

Monthly Recap

At-A-Glance

The S&P 500 gained just over 2% last month, capping its 20th YTD record high on August 28. The broad index ended August up 30.31% from its April 8 correction low.

The Dow Jones Industrial Average advanced 3.42% in August, extending its YTD return to 8.30%. The Dow-30 reached its first and second new record highs of 2025 on 8/22 and 8/28.

The Nasdaq Composite rose a fifth straight month, gaining 1.65% in August, lifting its YTD return to 11.60%. The Nasdaq posted its 20th new record high of the year on August 13, closing at 21,713. The tech-heavy index has surged 40.88% from its April 8 low.

Bloomberg's Commodities Index rebounded 1.93% in August, more than eclipsing its 0.45% July decline. The commodities index is up 7.07% YTD.

Gold futures gained 5.00% in August, ending the month at \$3,516.10/ounce, its highest level since April 22 and just 0.8% below its record intra-day high. On a YTD basis, Gold has surged 33.14%.

After gaining over 6.3% in July, U.S. West Texas intermediate (WTI) crude oil futures tumbled 7.58% in August, ending the month at \$64.01 per barrel. U.S. crude is down 10.75% for the year.

Market Indices ¹	August	Year-to-Date
S&P 500	2.03%	10.79%
Russell 3000	2.31%	10.58%
Russell 2000	7.14%	7.06%
MSCI EAFE	4.26%	22.79%
MSCI Emerging Markets	1.28%	19.02%
Bloomberg U.S. Aggregate Bond	1.20%	4.99%
Bloomberg U.S. Municipal Bond	0.87%	0.32%
Bloomberg U.S. Corporate High Yield	1.25%	6.35%

¹FactSet (all equity performance is total return, which includes dividends).

U.S. stocks ended broadly higher in August, with the S&P 500 posting its fourth consecutive monthly gain and registering five new 2025 all-time highs during the month. Notably, the small-cap-focused Russell 2000 had its best month since last November, widely exceeding the S&P 500's performance by over 5% in August. The small cap index also advanced for a fourth month, its longest winning streak since 2021.

The S&P 500 closed above 6,500 for the first time on August 28, the day before the Fed's preferred measure of inflation was released. The core Personal Consumption Expenditures (PCE) price index rose 0.3% in July, the same increase as June but it climbed from 2.8% to 2.9% on an annualized basis, marking a five-month high. The data sparked modest month-ending selling just a week after Fed Chair Powell signaled policymakers may soon resume easing interest rates as early as their September 16-17 FOMC meeting. The Federal Reserve has held rates steady at 4.25%-4.50% throughout 2025 amid uncertainty on how tariffs could affect inflation, which continues to run above the Fed's target of 2%.

August's exceptional Q2 earnings-reporting season helped lift stocks higher despite the highlighted backdrop of tariff-induced inflation and employment concerns. Overall, corporate earnings data for the second quarter has been strong and well received with EPS growth for S&P 500 companies coming in at nearly +12% year-over-year, compared with +4.8% expected at the start of the season, according to FactSet.

Additionally, the second-quarter U.S. GDP annualized growth rate was upwardly revised to 3.3% from an initial estimate of 3.0% and compares to a 0.5% GDP decline in the first quarter. The favorable economic growth revision reflects increases in corporate investment and consumer spending, while being partially offset by reduced government spending and increased imports, which subtract from GDP.

Besides growing Fed rate-cut expectations and better-than-expected economic growth, additional bullish catalysts included narrowing international trade uncertainties and mostly solid Q2 artificial intelligence (AI) related company earnings reports.

All equity sizes and styles posted August gains, led in order by all three Small cap styles of Value, Blend and Growth. Mid and Large cap Growth styles rose the least. Reflecting YTD gains, Large cap Value and all three Mid cap styles set record highs for the first time in 2025. In another YTD insight, Mid cap Growth continues to dominate as this year's top performing style (+13.14%). Despite August gains, Small cap styles are still up the least in 2025.

August Returns				Year-to-Date Returns			
	Value	Blend	Growth		Value	Blend	Growth
Large Cap	3.19%	2.10%	1.12%	Large Cap	10.01%	10.76%	11.33%
Mid Cap	3.00%	2.50%	1.00%	Mid Cap	8.12%	9.45%	13.14%
Small Cap	8.47%	7.14%	5.91%	Small Cap	6.90%	7.06%	7.20%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 8/31/2025.

Sector performance widely broadened last month with ten of the 11 S&P 500 sectors posting gains, led by Materials and Healthcare. Technology and Industrials rose the least in August while only Utilities posted a loss. All eleven sectors are now returning YTD gains with six sectors posting double-digit gains ranging from Communication Services (+17.91%) to Materials (+11.64%). Driven by strong YTD gains, seven sectors are now within 5% of their all-time highs, the most on a monthly basis since December 2024.

Top Sector Performers – August ¹	Bottom Sector Performers – August ¹
Materials (+5.76%)	Technology (+0.34%)
Healthcare (+5.38%)	Industrials (+0.01%)
Energy (+3.64%)	Utilities (-1.58%)
Top Sector Performers – YTD ¹	Bottom Sector Performers – YTD ¹
Communication Services (+17.91%)	Consumer Staples (+5.54%)
Industrials (+16.12%)	Consumer Discretionary (+2.02%)
Technology (+14.04%)	Healthcare (+0.81%)

¹ FactSet (all S&P 500 sector performance percentages are total return based, which include dividends).

Foreign equities in developed markets rebounded broadly from their 1.4% loss in July, outperforming relative to the U.S. as the MSCI EAFE Index more than doubled the S&P 500 August return. Among country-specific indices, Japan surged 6.95%, outperforming the UK (+3.19%), France (+1.40%) and Germany (+1.23%). Emerging markets trailed the U.S. performance by 0.75%. While Brazil surged 10.25% in August, China gained 4.94% while India and Taiwan posted losses of 3.13% and 0.85%, respectively.

The U.S. Dollar Index weakened by 2.2% last month, retracing much of its 3.2% prior month gain, according to FactSet. Treasury prices rose, sending yields lower. The yield on benchmark 10-year Treasuries fell 0.13% in August, finishing at 4.224%. Spurred by improved prospects for a September rate cut, the yield on shorter-term two-year Treasury notes fell 0.32% to 3.620%. Supported by rising prices, the Bloomberg U.S. Government Index advanced 1.05% in August while longer-duration Bloomberg U.S. Government long-term bonds rose a lesser 0.33%. These indices are up 4.47% and 2.49%, respectively, YTD.

On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, returned 1.20% last month, boosting its YTD gain to nearly 5.0%. Bloomberg's U.S. High Yield Bond Index, representing holdings of below investment-grade (junk-rated) corporate bonds, climbed 1.25%, lifting its YTD gain to 6.35%. Bloomberg's U.S. Municipal Bond Index gained 0.87% in August, turning slightly positive for the year (+0.32%).

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on X.

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Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.