



First Citizens Wealth™

Making Sense

Monthly Market Update

Recorded on September 24, 2025




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What are we going to cover?

1. Economic Update:
Federal Reserve Policy | Inflation & Labor Market | Consumer Spending
 2. Market Update:
Equity Markets | Valuations | Fixed Income
- 

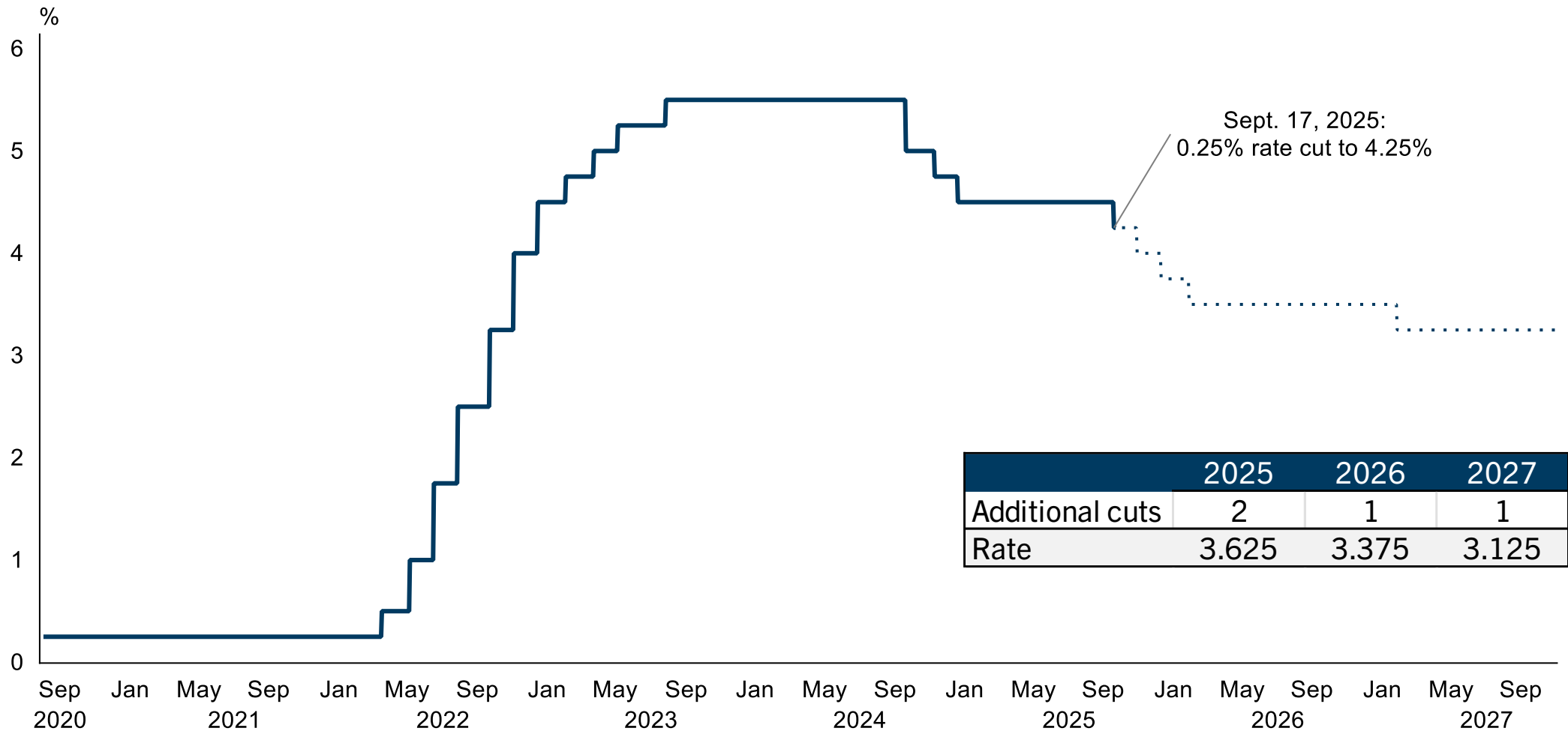
Economic & Policy Update

Federal Reserve Policy | Inflation & Labor Market | Consumer Spending



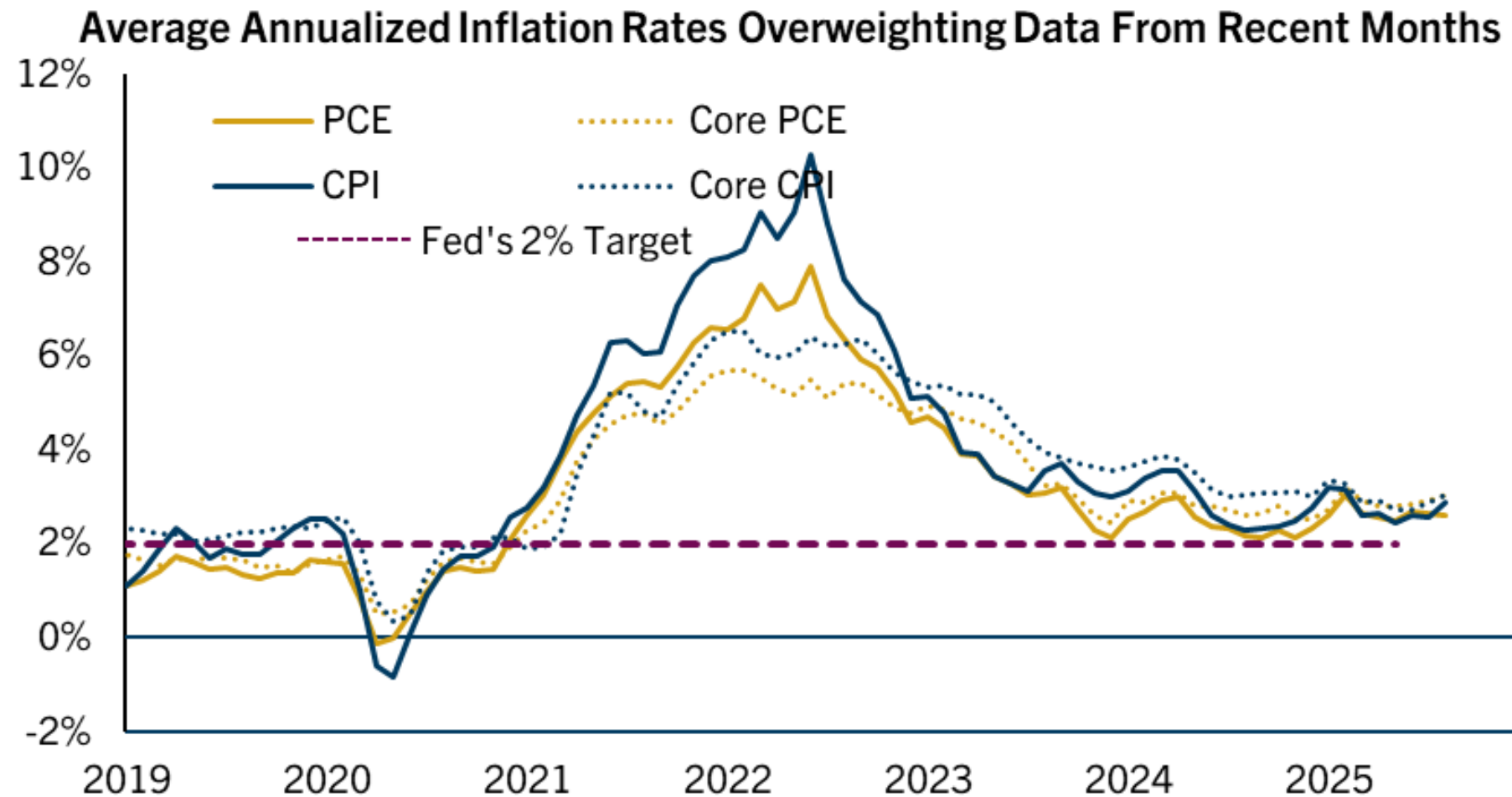
The Federal Reserve Lowered Rates Last Week as a “Risk Management” Cut

Federal Funds Target Rate and Median FOMC Projection



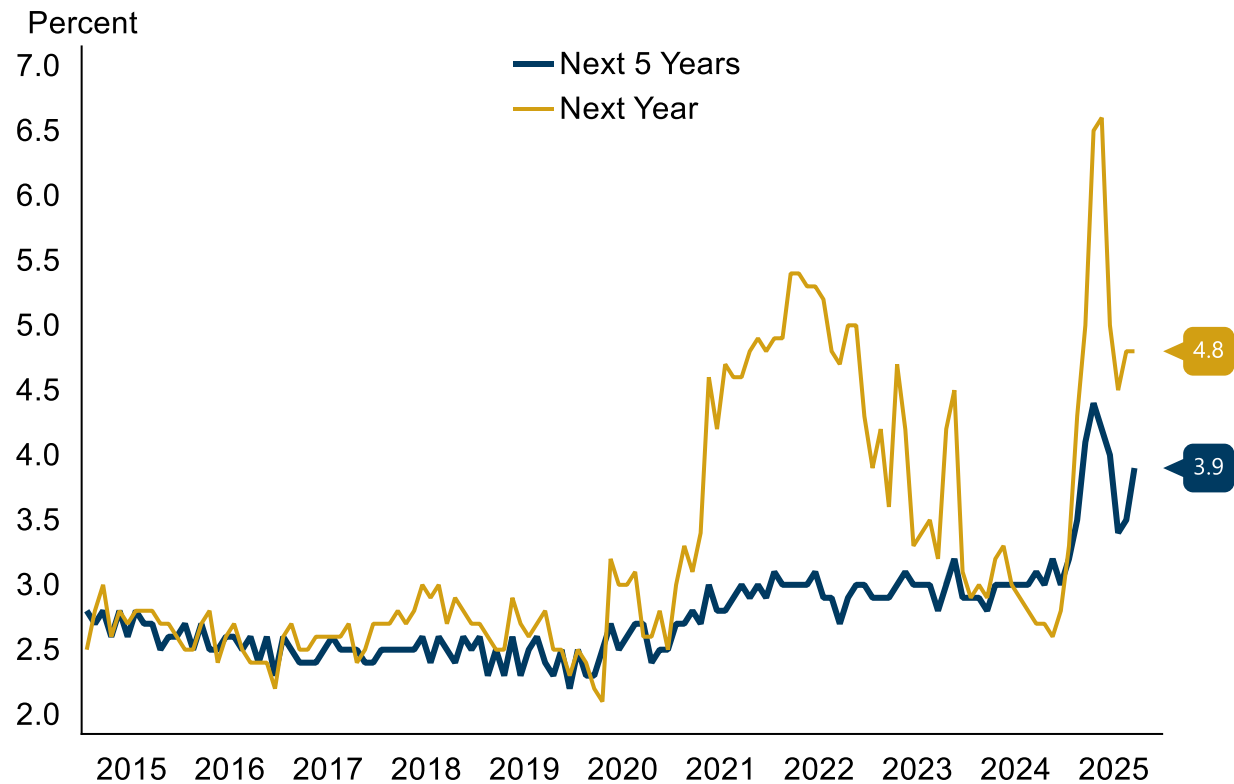
Source: Federal Reserve, First Citizens Bank
Data as of September 21, 2025

Inflation Is Running at a 3% Pace With No Immediate Sign of Slowing



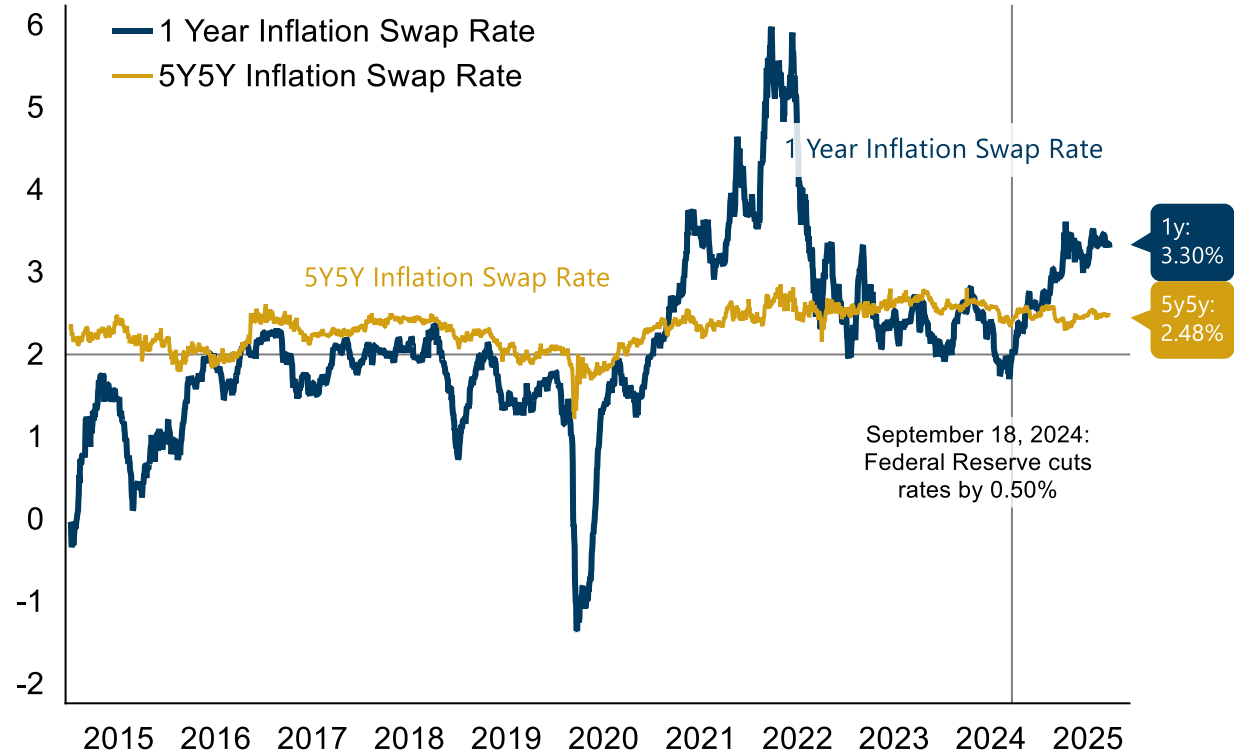
Households and Markets Both See Inflation Staying Elevated This Year

Household Inflation Expectations



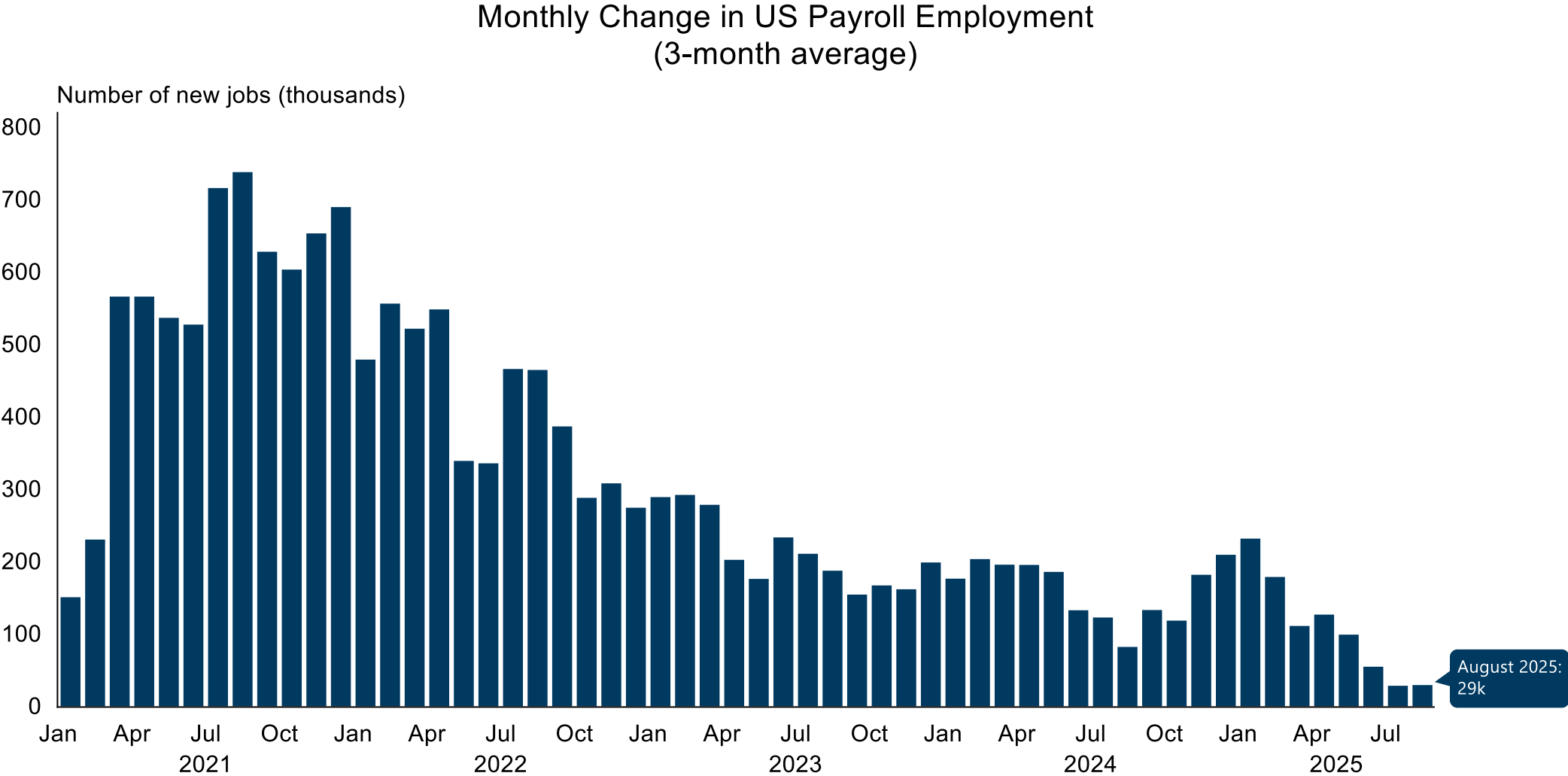
Source: University of Michigan, First Citizens Bank
Data as of September 12, 2025

Market Inflation Expectations



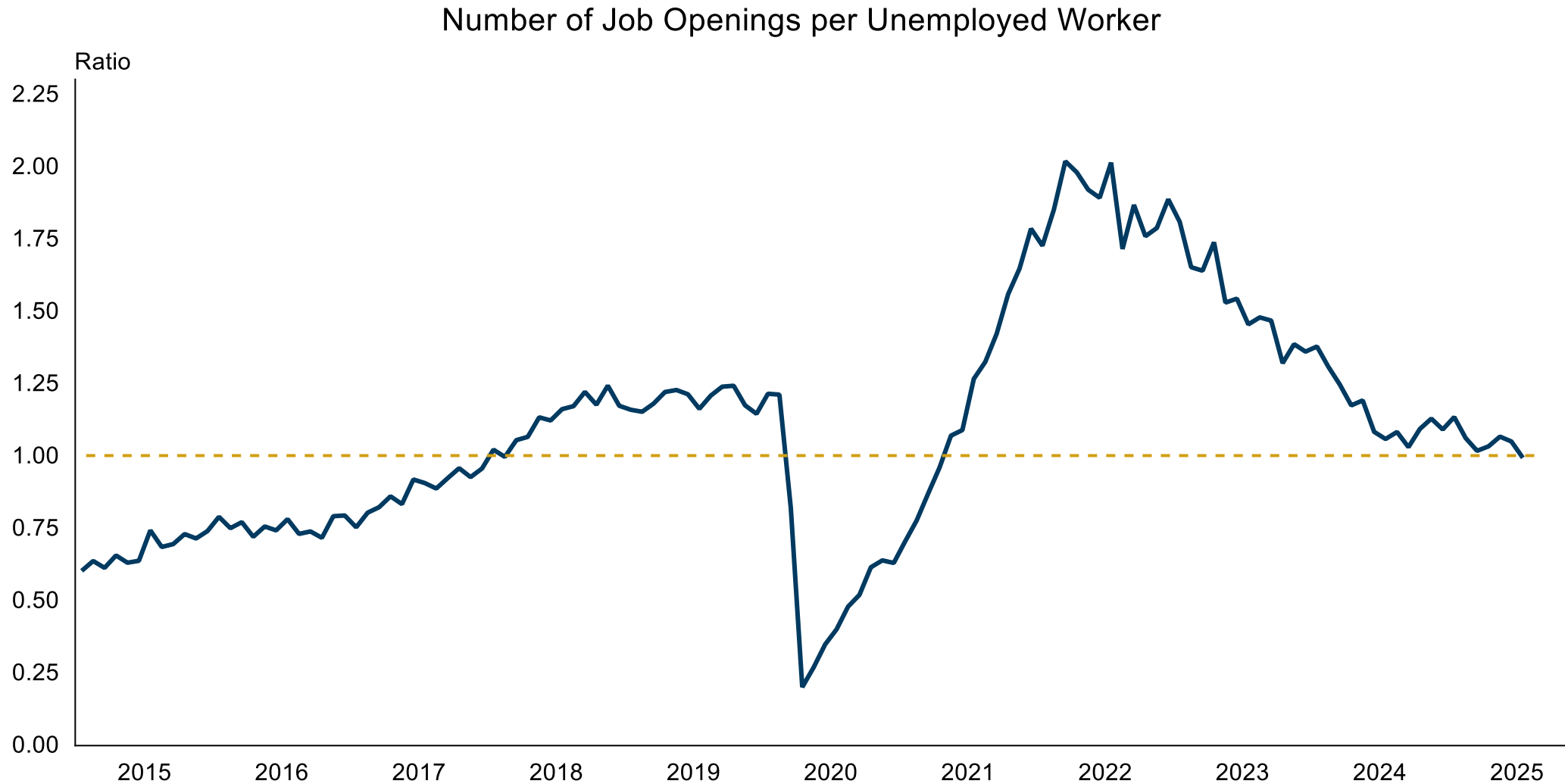
Source: Bloomberg
Note: The 5Y5Y swap rate is the implied inflation rate in years 6-10 from today.
Data as of 9/19/2025

The Narrative on the Labor Market Has Changed Substantially



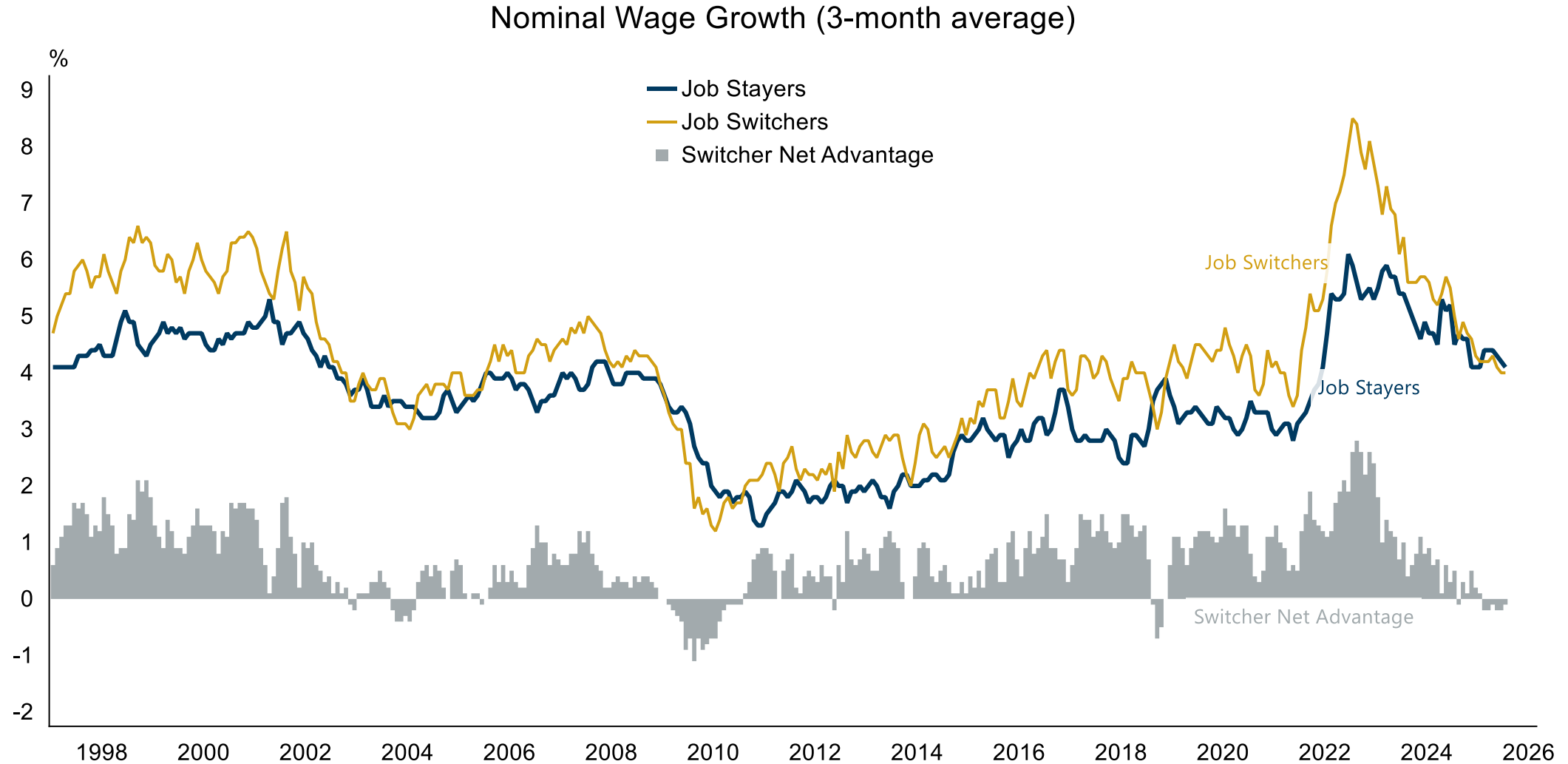
Source: U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of September 5, 2025

There Are Now Fewer Job Openings Than Unemployed Workers



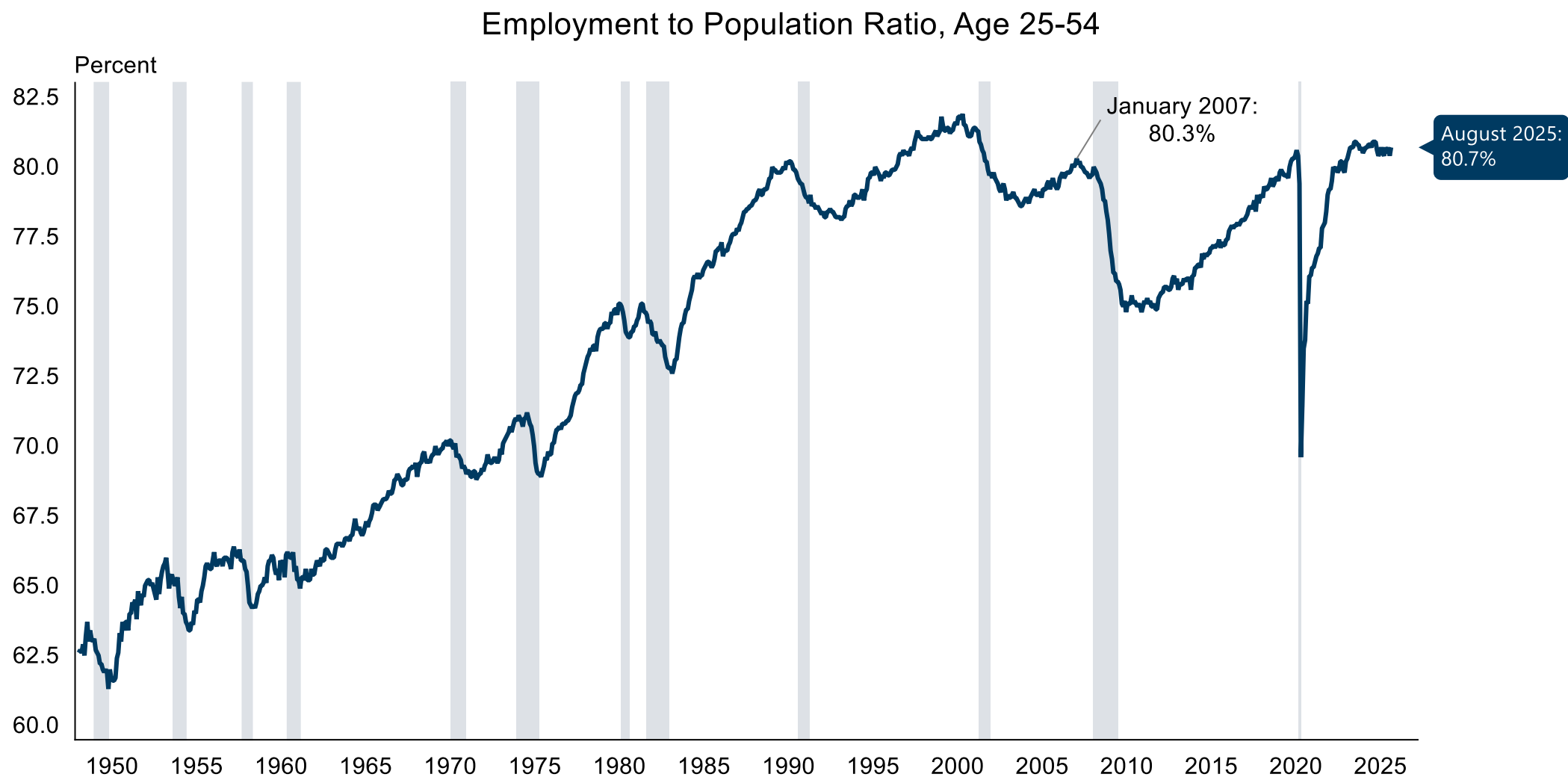
Source: U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data through July 2025

The Wage Premium for Switching Jobs Has Disappeared



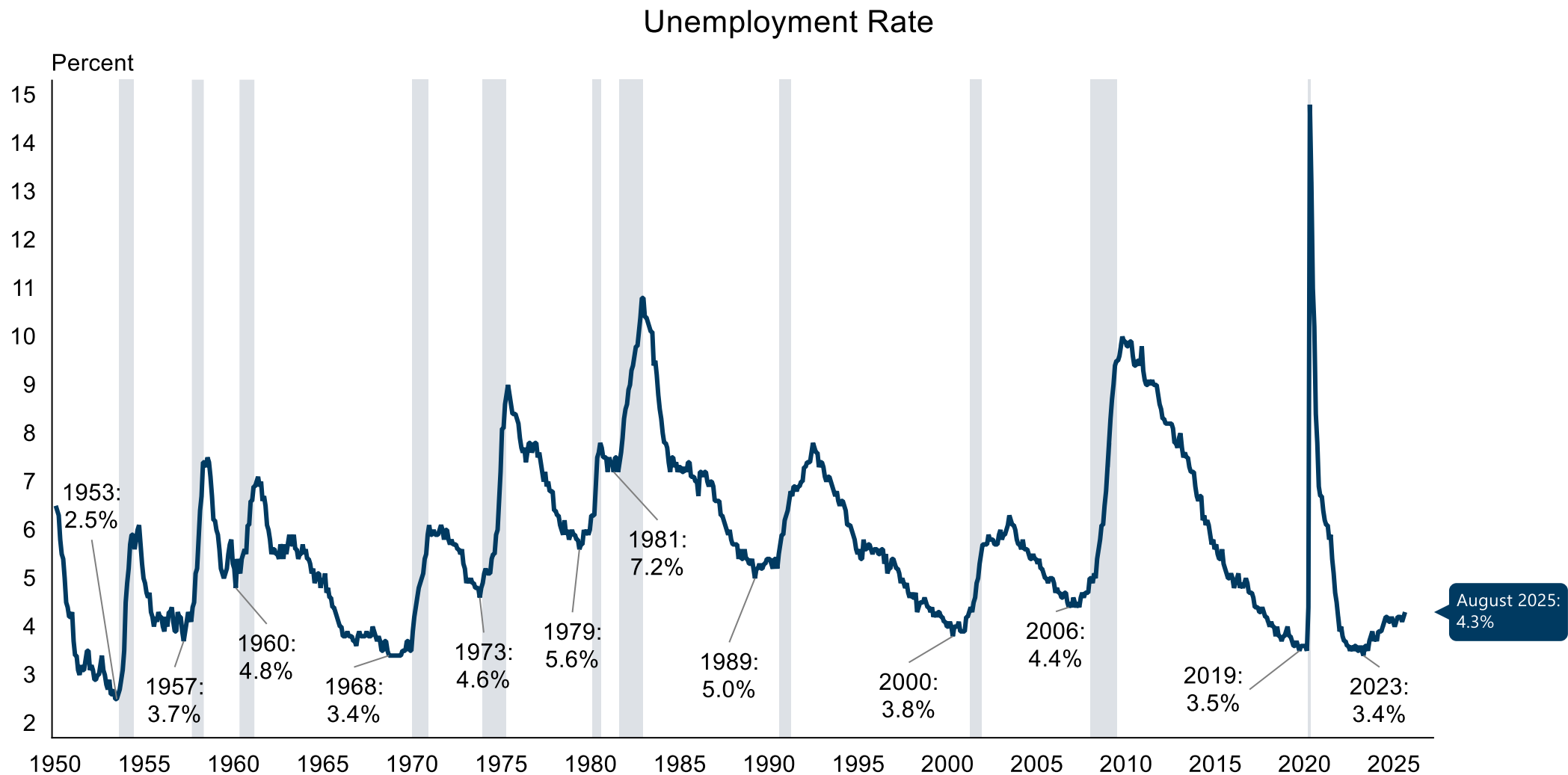
Source: Federal Reserve Bank of Atlanta, First Citizens Bank
Data as of August 7, 2025

Core-Age Adults Are Employed at the Highest Rate Since 2001



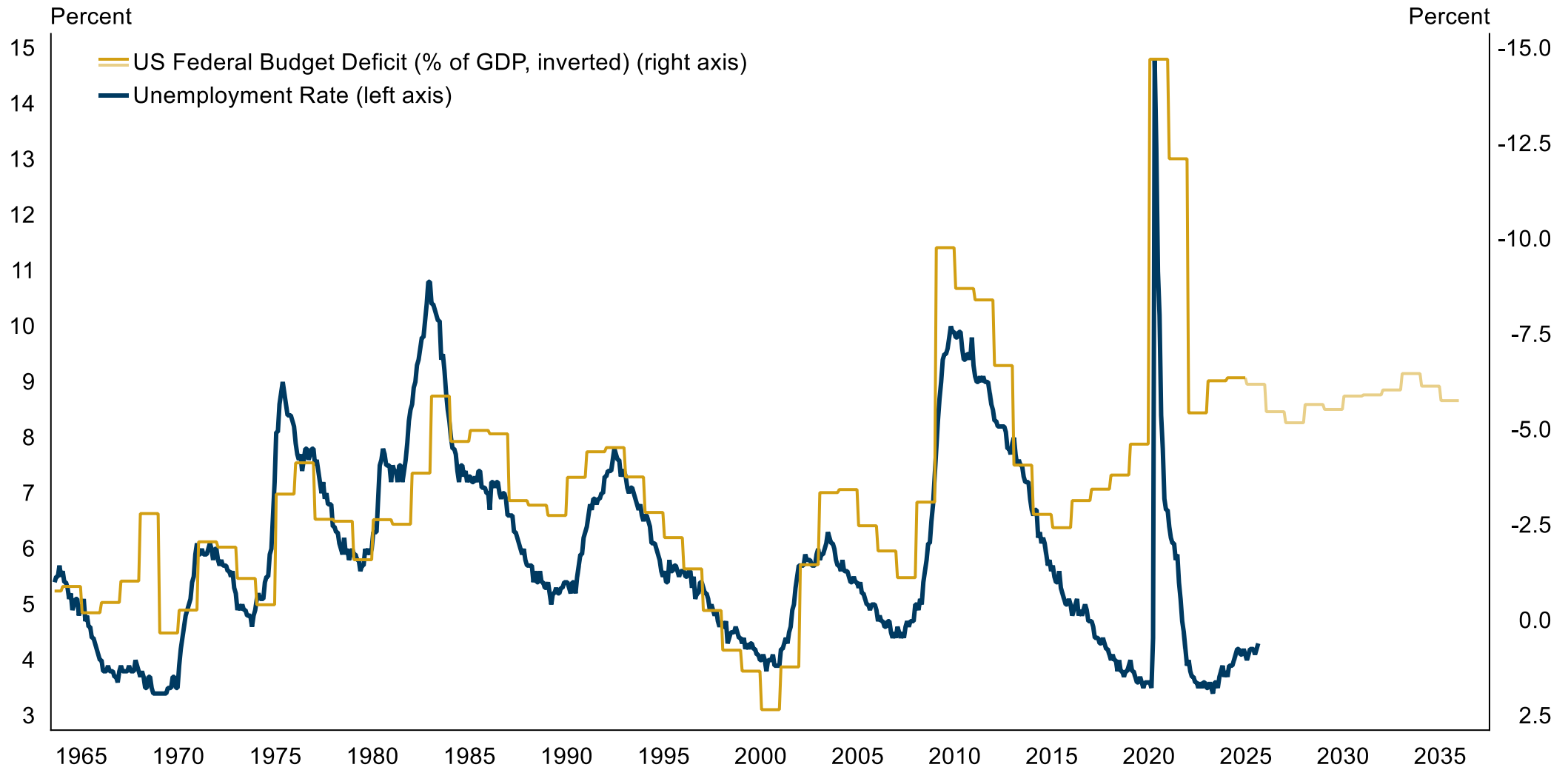
Source: U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of September 5, 2025

For the First Time, Recession Has Not Followed a Rise in Unemployment



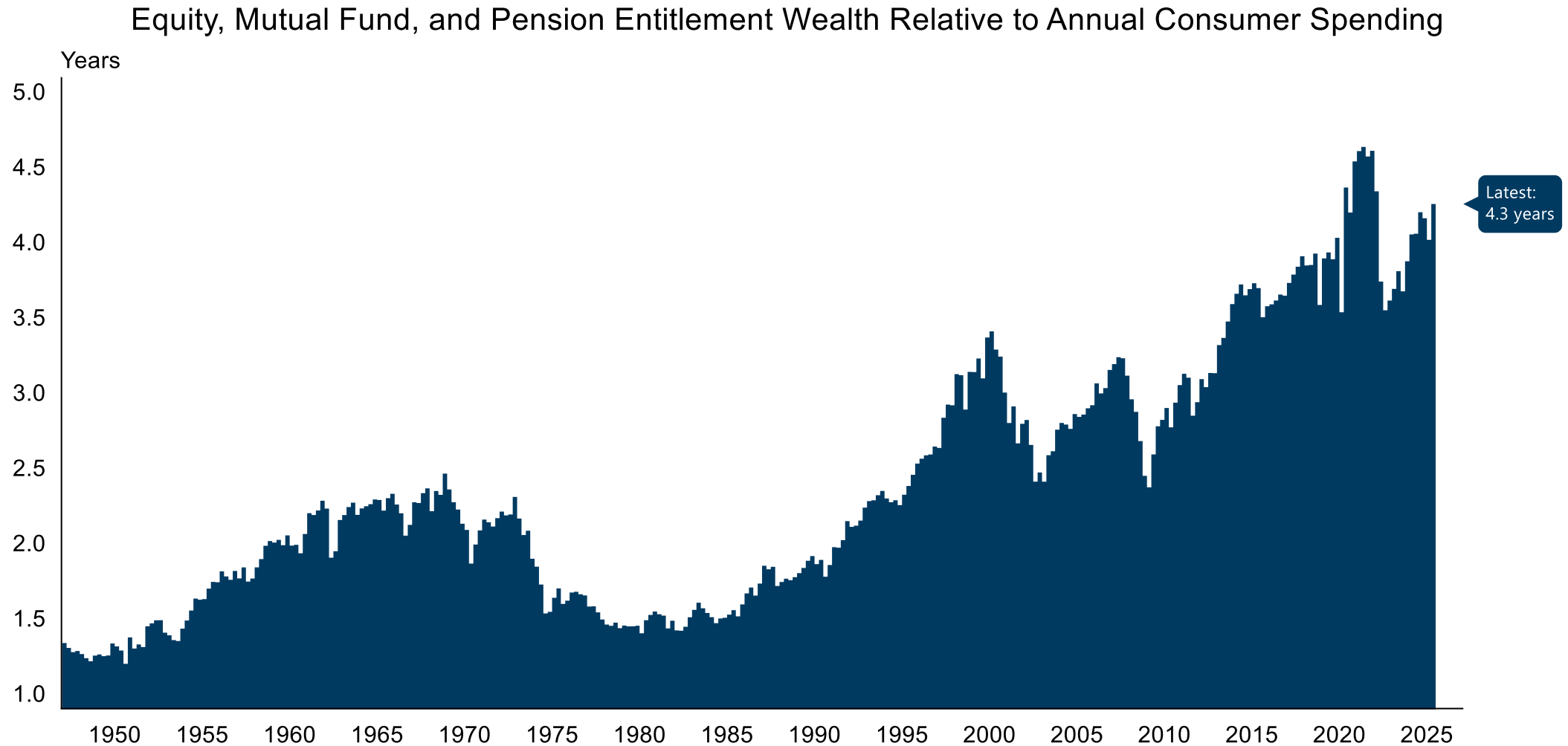
Source: U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of September 5, 2025

The Government Has Run Persistent Deficits With the Economy Strong



Source: U.S. Bureau of Labor Statistics (BLS), U.S. Congressional Budget Office (CBO), Federal Reserve, First Citizens Bank
Data as of September 5, 2025

Households Invested in Stocks Have Never Been Wealthier



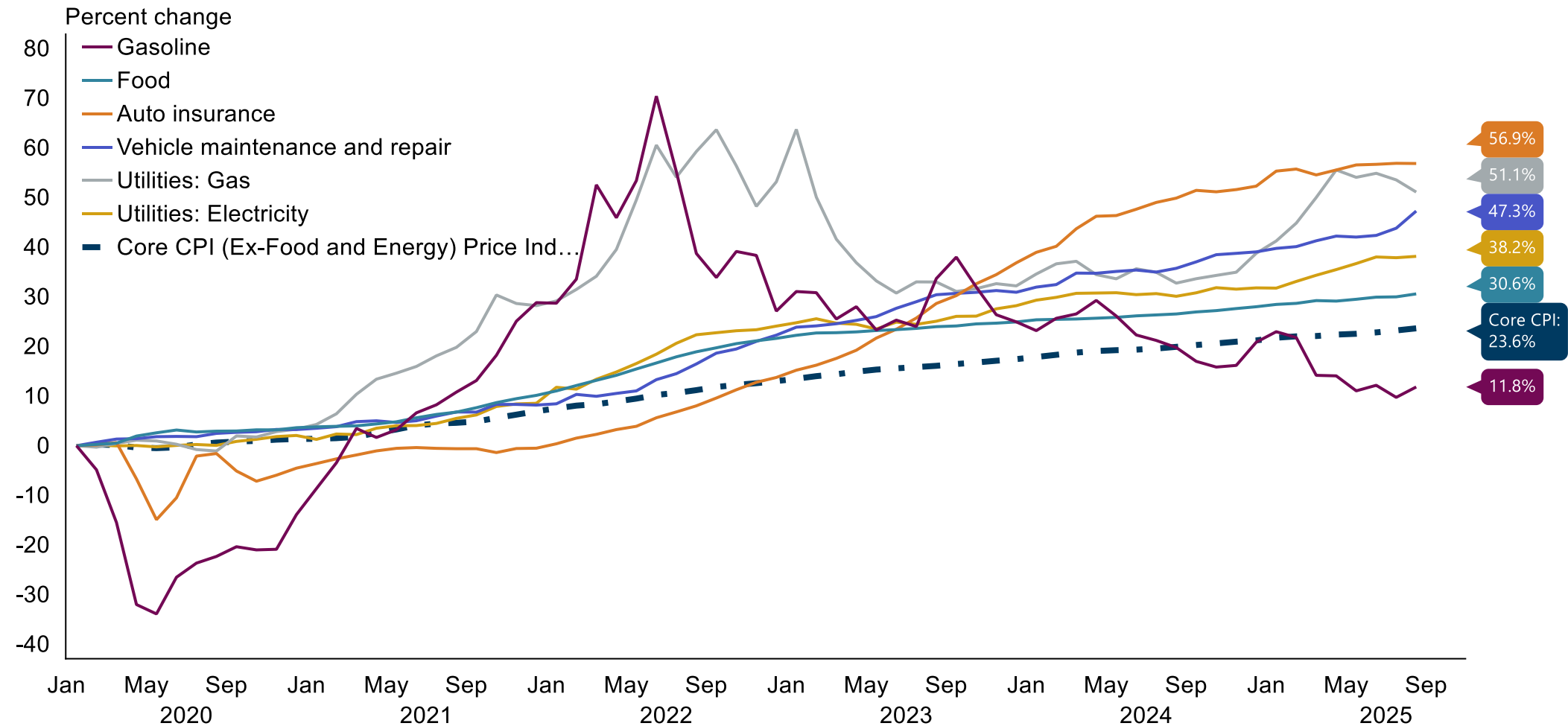
Source: Federal Reserve, U.S. Bureau of Economic Analysis (BEA), First Citizens Bank

Data as of September 11, 2025

Note: "Stock market wealth" is an aggregation including corporate equities, mutual funds, and pension entitlements.

Rising Household Expenses Have Added Considerably to Cost of Living

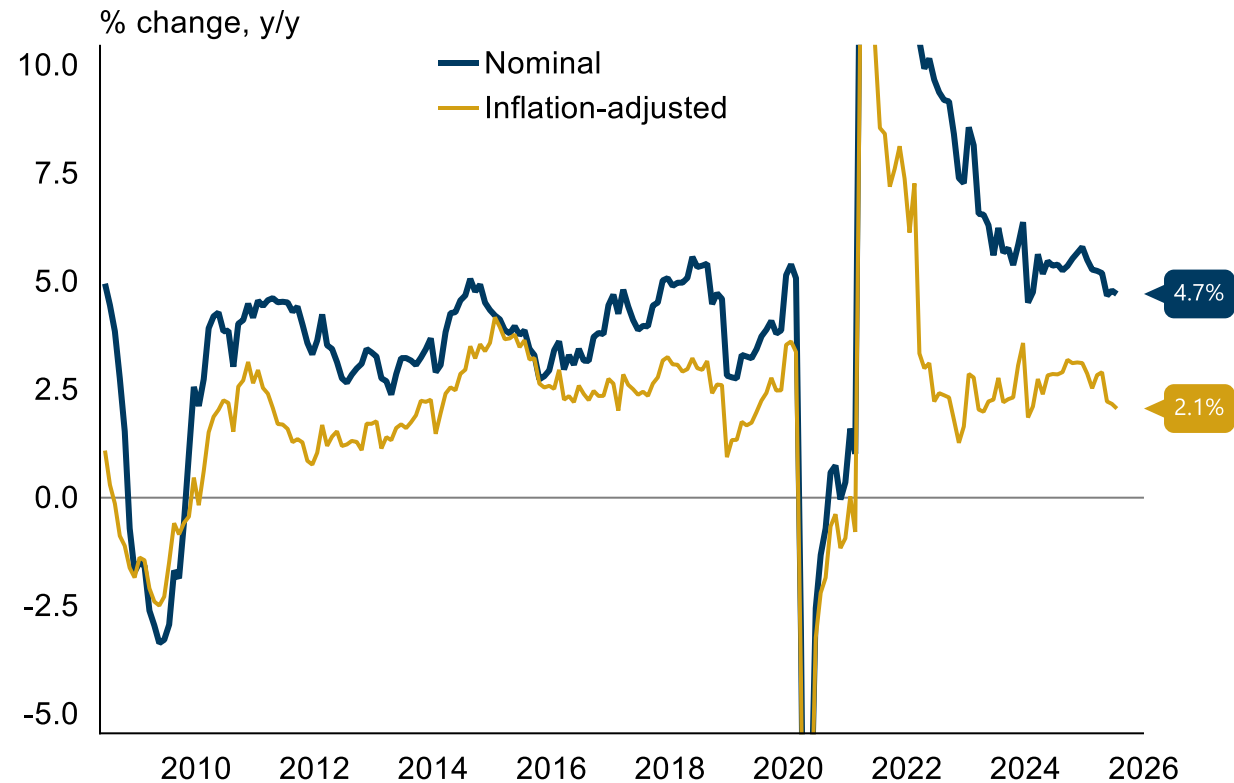
Change in Core CPI vs Select Household Expenses Since 2020



Source: U.S. Bureau of Labor Statistics (BLS), First Citizens Bank
Data as of September 11, 2025

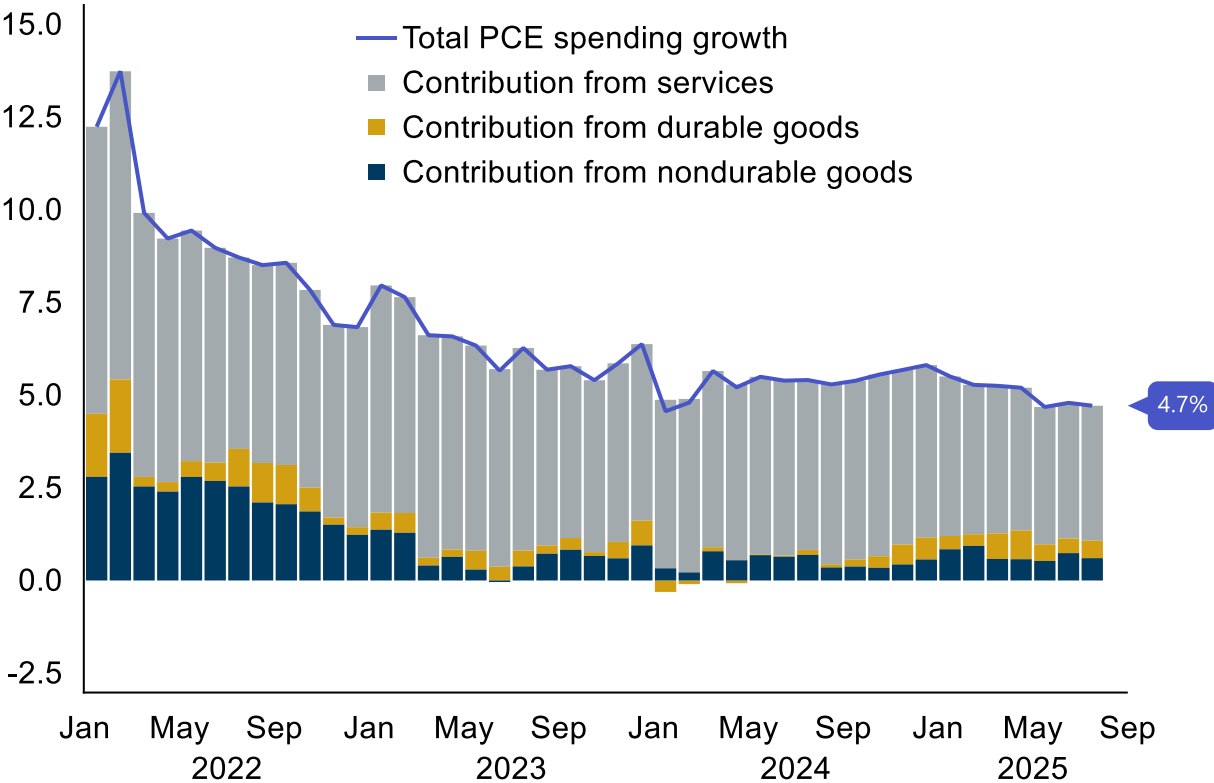
Consumer Spending Growth Continues to Moderate but Remains Healthy

Consumer Spending Growth



Source: U.S. Bureau of Economic Analysis (BEA), First Citizens Bank
Data through July 2025

Consumer Spending Growth by Category



Source: Bloomberg, First Citizens Bank
Data as of July 2025

Market Update

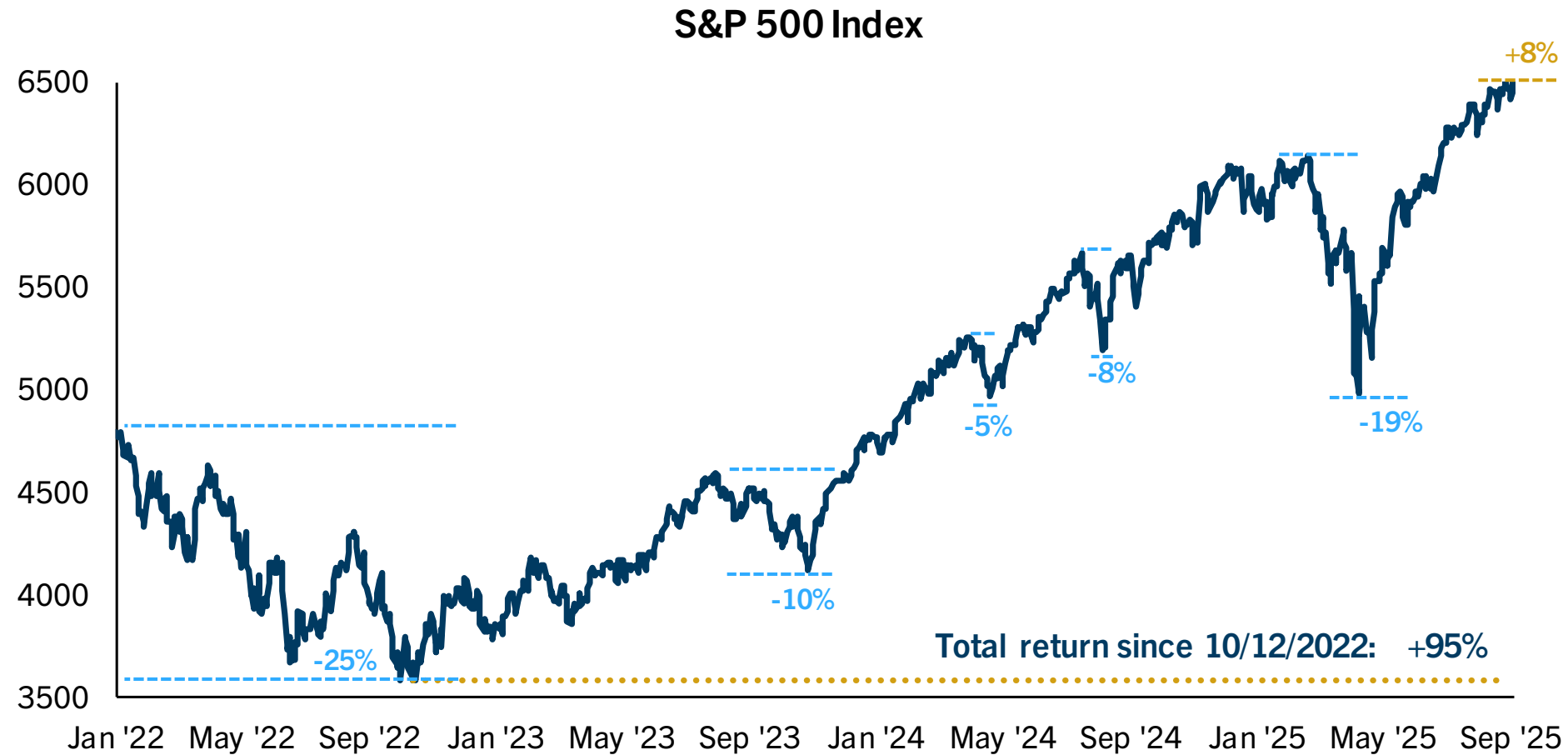
Equity Markets | Valuations | Fixed Income



Global Asset Prices Have Recovered After the April Selloff

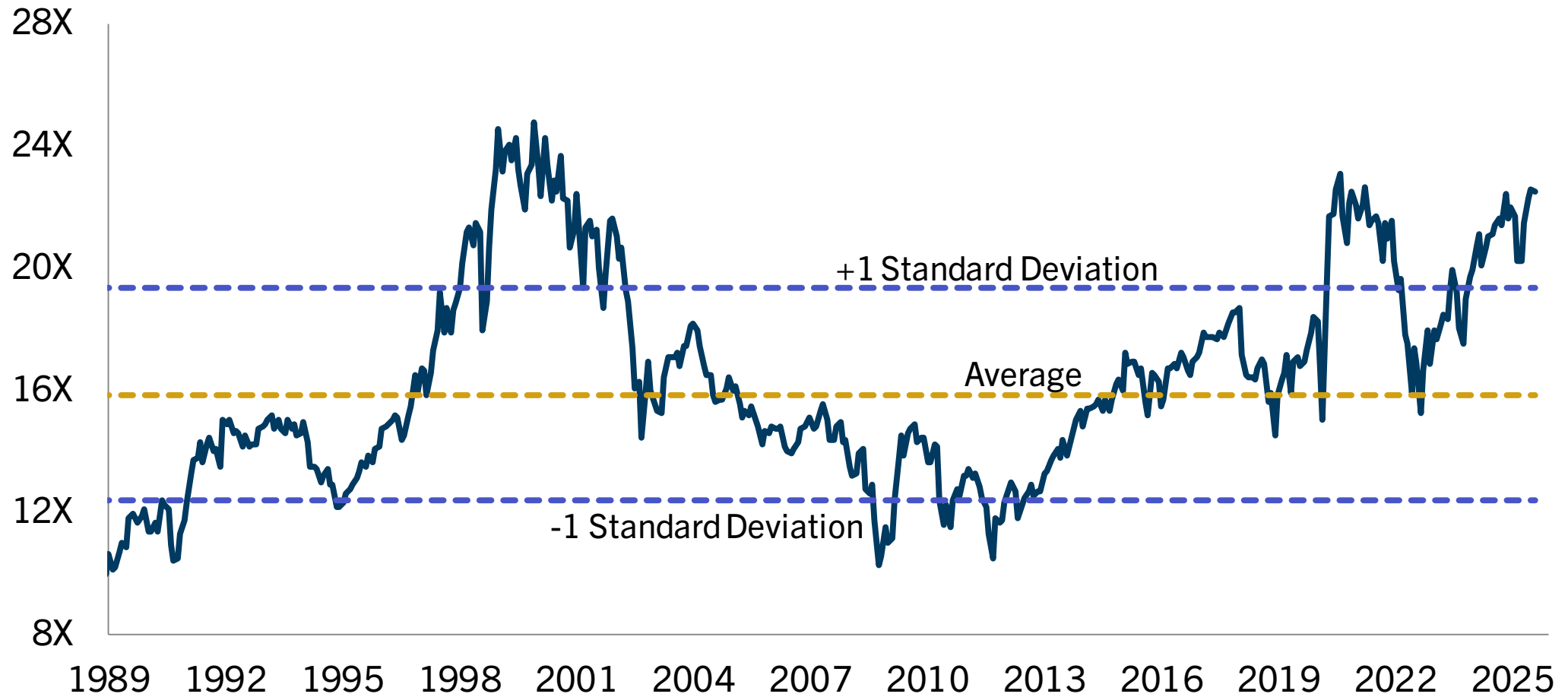
Total Market Returns As of 9/19/2025			
	Feb. 19 US peak to Apr. 8 trough	Since Feb. 19 peak	YTD 2025
US Equities	-19.3%	+9.1%	+14.2%
Intl. Developed Equities	-8.5%	+15.8%	+24.9%
Emerging Market Equities	-11.4%	+20.5%	+27.6%
Aggregate Fixed Income	+1.0%	+5.3%	+6.2%
Municipal Bonds	-2.7%	+2.2%	+2.9%

The S&P 500 Has Staged a Terrific Rebound

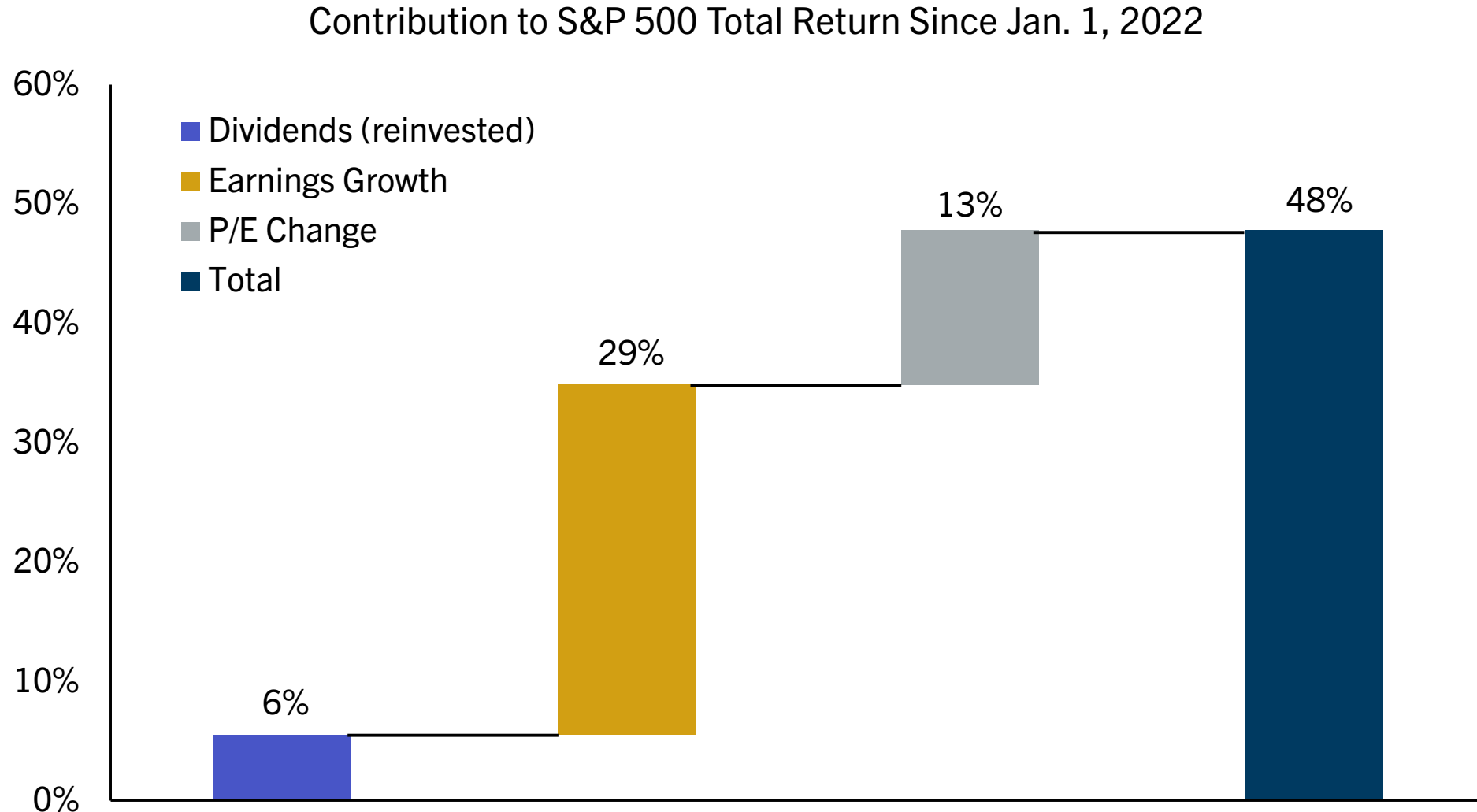


S&P 500 Valuations Are Robust

S&P 500 Next Twelve Months Price-to-Earnings Ratio

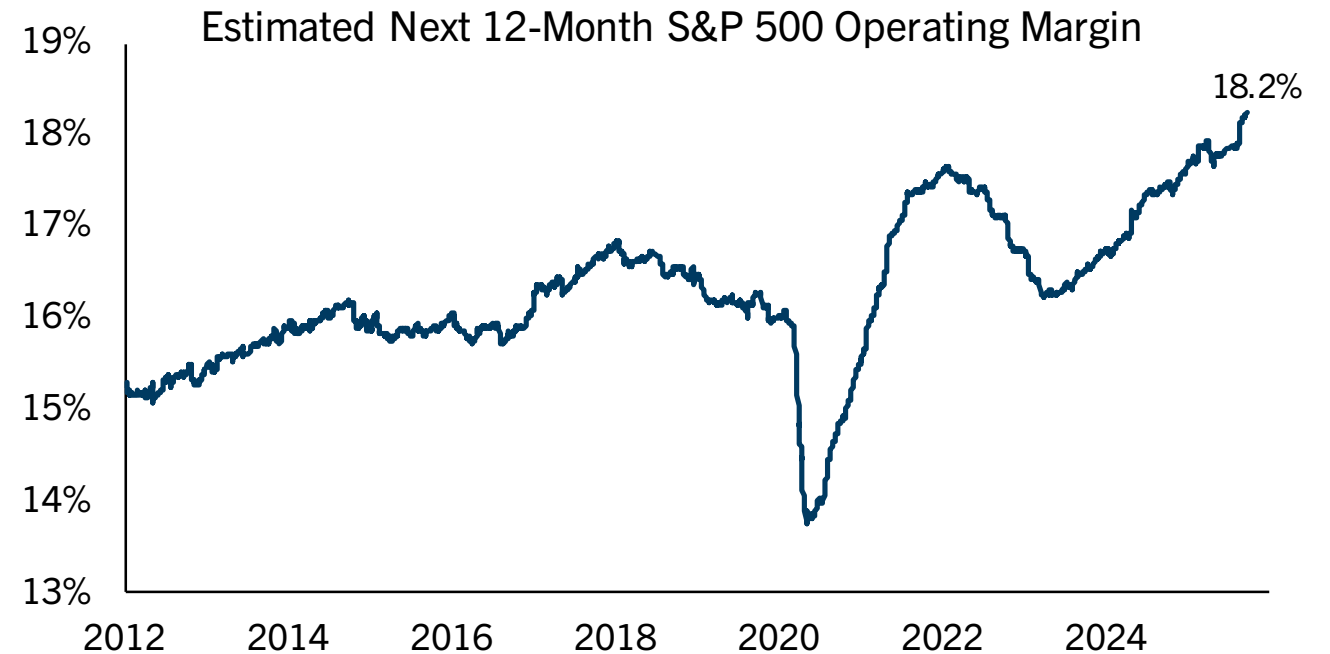


Earnings – Not Valuation – Have Been the Main Driver of Total Return

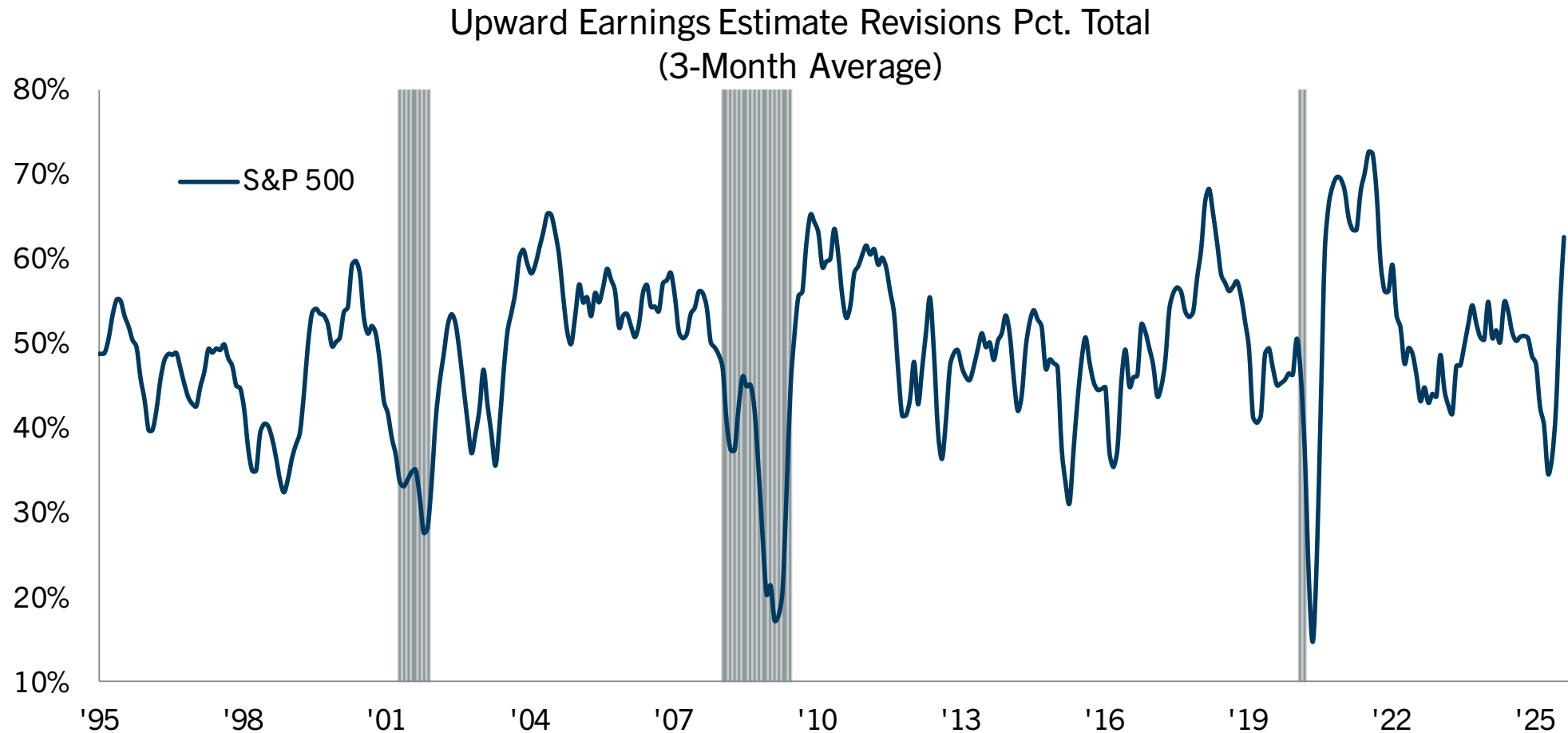


Corporate Earnings

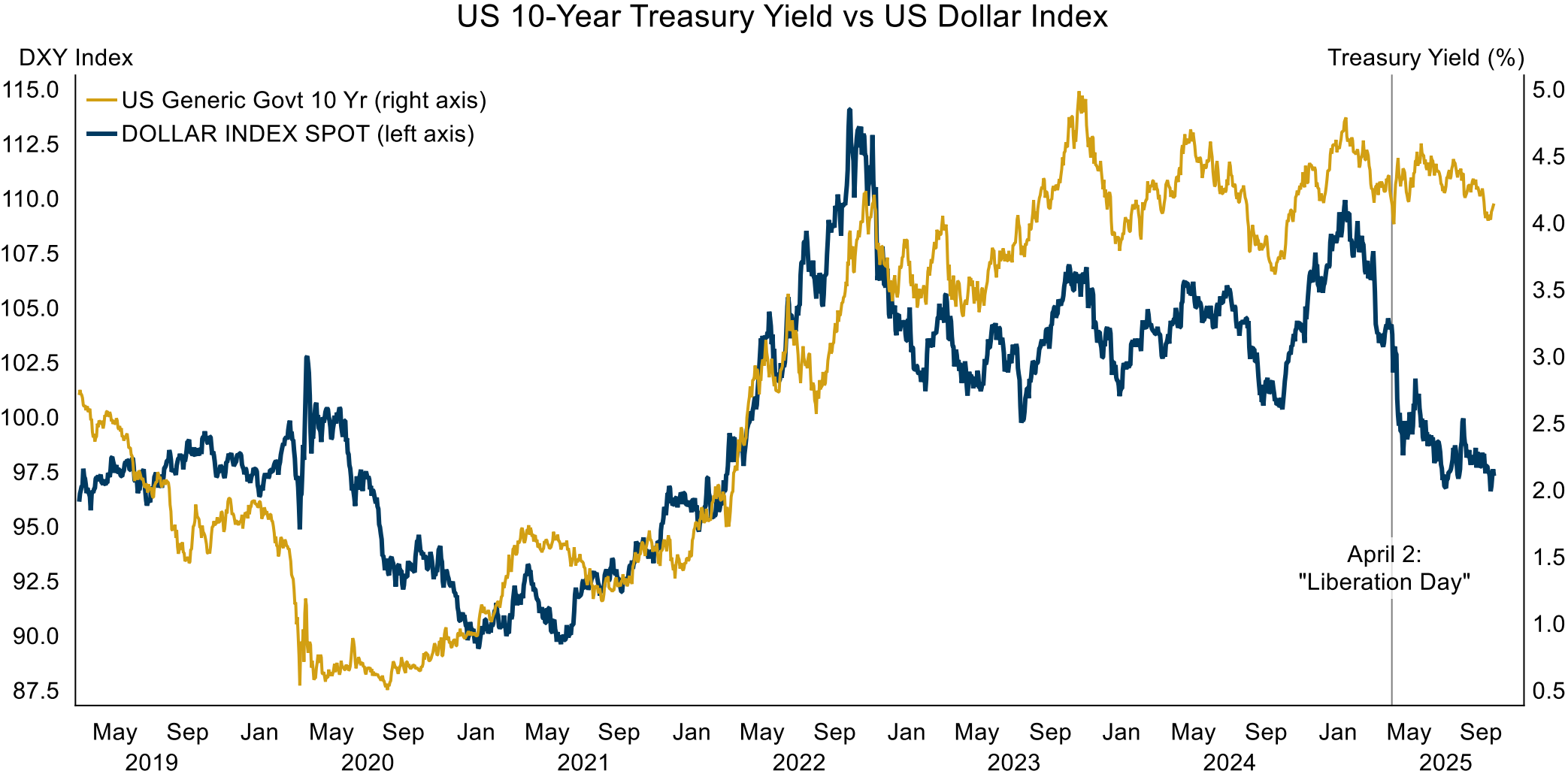
- CY 2025 estimated growth is **10.7%**
Q3 2025 estimated growth is **7.7%**
- CY 2026 estimated growth is **13.7%**
- Average growth since 1950 is **7.6%**



EPS Revisions Have Rebounded Sharply



Recent Dollar Weakness Garner's Investor Attention



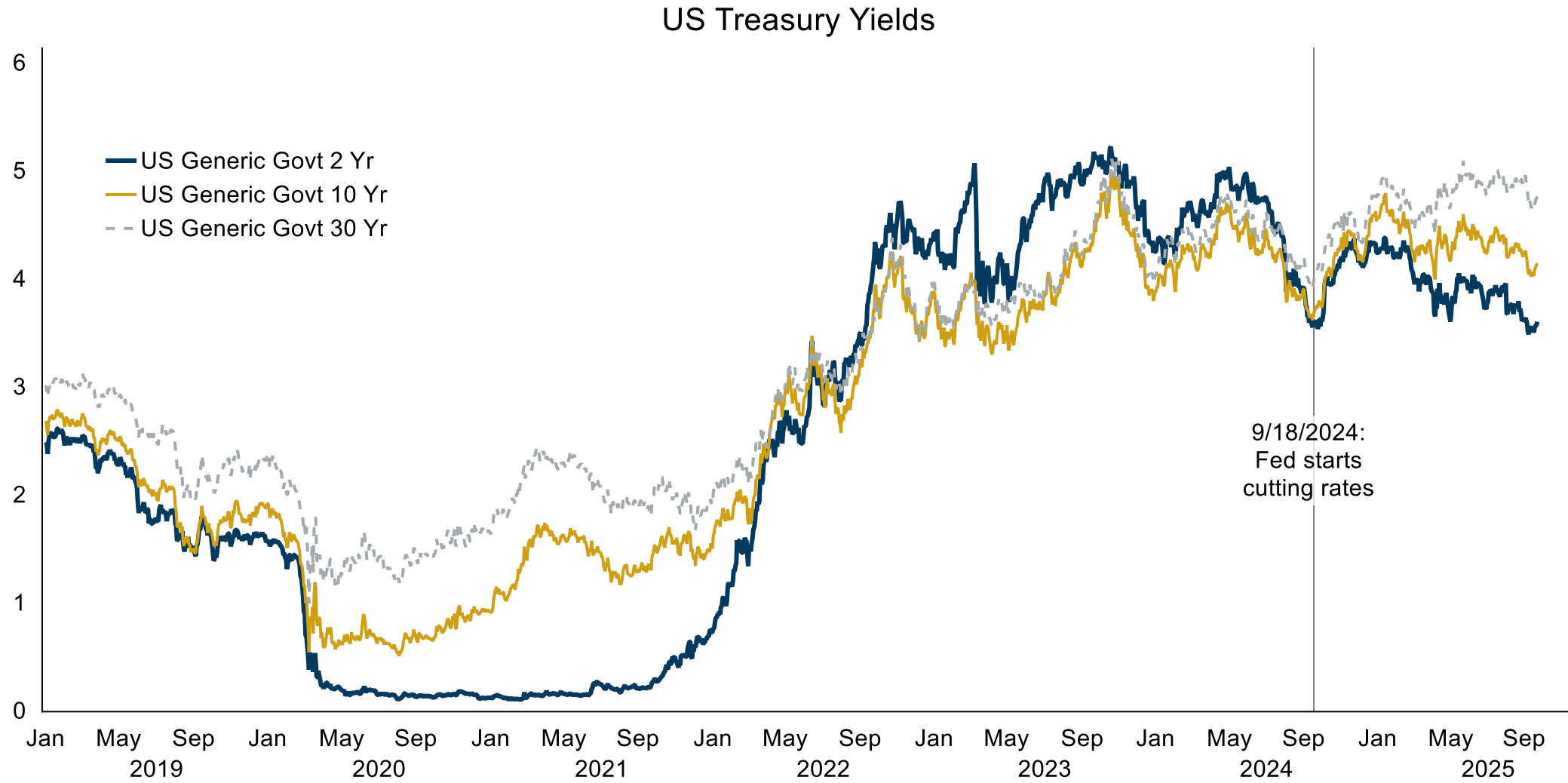
Source: Bloomberg
Data as of: 9/22/2025

S&P 500 Price Target

Next Twelve-Month S&P 500 Price Target

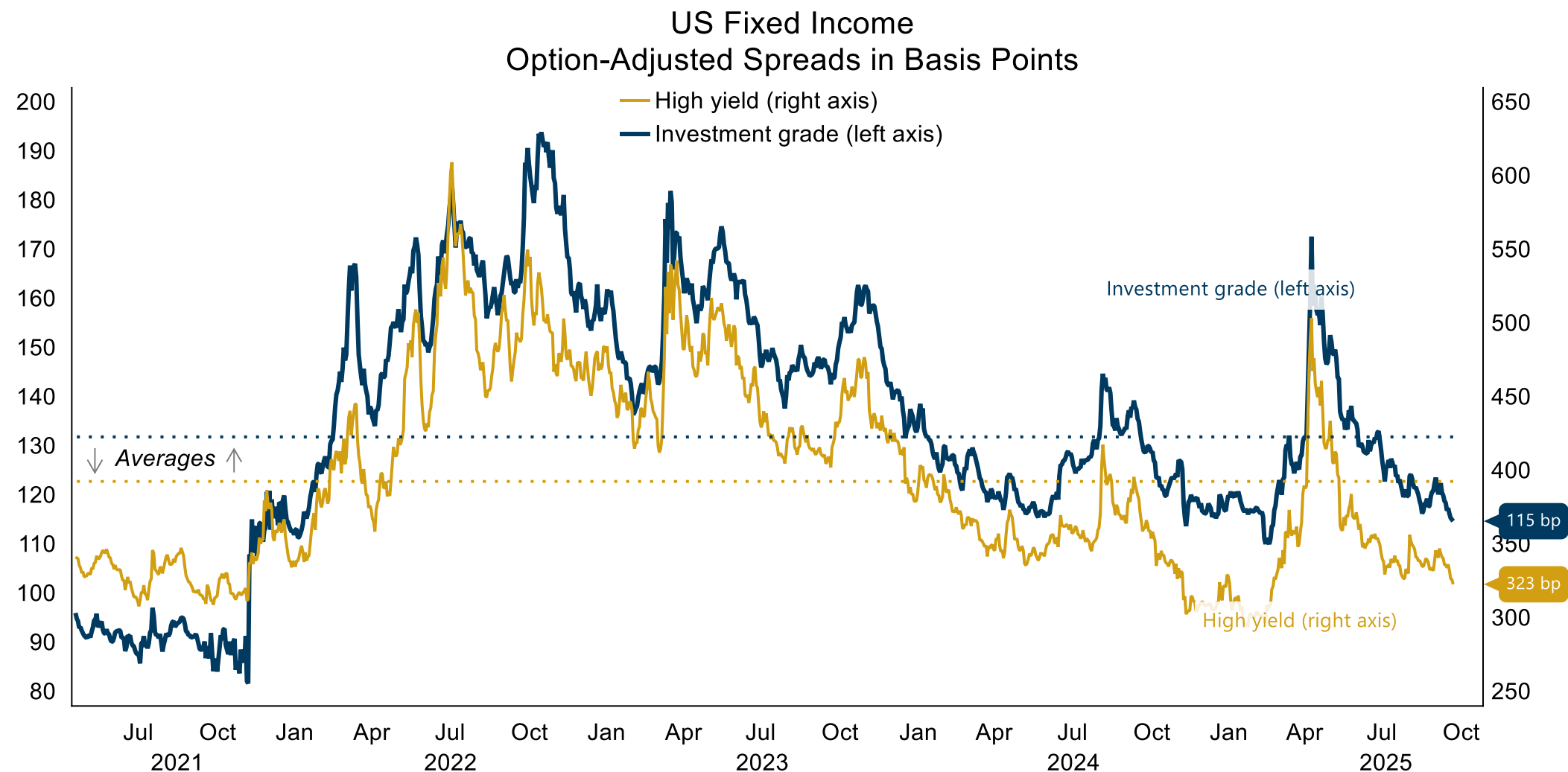
	Next Twelve Months Price Level	Percent Change from 9/19/25
Bear	4,900	-26.7%
Base	6,800	1.7%
Bull	7,450	11.4%

The Treasury Yield Curve Has Continued to Steepen



Source: Bloomberg
Data as of: 9/22/2025

Corporate Bond Spreads Continue to Tighten



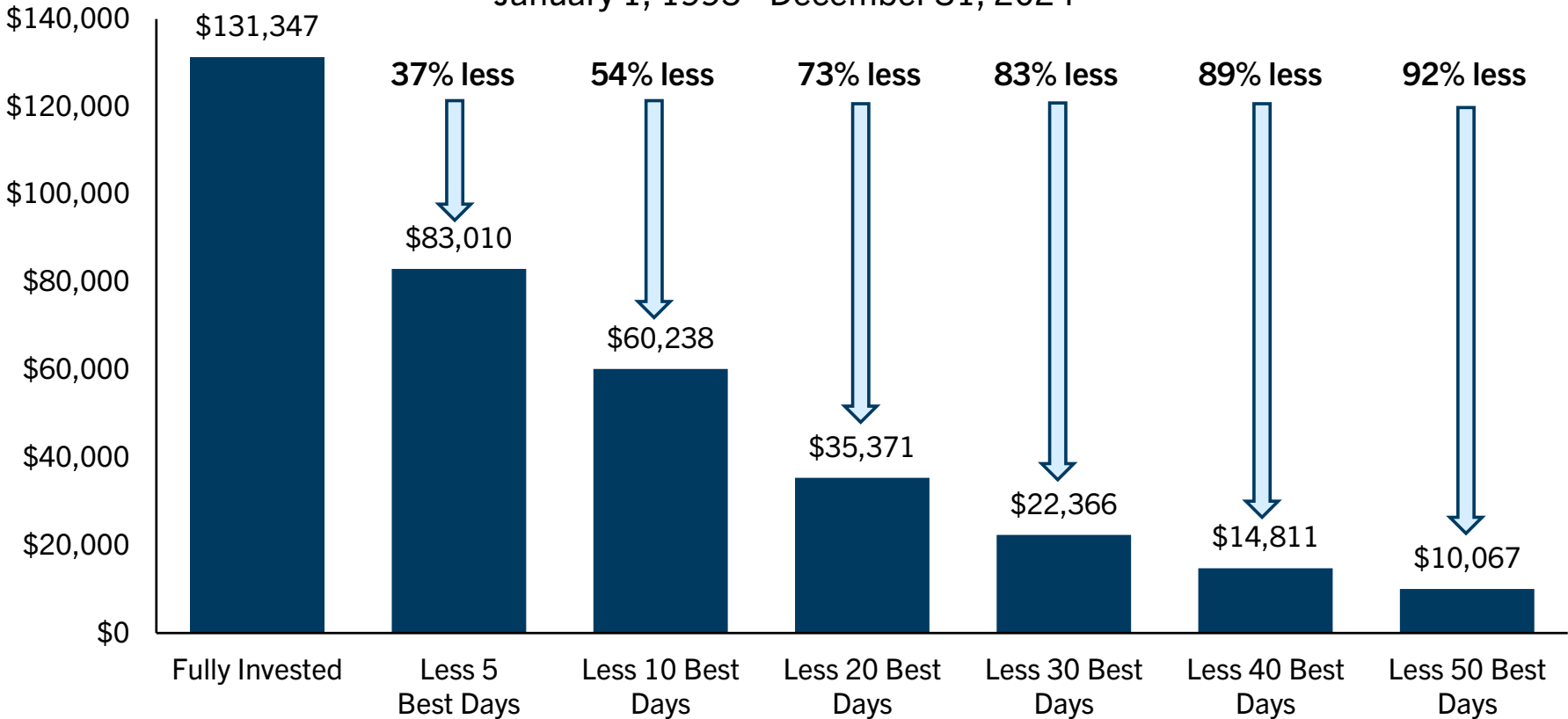
Source: Bloomberg
Data as of: 9/22/2025

Fixed Income Is Still Offering Attractive Yield Relative to Post-GFC Cycle

US Fixed Income Indices	
	Yield-to-Worst
Index	As of 9/19/2025
2-Year Treasury	3.6%
10-Year Treasury	4.1%
Aggregate Bond	4.3%
Intermediate Government/Credit	3.9%
Municipal Bond	3.6%
Investment Grade Corporate Bond	4.8%
High Yield Corporate Bond	6.6%

Market Timing Is a Dangerous Game

Growth of \$10,000, S&P 500 Compounded Total Returns
January 1, 1995 - December 31, 2024



- Nearly half (48%) of the S&P 500 Index’s strongest days occurred during a bear market.
- Another 28% of the market’s best days took place in the first two months of a bull market—before it was clear a bull market had begun.

Making Sense

In Brief | A look at the week ahead in under two minutes every Monday morning

Q&As | Monthly conversations covering 2-3 of the top questions we're hearing from clients

Market updates | Monthly interactive discussions with in-depth analysis of markets and the economy

Written commentary | Often coinciding with market or economic events



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