

September 2025

# DeMarche Dashboard

A Flash Report on Markets and the Economy



Data and Commentary for the Period Ended 09/30/2025

## Global Overview

The Federal Reserve cut rates by 25 bps in September, citing labor market weakness as the primary driver. U.S. equities extended their momentum, with broad-based gains across most indexes. Fixed income posted positive returns as well, though much of the rate impact had already been priced in. Abroad, the MSCI EAFE gained 1.9%, while strong performance Korea and Taiwan drove the MSCI Emerging Markets index up 7.2%. AI infrastructure has resulted in record financings, including \$29B for Meta and \$22B for Vantage, underscoring the growing role of private credit. Despite strong demand, risks remain as AI revenues lag investment needs and regulatory, energy, and technology challenges persist.

## U.S. Markets & Economy

Domestic stocks built on August's momentum, with broad-based gains in September. The S&P 500 returned 3.7%, supported by strong contributions from cyclical sectors such as communication services and information technology. Although cyclical sectors have led large cap performance year-to-date, all eleven sectors have delivered positive returns. Consumer sentiment decreased for the month as the Consumer Confidence Index fell from 97.4 to 94.2, spurred by growing concerns around inflation, household purchasing power, and employment. These concerns were reinforced by further signs of labor market softening in September, as the unemployment rate ticked up to 4.3%, and payroll growth slowed materially. Despite this, initial jobless claims fell from 237,000 in August to 218,000 in September. Citing labor market concerns, and noting that the balance of risks has shifted from inflation towards employment, the Federal Reserve cut rates by 25 basis points, lowering the fed funds rate target range to 4.00%–4.25%. This proved to be a catalyst for equity markets in September, with gains across all market caps as investors continued to rotate back into risk-on positions. Large and small cap growth benefited the most, with the Russell 1000 Growth returning 5.3% on continued leadership in tech stocks and the Russell 2000 Growth gaining 4.2%. The rally extended beyond growth into core and value indexes. Among core benchmarks, the Russell 1000 advanced 3.5% and the Russell 2000 gained 3.1%, reflecting broad participation across market caps. On the value side, the Russell 1000 Value rose 1.5% and the Russell 2000 Value added 2.0%, reflecting contributions from more cyclically exposed segments of the market.

Fixed income also performed well in September. The shorter end of the yield curve, more directly tied to Fed policy rates, declined modestly over the month, while the two-, five-, and ten-year Treasury yields were unchanged and the 30-year yield edged lower by two basis points. Credit conditions improved, with high yield spreads narrowing from 284 to 280 basis points and investment-grade corporate spreads tightening from 81 to 76 basis points. As a result, longer-dated, more price-sensitive benchmarks outperformed, with the Bloomberg U.S. Long Government/Credit Index leading returns at 3.1%. The Bloomberg U.S. Aggregate, Bloomberg U.S. Government/Credit, and ICE BofA U.S. High Yield Index posted gains of 1.1%, 1.1%, and 0.8%, respectively.

## International Markets & Economy

Eurozone inflation rose to 2.2% in September from 2.0% in August, exceeding the ECB's 2% target for the first time since March. The increase was driven by less sharp declines in energy prices, while core inflation held steady at 2.3%. Eurozone Composite PMI edged up to 51.2 in September from 51.0 in August, marking the ninth consecutive month of growth. The OECD forecasted eurozone GDP growth to be at 1.0% in 2025 and 1.2% in 2026, with Spain being one of the strongest performers. Germany's economic institutes revised the 2025 GDP growth forecast upward to 0.2% from 0.1%, anticipating boosts from fiscal spending starting in 2026. Mostly supported by the service sector, German business activity grew at its fastest pace in 16 months with composite PMI rising to 52.0 in September from 50.5 in



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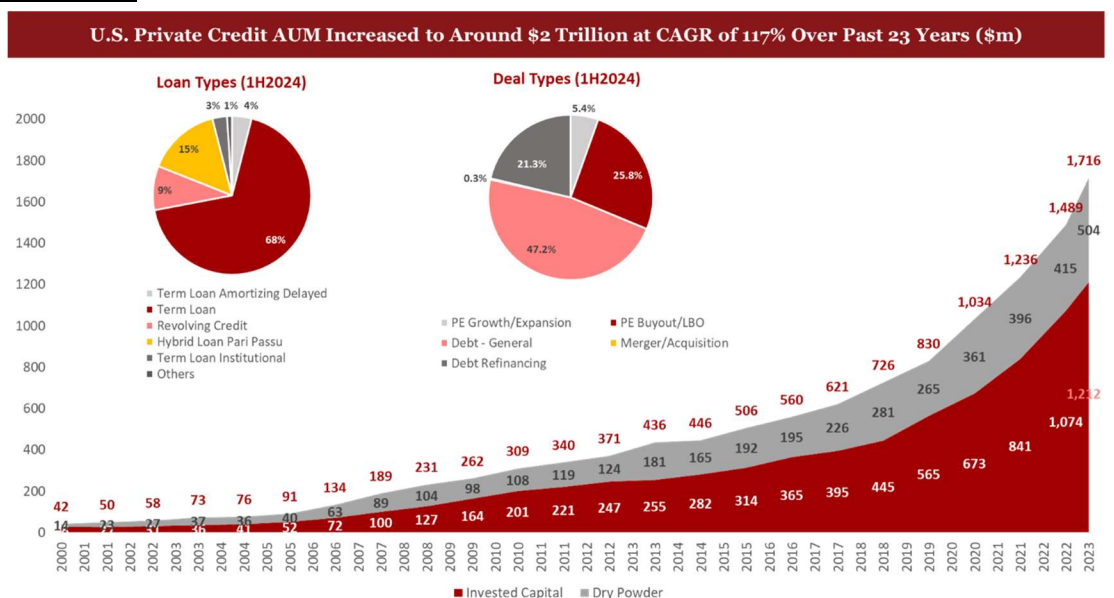
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August. French economic activity contracted at the fastest pace since April, with the composite PMI dropping to 48.1 in September from 49.7 in August. Headline Tokyo CPI eased to 2.5% from 2.6% in August. Supported by positive returns in Europe and Japan, the MSCI EAFE index returned 1.9% in September. China's manufacturing activity contracted for a sixth straight month in September, with the 49.8 manufacturing PMI indicating ongoing shrinkage amid weak demands and U.S. trade tensions. The Chinese government unveiled \$70 billion in financing tools last month to bolster investment projects in areas of digital economy, AI, drone economy, consumption infrastructure, transportation, and logistics. The MSCI Emerging Markets index returned 7.2%, with the strong performance in Taiwan (TAIEX 6.6%), and Korea (KOSPI 10.9%).

## In the News

Meta selected PIMCO and Blue Owl to lead a 24-year \$29.0 billion private financing (PIMCO \$26 billion of debt and Blue Owl; \$3.0 billion of equity) for its 5-gigawatt data center expansion in rural Louisiana in early August. Similarly, JPMorgan and Mitsubishi closed a \$22.0 billion loan to finance a 1,200-acre data center campus in Texas for Vantage Data Centers later the same month. These deals represent the growing trend of vertical integration of AI infrastructure that covers data centers, servers, and power supplies. The race for AI dominance is fueling a rapid expansion of digital infrastructure, transforming it into a distinct asset class with its own financial ecosystem and risk-return profile. Traditional banking falls short for digital infrastructure financing challenges such as large capital scale, quick deployment, creativity in deal structuring, and difficulties in cash flow projections. In contrast, private credit offers tailored terms, lower upfront costs, and longer tenors, providing borrowers with greater flexibility than traditional public funding, which requires transparency and is subject to volatile investor sentiment. By 2030, global data center investment needs will reach \$6.7 trillion, per McKinsey. UBS estimates current private credit funding for AI is running at around \$50.0 billion per quarter, significantly outpacing public market contributions and boosting the asset class's current value of \$2 trillion. However, these opportunities are not without risk. The Wall Street Journal estimates that AI infrastructure investments may require roughly \$2 trillion in annual AI revenue by 2030 to be sustainable, yet Morgan Stanley notes that total AI product revenue was only about \$45 billion last year. Building AI-ready data centers requires reliable energy, regulatory approvals, environmental solutions, and trained labor, which could all cause uncertainty for both the tech companies and investors. Because of this, rapid innovation in fundamental technologies could render lenders' collateral obsolete and jeopardize cash flow coverage.

## Chart of the Month





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## Capital Markets Overview

		TRAILING			ANNUALIZED			
		1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Broad Market	MSCI World NR USD	3.21	7.27	17.43	17.25	23.72	14.41	12.43
	Bloomberg US Agg Bond TR USD	1.09	2.03	6.13	2.88	4.93	(0.45)	1.84
	Russell 3000 TR USD	3.45	8.18	14.40	17.41	24.12	15.74	14.71
	DJ Industrial Average TR USD	2.00	5.67	10.47	11.50	19.63	12.98	13.50
	NASDAQ Composite PR USD	5.61	11.24	17.34	24.58	28.92	15.20	17.24
	MSCI EAFE NR USD	1.91	4.77	25.14	14.99	21.70	11.15	8.17
	FTSE Treasury Bill 3 Mon USD	0.36	1.11	3.34	4.61	4.98	3.10	2.12
	Bloomberg Commodity TR USD	2.15	3.65	9.38	8.88	2.76	11.53	3.96
Domestic Equities	S&P 500 TR USD	3.65	8.12	14.83	17.60	24.94	16.47	15.30
	S&P MidCap 400 TR	0.46	5.55	5.76	6.13	15.84	13.61	10.82
	S&P SmallCap 600 TR USD	0.98	9.11	4.24	3.64	12.82	12.94	10.03
	Russell 1000 TR USD	3.47	7.99	14.60	17.75	24.64	15.99	15.04
	Russell 1000 Growth TR USD	5.31	10.51	17.24	25.53	31.61	17.58	18.83
	Russell 1000 Value TR USD	1.49	5.33	11.65	9.44	16.96	13.88	10.72
	Russell Mid Cap TR USD	0.89	5.33	10.42	11.11	17.69	12.66	11.39
	Russell Mid Cap Growth TR USD	(0.26)	2.78	12.84	22.02	22.85	11.26	13.37
	Russell Mid Cap Value TR USD	1.27	6.18	9.50	7.58	15.51	13.66	9.96
	Russell 2000 TR USD	3.11	12.39	10.39	10.76	15.21	11.56	9.77
	Russell 2000 Growth TR USD	4.15	12.19	11.65	13.56	16.68	8.41	9.91
	Russell 2000 Value TR USD	2.01	12.60	9.04	7.88	13.56	14.59	9.23
International Equities	MSCI ACWI Ex USA NR USD	3.60	6.89	26.02	16.45	20.67	10.26	8.23
	MSCI EAFE NR USD	1.91	4.77	25.14	14.99	21.70	11.15	8.17
	MSCI EAFE Growth NR USD	2.52	2.23	18.55	7.76	17.84	6.64	7.92
	MSCI EAFE Value NR USD	1.32	7.39	31.92	22.53	25.66	15.66	8.16
	MSCI Japan NR USD	2.44	8.02	20.70	16.36	21.21	8.98	8.24
	MSCI AC Asia Ex Japan NR USD	6.82	10.76	26.82	17.19	18.78	6.44	8.50
	MSCI Europe NR USD	1.98	3.62	27.50	15.08	22.91	12.19	8.14
	MSCI United Kingdom NR USD	1.27	5.89	26.28	17.67	21.92	15.36	7.18
	MSCI EAFE Small Cap NR USD	1.59	6.20	28.39	17.65	19.65	8.47	7.92
	MSCI EM NR USD	7.15	10.64	27.53	17.32	18.21	7.02	7.99
Fixed Income	Bloomberg US Govt/Credit TR USD	1.07	1.91	5.93	2.67	4.87	(0.61)	1.99
	Bloomberg US Govt/Credit Interm TR USD	0.42	1.51	5.70	4.01	5.18	0.81	2.10
	Bloomberg US Govt/Credit Long TR USD	3.11	3.16	6.64	(1.28)	3.96	(4.57)	1.88
	ICE BofA US High Yield TR USD	0.76	2.40	7.06	7.23	10.97	5.53	6.07
	VettaFi US High Yield USD	0.77	2.46	6.90	7.18	10.77	5.58	6.00
	Morningstar LSTA US LL TR USD	0.44	1.77	4.63	7.00	9.85	6.96	5.47
	FTSE WGBI NonUSD USD	0.44	(0.80)	9.00	1.26	5.17	(4.22)	(0.25)
	Bloomberg Gbl Agg Ex USD TR USD	0.30	(0.59)	9.36	1.87	5.75	(2.54)	0.48
REITs	FTSE Nareit All REITs TR	0.27	2.72	4.48	(4.12)	8.29	6.81	6.53
	Wilshire US REIT TR USD	1.17	4.73	4.48	(0.77)	11.28	9.41	6.49

USD - US dollar priced index TR - Total Return PR - Price Return LCL - Local Currency Priced Index NR - Return includes reinvested net dividends

Source: Morningstar

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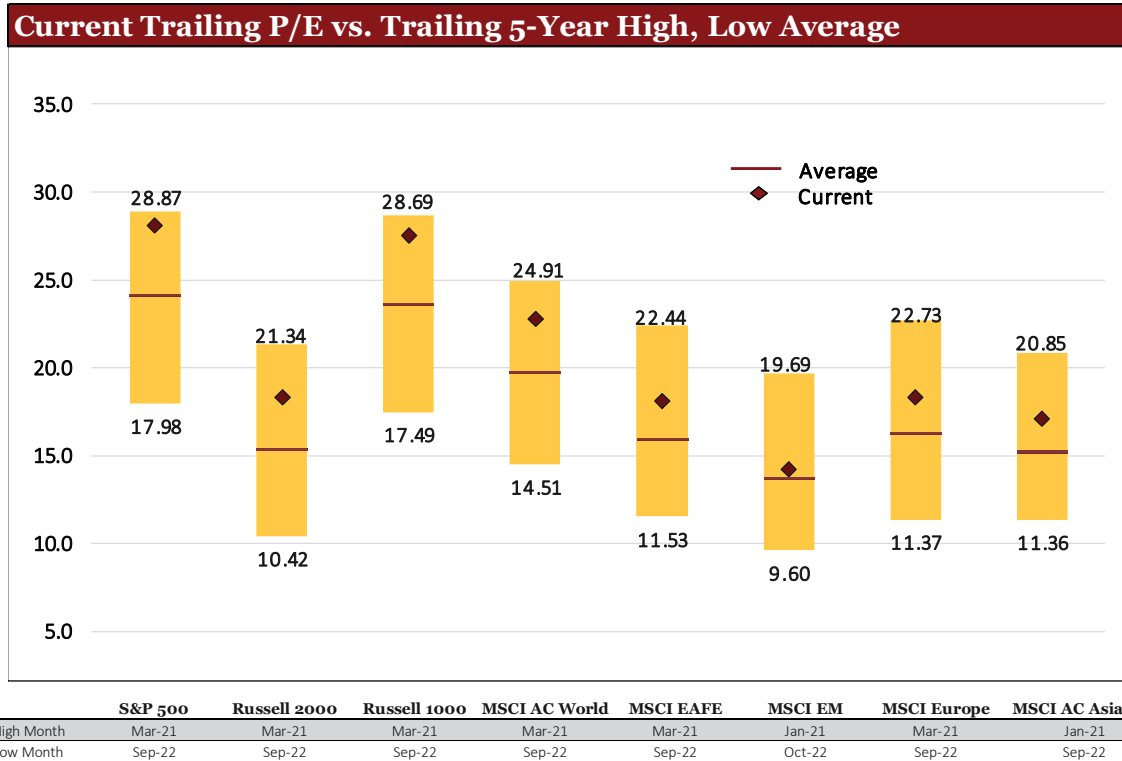


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Source: Morningstar; Data as of 09/30/2025

## Economic Indicators

	GDP			Unemployment Rate	Interest Rates	Exchange Rates <sup>3</sup>		Inflation <sup>2</sup>
	Latest <sup>1</sup>	2025 <sup>1</sup>	2026 <sup>1</sup>	(Most recently available)	Sovereign Bonds, 10 Year	per US \$		(Most recently available)
						Current	1 Year Ago	
United States	3.30	1.57	1.53	4.30	4.10	-	-	3.10
China	1.10	4.75	4.34	5.30	1.88	7.13	7.01	0.90
Japan	0.30	0.74	0.43	2.30	1.65	149.52	144.68	2.70
United Kingdom	0.30	1.33	1.05	4.70	4.70	1.34	1.34	3.60
Euro Area	0.10	1.00	1.20	6.20	3.18	1.17	1.12	2.30
Germany	-0.30	0.39	1.25	6.30	2.71	1.17	1.12	2.80
France	0.30	0.64	0.94	7.50	3.53	1.17	1.12	1.20
Italy	-0.10	0.64	0.68	6.00	3.56	1.17	1.12	2.10
Canada	-0.40	1.04	1.07	7.10	3.19	1.39	1.35	2.60
India	2.00	6.28	6.38	5.10	6.53	87.57	83.89	4.95
Mexico	0.60	0.45	1.05	2.90	8.59	18.38	19.57	4.23
Brazil	0.40	2.05	1.64	5.60	13.72	5.34	5.43	5.12

Sources: (Most recently available data) St. Louis Federal Reserve, The Wall Street Journal, OECD, Trading Economics

1. Latest GDP is seasonally adjusted annualized rate. 2025 & 2026 is forecasted data from OECD

2. In terms of Core CPI

3. Euro Area and U.K. exchange rates quoted in market standard format (USD/Non-USD currency)

4. Germany, France, and Italy currency exchange rates are taken at the Euro Area exchange rates



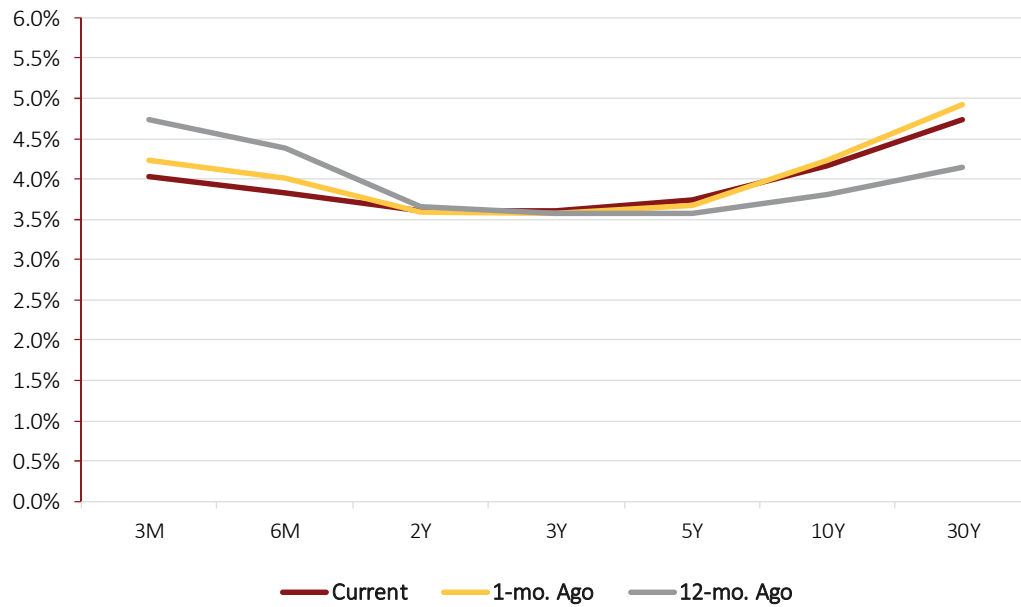
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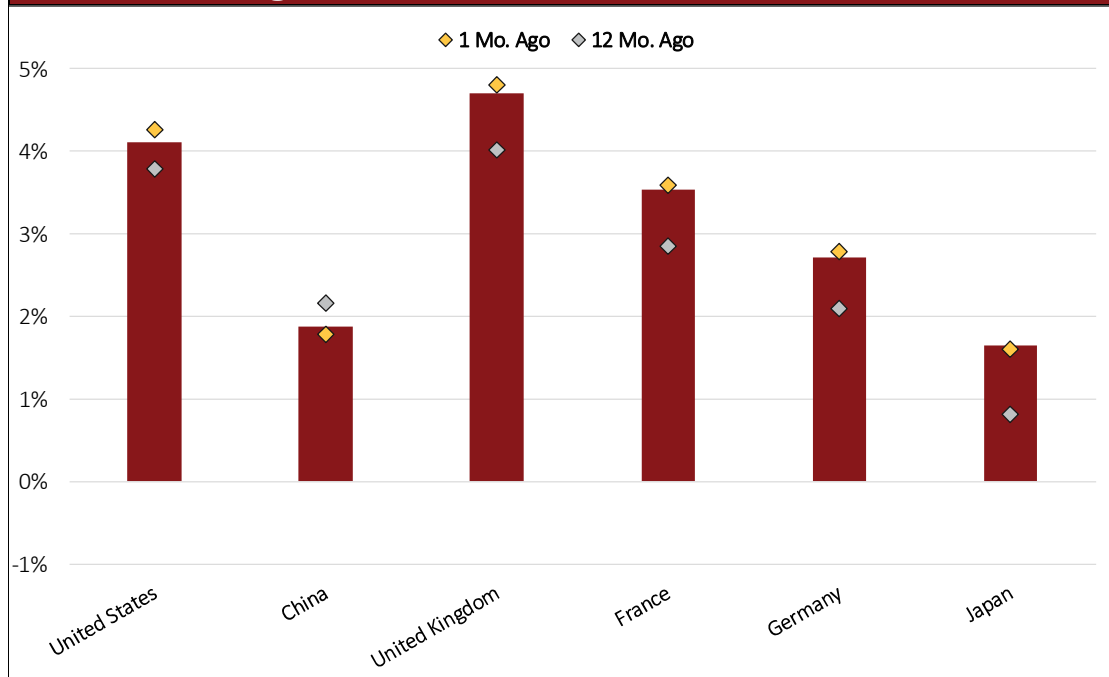
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## U.S. Treasury Yield Curves



Source: Federal Reserve Bank; Data as of 09/30/2025

## 10-Year Sovereign Yields



Source: Trading Economics; Data as of 09/30/2025



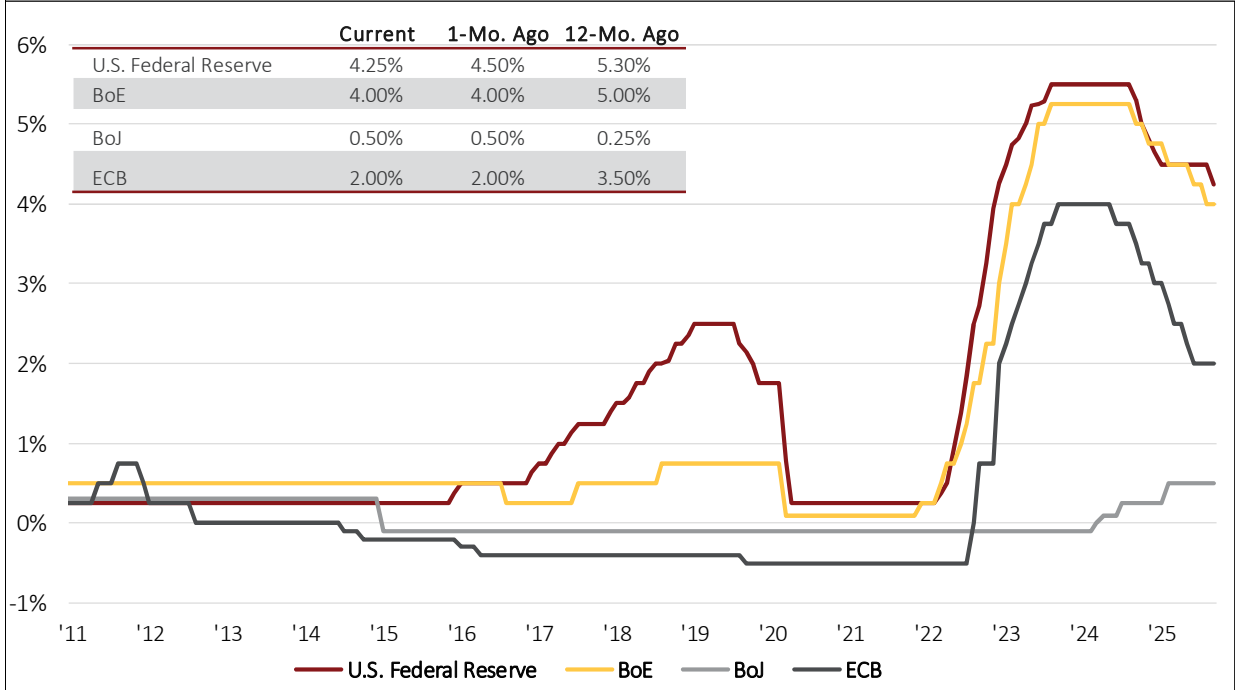
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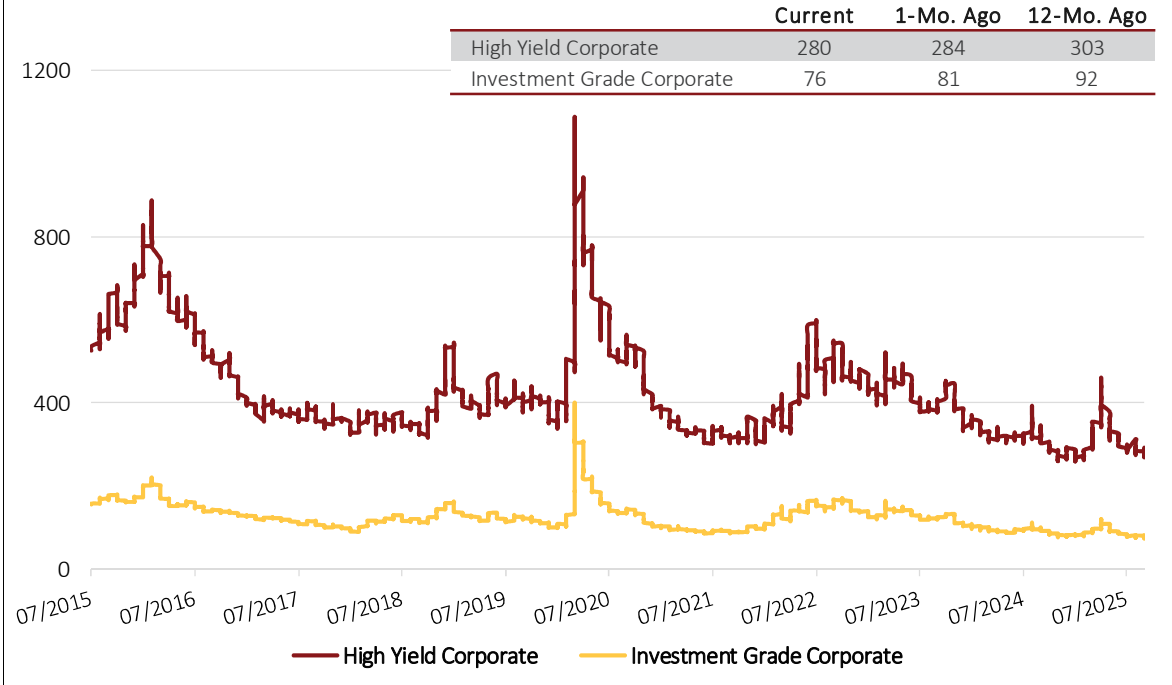
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## Central Bank Policy Rates



Source: Federal Reserve Bank, Bank of England, European Central Bank, Trading Economics; Data as of 09/01/2025

## Corporate Bond Average Spread (basis points)



Source: Federal Reserve Bank, Bank of America; Data as of 09/30/2025