

August 29, 2025

Good Morning,

Last week, the stock market ended with a boom as Fed Chair Jerome Powell's Jackson Hole speech signaled to investors that more rate cuts are coming amid the background of a slowing labor market, which is now prioritized above inflation. The signal was enough to juice the S&P 500 up 1.5%, the Nasdaq and the Dow 1.9% (its first record of the year), and the Russell 2000 (small cap stocks) a massive 4%. A surprisingly strong reading of 2nd quarter GDP has also helped to support stocks.

President Trump wants to fire one of the 12 Federal Reserve Governors – presumably to appoint someone he can influence. The mounting fight against Fed Governor Lisa Cook may not be resolved anytime soon. But its implications are already changing Wall Street's trajectory. On Wednesday, Citigroup strategists recommended betting against the dollar and long-term bonds, noting their increased likelihood of underperformance amid a less independent Federal Reserve. While the stock market may not be blinking, the bond market may be where the action lies. A Federal Reserve influenced by politics is not independent, and that is worrisome to many market watchers.

After Texas moved to shift 5 Democratic seats in the House to Republican district control, more states are lining up to redraw congressional maps to support one party or the other. Is this how democracy is supposed to work? Disenfranchising citizens based on their political views is a dangerous game and will only serve to divide the country even further. Politicians swear an oath to the country, not a political party. Gerrymandering has consequences and we're about to see it on full display prior to next year's mid-term elections.

Please visit our website at www.canfg.com or the link below for the last Market Update from Commonwealth Financial Network® – the broker/dealer that supports us in helping you manage your financial life.

http://www.commonwealth.com/RepSiteContent/weekly_comm/commentary_redirect.htm

As always, if you would like to discuss this or anything regarding current market conditions or your portfolio, feel free to contact me at any time.

And the Reds are falling apart! Enjoy the Labor Day weekend!

Wade

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