

# Market Update – September 29, 2025

## The Weekly Briefing

Equity markets declined slightly last week. Each of the S&P 500, Nasdaq 100 and Russell 2000 declined less than 1%. Prior to this dip, the S&P 500 and Nasdaq 100 had increased for three consecutive weeks. The small cap Russell 2000 had increased seven weeks in a row, with an impressive total gain of 13% over that stretch.

Equity markets have been on an exceptional run over the past three years. Since ChatGPT's launch in late November 2022, the Nasdaq 100 has more than doubled (up +103%), the S&P 500 is up +70%, and the MSCI ACWI is up almost +65%. This level of return equates to an annualized rate of +28%, +21%, and +19%, respectively.

Importantly, increased forward-looking EPS estimates have supported this rally. Earnings estimates for companies in the S&P 500 Index are up almost +30% since November 2022. Higher valuations have driven the remaining gain. The forward twelve-month P/E multiple increased from a low of ~16x to its current level of ~22x. The 5-year average P/E ratio is 19.9x and the 10-year average is 18.6x.

While the current multiple is above recent averages, a higher multiple is seemingly justified by the strength of prior earnings growth and future expectations. Quarterly earnings for S&P 500 companies have increased at a strong average year-over-year rate of 15% over the past four quarters. Earnings are expected to increase 14% in 2026.

Although higher valuations may be supported by earnings growth, an elevated multiple comes with high expectations. Pullbacks can occur if sentiment begins to sour. However, large cap indexes should continue to gain while key AI companies continue to beat estimates.

A disproportionate amount of equity market returns have been driven by companies participating in the AI spending boom. According to a JP Morgan analysis, since ChatGPT was launched, a group of 41 AI-related companies have accounted for 75% of the S&P 500's return. In addition, these companies have accounted for 80% of the increase in corporate earnings for the Index and have driven 90% of the growth in capital expenditures.

Indicative of the strength of the AI spending boom, and related investor expectations, technology company Micron reported 4FQ25 results that exceeded the highest estimate surveyed by Bloomberg. The company designs and manufactures memory chips that are used alongside CPUs and GPUs. Micron's quarterly revenue grew +21% year-over-year and its EPS skyrocketed more than 150%. The company guided for revenue to grow more than +40% and earnings to increase +100% in its next quarter.

Underscoring the exorbitant expectations for high-flying tech companies, investors yawned at the results. Micron stock fell -3% after reporting. However, holders of the company's stock should have few complaints – the stock is up almost 90% this year.

Last week also included key inflation data. August Core PCE Inflation rose +0.3% month-over-month, as expected, and increased 2.7% year-over-year. The September Jobs Report is released this upcoming week.

### The Week Ahead

Monday	Tuesday	Wednesday	Thursday	Friday
	JOLTS Job Openings	ISM Manufacturing PMI	Initial Jobless Claims	Nonfarm Payrolls
	NKE		Continuing Claims	Unemployment Rate

### Market Snapshot

	Last Week	YTD	1yr
S&P 500	-0.3%	14.1%	17.3%
DJIA	-0.1%	10.1%	11.2%
Nasdaq 100	-0.5%	17.3%	23.4%
Russell 2000	-0.6%	10.2%	10.9%
S&P 500 E/W	0.1%	9.2%	7.4%
2yr Yield	3.64%	-0.60%	0.08%
10yr Yield	4.18%	-0.39%	0.42%
VIX	15.3	(2.1)	(1.7)
WTI Crude	\$ 65.7	-8.4%	-3.6%
Gold	\$ 3,760	43.3%	42.7%
Bitcoin	\$ 109,361	16.7%	66.1%

### Economic Summary

	Actual	Expected	Prior (r)
Initial Jobless Claims	218k	233k	232k
Continuing Claims	1,926k	1,932k	1,928k
Personal Income - m/m	0.4%	0.3%	0.4%
Personal Spending - m/m	0.6%	0.5%	0.5%
Core PCE Price Index - m/m	0.3%	0.3%	0.2%
Core PCE Price Index - y/y	2.7%	2.7%	2.6%
PCE Price Index - m/m	0.2%	0.2%	0.2%
PCE Price Index - y/y	2.9%	2.9%	290.0%

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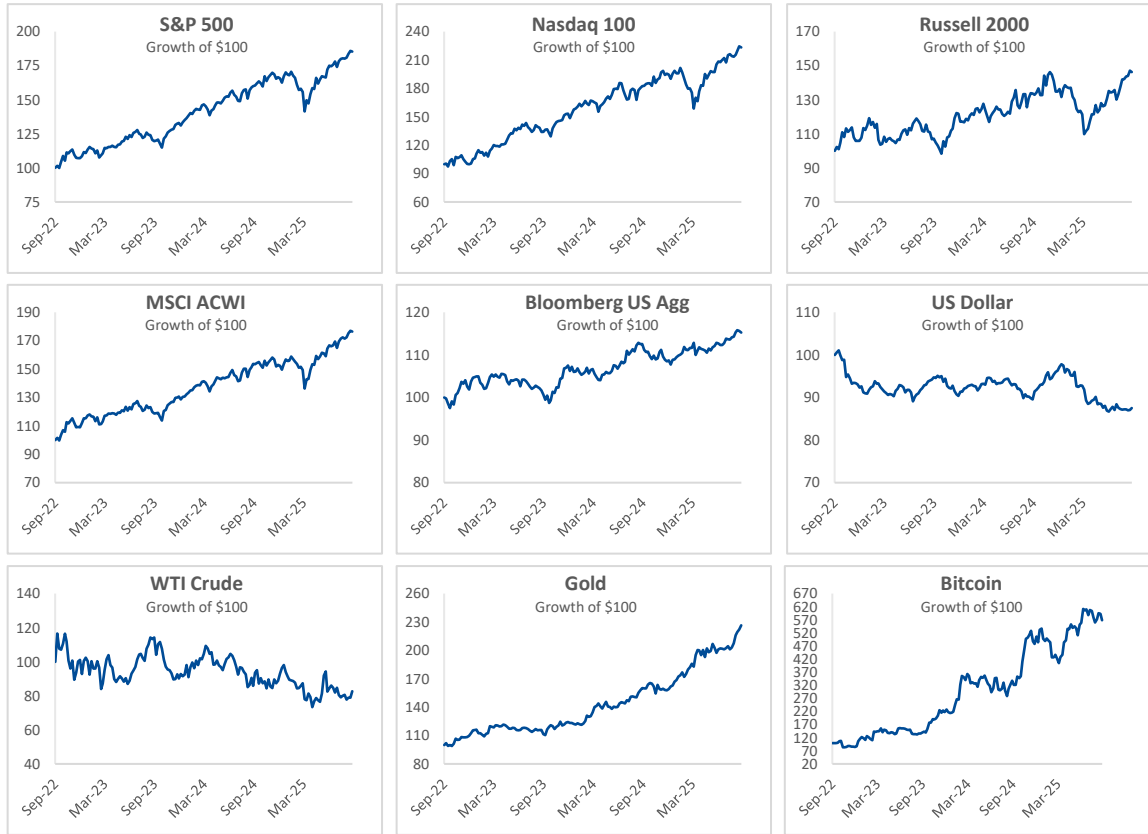
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# Markets Monitor



## S&P 500 Sector Heatmap Total Return YTD

S&P 500	Comm. Services	Cons. Discretionary	Cons. Staples
14.0%	23.1%	7.5%	1.1%
Energy	Financials	Healthcare	Industrials
10.1%	12.6%	-0.2%	17.0%
Materials	Real Estate	Technology	Utilities
7.1%	5.3%	20.5%	17.1%

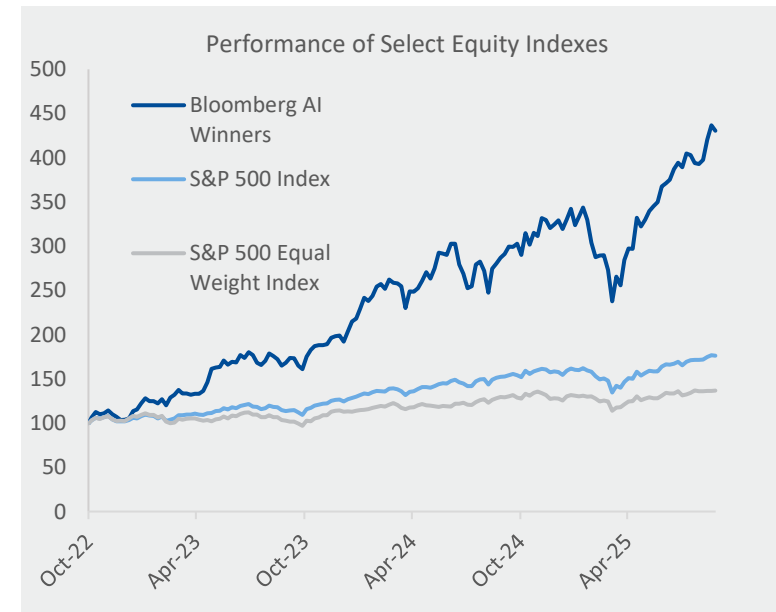
## Last Week in Earnings

Date	Ticker	EPS	Revenue	Price chg
23-Sep	MU	Beat	Beat	-2.8%

## World Watch

	Last Week	YTD	1yr
MSCI ACWI	-0.5%	17.4%	16.1%
MSCI Europe	-0.4%	26.1%	12.6%
MSCI APAC	-1.0%	22.1%	12.5%
DXY Index	98.0	-9.7%	-2.4%
EUR / USD	\$1.18	12.2%	3.8%
GBP / USD	\$1.34	7.3%	0.4%
USD / JPY	148.9	-5.3%	3.7%
USD / CNY	7.12	-2.5%	1.4%

## AI-Exposed Stocks Have Performed Exceptionally Well Since ChatGPT's Launch in November 2022



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As of 9/26/25  
Sources: Bloomberg, Sunflower Wealth Advisors, Sunflower Bank.

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