

CAPITAL MARKETS REPORT - SEPTEMBER 15, 2025



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SERVICE BEYOND COMPARISON

- **Fed Set to Cut Rates as Weak Jobs, Softer Inflation Drive Market Rally**
- **Labor Market Cracks and Sticky Prices Raise Stagflation Concerns**
- **Possible New Tariffs for China and India**

Markets surged as investors grew confident the Federal Reserve will begin cutting rates this week after weak labor data and rising jobless claims reinforced signs of a slowing economy. Softer inflation figures gave policymakers room to ease, with Wall Street hitting record highs, gold surging, and bond yields falling. Analysts currently expect three cuts this year, though some warn that persistent price pressures could limit how far the Fed goes. Strategist Ed Yardeni even forecasted a potential “melt-up” in equities, lifting his S&P 500 year-end target to 6,800 with a one-in-four chance of reaching 7,000.

At the same time, fresh economic data highlighted the fragile backdrop. The Bureau of Labor Statistics revised payrolls lower by 911,000, exposing flaws in earlier employment estimates, while core CPI rose 0.3% and producer prices unexpectedly dipped, painting a mixed inflation picture. Consumer sentiment also fell to its weakest since May, with Americans citing worries over job losses and tariffs. This combination of labor market cracks and sticky prices has fueled debate over stagflation risks, underscoring the difficult balancing act the Fed faces between supporting jobs and containing inflation.

On the global stage, President Trump floated joint US-EU tariffs on China and India to pressure Russia into peace talks, but Beijing pushed back, EU divisions persisted, and Moscow escalated strikes in Ukraine — leaving questions over both trade stability and geopolitical risk.

Market Last Week

	9/5/2025 Close	9/12/2025 Close	Weekly Change In Bps
2 yr. Note	3.51%	3.56%	5
5 yr. Note	3.58%	3.63%	5
10 yr. Note	4.07%	4.06%	-1
30 yr. Bond	4.76%	4.68%	-8
SOFR Rate	4.21729%	4.14693%	-7.036

Data This Week

Date/Time (ET)	Economic Data	Market Estimate	Prior Report
9/15/2025 8:30 AM	Empire Manufacturing (Sep)	4.8	11.9
9/16/2025 8:30 AM	Retail Sales Advance MoM (Aug)	0.20%	0.50%
9/16/2025 9:15 AM	Industrial Production MoM (Aug)	-0.10%	-0.10%
9/16/2025 9:15 AM	Capacity Utilization (Aug)	77.40%	77.50%
9/17/2025 7:00 AM	MBA Mortgage Applications (Sep 17)	--	9.20%
9/17/2025 8:30 AM	Housing Starts (Aug)	1365k	1428k
9/17/2025 8:30 AM	Building Permits (Aug)	1370k	1362k
9/17/2025 2:00 PM	FOMC Rate Decision (Sep 17)	4.25%	4.50%
9/18/2025 8:30 AM	Initial Jobless Claims (Sep 13)	245k	263k
9/18/2025 8:30 AM	Continuing Claims (Sep 6)	--	1939k
9/18/2025 8:30 AM	Philadelphia Fed Business Outlook (Sep)	1.5	-0.3
9/18/2025 10:00 AM	Leading Index (Aug)	-0.10%	-0.10%

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