HELMSTEAD
WEALTH MANAGEMENT

Third Quarter 2025 Commentary

The third quarter of 2025 saw sustained resilience for the global economy. While we've experienced our share of uncertainty this year, current markets have continued forward, building conviction from the lows of April 8th.

All major U.S. indices reached multiple record highs as they have advanced week after week. Technology and communication led the way as artificial intelligence remains dominant in markets and headlines alike. Considerable investment commitments were made by some of the largest firms in the industry. Microsoft, Meta (aka Facebook), Amazon, Nvidia, and many others have pledged hundreds of billions of dollars to further AI as they all race forward in competition with one another. This round of investing is the latest motivation to build new facilities and upgrade infrastructure to support a highly power-intensive industry. We currently rely on data centers for cloud computing, but the rapidly expanding AI training and deployment will demand more power than can currently be supplied. Current AI data centers consume as much energy as a large city. These numbers will only grow as they become increasingly more complex. The projected power demand is significant enough that nuclear power, after decades of being shunned, is being revisited as an alternative source to meet the growing needs of the industry.

After several months of anticipation, the Federal Reserve reduced interest rates by 0.25% at its most recent meeting on September 17th, 2025. This marks the first cut since December 2024. A couple of key reasons cited by the Fed include continued economic uncertainty, rising unemployment, slowing job growth, and "contained" inflation. Overall inflation has slowed, but the increased prices resulting from recent inflation have been sticky. The markets do not seem to reflect the concerns provided by the Fed, given their push higher week after week. Historically, sustained rate cuts usually occur in the face of economic disaster. The most recent examples are the 2000 tech bubble, the 2007 mortgage crisis, and the response to COVID-19 in 2020. These cuts were made to help the economy recover. At this point, our economy, at least on the surface, does not look to be in the same trouble. My thought is that the concerns listed above are either worse than they appear, outside influence has crept into our central bank (who is required to act independently of our government), or, most likely, a combination of both.

I will be reaching out soon to discuss your portfolio, review your goals, address any necessary changes or concerns, and review your tax planning. If your required minimum distribution (RMD) has not been satisfied, I will contact you by mid-November to make arrangements. If you currently make donations to charities, we should discuss a qualified charitable distribution (QCD) to satisfy at least a portion of your RMD. It may also help you save some income tax.

As always, we remain focused on helping you navigate what's next—balancing growth with protection, and keeping your financial plan aligned with what matters most to you.

Thank you and take care,

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