Q3 2025 MARKET OVERVIEW

THRYVE
WEALTH MANAGEMENT

- The US stock market experienced continued strong performance with the S&P500 up 7.8% in Q3 2025 with strong economic growth. As of 9/30/25, the SP500 and Nasdaq composite were up 13.7% and 17.9% respectively. Over the same period, consensus SP500 corporate earnings estimates for FY25 were revised up from $264/share to $280/share supporting higher share prices.

- Over the second quarter, the US 10Y government bond yield moved slightly lower to 4.15% with US 30Y fixed mortgage rate decreasing slightly to 6.4%. The US Federal Reserve cut the Fed Funds rate to 4.25% amid expectations of a weaker labor market. The Fed continues to communicate concern about inflation expectations and inflation, which remain persistently high with the CPI and PCE running at 3.0% and 2.9% YoY, respectively, vs the 2% Fed Target. Employment remains healthy but is trending weaker with the US unemployment rate now at 4.3%. Five-year "A" rated US investment grade corporate bonds currently yield 4.2% while high yield "BB" bonds yield 5.4%. Overall, credit spreads have tightened amid low default risk, but valuations appear optimistic and may have little room to tighten further.

- US Economic growth continues to be healthy with analyst estimates of at least 3% in the third quarter supported by strong consumer spending and investment gains offsetting the drag of tariff-related uncertainty. Back-to-school shopping helped as did discretionary spending from higher-income households. Spending on Artificial Intelligence and data center construction is very robust with strong announcements during the quarter. Trade frictions and uncertainty around import/exports remain a cloud hanging over the commercial landscape.

- Following a 10% drop in the US Dollar index (DXY) in the first half of the year, the USD rallied 2% in the third quarter. We feel it is unlikely to rally much more against a backdrop of lower US policy rates moving lower into the fall. Gold was up 16% over the quarter to nearly $4000/oz, bringing YTD up 47%. Much of the strength can be attributed to the dollar debasement trade with the US government shutdown stemming from the inability of congress to pass a spending bill. Bitcoin finished the quarter up 6% at $114,640 against US dollar weakness

- We continue to remain optimistic about stock and bond markets as economic and earnings growth remain strong and business-friendly regulation and tax policy help offset the drag of higher import tariffs. We expect further Fed rate cuts in the second half of 2025, which may also be supportive. Inflation continues to run above the Fed's 2% target and the US government shut down poses risk to the markets and the US dollar. Stock market valuations have risen substantially, and we continue to rebalance to client target asset allocations. Ending the government shutdown, lower inflation data and/or continued success on bilateral trade talks and tariff resolutions could represent additional positive catalysts for the equity market.

Prepared by Thryve Wealth Management, LLC, an SEC Registered Investment Advisor.