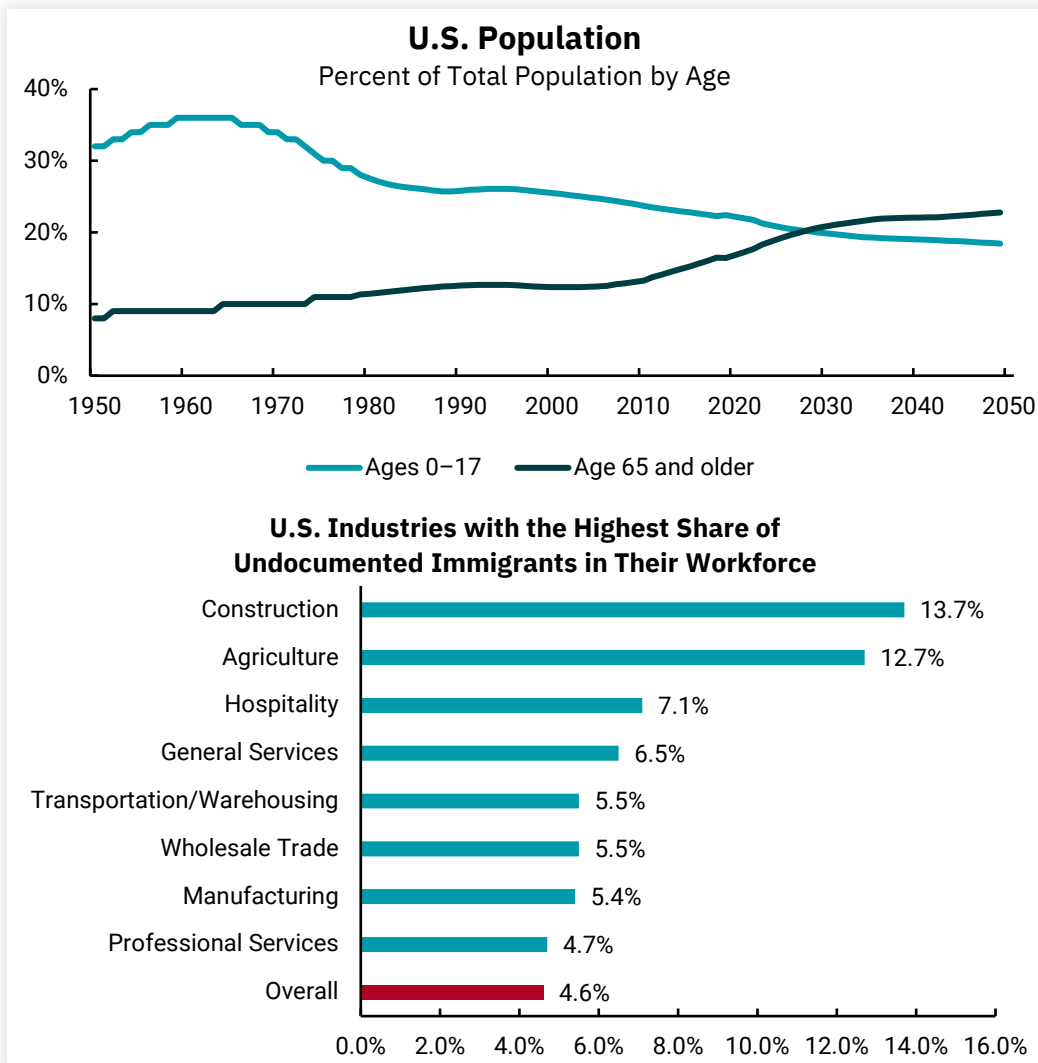


# Weekly market update

## Chart of the week (Oct. 10, 2025)



Source: Chart one: *childstats.gov*, *U.S. Census Bureau*. The data for 2020 to 2023 are based on the population estimates released for July 1, 2023. Data beyond 2023 are derived from the national population projections released in November 2023. Chart two: *Statista*. *American Immigration Council analysis of 2022 American Community Survey Data (Published Oct. 2024)*.

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The government shutdown drags on, and with it, we are bereft of many of the economic data points we would normally have to talk about. All of this is occurring ahead of an upcoming Federal Open Market Committee (FOMC) meeting, where a decision will need to be made on the path of short-term interest rates.

In the absence of government data, we have leaned on private sector measures like the [ADP National Employment Report](#) and the [Challenger, Gray and Christmas layoff reports](#). Both measures show evidence of a slowing in private sector hiring, while at the same time, layoffs remain subdued. The Fed's recent shift in focus towards rising risks within the labor market, as opposed to inflation, which remains stubbornly above its target, has the market anticipating an additional 0.25% rate cut at the end of this month, with another 0.25% cut expected at the FOMC meeting in December. The just-released minutes of the last Fed meeting, where rates were cut by 0.25% in an 11-1 vote, show significant internal discussions around the idea of a rate cut at one or both upcoming meetings, with a very slim margin leaning towards two rate cuts. Looking into 2026, the Fed's "dot plot," which is not a forecast according to Fed Chair Powell, forecasts only one additional rate cut in 2026 (see what I did there?).

Stepping back from the data we don't have in the short run, the bigger issue for the U.S. labor market and the overall economy might very well be the nation's longer-term demographic trend and the shift in immigration policies. Our view on the latter is not political! There are two primary ways to grow the U.S. economy: grow the labor force and/or improve productivity. We may very well be on the cusp of a generational improvement in productivity due to artificial intelligence (AI), but the more stable and long-run way to assure growth is by growing the labor force.

With this in mind, the top chart this week shows the aging of the U.S. population. We are pretty good at knowing what is going to happen over the next 17 years, as those babies are already born. Shifting that line upward is going to take some time. The bottom chart shows the share of various sector workforces made up of undocumented workers. The top three sectors—construction, agriculture and hospitality—are areas where a significant increase in deportations could threaten businesses' ability to operate.

I think we can all agree that we do not need other countries' criminals in our society. However, an aggressive deportation policy, which impacts those in our workforce, could lead to lower output and higher wages, potentially exacerbating the Fed's fight to get inflation back to 2%. In short, there is a lot of room between wide open borders and mass deportation for a cogent immigration policy that helps us all. The sooner our leaders move away from the political aspect of this issue and towards the economic aspect, the better.

# Weekly market update



## Commentary (Oct. 10, 2025)

### Domestic Equities

- U.S. stocks gave up early gains toward the end of the week as the government shutdown dragged on and President Trump announced that he is considering a massive increase in tariffs on Chinese products.
- Friday morning, Trump posted on Truth Social that he was canceling a meeting with Chinese President Xi Jinping after the country's newest restrictions on rare-earth materials, escalating the trade war. Chip makers like Broadcom and AMD were hit the hardest on the news.
- The U.S. government shutdown entered its tenth day with no end in sight. The Senate closed its session Thursday without a resolution and will not return until Tuesday. Senators are informally trading healthcare funding ideas to try to forge a path forward.
- Earnings season will kick off in earnest with major banks like JPMorgan and Citigroup set to release third-quarter results. Investors will be looking for signs that U.S. companies will be able to weather the government shutdown and escalating trade war.

### Bonds

- U.S. Treasuries rallied in a flight to safety on new China tariff concerns and the FOMC minutes showing that most members favored easing policy rates again this year. The three-month and 30-year Treasury auctions also showed solid demand, while 10-year auction results were more middling.
- The U.S. Treasury announced it had finalized a \$20 billion currency swap to Argentina to help stabilize the peso. Argentine sovereign bonds rallied on the news, but yields remain elevated as indicated by the country's 2035-dollar bonds, which ended the week yielding above 60%.
- The Royal Bank of New Zealand surprised markets by cutting rates by 0.50% to 2.50%, with the central bank citing growth concerns and weaker inflation. The Philippine central bank also unexpectedly cut its main policy rate by 0.25% to 4.75%, warning its economic outlook had deteriorated.
- Business development companies, which hold private debt investments, continued to sell off, with the Cliffwater BDC Index finishing the week down over 10% year-to-date.

### International Equities

- Global investors worked to digest many new macro developments during the week, including the U.S. government shutdown, French political turmoil and tentative signs that a peace deal may be taking hold in the Middle East.
- European markets posted weaker performance this week, which dampened returns for developed market stocks. In Germany, Europe's largest economy, factory orders fell for the fourth straight month, and industrial production declined due to a drop in auto manufacturing. Exports unexpectedly fell for a second month as U.S. exports plunged.
- Turning to emerging markets, performance was mixed for the week. Key Latin American markets struggled while Asian technology stocks continued to move higher. Additionally, China tightened curbs on exports of rare earth materials, potentially escalating trade frictions with the U.S. In central bank news, both Poland and the Philippines cut policy rates by 0.25% to support their economies.

### Economics

- On Wednesday, the FOMC released minutes from its September meeting. The minutes indicated that the Fed was broadly supportive of lowering interest rates, with a majority of members expecting two additional cuts before year-end.
- On Friday, the Consumer Sentiment Index came in at 55.0, closely matching last month's reading of 55.1 and slightly exceeding the consensus estimate of 54.0. The survey showed that consumers remain largely indifferent to the government shutdown but expressed some concern about a softening labor market.
- Many widely followed economic releases remain delayed due to the government shutdown. Regardless of its status next week, the Labor Department has stated its intention to release the Consumer Price Index (CPI) report.

## Weekly Market Update

For Week Ending October 10, 2025

### Markets

	Last Price	Change From Prior Week	Change From Year End	Change From Year Ago
<b>Capital Markets</b>				
Dow Jones Industrial Avg	45,479.60	-2.7%	8.3%	9.0%
S&P 500 Index	6,552.51	-2.4%	12.5%	14.8%
NASDAQ Composite	22,204.43	-2.5%	15.6%	22.3%
S&P 400 Midcap Index	3,161.88	-3.8%	2.5%	3.4%
S&P 600 Smallcap Index	1,392.72	-4.9%	0.2%	2.1%
MSCI EAFE	10,083.20	-1.9%	24.8%	17.4%
MSCI Emerging Markets	742.72	-0.6%	29.4%	20.5%
Bloomberg US Agg	2,336.69	0.3%	6.7%	5.0%
Bloomberg Municipal 5 Yr	517.45	0.0%	4.6%	3.8%
Bloomberg US Corporate	3,529.69	0.1%	7.3%	5.4%
Bloomberg Glb Agg ex US Hdg	607.93	0.2%	2.5%	3.9%
Bloomberg High Yield	2,858.96	-0.7%	6.6%	7.3%
MSCI US REIT Index	2,314.51	-3.5%	0.2%	-2.8%
Bloomberg Commodity Index	259.92	-1.1%	8.9%	8.1%

	Last Price/Yield	Prior Week	Year End	Year Ago
<b>Key Rates</b>				
Fed Funds Target	4.25%	4.25%	4.50%	5.00%
3-Month Treasury	3.94%	3.95%	4.31%	4.64%
1-Year Treasury	3.58%	3.63%	4.14%	4.20%
2-Year Treasury	3.50%	3.58%	4.24%	3.96%
5-Year Treasury	3.62%	3.71%	4.38%	3.89%
7-Year Treasury	3.81%	3.90%	4.48%	3.96%
10-Year Treasury	4.03%	4.12%	4.57%	4.06%
30-Year Treasury	4.62%	4.71%	4.78%	4.36%

<b>Consumer Rates</b>				
30-Year Mortgage	6.39%	6.38%	7.28%	5.83%
Prime Rate	8.00%	8.00%	8.25%	8.75%
SOFR	4.15%	4.18%	4.49%	4.82%

<b>Commodities</b>				
Gold (spot)	4,017.79	3,886.54	2,624.50	2,629.74
Crude Oil WTI	58.90	60.88	71.72	75.85
Gasoline	3.09	3.14	3.06	3.21
Natural Gas	3.11	3.32	3.63	2.68
Copper	4.89	5.11	4.03	4.43

	P/E Forward	P/E Trailing	Price to Book	Current Div Yield
<b>Index Characteristics</b>				
Dow Jones Industrial Avg	19.89	21.58	4.79	1.80
S&P 500	22.21	25.04	5.35	1.24
S&P 500 Value	18.21	19.76	3.42	2.00
S&P 500 Growth	28.07	33.40	10.56	0.59
NASDAQ	29.02	35.96	7.53	0.65
S&P Midcap 400	16.16	17.15	2.53	1.68
S&P Smallcap 600	15.71	16.97	1.91	2.43
MSCI EAFE	15.47	16.42	2.12	2.94
MSCI Emerging Markets	14.02	16.08	2.12	2.43

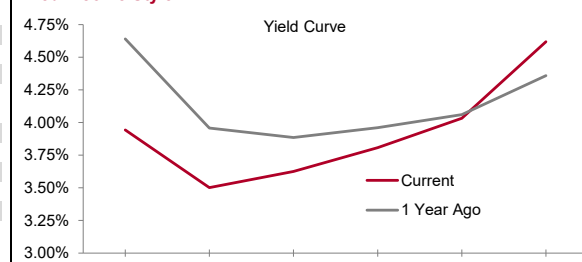
### Equity Style



1 Month*			Year to Date*		
Value	Core	Growth	Value	Core	Growth
Large					
0.73	0.41	0.15	7.56	12.53	17.09
Mid					
-3.50	-3.04	-2.63	1.91	2.49	3.04
Small					
-2.93	-2.52	-2.13	-1.17	0.22	1.58

\*S&P Indices

### Fixed Income Style



1 Month*			Year to Date*		
Short	Interm.	Long	Short	Interm.	Long
Govt					
0.32	0.19	1.08	4.26	5.73	7.26
Corp					
0.34	0.20	0.44	4.81	6.86	8.27
HY					
0.00	-0.28	3.07	6.20	6.43	12.83

1-3 Yrs 1-10 Yrs +10 Yrs

### Economic Data

	Last Release	Year Ago
<b>Inflation</b>		
CPI Headline Inflation	2.9%	2.5%
CPI Core Inflation	3.1%	3.2%
Personal Consumption Exp (PCE) Core	2.9%	2.9%

<b>Jobs</b>		
Unemployment Rate (U3)	4.3%	4.2%
Broader Unemployment Rate (U6)	8.1%	7.8%
JOLT Survey (in millions)	7.23	7.65
Jobless Claims (000's)	218	221
Change in Non-Farm Payroll (000's)	22	71
Average Hourly Earnings (Y/Y % Change)	3.7%	4.0%

<b>Consumer &amp; Spending</b>		
Consumer Confidence (Conf Board)	94.2	99.2
Consumer Spending (\$ Bil)	21,112	20,001
Consumer Credit (\$ Bil)	5,061	5,053
Retail Sales (\$ Bil)	732	697

<b>Housing</b>		
Housing Starts (000's)	1,307	1,391
Case-Shiller Home Price Index	331.13	325.66

<b>U.S. Productivity</b>		
Real Gross Domestic Product (\$ Bil)	23,771	23,287
Quarter over Quarter Change	3.8%	3.6%
Year Over Year Change	2.1%	3.1%
ISM Manufacturing	49.10	47.50
Capacity Utilization	77.38	77.87
Markit US Composite PMI	53.90	54.00

<b>U.S. General</b>		
Leading Economic Indicators	98.4	102.1
Trade Weighted Dollar Index	120.5	122.3
EUR / USD	1.16	1.09
JPY / USD	151.19	148.57
CAD / USD	0.71	0.73
AUD / USD	0.65	0.67

### S&P 500 Sector Returns

	1 Month	YTD
Utilities	7.30%	21.67%
Communication Services	-3.24%	20.46%
Information Technology	2.74%	20.28%
Industrials	-0.53%	15.02%
Financials	-1.53%	9.18%
Materials	-3.71%	6.07%
Health Care	3.95%	4.73%
Consumer Staples	-1.27%	3.78%
Real Estate	-1.95%	2.50%
Energy	-3.44%	2.37%
Consumer Discretionary	-3.32%	0.98%

Source: Bloomberg

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