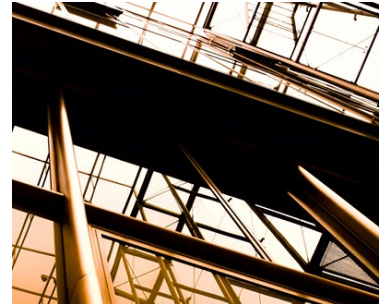


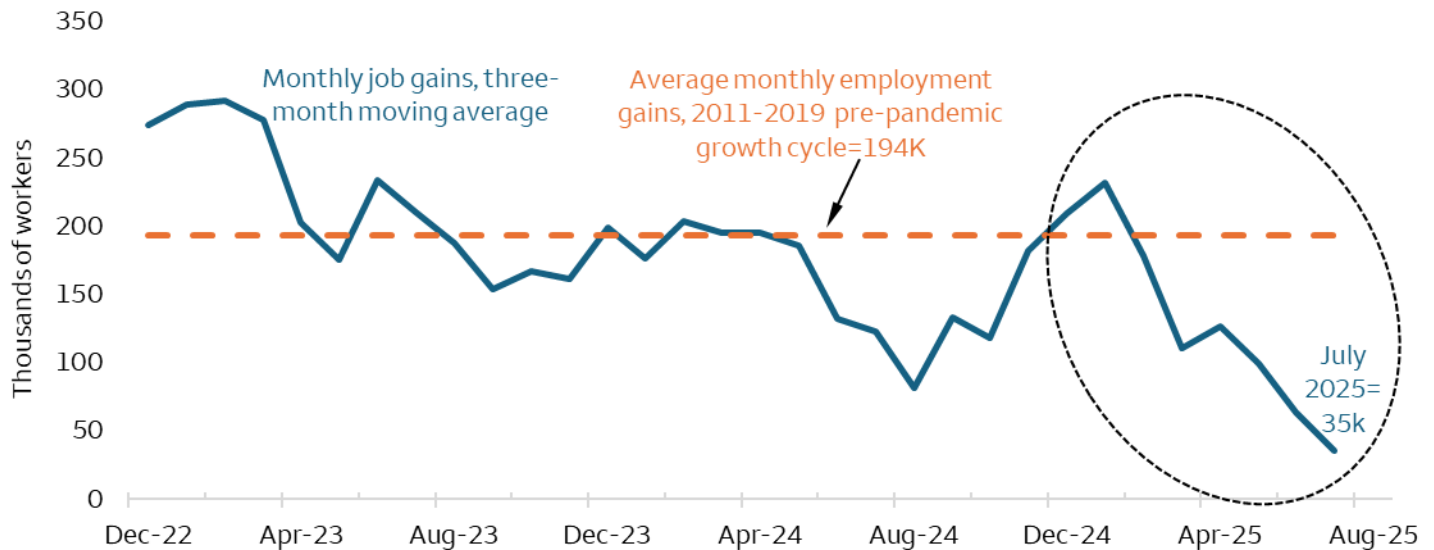
## Chart of the Week



Weekly analysis of key themes in markets

August 19, 2025

### That sinking feeling in the U.S. job market



Sources: Wells Fargo Investment Institute and U.S. Labor Department, Bureau of Labor Statistics. Data as of Aug. 1, 2025.

#### Monthly job gains have declined in 2025

The U.S. economy's glide path has steepened in recent months as tariff increases weigh on inflation, spending, and job growth. Decelerating gains in inflation-adjusted consumer spending left second-quarter personal consumption growth at a sub-par 1.4%. Tepid disposable income growth in May and June — less than 2% year over year — hampered spending.

July's weak employment report, released August 1, provided little relief from disappointing economic data, adding to sizable downward revisions that left May–July average job gains of 35,000 at their weakest since the 2020 pandemic.

#### What it may mean for investors

We expect job growth to weaken further in coming months and quarters. The uncertainty surrounding tariffs, inflation, and a slowing economy pushes us toward U.S. Large Cap Equities, which we see as the highest-quality major equity asset class due to strong company balance sheets.

We view intermediate-term bonds (with 3- to 7-year maturities) as a place to potentially lock in attractive yields while limiting volatility that may arise from tariff impacts and a slowing economy. Looking ahead, we expect price appreciation from U.S. Intermediate Taxable Fixed Income if, as we expect, the Federal Reserve resumes cutting interest rates and the spread widens between short- and long-term fixed income.

Excerpted from the August 2025 *Asset Allocation Strategy Report*

**Investment and Insurance Products: ➤ NOT FDIC Insured ➤ NO Bank Guarantee ➤ MAY Lose Value**

### Risk Considerations

Each asset class has its own risk and return characteristics. The level of risk associated with a particular investment or asset class generally correlates with the level of return the investment or asset class might achieve. **Stock markets**, especially foreign markets, are volatile. Stock values may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Investments in equity securities are generally more volatile than other types of securities. **Bonds** are subject to market, interest rate, price, credit/default, liquidity, inflation and other risks. Prices tend to be inversely affected by changes in interest rates. **High yield (junk) bonds** have lower credit ratings and are subject to greater risk of default and greater principal risk.

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