



## POST OAK PRIVATE WEALTH ADVISORS

ADVISORY, CONSULTING & INVESTMENT MANAGEMENT

August 2025

# Monthly Market Commentary

by Robert M. Wyrick, Jr., Managing Member/CIO  
Post Oak Private Wealth Advisors

Summer's dog days arrived last month, but it wasn't the heat and humidity that slowed things down for stock investors. Within the markets, a different type of sluggishness weighed on performance. Returns weren't terrible last month—the S&P 500 gained 2.0% and the Nasdaq Composite rose 1.6%—but it was a far cry from the bull market rush of May and June that had revived the market's animal spirits following the “Liberation Day” chaos.

Stocks have been on a stellar run since the low in April, so it makes sense that the market would take a breather. With no real news last month for investors to react to, perhaps many spent the summer days worrying about things that could happen. Such as, how long will the good times last for tech stocks? Is artificial intelligence the real deal? Will tariffs finally hit the economy and raise prices? And what would it take for the Federal Reserve to take action on interest rates?

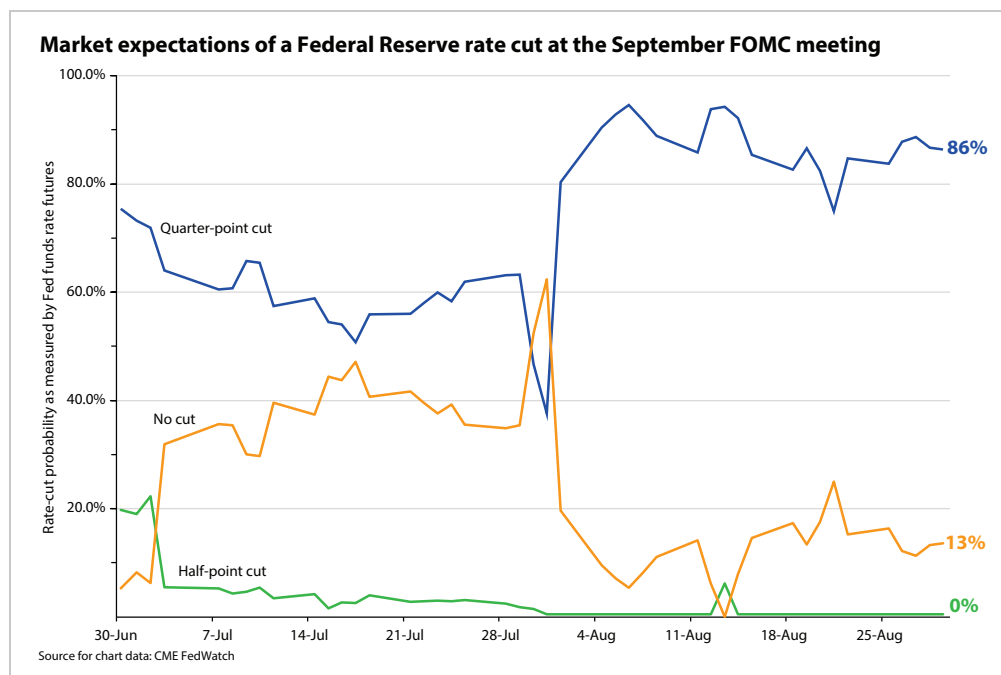
### The Fed's long, hot summer

The Federal Reserve has had a hard time lately navigating the challenging economic climate (to say nothing of the highly charged political climate.) The latest conflicting data on employment, wages and inflation has made it just as difficult for investors to read the tea leaves on the Fed's likely moves on monetary policy. As July ended, market expectations for a quarter-point rate cut in September dived and odds of no rate cut surged. Minutes from the July FOMC meeting (which were released later in August) showed many committee members remained more focused on the risks of persistent inflation than on the employment part of the Fed's mandate, even as other officials voiced warnings over labor market deterioration.

But that story flipped once the July jobs report came out on August 1. A weak reading for nonfarm payroll growth showed just 73,000 jobs added during the month, well below expectations. Perhaps more critically, the jobs numbers for May and June were revised downward significantly, by 258,000 for both months combined to a revised figure of just 35,000. The shock employment report led to more than Trump's firing of the head of the Bureau of Labor Statistics. Investor fears of a U.S. economic slowdown increased, as did the probability of a quarter-point Fed rate cut in September.

As August drew to a close, comments from Fed Chair Jerome Powell at the annual confab for global central bankers in Jackson Hole, Wyoming mostly paved the way for a September rate cut. By month-end, the odds of a quarter-point cut neared 90%. (See the chart below.) In his remarks, Powell acknowledged the delicate balance the Fed must strike between controlling inflation and supporting employment. While the Fed chair noted that “risks to inflation are tilted to the upside” due to tariff impacts, he also emphasized “significant risks to employment to the downside.” This dual focus reflects the Fed's mandate to promote both stable inflation and employment.

*Continued on the next page.*



The employment picture does appear to be darkening as businesses deal with uncertain operating conditions, due in large part to shifting trade and tariff policies, by putting off hiring decisions. In the private sector, payrolls fell significantly in both manufacturing and professional services. Workers also appear to be lowering their prospects for employment with the labor force participation rate (those working or actively looking for work) dropping to its lowest point in almost three years at 62.2%. Long-term unemployment is also at its highest level in nearly four years. But as a counterpoint, those who are employed saw gains in wages and average hourly earnings.

This is where the slowdown narrative gets murky. Shoppers haven't slowed down as evidenced by rising retail sales, which may be getting support from the strength in wages. Persistent inflation hasn't stopped consumers either; inflation held steady in July at a year-over-year rate of 2.7%, which was below analyst expectations of 2.8%. The core inflation rate, which excludes the volatile food and energy prices, showed an above-expectations jump of 3.1% year-over-year, up from 2.9% in June. Price increases for groceries and new cars were modest and shelter and energy costs declined, but inflation for auto repair and used vehicles rose at more than double the headline rate.

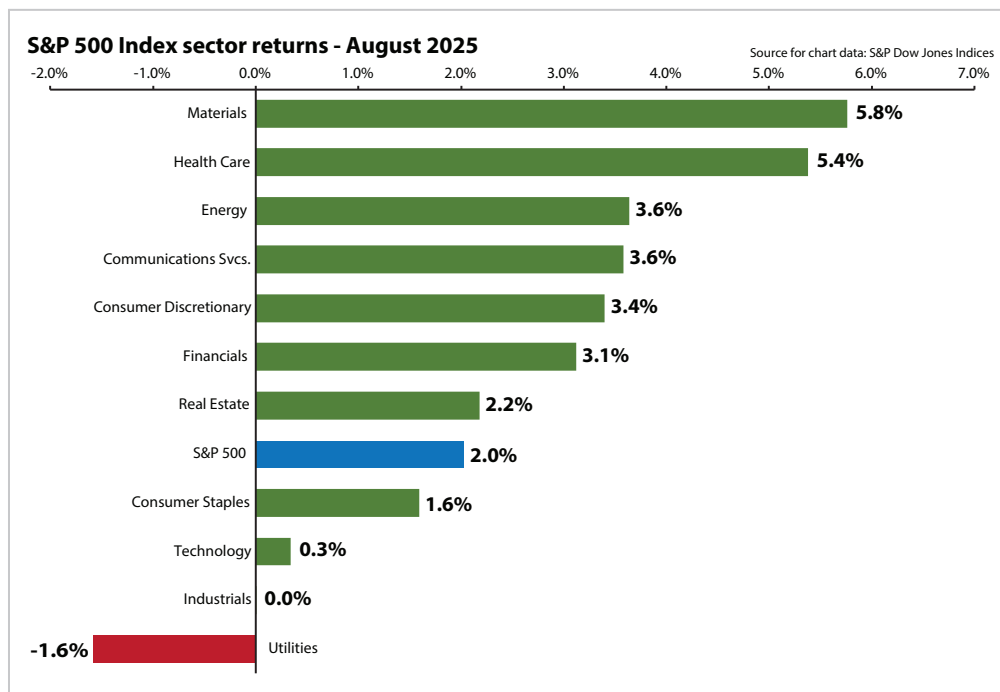
From an investor perspective, the conflicting data doesn't offer much in the way of answers, which makes it hard to anticipate how stocks will perform in the final months of the year. While a September rate cut mostly looks like a lock at this point, who knows what happens after that. Investors can find confidence in the recent financial performance of US companies, which at the close of Q2 earnings season showed many firms were weathering the uncertainties well enough to deliver another quarter of strong profits. But there are still many unknowns for firms to contend with, and investors are proceeding with trepidation.

*Continued on the next page.*



## Bubble talk pops up

While stocks in general had a good month, performance was spotty across different corners of the market. Some of the more value-oriented and more recently neglected sectors like materials and health care did well on no real news in favor of these stocks. The story, as usual, was about tech and AI, but this time not in a good way. Tech shares sold off in mid-month and weighed on index performance as investor jitters over valuations grew.



Prices for tech stocks, including most of the “Magnificent 7”, have been feeling frothy after the stellar run from the April market low, so it wasn’t surprising to see some profit-taking in the sector. There have also been more questions of the “Are we in a bubble?” variety as every AI play in recent weeks seemed destined for the valuation stratosphere.

The bubble question wasn’t helped by news reports during the month that dampened some of the AI hype. First (but in no particular order,) an update of OpenAI’s popular large language model, ChatGPT, mostly unimpressed its users. Promises of “PhD-level” expertise were undone by wildly wrong answers and bad math, and the previous version of the app was quickly restored to users. Second, Meta Platforms announced a hiring freeze in the company’s AI-focused division, stoking worries about rising spending and excessive capital expenditures related to the AI buildout.

While these two stories focused on individual companies, a third was more damning for the broader AI industry. A report from MIT stated companies that have piloted AI projects within their firms had by and large seen very little impact on their bottom lines. That would be concerning given the optimistic expectations for cost-efficiencies and productivity boosts that have powered tech company revenues in recent quarters. However, we have to recognize it’s still early in the AI development cycle and firms are still in the process of learning how to put AI to

*Continued on the next page.*



work profitably in their businesses. Some of the bubble questions are justified as the hype around AI has blossomed over the last three years. But it's also likely that any AI correction swings too far in the other direction, toward overly pessimistic.

Not all of the promises of AI will be realized. Some of the more lofty expectations should come down to earth. Between the hype and pessimism, the most likely outcome for AI will likely be somewhere in the middle, as what typically occurs with the emergence of any new technology or innovation. Even modest benefits from AI will be a boon to companies—and not just to tech—as they reap the financial benefits of cost savings and earnings growth. Longer-term, AI has the potential to have a massive and global impact on economic growth and progress. As investors, we should focus on the longer term and stick with a disciplined portfolio strategy that can help maintain that focus through the inevitable short-term volatility.

### **The dog days aren't done yet**

Last month, I mentioned that August begins what has historically been a difficult period for stock market returns. Recent performance seems to be bearing that out, as stocks finished the month on something of a down note. Although the Fed has provided a clearer path on interest rates at least for the month ahead, the waiting game will likely to continue after that. The September FOMC decision will be watched closely, not so much for what the Fed will do but what they will say afterward about the road ahead.

Uncertainty creates ideal conditions for volatility to thrive, so we should expect the stock market to remain in flux and investors search for direction. In these periods, investing in quality companies that operate in areas of the economy that show the promise for growth becomes essential for remaining on track to your financial goals. That's what our portfolio strategies are designed to do.

If you have questions about the market or want to discuss your portfolio, you can contact us anytime for a one-on-one conversation about your investment strategy. We thank you for your continued trust in our people and our services.

Past performance does not guarantee future results. There is no guarantee that any investment strategy or account will be profitable or will not incur loss. Investors should consider the investment objectives, risks, charges and expenses that make up this investment strategy carefully before investing. Investing involves risk, including the possible loss of principal. Share price, principal value, and return on investments will vary, and you may have a gain or a loss when you sell your investment.

Post Oak Private Wealth Advisors may have an interest in securities or sectors highlighted in this report. This presentation and the data herein is neither an offer to sell nor a solicitation of any offer to buy any securities, investment product or investment advisory services offered by Post Oak Private Wealth Advisors. ("Post Oak") This presentation is subject to a more complete description and does not contain all of the information necessary to make an investment decision, including, but not limited to, the risks, fees and investment strategies of any Post Oak products or services. Any offering is made only pursuant to the relevant information memorandum and accompanying, subscription materials, including Post Oak's Form ADV Part 2, all of which must be read in their entirety. This information is not an advertisement and is not intended for public use or distribution and is intended exclusively for the use of the person to whom it has been delivered. The contents of this report have been compiled from original and published sources believed to be reliable, but are not guaranteed as to accuracy or completeness. Market opinions contained herein are intended as general observations and are not intended as specific investment advice. Market index performance is provided by a third-party source deemed to be reliable. Indexes are unmanaged and have been provided for comparison purposes only. No fees or expenses have been reflected. Individuals cannot invest directly in an index.