

# Market Update – August 25, 2025

## The Weekly Briefing

Equity markets were little changed over the last week despite some intra-week volatility. The S&P 500 declined every day leading up to Friday's +1.5% rally which pushed the Index into slightly positive territory for the week.

The highlight of last week was Federal Reserve Chairman Jerome Powell's keynote speech at the economic symposium in Jackson Hole. Powell characterized the current economic situation as unique, with many moving parts. The Chairman touched on the effects of myriad policy changes, including higher tariffs, a reduction in immigration, and changes in taxes, spending, and regulations. Powell spent much of his speech focusing on trends in the labor market, economic growth, and inflation.

Powell described the labor market as a "curious" situation, with both the supply and demand for labor falling at the same time. The supply of labor is being reduced by tighter immigration controls, while the demand for labor is being influenced by firms pulling back on hiring. This dynamic is creating an environment where the unemployment rate remains historically low at 4.2% despite tepid monthly job adds.

Regarding economic growth, Powell commented that "GDP growth has slowed notably" in the first half of this year. It is best to look at 1Q25 and 2Q25 GDP growth on a combined basis given the [tariff-related fluctuations in imports and exports](#) that occurred during those periods. Real GDP growth came in at 1.2% in 1H25. This level of growth is a slowdown from the 2.4% growth in 2024 and the 3.3% growth in 2023<sup>1</sup>. The decline in growth has primarily been driven by a decrease in consumer spending.

Turning to inflation, Powell focused on the near-term effects of tariffs and potential longer-term outcomes from the levies. The Chairman noted that the effects of tariffs have become apparent, and the imposition of import duties is increasing prices in certain goods. Goods prices, which experienced deflation – or a decline in prices – throughout 2024, are now increasing year-over-year. Powell emphasized that the important aspect of tariff-related price increases for monetary policy is whether there will be a one-time shift in the level of prices or a sustained uptick in the rate of inflation. The Chairman outlined a "reasonable base case" where the effects of tariffs will be short-lived. Monetary policy would not need to be more restrictive in this scenario. Powell then described two potential, albeit in his opinion, less likely, scenarios where tariffs result in a sustained uptick in the rate of inflation. The first involves a wage-price spiral, in which employees demand an increase in pay to offset their reduced purchasing power from increased prices forcing employers raise prices to protect profit margins, and so on and so forth. The second adverse inflation situation would occur if inflation expectations became unanchored and led to an increase in actual inflation. Under either of these two scenarios, the FOMC would likely act to move policy into more restrictive territory.

In summary, Powell noted that risks to both sides of the Federal Open Market Committee's mandate of maximum employment and stable prices have increased since the beginning of the year, with the balance of risks slightly tilted towards the labor market. Equity markets were boosted by the speech, most notably the Russell 2000 which rose nearly +4% the following day. Futures markets continue to expect a 25-basis point cut following the September meeting and two 25-basis point cuts this year.

<sup>1</sup>Annual GDP values represent Q4-Q4 comparisons

### The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
New Home Sales		NVDA	Initial Jobless Claims Continuing Claims	Personal Spending PCE Price Index

### Market Snapshot

	Last Week	YTD	1yr
S&P 500	0.3%	10.9%	16.3%
DJIA	1.6%	8.4%	12.8%
Nasdaq 100	-0.9%	12.4%	20.1%
Russell 2000	3.3%	6.8%	7.9%
S&P 500 E/W	2.0%	9.2%	10.7%
2yr Yield	3.70%	-0.55%	-0.22%
10yr Yield	4.25%	-0.32%	0.45%
VIX	14.2	(3.1)	(1.6)
WTI Crude	\$ 63.7	-11.2%	-14.9%
Gold	\$ 3,372	28.5%	33.9%
Bitcoin	\$ 117,043	24.9%	82.2%

### Economic Summary

	Actual	Expected	Prior (r)
Housing Starts	1,428k	1,297k	1,358k
Building Permits	1,354k	1,386k	1,393k
Initial Jobless Claims	235k	225k	224k
Continuing Claims	1,972k	1,960k	1,942k
Existing Home Sales	4.01m	3.92m	3.93m

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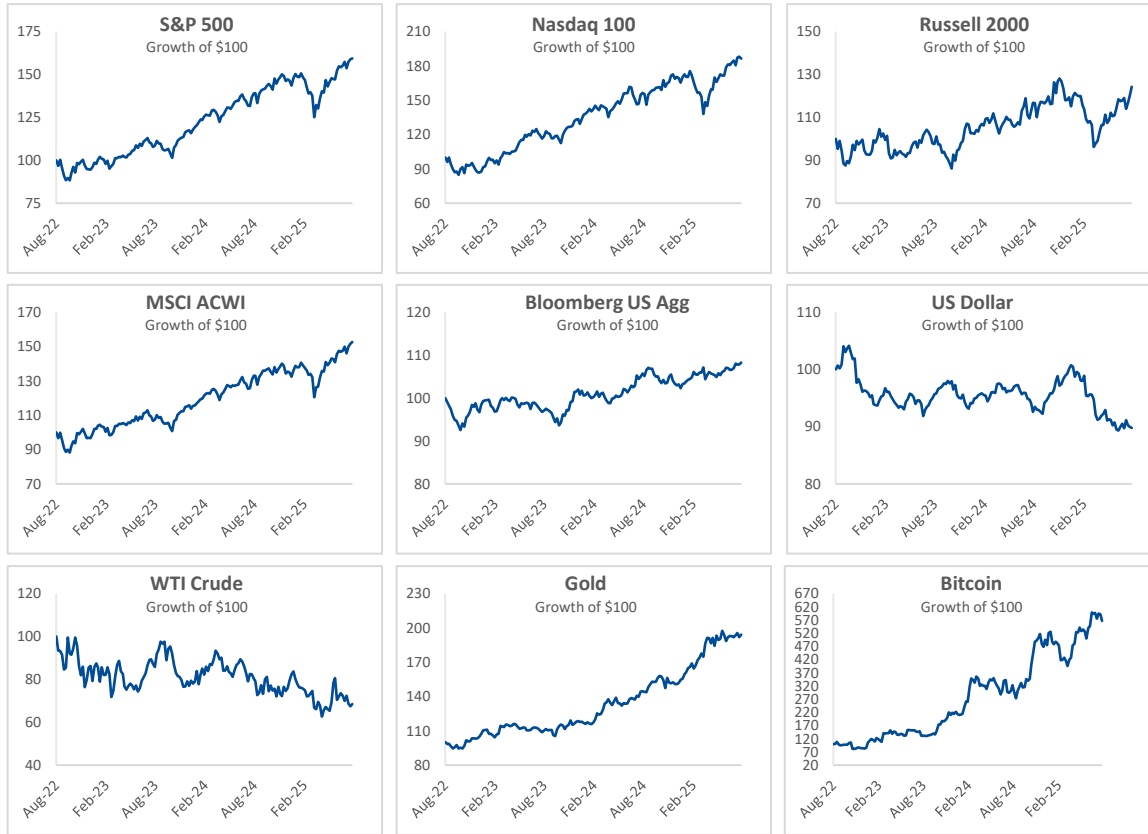
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# Markets Monitor



## S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
10.9%	15.6%	4.4%	6.2%
Energy	Financials	Healthcare	Industrials
4.6%	11.6%	1.3%	16.9%
Materials	Real Estate	Technology	Utilities
10.6%	5.7%	13.2%	15.3%

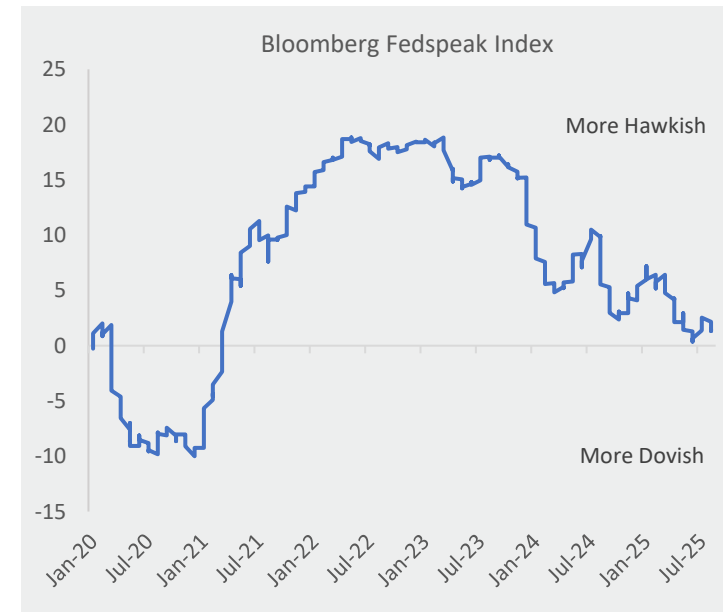
## Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
18-Aug	PANW	Beat	Beat	3.1%
19-Aug	HD	Miss	Miss	3.2%
20-Aug	EL	Beat	Beat	-3.7%
	LOW	Beat	Miss	0.3%
	TGT	Beat	Beat	-6.3%
21-Aug	INTU	Beat	Beat	-5.0%
	WMT	Miss	Beat	-4.5%

## World Watch

	Last Week	YTD	1yr
MSCI ACWI	0.4%	14.7%	16.6%
MSCI Europe	2.1%	27.6%	16.1%
MSCI APAC	-0.5%	18.8%	17.1%
DXY Index	98.0	-9.7%	-2.7%
EUR / USD	\$1.17	11.6%	3.1%
GBP / USD	\$1.35	7.8%	2.3%
USD / JPY	147.5	-6.2%	2.1%
USD / CNY	7.16	-1.9%	0.6%

## Bloomberg's FedSpeak Index Continues to Move Towards Dovish Territory



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As of 8/25/25  
Sources: Bloomberg, Sunflower Wealth Advisors, Sunflower Bank.

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