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Financial Week Newsletter

Summarized by Smith Shellnut Wilson

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"You don't have to burn books to destroy a culture. Just get people to stop reading them." **Ray Bradbury**

MARKETS

Macro Recap: It was a relatively light week for economic data releases, but markets remained focused on inflation, interest rates, and the path of Federal Reserve policy. The U.S. dollar continued to strengthen in global currency markets, supported by higher interest rates and expectations for additional Fed tightening. By Friday afternoon, the dollar had gained 0.6% for the week against a basket of major currencies and was 2.3% above its September 9 low.

Crude oil experienced significant volatility throughout the week. WTI crude initially declined on hopes of diplomatic progress between the U.S. and Iran but later rebounded above $96 per barrel as uncertainty surrounding negotiations involving the Strait of Hormuz persisted. Improved developments later in the week reversed that advance, leaving WTI down nearly 4% for the week. The decline contributed to a 3.0% loss in the energy sector, while lower oil prices also helped ease some inflationary pressures across the broader economy.

The average 30-year fixed mortgage rate moved above 7.00%, with Freddie Mac reporting an average rate of 7.03%, the highest level since January 2025, highlighting the rapid increase in borrowing costs and the growing affordability challenges facing homebuyers.

Equity Market Recap: U.S. equities posted solid gains for the week, led once again by large-cap growth stocks. The Nasdaq rose 2.1%, reaching a new record high on Tuesday before giving back a small portion of those gains later in the week. The S&P 500 advanced 1.2%, while the DJIA gained 0.3%, snapping a three-week losing streak.

Performance was less favorable among smaller companies, as higher interest rates and elevated Treasury yields continued to pressure more rate-sensitive segments of the market. The Russell 2000 declined 0.8%, and the S&P MidCap 400 slipped 0.1% for the week.

Fixed Income and Rates Recap: Treasury yields moved sharply higher during the week as stronger-than-expected preliminary September PMI readings and hawkish Federal Reserve commentary reinforced expectations for additional policy tightening. The 10-year Treasury yield jumped 14 basis points on Wednesday, continued climbing to an intraday high of 5.18% on Thursday, and ultimately finished the week at 5.16%, up 16 basis points from the prior week's close of 5.01%.

The rapid rise in yields reflects a continued increase in borrowing costs, as declining bond prices pushed long-term Treasury yields to levels not seen in nearly two decades. At Friday's close, the 30-year Treasury yield stood at 5.49%, while the 2-year Treasury yield finished at 4.85%.

Week Ahead: Investors will turn their attention to the labor market next week, with Friday's monthly employment report expected to provide further insight into the health of the economy. August payrolls increased by 162,000 jobs, a result that was roughly three times stronger than many economists had anticipated following several months of weaker employment data. The unemployment rate remained unchanged at 4.1%, suggesting labor market conditions remained relatively stable. The September report will help determine whether the improvement seen in August was the beginning of a renewed strengthening trend or a temporary rebound.

INDICES

	Sep 21 Open	Sep 25 Close	Weekly Change	Dec 31 2025	YTD Change
DJIA	51,683	51,829	0.3%	48,063	7.8%
S&P 500	7,651	7,743	1.2%	6,846	13.1%
NASDAQ	26,523	27,069	2.1%	23,242	16.5%
Russell 2000	2,860	2,838	-0.8%	2,482	14.3%
KBW Bank Indx	178.8	175.6	-1.8%	164.0	7.1%
Bitcoin	$85,109	$84,401	-0.8%	$87,648	-3.7%
Oil (WTI)	$97.55	$92.41	-5.3%	$57.42	60.9%
Gold	$4,369	$4,285	-1.9%	$4,319	-0.8%
Prime	7.00	7.00	0.00	6.75	0.25
Effective Fed Funds	3.88	3.88	0.00	3.64	0.24
3m Tbill	4.07	4.17	0.10	3.63	0.54
2yr UST	4.71	4.85	0.14	3.47	1.38
10yr UST	4.95	5.16	0.21	4.17	0.99
2-10yr UST Spread	24	31	7	69	-38
2y AAA Muni/2y UST	62.1%	71.5%	9.4%	70.3%	1.2%
10y AAA Muni/10y UST	74.8%	78.9%	4.1%	65.4%	13.4%
5yr Inflation Forecast	2.32	2.36	0.03	2.27	0.09

Week Ahead

- **Monday:** No major U.S. reports
- **Tuesday:** JOLTS, Case-Shiller Home Indx, Consumer conf
- **Wednesday:** PCE, 2nd Q GDP, ADP employment, Wholesale inv
- **Thursday:** ISM manufacturing, Construction spending
- **Friday:** Nonfarm payrolls, Factory order

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