	14.7%	26.0%	22141.1
S&P/ TSX Composite (C\$)	0.8%	18.4%	24.7%	29283.8
UK & European Equities				
FTSE All-Share (£)	0.7%	12.3%	11.5%	5018.2
MSCI Europe ex UK (€)	0.9%	9.2%	7.3%	1927.2
Asian Equities				
Topix (¥)	1.8%	13.5%	21.9%	3160.5
Hong Kong Hang Seng (\$)	3.8%	31.5%	53.1%	26388.2
MSCI Asia Pac. Ex-Japan (\$)	2.7%	20.8%	21.5%	687.9
Latin American Equities				
MSCI EMF Latin America (\$)	1.7%	34.0%	12.8%	2482.2
Mexican Bolsa (peso)	2.1%	24.7%	18.8%	61753.7
Brazilian Bovespa (real)	-0.3%	18.3%	6.1%	142271.6
Commodities (\$)				
West Texas Intermediate Spot	0.8%	-13.0%	-9.6%	62.4
Gold Spot Price	1.5%	39.1%	43.1%	3649.2
Bond Indices (\$)				
Bloomberg U.S. Aggregate	0.6%	6.5%	3.0%	2332.3
Bloomberg Global Aggregate	0.3%	8.2%	3.2%	501.4
JPMorgan Emerging Mkt Bond	0.8%	10.2%	9.0%	988.5
10-Year Yield Change (basis points*)				
US Treasury	-1	-51	39	4.07%
UK Gilt	3	11	89	4.67%
German Bund	5	35	57	2.71%
Japan Govt Bond	1	49	73	1.59%
Canada Govt Bond	-8	-4	27	3.19%
Currency Returns**				
US\$ per euro	0.1%	13.3%	5.9%	1.173
Yen per US\$	0.1%	-6.1%	4.1%	147.65
US\$ per £	0.4%	8.3%	3.3%	1.356
C\$ per US\$	0.1%	-3.7%	2.0%	1.385

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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