MONTHLY MARKET COMMENTARY

AUGUST 2025 Executive Summary

Benchmark Returns as of August 31, 2025

	For the Month	Year-to-Date		For the Month	Year-to-Date
S&P 500	2.03%	10.79%	**Bloomberg Aggregate Bond Index**	1.20%	4.99%
Dow Jones Industrial Average	3.42%	8.30%	**Developed International**	1.20%	4.99%
Nasdaq	1.65%	11.60%	**Emerging Markets**	1.47%	19.63%

Of Records and Risks

U.S. markets delivered record performance in August 2025, powered by robust second-quarter earnings even as labor market data disappointed and policy risk loomed. Despite last-trading-day weakness, the benchmark S&P 500 set five new closing highs during the month. Investors were focused on signs of weakness in the job market, stubborn inflation data, White House edicts aimed at the Labor Department and the Fed, and ongoing trade friction.

CORPORATE EARNINGS WRAP-UP: Second-quarter earnings were a positive catalyst, with S&P 500 companies posting year-over-year blended earnings growth of 11.9%, far outpacing the 4.8% estimate at the start of the season. Notably, nearly 80% of reporting companies beat profit estimates, though overall revenue growth remained below the five-year average. Looking ahead to the third quarter, analysts have slightly increased their bottom-up EPS estimates for the index. (Source: FactSet)

LABOR MARKET WEAKNESS AND THE FED'S JACKSON HOLE MESSAGE: The disappointing nonfarm payrolls report for July, which showed a sharp slowdown in job creation and significant downward revisions to previous months, fundamentally reshaped the Federal Reserve's August 22nd messaging at the 2025 Jackson Hole symposium. The U.S. economy added only 73,000 jobs in July, far below expectations. This marked three consecutive months of declining job momentum, signaling unmistakable labor market cooling as past months were revised down by more than 250,000 jobs. Fed Chair Jerome Powell's speech at Jackson Hole directly addressed this softness, balancing caution about inflation with an overt acknowledgment that the labor market was now a primary concern.

INFLATION AND FED SIGNALS: Core PCE inflation hovered stubbornly at 2.7%, reflecting lingering pressures in housing and select imported goods categories. Upcoming CPI data and the September 16-17 Fed meeting will help clarify the direction for rates and the inflation outlook.

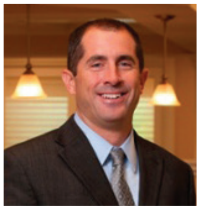
PRESIDENTIAL INTERVENTION IN ECONOMIC AGENCIES: President Trump's controversial firing of the Bureau of Labor Statistics chief—as well as attempted removal of Fed Governor Lisa Cook—raised fresh concerns about central bank independence and data reliability. The shakeup of top economic posts roiled the Treasury market and contributed to uncertainty over the legitimacy of future government reports.

TARIFF TENSIONS AND CORPORATE ADJUSTMENTS: Tariff escalations continued, with new reciprocal tariff rates implemented on major trading partners and a 50% tariff placed on India to curb its purchases of Russian oil. Companies cited these policy moves as a drag on hiring and planning, especially in manufacturing, retail, and technology sectors.

SEPTEMBER 2025 OUTLOOK

Historically, September is the worst month for U.S. equities, with average S&P 500 declines both over the long term and, more sharply, when records are set in the preceding August. This year, September arrives with a cocktail of catalysts: a weak labor market, a critical Fed rate decision, headline risk from trade and tariffs, and continuing questions over fiscal policy and agency independence.

– YOUR CALDWELL TRUST INVESTMENT TEAM –



Scott Antritt
Director of Investments
941-202-6507

Gail Neujahr, CFA
Senior Portfolio Manager
941-202-6507

Kendall Peacock, CFA, CAIA
Senior Portfolio Manager
941-202-6507