SMITH SHELLNUT WILSON
AN AFFILIATE OF 61BANK

Financial Week Newsletter

Summarized by Smith Shellnut Wilson

September 29, 2025

"It's better to look ahead and prepare, than to look back and regret." Jackie Joyner-Kersee

MARKETS

Macro Recap: Last week brought fresh insights into the U.S. economy, highlighting a steady rise in inflation as measured by the Federal Reserve's preferred gauge. The Personal Consumption Expenditures (PCE) Index increased at an annual rate of 2.7% in August, edging up slightly from July's 2.6% and reaching the highest point in six months. When excluding food and energy prices, the core PCE Index rose by 2.9%, aligning with economists' expectations.

Meanwhile, economic growth for the spring was stronger than earlier estimates suggested. The second quarter's annual GDP growth was revised upward to 3.8%, up from previous estimates of 3.3% and 3.0%. This marks a robust rebound following a modest contraction in the first quarter, signaling renewed economic momentum.

On the consumer sentiment front, feelings soured for the third consecutive month. The University of Michigan's Consumer Sentiment Index dipped to 55.1 in September, down from 58.2 in August. Survey respondents cited ongoing concerns about inflation pressures and weaknesses in the labor market, casting a shadow over optimism.

Overall, these developments paint a picture of cautious growth tempered by persistent inflation worries and consumer unease.

Equity Recap: Last week in U.S. equities was marked by record highs on Monday across the major stock indexes, fueled by optimism around tech and AI developments with standout performances from NVIDIA, Apple, and Oracle. However, that early enthusiasm gave way to three consecutive days of declines starting Tuesday, as concerns over valuations and Federal Reserve commentary weighed on the market. Despite the midweek pullback, the S&P 500 ended the week only slightly lower, marking just its second negative week in the past eight and reflecting a market that remains resilient amid mixed signals.

Bond/Rate Recap: U.S. Treasury yields continued to edge higher. The 10-year Treasury yield closed at approximately 4.18% on Friday, up from 4.13% the previous week. This upward move suggests that investors may continue to recalibrate expectations around inflation dynamics.

Week Ahead: Looking ahead to this week, all eyes are on Washington as the U.S. fiscal year draws to a close on Wednesday, October 1. Lawmakers remain locked in tense negotiations over a funding extension to avoid a partial government shutdown. Despite Republican majorities in both chambers of Congress, bipartisan support will be essential to move any deal forward, with several Democratic senators holding the key to passage.

Markets and policymakers will also be closely watching Friday's monthly labor market report, which could confirm whether the recent slowdown in job growth has continued into September. Last month's report showed just 22,000 new jobs, well below expectations, and an uptick in the unemployment rate to 4.3%, the highest level since 2021. This week's data will be critical in shaping expectations for the Federal Reserve's next move.

INDICES

	Sep 22 Open	Sep 26 Close	Weekly Change	Dec 31 2024	YTD Change
DJIA	46,315	46,247	-0.1%	42,544	8.7%
S&P 500	6,664	6,644	-0.3%	5,882	12.9%
NASDAQ	22,631	22,484	-0.7%	19,311	16.4%
Russell 2000	2,449	2,434	-0.6%	2,230	9.2%
KBW Bank Indx	154.6	154.2	-0.3%	127.5	20.9%
Bitcoin	$115,988	$112,175	-3.3%	$93,714	19.7%
Oil (WTI)	$62.68	$64.43	2.8%	$71.72	-10.2%
Gold	$3,685	$3,817	3.6%	$2,625	45.4%
Prime	7.25	7.25	0.00	7.50	-0.25
Effective Fed Funds	4.08	4.09	0.01	4.33	-0.24
3m Tbill	3.96	3.94	-0.02	4.31	-0.37
2yr UST	3.57	3.63	0.06	4.24	-0.61
10yr UST	4.13	4.15	0.03	4.57	-0.42
2-10yr UST Spread	55	52	-4	33	19
2y AAA Muni/10y UST	56.6%	60.2%	3.6%	66.5%	-6.3%
10y AAA Muni/10y UST	69.1%	70.2%	1.1%	68.4%	1.8%
5yr Inflation Forecast	2.47	2.46	0.00	2.42	0.04

Week Ahead

- **Monday:** Pending home Sales
- **Tuesday:** JOLTS, Case-Shiller Home Price, Consumer Confidence
- **Wednesday:** ADP, Construction spending, ISM manufacturing
- **Thursday:** Factory orders, Weekly unemployment
- **Friday:** Nonfarm payroll, ISM nonmanufacturing

ALL CONTENT IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD IN NO WAY BE CONSTRUED OR INTERPRETED AS A SOLICITATION TO SELL OR AN OFFER TO SELL ADVISORY SERVICES OR PRODUCTS.