

MARKET UPDATE

OCTOBER 2025

Market and Economic Highlights

- The Federal Reserve resumed rate cuts with their first 25bps reduction of 2025
- Forward guidance indicated a more rapid pace of cuts but some post-meeting comments have been more hawkish
- Equities climbed another month with the S&P 500 finishing 3.5% higher
- Credit spreads tightened as corporate bond demand remained strong
- Nonfarm payrolls again missed expectations, signaling further labor market cooling
- Government shutdown threatening key data release schedules

Sources: Bloomberg, FactSet

Market Returns

Market Index	1-Month	3-Month	YTD	1-Year
Bloomberg 9-12 Month T-Bill	0.43%	1.20%	3.29%	4.27%
Bloomberg 1-5 Year Government	0.23%	1.14%	4.63%	3.78%
Bloomberg Intermediate U.S. Gov/ Credit A or Better	0.36%	1.39%	5.50%	3.76%
Bloomberg Intermediate U.S. Agg.	0.66%	1.79%	6.02%	3.82%
S&P 500	3.64%	8.11%	14.81%	17.56%
Russell 2000	3.11%	12.39%	10.38%	10.74%

Source: Bloomberg; As of 9/30/25.

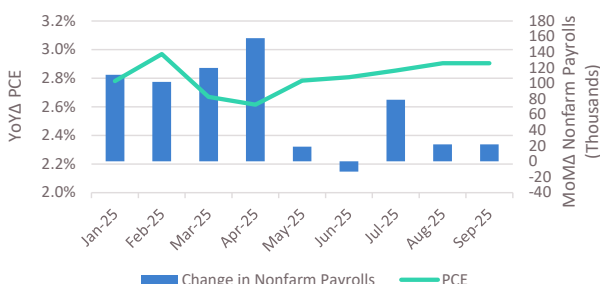
FEATURED MARKET DATA

The Fed and a Government Shutdown

Lawmakers failed to reach an agreement by the end of the day on September 30, resulting in a government shutdown that has furloughed hundreds of thousands of government workers. There are at least three important pieces of information to know about a government shutdown. First, the Federal Reserve will continue to operate as normal. Second, markets have historically performed well during past government shutdowns. Third, a government shutdown is different than the debt ceiling limit, which risks a Treasury default. This government shutdown, which last occurred in 2018, has arrived at a unique time where the Fed is in the middle of a policy easing cycle and is in need of current data on labor and inflation. This data will be delayed as a result of the government shutdown.

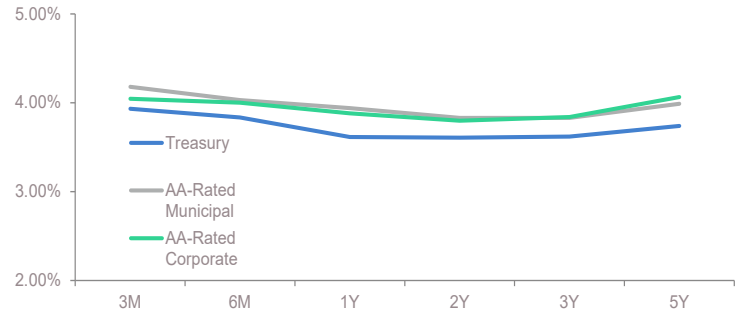
Source: Bloomberg, FactSet; As of 8/31/25.

Recent Labor and Inflation Data



Source: Bloomberg; As of 9/30/25.

Market Yields



Source: Bloomberg Finance L.P. As of 9/30/25.

U.S. Economic Indicators

Event	Event Date	Period	Survey	Actual	Prior / Revised (R)
Consumer Price Index (YoY)	09/11/25	AUG	2.9%	2.9%	2.7%
Initial Jobless Claims	09/25/25	Sept. 20	233K	218K	232K (R)
Existing Home Sales	09/25/25	AUG	3.95M	4.00M	4.01M
Personal Income	09/26/25	AUG	0.3%	0.4%	0.4%
Personal Spending	09/26/25	AUG	0.5%	0.6%	0.5%
Core PCE (YoY)	09/26/25	AUG	2.9%	2.9%	2.9%
Consumer Confidence	09/30/25	SEP	96.0	94.2	97.8 (R)
Change in Nonfarm Payrolls	TBD	SEP	51K	--	2K
Unemployment Rate	TBD	SEP	4.3%	--	4.3%

Source: Bloomberg Finance L.P. As of 10/1/25. Glossary terms on following page.

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Glossary of Terms

Term	What is it:
Building Permits	Records the number of permits for future housing construction.
Capacity Utilization	Tracks the extent to which capacity is being used in the production of goods and services.
Change in Nonfarm Payrolls	This indicator measures the change in the number of employees on business and government payrolls.
Chicago Fed National Activity Index	A nationwide measure of economic activity and inflation pressures. An index value of zero indicates that the national economy is expanding at its historical trend rate of growth.
Consumer Confidence	Index examines how consumers feel about jobs, the economy and spending.
Consumer Price Index (CPI)	Measures the average change in retail prices over time for a basket consisting of more than 200 categories of assorted goods and services paid directly by consumers.
Core Consumer Price Index (Core CPI)	This measure of CPI excludes food and energy costs.
Durable Goods Orders	A measure of new orders placed with domestic manufacturers for durable goods, which are items that last three years or more.
Existing Home Sales	Measures monthly sales of previously owned single-family homes.
GDP Annualized QoQ	Measures the annualized quarterly growth of the final market value of all goods and services produced within a country. GDP is the foremost report on how fast or slow the economy is growing.
Housing Starts	Records the number of new housing units started during a period.
Index of Leading Economic Indicators (LEI)	An index designed to predict the direction of the economy.
Initial Jobless Claims	Tracks new filings for unemployment insurance benefits.
ISM Manufacturing	Measures manufacturing activity based on a monthly survey of purchasing managers.
MBA Mortgage Applications	The Mortgage Bankers Association's weekly mortgage application survey includes home loan application activity for conventional and government loans for home purchases and refinances.
Mortgage Delinquencies	A measure of the percent of total conventional and government loans which are at least one payment past due, but not in the process of foreclosure.
Personal Consumption Expenditure (PCE)	The Federal Reserve's preferred measure of inflation tracks overall price changes for goods and services. Core PCE excludes food and energy.
Personal Income and Spending	Index records the income Americans receive, how much they spend, and what they save.
Retail Sales	Tracks the sale of new and used goods for personal or household consumption.
Retail Sales Ex. Auto	Retail sales excluding motor vehicles and parts.
S&P Case-Shiller Home Price Index	Tracks the value of single-family housing within the U.S. There are multiple indexes including the 20-City Composite.
Unemployment Rate	The U-3 unemployment rates tracks the percentage of the civilian workforce that is unemployed.

Source: Bloomberg, *The Secrets of Economic Indicators* by Bernard Baumohl; PMA Asset Management, LLC

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