

Perspective on Third Quarter 2025 Economic & Market Events

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We are witnessing a financial landscape that strikes a balance between resilience and caution as we enter the fourth quarter of 2025. On the one hand, the U.S. economy continues to show signs of stability, with real GDP expected to grow, albeit at a slower pace than in recent years; consumer spending remains a source of support, and business activity has not declined significantly. On the other hand, the forces of inflation, interest rate pressure, global trade uncertainty, and softer labor market undercurrents are all contributing to a more complicated environment. ¹

The Federal Reserve recently adjusted its policy stance, reducing interest rates in response to signs of cooling inflation and softer labor market data. While this move marks a shift in tone, the Fed has emphasized that any future rate decisions will remain guided by evolving economic indicators—not by market expectations. In this environment, fixed-income markets have generally provided stability within diversified portfolios, even as the traditional relationship between stocks and bonds has remained less predictable due to overlapping macroeconomic pressures. ²

On the global front, the story is no simpler. While some international economies are showing pockets of strength, overall growth remains uneven, and downside risks persist. Trade policy remains a wildcard, supply-chain fragilities persist, and inflation remains elevated in many corners of the world. These global dynamics add a layer of complexity to portfolio planning, underscoring the importance of broad awareness and flexibility. ³

Amid all of this, market volatility should not surprise us—it is to be expected. The real question is how you position your portfolio and your mindset for the journey. A disciplined approach remains our guiding principle. That means staying aligned with your long-term objectives, avoiding reactionary moves triggered by headline noise, and maintaining diversification that reflects both your risk tolerance and your time horizon.

In times like these, when markets feel unsettled and headlines shift quickly, we find it grounding to return to what matters most: relationships, resilience, and shared purpose. As we approach the end of the year, we are particularly mindful of the values that guide our work—not only in managing portfolios, but also in serving our clients. That spirit carries into the holiday season. This year, our holiday giving will support local nonprofits and families in need—honoring you, our valued clients, by extending kindness and hope where it is most needed.

Our team remains committed to helping you navigate these conditions with care and perspective. Whether you are revisiting your financial plan, evaluating your portfolio mix, or simply seeking clarity during this time of change, we welcome the opportunity to connect. Thank you for your continued trust and partnership. It remains our privilege to support you through every stage of your financial journey. We wish you and your loved ones a joyful holiday season and a new year filled with peace, purpose, and renewed possibility.

Sources

¹ Philadelphia Fed Survey of Professional Forecasters: "Real GDP expected to grow at an annual rate of 1.3% in Q3 2025."

² *Reuters*, "Federal Reserve cuts interest rates by 25 basis points, signals data-driven path forward," September 2025

³ Deloitte U.S. Economic Forecast: While tariff pressure has eased somewhat, growth remains subdued with modest real consumer spending growth expected.

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