

## Jobs Down, Stocks Up

Markets are in a strange place: another week, another series of all-time highs in the stock market. Another week, and further evidence—this time a collective downward revision of 900,000 in monthly jobs created through March 2025—of a weak job market.

How to make sense of this? The prospect of interest rate cuts, possibly as soon as this week, helps explain some of the market's positivity. Yet focusing solely on lower rates misses the larger picture—one that points to strength in consumer spending and a surprisingly resilient economy.

The Atlanta Fed's GDPNow tracker currently estimates third-quarter growth of just over 3%, powered by both accelerating business investment and steady consumer demand. The latter was evident in this week's August retail sales report, which showed broad-based gains. Importantly, that strength remains after adjusting for inflation. August marked the third consecutive month of inflation-adjusted retail sales growth.

This combination—an economy that continues to show momentum alongside the likelihood of a more accommodative Federal Reserve—goes a long way toward explaining today's market strangeness. Stocks are rallying not only on the expectation of easier monetary policy but also on evidence that growth, spending, and investment remain stronger than many anticipated.



Chart from Chris Low, "Retail Sales Continue to Grow in August." FHN Financial, Economic Update from September 16, 2025.

### Economy

Last Week	This Week
- <b>Benchmark Payrolls Revision (12M ending March 2025):</b> -911K or -76K per month	- <b>Retail Sales (Aug.):</b> 9/16
- <b>Producer Price Index (Aug.):</b> HL -0.1% MoM / 2.6% YoY ex Food & Energy -0.1% MoM / 2.8% YoY	- <b>FOMC Rate Decision &amp; Forecasts:</b> 9/17
- <b>Consumer Price Index (Aug.):</b> HL 0.4% MoM / 2.9% YoY ex Food & Energy 0.3% MoM / 3.1% YoY	- <b>Jobless Claims (9/13):</b> 9/18
- <b>U. of Mich. Sentiment (Sept. P.):</b> 55.4 vs. 58.2 one month prior	- <b>Leading Index (Aug.):</b> 9/18

### Equities

Index	Level	1 Week	Returns (%)				
			QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
S&P 500	6615	1.88	6.90	13.52	19.12	21.26	16.02
Russell 1000 Growth	4673	2.83	9.43	16.09	27.41	27.90	17.65
Russell 1000 Value	1986	0.54	4.26	10.52	11.09	13.40	12.99
FTSE High Dividend Yield*	509	1.10	5.84	12.13	15.20	14.54	14.58
S&P Small and Mid Cap	18157	-0.38	6.78	5.39	8.52	12.08	12.86
MSCI EAFE	2771	1.05	4.78	25.68	18.63	19.52	11.01
MSCI EM	1329	3.71	9.39	26.39	26.14	15.32	6.51

  

Index	NTM P/E	NTM P/E (20Y med)	Div Yield	S&P Sector Returns YTD				
				YTD (%)	Comm. Serv.	IT	Industrials	Utilities
S&P 500	21.9	15.5	1.2	30				
Russell 1000 Growth	29.4	17.9	0.5	25				
Russell 1000 Value	16.8	13.5	2.1	20				
FTSE High Dividend Yield*	13.1	13.0	4.0	15				
S&P Small and Mid Cap	15.0	15.4	1.8	10				
MSCI EAFE	15.2	13.5	3.0	5				
MSCI EM	13.3	11.1	2.5	0				

\* Bloomberg U.S. Large Cap Dividend Yield Total Return Index used as substitute for index characteristics.

### Fixed Income

Index	Yield	1 Week	Returns (%)				
			QTD	YTD	1 Year	3-Year Ann.	5-Year Ann.
U.S. Aggregate	4.26	0.25	2.51	6.63	2.89	4.19	-0.39
U.S. Int. Gov/Credit	3.87	0.04	1.77	5.98	4.12	4.69	0.85
U.S. Corporates	4.71	0.46	3.11	7.41	4.02	5.99	0.31
High Yield	6.60	0.34	2.48	7.16	8.38	9.90	5.33
Municipals (1-10)	2.80	0.61	2.67	4.47	3.73	3.73	1.28

  

Key Rates	Last	1 Wk Ago	Levels (%)			
			Last Qtr	Prev YE	1 Yr Ago	3 Yrs Ago
2-yr Treasury	3.54	3.56	3.72	4.24	3.61	3.87
10-yr Treasury	4.04	4.09	4.23	4.57	3.65	3.45
30-yr Treasury	4.66	4.73	4.78	4.78	3.96	3.47
SOFR	4.51	4.40	4.45	4.49	5.38	2.28
6-mo. CD rate	3.96	4.01	4.28	4.33	4.60	4.26
Prime Rate	7.50	7.50	7.50	7.50	8.50	5.50
30-yr fixed mortgage	6.43	6.66	6.80	7.28	6.58	6.28