Market Update – September 8, 2025

The Weekly Briefing

Most equity benchmarks rose in the holiday-shortened week despite disappointing jobs data. The S&P 500 gained +0.4%, the Nasdaq 100 rose +1.0%, and the Russell 2000 increased +1.1%. Equities were boosted by a decline in Treasury yields as employment data released last week provided further evidence of a softening labor market. The yield on the 2-year Treasury fell 10 basis points on the week to its lowest weekly close in more than 3 years. The yield on the 10-year Treasury dropped 15 basis points to just over 4%.

The most consequential event of the week was the August Employment Report released on Friday that includes nonfarm payroll gains and the unemployment rate. Firms reported job gains of 22k in August, below economists' expectations for 75k adds and below the estimated replacement rate (the number of job gains needed to replace those exiting the workforce). Earlier this year, economists at the St. Louis Fed estimated that the breakeven rate is 150k job adds per month. Job gains have averaged just 30k over the last three months. Although a recent study by the same group estimates that the replacement rate may be lower than previously expected – due to a reduction in immigration – the latest employment data paints a worrying picture. Revisions to prior month data shows that the economy actually lost jobs in June. This contraction snaps a streak of 53 consecutive months of job adds, the second longest run since data has been reported. The soft August jobs report follows a weak July report in which prior month gains were revised down heavily. The August report also indicated that the unemployment rate ticked up slightly to 4.3%.

In other labor-related news, the July Job Openings and Labor Turnover Survey ("JOLTS") released on Wednesday indicated that job openings fell below the number of unemployed persons for the first time since the pandemic. Job openings were 7,181k in July, down from June and less than expected.

The data intensifies pressure on the Federal Open Market Committee to lower the benchmark lending rate. Interest rate futures have fully priced in a cut, with the market-implied probability of a 25-basis point cut following the September meeting at 90%. Interestingly, traders are pricing in a 10% probability of a 50-basis point cut. Prior to the Jobs Report, futures pricing indicated a 0% chance of a 50-basis point cut.

Turning to earnings, Lululemon shared some interesting tariff-related comments last week. The company fell almost -20% to its lowest level in 5 years after cutting its revenue and earnings outlook for the year. The retailer slashed FY26 EPS guidance by 15% with just two quarters remaining in the fiscal year. The company cited rising costs from the implementation of tariffs and elimination of the de-minimus exception on imports as drivers of the cut.

2Q25 earnings season has effectively concluded with 99% of S&P 500 companies having reported results. 2Q EPS for S&P 500 companies is expected to grow +12% year-over-year, a higher growth rate than was initially expected. Analysts expect 3Q25 EPS for companies in the S&P 500 to grow +7.5% which would be the 9th consecutive quarter of year-over-year growth.

The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
		PPI	Initial Jobless Claims Continuing Claims CPI	UMich Consumer Sentiment

Market Snapshot

	Last Week	YTD	1yr
S&P 500	0.4%	11.2%	21.4%
DJIA	-0.3%	8.2%	14.7%
Nasdaq 100	1.0%	14.0%	30.3%
Russell 2000	1.1%	8.2%	15.9%
S&P 500 E/W	-0.1%	8.6%	12.6%
2yr Yield	3.51%	-0.73%	-0.14%
10yr Yield	4.07%	-0.49%	0.37%
VIX	15.2	(2.2)	(7.2)
WTI Crude	$ 61.9	-13.7%	-8.6%
Gold	$ 3,587	36.7%	43.1%
Bitcoin	$ 111,645	19.1%	105.3%

Economic Summary

	Actual	Expected	Prior (r)
ISM Manufacturing PMI	48.7	49.0	48.0
JOLTS Job Openings	7,181k	7,380k	7,437k
Initial Jobless Claims	237k	230k	229k
Continuing Claims	1,940k	1,959k	1,944k
Nonfarm Payrolls	22k	75k	79k
Unemployment Rate	4.3%	4.3%	4.2%

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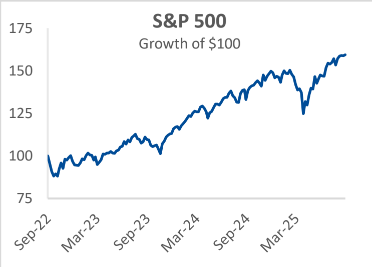
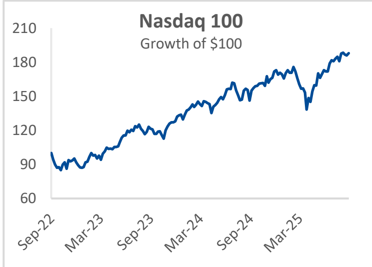
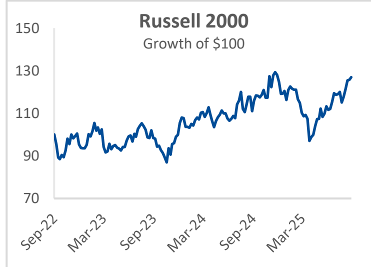
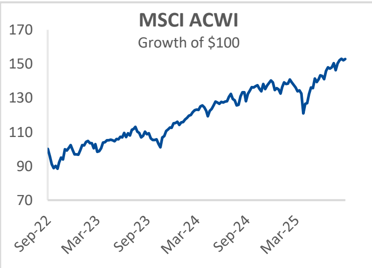
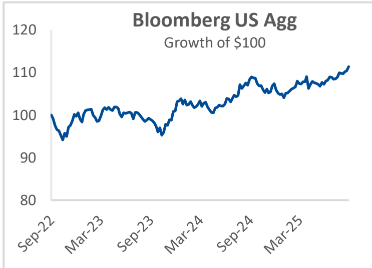
Markets Monitor

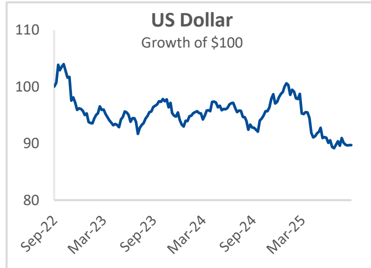


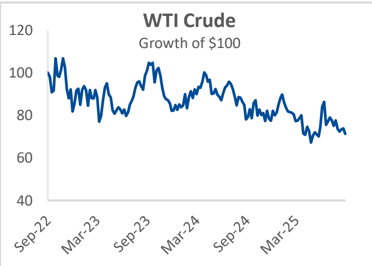


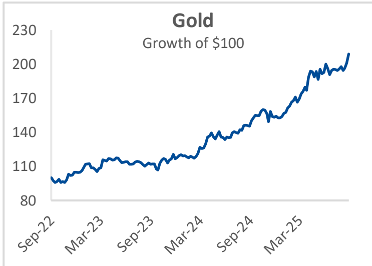


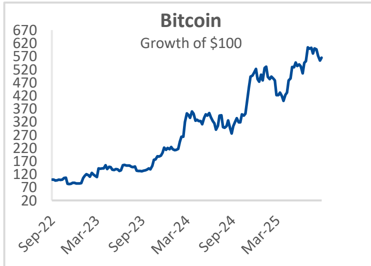












S&P 500 Sector Heatmap
Total Return YTD

S&P 500 11.6%	Comm. Services 19.3%	Cons. Discretionary 5.8%	Cons. Staples 3.4%
Energy 2.9%	Financials 10.5%	Healthcare 0.5%	Industrials 15.3%
Materials 9.7%	Real Estate 3.9%	Technology 14.6%	Utilities 10.6%

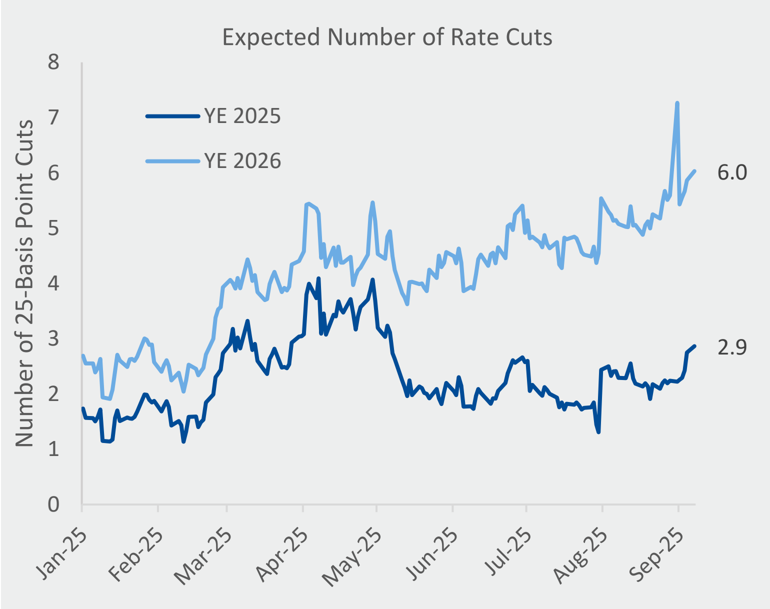
Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
4-Sep	AVGO	Beat	Beat	9.4%
	LULU	Beat	Miss	-18.6%

World Watch

	Last Week	YTD	1yr
MSCI ACWI	0.5%	14.8%	20.8%
MSCI Europe	0.2%	25.3%	17.2%
MSCI APAC	1.0%	19.3%	19.7%
DXY Index	97.6	-10.0%	-3.5%
EUR / USD	$1.17	11.9%	4.6%
GBP / USD	$1.35	8.2%	3.5%
USD / JPY	147.7	-6.0%	3.2%
USD / CNY	7.13	-2.3%	0.2%

Market-Implied Expectations for Rate Cuts Have Increased Recently



As of 9/8/25
Sources: Bloomberg, Sunflower Wealth Advisors, Sunflower Bank.

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