

Manager's Pulse

August 26, 2025

Last Month's Digest

1. The U.S. labor market showed some signs of weakening. The Bureau of Labor Statistics revised its new jobs figures for the months of May and June by a significant amount. (Source: Bureau of Labor Statistics).
2. Inflation remained steady in July, with a CPI of 2.7%, unchanged from the month of June. The below expectations CPI figure might raise chances for the Federal Reserve to resume interest rate cuts soon. (Source: Bureau of Labor Statistics).
3. The U.S. government announced a further extension (90 days) to the China reciprocal tariffs implementation. Financial markets rose on Tuesday, August 12th as a result of the announcement. (Source: USA Today).

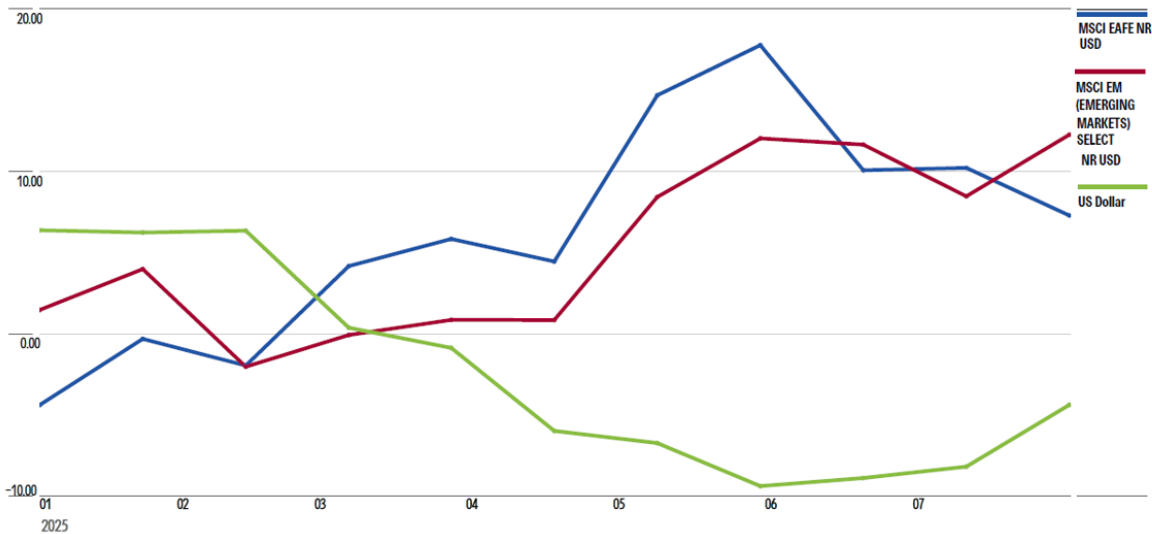
Chart of the Week

MSCI EAFE & Emerging Markets vs. US Dollar Performance (2025)

MSCI EAFE & EM vs. USD (DXY)

2025-08-14 11:15:06 • Page 1 of 1

Portfolio: MSCI EAFE NR USD • Start Date: 1 Year Ago (08/18/2024) • End Date: Last Market Close (08/09/2025) • Data Point: Return • Display Benchmark: No Benchmark • Currency: Base Currency • Source Data: Weekly Return • Calculation Benchmark: No Benchmark • Annualized: Off • Risk-Free Proxy: USTREAS T-Bill Auction Ave 3 Mon



The sustained weakness in the U.S. dollar over the period provided a tailwind for both the MSCI EAFE and MSCI Emerging Markets indexes, as foreign-currency-denominated assets appreciated in USD terms.

Source: Morningstar

Market Outlook

The month of August has seen a bullish market so far as we enter deep into the summer season. For example, the NASDAQ Composite index TR is up in the period from 08/01/2025 to 08/13/2025 by +2.82%. By the same token, the NASDAQ is up +12.88% YTD as well as the S&P 500 TR by +10.81% at the close of market 08/13/2025. The positive indicators are a result of a number of factors including positive macroeconomic figures, significant technological advances and geopolitical news.

Emerging and developed international markets have also seen positive returns in the past month with the MSCI EAFE NR index posting a +4.25% gain so far in the month of August (08/01 to 08/13). The MSCI Emerging Markets Select NR also posted a significant gain of +3.32% for the same time period. Both indices have double-digit returns year-to-date. This outstanding performance can be attributed to the volatile environment in the U.S. markets seen during the 1st half of 2025. Investors wariness may have resulted in a flight to international markets, bolstering their values and at the same time contributing to the U.S. Dollar decline in value vs other major international currencies.

On a macroeconomic level, the U.S. Job market has seen some sign of softening while inflation remains steady. Oil prices have seen some volatility as a result of geopolitical conflict in the middle east and renewed sanctions from the U.S. towards Iran and Russia. However, the demand for oil from major economies has been dwindling, resulting in low energy prices as of mid-August (BRENT crude oil \$66/barel, WTI crude oil \$67/barel).

To finalize, in the upcoming months, investors will be watching closely the Federal Reserve's decision on interest rates as well as on-going reciprocal tariff negotiations between the U.S. and its international trade partners. We will also keep an eye out on the growth of the economy. The latest "GDPNow" Q3 forecast estimate for real GDP growth by the Federal Reserve of Atlanta stands at 2.5%, up from 2.3% at the end of July. It seems that the trend is for the economy to exhibit growth above expectations set in the 1st half of 2025.



Source: Morningstar, Wilshire, CNN, Federal Reserve Bank of Atlanta

Looking Ahead

- **Thursday September 11, 2025** The U.S. Bureau of Labor Statistics will release the Consumer Price Index (CPI) report for August, providing insights into inflation trends (Source: U.S. Bureau of Labor Statistics).
- **Tuesday, September 16, 2025** The Federal Reserve is scheduled to meet to make an interest rate decision (Source: Board of Governors of the Federal Reserve System).



Figures to Watch

Market Indices	Q2 2025	YTD (1/1/25 - 8/13/25)	Rates	7/14/2025	8/13/2025
NASDAQ Composite Total Return	17.96%	12.88%	30-Year US Treasury	4.97%	4.83%
MSCI EAFE Price Return	10.58%	20.51%	10-Year US Treasury	4.42%	4.24%
Bloomberg US Large Cap Total Return	11.58%	11.08%	2-Year US Treasury	3.90%	3.67%
Bloomberg US Mid Cap Total Return	7.30%	7.59%	30-Year Fixed Mortgage	6.86%	6.77%
S&P SmallCap 600 Total Return	4.90%	2.10%	Commodities (Levels)		
S&P 500 Total Return	10.94%	10.81%	Oil (WTI)	\$66.98	\$67.25
Russell 1000 Growth Total Return	17.84%	12.41%	Gold	\$3,352.00	\$3,408.60
DJ Industrial Average Total Return	5.46%	6.63%	Silver	\$39.04	\$38.52
Fixed Income			Copper (per pound)	\$5.50	\$4.47
Bloomberg US Treasury Yield	1.06%	2.68%	Corn	\$4.18	\$3.74
Bloomberg US Agg Bond Total Return	1.21%	4.83%			
Bloomberg US Corporate High Yield Total return	3.53%	5.65%			
S&P Municipal Yield Total Return	-1.01%	-1.45%			

Source: Morningstar



Disclosures

The Manager's Pulse has been prepared and made available by The Pacific Financial Group, Inc., also known as TPGF, a Registered Investment Adviser (RIA) offering advisory services. Information in this piece is to be used for informational purposes only. The information contained herein, including any expressions of opinion has been obtained from, or is based on sources believed to be reliable, but its accuracy or completeness is not guaranteed and is subject to change without notice. The information should not be construed or interpreted as an offer or solicitation to purchase or sell a financial instrument or service. TPGF does not provide tax or legal advice. Investors should consult their financial, tax or legal professionals before investing. Past performance is not a guarantee of future results. All investments contain risks to include the total loss of invested principal. Diversification does not protect against the risk of loss.