

RISKBRIDGE

# CIO Chartbook

September 29, 2025

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# Week of September 29

## Observations & Opinions

### 1. Business Cycle



RiskBridge anticipates a US economic slowdown in 2H 2025 while avoiding a recession. The four drivers of the business cycle are mixed, with rising income and consumption vs. falling production and labor. Corporate profits (NIPA) are flat y/y. August's inflation data was as expected, with core CPI of 2.9% y/y, core PPI at 2.8% y/y, and core PCE of 2.9% y/y. We are closely monitoring bankruptcies related to the subprime auto and ABS space.

### 2. Liquidity Cycle



RiskBridge's Global Liquidity Index turned negative in September due to the liquidity drain as taxes are paid and the Treasury General Account is replenished. We estimate negative conditions will persist during a government shutdown (70% probability). The market expects the FOMC to cut another 25 bps in October and December.



### 3. Market Cycle

Financial markets have become jittery lately due to concerns about AI-related equity valuations and a potential government shutdown. Still, asset correlations are behaving normally. Our analysis shows corporate revenue is growing faster than costs. Wall Street analysts revised 2026 earnings up to 14% y/y (source: Factset). Global equity valuations are now at their long-term average. With BABA +51% QTD, markets may be signaling some trade normalization between China and the US.

## Week Ahead

Here's a look at the upcoming data releases we believe have the greatest chance of influencing markets.

- **US government shutdowns have become common.** In our view, a shutdown this week would likely be more severe than most. Twelve appropriations bills that fund specific agencies would be delayed.
- **Jobs:** Three months ago, the 50,000 payrolls gain we expect in September (Fri) would've left the stock market unhappy. But after the drama surrounding the last two payroll reports, markets are conditioned for a low (but positive) number.
- **PMI Surveys:** The ISM US Manufacturing PMI (Wed) increased to 48.7 in August but remained below the 50.0 mark. The ISM Services PMI (Fri) did expand in August, coming in at 52.
- **Consumer Confidence:** The Conference Board's Consumer Confidence Index survey (Tue) may show improvement in September. Labor market conditions aren't as dire as feared. Stock prices are rising. The Fed cut the federal funds rate. Confidence should be improving. We will be watching the survey's labor market indicators for signs of stabilization

# Credit Stress

Tricolor Holding's bankruptcy represents one of the largest subprime auto lending collapses, threatening to tighten credit markets for vulnerable borrowers. The fraud allegations suggest potential double-pledging of collateral, amplifying losses across multiple lenders (source: Bloomberg, 09/24/2025).

- Loans to Non-depository Financial Institutions (NFDI) are \$1.3 trillion or 13% of all bank loans (source: Federal Reserve)
- Tricolor's alleged lending fraud leaves major lenders exposed, including JPMorgan Chase (\$200M), Fifth Third Bancorp (\$200M), and BlackRock (undisclosed)
- First Brands Group filed for bankruptcy with \$10B in debt (source: Reuters)
- Carnaby Capital Holdings, a major financial source to First Brands, filed for bankruptcy (source: Bloomberg)

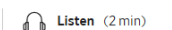
## BANKRUPTCY

### Collapse of Subprime Lender Tricolor Kicks Off Scramble for 100,000 Car Loans

Tricolor's bankruptcy trustee is designating a servicing company to search for vehicles and unfreeze payment systems following the auto lender's sudden collapse

By *Alexander Gladstone and Alicia McElhane*

Sept. 18, 2025 8:25 pm ET | **WSJ PRO**



## BUSINESS | EQUIPMENT

### Parts Supplier First Brands Preps for Bankruptcy With No Plan

It's Unusual for Companies as Big as First Brands to File for Chapter 11 Without Restructuring Support Agreement With Lenders in Hand

Bloomberg News



# 1. Business Cycle

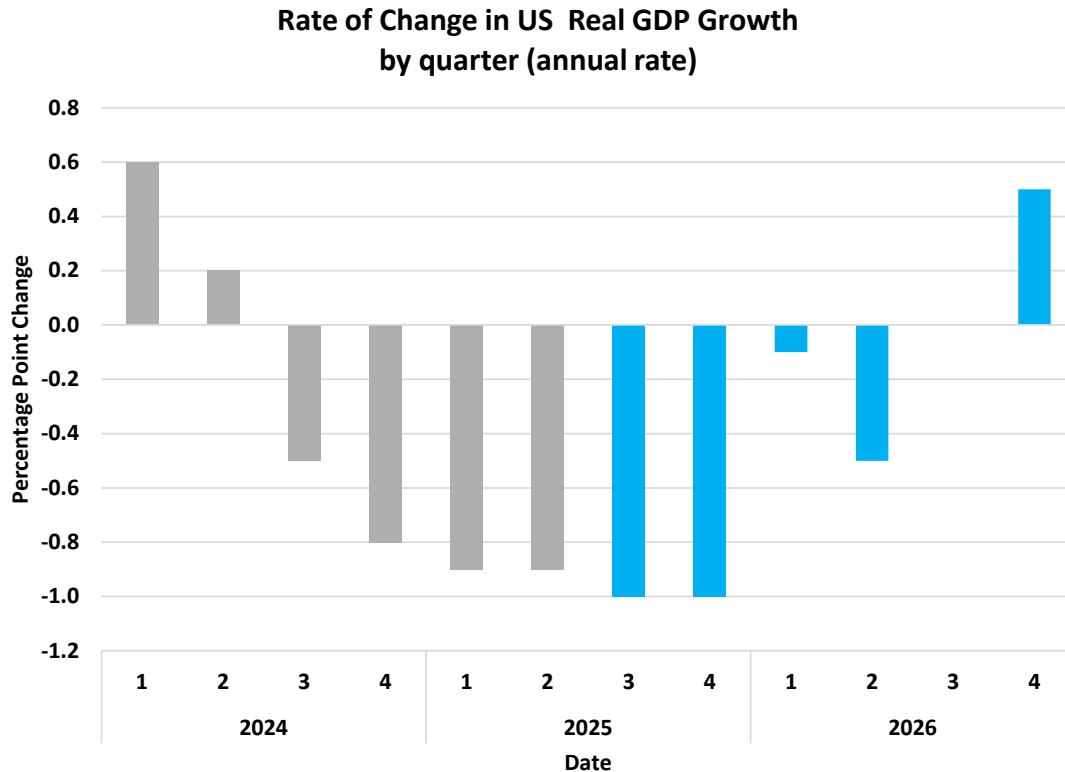
# Updated Macro Scenarios

- US GDP growth was revised to 1.5% (2025) and 1.8% (2026)
- US core CPI forecast adjusted to 3.00%-3.50%. Expect moderation after one-time tariff impact.
- 5-year nominal GDP outlook lowered to 4.5% from 5.2%.
- S&P 2026 earnings growth projected at 8-10% versus 13% consensus.
- 10-year Treasury yield trading range is now 4.0%-4.5%.

Downside Scenario			Expected Scenario			Upside Scenario		
12-mo probability:	25%	Policy uncertainty headwinds outweigh potential OBBB tailwinds, reducing aggregate demand and increasing unemployment. Inflation concerns prove overblown as the Fed adopts traditional recession-fighting measures. Markets reprice Fed policy expectations, driving 2-year yields down faster than 10-year yields. Downside probability is capped by the potential for Fed rate cuts	12-mo probability:	65%	2H25 growth slows due to tariffs, immigration restrictions, student loan payment resumptons, declining residential construction, and a weakening labor market. Markets "melt up" as investors look to re-accelerating growth in 1H26. We expect better 1H26 macro conditions to be offset by stock and credit market headwinds, including new Treasury issuance and negative revisions to EPS.	12-mo probability:	10%	Under this scenario, the administration rolls back 15% universal tariffs, financial service deregulation unlocks greater credit formation, and a signed peace treaty ends the war in Ukraine. The Fed reverses its rate-cutting cycle that started in September 2024. Corporate earnings and free cash flow growth support credit and diversifying risk assets, but a risking risk-free rate pressures equity valuations and prices.
Real GDP:	-0.50% to +0.50%		Real GDP:	1.25% to 1.50%		Real GDP:	2.25% to 2.50%	
Headline CPI:	2.30% to 2.50%		Headline CPI:	3.00% to 3.50%		Headline CPI:	3.00% to 3.50%	
Fed Funds:	3.25% to 3.50%		Fed Funds:	3.75% to 4.00%		Fed Funds:	4.50% to 5.00%	
10-year Treasury yield:	3.50% to 4.00%		10-year Treasury yield:	4.00% to 4.50%		10-year Treasury yield:	4.50% to 5.00%	
2/10 curve (bps):	0 to 25		2/10 curve (bps):	50 to 75		2/10 curve (bps):	+100 bps	
Curve regime:	Bull Steepener		Curve regime:	Bull Steepener		Curve regime:	Bear Steepener	
S&P EPS growth	-5% to 0%		S&P EPS growth	8% to 10%		S&P EPS growth	12% to 15%	

Source: RiskBridge forecasts as of 08/15/2025. RiskBridge economic assumptions and estimates are subject to change at any time without prior notice. Past performance does not guarantee future results.

# GDP Growth Expected to Accelerate in 2026



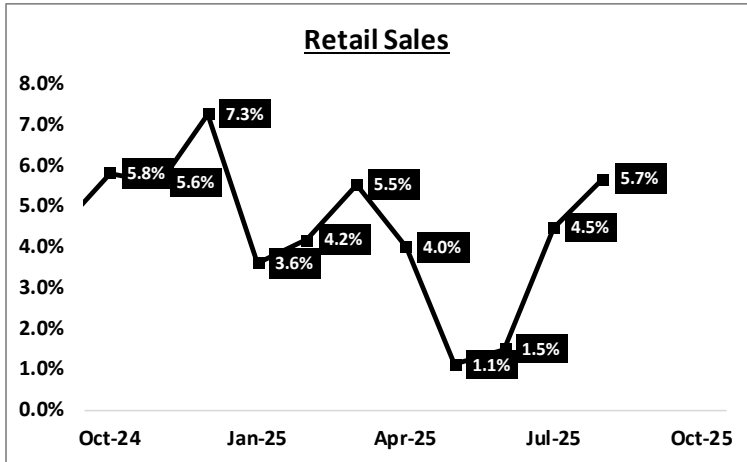
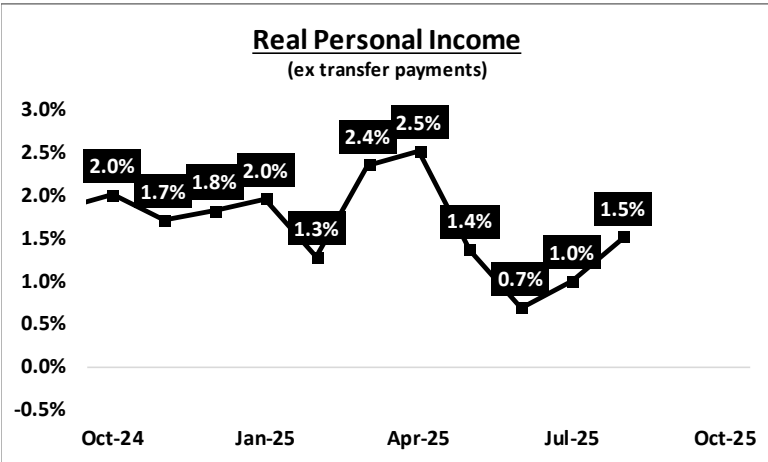
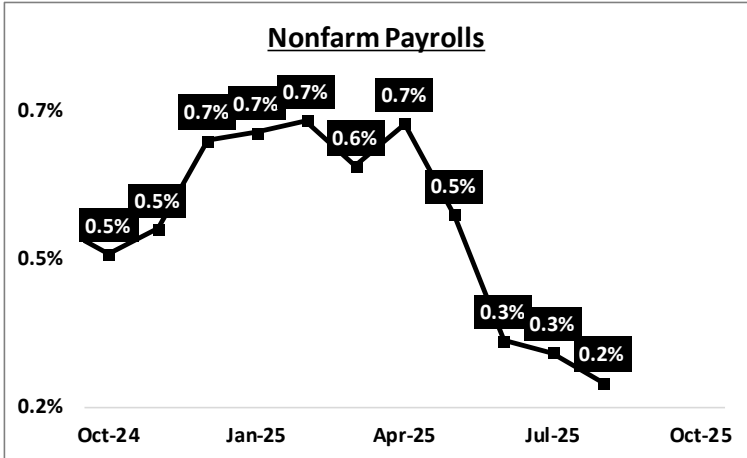
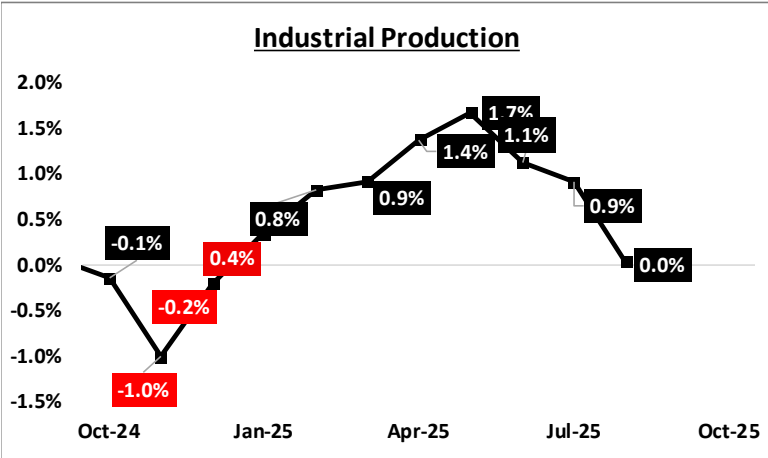
Economists surveyed by Bloomberg expect US real GDP to reach its slowest point in Q4 before reaccelerating in 1H26. The consensus forecast for US real GDP is 1.7% (2025) and 1.8% (2026).

The Atlanta Fed's GDPNow forecast for Q3 is 3.9%, an increase from 3.3%, which reflects stronger personal consumption and housing and weaker private capex.

Economists have revised GDP forecasts higher for Q3 and Q1, reflecting stronger-than-expected consumption and fiscal and monetary stimulus in early 2026.

# Business Cycle Indicators

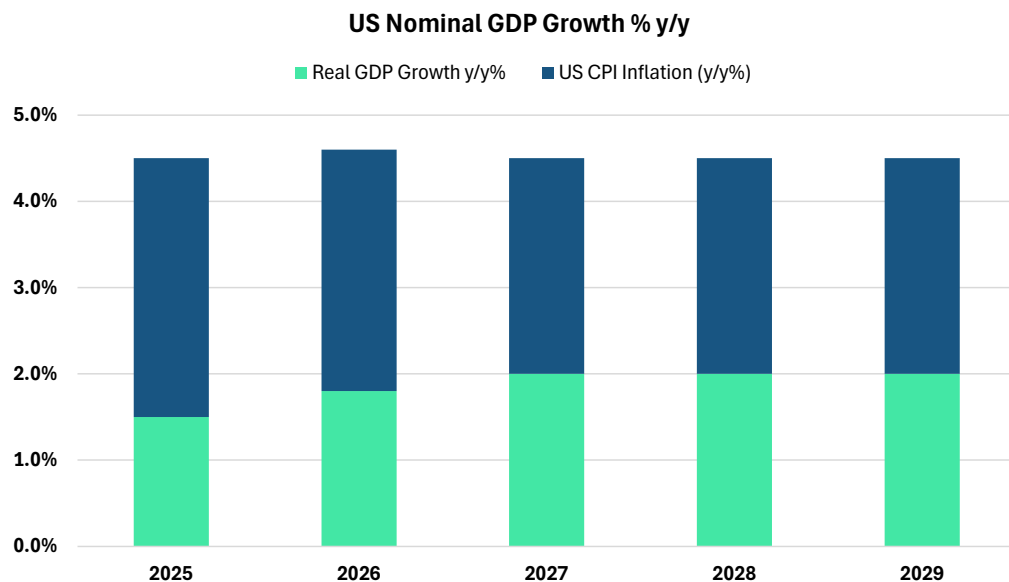
Growth Rate Cycle Trend Indicators Using Six-Month Annualized Growth Rate



Source: BLS, BEA, Federal Reserve, Bloomberg, RiskBridge Advisors  
 Updated: 9/27/2025

Past performance does not guarantee future results.

# Nominal GDP Growth of 4.5%



Since debt payments are made in current dollars, nominal GDP represents the "income" available to service that debt.

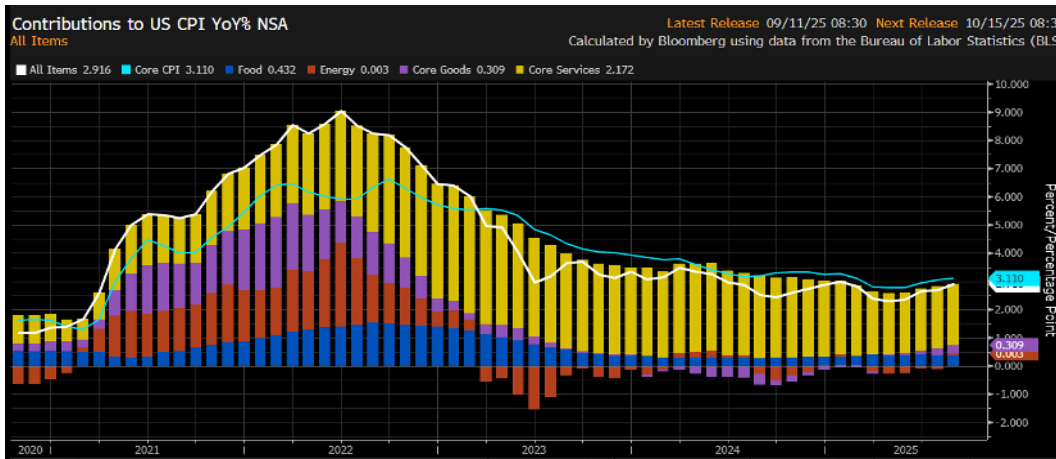
The US needs nominal GDP growth to manage its +\$40 trillion debt burden, even if most of that growth comes from inflation, an indirect tax on Americans.

**We expect real GDP growth of 1.5% in 2025 and 1.8% in 2026**, which considers tariff headwinds of 0.75% p.a., larger than we originally thought. Tailwinds of 0.6% from OBBS and banking deregulation are unchanged.

RiskBridge assumes an average nominal GDP growth rate of 4.5% between 2025 and 2027.

We place a 25% probability of a recession in the next 12 months.

# Inflation Moving Higher for Now

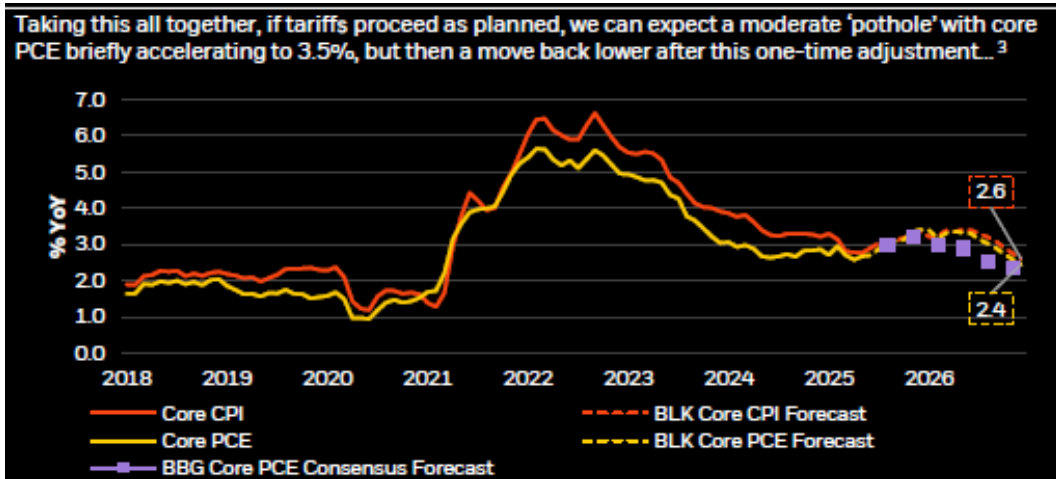


The core CPI was steady in August at 3.1% y/y. Core services inflation was unchanged (2.2%), and goods inflation rose (0.3% from 0.2%). Supercore inflation jumped to 4.1% y/y from 3.1% in July.

The Producer Price Index for final demand slipped to 2.6% from 3.1% y/y. Unlike CPI, PPI does not include imports.

We believe the tariff-related inflation will be short-lived, allowing inflation data to recede in 2026.

5-year breakeven yields remain anchored at 2.45%.



Source: RiskBridge, Bloomberg, BlackRock, Bureau of Labor Statistics. Data as of 09/29/2025.  
Past performance does not guarantee future results.

# Business Cycle Indicators

- Since 1960, the average age of a business upcycle is 74 months. The current upcycle is entering its 68<sup>th</sup> month.
- We see a slowdown, not the end of this business cycle.
- The real cyclical pain in 2H 2025 will be in services and construction. We expect a pickup in manufacturing.
- The global business cycle is becoming unsynchronized.

## U.S. Business Cycles, 1960-2025

#	Peak	Trough	Length
Downtcycle	Apr-60	Feb-61	10
<b>Upcycle</b>	<b>Feb-61</b>	<b>Dec-69</b>	<b>108</b>
Downtcycle	Dec-69	Nov-70	11
<b>Upcycle</b>	<b>Nov-70</b>	<b>Nov-73</b>	<b>37</b>
Downtcycle	Nov-73	Mar-75	16
<b>Upcycle</b>	<b>Mar-75</b>	<b>Jan-80</b>	<b>59</b>
Downtcycle	Jan-80	Jul-80	6
<b>Upcycle</b>	<b>Jul-80</b>	<b>Jul-81</b>	<b>12</b>
Downtcycle	Jul-81	Nov-82	16
<b>Upcycle</b>	<b>Nov-82</b>	<b>Jul-90</b>	<b>93</b>
Downtcycle	Jul-90	Mar-91	8
<b>Upcycle</b>	<b>Mar-91</b>	<b>Mar-01</b>	<b>122</b>
Downtcycle	Mar-01	Nov-01	8
<b>Upcycle</b>	<b>Nov-01</b>	<b>Dec-07</b>	<b>74</b>
Downtcycle	Dec-07	Jun-09	18
<b>Upcycle</b>	<b>Jun-09</b>	<b>Feb-20</b>	<b>130</b>
Downtcycle	Feb-20	Apr-20	2
<b>Upcycle</b>	<b>Apr-20</b>	<b>Sep-25</b>	<b>67</b>

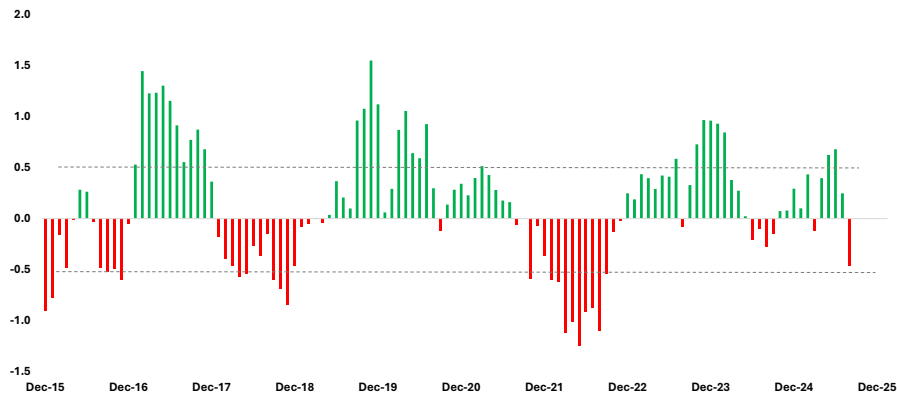
<b># of Upcycles</b>	<b>9</b>
Median (months)	74
Longest (months)	130
Shortest (months)	12
<b>Downtcycle</b>	<b>9</b>
Median (months)	10
Longest (months)	18
Shortest (months)	2

Source: NBER, RiskBridge

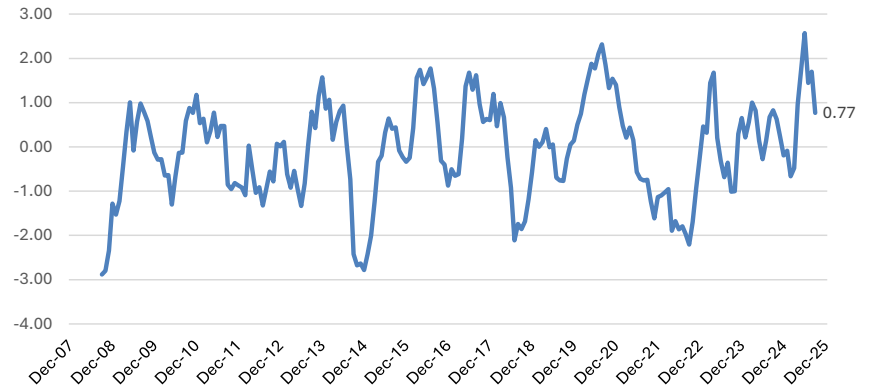
## 2. Liquidity Cycle

# Liquidity Indicators are Weakening

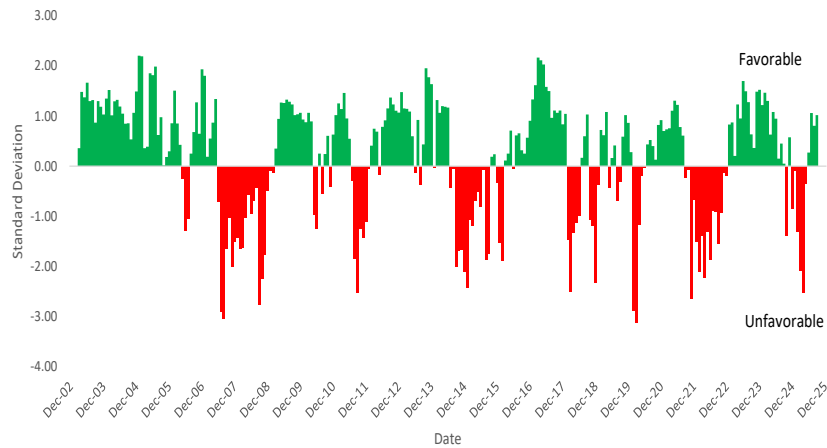
**Global Liquidity Index**  
 Source: RiskBridge  
 Above 0 = favorable conditions  
 Below 0 = unfavorable conditions



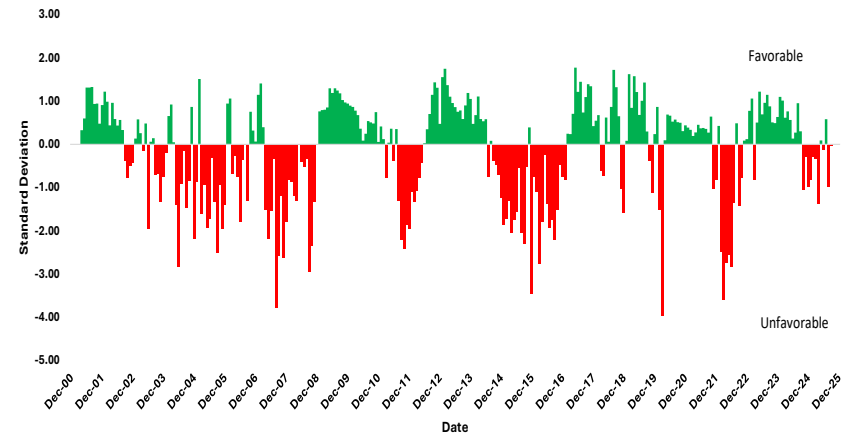
**Global Money Supply**  
**6-mo rate of change (standardized)**  
 Source: Bloomberg



**Financial Stress Index**  
 Source: Office of Financial Research



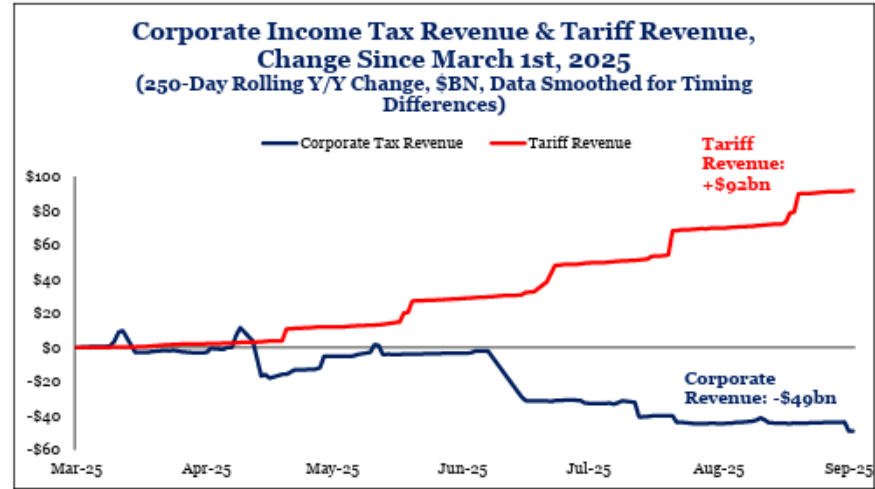
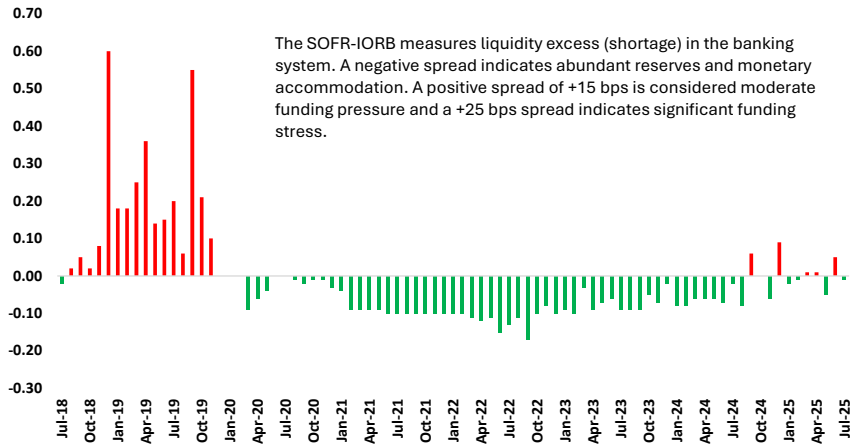
**US Commercial Paper Spread (3M)**  
 Source: Bloomberg



Source: RiskBridge, Bloomberg, The Conference Board. Data as of 09/29/2025. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

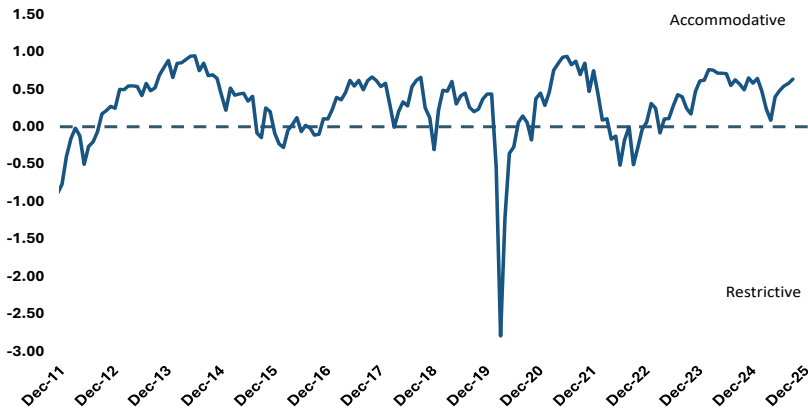
# Financial Conditions Remain Stable

SOFR - IORB

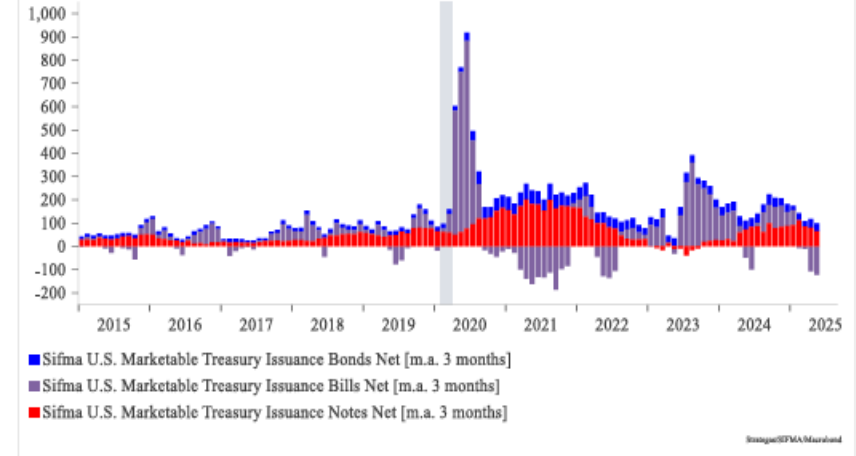


U.S. Financial Conditions Index Z-Score

Source: RiskBridge, Bloomberg, FRB Chicago



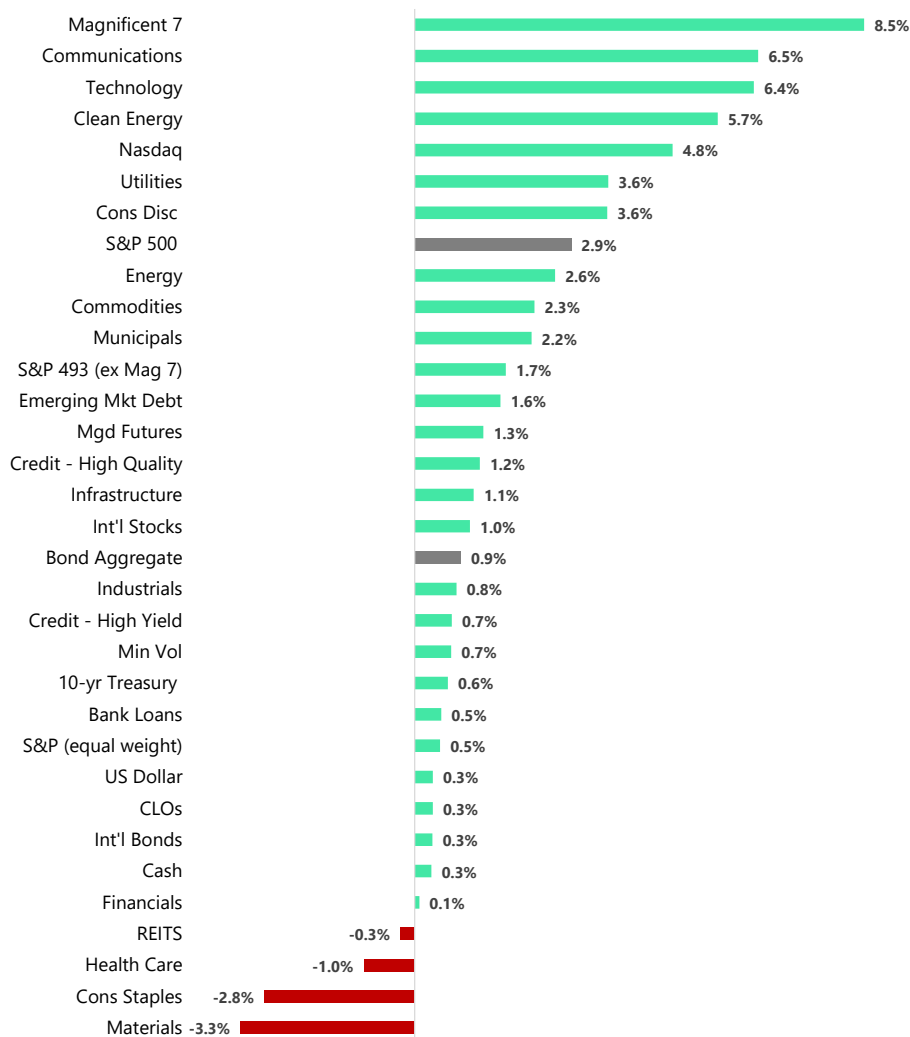
U.S. Treasury Bills, Notes & Bond Issuance (\$Bil, 3M Avg)



Source: RiskBridge, Bloomberg, Goldman Sachs, Strategas. Data as of 09/29/2025. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

# 3. Market Cycle

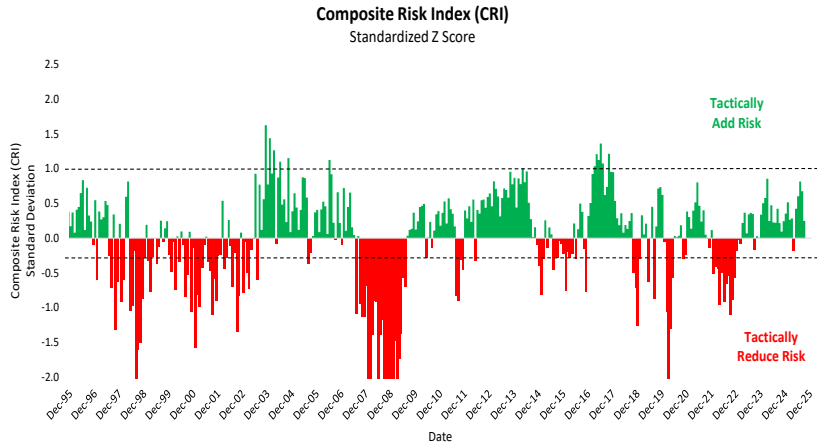
# Market Performance – September (MTD)



Source: RiskBridge, Bloomberg. Data as of 09/26/2025. “Industrials” based on XLI, “Financials” based on XLF, Bberg US Large Cap ex Mag 7 (B500xM7T Index), Commodities (BCOM Index), Int'l Stocks (MXWDU Index), S&P Equal Weight (SPW Index), Magnificent 7 (BM7T Index), Emerging Mkt Debt (EMB), Credit High Yield (LF98TRUU Index), CLOSs (JAAA), Bank Loans (BKLN), Cash (G001 Index), Credit High Quality (LUACTRUU Index), 10-yr Treasury (GA10 Index), US Dollar (BBDXY Index). You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

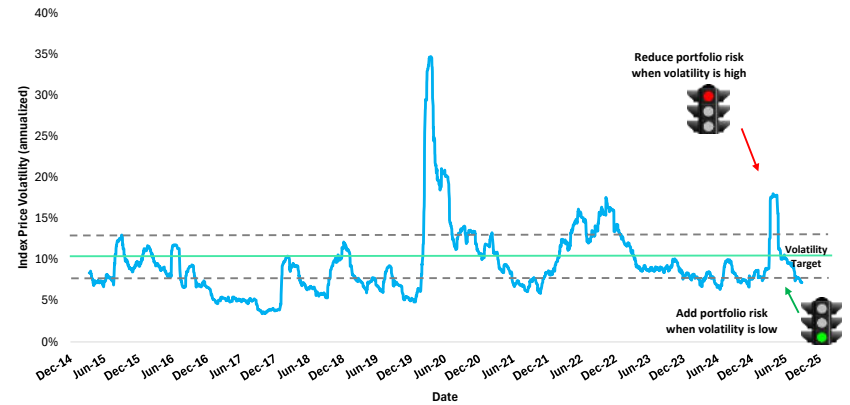
# Key Risk Metrics

## CRI = "Neutral"

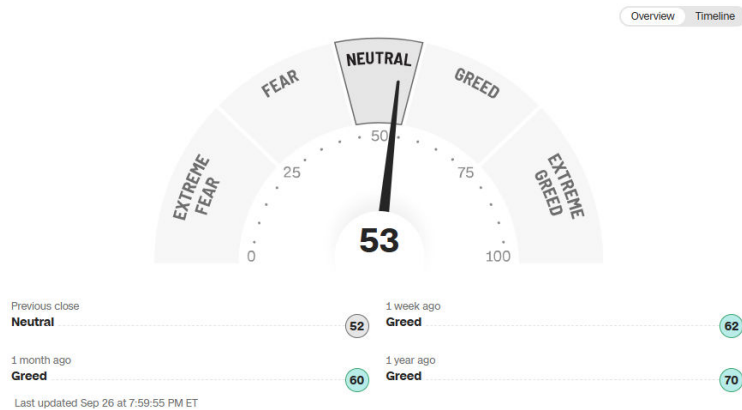


## Volatility of a Traditional 60/40 Portfolio

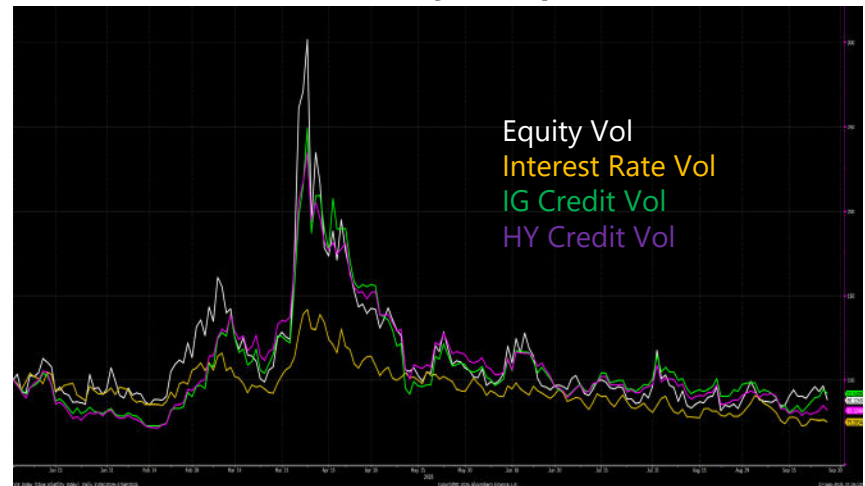
annualized standard deviation of daily returns, monthly rolling periods



## CNN Fear Greed Indicator



## Volatility Complex

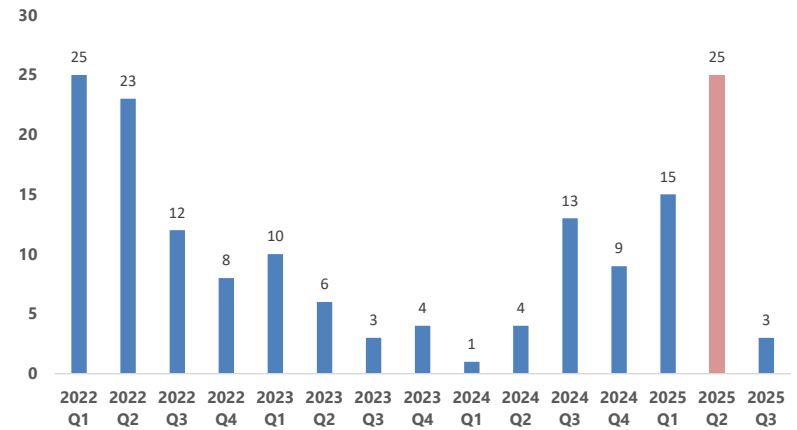


Source: Bloomberg. Data as of 09/26/2025 unless indicated otherwise. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

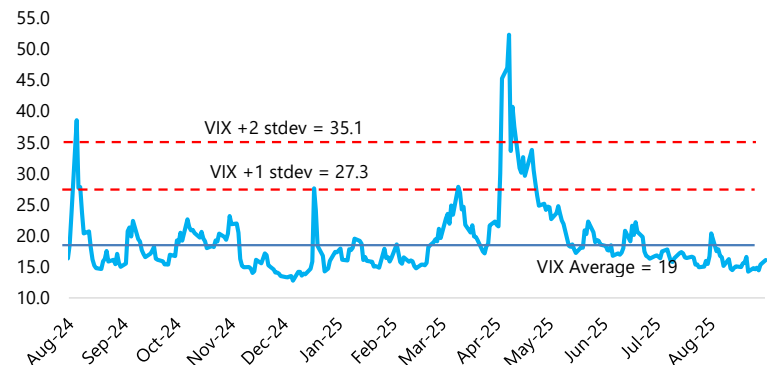
# Equity Volatility

- History shows that a market bottom forms once the number of days with a VIX move of  $\pm 1\sigma$  slows.
- The VIX Index (15) is below its long-term average (19). There have been only 3 extreme volatility days during Q3.
- VIX Playbook (sliding scale)
  - Risk On** (VIX < 19)
  - Neutral** (19 < VIX < 27.3)
  - Risk Off** (27.3 < 35.1)
  - Risk On** (VIX > 35.1)

**Number of Days Each Quarter When VIX Moved  $\pm 1$  Standard Deviation**



**VIX Index 2024-2025**



# Asset Price Trends

## POSITIVE TREND

- Stocks vs. Bonds
- US large cap growth
- NASDAQ/QQQ
- Mag 7
- US small caps
- Factors: Momentum
- Sectors: Comms, Discretionary, Industrials, Tech
- Thematic: Clean energy
- Int'l equities – emerging
  
- Core bonds
- Treasuries - Intermediate
- 10yr Treasury (price)
- RMBS
- CMBS
- Credit – Investment Grade
- Credit – High Yield
- Convertibles
- Emerging market debt
- Preferreds
  
- Industrial metals
- Precious metals
- Oil

## NEGATIVE TREND

- Bonds vs. Stocks
- US large cap value
- US mid-caps
- S&P equal weight
- US Min Vol
- Factors: Quality, Size, Value
- Sectors: Staples, Energy, Financials, Health Care, REITs, Utilities
- Thematic: Infrastructure
- Int'l equities - developed
  
- Treasuries – Long
- Treasuries – Short
- 10-yr Treasury (yield)
- AAA CLOs
- Fixed Income Opportunistic
- Bank loans
- Municipal Bonds
  
- Balanced portfolios
- Commodities
- Managed Futures
- Agricultural

# US Equities

- The US stock market has rallied for five consecutive months.
- The important monthly MACD (bottom panel below) shows a clear long-term “buy” signal.
- The 11-month and 13-month moving averages confirm that the uptrend that began in October 2022 remains intact.
- Within US equities, we are neutral large caps and overweight mid caps.

## S&P 500 Index with MACD Indicator (monthly)



Source: RiskBridge, Bloomberg. The S&P 500 Index shows monthly returns and MACD. Moving Average Convergence Divergence (MACD) is a common technical indicator used to spot momentum and trend changes. The 11 and 13-month moving averages do not confirm the MACD sell signal. Data as of 09/29/2025. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

# International Equities

- The important monthly MACD (bottom panel below) has delivered a steady “buy” signal since 2023.
- The 11-month and 13-month moving averages confirm that the uptrend that began in October 2022 remains intact.
- We are neutral international stocks.

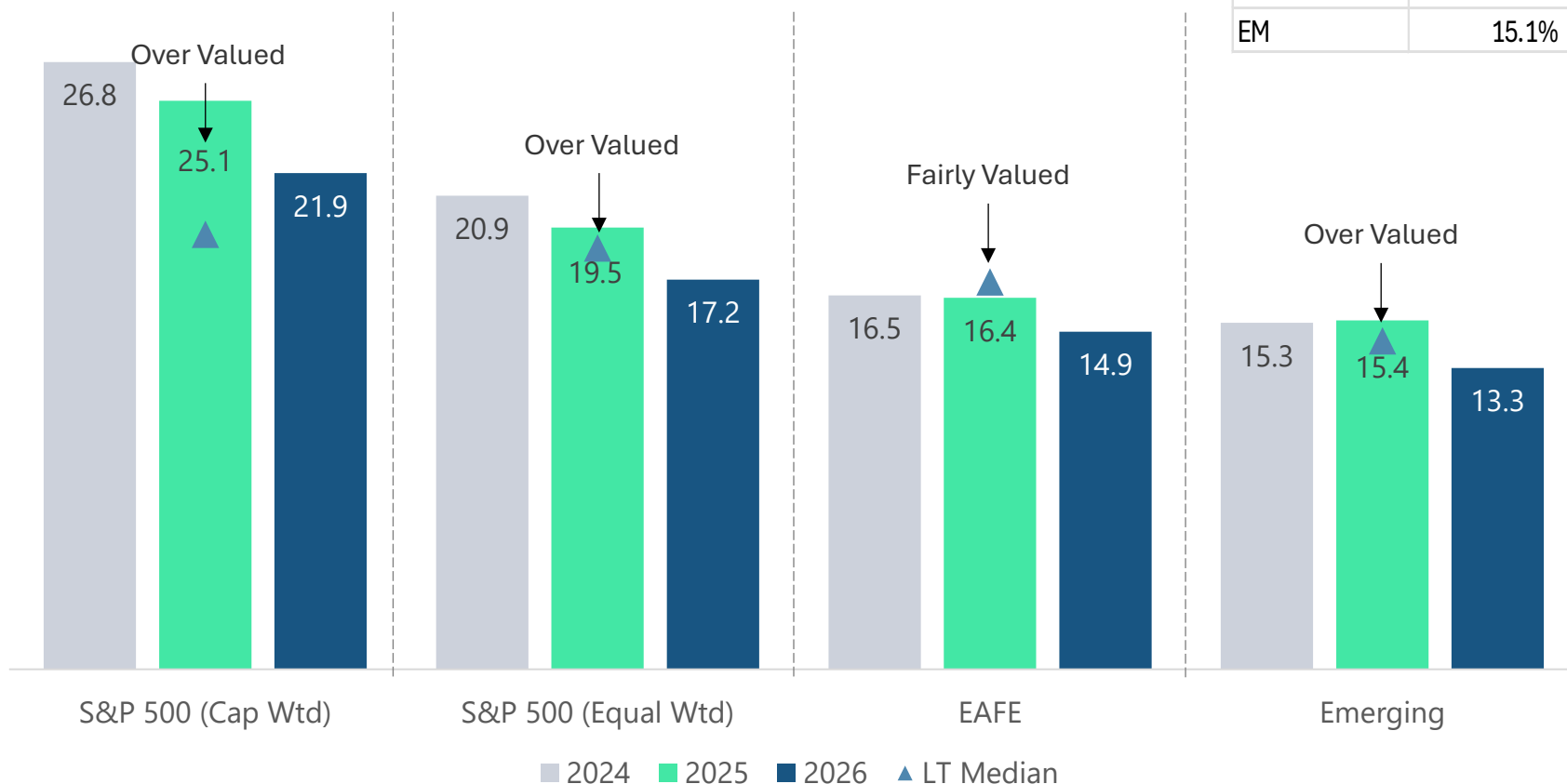
## MSCI ACWI (ex US) Index with MACD Indicator (monthly)



Source: RiskBridge, Bloomberg. The S&P 500 Index shows monthly returns and MACD. Moving Average Convergence Divergence (MACD) is a common technical indicator used to spot momentum and trend changes. The 11 and 13-month moving averages do not confirm the MACD sell signal. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Data as of 09/29/2025. Past performance does not guarantee future results.

# Equity Valuations

## Price-to-Earnings Ratio (2024-26)

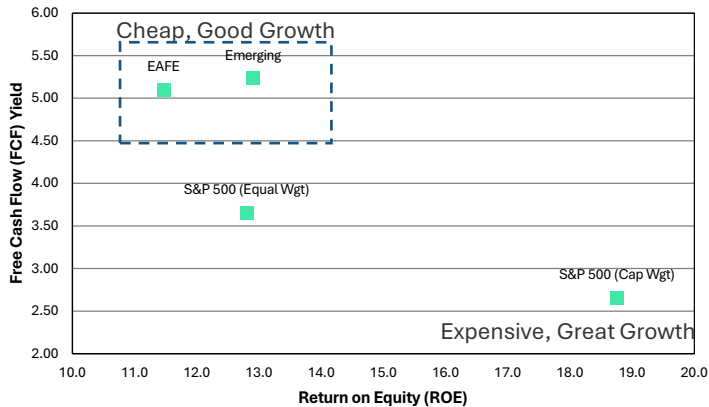


Region	2026 EPS Growth y/y
US (cap wgt)	14.0%
US (equal wgt)	11.4%
EAFE	9.9%
EM	15.1%

Source: RiskBridge, Bloomberg, S&P, MSCI. Updated 09/26/2025. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

# Searching for Growth at a Reasonable Price

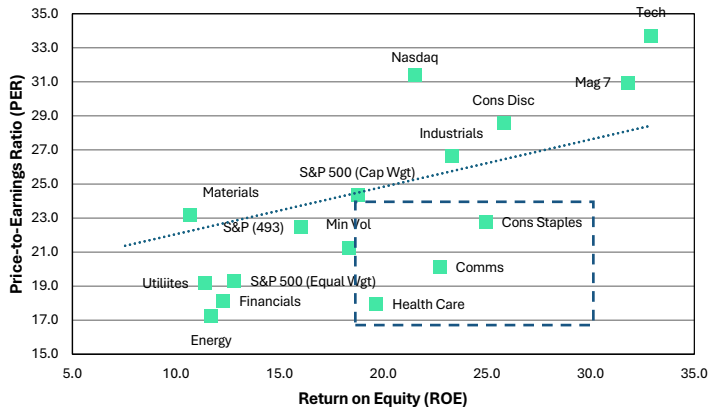
Free Cash Flow Yield (FCF) vs. Return on Equity (ROE)



These two scatter plots reveal distinct valuation patterns across different market segments and investment styles.

The first graph shows that emerging markets and EAFE (Europe, Australasia, Far East) offer free cash flow yields of around 4.5% to 5.0%. At the same time, both equal-weighted and cap-weighted S&P 500 strategies generate lower yields, with cap-weighted showing the poorest cash generation relative to its price.

P/E Ratio vs. Return on Equity (ROE)



The second graph illustrates the classic growth-value trade-off through a clear upward trend line. High-growth sectors like Technology and Communication Services command premium P/E ratios above 25x despite modest returns on equity, reflecting investor willingness to pay for future growth potential.

Conversely, value-oriented sectors such as Utilities, Energy, and Financials trade at P/E ratios below 20x while delivering below-average ROE performance above 15%. In other words, they're cheap for a reason.

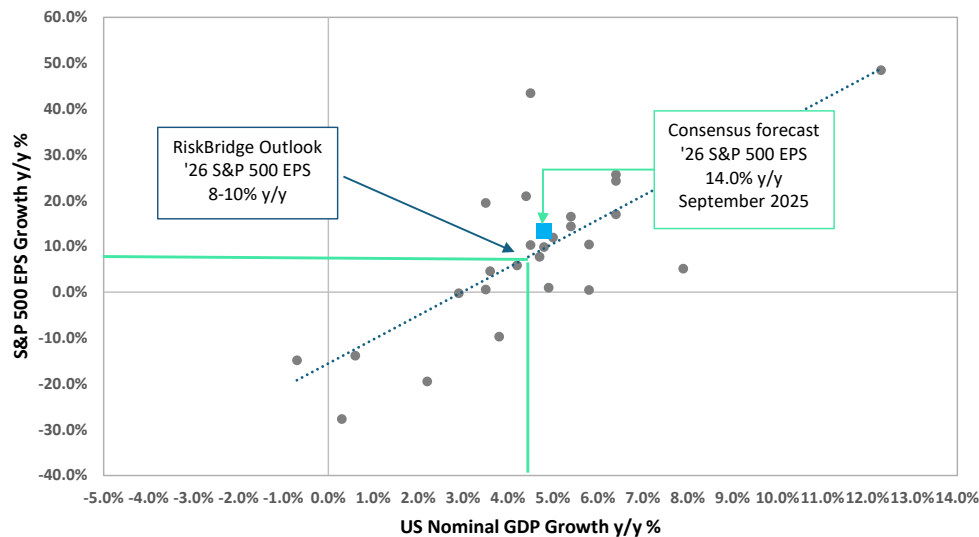
This relationship suggests that international, equal-weighted, minimum volatility, communications, health care, and staples may offer growth at a reasonable price relative to other global equity segments and sectors.

# We Expect \$295/share vs. Consensus \$304/share

US Stock Market Fundamentals	7-year avg	2024	2025	2026
S&P EPS (\$)	\$167.76	\$243.02	\$267.65	\$304.50
S&P EPS (y/y %)	10.5%	10.4%	10.1%	13.8%
Price/Earnings Multiple	21.9	27.3	24.8	21.8

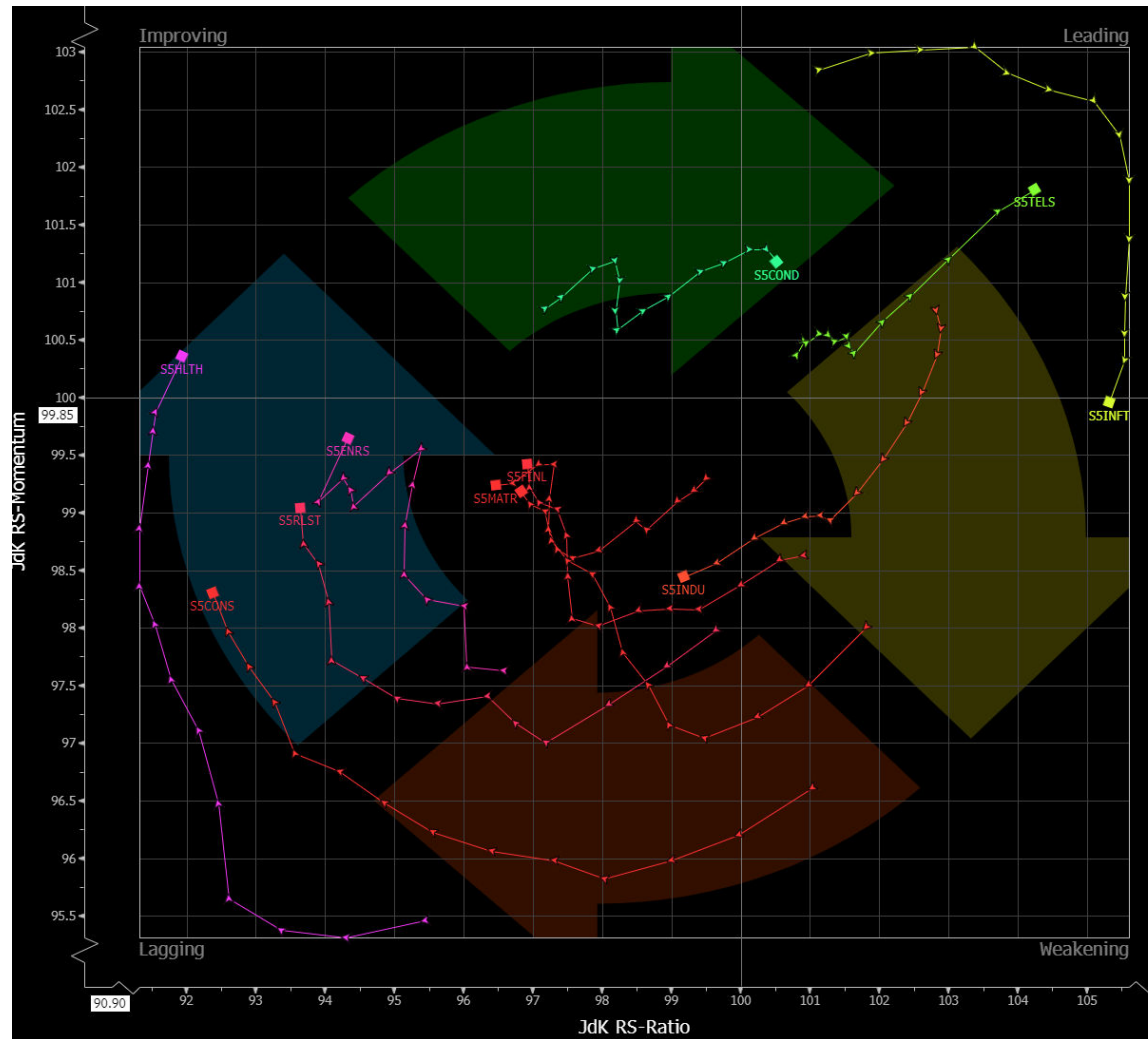
<b>S&amp;P 500 Index (current)</b>	<b>6,644</b>	
<b>S&amp;P 500 Upside</b>	<b>6,800</b>	<b>2.4%</b>
<b>S&amp;P 500 Downside</b>	<b>5,950</b>	<b>-10.4%</b>

**Relationship Between Nominal GDP & Corporate Earnings Growth**  
2000 - 2026



Source: RiskBridge, Bloomberg, FactSet. Data as of 09/29/2025. Earnings per share (EPS) for the S&P 500 Index. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

# Market Internals Signal a Lack of Leadership



Source: RiskBridge, Bloomberg. The Relative Rotation Graph (RRG) allows one to visualize the relative strength of a universe of sectors against the S&P 500 Index against each other, to identify market areas of interest, and to explore further. RRG uses proprietary indicators to plot the relative strength and the direction of the S&P 500 sectors. RRG, JdK RS-Ratio, JdK RS-Momentum are Trademarks registered by RRG Research. Updated 09/29/2025. Past performance does not guarantee future results.

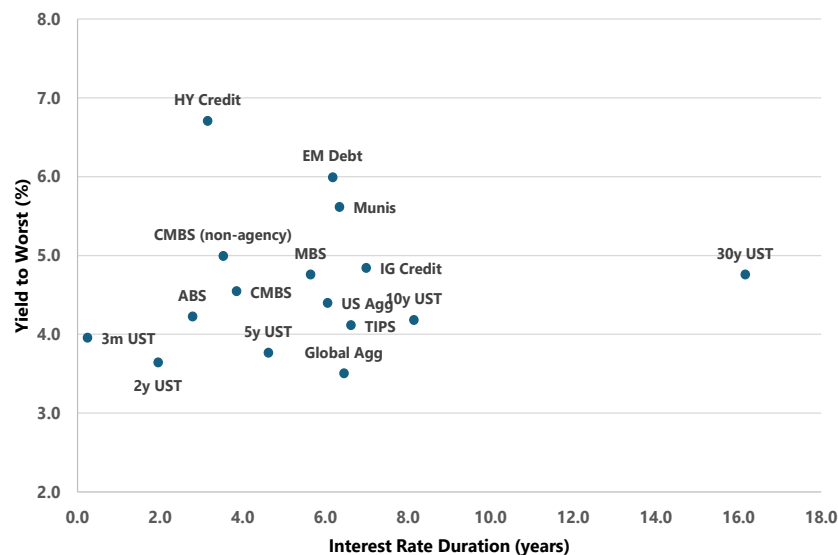
# Fixed Income

- Fed officials and bond investors should remember what happened at the end of 2024, when the Fed cut the federal funds rate three times by 100 basis points from September 19 to December 19. Bond vigilantes pushed the 10-year bond yield up 100 basis points over the same period.
- The 10-year treasury yield has been 15 bps higher since the September 17, 2025 Fed rate cut.

## Bond Yield, Duration, and Returns

Treasuries	YTW	Duration	Q3	Q2	Q1	2025	1 Year
3 Month	3.96	0.2	1.1	1.1	1.0	3.2	4.4
2 Year	3.64	1.9	0.9	1.1	1.6	3.7	3.4
5 Year	3.77	4.6	1.0	1.7	3.0	5.8	2.7
10 Year	4.18	8.1	1.5	1.0	4.0	6.7	0.9
30 Year	4.76	16.2	1.6	(2.1)	4.3	3.7	(6.4)
U.S. TIPS	4.12	6.6	2.0	0.5	4.2	6.7	3.6
Sectors	YTW	Duration	Q3	Q2	Q1	2025	1 Year
U.S. Aggregate	4.40	6.1	1.8	1.2	2.8	5.9	2.4
Corp Credit (IG)	4.84	7.0	2.3	1.8	2.3	6.6	3.2
Corp Credit (HY)	6.71	3.1	2.4	3.5	1.0	7.1	7.3
Municipals	3.67	6.3	2.9	(0.1)	(0.2)	2.5	1.3
MBS	4.76	5.6	2.3	1.1	3.1	6.6	2.9
ABS	4.23	2.8	1.5	1.4	1.5	4.5	4.3
CMBS	4.55	3.8	1.6	1.9	2.6	6.1	4.3
CMBS (non-agency)	4.99	3.5	1.7	2.0	2.3	6.1	5.1
Global Aggregate	3.50	6.5	0.1	4.5	2.6	7.4	1.7
Emerging Debt	5.99	6.2	3.5	2.5	2.3	8.6	7.0

## Risk-Adjusted Yield



Source: RiskBridge, Bloomberg, Yardeni Research. Data as of 09/29/2025. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

# Interest Rates

## 10-Year Treasury Yield (daily)



YTD, the 10-year Treasury has returned 6.6% compared to 5.9% for the Bloomberg US Aggregate Bond Index. The 10-year Treasury yield has declined 39 bps since the beginning of 2025.

The 10-yr yield tested the floor of the 4.0% to 4.5% trading range and bounced on stronger-than-expected economic data.

It is plausible that the 10-year yield could trade as high as 5.0% (stagflation, unwinding leveraged trades) and as low as 4.0% (global growth scare).

The term premium, an important component of the nominal 10-year Treasury yield, is 0.62%.

Source: RiskBridge, Bloomberg. 10-year generic US Treasury yield. Data as of 09/26/2025. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

# Futures Suggest 2 More Rate Cuts By Year-End

Implied Probability of a 25 bps Rate Cut By FOMC Meeting Date

	10/29/25	12/10/25	01/28/25	03/18/26	04/29/26	06/17/26	07/29/26	09/16/26
4.00%	89.8%							
3.75%		73.1%						
3.50%			36.9%					
3.25%				39.2%				
3.25%					22.8%			
3.00%						54.1%		
2.75%							28.9%	
2.50%								31.8%

Implied Fed Funds Target Rate

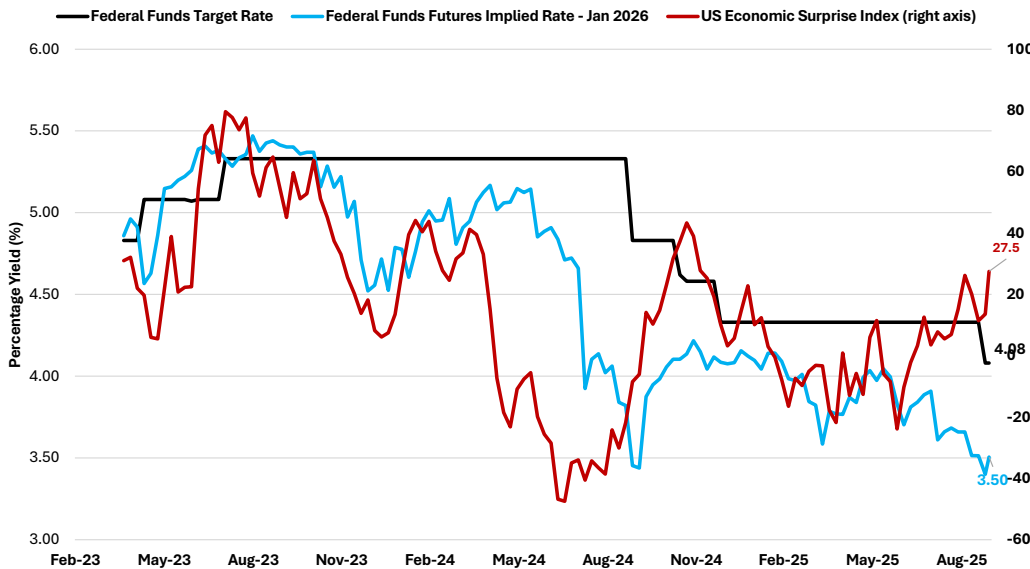
*"I don't see any material inflation from tariffs.... In my view, monetary policy is pretty restrictive."*

– Fed Governor Stephen Miran justifying his dissent at the FOMC meeting

*"Recent data show a materially more fragile labor market along with inflation that, excluding tariffs, has continued to hover not far above our target."*

– Fed Governor Michelle Bowman

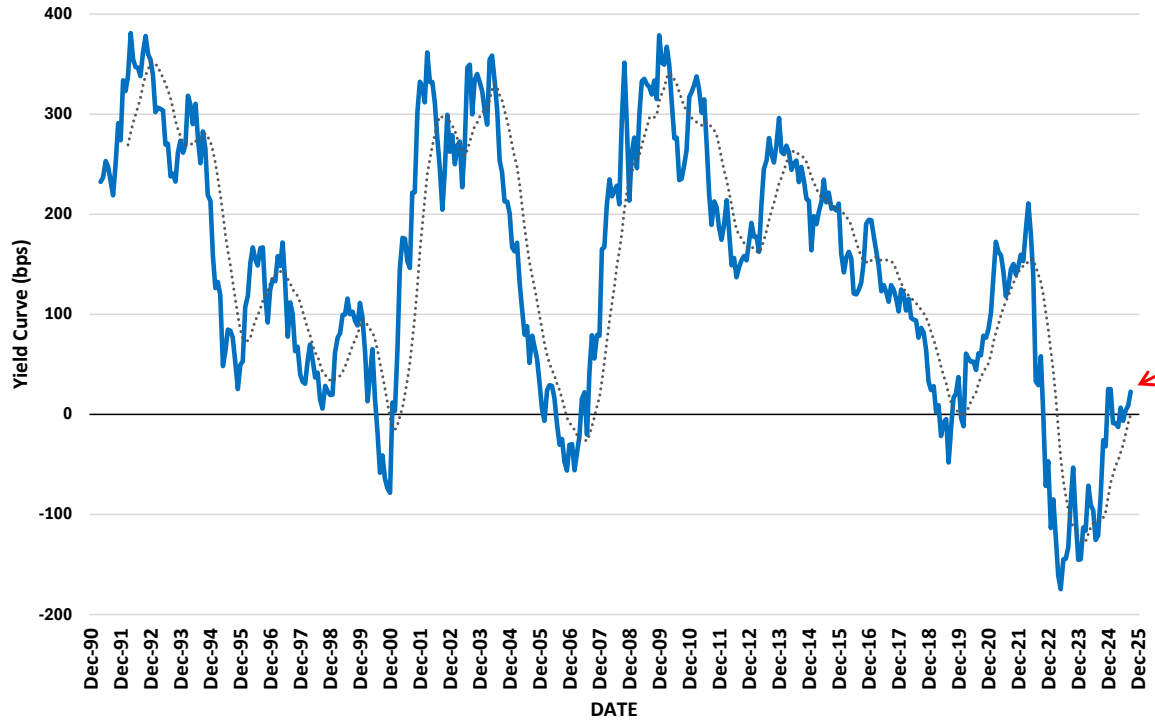
Fed Funds Rate with Market-Based Projections for 2025 & 2026



Source: RiskBridge, Bloomberg. Data as of 09/29/2025. Implied Fed Funds Rate based on Overnight Interest Swap (OIS) rates. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

# Yield Curve Bull Steepening

**U.S. Treasury Yield Curve**  
(10yr yield minus 3m yield, basis points)  
Source: Bloomberg

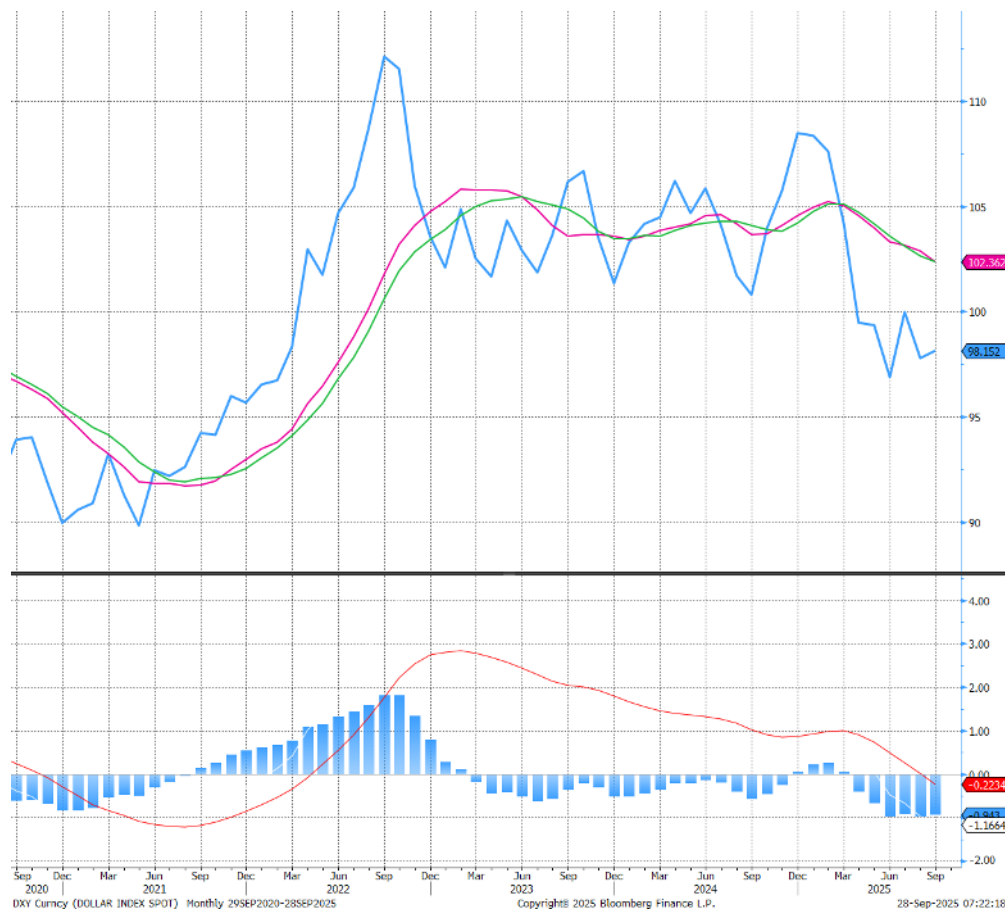


The state of the yield curve reflects investors' beliefs about the economy and Fed rate cycles.

The yield curve (10yr minus 3mo) is currently 23 basis points, up from 4 bps two weeks ago. This reflects better than economic data against a backdrop of lower policy rates.

# USD May Strengthen from Oversold Territory

## DXY Index (monthly) with Moving Average Convergence/Divergence



The Dollar Index is currently at 98.2, indicating potential for higher trading and presenting an intermediate-term buy signal, despite being in a long-term downtrend.

The US dollar has experienced a YTD return of minus 8%, compared to a +8% return in 2024.

We believe that for the remainder of 2025, the focus will shift away from economic data and towards the dynamics unfolding between Washington, Moscow, Kyiv, and Beijing.

Source: RiskBridge, Bloomberg. US Dollar Index (DXY) from 09/02/2020 through 09/29/2025. You cannot invest directly in an index. Index performance does not reflect the costs of managing a portfolio or the fees and expenses associated with investing in securities. All investments contain risk and may lose value. Past performance does not guarantee future results.

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