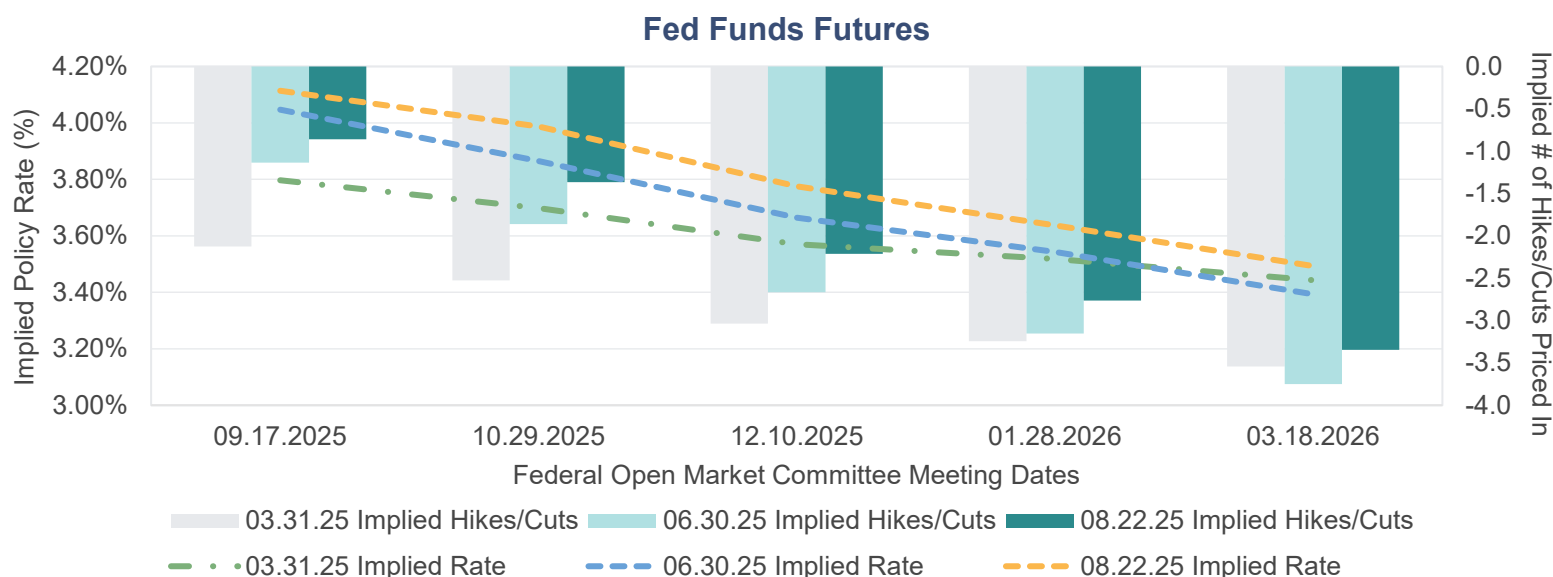


Powell Puts September Rate Cuts Firmly In Play

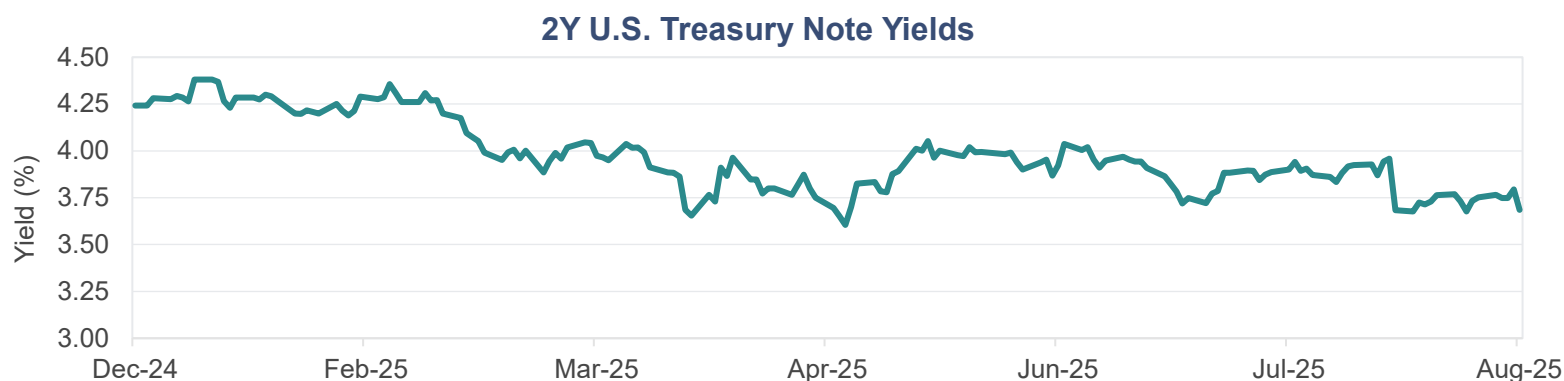
August 25, 2025

Fed Chair Jerome Powell's comments in Jackson Hole gave the markets what they were looking for and didn't get after the July FOMC meeting. Powell firmly set expectations for additional rate cuts as early as September 17, the next FOMC meeting. Powell specifically stated considering a change in policy stance, as current policy is in "restrictive territory". He cited a labor market that is slowing, and growing signs of reduced demand for workers. He continued to highlight concerns about inflation and the effects of tariffs potentially spurring a more lasting inflation dynamic but countered this by calling the impacts of tariffs as one-time and as potentially short-lived. Markets jumped on this news, with both bonds and stocks rallying. The 2-year U.S. Treasury yield fell over 10 basis points to approximately 3.68%. Long bonds also rallied as the 10-year yield dropped to 4.26%. The odds for a rate cut in September are now approximately 85%, but there wasn't a true reset in overall monetary policy, with the market continuing to price in approximately two total rate cuts for the remainder of 2025.



Our View

While the Fed appears poised to cut rates, we remain concerned with inflationary pressures weighing on growth and consumer spending. The housing market is also beginning to show signs of weakness. With corporate credit valuations at all-time historical valuation levels, we remain cautious on the sector. Our duration positioning is neutral, with longer-term rates range-bound, but we expect further curve steepening as the Fed cuts rates while inflation remains above the Fed's long-term goal.



Fed = Federal Reserve; FOMC = Federal Open Market Committee. Data is as of 08.22.2025. Sources: Bloomberg L.P.; Sterling Capital Management Analytics. Yields are subject to market conditions and are therefore expected to fluctuate. The views expressed represent the opinions of Sterling Capital Management. Any type of investing involves risk and there are no guarantees that these methods will be successful.



Powell Puts September Rate Cuts Firmly In Play

August 25, 2025



Andrew Richman, CTFA **Managing Director | Senior Fixed Income Client Strategist**

Andrew Richman, CTFA, Managing Director, joined SunTrust in 2001 and SCM in 2020 as part of an integration following the merger of equals between SunTrust Banks and BB&T Corporation. Andy has investment experience since 1988 and is a Fixed Income Portfolio Manager and Senior Fixed Income Client Strategist. Prior to his 20 years in SunTrust's portfolio management division, Andy ran a trust and investment department in Florida as the trust department senior manager and worked as an equity portfolio manager with Sanford Bernstein. He received his B.A. from the State University of New York at Albany and his M.B.A. with a concentration in International Business from the University of Miami. He is also a graduate of the ABA National Trust School at Northwestern University and holds the Certified Trust & Financial Advisor designation.

Past performance is not indicative of future results. Any type of investing involves risk and there are no guarantees that these methods will be successful. Economic charts are provided for illustrative purposes only. The information provided herein is subject to market conditions and is therefore expected to fluctuate.

The opinions contained in this presentation reflect those of Sterling Capital Management LLC (SCM), are for general information only, and are educational in nature. The opinions expressed are as of the date of publication and are subject to change without notice. These opinions are not meant to be predictions and do not constitute an offer of individual or personalized investment advice. They are not intended as an offer or solicitation with respect to the purchase or sale of any security. This information and these opinions are subject to change without notice. All opinions and information herein have been obtained or derived from sources believed to be reliable. SCM does not assume liability for any loss which may result from the reliance by any person upon such information or opinions.

Investment advisory services are available through SCM, an investment adviser registered with the U.S. Securities & Exchange Commission and an indirect, wholly-owned subsidiary of Guardian Capital Group Limited. SCM manages customized investment portfolios, provides asset allocation analysis, and offers other investment-related services to affluent individuals and businesses.

SCM does not provide tax or legal advice. You should consult with your individual tax or legal professional before taking any action that may have tax or legal implications.

Fed funds futures are derivatives based on the **fed funds rate**, the U.S. overnight interbank lending rate on reserves deposited with the Fed.

The **Certified Trust and Fiduciary Advisor (CTFA)** designation is a professional designation offered by the American Bankers Association (ABA), which provides training and knowledge in taxes, investments, financial planning, trusts, and estates.

