

# CAPITAL MARKETS REPORT - AUGUST 25, 2025



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## SERVICE BEYOND COMPARISON

- Potential Grows for September Rate Cut
- Markets Sustain Rally
- New Home Starts Rise as Existing Home Prices Cool Off

• Federal Reserve Chair Jerome Powell introduced the possibility of a September rate cut on Friday. Speaking from the Fed's annual conference at Jackson Hole, WY., Powell cited rising risks in the labor market as the basis for the potential rate cut. A slowdown in both the supply and demand for workers has created a "curious kind of balance" for the labor market, but the Fed is concerned the downside risks to employment are rising. Powell also outlined updates to the Fed's long-term monetary policy framework to give the Fed more flexibility in responding to the volatile post-pandemic economy. It clarified that while low unemployment alone won't trigger rate hikes, the Fed still retains the option to act if inflation risks emerge. The Fed also reaffirmed its 2% inflation target but dropped its 2020 strategy of tolerating above-target inflation and removed language suggesting low interest rates are a lasting norm.

• Wall Street rallied after Fed Chair Jerome Powell's more dovish tone in his Jackson Hole speech boosted investor confidence. Stocks surged—led by rate-sensitive sectors—while Treasury yields fell as traders interpreted Powell's remarks as a shift toward supporting growth amid continued economic uncertainty. Despite the markets sanguine reaction, analysts cautioned that Powell's tone does not guarantee a full rate-cutting cycle, especially as inflation data, political pressure, and upcoming economic reports continue to complicate the Fed's path forward.

• New residential construction increased 5.2% last month, led by multi-family housing starts which increased 10%, single-family homes rose 2.8%. Economists believe that builders are trying to "thin the construction pipeline to get those inventories down" and expect residential construction activity to remain relatively soft in the near-term. Sales of previously owned homes rose modestly in July as price growth slowed and mortgage rates drifted lower, stabilizing demand. Economists still see the existing-home market to remain stagnate as affordability remains a serious impediment, especially for first-time homebuyers.

### Market Last Week

	8/15/2025 Close	8/22/2025 Close	Weekly Change In Bps
<b>2 yr. Note</b>	<b>3.75%</b>	<b>3.70%</b>	<b>-5</b>
<b>5 yr. Note</b>	<b>3.84%</b>	<b>3.76%</b>	<b>-8</b>
<b>10 yr. Note</b>	<b>4.32%</b>	<b>4.25%</b>	<b>-7</b>
<b>30 yr. Bond</b>	<b>4.92%</b>	<b>4.88%</b>	<b>-4</b>
<b>SOFR Rate</b>	<b>4.35325%</b>	<b>4.33115%</b>	<b>-2.210</b>

### Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
8/25/2025 10:00 AM	New Home Sales (July)	630k	627k
8/26/2025 8:30 AM	Durable Goods Orders (July)	-3.90%	-9.40%
8/26/2025 10:00 AM	Conf. Board Cons Conf (Aug)	96.30	97.20
8/28/2025 8:30 AM	GDP Annualized QoQ (2Q)	3.10%	3.00%
8/28/2025 8:30 AM	Initial Jobless Claims (Aug 23)	230k	235k
8/29/2025 8:30 AM	PCE Price Index YoY (July)	2.60%	2.60%
8/29/2025 8:30 AM	Core PCE Price Index YoY (July)	2.90%	2.80%
8/29/2025 8:30 AM	Personal Income (July)	0.40%	0.30%
8/29/2025 8:30 AM	Personal Spending (July)	0.50%	0.30%
8/29/2025 8:30 AM	Whsle Inventories MoM (July)	0.10%	0.10%
8/29/2025 9:45 AM	MNI Chicago PMI (Aug)	46.50	47.10
8/29/2025 10:00 AM	U. of Mich. Sentiment (Aug)	58.60	58.60

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