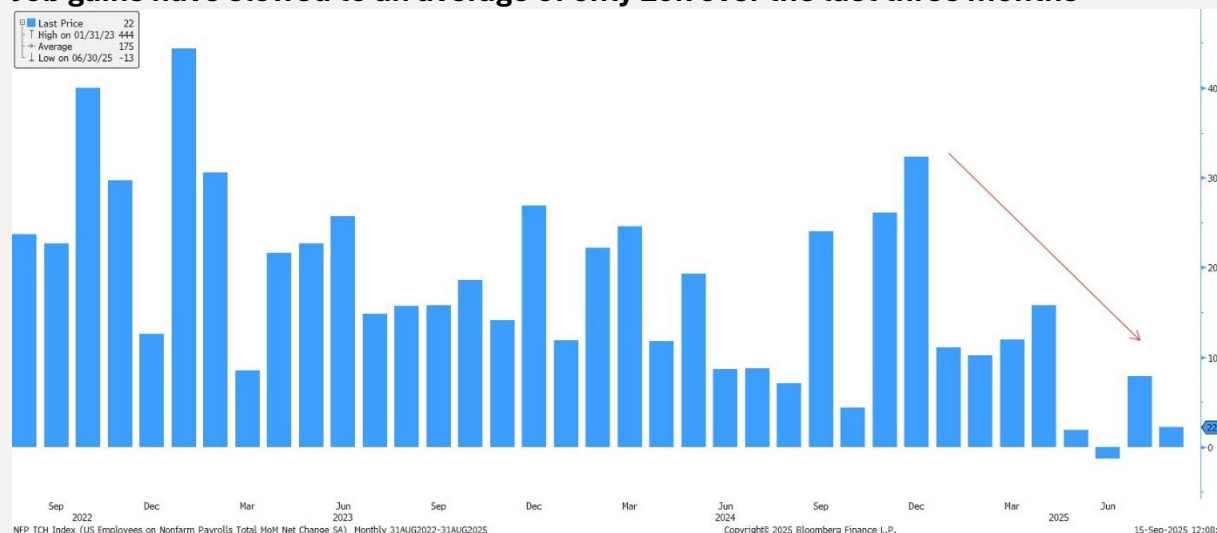


The Federal Reserve will likely cut its target for short-term interest rates by a quarter point at its next scheduled meeting later this week. While Federal Reserve Chairman Powell has held firm all year, mainly waiting to see if the increase in tariffs would drive already stubbornly elevated inflation readings even higher, the weakening labor market data of late will take precedence over inflation fears and force his hand.

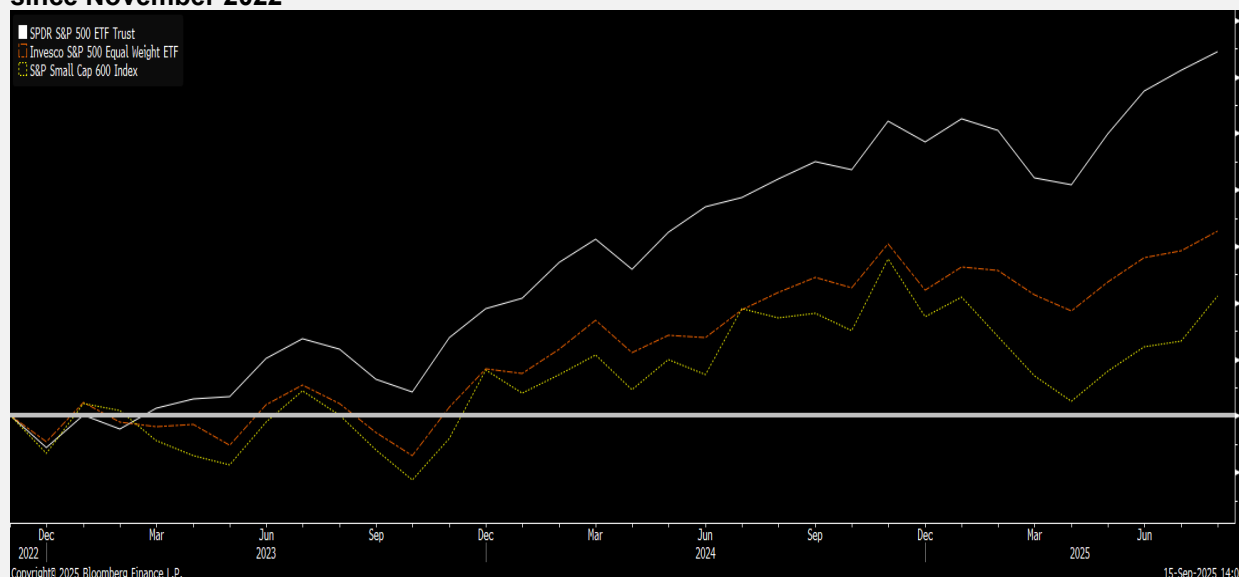
The August jobs report showed the U.S. economy added only 22k jobs last month, well below the 75k expectation. Accordingly, in the previous three months, the economy has added an average of only 29k jobs per month. The JOLTS report also showed that for the first time in four years, there are more unemployed workers in the U.S. than job openings. Moreover, the Bureau of Labor Statistics cut the number of new jobs added over the past year, ending in March 2025 by 911,000, suggesting the labor market was considerably weaker over that period than previously thought.

Job gains have slowed to an average of only 29k over the last three months



There are some questions about the need for a rate cut, given that the S&P 500 just hit a new high last week. However, the performance of the S&P 500 has become highly concentrated in the largest market capitalization companies as well as correlated with the growth of AI, masking the struggles of other sectors, as well as smaller and more economically sensitive companies. According to JP Morgan, 30 AI-related stocks now make up over 40% of the S&P 500, and those companies are responsible for most of the returns and earnings growth since the launch of ChatGPT in November 2022. Just last week, while Oracle's stock surged after massively raising its guidance for AI/cloud infrastructure sales, Carrier, the heating, and cooling manufacturer, noted that residential volumes will be down 40% year-over-year in the third quarter.

The S&P 500 has significantly outperformed the equal weight S&P 500 and small cap S&P 600 since November 2022



We believe the resumption of monetary easing should help more cyclical areas of the market, including housing, as well as smaller-cap companies, particularly as fiscal stimulus kicks in over the next few quarters and tariff uncertainty fades. We will likely continue to opportunistically try to add exposure to these areas over the next few months, weighing the potential risks that economic growth does not reaccelerate and the labor market continues to weaken.

Jed Glick, CFA, Portfolio Manager – U.S. Equities

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Seelaus Asset Management, LLC is a private, women-owned investment manager providing expertise in active fixed income and equity portfolio management and designing customized investment strategies.

Our Vision

To be a best-in-class asset manager that leads with value in a client driven, partnership model.

Our Values

- Innovative
- Diverse Perspective
- Impactful
- Authentic

Our Mission

To be an agent for change in the finance industry by demonstrating a straight line between the support we receive as a women-owned firm and the support we provide to women in the industry and in the community.

To learn more about our investment offerings, please call 212-935-0755, email ir@seelausam.com or visit <https://www.rseelaus.com/asset-management/>

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ASSET MANAGEMENT

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