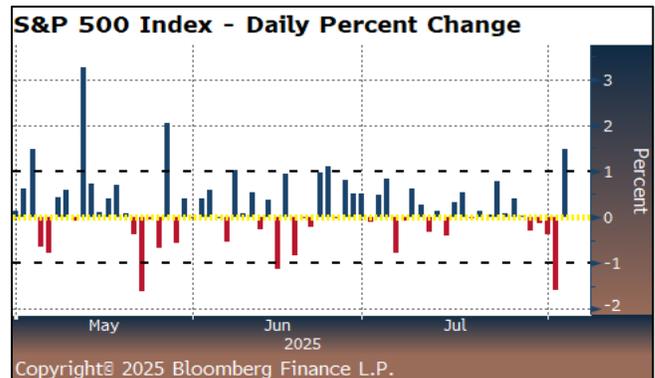


Executive Summary:

- Market volatility surged due to concerns over U.S. economic growth, weak job data, and uncertainty surrounding trade policies.
- The S&P 500 Index ended a 27-day low-volatility streak, but stocks remain in a strong uptrend. Corporate earnings and AI adoption could drive future market gains.
- The Federal Reserve maintains a cautious stance on rate cuts, monitoring inflation and tariff impacts. The revised jobs report and rise in unemployment may sway the Fed cut in September.

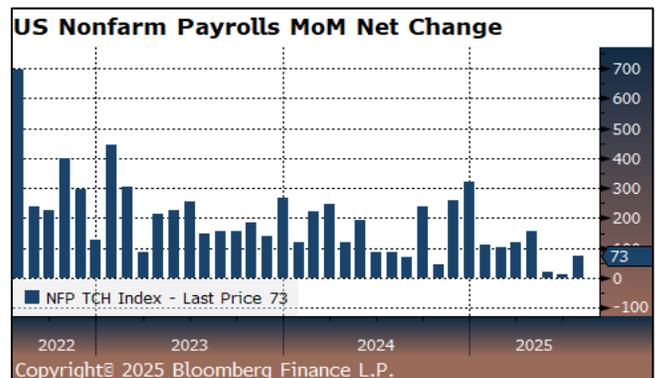
Market volatility returned in August 2025, driven by renewed concerns about the U.S. economy. The S&P 500 Index ended a 27-day streak of daily price changes within one percent as investors reacted to weaker-than-expected job growth and fears of economic impacts from proposed tariffs. Despite this, stocks have been in a strong uptrend since early April and are on pace to earn an above-average annual return. Periods of volatility could turn out to be opportunities for patient investors.



Economic risks persist, with unemployment rising to 4.2% and nonfarm payrolls revised downward by 260,000 for May and June combined. The Fed has kept the federal funds rate at 4.5%, with Chair Jerome Powell emphasizing a data-dependent approach to assess the inflationary effects of trade policies. The U.S. economy remains resilient, with relatively low unemployment supporting the Fed’s focus on price stability. Inflation has continued to exceed the Fed’s 2% target with the core PCE index advancing 2.8% year-over-year in June.



August and September are historically volatile months for equities, but corporate earnings should ultimately drive performance. While sectors like technology and financials are seen as expensive, these higher valuations can be supported by a lower yield environment. So far, corporate earnings have exceeded expectations with forward estimates climbing. Nevertheless, we recognize that future profits may be challenged if the economy faces a more severe downturn ahead.



Short-term bond yields fell sharply as investors poured money into Treasuries for safety. Yields for the 12-month and 2-year UST are below 4%—signaling some disagreement between the bond market and the Fed. Longer-term yields remain elevated and should fluctuate within a defined range. The yield on the 10-year UST may trade between 3.5% and 5.0%, reflecting stable but higher interest rates. The 30-year is back below 5.0%.



SECTORS	2024	YTD	EQUITY INDICES	2024	YTD	COMM. & CURRENCIES	LAST CLOSE	YTD
S&P 500 COMM SVC	40.23%	14.86%	S&P 500 INDEX	25.00%	8.43%	WTI CRUDE FUTURE Sep25	66.29	-4.12%
S&P 500 CONS DISCRET IDX	30.14%	-4.23%	DOW JONES INDUS. AVG	14.99%	4.82%	BRENT CRUDE FUTR Oct25	68.76	-4.95%
S&P 500 CONS STAPLES IDX	14.87%	4.89%	NASDAQ COMPOSITE	29.60%	9.46%	NATURAL GAS FUTR Sep25	2.93	-16.94%
S&P 500 ENERGY INDEX	5.72%	1.47%	S&P 400 MIDCAP INDEX	13.89%	1.55%	LME COPPER 3MO (\$)	9,687.00	10.48%
S&P 500 FINANCIALS INDEX	30.50%	8.18%	RUSSELL 1000 GROWTH INDX	33.35%	10.07%	Gold Spot \$/Oz	3,357.91	29.37%
S&P 500 HEALTH CARE IDX	2.58%	-2.42%	RUSSELL 1000 VALUE INDEX	14.35%	6.31%	Silver Spot \$/Oz	37.17	29.26%
S&P 500 INDUSTRIALS IDX	17.30%	15.46%	RUSSELL MIDCAP RT INDEX	15.34%	6.86%	Euro Spot	1.16	11.28%
S&P 500 INFO TECH INDEX	36.61%	13.70%	RUSSELL 2000 INDEX	11.52%	-0.04%	British Pound Spot	1.33	5.99%
S&P 500 MATERIALS INDEX	-0.04%	6.26%	MSCI ACWI ex US	5.53%	17.48%	Japanese Yen Spot	147.58	6.97%
S&P 500 REAL ESTATE IDX	5.23%	4.01%	MSCI EAFE	4.44%	18.52%	DOLLAR INDEX SPOT	98.78	-9.08%
S&P 500 UTILITIES INDEX	23.43%	16.97%	MSCI EM	7.99%	17.32%			

Source: Bloomberg

As of: 8/4/2025

Total Return							
Bloomberg Barclays Bond Indices	2023	2024	YTD	Effective Duration	Avg. Maturity	Yield-to-Worst	Key Rates
U.S. Aggregate	5.53%	1.25%	4.72%	6.13	8.40	4.47%	Effective Fed Funds 4.33%
Intermediate	5.24%	3.00%	4.79%	3.88	4.35	4.04%	2-yr Treasury 3.67%
Global Agg ex USD	5.72%	-4.22%	8.50%	6.91	8.44	2.64%	10-yr Treasury 4.19%
Inv Grade Corporate	8.52%	2.13%	5.09%	6.97	10.46	4.93%	10-yr German Bund 2.62%
U.S. Corporate High Yield	13.45%	8.19%	5.17%	3.21	4.74	7.02%	Prime Rate 7.50%
Tax Exempt							30 Year Fixed Mortgage 6.78%
Muni 1-10 Yr Blend (1-12)	4.61%	0.91%	2.63%	4.14	6.35	3.13%	

Source: Bloomberg

As of: 8/4/2025

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