



**Old Second**  
WEALTH MANAGEMENT



**RIVERSTREET**  
ADVISORS, LLC

Monthly Mosaic | September 9, 2025



## Perspective

Historically, September has been the worst month for investing averaging -0.6% according to CFRA data, but when the S&P is in an uptrend, as is the case currently, performance for the S&P 500 has averaged positive returns of 0.23% for the month. That trend has sustained into September in what we believe points to an improving outlook for the economy.

All eyes will be on the Fed next week as the FOMC meets to consider a cut to the Fed Funds rate. The Fed began rate cuts in September of 2024 and has been on pause since December. Economic data has certainly been mixed as the effects of a changing fiscal policy and the impact of tariffs continue to work through the marketplace. We have seen concerns over intermediate good prices as U.S. PPI heated up in August and there has been evidence of price impact on “tariff sensitive” goods such as consumer goods and consumer electronics. Yet, for durable goods we have seen a shift in consumption which has offset the price impact of tariffs. Thus, the question of who bears the price of a tariff, consumers or producers? Also keeping in mind that goods represent only 20% of all U.S. spending, with spending on services accounting for over 60% of all spending in the U.S. The largest component of inflation is housing expense which has been on a steady decrease, keeping inflation in check. A weak jobs report last week has increased the likelihood of a September rate cut by the Fed to almost 100%, with a second rate cut likely as early as the October meeting, and possibly a third cut in December.

We do believe the contractionary nature of tariffs (i.e. taxes) and the federal job cuts to be reflected in economic growth numbers into the end of the year. Yet, key indicators may paint a more favorable outlook. First, earnings growth remains strong with the S&P earnings growth over 12%. Second, while the job market has softened, unemployment remains historically low at 4.3%. Also, a slowdown in jobs related to softer economic conditions usually accompanies a reduction in capital expenditures (CapEx). Not only has CapEx persisted, there has been an increase of over 30% for investment into information processing equipment. While the job market has certainly cooled off, many of those cuts appear to be sector specific and in total, the job market looks to be well in balance. It is likely the strong increase we saw in labor productivity in 2024 and through the first half of 2025 has enabled companies to offset hiring as a result of those productivity gains. Productivity gains along with an increase in CapEx and the impact of interest rate cuts on residential construction should offset any near-term slowdown, creating a stronger outlook for 2026.

On the investment front, markets seem to support a more optimistic outlook. U.S. small-caps have rallied through August, and the anticipated Fed rate cuts are likely to benefit those smaller companies with higher levels of floating rate debt. U.S. stocks have kept pace with their international counterparts through the summer as currency exchange rates appear to have stabilized. While the Mag 7 stocks have performed well recently with a strong resurgence in the stocks of Apple and Alphabet, market breadth has also improved as the Equal Weighted S&P Index has posted new 52-week highs. Drilling in to the sectors, there has been a recent shift as Financials began to exhibit strength into the end of the month and thru the first week of September. Banks have exhibited strength posting new highs despite likely cuts by the Fed. The Consumer Discretionary stocks have also exhibited strength with the only S&P sector trading down in August being the defensive Utility sector. In consideration of the downward shift in long-term bonds and what appears to be an imminent rate cut by the Fed, one would expect a lower rate environment to be helpful for both consumers and businesses, thus creating a favorable environment for stocks in the fourth quarter. We continue to see benefits of diversification globally as exchange rates are more likely to shift in response to U.S. fiscal policy. As always, it is important to stress the importance of diversification and ensuring your investment objectives align with your goals. If your sentiment has shifted or goals have changed, please contact your advisor to ensure your investment objectives remain appropriate.



## Monthly Recap

- President Trump turned his attention towards Ukraine as his deadline for a ceasefire between Russia and Ukraine expired. He indicated there would be an increase of secondary tariffs of up to 100% on Russian trading partners. As part of this move a key Russian oil buyer, India, has had their tariff rate doubled from 25% to 50%.
- The U.S. held a summit between President Trump and President Putin at US Air Force base Elmendorf-Richardson in Anchorage, Alaska. Before the meeting President Trump said, "I'm not here to negotiate for Ukraine, I'm here to get them at a table...I want a ceasefire rapidly...I'm not going to be happy if it's not today...I want the killing to stop." The meeting ended without a concrete deal. Subsequently, President Trump met President Zelensky and European leaders indicating signs of progress towards a peace deal to end Russia's war against Ukraine.
- During his keynote address at the annual Jackson Hole summit, Federal Reserve Chair Jerome Powell seemed to indicate willingness to lower the Fed Funds Rate at the next meeting in September. Powell noted that while the labor market remains in good shape, the downside risks are rising, likely referring to last month's significant downward revisions to job gains.
- The fight between President Trump and the Federal Reserve intensified with Trump's firing of Fed Governor Lisa Cook. Allegations of mortgage fraud have been levied against Cook by FHFA Director Bill Pulte who said she falsely claimed multiple properties as primary residences to obtain lower interest rates which would be a violation of federal law.



## Markets

Market Indices	Total Return as of: 8/29/2025		
	MTD %	YTD %	1-Year %
S&P 500 Index	2.03%	10.78%	15.85%
NASDAQ Composite	1.65%	11.62%	22.00%
Russell 2000 Index	7.14%	7.05%	8.15%
MSCI EAFE Index	4.26%	22.79%	13.87%
MSCI Emerging Markets	1.28%	19.02%	16.80%
BBG US Aggregate Bond	1.20%	4.99%	3.14%
WTI Crude Oil	-7.58%	-10.75%	-12.97%
Gold	4.80%	31.38%	37.73%



## Interest Rates

	Close 8/29	Prior Month	Year Ago
Fed Funds Target	4.50%	4.50%	5.50%
6-Month US Treasury	3.97%	4.28%	4.86%
2-Year US Treasury	3.62%	3.96%	3.92%
10-Year US Treasury	4.23%	4.38%	3.90%

## *The Month Ahead*

### SEPT 5<sup>TH</sup>

Bureau of Labor Statistics - Jobs Report (Unemployment 4.3%)

### SEPT 11<sup>TH</sup>

Consumer Price Index Report

### SEPT 17<sup>TH</sup>

FOMC Rate Decision

U.S. Census Bureau - Housing Starts

### SEPT 18<sup>TH</sup>

Conference Board - Leading Indicators

### SEPT 25<sup>TH</sup>

Personal Consumption Expenditure Price Index

## Questions?

Your Wealth Management team is here to answer.

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