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ECONOMIC REVIEW¹

- The number of housing starts in July beat expectations and increased 5.2% month-over-month (MoM) to an annualized rate of 1.428 million, which marked the highest reading in five months.
 - Multi family home starts rose 9.9% over the last month while single family homes only rose 2.8% as demand has shifted more towards lower-cost housing.
 - Building permits fell 2.8% MoM to an annualized rate of 1.35 million, the lowest reading since June 2020.
- Existing home sales increased by 2.0% in July, rising above expectations to an annualized rate of 4.010 million.
 - The median price of an existing home fell MoM to \$422,400 and is roughly unchanged over the last year. A decline in prices combined with a recent dip in mortgage rates helped improve buyer demand in July.
- Initial jobless claims rose last week to 235,000 but have remained rangebound this year.
- Continuing jobless claims rose to 1.972 million and have been trending higher over the past three months.
- Last week the Federal Reserve (Fed) held its annual Jackson Hole Economic Symposium, where Chairman Powell delivered live remarks.
 - Most notably, he stated that “the baseline outlook and shifting balance of risks may warrant adjusting our policy stance” in reference to the Fed’s dual mandate of balancing maximum employment and stable prices.
 - Markets took his comments as a signal that a rate cut in September is likely coming and reacted positively with equities and bonds moving higher.

How does the most recent economic data impact you?

- While the housing market showed signs of improvement in July, affordability challenges remain a major headwind.
 - Elevated home prices continue to price many would-be buyers out of the market.
- The jobs market continues to show signs of moderation, with even Chairman Powell noting that “downside risks to employment are rising”.
- The Fed’s signal of a rate cut in September will lead to lower borrowing costs on credit cards and car loans, directly benefiting consumers. Likewise, a more supportive monetary policy is likely to provide a boost for equities if the economy remains on stable footing.



A LOOK FORWARD¹

- This week, investors will turn their attention to several important economic reports, including durable goods orders, the revised second-quarter GDP estimate, Personal Consumption Expenditures (PCE) inflation data, and August consumer sentiment surveys.

How does this week’s slate of economic data impact you?

- The revised estimate of second-quarter GDP is expected to show a modest increase, reinforcing the economy’s rebound from the first quarter’s negative reading. Meanwhile, durable goods orders, despite their typical month-to-month volatility, will provide further insight into the strength of business and consumer demand for big ticket items.
- PCE inflation data is anticipated to remain mostly in line with last month’s readings, suggesting limited impact from tariffs so far. Relatively stable inflation, coupled with strong stock market performance, should help support improved consumer sentiment readings after falling earlier in the year.



MARKET UPDATE²

Market Index Returns (%) as of 8/22/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.30%	4.40%	10.88%	16.29%	17.88%	15.46%
NASDAQ	-0.55%	5.62%	11.80%	21.06%	21.12%	14.56%
Dow Jones Industrial Average	1.59%	3.71%	8.42%	12.76%	13.70%	12.49%
Russell Mid-Cap	2.08%	4.53%	9.59%	13.11%	12.30%	12.46%
Russell 2000 (Small Cap)	3.32%	8.77%	6.82%	7.91%	8.75%	10.22%
MSCI EAFE (International)	0.84%	4.30%	24.58%	16.23%	16.57%	10.84%
MSCI Emerging Markets	-0.41%	4.04%	19.93%	17.63%	11.28%	5.56%
Bloomberg Barclays US Agg Bond	0.43%	0.77%	4.82%	2.45%	2.74%	-0.76%
Bloomberg Barclays High Yield Corp.	0.27%	1.25%	5.88%	8.00%	8.55%	5.23%
Bloomberg Barclays Global Agg	0.16%	-0.21%	7.05%	2.76%	2.98%	-1.74%



OBSERVATIONS

- The majority of U.S. stock indexes continued moving higher last week, with the Dow Jones reaching a new all-time high.
 - The Dow led the advance with a +2.08% gain, while the S&P 500 returned +0.30%, although the NASDAQ finished down -0.55%.
- Small-cap stocks saw strong performance for the week and outperformed large-caps with a +3.32% return, driven by expectations of a rate cut in September. Mid-cap stocks also participated in the rally, rising +2.08% on the week.
- International markets experienced mixed gains for the week. Developed markets advanced +0.84% while emerging markets posted a return of -0.41%.
- Domestic and international fixed income indices were positive for the week as interest rates declined. The U.S. Aggregate Bond Index returned +0.43% and high yield corporate bonds climbed +0.27%.
 - International bonds also experienced positive but limited gains for the week and finished up +0.16%.



BY THE NUMBERS

- **Millions in West Facing Dangerous Heatwave Amid Multiple Wildfires:** Millions in the West are facing heat watches and warnings as a dangerous heat wave grips the region, increasing fire risks amid dry conditions. Parts of California, Oregon and Washington state will experience "extreme heat" at least through Tuesday, with temperatures reaching over 100 degrees, according to the National Weather Service (NWS). The dangerous heat in the West is also coinciding with dry conditions, elevating fire risks that can allow for "any fires to quickly spread". Wildfires are already blazing parts of the West, including in Oregon and California's Napa County, which is known for its famous wineries. The Pickett Fire has scorched more than 6,800 acres in Napa County and was 11% contained as of Sunday afternoon.³
- **FIFA World Cup 2026: 48-Team Draw Set for Washington, DC in December:** The 48-team draw for the 2026 FIFA World Cup, hosted by the U.S., Canada and Mexico, will take place in Washington D.C. on Dec. 5, as announced by U.S. President Donald Trump and FIFA president Gianni Infantino on Aug. 22 at the White House. The draw, which will place the 48 teams in 12 groups, will be held at the John F. Kennedy Center for the Performing Arts. In addition to the three host countries, 10 nations have already qualified for next year's FIFA World Cup: Argentina (2022 champion), Australia, Brazil, Ecuador, Iran, Japan, Jordan, Korea Republic, New Zealand and Uzbekistan. In total, 42 of the 48 teams that will compete in Canada, Mexico and the U.S. will be known by the time the draw is made, with the final six berths to be determined via playoff matches in March of next year. The FIFA play-off tournament, a new event that will see six nations from five of the six soccer confederations compete for two places at the World Cup, will be hosted in North America in March 2026.⁴

Economic Definitions

Building Permits: This concept tracks the number of permits that have been issued for new construction, additions to pre-existing structures or major renovations. These statistics are based on the number of construction permits approved.

Conference Board Consumer Confidence Index: The Consumer Confidence Survey® reflects prevailing business conditions and likely developments for the months ahead. This monthly report details consumer attitude, buying intentions, vacation plans and consumer expectation for inflation, stock prices and interest rates. Data are data available by age, income, region and top 8 states.

Continuing Jobless Claims: Continuing claims are the number of people filing for unemployment benefits who have already filed an initial claim. To be included in continuing claims, the person must be covered by unemployment insurance and must be currently receiving benefits. They must have been unemployed for at least a week after filing the initial claim, per Department of Labor (DoL) specifications.

Durable Goods Orders: This concept tracks the value of new orders received during the reference period. Orders are typically based on a legal agreement between two parties in which the producer will deliver goods or services to the purchaser at a future date.

Existing Home Sales: This concept tracks the sales of previously owned homes during the reference period. Total existing home sales include single-family homes, townhomes, condominiums and co-ops. All sales are based on closings from Multiple Listing Services. Foreclosed homes are only counted in the inventory if the bank is working with a realtor. Foreclosed homes that sell via auction (or other closings outside of the Multiple Listing Services) are not included.

Federal Reserve (Fed): The Federal Reserve System is the central banking system of the United States of America.

GDP: Gross domestic product (GDP) measures the final market value of all goods and services produced within a country. It is the most frequently used indicator of economic activity. The GDP by expenditure approach measures total final expenditures (at purchasers' prices), including exports less imports. This concept is adjusted for inflation.

Housing Starts: Housing (or building) starts track the number of new housing units (or buildings) that have been started during the reference period.

Initial Jobless Claims: Initial unemployment claims track the number of people who have filed jobless claims for the first time during the specified period with the appropriate government labor office. This number represents an inflow of people receiving unemployment benefits.

PCE (headline and core): PCE deflators (or personal consumption expenditure deflators) track overall price changes for goods and services purchased by consumers. Deflators are calculated by dividing the appropriate nominal series by the corresponding real series and multiplying by 100.

Index Definitions

S&P 500: The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

NASDAQ: The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

Dow Jones Industrial Average: The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

Russell Mid-Cap: Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

Russell 2000: The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

MSCI EAFE: The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

MSCI EM: The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

Bloomberg Barclays US Agg Bond: The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

Bloomberg Barclays High Yield Corp: The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

Bloomberg Barclays Global Agg: The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

Bloomberg Barclays Municipal Bond Index: The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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¹ Data obtained from Bloomberg as of 8/22/2025.

² Data obtained from Morningstar as of 8/22/2025.

³ [Millions in West facing dangerous heatwave : NPR](#)

⁴ [2026 FIFA World Cup: Details on draw for participating teams](#)

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