MONTHLY VIEWPOINT

OUR CURRENT VIEW ON MARKETS
AND THE ECONOMY
SEPTEMBER 2025

FORWARD
WEALTH MANAGEMENT

BIG THOUGHT

As we move past Labor Day, markets begin to focus on year-end positioning. The backdrop features a supportive Federal Reserve and the prospect of a renewed interest-rate cutting cycle. The key question is whether markets can sustain the "Goldilocks" narrative as parts of the economy are clearly slowing—while inflation remains stubbornly high. Even so, the Fed appears committed to easing policy, with the potential for two rate cuts this year. This signals a shift in the Fed's priority from fighting inflation toward stimulating employment, which provides investors some reassurance. Market leadership, however, has not broadened. Performance is still dominated by the Mag 7 (see Chart of the Month). This suggests AI's benefits have yet to translate into stronger profits outside of the Mag 7. Looking ahead, we'll be watching both the degree of economic softening and whether the Fed's pace of rate cuts is sufficiently aligned with investor expectations.

DASHBOARD

Valuation	Red
Trend	Green
Economy	Yellow
Inflation	Yellow
Money Flow	Green
Credit	Green

BULLISH

- Credit markets not showing expansion in spreads, i.e. no recession pricing
- Markets no longer driven by tariff headlines (possible alternative = complacency)
- Fiscal Deficits are historically bullish, and AI should energize productivity (GDP)
- Investors positioning funds to maximize return on capital vs. return of capital.

BEARISH

- Economic weakness & global trade restructuring risks negative feed-back loop
- Market valuation at levels last seen in 2000
- Risk of capital flight as foreign investors reallocate funds away from US
- Trump's pressure on rates (Powell/Treasury issuance) introduces major source of risk

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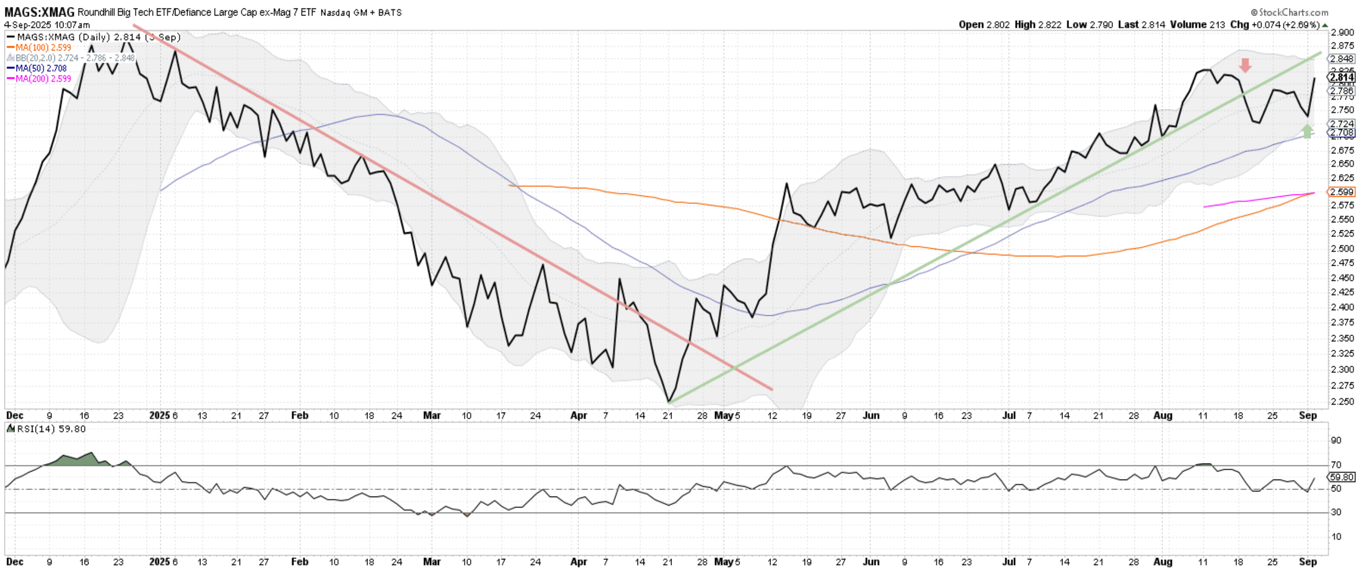
CHART OF THE MONTH



How long can AI-driven leadership lead the equity market rally? The answer is unknowable, but trends offer useful signals. Ratio charts—comparing two different groups in one measure—help illuminate leadership dynamics. The chart above tracks the performance of the Mag 7 versus the rest of the S&P 500 over the past 10 months. A rising line reflects Mag 7 outperformance. Following a post-election surge, the Mag 7 weakened into early 2025, which foreshadowed a downturn in the broader market. By late April into May, the group regained momentum and pushed higher, but more recently the trend has stalled, breaking its spring uptrend. Based on recent trends, until this measure makes new highs, both the growth leaders and the broader market remain vulnerable.

ABOUT FORWARD WEALTH MANAGEMENT

Established in 2014, Forward Wealth Management provides personalized financial advice that delivers peace of mind and confidence where client goals and money decisions intersect with markets and investing. Forward's proprietary approach, TRAC, is a goals-based guidance process which measures and maps Timelines, Resources, and a portfolio's Asset Allocation against current market Conditions and the expected cost of retirement income.

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