



Weekly market update: Good news sinks stocks.

The market and economy

- Major U.S. equity market indexes moved lower for the week ending September 26 as investors interpreted generally positive economic news as a sign that the Federal Reserve (Fed) would be less likely to reduce interest rates at its upcoming meetings. This week marked the first time since March that all three major U.S. stock indexes fell for three consecutive days. A recent rally in the information technology sector took a pause as investors reconsidered their widespread optimism around the potential benefits of artificial intelligence (AI). Additionally, President Donald Trump announced in a social media post that his administration would be imposing tariffs of 100% on branded or patented pharmaceutical drugs (with an exception for companies building plants in the U.S.); 50% on kitchen cabinets, vanities, and similar products; 30% on upholstered furniture; and 25% on heavy trucks. The tariffs will take effect on October 1.
- The Department of Commerce reported that the personal-consumption expenditures (PCE) price index rose 0.3% in August. The index advanced 2.7% year-over-year, in line with expectations. The core PCE price index, which excludes volatile food and energy prices, was up 0.2% in August, consistent with July's reading. The year-over-year advance of 2.9% matched the upturn seen in July, meeting expectations. The PCE price index is widely considered the Fed's preferred measure of inflation as it tracks the prices that consumers pay for goods and services to reveal underlying inflation trends.
- The Department of Labor announced that initial unemployment insurance claims, a barometer of the health of the labor market, decreased by 14,000 to 218,000 during the week ending September 20. The total was slightly lower than the 221,000 claims filed during the same week in 2024. The four-week moving average of initial claims declined by 2,750 week-over-week to 237,500, and was above the four-week average of 225,250 a year earlier.
- According to the final estimate from the Department of Commerce, U.S. gross domestic product (GDP) expanded at an annual rate of 3.8% in the second quarter of 2025—up sharply from the 0.6% decline in the first quarter of 2025 and a significant improvement from the government's prior estimate of a 3.3% rise. The upturn in the economy for the second quarter was attributable primarily to a substantial decline in imports (which are subtracted from the GDP calculation) 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 investment and exports.
- The University of Michigan's Index of Consumer Sentiment fell 3.1 points (5.3%) to 55.1 in September, and was down 15.0 points (21.4%) year-over-year. Consumers' expectations for inflation over the next year fell 0.1 percentage point to 4.7% in September, while long-run inflation expectations ticked up 0.2 percentage point to 3.7%. However, both readings were below the highs reached in April of this year. In a news release, the University of Michigan commented, "Although September's decline [in the Index of Consumer Sentiment] was relatively modest, it was still seen across a broad swath of the population, across groups by age, income, and education, and all five index components. A key exception: sentiment for consumers with larger stock holdings held steady in September, while for those with smaller or no holdings, sentiment decreased."

Stocks

- Global equities posted losses for the week. Developed markets outperformed emerging markets.
- U.S. equities recorded negative returns during the week. Energy and utilities were the top-performing sectors, while communication services and materials were the primary market laggards.
- Value stocks outperformed growth, while large caps surpassed small caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 4.18% during the week.
- The U.S. bond market posted a loss for the week.
- High-yield bonds led the market, followed by corporate bonds and government bonds.

The Numbers as of September 26, 2025	1 Week	YTD	1 Year	Friday's Close
Global Equity Indexes				
MSCI ACWI (\$)	-0.5%	16.1%	14.8%	977.0
MSCI EAFE (\$)	-0.4%	21.2%	10.5%	2741.8
MSCI Emerging Mkts (\$)	-1.1%	23.3%	13.9%	1325.6
US & Canadian Equities				
Dow Jones Industrials (\$)	-0.1%	8.7%	9.7%	46247.3
S&P 500 (\$)	-0.3%	13.0%	15.6%	6643.7
NASDAQ (\$)	-0.7%	16.4%	23.6%	22484.1
S&P/ TSX Composite (C\$)	0.0%	20.4%	23.8%	29761.3
UK & European Equities				
FTSE All-Share (£)	0.7%	12.4%	10.8%	5021.3
MSCI Europe ex UK (€)	-0.1%	9.5%	4.7%	1933.1
Asian Equities				
Topix (¥)	1.2%	14.4%	17.1%	3187.0
Hong Kong Hang Seng (\$)	-1.6%	30.3%	31.1%	26128.2
MSCI Asia Pac. Ex-Japan (\$)	-1.5%	20.8%	12.4%	688.0
Latin American Equities				
MSCI EMF Latin America (\$)	0.1%	36.5%	11.4%	2529.0
Mexican Bolsa (peso)	1.8%	25.8%	16.3%	62307.1
Brazilian Bovespa (real)	-0.3%	20.9%	9.4%	145446.7
Commodities (\$)				
West Texas Intermediate Spot	4.9%	-8.4%	-2.9%	65.7
Gold Spot Price	2.9%	43.8%	41.5%	3774.3
Bond Indices (\$)				
Bloomberg U.S. Aggregate	-0.3%	5.9%	2.7%	2318.2
Bloomberg Global Aggregate	-0.5%	7.4%	2.1%	497.6
JPMorgan Emerging Mkt Bond	0.4%	10.1%	8.0%	988.0
10-Year Yield Change (basis points*)				
US Treasury	5	-40	38	4.18%
UK Gilt	3	18	74	4.74%
German Bund	0	38	56	2.75%
Japan Govt Bond	1	55	82	1.65%
Canada Govt Bond	3	0	21	3.23%
Currency Returns**				
US\$ per euro	-0.4%	13.0%	4.7%	1.170
Yen per US\$	1.0%	-4.9%	3.2%	149.49
US\$ per £	-0.5%	7.1%	-0.1%	1.340
C\$ per US\$	1.1%	-3.1%	3.5%	1.393

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.

This material is provided by SEI Investments Management Corporation (SIMC) for educational purposes only and is not meant to be investment advice. The reader should consult with his/her financial advisor for more information. This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. There are risks involved with investing, including possible loss of principal. SIMC is a wholly owned subsidiary of SEI Investments Company.