

September 2025


Market Data

World Stock Market Indices
data as of 8/29/2025

	Change (7/31/2025)	%CHG
S&P 500		
6,460.26	120.87	1.91%
NASDAQ		
21,455.55	333.10	1.58%
DOW JONES		
45,544.88	1,413.90	3.20%
FTSE (UK)		
9,187.34	54.53	0.60%
DAX (Germany)		
23,902.21	(163.26)	(0.68%)
Hang Seng (Hong Kong)		
25,077.62	304.29	1.23%
Nikkei (Japan)		
42,718.47	1,648.65	4.01%

Source: Bloomberg. Please see descriptions of indices on Page 2.



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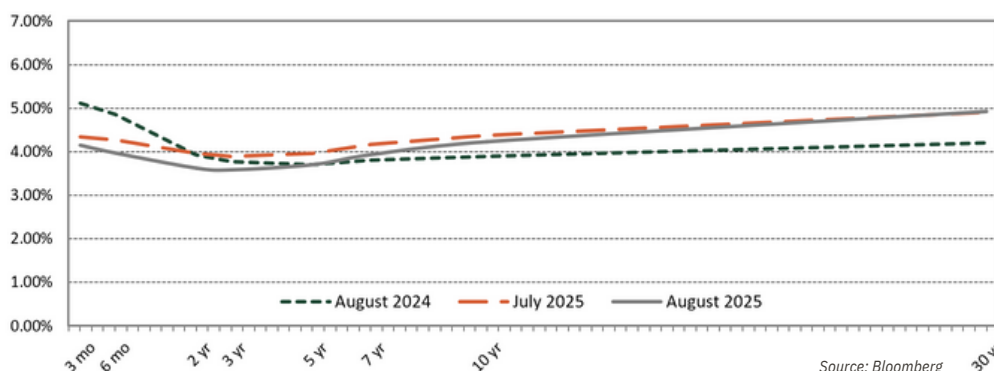
Market Summary

Economic data was mixed in August as market participants braced for a probable rate cut in September. Treasury yields were lower across the curve as the labor market and housing market showed signs of slowing. However, the consumer remained resilient as Retail Sales increased, while Consumer Confidence showed neither signs of exuberance nor caution. Core inflation levels remain above the Fed's target, and tariff impacts remain uncertain. Given the economic outlook, our view at Chandler is for a steeper yield curve driven mainly by gradual normalization of monetary policy starting with a 25 basis point rate cut in September.

After holding its benchmark federal funds rate steady at 4.25% to 4.50% at the July Federal Open Markets Committee meeting in July, the Federal Reserve did not convene in August. Nevertheless, Chair Jerome Powell indicated an interest-rate cut could be on the table for September, telling attendees at the Jackson Hole Economic Symposium, "The stability of the unemployment rate and other labor market measures allows us to proceed carefully as we consider changes to our policy stance".

The US Treasury yield curve steepened in August, as the 2-year Treasury yield declined 34 basis points to 3.62%, the 5-year Treasury was 28 basis points lower to 3.70%, and the 10-year Treasury yield was down 15 basis points to 4.23%. The spread between the 2-year and 10-year Treasury Note yield increased to +61 basis points at August month-end versus +42 basis points at July month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -1.5 basis points. The spread between the 3-month Bill and 10-year Treasury Note yield was -7 basis points in August versus +4 basis points in July.

U.S. Treasury Yields Fall Sharply in August as a Rate Cut Looms in September



Expectations of Federal Reserve rate cuts pushed short-term yields lower in August. Investors anticipated the Fed would begin easing monetary policy soon, as economic growth moderated and recent data pointed to a slowing labor market. Although yields fell across the curve, long-term inflation expectations remained heightened amid trade policy uncertainty which slowed the decline in yields on the long end of the yield curve, thus the yield curve steepened. The 2-year Treasury Note, which tends to lead the Fed Funds Rate, dropped 34 basis points from the end of July to the end of August.

TREASURY YIELDS	Trend (▲/▼)	8/29/25	7/31/25	Change
3-Month	▼	4.15	4.34	(0.19)
2-Year	▼	3.62	3.96	(0.34)
3-Year	▼	3.58	3.90	(0.32)
5-Year	▼	3.70	3.97	(0.27)
7-Year	▼	3.93	4.16	(0.23)
10-Year	▼	4.23	4.38	(0.15)
30-Year	▲	4.93	4.90	0.03

BOND MARKET REVIEW

Credit Spreads Were Slightly Wider in August

CREDIT SPREADS	Spread to Treasuries	One Month Ago	Change
3-month top rated commercial paper	0.13	0.00	0.13
2-year A corporate note	0.39	0.33	0.06
5-year A corporate note	0.57	0.53	0.04
5-year Agency note	0.04	0.03	0.01

Source: Bloomberg

Data as of 8/29/2025

Crude Oil Prices Decreased in August

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(78.31) \$B JUL. 31	(59.09) \$B JUN. 30	(78.64) \$B JUL. 31
Gross Domestic Product	3.30% JUN. 30	(0.50%) MAR. 31	3.00% JUN. 30
Unemployment Rate	4.30% AUG. 31	4.20% JUL. 31	4.20% AUG. 31
Prime Rate	7.50% AUG. 29	7.50% JUL. 31	8.50% AUG. 30
Refinitiv/CoreCommodity CRB Index	302.35 AUG. 29	299.78 JUL. 31	277.03 AUG. 30
Oil (West Texas Int.)	\$64.01 AUG. 29	\$69.26 JUL. 31	\$73.55 AUG. 30
Consumer Price Index (y/o/y)	2.90% AUG. 31	2.70% JUL. 31	2.50% AUG. 31
Producer Price Index (y/o/y)	1.90% AUG. 31	1.90% JUL 31	0.30% AUG. 31
Euro/Dollar	1.17 AUG. 29	1.14 JUL 31	1.10 AUG. 30

Source: Bloomberg

Economic Roundup

Consumer Prices

Inflation ticked up in August, but tariff pass-through was not the cause. The Consumer Price Index (CPI) increased more than expected at 0.4% month-over-month and 2.9% year-over-year, while the Core CPI rose 0.3% month-over-month and 3.1% year-over-year. Core Services components, such as medical care services and auto insurance, led the increase. The Personal Consumption Expenditures (PCE) price index rose 0.2% month-over-month and held at 2.6% year-over-year in July. The Core PCE deflator, which excludes food and energy and is the Fed's preferred gauge, edged up 0.3% month-over-month and 2.9% year-over-year. Although inflation has trended toward the Federal Reserve's 2% target, the overall impact of tariff policy has not yet fully flowed through to the US economy.

Retail Sales

Back-to-school shopping was a likely catalyst to boost Retail Sales as online shopping, clothing, and sporting goods stores sales increased in August. Total Advance Retail Sales showed continued strength jumping 0.6% month-over-month, while July data was also revised up to 0.6% from the prior month. Control Group Sales, which feed into GDP, also jumped 0.74% in August from the prior month. Retail Sales rose 5.0% from the prior year in August, building on the 4.1% increase in July. The Conference Board's Consumer Confidence Index fell to 97.4 in August from a revised 98.7 in July. Measures of current conditions and future expectations declined, reflecting weaker sentiment on employment and income prospects. Views on business conditions ticked higher, helping offset the dip. While consumers have shown resilience, rising debt, increased delinquencies, persistent inflation concerns and signs of labor market softening may threaten future spending.

Labor Market

The U.S. economy added just 22,000 jobs in August, falling short of consensus expectations and punctuating the softening trend in the labor market. The three-month moving average and six-month moving average payrolls totaled 29,000 and 64,000 respectively. The unemployment rate rose to 4.3% in August from 4.2% in July. The labor participation rate inched up to 62.3%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons jumped to 8.1% in August from 7.9% in July. Average hourly earnings fell to 3.7% year-over-year from 3.9% last month.

Housing Starts

Housing starts dropped 8.5% in August to 1.307 million units, marking a pullback amid elevated inventory levels and a softening labor market. Single-family starts fell 7.0% in August to 890,000 units, hitting their lowest level since July 2024. Meanwhile, the Freddie Mac 30-year fixed mortgage rate declined to 6.6% in August. According to the S&P CoreLogic Case-Shiller 20-City Home Price Index, home prices slipped 0.25% month-over-month in June marking the fourth straight month home prices have fallen. The decline pulled the annual gain down to 2.1%, the weakest pace since the market turned higher in mid-2023, adding to signs of cooling in the housing market. Elevated mortgage rates and asking prices presented affordability challenges which have weighed on housing demand.

World Stock Market Index Descriptions
S&P 500—The S&P 500 is a market value-weighted index of 500 large-capitalization stocks. The 500 companies included in the index capture approximately 80% of available US market capitalization.
NASDAQ—The NASDAQ Composite Index is the market capitalization-weighted index of over 3,300 common stocks listed on the NASDAQ stock exchange.
Dow Jones—The Dow Jones Industrial Average is an index that tracks 30 large, publicly-owned companies trading on the New York Stock Exchange and the NASDAQ.
The Financial Times Stock Exchange Group (FTSE)—The FTSE is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalization.
DAX—The Deutscher Aktienindex (DAX) is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange.
Hang Seng—The Hang Seng Index is a freefloat-adjusted market-capitalization-weighted stock market index in Hong Kong.
It is used to record and monitor daily changes of the largest companies of the Hong Kong stock market and is the main indicator of overall market performance in Hong Kong.
Nikkei—Japan's Nikkei 225 Stock Average is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.
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