



# Weekly Wire

**Chad Heberly**

Founder | Financial Advisor

**August 11, 2025**

August 11, 2025

# Weekly Wire

## The Bond Market Gives The Fed The Green Light...

By Tim Holland, CFA, Chief Investment Officer

- Beyond trade, the topic most on Wall Street's mind these days is monetary policy; more specifically when will the Federal Reserve cut rates. As of now, investors are convinced that after passing at its January, March, May, June and July meetings, the Fed will cut rates by a quarter point at its September meeting – and more than a few pundits believe the Fed wishes it had cut rates at its July meeting in light of the very disappointing July jobs report that landed just two days after the central bank met and decided to hold the Fed Funds Rate steady between a range of 4.25% and 4.50%. Barring a bit of shockingly bad inflation data between now and the Fed meeting on September 17th, we think the Fed will cut next month, and we think the bond market is giving it the greenlight to do so.
- As we know the Fed has a dual mandate – maximum employment and stable prices – and the best explanation we have come across that speaks to how the Fed uses monetary policy to achieve those goals comes from the Fed itself (see box below). As the Fed notes, and we think most economists would agree, monetary policy most directly affects the current and expected future path of short-term interest rates. Well, the bond market seems to be anticipating a more dovish Fed, as the yield on the US 2 Year Note has fallen to 3.70%, more than 50 basis points below the Fed Funds Rate (see chart below). The bond market is giving the Fed the greenlight to cut rates in September, and maybe in October and December too.

# Weekly Wire

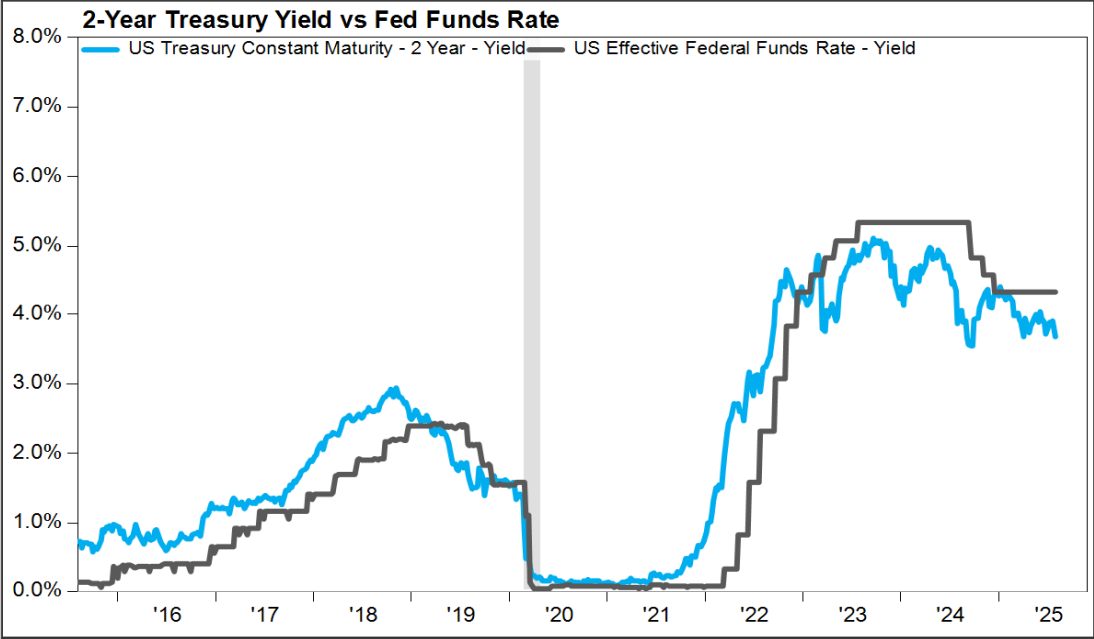
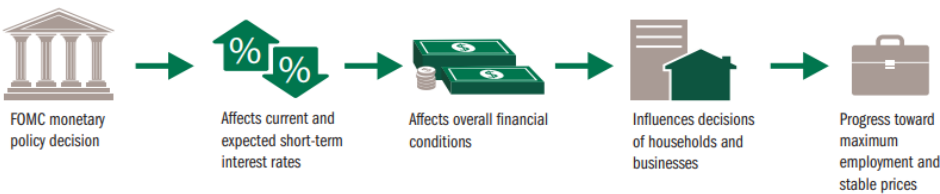
## The Bond Market Gives The Fed The Green Light...

By Tim Holland, CFA, Chief Investment Officer

The Federal Reserve conducts monetary policy by using a variety of tools to manage financial conditions that encourage progress toward its dual mandate objectives. Monetary policy most directly affects the current and expected future path of short-term interest rates; the anticipated path of short-term interest rates then affects overall financial conditions including longer-term interest rates, stock prices, the exchange value of the dollar, and many other asset prices. Through these channels, monetary policy influences the decisions of households and businesses, thus affecting overall spending, investment, production, employment, and inflation in the United States (figure 3.1).

**Figure 3.1. The Fed's statutory mandate: maximum employment and stable prices**

The Federal Reserve conducts monetary policy in pursuit of the goals set for it by Congress. The mandated goals are considered essential to a well-functioning economy for households and businesses.



Source: Federal Reserve, 2025

Source: FactSet, August 2025

# Weekly Wire

## Looking Back to Last Week

Equity markets pushed higher last week, with global equities gaining over 2% despite the reimplementation of many reciprocal US tariffs on August 7. Gains were led by US technology stocks and developed international equities, while the US dollar fell nearly 2% following a sharp rally the week prior. Fixed income prices fell slightly on higher rates, and all major asset classes remain positive year-to-date, with international equities still leading domestic and large caps ahead of small caps.

Q2 earnings results remain robust. With 90% of S&P 500 companies reporting, 81% have posted positive EPS and revenue surprises. Earnings growth for the quarter stands at 11.8%, marking the third consecutive quarter of double-digit growth.

Market structure trends continue to draw attention. The top 10 stocks in the S&P 500 now represent over 40% of the index, the highest concentration on record. The largest 10% of US stocks now make up 76% of total US equity market capitalization, surpassing prior peaks from the Dot-Com era.

Economic data offered mixed signals. The US trade deficit narrowed slightly in June to \$60.2 billion, below expectations. ISM's Non-Manufacturing Index slipped to 50.1 in July, just above the expansion threshold, suggesting services activity is losing momentum. Labor market concerns remain in focus after recent softness in payroll data, though job openings have stopped declining — a potential sign that conditions may be stabilizing.

On the rates front, the yield curve steepened last week as short-term rates fell and long-term rates rose. The average mortgage rate declined slightly. The market-implied probability of a September rate cut climbed to 89% from 80% the prior week, with futures still pointing to two or three cuts before year-end.

# Weekly Wire

## Looking Ahead to This Week

By Ben Vaske, BFA, Manager, Investment Strategy

The week ahead brings key inflation data, with the July Consumer Price Index due for release. A softer-than-expected reading could push short-term rates lower as expectations for Fed easing strengthen, while an upside surprise may dampen that view.

Trade developments will also be watched closely, as the US and China face an August 12 deadline to extend their tariff pause or finalize a broader agreement. Earnings season continues, with several AI-related companies set to report.

# Weekly Wire

## Stocks, Bonds, Alternatives, & Real Assets as of August 8, 2025

Security Name	Risk Score	1 Week	1 Month	QTD	YTD	1 Year	3 Year Ann.
Global Equities (60% US, 40% Intl)	100	2.47%	2.29%	2.55%	13.76%	22.43%	15.70%
S&P 500 Total Return	102	2.44%	2.71%	3.07%	9.47%	21.73%	17.32%
Dow Jones Industrial Average	97	1.37%	-0.08%	0.29%	4.85%	13.98%	12.60%
NASDAQ 100 Total Return	122	3.73%	4.03%	4.15%	12.85%	29.20%	22.52%
TV Benchmark	107	2.52%	2.22%	2.50%	9.05%	21.64%	17.48%
Morningstar US Large Cap	102	2.91%	3.52%	3.63%	10.54%	24.14%	19.25%
Morningstar US Mid Cap	113	0.56%	-0.30%	0.75%	6.00%	15.52%	10.62%
Morningstar US Small Cap	125	1.06%	-0.55%	1.56%	2.33%	10.70%	8.17%
Morningstar US Value	98	1.47%	-0.89%	0.28%	6.12%	10.43%	11.64%
Morningstar US Growth	126	1.35%	2.76%	2.59%	11.21%	29.23%	16.42%
MSCI ACWI Ex USA	98	2.73%	1.78%	1.75%	20.39%	23.05%	13.78%
MSCI EAFE	101	2.87%	1.49%	1.05%	21.19%	22.12%	14.94%
MSCI EM	98	2.33%	2.06%	2.96%	18.99%	23.24%	11.04%
Bloomberg US Agg Bond Index	27	-0.18%	1.16%	0.37%	4.40%	3.59%	2.05%
Bloomberg High Yield Corp Bond Index	41	0.38%	0.72%	0.70%	5.30%	9.07%	7.75%
Bloomberg Commodity Index	70	0.25%	-2.15%	-0.75%	4.74%	10.65%	-0.28%
Wilshire Liquid Alternative Index	25	0.71%	0.68%	0.70%	3.44%	4.50%	4.12%
US Dollar	10	-1.57%	0.94%	1.57%	-9.30%	-4.65%	-2.64%
Bloomberg US Treasury Bill 1-3mo	1	0.09%	0.40%	0.49%	2.63%	4.67%	4.78%

Source: Morningstar.

The TV Benchmark represents an average of the S&P 500, Dow Jones IA, and NASDAQ 100 return indexes

The Orion Risk Score represents risk relative to the global equity market.

## Interest Rates as of August 8, 2025

Rate	This Week	1 Week
13-Wk Treasury Yield	4.13%	-0.05%
10-Yr Treasury Yield	4.29%	0.06%
Bloomberg US Agg Yield	4.56%	0.02%
Avg Money Mkt Yield	4.13%	0.01%
Avg 30-Yr Mortgage Rate	6.75%	-0.03%

Sources: Yahoo Finance, S&P Global, Crane Data, BankRate

## Key Economic Data Last Week

Data Point	Expectation	Actual
US Trade Deficit	-\$61.0B	-\$60.2B
ISM Services	51.1%	50.1%
Initial Jobless Claims	221,000	226,000
Consumer Credit	--	\$7.6B

Source: MarketWatch, First Trust

## Key Economic Data This Week

Data Point	Expectation	Release Date
Consumer Price Index (CPI) YoY	2.8%	8/12/25
Core CPI YoY	3.1%	8/12/25
Producer Price Index (PPI) YoY	--	8/14/25
Core PPI YoY	--	8/14/25
U.S. Retail Sales	0.5%	8/15/25

Source: MarketWatch



PROSPERA  
INVESTMENT ADVISORS

# Thank You

**Chad Heberly**

Founder | Financial Advisor

As always, if you have any questions, we are here to help you navigate the path forward.

Please feel free to contact us at

**[ContactUs@ProsperaInvestmentAdvisors.com](mailto:ContactUs@ProsperaInvestmentAdvisors.com)**.



## Scan QR Code to Schedule a Meeting

# The Legal Stuff...



The views expressed herein are exclusively those of Orion Portfolio Solutions, LLC d/b/a Brinker Capital Investments, a registered Investment Advisor, and are not meant as investment advice and are subject to change. Information contained herein is derived from sources we believe to be reliable, however, we do not represent that this information is complete or accurate and it should not be relied upon as such. This information is prepared for general information only. It does not have regard to the specific investment objectives, financial situation, and the particular needs of any specific person.

An index is an unmanaged group of assets considered to be representative of a select segment or segments of the market in general, as determined by the index manager for the purposes of managing a specific index. You cannot invest directly in an index.

The CFA® is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

Think2perform's Behavioral Financial Advice program integrates traditional finance practices with psychology and neuroscience to improve emotional competency and decision-making behavior that increases effective usage of the financial plan with clients. To obtain the Behavioral Financial Advisor (BFA) designation, participants must complete a self-directed course, which takes 20-30 hours to complete, and includes a mix of interactive exercises, videos and case studies. To learn more about the BFA, visit <https://www.think2perform.com>.

Wealth Management services offered through Orion Portfolio Solutions, LLC d/b/a Brinker Capital Investments a registered investment advisor.

This endorsement of Orion Portfolio Solutions is provided by an investment advisor who refers clients to Orion Portfolio Solutions. A conflict of interest exists because this investment advisor receives a portion of the annual management fee charged by Orion Portfolio Solutions, based on the assets under management of this investment advisor's clients. This endorsement could assist in the investment advisor increasing the assets placed with Orion Portfolio Solutions, and therefore their compensation. These investment advisors are not affiliated with or supervised by Orion Portfolio Solutions.

Chad Heberly offers Investment Advisory Services through Gradient Advisors, LLC (Arden Hills, MN 877-885-0508), an SEC Registered Investment Advisor. Gradient Advisors, LLC and its advisors do not render tax, legal or accounting advice. Prospera Investment Advisors, LLC is not a registered investment advisor and is independent of Gradient Advisors, LLC. Insurance products and services are offered through Chad Heberly, independent agent.

This communication may contain information that is proprietary, privileged, or confidential, or otherwise legally exempt from disclosure. If you are not the named addressee, you are not authorized to read, retain, copy, or disseminate this memo or any part of it. If you have received this memo in error, please notify the sender immediately by Email or fax, and destroy all copies of this communication. Please be further advised that, pursuant to the Bank Secrecy Act, the USA PATRIOT Act, and similar laws, any communication in this e-mail is subject to regulatory, supervisory, and law enforcement review.

Prospera Investment Advisors, LLC, Chad Heberly, and Gradient Advisors, LLC are not affiliated with or endorsed by the Social Security Administration or any government agency.