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# MARKET VIEW WEEKLY

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## ECONOMIC REVIEW<sup>1</sup>

- As the federal government shutdown enters its third week, the flow of official economic data has been stalled, prompting investors to turn to alternative indicators to get a read on the economy and consumer trends.
- The Federal Reserve's (Fed) Beige Book, released eight times a year and compiled from input across the 12 Federal Reserve Banks, indicated that overall economic activity remained mostly steady.
  - Employment levels were generally stable, but the demand for new hires remained low.
  - Consumer spending improved, while input and consumer prices rose moderately; businesses reported that they were largely holding off on passing tariff-related costs on to customers.
- The NFIB Small Business Optimism Index for September fell to 98.8, below the consensus expectations of 100.6 and below the August reading of 100.8.
  - The uncertainty index increased with supply chain and inflation concerns representing primary factors.
  - 31% of businesses also indicated they planned to raise their prices in the next three months.
- In a speech at the National Association for Business Economics (NABE) meeting, Federal Reserve Chairman Jerome Powell indicated that the Fed may be nearing the stopping point for their balance sheet runoff in the coming months.
  - Powell highlighted that recent data, released prior to the federal government shutdown, suggests growth may be on a somewhat firmer trajectory than previously expected.
  - However, he noted that the job market is showing some signs of cooling, with a bit more risk that unemployment could rise.
- The New York Empire State Manufacturing Index for October increased to 10.7, exceeding expectations of a -1.8 reading.
  - The new orders and shipping indices showed improvement, even as employment and future capital spending indicators remained soft potentially indicating that ongoing tariff and trade uncertainties may still be weighing on businesses' expansion and investment plans.

### How does the most recent economic data impact you?

- Overall economic growth remains steady even as uncertainty from tariffs, trade, and supply chain issues may create headwinds for job growth in some sectors.
  - Surveys show that more businesses, especially smaller ones, plan to raise prices in the coming months, suggesting cost pressures may lead to higher prices for consumers.
    - However, as Fed Chair Powell has noted previously, tariffs are not expected to drive inflation, and with increased risks to the job market, the Fed is likely to proceed with another rate cut in October.



## A LOOK FORWARD<sup>1</sup>

- This week, investors will turn their attention to the September Consumer Price Index (CPI) and consumer sentiment data.

### How does this week's slate of economic data impact you?

The upcoming inflation report will be closely watched by markets to see whether any additional tariff-related costs have been passed on to consumers, which could influence the Fed's plans for future rate cuts.



## MARKET UPDATE<sup>2</sup>

Market Index Returns as of 10/17/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	1.71%	-0.31%	14.47%	15.11%	23.25%	15.56%
NASDAQ	2.14%	0.10%	18.05%	23.49%	29.15%	15.07%
Dow Jones Industrial Average	1.56%	-0.40%	10.03%	8.56%	17.05%	12.22%
Russell Mid-Cap	1.40%	-1.29%	9.00%	7.33%	15.59%	11.03%
Russell 2000 (Small Cap)	2.41%	0.67%	11.13%	9.21%	13.42%	9.92%
MSCI EAFE (International)	0.68%	0.38%	25.62%	18.23%	20.79%	10.91%
MSCI Emerging Markets	-0.29%	1.19%	29.05%	20.30%	18.51%	6.44%
Bloomberg Barclays US Agg Bond	0.45%	1.03%	7.23%	5.43%	5.69%	-0.25%
Bloomberg Barclays High Yield Corp.	0.47%	-0.15%	7.06%	7.39%	10.53%	5.22%
Bloomberg Barclays Global Agg	0.77%	0.39%	8.33%	5.10%	6.01%	-1.57%



## OBSERVATIONS

- Major U.S. large-cap indices finished the week higher as tensions between U.S. and China eased.
  - The Nasdaq led the way with a +2.14% gain, followed by the S&P 500 at +1.71% and the Dow, which advanced +1.56%.
- Small-cap stocks also rallied and outperformed large caps with a +2.41% gain. Mid-cap stocks also participated in the rally and were up +1.40% for the week.
- International markets posted mixed returns. Developed markets advanced +0.68% while emerging markets posted a small decline of -0.29%.
- Domestic and international fixed income indices were positive for the week as interest rates moved lower. The U.S. Aggregate Bond Index advanced +0.45% and high yield corporate bonds declined +0.47%.
  - International bonds also experienced positive returns for the week and finished up +0.77%.



## BY THE NUMBERS

- Thieves Steal Crown Jewels in 4 Minutes from Louvre Museum:** In a minutes-long strike Sunday inside the world's most-visited museum, thieves rode a basket lift up the Louvre's facade, forced a window open, smashed display cases and fled with priceless Napoleonic jewels, officials said. The daylight heist about 30 minutes after opening, with visitors already inside, was among the highest-profile museum thefts in living memory and comes as staff complained that crowding and thin staffing are straining security. Eight objects were taken, according to officials: a sapphire diadem, necklace and single earring from a matching set linked to 19th-century French queens Marie-Amélie and Hortense; an emerald necklace and earrings from the matching set of Empress Marie-Louise, Napoleon Bonaparte's second wife; a reliquary brooch; Empress Eugénie's diadem; and her large corsage-bow brooch — a prized 19th-century imperial ensemble. The Louvre closed for the rest of Sunday for the forensic investigation to begin as police sealed gates, cleared courtyards and shut nearby streets along the Seine.<sup>3</sup>
- Listeria Recall of Food Included in Federal School Breakfast and Lunch Programs:** Frozen meals served to students across the United States as part of federally-funded school breakfast and lunch programs may be contaminated with listeria and have been recalled, officials announced on Saturday. The recall applied to approximately 91,585 pounds of prepackaged breakfast burritos and wraps, manufactured by the California company M.C.I. Foods between Sept. 17 and Oct. 14, said the Food Safety and Inspection Service, a branch of the U.S. Department of Agriculture that focuses on public health regulations. Its announcement cited seven different types of frozen breakfast products that could be tainted. They are distributed to low-income students around the country as part of the National School Breakfast and Lunch Programs, which the Department of Agriculture administers. The breakfast program served more than 14 million children in 2016, and close to 30 million children participated in the lunch program in 2019, according to the department.<sup>4</sup>

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## Economic Definitions

**Beige Book (Summary of Commentary on Current Economic Conditions by Federal Reserve District):** Report is published eight times per year. Each Federal Reserve Bank gathers anecdotal information on current economic conditions in its District through reports from Bank and Branch directors and interviews with key business contacts, economists, market experts, and other sources. The Beige Book summarizes this information by District and sector. An overall summary of the twelve district reports is prepared by a designated Federal Reserve Bank on a rotating basis.

**CPI (headline and core):** Consumer prices (CPI) are a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

**Federal Reserve (Fed):** The Federal Reserve System is the central banking system of the United States of America.

**New York Empire State Manufacturing Index:** Monthly economic indicator derived from a survey of manufacturers in New York state. It assesses general business conditions and forecasts future manufacturing activity. The index is conducted by the Federal Reserve Bank of New York and is based on responses from about 200 manufacturing executives across various industries. A reading above zero indicates improving conditions, while a reading below zero suggests a contraction in manufacturing activity.

**NFIB Small Business Optimism Index:** Composite of ten seasonally adjusted components calculated based on the answers of around 620 NFIB members. These questions include: plans to increase employment, plans to make capital outlays, plans to increase inventories, expect economy to improve, expect real sales higher, current inventory, current job openings, expected credit conditions, now a good time to expand, and earnings trend.

**University of Michigan Consumer Sentiment Index:** Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: representative sample of US households (excluding Alaska and Hawaii). Surveys of Consumers collects data on consumer attitudes and expectations summarized in the Consumer Sentiment, in order to determine the changes in consumers' willingness to buy and to predict their subsequent discretionary expenditures. This Index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Components of the Index of Consumer Sentiment are included in the Leading Indicator Composite Index. Unit: Index (Q1 1966=100)

## Index Definitions

**S&P 500:** The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities and serves as the foundation for a wide range of investment products. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization.

**NASDAQ:** The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

**Dow Jones Industrial Average:** The Dow Jones Industrial Average is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry. It has been a widely followed indicator of the stock market since October 1, 1928.

**Russell Mid-Cap:** Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represents approximately 25% of the total market capitalization of the Russell 1000 Index.

**Russell 2000:** The Russell 2000 Index is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

**MSCI EAFE:** The MSCI EAFE Index is a free-float weighted equity index. The index was developed with a base value of 100 as of December 31, 1969. The MSCI EAFE region covers DM countries in Europe, Australasia, Israel, and the Far East.

**MSCI EM:** The MSCI EM (Emerging Markets) Index is a free-float weighted equity index that captures large and mid-cap representation across Emerging Markets (EM) countries. The index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Bloomberg Barclays US Agg Bond:** The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

**Bloomberg Barclays High Yield Corp:** The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

**Bloomberg Barclays Global Agg:** The Bloomberg Barclays Global Aggregate Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.

**Bloomberg Barclays Municipal Bond Index:** The Bloomberg Barclays U.S. Municipal Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

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<sup>1</sup> Data obtained from Bloomberg as of 10/17/2025.

<sup>2</sup> Data obtained from Morningstar as of 10/17/2025.

<sup>3</sup> [Thieves steal crown jewels in 4 minutes from Louvre Museum](#)

<sup>4</sup> [Listeria recall of food included in federal school breakfast and lunch programs - CBS News](#)