

MARKET VIEW WEEKLY

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ECONOMIC REVIEW¹

- At its penultimate meeting of 2025, the Federal Reserve (Fed) decided to lower the benchmark federal funds rate by 0.25% to a target range of 3.75%-4.0%.
 - However, the decision featured two dissenting votes: one for no cut to the policy rate, and one for a larger, 50-bp cut; the first such occasion since 2019.
- Having cut rates by a full percentage point last year, the Fed has added another half-point of cuts in September and October of this year, bringing rates closer to a range that most market participants would consider neutral.
- Chairman Jerome Powell's comments at the post-meeting press conference were generally viewed as more hawkish than anticipated, meaning he suggested there could be fewer interest rate cuts to come.
 - In addressing a widely expected additional cut at the next meeting in December, the Chair noted that nothing is set in stone for how the Federal Open Market Committee (FOMC) will proceed next month.
 - Simultaneously, the Chair announced an end to Quantitative Tightening (QT) or the steady reduction of its balance sheet – another sign of a shift to a more “neutral” policy stance.
- The Chairman also addressed the question of how Fed officials are proceeding without the normally available government data usually relied upon to judge the progress of the monetary policy it sets in place.
 - While non-governmental data can and has acted as a supplement since the government shutdown began, Powell likened the current environment to driving in a fog: you can still drive forward, but you slow down.
- The Conference Board Consumer Confidence Index ticked down by 1.0 point in October to 94.6 from an upwardly revised 95.6 in September, but bested forecasts of a larger drop to 93.2.
 - Changes to index subcomponents were generally limited; consumers' view of current business conditions improved, but survey participants grew more pessimistic about future job availability.

How does the most recent economic data impact you?

- While the October interest rate cut was widely expected, Chair Powell clearly threw some cold water on the prospect of an additional cut in December, and that was reflected in market performance at the end of last week as many investors had essentially already priced in the next 25-bp cut.
 - Clear differences of opinion on where in the business cycle the economy sits currently and a general lack of data will continue to weigh on Fed decisions.
- The fact that consumer confidence is holding up ahead of the all-important holiday spending season may be positive for what is traditionally the strongest quarter of the year for both consumer spending and financial markets.



A LOOK FORWARD¹

- ISM Manufacturing, ISM Services, and ADP employment highlight the non-governmental data releases available to investors this week.

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

- These are critical pieces of data regardless of whether the government remains shut down or not, so market participants will watch these readings closely in the absence of government data.



MARKET UPDATE²

Market Index Returns as of 10/31/2025	WTD	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	0.72%	2.34%	17.52%	20.95%	22.84%	17.64%
NASDAQ	2.25%	4.72%	23.50%	30.94%	30.62%	17.68%
Dow Jones Industrial Average	0.75%	2.59%	13.34%	15.05%	15.57%	14.62%
Russell Mid-Cap	-1.50%	-0.83%	9.51%	10.86%	13.95%	12.33%
Russell 2000 (Small Cap)	-1.35%	1.81%	12.39%	13.71%	11.84%	11.50%
MSCI EAFE (International)	-0.45%	1.18%	26.61%	22.86%	19.76%	12.33%
MSCI Emerging Markets	0.89%	4.18%	32.86%	27.60%	20.19%	7.46%
Bloomberg Barclays US Agg Bond	-0.57%	0.62%	6.80%	6.63%	5.53%	-0.24%
Bloomberg Barclays High Yield Corp.	-0.08%	0.16%	7.39%	8.10%	10.16%	5.47%
Bloomberg Barclays Global Agg	-0.45%	-0.25%	7.64%	5.97%	5.53%	-1.63%



OBSERVATIONS

- Major U.S. large-cap indexes extended gains largely driven by mega-cap tech, with the Nasdaq up +2.25%, substantially outpacing the Dow Jones (+0.75%) and the S&P 500 (+0.72%).
- Down-cap equities lagged meaningfully, with both the Russell Mid-Cap and Russell 2000 indices declining, -1.50% and -1.35%, respectively.
- Developed international stocks fell -0.45% on the week, but Emerging Market equities improved by +0.89% despite the U.S. dollar index improving in the trailing week, historically a sign of weakness for emerging markets.
- Fixed income indices were down across the board, domestically, internationally, and across the credit spectrum.
 - High-yield corporate bonds fared the best, falling just 8 basis points, but both the Bloomberg Barclays US and Global Agg dropped roughly half a percent.



BY THE NUMBERS

- **OPEC+ to Pause Output Hikes in First Quarter to Ease Fears of Glut, After One More Boost in December:** The eight nations of OPEC+ announced Sunday they will pause oil-production hikes in the first quarter of 2026, following a modest increase in December, as part of an effort to avoid a glut of crude. The group of major oil producers, led by Saudi Arabia, said Sunday they will boost output in December by 137,000 barrels a day, the same production boost announced for October and November. But they said they would “pause the production increments” from January to March, “due to seasonality.” The first quarter generally shows weaker demand. OPEC+ has been raising production levels since April, when it raised its output targets by 2.9 million barrels a day, in an effort to punish some countries for overproduction and to regain market share from U.S. shale drillers by lowering prices. The unexpected pause came amid growing worries of a glut in crude oil in 2026.³
- **Eight Outs on Zero Days Rest to Win Game 7. The Dodgers Ace Who Made World Series History:** Yoshinobu Yamamoto’s arm had barely cooled down from perhaps the most important start of his life, but his mind was already turning to what was next. The Los Angeles Dodgers were less than 24 hours away from Game 7 of the World Series, and he wanted to be ready. It didn’t matter that he had just thrown 96 pitches in Game 6 just to get them to that point. Or that his manager, Dave Roberts, had publicly declared him unavailable. Just one win separated the Dodgers from their second consecutive championship. If the team needed him, Yamamoto would be there. The truth is, the Toronto Blue Jays would be preparing for a parade right now if Yamamoto hadn’t delivered one of the gutsiest, most improbable ironman performances from the mound that the World Series has ever seen. Without a single day of rest, Yamamoto recorded the final eight outs of the Dodgers’ dramatic, 11-inning victory over the Blue Jays to secure their third title this decade. He fired 34 more pitches, with seemingly no regard for the condition of the ligaments in his elbow or the tendons in his shoulder.⁴

Economic Definitions

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

Conference Board Consumer Confidence Index: Consumer confidence tracks sentiment among households or consumers. The results are based on surveys conducted among a random sample of households. Target Audience: random sample of U.S. households Sample Size: approx. 3,000 households

ISM Manufacturing Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc.

ISM Services Index: PMI Surveys track sentiment among purchasing managers at manufacturing, construction and/or services firms. An overall sentiment index is generally calculated from the results of queries on production, orders, inventories, employment, prices, etc. Target Audience: supply management professionals Sample Size: 300 individuals Date of Survey: through the month The Services Index is a composite index of four indicators with equal weights: Business Activity, New Orders, Employment and Supplier Deliveries. An index reading above 50% indicates an expansion and below 50% indicates a decline in the non-manufacturing economy. Whereas per Supplier Deliveries Index, above 50% indicates slower deliveries and below 50% indicates faster deliveries.

The ADP Report: The ADP National Employment Report is an independent estimate of the change in U.S. nonfarm, private employment derived from actual, anonymous payroll data of client companies served by ADP

OPEC+: The alliance of the Organization of the Petroleum Exporting Countries (OPEC) and other non-OPEC oil-producing countries. This group includes countries such as Azerbaijan, Bahrain, Brunei, Kazakhstan, Russia, Mexico, Malaysia, South Sudan, Sudan, and Oman. OPEC+ was formed to coordinate and manage oil production levels among its members to influence global oil prices and ensure market stability.

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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¹ Data obtained from Bloomberg as of 10/31/2025.

² Data obtained from Morningstar as of 10/31/2025.

³ [OPEC+ to pause output hikes in first quarter to ease fears of glut, after one more boost in December - MSN](#)

⁴ [Eight Outs on Zero Days Rest to Win Game 7. The Dodgers Ace Who Made World Series History. - MSN](#)