



Monthly Economic Indicators August 2025

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About RCLCO Fund Advisors

RCLCO Institutional Advisory Services, the predecessor to RCLCO Fund Advisors, LLC (RFA), was formed in 2011. RFA was incorporated in 2013 and registered with the SEC as a registered investment advisor (RIA) in 2014. RFA specifically addresses the complex global investment environment facing pension funds and similar institutional investors. Our broad background across a wide variety of disciplines—including portfolio analysis, development feasibility, and urban planning—makes us uniquely adept at navigating property markets from both a “bottom-up” and “top-down” approach. The team is comprised of more than 30 members with diverse and relevant experience in research, consulting, investment management, property operations, and lending.

RFA is improving the traditional institutional real estate investment model by: providing customized and aligned advisory and investment management solutions to LPs; facilitating partnerships that generate greater LP control and transparency; and driving and achieving long-term objectives in allocation, access, diversification, and performance with greater fee effectiveness.

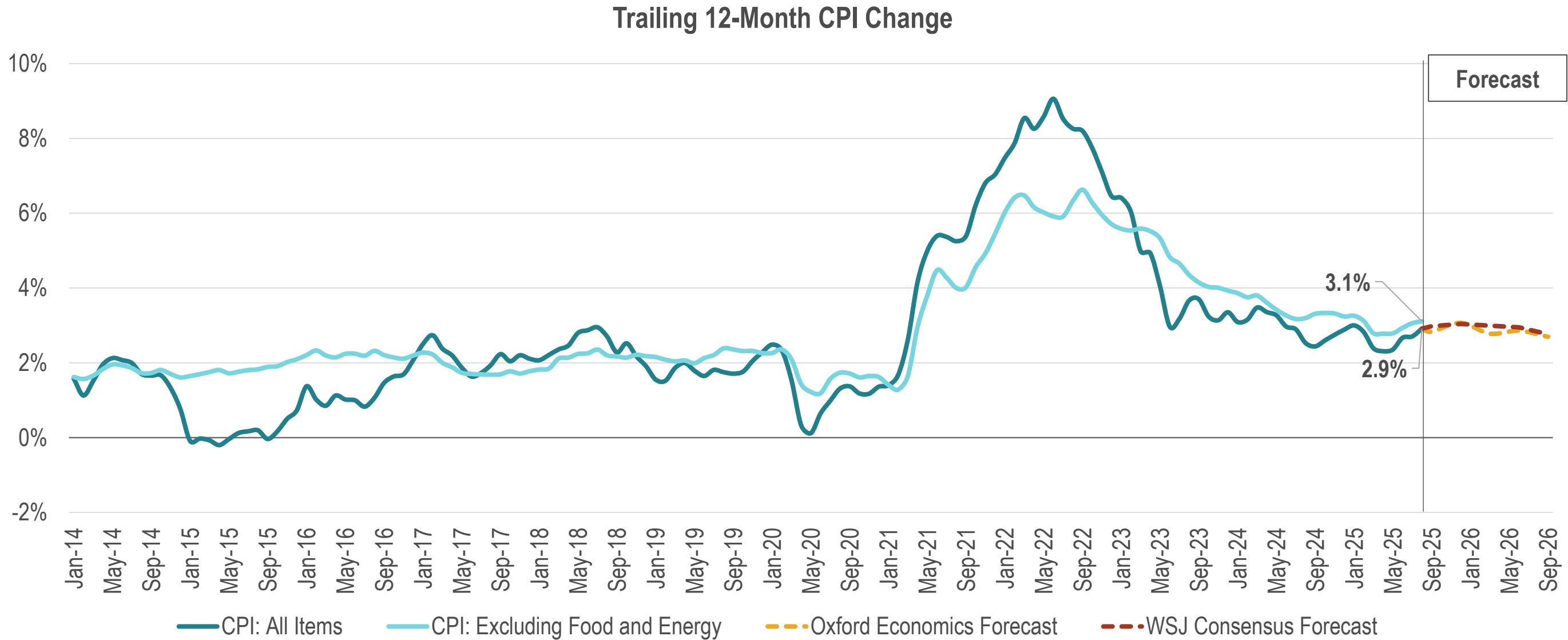
Monthly Highlights – August 2025

Inflation	<ul style="list-style-type: none">Annual headline CPI inflation rose 20 bps to 2.9% in August while core CPI held steady at 3.1%. Tariffs have had a limited impact on inflation to date but are expected to affect prices in coming months.Final Demand Producer Price Index (PPI) fell 0.2% in August while All Commodities PPI was unchanged. Construction materials PPI rose a sharp 5.2% YoY.Annual total PCE held steady at 2.6% while core PCE rose 10 bps to 2.9% in July*, above the Fed’s target rate.The 5-year TIPS-implied inflation was unchanged at 2.4% in August while consumer expectations for 5-year inflation in the U Michigan survey rose to 3.9% in September.
Interest Rates	<ul style="list-style-type: none">The 10-Year UST ended August at 4.23%, 14 bps below its July-end level. The yield was slightly above 4% in mid-September.The 10-Year to 3-Month UST yield curve remained slightly inverted for a third consecutive month.Average commercial real estate mortgage rates rose 15 bps to 6.7% in June*. The spread to the UST expanded and was slightly below its long-term average.The Fed is expected to cut rates at its September meeting as the employment market cools, although inflationary risks remain.
Employment	<ul style="list-style-type: none">August job growth slowed to 22K and three-month average employment growth was a very low 29K. Job growth between April 2024 and March 2025 was revised down 911K, suggesting that the labor market is much softer than previously thought.The unemployment rate rose 10 bps to 4.3%. The labor force participation rate also rose 10 bps MoM to 62.3% in August.Annual wage growth fell 20 bps to 3.7% in August. Over the last three months, wages grew by 3.4% (annualized).
Sentiment & Retail Sales	<ul style="list-style-type: none">Consumer sentiment fell in September and remained far below the long-term average. Views of current conditions and consumer expectations both fell.The ISM Purchasing Mangers’ Index (PMI) for services rose and remained in expansion. Manufacturing PMI also rose but remained in contraction.Total retail sales rose 0.5% MoM and 3.9% YoY in July*. Core retail sales grew 0.5% MoM and 4.9% YoY.
Housing	<ul style="list-style-type: none">Trailing-year median existing home prices rose 2.9% YoY while new home prices fell 2.2% in July*. Median existing home price levels have exceeded new home prices for four consecutive months.Existing home sales rose 0.8% YoY while new home sales fell 8.2% in July*.Trailing-year multifamily completions fell in July*. Permits have trended up through much of 2025 but remain below recent highs.

Inflation

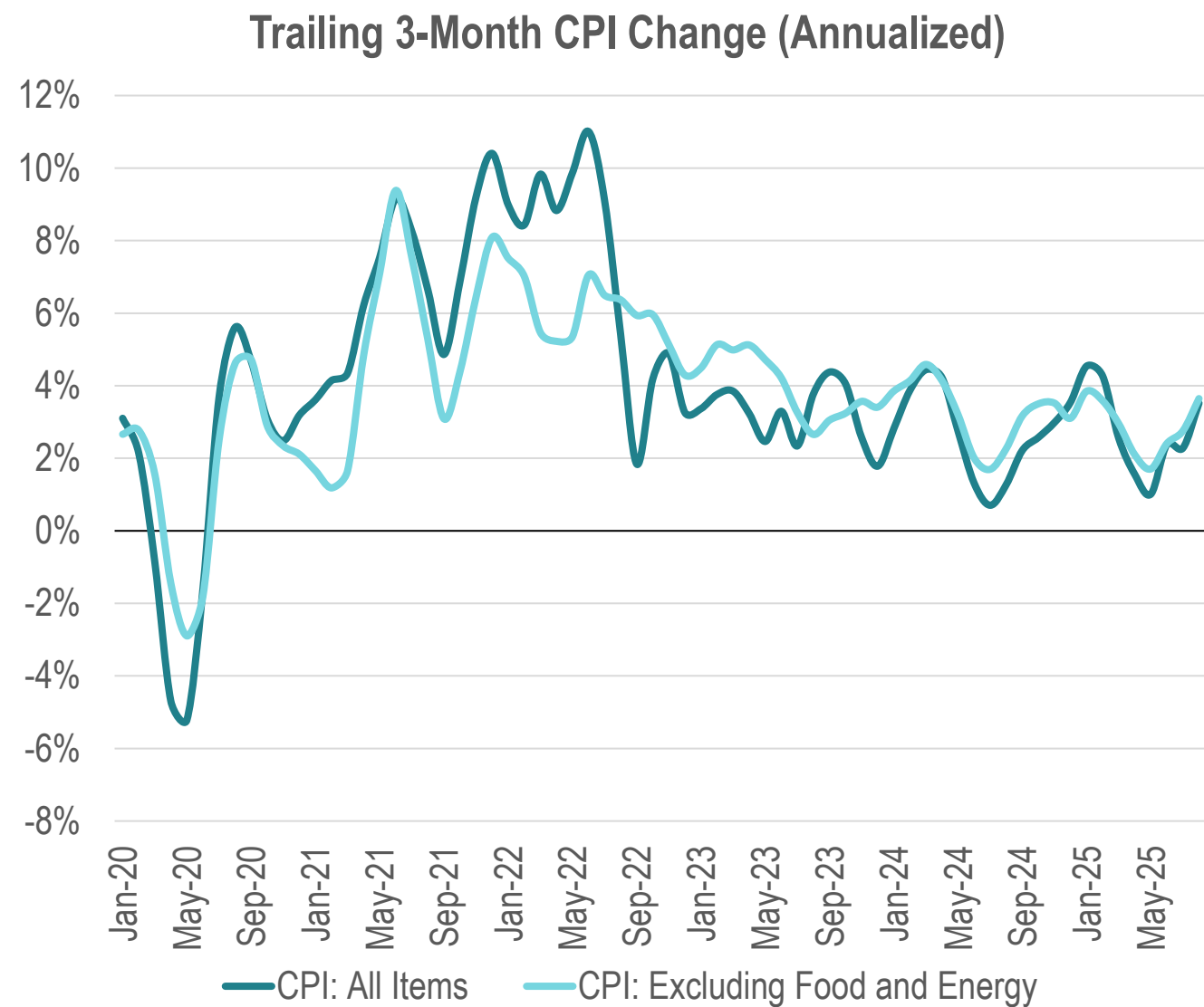
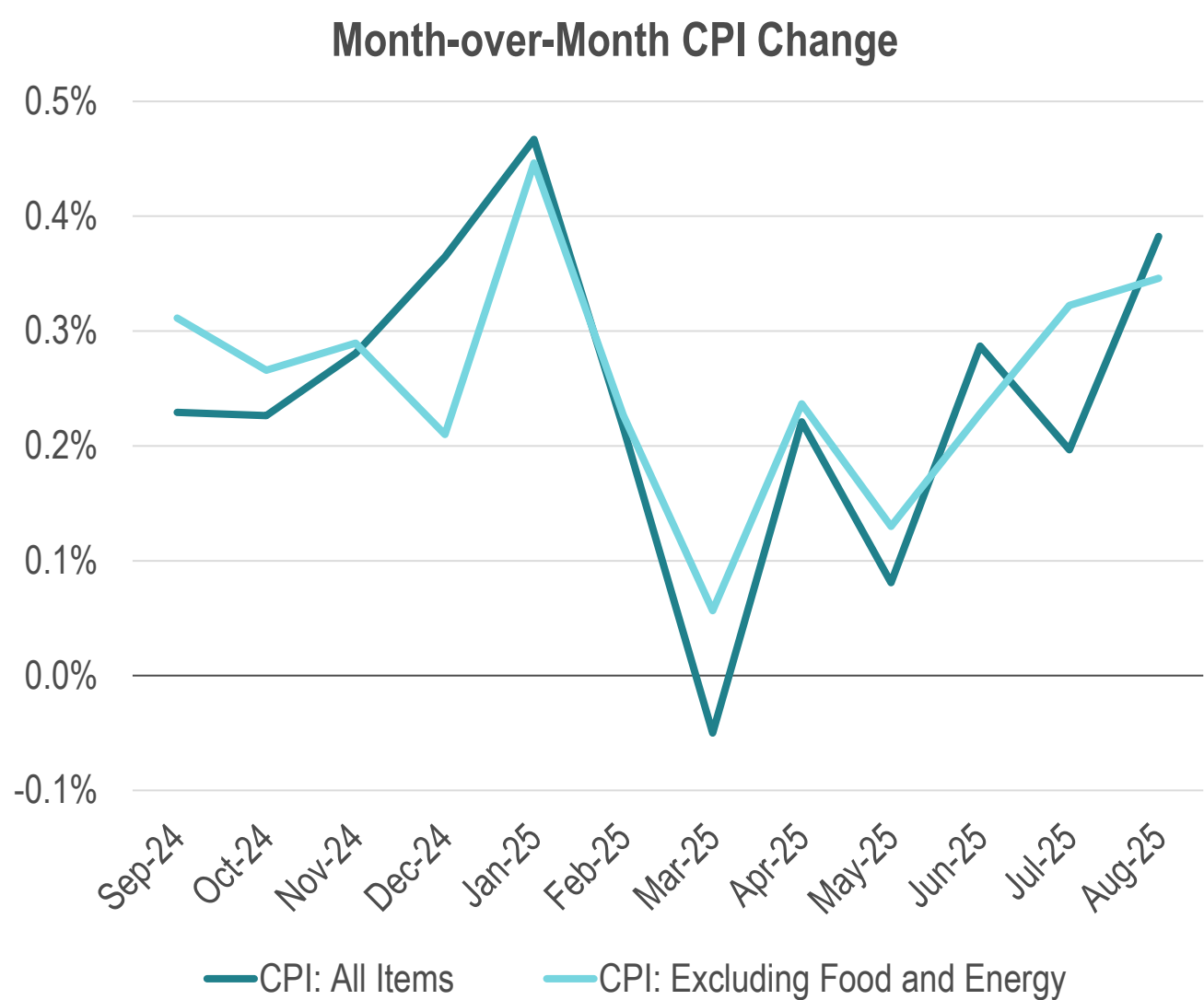
Annual Headline CPI Rose 20 bps to 2.9% while Core Inflation Held Steady at 3.1%

Inflation Is Forecast to Remain Elevated Through the End of 2025 Before Moderating



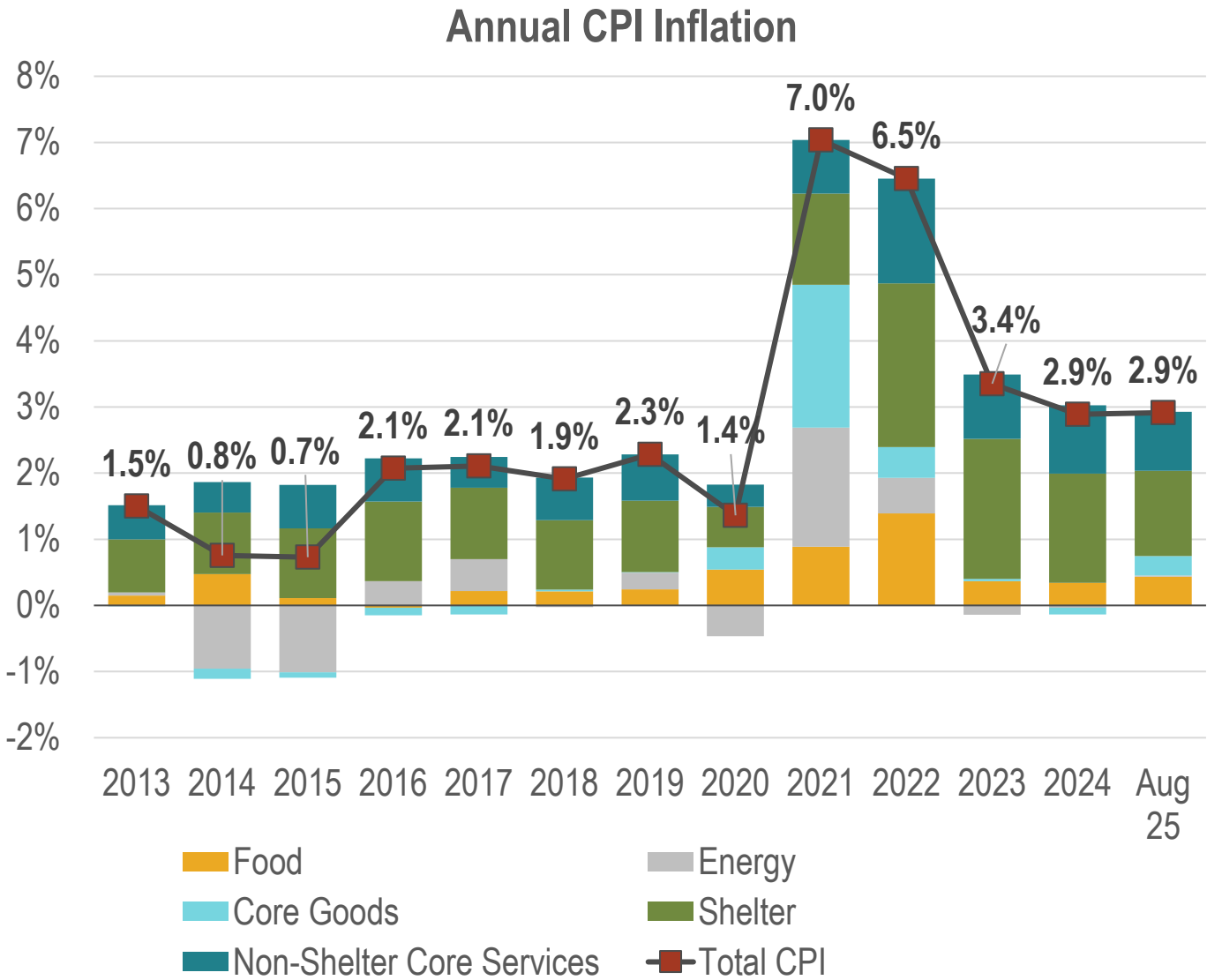
All Items and Core CPI Rose 0.4% and 0.3% MoM, Respectively, in August

3-Month Annualized All Items CPI Accelerated to 3.5% and Core CPI Rose to 3.6%



Annual Core Services CPI Rose 3.6% and Core Goods Prices Rose 1.5%

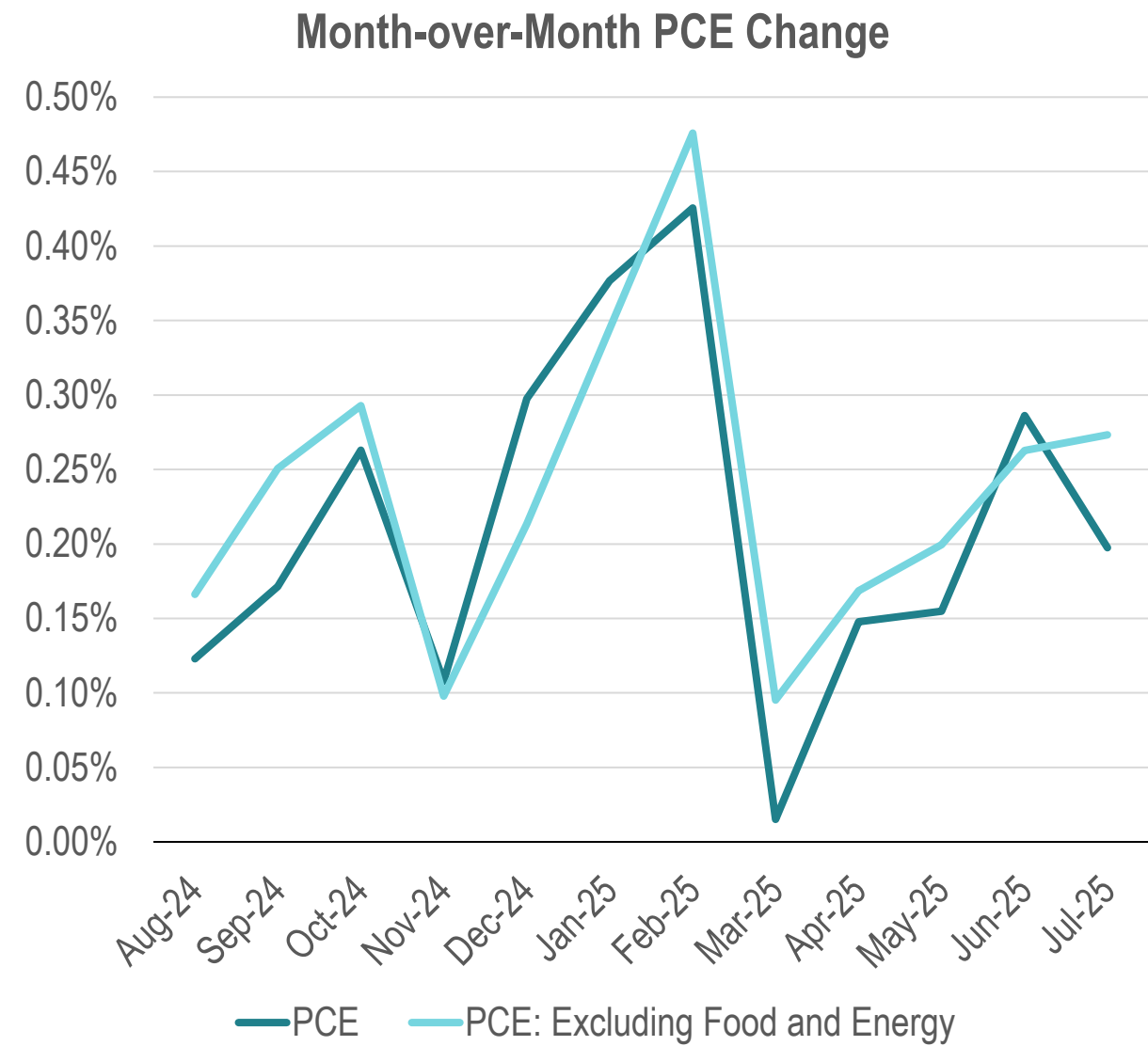
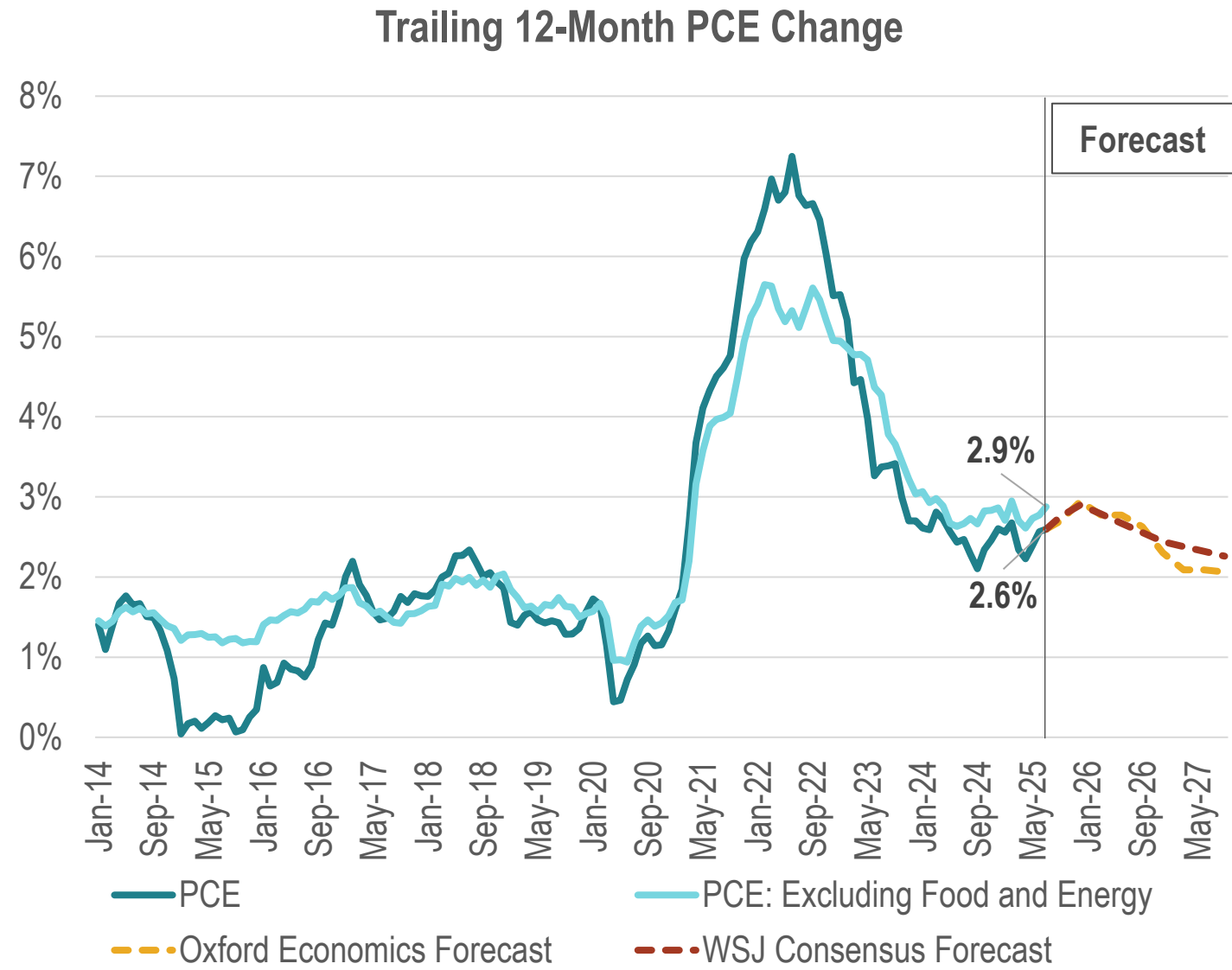
Food Prices Rose by 3.2% Over the Past Year while Energy Prices Were Mostly Unchanged



August 2025 Inflation			
	Monthly	Trailing 12-Month	Weights
Apparel	0.5%	0.2%	2.5%
Education & Communication	0.0%	0.3%	5.7%
Food & Beverages	0.5%	3.1%	14.5%
Other Goods & Services	0.2%	3.9%	2.9%
Housing	0.4%	4.0%	44.2%
Shelter*	0.4%	3.6%	35.5%
Medical Care	-0.2%	3.4%	8.3%
Recreation	-0.1%	2.3%	5.3%
Transportation	0.9%	0.9%	16.6%
Food	0.5%	3.2%	13.7%
Energy	0.7%	0.2%	6.2%
Core Goods	0.3%	1.5%	19.4%
Core Services	0.3%	3.6%	60.7%
Total Core	0.3%	3.1%	80.1%
All Items	0.4%	2.9%	100.0%

Annual Headline PCE Held Steady at 2.6% while Core PCE Rose 10 bps to 2.9%

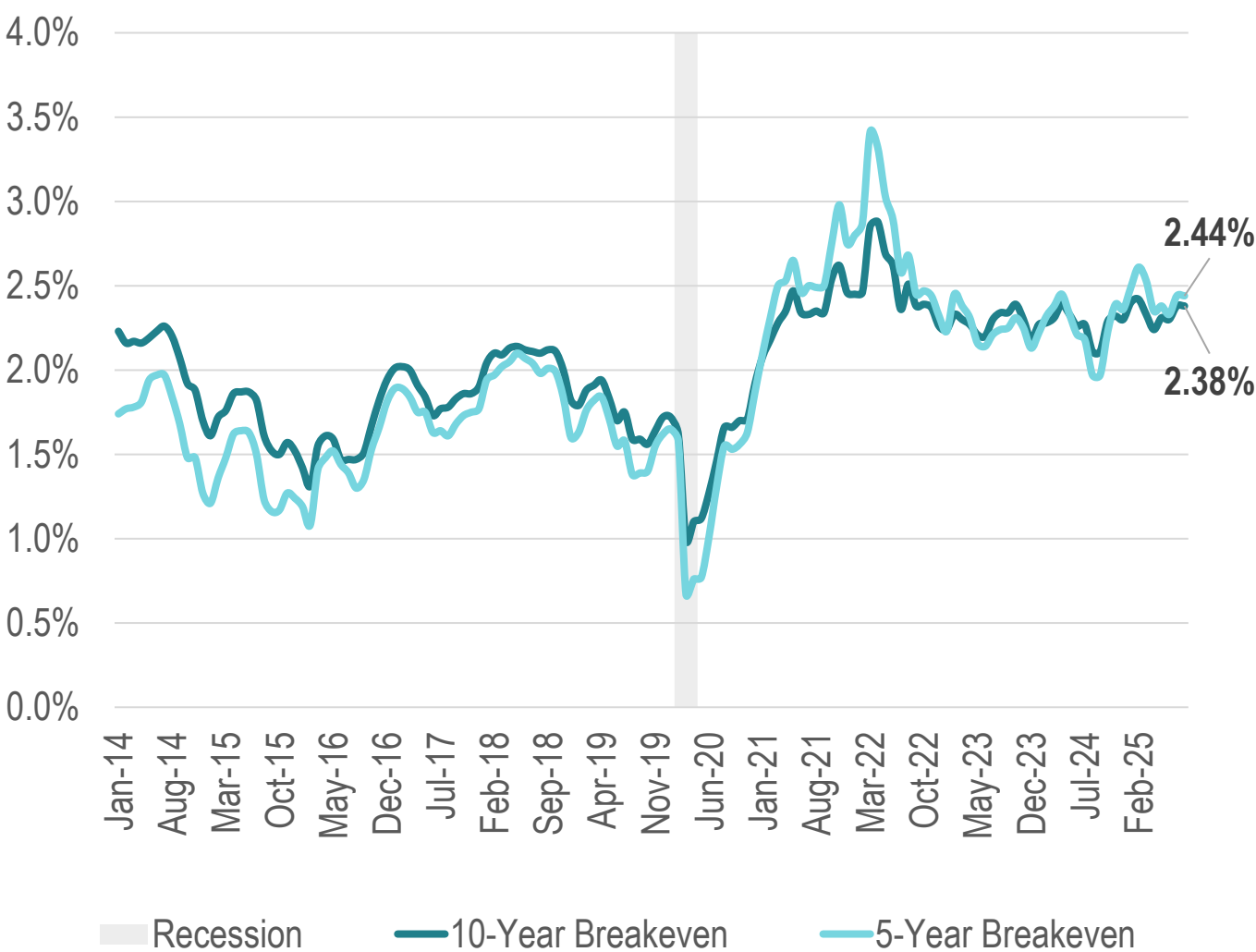
PCE Is Predicted to Continue Rising in 2025 and Early 2026 Before Moderating



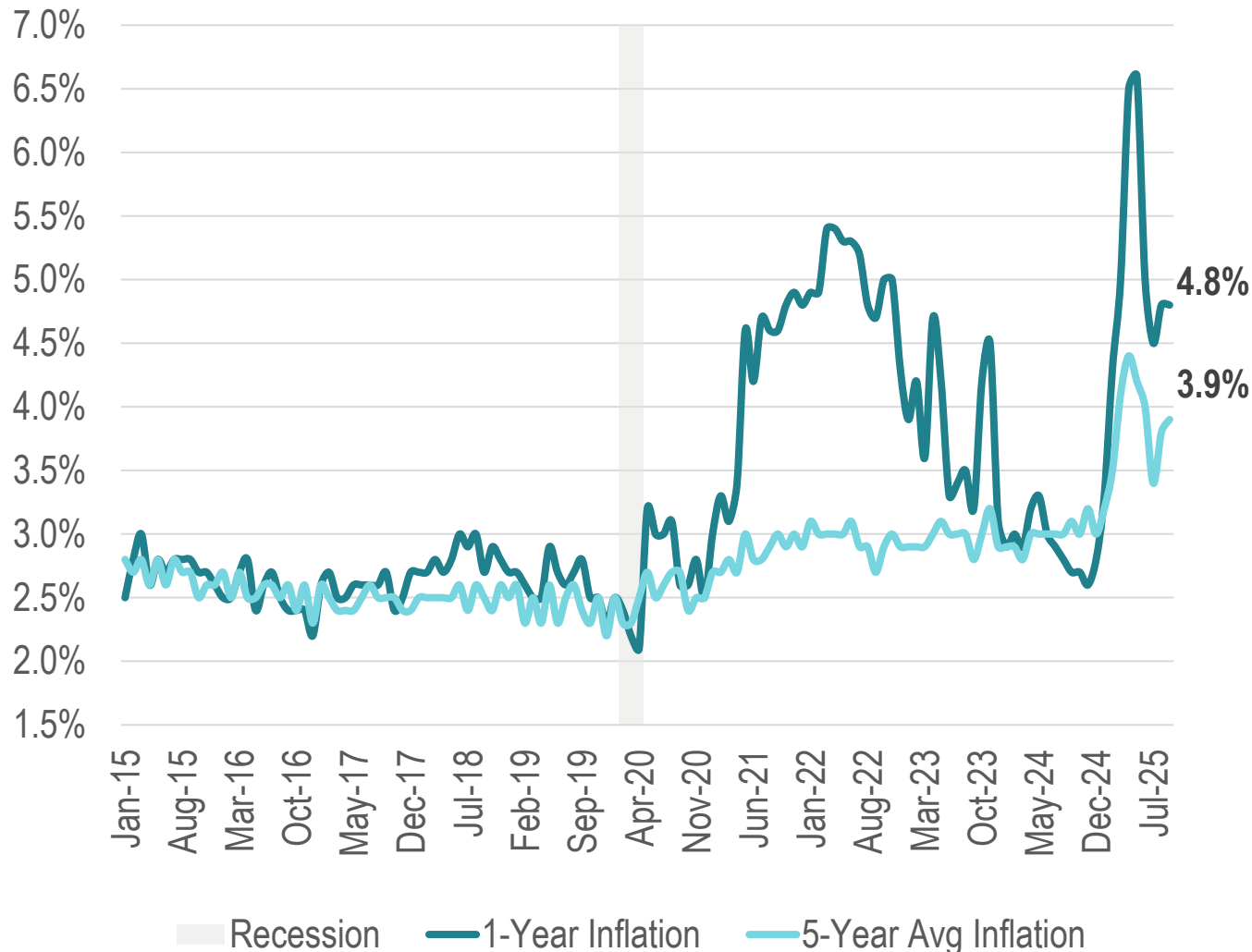
5- and 10-Year TIPS Breakeven Rates Were Both Unchanged MoM in August

Consumer Expectations of Year-Ahead Inflation Held Steady at 4.8% and 5-Year Expectations Rose to 3.9%

TIPS-Implied Breakeven Inflation Rate

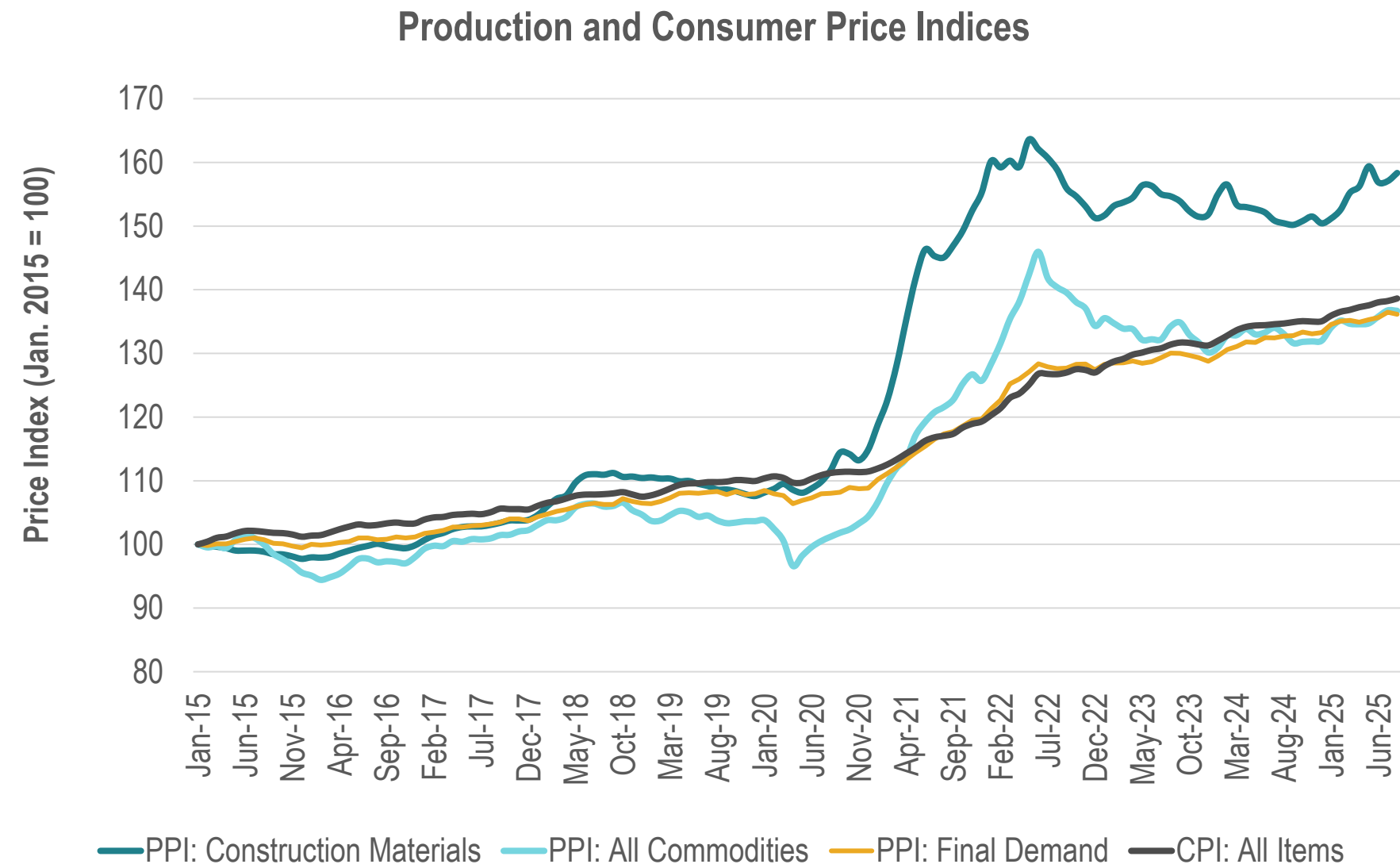


University of Michigan Inflation Expectations



Monthly Final Demand PPI Fell 0.2% and All Commodities PPI Was Unchanged

Construction Materials PPI Rose 0.8% MoM and 5.2% YoY

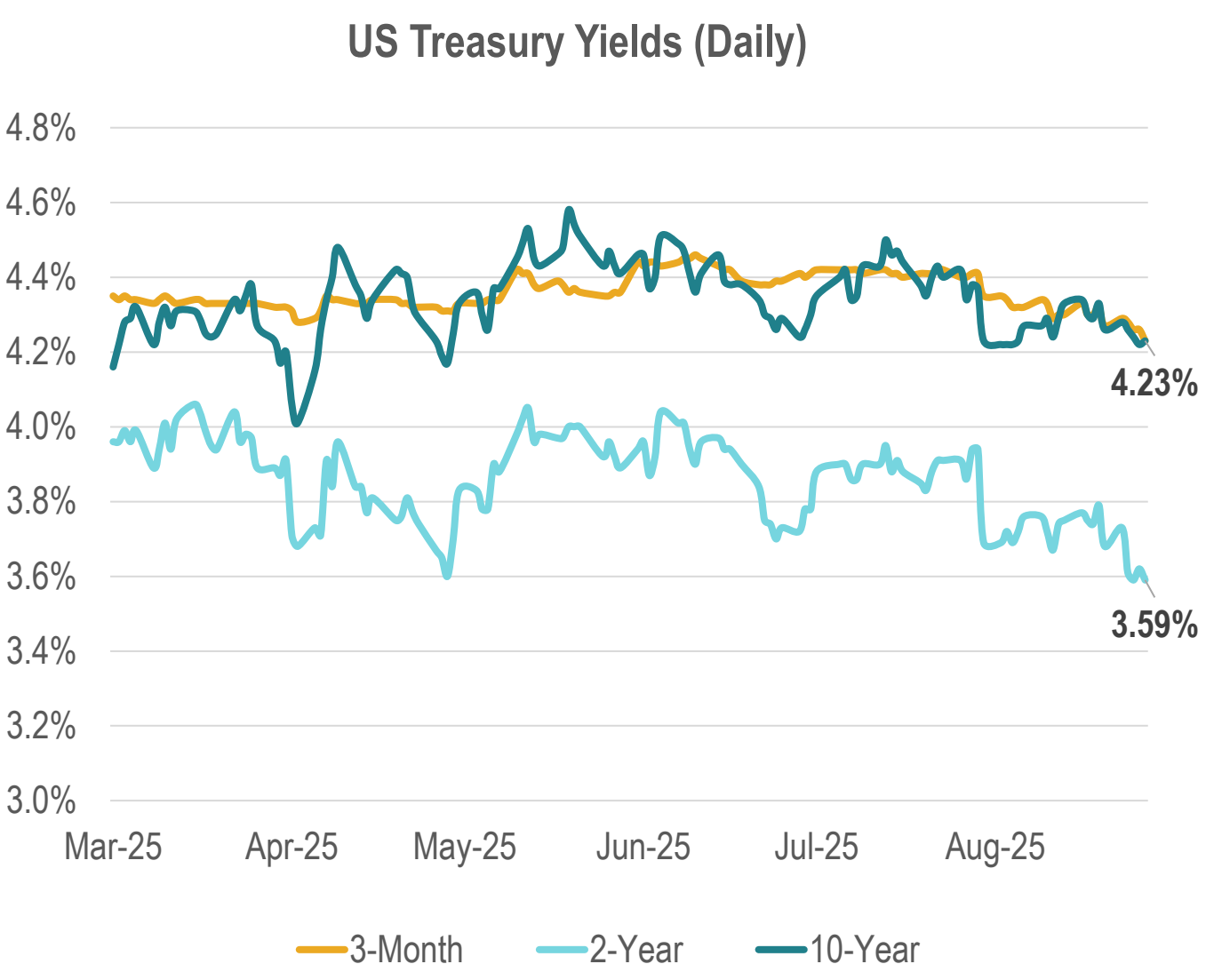
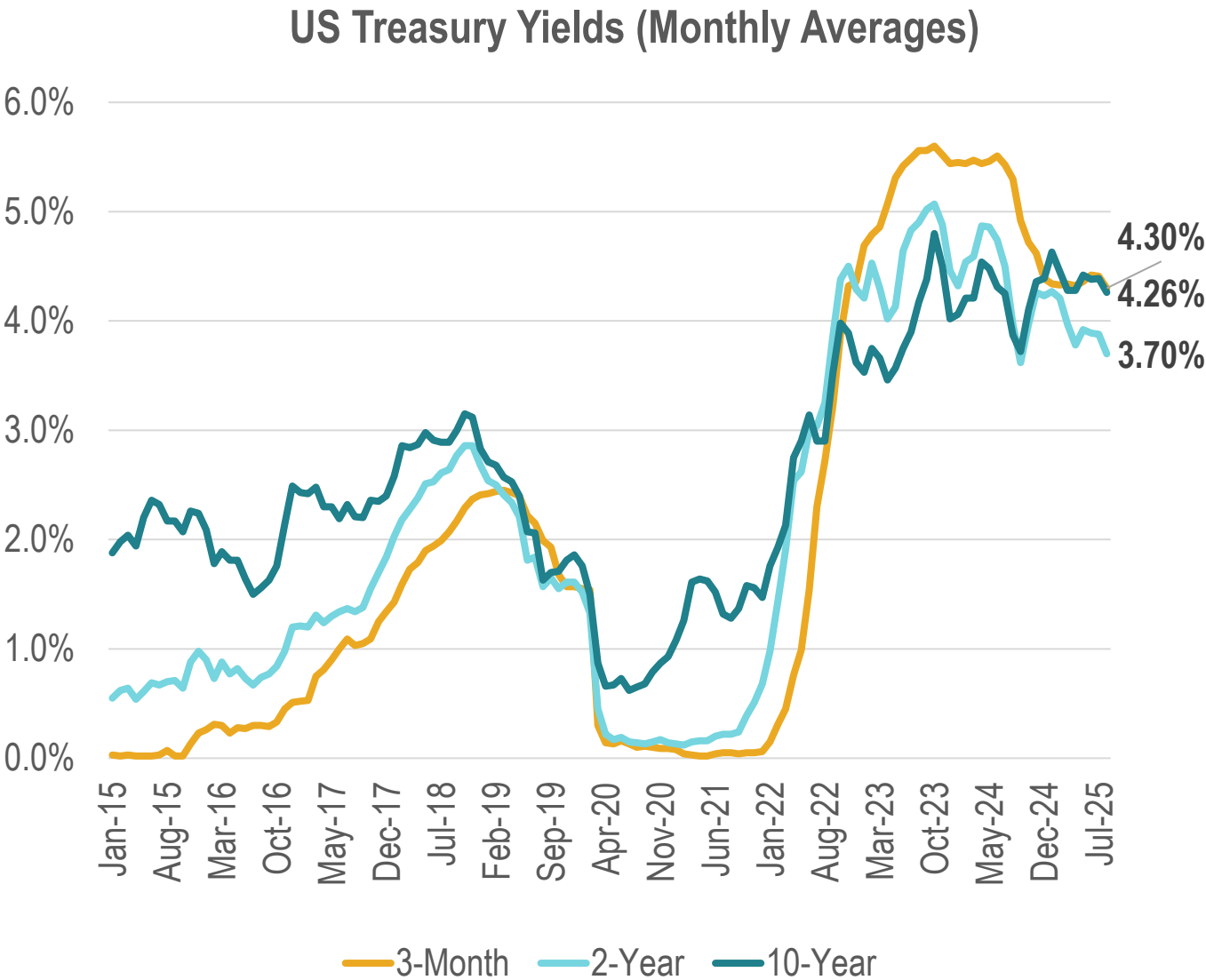


August 2025 Producer Price Index			
	Monthly	Trailing 12-Month	10-Yr Annual Avg
PPI: Construction Materials	0.8%	5.2%	4.8%
PPI: All Commodities	0.0%	2.7%	3.2%
PPI: Final Demand	-0.2%	2.6%	3.1%
CPI: All Items	0.4%	2.9%	3.1%

Interest Rates

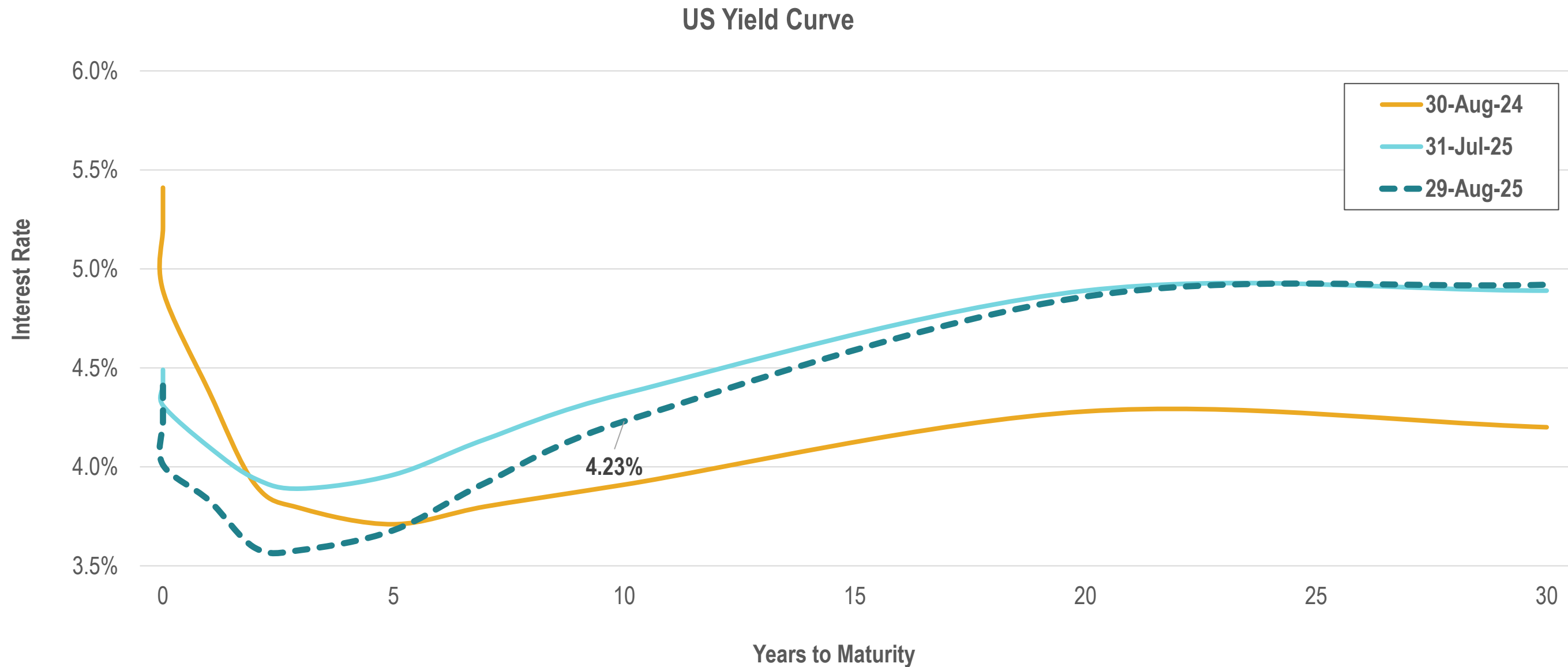
10-Year to 3-Month UST Yield Spread Remained Slightly Inverted for Third Month

Monthly Average Rates for the 3-Month, 2-Year, and 10-Year UST Yields All Fell From Month Prior



US Treasury Rates Fell Across the Yield Curve in August

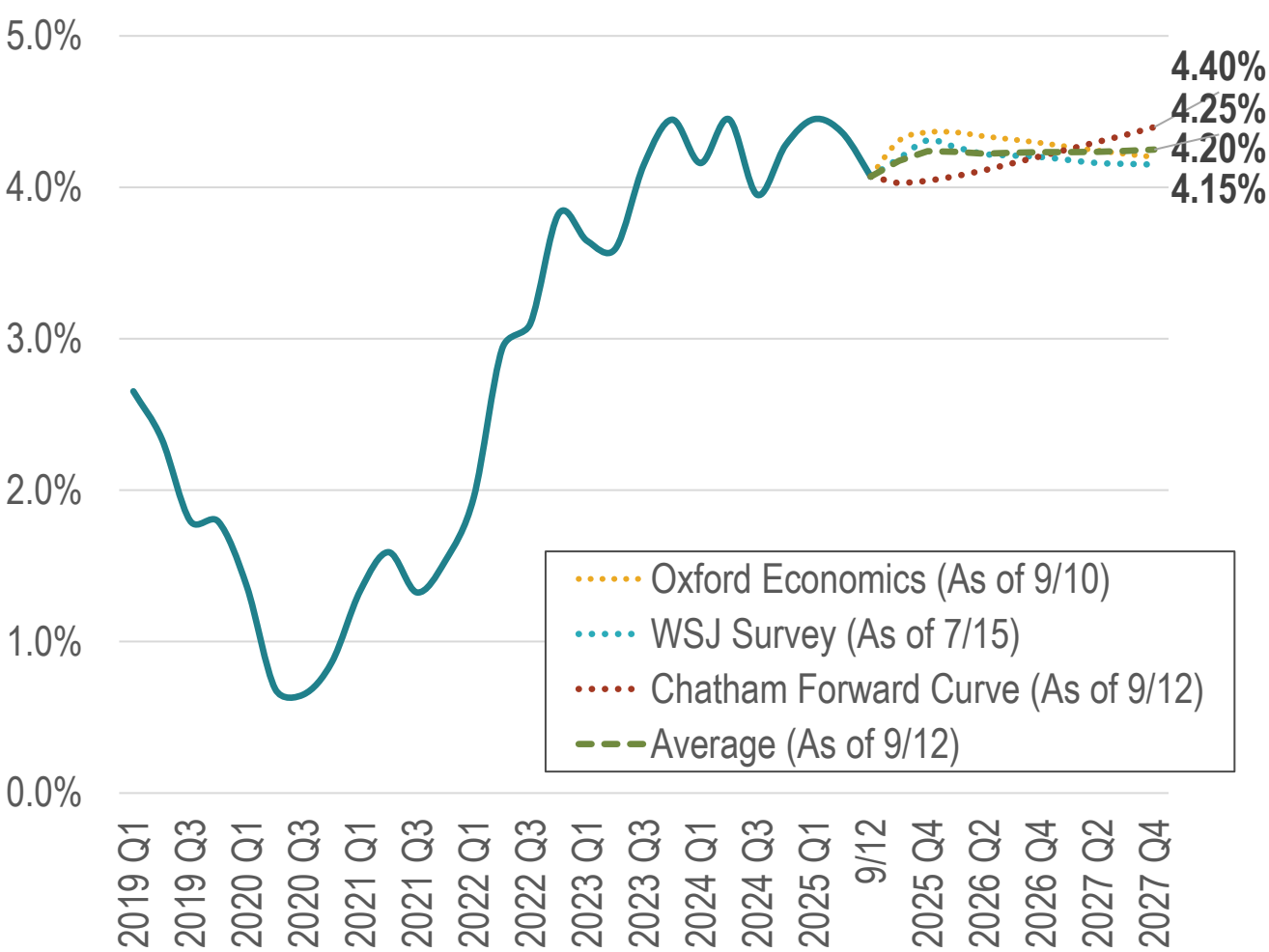
Short- and Medium-term Yields Moderated Meaningfully while Long-term Yields Were Mostly Unchanged



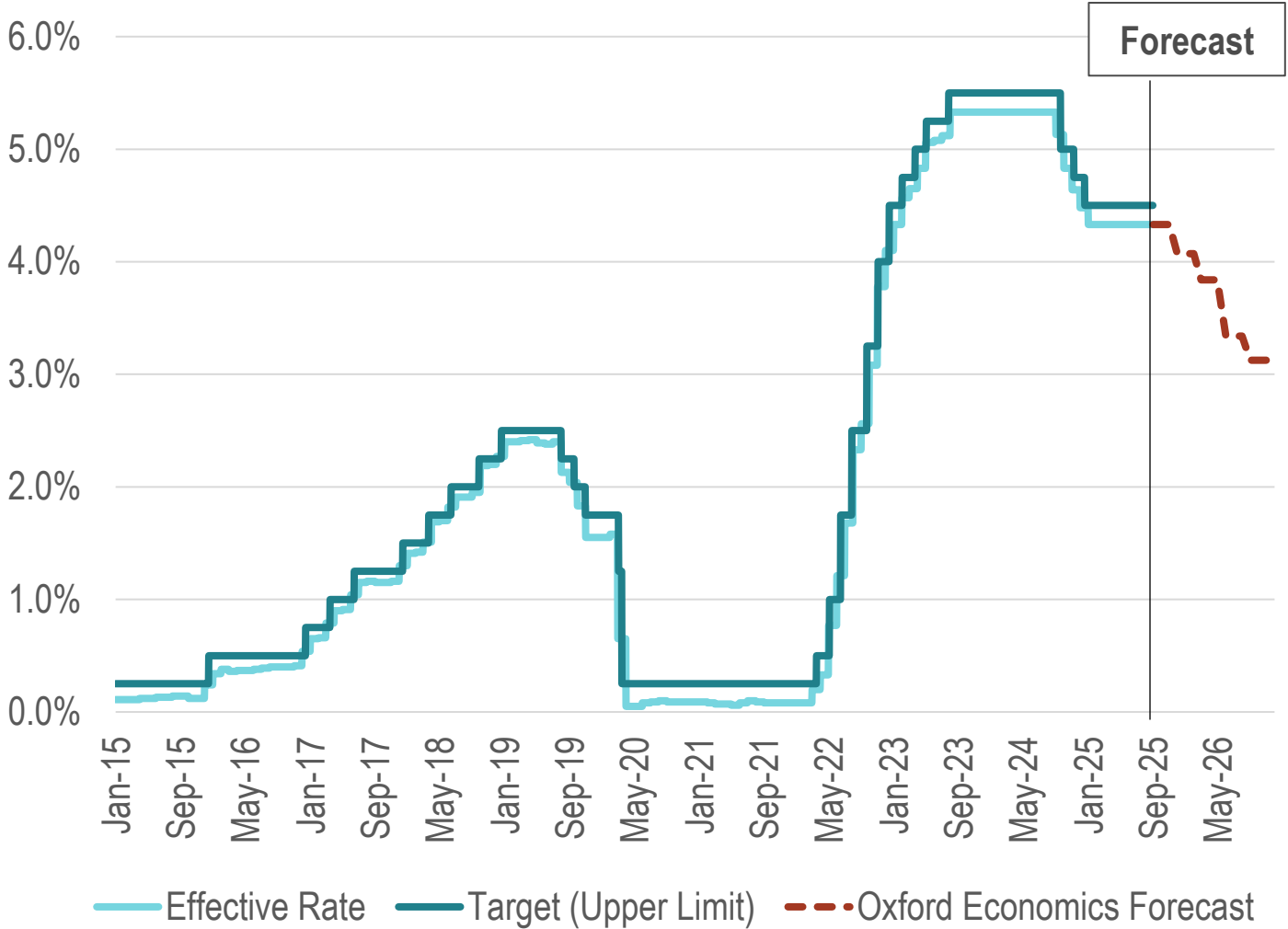
10-Year UST Yields Are Forecast to Remain Slightly Elevated Through 2027

The Fed Is Widely Expected to Cut Rates in September Due to the Cooling Labor Market

10-Year US Treasury Yield and Forecasts

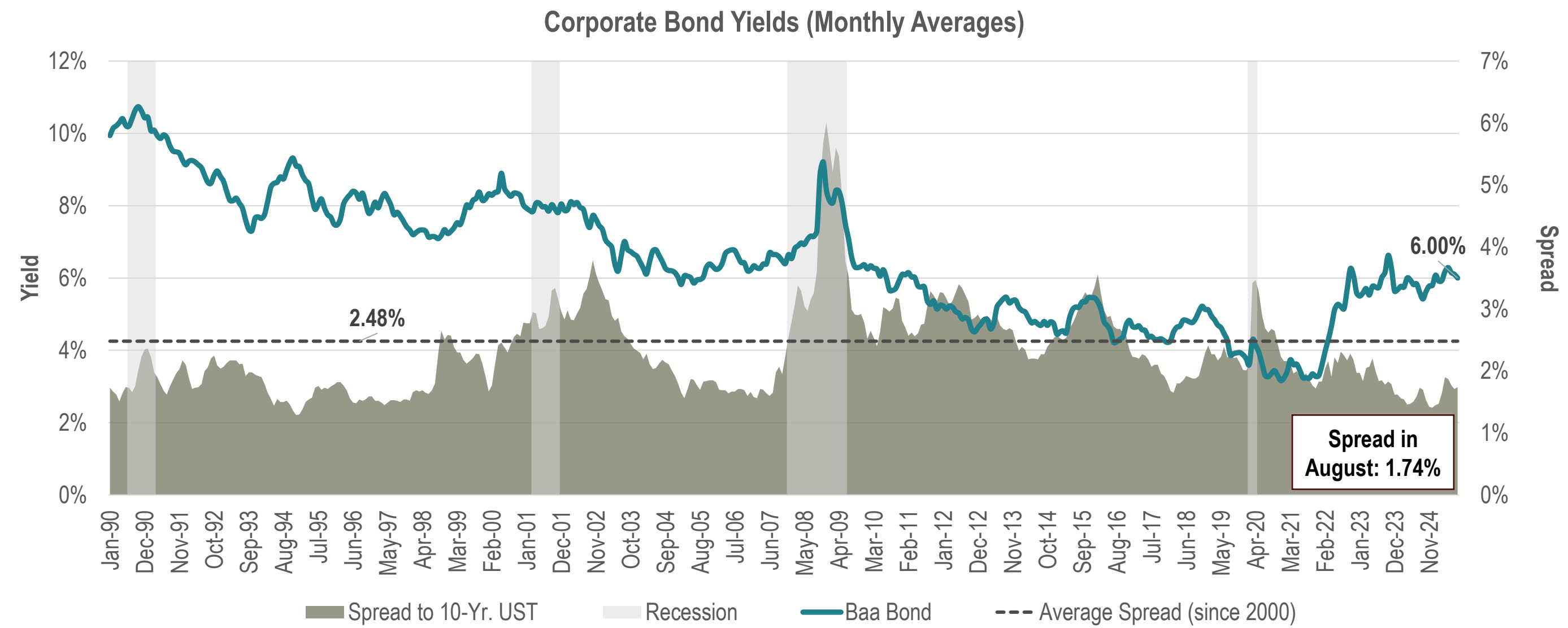


Federal Funds Rate



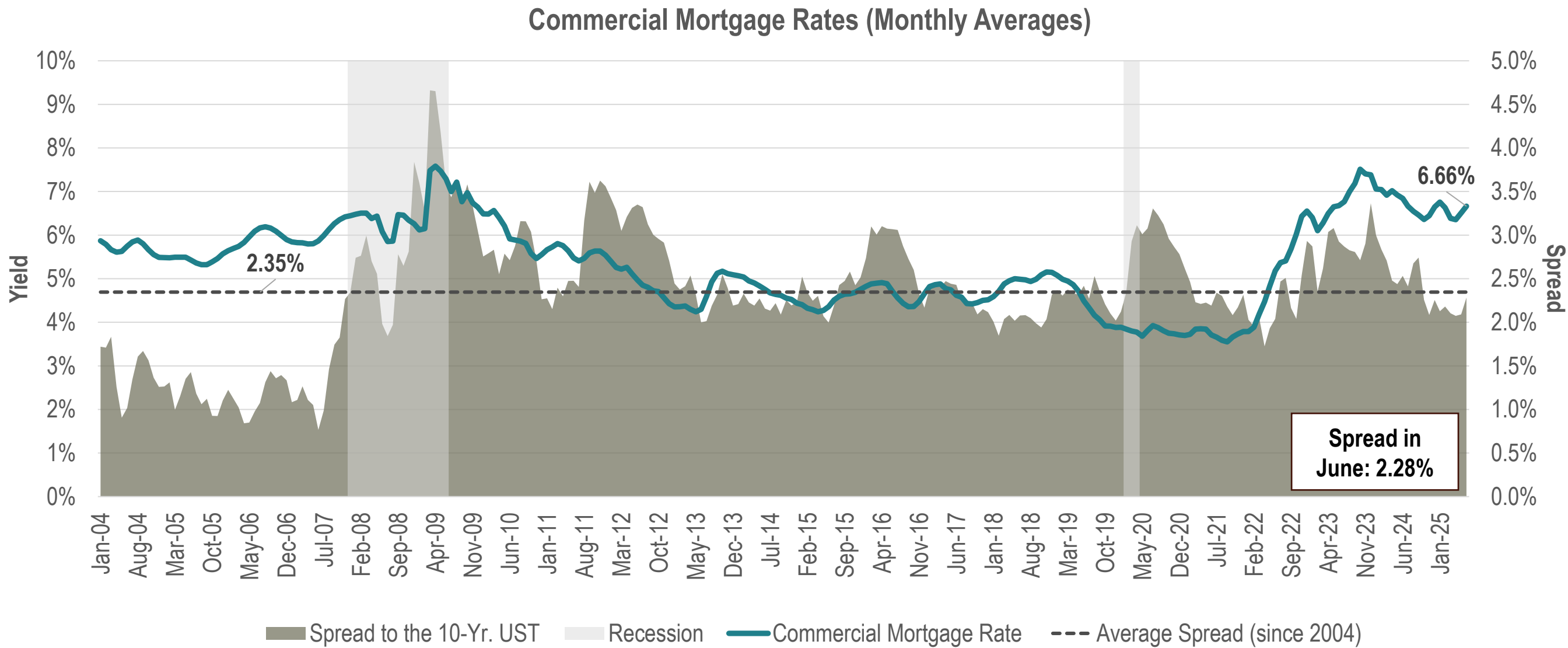
Baa Corporate Bond Yields Fell 10 bps to 6% in August

Spread to the 10-Year UST Expanded Slightly but Remained Well Below the Long-term Average



Average Commercial Mortgage Rates Rose 15 bps MoM to 6.7% in June

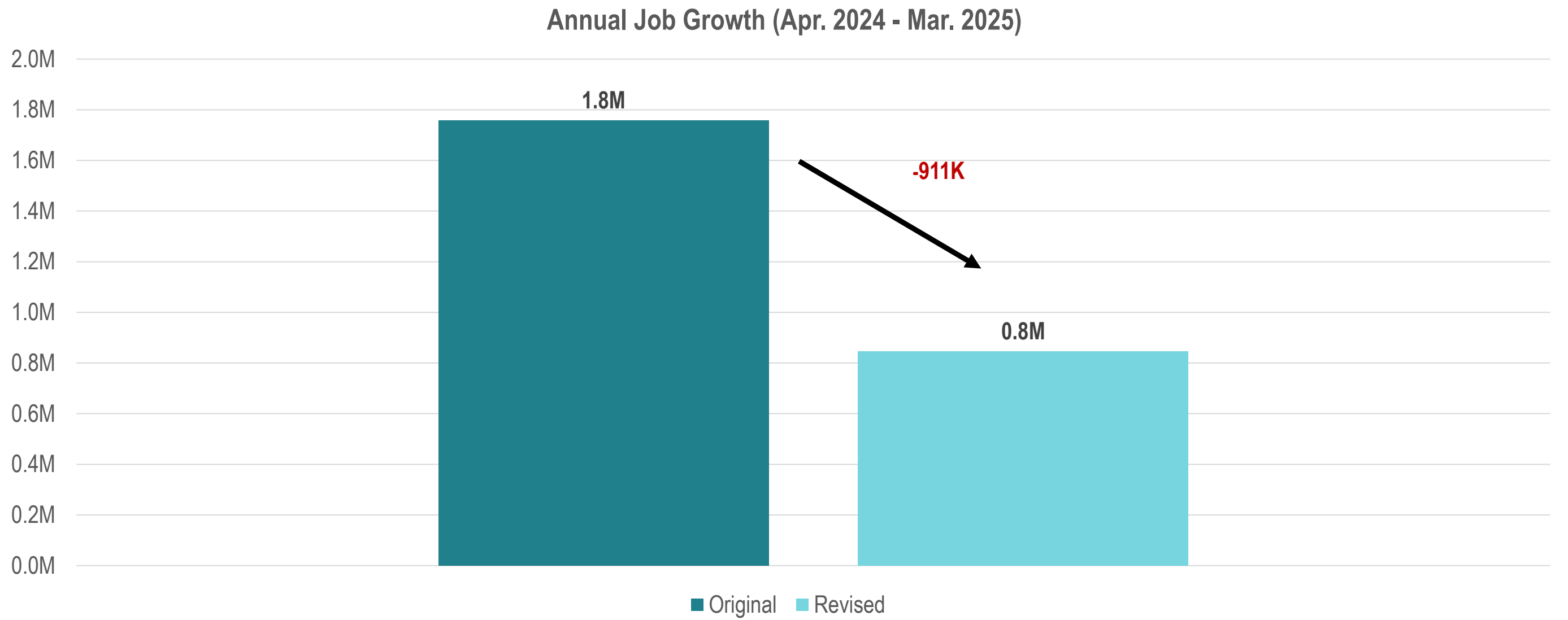
The Spread to the 10-Year UST Yield Expanded, Nearing the Long-term Average



Employment

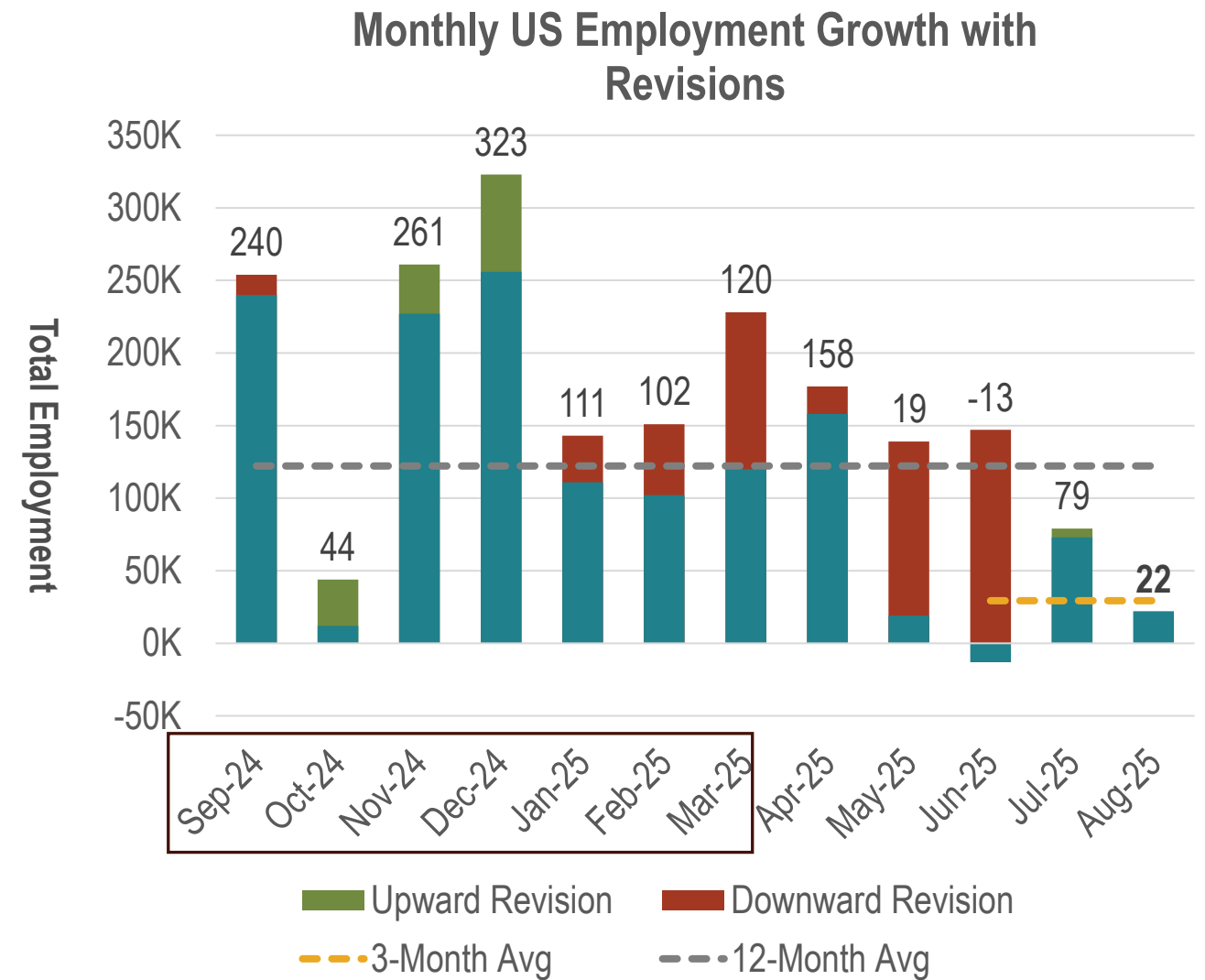
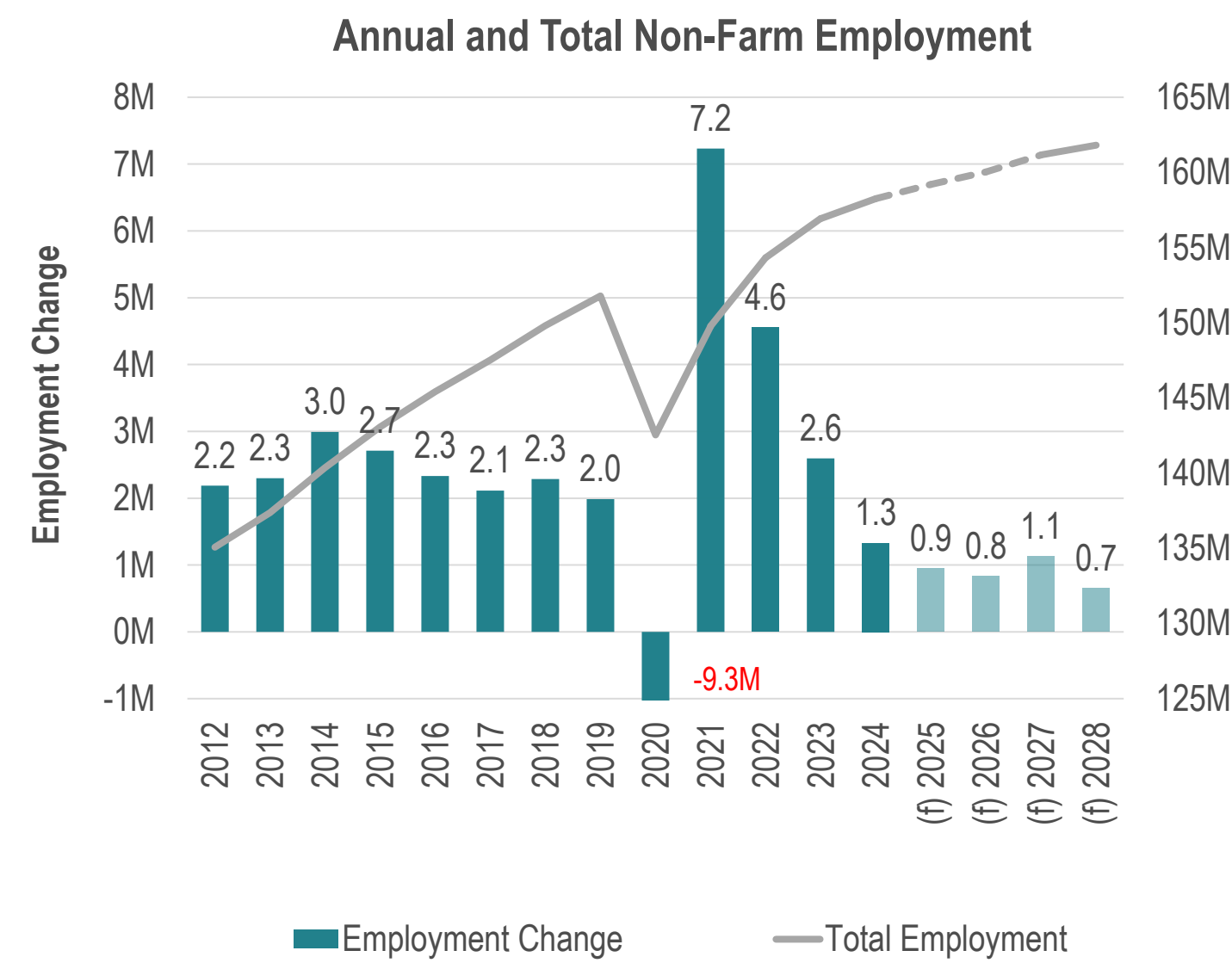
Annual Employment Growth Through March Was Revised Down 911K

Revision Reveals that Labor Market Was Weaker than Previously Thought



US Economy Added 22K Jobs in August, Reflective of A Cooling Labor Market

3-Month Average Employment Growth Was 29K, Far Below the Trailing-Year Average of 122K

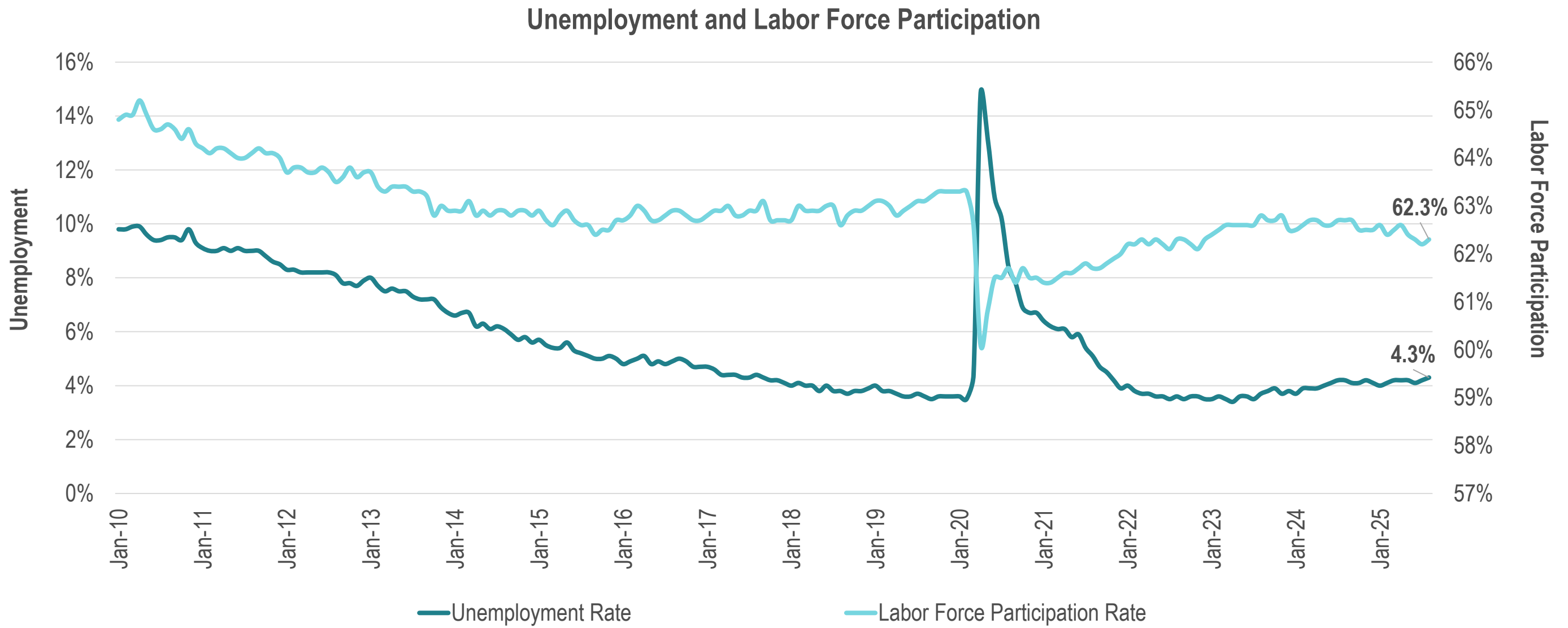


The information contained in this report is confidential, may be legally privileged, and is intended only for the use of select clients of RCLCO Fund Advisors.

Data are as of August 2025.
Note: The Bureau of Labor Statistics revised annual employment growth down by 911K between April 2024 and March 2025 as part of its preliminary benchmarking process. The monthly employment growth chart does not reflect these revisions because they are annual; however, affected months are indicated within the box.
Source: U.S. Bureau of Labor Statistics; Federal Reserve Bank of St. Louis; Oxford Economics

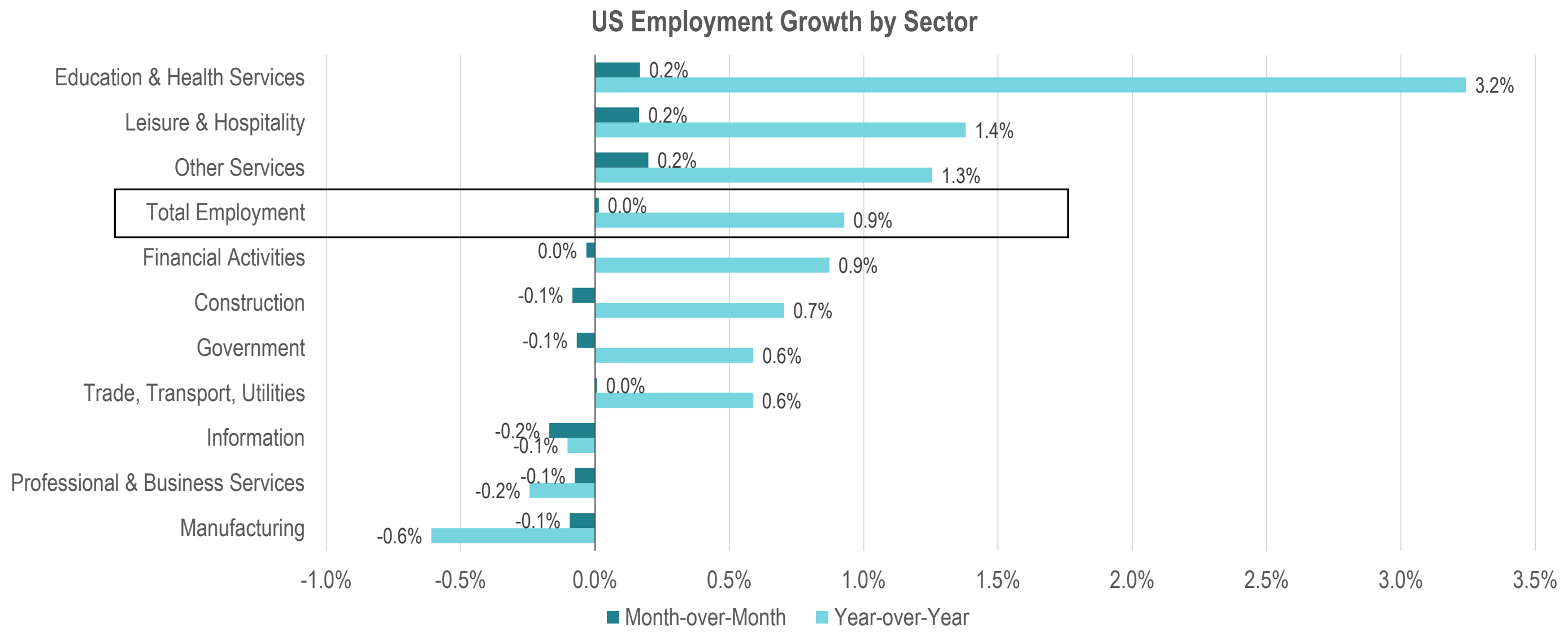
Unemployment Rate Rose 10 bps to 4.3% in August

Labor Force Participation Rate Also Rose 10 bps MoM to 62.3%



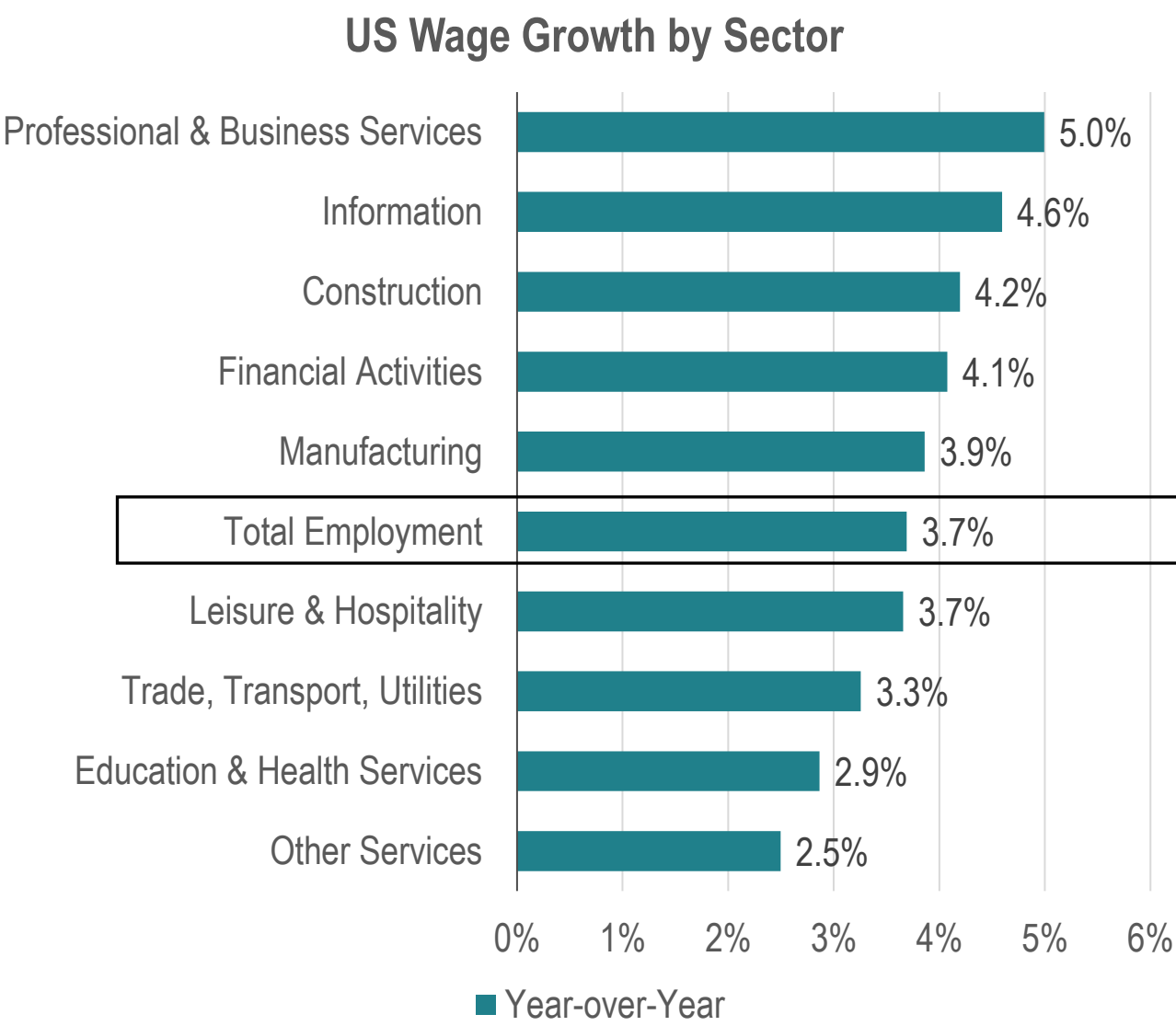
Total Job Growth Flat in August

Education & Health Services Employment Grew A Strong 3.2% YoY



Annual Wage Growth Fell 20 bps to 3.7% in August

Professional & Business Services and Information Sectors Led Annual Wage Growth



Strong to Moderate Annual Job Growth Recorded in Major Sunbelt Markets

Slow Employment Growth Is Forecast in Most Gateway and All Midwest Markets Through 2029

30 Largest Employment Markets

	Employment Change	
	Jul. 24 - Jul. 25	2025 - 2029 Forecast (CAGR)
Austin	0.7%	1.4%
Orlando	1.8%	1.0%
Dallas-Fort Worth	1.0%	1.0%
Phoenix	1.2%	0.9%
Inland Empire	1.0%	0.9%
Charlotte	2.8%	0.8%
Nashville	1.5%	0.8%
San Antonio	2.4%	0.8%
Seattle	0.9%	0.8%
Denver	0.2%	0.8%
Atlanta	0.7%	0.7%
Houston	1.8%	0.7%
Tampa	1.1%	0.6%
Miami	1.5%	0.6%
Indianapolis	1.2%	0.6%
Portland	-0.3%	0.6%
SF/Oakland	-0.5%	0.6%

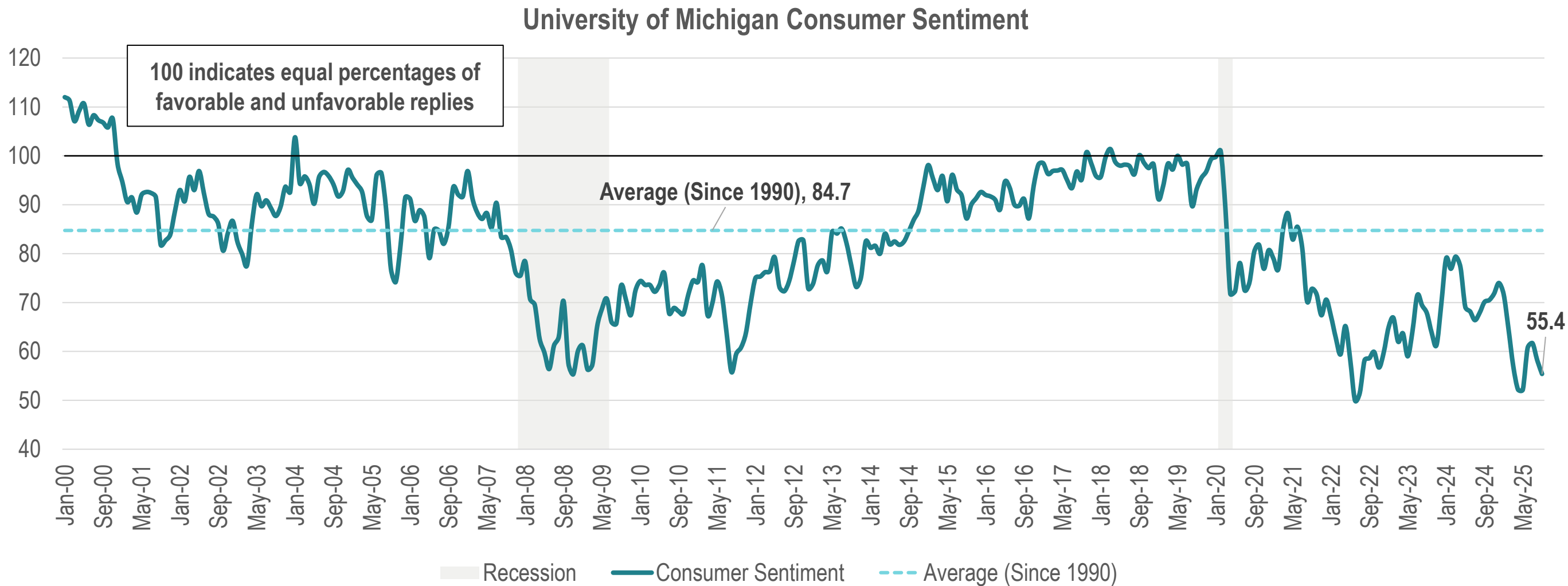
	Employment Change	
	Jul. 24 - Jul. 25	2025 - 2029 Forecast (CAGR)
Columbus	0.7%	0.5%
San Diego	0.4%	0.5%
New York	1.6%	0.4%
Los Angeles	0.6%	0.4%
Minneapolis	0.8%	0.4%
Boston	0.5%	0.4%
Philadelphia	2.1%	0.3%
Washington DC	-0.2%	0.3%
Baltimore	0.2%	0.3%
Saint Louis	0.4%	0.2%
Detroit	1.3%	0.2%
Chicago	0.6%	0.2%
Pittsburgh	1.8%	0.1%

Midwest Markets
Gateway Markets
Sunbelt Markets

Sentiment & Retail Sales

Consumer Sentiment Fell in September and Remained Below Average

Consumers Were Wary of the Labor Market and Inflation



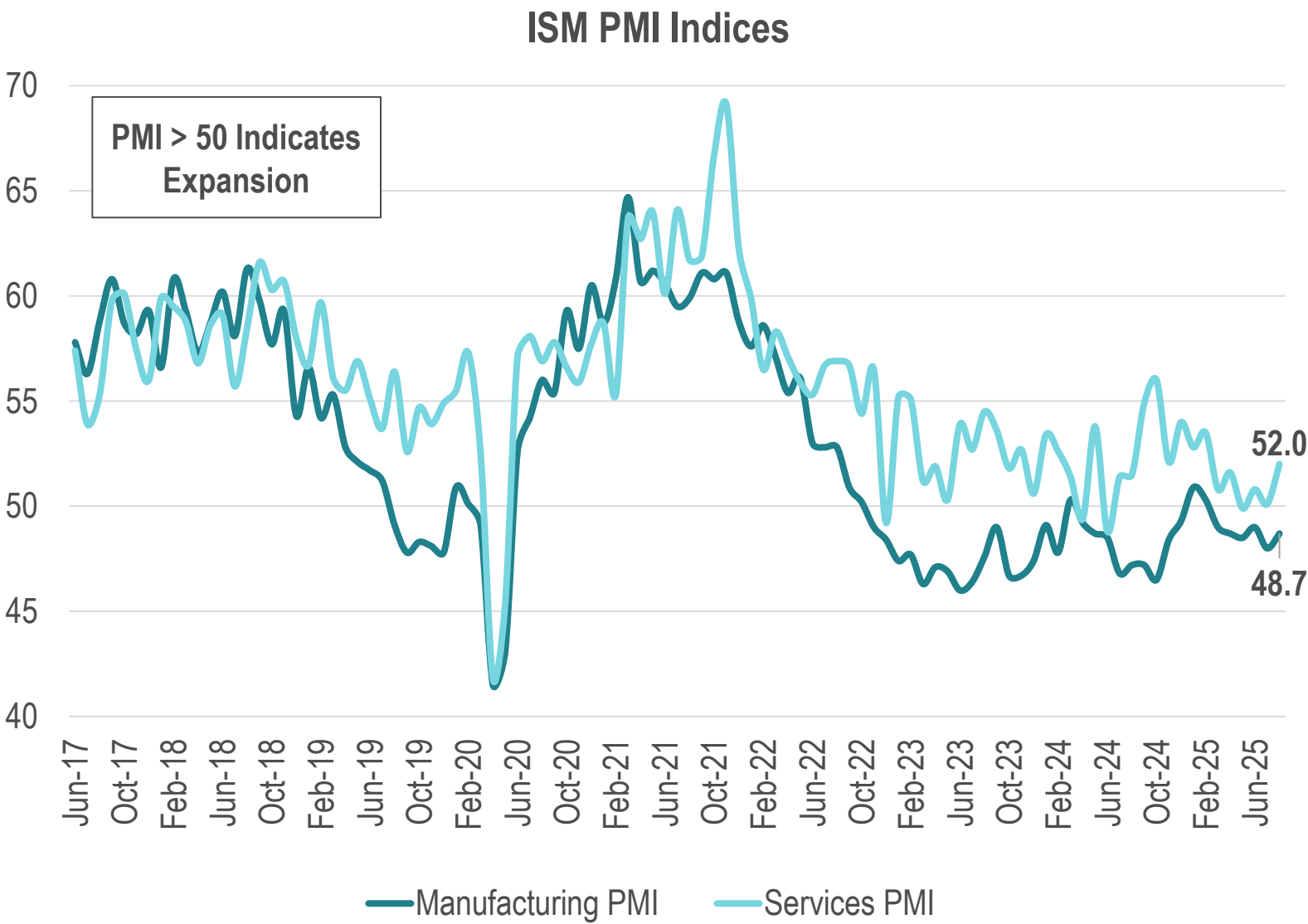
Data are as of September 2025.

Note: The University of Michigan's Index of Consumer Sentiment is a composite index that measures consumers' outlook on economic and financial conditions; it is based on five survey questions and is calculated by computing the percent of respondents giving favorable replies minus the percent giving unfavorable replies plus 100; scores below 100 indicate that more than 50% of replies were unfavorable while scores above 100 indicate that more than 50% of replies were favorable; the two subindices are the Index of Current Economic Conditions and the Index of Consumer Expectations which measures consumers' expectations for the year ahead.

Source: University of Michigan; Federal Reserve Bank of St. Louis

Services PMI Rose and Remained in Expansion in August

Manufacturing PMI Also Rose but Remained in Contraction for a Sixth Consecutive Month

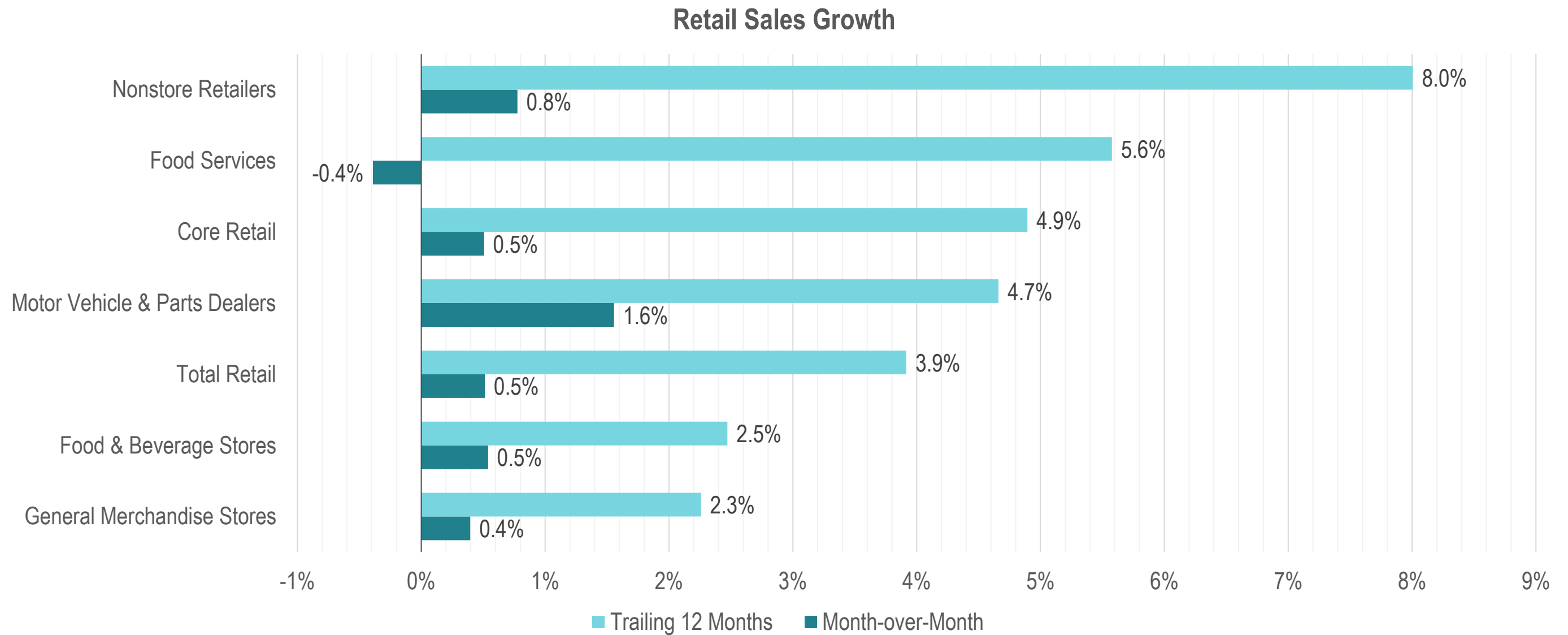


Manufacturing PMI Components	Series Index August	Series Index July	MoM Change	Weight
New Orders	51.4	47.1	4.3	20%
Production	47.8	51.4	-3.6	20%
Employment	43.8	43.4	0.4	20%
Supplier Deliveries	51.3	49.3	2	20%
Inventories	49.4	48.9	0.5	20%

Services PMI Components	Series Index August	Series Index July	MoM Change	Weight
Business Activity	55	52.6	2.4	25%
New Orders	56	50.3	5.7	25%
Employment	46.5	46.4	0.1	25%
Supplier Deliveries	50.3	51	-0.7	25%

Monthly Total and Core Retail Sales Both Rose by 0.5% in July

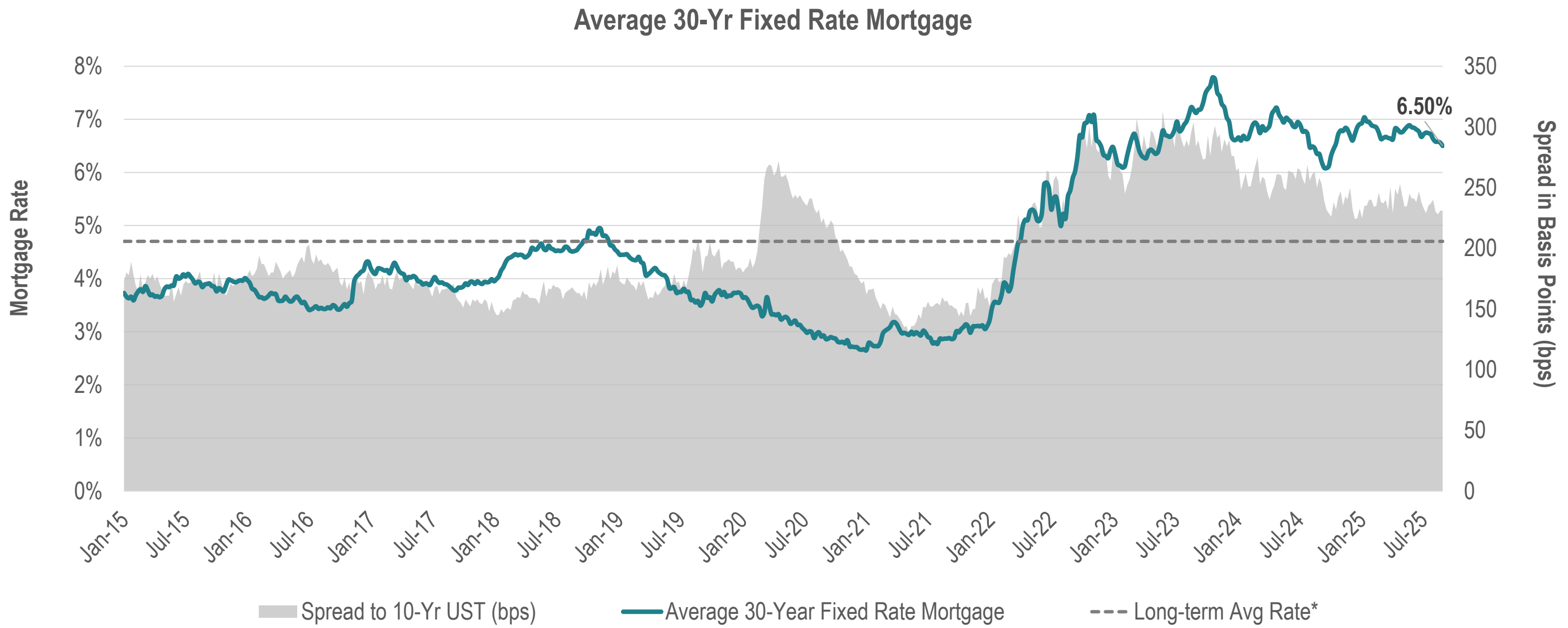
Nonstore Retail Sales Grew 0.8% MoM and 8% YoY



Housing

30-Year Mortgage Rate Moderated to 6.5% in Early September

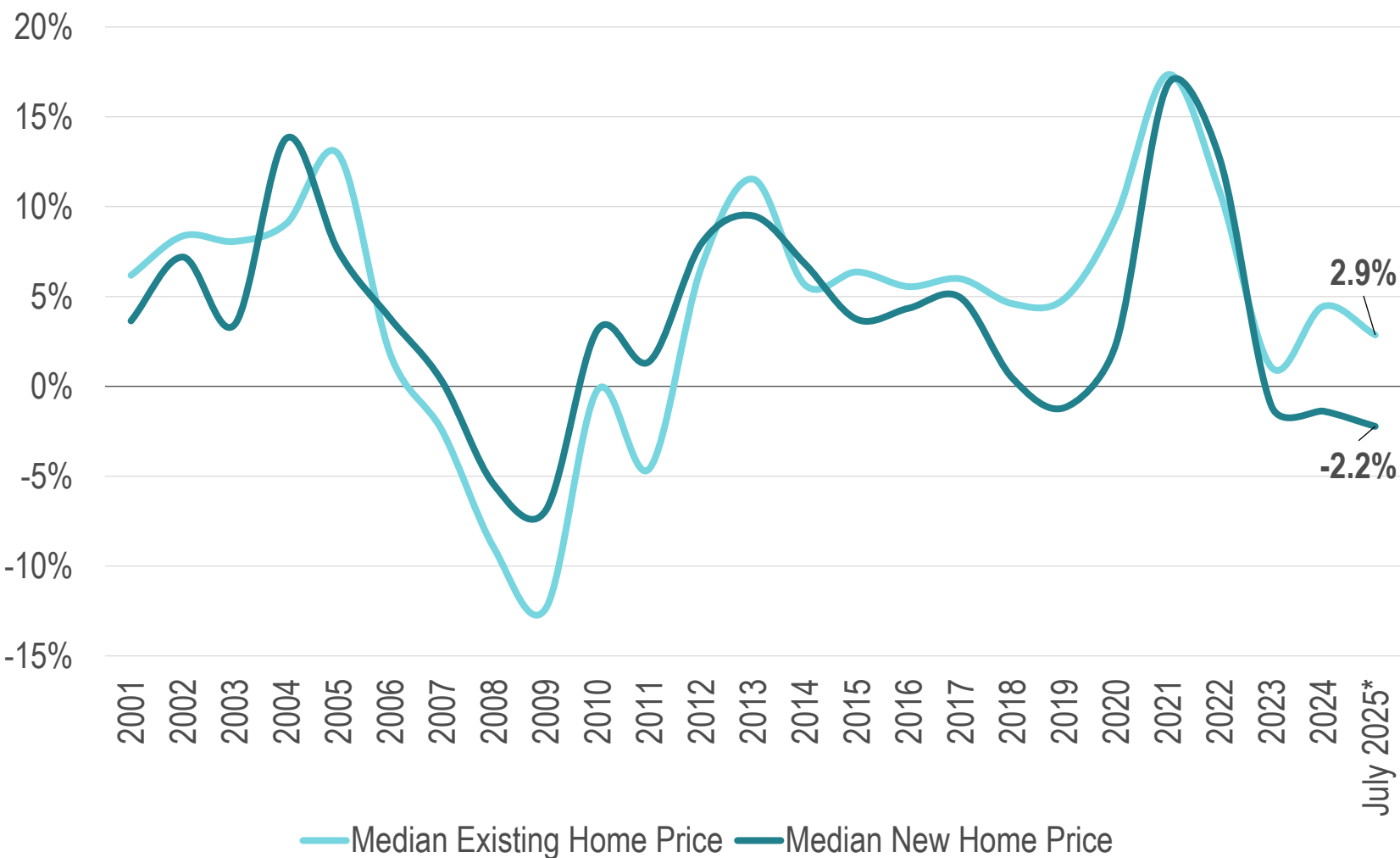
The Spread to the 10-Year UST Yield Remained Above the Long-term Average Throughout August



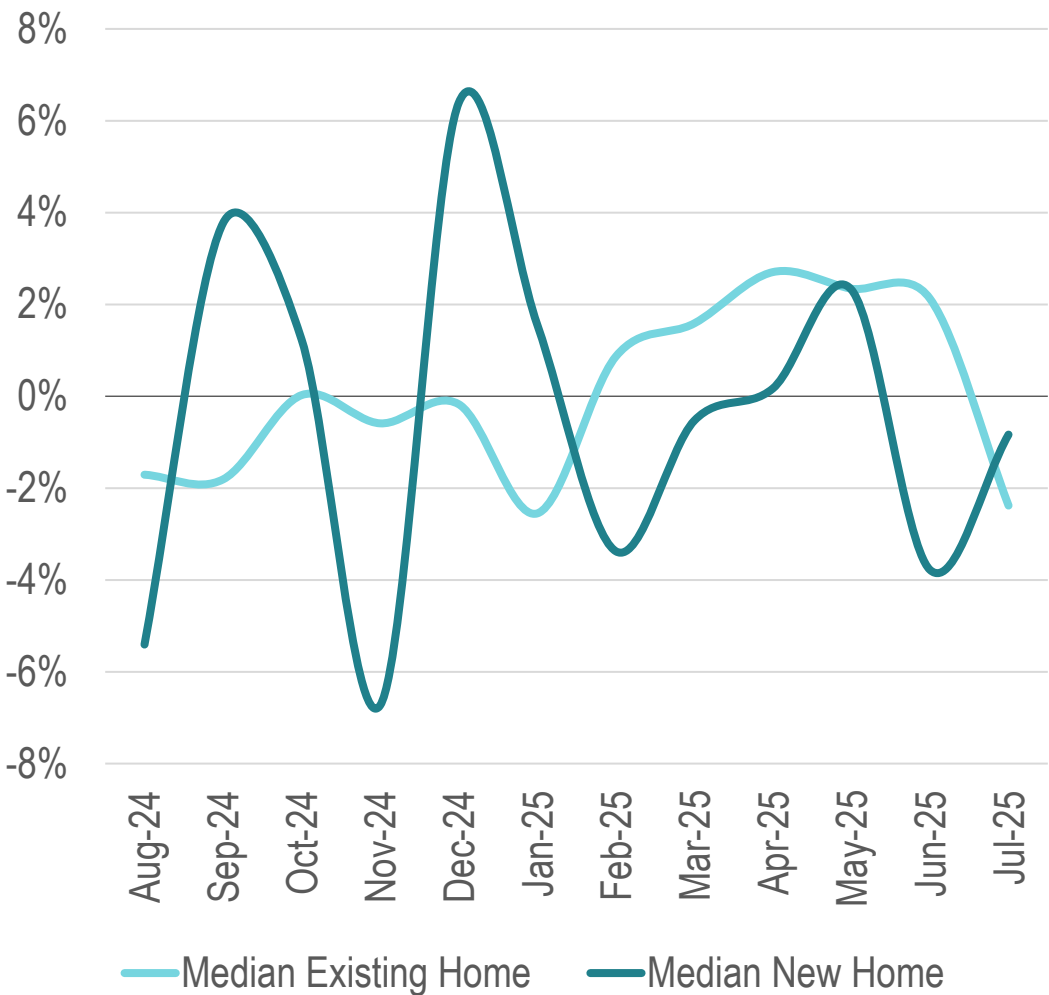
Annual New Home Prices Fell 2.2% while Existing Home Prices Rose 2.9%

New and Existing Home Prices Fell MoM in July

Change in Annual Average Home Prices

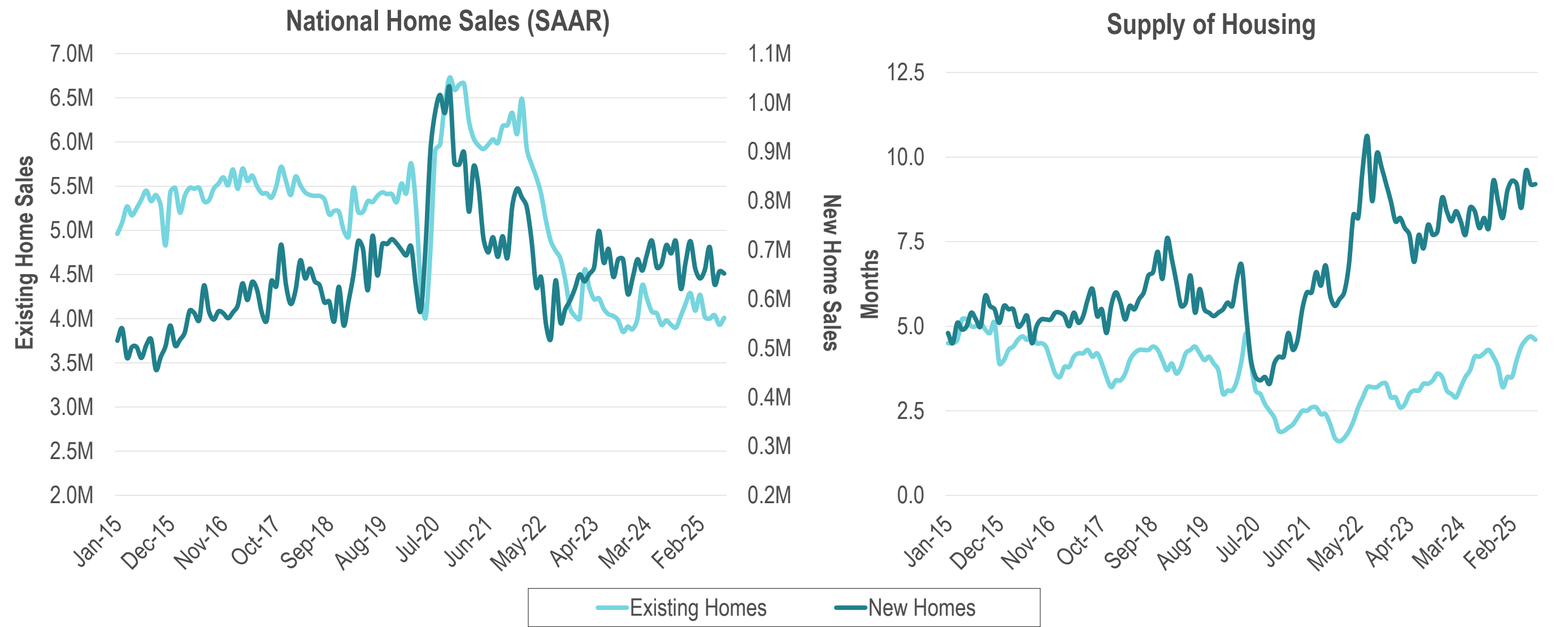


Monthly Change in Home Prices



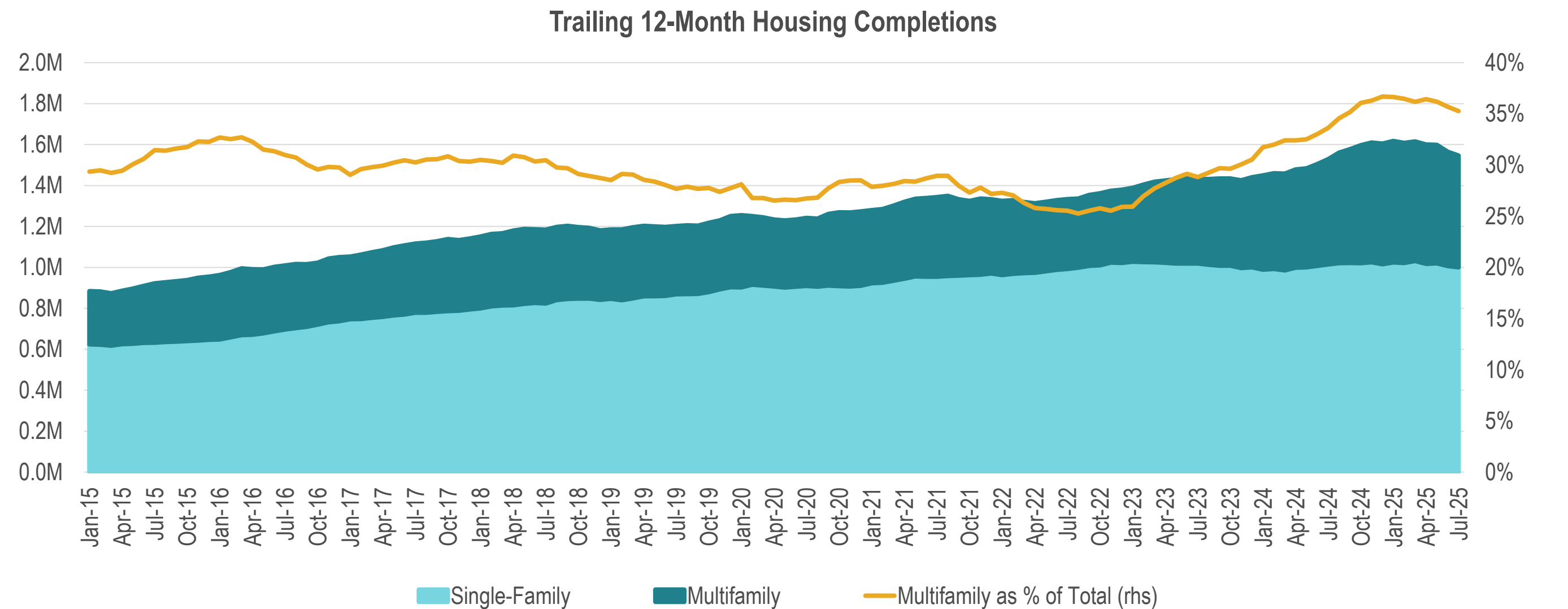
Monthly Existing Home Sales Rose 2% while New Home Sales Fell 0.6%

Supply of Existing Homes Fell Slightly in July while New Home Supply Held Steady



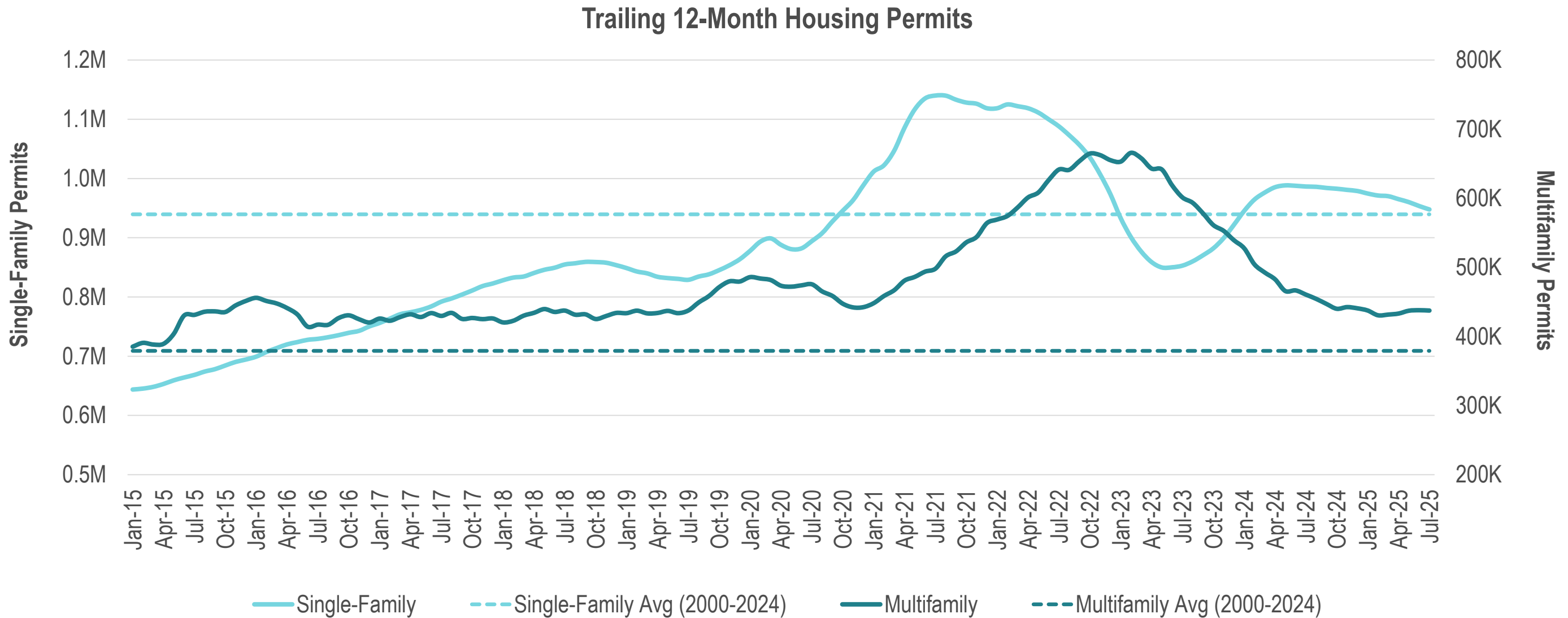
Total Housing Completions Fell by 1.2% MoM, with Declines in SF and Multifamily

Multifamily's Share of Total Completions Continued to Fall from Historic Highs in July



Trailing 12-Month Permits Fell for Single-Family, Held Steady for Multifamily

Multifamily Permits Remained Elevated while Single-Family Permits Approached the Long-term Average



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